



COMMON ISSUES IN MANAGING YOUR GRANT

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# GUIDE TO GRANTS

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CRIMINAL JUSTICE DIVISION & HOMELAND SECURITY GRANTS DIVISION

SEP.



2016

Office of the Governor

# Contents



**Organization of this guide.** The Guide to Grants is organized along the grant lifecycle. To use this guide, click on the page number for the topic you are interested in and then use the navigation buttons at the bottom of the screen to return to the Table of Contents or move forward or backward in the guide.

**The guide as a pointer system.** This guide does not provide every rule or policy that governs your grant. It is meant to provide information about the most common issues and to point you to other source documentation that will allow you to develop a deeper understanding.

*Links not working?* From Adobe Acrobat, select Edit, Preferences, Trust Manager, and adjust your setting to allow Acrobat to reach Internet sites or adjust your custom settings to allow the blocked sites.

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# 1. Award

# Contacting CJD & HSGD

- **Grant Divisions.** There are two grant-making divisions within the Office of the Governor that this Guide applies to: the Criminal Justice Division (CJD) and the Homeland Security Grants Division (HSGD).
- **Primary contact.** Each grant has a staff member who is assigned as the grant manager. This person is responsible for oversight of your grant project and can help you with your questions and other needs. We recommend that you contact your grant manager directly by clicking on the Grant Managers name in egrants under the My.Home tab. This action will automatically create an email in Outlook for your Grant Manager.
- **General contact information.** You can contact us in a variety of ways:

Contact Information	
CJD Main telephone line	(512) 463-1919
HSGD Main telephone line	(512) 463-8382
Mailing address	Post Office Box 12428, Austin, TX 78711
Physical address	1100 San Jacinto Blvd., Austin, TX 78701
eGrants Help Desk	<a href="mailto:eGrants@gov.texas.gov">eGrants@gov.texas.gov</a>

## References

[eGrants Financial Management Guide](#)

## Tools

To learn who your grant manager is for each grant, go to eGrants and select the "My.Home" tab for contact information.

# Getting started

- **Announcement.** All three grant officials—the authorized official, the project director, and the financial officer—will receive an email announcing the award.
- **Acceptance.** The authorized official must accept the award. Only after acceptance can you begin activities and draw funds or take other actions in eGrants. This action must take place within 45 days of award. We recommend reading all award documents prior to accepting the grant.
- **Commencing activities.** Grant projects should be fully operational within 60 days from the start date of the grant award. If you cannot do so, notify your grant manager. If the project is still not operational within 90 days without sufficient reason, CJD or HSGD can terminate the grant award.
- **Obligating funds.** Once you receive an award and accept it, you may begin obligating funds on your project start date, but not before. We cannot reimburse expenses obligated before the start date.



## References

[1 TAC §3.11, Grant and Supplemental Award Acceptance](#)

[1 TAC §3.2503, Obligating Funds](#)



## Tools

To review official grant documents and accept the grant, go to the “Accept Award” tab in eGrants to accept or decline the award

# Conditions of funding

- **Standard conditions.** A grant award includes a variety of conditions. Among these are those listed in the Standard Conditions, which include conditions that apply to all awards as well as those under specific programs.
- **Special conditions.** CJD or HSGD may also place special conditions on your grant award prior to or during the project period beyond those in the Standard Conditions. They are listed in the statement of grant award.
- **Risk-based conditions.** When CJD or HSGD finds that a risk exists because a grantee has not submitted required information or has not complied with any applicable statute, rule, regulation, guideline, or requirement, we may place a condition of funding on the grant, which may include a hold on funds.
- **Non-profit bonds.** Each nonprofit corporation receiving funds must obtain and have on-file a blanket fidelity bond that indemnifies CJD or HSGD against the loss and theft of the entire amount of grant funds, including match. The cost of the bond is an eligible expense of the grant.



## References

[1 TAC §3.2001, Conditions of Funding](#)

[1 TAC §3.2515, Bonding Standard Conditions](#)

# Rules and guidance

## Rules

The following are three sets of rules that apply to all grants, whether from a state or a federal funding source. In the event that any of these rules conflict, the more restrictive rule applies:

- **Texas Administrative Code (TAC).** The TAC includes regulations issued by the State of Texas. Title I, Part I, Chapter 3 of the TAC specifically applies to CJD. HSGD has adopted these rules by reference.
- **Uniform Grant Management Standards (UGMS).** The Texas State Comptroller's Office issues UGMS. It applies to all grants, funded with state funds, issued by state agencies.
- **Uniform Administrative Requirements, Cost Principles, and Audit Requirements.** Found in the Code of Federal Regulations, these rules were issued by the White House Office of Management and Budget. CJD and HSGD adopt these rules for all federally funded grants. Throughout the Guide to Grants, these rules are referred to as 2 CFR 200.

## Guidance

In addition to the rules, there are other guides that may prove useful in managing your grants:

- **eGrants Financial Management Guide.** This guide will assist you in using eGrants to manage your grants funding.
- **DOJ Financial Guide,** Issued by the Office of Justice Programs, US Department of Justice. This guide is applicable to CJD grantees receiving federal pass-through funds originating from the US Department of Justice and offers more in-depth information on common issues in grants and financial management.
- **FEMA Information Bulletins and Policies.** The US Department of Homeland Security's Federal Emergency Management Agency has issued numerous information bulletins and policy statements related to common grant issues. These bulletins and policies are applicable to HSGD grantees receiving federal pass-through funds originating from FEMA.

## References

- [Texas Administrative Code](#)
- [UGMS](#)
- [2 CFR 200](#)
- [eGrants Financial Management Guide](#)
- [2015 DOJ Grants Financial Guide](#)
- [FEMA Information Bulletins and Policies](#)

# Grant officials: roles

Each grant must have a project director, financial officer, and authorized official. No person can serve in more than one of these roles.

The **Authorized Official (AO)** is usually a county judge, mayor, city manager, chairman of a non-profit board, head of a state agency, executive director etc.

They are authorized by the governing body of the organization to:

- apply for, accept, reject, alter, or terminate the grant; and
- certify changes made to applications or grants.

The **Project Director (PD)** is an employee of the grantee agency. They are responsible for:

- the day-to-day operations of the project and
- required programmatic reporting.

The **Financial Official (FO)** must be the chief financial officer (or his or her designee), Auditor or Treasurer of the Board for the grantee agency. This person must be either an employee or a Board member. They are responsible for:

- maintaining financial records to account for all grant expenditures and funds;
- requesting payments; and
- completing all required financial reporting at least quarterly.

The **Grant Writer (GW)** is responsible for:

- Creating an application.



## References

[1 TAC §3.2501, Grant Officials](#)

# Grant officials: eGrants

Authority in eGrants	AO	FO	PD	GW
Create, modify, and submit an initial application	✓	✓	✓	✓
Certify an official application	✓			
Create and submit responses to application Preliminary Review Reports (PRR).	✓	✓	✓	
Certify a PRR	✓			
Create and submit budget and programmatic adjustments	✓	✓	✓	
Certify budget adjustments that increase the overall award or result in a grant extension	✓			
Certify budget adjustments to modify an existing budget with no overall award increase	✓	✓		
Certify programmatic adjustments	✓	✓	✓	
Create and submit financial reports/payment requests	✓	✓		
Designate a new individual to serve as the Financial Officer (FO), Project Director (PD) or grant writer (after the new individual has registered in eGrants).	✓			
Designate a new or interim AO if the position becomes vacant (after the new AO has registered in eGrants).		✓		

## References

[1 TAC §3.2501, Grant Officials](#)

[eGrants Financial Management Guide](#)

# 2. Report

# Financial reports and payments

- **Quarterly Requirement.** Every quarter you must submit a Financial Status Report (FSR). This action meets both your quarterly reporting requirement AND triggers a payment to you.
- **Monthly Option.** You may submit an FSR as frequently as once each month if your organization prefers more frequent payments.
- **Contents.** An FSR reflects the cumulative expenditures from the start date of the grant through the period being reported. All expenditures must be supported by an approved budget line item in eGrants.
- **Method.** To submit an FSR see the eGrants Financial Management Guide or the FSR Instructional Video for detailed instructions.
- **Delinquent reports.** If you do not submit quarterly FSRs on time, your entire agency will be placed on vendor hold, meaning that no payments from the Governor's Office will be made until the report is submitted.

Quarter	FSR Due*
January 1-March 31	April 22
April 1-June 30	July 22
July 1-September 30	October 22
October 1-December 31	January 22

## References

[1 TAC §3.2507, Financial Status Reports](#)

[2 CFR §200.327, Financial reporting](#)

[UGMS, Part III, Subpart C, \\_\\_\\_\\_\\_41 Financial Reporting](#)

[eGrants Financial Management Guide](#)

[FSR Instructional Video](#)

## Tools

To submit an FSR, go to [eGrants](#) and from the My Home tab click on the grant record, then choose the Budget tab and click on the Financial Status Report sub tab.

# Programmatic reporting

- **Requirement.** Grantees must report their progress in meeting the goals, objectives, and measures of their grant. (1 TAC §3.2527)
- **Method.** The Public Policy Research Institute (PPRI) at Texas A&M collects these reports through an online portal ([oog.tamu.edu](http://oog.tamu.edu)) and helps CJD and HSGD to analyze them. After accepting the award, PPRI will email the project director with specific requirements and login information. PPRI is available at (979) 845-1041 or [oog@ppri.tamu.edu](mailto:oog@ppri.tamu.edu).
- **Frequency.** The number of reports and the due dates depend on the funding source for your grant. See the table below.

## References

- [1 TAC §3.2527, Grantee Reports](#)
- [UGMS, Part III, Subpart C, 40. Monitoring and reporting program performance](#)
- [2 CFR §200.328\(a\), Monitoring and reporting program performance](#)
- [2 CFR §200.331\(d\), Requirements for pass-through agencies](#)

## Tools

To submit a progress report go to [oog.tamu.edu](http://oog.tamu.edu)

Funding Source	Report 1 Due Date	Report 2 Due Date	Report 3 Due Date	Report 4 Due Date
Violence Against Women Act VAWA (WF), Sexual Assault Services (KF)	Jan. 20	Oct 20	None	None
Juvenile Justice & Delinquency Prevention Act (JA), Fund 421 (SF), Drug Courts (DC), County Essentials (CE), Coverdell (CD), Homeland Security Grant Program (HS), Nonprofit Security Grant Program (NP), Local Border Security Program (BL), Border Prosecution Program (BP), & Military Cameras and Helicopter Operations (MC/MH)	Mar. 20	Sep. 20	None	None
Crime Stoppers, Byrne Justice Assistance Grant (DJ) or (DZ), and Residential Substance Abuse Treatment (RT), Victims of Crime Act (VA) or (VZ)	Jan. 20	Apr. 20	Jul. 20	Oct. 20

# System for Award Management

The vast majority of grant programs require a SAM registration:

- **Federal funds.** All awards that come from federal sources must maintain a SAM registration throughout the life of the grant. No payments can be made to grantees under federal sources without a valid registration.
- **State funds.** Most awards that come from state sources must have a SAM registration at the time of application, which must be valid at the time of award.
- **Guidance.** The requirement for SAM is included in the Request for Applications for each program or funding source.
- **Updates.** If the grantee updates the SAM expiration date on the federal site for any grant funded through a federal funding source, they must submit a grant adjustment request through eGrants to update the SAM expiration date. Instructions for updating the SAM expiration date can be found in the eGrants Financial Management Guide.



## Tools

[System for Award Management \(SAM\)](#)

# 3. Manage

# Financial management

A grantee's internal financial management system and practices, including documentation, must:

- **Identify awards.** The system must identify, in its accounts, all grant awards received and expended as well as the source and application of funds for grant-funded activities. These records must contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
- **Report.** The system must be sufficient to provide for accurate, current, and complete disclosure of the grant's financial results, prepare required financial status reports, and trace funds to a level of expenditures adequate to establish that the funds have been used according to the rules and requirements of the grant.
- **Exercise controls.** The system must enforce effective control over, and accountability for, all funds, property, and other assets. It must also adequately safeguard all assets and assure that they are used solely for authorized purposes.
- **Manage budget.** The system must provide for comparison of expenditures with budget amounts for each grant and include written procedures for determining the allowability of costs.



## References

[2 CFR §200.302, Financial management](#)

[2 CFR §200.303, Internal controls](#)

[UGMS, Part III, Subpart B, \\_\\_\\_\\_\\_.13 Determination of Financial Management System Adequacy](#)

[2015 DOJ Grants Financial Guide, 2.3 Standards for Financial management Systems](#)

# Unallowable costs

The Request for Applications for each grant program may set out additional unallowable costs. However, there are some costs that are never allowed:

- Supplanting or the use of grant funds to replace any other existing federal, state or local funds
- Inherently religious activities such as prayer, worship, religious instruction, or proselytization
- Promotional gifts
- Any salary or compensation for an elected or appointed city, county, or state government official
- Land acquisition
- Bad debts
- Contributions or donations
- General government expenses
- Idle facilities
- Contingency line items
- Goods or services for personal use
- Mortgage payments
- Compensation for federal personnel
- CJD or HSGD prohibited equipment
- Lobbying
- Fundraising
- Corporate formation
- Entertainment
- Fines and penalties
- Credit card fees
- Passport charges
- Tips
- Alcoholic beverages and related costs
- Advertising, except for hiring and contracting (does not include information sharing and promotion critical to program implementation)
- Prepaid credit, debit, or store cards
- Membership dues for individuals
- Vehicles or equipment for government agencies that are for general agency use
- Costs incurred outside the project period, unless approved by CJD or HSGD

## References

[2015 DOJ Grants Financial Guide, 3.11 Unallowable Costs](#)

[UGMS, Part II, Attachment B, Selected Items of Cost](#)

[2 CFR 200, Subpart E, General Provisions for Selected Items of Cost](#)

[CJD Prohibited and Controlled Equipment \(BJA\)](#)

[HSGD Prohibited and Controlled Equipment \(FEMA\)](#)

# Matching contributions

**Guaranteed match.** If CJD or HSGD requires matching funds on a grant, the grantee must ensure that it possesses or can acquire the required matching funds.

**Cash match expenditures.** Matching funds are considered grant funds and may only be used for eligible, approved budget items.

**Third-party cash contributions.** A contractor or participating entity (partner) may contribute toward the matching funds requirement but the applicant bears the responsibility for satisfying the matching funds requirement.

**In-kind contributions.** If a program allows for in-kind contributions, the fair market value of goods and services must be documented and, to the extent feasible, supported by the same methods otherwise used by the grantee agency. Either the grantee or third parties may make in-kind contributions.

**Applicable rules and policies.** Matching funds are part of the overall total project budget. As a result, all rules and policies that apply to the CJD or HSGD award amount also apply to the matching funds. This policy applies to both the required match and any voluntary overmatch.



## References

[1 TAC §3.73, Matching Funds Policy](#)

[2 CFR §200.306, Cost Sharing or Matching](#)

[UGMS, Part III, Subpart C, .24, Matching or cost sharing.](#)

# Personnel costs

**Salary level.** Compensation for grant-funded employees must be comparable to that of non grant-funded employees performing similar work duties.

**Leave payouts.** Grantees may use grant funds to compensate staff members leaving employment for accrued leave (which includes, but is not limited to, annual leave, compensatory time, and sick leave) in accordance with the grantee's policy. These payments may only fund leave earned during the current grant period. The proportion of grant funds paid for leave cannot exceed the proportion of grant funds used to pay the staff member's salary. (If the employee is paid from CJD or HSGD funds at 50% of full time, then the grant can only provide 50% of the leave payout.)

**Unallowable cost.** CJD or HSGD will not pay any portion of the salary of, or any other compensation for, an elected or appointed city, county, or state government official.

**Overtime.** Overtime is allowable to the extent that it is included in the approved budget, the grantee agency has an overtime policy approved by its governing body, and both grant-paid and non-grant paid personnel are treated the same with regards to the application of overtime policies. In no case is dual compensation allowable. That is, an employee of a grantee agency may not receive compensation for hours worked (including paid leave) from his/her agency AND from an award for a single period of time, even though such work may benefit both activities. Overtime payments issued outside of these guidelines are the responsibility of the subrecipient agency.

## References

[1 TAC §3.75, Personnel](#)

[2 CFR § 200.430, Compensation—Personal Services](#)

[UGMS, Part II, Attachment B, 11. Compensation for personnel services](#)

[2015 DOJ Grants Financial Guide, 3.9 Allowable Costs](#)

## Tools

When reporting Overtime expenses for an HSGD grant on an FSR you must complete and upload a [Personnel Overtime Summary Form](#) for each overtime line item. (Under "Forms")

# Time and effort documentation

**Determination of costs.** Personnel costs must be based on records that accurately reflect the work performed and comply with the established policies and practices of the organization.

**Internal controls.** Charges must be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable and properly allocated.

**100% on a single grant.** Employees working solely (100% of their time) on a single grant must periodically certify that the employee worked solely on that grant project. Note: In addition to the periodic certifications, nonexempt employees must also maintain time sheets indicating the total number of hours worked each day.

**Less than 100% on a single grant.** If an employee works on a grant but also on other duties or a separate grant, in addition to time sheets, the employee must keep activity reports that reflect actual time worked on each grant or source of funds. These reports should be developed at least monthly.

**Documentation.** All time and activity reports must be signed by the employee and a supervisory official having firsthand knowledge of the work performed and the documentation must be incorporated into grantee's official records.

## References

[1 TAC §3.75, Personnel](#)

[2 CFR § 200.430, Compensation—  
Personal Services](#)

[UGMS, Part II, Attachment B, 11.  
Compensation for personnel  
services](#)

## Tools

[Sample time and activity report](#)  
(Under monitoring tools)

[Sample employee effort certification](#)  
(Under monitoring tools)

# Contracts and procurement

**Contract management.** Grantees must establish a contract administration system to consistently ensure that contract deliverables are being provided as specified in the contracts.

**Contract monitoring.** Part of the contract administration includes contract monitoring. The general premise of contract monitoring is how you ensure that you get what you are paying for. A monitoring plan should include who will perform the monitoring, what will be monitored, the frequency of monitoring, documentation that will be maintained to prove monitoring was conducted, and the location of the documentation. The plan may provide general statements that contract monitoring will be conducted, who is responsible for the monitoring, that checklists or specific monitoring requirements will be developed for each contract, and where the documentation resides. When this type of monitoring plan is developed, the plan should include an example of each checklist that will be used. Please note that monitoring is more than confirming the invoice is correct.

**Procurement.** Grantees must use established procurement policies that are in line with state and federal law and regulation.

**Larger procurements.** A grantee must submit a Governor's Office-prescribed Procurement Questionnaire when any procurement is expected to exceed \$150,000 or upon request. CJD or HSGD may also request all related procurement documentation, such as requests for proposals, invitations for bids, or independent cost estimates. Grantees may not divide purchases or contracts to avoid the requirements of this section. For purposes of determining compliance, CJD and HSGD will consider groups of contracts with a single vendor or groups of purchases for the same or similar items as a single procurement.

## References

[1 TAC §3.77, Professional and Contractual Services](#)

[1 TAC §3.2013, Pre-Approval Requirements for Procurement](#)

[2 CFR 200, Subpart D, Post Award Requirements, Procurement Standards](#)

[2015 DOJ Grants Financial Guide, 3.9 Allowable Costs](#)

## Tools

The procurement questionnaire can be found in eGrants by going to the eGrants home page > Updates > Forms

# Equipment

**Definition.** CJD and HSGD define equipment as tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit cost of \$5,000 or more, or less if the grantee chooses to capitalize items costing less.

**State-Controlled Assets.** The following items valued between \$500.00 and \$4,999.99 are designated by the Texas Comptroller as controlled assets within the State Property Accounting guidance and must be maintained within the grantee's inventory records: sound systems and other audio equipment; cameras; TVs; video players/recorders; desktop or laptop computers; data projectors; and smartphones, tablets and other hand held devices. CJD and HSGD have also designated mobile and portable radios as a controlled asset.

**Pre-Approval.** CJD or HSGD must approve, in advance, each piece of equipment to be purchased under a grant either through the original grant award or subsequent grant adjustment.

**Use.** Equipment must be used by the grantee in the program or project for which it was acquired as long as needed, whether or not the program or project continues to be supported by grant funds. When no longer needed for the original program or project the equipment may be used in other activities supported by the awarding agency.

## References

[1 TAC §3.2509, Equipment Inventory Reports](#)

[1 TAC §3.81, Equipment](#)

[2 CFR §200.33, Equipment §200.439, Equipment and other capital expenditures](#)

[2 CFR §200.313, Equipment](#)

[UGMS, Part II, Attachment B, 20. Equipment and other capital expenditures](#)

[UGMS, Part III, Subpart C .32 Equipment](#)

[State Comptroller's Controlled Assets List](#)

[2015 DOJ Grants Financial Guide, 3.9 Allowable Costs](#)

# Equipment

**Inventory.** CJD and HSGD require each grantee to maintain on file a current inventory report of all equipment and state controlled assets (as defined above) purchased with grant funds during the grant period. This report must reconcile with the approved grant budget and the final financial status report. The grantee need not maintain an inventory of tangible items that do not meet the definition of equipment even if they are commonly referred to as “equipment”.

**Property Records.** CJD and HSGD require each grantee to maintain on file a current inventory report as well as property records for all equipment and state controlled assets (as defined above) purchased with grant funds during the grant period. The grantee need not maintain an inventory of tangible items that do not meet the definition of equipment even if they are commonly referred to as “equipment”. The following elements must be included within the property record’s description of the property, serial number or other ID number, source of funding (including grant award number), who holds title, acquisition date, cost of property, percentage of the property’s cost paid with grant funds, location, use and condition, disposition data (including date of disposal and sale price).

**Physical Inventory.** A physical inventory of the property must be taken and the results reconciled with the property records as least once every two years.

**Control System and Maintenance.** A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated. Adequate maintenance procedures must be developed to keep the property in good condition.

## References

[1 TAC §3.2509, Equipment Inventory Reports](#)

[1 TAC §3.81, Equipment](#)

[2 CFR §200.33, Equipment](#)

[2 CFR §200.439, Equipment and other capital expenditures](#)

[2 CFR §200.313, Equipment](#)

[UGMS, Part II, Attachment B, 20. Equipment and other capital expenditures](#)

[UGMS, Part III, Subpart C .32 Equipment](#)

[State Comptroller’s Controlled Assets List](#)

[2015 DOJ Grants Financial Guide, 3.9 Allowable Costs](#)

# Supplies and other direct operating expenses

**Supplies.** CJD and HSGD define supplies as tangible personal property with a per-unit cost of less than \$5,000, unless the grantee agency chooses to capitalize the item, in which case it would be considered equipment.

**Other Direct Operating Expenses.** This budget category also includes other direct costs such as leases for space, rental costs, tangible items that have a per unit value of less than \$5,000, project supplies, office supplies, advertising costs for staff vacancies, etc.



## References

[1 TAC §3.83, Supplies and Direct Operating Expenses](#)

[2 CFR §200.94, Supplies](#)

[UGMS, Part II, Attachment B, Selected Items of Cost](#)

[2015 DOJ Grants Financial Guide, 3.9 Allowable Costs](#)

# Travel and training

**Travel policy.** Grant funds used for travel expenses must be limited to the grantee's agency's established mileage, per diem, and lodging policies. If a grantee does not have such policies, then the grantee must use the State of Texas travel guidelines. Keep the following policies in mind:

- You must select the lowest comparable air rate. We will not reimburse for business or first class travel.
- Foreign travel requires prior approval from CJD or HSGD.
- Travel expenses must be directly related to the purpose of the grant.

**Training courses.** Grantees must maintain records that properly document the completion of all grant-funded training courses.

**Homeland Security training.** Grantees requesting to offer or attend training using Homeland Security Grant Program or Nonprofit Security Grant Program funds must receive approval from HSGD and the Texas Training Point of Contact employed by the Texas Department of Public Safety, Texas Division of Emergency Management to ensure it falls within the FEMA mission to prepare personnel to prevent, protect against, mitigate, respond to, and recover from acts of terrorism and catastrophic events and the jurisdictions Emergency Operations Plan. A Homeland Security Training Review Form must be completed to begin the review process.

## References

[State Travel Guidelines](#)

[1 TAC §3.79, Travel and Training](#)

[2 CFR §200.472, Training and Education Costs](#)

[2 CFR §200.474, Travel Cost](#)

[UGMS, II, Attachment B, 42, Training](#)

[UGMS, II, Attachment B, 43, Travel costs](#)

[2015 DOJ Grants Financial Guide, 3.9 Allowable Costs](#)

## Tools

The Homeland Security Training Review Form can be found in eGrants by going to the eGrants home page > Updates > Forms

# Indirect costs

**Allowability.** Some funding sources allow for indirect costs in accordance with applicable state and federal guidelines. Indirect costs must be approved in the Statement of Grant Award.

**Approved rates.** If the applicant has an approved indirect cost rate from either their federal or state cognizant agency and wishes to charge indirect costs to the grant, the applicant must identify the indirect cost rate and provide the cognizant agency's letter approving the rate, including any information needed to understand the basis for the rate.

**De minimis rate.** If the applicant has never received a federally recognized or state approved indirect cost rate, CJD or HSGD may approve indirect costs in an amount not to exceed ten percent of the approved modified total direct costs (MTDC).

## References

[1 TAC §3.85, Indirect Costs](#)

[2 CFR §200.414, Indirect \(F&A\) Costs](#)

[UGMS, Part II, Attachment A, Section F, Indirect Costs](#)

[2015 DOJ Grants Financial Guide, 3.11 Indirect Costs](#)

## Calculating MTDC

Budget item		Amount
Personnel costs		\$
Travel and employee training	+	\$
Supplies and direct operating expenses	+	\$
Rental costs (including space)	-	\$
Participant support costs (stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees, but not employees.)	-	\$
Each subcontract or sub-award OR \$25,000 for each, whichever is less	+	\$
<b>Modified total direct costs</b>	=	\$

# Program income

**Definition.** CJD and HSGD define program income as gross income generated by an activity supported by a grant. Such activities are most commonly participant fees.

**Treatment of program income.** Earned program income must be budgeted and reported in financial status reports.

**Use of income.** Program income may only be used for allowable project costs as reflected in an approved grant budget. There are three methods for accounting for program income:

- **Deduction.** Program income is deducted from total allowable costs by reducing both the CJD or HSGD award amount and any grantee match in proportion. Grantees must use this method unless a different method is approved in advance.
- **Addition.** Program income is added to the total project costs and must be used for the purposes and under the conditions of the grant.
- **Cost sharing or matching.** Program income is used to meet the cost sharing or matching requirement of grant.

## References

[1 TAC §3.87, Program Income](#)

[2 CFR §200.80, Program Income](#)

[2 CFR §200.307, Program Income](#)

[UGMS, Part III, Subpart C, \\_\\_\\_\\_\\_25, Program income](#)

# Grant adjustments: notifications

**Initiating a notification.** The project director, financial officer, or authorized official may submit requests for grant adjustments.

**Types of notifications.** The following changes require grantees to notify CJD or HSGD via a grant adjustment in eGrants, but do not require pre-approval:

- **SAM.** Updated SAM registration
- **Contact information.** Changes in addresses, phone numbers, or email addresses of the project officials
- **Agency Identifying Information.** Change in agency name, project title, Division or Unit to Administer the project, or agency address

## References



[1 TAC §3.2501, Grant Officials](#)

[1 TAC §3.2513, Grant Adjustments](#)

## Tools



To submit a grant adjustment request go to [eGrants](#) then click on the Budget tab and then the 'Request Adjustment' sub tab.

Grant officials can update their individual phone numbers, addresses, title and position on the My.Profile tab in egrants. This action does not require a grant adjustment.

[eGrants Video: Make Changes Using the Grant Adjustment Process](#)

# Grant adjustments: prior approvals

**Initiating an approval.** The project director, financial officer, or authorized official may submit requests for grant adjustments.

**Types of pre-approvals.** The following changes to your grant require advance approval from CJD or HSGD via a request in eGrants unless the cost was approved in the award:

- **Officials.** A new project director, financial officer or authorized official.
- **Partners.** A change in major partner(s) needed to carry out the grant's purposes.
- **Use of program income.** A change in the way program income is applied other than the deductive method or the method approved with the grant award.
- **Extensions.** An extension to the grant period.
- **Budget changes.** Deviations to the approved project budget that would cause the actual expenditures to vary from the approved budget in amount that exceeds 10% of the total grant budget. Deviations that do not exceed 10% of the total grant budget (other than those approved by CJD or HSGD through a grant adjustment) may only transfer funds between pre-approved budget line items. Note: the 10% deviation rule does not apply to the Equipment and Indirect Cost budget categories. All requests to adjust line items within these categories must be pre-approved.
- **Scope.** Any change to the project's approved scope or objective
- **Consultants.** Any consultant rate that exceeds \$650 per day or \$81.25 per hour.
- **Foreign travel.** All travel outside of the United States.
- **Confidential funds.** Any funds to be used by law enforcement to pay confidential informants, purchase evidence or specific information, or related services.
- **Controlled equipment.** Any items listed on the CJD or HSGD Controlled Expenditures list.

## References

[1 TAC §3.2501, Grant Officials](#)

[1 TAC §3.2513, Grant Adjustments](#)

[2 CFR §200.407, Prior Written Approval](#)

[UGMS, Part III, Subpart C, \\_\\_\\_\\_\\_.30, Changes](#)

[CJD Prohibited and Controlled Equipment \(BJA\)](#)

[HSGD Prohibited and Controlled Equipment \(FEMA\)](#)

# 4. Monitor

# CJD & HSGD monitoring

**Overview.** The Office of the Governor has oversight responsibility for the grants it awards. Monitoring may consist of programmatic reviews, financial reviews, technical assistance, or formal audits commissioned by CJD or HSGD. CJD, HSGD, or the Office of Compliance and Monitoring (OCM) in the Office of the Governor may initiate monitoring through an on-site review at the grantee's or sub-grantee's location or through a desk review.

**Documentation and inquiries.** CJD, HSGD, or OCM may request grantees to submit information needed to conduct a monitoring review. Grantees must make available all records relevant to a monitoring review. Inadequate documentation may result in disallowed costs or other remedies for noncompliance.

**Follow up.** After a monitoring review is complete, the grantee will receive either a preliminary report or a final report. CJD, HSGD, or OCM will issue a preliminary report outlining identified findings (if any), along with recommendations to resolve the findings.

**Response.** The grantee must respond to the preliminary report with a management response that addresses the finding(s) included in the report. This management response must be provided to the monitor within the timeframe specified in the report. A corrective action plan shall include:

- the titles of the persons responsible for implementing the corrective action plan;
- the corrective action to be taken; and
- the anticipated completion date.

**Disagreement.** If the grantee believes corrective action is not required, the management response must provide an explanation of the specific reason(s). CJD, HSGD or OCM will determine whether the response is adequate.

**Final report and resolution.** The grantee's management response and the approved corrective action plan will become part of the final report. The grantee shall resolve all identified findings within the time specified by CJD, HSGD or OCM.

## References

[1 TAC §3.2601, Monitoring](#)

[1 TAC §3.2525, Evaluating Project Effectiveness](#)

[1 TAC §3.2529, Grant Management](#)

[2 CFR § 200.331\(d\)-\(f\), Requirements for pass-through entities](#)

[2 CFR §200.338, Remedies for noncompliance](#)

[UGMS, Part III, Subpart C, \\_\\_\\_\\_ 40. Monitoring and reporting program performance](#)

[UGMS, Part III, Subpart C, \\_\\_\\_\\_ 43 Enforcement](#)

# Grantee monitoring

**Grant and sub-award monitoring.** Grantees must regularly evaluate their projects. Grantees are responsible for monitoring the day-to-day operations of grant and sub-award supported activities, including those of their contractors and subcontractors. Grantees must develop and maintain a standardized monitoring program incorporating best practices. Grantees must maintain written documentation supporting monitoring conducted by the grantee in their project files for inspection during a monitoring review.



## References

[1 TAC §3.2601, Monitoring](#)

[1 TAC §3.2525, Evaluating Project Effectiveness](#)

[1 TAC §3.2529, Grant Management](#)

[2 CFR §200.328\(a\), Monitoring and reporting program performance](#)

[UGMS, Part III, Subpart C, 40. Monitoring and reporting program performance](#)

# Single audits

**Requirement.** Grantees that expend \$750,000 or more in combined federal grant funding, during the entity's fiscal year, or \$750,000 or more in combined state grant funding, during the entity's fiscal year, must submit a Single Audit reporting package. If a grantee expends less than \$750,000 in combined federal or combined state grant funding in a fiscal year, the grantee must certify this fact to the Office of Compliance and Monitoring (OCM). A Single Audit Certification Form is available on the eGrants website.

**Reporting.** Within 30 calendar days of receiving the Single Audit report from the independent auditor or 9 months after the end of the audit period, whichever is earlier, the grantees must submit the required Single Audit reporting package.

- For grantees expending \$750K or more in federal grant funds: reporting documentation must be submitted to the Federal Audit Clearinghouse at <http://harvester.census.gov/sac/>.
- For grantees expending \$750K or more in state grant funds: reporting documentation must be submitted to the Governor's Office of Compliance and Monitoring (OCM) at [OCM-FMU@gov.texas.gov](mailto:OCM-FMU@gov.texas.gov).

**Other audits.** All other audits performed by auditors independent of CJD, HSGD, or OCM must be maintained at the grantee's administrative offices and be made available upon request.

**Adverse findings.** Grantees must notify CJD or HSGD of any audit results that may adversely impact grant funds.

## References

[1 TAC §3.2603, Audits Not Performed by CJD, HSGD, or OCM](#)

[2 CFR 200, Subpart F-Audit Requirements](#)

[UGMS IV.B. .200- .205 Audit requirements](#)

[UGMS IV.C. .300 Auditee responsibilities.](#)

## Tools

[Single Audit Certification form](#)

# Fraud, waste, and abuse

**Most common types of fraud.** Most cases of fraud fall into one of three categories:

- **Conflict of interest.** No one involved with a grant can participate in any decisions, approvals, disapprovals, recommendations, decisions, or other action if it concerns or benefits family members, a partner, any organization they serve in an official capacity, or any organization they are considering employment with.
- **Failure to Properly Support the Use of Award Funds.** Typical issues involve deliberate redirection of funds in a manner different from the purpose outlined in the award agreement or failure to adequately account for, track, or support transactions.
- **Theft.** This is the most common issue. Keep in mind that people who embezzle funds can be extremely creative, while often appearing very trustworthy. These abilities are precisely why they can do so much damage to an organization and remain undetected for extended periods of time. Poor or no internal controls provide an opening for theft. A lack of proper separation of duties is one of the most common weaknesses.

**Mandatory disclosures.** Grantees and applicants must disclose, in a timely manner, in writing to CJD and/or HSGD all violations of federal or state criminal law involving fraud, bribery, or gratuity violations potentially affecting the grant award. Failure to make required disclosures can result in grant sanctions including termination of the award.

## References

[2015 DOJ Grants Financial Guide, 3.20 Grant Fraud, Waste, and Abuse](#)

[2 CFR §200.113, Mandatory Disclosures](#)

# Reducing risk

**Reduce the risk.** There are several things that you can do to reduce the risk of fraudulent use of your grant funds:

- **Controls.** Examine your operations and internal controls to identify your fraud vulnerabilities. Maintain a well-designed and-tested system of internal controls.
- **Education.** Implement specific fraud prevention strategies including educating others about the risks. The more people are aware of the issues, the more they can help prevent problems or detect them as early as possible.
- **Documentation.** Ensure all financial or other certifications and progress reports are adequately supported with appropriate documentation and evidence.
- **Conflicts of Interest.** Identify any potential conflict-of-interest issues and disclose them to the awarding agency for specific guidance and advice.
- **Fair procurement.** Follow a fair and transparent procurement process, especially when using consultants. Ensure that the rate of pay is reasonable and justifiable, and that the work product is well-defined and documented.

## References

[2015 DOJ Grants Financial Guide, 3.20 Grant Fraud, Waste, and Abuse](#)

# 5. Close

# Liquidation

**Liquidation period.** The liquidation date is specified in an original grant award or a subsequent grant adjustment (generally 90 days after the end of the project period).

**Liabilities.** Grantees must expend all outstanding liabilities no later than the liquidation date. All payments made after the completion of the grant period must relate to obligations incurred during the grant period.

**Financial reporting.** The liquidation date is the final date you can report expenses that were obligated during the grant period. A required Final FSR is due in eGrants on or before the grant liquidation date. Failure to submit a Final FSR by the liquidation date will result in the Governor's Office holding reimbursement for all grants to your agency.

**Deobligation.** Funds not obligated by the end of the grant period and not expended by the liquidation date will revert to CJD or HSGD.

## References



[1 TAC §3.2521, Payment of Outstanding Liabilities](#)

[1 TAC §3.2507, Financial Status Reports](#)

## Tools



The grant start date, end date and liquidation date can be found on the eGrants "Profile-Details" tab or the header of each tab in eGrants.

To submit an FSR, go to [eGrants](#) and from the My Home tab click on the grant record, then choose the Budget tab and click on the Financial Status Report sub tab.

# Closing the grant

There are several steps needed to close your grant:

**Final progress report.** Submit your final progress report online to the Public Policy Research Institute (PPRI) at Texas A&M University. Once your report has been approved by CJD or HSGD, your grant will be considered programmatically closed.

**Final FSR.** Once you have expended all obligations, submit the final FSR that includes all cumulative expenses incurred under the grant. This report can be submitted at any time but must be submitted by the liquidation date.

**Generated program income (GPI).** If the grant project earned program income, the final FSR must demonstrate that all budgeted GPI has been expended or returned to CJD or HSGD. If you have earned program income that is not reflected in the approved budget, you must initiate a grant adjustment to add the additional GPI before submitting your Final FSR. If the program income exceeds the amount of CJD- or HSGD-funded line items, you will be required return the balance.

**Equipment disposition.** In your final FSR, request disposition for each piece of equipment purchased with a current market value of \$5,000 or more by letting CJD or HSGD know how the agency plans to use the equipment or the process for disposal if the item is no longer operational or needed for similar purposes. CJD or HSGD may approve the disposition or may instruct a grantee to transfer equipment to another agency. Equipment with a current market value of less than \$5,000 may generally be retained by the grantee agency.

**Outstanding findings.** All outstanding findings or corrective active plans from programmatic monitoring or CJD- or HSGD-commissioned audits must be resolved.

## References

[1 TAC §3.2527, Grantee Reports](#)

[1 TAC §3.2525, Evaluating Project Effectiveness](#)

[1 TAC §3.2529, Grant Management](#)

[1 TAC §3.2509, Equipment Inventory Reports](#)

[1 TAC §3.2507, Financial Status Reports](#)

[2 CFR §200.313, Equipment](#)

[2 CFR §200.327, Financial reporting](#)

[UGMS, Part III, Subpart C, \\_\\_\\_\\_\\_.41 Financial Reporting](#)

[eGrants Financial Management Guide](#)

## Tools

To submit a progress report go to [oog.tamu.edu](http://oog.tamu.edu)

To submit an FSR, go to [eGrants](#) and from the My Home tab click on the grant record, then choose the Budget tab and click on the Financial Status Report sub tab.

# Records retention

**Core requirement.** Grantees must maintain all financial records, supporting documents, statistical records, and all other records pertinent to the award for at least three\* years following the closure of the most recent audit report or submission of the final financial status report if the audit report requirement has been waived. Grantees may retain records in an electronic format. All records are subject to audit or monitoring during the entire retention period.

**Equipment.** Grantees must retain records for equipment, non-expendable personal property, and real property for a period of three years from the date of the item's disposition, replacement, or transfer.

**Further actions.** If any litigation, claim, or audit is started before the expiration of the three-year records retention period, the grantee must retain the records under review until the completion of the action and resolution of all issues which arise from it or until the end of the regular three-year period, whichever is later.

\*Grantees receiving an award between 9/1/15 and 8/31/16 are required to maintain records for a period of seven years as stated within the grant conditions for those awards.



## References

[1 TAC §3.2505, Retention of Records](#)

[2 CFR §200.333, Retention requirements for records](#)

[UGMS, Part III, Subpart C, \\_\\_\\_\\_\\_42 Retention and access requirements for records](#)