Project Management and Sub-awardee Monitoring Resource Guide
August 2019

BACKGROUND

This resource guide provides Sexual Risk Avoidance Education (SRAE) and Personal Responsibility Education Program (PREP) grantees with information and guidance to develop protocols and procedures to effectively manage federal funding. The guide provides detailed information on (1) Systems and Resources, (2) Financial Management Systems, (3) Working with Partners and Sub-awardees, (4) Best Practices for Federal Grant Management, and (5) Additional Resources for Managing a Federal Grant. Additionally, this guide addresses strategies for overcoming common challenges and strategies for effective and efficient partner and sub-awardee oversight. The Quick Reference section of this guide allows users to navigate across the main topical areas for managing a federal grant.

Quick Reference

To learn more about how to manage a federal grant, please click on one of the headings below to be taken to more detailed information within the resource guide.

- Department of Health and Human Services Systems and Resources

  – This section of the resource guide provides information related to such topics as what the Code of Federal Regulations (CFR) specifies regarding Office of Management and Budget (OMB) Uniform Guidance (e.g., cost principles and audit requirements) for federal grants and the general terms and conditions for an award from the U.S. Department of Health and Human Services (HHS).

- Financial Management Systems

  – This section of the resource guide covers the importance of a strong financial management system and the connection between financial and organizational management. It also provides information about the components of a financial management system and the people who are involved in the system.

- [Working with Partners and Sub-awardees](#)
  - This section of the resource guide includes ideas for effective and efficient management along with common challenges that grantees may encounter when working with partners and sub-awardees.
- [General Best Practices for Federal Grant Management](#)
  - This section of the resource guide provides best practices to consider when managing federal grants, particularly when working with sub-awardees and partners.
- [Additional Resources for Managing A Federal Grant](#)
  - This resource includes links to additional guidance information to manage a federal grant.

DEPARTMENT OF HEALTH AND HUMAN SERVICES SYSTEMS AND RESOURCES

This section of the resource guide provides information related to such topics as what the CFR specifies regarding OMB Uniform Guidance (e.g., cost principles and audit requirements) for federal grants and the general terms and conditions for an award from HHS.

The systems and resources that are available to support award management include written policies and procedures as well as offices within the government that provide oversight and support to grantees.

Figure 1. Key Resources to Manage a Federal Grant

- **2 CFR Part 200:** Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards
  - This part of the CFR provides administrative guidance for all federal grant recipients.
  - Available at: https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- **45 CFR Part 75**: Uniform Administrative Requirements, Costs Principles, and Audit Requirements for HHS Awards
  - This part of the CFR provides administrative guidance for both HHS agencies and grant recipients; grantees should pay particular attention to the following sections:
    - Subpart D—Post-Federal Award Requirements
    - Subpart E—Cost Principles
    - Subpart F—Audit Requirements
  - Available at: https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=df3c54728d090168d3b2e780a6f6ca7c&ty=HTML&h=L&mc=true&n=pt45.1.75&r=PART
- **HHS.gov Grants Policies and Regulations:** https://www.hhs.gov/grants/grants/grants-policies-regulations/index.html
  - The HHS Grants Policy Statement provides policy guidance for discretionary grants and cooperative agreements. It covers basic grants processes, standard terms and conditions and points of contact as well as important ACF-specific requirements. Appendices include a glossary of terms and a list of standard abbreviations for ease of reference. https://www.hhs.gov/sites/default/files/grants/grants/policies-regulations/hhsgps107.pdf
- **General terms and conditions for grants:**
  - For all mandatory grants: https://www.acf.hhs.gov/sites/default/files/assets/general_terms_and_conditions_mandatory.pdf
    - Mandatory grants are those that a federal agency is required by statute to award if the recipient, usually a state or U.S. territory, submits an acceptable state plan or application and meets the eligibility and compliance requirements of the statutory and regulatory provisions of the grant program.

- For all discretionary grants and cooperative agreements, refer to the Notice of Award provided to individual grantees in GrantSolutions as the terms and conditions are distinct for grant programs.
  - Discretionary grants and/or cooperative agreements permit the federal government, according to specific authorizing legislation, to exercise judgement, or "discretion," in selecting the applicant/recipient organization, through a competitive grant process.
- **Legislation**: specific to award—www.congress.gov includes legislation
- **Funding Opportunity Announcement (FOA):** A publicly available document that contains all of the official information about a grant specific to award. (ADD LINK TO GRANTS.GOV –FOAs)

Key Written Policies and Procedures

It is important to understand the policies and procedures that support grant award funding from HHS. These include CFR requirements which are defined as "the set of general and permanent rules published in the Federal Register by the executive departments and agencies of the Federal Government." The CFR includes 50 titles, which are updated annually. The title most relevant to grantees include Title 2, which provides information on grants and agreements.

Other key resources include the HHS grants policies and regulations, the general terms and conditions for the type of award received, the funding announcement associated with the specific grant award, and legislation related to the specific grant award. This collection of documents and resources—listed in detail in the text box—provides the basis for management of the award.

Key Entities that Provide Oversight and Support

In addition to written policies and procedures, there are key entities within the federal government that support grantee award management. These federal offices, along with the support they provide, are described in more detail below.

Project Officer

The Project Officer (PO) is the contact for all programmatic matters associated with the grant. The PO works with grantees to ensure that programmatic requirements are met, in accordance with legislative mandates and the funding opportunity announcement. The PO reviews and approves program modifications or changes to the project scope. The PO is also involved in any budget revisions associated with the award and should be consulted when there are changes in key staff positions.

Key tools that the PO uses to ensure that programmatic requirements are met include the application or plan for the award and performance progress reports. The PO also conducts site monitoring visits to assess grantee compliance with programmatic requirements and to document promising practices. Finally, the PO works with grantees to provide technical assistance or connect grantees with relevant training and technical support.

Grants Management Office

The Office of Grants Management is responsible for the fiscal management and administration of grant awards. Grants Management Officers ensure compliance with applicable laws, regulations, policies, and procedures, as well as technical aspects of grants and fiscal monitoring. They also provide guidance on fiscal requirements related to grant awards, terms and conditions, post-award changes, reporting, and closeout procedures.

Contact the Office of Grants Management Contact for Your Award For the Following Issues:
• Clarification of budget issues, particularly allowable costs
• Guidance on submitting fiscal reports and other official correspondence

Payment Management Services

Helpful Information about PMS
• Visit the PMS website (https://pms.psc.gov/) for quarterly federal fiscal reporting (FFR) due dates and to find your PMS Accountant contact info for PMS access assistance or any drawdown questions.
• PMS phone: 877-614-5533

Payment Management Services (PMS) is part of the HHS Program Support Center, separate from the Administration for Children and Families (ACF). The function of PMS is to provide the payment and accounting system for all HHS grants. Note that grantees are responsible for requesting payments and reporting disbursements to the PMS, and grantees must liquidate funds within 72 hours after requesting a drawdown for invoiced expenses. Grantees are required to submit quarterly reports via the PMS. In addition to quarterly reports, the Federal Financial Report (SF-425) report is due annually.

Table 1. Common Areas of Interest Regarding Financial Management for Grantees

Issues	Policy Guidance Document	Summary
Conference Costs	2 CFR 200.432	A conference is defined as a meeting, retreat, seminar, symposium, workshop, or event, the primary purpose of which is the dissemination of technical information beyond the non-federal entity and that is necessary and reasonable for successful performance under the federal award. Conferences necessary and reasonable for successful performance under the federal award are allowable costs.
Direct Costs	2 CFR 200.413	Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a federal award or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Typical costs charged directly to a federal award include the compensation of employees who work on that award, their related fringe benefit costs, the costs of materials, and other items of expense incurred for the federal award.

Issues	Policy Guidance Document	Summary
Financial Management Standards and Internal Controls	45 CFR 75.302 and 75.303	45 CFR 75.302 states that recipients' financial management systems must provide for the following (among other things): • Records that identify the source and application of federal funds for grant funded activities. These records must contain information pertaining to federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income, and interest and must be supported by source documentation.
Food Costs	Relevant guidance includes 2 CFR 200.412, 413, and 420	Food costs may be allowable if food is being provided during an activity with a programmatic purpose. Reach out to your PO for guidance in the event of uncertainty.
Incentives	Information on incentives can be found in the HHS GPS, Sections II-33 and II-34 and in 45 CFR 75.438	Incentives are typically used to encourage participants to complete programming and/or to complete entrance, exit and follow-up surveys. • Cash is not an allowable incentive for program participation. • Gift cards are allowable as participant incentives provided that the grantee has established a way to ensure that the gift card cannot be used to purchase unallowable items in a written agreement with the gift card vendor. • Gift card incentives may not be associated with entertainment (e.g., movies, games); may not be redeemable for cash; may not be used to purchase tobacco, alcohol, or firearms; and may not be transferred by participant to other parties.
Indirect Costs	2 CFR 200.414	Indirect costs are those that are not identified specifically with a particular final cost objective. Because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of cost that may be classified as indirect costs in all situations. Indirect cost rates can be negotiated with federal agencies. Please see 2 CFR 200.414 for additional details on indirect costs.
Lobbying	2 CFR 200.450	Lobbying costs are unallowable.
Training	2 CFR 200.472	The cost of training and education provided for employee development is allowable.
Travel Costs	2 CFR 200.474	Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by grantee staff who are in travel status on official business to support the grant project. Please see 2 CFR 200.474 for additional details on travel policies.

FINANCIAL MANAGEMENT SYSTEMS

Financial management extends well beyond accounting records. Instead, it is helpful to consider financial management as a system that tracks financial events and summarizes financial information to support the success and sustainability of an organization. To this end, it is an essential part of organizational management

and ongoing coordination for tracking and management among the fiscal and programmatic staff, and the organization's board members.

Financial management involves planning, organizing, controlling, and monitoring financial resources to achieve organizational objectives and compliance with donors/funders and policies/regulations. This section provides information about effective financial management systems, team members or roles involved in financial management, and the main responsibilities of a financial management system.

There are many benefits to a strong financial management system. These include the ability to make effective and efficient use of resources along with the ability to achieve objectives and fulfill commitments to stakeholders and funders/donors. A strong financial management system may also increase accountability and allow an organization to gain additional respect and confidence from funding agencies, donors, partners, and beneficiaries, allowing the organization to expand its work. To this end, a strong financial management system will also ensure compliance with funders/donors, taxes, policies, and accounting regulations, which increases

confidence and trust. Other key benefits include streamlining invoicing and bill collection processes, reducing or eliminating accounting errors, and minimizing record-keeping redundancy. These in turn allow an organization to maintain a complete and accurate audit trail and support reporting procedures using information that is organized and accessible.

A strong financial management system can also support programmatic staff directly with budget planning and accountability. It should require staff to justify expenses and ensure alignment between expenses, the approved grant budget, and the project plan. An ideal financial management system offers flexibility to accommodate unexpected changes within projects (e.g., changes in scope of work and deliverables, changes of costs). Finally, a strong financial management system will include mechanisms to effectively and efficiently support and monitor partners/sub-awardees.

Figure 2. Guiding Characteristics of Effective Financial Management Systems

Effective financial management systems include the following characteristics. It may be helpful to determine which of these are included in your financial management system and how to fill gaps or strengthen these characteristics.

- *Consistency*: Develop or update financial policies and systems so they remain consistent over time.
- *Accounting standards*: Observe accepted external accounting standard for keeping financial records and documentation.
- *Accountability*: Be able to explain and demonstrate to funder how resources were used (based on the approved budget for the project) and what has been achieved.
- *Integrity*: Operate with honesty and propriety.
- *Transparency*: Be open about the work and finances, making information available to all stakeholders and funders (as requested).
- *Financial stewardship*: Take good care of the financial resources and ensure that they are used for the purpose intended.

Financial Management Systems Regulations and Requirements

When managing federal grants, it is very important to know which CFR requirements apply to a specific grant. One can find this information in the funding opportunity announcement (FOA) as well as in the notice of award (NOA). The CFR provides guidance about administrative requirements, cost principles, and audit requirements.

Financial Management Team

The size of the financial management team will likely depend on the size of the organization. However, regardless of size, it is often the case that specific financial management roles are combined into one FTE. Key roles and their connection with the financial management system are described in more detail below.

- *Bookkeeper*: The foundation of an effective accounting system is good bookkeeping. This function may reside within an organization or via a contract with an outside entity. Essentially, a Bookkeeper is in charge of the day-to-day financial transactions (e.g., receiving and reviewing all incoming checks/invoices and determining the purpose of each, recording the cash receipts) and provides the complete and accurate financial information to the accountant.

- *Accountant*: Again, this function may reside within an organization or via a contract with an outside entity. This individual looks at the overall financial picture of the organization. This individual might also support decisions related to how revenues and expenditures are recorded in the accounting system and how disbursements of the grant should be made.

- *Fiscal Manager*: In some organizations, this individual might also be the Project Director or Manager and in others they may be the Fiscal Officer. This individual might be in charge of authorizing disbursement of funds and making sound management decisions about the project budget. This individual might also provide general oversight of the project budget and in charge of the FFR.

- *Grant Manager*: This person ensures that the financial decisions of the organization align with those of the grant.

- *Project Director*: This person ensures that the expenditures align with the grant's budget. This person could also have grant management responsibilities.

- *Board of Directors*: In some organizations, the Board of Directors plays a major role in the financial management of federal grants. The Board of Directors might be the entity that approves financial statement and FFRs or other similar documentation. However, this might not be feasible for Boards that do not meet regularly or that do not have the appropriate structure. In those cases, a Board of Directors will delegate the responsibilities to the Executive Director or staff person with similar responsibility and accountability.

- *Executive Director/CEO*: This individual is typically in charge of the general oversight of the financial management of the grant. They are one of the authorized personnel to do reporting and receive official communication from the federal government.

- *Auditor*: This person does not work for the grantee's organization and, at minimum annually, should review the organization's financial records. This is different than the auditor who the federal government might have assigned to the organization for federal auditing. The federal government does not require an audit (with the exception of those grantees receiving $750,000 or more in federal awards); however, an annual audit is a best practice. The federal government can request to review records within 3 years after submission of the final expenditure report or financial report. The auditor ensures that all the financial records are complete, accurate, and transparent.

Financial Management Responsibilities

The roles described above all play a part in the overall financial management responsibilities. This section describes those responsibilities in more detail and includes a table to ensure that spending is relevant and necessary.

1. Maintain adequate financial records.
   a. Identify and resolve potential erroneous postings.
   b. Keep source documentation (e.g., canceled checks, paid bills, payroll journals).
   c. Provide accurate, current, and complete disclosure of the financial results of each federal award.

2. Ensure budgetary control; budgeting and budget review are critical to ensure budgetary control.
   a. Return federal funds for disallowed expenditures.
   b. Maintain effective cash management.
   c. Develop account projections to monitor and plan for grant expenditures.
   d. Ensure that all spending meets award terms and is relevant and necessary to the project (see sidebar).
   e. Ensure expenditures are within the project's budget.
   f. Ensure costs are consistent with the project schedule and incurred between the project's start date and expiration date.

3. Comply with reporting requirements.
   a. Submit timely and accurate reports.
   b. Document irregularities.
   c. Report fraud.

4. Refrain from doing business with debarred and suspended organizations. "Federal agencies have general authority to debar or suspend persons from participating in federal grant programs and other non-procurement transactions. Grounds for debarment of a federal grantee include criminal or civil convictions for various crimes including fraud, embezzlement, theft, bribery, tax evasion, and making up false claims, among others."[1]
   a. Be aware of common grant fraud schemes (e.g., embezzlement, theft or bribery, false statements, false claims) and have a fraud risk-management system within the organization.
   b. Check the System for Award Management to ensure the organization is not suspended or debarred from receiving federal funds.
   c. Investigate if you suspect that a sub-awardee might be suspended or debarred.

5. Monitor sub-awardees.
   a. Ensure sub-awardees comply with rules, regulations and requirements.
   b. Help to identify actual and potential issues.
   c. Ensure follow-up on issues and corrective actions.
   d. Ensure sub-awardees meet audit requirements.

6. Comply with rules, regulations, and requirements.
   a. Familiarize yourself with federal statues, regulations, and terms and conditions of the federal awards.

---

[1] Congressional Research Service. (2010). Debarment and suspension provisions applicable to federal grant programs. Prepared for Members and Committees of Congress. Retrieved from https://www.everycrsreport.com/reports/R40993.html

b. Take reasonable measures to safeguard protected, personally identifiable information, and other information HHS designates as sensitive.

Figure 3. Ensure Spending Is Relevant and Necessary

One way to maintain budgetary control is to determine if costs are *allowable*, *reasonable*, and *necessary*.

- *Allowable* costs are those that meet the following criteria:
  - Allocable to the award
  - Necessary and reasonable
  - Treated consistently
  - Net of all applicable credits
  - Not included as a cost or used to meet cost sharing or matching requirements
  - Adequately documented
  - Authorized or not prohibited
  - In conformance with limits or exclusions
  - Consistent with recipient's policies, regulations, and procedures
  - Incurred specifically for the award
  - Benefit both the award and other work and can be distributed in reasonable performance proportion to benefits received
  - Necessary to the overall operation of the organization.

- *Reasonable* costs are those that do not exceed those which would be incurred by a prudent person under the circumstances prevailing at the time the costs were incurred. The following are questions to assess if a cost is reasonable:
  - Is the cost generally recognized as ordinary and necessary?
  - What restraints or requirements are imposed?
  - How does the cost compare to market prices for similar goods/services?
  - Did the individuals act with prudence in the circumstances?
  - Did the cost involve significant deviations from the organization's established practices?

- *Necessary* costs are those that will vary by project and are deemed necessary for the performance of the award. These types of costs typically include the following:
  - Programming
  - Data collection
  - Staffing
  - Evaluation
  - Other program critical expenses

Accounting System Requirements

Accounting systems should include the following capabilities:

- Track funds awarded, receipts, obligations, and expenditures/disbursements of grant funds.

- Track contract (sub-awardee) expenses against the award, matching funds (if applicable to the grant).

- Maintain documentation to support all receipts and expenditures and obligations of federal funds.

- Identify individual grant award costs by program year and budget category. If the ledger accounting system cannot comply with this requirement, you should establish some alternative system. If the accounting system does not make it possible to identify funds and

Regulations and Requirements
Administrative Requirements ⬀ provide guidance about documentation and reporting requirements.
Cost Principles ⬀ provide guidance about (1) allowable costs that can be incurred by organizations under the grant; (2) reimbursement requirements; and (3) indirect and direct costs.
Audit Requirements ⬀ provide guidance about audit requirements (special guidelines might apply for grantees receiving over $750,000).

expenditures with a particular program, a site visit or an audit of that program may result in those costs being questioned or disallowed.

- Properly segregate funds and distinguish grant- versus non-grant related expenses.

- Minimize the time between the transfer of funds and disbursement. This not only applies to the grantee and the sub-awardees, and it is the responsibility of the grantee to ensure that their partners are abiding by this. This is particularly important to comply with the Cash Management Improvement Act.

- Fulfill government-required financial reporting. An adequate accounting system can be used to generate reports required by award and federal regulations. The system should also have a procedure in place to ensure the receipt of reports on sub-awardees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the federal government.

- Maintain internal controls. Internal controls help to provide safeguards for all grant property, whether cash or other assets, and ensure that is used solely for authorized purposes (including sub-awards). The following are some examples of internal controls: (a) cash receipts should be recorded immediately; (b) the person responsible for approving/authorizing expenditures should not be the one signing the checks; (c) vendors and sub-awardees should be issued payment only of approved invoices; and (d) supporting documentation should be gathered.

- Provide a clear audit trail. Grantees are expected to maintain a state of audit readiness. This means that records pertinent to the financial and programmatic aspects of their grant must be readily accessible for audit.

WORKING WITH PARTNERS AND SUB-AWARDEES

Working with partners and sub-awardees is likely an aspect of the project. Sub-awardees are required to adhere to the regulations and policies for the award. Partners may or may not have to adhere to regulations and policies for the award depending on whether they receive funding for their participation in the partnership. To ensure that partners and sub-awardees that receive funding, adhere to regulations and policies for the award, it is recommended that grantees consider the following recommendations:

Common Challenges Encountered Working with Sub-awardees
• Consistent and accurate reporting on fiscal and programmatic status of the project
• Co-mingling of funding across federal projects
• Retaining staff

- Understand each sub-awardee's fiscal system and determine how adequately they can manage the federal funds. Understanding the role that each sub-awardee's leadership, board, and fiscal staff have in making fiscal decisions will help the grantee plan for engaging appropriate decision makers when needed.

- Provide sufficient support to the sub-awardee to ensure that they adhere to the federal regulations, the FOA, and NOA. If a sub-awardee does not have prior experience managing federal grant funds, it is especially critical to provide the sub-awardee with training or technical assistance. Once a sub-awardee has sufficient support to adhere to federal regulations, it is important to continue to build their capacity and infrastructure in fiscal and program management of federal funds.

- Monitor the sub-awardee's expenditures and completion of program activities. The grantee should also ensure that sub-awardees have complete and up-to-date audit documents. Tools that grantees can use for

monitoring include onsite reviews, audits, review of financial reports, review of programmatic reports, and a system to ensure that sub-awardees correct any deficiencies promptly.

Monitoring Sub-awardee Performance

There are numerous tools that grantees can use to monitor sub-awardees and partners. As previously stated, it is the responsibility of the grantee to ensure that their sub-awardees comply with the requirements and regulations of the NOA and their sub-award agreement. As such, grantees should have a clear understanding of costs, compliance, internal controls, etc., as needed to ensure this compliance.

Fidelity Monitoring

A key component of monitoring sub-awardee performance is monitoring the fidelity of program implementation. Fidelity is the faithfulness with which a program is implemented without compromising core content and delivery components. In other words, it involves delivering a program exactly as it was intended to be delivered. The overall goal of fidelity monitoring is to ensure that the program is being implemented with high quality and as planned to increase the likelihood of success. Factors that can contribute to poor program implementation include a lack of readiness or capacity by the organization or staff to implement the program, low skill on the part of the program facilitator, weak or inadequate training, a lack of ongoing monitoring, and adaptation or drift from the program model. Grantees may consider including expectations for fidelity monitoring in sub-awardee agreements to ensure high-quality program implementation.

Figure 4. Tools for Oversight of Partners and Sub-awardees

- Binding documents (memoranda of understanding, sub-award agreements) should include goals and timeframes, measurable performance outcomes, terms and conditions, responsibilities of each party, payment terms (if applicable), liability, and default or breach of contract, and agreements on how to amend or terminate the partnership or work.
- Project management tools include timelines, Gantt charts, Excel, and Microsoft Project files.
- Example forms of documentation that will be requested of the sub-awardees might include budgets, budget narrative content, periodic reporting on project progress, outcomes, fidelity monitoring tools, activities and evaluation efforts, challenges, successes, project changes, program/curriculum evaluation templates, site monitoring reports, and year-end reports.

Table 2. Grantee and Sub-awardee Roles

Role of Grantee	Role of Sub-awardee
Monitor program activities for program improvement	Assist the grantee in meeting the requirements of the FOA
Share fidelity monitoring information with local evaluator	Oversee own staff performance and ensure high-quality program delivery
Ensure responsiveness to the funding opportunity announcement	Deliver project activities with fidelity
Report accurate information about what happened and why the outcomes look the way they do in relation to program outcomes	Monitor project activities and outcomes for program improvement by submitting completed fidelity monitoring forms in a timely manner

Provide information for others who want to replicate your results or learn from your experience	Provide performance measure data to grantees

GENERAL BEST PRACTICES FOR FEDERAL GRANT MANAGEMENT

This section includes some best practices that organizations should consider as they manage federal grants, particularly when it relates to working with sub-awardees and partners.

1. Have a post-award kick-off meeting. There may be a need to conduct several of these meetings with internal staff and external partners and sub-awardees throughout the grant project period. A key component of the post-award kick-off meeting is to clearly define roles and responsibilities for everyone involved in the project.

2. Develop a common understanding among stakeholders of the requirements and scope (deliverables, goals, quality standards, success metrics, risks, and budget, time and resource constraints). This common understanding should be based on an in-depth understanding of the grant requirements and on a thorough review of the FOA, the CFR, and other regulatory documents applicable to the grant.

3. Put all necessary systems and policies in place. This includes some of the systems described in this document. For example:

   a. General financial management policies, procedures, manual, or guidelines (e.g., risk management, crisis management)

   b. Accounting internal controls, including approval and documentation of expenses, separation of duties, delegation of authority, check issuance, cash receipts, cash management, etc.

   c. Procedures for determining reasonableness, allocability, and allowability of costs

   d. Purchase and tracking of incentives

Best Practices: Policies and Procedures

Written: A best practice is to ensure that all policies and procedures are written, rather than in the heads of some knowledgeable people in the organization. They must be written in the simplest possible language, unequivocal in stating actions, uncluttered with excess verbiage, logically structured, consistent with federal regulations, and detailed enough to ensure proper use. This information must also be made accessible to all who may have a need to know it or to check them to refresh their memory.

Prescribed: Another best practice is that these documents reflect what the program and organization has decided the work is to be done, how requests are to be presented, how decisions are to be made, how conflict and risk will be dealt with, etc. Prescription implies official approval and sanction. The policies and procedures translate funding source regulations and organization's policies into concrete instructions. Consequently, they should clearly explain the rationale and include principal transactions and completed forms to serve as examples. Also, it should include templates of all the forms that should be used by staff. Ideally, the documents should include CFR and organizations regulations and provisions so they can be used across projects.

Standing: The instructions provided in the policies and procedures should be observed indefinitely into the future-or until the procedure is changed or withdrawn. Consequently, it is paramount that the documents be kept up to date. Grantees should develop a regularly scheduled meeting/time to review existing policies and procedures documents and identify any details that need updating. Without such meetings in place, it is likely that the documents will become dated and not applicable to current practices.

e. Cash management that meets standards in the Cash Management Improvement Act (https://fiscal.treasury.gov/cmia/)

f. Budget controls

g. Records retention policy

h. Procurement system and internal controls

i. Personnel system that complies with all laws and regulations

j. Time and effort distribution, including timekeeping, workflow, work allocation, etc.

k. Property management system

l. Travel policy

m. Auditing policies and procedures that meet standards in 2 CFR 200, Subpart F

n. Financial reporting

o. Closeout of sub-awardees

4. Map and define phases, deliverables, key milestones and sufficiency criteria for each entity involved in the project. This might include the development of a work breakdown structure (WBS), which according to the Project Management Body of Knowledge is "a hierarchical decomposition of the total scope of work to be carried out by the project team to accomplish the project objectives and create the required deliverables." A WBS helps break project work into manageable pieces and realistically assign resources. Tools such as a Gantt chart can be used to track progress on the WBS. A WBS is especially useful for large projects with many components. Key elements of a WBS include the following:

a. Identification of which organization, department, or individual is responsible for each specific grant activity

b. The scheduled start and end dates

c. Required resources

d. Estimated cost of the project

e. Charge numbers

f. Contract details, requirements, and milestones

g. Protocol for quality control, requirements, and standards

h. Technical information and resources needed to achieve desired results

5. Develop a risk-management plan.

6. Schedule reports.

a. Track and obtain approval from PO for modifications from original plans if timelines for completion of approved activities are getting off target

Key Questions for a Grant Monitoring Checklist

- Program Management

  - How familiar is the staff with program legislation, regulations, and guidance?

  - What organizational safeguards have been taken to ensure satisfactory implementation of the award? (e.g., if there is an eligibility requirement, how is it monitored?)

  - If research on human subjects or animals is done, are the proper protocols followed?

  - Are progress reports comprehensive and submitted on a timely basis?

  - Are the grant award, all amendments, and other relevant documents (e.g., written prior approvals) maintained in an orderly manner?

- Quality of Internal Operating Policies and Procedures

  - Financial

    - Does the financial system comply with key Accounting System Requirements detailed above? (e.g., Does it identify costs by program year and budget category and broken down by award? Does it properly segregate funds and distinguish grant versus non-grant related expenses? Does it minimize the time elapsing between the transfer of funds and disbursement? Does it have a procedure in place to ensure the receipt of reports on sub-awardees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the federal government?)
    - Is there a written financial management manual?
    - Are expenses supported by original source documents?
    - Are transactions posted at least monthly?
    - Are financial reports submitted as required and on a timely basis?
    - Are advances not in excess of immediate needs?
    - If applicable, is there adequate documentation to support in-kind contributions?
    - Does the financial system compare planned versus actual project expenses?
    - Are budgetary controls in place to ensure that project obligations are not in excess of total funds available?
    - Are administrative or indirect costs properly allocated among all projects?
    - If required, is an audit obtained?

  - Travel

    - Is there a written travel policy?
    - Are per diem rates the same for travelers under federal and non-federal projects? Are the rates reasonable?

  - Procurement

    - Is there a written procurement policy?
    - Is there a procedure to ensure that debarred or suspended contractors are not used?
    - Is there a written code of conduct?
    - Are procurement files maintained?

- Property Management
  - Are there written property management policies?
  - Does the organization have a written definition of equipment?
  - Is a property control log maintained? Are there procedures for disposing of property and equipment?
- Personnel
  - Is there a written personnel policy manual?
  - Is there an organizational chart with accompanying job descriptions?
  - Are salaries appropriate for the marketplace?
  - Are personnel activity reports used, and do personnel account for their actual time when working on multiple projects?
- Consultants
  - Is there a written policy governing the use of consultants?
  - Are invoices and program reports/deliverables required prior to payment?
  - Are rates competitive for the marketplace?
- Internal Controls
  - Are there internal controls to ensure that only eligible participants receive programmatic services?
  - Within the organizational chart and job descriptions, is there adequate separation of duties and responsibilities?
  - Are there internal controls to protect participant files?
  - Are different personnel tasked with reconciling the bank account, recording cash receipts, preparing invoices for payment, making payments, and recording the transactions in the financial records?

ADDITIONAL RESOURCES FOR MANAGING A FEDERAL GRANT

Family and Youth Services Bureau Resources for Grant Management: https://www.acf.hhs.gov/fysb/grants

Working with Sub-grantees to Monitor Fidelity: https://teenpregnancy.acf.hhs.gov/resources/working-subgrantees-monitor-fidelity

Sexual Risk Avoidance Education Program New Grantee Orientation Webinar
https://teenpregnancy.acf.hhs.gov/resources/sexual-risk-avoidance-education-program-new-grantee-orientation-webinar

Title V State Sexual Risk Avoidance Education Program New Grantee Orientation Webinar
https://teenpregnancy.acf.hhs.gov/resources/title-v-state-sexual-risk-avoidance-education-program-new-grantee-orientation-webinar

Title V Competitive Sexual Risk Avoidance Education Program New Grantee Orientation Webinar
https://teenpregnancy.acf.hhs.gov/resources/title-v-competitive-sexual-risk-avoidance-education-program-new-grantee-orientation