

Introduction to Grants Management and Compliance

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Note: This presentation is intended solely to provide general information and does not constitute legal advice. You should not take any action based upon any information in this presentation without first consulting other parties, including legal counsel, familiar with your particular circumstances.

Presentation Content

- ▶ What is grants management/compliance, and why is it important?
- ▶ Who are the Federal compliance players, and who should be a player on your institution's grants management team?
- ▶ Federal regulations and definitions
- ▶ Priority order of Federal agency rules and regulations
- ▶ Basic grantee responsibilities
- ▶ Common compliance challenges and audit findings

Grants Management vs. Compliance

- ▶ **Grants Management:** Ensuring that program staff have the latitude to accomplish something meaningful at the same time that every obligation to the funding source is met.

Henry Flood

“Essentials of Grants Management”

The Grants Management Center

Grants Management vs. Compliance

- ▶ **Compliance:** The observance of official requirements.

Merriam-Webster's Dictionary

Grants management is essentially a post-award system developed and followed by an organization to facilitate compliance with organizational and funding source requirements.

Why is Grants Management Important?

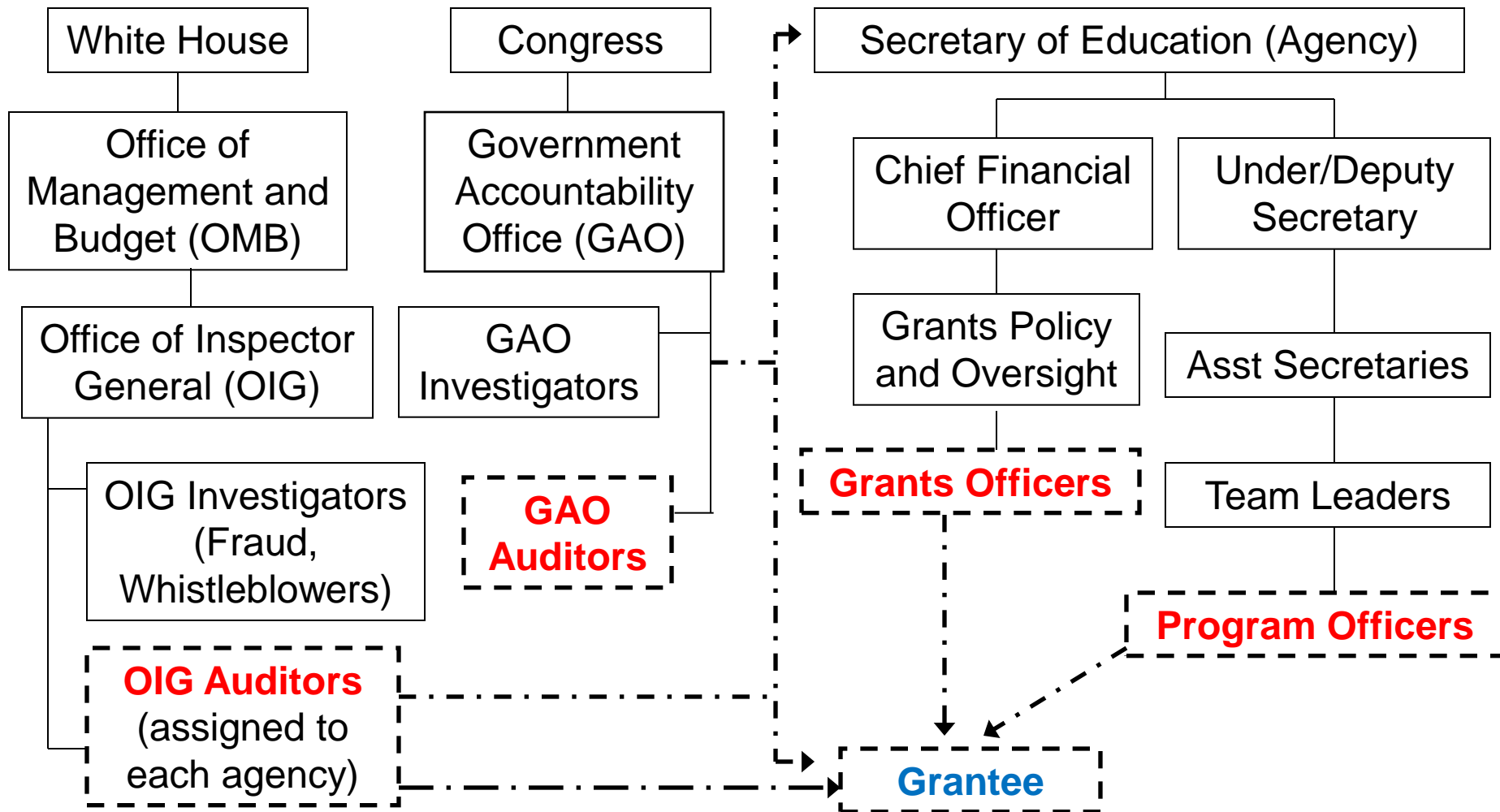
- ▶ Increased funder accountability (both financial and programmatic compliance, plus a focus on internal controls)
- ▶ Increased funder scrutiny
- ▶ More subjective interpretations
- ▶ Less sympathy, tougher enforcement
- ▶ Difficulty getting definitive, timely technical advice

The “rules” are not necessarily changing, but the interpretation and enforcement of the rules continuously evolve.

Federal Compliance Players

- ▶ **Office of Inspector General (OIG)** – assigned to each agency; focuses on regulatory compliance of systems
- ▶ **Program Office** – specific to each grant program
- ▶ **Grants Office** – manages spending of multiple grant programs
- ▶ **Government Accountability Office (GAO)** – the audit and investigative arm of Congress; focuses on how systems impact compliance, effectiveness, and accuracy.

Federal Compliance Players



Federal Compliance Players

▶ Office of Inspector General (OIG)

- Auditors – conduct financial and programmatic audits of agency programs
- Investigators – respond to accusations of fraud and abuse (whistleblowers)

<http://www2.ed.gov/about/offices/list/oig/index.html>

Federal Compliance Players

► Program Office

- Oversees application review process
- Provides programmatic advice to grantees
- Monitors project progress (programmatic and fiscal)
- Conducts desk audits and site visits that could lead to audits
- NEW trend – Management Analysts

<http://www2.ed.gov/programs/ideshsi/index.html>

Federal Compliance Players

► Grants Office

- Official grant signatory/approver
- Oversees grant awarding and closeout process
- Conducts desk audits and site visits that could lead to audits
- Sometimes senior program officer plays dual role as grant signatory – check your award document

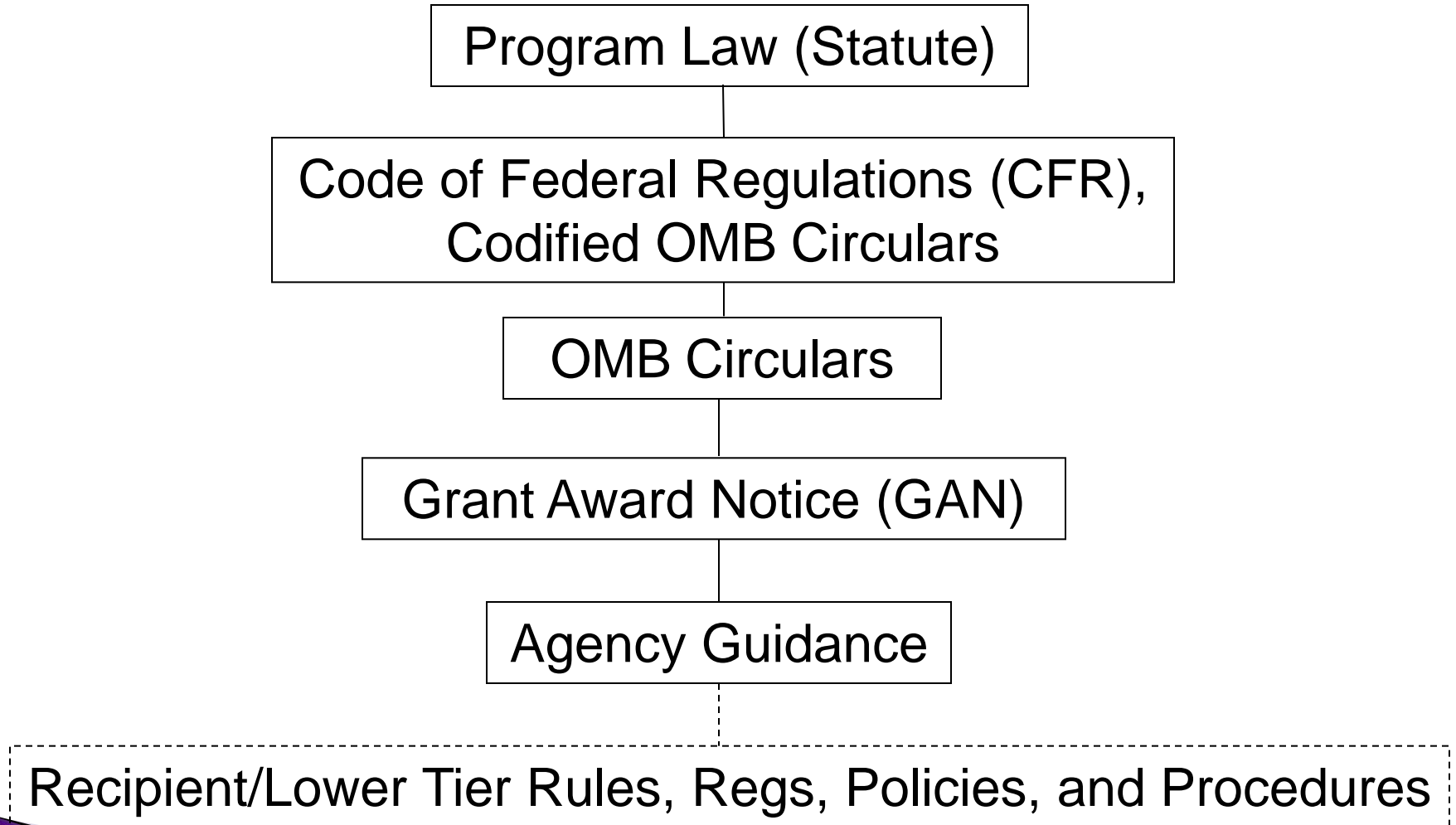
<http://www2.ed.gov/about/offices/list/ocfo/grants/grants.html>

Federal Compliance Players

- ▶ **GAO** – non-partisan group that advises Congress and agencies on how to make government work better by determining if internal controls are in place to provide reasonable assurance that funds are used for intended purposes.
 - Formerly General Accounting Office – focused on financial matters
 - Auditors examine programs, grantees as needed
 - Accountants and subject matters experts perform evaluations
 - Led by a Comptroller General who serves a 15-year term to ensure continuity and independence.

<http://gao.gov/>

Priority Order of Rules and Regs



Priority Order of Rules and Regs

- ▶ **Program Laws (Statutes)** – created by Congress; signed by the President; includes Cross-Cutting Laws (Assurances, Policy Requirement, Executive Orders).
- ▶ **Code of Federal Regulations (CFR)** – program regs stemming from statutory requirements, and administrative regs developed by the funding agency

<http://www.gpo.gov/fdsys/>

Priority Order of Rules and Regs

- ▶ **Office of Management and Budget (OMB)**
Circulars– OMB is part of the White House; Circulars govern all Federal agencies and are incorporated by reference in all agency administrative regs and in grant award terms and conditions. Note: The Circulars that apply to higher education (A-110 and A-21) are codified (2 CFR 215 and 2 CFR 220)

http://www.whitehouse.gov/omb/circulars_default

Priority Order of Rules and Regs

- ▶ **OMB Circular A-110 (2 CFR 215)** – Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- ▶ **OMB Circular A-21 (2 CFR 220)** – Cost Principles for Educational Organizations

http://www.whitehouse.gov/omb/circulars_a110/

<http://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a110/2cfr215-0.pdf>

http://www.whitehouse.gov/omb/circulars_a021_2004/

http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105_a21.pdf

Priority Order of Rules and Regs

- ▶ **OMB Circular A-102** – Uniform Administrative Requirements for Grants and Agreements with State and Local Governments
- ▶ **OMB Circular A-87 (2 CFR 225)** – Cost Principles for State, Local, and Indian Tribal Governments

http://www.whitehouse.gov/omb/circulars_a102/

http://www.whitehouse.gov/omb/circulars_a087_2004/

http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105_a87.pdf

Priority Order of Rules and Regs

- ▶ **OMB Circular A-122 (2 CFR 230)** – Cost Principles for Nonprofit Organizations
- ▶ **OMB Circular A-133** – Audits of States, Local Governments, and Nonprofit Organizations
- ▶ **OMB Circular A-123** – Management's Responsibility for Internal Control

http://www.whitehouse.gov/omb/circulars_a122_2004/

http://www.whitehouse.gov/sites/default/files/omb/assets/omb/fedreg/2005/083105_a122.pdf

http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf

http://www.whitehouse.gov/omb/circulars_a123_rev

Priority Order of Rules and Regs

- ▶ **Grant Award Notice (GAN)** – Including Terms and Conditions that may reference discretionary decisions made by the funding agency, plus approved grant award amendments
- ▶ **Written advice from the funding agency** – Including grant-specific correspondence and agency directives.

Priority Order of Rules and Regs

▶ Examples of Agency Regs (CFR) and Guidance Documents

- US Dept of Education – Education General Administrative Requirements (EDGAR)
- National Science Foundation – Proposal and Award Policies and Procedures (PAPP) Guide
- US Dept of Health and Human Services Grants Policy Statement

<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

http://www.nsf.gov/publications/pub_summ.jsp?ods_key=papp

<http://www.hhs.gov/asfr/ogapa/grantinformation/hhsgps107.pdf>

Priority Order of Rules and Regs

- ▶ Don't assume that regs are consistent
- ▶ When there is inconsistency, play it safe: Follow the most restrictive!
- ▶ Oftentimes regs precede current technology capabilities – be careful when considering paper vs. electronic documentation

<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>

http://www.nsf.gov/publications/pub_summ.jsp?ods_key=papp

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Basic Grantee Responsibilities

- ▶ Understand all grant regulations and conditions
- ▶ Have control systems in place to administer grant in compliance with grant and organizational regulations, policies, and procedures
- ▶ Deliver what is in the approved grant proposal
- ▶ Be a good steward of grant funds

Common Challenges/Findings

- ▶ Inadequate resources
- ▶ Roles and responsibilities of institutional staff not clearly defined or understood
- ▶ Outdated or nonexistent policies and procedures
- ▶ Inadequate staff training and education
- ▶ Inadequate management systems
- ▶ Perception that internal control systems are not necessary

Carol Alderson, Division of Grants Policy, NIH

Common Findings

- ▶ Absent or inaccurate Time and Effort documentation
- ▶ Expenditures that are not allowable, allocable, and reasonable
- ▶ Untimely expenditures