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Chapter 5

Grant Post Award

Approved:

Edward J. Murray
Interim Assistant Secretary for Management
And Interim Chief Financial Officer

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VA Financial Policy
Grant Post-Award

CHAPTER 5

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0501 OVERVIEW

This chapter establishes Department of Veterans Affairs (VA) policy regarding post-award policies and procedures for grant program offices. This policy includes reports, records, monitoring, cost policies, matching and cost sharing, maintenance of effort, program income, property, grant adjustments, public policy requirements, and termination and enforcement efforts.

0502 POLICIES

050201 REPORTS AND RECORDS.

A. Purpose. This section outlines VA policies for grant-related files and documentation that are created and maintained by the grants program offices on a program-wide basis and an award-by-award basis. In particular, it emphasizes that documentation must be related to post-award monitoring and oversight of grantee performance and expenditures. It also specifies the responsibilities of grants program office staff and program officials in these areas.

B. Scope. This section applies to discretionary grants (e.g., formula, per diem, capital) and covers general requirements for the grants program offices' creation, maintenance, and disposition of reports and records during and after the period of grant support.

050201.01 Documentation Requirements. The grants program office will create and maintain files that allow for a third-party (e.g., auditor or other reviewer) to trace all activityactivities, beginning with program initiation through closeout of individual awards, and decisions made and actions taken in between.

A. Files may be paper or electronic, but will have clear requirements for contents and a method for locating and securing records.

B. At a minimum, grants program offices' files will include an organizational profile and a grant-specific file, as discussed below.

050201.02 Organizational Profiles. If a grants program office tends to award multiple grants to single organizations, this profile may be maintained centrally, rather than on a grant-by-grant basis. If a grants program office does not maintain organizational profiles, the following information will be maintained in the grant file:

- Organizational identifying information (for example, legal name, taxpayer identification number, and name of authorized official);
- Documentation of indirect cost rate, as applicable;
- Status of 2 CFR Part 200 Subpart F – Audit Requirements, audit report receipt and disposition;

- Status of required assurances and certifications; and

- Compliance with Federal Funding Accountability and Transparency Act (FFATA) reporting requirements.

050201.03 Contents of Grant Files. The grants program office will adopt its own requirements and procedures for file assembly and structure; however, an official file (preferably electronic) will be created for each grant and, as applicable, contain the following types of documentation:

- Signed copies of the applications and documentation related to the review and approval of the applications, an evaluation of the applicant's financial management system, and an assessment of financial and technical performance;

- Notices of Award (NoA), including related amendments and approved deviations;

- Site visit reports, desk review reports, documentation, records of telephone calls if pertinent, post-award technical assistance provided, and other supporting documentation;

- Prior approval requests received from the recipient and other post-award correspondence;

- Documentation related to enforcement actions, including appeals;

- Required financial status, progress, and performance reports and evidence of review and acceptability; and

- Closeout documentation showing the goals of the award are achieved and those funds were used for their intended purpose.

050201.04 Maintenance of Files and Records. The grants program office will comply with the following:

- Oversee official files by an appropriate official of the grants program office;

- Check file contents against the minimum content requirements of the grant file as outlined in 050201.03, Contents of Grant Files, prior to each award, or as designated by the grants program office in a checklist that is reviewed and updated annually;

- Ensure file contents are current, and easily identified and accessed;

- File documentation related to each budget period separately;

- Include applicable documents (including electronic documents, such as e-mail requests for prior approval) or clearly refer to a separate central file or repository;

- Maintain a listing of available balances in VA accounts pertinent to the respective program;

- Annually track the amount of undisbursed grant funding remaining in individual grant accounts and ensure grants lasting over five years are reviewed by grants staff through program procedures in order to prevent expired grants with undisbursed balances in the financial system of record and the payment system; and

- Maintain records for the appropriate period of time on file with the National Archives, based on the records retention policy of the grants program office or VA,. Generally, this period is not less than three years and starts on the day the grantee submits the final expenditure report.

050202 POST-AWARD MONITORING. This section outlines post-award administration policies. Monitoring is a vital component of a viable grants management function. It consists of a number of different activities carried out by grants program office staff, auditors, and others. Monitoring includes transaction-specific assessments of grant-related performance and financial aspects, as well as consideration of institutional performance. These activities should result in a coordinated approach to oversight of grantee performance.

050202.01 Monitoring Approach. Recipients are responsible for managing the day-to-day operations of grant-supported activities using their established controls and policies, as long as they are consistent with VA and OMB requirements.

However, to fulfill its role in regard to the stewardship of Federal funds, the grants program office monitors the grants to identify potential problems and areas where technical assistance might be necessary. A grants program offices' overall approach to monitoring will be appropriate for the program(s) being funded and will:

- Include aspects of institutional compliance as well as award-specific considerations;

- Address known or potentially sensitive areas, whether based on a designation as high risk or on areas requiring special attention, such as matching, property, or program income;

- Be reviewed at least annually and modified, as appropriate, based on information gained from Office of the Inspector General or Government Accountability Office reports or other program-wide assessments, and not simply be a cursory review;

- Be consistent with the requirements of 2 CFR Part 200.327 – 200.332;

- Address standards for: (a) follow-up to obtain delinquent reports, (b) escalating enforcement actions in the event of continued delinquency, (c) reviewing and providing feedback within the grants program office and to the recipient, if necessary, and (d) accepting revised reports;

- Address the means by which information will be shared, the sources of information to be used in making evaluations, and the form of documentation; and

- Monitor expenditures for conformance with cost principles.

050202.02 Purposes and Outcomes of Monitoring. Routine and formal monitoring activities will assess:

- That grantee progress is consistent with available funding, and a determination made as to whether current funding will be adequate, or if some form of supplementation may have to be considered or corrective actions taken;

- Whether unobligated balances are accumulated and spending is appropriate to the project's schedule;

- Whether changes are anticipated that will require action by the grants program office;

- Whether there are actual or potential compliance issues that may have an impact on the particular project(s) being funded;

- The recipient's progress in achieving the objectives of the award;

- Adequacy of recipient systems that underlie and generate reports, such as recipient accounting systems and systems that collect and report project/programmatic data;

- The reporting of program income earned and funds expended on the Financial Status Report (FSR) SF-425 form;

- The accountability for Federal or grant-generated resources, such as program income, Federally owned property, or property acquired or generated under the award (e.g., data and inventions); and

- An environment that fosters integrity in program performance and results, such as organizational actions to support research integrity and appropriate treatment of human subjects and patient information.

050202.03 Monitoring Methods. Monitoring may vary from a paper-based evaluation through review of required reports, to a more hands-on approach that involves site visits and other types of interactions. Monitoring includes reviews for performance and

funding; it is not a cursory review. The approach may vary based on the type of program, the governing statutory or regulatory requirements for the program, whether the award instrument is a grant or cooperative agreement, and other factors that may indicate the need for a particular type or degree of monitoring.

At a minimum, the grants program office will ensure that each grant is subject to appropriate routine monitoring, to include review of performance reports, related audits, and other required reports. Routine monitoring will take place on an ongoing basis, but will be documented at least annually. The results will be included in the grant file. It is recommended that semi-annual reviews be conducted on grant program files. Activities will include reviews of the grant files, reports, correspondence, fiduciary and electronic payment accounts, and other records used to determine that the grant funds are used judiciously, and accomplish the grants goals and objectives.

Based on guidance from OMB, the grants program office will use the Department of the Treasury (Treasury) “Do Not Pay” portal as a tool to monitor existing grantees. This portal provides the grants program office access to the Excluded Parties List System (EPLS), Death Master File (DMF), List of Excluded Individuals/Entities (LEIE), Treasury’s Financial Management System’s Debt Check, and the Central Contractor Registration. It is the grants program office’s responsibility to establish procedures on who is responsible for performing the check and when this will occur.

050203 COST POLICIES. This section applies to all types of grant awards. It outlines key policies, including the roles and responsibilities of VA staff, with respect to the award and the administration of direct and indirect costs and fees under VA grants. In general, costs will be reasonable, allowable, and allocable.

050203.01 Allowable Costs in General. Cost considerations are an integral part of VA grant administration, both in contributing to a successful project outcome and in ensuring the stewardship of Federal funds. Consistent with applicable statutes and regulations, Federal cost principles, and limitations established by this section, grant awards should provide direct cost amounts in relation to the project’s scope, anticipated level of effort, and an appropriate allowance for indirect costs. Typically, VA grants do not allow for increments above cost, whether termed "profit" or "fee."

050203.02 Stewardship. VA grants staff will exercise stewardship over funds awarded by limiting actual cost reimbursement to types of expenditures and amounts that comply with statutory, regulatory, cost principle and policy requirements, including indirect costs, and amounts for time periods consistent with negotiated indirect rate agreements.

050203.03 Funding Limits. The total amount awarded (direct and indirect costs where applicable) is the ceiling on the amount payable to a grantee. VA is not obligated to make additional awards or provide additional funding for indirect costs or other purposes.

050203.04 Indirect Costs. VA considers activities conducted by grantees that result in indirect charges, a necessary and appropriate part of VA grants. The grants program office will reimburse its share of those costs unless prohibited by regulation and/or awarding documents, or not requested by the grantee.

A. Indirect Cost Share. The appropriate share is either a fixed amount as specified in statute or regulations, or a specific grantee organizational rate negotiated with a cognizant Federal authority and reflected in a formal rate agreement.

B. Limitations on Indirect Costs. Some grant programs' authorizing statutes and/or regulations may limit the reimbursement of administrative costs, to include some or all of the indirect costs that would otherwise be included in the negotiated indirect cost rate or approved cost allocation plan. Under these programs, reimbursement of indirect costs included in administrative costs is limited to those within the statutory or regulatory ceiling.

If, on the basis of statute, regulation or policy, allowable indirect cost reimbursement is restricted to an amount less than full indirect cost reimbursement, the difference between those two amounts may be used to satisfy a grantee's matching requirement.

C. Requirement for Indirect Cost Rate. If the applicant or grantee will be submitting indirect costs for reimbursement, they are required to have an indirect cost rate that has been approved by the awarding agency. If a rate is not in effect, grants program office staff will advise the applicant/grantee to establish a rate. The grant will not include an allowance in the award or reimburse indirect costs unless required by statute or regulation.

1. If the grants program office staff determines that a grantee does not have a negotiated indirect cost rate, the non-Federal entity may elect to charge a de minimis rate of 10 percent of modified total direct costs (MTDC) which may be used indefinitely.

2. Any non-Federal entity that has a Federally negotiated indirect cost rate may apply for a one-time extension of a current negotiated indirect cost rate for a period of up to four years. This extension will be subject to the review and approval of the cognizant agency for indirect costs.

D. Documentation of Indirect Costs. The Federal awarding agency must include in the notice of funding opportunity (also referred to as the NOFA) the policies relating to indirect cost rate reimbursement, matching, or cost sharing. As appropriate, the Federal agency should incorporate discussions of these policies into Federal awarding agency outreach activities with non-Federal entities prior to the posting of a notice of funding opportunity. In addition, the indirect cost rate for the Federal award (including if the de minimis rate is changed) must be contained in the awarding document.

050203.05 Direct Costs. The grants program office will be aware of and administer the direct cost aspects of awards in accordance with the allowability requirements of statutes, regulations, and the applicable cost principles and as provided below.

050204 MATCHING AND COST SHARING. This section specifies VA policies related to the use and administration of matching and cost sharing. The policies outlined apply to all discretionary and mandatory grant programs and awards.

050204.01 Authority. A requirement for a grantee to provide matching funds or share in the costs of a project, the percentage or amount of matching or cost sharing, and limitations or exclusions will be based on the program's authorizing statute, program regulations, or a fully documented administrative rationale. VA does not have a general policy requiring matching or cost sharing, or specifying a minimum percentage or amount.

050204.02 Allowability. The costs borne by the matching or cost sharing and in-kind contributions are subject to the rules governing allowability in 2 CFR Part 200.306, including allowability under the applicable cost principles and conformance with other terms and conditions of the award that govern the expenditure of Federal funds.

050204.03 Pre-Award Considerations. For non-statutory matching or cost sharing requirements under discretionary grants, the grants program office will comply with the following:

A. The requirement will be specified in a publicly available document, e.g., program regulations or program announcement, available to all potential applicants.

B. The description of the requirement will indicate whether:

- It is a fixed percentage or a minimum percentage, whether it applies to each budget period or to the project period as a whole, and the extent to which it is negotiable;
- The form or extent of matching or cost sharing proposed will be used as an evaluation criterion;
- There are restrictions or limitations on the applicant/grantee meeting the required share through cash and/or in-kind contributions; and
- There is a need for pre-award documentation to establish the applicant's ability to provide the matching or cost sharing proposed.

C. For awards under a new program or program initiative reflected in a program announcement or other solicitation, the grants program office will document the programmatic rationale for requiring matching or cost sharing. Matching or cost sharing

may not be required through administrative action solely as a means of offsetting budget reductions. Consideration should be given to the following:

- Grantees are expected to develop a resource or capability as a result of the grant-supported activity that may result in financial benefits after the completion of the grant. This would include the construction of a facility or development of a process with commercial value. This would not generally be the case for basic research:

- Grant support is only one of a number of known potential sources for the funding of an activity: and

- The project or activity will have a greater likelihood of success if the grantee contributes to the costs of the project.

D. If matching or cost sharing may be required under some, but not all projects for the same Notice of Funding Availability, the explanation will address, when in the review process the potential requirement will be communicated, and how the applicant's willingness or ability to provide matching or cost sharing will be factored into an award decision.

E. If matching or cost sharing is not required but is encouraged, this will be stated in a publicly available document that indicates the potential effect, if any, of proposing or not proposing to match or cost share.

F. If matching or cost sharing is required in a competing continuation award but was not previously required under that award, the grants program office should document, for inclusion in the official grant file, the reason for applying the requirement.

G. Applicants are required to fully document, in the grant application: the specific costs or contributions proposed to meet matching or cost sharing requirements ; the source of the funding or contribution; and how the valuation was determined. Matching or cost sharing may be provided as either direct or indirect costs, consistent with the applicant's accounting system and restrictions or limitations in the applicable cost principles and funding announcement.

H. All matching or cost sharing, whether required by the grants program office or voluntarily proposed by an applicant, must be included as a percentage and an amount as part of the total approved budget. The NoA should stipulate that the amount is subject to adjustment based on total allowable costs incurred and the value of allowable in-kind contributions. Matching or cost sharing through unrecovered indirect costs should also be noted in the NoA.

I. Grantees may not use program income as a source of matching or cost sharing unless explicitly authorized in the NoA.

050204.04 Post-Award Considerations. Consistent with other aspects of post-award administration, the grants program office should administer matching or cost sharing on the same basis as VA funding provided, i.e., on a budget period basis for those awards made under the project period system. When administered in this way, the calculation of the amount of matching or cost sharing required and the assessment of grantee compliance will be based on the approved budget and actual allowable costs and in-kind contributions for each budget period. Although it is generally accepted business practices for a grantee to provide required matching or cost sharing in proportion to its expenditure of the Federal dollars awarded, grantees are not required to provide their matching or cost sharing prior to drawing down VA funds.

A. At a minimum, the rate of expenditure/in-kind contribution should be consistent with the nature of the contribution; e.g., if salaries or volunteer services are contributed, they may be credited throughout the period as opposed to a one-time expenditure, such as the purchase of a piece of equipment.

B. In determining whether a grantee has met the required matching or cost sharing, the percentage will be applied to the overall amount of allowable project costs and in-kind contributions regardless of the individual category(ies) of costs/contributions.

1. If a grantee is not providing matching or cost sharing at an acceptable rate or is unable to provide required matching or cost sharing, the grants program office will assess the reasons, review statements and assurances contained in the application, and determine its flexibility, if any, to modify the requirement and the extent to which special conditions or sanctions should be applied.

2. If a grantee fails to provide some or all of required matching or cost sharing, the grants program office will make a downward adjustment in the Federal award, which could potentially reduce the Federal share to zero. Additionally, the grants program office may take other enforcement actions affecting the current and/or future awards.

3. If a grantee provides matching or cost sharing that exceeds that required by the NoA, the excess amount is not subject to the requirements of 2 CFR Part 200.306 or this section, unless it is used to offset otherwise unallowable matching or cost sharing amounts.

050204.05 Special Authorities. Certain statutes allow waivers of matching requirements or allow Federal funds to serve as a source of matching or cost sharing. The grants program office is responsible for determining whether the entity meets the conditions for a waiver and exercising the applicable waiver by including an appropriate term or condition in the award.

Pursuant to 48 U.S.C. 1469a (d), under grants to the governments of American Samoa, Guam, Virgin Islands, or Northern Mariana Islands (other than those consolidated under other provisions of 48 U.S.C. 1469), required matching (including in-kind contributions) of less than $200,000 is waived. This waiver applies regardless of whether the

matching requirements under the grant equal or exceed $200,000. For "open-ended" entitlement grants that are funded on a quarterly basis, the matching waiver will be applied on an annual as opposed to a quarterly basis.

Federal funds may not generally be used to match other Federal funds. The grants program office is responsible for determining and responding to questions of whether: (1) another program or agency's funds or assets acquired with Federal funds may be used to match or cost share funds under their program(s) jurisdiction; and (2) the funds or assets acquired with Federal funds under their program(s) may be used to match or cost share under other Federal programs. The grants program office should consult with the Office of the General Counsel, as appropriate, to determine current authorities and applicability.

050205 PROGRAM INCOME. This section specifies VA policies concerning program income accountability under grants, and supplements the regulatory coverage of 2 CFR Part 200.307. The policies apply to all VA grant programs and awards.

050205.01 Overview. Grantees are encouraged to earn program income and to maximize income, consistent with the purpose and nature of the grant or activities carried out under the grant. However, VA does not require the use of a particular program income alternative, nor is one alternative preferred over another.

050205.02 Program Income Alternatives. The alternatives for grantee use of program income are:

A. Deductive alternative. Under this alternative, program income is deducted from the total allowable project/program costs to determine the net allowable costs on which the Federal share of costs is based. This is similar to an applicable credit being applied to reduce the amount of the Federal award.

B. Additive alternative. Under this alternative, program income is added to the funds committed to the project/program and is used to further eligible project/program objectives.

C. Cost sharing or matching alternative. Under this alternative, program income is used to finance some or all of the non-Federal share of the project.

050205.03 Selection of Program Income Alternative(s). Each NoA will specify which program income alternative is to be used for that award. In the event that a NoA does not specify a program income alternative, the default provision 2 CFR Part 200.307 will apply.

050205.04 Use of Program Income. Regardless of the alternative(s) applied, program income may be used only for eligible costs, in accordance with the governing statute, program regulations, the applicable cost principles, and the terms and conditions of the award.

If the additive alternative is specified, the grants program office may, on-a case-by-case basis, allow a grantee to use the income for eligible costs of the project or program that may not be expressly allowable costs under the terms and conditions of the award.

Program income is subject to the cash management requirements of 2 CFR Part 200.307 for grantees covered by those regulations. Therefore, grantees must expend program income before requesting additional Federal payments.

050206 PROPERTIES

A. Purpose. This section specifies VA policies and responsibilities for the grants program office for review, approval, management, and disposition of the various types of property that may be present under VA grants, such as equipment, real property, inventions, and patents.

B. Scope. The policies contained in this section apply to VA grant programs and awards property that is acquired, developed, modified, improved, or constructed in whole or in part, as an allowable direct cost to VA grants or for which Federal financial participation is claimed. It may be used as guidance for costs that are part of a grantee's indirect or facilities and administrative (F&A) costs, in conjunction with applicable cost principle requirements and negotiated indirect cost or F&A rate agreement(s).

050206.01 General Requirements.

A. Requirements applied to property covered by this section will be consistent with the regulatory coverage at 2 CFR Part 200.310 – 200.316 in terms of the classification of property and the type and duration of accountability. Absent authority provided in those regulations or in governing statutory or regulatory requirements, property management requirements may not be more liberal or more restrictive unless allowed by an approved deviation or, in the case of more restrictive requirements, a designation of the recipient as "high risk/special award conditions."

B. The grants program office should review applications that include proposed costs for alteration and renovation (major or minor), acquisition, construction or modification of real property, or equipment in sufficient detail to ensure that:

- The costs are permitted under the program or award;
- The applicant has adequate systems in place to manage the property;
- The property is necessary for the successful performance of the grant; and
- Potential issues, e.g., procurement issues, less-than-arms' length leases, or generation of program income, are addressed in the terms and conditions of award.

C. The allowability of costs for particular types of property and related expenditures will be based on the governing statute and/or regulations, including applicable cost principles, this section and the grants program office implementation, and the terms and conditions of individual awards.

D. Property requirements placed on awards will:

- Ensure that Federal interests in the property during and after the period of grant support are adequately protected;
- Be appropriate for the recipient (both by type of recipient and the applicable VA grants administration regulations, and in relation to the capabilities of the recipient organization);
- Be consistent with the purpose of the project; and
- Have a benefit consistent with the cost of grantee implementation or grants program office oversight.

E. Day-to-day post-award property management under VA grants is generally the responsibility of the recipient organization.

050206.02 Equipment.

A. Limitations or controls on the acquisition or management of equipment by grantees should be based only on:

- Limitations in a program's authorizing statute or program regulations;
- Programmatic concerns expressed by objective reviewers, e.g., the property is not of a type suitable for the project;
- Applicable regulatory requirements in 2 CFR Part 200.310 – 200.316; or
- Property management system concerns based on documented findings in audit reports, site visits, or other assessment or monitoring information.

B. Title to equipment acquired by recipients, including commercial organizations, should vest in the recipient upon acquisition.

C. Federally-owned equipment that has not been declared excess or surplus pursuant to the Federal Property Management Regulations, may be provided for recipient use under a revocable use license agreement. Historically, these situations have been limited to ones in which a grantee is also a VA contractor and has utilized equipment that is titled to the Federal government; however, use of this authority is not limited to

these circumstances. VA retains title to this equipment and it is subject to use and disposition as provided in the use agreement. (The criteria for loans of Federally owned property are included in the Logistics Management Manual.)

D. For research awards to non-profit institutions of higher education or non-profit organizations whose principal purpose is conducting scientific research, VA may use the authority in the Federal Grant and Cooperative Agreement Act (31 U.S.C. 6306) to vest title to tangible personal property acquired with VA funds in the grantee without further obligation to the Federal government, except those obligations contained in 2 CFR Part 200.313(e). If VA is using this exemption, the Notice of Award should explicitly state that title is being vested pursuant to 31 U.S.C. 6306 and the property is considered exempt.

050206.03 Real Property and Alterations and Renovations (A&R).

A. Real property and major A&R (including terms like “modernization,” “remodeling,” or “improvement”) of an existing building may be acquired or constructed under a VA grant only when the authorizing statute for the program contains specific authority permitting that activity.

B. If an authorizing statute allows for major A&R, the grants program office will distinguish the thresholds and/or extent of activity that differentiate major A&R from minor A&R to its staff and recipients. This is to ensure that grants program office approval is sought when appropriate, Federal funds are spent only within the latitude provided by Congress, and Federal interests are adequately protected.

C. Trailers and modular units generally will be considered real property but may be considered equipment on the basis of a case-by-case review of planned use, duration of use, and factors specific to that situation.

D. The grants program office will ensure that the recipient files a Notice of Federal Interest (NFI) (see example in Appendix A, Sample Notice of Federal Interest.), i.e., a lien or other notice of public record, for construction grants, grants for other purposes that involve construction (including major A&R), and grants that involve the acquisition of an existing facility.

E. In unusual circumstances, major A&R may occur on a leased facility. This type of activity may be undertaken only if there is applicable statutory authority for major A&R of existing buildings, the term of the lease is long enough for the full value of the grant-supported improvements to benefit the grant activity, and it is approved in advance by the grants program office. In reviewing this type of request, the grants program office will also take into account the purpose of the grant, the duration of the grant, and the expected life and use of the facility for grant-supported purposes.

1. The NFI will be filed at the time of acquisition or when the construction (or major A&R) of the real property begins. This will ensure that public documents accurately indicate that the property was acquired, constructed, or improved with Federal funds.

2. The principal intent of the NFI is to ensure that Federal interests in the property are not subordinated to those of non-Federal parties. Unless a deviation is approved (whether on a single-case or class basis), the Federal interest in real property may not be subordinated.

F. The duration of the recipient's obligation to the Federal government for use of real property will be as specified in the governing statute or regulations, or as provided in 2 CFR Part 200.311.

G. In developing program regulations, program guidance, or terms and conditions of an award related to major A&R, the grants program office should consult with the Office of the General Counsel (OGC).

050206.04 Minor Alterations and Renovations

A. A&R not covered under section 050206.03, Real Property and A&R, is termed minor A&R for this section.

B. Minor A&R is not an allowable activity or cost under grants to individuals or grants for limited purposes, such as support of conferences. For other types of grants and recipients, the allowability of minor A&R is determined on the basis of applicable statutory authorities or restrictions, the grants program office, or other policies (including program regulations).

In addition, minor A&R is allowable only if:

- The building has a useful life consistent with program purposes (and, if leased, a lease covering a period consistent with use of the altered building);
- The building may be readily modified to meet program requirements;
- The space involved will actually be occupied by the project or program; and
- The required VA prior approval is obtained.

C. The grants program office may establish its own prior approval threshold(s) for post-award rebudgeting for minor A&R activities. This threshold should be based on the type of program/project/recipient, as well as the average size of its grant awards. Regardless, prior approval should be required for a proposed minor A&R project that would result in rebudgeting exceeding 25 percent of the total approved budget amount for that budget period. The grants program office may designate thresholds within the

minor A&R category that trigger a requirement for more extensive documentation and the need for architectural/engineering advice.

The grants program office may also adopt aggregate ceilings or other quantitative indicators that invoke the requirement for grants program office review and approval.

050206.05 Inventions and Patents. Inventions and patents are governed by the requirements of 37 C.F.R. Part 401, Department of Commerce regulations that implement the Bayh-Dole Act of 1980 and serve as Government-wide policies for inventions resulting from Government-funded research. Consistent with maximizing the benefits of Government-funded research, while recognizing the need to stimulate technological innovations, recipients may take title to inventions conceived or first actually reduced to practice in the performance of a VA award, as long as they comply with applicable requirements. The Government retains the right to obtain, reproduce, publish, and use the invention as provided at 2 CFR Part 200.315.

050206.06 Debt Instruments. Debt instruments may be of several types with varying management and accountability requirements.

A. Grantee as a Debtor. When a VA grants program office assists in financing the acquisition or construction of real property (or major A&R), the grants program office will require that a mortgage agreement entered into by the recipient specifically provides that in the event of default, the grants program office may, at its option and in lieu of repayment based on sales proceeds, assume the role of mortgagor and continue to make payments on the mortgage. The grants program office should consult the General Law Division, OGC before assuming the role of mortgagor. Amounts owed by the grantee to VA will be determined and collected pursuant to the Department's debt collection process and requirements.

B. Grantee as a Creditor. For programs that allow or require the grantee to enter into financing arrangements with third parties, the following applies to the management and disposition of the resulting debt instruments:

1. The terms and conditions of the award will be consistent with governing programmatic statutory or regulatory provisions.

2. The terms and conditions of the award will address the grantee role and the VA role, if any, with respect to the third parties, and the required provisions for the third-party agreements. At a minimum, the award will address grantee responsibilities and liabilities in the event of non-payment or late payment by the third party, grantee accountability both during and after the end of the grant, and the VA role, if any, in the event of early termination of the grant.

050206.07 Supplies. The grants program office may not place special management or disposition requirements (beyond those of 2 CFR Part 200.314) on supplies that are appropriately chargeable as direct costs to VA grants. This is consistent with the policy

that recipients have title to supplies, are responsible for managing that category of property, and may, as they deem necessary, establish organizational requirements more restrictive than those imposed by VA.

050207 GRANT ADJUSTMENTS.

A. Purpose. This section specifies VA policies related to grantee-initiated budget and program changes. It specifies the responsibilities of grants program office staff and program officials/project officers for the review and response to requests to make changes to the approved project and/or budget.

B. Scope. This section supplements the provisions of 2 CFR Part 200 and applies to all types of budget and program changes under VA discretionary grant agreements. The policies contained in this section apply to all VA grant programs and awards.

050207.01 Types and Sources of Requirements for Approval of Changes in Budget and Program Plans.

Requirements for approval of changes in budget and program plans are generally found in governing statutes, program regulations, grants administration regulations at 2 CFR Part 200.407 (and the cost principles incorporated by reference therein), and, as appropriate, in other terms and conditions of award.

One of the intentions of prior approval requirements is to ensure that a project, as implemented, retains a connection with the project as approved. For example, requiring prior approval for contracting or otherwise transferring responsibility for substantive programmatic activities is intended to ensure the integrity of project performance as well as management accountability. It primarily involves considering such things as the intended role of the grantee in programmatic performance, how performance accountability will be achieved, and whether a change following award impacts the project in a way not contemplated by the favorable independent review. It may also involve secondary considerations such as the manner in which the contractor/subrecipient was selected, financial accountability, and the business arrangement and costs of the contractor/subgrant relationships.

These requirements are not intended to allow micro-management on the part of grants program office staff by substituting the judgment of a Federal official for that of the recipient.

050207.02 Grantees should be provided the maximum flexibility allowable to make changes in program plans and/or budgets consistent with governing statutory, regulatory, and policy requirements. The grants program office may adopt a significant rebudgeting or cumulative rebudgeting threshold above which grantees are to obtain prior approval before engaging in additional post-award rebudgeting. Many of the activities or costs that require the grants program office prior approval require approval regardless of whether they are proposed as part of the application or in a separate

request following award. Approval of an application including activities or costs will be considered to have been approved by the grants program office unless the NoA explicitly states they are not approved.

050207.03 Process Requirements. The grants program office should only require the level of documentation needed to make a prospective judgment as to allowability and appropriateness for the given project/recipient.

A. The grants program office will comply with the time frame specified in 2 CFR Part 200.308 for responding to prior approval requests for recipients covered by those regulations, and will establish a comparable time frame for responding to prior approval requests from governmental organizations.

B. Although grantees are required to obtain advance approval before incurring costs or undertaking activities that require grants program office prior approval, the grants program office may entertain a retroactive request and grant approval retroactively. This request will be examined on its merits, including whether the requested action is permissible under the governing statute, regulations, and policies (allowability) and, if applicable, whether it meets the cost principle tests of reasonableness and allocability.

1. A request for retroactive approval should not be disapproved solely because of timing. The grantee may be asked to explain its failure to request the approval in advance and to indicate what steps it has taken (or plans to take) to prevent a recurrence in the future. However, if a grantee has a documented pattern of submitting requests after-the-fact, the grants program office may disapprove a request on that basis or may consider appropriate enforcement actions or remedies.

2. If approved, the letter sent to the grantee should clearly specify that this is an exception and that the grantee will be expected to obtain prior approval, when required, in the future.

C. The grants program office should ensure that grantees are reminded of their responsibilities when subgrants are involved, and to obtain required prior approval from the grants program office before a subgrantee may undertake an activity or make a budget change requiring that approval.

D. The grants program office should encourage electronic submission of prior approval requests, including e-mail and facsimile, but will ensure that the response timeliness requirements are met and safeguards are in place, to ensure the authenticity of the request. Grants program office responses may also be provided electronically, subject to the same time frame for response as hard-copy responses. Copies of both incoming e-mail requests and e-mail responses will be filed in the official grant file.

050208 PUBLIC POLICY REQUIREMENTS.

A. Purpose. Public policy requirements range from requirements intended to protect human life and basic human rights, to requirements that promote the public interest at large. The requirements established in statute usually are implemented in regulations and administrative policies that provide the necessary details concerning the associated process requirements, and both grants program office and recipient responsibilities.

B. Scope. This section provides an overview and general understanding of public policy requirements, but is not intended to provide a complete listing of the requirements. The grants program office will be aware of the requirements affecting them and will apply them to grants, as appropriate.

05208.01 Overview. Public policy requirements include those related to the following areas:

- Nondiscrimination on the basis of race, color, national origin, religion, sex, age, or disability;
- Safety and health;
- Privacy of individuals (e.g., confidentiality of patient records, the Privacy Act);
- The public's right to information (Freedom of Information Act and acknowledgment of Federal funding);
- The environment;
- Ethics and business integrity (e.g., lobbying prohibitions, suspension and debarment, research integrity, conflict of interest avoidance, disclosing debt); and
- Promoting other social or economic objectives (e.g., use of U.S. flag carriers, historic preservation).

05208.02 General Grants Program Office Responsibilities. The public policy requirements affecting the financial assistance process vary in their applicability, how and when they will be implemented, and the grants program office's role in monitoring and enforcing them. These differences also may affect the scope of the penalty that may be applied as a result of non-compliance. In some instances, public policy requirements represent statements of intent or expectation rather than enforceable requirements. The differences in grants program office responsibilities are illustrated in the following subparagraphs:

A. In some cases, the grants program office responsibility is limited to ensuring that:

1. Applicants have filed required documents, such as the civil rights assurance;

2. Applicants/recipients are aware of the nature of the requirement (through inclusion in funding opportunity announcements and, as appropriate, in the terms and conditions of award); and

3. Recipients demonstrate continuing compliance (for example, in their non-competing continuation applications or progress reports).

B. In other cases, a grants program office may have a more substantive role,before and after award,in determining compliance and in monitoring and oversight.

C. In still other cases, the primary responsibility for oversight rests with the applicant or recipient, in conformance with guidelines established by the cognizant Federal office or agency.

050208.03 Applicability to Subawards. In instances where a public policy requirement applies to subawards or contracts under grants, it is the recipient's responsibility to ensure that it:

- Does not make a subaward or award a contract to an entity that is not eligible to receive an award;
- Addresses the applicable requirement(s) in the subaward or contract;
- Obtains required assurance or other documentation from the potential subrecipient or contractor;
- Provides required documentation concerning subrecipient or contractor compliance to the grants program office; and
- Monitors compliance (in the same manner that the grants program office monitors the recipient).

050209 REMEDIES FOR NON-COMPLIANCE. This section addresses disallowances and other enforcement actions as they apply to VA discretionary and mandatory grant programs.

A. Purpose. This section outlines policies for actions, collectively termed "enforcement", that may be taken by the grants program office in the event of grantee non-compliance with the terms and conditions of award. Termination is one of several types of enforcement actions covered by this section.

B. Scope. This section supplements the provisions of 2 CFR Part 200.338 – 200.342, and of other regulations, covering particular subject areas, such as human subjects or scientific misconduct, that may result in enforcement actions treated in this section. Therefore, it covers actions that may be taken on an institutional or grant-by-grant basis,

or that may affect the participation of a Principal Investigator or other key individuals. Although this section deals primarily with actions that may be taken following award, it also addresses actions that may result in an award(s) not being made on the basis of a grantee's prior action or inaction.

050209.01 Enforcement Policy.

A. Enforcement is an extension of monitoring. As part of the monitoring process, the grants program office will review both the programmatic and business management aspects of grantee performance and compliance. Based on the documented findings of the monitoring process, including timely review of reports (e.g., financial status reports, audit reports, progress reports) and site visits, the grantee should be advised of problems noted and be given the opportunity to correct them, as appropriate.

In general, there is no single triggering event that mandates that the grants program office take a particular enforcement action; however, there may be instances in which termination is the most appropriate first course of action and is necessary to protect the interests of the Government and the public. Otherwise, enforcement actions (singly or in combination) should escalate in severity based on the demonstrated unwillingness or inability of the grantee to take corrective action, as specified by the grants program office.

1. Enforcement actions should be used when necessary and appropriate, but they should be consistent with the type, duration, and significance of the grantee's non-compliance and with the objective the grants program office wants to achieve. The grants program office contemplating enforcement actions is encouraged to use alternative dispute resolution (ADR) techniques where possible to avoid the need for an enforcement action(s). In all cases, the welfare and benefit to the Veteran is paramount.

2. Enforcement actions vary in their significance and severity. Administrative enforcement actions include temporarily withholding cash payments or placing a grantee on a reimbursement payment method;- suspending or terminating an ongoing award(s); suspending or debarring an organization from future awards, disallowing costs; and withholding support (e.g., denial of a noncompeting continuation award). Each of these types of enforcement actions is discussed in the following section, including, as appropriate, responsible offices/officials, use considerations, effect, and other pertinent information, such as appeal rights. Additionally, there may be other legal remedies available in a given situation.

B. The grants program office is required to take timely action to advise grantees of non-compliance and take appropriate enforcement action(s). Generally, this should occur within 60 days of a documented finding. With respect to a delinquent report, the grants program office should advise the grantee of non-compliance when a report is 30 days overdue, i.e., 30 days after its due date or mutually agreed upon revised due date. Following notification of non-compliance, if time frames are not established in

regulation, the grants program office will ensure that the time frames provided to grantees to take corrective action or that indicate the grants program office intention to withhold or discontinue funding are reasonable. This does not preclude immediate action if necessary to protect the interests of the Government and the public.

Once the grants program office decides to proceed with an enforcement action, depending on the significance of the action, the letter or other document may be co-signed by another management official of the grants program office.

050209.02 Enforcement Actions. Enforcement actions may include temporarily withholding cash payments or using the reimbursement method of payment.

A. A grantee's ability to draw down funds from payment systems may be temporarily restricted as a means of obtaining a delinquent report(s) or causing other types of corrective actions that may be accomplished by the grantee within a relatively short period of time. These actions result in increased administrative effort on the part of the grants program office, and require close coordination with the payment office. Grants program office decisions to withhold cash payments to grantees may not be appealed.

B. A grantee may be converted from an advance payment basis to a reimbursement payment method, or placed on a reimbursement payment method at the outset of an award, when the grants program office determines that the grantee's cash management practices are inadequate, cash or financial reporting is deficient, or other reasons associated with financial management. With the exception of construction grants, this type of action may be taken only if a grantee is designated "high-risk/special award conditions", and will be done on an entity-wide basis for all awards made by the designating grants program office. Converting an award to reimbursement will not resolve an underlying systemic issue.

050209.03 Suspension or Termination of an Award for Cause.

A. Suspension may be used as a means of obtaining compliance if other lesser enforcement actions have failed, or the public health or welfare is threatened. However, suspension should not ordinarily be used as a sanction when the grants program office is not prepared to proceed to a termination in the event the deficiency is not corrected.

1. The Debarment and Suspension Committee (D&S) within VA, reviews all referrals for procurement suspension and debarment actions governed by FAR Subpart 9.4 and 38 United States Code (USC) § § 8127(g) of Public Law 109-461, the Veterans Benefits, Health Care, and Information Technology Act of 2006. When the D&S Committee finds evidence of a cause for debarment or suspension, it will conduct a fact-finding review and present facts and recommendations to the Suspension and Debarring Official (SDO).

2. E-mail all referrals to the D&S Committee to: (vasuspension&debarment@va.gov), and include a completed "Executive Summary" along with all relevant documents by

completing the D&S Referrals Form, which is available on the D&S Committee website at http://www.va.gov/oal/business/debarmentSuspension.asp

B. If a suspension is lifted and performance resumes on the basis of grantee assurances of corrective actions taken or in process, the award should be amended to allow for close monitoring of those efforts, i.e., through a designation of "high-risk/special award conditions," if the organization is not already in that status. If it is not appropriate to lift the suspension (e.g., it is not possible for the grantee to take corrective actions), the grants program office should proceed with taking necessary steps to terminate the award, resulting in the cessation of grants program office funding.

C. A suspension or termination action may be taken on one or more awards or a portion of an award(s) as a result of a finding of non-compliance. However, unless the material non-compliance affects individual awards and can be corrected on that basis, suspension or termination may not be the appropriate remedy, and may have significant adverse impacts on the grants program office, the grantee, or Veteran the grant serves.

D. The propriety of termination, as opposed to other types of enforcement actions, should be carefully considered when it is likely that future programmatically viable applications will be forthcoming from an organization, and business management deficiencies may not have been corrected.

E. A terminated award will be closed out as promptly as possible. In addition, the final costs of the terminated award(s) may be negotiated if the grantee has uncancelable obligations.

F. While program regulations may provide for other appeal processes, a suspension is generally not appealable; however a termination for cause may be appealed. After obtaining concurrence by the program official as required by regulation, the final letter advising the grantee of the intent to terminate, is signed by an authorized grants program office. The official notification should include the necessary language to inform the grantee of its appeal rights and associated time frames.

G. Subject to 2 CFR 200.339, Termination, when a GPO terminates a Federal award prior to the end of the period of performance due to the grantee's material failure to comply with the grant's award terms and conditions, the GPO must report the termination to Federal Awardee Performance and Integrity Information System (FAPIIS). This reporting must occur after the grantee has exhausted its allowable opportunities to object, challenge, or appeal the decision or has not, within 30 calendar days after being notified of the termination, informed the GPO that it intends to appeal the decision to terminate. Additionally, if after entering information into FAPIIS, the GPO learns that any of that information is erroneous, the GPO must correct the information in the system within three business days and if the GPO obtains an update to that information that could be helpful to other Federal awarding agencies, the GPO is

strongly encouraged to amend the information in the system to incorporate the update in a timely way. Finally, if the grantee asserts, within seven calendar days, to the GPO, that some of the information made publicly available is covered by a disclosure exemption under the Freedom of Information Act, the GPO must remove the posting within seven calendar days of receiving the assertion. Prior to reposting the releasable information, the GPO must resolve the issue in accordance with the VA's Freedom of Information Act procedures.

050209.04 Termination by Mutual Agreement or by the Grantee. Terminations by mutual agreement or terminations at the request of the grantee are not considered enforcement actions and are not appealable. The timing, cost allowability, and other conditions of these types of terminations are subject to negotiation between the grantee and the grants program office.

- If the grantee requests that a grant be terminated in whole or in part, the grants program office should concur and take the necessary action.

- The grants program office may also terminate the remainder of an award when a grantee requests that a portion be terminated.

050209.05. Withholding a Non-Competing Continuation Award. A grants program office may withhold (deny) a non-competing continuation award within a previously approved project period on several bases, not all of which are considered enforcement actions.

A. If an award is withheld because a grantee is delinquent in submitting required reports, fails to show satisfactory progress in achieving the objectives of the project, fails to meet the terms and conditions of award in a prior budget period(s) of the award, or the grantee's management practices fail to provide adequate stewardship of Federal funds, withholding an award is an enforcement action.

B. A withhold is appealable in that its effect is essentially a termination. Once an award is withheld, it normally will not be restored unless the agency ruling is overturned on appeal. Therefore, this type of enforcement action should not be used when a more immediate type of enforcement action, such as withholding payment, may result in the grantee correcting the deficiency. Further, a grants program office should take the appropriate enforcement action as soon as there is a finding of material non-compliance rather than waiting to deny a non-competing continuation award.

050209.06 Disallowing costs. Costs incurred may be disallowed on the basis of audit findings, review of reports, or other bases.

A. When costs are disallowed, they are to be repaid from non-Federal funds of the grantee to the Federal Government. Generally, the repayment should be by check or offset (e.g., the grants program office reducing the equivalent amount from an active or future grant award), but may be accomplished by other legally available means. When

offset is employed, the grantee will use non-Federal funds in order to maintain the required level of effort under the grant being offset.

B. When offset is used, under discretionary or mandatory grants, the grants program office will ensure that the funds used to restore the amount offset are actually devoted to the program and derived from non-Federal funds, are treated as Federal funds for purposes of the applicable cost principles, and are used before new Federal funds are drawn from the Payment Management System (PMS). Expenditure of funds used to restore the amount offset will also comply with the terms and conditions of the award.

0503 AUTHORITY AND REFERENCES

050301 Federal Funding Accountability and Transparency Act (FFATA)

050302 SF-425 Federal Financial Status Report

050303 2 C.F.R. Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

050304 48 U.S.C. 1469a (d), under grants to the governments of American Samoa, Guam, the Virgin Islands, or the Northern Mariana Islands

050305 31 U.S.C. 6306 Vest Title to Tangible Personal Property

050306 37 C.F.R. Part 401 Department of Commerce Regulations on Inventions and Patents

0504 ROLES AND RESPONSIBILITIES

050401 The Assistant Secretary for Management /Chief Financial Officer (CFO) oversees all financial management activities relating to the Department's programs and operations, as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309, Veterans Benefits. Responsibilities include the direction, management and provision of policy guidance, and oversight of VA's financial management personnel, activities and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities, and provides guidance on all aspects of financial management.

050402 Under Secretaries, Assistant Secretaries, and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

050403 The Office of Finance, Office of Financial Policy (OFP) is responsible for developing, coordinating, reviewing, evaluating, and issuing VA financial policies, including those that impact financial systems and procedures for compliance with all

financial laws and regulations. The Grants Management Services within OFP is responsible for developing, coordinating, and issuing VA grants policy.

050404 The head of the grants program office will designate an appropriate official to develop the overall post-award administration, monitoring approach, expectations, and to develop monitoring and post-award plans by program.

A. The head of the grants program office or appropriate delegate will develop procedures to address the following compliance monitoring- related matters:

- Developing and issuing guidance concerning filing requirements and monitoring consistent with the requirements of this section;
- Assessing, on a periodic basis, the effectiveness of the grants program office post-award monitoring approach and processes;
- Consulting with appropriate records management staff to establish appropriate records transfer and disposition schedules for grant-related documents in accordance with the requirements of the National Archives and Records Administration;
- Including language in the terms and conditions of awards that alerts recipients to their reporting responsibilities, consistent with this section and the grants program office requirements, and the potential consequences of not meeting those requirements in a timely or acceptable manner (complete, accurate, etc.);
- Monitoring report due dates, and following up within time frames specified in a grants program office process or policy;
- Negotiating and enforcing a revised report due date based on grantee-initiated requests for extension;
- Developing and issuing guidance concerning performance measures and metrics used in evaluating grantee performance;
- Initiating the periodic assessment of grantee performance;
- Providing timely information to designated grants program office or related staff that requires their attention, and consulting with them on possible enforcement actions;
- Taking necessary actions to address actual or potential grant/grantee performance problems before they necessitate enforcement action, including bringing them to the attention of the grants program office management, if appropriate; and
- Ensuring that, prior to closeout, all required actions, programmatic and/or financial, are completed, and advising the grantee of continuing obligations with respect to property, program income, etc.

B. The head of the grants program office or appropriate delegate will clearly designate officials to be responsible for the following programmatic monitoring matters:

- Documenting interactions with grantees that might have a bearing on performance (programmatic and/or financial);
- Keeping those responsible for compliance matters informed in a timely manner of potential issues;

- Reviewing and assessing programmatic performance including the acceptability of grantee-submitted reports, and providing information to the person responsible for maintenance of records in a timely matter; and
- Ensuring adequate internal controls for the program and ensuring they are documented and reflected in the program procedures.

C. The head of the grants program office will clearly designate officials to be responsible for the following cost-related matters:

- Ensuring that application instructions, program guidelines, program regulations, or other guidance provided to applicants/grantees contain appropriate coverage of indirect cost and other cost and fee policies, including those referenced or included in this section;
- Monitoring grantee compliance with cost policies and requirements by reviewing grantee reports and other available information and through other means, such as site visits and desk reviews; and
- Reviewing, tracking the status of, and ensuring the completion of findings on audits conducted by independent auditors as required by Office of Management and Budget (OMB) Circular A-133, to assess organizational compliance with the direct and indirect cost provisions of the cost principles through sampling and other tests.

050405 Grants program office staff is responsible for reviewing proposed program regulations and/or program announcements to determine compliance with matching and cost sharing requirements and as follows:

A. Grants program office staff is responsible for reviewing costs and contributions that when applicants propose to meet a matching or cost sharing requirement and for obtaining necessary documentation from the applicant to ensure that the costs or contributions are appropriate and available to the applicant. These proposed costs or in-kind contributions will receive the same level of review and scrutiny as costs to be borne by Federal funds.

B. Grants program office staff is responsible for preparing NoAs that conform to the requirements of this section. The staff is also responsible for performing the post-award administrative activities specified above to ensure compliance with a matching or cost sharing requirement, including monitoring the Federal Financial Report (SF-425) and other documentation including Requests for Reimbursement (SF 270 and 271), as appropriate, to determine whether matching or cost sharing is being provided and the rate of expenditure is appropriate.

050406 Grants program office staff is responsible for ensuring that the program income policies are followed.

A. Grants program office staff is responsible for ensuring the potential for generating program income on a project and/or program basis is discussed with cognizant program

staff and with OGC, as appropriate, to determine which program income alternative(s) to apply.

B. Grants program office staff will include the appropriate terms or conditions in each NoA concerning accountability for program income.

C. Grants program office staff is responsible for ensuring that VA funding of individual awards is consistent with the potential for earning program income and with the program income alternative(s) selected.

D. Grants program office staff will monitor, through review of the Federal Financial Report and other available means, the grantee's earnings, reporting, and use of program income and compliance with the terms and conditions of the award. If the grantee is reporting program income where none or a minimal amount of income was anticipated at the time of award, grants program office staff should review the program income alternative specified in the NoA, and the award should be modified, as appropriate.

E. Grants program office staff will ensure that, as part of closeout, the grantee is made aware of continued accountability requirements, including required reporting, and that subsequent grantee compliance is monitored.

0505 PROCEDURES

None.

0506 DEFINITIONS

Cost sharing. Refers to a situation in which the grantee shares in the costs of a project other than as statutorily required matching.

Grants program office. The organization reporting to the approving official that would be responsible for programmatic administration of a particular grant if awarded.

FAPIIS. Federal Awardee Performance Integrity Information System

Matching. Term generally used to refer to a statutorily specified percentage of program or project costs contributed by a grantee in order to be eligible for Federal funding. This requirement may be stated as a specified or a minimum non-Federal percentage of total allowable costs, or a maximum Federal percentage of participation in the costs.

Matching and Cost Sharing. Term intended to simplify the content and clarity. The context of the section provision will provide distinguishing features that are pertinent to application of a policy, e.g., if a maximum Federal matching or cost sharing percentage is specified in statute, VA discretion is more limited than if a matching or cost sharing amount has been established through negotiation.

050605 For purposes of this section and 2 CFR Part 200, the term "recipient contributions" refers to costs borne by the grantee, either through cash outlay or the provision of services. "In-kind contributions" means the value of goods and/or services donated by third parties. Grantees are not considered as providing "in-kind contributions."

050606 Program income. Includes several different categories of income such as: income resulting from fees for services performed or the sale of commodities or items produced as part of project activities; income earned from the use or rental of property acquired under a grant; and license fees and royalties on patents and copyrights.

0507 RESCISSIONS

OFP Volume X, Chapter 5, Post Award, October 2012.

0508 QUESTIONS

Questions concerning these policies and procedures should be directed as shown below.

OFP Grants Management Service

0509 REVISIONS

Section	Revision	Office	Effective Date
050209.03 Suspension or Termination of an Award for Cause.	Added the requirement that grant program offices must validate grantees in FAPIIS for potential awards over the Simplified Acquisition Threshold (currently $150,000)	OFP (047G)	January 2017
0506 DEFINITIONS	Added FAPIIS Definition	OFP (047G)	January 2017
050201 Reports and Records	Updated to address the provisions of the OMB Uniform Grant Guidance at 2 CFR Part 200, and to incorporate references to new guidance where appropriate.	Grants Mgmt	April 2016

050202 Post-Award Monitoring	Updated to address the provisions of the OMB Uniform Grant Guidance at 2 CFR Part 200, and to incorporate references to new guidance where appropriate.	Grants Mgmt	April 2016
050203 Cost Policies	Updated to address the provisions of the OMB Uniform Grant Guidance at 2 CFR Part 200, and to incorporate references to new guidance where appropriate.	Grants Mgmt	April 2016
050204 Matching and Cost Sharing	Updated to address the provisions of the OMB Uniform Grant Guidance at 2 CFR Part 200, and to incorporate references to new guidance where appropriate.	Grants Mgmt	April 2016
050205 Program Income	Updated to address the provisions of the OMB Uniform Grant Guidance at 2 CFR Part 200, and to incorporate references to new guidance where appropriate.	Grants Mgmt	April 2016
050206 Properties	Updated to address the provisions of the OMB Uniform Grant Guidance at 2 CFR Part 200, and to incorporate references to new guidance where appropriate. Removed debt instrument provisions, as they are no longer included in guidance.	Grants Mgmt	April 2016
050207 Grant Adjustments	Updated to address the provisions of the OMB Uniform Grant Guidance at 2 CFR Part 200, and to incorporate references to new guidance where appropriate.	Grants Mgmt	April 2016
050208 Public Policy Requirements	Updated to address the provisions of the OMB Uniform Grant Guidance at 2 CFR Part 200, and to incorporate references to new guidance where appropriate.	Grants Mgmt	April 2016
050209 Remedies For Noncompliance	Updated to address the provisions of the OMB Uniform Grant Guidance at 2 CFR Part 200, and to incorporate references to new guidance where appropriate.	Grants Mgmt	April 2016
050209.03 Suspension or Termination of an Award for Cause	Included the Debarment and Suspension Committee, and information necessary to recommend a grantee for suspension or debarment.	Grants Mgmt	April 2016
0503 Authority and Reference	Removed references to superceded guidance, and incorporated new guidance at 2 CFR Part 200.	Grants Mgmt	April 2016

0505 Procedures	Updated to address the provisions of the OMB Uniform Grant Guidance at 2 CFR Part 200, and to incorporate references to new guidance where appropriate.	Grants Mgmt	April 2016
0506 Definitions	Incorporated references to new guidance where appropriate.	Grants Mgmt	April 2016
0507 Rescissions	Rescinded prior version of this document, effective August 2014.	Grants Mgmt	April 2016
Appendix A	Incorporated references to new guidance where appropriate.	Grants Mgmt	April 2016

APPENDIX A: SAMPLE NOTICE OF FEDERAL INTEREST

On (*insert date*), the Department of Veterans Affairs (VA) awarded Grant No. _____ to (*insert name of recipient*). The grant provides funds for (*describe purpose of grant, e.g., construction of a building*), which is located on the land described below in _____County, State of_____:

(INSERT LEGAL DESCRIPTION OF PROPERTY—Land and Buildings within the scope of the grant project.)

The Notice of Award for this grant includes conditions on the use of the aforementioned property and provides for a continuing Federal interest in the property. Specifically, the property may not be (1) used for any purpose inconsistent with the statute and any program regulations governing the award under which the property was acquired; (2) mortgaged or otherwise used as collateral without the written permission of the *grants program office* d*irector title here*, *Name of VA Grant Office*, *Name of Administration or staff office* or (3) sold or transferred to another party without the written permission of the *grants program office director title here*, *grants program office name*, Administration/staff office. These conditions are in accordance with the statutory provisions set forth in [*insert the name of the appropriations bill authorizing the award of the construction/major alterations and renovations projects for the particular year –see program guidance*], title 2 CFR Part 200, the VA Grants Policy Statement, and other terms and conditions of award.

These grant conditions and requirements cannot be nullified or voided through a transfer of ownership. Therefore, advance notice of any proposed change in usage or ownership must be provided to the *grants program office* d*irector title here*, *grants program office name*, Administration/staff office.

Signature: _____
Typed Name: _____
Title: _____
Date: _____

(EXAMPLE OF NOTARIZED AFFIRMATION)

STATE OF_____ COUNTY OF_____ On this ___day of_____, 20__, before me, the undersigned, a Notary Public for the County of_____, (State), personally appeared before me and is known to be the person who executed this instrument on behalf of said_____, and acknowledged to me that he/she executed the same as the free act and deed of said Corporation. Witness my hand and official seal.

Notary Public in and for the County of _____, State of_____.