

STATE CONTROLLER POLICY

GRANT CONTRACTS - FEDERAL SUB-RECIPIENT

1) **Applicable Law.** CRS §24-30-202 (2) requires the following:

- a. that an appropriation exists for the intended purpose,
- b. the prices or rates are fair and reasonable, and
- c. that the expenditure does not exceed the remaining unencumbered balance in the allotment.

2) **Definitions.** As used herein, the terms listed below are defined as follows:

- a. **Advice of award.** A formal notification from the federal government stating that a grant application has been accepted and will be funded.
- b. **Grant.** An agreement transferring funds between two parties, either public or private, wherein the transferee or the group it serves receive the benefits provided by the use of the funds and the transferor does not receive a direct benefit. Typically, the only deliverable required by the transferee is a report. Grants include *purchased service* contracts as defined in CRS §24-50-102 (3).
- c. **Notice of award or funding letter.** A formal notification from the Federal government stating the final dollar amount of the grant, the performance period, and other pertinent information.

3) **Policies**

- a. **Only An Advice Of Award Has Been Received.** If only an advice of award has been received and no disbursement of funds has been made and the requirements of CRS §24-30-202 (2) have been met, the State Controller or delegate may approve and sign grants for continuing or new programs under the following conditions:
 - i. **Continuing Programs.** The grant is a continuation of a previous grant and the program must be continued to meet the needs of the targeted beneficiaries. The State Controller or delegate may approve such grant contracts when federal funding is received for instances where federal spending authority is delayed and not known until after the state or the federal fiscal year starts.
 - ii. **New Programs.** Grants for new programs that are not continuations of previous programs. Agencies may submit new grants for approval and signature after verifying that federal funding has been requested, subject to availability of federal funding. if:
 1. the prices and rates have been established by law and only the funding amount is unknown;
 2. the State has the legal authority to receive and expend federal funds for the purpose outlined in the new grant;
 3. the State is essentially only allowing performance of a critical federal program at minimal risk to the State;
 4. only the sub-recipient and the federal government are at risk if the program is not funded; and
 5. the contract contains the necessary language to notify the sub-recipient for this risk.

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- iii. Retroactive Funding.** For either continuing or new programs, if the grant award allows pre-award costs or performance by the sub-recipient, the contract contains language that indicates that the funding is retroactive, and the requirements in this section have been met, then the State Controller or delegate may approve it.
- b. Notice Of Award Or Funding Letter Has Been Received.** if a notice of award or funding letter has been received and no disbursement of funds has been made, the State Controller or delegate may approve and sign federal sub-recipient grants under one of the following conditions:
- i. Late Grants.** The grant is submitted for State Controller or delegate approval after the award or funding letter was received. Continuing occurrences of late contact may require the state agency's contract administrator to develop internal control procedures to adopt new internal controls in order to prevent these problems from recurring. The State Controller or delegate may approve such grants if:
1. the requirements of CRS §24-30-202(2) are met;
 2. the grant was forwarded to the sub-recipient in a timely manner prior to the award date;
 3. a reasonable effort was made by the Agency to get the grant signed prior to the award date; and
 4. the state controller delegate documents the contract file regarding efforts the Agency made to process the grant in a timely manner.
- ii. Timely Grants.** The requirements of CRS §24-30-202 (2) are met, the Agency and the sub-recipient have already agreed to the scope of services, and the Agency and the sub-recipient execute a contract in a timely manner after the notice of award is received..
- iii. Retroactive Funding.** For grant awards where a notice of award or funding letter has been received, if the requirements of CRS §24-30-202 (2) and this section are met, the notice of award allows pre-award costs or performance by the sub-recipient, and the contract contains language that indicates the contract is retroactive, then the State Controller or delegate may approve it.
- c. Statutory Violations.** A violation of CRS §24-30-202 occurs if a disbursement of funds has occurred prior to the State Controller or delegate's approval and signing of the grant. In these instances, the Agency's chief fiscal officer must comply with the State Controller's Statutory Violations Policy.

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