

# Reclamation Manual

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<b>Subject:</b>	Requirements for Award and Administration of Financial Assistance Agreements (Grants and Cooperative Agreements)
<b>Purpose:</b>	This release establishes Bureau of Reclamation requirements for the award and administration of financial assistance agreements (grants and cooperative agreements). The benefits of this Directive and Standard (D&S) are to promote uniformity and accountability in the award and administration of financial assistance agreements by Reclamation.
<b>Authority:</b>	43 CFR 12, Administrative and Audit Requirements and Cost Principles for Assistance Programs; 505 DM 1-5, which provide departmental requirements for implementing Federal financial assistance statutory and regulatory requirements; 505 DM 1.3B, which provides Reclamation with the responsibility to develop and issue policies, procedures, and regulations which will implement departmental policies for financial assistance
<b>Approving Official:</b>	Director, Management Services Office (MSO)
<b>Contact:</b>	Acquisition and Assistance Management Division, Policy (AAMD), 84-27820

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1. **Scope.** The requirements within this D&S apply to all financial assistance awards issued and administered by Reclamation.
2. **Definitions.** The following definitions apply to this D&S:
  - A. **Financial Assistance Agreement.** A financial assistance agreement is defined as an award which provides support in order to accomplish a public purpose authorized by a law or regulation of the United States. Financial assistance awards include grants, cooperative agreements, and other agreements in the form of money or property in lieu of money, by the Federal government to an eligible recipient. The term does not include: technical assistance which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; or contracts which are required to be entered into and administered under procurement laws and regulations.
  - B. **Delegation of Signature Authority.** Signature authority for financial assistance agreements is delegated from the Commissioner to each regional director and the Director, MSO. This authority may be re-delegated, in writing, to individuals (not positions) to function as Grants Officers (GOs) with the full authority to sign and administer financial assistance agreements on behalf of Reclamation, subject to the requirements within this D&S; Reclamation, departmental, and government-wide policies and procedures applicable to financial assistance; and any monetary limitations that a regional director or the Director, MSO, may impose.

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- C. **Grants Officer (GO).** The GO, also known as the “Grant and Cooperative Agreement Officer,” is a Reclamation employee who has been delegated signature authority to award and administer financial assistance agreements on behalf of Reclamation.
  - D. **Grants Officer Technical Representative (GOTR).** The GOTR, also known as a “Grants and Cooperative Agreement Officer’s Representative,” is a Reclamation employee with an award or program-specific designation, in writing, from a GO with the responsibility to provide technical assistance and monitor the project performance of a recipient on behalf of Reclamation.
  - E. **Reclamation Financial Assistance Handbook (RFAH).** The RFAH, issued and maintained by AAMD-Policy, provides guidance for the implementation of the requirements within this D&S, departmental policies and regulations, and government-wide policy requirements as well as in-depth guidance on a variety of topics, both general and specific to Reclamation programs, associated with the award and administration of federal financial assistance.
3. **Procedures.** The following procedures are required for all financial assistance agreements awarded and administered by Reclamation.
- A. **Pre-Award Requirements.** The following procedures are required prior to the award of financial assistance agreements by Reclamation.
    - (1) **Training.** All GOs and GOTRs must satisfy the following training requirements. Regions are responsible for tracking compliance with these requirements as well as providing an update on current GO delegations and GOTR designations to AAMD on a semi-annual basis. An annual AAMD release provides additional implementation guidance for these training requirements. The regional acquisition and assistance management office is responsible for review and approval of training plans submitted by GOTRs that do not obtain the required training prior to designation.
      - (a) A GO must, at a minimum, obtain 40 hours of training applicable to the award and administration of financial assistance prior to delegation of authority. Further, a minimum of 32 hours of training is required for each 2-year period subsequent to the initial delegation, in order to maintain proficiency and knowledge of current financial assistance management laws, regulations, requirements, and best practices. If the GO has completed a formalized grants management certificate program, required maintenance training is limited to a refresher course every 2 years.
      - (b) A GOTR must attend a standardized internal training workshop conducted by Reclamation staff applicable to the award and administration of financial assistance either prior to designation or within 6 months of designation subject to regional office approval of their training attendance plan.

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Subsequent to the initial training workshop, the GOTR must complete a Reclamation-administered “refresher” workshop for each 2-year period in order to maintain proficiency and knowledge in current financial assistance management laws, regulations, requirements, and best practices.

- (2) **Competition and Single Source Requirements.** Reclamation awards financial assistance agreements based on merit and in accordance with the law. Consistent with 31 U.S.C. 6301, and 505 DM 2.13, Reclamation strongly encourages competition in the award of financial assistance. Per the requirements of 505 DM 2.14, the determination to “single-source without engaging in competition must be able to withstand scrutiny, should protect the public interest, and should comport with management priorities, objectives and statutory requirements.”
- (a) **Competition.** Competition in the selection and award of financial assistance requires the following:
- (i) **Full and Open Announcement.** A Funding Opportunity Announcement (FOA) must be posted on Grants.gov in compliance with the prescribed Office of Management and Budget (OMB) announcement format. The FOA must provide for sufficient time for all eligible applicants to develop and submit applications. Additional announcement methods may be utilized in addition to posting on Grants.gov, but applicants should be encouraged to apply electronically via the Grants.gov submission portal.
  - (ii) **Impartial Review and Evaluation.** As per 505 DM 2, and consistent with legislative authority, an impartial review and evaluation of applications received in response to the FOA must be conducted and documented.
  - (iii) **Selection.** Award decisions that deviate from recommendations made by the application reviewers during the impartial review and evaluation process must be documented with a written justification.
- (b) **Single-Source.** A single-source agreement is a financial assistance award issued without competition to an organization or individual determined to be an appropriate partner, either through Congressional designation or based on demonstrable criteria such as unique expertise or capacity. The following requirements must be met prior to the award of a single-source agreement:
- (i) For all single-source awards for \$25,000 and above:

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- (aa) A “Notice of Intent to Award,” utilizing the Reclamation prescribed format, must be posted on Grants.gov for a minimum of 14 calendar days; and
  - (bb) The single source justification included within the “Notice of Intent to Award” and documented within the agreement file must specifically address the criterion or criteria in 505 DM 2.14 as well as provide enough detail to clearly explain why Reclamation chose not to award the agreement competitively.
  - (ii) For all single-source awards for less than \$25,000, a single-source justification must be documented within the agreement file and must specifically address the criterion or criteria in 505 DM 2.14 as well as provide enough detail to clearly explain why Reclamation chose not to award the agreement competitively.
- (3) **Notification of Unsuccessful Applicants.** Unsuccessful applicants shall be promptly notified, in writing, by the GO. Upon applicant request, the GO must provide the reason(s) why their application was not funded.
- (4) **Responsibility Determination.** Prior to the issuance of a new award, a responsibility determination, which reviews a potential recipient’s organizational responsibility, shall be conducted. The GO is responsible for review and approval of this determination.
- (a) **Financial and Business Management Systems Review.** In accordance with 43 CFR 12 and as part of the responsibility determination, a review of the recipient’s financial and business management systems must be conducted on potential recipients that have not received awards from Reclamation in the past or for which sufficient past performance under other Federal awards cannot be substantiated. This review is conducted to verify that the potential recipient has the systems and process in place to manage and account for performance and expenses for Federal awards.
- (5) **Independent Review.** An independent review must be performed and documented prior to the award of a new agreement or a modification to an existing agreement that exceeds the threshold set by the region. The independent review serves to ensure that all required pre-award steps have been conducted and documented and that the new agreement or modification has been constructed appropriately and effectively. The independent review should be conducted by personnel with good, working knowledge of financial assistance regulations and requirements, preferably by another GO. Regions are responsible for determining the appropriate personnel and dollar thresholds for this review.

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- (6) **Award Instrument Determination (AID).** Prior to the award of a new agreement or a modification to an existing agreement that exceeds the original estimated amount or significantly modifies the original scope, an AID must be conducted and documented. The AID ensures that a financial assistance agreement is the appropriate instrument to be utilized for the action and that Reclamation possesses the delegated legislative authority to fund the proposed activities. The determination must address the requirements of the Federal Grant and Cooperative Agreement Act of 1977 (31 U.S.C. 6301 et seq.) as well as cite and document the legislative authority for the proposed action. The AID must be approved by both a GO and the regional Chief of the Contracting Office (CCO) (or the CCO's acting in cases where the CCO is out of the office). As stated below, review may be sought, regardless of award amount, from a solicitor or the AAMD, to assist in this determination.
- (7) **Legal Review.** Legal review shall be obtained within 7 working days for all proposed financial assistance awards or modifications when review is advisable due to such issues as the complexity, novelty, intellectual property issues, potential conflicts of interest, questions on the applicability of a statutory authority, or other matters that may benefit from a solicitor's review. As the GO has legal responsibility for the agreement, a legal review may be required prior to award at the GO's discretion.
- (8) **AAMD Review and Approval.** Reclamation has established a review and approval control process that requires all financial assistance agreements that meet any of the conditions below to be reviewed and approved by AAMD prior to the award or modification. The primary purpose of this review and approval is to ensure compliance with Reclamation's guidelines for implementing an internal control program as required by the OMB's Circular A-123. GOs must submit for review, as applicable, the original award, all modifications, performance progress and financial status reports, the responsibility determination, the AID, and any other supporting documentation. The AAMD must provide a review response within 7 working days of receipt of a request, provided that all documentation required for the review is submitted. Agreements that meet one of the following criteria must be sent to the AAMD for review and approval:
- (a) The total estimated amount of the agreement, including all anticipated options, exceeds the threshold established by the annual AAMD release on review thresholds; or
  - (b) Regardless of award amount, when review is advisable, due to concerns related to the selection process, proposed budget, proposed option years, past performance, or other such matters related to the award and administration of the proposed action that would benefit from an AAMD review.

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- B. **Award Requirements.** The following procedures are required prior to the award of financial assistance agreements by Reclamation.
- (1) **Award and Modification Identification and Format.** All awards and modifications must be executed with the approved Reclamation cover sheet, budget, statement of work, reporting requirements, and terms and conditions. The required agreement identification protocol, modeled on the numbering system utilized to identify procurement agreements, is prescribed within the Reclamation Acquisition Regulations.
  - (2) **GOTR Designation.** GOs must designate, in writing, a GOTR for all assistance awards issued by Reclamation.
  - (3) **Reporting Requirements:** All new awards and modifications that change the total amount of the obligation must be reported in the required reporting system within 5 working days of award.
- C. **Post-Award Administration.** The following procedures are required for post-award monitoring of financial assistance agreements by Reclamation personnel.
- (1) **Post-Award Roles and Responsibilities.** GOs and GOTRs are required to monitor financial assistance agreements to ensure proper and effective recipient performance. Effective monitoring is achieved by means of thorough review of recipient financial status and program performance reports and clear, timely communication with the recipient conducted by GOs and GOTRs working together. GOs have primary responsibility for monitoring the financial and administrative aspects of financial assistance agreements. GOTRs have primary responsibility for monitoring the programmatic progress of projects funded under financial assistance agreements as well as providing the recipient technical assistance, when required.
  - (2) **Review and Acceptance of Interim Reports.** With regard to the review and acceptance of interim financial status and program performance reports received by the recipient:
    - (a) GOs must review and accept all Financial Status Reports and Requests for Advance/Reimbursement (SF-270s). Review of financial status reports shall be documented and include, at a minimum, a comparison of recipient draw-downs to date against the approved budget and terms and conditions of the agreement.
    - (b) GOTRs must review and accept all program performance reports and submit them to the GO for file integrity. Review of program performance reports

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shall be documented and include, at a minimum, a comparison of reported recipient progress against the approved statement of work and terms and conditions of the agreement.

- (3) **File Documentation and Monitoring Activities.** For file integrity and to promote consistency in post-award administration, GOs are the mandatory control point for all post-award correspondence between Reclamation and recipient that may affect the administration of the award including, but not limited to, receipt of required reports, changes in the budget, modifications to the statement of work, and extensions to the period of performance. All correspondence and activities that impact the post-award administration of the agreement must be documented within the GO's agreement file. If a separate file is maintained by the GOTR for the technical details of the project (such as site plans, drawings, etc.) the GO's agreement file must indicate this arrangement. Required monitoring activities include, but are not limited to:
  - (a) tracking report and supporting documentation due dates;
  - (b) reviewing reports and supporting documentation for completeness and accuracy, and returning incomplete or inaccurate reports to the recipient in a timely manner with a description as to why the information provided appears to be incomplete or inaccurate;
  - (c) using reports and supporting documentation to determine whether the agreement terms and conditions are met;
  - (d) ensuring that all interim reports, as required by the terms and conditions of the agreement, have been received prior to a modification which increases project funding; and
  - (e) taking effective action to rectify any noncompliance, providing timely notice and obtaining overdue reports and supporting documentation, with due concern for recipient rights and program needs.
- (4) **Recipient Non-compliance.** Recipient non-compliance with the terms and conditions of the award, including the reporting requirements, may require eventual suspension and termination of the agreement by the GO as per 43 CFR 12 and the Department of the Interior's 2003 Policy Memorandum, "Policy Regarding Financial Status Reporting Requirements Related to Grants." The Department's 2003 policy on non-compliance and Reclamation's full implementation is Appendix A of this D&S.
- (5) **Site Visits.** Site visits are formal reviews conducted at the recipient's place of performance and administration to review project performance and expenditures. The determination to conduct site visits should be made on a case-by-case basis to

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address definitive findings of recipient non-compliance or as part of an overall risk-based approach to the region's or office's monitoring strategy. Site visits should be conducted by the GOTR and GO (or the GO's financial representative), as appropriate. Notification and arrangements must be made with the recipient prior to the site visit. Site visits, phone calls, findings, and their resolution must be documented and should address the following, as appropriate:

- (a) review of actual expenditures against reported expenditures;
  - (b) review of actual performance against reported performance;
  - (c) review of organizational, financial, and management capabilities;
  - (d) review sub-contract and sub-grant procedures of the organization to ensure compliance with Federal regulations;
  - (e) interviews of key personnel;
  - (f) review of organizational procedures to ensure that the recipient is in compliance with applicable Federal regulations and award-specific terms and conditions; and
  - (g) review of documentation of cost-sharing to ensure that all matching contributions are allowable, reasonable, and allocable to the project.
- (6) **Resolution of Site Visit Findings.** The GO has delegated signature authority to represent Reclamation to the recipient. As such, all findings and actions taken as a result of the site visit must be reviewed and approved by the GO. The GO must notify the recipient, in writing, within 45 days of a site visit, of any financial assistance management matters that require corrective action.

D. **Close-Out Requirements.** The following procedures are required to close-out financial assistance agreements by Reclamation personnel.

- (1) **Review of Final Reports.** Receipt, review, and approval of final financial status and program performance reports must be conducted prior to close-out of all financial assistance agreements.
  - (a) The GO must review and approve the final financial status report. Review of the final financial status report shall include, at a minimum, a comparison of recipient expenditures against the approved budget for the financial assistance agreement and, when applicable, a determination that the cost-share provided by the recipient was in accordance with the terms and

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conditions of the agreement. Further documentation and detail of recipient expenditures shall be requested from the recipient when the GO deems such detail is necessary.

- (b) The GOTR must review and approve the final program performance report and submit it to the GO for file integrity. Review of the final program performance report shall, at a minimum, include a comparison of recipient project performance against the approved statement of work for the financial assistance agreement. Additional documentation and detail shall be requested from the recipient when the GOTR deems such detail is necessary.
  - (2) **Disposition of Property.** For property either acquired with Federal funds or furnished directly by Reclamation, the GO must issue disposition instructions to the recipient in accordance with Department and Reclamation requirements.
  - (3) **Formal Close-Out Modification.** A close-out modification must be completed upon conclusion of the above requirements. The modification should de-obligate any remaining funds as well as document any additional administrative items that the GO considers pertinent to the file.
  - (4) **Retention of Records.** The agreement file and all supporting records must be retained by Reclamation for the length of time prescribed by the records retention schedule applicable to the agreement.
- E. **Acquisition and Assistance Management Reviews (AAMRs).** The AAMRs are on-site reviews of Reclamation contracting offices and other offices that execute and administer financial assistance actions.
- (1) AAMRs of major and subordinate acquisition and financial assistance offices will be conducted as directed by the Department's Office of Acquisition and Property Management (PAM).
  - (2) **Responsibility.** The AAMD is responsible for conducting AAMRs of Reclamation's major acquisition and assistance offices. CCOs are responsible for conducting AAMRs of subordinate offices.
  - (3) **Subject areas to be reviewed.** The subject areas to be reviewed in AAMRs are delineated in the Department's AAMR Handbook
  - (4) **AAMR reports.** Reports shall be prepared and submitted in accordance with guidelines established by PAM.

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4. **Sources.** The requirements within this D&S originate from the following sources:
- A. United States. Cong. The Federal Grant and Cooperative Agreement Act of 1977. Public Law 95-244. 31 United States Code 6301 et. seq. 95<sup>th</sup> Cong., 1<sup>st</sup> sess. Washington: GPO 1977.
  - B. United States. Office of Management and Budget. Implementation of Federal Grant and Cooperative Agreement Act of 1977. Public Law 95-224. 43 Federal Register 36860. Washington: GPO 1977.
  - C. United States. Department of the Interior. Bureau of Reclamation. 505 DM 2, Procurement Contracts, Grant and Cooperative Agreements. January 2208.
  - D. United States. Department of the Interior. Office of Inspector General. Independent Auditor's Report on the BOR Financial Statements for Fiscal Years 2007 and 2006. January 2008.
  - E. United States. Department of the Interior. Office of Inspector General. Report No. W-IN-MOA-0052-2004 (2005) – Framework Needed to Promote Accountability in Interior's Grants and Management. August 2005.
  - F. United States. Government Accountability Office. Appropriations Law. Volume II. Chapter 10. Federal Assistance: Grants and Cooperative Agreements. February 2006.
  - G. United States. General Accountability Office. Opportunities to Improve Federal Discretionary Award Practices. September 1986.
  - H. United States. Department of the Interior. Office of Inspector General. Proper Use of Cooperative Agreements Could Improve Interior's Initiatives for Collaborative Partnerships. January 2007.
  - I. United States. Domestic Working Group. Grant Accountability Project. Guide to Opportunities for Improving Grant Accountability. October 2005.
  - J. United States. Cong. The Federal Funding Accountability and Transparency Act of 2006. Public Law 109-282. 109<sup>th</sup> Cong., 2<sup>nd</sup> sess. Washington: GPO 2006.
  - K. United States. Office of the President. Executive Order. Protecting American Taxpayers from Government Spending on Wasteful Earmarks. Washington: GPO 2008.
  - L. United States. Office of Management and Budget. Memorandum M-07-09, Collection of Information on Earmarks. January 2007.

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- M. United States. Office of Management and Budget. Memorandum M-07-10 - To Provide Guidance to Departments and Agencies about Obligating FY 2007 Funds Under a Full-Year Continuing Resolution (CR) with no Congressional Earmarks. February 2007.