

Reclamation Manual

Directives and Standards

Subject:	Requirements for Award and Administration of Financial Assistance Agreements (Grants and Cooperative Agreements)
Purpose:	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.
Authority:	2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Financial Assistance Interior Regulation (FAIR) at 2 CFR Part 1402; 505 DM 1, which provide departmental requirements for implementing Federal financial assistance statutory and regulatory requirements; 505 DM 1.4.D(1), which provides Reclamation with the responsibility to develop and issue policies, procedures, and regulations which will implement departmental policies for financial assistance
Approving Official:	Director, Mission Support Organization (MSO)
Contact:	Financial Assistance and Property Management Division (FAPMD), 84-27100; Financial Assistance Policy (FA Policy), 84-27140

1. Introduction.

This D&S outlines requirements for the award and administration of Financial Assistance agreements within the Bureau of Reclamation.

2. Applicability.

The requirements within this D&S apply to all financial assistance agreements awarded and administered by Reclamation.

3. Responsibilities.

A. Director, Mission Support Organization (MSO).

The Director, MSO is the Reclamation Senior Executive Service responsible for Bureau-wide internal controls and oversight relating to the award and administration of Financial Assistance. The Director, MSO may delegate responsibilities to the Bureau Financial Assistance Chief.

B. Bureau Financial Assistance Chief (BFAC).

The BFAC is a senior financial assistance bureau employee responsible for Bureau-wide internal controls and oversight relating to the award and administration of Financial Assistance. The BFAC may also have responsibility for approving, or rejecting, applications for signature authority appointments, and adjusting levels and limits.

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C. Regional Directors (RDs).

RDs are responsible for ensuring that Financial Assistance agreements awarded and administered within their Regions follow Departmental and Bureau policies and procedures.

4. 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 Grants Officer's (GO) and Grants Officer Technical Representative's (GOTR) must satisfy the following training requirements. Regions are responsible for tracking compliance with Department of Interior Certification for Financial Assistance (DOIC-FA), financial assistance appointments, and GOTR designations.

- (a) A GO must, at a minimum, obtain 40 hours of training applicable to the award and administration of financial assistance prior to applying for a financial assistance signature authority appointment. Further, a minimum of 32 hours of training is required for each 2-year period following the initial appointment, 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. After the initial training workshop, the GOTR must complete a Reclamation-administered "refresher" workshop either prior to, or within 6 months of the expiration of their certification every 2-years to maintain proficiency and knowledge in current financial assistance management laws, regulations, requirements, and best practices.

(2) Award Instrument Determination (AID).

Prior to the award of a new agreement or an amendment to an existing agreement that exceeds the original estimated amount, adds additional work, or substantively alters the existing scope of work, an award instrument determination must be conducted and documented. The award instrument

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determination 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 determination must be approved by both a GO and the regional Chief of the Contracting Office (CCO) or Chief of the Grants Office (CGO). As stated below, review may be sought, regardless of award amount, from a solicitor or FA Policy, to assist in this determination.

(3) **Competition and Noncompetitive Requirements.**

Reclamation awards financial assistance agreements based on merit and in accordance with the law. Consistent with 31 U.S.C. 6301, the Department's Application and Merit Review Policy, and ACM 01-02, Reclamation expects competition in the award of financial assistance. Per the requirements of 2 CFR Part 1402.204(a), "competition is expected in awarding discretionary funds, unless otherwise directed by Congress." Both competitive and noncompetitive awards shall consider alignment with the current Department Government Performance and Results Act (GPRA) Strategic Plan.

(a) **Competition.**

Competition in the selection and award of financial assistance requires the following:

(i) **Full and Open Announcement.**

A Notice of Funding Opportunity (NOFO) must be created within the Department's official grants administration system and posted on Grants.gov in compliance with the prescribed Office of Management and Budget (OMB) announcement format, codified in 2 CFR 200 Appendix I. The NOFO must generally be open for at least 60 calendar days for all eligible applicants to develop and submit applications. No Reclamation NOFO may be open for less than 30 days unless exigent circumstances are submitted to and approved, in writing, by the BFAC or designate. Additional announcement methods may be utilized in addition to posting on Grants.gov.

(ii) **Impartial Review and Evaluation.**

As per 2 CFR Part 1402.204(b), and consistent with legislative authority, an impartial review and evaluation of applications received in response to the NOFO must be conducted and documented.

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- (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, which is provided to the GO and included in the official award file.
- (b) **Non-competitive.**

A non-competitive agreement is a financial assistance award issued without competition to an organization or individual determined to be an appropriate partner based on demonstrable criteria such as unique expertise or capacity. A mandatory or non-discretionary financial assistance award is provided through Congressional designation or other legal, regulatory requirement. The following requirements must be met prior to the award of a noncompetitive or mandatory/non-discretionary agreement:

 - (i) A directed announcement targeting the proposed recipient must be created within the Department's official grants administration system.
 - (ii) A justification for the selection of the proposed project and recipient shall be documented with a Non-competitive Selection Justification (NSJD), providing enough detail to clearly explain why Reclamation did not award the financial assistance agreement competitively.
- (4) **Notification of Unsuccessful Applicants.**

Unsuccessful applicants shall be promptly notified, in writing, by the responsible GO or Financial Assistance Selection Official, as identified in the Selection Plan. Upon applicant request, the responsible party must provide the reason(s) why their application was not funded.
- (5) **Responsibility Determination.**

Prior to the issuance of a new award, a responsibility determination, which reviews a potential recipient's organizational responsibility, shall be conducted in accordance with 2 CFR Part 200.206. The review includes repositories of governmentwide data, including performance history, audit reports and findings, and compliance history. The GO is responsible for review and approval of the risk determination posed by the applicant, and it is documented in the Business Evaluation and Responsibility Determination (BERD).
- (6) **Pre-Award System Survey (PASS).**

In accordance with 2 CFR 200.302 as part of the responsibility determination, a review of a potential recipient's financial and business management systems must be conducted for those applicants that have not received awards from

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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 and is documented in the PASS.

(7) **Independent Review.**

An independent review must be performed and documented prior to the award of a new agreement or an amendment 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 amendment 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.

(8) **Legal Review.**

Legal review shall be obtained for all proposed financial assistance awards or amendments 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.

(9) **Internal Control Plan and FA Policy Reviews.**

Reclamation has established a bureau wide internal control plan for financial assistance, comprised of BFAC approval of Regional internal control plans and required submissions to FA Policy for review and concurrence.

- (a) The bureau wide internal control plan for financial assistance is developed annually by the BFAC in response to risks identified during the A-123 Appendix A internal audit process. The annual plan includes review and approval of Regional internal controls, as well as identifying all financial assistance actions that must be submitted to FA Policy for review and concurrence prior to award or modification.
- (b) The bureau wide internal control plan establishes Regional monetary thresholds and other parameters, of all financial assistance actions that must be submitted to FA Policy. The primary purpose of the FA Policy review of actions is to ensure compliance with Reclamation's guidelines, procedures, and processes.

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B. Award Requirements.

The following procedures are required prior to, or immediately following, the award of financial assistance agreements by Reclamation.

(1) Award and Amendments.

All awards and amendments must be executed within the Department's official grants administration system, with all necessary supporting documentation contained therein, including the approved budget, statement of work, reporting requirements, and terms and conditions.

(2) GOTR Designation.

GOs must designate, in writing, a GOTR for all assistance awards issued by Reclamation.

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.

Regarding the review and acceptance of interim financial status and program performance reports received from the recipient:

- (a) GOs must review and accept all Federal Financial Reports (SF-425) and Requests for Advance/Reimbursement (SF-270s) if applicable. Review of financial reports shall be documented and include, at a minimum, a comparison of recipient drawdowns to date against the approved budget and terms and conditions of the agreement.
- (b) GOTRs have the primary responsibility to review and accept all program performance reports and submit their approval to the GO for file integrity. Review of program performance reports shall be documented and include, at minimum, a comparison of reported recipient progress against the approved statement of work and terms and conditions of the

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agreement. In instances in which acceptance is not received (via email or similar documentation) the GO may accept the report without GOTR concurrence.

(3) **File Documentation.**

The official award file includes all recorded information made, or received, in connection to a financial assistance award which serves as evidence of application, evaluation, actions, determinations, reports, monitoring, and correspondence. All financial assistance records must meet records management criteria and requirements defined in the Reclamation Manual Directive & Standard RCD 05-01 and Information Management Handbook.

(4) **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 a 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 official award file. If a separate file is maintained by the GOTR for the technical details of the project (such as site plans, drawings, etc.) the official award 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 an amendment which increases project funding; and
- (e) taking action to rectify any noncompliance, providing timely notice, and obtaining overdue reports and supporting documentation, with due concern for recipient rights and program needs.

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(5) **Recipient Non-compliance.**

Recipient non-compliance with the terms and conditions of the award, including the reporting requirements, may require remedies for non-compliance by the GO as per 2 CFR Parts 200.339-341. Any resulting suspension or debarment actions must be reviewed by the Department Suspending and Debarring Official (SDO) in accordance with the Department's Referrals for Suspension and Department Consideration policy.

(6) **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 address definitive findings of recipient non-compliance or as part of an overall risk-based approach to monitoring. 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.

(7) **Resolution of Site Visit Findings.**

Through appointment, the GO has 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 within 45 days of a site visit, in writing, of any financial assistance management matters that require corrective action.

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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 and program performance reports must be conducted prior to close-out of all financial assistance agreements.

(2) **Systems Closeout.**

The award agreement should be closed as soon as possible, or within twelve months following the period of performance end date. Any remaining funds must be de-obligated and the award status marked “closed” in the Department’s official grants management, financial management, and recipient payment management systems.

(3) **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.

(4) **Formal Close-Out Amendment.**

A close-out amendment in the Department’s official grants administration system must be completed upon conclusion of the above requirements. The amendment should document any additional administrative items that the GO considers pertinent to the file.

(5) **Non-Compliance Closeout.**

For recipients who fail to submit required final reports within 120 days of the period of performance end date, the following actions must be taken by the GO to complete closeout;

(a) A minimum of three (3) attempts, in writing, to remind recipients of the requirement and collect closeout documentation.

(b) If no response is received following the third attempt, the award will be closed with the available information.

(c) Closeout should occur within twelve (12) months following the period of performance end date.

(6) **Retention of Records.**

The official award 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.

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E. **Financial Assistance Internal Control Review.**

Reclamation will conduct an annual review to assess the effectiveness of internal controls for all financial assistance as part of the OMB Circular A-123, Appendix A financial reporting assessment.

5. **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. 95th Cong., 1st 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 1, Grants Administration, Program Management and Responsibilities. January 13, 2021.
- D. United States. Government Accountability Office. Appropriations Law. Volume II. Chapter 10. Federal Assistance: Grants and Cooperative Agreements. February 2006.
- E. United States. Cong. The Federal Funding Accountability and Transparency Act of 2006. Public Law 109-282. 109th Cong., 2nd sess. Washington: GPO 2006.
- F. United States. Office of Management and Budget. 2 CFR Part 200. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. December 2013.
- G. United States. Office of Management and Budget. 2 CFR Subtitle B, Federal Agency Regulations for Grants and Agreements. Chapter XIV Department of the Interior. Part 1402, Financial Assistance Interior Regulation, Supplementing the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. August 30, 2019
- H. United States. Department of the Interior.
 - (1) DOI-AAAP-0058. Financial Assistance Federal Financial Reporting. 4/7/2016.
 - (2) DOI-AAAP-0068 v01. Financial Assistance Pre-Award Risk Assessment and Post Award Monitoring. 8/17/2016.
 - (3) DOI-PGM-PAN-0004. DOI Adoption of GrantSolutions. 3/18/2020.

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- (4) DOI-PGM-POL-0004. DOI Financial Assistance Certification and Appointment Programs. 5/11/2020.
- (5) 205 DM 12. General Delegations: Financial Assistance. 1/13/2021.
- (6) DOI-PGM-PAN-0017. Applicant Eligibility Consideration. 2/11/2022.
- (7) DOI-PGM-PAN-0021. Merit Review Process. 9/19/2022.
- (8) DOI-PGM-PAN-0026. Fiscal Year (FY) 2023 Internal Controls Requirements for Financial Assistance. 1/6/2023.
- (9) DOI-PGM-POL-0010. Financial Assistance Application and Merit Review. 9/11/2023.
- (10) DOI-PGM-POL-0011. Deviations from the Merit Review Panel Recommendation. 9/11/2023.
- (11) DOI-PGM-POL-0012. Referrals for Suspension and Debarment Consideration. 9/26/2023.

6. 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 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. Financial assistance agreements awarded to tribal entities are covered within this definition, but not any agreement awarded under Public Law 93-638 Indian Self Determination Act. The term does not include: technical assistance which provides services instead of money; 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 the award and administration of financial assistance agreements is delegated from the Commissioner to the Head of Financial Assistance Activity (HFAA). The Director, MSO, or Acting Director, MSO, will assume this role. This authority may be re-delegated by appointment, 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

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policies and procedures applicable to financial assistance; and any monetary limitations that the HFPA may impose.

C. **Grants Officer (GO).**

The GO is a Reclamation employee who has been delegated signature authority to enter into, administer, and/or terminate financial assistance awards (grants and cooperative agreements), and make related determinations and findings on behalf of Reclamation.

D. **Grants Officer Technical Representative (GOTR).**

The GOTR 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.

7. **Review Period.**

The originating office will review this release every four years.