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# Financial Guide

The United States Department of Justice  
Office of Justice Programs  
Office of the Chief Financial Officer

The *Financial Guide*: 2009 is the current edition.

# Foreword

The Office of Justice Programs (OJP) provides Federal leadership in developing the nation's capacity to prevent and control crime, administer justice, and assist crime victims. The Office of the Chief Financial Officer (OCFO) provides policy guidance, control, and support services to OJP's Program Offices and Bureaus in the areas of grants, accounting, and financial management. OCFO also provides technical assistance and training to and financial monitoring of OJP grantees.

The OJP *Financial Guide* serves as a primary reference manual to assist award recipients in fulfilling their fiduciary responsibility to safeguard grant funds and ensure funds are used for the purposes for which they were awarded. The Guide should serve as a day-to-day management tool for OJP award recipients and may also be used by subrecipients in administering their grant programs. The provisions of the Guide apply to all grantor agency awards.

For additional information on grants management, please visit the Office of Management and Budget's (OMB) Web site at <http://www.whitehouse.gov/OMB/circulars/index.html> to obtain copies of current circulars.

We are pleased to respond to any questions not covered by this Guide and welcome suggestions to improve the utility of the Guide and its content. Please feel free to contact the OCFO's Customer Service Center at 1-800-458-0786 with any financial management questions or suggested revisions. In addition, questions and comments can also be directed to OCFO via e-mail at [ask.ocfo@usdoj.gov](mailto:ask.ocfo@usdoj.gov).

Marcia K. Paull  
Chief Financial Officer

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# Part I: General Information

- CHAPTER 1: Users
- CHAPTER 2: Resources
- CHAPTER 3: Conflicts of Interest

# Chapter 1: Users

## **HIGHLIGHTS OF CHAPTER:**

- Direct Recipients
- Subrecipients
- Individuals
- Contractors

This document is provided for the use of all recipients and their subrecipients of Federal grant programs administered by OJP. This Guide is to serve as the primary reference for financial management and grants administration. Specific organizations and individuals that are to use this Guide include:

### **DIRECT RECIPIENTS**

Block, formula, and discretionary recipients shall adhere to the provisions of this Guide. Programmatic and technical requirements for block, formula, and discretionary recipients are contained in the program guidelines.

### **SUBRECIPIENTS**

Units of government and other organizations receiving Federal financial assistance from the State shall adhere to applicable State laws and procedures. The circulars and government-wide common rules specific to that organization type should also apply.

### **INDIVIDUALS**

Individuals from the above organizations who may use this Guide include administrators, financial management specialists, grants management specialists, accountants, and auditors. These individuals are to use the Guide as their financial policy reference in executing their duties under agency-funded programs and projects. Additionally, the document is structured to serve as a training manual for new employees.

### **CONTRACTORS**

This Guide is not for the direct use of contractors. However, direct recipients should ensure that monitoring of organizations under contract to them is performed in a manner that will ensure compliance with their overall financial management requirements.

**NOTES**

# Chapter 2: Resources

## HIGHLIGHTS OF CHAPTER:

- OMB Circulars
- Governmentwide Common Rules
- Office of the Inspector General Fraud Hotline
- Other Available Resources

This Guide incorporates by reference the provisions of OMB circulars/CFRs and government-wide common rules applicable to grants and cooperative agreements. These circulars and common rules include the following:

### OMB CIRCULARS/CODE OF FEDERAL REGULATIONS

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#### Administrative Requirements:

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OMB Circular A-102 “Grants and Cooperative Agreements With State and Local Governments.”

2 CFR Part 215 “Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations” (codified at 28 Code of Federal Regulations (CFR) Part 70) **(formerly known as OMB Circular A-110)**

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#### Cost Principles:

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2 CFR Part 220 “Cost Principles for Educational Institutions”(codified at 28 CFR Part 66, by reference) **(formerly known as OMB Circular A-21)**

2 CFR Part 225 “Cost Principles for State, Local, and Indian Tribal Governments” (codified at 28 CFR Part 66, by reference) **(formerly known as OMB Circular A-87)**

2 CFR Part 230 “Cost Principles for Non-Profit Organizations” **(formerly known as OMB Circular A-122)**

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#### Audit Requirements:

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OMB Circular A-133 “Audits of States, Local Governments, and Non-Profit Organizations” (codified at 28 CFR Parts 66 and 70).

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### GOVERNMENTWIDE COMMON RULES

**“Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Units of Governments,”** (codified at 28 CFR Part 66). (Grants Management Common Rule for State and Local Units of Governments.)

**“Government-wide Debarment and Suspension (Nonprocurement)”** (codified at 28 CFR Part 67) and **“Government-wide Requirements for Drug-Free Workplace (Grants)”** (codified at 28 CFR Part 83).

**“New Restrictions on Lobbying”** (codified at 28 CFR Part 69).

For additional information on grants management and to obtain copies of current circulars, please visit the OMB Web site at <http://www.whitehouse.gov/OMB/circulars/index.html>.

**OFFICE OF THE INSPECTOR GENERAL (OIG) FRAUD HOTLINE**

Grantees should report any allegations of fraud, waste, and abuse regarding grant funds to the OCFO Customer Service Branch (CSB) via e-mail [ask.ocfo@usdoj.gov](mailto:ask.ocfo@usdoj.gov) and/or to the Office of the Inspector General (OIG) Fraud Hotline via e-mail [oig.hotline@usdoj.gov](mailto:oig.hotline@usdoj.gov) or 1-800-869-4499.

**OTHER AVAILABLE RESOURCES**

Equal Treatment Regulation, codified 28 CFR Parts 38.1 and 38.2, addresses the principle that religious affiliation (faith-based) organizations should be able to compete on an equal footing with other organizations for funding.

“OJP Procurement Guide” is available at [http://www.ojp.usdoj.gov/funding/pdfs/procurement\\_procedures.pdf](http://www.ojp.usdoj.gov/funding/pdfs/procurement_procedures.pdf)

“Post Award Instructions” are available at [http://www.ojp.usdoj.gov/funding/pdfs/post\\_award\\_instructions.pdf](http://www.ojp.usdoj.gov/funding/pdfs/post_award_instructions.pdf)

“Grants.gov” is available at <http://www.grants.gov>.

“Regulations.gov” is available at <http://www.regulations.gov>.

**NOTES**



# Chapter 3: Conflicts of Interest

## HIGHLIGHTS OF CHAPTER:

- Advice
- Appearance

Personnel and other officials connected with agency-funded programs shall adhere to the following requirements:

#### **ADVICE**

No official or employee of a State or unit of local government or a nongovernmental recipient/subrecipient shall participate personally through decisions, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise in any proceeding, application, request for a ruling or other determination, contract, award, cooperative agreement, claim, controversy, or other particular matter in which award funds (including program income or other funds generated by federally funded activities) are used, where to his/her knowledge, he/she or his/her immediate family, partners, organization other than a public agency in which he/she is serving as an officer, director, trustee, partner, or employee, or any person or organization with whom he/she is negotiating or has any arrangement concerning prospective employment, has a financial interest, or has less than an arms-length transaction.

#### **APPEARANCE**

In the use of agency project funds, officials or employees of State or local units of government and nongovernmental recipient/subrecipient shall avoid any action, which might result in, or create the appearance of:

- Using his or her official position for private gain;
- Giving preferential treatment to any person;
- Losing complete independence or impartiality;
- Making an official decision outside official channels; or
- Affecting adversely the confidence of the public in the integrity of the Government or the program.

For example, where a recipient of Federal funds makes subawards under any competitive process and an actual conflict or an appearance of a conflict of interest exists, the person for whom the actual or apparent conflict of interest exists should recuse himself or herself not only from reviewing the application for which the conflict exists, but also from the evaluation of all competing applications.

Also, it is a conflict of interest for a board member of a nonprofit organization to receive consulting fees or contracts from Federal grants to organizations that he/she oversees as a member of the board, unless approved in advance by the awarding agency.

**NOTES**

# Part II: Preaward Requirements

- CHAPTER 1: Application Process
- CHAPTER 2: Conditions of Award and Acceptance
- CHAPTER 3: Standards for Financial Management Systems

# Chapter 1: Application Process

## HIGHLIGHTS OF CHAPTER:

- Eligible Recipients
- Program Announcements
- Certified Assurances (Nondiscrimination Requirements)
- Intergovernmental Review
- Application Review
- Federal Debt (OMB Circular A-129)
- Financial Analysis
- Debarment and Suspension Certification
- Drug-Free Workplace Certification
- Lobbying Certification
- Seat Belt Use by Government Contractors, Subcontractors, and Grantees
- Tribal Eligibility—Government Discount Airfare
- Policy on Making Awards

## ELIGIBLE RECIPIENTS

Block and formula grants may be awarded to States or units of local government and nonprofit organizations, based upon statutory authority. (See appropriate program guidelines for eligibility.) Discretionary awards may be awarded to States, units of local government, Indian tribes and tribal organizations, individuals, educational institutions, hospitals, and private nonprofit and private commercial organizations (if legislation allows) at the discretion of the awarding agency.

## PROGRAM ANNOUNCEMENTS

Programmatic and technical requirements relating to block and formula grant applications are contained in block and formula grant guidelines available from the awarding agency. The awarding agency announces the programs which it has developed for funding under its discretionary award program in the Federal Register. A compilation of available assistance programs may also be found in the Catalog of Federal Domestic Assistance published by the U.S. General Services Administration.

## CERTIFIED ASSURANCES (NONDISCRIMINATION REQUIREMENTS)

Applicants must assure and certify that they comply, and assure the compliance of their subrecipients, with all applicable civil rights nondiscrimination requirements as set forth on the OJP Assurances Form 4000/3 (Attachment to Standard Form [SF] 424).

In the event that a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, national origin, sex, or disability against a recipient of Federal funds, or any subgrantee or contractor of that recipient, a copy of such findings must be forwarded to OJP, Office for Civil Rights (OCR).

All recipients and their subrecipients must also provide OCR with an Equal Employment Opportunity Plan, if required to maintain one, where the award is \$500,000 or more.

## INTERGOVERNMENTAL REVIEW

If the State has established a process for the review of Federal programs and activities eligible under Executive Order 12372 and a particular program has been selected for review by the State, applicants for the program must submit a copy of their application to the State "single point of contact" prior to or at the same time that the application is submitted to the awarding agency. Additional information concerning this requirement is contained in the individual program announcements.

**NOTE:** The awarding agency is required to assure that awards meet certain legislative, regulatory, and administrative requirements. This agency's policy is to provide assurance that awards are only for allowable, allocable, fair, and reasonable costs. Awards must be made only to eligible recipients. Applicants must possess the responsibility, financial management, fiscal integrity, and financial capability necessary to adequately and appropriately administer Federal funds. The awarding agency follows the requirements stipulated in the administrative requirements for grants and agreements that are codified at 28 Code of Federal Regulations (CFR) Parts 66 and 70. In complying with these requirements, the awarding agency will perform the following procedure:

## APPLICATION REVIEW

An examination of the Application for Federal Assistance (SF-424) is conducted to determine:

1. **Type of Applicant.** An example is a new applicant (an organization that has not had an active award within the last 3 fiscal years, individual, not-for-profit (NPO), for profit, State, or local unit of government, etc.).
2. **High-Risk Applicant.** When an applicant is considered high risk by one Bureau/Program Office, then all other OJP components must consider the applicant high risk. For example, if the Bureau of Justice Assistance were to consider an applicant as high risk, and require that progress reports be submitted more frequently, then other OJP components, such as the Office of Juvenile Justice and Delinquency Prevention, and the Office for Victims of Crime, must also consider the applicant as high risk. OJP will designate a grantee as high risk if the grantee: 1) has a history of unsatisfactory performance; 2) is not financially stable; 3) has an accounting system that does not meet the standards set forth in 28 C.F.R. § 66.20 (standards for financial management systems); 4) has not conformed to the terms and conditions of previous awards; 5) is otherwise not responsible; 6) has open single audit report or Office of the Inspector General (OIG) audit report recommendations that have been open for more than a year, whereby an adequate corrective action plan has not been submitted by the grantee to OJP; 7) is not responsive to requests from OJP to address open single audit or OIG grant audit report recommendations; 8) has significant noncompliance issues that were identified through the normal grant administration process (i.e., financial or programmatic monitoring); 9) is subject to an OIG investigation where grant noncompliance issues were noted that require corrective action; 10) is listed on the list of grantees that are currently barred from receiving funding from the Office of Community Oriented Policing Services; and/or 11) was referred to the Department of Treasury under the Treasury Offset Program, for collection of grant funds owed to OJP.

OJP may also impose additional restrictions on awards to grant recipients designated as high risk.

3. **Accuracy of Taxpayer Identification Number.** The employer identification number (EIN)<sup>1</sup> may be reassigned for individuals and/or business entities to track awards.
4. **Applicant Federal Debt.** The SF-424 includes a question about whether there is Federal debt. That question applies to the organization requesting the financial assistance, not the person who signs the application as the authorized representative of the organization. Categories of debt include delinquent audit disallowances, loans, and taxes.
5. **Financial Capability.** When the applicant is a nongovernmental entity and if there has been no history with OJP within 3 years, a financial capability questionnaire will be provided to the applicant. This questionnaire should be submitted to the awarding agency before the award is made.

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<sup>1</sup> *The awarding agency may assign a vendor number for administrative purpose only. In certain circumstances, an arbitrary vendor EIN will be assigned, for example, awards made directly to subunits of Government which need an identifier distinct from that of their parent agency.*

6. **Dun & Bradstreet Data Universal Numbering System.** All grant applicants must have a Data Universal Numbering System (DUNS) number when applying for Federal grants and cooperative agreements (initial or supplemental awards). Organizations may receive a DUNS number at no cost, by calling the toll-free DUNS number request line at 1-866-705-5711. Individuals who apply for grant awards or cooperative agreements from the Federal Government are exempt from this requirement.
7. **Central Contractor Registration.** Effective 2009, all current and potential grant recipients that apply for assistance from the Federal Government through Grants.gov must register with the Central Contractor Registration (CCR) database as well. The CCR is the primary registrant database for the U.S. Federal Government and registrants are required to complete a one-time registration. Registrants must update or renew their registration at least once per year to maintain an active status. The CCR collects, validates, stores, and disseminates data in support of agency acquisition missions, including Federal agency contract and assistance awards. The term "assistance awards" includes grants, cooperative agreements, and other forms of Federal assistance. Registrants can access the CCR homepage at <http://www.ccr.gov>.

#### **FEDERAL DEBT (OMB CIRCULAR A-129)**

The awarding agency holds recipients accountable for any overpayment, audit disallowances, or any other breach of award that results in a debt owed to the Federal Government. The Debt Collection Improvement Act of 1996 states that if, after written notification, grantee payments continue to be delinquent, the debt will be referred to a collection agency or Department of the Treasury for further action. The awarding agency shall apply interest, penalties, and administrative costs to a delinquent debt owed by a debtor pursuant to the Federal Claims Collection Standards and OMB Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables.

#### **FINANCIAL ANALYSIS**

The analysis of project applications includes:

1. Performing a cost analysis of each project application considered for funding by the awarding agency. Cost analysis includes obtaining cost breakdowns, verifying cost data, evaluating specific elements of cost, and examining data to determine the necessity, reasonableness, allowability, allocability, and appropriateness of the proposed cost. The form and extent of such an analysis will be determined by the awarding agency.
2. Accepting current indirect cost rates approved by the U.S. Department of Justice, or rates approved by other Federal agencies. If applicants do not have an approved rate, they must submit an indirect cost proposal to their cognizant Federal agency.
3. Determining the adequacy of the applicant's accounting system and operations to ensure that Federal funds, if awarded, will be expended in a judicious manner. Where a nongovernmental applicant (except public colleges, universities, and hospitals) has never received an award, the organization's accounting system should be reviewed prior to award or within a reasonable time thereafter to assure its adequacy and acceptability. This review should also apply where known financial or management deficiencies exist. The results of the review will determine



the action to be taken by the awarding agency with regard to the award. Where an applicant has had prior awards, outstanding audit issues and delinquent audit, financial, or progress reports must be resolved prior to awarding additional discretionary funds.

4. Reviewing credit reports, delinquency status of Federal debt, and other prescreening information. The awarding agency will consider such information when considering the application for award.

#### **DEBARMENT AND SUSPENSION CERTIFICATION**

This certification must be completed prior to recommendation for or against an award. The government-wide common rule for debarment and suspension, 28 CFR Part 67, provides guidance on requirements that recipients shall meet in order to receive Federal funds.

1. Title 28 of the CFR Part 67 provides that executive departments and agencies shall participate in a system for debarment and suspension from programs and activities involving Federal financial and nonfinancial assistance and benefits. Debarment or suspension of a participant in a program by one agency has government-wide effect. It is the policy of the Federal Government to conduct business only with responsible persons, and these guidelines will assist agencies in carrying out this policy.
2. Certification Regarding Lobbying: Debarment, Suspension and Other Responsibility Matters; and Drug-Free Workplace Requirements (OJP Form 4061/6). Certifications must be completed and submitted by recipients of discretionary awards to the awarding agency's program offices during the application stage. Block/formula recipients are exempt from submission of this certification but are responsible for monitoring subrecipient submissions of the lower tier certification (OJP Form 4061/1) and for maintaining them at the State level.
3. Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion — Lower Tier Covered Transactions (OJP Form 4061/1 or like form). This requirement includes persons, corporations, etc., that have critical influence on or substantive control over the award. The direct recipient will be responsible for monitoring the submission and maintaining the official subrecipient certifications.

In summary, the debarment and suspension common rule requires that both recipients and their subrecipients certify they will comply with the debarment and suspension common rule. Subcontractors are not required to certify if their subaward is less than \$100,000.

#### **DRUG-FREE WORKPLACE CERTIFICATION**

This certification must be submitted prior to recommendation for or against an award. The government-wide common rule for drug-free workplace, 28 CFR Part 83, provides guidance on requirements that recipients shall meet in order to receive Federal funds.

Subpart F of 28 CFR Part 83 implements the statutory requirements of the Drug-Free Workplace Act of 1988. All recipients receiving awards from any Federal agency shall certify to that agency that they will maintain a drug-free workplace. A recipient who is an individual shall certify to the agency that his or her conduct of award activity will be drug free. If a recipient makes a false certification, the recipient is subject to suspension, termination, and debarment.

1. The State agency responsible for administering the block/formula award shall submit a drug-free workplace certification to the awarding agency and shall be responsible for obtaining a drug-free workplace certification from each State agency that is subawarded funds. Subrecipients that are not State agencies are not required to submit a drug-free workplace certification.
2. A recipient is required to make the required certification for each award. The one exception to this rule is that a recipient which is a State, including a State agency, may elect to make a single annual certification to each awarding agency from which it obtains awards, rather than making a separate certification for each award or workplace. Only one such annual certification needs to be made to each Federal agency which will cover all of that State agency's workplaces.
3. There are two different certifications: one for individuals and one for organizations. The individual recipient certifies that he or she will not engage in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance in conducting any activity with the award. The organizational recipient certifies that it will provide a drug-free workplace by:
  - a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the recipient's workplace and specifying the actions that will be taken against employees for violation of such prohibition.
  - b. Establishing a drug-free awareness program to inform employees about:
    - (1) The dangers of drug abuse in the workplace;
    - (2) The recipient's policy of maintaining a drug-free workplace;
    - (3) Any available drug counseling, rehabilitation, and employee assistance programs; and
    - (4) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace.
  - c. Making it a requirement that each employee to be engaged in the performance of the award be given a copy of the employer's statement about drugs in the workplace.
  - d. Notifying the employee that, as a condition of employment under the award, the employee will:
    - (1) Abide by the terms of the statement; and
    - (2) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace not later than 5 days after such conviction.
  - e. Notifying the awarding agency within 10 days after receiving notice from an employee or otherwise receiving actual notice of such conviction.

- f. Taking one of the following actions, within 30 days of receiving notice, with respect to any employee who is so convicted:
  - (1) Taking appropriate personnel action against such an employee, up to and including termination; or
  - (2) Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.
  
- g. Making a good faith effort to continue to maintain a drug-free workplace.

In summary, the drug-free workplace common rule requires that ONLY direct recipients of Federal awards certify they will comply with the drug-free workplace common rule. There is no dollar threshold for certification.

### LOBBYING CERTIFICATION

This certification must be submitted prior to recommendation for or against an award. U.S. Department of Justice's (DOJ) codification of the government-wide common rule for restrictions on lobbying, 28 CFR Part 69, provides guidance on requirements that recipients shall meet in order to receive Federal funds. (See also discussion on Lobbying; Part III: Postaward Requirements, Chapter 16: Unallowable Costs).

The following restrictions on lobbying are applicable to all recipients and subrecipients (in addition to the restrictions imposed by recent revisions to 18 United States Code [U.S.C.] 1913). Interim Final Guidance for New Restrictions on Lobbying was published in the *Federal Register* in December 1989. The Lobbying Disclosure Act of 1995 included amendments that have an impact on the guidance provided in 1989. Per 31 U.S.C. 1352, the restrictions on lobbying are as follows:

1. No federally appropriated funds may be expended by the recipient of a Federal award, cooperative agreement, or contract to pay a person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with any of the following covered Federal actions: the awarding of any Federal contract; the making of any Federal grant; the entering into of any cooperative agreement; and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, or cooperative agreement.
  
2. Each person who requests or receives from an agency an initial Federal contract, award, or cooperative agreement (including subcontracts, subawards, and contracts under cooperative agreements) exceeding \$100,000 shall file with that agency a certification regarding lobbying. The certification shall be submitted to the agency making the award. Each person is certifying that:
  - a. He/she has not made and will not make any payment for a lobbying activity.
  
  - b. If any non-Federal funds have been paid or will be paid to any person, he/she will complete and submit a "Disclosure of Lobbying Activities" form (Disclosure Form).

- c. The language of this certification will be included in his/her award documents for all subawards at all tiers (including subcontracts, subawards and contracts under awards, and cooperative agreements), and all subrecipients shall certify and disclose accordingly.
  - d. Each person, if applicable, shall submit the Disclosure Form to the agency making the award. The recipient or subrecipient is responsible for reporting lobbying activities of its employees if the employee's tenure is less than 130 working days within 1 year immediately preceding the date of the recipient's or subrecipient's application or proposal submission.
  - e. A subrecipient who requests or receives Federal funds exceeding \$100,000 shall be required to file with the agency making the award a certification and a Disclosure Form, if applicable. All certifications shall be maintained by the agency making the award and all Disclosure Forms shall be forwarded from tier to tier until received by the Federal agency making the award. That agency shall forward all Disclosure Forms to the awarding agency. The Disclosure Form shall contain the following information:
    - (1) Name and address of reporting entity;
    - (2) Federal program name;
    - (3) Federal award number;
    - (4) Federal award amount; and
    - (5) Name and address of lobbying registrant.
3. Each person shall file a Disclosure Form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affects the accuracy of the information contained in any Disclosure Form previously filed by such persons. Examples of such events are:
    - a. A cumulative increase of \$25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered Federal action;
    - b. A change in the person(s) or individual(s) influencing or attempting to influence a covered Federal action; or
    - c. A change in the officer(s), employee(s), or member(s) contacted to influence or attempt to influence a covered Federal action.
  4. Penalties and enforcement of lobbying restrictions shall be as follows:
    - a. Any person who makes an expenditure prohibited by the New Restrictions on Lobbying shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such expenditure.
    - b. Any person who fails to file or amend the Disclosure Form to be filed or amended, if required, shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

In summary, the common rule for lobbying requires that recipients and their subrecipients certify they will comply with the lobbying common rule. This requirement is only for awards made exceeding \$100,000. (See Part III, Chapter 16: Unallowable Costs, for cost restrictions relating to lobbying).

In order to comply with the certification requirements provided in the common rules for lobbying, drug-free workplace, and suspension and debarment (so that recipients do not have to sign three certifications), we have combined them into OJP Form 4061/6, entitled “Certifications Regarding Lobbying; Debarment, Suspension and Other Responsibility Matters; and Drug-Free Workplace Requirements”.

#### **SEAT BELT USE BY GOVERNMENT CONTRACTORS, SUBCONTRACTORS, AND GRANTEES**

Pursuant to 23 U.S.C. 402 and 403, and 29 U.S.C. 668, each recipient agency of Federal contracts, subcontracts, and grants shall encourage adoption and enforcement of on-the-job seat belt policies and programs for its employees, contractors, and subrecipients when operating company-owned, rented, or personally owned vehicles.

#### **TRIBAL ELIGIBILITY—GOVERNMENT DISCOUNT AIRFARE**

Tribal organizations carrying out a contract, grant, or cooperative agreement are eligible to have access to Federal sources of supply, including lodging providers, airlines, and other transportation providers. Section 201(a) of the Federal Property and Administrative Services Act of 1949, 40 U.S.C. 481(a), indicates that employees of tribal organizations are eligible to have access to sources of supply on the same basis as employees of an executive agency if a request is made by the tribal organization.

#### **POLICY ON MAKING AWARDS**

This agency may not make an award to any applicant who has an overdue audit report or an open audit report where the recipient has not attempted to respond or has taken no action to resolve findings. Every applicant for funding is on notice that unless they are in compliance with the audit requirements, their application may be rejected. Exceptions to this policy are by recommendation of the Chief Financial Officer, OJP, to the awarding agency.

**NOTES**

# Chapter 2: Conditions of Award and Acceptance

## HIGHLIGHTS OF CHAPTER:

- Award Document
- Award Notification and Acceptance Procedures
- Special Conditions
- Federal Obligation Process
- Automated Clearing House Enrollment

## AWARD DOCUMENT

After completion of the internal review process, the applications designated for approval are formally awarded through the issuance of an award. This document includes:

- Name of recipient;
- Project/Budget Period;
- Grant or Cooperative Agreement;
- Amount of Federal funds;
- Vendor number;
- Award number (also known as grant number); and
- Special conditions, as appropriate, that the recipient must meet if the award is accepted.

Correspondence concerning the award should refer to the designated award number shown on the award document.

## AWARD NOTIFICATION AND ACCEPTANCE PROCEDURES

Notification of award approval is sent by e-mail. The individuals identified in the application as the Point of Contact and the Authorizing Official will receive an e-mail through the OJP Grants Management System (GMS). GMS automatically issues the notifications at 9 p.m. eastern standard time on the award date. The notification provides information on how to access and view the award documents in GMS and provides instruction on how to accept the award.

The award document constitutes the operative document obligating and reserving Federal funds for use by the recipient in execution of the program or project covered by the award. Award recipient must formally accept the award. If the recipients fail to affirm their timely utilization of the award by accepting **WITHIN 45 DAYS** from the date of the award, the obligation may be terminated without further cause. Community Orientated Policing Services (COPS) awards have a 90-day acceptance timeframe.

To accept the award, the recipients must go into the GMS system and designate a Financial Point of Contact (FPOC). The FPOC will be responsible for the financial administration of the award. The FPOC may be the same as the Program Point of Contact (PPOC), or may be one or more separate individuals designated by the recipient. The designation of the FPOC must be completed in the GMS system before the award acceptance documents can be printed. Once the FPOC has been designated, grant recipients should:

1. Print and read the award document carefully.
2. Have the award document signed and dated by the Authorized Recipient Official designated in the application to indicate full acceptance of all terms, and conditions. The name of this person is preprinted on the award document. An electronic signature will not be accepted.

**NOTE:** If the name of the person accepting the award is not the name preprinted on the award document, a grant adjustment notice (GAN) must be submitted by the grant recipient to explain the reason for the change. The award acceptance document will be **REJECTED** if it is



signed by anyone other than the Authorizing Official named on the award document unless a GAN has been approved.

3. The Authorized Official should also initial the bottom right corner of each page of the special conditions to signify agreement.
  4. The signed award document and the special conditions should be submitted to the Office of the Chief Financial Officer, Control Desk, using any of the following methods:
    - by e-mail to [acceptance@usdoj.gov](mailto:acceptance@usdoj.gov);
    - by FAX to (toll free) 1-866-388-3055;
    - by FAX to (local Washington, DC) 202-354-4081;
    - by alternate FAX to 202-353-8475.
- Select **only one** of these submission options to avoid duplicate submissions. The original signed award document should be retained by the award recipient in their official file for the award.

**NOTE:** By signing the award acceptance, the recipient acknowledges that the Project Director must be an employee of the recipient's organization.

If a grant recipient does not accept the award and all the terms and special conditions, they should contact their OJP Program Manager to determine if modifications are needed, or if the award should be closed and funds deobligated. No Federal funds will be disbursed to the recipient until the signed acceptance and special conditions have been received by the awarding agency.

Questions concerning award notification and/or acceptance may be directed to the Office of the Chief Financial Officer, Customer Service Branch, at 1-800-458-0786. (Select option #2)

### SPECIAL CONDITIONS

These are incorporated as terms and conditions of the award. They may include special provisions for additional submissions, audit, conferences, and disposition of program income.

1. **All awards** will include special conditions concerning: (a) compliance with this Guide; (b) the submission of an Equal Employment Opportunity Plan if required; (c) compliance with the audit requirements; and (d) compliance with the Anti-Lobbying Act (page 123); and (e) comply with the False Claims Act or committing fraud with grant funds. Failure to comply with special conditions will result in withholding of funds.

Also, the recipient, upon accepting the award, agrees to complete and keep on file, as appropriate, the U.S. Citizenship and Immigration Services Employment Eligibility Verification form (I-9). This form is to be used by recipients of Federal funds to verify that persons are eligible to work in the United States.

2. **Commercial Award** recipients receiving grant funding from OJP should be aware of the additional special conditions placed on these awards. In addition to the (5) special conditions referenced in the "All Awards" section, commercial organizations must agree not to make a profit as a result of an award and not to charge a management fee for the performance of an

award. Also, commercial organizations must agree to comply with the Federal Acquisition Regulations cost principles.

3. **Information Technology (IT) Award** recipients are prohibited from drawing funds against the award until the recipient notifies the State IT Point of Contact of the IT project by written correspondence. This correspondence should include a brief description of the project. A copy of the correspondence should be sent to the grant manager. Once the copy has been received, the grant manager will retire this condition and inform the recipient of this action. If there is no State IT Point of Contact, the recipient agrees to submit a letter to the grant manager stating that this condition is not applicable for that reason. The intent of this condition is to facilitate information system communication. This condition does not require that the point of contact concur with or approve the IT project. For a list of State Information Technology Points of Contact, go to <http://www.ojp.usdoj.gov/ec/states.htm>.
4. **Cooperative Agreement Award** recipients who hold or sponsor a conference, meeting, retreat, seminar, symposium, training activity, or similar event funded under a cooperative agreement, and the total cost of any one event exceeds \$20,000 in award funds, must report the following information through the GMS Event Planning and Reporting Link within 45 days after the end of the event: 1) name of event; 2) event dates; 3) location of event; 4) number of Federal attendees; 5) number of non-Federal attendees; 6) cost of event space, including rooms for break-out sessions; 7) cost of audio visual services; 8) other equipment costs (e.g., computer fees, telephone fees, etc.); 9) cost of printing and distribution; 10) cost of meals provided during the event; 11) cost of refreshments provided during the event; 12) cost of event planner; 13) cost of event facilitators; and 14) any other costs associated with the event.

Additionally, the recipient must itemize and report the following costs, which are paid for or reimbursed with cooperative agreement funds, for any attendee (including participants, presenters, and speakers): 1) meals and incidental expenses (M&IE portion of per diem); 2) lodging; 3) transportation to/from event location (e.g., common carrier, privately owned vehicle (POV)); and 4) local transportation (e.g., rental car, POV) at event location.

**NOTE:** Items paid for with registration fees, or other nonaward funding, do not need to be reported for these purposes.

5. **Cancellation for Block and Formula Subawards.** The State must condition each block and formula subaward to include the following cancellation procedures:
  - a. **Commencement Within 60 Days.** If a project is not operational within 60 days of the original start date of the award period, the subrecipient must report by letter to the State the steps taken to initiate the project, the reasons for delay, and the expected revised start date.
  - b. **Operational Within 90 Days.** If a project is not operational within 90 days of the original start date of the award period, the subrecipient must submit a second statement to the State explaining the implementation delay. Upon receipt of the 90-day letter, the State may cancel the project and request Federal agency approval to redistribute the funds to other project areas. The State may also, where extenuating circumstances warrant, extend

the implementation date of the project past the 90-day period. When this occurs, the appropriate subaward files and records must note the extension.

### **FEDERAL OBLIGATION PROCESS**

After an award has been signed by the Federal awarding agency, the amount of the award is considered an obligation of the Federal government and is recorded as such in its accounting system. Appropriated funds are thereby reserved against the award until all monies are expended by the recipient and subrecipient or, in the case of nonutilization of funds within statutory or other time limits, appropriated funds would revert to the awarding agency through deobligation of the unused balance.

On the award date, the recipient of the award is notified of award approval and obligation. Upon award acceptance, in order for a recipient to receive payment of funds obligated in OJP's accounting system, they must be in compliance with award conditions enumerated in the award document. In addition, they must be in compliance with all reporting requirements. All grantees are required to submit Financial Status Reports (SF-269A) for each grant on a quarterly basis for the life of the grant. Progress Reports are also required for discretionary grants, on a semi-annual basis. Funds will not be disbursed if reports are delinquent.

**NOTE:** If the award date is after the begin date of the award, the first SF-269A submitted to OJP should cover the period from the begin date of the grant period to the end of the calendar quarter in which the award was made.

### **AUTOMATED CLEARING HOUSE ENROLLMENT**

The ACH Vendor/Miscellaneous Enrollment Form provides OJP with banking information used to establish electronic funds transfer. Recipients are required to submit the completed ACH form which must bear the original signature of the authorized official of the recipient's financial institution. The ACH form may be found in Appendix I of this Guide, or you may download it from <http://www.ojp.usdoj.gov/funding/forms.htm> under "Standard Forms."

If the grant recipient has an active award, you do not have to submit a new ACH form for each new grant. However, if you would like to revise your current banking information, a new ACH form must be submitted.

The original signed ACH document must be submitted to the Office of Justice Programs, Control Desk at 810 Seventh Street, NW., Washington, DC 20531. The ACH information is used by the U.S. Department of the Treasury to transmit payment data, by electronic means, to the recipient's financial institution. Failure to provide the requested information will delay or prevent the receipt of payments.

**NOTES**

# Chapter 3: Standards for Financial Management Systems

## HIGHLIGHTS OF CHAPTER:

- Accounting System
- Total Cost Budgeting and Accounting
- Commingling of Funds
- Recipient and Subrecipient Accounting Responsibilities
- Cash Depositories
- Supplanting

All recipients are required to establish and maintain adequate accounting systems and financial records to accurately account for funds awarded to them. These records shall include both Federal funds and all matching funds of State, local, and private organizations, when applicable.

State recipients shall expend and account for grant funds in accordance with State laws and procedures for expending and accounting for their own funds. Subrecipients of States shall follow the financial management requirements imposed on them by States. (State and local procedures must ensure that subrecipients comply with the financial management standards found at 28 CFR Parts 66 and 70).

## ACCOUNTING SYSTEM

The recipient is responsible for establishing and maintaining an adequate system of accounting and internal controls for itself, and for ensuring that an adequate system exists for each of its subrecipients. An acceptable and adequate accounting system:

1. Presents and classifies projected historical cost of the grant as required for budgetary and evaluation purposes;
2. Provides cost and property control to ensure optimal use of funds;
3. Controls funds and other resources to assure that the expenditure of funds and use of property conform to any general or special conditions that apply to the recipient;
4. Meets the prescribed requirements for periodic financial reporting of operations; and
5. Provides financial data for planning, control, measurement, and evaluation of direct and indirect costs.

Funds may be awarded as block/formula or discretionary awards. The various financial requirements and formulas of the awarding agency's programs, as well as the need for recipients to separately account for individual awards, require a special program account structure extending beyond normal classification by type of receipts, expenditures, assets, and liabilities.

1. **Block and Formula Awards.** To properly account for block and formula awards, the State should establish and maintain program accounts which will enable separate identification and accounting for:
  - a. Block and Formula grant funds expended through programs of local government; and
  - b. Formula funds utilized to develop a State plan and to pay that portion of expenditures necessary for administration.
2. **Discretionary Awards.** To properly account for discretionary awards, all recipients should establish and maintain program accounts which will enable, on an individual basis, separate identification and accounting for:
  - a. Receipt and disposition of all funds (including project income);
  - b. Funds applied to each budget category included within the approved award;

- c. Expenditures governed by any special and general provisions; and
- d. Non-Federal matching contribution, if required.

### TOTAL COST BUDGETING AND ACCOUNTING

Accounting for all funds awarded by the Federal agency shall be structured and executed on a “total program cost” basis. That is, total program costs, including Federal funds, State and local matching shares, and any other fund sources included in the approved project budget or received as program income shall be the foundation for fiscal administration, accounting, and audit. Unless otherwise prohibited by statute, applications for funding and financial reports require budget and cost estimates based on total costs.

### COMMINGLING OF FUNDS

Federal agencies shall not require physical segregation of cash deposits or the establishment of any eligibility requirements for funds which are provided to a recipient. However, the accounting systems of all recipients and subrecipients must ensure that agency funds are not commingled with funds from other Federal agencies. Each award must be accounted for separately. Recipients and subrecipients are prohibited from commingling funds on either a program-by-program or project-by-project basis.

Funds specifically budgeted and/or received for one project may not be used to support another. Where a recipient’s or subrecipient’s accounting system cannot comply with this requirement, the recipient or subrecipient shall establish a system to provide adequate fund accountability for each project it has been awarded.

### RECIPIENT AND SUBRECIPIENT ACCOUNTING RESPONSIBILITIES

1. **Reviewing Financial Operations.** Direct recipients should be familiar with, and periodically monitor, their subrecipients’ financial operations, records, systems, and procedures. Particular attention should be directed to the maintenance of current financial data.
2. **Recording Financial Activities.** The subrecipient’s award or contract obligation, as well as cash advances and other financial activities, should be recorded in the books of the recipient in summary form. Subrecipient expenditures should be recorded on the books of the recipient or evidenced by report forms duly filed by the subrecipient. Non-Federal contributions applied to programs or projects by subrecipients should likewise be recorded, as should any program income resulting from program operations.
3. **Budgeting and Budget Review.** The recipient should ensure that each subrecipient prepares an adequate budget on which its award commitment will be based. The detail of each project budget should be maintained on file by the recipient.
4. **Accounting for Non-Federal Contributions.** Recipients will ensure that the requirements, limitations, and regulations pertinent to non-Federal contributions are applied.
5. **Audit Requirements.** Recipients must ensure that subrecipients have met the necessary audit requirements contained in this Guide (see Part III, Chapter 19: Audit Requirements).

6. **Reporting Irregularities.** Recipients and their subrecipients are responsible for promptly notifying the awarding agency and the Federal cognizant audit agency of any illegal acts, irregularities and/or proposed and actual actions. Please notify the OCFO Customer Service Center (CSC) at 1-800-458-0786 if any irregularities occur. Illegal acts and irregularities include conflicts of interest, falsification of records or reports, and misappropriation of funds or other assets.
7. **Debarred and Suspended Organizations.** Recipients and subrecipients must not award or permit any award at any level to any party which is debarred or suspended from participation in Federal assistance programs. For details regarding debarment procedures, see 28 CFR Part 67, Government-wide Debarment and Suspension (Nonprocurement) and 28 CFR Part 83 Government-wide Requirements for Drug-Free Workplace (Grants).
8. **Bonding.** The awarding agency may require adequate fidelity bond coverage where a recipient lacks sufficient coverage to protect the Federal Government interest (see 2 CFR Part 215, Subpart C, paragraph 21(c)).

Where the conduct of a program or one of its components is delegated to a subrecipient, the direct recipient is responsible for all aspects of the program including proper accounting and financial recordkeeping by the subrecipient. Responsibilities include the accounting of receipts and expenditures, cash management, the maintaining of adequate financial records, and the refunding of expenditures disallowed by audits.

#### CASH DEPOSITORIES

In accordance with the administrative requirements for Government and nongovernmental entities, recipients are encouraged to use minority banks (banks which are owned at least 50 percent by minority group members). A list of minority-owned banks may be obtained from the Minority Business Development Agency, Department of Commerce, Washington, DC 20230.

#### SUPPLANTING

Federal funds must be used to supplement existing funds for program activities and must not replace those funds that have been appropriated for the same purpose. Supplanting will be the subject of application review, as well as preaward review, postaward monitoring, and audit. If there is a potential presence of supplanting, the applicant or grantee will be required to supply documentation demonstrating that the reduction in non-Federal resources occurred for reasons other than the receipt or expected receipt of Federal funds. For certain programs, a written certification may be requested by the awarding agency or recipient agency stating that Federal funds will not be used to supplant State or local funds.



**NOTES**

# Part III:

## Postaward Requirements

CHAPTER 1:	Payments
CHAPTER 2:	Period of Availability of Funds
CHAPTER 3:	Matching or Cost Sharing
CHAPTER 4:	Program Income
CHAPTER 5:	Adjustments to Awards
CHAPTER 6:	Property and Equipment
CHAPTER 7:	Allowable Costs
CHAPTER 8:	Confidential Funds
CHAPTER 9:	Subawards of Discretionary Project-Supported Effort
CHAPTER 10:	Procurement Under Awards of Federal Assistance
CHAPTER 11:	Reporting Requirements
CHAPTER 12:	Retention and Access Requirements for Records
CHAPTER 13:	Sanctions
CHAPTER 14:	Termination for Convenience
CHAPTER 15:	Costs Requiring Prior Approval
CHAPTER 16:	Unallowable Costs
CHAPTER 17:	Indirect Costs
CHAPTER 18:	Closeout
CHAPTER 19:	Audit Requirements
CHAPTER 20:	The American Recovery and Reinvestment Act of 2009

# Chapter 1: Payments

## HIGHLIGHTS OF CHAPTER:

- Payment Method
- Withholding of Funds
- Minimum Cash on Hand
- Interest Earned
- Cash Management Improvement Act of 1990

## PAYMENT METHOD

The current method for requesting payment of grant funds is the Phone-Activated Paperless Request System (PAPRS). Recipients are required to submit the completed Automated Clearing House (ACH) electronic funds transfer form bearing the original signature of the authorized official of the recipient's financial institution. The Debt Collection Act of 1996 states that all eligible recipients of Federal payments must receive funds electronically. Recipients are reminded to coordinate with their respective financial institutions for an addendum record which contains payment-related information for their records. In order for a recipient to receive payments requested, a current Standard Form (SF-269A) for the grant on which payment is requested must be on file with OJP. If Progress Reports are required for the grant program, the reports must be current or requests for payment will be denied.

PAPRS allows grant recipients immediate access to OJP funds through the use of a touch-tone telephone. The use of electronic means to transfer money from the U.S. Department of the Treasury (Treasury) became law under the Debt Collection Improvement Act effective July 26, 1996. Grant recipients should complete and return the original ACH Vendor Miscellaneous Enrollment Form (Appendix I) included in the PAPRS information package and return it to the OJP Control Desk. Through the combined use of PAPRS and ACH, approved requests will be deposited into the grantee's financial institution within 3 business days of the request. Grantees will receive their password/personal identification number (PIN) and grant identification numbers by mail from the Office of the Chief Financial Officer (OCFO), Customer Service Center.

Instructions for using the PAPRS system will be included in the package. The information is usually mailed to the Financial Point of Contact (FPOC) designated by the recipient, within 1 week of the award date of a new grant award. The password is to be given only to authorized persons of the grantee organization and not given to subgrantees. The recipient is solely responsible for the security of this access code.

**NOTE:** In support of the continuing effort to meet the accelerated financial statement reporting requirements mandated by the U.S. Department of the Treasury, **the Office of the Chief Financial Officer will not process payment requests during the last 4 working days of each month.** For this reason, OJP strongly suggests that grantees make payment requests before 10 a.m. eastern standard time, prior to the last 4 working days of each month.

## WITHHOLDING OF FUNDS

The awarding agency **may** withhold draw downs to a recipient organization receiving grant funds by electronic transfer, if the recipient demonstrates any of the following:

1. Failure to attain program or project goals or to establish procedures that will minimize the time elapsing between the cash draw downs and expenditure;
2. Failure to adhere to guideline requirements or special conditions;
3. Improper engagement of awarding and administering subawards or contracts;
4. Failure to submit reliable and/or timely reports, including, but not limited to, Financial Status Reports and Progress Reports; and/or

5. Failure to achieve timely financial reconciliation and closeout at the end of the project period of any grant awarded to the recipient organization.

The recipient organization may be required to finance its operation with its own working funds until such time the recipient is in compliance with all award conditions.

### **MINIMUM CASH ON HAND**

Grant recipient organizations should request funds based upon immediate disbursement/reimbursement requirements. Funds will not be paid in a lump sum, but rather disbursed over time as project costs are incurred or anticipated (with the exception of block grant program such as Justice Assistance Grant (JAG), Juvenile Accountability Block Grants [JABG], and State Criminal Alien Assistance Program Grants [SCAAP] which are paid in a lump sum). Recipients should time their drawdown requests to ensure that Federal cash on hand is the minimum needed for disbursements/reimbursements to be made immediately or within 10 days.

Fund requests from subrecipients create a continuing cash demand on award balances of the State. The State should keep in mind that idle funds in the hands of subrecipients will impair the goals of effective cash management. All recipients must develop procedures for the disbursement of funds to ensure that Federal cash on hand is kept at a minimal balance.

The Office of the Chief Financial Officer conducts financial reviews to ensure that this requirement is met and that excess cash is not improperly held by recipient organizations.

### **INTEREST EARNED**

Recipients and subrecipients shall minimize the time elapsing between the transfer and disbursement of funds. Recipients and subrecipients that administer confidential funds may establish different procedures for administering confidential funds to provide quick access to funds to meet the needs of the project. Also, interest income on block grants such as JAG and JABG must be accounted for, reported as program income, and used in accordance with the provisions of Part III, Chapter 4: Program Income, of this Guide.

1. In accordance with Section 203 of the Intergovernmental Cooperation Act of 1968 (Pub L. 90-577; 31 United States Code [U.S.C.] 6503(a)), a State and its subrecipient and any agency or instrumentality of a State, including State institutions of higher education and State hospitals, but not political subdivisions of a State (cities, towns, counties, and special districts created by State law) SHALL NOT be held accountable for interest earned on grant money pending its disbursement for program purposes.

This refers to formula grant programs where subawards are made to local jurisdictions. Subrecipients under formula grant programs are held accountable for interest earned on advances.

2. In accordance with Sections 102, 103, and 104 of the Indian Self Determination Act (Pub. L. 93-638; U.S.C. 450(j)), tribal organizations SHALL NOT be held accountable for interest earned pending their disbursement by such organizations.
3. All local units of government (political subdivisions of a State, including cities, towns, counties and special districts created by State law) shall account for interest earned on Federal

funds. Local units of government may keep interest earned on Federal grant funds up to \$100 PER FEDERAL FISCAL YEAR. This maximum limit is not per award; it is inclusive of all interest earned as a result of all Federal grant program funds received per year. Interest earned in excess of \$100, excluding JAG and JABG, must be remitted to the U.S. Department of Health and Human Services, Division of Payment Management Services, P.O. Box 6021, Rockville, MD 20852.

4. Nonprofit organizations shall account for interest earned on Federal funds. Nonprofit organizations may keep interest earned on Federal grant funds up to \$250 PER FEDERAL FISCAL YEAR. This maximum limit is not per award; it is inclusive of all interest earned as a result of all Federal grant program funds received per year. Interest earned in excess of \$250 must be remitted to the U.S. Department of Health and Human Services, Division of Payment Management Services, P.O. Box 6021, Rockville, MD 20852.

**NOTE:** Interest earned on block grants such as JAG and JABG must be accounted for and reported as program income, and used in accordance with the provisions of Part III, Chapter 4: Program Income of this Guide. Any unexpended program income should be remitted to the Office of Justice Programs, Office of the Chief Financial Officer, ATTN: Accounting Control Branch, 810 Seventh Street, NW., Fifth Floor, Washington, DC 20531.

#### **CASH MANAGEMENT IMPROVEMENT ACT OF 1990**

The Cash Management Improvement Act of 1990 was an amendment to the Intergovernmental Cooperation Act of 1968, 31 U.S.C. 6503. Under this provision, 31 U.S.C. 5(b) of Public Law 101-453, States are no longer exempted from payment of interest to the Federal Government for drawing down funds prior to the need to pay off obligations incurred. The provisions of 31 U.S.C. 6503(c)(1) require that the States pay interest in the event that the States drawdown funds before the funds are needed to pay for program expenses.

**NOTES**