

MARYLAND



Governor's Grants Office

GRANTS MANUAL

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*This manual represents the work of several grants professionals throughout state agencies along with the staff of the Governor's Grant's Office which comprise the State Grants Team. Your comments and suggestions are welcome, contact:

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A MESSAGE FROM GOVERNOR MARTIN O'MALLEY

Dear Friends:

I am pleased to present the State of Maryland Grants Manual presented by the Governor's Grants Office.

Since 2004, the Governor's Grants Office has taught thousands of Marylanders about state and federal resources. The State Grants Team works to find, win and manage federal grants and has prepared this manual as a resource for Maryland State agencies, as well as grant seekers and managers in nonprofit and local governments. We hope that this publication provides direction and clarification as you navigate through the grant finding, management and reporting phases.

Each year, billions of dollars flow from federal resources to the State of Maryland and our sub-grantees, and every grant must be accounted for with accuracy and transparency. As you read this manual, please do not hesitate to connect with the Grants Office to seek additional advice and knowledge.

Thank you for your interest in grants in Maryland.

Sincerely,

A handwritten signature in black ink, reading "Martin O'Malley". The signature is written in a cursive, flowing style.

Governor



GOVERNOR'S GRANTS OFFICE

WEBSITE

The Governor's Grants Office (GGO) website offers many resources at grants.maryland.gov, including:

- List and Email notification services of currently available state grants
- Training materials (grants manual, webinars, presentations)
- Resources to find federal grants
- Resources to find private funders
- Lists of state agency and local government grants contacts
- Annual Report of federal grants received by Maryland state agencies

GRANTS TRAINING

The Governor's Grants Office provides various types of training and customized technical assistance for state employees working on grants. This grants manual represents the consolidated information on best practices and other federal grants information in one reference document.

Often in government, policy decisions are made and not properly archived. Trainings may be conducted but information isn't always captured or stored so that those who did not participate in the training can benefit. Therefore, the Governor's Grants Office makes their trainings and webinars available after the fact 'on demand' online at no charge.

GRANTS OFFICE ANNUAL REPORT

Each year, the Governor's Grants Office prepares an annual report that tracks and describes all federal funds received by Maryland state agencies. The report is a central part of all GGO activity as it provides transparency and a way to track the impact of federal grants on the Maryland state budget.

The information provided in the Annual Report is submitted by state agency Grants Points of Contacts (POC) appointed by the cabinet secretary or agency director. A list of POCs is available online. In addition to this person, there are many others involved in the grants process in each agency and at the local level.

THE ROLE OF THE AGENCY GRANTS POINT OF CONTACT

The structure of the Maryland Governor's Grants Office is based on a strong and skilled network of state agency Points of Contact (POC). Rather than concentrate knowledge on federal grants among the staff of the Grants Office, the intent is to embed strong grants skills in each state agency through these contacts, and to have these contacts be the primary conduit for training and information related to all aspects of grants. POCs are official liaisons to the GGO.

1. For every state agency that receives federal funds, the Cabinet Secretary or agency director will name a Point of Contact (POC.) In some cases more than one person may be asked to share this duty.
2. State POCs participate in regular Grants Team meetings and receive regular e-mails from the Governor's Grants Office. The POC will share information, as appropriate, with other agency staff. These items will include information on upcoming training and regulatory procedures and changes (state and federal).
3. State POCs are responsible for submitting notices about their state agencies grant notices of funding to the state grant portal at www.grants.maryland.gov. With the approval of the Cabinet Secretary or Agency Director, another agency staff person may be designated to keep this information current. Contact GGO for directions on how to submit a state grant NOFA online.
4. State POCs must stay informed about new federal grant opportunities, primarily via Grants.gov (the federal system of circulating information on new grant notices) but also by building and maintaining relationships with the appropriate federal agency grant officers. The Grants Office will assist POCs in staying current with this information, but actual procedures will vary by agency.
5. State POCs are listed on the Grants Office website and in the Grants Office Annual Report. As such, POCs are expected to handle a wide range of constituent calls, from elected officials to individual referrals from the Governor's office, local governments, non-profits, or individual citizens.
6. State POCs are responsible for preparing their agency's section of the Grants Office Annual Report. In most cases this will mean revising the submission from the previous year, using updated information provided by DBM as the basis for changes, but still relying on each agency's information to provide the most accurate report possible. Typically this process starts late in January and concludes with the Annual Report being completed by a spring date chosen by GGO.
7. State POCs are expected to know basic information on grants rules and procedures (OMB circulars, COMAR regulations, budget amendment procedures, audit requirements, etc.)
8. State POCs are expected, when appropriate, to have basic knowledge of foundation activity related to their topic of expertise. GGO staff will assist in this process as there are significant differences from agency to agency and foundation funds typically do not directly support state agency activities.

THE ROLE OF THE LOCAL GOVERNMENT GRANTS POINT OF CONTACT

Menu of Tasks, Duties, Knowledge, Skills, and Abilities Applicable to Local Government Grants Management and Coordination

The creation of the State Grants Team with Agency Points of Contact has led to a similar, but less formal network of both county and municipal officials who are now considered to be either official or unofficial local government Governor's Grants Office Points of Contact. Their job titles vary, with some people actually carrying the title of "Grants Manager" or "Grants Coordinator." Actual job descriptions can serve as samples and may include different description of what these positions entail. The following list includes a variety of tasks, duties, knowledge, skills, and abilities that could be possessed by a single individual, or could be shared among different individuals. There is no one standard of what a local government grants manager or grants coordinator must know or do, but the following list

includes many of the duties that are currently being performed by people in Maryland who hold these titles. We've also listed skill sets that would be helpful to administer grants.

Grants Acquisition:

- Monitor Grants.gov grant notices daily for opportunities that can be shared with the appropriate agency (though some may choose to have agency personnel receive their own daily Grants.gov notices).
- Develop procedures or protocols for deciding when the local government will submit a grant application.
- Subscribe to a service which provides foundation grant opportunities (though many local governments research themselves through a Foundation Center Cooperating Collection).
- Secure funding sources from public and private sectors.

Grants Coordination, Management, and Oversight:

- Build a team of grants contacts in each agency.
- Ensure that each agency contact has contact information for their relevant counterpart (grants contact) in the appropriate state agency.
- Have a working knowledge of federal rules, regulations, and compliance requirements (OMB Circulars, CFR, etc.)
- Ensure compliance with OMB Circulars, particularly the new OMB “Supercircular” guidance beginning Dec. 26, 2014. Training on it by OMB officials takes place at the Governor’s Grants Training Conference Nov. 13, 2014.
- Coordinate and/or conduct regular training for internal staff.
- Lead in the development, formulation, implementation, and clarification of policies and procedures for grants and other federal financial assistance mechanisms pertinent to the effective administration, management and review of grants government-wide.
- Develop and establish internal and external policies and procedures for grants management.
- Manage the coordination of all grants acquisition, management, and tracking functions.
- Lead the effort to implement grants management efficiencies and best practices across all departments.
- Direct budget allocation and reporting functions.
- Conduct research, prepare reports, and present recommendations to City and/or County Council, and Administrators.

List of Skills needed as a Grants Program administrator:

- Knowledge of grants negotiations and administration, federal, state & county laws, regulations, and procedures governing the awarding and administration of federal and state grants and federal cooperative agreements.
- Experience working with State and local jurisdictions.
- Ability to analyze and interpret data.
- Ability to manage, plan, organize, and coordinate multi-department/multi-tasked projects establishing priorities and working with deadlines.
- Clear communications and writing skills are needed to effectively convey financial and program requirements and expectations to all levels of employees affiliated with the planning, research, analysis, and implementation of grant funded programs.
- Knowledge of project management techniques, including planning, resource projections, and scheduling and demonstrated ability in providing project management for major course development projects and training initiatives.

Funder Relationship Building and Networking:

- Maintain regular contact with the Governor's Grants Office to stay current on new activities/trainings offered by the state.
- Initiate collaborative groups to foster cooperative intergovernmental grants initiatives among local, state, and federal government.
- Act as liaison to federal & state agencies.
- Regularly attend funders forums and grants related association meetings to network and build relationships with funders.

Subrecipient Relationship Building and Networking:

- Coordinate and/or conduct regular training for sub-recipients.
- Coordinate and deliver regular funders forums.



STAGES OF A GRANT

PRE-AWARD STAGE

The **Pre-Award Stage** is divided into two parts: *Assessment* and *Application*. The *Assessment Stage* requires certain skills related to identifying opportunities. The *Application Stage* is more detailed and includes drafting the proposal and fulfilling the many details involved in correctly applying for a federal grant, along with including the proper certifications and assurances and other internal administrative and budget review activities. (DUNS, CCR, EIN, Grants.gov all come into play in the pre-award stage.)

Assessment Stage

The Assessment Stage includes identifying your needs, understanding the many types of funders and types of funding, researching funders, and finding grant opportunities.

Identifying Your Needs

Identifying funding opportunities requires organization, persistence, personal contacts, record keeping, and hard work. To be successful, you must clearly identify what you want to fund based on the goals of the Governor, the Department Secretary, directors, and managers.

Expect to spend at least **40% of your time** looking for funds. **Establish your own guidelines** or **Standard Operating Procedures** for determining which funds to pursue.

When seeking funds:

1. Start from your own agency or programmatic strategic plan;
2. Identify which activities will move you forward and costs associated with such activities;
3. Do not change or create programs solely for funding purposes;
4. Identify grantors whose priorities match the needs of your agency and programs;
5. Make sure you identify, describe, and document the need for which you are seeking funding.

Types of Funders

Funders may represent government, foundations, or corporations.

Government. When exploring government funding sources, it is important to recognize that there are controlling factors that impact the dollar amounts, such as when the funds are authorized, how they are awarded and the manner in which they are awarded.

Government typically funds these types of programs:

- Community and Economic Development
- Education
- Environmental and Energy
- Housing
- Human Services
- Justice
- Health
- Recreation
- Transportation
- Water and Sewer Construction

Foundations. There are several types of foundations:

- **Private foundations** - include both “family” and “independent” foundations. Most private foundations are categorized as independent.
- **Community foundations** – locally based giving to organizations within a small geographic boundary. These foundations raise their own money and then make grants to organizations in their defined communities.
- **Corporate foundations** – these are independent of the corporation and often can be found on the corporation’s “corporate philanthropy” webpage.

When looking at foundations, first consider state located foundations, then national foundations. Corporate foundations often only give where their company conducts business. Foundations usually list the geographic areas they serve on their webpage. When writing a proposal to corporate foundations, your concept should be described in terms that will benefit them.

Choose foundations with missions, focus areas, and program priorities that are a close fit to your program or project. Foundations typically award grants for *specific purposes* (e.g. programs, building funds, operating support); *specific populations* (e.g. youth, homeless, elderly); *specific types of organizations*; and *specific geographic areas*.

These are competitive grants. Some have rolling deadlines while others may only accept applications once or twice a year.

Corporations. In addition to corporate foundations there are also corporate giving programs, which are similar to corporate foundations. The difference is that foundations are endowed whereas giving program funds are usually collected annually from employees through a giving campaign.

Often corporations fund projects that will bring them an improved public image, better products, happier or healthier employees, and lower costs. These types of funds are distributed through the marketing or divisional budgets aimed at specific types of projects. When looking for these types of funds, when you do not have a personal contact, start with the marketing or communications office. Examples may include in-kind services and sponsorships.

Researching Funders

The following organizations are excellent for identifying funding opportunities and can be accessed via the [Governor’s Grants Office](#) homepage. You also can subscribe to email notifications of available state grants at GGO’s site.

- Maryland Department of Planning Red Book Online offers a database of financial and non-financial assistance offered by Maryland State government agencies
- Maryland State Clearinghouse for Intergovernmental Assistance provides access to information regarding state, federal, and private financial and nonfinancial assistance programs, and grantsmanship and training resources
- Grants.gov provides a means to search for federal grants and to subscribe to federal grants notices of available funding. Searches also can be conducted on individual federal agency websites and some include a list of forecasted grants.
- The Foundation Center maintains the most comprehensive database on U.S. grantmakers and their grants. The Foundation Center database is available at no charge in [select public libraries around the state](#).

- Association of Baltimore Area Grantmakers (ABAG) provides a list of their members, which includes funders who provide grants in the Baltimore Metropolitan area and a common grant application accepted by their members and lists open grant opportunities.
- Regional Association of Washington Grantmakers provides a list of their members, which includes funders who provide grants in Montgomery and Prince George's Counties, and a common grant application accepted by their members.

Most funders provide guidelines, restrictions on who can apply, and deadlines online. If not, send them a brief letter describing your agency and requesting guidelines. A great resource from funders is their annual report. If not online, call and request a copy.

Types of Assistance

Formula grants distribute money according to an established plan prescribed by law or administrative regulation for activities that are continuing and not confined to a specific project. An example of a federal formula grant is the State of Maryland Food Stamp program and Title I (federal support for low-income schools).

Project grants are awarded through a competitive process (also known as discretionary funds) and provide funding for fixed or known periods of time. The funding is for specific projects or the delivery of specific services or products. For example, fellowships, research grants, technical assistance grants, experimental and demonstration grants, planning grants, etc.

Direct loans must be paid back. Funds are made available to organizations and individuals for a specific purpose and period of time. To make loans attractive to lenders, the government, for some programs, will insure/guarantee the loan. By insuring or guaranteeing the loan, the government protects the lender by agreeing to pay part or all of any default made by those responsible for repaying the loan.

Direct Payment/Specified Use financial assistance is provided directly to individuals, private firms, and other private institutions to encourage or support a particular activity. They may be tax credits, rent payments, scholarships, etc. Usually there is a condition for receiving this type of assistance. Often, the condition is based on a particular performance by the recipient.

Direct Payment/Unrestricted Use is financial assistance provided directly to beneficiaries who satisfy eligibility requirements with no restrictions imposed on the recipient as to how the money is spent. For example, retirement and pension payments and compensation programs.

Insurance is financial assistance that is provided to assure reimbursement for losses sustained under specific conditions. For example, flood insurance.

Technical Assistance is agency staff providing advice and assistance to Agencies, local governments, individuals and/or other organizations in completing specific tasks such as preparing plans, developing projects, grantsmanship, etc. Agency staff also may provide assistance for the publication and distribution of information or data of a specialized technical nature.

Direct services may include counseling, referrals or public safety assistance.

Application Stage:

Most federal agencies now require that grant applications be submitted online at grants.gov. Even if applying via mail, you must have the following information completed before you can apply or register for a username on grants.gov. (There are two recorded webinars on how to prepare to apply for a federal grant at [GGO's website](#).)

Grants.gov Registration

The following is taken directly from the grants.gov website. Helpful tutorials are available on the site that illustrate these steps. Registration approval takes approximately 3-5 business days; completion of all steps can take up to four weeks.

*STEP 1: Obtain DUNS Number. **Same day.*** If requested by phone (1-866-705-5711) DUNS is provided immediately. If your organization does not have one, you will need to go to the Dun & Bradstreet [website](#) to obtain the number. **Information for Foreign Registrants.*Webform requests take 1-2 business days.*

*STEP 2: Register with CCR. **Three to five business days or up to two weeks.*** If you already have a TIN, your CCR registration will take 3-5 business days to process. If you are applying for an EIN please allow up to 2 weeks. Ensure that your organization is registered with the [Central Contractor Registration](#) (CCR). If your organization is not, an authorizing official of your organization must register.

*STEP 3: Username & Password. **Same day.*** Complete your AOR (Authorized Organization Representative) [profile](#) on Grants.gov and create your username and password. You will need to use your organization's DUNS Number to complete this step.

*STEP 4: AOR Authorization. ***Same day.*** The E-Business Point of Contact (E-Biz POC) at your organization must login to Grants.gov to confirm you as an Authorized Organization Representative (AOR). Please note that there can be more than one AOR for your organization. In some cases the E-Biz POC is also the AOR for an organization. **Time depends on responsiveness of your E-Biz POC.*

STEP 5: Track AOR Status. At any time, you can track your AOR status by logging in with your username and password. Login as an "Applicant" by entering your username & the password you obtained in Step 3.

Once you are able to log into grants.gov, you can apply for grants. You need a specific version of Adobe Reader; the website will test your system to see if your computer is compatible. Once submitted, you can track your submission.

Reading the Notice of Funding Opportunity (NOFA)

When reading the NOFA pay close attention to the technical criteria as well as the content. Often times, grant applications that do not meet the technical criteria (number of pages, formatting, required attachments, etc.) are not reviewed for content, especially if there are a large number of applications. Most NOFAs will include a checklist of items that must be included. Please pay close attention to this list. Again, if something is missing, your application may not be reviewed.

While writing the grant, become familiar with the scoring or application review process. Use this as a guide to place emphasis on certain parts of the grant. If a section only gives 5 points and another 20, spend more quality grant research and writing time on the section with the larger point award. Also, try for any possible bonus points.

State agencies review applications for technical compliance with grant application instructions. Funding may be allocated based on a variety of criteria. The criteria to be used by the federal government will be specified in the grant application instructions. Following are types of criteria that may be evaluated, depending upon the grant:

- comparison to other states
- current level of infrastructure and/or provision of services to a specific population
- current statistics with regard to specific activities. Examples include: teenage pregnancy rates, dropout rates, low test scores in certain subjects, STD rates, per capita income.
- strategies that will be used to change and improve a current situation.

Writing and Reviewing the Grant Application

Your grant writer or program manager most likely will write the narrative for the grant and your budget person will formulate the budget and budget narrative. In addition you should have someone less familiar with the specifics of the grant review your application for grammar, consistency, the technical aspects, and required information. This person should be familiar with the NOFA and raise questions about content that might be missing or isn't clear.

Grant Submission

Do not wait until the day the grant is due to submit your application! When you submit via grants.gov, you will receive a string of confirmation emails. The first two (and most important) emails could take up to two days to receive. One confirms that your application was received and the other confirms that the application was successfully validated. If you do not receive these emails within the two day period, call the grants.gov Contact Center, 1-800-518-4726.

State Requirement

As part of the submission process, all agencies must adhere to the following Executive Order:

E.O. 12372 INTERGOVERNMENTAL REVIEW - MARYLAND STATE CLEARINGHOUSE

Federal Executive Order 12372, "Intergovernmental Review of Federal Programs," was issued with the desire to foster the intergovernmental partnership and strengthen federalism by relying on state and local processes for the coordination and review of proposed Federal financial assistance and direct Federal development. In most federal government grant opportunity announcements, they will refer to the states and territories that administer this program as a Single Point of Contact (SPOC). The Order allows each state to designate an entity to perform this function.

In Maryland that role is assigned to the Maryland State Clearinghouse for Intergovernmental Assistance ("The Clearinghouse"), a unit within the Maryland Department of Planning. Gubernatorial Executive Order 01.01.1983.17, signed by Governor Harry Hughes in 1983, established the role of the Clearinghouse in the grant and direct development process. As the

SPOC for the State of Maryland, it is the responsibility of the Clearinghouse to ensure that any project requesting funds or other assistance from federal or State of Maryland government agencies is consistent with known Maryland laws, regulations, and policies. This is accomplished by coordinating the review of specific applications for federal and state financial assistance, for direct federal development and for certain planning and other activities requiring intergovernmental coordination. The review process provides for the collection and transmittal of the views of state, regional, and local officials in Maryland. The review and coordination function for the Clearinghouse is outlined in Code of Maryland Regulations (COMAR), sections 34.02.01.04-.06 and 34.02.02.04-.07.

Grant applicants can be individuals, nonprofit or for-profit organizations, governmental agencies, including federal, state and local agencies, and organizations outside of the state that are requesting funds from the federal government or a state agency to be used in the State of Maryland. At the same time the proposals are submitted to the federal or state funding source, applicants are required to provide copies of the proposal to the State Clearinghouse. If the proposal includes any land use issues, it should be submitted to the Clearinghouse in advance of submitting. Contact the Clearinghouse at Clearinghouse@mdp.state.md.us or call 410-767-4490 to find out how many proposal copies are needed.

The Clearinghouse review process:

- Encourages state agencies and local governments to comment on state and federal activities;
- Minimizes duplication of effort and conflicting actions;
- Identifies and addresses potential inconsistencies between state, regional and local plans and objectives;
- Facilitates the resolution of concerns and issues before project or plan implementation;
- Strengthens communication and cooperation between various levels of government; and
- Promotes the development of policies that are consistent with state policies, goals and objectives.

AWARD STAGE:

This stage leads to the completion of award acceptance documents and other related activities tied to the state budget process.

Grant Awards

Agency staff must read the grant award documentation. If there are any questions about wording in the award documentation, the agency should call the federal government office that issued the award and ensure that everything is clarified. For the purposes of the grant provisions, the term grantee is used to connote either the agency grantee or subgrantee, as appropriate.

Official Notice of Grant Award (NGA): When a state agency receives a grant award from the federal awarding agency it will receive an official notice of grant award (NGA). The state agency notifies agency budget officials of the actual award amount.

Applicable statutes and regulations

By accepting funds under a federal grant, an agency agrees to comply with, and include in all subgrants, the grant provisions, all applicable federal statutes, regulations and guidelines, and any amendments. The agency agrees to operate the funded program in accordance with the approved grant application and budget, supporting documents, and other representations made in support of the approved grant application. Any inconsistency in the Grant Award shall be resolved by giving precedence in the following order (a) Applicable Federal Statutes, (b) awarding agency and other federal regulations, (c) Special Provisions, (d) General Provisions, (e) Notice of Funding Opportunity, and (f) the approved grant application including assurances, certifications, attachments, and pre-award negotiations.

State Appropriation Required

If there is no existing appropriation or if the federal fund appropriation is not sufficient to cover the additional funds, a budget amendment is prepared to create an appropriation. Funds cannot be expended without sufficient State appropriation. *Please refer to the Department of Budget and Management (DBM) grant review information below.*

Accounting Requirements

A request for a new Program Cost Account (PCA) should be forwarded to the General Accounting Division in the Comptroller's Office in order to appropriately track the expenditures against the approved award and budget. There may or may not be the need for a new subprogram. Agency staff should discuss this with DBM staff.

Grant Awards from a State Agency to a Grantee

The awarding state agency will issue a Notice of Grant Award (NGA) to a grantee that makes program or planning funds available. The NGA is included in an award packet that contains a cooperative agreement or grant agreement, the most relevant federal provisions, and the approved allocation. The cooperative agreement or grant agreement is a legally binding contract that binds the grantee to the award notice, approved grant/budget, and the provisions. Awards are not legally valid until a signed cooperative/grant agreement is received by the agency. The agency must ensure that the NGA contains the following information:

- Name, address, telephone number, and email address of the granting State agency's point of contact;
- Grant or subgrant number assigned by the State agency;
- Catalogue of Federal Domestic Assistance (CFDA) number if the funding is from a federal grant;
- Beginning and ending dates of the award;
- Name, title, address, and telephone number of the official point of contact for the grantee;
- Grantee's federal tax identification number or Employers Identification Number (EIN), Dun and Bradstreet Universal Numbering System (DUNS) number, and proof of Central Contractors Registration (CCR) if funding is from a federal grant;
- Amount of funds awarded and the amount of any financial or in-kind matching resources, if any, that the grantee must contribute;
- Signature lines for the authorized representatives from the Agency and grantee; and
- Language incorporating the original application for funding by reference.

Changes from time of application to time of award: If the award amount and/or project period are different from those in the grantee's original application, or if the Agency requires further clarification of proposed performance standards, the grantee must submit and obtain approval of the necessary modifications. This may be accomplished either prior to the final award or

afterwards. If afterwards, the award shall contain a special condition that prohibits expenditure of funds by the grantee until submission and approval of the required modifications or clarification.

Administrative requirements: The terms and conditions stated in the award document must specify administrative requirements to which the grantees must adhere. The terms and conditions shall contain, but not be limited to, the following items:

- A statement that the award is being made from federal grant funds awarded to the Agency and the CFDA number, if applicable;
- Citations to the statute and implementing regulations that authorize the award;
- All applicable federal and State of Maryland regulations, such as Title 2 of the Code of Federal Regulations (CFR), OMB Circulars A-21, A-102, A-110, A121 and A-133;
- Payment provisions identifying how the grantee will be paid for performing under the award;
- Reporting requirements including programmatic, financial and any other reports required by the Agency;
- Compliance issues and conditions that must be met by the grantee;
- Deliverables, deliverable dates, reporting requirements, and the basis for payment;
- A statement that the State of Maryland reserves all rights to use any remedy available in law or regulation for the non-compliance with the grant agreement.

Agency Records

The Agency must establish official records of awarded grants or subgrants. The Agency shall incorporate into its award files and retain the records of all awarded applications and subsequent reports for the period required by federal and state guidelines for grant records.

Length of Grants

Grants may be one year or multi-year awards. Funds are available and costs allowable for the specified award period. For the purpose of the grant, the award period is the complete length of time the grantee is proposed to be funded to complete approved activities under the grant. Use of federal funds is authorized at the start date of the award unless otherwise approved.

The federal awarding agency may suspend or terminate the grant under the regulations and authority contained in the relevant Code of Federal Regulations (CFR). In addition, the state agency may suspend or terminate assistance to one of its subgrantees provided that such action affords the subgrantee, at a minimum, the notice and hearing rights described in the CFR.

Department of Budget and Management Grant Review

Federal funds are awarded at the State agency level. The State agency budget office is responsible for informing the Department of Budget and Management (DBM) of any new award. **This notification to DBM should occur as soon as an agency becomes aware that new federal funding is probable.** Normally notification to DBM takes the form of a budget amendment or a deficiency appropriation request (see below). The budget amendment process, from the time an amendment is received at DBM to the time it is recorded by the General Accounting Division in the Comptroller's Office, can take up to 60 days.

The information that should be provided to DBM is listed below:

1. Catalogue of Federal Domestic Assistance (CFDA) number and full name of the federal fund source associated with that number.
2. Date of award if known, or probable date of award.

3. Purpose of funds: How are the funds to be used by the State?
4. Total amount of grant.
5. Approximate expenditures of the funds by fiscal year. How much will be expended in the current year and how much in each subsequent year? The agency should thoroughly read the authorizing legislation to determine whether there is a time limit on how quickly the funds must be spent by the State.
6. Copy of the grant award letter must be attached when the budget amendment is submitted and/or when the above information is provided.
7. Is the federal grant eligible for indirect cost recovery? This issue has become the subject of audit findings for some agencies that received federal funds.
 - The State agency should obtain documentation from the federal agency about whether or not indirect cost recovery is allowed. Sometimes this is mentioned in the paperwork accompanying the grant award.
 - There are two types of indirect cost recovery: agency indirect and statewide cost allocation. Agency indirect costs would be the administrative costs within the agency that support agency operations. Statewide cost allocation are those costs incurred by other State agencies in support of multiple state agencies.
 - If the grant is eligible for agency or statewide indirect cost recovery and the State agency is not included in the Statewide Cost Allocation Plan (SWCAP), the agency should contact DBM so that it can be included in the Plan.
 - There are cases where an agency indirect cost recovery rate is approved by the federal government, but the agency chooses to forgo the agency indirect recovery in order to put more dollars into services.
 - The statewide indirect costs should still be recovered and would revert to the General Fund.

In order to use the federal funds there must be a State appropriation. The appropriation can occur in two ways. A budget amendment or deficiency request may be processed for the current fiscal year, and/or funds may be included in the Governor's Allowance for the next fiscal year.

A **budget amendment** changes the appropriation for the current year in the following ways: It may:

1. Transfer funds within an agency or a department,
2. Transfer funds between agencies, or
3. Add additional federal or special funds to the appropriation.

If an amendment transfers federal funds from one agency to another, especially as a reimbursable amendment, the CFDA number and full name of the federal fund source must be noted on the amendment.

Refer to the legislative budget amendment review process on following pages.

A **deficiency appropriation** may be requested instead of a budget amendment if the funds are not needed until after April of the current year. The deficiency appropriation would change the current year appropriation by adding federal funds to the budget.

Budget Amendment or Deficiency Appropriation: To determine whether a budget amendment or deficiency appropriation is needed, the agency should work with DBM to determine the following.

1. Which current budget program is the most appropriate for the federal funds? Perhaps the funds should be budgeted in more than one program. Perhaps an entirely new program is necessary.
2. If there is an appropriate current budget program, does the program already have a federal fund appropriation? Perhaps the estimate of use of one or more federal fund sources was too optimistic at the time the appropriation was approved. In many cases the federal fund appropriation is sufficient to cover expenditures related to a new award that occurs in the middle of a fiscal year. The budget appropriation is approved with “federal funds” which are not limited to specific CFDA numbers or the fund “sources.”
3. If there is insufficient current federal fund appropriation in the budget program where the funds should be spent, a budget amendment or deficiency request will be needed. DBM will work with the agency to determine whether the agency should prepare a budget amendment or a deficiency request.

Future Years: If funds will be spent in a future fiscal year, those funds should be requested in the Governor’s Allowance. The budget requests are usually due in September, although the due date varies by agency. If an award is announced after September, the agency may request that funds be included in a Supplemental Budget. A Supplemental Budget may be submitted by the Governor during the legislative session in order to amend or supplement the budget bill. Agencies should refer to the DBM Budget Instructions (on the DBM website) for details on the budget submission.

Legislative Budget Amendment Review Procedures

The Governor has statutory authority to amend appropriations after enactment of the budget. This authority includes the power to (a) increase special, federal, and higher education fund appropriations beyond amounts provided in the budget bill to the extent funds are available, and (b) realign funds within an agency’s programs. This authority does not include the power to increase general fund appropriations. General funds may be increased only via a deficiency appropriation to the extent funds are available.

Special, federal, and higher education funds may be transferred as reimbursable funds to another agency by budget amendment if the following applies:

1. Funds are available to the sending agency through a federal or other restricted grant or contract;
2. The use of funds is directly related to the grant or contract AND the statutory duties of the receiving agency; and
3. An amendment is sent to DBM to be processed. Each amendment requires the approval of: the Secretary of DBM, the Governor, and the Board of Public Works (BPW).

Budget Amendment Restrictions

Budget bill language provides that budget amendments increasing special, federal, or higher education fund appropriations, or reimbursable fund transfers from the Governor’s Office of Crime Control and Prevention or the Maryland Emergency Management Agency, are subject to the following restrictions:

- Budget amendments increasing total appropriations in any fund account by \$100,000 or more may not be approved by the Governor until the amendment has been submitted to the Department of Legislative Services (DLS) and the budget committees or the Legislative Policy Committee (LPC) have considered the amendment or 45 days have elapsed from the date of submission of the amendment.
- Each amendment submitted to DLS shall include a statement of the amount, sources of funds and purposes of the amendment, and a summary of impact on budgeted or contractual position and payroll requirements. Amendments may affect one or more funds.
- Unless permitted by the budget bill or the accompanying supporting documentation or by other authorizing legislation, a budget amendment may not:
 - restore funds for items or purposes specifically denied by the General Assembly,
 - fund a capital project not authorized by the General Assembly provided, however, subject to provisions of the Transportation Article, projects of the Maryland Department of Transportation (MDOT) shall be restricted as provided in the budget bill.
 - increase the scope of a capital project by an amount 7.5% or more over the approved estimate or 5% or more over the net square footage of the approved project until the amendment has been submitted to DLS and the budget committees have considered and offered comment to the Governor or 45 days have elapsed from the date of submission of the amendment. This provision does not apply to MDOT.
 - provide for the additional appropriation of special, federal, or higher education funds of more than \$100,000 for the reclassification of a position or positions.
 - increase a federal fund appropriation by \$100,000 or more unless documentation evidencing the increase in funds is provided with the amendment and fund availability is certified by the Secretary of DBM.
- The Governor may make no expenditure or contractual obligation of funds authorized by a proposed budget amendment prior to approval of that amendment.

Notwithstanding the above, any federal, special, or higher education fund appropriation may be increased by budget amendment upon a declaration by BPW that the amendment is essential to maintaining public safety, health or welfare, including protecting the environment or economic welfare of the State.

- All amendments distributing federal disaster assistance are exempt from the process.
- Fund increases transferring amounts from the Sunny Day Fund, following approval by LPC, are exempt from this section.

- Fund increases transferring amounts from the Major Information Technology Development Project Fund, following approval by LPC, are also exempt from this section.
- Amendments under \$100,000 and ones that have been signed by the Governor following legislative review require no action by the legislature.

The Basic (Legislative) Budget Amendment Review Process

1. DBM submits budget amendments to the Department of Legislative Services (DLS).
2. Amendments are distributed to the budget analyst at DLS assigned to that policy area for review.
3. The analyst has approximately five working days to do the evaluation and prepare a brief summary of the budget amendment. Depending on the analyst's assessment, there are two ways to proceed: process the budget amendment as submitted OR raise issues regarding the budget amendment.

Process as Submitted - If the analyst recommends that the budget amendment should be processed as submitted, they prepare a summary of the budget amendment, which includes:

- the agency or unit affected;
- the amount by which appropriations are to be increased;
- the source of the additional funds;
- how the additional funds became available; and
- how the funds are to be used programmatically.

Raising Issues - If the analyst identifies policy issues related to the amendment, a letter is prepared which summarizes the amendment, the issues, and a proposed course of action.

The following are possible recommendations options for budget amendments: process the amendment as submitted; process the amendment subject to conditions; the agency should revise the amendment and resubmit; or the agency should withdraw (i.e. committee rejects agency's amendment).

4. Once approved by the director, the letter is sent to the budget committee chairmen. The letter contains a date (generally 14 calendar days from the date of the letter), by which time the Chairmen should respond should they wish to hold a hearing or comment to the Governor on the budget amendment.
5. On the 14th calendar day after the letter is sent to the budget committee chairs, a letter is mailed to DBM under the signature of the Office of Policy Analysis director. The letter recommends that the amendment be processed, unless concerns are raised regarding the

budget amendment. If there are concerns, then the letter provides DBM with information regarding the issues and/or hearing dates.

POST-AWARD STAGE:

There are several activities associated with the Post-Award Stage after an agency receives a Federal award from the “Awarding Agency.” Some of these activities require specific information per the grant (i.e., the specific information to include in Progress Reports). These specific activities are commonly included in the *Terms and Conditions* document that accompanies a grant award notice. Below is a general overview of what to expect during the Post-Award Stage. This is not meant to be an inclusive list of all requirements of a federal grant.

Contractors/Vendors and Sub-Grantees

Once an award is granted, you may have a need to acquire goods and services to fulfill the objectives of the project. First, you must distinguish between contractors and sub-grantees.

Contractors are designated by the type of goods or services they provide. If the goods or services are within the normal business operations and include the kinds of goods or services purchased by the organization then it is a contractor and the Agency should follow the rules and regulations for state procurement. For example, the purchasing of office supplies, equipment, or consulting services. Typically in a procurement, only one contractor is selected.

Sub-Grantees must be selected through a competitive process. If only one award is being granted, provide the provisions of the sole source award in the NOFA (Notice of Funding Announcement). A sub-award is used when a significant portion of a project/mission is performed by another entity (i.e., providing counseling services to the target population). The relationship between the sub-grantee and the Agency is one of assistance in meeting project goals. Often several sub-grantees are selected.

The sub-award process does not follow the rules and regulations for state procurement; therefore, is not required to go through the Agency’s procurement office. The process and selection is performed by the unit within the Agency that is the primary awardee. An explanation of a sub-award NOFA is below.

Before selecting a sub-grantee the Agency should check the federal Excluded Parties List System at www.epls.gov to determine whether or not the potential sub-grantee has been suspended or disbarred from receiving federal funds.

Work with your budget/finance office to establish Program Cost Account (PCA) to track all grant expenditures.

Sub-Awards/NOFA

The sub-award NOFA, which explains the project and lists information necessary to apply for a grant, should include:

- Prime awardee name (i.e., State Agency)
- Name of grant program
- Catalog of Federal Domestic Assistance (CFDA) number,

- State Agency contact name and contact information
- Eligibility criteria
- Statement of Work (SOW) that includes relevant goals of project, reporting requirements, project terms
- Target population
- Maximum award amount
- Application/proposal content and formatting requirements including any State or federally mandated forms and requirements
- Submissions deadlines and instructions (make sure to include a time)
- List of applicable federal regulations and their location in the OMB Circulars
 - Uniform Administrative Requirements (A-102, A110)
 - Cost Principles (A-21, A-87, A-122)
 - Single Audit Compliance Requirements (A-133)
- Application review criteria

There may be other categories to add based on Agency or Awarding Agency requirements. The actual application can be in narrative form or simple application.

Reports

In addition to fulfilling a requirement of the grant as defined in the *Terms and Conditions* as specified by the Awarding Agency, Progress Reports and Fiscal Reports provide program staff an evaluation of the overall performance toward reaching the goals stated in the grant proposal. Generally, each federal agency has their own format or form to use for these reports.

Progress Reports

Progress Reports are required at the end of each performance period (quarterly or semi-annually as stated in the award *Terms and Conditions* from the Awarding Agency). These reports, completed by the Agency program staff (e.g., grant manager, project director, program manager), typically include updates on activities that occurred during the current performance period and may include specific statistics as required by the *Terms and Conditions* of the award.

The Progress Report addresses each goal and objective outlined in the original grant proposal. Additionally, consider providing the following information:

- Quantifiable accomplishments for the current performance period (e.g., a goal is to “reduce expenditures by 15%”). You might include a chart that shows the total grant award at the start of the grant, a total of the expenditures at the end of the current performance period, and the percentage difference.
- Accomplishments and various tasks that were carried out. Whenever possible, progress made on project activities should be supported by relevant documentation and/or data.
- Problems encountered that affected project progress and corrective action taken and/or planned.
- Successful and unsuccessful strategies.
- Grant objectives that need to be re-examined and/or modified.

Fiscal Reports

Every Agency has a protocol for completing Fiscal Reports and these vary depending on the organizational structure of the Agency. Generally, the fiscal and program staff work together to ensure that:

- reimbursement requests (revenue) are posted for the prior quarter;
- all expenditures are allowable costs based on the relevant OMB Circular and represent reimbursement of expenditures incurred;
- staff assigned to the grant appear in the payroll database and that payroll is accurate in RSTARS; and
- expenditures are consistent with program activity and on course to be expended by the close of the grant.

Monitoring

Agency level monitoring of the grant ensures that the grant purposes are met. Internal monitoring can identify and remedy problems in advance of an audit by the Awarding Agency. The internal monitoring should ensure that everyone involved with the grant understands the program requirements and that the Agency has policies and procedures in place to meet the program requirements.

Administrative grant monitoring activities can include (specific requirements for monitoring are included in the grant's *Terms and Conditions*):

- Conducting site visits to observe program activities and implementation;
- Maintaining a central master file containing the grant proposal, grant award, special conditions, budget and budget revisions, any requests for proposals, invitations to bid, contracts, quarterly reports, final reports, financial reports and any pertinent correspondence;
- Ensuring that special conditions accompanying grant awards are reviewed, negotiated, approved with the Agency, and transmitted to the funding source;
- Ensuring those grants involving the use of human subjects for research follow Institutional Review Board (IRB) and appropriate Agency policies;
- Providing training and technical assistance on state and federal requirements as well as Program specific requirements; and
- Reviewing programmatic and fiscal reports.

Questions to consider include:

- What terms and conditions apply to the grant? What program requirements are applicable from the federal program?
- Are there sub-grantees to monitor? What terms and conditions flow down to the sub-grantees? Is the A-133 Single Audit applicable? If so, is the sub-grantee compliant?
- How are invoices processed, approved and paid?

Grant Modifications

Programmatic Modifications

Need to be requested in advance and approved in writing prior to modification implementation.

Fiscal Modifications

Need to be requested in advance and approved in writing prior to modification implementation.

Final Reconciliation

Final Reports

Progress

- Cumulative
- Achieve goals and objectives
- Impact
- Any reports, publications, etc.

Fiscal

- Inventory of equipment
- Zero balance
- Final payments

CLOSE OUT STAGE:

Generally, within 90 days after the end of a grant, a final report (Final Financial Report) is required to show the total expenditures of the grant by category and the balance of the grant. Any portion of the grant monies left is returned to the Awarding Agency. Most Awarding Agencies have specific Close Out procedures and timelines. Refer to the *Terms and Conditions* for the grant. The Close Out procedures should be reviewed and timelines noted at the beginning of the grant implementation.

RECORD RETENTION

All grant files must be retained at the conclusion of the grant activity for a specific period of time. Generally, grant files must be retained for a period of three years (3) after the conclusion of the grant period including any audit and resolution of audit findings.

In addition, the Department of General Services-Records Management Division maintains a Records Retention and Disposal Schedule. Each Agency has a Records Retention Schedule for their respective divisions/units.

-end-

**This report was first published as a project of the Maryland State Grants Team, under the direction of Merrill Oliver, deputy director of the Maryland Governor's Grants Office (2003-2014)..*