

MCHB/DHSPS March, 2009 Webcast

Federal Grants Management:

Understanding and Managing your HRSA Grant

March 19, 2009

JOHANNIE ESCARNE: Good afternoon. Healthy start and perinatal services. On behalf of the division, I would like to welcome you to this web cast titled federal grants management, understanding and managing your HRSA grant.

Before I introduce our presenter today, I would like to make some technical comments. Slides will appear in the control window and should advance automatically. The slide changing is with presentation. You do not need to do anything to advance the slides. You may need to adjust the timing of the slide changes to match the audio by using the slight delay control at the top of the messaging window.

We encourage you to ask the speakers questions at any time during the presentation. Simply type your question in the white message window on the right of the interface, collect questions for speaker from the drop down menu and hit send. Please include your state or organization in your message so we know where your question came from. The questions will be relayed to the speakers periodically throughout this broadcast.

On the left of the interface is the video window. You can adjust the volume of the audio using the volume control slider which you can access by clicking the loud speaker icon.

Those of you who selected accessibility features when you registered will see text captioning underneath the video window.

At the end of the broadcast, the interface will close automatically and you will have an opportunity to fill out an online evaluation. Please take a couple of minutes to do so. Your responses will help us plan future broadcasts in this series and improve our technical support.

We're very pleased to have Vera Messina with us. She's the team leader for the health services branch, division of branch management operations. Her presentation will familiarize the roles and responsibilities of all parties in managing a HRSA grant. Resources will be provided to assist in managing documentation -- to assist with navigating documents for expert cases that accompany an award of federal funds.

In order to allow ample time for the presentation, we will defer questions and answers to the end of the presentation. Submit questions via email any time during the presentation. If we do not have time to respond during the presentation, we will email you afterwards. We would like to begin the presentation.

VERA MESSINA: Good afternoon. I'm pleased to be here. This presentation is aimed at letting you understand your responsibilities once you've received a grant HRSA and our responsibilities from that point forward. This is an overview of the topics I'll go over. First we'll touch on the roles and responsibilities, basically what are your responsibilities and HRSA's responsibilities in managing your grant. I'll spend some time going over your notice of grant award so you understand all of the fields or at least some of the fields that are more important on that, how to get your grant funds, host award procedures which involve all of the things you need to do to make changes to your grant and let us know what's going on with your grant, reporting requirements which are -- many of them

mandatory that you have to understand to comply with many of the requirements of your grant, the laws, regulations and policies which are governing all of the grants at HRSA as well as the federal government, financial management expectations, our administrative regulations and requirements here at HHS, how to close out your grant and what you should expect from that process. We'll give you resources to look at and then answer questions. I know that I'll top it a couple of times throughout to answer questions on topics that I know often get a lot of questions. So let's start with the roles and responsibilities. Thank you. When you get your notice of grant award, you will note probably in the last page that there's a project officer and a grants management specialist noted in the grant contacts area. Those are the two individuals who you will have the closest contact with who are -- will oversee the implementation of your project. The project officer complements the business management knowledge of the grant management specialist with problematic and scientific areas and these two individuals will be the ones who are going to be your guides through the process of managing your grant. Your project officer will work closely with you on implementation of your program and as far as all of the programmatic issues and they also will guide you through the responsibilities on program performance and gauging your program performance. They work with grant management to approve prior approval requests which are changes to grant and work with us when there are any situations or issues that arise during the life of the grant. And they will refer incoming correspondence to us that needs prior approval. Your responsibilities as a grantee. You're responsible to implement the work plan that you presented in your application to ensure that your goals and objectives are achieved and they must be achieved in the way that you laid them out which is within the specified time and way that you put into your application. You're responsible to submit any required reports which are close financial and programmatic in nature within the time specified in the grant award and those will be listed in the terms and conditions area under program -- excuse me,

reporting requirements. If you are required to attend key meetings, you have to make sure that your staff attends the meetings that HRSA requires you to attend and participate in any HRSA sponsored training and you should work collaboratively with your specialist and program officer. We do like to hear from you from time to time to make sure we're aware of your progress and if there are any issues that arise with your grant. The grants management specialist is mostly responsible for what we call compliance issues but it's to ensure that you understand the grants regulations and financial aspects that impact your project. They review all of your continuation applications and make recommendations for continued support. They also monitor receipt of all required reports and they will follow up with you to make sure that if your report is not submitted in a timely fashion that we will get a copy of that when needed as well as get any kinds of clarifications or additional information that is needed. We also issue your notice of grant award. So if you need to know why your grant award is held up or what is the status of it, contact the grants management specialist who can inform you what status that is. And there's a note on the bottom that's critical. It says that only HRSA grants officers have authority to change, approve or deny program expenditures. And all prior approval requests. Do not accept the oral, over the phone or in person word of anyone else who says to you, oh, yeah. You can do that. Go ahead and spend that money until you see it on a grant award or until your grants management specialist officially notifies you that a program expenditure is allowable through a written document. I haven't been changing the slides.

Next slide. We're going to talk about your notice of grant award. There's a couple of components to the notice of granted award. The first page document has the most in terms of financial document and we'll go a little more in depth in that but other items that come with the grant award are the attachment pages, program conditions, program terms, standard terms, reporting requirements and your contacts. So it can be up to a six or

seven page document for an initial award and I would suggest you make sure you are familiar with it every year. It changes from year to year and we do put new terms, new conditions on your award so please don't say, well, yeah. Do not read anything after the first page.

Next slide. This is an analysis of your grant number which is on the top left-hand portion of your notice of grant award. And don't change the next slide but that will show that in 4a or b and there are certain deciphering of this number which I've done for you on this slide. The first number is the application code type. What that means is that either it is a competing award, competing continuation award which is a type two or it can be a noncompeting continuation, type five. That's only two of the many codes that we use for that so we have type six, type one. If you're unsure of what the code means, call your grant managements specialist and they'll be happy to let you know what the other codes are. More common ones are type six, an administrative change. If you see that code, be aware that it is key to the type of action we've just done.

Next number is the activities program code. Each of the programs here at HRSA and within each program office has a code. For instance, the h49 that you see here is a healthy start program and the h30 is the hemophilia program. That will be key to what program it's associated with. The next two letters, mc, is the office and that's maternal child in -would be rh for rural health -- let's see. H80 would be -- pardon? They have different codes for different offices. If you have other grants with us, you'll note what the codes are. Next digits are unique serial number. That's the probably most important number. Each grant has a different number so when we ask you what's your grant number, h49 and then what is the unique serial number and that will tell us what grant we're referring to and our staff puts on the correspondence that you should include the

grant number with any information you send in. The next two digits are the grant year of support. So if you've gotten 20 years of HRSA funds, it should say 20 there for that particular grant. So that sort of tells us how many years you've been funded through HRSA and the next number is a revision number. Each time you see a 00, that is the first grant of each budget year so the first grant you receive will have the 00 and any administrative action after that, you'll have a 01, 02, 03. That's your revision number.

Sorry. This is rather small. These are some items off your notice of grant award and how it actually appears on the notice of grant award and I've just done a sampling of the grant award number which are boxes a and b. The project period and budget period and we'll talk more about that. The title of your project, in this case it's the healthy start initiative, the actual authorized funding which is box 12 and in that box you'll see there's a couple of other items for additional authority, offset and I'll talk more about that and then way down at the bottom of your first page of is the funding line which is where you see that 06, and that gives you what year the funding is from, fiscal year 06 and the document number which is critical for your payment management system access so you know what document to access when you go to get your funds and then the amount of financial assistance you're receiving on this notice of grant award. That's just a smattering of that.

When we talk about period of federal support, the budget and project period are two separate items. Budget period is contained within the project period. Project period could be up to five years, three to five years sometimes, depending upon the grant program.

And the budget period is almost always a one-year period maximum, could be less if you initiate funding within the year and it's a shorter time period. And that's because in the federal government, we are only allowed to fund grants for one year at a time because the appropriations process is on a yearly basis. We can only guarantee one year of funds. Do not assume because it gives you a five-year project period that you'll automatically get five years of funding at that amount. It's only a projected period. Your federal funds awarded

which are boxes 11 through 19, have all of the information regarding your funding. Your approved budget by category, how long you're funded for, any offsets and I'll talk more about offsets, any carryover which would appear on a revision, future support which is conditional on progress and appropriation by Congress and any cost sharing or matching requirement. The other important item is your document number and that document, you will use to report your obligations and expenditures in the payment management system. And it's critical that you note the last two digits at the end of that which are often ao, bo, co because that -- each document number is related to the project period so every time you get a new project period, this document number will change. So be aware that when you compete for an award and you come in and receive another five-year or three-year project period, your document number changes. The attachment pages contain your program conditions and program terms. The conditions and terms are requirements that we have placed on a grant award, usually to which you must respond or comply in a particular way. Conditions usually have a due date. It could be 30, 60, 90 days and you must respond to your grants management specialist and comply with whatever we've asked for in those conditions. If you send information to your program officer, make sure that your grants management specialist is copied on that so that, you know, the information under conditions can be addressed in our system and the conditions can be lifted. HRSA lifts conditions once they've determined that they've been satisfactorily addressed and that's a collaboration between the program office and the grants management office to determine whether or not you've met the requirements of the conditions and then we will lift the condition and you will see that on an NGA. Program terms are varied and can just be information or they can also have some requirements that you must submit items to the program office or the grants management specialist but there's not usually a due date. You'll see something like a monthly report or something that's ongoing in the program term. It also describes some conditions that may or may not be on your award. Standard

terms are included on every notice of grant award and they differ from program to program. These are critical because they describe the conditions that -- for the program and for HRSA to which you must abide. We sort of expect grantees to read these and understand that they're held to conditions and terms and regardless of whether there's something they have to respond to or not. The next section is reporting requirements. And again, each grant will differ in the reporting requirements that are requested through the program and they will also have due dates. And the last section is your grant contacts as we spoke about earlier and that's your grant management specialist and program officer and it will have their mailing address, their email address and telephone number. I think in these days everybody prefers to get documents by email as opposed to fax. It's just working better but you can certainly contact us any means you need to get assistance with your grant. So it's your new grantee and you've just gotten a grant. How do I get my money? That's always the question we get. So we'll talk about how to access your grant funds. All grant funds that HRSA issues are dispersed through the division of payment management. An account is set up specific to your organization and the funds are directly deposited to the payment management system who then will deposit them to your account upon request. So you have to -- when you first get your grant, contact the division of payment management following the instructions on the notice of grant award to set up an account which I'm not going to go into detail here. There are various steps you must take to set up an account if you've never done so before, just follow the directions on your notice of grant award and contact your specialist over at division of payment management and they'll walk you through that.

Next slide, please. Once you get your account, you'll go in and draw down funds periodically to carry out the objectives of your grant. You can do that through reimbursement or advance process. If you've spent money on grant related expenditures,

you certainly may go in at any time and draw the expenditures but there is a stipulation if you're going into draw down funds in advance. And that's to minimize the time between when you draw down your funds and when you expend them. You should not draw down in advance of what we call immediate need. That is an upcoming payroll or an expenditure that you know will come due within the next week or so. You know, you don't want grantees drawing down half of their funds in the first month of their grant and sitting -- that money is sitting in the bank account, treasury department frowns on those kinds of things. One, because you should be putting it into an interest bearing account and you will then be penalized for the interest you earn on it over \$250 so that is one item. Also in order to sort of monitor how well you are using your funds to carry out the objectives of your grant, we monitor the drawdowns and usually a steady quarterly or monthly is advised so that we see a steady need for funds and a steady reimbursement for funds.

You also are required to submit reports in the payment management system and next slide, please. The SF-262 is your cash action transaction report. You'll detail to payment management system what funds you have dispersed against any particular grants and that's by document number. It's submitted quarterly. However, you can go in at any time and update tms. If you fail to submit your quarterly report, your account will be locked. There's a cutoff, I think you're supposed to do it by 45 days after the end of the quarter and if you fail to do that, you will not be able to access your funds until you update that report. And I think here says the state and local government has 15 working days to submit it after the end of the quarter and nonprofit organizations within 15 calendar days after the end of the reporting period. Now, if one of your grant conditions notes that you are on a draw down restriction which does happen from time to time when there are concerns about a grantee's ability to manage their financial system and funds, we will limit their ability to draw down their funds and you must submit a request to draw down your

funds called an SF-270. That request will come into your grant management specialist and then will be processed through the division of grants management operations and then submitted to the payment management system. So there's a procedure for that and if you are put on draw down restriction, the instructions for that will be on your notice of grant award and you can call your grant management specialist to walk you through that process. Usually it takes up to a week to process these so you should submit them at least two weeks ahead of the time you know you're going to need the funds so that they are approved in advance and the payment management system can have the funds waiting for you when you request them in the payment management system. They should be -- these forms need to be signed by your authorized official, your authorized representative to make sure you leave time to have that done whatever way your organization does the approvals process. But again, if you have questions regarding that, contact your grant management specialist. We're going to talk about post award procedures and this is the meat of what the life of the grant. have a grant and most things happen in the post award phase. Most of your interactions with your specialist and your program officer will be after you get your award and how do I change things and what do I need to do? Let's talk about that. When you need to make changes in the scope of your project for your budget, that's going to make a significant impact on your project. Change the ability to carry out the project, you need to talk to your program officer and your grant management specialist because that may require a permission and prior approval. There are certain areas that are required for you to come in and request approval and there's quite a few of them so let me go through them. A change in project director. Now, this happens in quite often with grants. When you change your project director, it's considered key personnel. And that change requires a request from your authorized representative, your C.E.O., to the HRSA with a resume of the new person that you propose to fill that post and then both your program officer and the division of grants management operations

has to approve that person and then we will issue a new NGA. It's important to let us know when that happens because only the authorized project director can access our electronic handbook and if that person has left your organization and you need to submit an application or any other document to the electronic handbook, you will not be able to do so unless we make that change. So that's critical. Also because we need to keep personnel, they're the individuals we contact most often regarding your grant. If that person has changed, we should be aware of who is the new individual that we should be contacting regarding your grant. You should know your project director is going to be on extended leave or reduce their time by more than 25%, you should also advise HRSA and if you need additional federal funds. Now, request for additional federal funds are rarely granted. There has to be an emergency or some other financial situation that requires assistance from HRSA under which we would give you additional federal funds. Gee, I would like more money. Let me submit a request to HRSA. That's not what this is for. It's for extreme emergency or other area that without funds the project would not be able to continue. The next item is one of the most commonly utilized post award requests that we receive. And that's to carryover funds into the next funding period or budget period. How that works is when we receive a financial status report from your organization that tells us that you have a balance of funds that you have not utilized or have not obligated in that budget period which technically means that they were not -- not that they were not needed but for various reasons were not used that year, you may, in the following budget year, request to have those funds carried over. The key here is you need permission to do that. You cannot just assume that because I have a five-year project period that the funds will automatically be transferred to your account or be able to be accessed by you to be utilized for whatever purpose you feel they should be utilized for. So to submit this carryover request, you should do so when you submit your financial status report and include a budget that shows us why the funds were not utilized, what the new budget will

be for the upcoming year, utilizing the funds, a narrative telling all of the specific areas that will be needed and why and how all of this is tied into your program goals and objectives. That is critical. This is not a time to use grant funds because you feel that, you know, you have them left over and they just need to be utilized. That is directly prohibited in grants regulations, just use them because they're there is not a rationale so we urge you to make sure that they are for approved goals and objectives of your project. No new activities will be approved for carryover. They must be items that have been approved in your prior application or closely associated to items that were approved and we do that on a case by case basis so that, you know, don't assume that if you were approved to run five meetings and now you want to run the sixth that it will automatically be approved. You have to justify why you need the sixth meeting, who it will target, why this is part of the successful completion of your grant. So basically, it says carryover is not always guaranteed and we will disapprove part or all of your carryover if it does not comply with both the need for these items and any other cost principles that may be looked at in terms of the items. I know we usually get a lot of questions on carryover so if you have any questions, please spend them on in. One of the other areas that needs a prior approval is what we call no cost extension or cost extension. Cost extension is an extension with funds which is rare. We will not award extra funds unless there's an urgent need. No cost extension is a request to extend the final period of your grant for up to a year beyond that. Now, you can come in again after that but that requires a much higher level of approval and scrutiny for that time period so hopefully you'll be able to finish your grant within the time that you've allocated for it or the one extension year after that. No cost extension requires a submission about 30 days before the end of the grant so that we have advance notice of your inability to complete the grant within the time period and so that we can look at the requests and approve it. You may do this if you have funds remaining or if you have no funds remaining. If you have funds remaining you should submit to us a budget showing

what funds you have left and how you intend to utilize those in the extension but you may also request an extension if you don't have funds but just need time to complete your grant activities. Sometimes we do them as you can see the second bullet, for continuity if there's a competing application that's being considered and we need to bridge the time periods so that your organization can continue to function before the award of a new grant. And an extension should not also be for new activities. You should not be requesting time to start something new. Again, we want to be able to make sure that the original goals and objectives were accomplished examine if you have done that, there really shouldn't be a rationale for an extension. These are some other items that may come up and are sometimes required approval. It will depend on statute or the cost principles. Some costs that are not part of what is an approved cost in the guidance that you've received, sometimes grant funds should not be spent on the following but if something comes up that you're needing funds to complete something, you'll need to come in for prior approval on that. Budget revision. There is a threshold of 25% of your overall award. If your budget revision exceeds 25% of your overall award, you must come in for a budget revision. However, I say however on that. I would say if you're doing a budget revision that will substantially move items around to contact both your grant specialist and your program officer because we really want to know about any kinds of transfers that will change the types of things you do and the scope of your program work. If you have contracts and you're changing the amount of contracts in a substantial way or moving funds from personnel, which is direct cost of a -- a direct supported cost into contract, we may want to know that because certain programs have requirements about how much staff can be under contract and what percentage of work can be contracted out. Training funds sometimes are also limited and if your grant requires training and, you know, it's in the training category and you have to move funds around, you may need to contact your grant -- the grants office and your program officer to determine if you can

move the funds. These are some things that sometimes require prior approval but if you have questions, you don't know whether you need to come in for approval, please contact your staff here and they will work with you on letting you know whether or not you need to submit information. The next item is reporting requirements. The first item is probably the most critical in terms of financial requirement and that's your SF-269 which is your financial status report. On a year to year basis the federal government wishes to know how you expended your funds. It's the only way of knowing what percentage of your funds you've spent and how they've been spent. It also asks for information about program income and if that's a requirement of your grant, that's also reported on the SF-269 and it's critical to some programs that information is generated. At the moment, SF-269 is a budget period report, not cumulative but that is shortly to change when we institute our electronic financial status report which will be a cumulative report and I'm sure some of you have already gotten some notices from HRSA regarding this changeover. Stay tuned for more information. It's supposed to happen in April. So that's going to be coming up really quickly. There will be information sessions on what are your requirements in submitting the electronic report and how to do so. Stay tuned for that and be aware that it will be a responsibility to go in and do this in a timely way and there will be reminders sent out continuously to complete this report and we have more control over monitoring the submissions and the dates that they come in and we'll be able to contact you if they're not submitted in a timely way. Eventually the entire federal government will be moving over to a federal financial report which will be standard across the federal government. But again, that is off in the future and this report will be substantially similar to the SFR so there won't be much of a change in that regard. The next reporting requirement is applicable to organizations that expend more than \$500,000 of federal funds in a year and that's the a-133 audit. And now there's a lot of questions regarding when do I have to file an a-133 audit. If I only get \$250,000 in HRSA funds, do I have to file an audit? Well, if you get

\$250,000 the first funds and \$250,000 in education funds and \$250,000 of another federal agency fund, that brings you to \$750,000 and if you spent over \$500 of that in a year, \$500,000, you must file an a-133 audit. And the next question we get is well, then how do I pay for the audit? And you may do so either in your indirect cost category. Or you may prorate it as a direct cost, across the programs that are affected by the audit. So we can approve expenses of audits if you cross that threshold. The a-133 audit is due in nine months after the end of the fiscal year or 30 days after you receive it from your auditor, whichever is earlier. It goes to the federal audits clearing house and our -- we have a division at HRSA that monitors these reports and if there are findings, we receive notice of them and you will get notification from our office to have a plan to correct the findings. Hopefully, if you do an audit, we expect that your finances are in good shape and you have a good ratio of finances and billable accounts and that you will have no material audit findings. The material audit findings trigger the HRSA to follow up with you to resolve those findings.

Next slide, please. There are expectations that HRSA has regarding your financial management of your grant. And this -- these expectations are laid out more thoroughly in the administrative regulations which you'll see the reference to at the end that apply to the whole federal government. I'm going to very briefly touch on some of them but I urge you to consult with the appropriate guide for your organization in the administrative regulations to determine what are our expectations for your financial system.

Next slide. The CFR PART 74 is where those are located, the financial system expectations and this is the basic requirements that we expect you to have in terms of managing your HRSA funds. A general ledger. Now, accountants more aware of what this entails but just in general, these are usually items that should be kept in a very systematic

and I would say complete way and I'll talk to that a little bit more. You'll need to have an accounts receivable system, accounts payable, a reporting system which you should be able to answer questions as to how much moneys have been drawn down, what they have been expended on, what was your payroll for the last month, at least out of federal funds. Although, you know, the entire grant project is supported through federal funds and other funds. You should be able to account for all of the funds that impact a grant project or any other project that you're responsible for in the federal government. You must have an internal control system with policies and procedures and usually that requires what we call approval level and expenditures of grant funds should be only approved by staff that, you know, is allowed to do that and there's an approval process that is part of the documented policies and procedures so that we're able to see that your expenditures are made in a way that makes them thoroughly accountable to the grant. Any cash collections should have controls on them and you should have a written schedule of fees and discounts applicable to your customers. Now, this is a general system and I once visited a site that when I asked for their financial records, I got a spiral bound notebook with a bunch of receipts and -- a stack of receipts, I should say, shoveled into it and that was their system. And it was not acceptable to say the least. So I know none of you have that issue but there are requirements that we have so that when we ask for an accounting of how you expended HRSA funds, you are able to give us the documents and give us the information we need in a timely way that is accurate and will show that you have expended the funds within the guidelines of the grant and federal regulations. This slide basically details all of the regulations, laws and policies to which you are subject to once you receive a HRSA grant and most of them apply to other federal grants as well. These are in order of hierarchy. What is more important than the next.

The grants enabling statute is the item that authorized your grant program to exist. Congress passed at some point a statute that said we are establishing this program for this purpose and that is the reason that you're able to get funds. That's the first item in the hierarchy of what you're subject to. Then there are program specific regulations and these are regulations that have been created by the HRSA and have gone through comment and other regulatory approval and which you see in the guidance every year and those guidelines tell you what the program requires so you abide by your program and in expending your funds. Then HHS has its administrative regulation and those are at 45 CFS part 92 and part 74. And these are -- those of you in the know, incorporate the old circulars, a-110 and a-122. It's a lot of numbers and language but all of this information is easily locatable on our website and there's a slide further back that will give you the information. I urge all of you that are responsible for any of the carrying out of the administrative or financial end of your program be with these. Then for those who have to file an audit, there's a circular, a-133 that governs that. HRSA has program policies which apply to all of their programs. Those are also available on our website. And then your notice of grant award and special terms and conditions are the specifically related to each grant program and any terms and conditions on those. So the minute you receive that NGA and you draw down your first -- draw down from the ps system and spend that money, you have hooked yourself into being subject to all of this. And it is referenced on the notice of grant award that these are the things you're subject to, probably in very small print somewhere on the first page. It's basically a contract. Any other contract that says this is what the laws that you must abide be. Be aware of that. When we say you're in violation of OMB circular a-110, administrative regulation whatever, you are subject to that so we have every right to monitor you according to those regulations. OK. We'll talk a little bit about the specific HHS administrative regulations and requirements. This basically talks about how we look at your grant in term of the funding and when at what we use to

scrutinize budget categories and expenditures you're putting forward. Ours is the first area to look for this and there are costs that are laid out in terms of allowable costs and unallowable costs and other items in the policy statement and it's also located at 45 CFR PART 74. This again sort of just says these are the items to look at. Administrative standards and the cost principles.

Next slide. There are a couple of areas that we look at. Allowability and allocability are the gauges that we use when we determine whether a cost is something that we should approve on a budget system submitted to us, and reasonable. The third one is reasonable. Sorry. That's not on here. We also look at reasonableness and I'll talk a little bit about that in terms of your budget. These cost principles and procurement standards that are laid out in the administrative requirement apply to your expenditures of both your federal and non-federal funds meaning the program income is subject to the cost principles. So if your grant prohibits certain expenditures, they are also on a cost income unless otherwise specified. Some programs have certain costs that would otherwise be prohibited. We often have problems with some of the major unallowable costs coming in by using program funds and those are lobbying, fundraising, reserves, travel and entertainment. I sort of did the top five that we usually have to either go back to grantees and tell them that these are unallowable expenses. And lobbying is as simple as we're going to be in Washington so, we want to pay an extra day so we can go see our Congressman. The extra day's lodging and any expenses associated with the extra day are not allowable in the grant funds. That is lobbying your Congressman for extra funds. Fundraiser. If -- we encourage fundraising for grantees to be able to raise additional moneys to assist in their project but you cannot use grant funds to pay someone to go out and raise funds for your organization. That is also an area that is difficult for us because although we tell you to go and do it, we can't pay for it out of our if you knows or from the

income. Reserves. Reserves are also called contingency funds. You're not allowed to sort of put in case money in your grant budget. We don't know if we're going to need this to a particular item so we'll put aside \$200,000 for reserves. That's unallowable and also for reserves, also specifically applies to other areas like payment of interest and things like that which money is kept in reserve for. Travel. Travel is allowed when it is to pursue the goals of the grant and if required by HRSA, travel to HRSA sponsored meetings and to other meetings that are in keeping with training or learning or going to other sites under your grant are allowable but we tend to restrict travel to that it's not associated with your grant that may be for -- you know, if you have a program director and they live in Georgia and your grant is in North Carolina and you just happen to hire this person, you want to pay their travel expenses to go back and forth, that's unallowable expense. That's something we would have to scrutinize from grant to grant. And entertainment. That's an easy one. Any entertainment expenses are unallowable under the administrative guidelines and there are items which sometimes cross what we call the infotainment line which are areas that seem like they may be allowable and reasonable like, well, we're having a meeting but it just happens to be in Vegas and we're going to pay for this evening dinner at the casino so that folks can do a meet and greet. Well, it may be allowable and it may not but I would be careful as to what you consider, you know, as entertainment and how it's being incorporated into the goals and objectives of your grant. Again, that's a question to raise with the grant management specialist if you wish to reallocate funds into an area you might consider might be questionable. Please contact us and we will let you know before you submit a request to us so you don't have to modify any requests that you submit. This is -- we'll talk about indirect costs for a moment. Indirect costs is an area where if a grantee has a lot of sources of funding from different federal grants or other areas, indirect costs paid for a lot of the overhead and areas that are shared by grants, administrative staff often, lighting, electricity, heat can be paid out of

indirect costs. But you can only ask for indirect costs if you've negotiated indirect costs with a federal agency. And you'll be allocated an indirect cost rate, officially. You'll receive a document with that for particular areas that you do. There are indirect cost rates for research, indirect cost rates for other kinds of work that are not necessarily grant related so you must have an indirect cost rate that's associated with grants or what they call sponsored programs to be able to claim that. And you can only use that rate and apply it to the areas that have been noted on your indirect cost rate agreement. For instance, if your indirect cost rate agreement says you can only apply it to personnel and you come in with an indirect cost rate that's applied to the entire budget, we will move that money to another category and note that on your notice of grant award, that you only are approved for a certain amount of indirect cost rate and you must reallocate the other funds. We have an office here within HHS that negotiates indirect cost rates so if your organization wishes to apply for a negotiated indirect cost rate, contact your specialist and they can direct you to the site and individual that you need to contact for that purpose. We also have requirements regarding record keeping and final reporting. We have an expectation that you have an oversight and that would mostly be the program director. There's an oversight of all activities reported by our funds. In order to do that, you must be able to keep records in a systematic way so you can submit any financial or programmatic reports to us in a timely way. There's also requirements on how long you have to keep various records. Grant records should be kept for a minimum of six years after the last funding period and that is because HRSA and HHS and any federal agency has the right to come back after the end of a grant and either request additional information from you regarding a grant or if they determine that financially there have been any issues, they can come and, you know, scrutinize your records so it is really critical that records are kept and kept in an accessible area for the life of the grant and then for at least a number of years after the grant so that the federal government has access to those records as needed. And in terms of reporting

requirements, you're also going to be submitting a final report as required by HRSA at the end of your grant period.

The final area of responsibility is a grant closeout and, please. Usually before your grant closes, and often in the last NGA, you'll get instructions what to do to close out your grant. And these instructions will tell you that you need to submit a final financial status report for your grant, an inventory of any equipment that remains that you purchased with grant funds that has a fair market value of \$5,000 or more per unit. Now, that is an equipment definition that is standard for the federal government that equipment is an item or cost that costs more than \$5,000 and so that at the end of your grant, the item is still -- it is equipment only if it's still worth more than \$5,000. So if you purchased it and it cost \$5,000 and you've had it for five years, it should be depreciated for a cost of less than \$5,000 to you would not be required to report it at that point. That would also apply to things like vehicles. If you purchased vehicles and you purchased a van, \$25,000 and three years old, I would assume that the value would still be more than \$5,000 and that would be and that would be reportable. And if requirements, you would have to submit a final program performance report within the time specified on your notice of grant award. The last bullet cites that you should keep records for a period of three years. That is the minimum. We wait six years because at HRSA, our record keeping is required at six years and we often will -- before we delete anything, we'll make sure we have our records complete and if we need to, we may want to go back to the grantee and require them to submit something to us. But federal statute across the federal government is a minimum of three years. And this includes all grant records that you may have. These are some of the websites that have information that I have cited previously. All of our standard forms that you utilize to submit information are at the psp.gov website and the policy statements which is mandatory for all grantees to abide by is at the HHS.gov and it is -- that document was

created to truly assist grantees in understanding the administrative and financial standards that are applicable. It's easy reading, I would say, more easy than the OMB circulars so I would encourage you to download that and familiarize yourself with it. Code of federal regulations is at the government printing office website and the OMB circulars are on the White House website. It would be nice if they had these in the same place but they don't. You'll have to figure out your way through the various websites to download these items. I believe that the government printing office has many of these in hard copy. You may have to pay for them if you prefer to get a hard copy of these. You can probably do so at a cost from them. Next slide, please. These are the two individuals who are sort of, I guess, the majority of the grants under maternal and child health are under Brian with the healthy start program but he's just one of the people to contact. I just put his name here because I wanted to be able to contact a specialist under my team. I'm the team leader and I have all of the maternal child health grants on my team so please feel free to contact me or Brian on items related to questions you may have after this presentation. Questions?

>> There are a few here. Of course.

>> Of course.

>> The first question is, what is the expectation regarding monetary contracts by program managers aside from the as-133 audit?

>> According to the administrative regulations, the grantee is responsible to monitor all contracts that they have established with grant funds. They are the direct, sort of manager of their contract and as a matter of fact, the federal government is prohibited from interfering or otherwise guiding contract performers. You should establish a contract that clearly lays out your expectations and then you must monitor that contract to ensure that your contractor completes all of the work in the way that your contract stipulates. And invoices that come in should be monitored to make sure that the work has been completed and that all contract areas have been completed by the end of the contract so

that the work is carried out. We expect the grant work to be carried out. You must ensure that the contract is carried out and submit their invoices in a timely way and get payment in a timely way and you shouldn't be getting payments -- or invoices in, you know, two years after the work has been completed. They really -- you know, that's the responsibility of the grantee. What else is contract? There are certain grants that require that grant staff that's part of the organization. You cannot contract out the role of program director so that's -- make sure that that is something that is not violated. Anything else you can think of with contracts? We often have requests to involve ourselves in a dispute between a contractor and a grantee and because we are prohibited from doing that, we try to assist the grantee in negotiating whatever it is they need to negotiate with the contractor, but our role is not to interfere in those relationships.

>> The next question, could you explain the reserve as to the case allocations?

>> Yeah. You know, I have that reserves thing in there and I don't have the citation in front of me. Again, I can -- Johannie Escarne has the name information. I'll be happy to send the information to you after this in term of the citation and what's allowable under reserves in terms of vacation or payment for personnel. I mean, I think that vacation time and things like that may be one of those areas that there's other information regulating how much your reserve can be kept and what you may do with that.

>> Grant funds are kept for six years after the budget year or after the project period?

>> There's a -- the project period ends -- I believe they say it's after the -- six years after the last funded date. In other words, you received your last funding and then the countdown starts six years after that. Again, six years is our recommendation. Three years is required by the OMB guidance so I can check on that but I mean, you know, I wouldn't

quibble with the date.is period, count six years from that and you'll be safe. That's probably my best recommendation.

>> Thank you. A point of clarification, it says I believe there's a mix-up on reference to 45 CFR PART 74 and 92. Part 92codifies rule of government.

>> I'm not sure what they're asking.

>> I don't know if she just wants to clarify or if -- I don't know.

>> Yeah. We're only trying to sort of give you the regulatory information that was applicable to all of the organizations involved. It may be what we have to do as the department of health and human services in terms of grants as well as what the grantee has to do so you know, again, if that is not applicable, I'm not sure what she means by government and, you know, I'm not sure what the clarification is that's required. All I can say is that determine what entity you are, whether you're a nonprofit, a statewide entity, a - - you know, whatever it is, find the OMB circular that's applicable to your organization and go from there.

>> There are no other questions right now.

>> Wow.

>> I know. Is there anything else that you wanted to go over? Something that you want to go more in depth in?

>> Yeah. I went pretty swiftly through this, trying to keep within my hour time frame. I think the greatest thing that I try to tell people is to communicate with staff at HRSA before anything becomes an issue or before you send in an official request just so that we are aware of what's going on with your grant and we would prefer to hear from you with

questions rather than hear afterwards from somebody calling us and calling in and saying I think there's a problem with this grant. So we prefer technical assistance ahead of a problem rather than trying to exert compliance afterwards. Communication is all I'm stressing. Call your grant management specialist, your program officer. There's a collaborative relationship. We all want you to succeed. If you have a problem, don't assume that -- financially or otherwise, that it's something that you should hide. We would rather know about it and be able to assist you with it. Let's see. What else? you know, the administrative regulations and the requirements as well as the cost principles are probably two of the documents and the HHS policy statement that I refer to the most. Especially within the context of maternal child and health. We get a lot of budget requests for items which we often have to make calls in terms of allowability under the program such as incentives and other items which tie into program goals but may not be reasonable to the program itself so I would say, you know, to familiarize yourself with allowability in terms of in general and then when you are thinking of sending in a request for carryover with -- or even in initial budget request for a new year's budget, determine whether the costs you're asking for are really the items that will be needed during that year to carry out your program goals and apply the reasonable, you know, statute in terms of what are -- I think in the way that word, the way it's worded is would a normal person consider that item reasonable? So it's sort of like, well, if you're buying a computer, would you spend \$3,000 on just a computer to do day-to-day activities in your home? If your answer is that's a little expensive for a computer, that's probably the HRSA answer as well. We look at the same things, reasonability. You have 75 ladies that are part of the program or clients that you see, yet you are buying -- or requesting 75 baby bags. Will those sit around for two years and items in them expire or go stale? You know, there's a point at which we say, yes. The item is something that is truly tied into the program goals and objectives but do you need that many? Do they need to be that expensive? And what will that item contribute to the

overall effectiveness of the program? It may be something else that may be a better use of your funds. So -- and those questions are, I think, best worked out with the program officer in terms of, you know, tying into your program goals because they are the experts in terms of understanding how a particular item may further your program goals whereas program grant management looks at the allocability. Is it regulatory? We're a little more on a concrete side as a program officer will look at it more from a programmatic side. Anything else that you can think of?

>> No. Actually, someone just acted to extend reasonableness and I think you did a very good job on that. A few other points of clarification. One is to clarify the April 1 -- the April start for the SFR.

>> That's been a moving target the past couple of months. It was supposed to start -- the first quarter of the fiscal year which I had on my slides and as new -- all new systems, there's always glitches to work out. The last word we had would be it's in April. But with all grantees, and I mean all HRSA grantees across the board will be notified officially via email as to the initiation of when they will start doing this. The applicability of that is if your SFR is due from that point on, in other words, if you have a grant that's just ended or will end, you know, march 31 and your SFR is due 90 days after that, and we've already commenced the electronic startup, you will be required to submit it. Fp your grant ended in the past two months, you're coming into the due date now, I don't know if they're going to require you to do it. That information will be sent to you via email and there will be, I believe, a round table call-in that you'll be able to ask questions and, you know, get further information as to the requirements and how to do things so -- and they're working on that as well so when the start date of this is implemented, grantees will have sufficient ask and that there will be lots of resources set up that once you start doing it, you can call a

number and get help. So we will certainly give you enough time and resources to get in process going. It will actually be easier than the paper process because there will be the amount of funds that you're authorized to receive that year will be there. If you receive, you know, offsets or carry -- whatever is on there will already be prepopulated. Your grant number, other information will be already filled in for you. This should actually make your life a little bit easier in the long run. Maybe just a little bit of startup issues in terms of, you know, getting familiarized with this system but other than that, I think it will allow us to be much more accountable to both the federal government for your expenditures of funds and allow you to account for us in a systematic way. Anything else come in?

>> Another question, point of clarification. Please clarify contact the program managers and their allowability.

>> Yeah. There are certain programs which require that staff be a -- I say a member, paid personnel level and not at a contract level. So again, it has to do with, you know, if your organization is already established, like a health center or a university or something like that, some programs -- again, you'll have to clarify that with your program officer as to whether that requirement applies to you. The program director should not be someone that is contracted out and the rest of your project is contracted out because then the oversight gets away from the organization. So we require that the organization, whether that's the university or a small, you know, little program has direct oversight of the -- all of the day-to-day activities of the grant. And there's a conflict of interest often when you have contracted out all of the activities and you're saying, well, no, you have oversight of the grants and that person is a contractor and they want to make sure that their folks are taken care of and their contract is taken care of. They don't have any -- other than a contractual obligation to the organization that is giving them money to do this work. So we

want to make sure that, you know, the university of whatever is the one who is responsible for the oversight of the activities. But again, that's -- different grants have different requirements.

>> There's a question about the healthy start competition and I would just tell that particular person to contact the project officer for clarification as far as what's going on with the healthy start competition.

>> OK.

>> Another question about NGA. Can we expect that the schedule of NGAs will stay the same?

>> I'm not sure. When notices of grant awards are issued only at the start of a budget period, that is almost always corresponding to the start date. We try to get them out two weeks ahead of the start date but that's not always possible. So within -- I would say within two weeks of the start date, whether before or after, again, we're -- HRSA is sort of mandated to get it out before you start and it's rare we get it out after the start date. The only other time we issue notices of grant award are when there are prior approval requests that have come in such as what I said, a change in program director, a budget revision over 25%, carryover request, any of the other items which require an authorized approval from HRSA is the only other time we issue notices of grant award. And so I'm not sure what the quarterly notice of the grant award is referring to but you may be -- they may be talking about quarterly pms? That's another thing entirely. If you've been receiving quarterly notice of grant award, it's probably because you submitted prior approval requests that needed additional notice of grant awards to be issued. So you can contact

me afterwards and if there's some specific, you know, information you need about that, let me know because -- even if you get one grant award a year, your initial one, there are no terms, no conditions, your grant is going along swimmingly for the whole year, what's on the additional grant award will apply from day one to the end of that budget period.

Nothing will change. Your authorized amount won't change, you know, unless you change something behind the scenes and don't tell us, everything on that remains in effect through the end of the budget period. Thanks, everybody. Feel free to contact me afterwards. I'll be happy to answer any questions.

>> On behalf of the Division of Healthy Start, I would like to thank our professor and the audience for participating in the web cast and I would like to thank our contractor for making this technology work. Today's web cast will be archived and available in a few days on the website. We encourage you to let your colleagues know about this website. Thank you and we look forward to your participation in future webcasts.