



INTERNAL MANAGEMENT POLICY & PROCEDURE

Applicability: ☐ Adult Operation Only ☐ JUVENILE Operations Only ☒ DEPARTMENT-WIDE

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FISCAL: Federal Grant Management and Oversight

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Approved By: , Secretary

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POLICY

The Kansas Department of Corrections (KDOC) shall maintain fiscal and programmatic accountability of all federal funds, property and other assets awarded to KDOC in accordance with all applicable federal Office of Management and Budget Circulars, regulations, statutes, and awarding agency financial guidelines in addition to KDOC Internal Management Policy and Procedures and the Kansas Department of Administration Policy and Procedure Manual.

DEFINITIONS

Allowable Cost: Costs allowable under a federal grant program and are governed by cost principles of the Office of Management and Budget (OMB), Code of Federal Regulations (CFR), and Kansas Department of Administration and KDOC policies and procedures.

Closeout: The process in which the awarding agency determines that all applicable administering actions and all required work of the award have been completed by the recipient and sub-recipients.

Consultant: An individual who provides professional advice or services.

Contract: A legal instrument by which a recipient or subrecipient purchases property or services needed to carry out the project or program under a federal award.

Contractor: An entity that receives a contract as defined in this section.

Drawdown: The payment of grant funds by the awarding agency to KDOC.

Grant Award Modification (GAM): A request to the federal awarding agency to make programmatic, administrative and/or financial changes to a federal award. GAMs are submitted electronically in the federal system JustGrants.

Grant Manager: The Fiscal Division staff member responsible for the financial oversight and management of all federal awards received by the Department.

Pass-Through Entity: A non-federal entity that provides a subaward to a subrecipient to carry out part of a federal program.

Periodic Certification: Periodic certifications are required in lieu of timesheets when employees work on a single federal award. This certification shall be signed and certified by the employee and supervisors having first-hand knowledge of the grant related work and submitted every six (6) months.

Program Income: Gross income earned during the funding period as a direct result of an award. Program income may be used only for allowable program expenses.

Program Manager: The KDOC staff member who is responsible for the implementation and program management of a federal award. The program manager works closely with the Grant Manager to ensure that federal funds are used only for those expenditures associated with activities that conform to the goals and objectives approved for the grant.

Project Costing: The module within the SMART system used to track project-related financial, distribution and operational data. Project costing is integrated with other SMART modules and accumulates a large amount of resource transaction data including payroll, expenses, revenue and assets during the life of the award.

Project Period: The period for which implementation of the federal award or project is authorized.

SHARP: State of Kansas Human Resources and Payroll System.

SMART: Statewide Management, Accounting and Reporting Tool.

Subaward/subgrant: An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program.

Subrecipient: An entity, usually but not limited to non-federal entities, that receives a subaward from a pass-through entity to carry out part of a federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

Supplanting: Deliberately reducing state or local funds because of the availability of federal funds. For example, when state funds are appropriated for a stated purpose and federal funds are then used in place of the appropriated state funds so they may be used elsewhere, supplanting has occurred.

System of Award Management (SAM): A portal used by the federal General Services Administration for acquisition and financial assistance. A SAM registration is required for any entity to apply for and receive federal funds.

Unique Entity Identification (UEI): A number issued by the System for Award Management (SAM) to identify businesses and other entities that do business with the federal government.

PROCEDURES

I. Allowable and Unallowable Costs.

- A. All expenditures shall be allowable and follow the applicable Office of Management and Budget cost principles, agency policies, program regulations, and the terms of the grant program.
- B. Proposed contractual and subrecipient agreements shall be reasonable, allowable, and necessary to the project.
- C. The following items are considered unallowable costs:
 - 1. Any cost that was not approved by the federal awarding agency.
 - 2. Cost incurred outside of the project period.
 - 3. Food or beverages except for meals when an employee is in a travel status.
 - 4. Lobbying.
 - 5. Fundraising.
 - 6. Entertainment.
 - 7. Fines and penalties.
 - 8. Credit card fees.

9. Passport charges.
10. Tips.
11. Bar charges/alcoholic beverages.
12. Membership fees to organizations whose primary activity is lobbying.
13. Supplanting.

II. Acceptance

- A. The Secretary of Corrections, or designee, shall be the Authorized Official in the application to indicate full acceptance of all terms and conditions; and shall be the Authorized Official to accept the award.
- B. The Grant Manager shall be designated as the financial point of contact (FPOC) on all federal awards/subgrants. The FPOC shall be responsible for the financial administration of the award.
- C. The Grant Manager shall, upon receipt of signed award documents, establish in the Statewide Management, Accounting, and Reporting Tool (SMART) a fund, budget unit and project costing ID.
- D. Upon notification from the federal awarding agency/pass-through entity of award approval, the program manager shall forward all signed original award documents to the Grant Manager, who shall maintain the official grant file.
 1. The official grant file shall include, but is not limited to:
 - a. Application.
 - b. Grant Solicitation.
 - c. Signed award documents.
 - d. Certification and assurances.
 - e. Special conditions.
 - f. Approved budget and narrative.
 - g. Subgrantee reports and documentation.
 - h. Bid documentation.
 - i. Sole sources documentation.
 - j. Contracts.
 - k. Financial status reports (FSR).
 - l. Program/progress reports.
 - m. Grant award modifications.
 - n. Closeout documentation.
- E. Current approved budgets shall be submitted to the Grant Manager along with any approved award modifications before any funding can be expended.

III. Management

- A. KDOC shall utilize the reporting capabilities of SMART to report on receipts, obligations, and expenditures through project costing and general ledger.
1. The Grant Manager shall be responsible for detailed accounting records and documentation to track the following information:
 - a. Approved federal allocation of staff time shall be based on approved payroll records supported by timesheets and/or periodic certification statement.
 - (1) Grant funded staff shall submit timesheets, signed by the employee and the employee's supervisor, to the Grant Manager five business days after the end of a pay period.
 - (2) Timesheets will record grant allowable actual hours worked with a designated task group / task profile. SHARP will utilize the task group / task profile to charge grant funds for the grant hours reported.
 - b. Matching funds are restricted to the same uses as federal funds.
 - c. Program income shall be tracked separate from the direct award utilizing project costing module and unique budget unit in SMART.
 - (1) Expenditures and receipts shall be consistent with the requirements set forth by the awarding federal agency/pass-through entity.
 - d. Subgrants (amount, purpose, award conditions and status).
 - e. Tracking actual expenditures or outlays with budgeted amounts for each award and subgrant throughout the life of the grant.
 2. Expenditure of grant funds shall be made in accordance with IMPP 04-117D Fiscal Control.
- B. Obligations shall be established utilizing the requisition process established in IMPP 04-116D Purchasing and IMPP 04-118D Employee Travel.
- C. Drawdown of federal awards shall be requested after the expenditure has occurred. Expenditures and drawdown reports shall be pulled from SMART using the project costing ID, fund, and budget unit. Expenditures shall balance to the general ledger, federal budget and cash report before draws can be made.
1. The Director of Finance shall ensure that federal funds governed under provisions of the Federal Cash Management Improvement Act are drawn down on an as-needed basis, thereby ensuring funds do not sit idly and the agency is not assessed interest penalties by the Department of Administration on behalf of the federal government.
 2. Funds shall only be drawn when designated Fiscal Division staff receives invoices or other notifications of payment obligation that can be processed through SMART.
 3. All drawdowns shall be made on a reimbursable basis, with the exception of approved federal awarding agencies that permit drawdown on the entire amount.
 4. Federal funds may be drawn down prior to the expenditure being made to ensure cash is available during the close out of the state fiscal year. Such draw down shall be expended within ten (10) calendar days of making the disbursement.
 5. Federal awards in which KDOC is the subrecipient, such as subgrants awarded by the Governor's Grants Office, shall be drawn down in accordance with the granting agency's policies and procedures.

- D. Contracts shall not be entered into until the grant is approved by the awarding federal agency. All contracts financed with federal funds are subject to the provisions of IMPP 01-105D Contracts for Programs and Services and IMPP 04-116D Purchasing.
 - 1. Consultant Rates - Compensation for individual consultant services is to be reasonable and consistent with that paid for similar services in the marketplace.
 - a. Each federal awarding agency periodically establishes a consultant rate maximum limit. The maximum federal rate should not be the default rate for sole source contracts.
 - 2. Any contract or sole source agreement over \$100,000 shall require prior approval from the federal awarding agency.
- E. Reporting for both program and financial reports shall be completed in accordance with approved federal awarding agency requirement set forth in the award documents.
- F. Grant Award Modification.
 - 1. A Grant Award Modification (GAM) shall be required when making a programmatic, administrative, or financial changes to a federal grant.
 - a. GAM submission is the responsibility of the program manager. Reasons for submitting a GAM include, but are not limited to:
 - (1) Budget Modification.
 - (a) Any budget modification to a federal award shall be submitted to the Grant Manager five working days before a request is made for review.
 - (2) Change in Authorized Official or designee.
 - (3) Change in KDOC program manager.
 - (4) Changes to the scope of the award.
 - (5) Changes to the project period (no cost extension).
 - (6) Addition or deletion of programs or reallocation of resources between subrecipients.
 - (7) Costs that require written prior approval from the awarding agency.
 - (8) Compensation for consultant services not to exceed specified amount by the federal awarding agency.
 - (9) Contracts and sole source procurements greater than \$250,000.
- G. Property and assets shall be managed and tracked in accordance with IMPP 04-114D Inventory. In addition, the Grant Manager shall obtain and maintain the Federal Equipment Inventory Form for each item purchased with federal funds.
 - 1. The Fiscal Division shall certify annually the inventory property record.
- H. All travel financed by federal funds is subject to IMPP 04-118D Employee Travel.

IV. Closeout

- A. Final closeouts of a federal award shall be done in accordance with the award federal agency guidelines. Required steps before and during closeout consist of:
1. Expenditures and cash reconciliation to general ledger;
 2. Un-obligate any unspent funding;
 3. Final draw down;
 4. Report all allowable cost incurred, both KDOC and sub-recipient;
 5. Verify match requirement has been met;
 6. File the final SF-425 Federal Financial Report (FFR);
 7. File the final progress report in accordance with instruction provided by the awarding agency; and
 8. Return any unspent grant or program funding to the awarding agency.

V. Subrecipients

A. Subgrantees.

1. Applications for subgrants shall include a detailed statement of work which includes, at a minimum:
 - a. Program goals, timeline, and measures to be used to demonstrate progress.
 - b. A line-item budget and narrative justifying the proposed budget and explaining the calculations used to establish the budget. Matching funds, if applicable, shall be documented in the line-item budget and narrative.
 - c. Subgrantee period of performance start and end date.
 - d. Names, addresses, phone numbers, and email for the Official to Sign, Program Manager, and Fiscal Officer.
 - e. UEI number and SAM/cage number. The subgrantee's name must match the registered name on SAM.gov.
 - f. Personnel information as required by the Federal Funding Accountability and Transparency Act (FFATA).
 - g. Federal Identification number (FEIN).
 - h. Program goals, timeline, and measures to be used to demonstrate progress.
 - i. The following federally-required certifications and assurances:
 - (1) Lobbying, Debarment, Suspension and Other Responsibility Matters and Drug-Free Workplace Requirements.
 - (2) Five Most Highly Compensated Officers (if applicable).
 - (3) Equal Employment Opportunity Plan (If the subgrantee receives \$500,000 or more annually).
 - j. The signatures of the Official to Sign, Program Manager, and Fiscal Officer.

2. The subgrantee application shall be reviewed by the Grant Manager for compliance with federal requirements.
 - a. Applications shall be submitted to the Grant Manager for review and reviewed within 30 working days from receipt of application.
 - b. The Grant Manager shall review the applications and complete a Fiscal Scoring Sheet. The Grant Manager and Program Manager will collaborate to complete a Risk Assessment Tool. Recommendations for approval or denial will be submitted to the Director of Early Intervention Services and Director of Finance within 30 working days of receipt. If additional reviews are needed (i.e. Kansas Advisory Group), the applications and KDOC documents will be provided for a final approval or denial.
 - c. The Grant Manager shall assign a KDOC grant number to be used during the life of the subgrants which are approved.
3. Upon approval, subgrant award documents shall be prepared which identify the federal award information and applicable compliance requirements, including any special conditions. The award document shall, at a minimum include the following information:
 - a. Subgrantee name (which must match the name associated with its unique entity identifier).
 - b. Subgrantee's unique entity identifier.
 - c. Award name and KDOC grant number.
 - d. CDFA title and number.
 - e. Name of federal awarding agency.
 - f. Award amount.
 - g. Award period.
 - h. Program and financial reporting requirements.
 - i. The approved grant application, to include the budget, budget narrative, program goals and objectives, performance measures, and federally-required assurances and certifications.
 - j. Method of payment.
 - k. Project policies.
 - l. Records retention requirements.
 - m. Penalties and sanctions.
 - n. Requirements imposed by law or regulations.
 - o. Special conditions.
 - p. Department of Administration Contractual Provisions form (DA-146a).
4. Award documents shall be signed by the Secretary or designee and the subgrantee's authorized official. Signed award documents shall be placed in the official grant file maintained by the Grant Manager.

B. Subrecipient

1. Subgrantees.

- a. KDOC shall monitor all subgrantees for compliance with the terms of the grant assurance, federal financial guidelines, laws, and regulations, and OMB circulars.
- b. Subgrantee monitoring shall consist of:
 - (1) Monthly review of financial and performance reports.
 - (2) Regular communication with subgrantees.
 - (3) Review of the subgrantee's single or program-specific audit for subgrantees who receive \$750,000 or more in federal awards during the subgrantee's fiscal year. Audit reports must be received within nine months of the close of the subgrantee's fiscal year.
 - (4) Review of detailed financial and program data, to include timesheets, time and effort records, invoices, internal controls, validity of cost allocation methodologies, and reconciliation of financial reports to the sub-grantee's general ledger. Such reviews shall be conducted during site visits or as a desk review.
- c. Every attempt shall be made to ensure each subgrantee is reviewed at least once during the award period.
 - (1) Priority of reviews shall be given to subgrantees with complex compliance requirements, who receive large dollar amounts, and those subgrantees that exhibit behaviors which indicate mismanagement, waste, fraud, and/or abuse may be present. Such indicators include:
 - (a) Reports that are frequently late and/or inaccurate.
 - (b) Lack of supporting documentation.
 - (c) Frequent budget adjustments.
 - (d) Reported expenditures are routinely in equal shares (i.e., quarterly reports show one-fourth of the annual award amount).
 - (e) Changes in all or a majority of the Official to Sign, Program Manager, and Fiscal Officer.
 - (f) Inability or unwillingness to provide completed audits.
- d. All findings shall be documented in a final report and presented to the subgrantee. If necessary, the subgrantee shall prepare a corrective action plan to address any deficiencies.
- e. The final report, corrective action plans, progress reports, and any other documentation pertaining to the review shall be retained in the official grant file.

2. Contractors.

- a. Contractors shall be monitored to ensure they are in compliance with federal financial management requirements and the terms of the contract.
- b. Contractor monitoring shall include:

- (1) Review of invoices and supporting documentation to verify costs are reasonable and allocable to federal awards and compliance with the terms of the contract.
- (2) Monitoring contractor performance against outcomes outlined in the contract.
- (3) Site visits to observe operations.
- (4) Regular communication with contractors.
- (5) Review of the contractor's single or program-specific audit for contractors who receive \$750,000 or more in federal awards during the contractor's fiscal year. Audit reports must be received within nine months of the close of the contractor's fiscal year.

VI. This IMPP must serve as final policy in all departmental facilities, and no General Orders shall be developed or implemented on this subject.

NOTE: The policy and procedures set forth herein are intended to establish directives and guidelines for staff, residents, and offenders and those entities that are contractually bound to adhere to them. They are not intended to establish State created liberty interests for employees, residents, or offenders, or an independent duty owed by the Department of Corrections to employees, residents, offenders, or third parties. Similarly, those references to the standards of various accrediting entities as may be contained within this document are included solely to manifest the commonality of purpose and direction as shared by the content of the document and the content of the referenced standards. Any such references within this document neither imply accredited status by a Departmental facility or organizational unit, nor indicate compliance with the standards so cited. The policy and procedures contained within this document are intended to be compliant with all applicable statutes and/or regulatory requirements of the Federal Government and the state of Kansas. This policy and procedure is not intended to establish or create new constitutional rights or to enlarge or expand upon existing constitutional rights or duties.

REPORTS

None.

REFERENCES

OMB A-102 Administration Rules
OMB A-87 Cost Principles for State, Local, and Indian Tribal Governments
OMB A-133 Audits
Uniformed Guidance dated November 12, 2020
IMPP 01-105D, 04-114D, 04-116D, 04-117D, 04-118D

HISTORY

07-30-15 Original
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ATTACHMENTS

None.