



VERMONT

STATE OF VERMONT

DEPARTMENT OF PUBLIC SAFETY

GRANTING PLAN PART 1

FINANCIAL GRANT MANAGEMENT

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Introduction

Forward

This manual is for those in all levels of responsibility using and managing grant funds by the State of Vermont, Department of Public Safety (DPS). This document is the department's required plan in accordance with the Agency of Administration Bulletin 5, *Policy for Grant Issuance and Monitoring*. Grants are agreements with the Department of Public Safety not individual divisions of the department. This manual does not supersede state or federal regulations. Rather this document has been drafted to ensure grants are managed in accordance with all applicable regulations.

Granting Plan Mission Statement

The administration division collaborates with program workcenters to efficiently obtain and effectively manage grants and subawards. The Financial Administrators in DPS apply consistent DPS grant management policies and procedures.

Definitions

Account code: assigned by the Agency of Administration Department of Finance and Management and used in the VISION accounting system to track expenditures. Expenditures for subawards are coded as follows: municipalities - 550000; for all other - 550500; and cooperative agreements - 550510.

Advance Notice to Proceed: Per DPS memo from Commissioner Keith Flynn, dated April 8, 2011, DPS does not reimburse costs incurred prior to the full execution date. However, in rare circumstances DPS appointing authority may approve an advanced notice to proceed which will allow reimbursement of pre-award costs that have occurred within the performance period.

Agency of Administration (AOA): the State of Vermont executive branch Agency with primary responsibilities related to human resources, statewide accounting and budget management, physical plant and IT infrastructure, and contracting and general services. As principal administrative aide to the Governor, the Secretary of Administration issues general policy requirements through administrative memoranda and bulletins to implement executive orders and legislative mandates applicable to the executive branch of state government.

Award: grants, contracts and, other agreements between a State, local and Indian tribal government and the Federal Government. This includes financial assistance and other agreements as described in 2 CFR 200.38.

Budget modification: any change to the approved budget during the fiscal year.

Competitive grant: also known as a discretionary grant. The awarding agency reviews applications, in part through a formal review process, in light of the legislative and regulatory requirements and published selection criteria established for a program. The review process gives the awarding agency discretion to determine which applications best address the program requirements and are therefore, most worthy of funding.

Conflict of interest: a pecuniary interest of an employee in the award or performance of the grant, subaward or contract, or such an interest, known to the employee, by a member of his

/her immediate family or household or a business associate. Every effort should be made to avoid the "appearance" of a conflict of interest in the granting process. An appearance of a conflict is anything that would lead a reasonable person to question whether this grantee was selected for improper reasons.

Delegation of Authority/Signature Authority (i.e. Appointing Authority): organization heads include those officers occupying appointive positions defined in 32 VSA 1003 (b); to include the exempt deputies of agency secretaries and department commissioners, elective officers and their deputies who head operating departments and heads of divisions, boards, committees and commissions *not reporting to* a department commissioner. As of the date of the last revision of this document, the Department of Public Safety only has a Commissioner and Deputy Commissioner qualified as Appointing Authority under this definition (see Bulletin 3.3)

Discretionary Grants: Funds may be distributed based on the discretion of the DPS. In such cases, potential grantees apply directly to the DPS and are selected to receive funds, in a competitive environment. Such grants are considered “discretionary grants”.

DPS Restricted Parties List: the Department of Public Safety has policy AU-04 for enforcement of the requirements under subrecipient agreements and other department requirements.

Entitlement grant: a grant established by legislation or granting agency. Legislation frequently establishes the method by which the granting agency will distribute the appropriated grant funds. Formula grants fall into this category.

Equipment: tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit as defined in 2 CFR 200.33. Capital assets are not necessarily tangible however in accordance with VISION Procedure #1 they are part of the DPS’s asset inventory. A granting agency may use its own definition of equipment provided such definition would at least include all equipment defined in regulation. The definition of equipment is separate from the threshold for contracting requirements.

Execution date: the date the Department of Public Safety Appointing Authority signs a subaward agreement.

Federal Extension: federal agencies may authorize an extension of their grant performance period and/or close-out (liquidation) period in accordance with their procedures.

Federal Funding Accountability and Transparency Act (FFATA): the intent of FFATA is to empower every American with the ability to hold the government accountable for each spending decision. The goal is to reduce wasteful spending in the government. The FFATA legislation requires information on federal awards (federal financial assistance and expenditures) be available to the public via a single, searchable website, which is www.USASpending.gov.

Formula grant: a grant specifying a precise formula in the legislation creating the program. The specified formula is a rule that tells potential recipient governments precisely how they can calculate the quantity or portion of appropriated aid to which they are entitled under the provisions of law, as long as the recipient qualifies for such assistance under the stipulations of the program. All formula grants distribute funds to states or localities proportionally, based on the locality’s relative standing given the formula specified.

Financial Office: the office located in DPS Administration division charged with consolidated coordination and financial management of all grant funds used by DPS and subawarding activities of funds passed through DPS regardless of fund source. This office will be the primary point of

contact for subrecipient and the primary point of contact for federal agencies on financial matters. The Financial Office will maintain the official file for all DPS awards and subawards passed through DPS.

Grant Application: any documentation required by a granting agency or entity as a condition of receiving a grant. This includes federal, private or other grants.

Hard match: allowable costs borne by non-Federal grants or by others cash donations from non-Federal third parties that contribute to the achievement of the project/program goals during the period to which the cost sharing or matching requirements applies.

Indirect Costs: means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved (2 CFR §200.56). Each organization must research their appropriate section of the Uniform Guide to determine if they may apply for an indirect cost rate or an Allocation Cost Plan. The Department of Public Safety has a federally approved Modified Total Direct Cost (MTDC) indirect cost rate with a Simplified Method (see 2 CFR §200.68) and must apply it to all programs unless a federal agency has a publicized approved exception under 2 CFR § 200.414 (c).

Joint Fiscal Office (JFO) and Committee (JFC): provide non-partisan financial analyses to the House and Senate Appropriations Committees, the House Ways & Means Committee, the Senate Finance Committee, the House and Senate Transportation Committees, and the Joint Fiscal Committee. The Office also provides additional non-partisan staff support to committees in a variety of fiscal areas including health care, education finance, institutions and general fiscal analysis. The Committee also has the authority to approve the acceptance of grants by state agencies and departments and approve establishment of positions when the legislature is not in session.

Letter of Understanding (LOU): see Subrecipient Agreement

Match (Non-Federal Share): the value of state, local or private contributions that support the performance of a grant funded project and are not charged to the federal government. Match can be “hard” or “soft” dependent on the source of the funds. (See Hard and Soft Match in this section).

Memorandum of Understanding (MOU): see Subrecipient Agreement

OMB: the U.S. Office of Management and Budget.

Performance Period: the time during which a subrecipient can incur costs and perform eligible work under a subrecipient agreement. The period will not start until the subrecipient organization and the appointing authority for Public Safety fully execute the subrecipient document.

Primary Pass-Through Entity: the State of Vermont agency assigned the responsibility for receiving and reviewing the Single Audit of a particular subrecipient (GASB 24).

Program Manager: a DPS employee in a program workcenter responsible for implementation, monitoring and reporting of grant and subaward activities.

Program Workcenter: any division, unit or office within DPS using granted funds to accomplish the DPS objective or function for which that work unit is responsible. The use of the funds may be in-house or the DPS unit may subaward the funds to elements of local government, boards,

commissions, nonprofit organizations or other eligible subrecipients to accomplish the intended purpose of the funding agency.

Risk assessment: the identification and analysis of relevant risks to the achievement of the objectives of an organization. The key to risk assessment is using it as a tool to institute controls to manage and mitigate risk.

Soft match: the value of third party in-kind contributions to the achievement of the project/program goals during the period to which the cost sharing or matching requirements applies.

SOV: State of Vermont.

Subrecipient Agreement: the legally binding document that authorizes the expenditure of funds. DPS uses the term subrecipient agreement to refer to grants they issue as a pass-through agency and for agreements we issue that are out of our direct appropriation. The subrecipient agreement has the written terms, period of performance, scope of work, reporting requirements and all conditions of the subaward funds. The subrecipient agreement is only valid after all parties have expressed their agreement to all terms by signing the document. Letters or memorandums of understanding serve the same purpose for intra-DPS or intra-State subaward of funds respectively. All DPS subrecipient agreements are managed in accordance with Agency of Administration Bulletin 5, 2 CFR 200 and this manual.

Subrecipient: in this document means a non-federal entity accountable for the use of the funds received from DPS to carry out a federal or state funded program.

Point of Contact

As a matter of DPS grant management policy, the Administrative Division will be the point-of-contact to receive and store the following documents:

- *Grant announcements & solicitations*
- *Grant funded invoices*
- *Federal grant application*
- *Grant close out letters*
- *Federal grant agreement to DPS*
- *Grant monitoring notice, letters and correction plans (reviews and audits)*
- *Required federal reports*
- *Subaward applications*
- *Key communications (i.e. memos, presentations, emails, etc.) from federal agencies*
- *Subaward agreements*
- *Subaward requests for reimbursement*
- *Requests for reimbursement from granting agency*
- *Subaward funded invoices*

References

- *Department of Finance and Management [Budget and Accounting Glossary](#) and [VISION Glossary](#)*
- *Office of Management and Budget (OMB) issued Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Final Rule, called "Uniform Guidance" 2 CFR 200 <http://finance.vermont.gov/policies-and-procedures/grant-guidelines-and->*

[procedures](#)

- Vermont Statutes
- Agency of Administration [Bulletins](#)
 - Agency of Administration Policy for Grant Issuance and Monitoring [Bulletin 5](#)
 - Agency of Administration Contracting Procedures [Bulletin 3.5](#)
- SOV Department of Finance and Management [Policies, Procedures, Guides and Reference Materials](#)
- OMB Circulars:
 - CFR Title 28 – Justice
 - CFR Title 29 – Labor
 - CFR Title 44 – Emergency Management
 - CFR Title 49 – Transportation
- Federal Grant Agreement terms and conditions outlined in awards

Policy Exceptions

Exceptions to the DPS Granting Plan must be documented with the written approval of the appointing authority of Public Safety. All exceptions are to be retained in the official grant file.

Approval of alternative from Bulletin 5 procedures must have an approved waiver signed by the Commissioner of Finance and Management. DPS should not issue or monitor grants in a manner that is not in full compliance with Bulletin 5 without prior approval.

Attachments

1. *Division of Responsibilities Table*
2. *Subrecipient vs. Contractor Determination Checklist*

Chapter One: Life Cycle of a Grant

Purpose

This chapter is a description of the overall process of how DPS applies for and manages grants under a centralized grant management concept. This chapter is not all-inclusive of the requirements but a guide to the process. Within this document is a comprehensive list of the grant workflow (attachment 1).

Steps

I. Funding Opportunity Identified:

When anyone in DPS becomes aware of an opportunity to apply for grant funds, they should notify the manager of the potential program workcenter. The program workcenter manager decides if the opportunity is applicable and feasible and makes a decision to start the application process. Once the program workcenter manager decides to pursue a grant opportunity, the program workcenter manager should immediately notify the Financial Office of their intent to apply for the grant. The program name and grant solicitation should be forwarded to the Financial Office Supervisor(s). The Financial Office Supervisor will assign the appropriate Financial Administrator to perform the financial administration of the potential new or ongoing program.

II. Strategic Review:

The DPS program workcenter together with the Financial Office staff completes DPS Strategic Grant Review Form (GMU-101)¹ and submits it to the appointing authority for consideration and approval for each grant program (the form is used for both new and reoccurring awards). Its' intended purpose is to make sure that all of the impacts of the grant are fully understood by all parties before we apply. Impacts on the Department can change from year to year and this should be noted on the form before each application is submitted. The appointing authority will determine whether to accept and apply for any funding opportunity given impacts on the department. These funding opportunities subject to the Strategic Review Form can be new or reoccurring. Appointing authority (Signature Authority) is defined on page 4 under definitions, and in the Agency of Administration Bulletin 3.3.

III. Grant Application Development:

The staffs of the program workcenter and the Financial Office cooperatively develop the grant application. The application developers may solicit participation in the process from interested parties outside of DPS. The awarding agency normally stipulates the application elements and format. DPS will follow their instructions. Applications should be prepared and packaged in a

¹ *The Strategic Review form must identify impacts of the funding i.e. staff time, overhead costs, administrative costs, office space requirements, matching requirements, maintenance of effort requirements, etc.*

clear, well-organized manner that reduces the need for follow-up questions. The application can be completed concurrently with the Strategic Review (GMU 101).

Grant Application Deadline:

Grant applications should be complete and ready for final appointing authority review, signature and processing with sufficient lead-time before the due date of the application to allow thorough appointing authority review.

Grant Application Submission:

The Financial Office obtains all required signatures for the application and submits the application, assurances, signed certifications and other supporting documentation as required under the grant application guidelines and procedures.

IV. Grant Acceptance:

The Financial Office is the official recipient of any award notification. Upon receipt of an award notification or authorization to proceed, the Financial Office may need to complete the new award acceptance process or AA-1.

When the federal agency has granted the funds and AA-1 is approved, then the Financial Office will notify the program workcenter and establish a master grant file, document critical dates², and will make appropriate entries in VISION fund/grant tracking and reporting systems.

Joint Fiscal Committee (JFC) AA-1:

All new awards to the state require the legislature to approve. When the legislature is not in session the Joint Fiscal Committee (JFC) will need to approve. The states process for new award approval is as follows:

Type of New Award	Department Commissioner Approval	Human Resource (HR) Approval	Finance and Management Approval	JFC or Legislature Approval
Cash or non-cash award less than \$5,000	Yes	No	No	No
Cash or non-cash award over \$5,000 (no position request)	Yes	No	Yes	Yes
Cash or non-cash award over \$5,000 with a new position request	Yes	Yes	Yes	Yes

² Financial Administrators often create Outlook calendar or task manager to document deadlines.

The Financial Office will prepare the required Department of Finance and Management AA-1 form and submit the form with all required supporting documentation to the Department of Finance and Management Budget Analyst. If there are any new positions requested to meet the requirements of the grant, this request will be included in the AA-1 document for approval. The program workcenter manager or director will prepare a Joint Fiscal Committee Review Limited Service-Grant Funded Position Request Form (available on the Department of Human Resources webpage). This form is then sent by the Financial Office to HR for approval. Once HR approves they send the documents on to Finance and Management. The Joint Fiscal Committee has authority to approve the award (32 V.S.A. § 5). The Joint Fiscal Committee approval timeline is unpredictable and can be lengthy so timely submission is critical.

V. Obligate Funds

The period where funds must be obligated is defined by the awarding agency. During this step the Financial Office and the program workcenters will work together to ensure that program areas are properly identified in the grant budget. Subrecipient agreements and projects are defined and executed during this phase (see DPS Granting Plan Part 2 for the full detail of this process).

For projects with work performed by more than one division

Occasionally a division receives an award that will require that work be performed by another division in DPS. When required by a specific federal program, a Letter of Understanding (LOU) will be executed to identify work to be performed and the appropriate method of documentation and reimbursement.

VI. Program Activity and Spending:

Program workcenter begins performing activity defined under the grant scope of work.

Tracking and Reporting

See chapter 3 of this part for the tracking and reporting activities.

Grant Budget Adjustment

During the life of a grant, it may be necessary to reallocate funds within spending categories. The Financial Administrator will initiate the action using a GMU-207 form and record the change in the Financial Workbook, following the process described above.

If the required/desired change exceeds the budget reauthorization tolerance of the grant, the Financial Office staff and Program Manager will work collaboratively to create and submit a Grant Adjustment Notification (GAN) to the funding source.

Grant Draws

The Financial Office staff will collect financial data of expenditures required match and grant balances to prepare request for reimbursement to DPS. The Financial Office staff will reconcile

potential draw amounts to VISION before requesting reimbursement. The Financial Office staff will enter draws or other required documentation into granting agency payment systems. They will prepare an AR Pending transaction in VISION to record the accounts receivable.

Financial Corrections

The Financial Office staff ensures the proper identification of expenditures with specific accounting codes by monitoring the monthly financial workbook. Financial managers will analyze expenditures on a monthly basis to ensure costs are allowable and properly accounted for. If the financial manager finds questionable costs or suspects accounting error, they will research, start the correction and then they will submit it to their supervisor for review and approval.

VII. Grant Closeout

When a performance period is nearing its end, Financial Office staff collaborates with program workcenter staff to ensure all invoices, payroll and expense reports are submitted and applicable contracts and subawards are completed in a timely manner to allow the closeout of the award.

The DPS Staff ensures the following minimum conditions exist:

1. All funds that have been expended are reported
2. All fund revenues have been received
3. All required match has been reported, and properly documented
4. All progress (programmatic) reports have been submitted, and approved by the funding agency
5. Subrecipient expenditures, payments and reporting is current, and subrecipient has received closeout letters officially closing all subawards
6. Any Special Conditions have been satisfied
7. Expenses and revenues for each project number in VISION have been reconciled by ensuring funds are balanced
8. Reconcile VISION and financial workbook.
9. *The grant file contains* Grant solicitation (and modifications, if any)
10. *The grant file contains* Grant guidance documents, including relevant correspondence
11. *The grant file contains* Grant application, including all attachments
12. *The grant file contains* Award document, including all attachments
13. *The grant file contains* Amendments or Grant Adjustment Notices (GANs), in chronological order
14. *The grant file contains* Financial Reports for each quarter, including the Final in chronological order
15. *The grant file contains* Close-Out documents
16. *The grant file contains* Complete subaward files (if applicable)

The Financial Office coordinates the compilation, approval and submittal of required closeout, final or annual reports to the granting agency. The Financial Administrator will also make needed entries in VISION, other databases and the funding source management system.

VIII. Audits

Audits of DPS

Applicable DPS staff are responsible for preparing for and participating in all federal or state audits of the grant program or any specific grant as it becomes necessary.

The Financial Office shall be responsible for:

- *financial ledgers*
- *financial reports (includes quarterly reports)*
- *expenditure and revenue source documentation*
- *contracts*
- *subawards (aside from programmatic documentation)*
- *indirect cost documentation*
- *internal control policy and procedures*
- *asset and inventory lists*
- *copy of past audit reports and corrective action plans*

Program workcenters shall be responsible for:

- *progress reports*
- *detailed asset/inventory documents (if required)*
- *subaward (programmatic monitoring documentation)*
- *division specific policies and procedures*
- *personnel documentation regarding position description and work activity*

Documentation Available for Audit

The State of Vermont is subject to audit by any federal agency providing funds for various purposes. The state makes all of the documentation supporting the operations and expenditures of the funds available for inspection.

Grant Files

The administration division will maintain the official grant file for audit. Subrecipient file organization and content is specified in the DPS Granting Plan Part 2.

The Administration division's official grant file will be organized by classification type folders, with two partitions/six positions. Documentation may be saved electronically rather than a paper file however the paper file needs to list the required documents that are stored electronically and where they are stored. The contents will follow this format:

Position 1	Financial Reports, Draws, and Closeout Information
Position 2	Quarterly Reports: SF 425 and Indirect Allocation
Position 3	PG Budget Sheet

- Position 4 Activity Reports sent to fund source, progress reports

- Position 5 Emails, notes, telephone call notes and other correspondence
- Position 6 Award Document, changes, extensions, special requirements and guidance
- Position 7 DPS Application with Financial sheet (424a), and Application Follow up Correspondence
- Position 8 Correspondence Announcement/Solicitation, Senior Staff Review Form, Comments & Commissioner's Approval to Proceed

Monitoring performed by DPS

See Granting Plan Part 3 & 4

Chapter Two: Financial Management

This chapter addresses several issues critical to grant management for DPS. This chapter addresses cost eligibility for grants.

Authorization for Purchases

All purchases, subrecipient agreements and contracts will be properly authorized in accordance with State of Vermont Agency of Administration Bulletin 3.3 and DPS signature authorization list. The DPS Division of Administration will ensure the proper authorization for payment is on all payment requests, contracts and subrecipient agreements.

Suspension and Debarment check:

In accordance with Department of Finance & Management Policy #1 & Federal Executive Orders 12549 and 12689; State Agencies and Departments shall not make purchases over \$25,000 from parties that are suspended or debarred by the federal government and that the claimant is not otherwise barred from receiving payment by federal or State authority.

- All federal contractors are checked on sam.gov by the Procurement Unit.
- All subrecipients are checked on sam.gov by the Financial Office.

When to Use a Contract

(from State of Vermont, Agency of Administration Bulletin No. 3.5, Chapter III)

Contract means any legally enforceable agreement between an agency and another legal entity to provide services and/or products. It includes all types of commitments that obligate the government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to): Awards and notices of awards; job orders or task orders issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and, bilateral contract modifications. Contracts **do not** include agreements where the substance nature of the agreement meets the criteria for grants and cooperative agreements covered by 31 U.S.C. 6301 et seq and as defined by Bulletin 5.0. Contractors are not subject to Single Audit reporting but may be subject to cost principles of 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. In addition, any agency entering into contracts should establish those contracts through an organization's purchasing policy and should always select the contractor competitively.

Contracts are normally used to acquire specific, clearly defined services and/or products from entities or individuals other than state agencies or employees of the State. This includes situations where the State is seeking or is offered a service or product for which it will not pay and may even acquire revenues, for example, wireless internet access at State facilities.

All DPS contracts are managed in accordance with Agency of Administration Bulletin 3.5 and DPS procedures.

Grant means a legally enforceable agreement between an agency and a recipient to carry out a program as defined in a grant agreement. A grant also means an award of financial assistance, including cooperative agreements, in the form of money, or property in lieu of money, by the granting agency to an eligible grantee. The term does not include technical assistance, which provides services instead of money, or other assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance, or direct appropriations. In addition, the term does not include assistance, such as a fellowship or other lump sum award, for which the grantee is not required to account.

Grants versus Contracts:

Uniform Guidance 2 CFR §200.330, identifies the characteristics to describe subrecipient and contractor relationships. Employees must review these characteristics to determine whether an agreement constitutes a Federal subaward to a subrecipient or a contractor payment for goods and services. Note that the substance of the agreement will determine whether the agreement is a grant vs. contract. Each subaward or contract agreement shall have a Federal Subrecipient or Contractor (Vendor) Determination Checklist (GMU 203b) attached.

All characteristics may not be present in all cases and the pass-through entity must evaluate the features of each agreement individually to determine whether it appears more like a contract or a subrecipient. The substance of the relationship is more important than the form of the agreement and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

Contracts for Services/Contractors versus Employees:

Generally, services should be obtained from state employees rather than from contractors. Contractors should not be used to do the continuing work of the government, nor when an agency of the State is able to provide comparable services at competitive market rates.

Federal and state tax laws establish stringent rules regarding an agency “contractor” who has to be treated for tax purposes as an “employee.” An agency that is unaware of these tax rules can have an unexpected tax liability, including penalties, after the contract is completed, or may face an unexpected claim for unemployment or workers’ compensation. The fact that an agency chooses to characterize the relationship as “contractual” rather than as “employment” has little bearing on the outcome. An agency’s responsibility in these matters depends on the facts of the relationship and not upon the manner in which it is described.

In order to minimize such risks, agencies generally should not enter into service contracts when the agency would be liable under state or federal law for income tax withholding, for F.I.C.A. taxes, or for unemployment or workers’ compensation. As stated in Vermont law, one test of

whether a services contract may be subject to these taxes, and thus be considered state employment, is called “The ABC Test.” (See Bulletin 3.5 and 3 V.S.A. § 342 for further discussion.)

Purchasing

Both program workcenter and assigned administration staff members will approve all requisitions and purchase orders when grant funds are involved. These approvals should occur prior to entering the purchase into VISION. Anytime a PS request form has grant fund codes it will be forward it to the Financial Administrator responsible for the program for review and approval.

All purchases made by DPS with grant funds must follow State of Vermont, Department of Public Safety purchasing policies and the requirements of the awarding agency. State of Vermont requires a contract for all purchases of goods, commodities or equipment except for those items covered in a approved [Blanket Delegation of Authority](#) (BDA).

Purchases need to pass the reasonable and necessary test (See 2 CFR 200). Expenditures and purchases must not violate select items of cost listed in 2 CFR 200. All expenditures must be allowable under contract provisions. Awarding agencies have varying requirements and rules regarding allowable costs and approval procedures.

DPS employees need to be familiar with all State of Vermont and federal purchase restrictions however a few examples are listed below:

- *Personal greetings or acknowledgements, gifts and gratuities as well as Goods or Services for Personal Use (State of Vermont, Department of Finance and Management Policy #3)*
- *Purchase of food and beverages has restrictions (State of Vermont, Department of Finance and Management Policy #4)*
- *Purchase of vehicles (State of Vermont Bulletin 2.3)*
- *Contracts (State of Vermont Bulletin 3.5)*
- *Alcoholic Beverages 2CFR 200.423*
- *Donations & Contributions 2CFR 200.434*
- *Entertainment Costs 2CFR 200.438*
- *Lobbying 2CFR 200.450*

General Invoices

Need to be reasonable and necessary as well as purchased under the guidelines of Department of Public Safety purchasing policies. In accordance with State of Vermont law, DPS will accept scanned, emailed or faxed Financial Report Forms (Request for Reimbursement) as original forms of payment. Documents received via email will be date-stamped as received and will have the email attached as proof of date and time of receipt. Subrecipients required to provide documentation of expenses with their request for reimbursement should retain the originals in

their auditable file and provide copies of the backup documentation. The process for making payments is as follows: (1) Administration obtains proper authorization (2) Administration then processes a VISION Purchase Order, Voucher and/or TSF Journal to make appropriate payment (3) original documentation is filed in the grant file if the invoice was 100% grant funded, or if split funded, then the original invoice is filed in the AP vendor files.

Employee Salaries and Wages

DPS workcenters using grant funds to support personnel services will document grant expenditures by properly coding time sheets as directed by the following:

- *DPS payroll policy PA-001 and PA-002*
- *Department of Human Resources payroll procedures*
- *State of Vermont Collective Bargaining Agreements*
- *Specific grant rules/regulations*

Employee Expense Reimbursements

DPS workcenters using grant funds to support travel and reimbursement for other out-of-pocket expenditures, will document grant expenditures by properly coding expense reports as directed by the following:

- *DPS expense policy ER-001*
- *Agency of Administration Travel & Related expenses (State of Vermont Bulletin 3.4)*

Indirect Costs

The financial administrator will be responsible for completing the GMU-504 Indirect Allocation Worksheet. The GMU-504 form is used to calculate and document the proper indirect expense to charge each program. Indirect costs should be calculated for both federal and state direct charges.

Organizational and Financial Requirements

The Division of Administration will maintain financial records such as cost allocation, indirect and direct costs, budgeting, accounting and, reporting. DPS will maintain accounting for each award separately and prevent commingling of funds on a program-by-program basis in accordance with VISION procedures by utilizing accounting project and program codes.

Grant Match

Matching requirements are outlined in the award agreement. DPS will identify the source of match in the grant application, the Strategic Grant Review Form (GMU 101) and award financial report.

DPS and subrecipient agencies must support matching funds as required by the grant agreement. Grant match can be satisfied in two ways generally called “hard” or “soft” match as defined in the glossary of this document or the federal award guide. For “hard” match, the level of documentation is the same as grant expenditures for which the recipient requests reimbursement. “Soft” match should be documented on a match form with a detailed description of the methodology used to calculate the claimed match amount.

Chapter Three: Financial Tracking and Reporting

In DPS, the Financial Office and program workcenter staff monitor spending on the grant. They will ensure all cost charged to grant funds are allowable under the terms of the grant agreement and general granting agency policies. All parties are responsible for using proper accounting codes for accurate and appropriate tracking.

Financial Tracking

When the Financial Office receives notice of funding availability, the responsible Grant Manager will take the following steps.

- A. Set up a new Financial Workbook
- B. Complete the GMU-207 form using the following steps:
 - a. Determine the budget as approved and accepted from the granting entity based on the fund-source categories (Personal Service, Benefits, Travel etc...).
 - b. Determine master PG numbers ensuring there are no duplicates.
 - c. The recommended method for creating the PG name for VISION. (Names start with the funding source short description, then an underscore and the federal fiscal year of the funds (example: EMPG_12)). Additional information may be included in the PG name.
 - d. Document the appropriate methodologies for draws and reporting.
- C. Set up the fund source budget in VISION.

Financial Workbook

The financial manager will update the Financial Workbook on a monthly basis. This report needs to reflect the budget categories and actual expenditures in VISION as of the end of the prior month. The Financial Workbook will be made available to the program workcenters for review.

Progress Reports

The program workcenter staff is responsible for completion of the periodic and final progress reports. These must be completed on the grant-specified schedule. The program workcenter staff submits the reports to the Financial Office in time for submission to the granting agency. Measurement and evaluation will be a key element of progress reports as required by the specific grant program and in accordance with the scope identified in the grant application. DPS personnel applying for grants will consider activity and outcome measurement and evaluation as application and progress reports are developed. The Financial Office submits/uploads the reports to the granting agency as required under the grant provisions.

Required Reports by Granting Agencies

Funding agencies and State of Vermont requires grant recipients to enter allocations and subawards into various tracking systems and databases based on types of funds, level of funding and a mixture of other factors. The Financial Office will document and upload all programmatic and financial reports (draws) to the granting agency.

Periodic Report Submissions

The Financial Office Staff will collect financial data and submit the required report (commonly the federal SF-425) by the deadline outlined in the award agreement.

Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS)

Subawards are to be reported in the FSRS system by the financial manager no later than the last day of the month following the month in which the subaward/subaward amendment obligation or the (sub)contract/(sub)contract modification was executed. The financial manager will check the appropriate VISION query and financial workbook to be sure all entries are completed as required.

Attachment 1: Division of Responsibilities Table

Financial Office	Shared	Program Workcenter
	Grant Opportunity Identified	
		Completes and coordinates Strategic and Impact Review Process
	Construct an application	
Obtains required signatures and submits the application		
Receives granting agency authorization to proceed		
Notifies Program Workcenter of approval		
Prepares an AA-1 (if needed)		
Creates primary Grant File		
	Obligate funds (if required)	
Enters all project data into external tracking systems and VISION		
Notifies all relevant parties what appropriate tracking codes to use.		
		Starts/performs work
		Reports progress to Financial Office
		Forwards POs to Finance Office
Reviews and reconciles expenditures against approved grant budget		
	Monitors performance and progress	
	Prepares periodic reports for granting agency	
Uploads programmatic and progress reports to the granting agency		
Prepares monthly financial statement including indirect charge		
Uploads draws to granting agency		
		Completes work
Prepare final draw		
	Completes final reports	
Submits final reports and responds to follow-up questions		
	Participates in any audits or reviews	

Attachment 2: Subrecipient vs. Contractor Determination Checklist