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REC Grant Management

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What Make REC Awards Special?



- RECs support and serve health care providers, helping them quickly become adept and meaningful users of electronic health records (EHRs). RECs are designed to make sure that primary care clinicians get the help they need to use EHRs.
- New agency, major new governmental initiative to implement electronic records.
- Cooperative Agreement, means substantial federal, Office of the National Coordinator, involvement.
- ARRA awards are high risk, per the A-133 Advisories and Compliance Supplement guidance.

Grant Management and RECs



- Financial System Requirements
- Program Income
- Matching and Cost Share
- Valuing Cost Share
- Subawards - Subgrants
- Procurement Requirements
- Contracting
- Property and Equipment
- Cost Overruns and Cost Transfers
- Financial Oversight
- Code of Conduct
- Disclosure of Fraud and Misconduct
- Deviations and Revisions to Program Plans
- Change in Scope

Foundations for Compliance



- Funding Opportunity Announcement EP-HIT-09-003
- Award Notice Terms & Conditions
- ARRA Regulations (PL 111-5)
- HHS Grants Policy Statement
- 45 CFR Part 74
- A-133

Financial Management System



- **Provide accurate, current, and complete financial information** about Federal awards and, for subawards, reasonable procedures for ensuring that subrecipients provide financial reports in sufficient time to allow preparation of required reports.
- **Maintain records that adequately identify the sources of funds** and the purposes for which the award was used, including authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and any program income.
- Accounting records must be supported by source documentation such as canceled checks, paid bills, payrolls, and time and attendance records.
- **Maintain effective control over and accountability** for all cash, real and personal property, and other assets under the award; adequately safeguard those assets; and ensure that they are used only for authorized purposes.
- **Compare actual expenditures or outlays with the approved budget** for the award.
- Recipients shall **maintain advances of Federal funds in interest bearing accounts** (exceptions exist). Interest amounts up to \$250 per year may be retained by the recipient for administrative expense.
- **Written procedures to minimize the time elapsing between the transfer of funds and expenditure.**
- **Written procedures for determining the reasonableness, allocability and allowability of costs** in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.

Costing Basics



- **Reasonable** - “Prudent person” test.

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

- **Allocable** - The items charged to a project benefit the project .

- **Consistency** - Costing methods and application. Treating like cost, in like circumstances the same.

- **Conformance** = Allowable based on the guidelines, terms, conditions, restrictions. The HHS Grants Policy Statement Exhibit 4, *Selected Items of Cost* is a resource in determining cost allowability.

Program Income



- **Program income** is any gross income that is directly generated by a supported activity or earned as a result of the award. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects ... and interest on loans made with award funds. Interest earned on advances of Federal funds is not program income.
- **REC program income must be recorded and used to meet match obligation.** Once match obligation is met, must be used to further the objectives of the program.
- No program income obligations exist after the end of the award.

Matching and Cost Share Requirements



- RECs require matching to be proportional to expenditures;
- Verifiable from the recipient's records;
- Not included as contributions for any other federally-assisted project or program;
- Necessary and reasonable for proper and efficient accomplishment of project or program objectives;
- Allowable under the applicable cost principles;
- Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching;
- Are provided for in the approved budget; and
- Conform to other provisions of this part, as applicable.

Valuation of Donations as Cost Share



- **Supplies** - Donated supplies may include office supplies, laboratory supplies, or workshop and classroom supplies. The value must be *reasonable and cannot exceed the fair market value* at the time of donation.
- **Equipment** - The value of donated equipment cannot exceed the *fair market value* of equipment of the same age and condition at the time of donation. The value of loaned equipment cannot exceed its fair rental value. If any part of the donated property was acquired with Federal funds, only the non-Federal share of the property may be counted as matching or cost sharing.

If a third party donates equipment, buildings, or land and title passes to a recipient or subrecipient, with GMO approval, the market value at the time of donation of the donated equipment or buildings and the fair rental rate of the donated land may be counted as matching or cost sharing. In the case of a subgrant, the terms of the grant award may require that the approval be obtained both from the GMO and from the recipient. In either case, approval may be given only if purchase of the equipment or rental of the land would be allowable as a direct cost.
- **Space** - The value of donated space cannot exceed the *fair rental value of comparable space* as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.
- **Donated Services** - Rates for donated services must be consistent with those paid for similar work in the organization. In those instances in which the required skills are not found in the recipient's organization, rates must be consistent with those paid for similar work in the labor market in which the recipient would compete for the kind of services involved. When an employer other than the recipient furnishes the services of an employee, the services must be valued at the employee's regular rate of pay. Only the amount representing an amount consistent with the function performed are allowable, e.g., if a doctor serves as a receptionist, only the amount that would be allowable for a receptionist is allowable as a contribution to the grant. Fringe benefits consistent with those that would be paid by the employing organization that are reasonable, allowable, and allocable may be included in the valuation.

REC Specific Subawards Requirements



- Prior to the execution of any new agreement between the grantee and any subawardee the grantee is to obtain ONC approval for issuance.
- Non discrimination for or against any organization's religion character or affiliation.

Subawards - Subgrants



- The terms and conditions in the HHS GPS apply directly to the recipient of HHS funds. The recipient is accountable for the performance of the project, program, or activity; the appropriate expenditure of funds under the award by all parties; and all other obligations of the recipient, as cited in the NoA.
- In general, the requirements that apply to the recipient, including public policy requirements, also apply to subrecipients and contractors under grants, unless an exception is specified.
- HHS Grants Policy Statement Exhibit 3 summarizes the subaward flow down requirements.

Procurement Requirements



- Recipients shall establish written procurement procedures. These procedures shall provide for, at a minimum, that:
 - Recipients avoid purchasing unnecessary items;
 - REC are required to perform cost or price analysis with every procurement; and
 - Solicitations for goods and services provide for all of the following:
 - A clear and accurate description of the technical requirements for the material, product or service to be procured. In competitive procurements, such a description shall not contain features which unduly restrict competition.
 - Requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposals.
 - A description, whenever practicable, of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards.
 - The specific features of “brand name or equal” descriptions that bidders are required to meet when such items are included in the solicitation.
 - The acceptance, to the extent practicable and economically feasible, of products and services dimensioned in the metric system of measurement.
 - Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources and protect the environment and are energy efficient.
 - Positive efforts shall be made by recipients to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible.

Additional Contracting Requirements



- Contracts shall be made only with responsible contractors who possess the potential ability to perform successfully under the terms and conditions of the proposed procurement.
- Consideration shall be given to such matters as contractor integrity, record of past performance, financial and technical resources or accessibility to other necessary resources.
- Prohibition on contracting with parties excluded under E.O.s 12549 and 12689, “Debarment and Suspension.” (Excluded Parties List).

Property & Equipment Requirements



- Recipients shall provide the equivalent insurance coverage for property and equipment acquired with HHS funds as provided to other property owned by the recipient.
- Equipment records shall be maintained accurately and shall include the following information:
 - A description of the equipment;
 - Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number;
 - Source of the equipment, including the award number;
 - Whether title vests in the recipient or the Federal Government;
 - Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost;
 - Information from which one can calculate the percentage of HHS's share in the cost of the equipment;
 - Location and condition of the equipment and the date the information was reported;
 - Unit acquisition cost; and
 - Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the HHS awarding agency for its share.
- A physical inventory of equipment and the results reconciled with the equipment records must be performed every two years.
- Recipient shall maintain a control system to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.
- The recipient shall implement adequate maintenance procedures to keep the equipment in good condition.

Cost Overruns and Cost Transfers



- Transfers of costs from one project to another or from one competitive segment to the next solely to cover cost overruns are not allowable.
- Cost transfers between grants, whether as a means to compensate for cost overruns or for other reasons, generally are unallowable; however, cost transfers may sometimes be necessary to correct bookkeeping or clerical errors. Recipients (and subrecipients and contractors) should have systems in place to detect such errors within a reasonable time frame. Untimely discovery of errors could be an indication of poor internal controls.
- Permissible cost transfers should be made promptly after the error occurs but no later than 90 days following occurrence unless a longer period is approved in advance by the GMO.

Financial Oversight



- REC funds may be frozen if the FFR SF424 is not submitted on or before the required date.
- For REC an A-133 Audit is required to be submitted within 10 days of receipt, but no later than 9 months following fiscal year close.
- A-133 Audit expectation applies to you and your subcontractors.
- RECs, along with other ARRA awards, must be specifically identified in the A-133 audit.

Code of Conduct



- The recipient shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts.
- **No employee, officer, or agent shall participate in the selection, award, or administration of a contract** ...if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, or any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a **financial or other interest in the firm selected for an award.**
- The officers, employees, and agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to subagreements. However, recipients may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value.
- The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employers, or agents of the recipients.

Disclosure of Fraud or Misconduct



- ARRA obligation to promptly refer to the HHS Office of Inspector General any credible evidence that a principal, employee, agent, contractor, sub-recipient, subcontractor, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving those funds.
- Anyone who becomes aware of the existence (or apparent existence) of fraud, waste, or abuse related to HHS grants or use of grant funds should report this information to HHS.

Deviations and Revisions to Program Plans



- **Change in the scope or the objective** of the project or program (even if there is no associated budget revision requiring prior written approval).
- **Change in the project director** or other key persons specified in the application or award document.
- **Absence for more than three months, or a 25 percent reduction in time devoted to the project**, by the approved project director.
- **Need for additional Federal funding.**
- **Inclusion**, unless waived by the HHS awarding agency, **of costs that require prior approval** in accordance with OMB Circular A-21, “Cost Principles for Educational Institutions;” OMB Circular A-122, “Cost Principles for Nonprofit Organizations;” or appendix E of this part, “Principles for Determining Costs Applicable to Research and Development under Grants and Contracts with Hospitals,” or 48 CFR part 31, “Contract Cost Principles and Procedures,” as applicable.

Change in Scope?

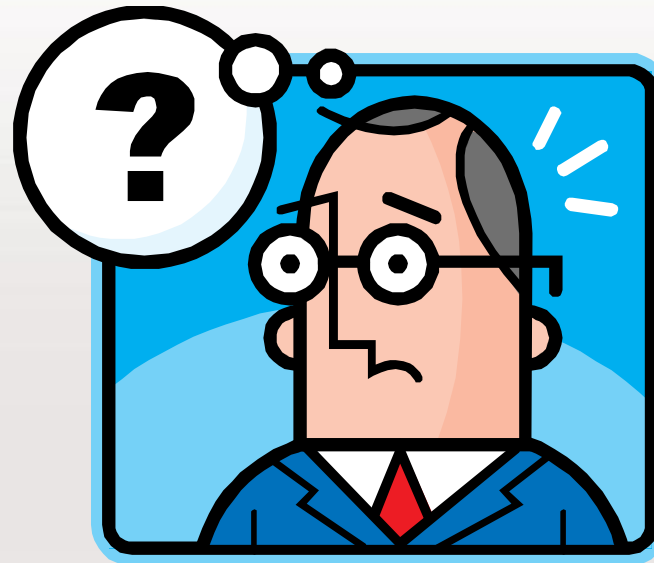


- **Significant rebudgeting**, whether or not the particular expenditures require prior approval. Significant rebudgeting occurs when, under a grant with a Federal share exceeding \$100,000, cumulative transfers among direct cost budget categories for the current budget period exceed 25 percent of the total approved budget (which includes direct and indirect costs, whether chargeable to Federal funds or required matching or cost sharing) for that budget period or \$250,000, whichever is less.
- **Equipment purchases**, not approved in the awarded budget, that exceed \$25,000.
- **HHS Grants Policy Statement, Exhibit 5** summarizing actions requiring ONC prior approval.



- HHS Approved ARRA Terms & Conditions – <http://www.hhs.gov/recovery/grantscontracts/recoverytermsconditions.html>
- HHS Grants Policy Statement - <http://dhhs.gov/asfr/ogapa/aboutog/grantsnet.html>
- 45 CFR Part 74 - <http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr;sid=85fa827d5b4cde0a8286b0541125d28e;rgn=div5;view=text;node=45%3A1.0.1.1.35;idno=45;cc=ecfr#45:1.0.1.1.35.3.6.6>
- Excluded Parties List (EPLS) - <https://www.epls.gov/>

Questions, Challenges to Date



Questions??

Thank you!



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