

# Chapter 3

## *Implementation and Control of Approved Grants*

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### **3.1 GENERAL**

(Revised 1/07)

This chapter describes the implementation process for grant agreements and defines responsibilities for the applicant agency, grant director, fiscal or accounting official and OTS for grant control. This chapter also contains information on revising grant agreements, withholding, reducing, disallowing, or terminating funds, and closing out or terminating grants.

### **3.2 APPROVED AGREEMENT**

(Revised 1/07)

When the grant has been approved, the applicant agency receives notification from OTS to proceed according to the conditions and design authorized in the approved grant agreement. The approved grant agreement will be included with this notification and will show an effective date on Page 2 (OTS-38a).

**Note: Claims for reimbursement may be made only for costs incurred on or after the effective date. No reimbursement will be provided for expenses incurred prior to the effective date or after the grant period end date.**

### **3.3 PRE-OPERATIONAL MEETING**

(Revised 1/07)

Within the first 90 grant period days, a meeting will be scheduled to review, in detail, the Quarterly Performance Report (QPR) format, grant requirements and conditions, and the reimbursement claim process. The actual grantee personnel responsible for preparing the QPR's and reimbursement claims must attend the meeting.

### **3.4 FISCAL OR ACCOUNTING OFFICIAL**

(Revised 1/07)

The fiscal or accounting official named in the grant agreement should be the applicant agency's fiscal representative responsible for ensuring budgeted costs are in accordance with the applicant agency's standard policies and procedures and accounting records are maintained that will separate and accurately record grant costs. In addition they will ensure claims for reimbursement of grant costs are limited to those specifically authorized in the grant agreement and are prepared using grant accounting records or a process that reconciles claims no less than once a quarter with the grant records.

### **3.5 GRANT DIRECTOR**

(Revised 1/07)

The grant director should be one of the applicant agency personnel assigned to the

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grant, i.e., traffic engineer, chief of police, etc., and must be available for periodic operational reviews with OTS representatives. The grant director is responsible for establishing operating procedures and controls, which will ensure adequate administration of the grant in accordance with the terms of the agreement with emphasis on:

- Meeting work schedules
- Maintaining costs within the approved budgets
- Maintaining sufficient documentation for validation of grant progress and accountability for funds expended (GPM, Chapter 4)
- Submitting required grant reports (GPM, Chapter 7)
- Conducting grant evaluations

#### **3.6 OTS RESPONSIBILITY**

(Revised 1/07)

OTS has the responsibility and authority to review and evaluate each grant. Such review and evaluation will be made for the purpose of assisting the applicant agency to understand and comply with the required procedures and to gain maximum benefits from the funds expended. OTS will also assist in the coordination of meetings with other agencies having similar grants and provide any information required.

#### **3.7 APPLICANT AGENCY RESPONSIBILITY**

(Revised 1/07)

Applicant agencies are responsible for promptly notifying their OTS Coordinator regarding any changes or problems that arise during the grant period. They are also encouraged to have meetings with other agencies having similar grants in operation, for the purpose of coordinating related activities.

State applicant agencies must comply with all state requirements including those for feasibility reports and the provisions of Section 0911 of the State Administrative Manual. In addition, if the grant is not approved in the state budget, the agency must comply with Section 6236.5 of the State Administration Manual (Section 28, Reporting).

#### **3.8 GRANT REVISIONS**

(Revised 6/07)

Grant revisions include any grant agreement change(s) that are necessary to enhance the operational efficiency of the grant. All appropriate documentation required to request a grant revision requiring OTS approval (i.e., budget category increases, etc.) must be submitted to OTS. All revised pages must be submitted in a format that allows old grant agreement pages be removed and new pages

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inserted without losing the continuity of content.

The following table provides examples of how and when to request a revision.

| <b>Prior to submitting revision documents, grantees are encouraged to contact their OTS Coordinator to discuss the proposed revisions.</b> |  |  |
|--|--|--|
| <b>Examples of requested changes/revisions to the Grant Agreement</b>  | <b>Type of Revision/Approval Required</b>        | <b>Grantee Requirements</b>  |
| 1. Grant period time extension.  | Formal Grant Revision with OTS Approval Required | Initial time extension request must be submitted to OTS by email or letter prior to the grant end date.<br>A cover letter to describe and justify revision request.<br><ul style="list-style-type: none"> <li>• Page 1 (OTS-38) – Five copies – two must have original signatures.</li> <li>• Schedule A (OTS-38b) – Five copies.</li> <li>• Schedule B (OTS-38 d&amp;e) – Five copies.</li> </ul> |
| 2. Change in Grant Director, Authorizing Official, Fiscal or Accounting Official.  | Formal Grant Revision Required                   | A cover letter naming the new replacement(s).<br><ul style="list-style-type: none"> <li>• Page 1 (OTS-38) – Five copies (two must have original signatures).</li> </ul>  |
| 3. Significant changes to the grant goals and objectives that affect the scope of the grant.   | Formal Grant Revision with OTS Approval Required | A cover letter to describe and justify revision request.<br><ul style="list-style-type: none"> <li>• Schedule A (OTS-38b) – Five copies.</li> </ul>  |
| 4. Significant changes to the Schedule A - Method of Procedure that affects the grant end date.  | Formal Grant Revision with OTS Approval Required | A cover letter to describe and justify revision request.<br><ul style="list-style-type: none"> <li>• Page 1 (OTS-38) – Five copies (two must have original Signatures).</li> <li>• Schedule A (OTS-38b) – Five copies.</li> <li>• Schedule B (OTS-38 d&amp;e) – Five copies.</li> </ul>  |
| 5. Schedule B Cost Category increase in excess of 10%.   | Formal Grant Revision with OTS Approval Required | A cover letter to justify revision request.<br><ul style="list-style-type: none"> <li>• Schedule B (OTS-38 d&amp;e) – Five copies.</li> <li>• Schedule B-1 (OTS-38f) if applicable – Five copies.</li> </ul>   |
| 6. Increase total grant budget.  | Formal Grant Revision with OTS Approval Required | A cover letter to describe and justify revision request.<br><ul style="list-style-type: none"> <li>• Page 1 (OTS-38) - Five copies (two must have original signatures).</li> <li>• Schedule A (OTS-38b)– if applicable – Five copies</li> <li>• Schedule B (OTS-38 d&amp;e) – Five copies.</li> <li>• Schedule B-1 (OTS-38f) if applicable – Five copies.</li> </ul>                               |

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| <b>Prior to submitting revision documents, grantees are encouraged to contact their OTS Coordinator to discuss the proposed revisions.</b>   |  |  |
|--|--|--|
| <b>Examples of requested changes/revisions to the Grant Agreement</b>  | <b>Type of Revision/Approval Required</b>  | <b>Grantee Requirements</b>  |
| 7. Funds redistributed between line items within a Cost Category.<br><br>NOTE: May not apply to "Equipment" refer to #8, and does not apply to "Contractual Services" refer to #9. | No OTS Approval Required<br><br>Costs must be reasonable, allowable, and further the grant objectives. | NONE   |
| 8. "Equipment" Cost Category Only - Increase in the number of items in the Schedule B and/or B-1.  | OTS and NHTSA Approval Required  | E-mail the Coordinator a description and justification for the increase in the number of items.<br><br>The Coordinator will e-mail back the decision.  |
| 9. "Contractual Services" Cost Category Only – A line item dollar amount increase in the Schedule B or an increase in the sub-contract amount on file at OTS.                      | OTS Approval Required  | E-mail the Coordinator a description and justification<br><br>May require submission of an amended sub-contract.<br><br>The Coordinator will e-mail back the decision.   |
| 10. Specific line item <u>not</u> included in the Schedule B or B-1 for which funding is available within the appropriate Cost Category.   | OTS Approval Required  | E-mail the Coordinator a description and justification to purchase the item(s).<br><br>The Coordinator will e-mail back the decision.  |
| 11. Travel either in state or out of state not identified in the Schedule B-1.   | OTS Approval Required  | E-mail the Coordinator a description and justification for the trip(s). This description may include a web link or fax about the conference information or agenda.<br><br>The Coordinator will e-mail back the decision. |

### **3.9 APPROVAL OF REVISION REQUESTS**

(Revised 1/07)

In determining approval of grant revision requests, the following will be considered:

- Current and past grant performance
- Availability of funds

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- Timeliness and quality of claims and quarterly performance reports
- Circumstances and justification provided by grantee for the request

#### **3.10 CARRY OVER OF UNEXPENDED FUNDS**

(Revised 1/07)

All grantees with multiple year grants should notify their OTS Coordinator whether or not a carry over request will be submitted.

Grantees with grants continuing into a subsequent year that would like to continue unexpended funds into the next federal fiscal year must submit a written request. This request should include a justification by cost category and line item, outlining the need for retaining the carry over funds. In preparing the justification consider the time remaining in the grant and existing programmed funds. The justification should also include any obligated costs not yet billed by September 30. All federal fiscal year costs incurred and invoiced prior to September 30 should be included on the September 30 claim. The due date for carry over requests is October 31.

After receiving the carry over justification request, OTS will verify the amount of unexpended funds, based on the September 30 reimbursement claim, and approve or disapprove carry over into the next federal fiscal year. A reduction of unexpended prior year funds will not change the funding budgeted for future federal fiscal years. OTS will mail a revised grant agreement Page 2 (OTS-38a) indicating the new federal fiscal year appropriation; including any approved carry over amounts.

#### **3.11 WITHHOLDING, DISALLOWANCE, REDUCTION, TERMINATION AND/OR DENIAL OF GRANT FUNDS**

(Revised 2/08)

The OTS Coordinator has the responsibility of recommending to the Director of OTS the cancellation of any grant, which is not being implemented in accordance with applicable federal and state laws, or pursuant to the terms of the signed grant agreement. In addition, OTS will withhold or disallow grant payments, reduce or terminate grant funds, and/or deny future grant funding to any grantee that fails to comply with any term or condition of the grant agreement or program guidelines. This may include, but is not limited to, the following:

- Failure to submit acceptable and timely draft and final grant agreements;
- Failure to submit acceptable and timely reimbursement claims;
- Failure to submit acceptable and timely quarterly and final reports;
- Failure to submit acceptable and timely Schedule Cs (Quarterly Evaluation Data Form OTS-38g);

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- Failure to comply with Single Audit Act requirement (GPM, Chapter 4.11)

Should OTS deem it necessary to reduce or terminate grant funds, the grant director will first receive a certified letter citing unacceptable grant discrepancies, required corrective action, and penalty for not rectifying the discrepancies by a specified deadline. If corrective action is not taken by the deadline date, the stated penalty will be imposed.

Payment for allowable costs up to the date of termination or reduction of grant funds will be subject to negotiation and availability of federal funds.

#### **3.12 TERMINATION REQUESTED BY APPLICANT AGENCY**

(Revised 1/07)

Agreements may be rescinded upon request by the applicant agency when the agency is unable to implement the grant. Upon review and approval by OTS, an agreement may be terminated when the agency finds it is unable to continue with the work for justified reasons beyond its control. In such circumstances, the maximum reimbursement of claimed costs to the date of termination is limited to the amount determined to be allowable (GPM, Chapter 2) by a fiscal audit of the grant records. If applicable, grant termination may require the surrender of purchased equipment to OTS.

#### **3.13 CLOSE OUT OF GRANTS**

(Revised 1/07)

Approximately 30 days prior to the grant end date, a close out letter is mailed to the grant director. This serves as a reminder of the grant end date and includes information to assist the grant director with the final report, executive summary, final claim, and OTS-25, Equipment Report, if applicable (GPM, Chapter 4.6).

#### **3.14 FUND AVAILABILITY**

(Revised 1/07)

If, during the term of the grant award, federal funds become reduced or eliminated, OTS may immediately terminate or reduce the grant award upon written notice to the grant director.

#### **3.15 LIMITATION ON LIABILITY**

(Revised 1/07)

The applicant agency shall be responsible for the settlement of any and all claims and lawsuits arising from or incident to OTS' non-payment of the applicant agency's claim. The applicant agency expressly acknowledges their responsibility including the payment of all damages, expenses, penalties, fines,

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costs, charges, and attorney fees, if the claims and lawsuits are based upon OTS' non-payment of claims. The applicant agency shall defend any suits brought upon all such claims and lawsuits and pay all costs and expenses.

The grant agreement entered into with OTS is subject to any applicable restrictions, limitations, or conditions enacted by the United States Government subsequent to the execution of the grant agreement.