

Introduction

As project director of a discretionary grant awarded by the New Jersey Department of Education (DOE), you are responsible for managing and implementing the educational project and budget described in your final approved grant application. You must also ensure that your agency meets its responsibilities to the DOE under the grant agreement. Where possible, the individual designated by the applicant agency to serve as the project director should continue to serve in that capacity for the entire length of the grant project. This will help to ensure consistency in project administration, full understanding of overall project goals and objectives, and steady progress toward fulfilling the project plan.

The DOE is required to assure its awarding agencies that funds are awarded and expended in accordance with program and administrative regulations. To address this requirement, the DOE is committed to assisting grant recipient agencies with the implementation of successful grant projects that will avoid audit findings.

The *Grant Recipient's Manual for Discretionary Grants* is intended to provide information and general guidance to project directors in managing discretionary grant projects under grant agreements issued by the DOE. Nothing presented in this manual is intended to supersede, or be construed as superseding, applicable state or federal legislation, regulations, or any other requirements that govern the use of discretionary grant funds. Therefore, the project director is advised to refer to specific regulatory documentation when researching specific questions.

The DOE Office of Grants Management (OGM) has developed this manual and welcomes comments and questions. Please provide any comments and/or questions to the Application Control Center (ACC), New Jersey Department of Education, 100 River View Executive Plaza, P.O. Box 500, Trenton, NJ 08625-0500. This document is available in PDF format at <http://www.nj.gov/njded/grants/discretionary/management/manual.shtml>.

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New Jersey Department of Education
Grant Recipient's Manual for Discretionary Grants
(Managing a Grant Agreement)

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Part One: Success!

General Information All Grantees Should Know

What Is All This Paper?

Congratulations! Your agency was successful in completing the application and preaward revision processes and has received an award for a discretionary grant project. The packet your Chief School Administrator (CSA) or Chief Executive Officer (CEO) has received from the DOE consists of the following:

- **Award Letter**
- **Grant Agreement(:** This document is a six-page legal document to be signed by the grantee (grant recipient agency) and the DOE.

Page One - This page includes the grant agreement number, Notice of Grant Opportunity (NGO) program title, NGO number, name of grantee, grantee's chief financial officer name, name and telephone number of the DOE program officer who oversees the grant program, Catalog of Federal Domestic Assistance (CFDA) number of the program (if applicable), the start and end dates of the grant agreement, regulations pertaining to this grant agreement which are incorporated by reference, and signature lines for the grantee's CSA/CEO and the appropriate DOE official. The NGO name and grant agreement number as they appear on page one of the grant agreement are important identifiers when communicating with the DOE throughout the duration of the grant agreement period.

Page Two - This page identifies the method of payment and the due dates of progress (also called interim) and final program and fiscal reports. The DOE requires timely submission of reports in accordance with these due dates (see Part Seven).

Page Three - This page contains specific terms and conditions (listed in Attachment C). This page may simply refer to your approved application or may contain specific information about your grant agreement.

Page Four - This page indicates the approved grant agreement budget listed by Generally Accepted Accounting Principles (GAAP) categories. This is your "official" budget. The budget is supported by the final approved grant application. Your requested budget may have changed as a result of preaward revisions so you will want to become familiar with the final approved budget as it appears on page four of the grant agreement.

Page Five - This is the *Expenditure Report Form* that your chief financial officer (CFO) or business administrator (BA) is required to use in completing and submitting the fiscal reports referenced on page two of the grant agreement. Photocopy this page for use with each (usually four total) required fiscal report for the grant agreement (see Part Seven).

Page Six – The Budget Modification Request Worksheet is to be used when submitting a formal request to modify your approved budget indicated on page four (see Part Eight).

- **Attachment A, Grant Agreement Terms and Conditions:** This document contains the administrative terms and conditions with which a grantee must comply under this grant agreement. It is important to read this document carefully. It refers to many other regulatory sources that apply to your agency and to any subgrant agencies. This document is incorporated into the grant agreement by reference and is legally a part of the grant agreement.
- **Attachment B:** This document contains requirements with which a grantee must comply concerning the acknowledgment of the amount and percentage of federal and non-federal funding when making any public announcement relating to the grant agreement. grant agreement audit requirements and copyright information are also included.
- **Attachments A and B are available on the NJDOE Web site:**
<http://www.nj.gov/njded/grants/discretionary/management/>
- **Attachment C:** This attachment is included only where applicable and contains special program-specific terms and conditions with which a grantee must comply and/or special terms and conditions imposed by the DOE on “high risk” grantees.
- **Approved Grant Application:** Your proposed goals, objectives, indicators, activity plan, budget, *etc.*, may have been changed as a result of the preaward revision process. This **final approved grant application** incorporates all of the DOE-approved preaward revisions. It supersedes all other versions of the application and is made a part of the grant agreement. It provides the framework for your project. Be sure to use the final approved grant application to manage your project.

Do I Need to Know It All?

You should review all documents carefully, especially the **Grant Agreement Terms And Conditions** and the **final approved grant application**, so you understand all requirements and responsibilities.

The DOE strongly encourages project directors to share copies of all materials relating to the grant agreement with their Chief Fiscal Officers/Business Administrators (CFO/BA) and to work closely with their business offices to ensure that the administrative requirements of the grant agreement are met. Often project directors initiate orders, provide an activity code, and sign grant-related purchase requisitions to help assure proper budgeting and accounting of expenses. From experience, the DOE believes that good communication between the project director and the business office is essential to the successful achievement of programmatic goals, objectives, and activities, as well as to meeting the administrative requirements of the grant agreement.

What Do I Keep in a Grant File?

The DOE recommends that the project director maintain an administrative file for ready reference, which should contain, at a minimum, the following materials:

- Copy of the Notice of Grant Opportunity (NGO) document;
- Copy of the Discretionary Grant Application (DGA);
- Copy of the fully executed grant agreement;
- Copies of all grant agreement modifications;
- Copy of Attachments A, B and C;
- Copy of the final approved grant application;
- Copies of all submitted reports;
- Copies of grant-related correspondence;
- Activity related documentation as outlined in the Project Activity Plan; and
- Grant related purchasing documentation (*i.e., requisitions, purchase orders, shipping invoices*).

What Regulations Apply to My Grant Agreement?

All grant agreement language makes reference to, and incorporates into the grant agreement, many federal and state regulations. Specifically, these regulations are the requirements contained in Federal Office of Management and Budget (OMB) Circulars and the Code of Federal Regulations (CFR Title 34). These documents provide guidance for the administration of grants, cost principles, and audit requirements. The grant funds for which the DOE has oversight come from both federal sources and state appropriations. Some grant programs are completely federally funded, some are completely state funded, while other grant programs are a combination of the two. Federal regulations require that the DOE treat federal and non-federal sources of funds in a consistent manner and in accordance with applicable state law. To meet this requirement, the DOE applies the provisions of the federal OMB circulars uniformly to all grantees.

Which Federal Circulars Apply to My Grant Project?

The following chart provides information about federal OMB Circulars that applies to different types of agencies.

Uniform Administrative Requirements

(Common rule for grant agreement management standards for grantees)

If the grantee is a/an -

Applicable OMB Circular

Entity of state/local government
(includes Local Education Agencies (LEAs))

OMB Circular A-102

Institution of higher education (college or university), hospital, or a non-profit organization
(may be applied to for-profit organizations)

OMB Circular A-110

Cost Principles

(Common rule which defines allowable and unallowable costs)

<u>If the grantee is a/an -</u>	<u>Applicable OMB Circular/Regulation</u>
Entity of state/local government <i>(includes LEAs)</i>	OMB Circular A-87
Institution of higher education <i>(college or university)</i>	OMB Circular A-21
Non-profit organization	OMB Circular A-122
Hospital	45 CFR, part 74, Appendix E
For-profit organization	FAR, 48 CFR part 31

Audit Requirements

<u>If the grantee is a/an -</u>	<u>Applicable OMB Circular</u>
Entity of state/ local government, Institution of higher education (college, university), hospital, or a non-profit organization	OMB Circular A-133

For grantees with Internet access, all of the OMB circulars listed above are available on the World Wide Web <http://www.whitehouse.gov/omb/circulars/index.html> or by calling the OMB publications office in Washington, D.C. at (202) 395-7332.

Who or What Is EDGAR?

The U.S. Department of Education (USDOE) funds many of the discretionary grant programs administered by the NJDOE. The regulations affecting these programs are found in Title 34 of the Code of Federal Regulations. Education Department General Administrative Regulations (EDGAR) is a book issued by the USDOE that reprints the portions of Title 34 containing the administrative requirements for grant recipients (parts 74, 75, 76, 77, 79, 80, 81, 82, 85, 86, 97,98 and 99). These regulations are incorporated into the DOE grant agreement by reference. *For grantees with Internet access, the text of the most current printed version of EDGAR may be found on the World Wide Web in compressed format at: <http://www.ed.gov/policy/fund/reg/edgarReg/edgar.html>.*

Are There Other Requirements I Should Know About?

All programs administered by the DOE are also subject to program-specific requirements (such as

program regulations, enabling legislation, etc.), as well as state law. Program-specific requirements (programmatic and administrative) will be referenced in the NGO document. Some federal and state regulations and public laws may be found on the World Wide Web. The USDOE home page can be found at <http://www.ed.gov/index.jsp>.

How Do I Communicate with the Department of Education?

There are two basic circumstances under which you may need to communicate with the Department of Education during the grant period for your local project:

- When you have a question about the implementation of your project, and
- When you need to transmit official documents to the department to comply with the requirements of the grant program.

When you have questions about the implementation of your local project, your primary point of contact will be the program officer assigned to your particular grant project. The name and telephone number of the assigned program officer appears on your award letter and on page one of your grant agreement document.

The program officer is the DOE staff person who will work most closely with you throughout the duration of the grant period, and who will become most familiar with your local project. This person is responsible for providing technical assistance, monitoring local project performance, reviewing and approving interim fiscal and program reports, and working with grantees on requests to modify the grant agreement.

You are encouraged to contact your program officer on matters relating to:

- Project concepts and implementation;
- Administrative regulations and program requirements; and
- Special circumstances relating to your local project (i.e., modifications, reporting, etc.).

The program officer and program office director will be the DOE staff members with whom you will have the most contact during the grant period. *You should feel free to contact your program officer by phone or email for technical assistance with your project as often as necessary in order to help carry out the activities approved in your final approved grant application. Your program officer's name and phone number are included in the pre-award and grant agreement correspondence you have on file.*

When you need to transmit official documents to the department to comply with the requirements of the grant program, your contact will be with the department’s **Application Control Center (ACC)**. The ACC is responsible for providing the department’s centralized control function for grant administration. All documents and correspondence related to the three areas below must be sent to the attention of the ACC, which tracks and oversees all of the requirements contained in Attachments A and B: Terms and Conditions of the grant agreement for your discretionary grant award. The key documents that must be sent to the attention of the ACC include:

- Interim and final program and fiscal reports;
- Grant agreement modification requests; and
- Other official grant agreement business.

You should be aware that only those reports, grant agreement modification requests, other special requests and correspondence which are submitted through the ACC will be officially recognized and recorded by the department. Documents sent directly to the program officer will not be considered as “received” by the DOE. Also, the original and one copy must be included in the mailing (the ACC does not have the resources to make additional copies for you).

Upon receipt, the ACC will quickly log in these documents, and will transmit the copies directly to the appropriate program officer for action. Please note that the staff of the ACC maintain very close working relationships with the program officers of the individual grant programs; therefore, turnaround time for processing submissions to the ACC is minimal. If your correspondence does not relate to one of the three areas above, it will be forwarded immediately to the program officer (see Parts Seven and Eight).

In general, when writing to the DOE for any reason, it is important that we are able to identify you, your agency, your project and the reason you are writing. **Including the following information will ensure the quick identification of your project and the proper tracking and routing of your correspondence:**

<p>Send the Original and One Copy to:</p> <p>Application Control Center (ACC) New Jersey State Department of Education 100 River View Executive Plaza P.O. Box 500 Trenton, New Jersey 08625-0500</p>	<p>Include the Following Information:</p> <p>NGO # and Title Grantee Name and County/LEA Code Grant Agreement # and Submission Date Project Director’s Name and Phone # Fax or Relevant Contact Info.</p>
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To summarize, when you have general questions about the implementation of your local project, contact your assigned program officer. However, your correspondence must be submitted directly to the ACC when it pertains to compliance with the regulations and requirements of the grant (*e.g., submitting reports, requesting a grant agreement modification*).

Part Two: Spending Grant Funds

What Are My Responsibilities?

All grantees are expected to:

- Accomplish the goals, objectives and activities in the final approved grant application;
- Evaluate progress toward achieving approved project outcomes;
- Consult with DOE staff as necessary to ensure that the goals and objectives of the project are met;
- Expend grant funds in accordance with the applicable regulations and the approved budget;
- Maintain separate accounts and records for each source of funds (federal, state, other) used to support the project;
- Maintain separate records for matching funds (if local matching funds are required by the NGO) and program income funds;
- Maintain internal control procedures adequate to safeguard grant funds and resources (including equipment);
- Maintain equipment inventory and disposition records for equipment purchased with grant funds;
- Cooperate with DOE staff during on-site monitoring visits;
- Submit program and fiscal reports in accordance with the schedule on page two of the grant agreement; and
- Maintain program and fiscal records pertaining to the grant agreement for a period of three years after the end of the grant agreement.

What Are My Time Lines for Spending Grant Funds?

The grant agreement period (start date to end date) is your spending authorization period. It is important to review the start and end dates of the grant agreement found on page one. Within this time frame, the grantee is authorized to incur costs in accordance with the approved project activity plan and budget, and to perform the project work. You may begin to obligate grant funds (spend, process purchase orders, *etc.*), and begin project activities, as of the start date of the grant agreement. All grant costs must be incurred prior to the end date of the grant agreement and all project work must be performed within the time frame of the grant agreement.

How Will I Get Reimbursed for Expenditures?

All grant agreements are issued on a **cost-reimbursement** basis. This means that for each grant agreement, the amount of grant funds paid by the DOE during the grant agreement period cannot exceed the amount of eligible project expenditures incurred by the grantee during the grant agreement period. If a grantee incurs costs in excess of the grant agreement amount or outside the approved GAAP line item categories, (see Part Eight) the DOE will reimburse the grantee for *eligible expenditures* only up to the dollar amount of the grant agreement. Costs incurred in excess

of the grant agreement amount are the sole responsibility of the grantee. The *standard payment schedule* for grant agreements is as follows:

If equipment and/or instructional supplies are approved (function/object codes 400-731, 400-732 and 100-600), 100% of the amounts in those budget lines is issued in the first payment. This allows you to place purchase orders early in the project period to ensure timely receipt and use of equipment and instructional supplies. Five percent (5%) of the balance is deducted and held by the DOE. (The 5% is released upon receipt and approval of the grantee's final program and fiscal reports). The remaining amount is divided into equal monthly payments. Generally, payments are issued near the middle to end of each month. (*Note: Most payments to school districts are made through electronic funds transfer. Agencies that are not school districts will receive checks.*)

If there is a delay in receipt of federal funds and/or if the establishment of accounts results in a delay of the payments, your first payment will include all previous months' payments.

How Do I Know What Expenditures Are Allowable?

Grantees must ensure that all expenditures of grant funds are made in accordance with the **approved budget** or DOE approved modified budget (see Part Eight). All expenditures must be allowable in accordance with the NGO guidelines and the OMB Cost Principle Circular applicable to the type of agency (see Part One).

During the preaward revision process, DOE staff reviewed your proposed budget and project plan with reference to the OMB circulars and NGO parameters. Generally speaking, all costs that were approved in your budget are considered allowable in accordance with the following criteria established in the OMB Cost Principle Circulars:

All costs must:

- **Reflect resources necessary** and be directly **allocable** to the project plan (goals, objectives and activities);
- Have a **cost basis** to support the identification of the amount (*i.e., quantity x unit cost = total request*);
- **Be administratively efficient**;
- **Be reasonable** for the performance of the project;
- **Conform to any limitations or exclusions** as set forth in the NGO, program regulations, and/or cost principles most appropriate to the grantee type;
- **Be treated in a consistent manner** by the grantee as an item of cost, regardless of the source of funds involved;
- **Be categorized** in accordance with **Generally Accepted Accounting Principles (GAAP)**; and
- Not be included as an item of cost in any other federally funded program (no double funding!).

How Do I Know What Project Activities Are Allowable?

All grant activities have been approved by the DOE during the preaward revision process and appear in your *final approved grant application*. Changes to these activities may require DOE approval. Contact your program officer for assistance in determining whether DOE approval is required (see Part Eight).

Part Three: Subgrants (Consortia, Partners, Subrecipients)

What Are Subgrantees?

A subgrantee is an entity (person or agency) that has a formal financial arrangement with the grantee to provide an *integral part* of the overall grant project. The subgrantee is accountable to you, the grantee, in the use of grant funds, subject to applicable federal and state regulations (**all applicable regulations “flow-down” to the subgrantee**), and is accountable for the delivery of subgrant project activities. Individuals authorized to enter into formal agreements by their respective agencies should execute a *Subgrant Agreement*. A grantee may not enter into a subgrant with a subgrantee that is debarred, proposed for debarment, suspended, or voluntarily excluded from receiving federal funds.

Your approved grant application may have included requests for subgrants. Subgrantees may also be called consortium members, partners, or subrecipients. Subgrantee arrangements are distinct from procurement purchase arrangements with *vendors* or fee-for-service arrangements such as those with *consultants*. Unless otherwise stated in the NGO document, all subgrantees and their budgets and project activities were approved as part of your final approved grant application. **The DOE must approve all subgrant arrangements in advance as well as any changes to approved subgrant project or budget plans that require approval (see Part Eight).**

Are Subgrantees Subject to Regulations?

The subgrantee is subject to the **same terms and conditions** (see Part One) as the grantee, and is responsible to you for the agreed upon scope of work (approved goals, objectives and activities), and for the expenditure of subgrant funds. In turn, you are responsible for ensuring to us, the DOE, that the subgrantee is and remains in compliance. *The subgrantee reports to you and you report to the DOE.* You are also responsible for the collection of applicable subgrantee audit reports as required by OMB Circular A-133 (see Part Ten and Attachment A: Grant Agreement Terms and Conditions of the grant agreement).

Are Consultants and Vendors Subgrantees?

Consultants and vendors are not employed, either full-time or part-time, by the grant recipient agency (they are non-employees) and are considered a “purchased service.” They are unlike subgrantees in that they are hired to provide a specific service or product which falls within their normal business operations. These services and products are obtained through fee-for-service or product purchase arrangements. Consultants and vendors are not subject to compliance requirements; they operate in a competitive environment and provide similar services or goods to many different purchasers. Any payments for non-employee compensation must be made through a formal contract with the individual or entity providing the product or service and receiving payment.

The grantee is responsible for retaining a copy of the non-employee contract for audit and

monitoring purposes. *In addition, the DOE requires the submission of an interim and final Non-Employee Compensation Report (see Part Seven).*

Do I Need a Formal Agreement with Subgrantees?

To meet audit requirements, it is necessary to have a well-constructed Subgrant Agreement. The DOE suggests that you consider the following general guidance when developing the Subgrant Agreement terms and conditions:

- The subgrantee must have been included in the final approved grant application submitted to the DOE, unless the NGO document specifically includes other instructions;
- The subgrantee must not be *debarred, suspended, or voluntarily excluded* from receiving federal funds (see Federal Executive Orders 12549 and 12689);
- The *budget* for the subgrantee must be for the same amount, and for the same line item amounts, as included in your DOE final approved grant application. The subgrantee has the same degree of budget flexibility as you (see Part Eight);
- The *start and end dates* of the subgrant agreement must not fall outside the start and end dates of the grant agreement, for example:

A grantee has received a grant agreement from the DOE for the period 10/1/01-- 9/30/02, which contains a budgeted subgrant. The subgrantee's period of performance may not start before 10/1/01, nor may it end after 9/30/02. No subgrant can be issued beyond the end date of the grant agreement between the DOE and the grantee; and

- There must be a clear and well-defined *scope of work* consistent with the final approved grant application including goals, objectives, activities, and timelines.

The DOE also recommends that the following specific information be considered when developing a Subgrant Agreement:

- *A prohibition against subgranting* any portion of the scope of work by the subgrantee to another entity without prior approval of the DOE;
- *A conflict of interest* clause to prevent a real or perceived situation;
- *Cost principles* appropriate to the subgrantee's organizational type (OMB Circulars A-87, A-21, or A-122);
- The payment terms (*generally not less than monthly*) and format of the proposed subgrant (which must be *cost-reimbursement basis*);
- *A subgrantee reporting schedule*, for both program and fiscal reports. Please note that it is important for the grantee to receive and review subgrantee reports **prior** to the submission of your program and fiscal reports to the DOE. (*Again, page two of the grant agreement identifies your reporting due dates*);
- *Termination* clauses for both convenience and cause (including default);
- *Record retention* clauses consistent with the grant agreement between the DOE and the grantee (*generally three years from the closeout of the grant agreement*);
- Provisions for an *audit* of the subgrantee for all subgrants of \$25,000 or more in accordance with

OMB Circular A-133;

- A *property management* clause consistent with OMB Circular A-102 or A-110, as appropriate to the subgrantee;
- A *records access and retention* clause which permits access to the books and records of the subgrantee by DOE personnel or their authorized designees. In the event that federal funds are used, this right of access is extended to the Secretary of the federal funding agency providing the funds, the Comptroller General of the United States, and/or their authorized designees;
- An *equal employment opportunity* clause, which requires subgrantee compliance with E.O. 11246, as amended by E.O. 11375 and as supplemented by regulations at 41 CFR part 60;
- An *anti-lobbying* clause, which requires subgrantee compliance with the Byrd Anti-Lobbying 31 U.S.C. 1352. The subgrantee must certify that no federal funds have been or will be used for lobbying purposes relating to this subgrant;
- A clause incorporating the provisions of the *New Jersey Public Schools Contract Law* (NJSA 18A: 18A);
- A *resolution of disputes* clause;
- An *assignment* clause which prohibits the subgrantee from assigning or transferring the subgrant to another entity;
- A *governing law* clause which states that the subgrant is governed by, and shall be interpreted under, the laws of the State of New Jersey;
- A *copyright* clause, in which the subgrantee agrees to provide an irrevocable, non-exclusive, royalty free license to the DOE, for governmental purposes, to use, reproduce, distribute, or to authorize others to do so, all materials developed by the subgrantee which were supported by subgrant funds. If federal funds are used in the subgrant, this license must be granted to the federal funding agency as well; and
- The *administrative terms and conditions* that the grantee is bound by in its grant agreement with the DOE. These terms and conditions must be included in all Subgrant Agreements. It is also advisable to include a clause in the subgrant which incorporates the terms and conditions of the entire grant agreement, as well as the final approved grant application and the NGO, between the grantee and the DOE into the subgrant by reference.

Can I Approve Changes to My Subgrants?

Any program or fiscal changes requested by a subgrantee must be reviewed by you. If the changes require DOE approval and you support the changes, forward them to the DOE for review. As the grantee, **you do not have the authority to approve any changes in the subgrantee's project activities, any subgrant budget variances or any other changes to the subgrant that require prior approval by the DOE** (see Part Eight).

Part Four: Grant-Funded Equipment

How Do I Purchase Grant Equipment?

The DOE defines equipment as any instrument, machine, apparatus, or set of articles that meets all the following criteria:

- It retains its original shape, appearance and character with use;
- It does not lose its identity through fabrication or incorporation into a different or more complex unit or substance;
- It is non-expendable; that is, if the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it with an entirely new unit;
- It can be expected to serve its purpose for at least one year; and
- The item has a unit cost of more than \$2,000.

Your first payment includes funds to purchase the approved equipment, as well as all approved instructional supplies. The purpose of providing these funds immediately and in full is to allow you to acquire and use the approved supplies and equipment at the outset of the project period.

Federal guidelines require grantees to be prudent in the purchase of equipment. You, along with your chief financial officer/business administrator, have the responsibility for conducting a prior review of each proposed (and budgeted) equipment purchase, to ensure that the equipment is needed and that the need cannot be met with equipment already in your possession. If prior approval is required for the purchase (equipment addition or substitution from the equipment list in the final approved grant application), the grantee must ensure that appropriate written approval is obtained from the DOE *in advance* of the purchase (see Part Eight).

Who Owns the Grant-Funded Equipment?

Unless otherwise stated in the NGO or the grant agreement, title to approved equipment purchased by the grantee using grant funds vests with the grantee immediately upon acquisition. Subgrantees who purchase approved equipment retain title to grant-funded equipment and must also comply with applicable requirements.

Who Maintains Inventory of Equipment?

All grantees (and subgrantees) are required to maintain a *property management system* that meets the requirements of the appropriate federal OMB Uniform Administrative Requirements Circular applicable to the grantee. According to EDGAR, you must maintain the following minimum information for each piece of equipment:

- Description of the property;
- Serial number or other identification number;
- Funding source for the equipment purchase;
- Title holder to the equipment;
- Acquisition date;
- Acquisition cost;
- Percentage of grant funds (by source if split-funded) used in the purchase of the equipment;
- Location, use, and condition of the equipment; and
- Any equipment disposition information.

The DOE suggests that an *inventory tag* be placed on each piece of equipment that would link the equipment to an inventory record containing the above information. Your agency probably has established fixed assets inventory procedures that meet these requirements. However, it is advisable to consult with your CFO/BA if you are unsure.

EDGAR also requires that you make a physical inventory of all grant-funded equipment at least once every two years and reconcile the results with the property records. However, the DOE requires the completion of an *equipment inventory report* with each grant agreement mid-award and final report (see Part Seven).

Who Is Responsible for Equipment Security?

Grantees are also required to develop, implement, and maintain a control system to ensure adequate safeguards to prevent loss, damage, or theft of grant-funded equipment. Any loss, damage, or theft must be investigated, and the DOE program officer promptly notified in writing. The notice must include a copy of the police report of the incident. In addition, grant agreement funds cannot be used without prior written approval of the DOE to replace lost, damaged or stolen equipment.

Must I Use Equipment Only for Grant Activities?

During the grant agreement period, any equipment acquired with grant funds **must be used primarily** for purposes consistent with the *scope of work* outlined in the final approved grant application. The grantee may make this equipment available for use on other grant agreements or projects if the other use will not interfere with the project for which the equipment was purchased.

What About Use of Equipment after the Grant Agreement Is Over?

Grantees who have used grant funds to purchase equipment can use the equipment in the project for which it was acquired for as long as needed. When the equipment is no longer needed by the project for which it was purchased, you can use the equipment in connection with other projects currently funded by the same grantor agency (usually the USDOE) that provided the funding for the equipment. If the grantee does not have any projects that are currently funded by the grantor agency that financed the purchase of the equipment, priority use of the equipment must be given to projects

received by the grantee that were previously funded by the grantor agency. If no eligible projects exist, the agency may use the equipment as it wishes or dispose of the equipment in accordance with state and federal requirements (*see next question*).

How Do I Dispose of Obsolete Equipment?

Due to the variety of federal and state sources of funding (and program specific regulations) incorporated into the DOE's discretionary grant programs, there is *not one particular method of grant funded equipment disposition*. **Requests to dispose of equipment must be submitted to your program officer in writing.** The request must contain, at a minimum, the following information for each piece of equipment to be disposed:

- The agency identification information (see Part One);
- Grant agreement number under which the equipment was purchased;
- Detailed description of each piece of equipment, including the make, model number, and serial number;
- Description of the current condition of the equipment;
- Original purchase price of each piece of equipment; and
- Current value of each piece of equipment after depreciation.

DOE personnel will review the request, and you will be advised in writing as to how to proceed.

Part Five: Matching Funds

What Are Matching Funds?

Some NGOs contain a *matching funds* requirement. That is, the grantee must match a certain percentage of the DOE grant agreement amount from local resources. These matching funds, in order to satisfy a matching requirement, must be expended during the grant agreement period, and be for costs directly supporting the overall project. These matching funds, in almost all instances, must come from non-federal sources. (*Check the NGO to be sure.*) Funds that are federal in origin, such as federal entitlement funds, are usually not allowed as matching funds for discretionary grants. In certain instances, program income funds may be used to satisfy a matching requirement. However, the DOE must approve all uses of program income funds (see Part Six).

All costs claimed by the grantee to be covered through matching funds must meet the standards for allowable costs in accordance with the OMB Cost Principle Circulars described in Parts 1 and 2 (*e.g., unallowable costs cannot be counted as matching costs*). In addition, costs claimed as matching funds on one grant project cannot be claimed as matching funds on another grant project, regardless of whether the costs are from cash matching funds, in-kind contributions or a combination of the two. If there are any questions as to whether a grant agreement has a matching requirement, please consult the NGO document for the grant program or contact your assigned program officer.

How Are Matching Funds Treated?

Matching funds must be expended at approximately the same rate as the grant funds being matched, otherwise the grantee runs the risk of not having enough matching expenditures incurred before the end date of the grant agreement. Insufficient matching expenditures may result in some or all of the grantee's grant-funded expenditures being disallowed by the DOE.

What Qualifies As a Match?

Matching requirements may be satisfied through a cash match, in-kind contributions or a combination of the two.

Funds allocated for matching purposes but unspent at the end of the grant agreement period may not be claimed as matching expenditures.

In-kind contributions must be valued in accordance with the provisions of the OMB Uniform Administrative Requirement Circular applicable to the grantee. In addition, the grantee must retain records of matching expenditures for a period of three years after the submission of the final program and fiscal reports to the DOE.

Do I Need to Report Matching Funds Expenditures?

Yes. If the NGO contained a matching requirement, you must report your expenditure of budgeted matching funds. The approved grant application contains a Matching Funds Summary and Expenditure Report for reporting your expenditures (see Part Seven).

Part Six: Program Income

Can My Agency Generate Income through My Grant?

Program income is defined as gross income earned by the grantee that is directly generated by a grant-supported activity or earned as a result of the grant. It includes, but is not limited to, the following: income from fees for services performed, the use or rental of real or personal property acquired under the grant and the sale of commodities or items developed or fabricated under the grant. Certain types of programs will contain provisions for program income. Generally speaking, program income should not be generated as a result of receiving a grant. You should check the NGO for specific program income information. See “*What About Copyrights?*” in this section if program income is being derived from materials developed or fabricated under the grant.

Can I Spend Program Income?

According to federal regulation, program income may be handled in one of the three following methods. The DOE will determine which methodology applies to a particular NGO or grant agreement.

1. **Deduction method.** The amount of program income funds generated are to be used to offset the level of financial assistance provided by the DOE under the grant agreement, and used for approved costs under the project.

This is the “default method” of handling program income and, unless otherwise stated in the grant agreement or NGO, this is the method to be used.

Example: If the grant agreement amount is \$100,000 and the grantee generates \$5,000 in program income, although a formal grant agreement modification is not needed, the total available grant agreement amount is understood to be reduced by \$5,000 and now becomes \$95,000.

2. **Additional costs method.** The amount of program income funds generated is to be used for allowable costs in addition to the grant agreement amount. The DOE will approve this method for certain grant programs.

Example: If the grant agreement amount is \$100,000 and the grantee generates \$5,000 in program income, the grantee can use the program income funds for project-specific allowable costs in excess of the grant agreement amount. The grant agreement amount remains unchanged.

3. **Cost-sharing or matching.** The amount of program income may be used to satisfy a matching or cost-sharing requirement. The grant agreement amount remains unchanged.

Be sure to check the NGO and/or the grant agreement for instructions as to which method to use.

What About Program Income Generated after the Grant Is Over?

There are no general requirements governing the use of program income generated after the grant agreement period. If grant programs are designed to become self-supporting, program income generated after the grant period may be used to sustain the project (*check the NGO for additional information*).

Do I Need to Keep Records for Program Income?

Grantees who earn program income must maintain **separate records** for the expenditure of these funds. If a grantee has more than one grant agreement that generates program income, separate records for each grant agreement's revenue stream must be maintained. These funds may not be co-mingled with grant agreement funds, nor may they be co-mingled with program income funds from any other project. Grantees are required to retain expenditure records of these funds for three years after the end of the fiscal year in which the grant funding ceases. **The DOE will provide directions for reporting program income during the grant period** (see part seven).

Can I Copyright Material?

Grantees who develop materials during the course of a grant-supported project may exercise their right to ownership by copyrighting the materials. However, the grantee (and all subgrantees, if a subgrantee develops materials) must grant to the DOE and the federal agency providing the funds (if federal funds are used), for governmental purposes, a royalty-free, non-exclusive and irrevocable license to reproduce, publish, or otherwise use these materials and to authorize others to do so.

This license to the DOE covers any and all materials developed under the grant agreement (deliverables) but does not preclude the grantee from exercising its right of ownership of the materials, or prevent the grantee from selling or licensing the materials. If the materials are to be licensed or sold by the grantee, then the net proceeds constitute *program income* and must be treated accordingly.

➔ **IMPORTANT NOTE**: At least one copy of all materials developed by the grantee during the period of grant agreement must be forwarded to the DOE at time of grant agreement closeout.

Part Seven: Monitoring and Reporting

Desk Monitoring and On-Site Visits

All grant agreements are subject to *desk monitoring*. Desk monitoring is accomplished through the submission and review of interim and final program and fiscal reports. In most cases, interim reports are due quarterly and final reports are due to the DOE within sixty (60) days after the end date of the grant agreement. Page two of your grant agreement contains the report due dates (see Parts One and Seven).

During the period of the grant agreement, the DOE program office staff may visit your agency to see your program, review records, and provide on-site technical assistance. Many program offices choose to visit some or all of their grantee agencies, while others may choose to monitor program performance solely through desk monitoring. You may always request a site visit from your program office if you need on-site technical assistance.

What Reports Are Required?

Page two of your grant agreement contains the due dates for interim and final program and fiscal reports. The NGO and this section of the manual contain information about the required content of those reports.

In general, all reports are cumulative and include the following:

<i>DUE</i>	<i>PROGRAM REPORT*</i>	<i>FISCAL REPORT*</i>
FIRST QUARTER	PROJECT ACTIVITY PLAN REPORT	EXPENDITURE REPORT (page 5 of the grant agreement)
SECOND QUARTER	PROJECT ACTIVITY PLAN REPORT	<u>FOR ALL PROJECTS:</u> <ul style="list-style-type: none"> • EXPENDITURE REPORT • INTERIM EQUIPMENT INVENTORY REPORT • INTERIM NON-EMPLOYEE COMPENSATION REPORT <p><i>Multi-year projects add:</i> MID-GRANT AGREEMENT FISCAL PERFORMANCE REVIEW –</p> <ul style="list-style-type: none"> • INTERIM PERSONNEL REPORT • INTERIM SUBGRANT REPORT
THIRD QUARTER	PROJECT ACTIVITY PLAN REPORT	EXPENDITURE REPORT
FINAL REPORT	FINAL PROJECT ACTIVITY PLAN REPORT	FINAL EXPENDITURE REPORT FINAL EQUIPMENT INVENTORY FORM FINAL NON-EMPLOYEE COMPENSATION FORM

**Additional reports may be required. Check the NGO and/or with your program officer.*

Some programs may have more or fewer reports. Please review your grant agreement for the required number of reports and their due dates.

How Do I Complete Reports?

Use the following instructions to complete the required reports. (*Copies of reports listed above can be found in the appendices.*)

Program Reports

Project Activity Plan Reports

For the first report: Photocopy the approved *Project Activity Plan* from the final approved grant application. (There should be “open” triangles in the Report Period column in the period(s) relevant to the completion of the activity.)

1. The project director is responsible for completing and signing the program reports.
2. For each activity completed, fill in the appropriate triangle for the period.
3. For each activity not completed by the period indicated on the activity plan:
 - Draw an arrow to the period in which the activity will be completed.
 - Include a narrative to explain: (a) the reason(s) the activity could not be completed as originally planned, (b) how the activity will be completed as revised, and (c) how the change will impact the project overall.
4. Include any project specific data/information as required in the NGO and/or by the DOE.

For subsequent reports: Interim reports must be cumulative. Photocopy the previous report, and follow instructions 1 through 4 above.

Final Project Activity Plan Report

Photocopy the last period report. Fill in the triangles as appropriate. Prepare and submit a narrative report detailing:

- A comparison of actual accomplishments to the approved goals and objectives; Where the outcomes of grant agreement projects can be readily quantified, such quantitative data must be provided;
 - Reasons why established goals and objectives were not met (if applicable); and
 - Any project specific data/information as required in the NGO and/or by the DOE.
- ➔ **IMPORTANT NOTE:** At least one copy of all materials developed by the grantee during the period of grant agreement must be forwarded to the DOE at time of final closeout.

Fiscal Reports

Expenditure Reports

The business administrator/chief financial officer is responsible for completing and signing the expenditure reports.

Photocopy page 5 (Expenditure Report) of the DOE grant agreement.

- Enter the Reporting Period in block #26.
- Indicate the Basis of Report in block #27.
- The approved budget is printed on the left of the form. **DO NOT CHANGE THE PRINTED APPROVED BUDGET.** Record expenditures to date in the Cumulative Expenditures column. (Report expenditures in the column that corresponds to the column in which they were approved, *i.e., state, federal, other*)
- Sign and date the report.
- Include any additional fiscal reports as required by the DOE (*i.e., program income, matching, etc.*)

➔ **IMPORTANT NOTE:** When preparing expenditure reports DO NOT alter the preprinted approved budget. Record all expenditures against the most current approved budget.
Interim Equipment Inventory Report (submitted with the mid-grant agreement reports)

Please Note: You need to submit this report only if equipment was approved in your final approved application.

For each item of equipment purchased to date, complete the following information on the Interim Equipment Report form:

- Check the box if there are no expenditures to report. Sign, date and submit the report;
- Make necessary copies of the form. (Indicate page __ of ____); and
- Complete the as of date (__/__/__) of the report.

Fill in header items 1 - 4.

- Identify the make/model/description (including purpose for use, *i.e., instructional or non-instructional.*)
- Provide the following information:
 - Inventory tag number;
 - Purchase date;
 - Amount budgeted;
 - Purchase cost; and
 - Location.
- Obtain business administrator's and project director's signatures.

Interim Non-Employee Compensation Report (submitted with the mid-grant agreement reports)

Non-employee compensation includes fees or other forms of compensation for services rendered by

an individual or entity not employed by the grantee (*i.e., consultants, workshop presenters, etc.*).

On the Interim Non-Employee Compensation Report:

- If there are no expenditures to report, check the box. Sign, date and submit the report;
- Make necessary copies of the form. (Indicate page __ of ____);
- Complete the as of date (___/___/___) of the report;
- Fill in header items 1 – 4;
- Complete all information. (Enter N/A if not applicable); and
- Obtain business administrator’s and project director’s signatures.

➔ **IMPORTANT NOTE**: Any payments for non-employee compensation must be made through a formal agreement with the individual or entity receiving payment. The grantee is responsible for retaining a copy of the agreement for audit and monitoring purposes.

Mid-Grant Agreement Fiscal Performance Review (for multi-year projects only).

Submit all forms with your mid-grant agreement reports.

Through the Mid-Grant Agreement Fiscal Performance Review, the DOE will collect specific information regarding expenditures made in two key areas: staff (salaries and fringe benefits); and subgrants.

For each of these areas, grantees are required to provide the following information on the forms included in this review package.

In addition, a narrative report must be provided explaining any substantial deviation from anticipated and/or approved expenditures up to the midpoint of the grant project. Each form must be signed and dated by the business administrator and project director. Copy forms as needed for additional space.

Interim Personnel Report (submitted with the mid-grant agreement expenditure report)

For each grant-funded staff position, complete the following information on the Interim Personnel Report form:

- Check the box if there are no expenditures to report. Sign, date and submit the report.
- Make necessary copies of the form. (Indicate page __ of ____.);
- Complete the as of date (___/___/___) of the report;
- Fill in header items 1 – 4.
- Provide the following information:
 - Name of person;
 - Position title;
 - Status (full-time or part-time);
 - Total Salary budgeted;
 - Total Salary expended;-to-date

Total Fringe budgeted; and
Total Fringe expended-to-date.

- Obtain business administrator's and project director's signatures.

If one individual is serving in two grant-funded positions (*e.g., teacher and counselor*), enter each position separately on the Interim Personnel Report form. Complete all columns for each person/position listed.

Interim Subgrant Report (submitted with the mid-grant agreement expenditure report)

For each subgrantee that has incurred expenses as of the report date, complete the following information on the Interim Subgrant Report form:

- Check the box if there are no expenditures to report. Sign, date and submit the report;
- Make necessary copies of the form. (Indicate page __ of __.);
- Complete the as of date (__/__/__) of the report;
- Fill in header items 1-4; and
- Enter the subgrantee name, the total budgeted and the total expended by category (*e.g. equipment, instructional supplies.*)
- Obtain business administrator's and project director's signatures.

Final Expenditure Report (Required for all grant recipients)

The business administrator/ chief financial officer is responsible for completing and signing all final expenditure reports.

Photocopy page 5 (Expenditure Report) of the DOE grant agreement.

- Check the Final Report Box.
- Enter the Reporting Period in block #26.
- Indicate the Basis of Report in block #27.
- The approved budget is printed on the left of the form. **DO NOT CHANGE THE PRINTED APPROVED BUDGET.** Record final (liquidated) expenditures in the Cumulative Expenditures column. (Report expenditures in the appropriate approved budget column(s), *i.e., state, federal, other*)
- Use the "Special Purpose" column only if the NGO and/or DOE has required information.
- Sign and date the report.
- Include any additional reports as required by the DOE (*i.e., program income, matching, see below.*)

Final Equipment Inventory Report (submitted with the Final Expenditure Report)

- If there are no expenditures to report, check the box. Sign, date and submit the

report.

- Make necessary copies of the form. (Indicate page __ of __.)
- Complete the as of date (__/__/__) of the report.
- Fill in header items 1 - 4.
- Identify the make/model/description (including purpose for use, *i.e.*, *instructional or non-instructional.*)
- Provide the following information:
 - Inventory tag number;
 - Purchase date;
 - Amount budgeted;
 - Purchase cost; and
 - Location.
- Obtain business administrator's and project director's signatures.

Final Non-Employee Compensation Reports (submitted with the Final Expenditure Report)

- Check the box if there are no expenditures to report. Sign, date and submit the report.
- Make necessary copies of the form. (Indicate page __ of __)
- Complete the as of date (__/__/__) of the report
- Fill in header items 1 - 4.
- Complete all information. (Enter N/A if not applicable)
- Obtain business administrator's and project director's signatures.

Special Reports

Matching Funds Summary & Expenditure Report (submit with the interim and final expenditure reports when required by the DOE.)

The Matching Funds Summary & Expenditure Report is contained in your approved application packet and includes your budgeted matching costs.

Report Subgrantee match using the same form and include it with your report. (Check the box and include the subgrantee name)

To complete the form:

- Make a copy of the form.
- Complete the reporting period. (Check the box if submitting a final report.)
- Provide Matching Funds Expended by category.
- Enter the total of matching funds expended.
- Submit the report with the Interim and Final Expenditure Reports.

Program Income Report (submit with the expenditure report when required by the DOE)

Program income reports must contain the following information for the award period:

- a ledger sheet indicating source(s) of program income (i.e., workshops, fees for service, training, etc.), total amount of program income received, program income expenditures (i.e., salaries, equipment, materials/supplies, travel, etc.) and total amount expended; and
- a brief narrative describing how program income expenditures benefited the approved project.

Program income reports must be submitted with the Interim and Final Expenditure Reports and include cumulative information for the award period.

Where Do I Send Reports?

Fiscal and Program Report Transmittal Forms were sent to you with the final copy of the signed grant agreement. Make sufficient copies of these forms to submit all required reports (usually 4), complete the information, attach the reports, and mail an original and one copy to the ACC. *(Extra copies of the transmittal forms can be found in the appendix)*

Send the **Original and One Copy** to:

New Jersey State Department of Education
Application Control Center
 100 River View Executive Plaza
 P.O. Box 500
 Trenton, New Jersey 08625-0500

➡ **IMPORTANT NOTE:** Please do not put the name of your program officer or any other DOE staff member on the envelope, as this may keep your report from being directed to the ACC. If the original and one copy of the reports are not mailed directly to the Application Control Center (ACC), the report will not be recorded as having been received by the DOE and will not count toward compliance with the requirements of the grant program.

What Happens If I Miss a Report Due Date?

The DOE will notify you one time of delinquent reports. Since reports are considered part of desk monitoring, **the DOE reserves the right to withhold payments, suspend grant agreement activities or terminate the grant agreement if reports are not submitted as required.**

If you anticipate a delay in submission of your report(s), contact your assigned program officer.

What Does the DOE Do with Reports?

Program reports are reviewed to determine the extent to which the grantee is making progress in

meeting the stated goals and objectives in the approved activity plan. Fiscal reports are reviewed to determine the extent to which the grantee has adhered to the approved budget.

If discrepancies are noted in either the program or fiscal reports (or through on-site monitoring), the program officer will contact you to obtain a written response addressing the DOE concerns.

Part Eight: Budget Flexibility and Grant Agreement Modifications

How Much Flexibility Do I Have Within My Approved Budget?

Section XIV of Attachment A: Grant Agreement Terms and Conditions, which is part of your grant agreement, contains guidelines for budget modifications. Generally speaking, grantees may move funds budgeted in one approved GAAP category to another approved GAAP category **without DOE approval** when:

- the transfer of funds does not result in a change in the scope of work (scope of work means program changes representing a significant departure from the originally approved project under the grant agreement);
- the cumulative amount of all transfers does not exceed ten (10%) percent of the total grant agreement amount, or \$10,000 whichever is **less**.
-
- the funds are transferred to a previously approved line item. (Grantees may not move funds to an unbudgeted line item without **written DOE approval**);
- the transferred funds will not be used for expenditures that are specifically disallowed by the language in the NGO document, the applicable OMB Cost Principles Circular and the grant agreement. *Expenditure for costs disallowed by the NGO, the grant agreement and/or the applicable OMB Cost Principles Circular by the DOE will be subject to monitoring and/or audit findings.*
- the funds are not transferred to or from a restricted line item such as subgrants, equipment or indirect costs;
 - ➔ **IMPORTANT NOTE:** The **subgrantee** is subject to the **same terms and conditions** (see Part One) as the grantee, and is responsible to you for the agreed upon scope of work (approved goals, objectives and activities), and the expenditure of subgrant funds. Any changes (program or fiscal) requested by a subgrantee must be reviewed by the grantee. If they require DOE approval and you support the changes, forward them to the DOE for review. **As the grantee, you do not have the authority to approve for subgrantees any changes in their project activities, any budget variances or any other changes that require prior approval by the DOE.**

When Must I Write to Get Approval to Change My Grant?

You may find it necessary to request changes to your final approved grant application. When this occurs, you need to obtain **written approval** from the DOE. This formal DOE process is called a

grant agreement modification.

➔ **IMPORTANT NOTE:** All requests for a grant agreement modification must be **received** by the Application Control Center a minimum of **90 days prior** to the end date of the grant agreement.

Example: If your grant agreement ends 8/31/04, any grant agreement modification request must be received by the ACC no later than 6/1/04.

Attachment A: Section XIV identifies the following conditions that **require prior written DOE approval:**

- Changes to the approved **scope of work** (*see above*),
- Transfer of funds to an **unbudgeted line item**,
- Transfer of funds to or from the **indirect costs line** (200-860),
- Budget category expenditure variances, the cumulative total of which exceeds ten (10) percent of the total grant agreement amount, or \$10,000, whichever is less (*referred to as the **grant agreement threshold***),
- Costs requiring prior approval pursuant to the **Federal Cost principles** (see Part Two),
- any additions, deletions or substitutions to approved **equipment** purchases,
- Increases or decreases in the **total grant agreement amount**,
- Extension or contraction of **grant agreement time frame**, and
- Changes to approved **subgrant recipients**.

To assist in determining when DOE approval is required, a checklist called “Do I Need Department Approval?” can be found in the Appendix.

Can You Explain the Restricted Line Items (Subgrants and Indirect Costs)?

Subgrants: All subgrantees are included in the approved budget. **Grantees may not substitute (add or delete) subgrantees without prior written approval from the DOE**, regardless of whether the subgranting costs would remain within the threshold limits. The subgrantee is subject to the **same terms and conditions** (see Part One) as the grantee, and is responsible to you for the agreed upon scope of work (approved goals, objectives and activities), and the expenditure of subgrant funds.

Transfers between direct and indirect costs: Indirect costs are those costs that are incurred as a result of agency activities, and provide a benefit to the grant agreement, but cannot be allocated directly to a grant agreement. Examples of such indirect costs include *facilities, utilities, accounting and bookkeeping services, legal services, award administration systems, procurement systems, general operating expenses, etc.* As these costs cannot be directly allocated to a particular grant agreement or grant agreements, an indirect cost rate is used instead. Grantees may not cover cost over-runs of *direct costs* from cost under-runs of indirect costs, or vice versa. Direct costs are approved for a specific purpose just as indirect costs are approved to cover general operating expenditures. The agency cannot transfer costs between these two types of costs without **requesting and obtaining DOE approval**.

Can I Change the Approved Equipment Without Formal Approval?

Equipment: Grantees are limited to the *specific equipment items* listed in the final approved grant application budget. To comply with federal requirements, all equipment purchases require prior DOE approval. **You can pay more or less than the approved amount but the approved equipment item cannot be changed without permission. (i.e., no additions, deletions or substitutions to the approved equipment list).**

The examples below are provided as a guide to understanding equipment flexibility.

Example 1: A grantee budgets \$9,000 for three computers at \$3,000 each. The grantee later finds that it can purchase four computers at \$2,250 each. The grantee cannot purchase the fourth computer without prior DOE approval, even though funds are available.

Example 2: A grantee budgets \$6,000 for two automobile diagnostic computers at \$3,000 each. The grantee later finds that the total purchase price of the two computers will be \$7,000, or \$3,500 each. The grantee may purchase the two APPROVED computers without prior DOE approval. The additional funds would need to be identified as local, in-kind or transferred from an approved, under-expended line. The “over-expenditure” in the equipment line (and all other budget variances) must stay within the grant agreement threshold limit (10% or \$10,000, whichever is lower). If this purchase will result in a cumulative budget transfer in excess of the grant agreement threshold limit, then the grantee must request prior approval. **(Please note that there has not been a change to the specific approved equipment.)**

Example 3: If the approved equipment in the example above was approved at \$9,000 and purchased for \$8,000, the difference could be transferred to another approved line item without DOE approval.

Example 4: A grantee does not budget for the purchase of equipment and wishes to purchase equipment. If the equipment costs are allowable under the NGO the grantee must obtain prior DOE approval for the purchase, regardless of whether the costs involved are under the threshold limit for the grant.

Please see Part Four: Grant-Funded Equipment for the DOE definition of equipment and other related information.

What Should Be Included in a Grant Agreement Modification Request?

The grant agreement modification process requires substantial programmatic and fiscal review by the DOE. If a grant agreement modification request is not submitted directly to the ACC, under the signature of the CSA/CEO, or does not contain the necessary information to complete the review, it will be returned and may not be considered.

The basic components of a well-constructed grant agreement modification request include the following: *(Feel free to use the headings below to organize your modification request.)*

- ***The reason for the change:*** A **compelling programmatic justification and rationale** for the need for the requested change which is in keeping with the intent, goals, and objectives of the NGO, the project application and grant agreement. As the agent of the governing board, the CSA/CEO signature provides assurance both that *the modification is necessary and that it will directly benefit the grant*. An authorizing board resolution will also be required if there will be formal changes to the grant agreement. DOE will notify you when this is required, after the programmatic and fiscal review of your modification request.
- ***The impact on the project:*** The impact, if any, on the project’s goals and objectives due to the proposed changes must be identified. The DOE may also require a modified activity plan form. If so, affected final approved grant application pages must be submitted, marked with the changes and dated.

The impact on the budget: If budget changes are necessary, the request must include revised budget detail forms with revisions clearly marked, including project activity links using goal and objective numbers and the *Budget Modification Request Worksheet*. You must justify **all decreases as well as increases** to budget line items. In other words, you must explain why funds have become available, as well as how you would like to redirect them. **The Chief Financial Officer must certify budget revisions** through his/her signature. Forms are available in the Appendix and must be used when submitting a grant agreement modification request. In addition, the grant agreement (page 6) contains a preprinted copy of the required Budget Modification Request Worksheet

➔ **IMPORTANT NOTE:** The grantee may not implement changes to the grant agreement until it receives official written notification of approval by DOE. Any changes enacted prior to notification of approval may be disallowed or may become the object of an audit finding, and are done so at the grantee’s own risk. Receipt and review of a grant agreement modification request by the DOE does not imply or indicate pending approval. **Approval of a grant agreement modification is dependent upon a justifiable programmatic and/or fiscal need that will be of direct benefit to the project and that is permissible under the established NGO parameters.** Be sure to review the approved modification. In some cases, partial approval may be granted or the DOE may have changed some budget information during the review /approval process.

Do You Have Examples of Good Grant Agreement Modification Requests?

The following are examples of requests with acceptable level of detail:

Example #1

<u>Item</u>	<u>Original Amount</u>	<u>Revised Amount</u>	<u>Amount of Change</u>
200-580	\$2,825	\$5,750	+ \$2,925
200-600	\$2,925	\$0	-\$2,925

The reason for the requested revision(s) is:

Although registration fees for the annual Parents as Teachers summer conference were included in the original grant budget, transportation, hotel, and meal costs were inadvertently omitted. Supplies originally budgeted to the grant for the office is being paid for by the agency, making a total of \$2,925 available.

RT Airfare, Philadelphia to St. Louis - \$360 X 2 persons	\$720
Hotel costs - \$85 X 4 nights	340
Meals - \$40/day X 4 days X 2 persons	<u>320</u>
TOTAL	\$1,380

Two staff members are in need of Parents as Teachers training for the 0-3 years age group. In the past, this training has been offered in Newark, Delaware, keeping transportation costs at a minimum. This year, the training is not being offered within a reasonable distance and will mean that airfare, hotel and meal costs must be added to the original budgeted amounts. These are as follows:

RT Airfare, Philadelphia to St. Louis - \$360 X 2 persons	\$720
Hotel costs - \$85 X 5 nights (double occupancy)	425
Meals - \$40/day X 5 days X 2 persons	<u>400</u>
TOTAL	\$1,545

The requested revision will result in the following change(s) (if any) of the approved activity plan.

No change

Example #2

<u>Item</u>	<u>Original Amount</u>	<u>Revised Amount</u>	<u>Amount of Change</u>
200-500	\$1,045	\$2,434	+ \$1,390
200-580	\$4,000	\$2,611	- \$1,390

The reason for the requested change(s)

\$1,390 in funds budgeted for staff travel will not be needed since these positions were filled late. The budget was originally prepared using a calculation figure of 25 families as a target maximum enrollment. When the grant request was approved, the project was asked to instead target 35 families for participation. This number has been achieved, resulting in greater than expected numbers of participants in professional development training.

Fee for 10 additional participants @ \$113.20 each	
TOTAL	\$1,132

Another unforeseen expense has been the payment of GED fees to the state for participants who are ready to take the exam. Six enrollees have taken the exam already this year, and it is anticipated that four more may take it prior to the end of the year.

10 adult GED fees @ \$25.85	\$258
-----------------------------	--------------

The requested revision will result in the following change(s) of the approved activity plan:

The project will pay the GED test fees for any participant who has been pre-tested by adult education staff and determined to be ready for the examination (GOAL: To provide literacy training for parents). The project will also add an additional 10 participants to the professional development activity.

Example #3

<u>Item</u>	<u>Original Amount</u>	<u>Revised Amount</u>	<u>Amount of Change</u>
100-600	\$2,185	\$4,341	+ \$2,150
400-731	\$10,500	\$8,344	- \$2,150

The reason(s) for the requested revision is:

Due to a price reduction for computers, there is a surplus of funds in 400-731 in the amount of \$2,156. Because the scheduling of additional staff to be trained during the summer, money for materials and supplies are needed.

Training materials (inc. books, paper etc.)10 @ 215 each	\$2,150
TOTAL	\$2,150

The requested revision(s) will result in the following change(s) of the approved activity plan:

No Change.

Example #4

<u>Item</u>	<u>Original Amount</u>	<u>Revised Amount</u>	<u>Amount of Change</u>
100-100	22,500	25,000	+\$2,500
200-200	\$7,700	\$7,943	+\$243
200-300	\$15,000	\$13,000	-\$2,000
200-600	\$1,000	\$257	-\$743

The reason(s) for the requested revision is:

Due to increasing enrollment for our summer project, it has become necessary to increase the number of teachers to provide the instructional content of the project.

1 teacher X \$25/hour X 100 hours = \$2,500

Accordingly, the fringe benefit request will need to be adjusted.

\$2,500 X 7.65% FICA = \$191 + 2.09% TPAF = \$52. TOTAL = \$243.

Workshop presenters \$2,000 and workshop supplies \$743 will be assumed by the agency as agency-funded costs.

The requested revision(s) will result in the following change(s) of the approved activity plan:

No change

What Are Some Common Problems with Grant Agreement Modification Requests?

- ***Lack of detail as to the need for, and nature and substance of the request.*** A common problem with grantee modification requests is the lack of detail (programmatic, budgetary, *etc.*) sufficient to enable DOE staff to evaluate the merits of the request. Requests that do not have a compelling programmatic rationale and justification, are not well thought out, or lack adequate detail are very time-consuming to review and process, as the program officer may be required to contact the grantee several times to obtain the needed information.

*As a general rule of thumb, the degree of cost detail that a grantee needs to provide in a modification request is the same level of detail that is required on the budget detail forms in the final approved grant application. **The use of the approved Budget Detail forms to show requested revisions will facilitate the review of your request. You can mark copies of the forms “revised” and make changes directly on the forms.***

➔ **IMPORTANT NOTE:** Do not submit a request for a grant agreement modification merely to spend unexpended balances. This reason is not considered adequate or justified and will be denied by the DOE.

- ***Modifications submitted towards the end of the grant project.*** Per Attachment A: Grant Agreement Terms and Conditions, no request for modifications will be reviewed if it is submitted to the DOE within 90 days of the grant agreement end date. As a general rule, any requests for grant agreement modification(s) should be submitted to the DOE as soon as the need for a modification becomes known. The sooner the request is submitted the sooner it can be evaluated and, ***if approved***, the sooner the project will benefit.
- ***Lack of response from grantees to requests for information.*** A major source of concern is that some grantees have not been responsive to requests from the program officer for additional information. While some problems may arise, (*e.g., key people may not be readily available especially during the summer months*), we recommend strongly that the grantee designate someone to act as a contact person for all grant agreement modification requests (*usually the project director*). This person should be able to respond to any requests for information from the program officer during the time that the request is pending.

If a grantee should decide not to pursue a previously submitted request before a decision has been made, the grantee should send a letter (to the same address to which the original request was sent) withdrawing the request so that the request can be removed from consideration.

- **Grantee revising modification requests during administrative review.** The program officer may solicit additional information required to review the modification request. Grantees should respond with **only** the information that the program officer has requested. Unsolicited changes or information unrelated to the information requested will not be considered.

Example: A grantee submits a request to move \$2,000 from travel to instructional supplies, but provides no cost detail in the original request. The program officer requests cost detail on the instructional supplies to be purchased. The grantee provides cost detail on \$2,000 of instructional supplies. Furthermore, the grantee indicates that it also wants to reallocate \$1,500 from purchased services into staff salaries. **The request to move funds from purchased services into staff salaries will automatically be denied by the DOE, as it was a change not solicited by the program officer.**

- **Mathematical errors.** Mathematical errors will compromise your request. Please always check your math, as accuracy is essential. Your numbers must add up. **Also, remember to round all figures to the nearest dollar.**
- **Circumventing NGO guidelines.** The restrictions on allowable and non-allowable uses of funds in the NGO document are firm. Grantees are strongly advised to review their proposed modification request against the NGO guidelines, and not to submit any modification requests that are in clear violation of the NGO guidelines. If a modification request is found to be in violation of the NGO guidelines, the DOE will automatically deny the request.
- **Wrong budget.** Sending a grant agreement modification request based on a budget that is not the **final approved budget** will delay your review. If this is your first modification request during the grant period, make sure you are using the final approved budget that was mailed to you with your grant agreement, *not the one you submitted with your initial grant application*. If you have had previous budget modifications approved by the DOE, be sure you are working with the most current DOE approved budget. (Page four of the grant agreement will have a revision number on the top if a revised budget has been approved.)

➔ **IMPORTANT NOTE:** The department strongly suggests that your business administrator/chief financial officer review your request prior to submission.

Where Do I Send My Grant Agreement Modification Request?

Requests for grant agreement modifications are to be sent to:

New Jersey Department of Education
Application Control Center
100 Riverview Plaza
PO Box 500

➔ **IMPORTANT NOTE**: All requests for grant agreement modifications must contain the grantee identification information (see Part One).

What Happens to My Request Once It Has Been Submitted?

Once the Application Control Center has received the request, staff will review it for completeness in accordance with the guidelines contained in the grant agreement modification packet (see Appendix). If it is incomplete, it will be returned to you. If it contains the necessary information, copies are immediately forwarded to the program officer for review.

The program officer will make a recommendation either to proceed with the modification request or deny the request. If multiple actions are requested, an item-by-item recommendation is made. If the recommendation is to proceed, the request and recommendation are forwarded for final review. The Application Control Center notifies the grantee in writing of the DOE's decision and requests an authorizing resolution from the agency.

Part Nine: Grant Agreement Closeout

How Do I Close Out My Grant Agreement?

In order to close out a grant agreement, you need to prepare and submit the final program and final expenditure reports, along with any deliverables specified in the NGO or the grant agreement, to the DOE within sixty (60) days after the end date of the grant agreement (see Part Seven). *Page two of the grant agreement specifies final report due dates.*

In order for a grantee to submit a final expenditure report, it must liquidate (pay) all outstanding obligations, such as open purchase orders, within this 60 day period, so that the final expenditure report can be prepared and submitted.

➡ **IMPORTANT NOTE:** Remember, all grant costs must be incurred prior to the end date of the grant agreement and all project work must be performed within the time frame of the grant agreement.

Can Costs Be Disallowed by the DOE?

The final program and expenditure reports are reviewed by DOE staff to determine the extent to which the grantee has achieved the approved goals and objectives of the project and to what extent the grantee has complied with the approved budget. Any costs claimed by the grantee that are disallowed by DOE are noted and the final approved expenditure amount is adjusted accordingly.

➡ **IMPORTANT NOTE:** Any reported expenditure that violates the terms and conditions of the grant agreement (*i.e., over threshold changes, changes to approved equipment, expenditures in unapproved line items, disallowed project activities, etc.*) will be disallowed by the DOE and a refund will be requested.

When Do I Get the Final Payment?

Once the final program and expenditure reports are received and approved by the DOE, the final payment of five percent of the grant agreement amount (less any adjustments for prior overpayments, disallowed costs, *etc.*) is made to the grantee. **No final payments will be made in the absence of required reports.**

Do I Send a Check If There Are Unspent Grant Funds?

In the event that you received payments in excess of the total eligible project expenditures (minus any adjustments), the DOE will send you a *refund request* letter for the difference. **Do not send a refund check with your final report.** Unspent grant agreement funds may not be retained by the grantee for any reason and must be returned to the DOE.

➔ **IMPORTANT NOTE:** Please be advised that delinquency in the remittance of a refund will affect the agency's eligibility for future grant awards.

How Long Do I Keep Grant Records?

Generally speaking, financial records, project records, all supporting documentation and other records pertinent to a grant must be retained by your agency for a period of ***three years from the submission and approval of the final program and fiscal reports*** by the DOE. Program income records, and all supporting documentation must be retained for a period of *three years after the end of the grantee's fiscal year in which the grant agreement ended* (see Part Six).

Any and all records, financial and programmatic, that relate to audits, appeals, litigation, or the settlement of claims which may arise out of the performance of the project must be retained until the audits, appeals, litigation, or claims are resolved.

The DOE, or any of its duly authorized representatives retain access rights to any pertinent books, documents, papers and records of the agency to make audits, examinations, excerpts and transcripts. If federal funds are used in the awarding of the grant agreements, the term "authorized representatives" includes, but is not limited to, the director of the federal funding agency providing the funds, the Comptroller General of the United States, or any of their duly authorized representatives. This access also extends to the records of any and all subgrantees (including participating organizations in collaborative efforts).

Part Ten: Audit

Will I Be Audited?

Attachment A, Grant Agreement Terms and Conditions, Section XIII and Attachment B provide guidance regarding audits. Recipients of federal and/or state grant funds are required to have an annual audit performed in accordance with the Single Audit Act, Federal OMB Circular A-133 and State Circular 98-07.

For grantees with Internet access, a copy of the New Jersey State Grant Compliance Supplement may be found on the World Wide Web at <http://www.state.nj.us/treasury/omb/publications/grant/index.shtml> and Federal OMB Circular A-133 at <http://www.whitehouse.gov/omb/circulars/index.html>.

The state policy regarding grant recipients is as follows:

1. Recipients that expend \$300,000 or more in federal and/or state funds within their fiscal year must have an annual organization-wide audit performed in accordance with the revised Single Audit Act, OMB Circular No. A-133.
2. Recipients that expend less than \$300,000 but \$100,000 or more in federal and/or state funds within their fiscal year must have either an annual financial audit performed in accordance with Government Auditing Standards or an annual program specific audit performed in accordance with the revised Single Audit Act, OMB Circular No. A-133 Revised, Section 235.
3. Audit reports for recipients requiring an annual organization-wide audit as indicated in No. 1 above, must include the auditor's comments on internal controls over state grants and state aid, and compliance with material terms and conditions of state grant agreements, state aid programs, and applicable laws and regulations.
4. Single audit reports must also include a supplementary schedule of the recipient's state grant and state aid financial assistance programs. This schedule, entitled Schedule of State Financial Assistance, must show the following information for each grant project:
 - State grantor department;
 - Project title;
 - State account number;
 - Project amount (funds received);
 - Project grant agreement period; and
 - Total disbursements.

➔ **IMPORTANT NOTE**: Failure to comply with these audit requirements could jeopardize

your eligibility for future grant funding. You should consult with your business administrator and independent accountant regarding these requirements.

How Can I Safeguard My Grant Against Audit Findings?

You have already taken the first step in safeguarding your grant by reading this manual and reviewing all grant documents!

The DOE has an *Office of Compliance* that, among other things, oversees the use of state and federal funds by the DOE and its grant recipient agencies. There is a chance that your agency could be selected for a *grant agreement audit* by this office. Again, paying careful attention to the terms, conditions and guidance presented here will help safeguard your grant against audit findings.

For your convenience, the DOE *Office of Grants Management* has compiled the following list of “**Common Audit Findings.**” Keep these as a reference when managing your discretionary grant project.

1. Grant funds used for expenses not included in the approved budget. For example, travel expenses incurred and reported, but not budgeted; or type of equipment purchased was not approved in the budget.
2. Costs incurred prior to or subsequent to the grant agreement time frame, as shown on page one of the grant agreement.
3. Costs reported on final expenditure report were more than the costs recorded in the accounting records.
4. Costs reported show transfers that exceed the \$10,000/10% threshold rule and require but did not receive DOE approval.
5. Costs reported/recorded in an incorrect expense category, which results in transfers exceeding the \$10,000/10% rule.
6. Reported costs include amounts encumbered at the end of the grant period, but never paid for goods or services received after the end of the grant period (e.g., never liquidated expenditures).
7. Costs were incurred at the end of the grant period and were of a type that did not provide a direct benefit to the grant period. (*All grant expenditures must directly benefit the grant project.*)
8. Time records were inadequate to support employee salary charges to the grant, especially for employees who only spent part of their time working on the grant.

9. Time and attendance records were not approved by supervisors and not signed by employees.
10. No record of board approval for salary, hourly pay rate for part-time employees or hourly pay rate for employees working outside the normal work day.
11. Improper classification/reporting of employee and consultant expenses.
12. Reporting fringe benefit costs using the *budgeted* percentage when *actual* fringe benefit costs incurred were lower.
13. Mathematical or clerical errors made when calculating a charge to the grant.
14. Charges to the grant for supplies, equipment, etc., which are not supported by vendor invoices.
15. Costs for entertainment, where such costs do not represent a valid grant expense, are not allowable in accordance with OMB Cost Principles.
16. Charges to the grant for supplies requisitioned from stock and reimbursed with grant funds that are not supported with adequate documentation.
17. Methods used to determine charges to the grant for a portion of expenses such as telephone, postage, rent, duplicating, *etc.*, which do not have a reasonable basis of allocation. Charging the budgeted amount without reasonable justification is not acceptable.
18. Reporting of costs that are not reasonably related to the purpose of the grant.
19. Grantee's accounting records do not provide for an audit trail. As a result, the auditors cannot reconcile the final expenditure report submitted to the DOE with the grantee's accounting records.
20. Documentation is not maintained to substantiate the dates, numbers of hours and type of services provided by consultants.

Part Eleven: Appendices

1. Interim Equipment Inventory Report
2. Interim Non-Employee Compensation Report
3. Interim Personnel Report
4. Interim Subgrant Report
5. Final Equipment Inventory Report
6. Final Non-Employee Compensation Report
7. Grant Agreement Modification Request Checklist
8. Do I Need Department Approval? (Checklist)
9. (Extra) Budget Modification Request Worksheet
10. (Extra) Fiscal Report Transmittal Page
11. (Extra) Program Report Transmittal Page
12. Glossary

check box if funds were budgeted but there are no expenditures to report

Page ____ of ____

*New Jersey Department of Education
Office of Grants Management and Development
Interim Equipment Inventory Report (as of __/__/__)*

1. LEA/AGENCY: 2. CONTACT PERSON:		3. NGO NAME: 4. GRANT AGREEMENT#:			
Make/Model/ Description	Inventory Tag #	Purchase Date	Amount Budgeted	Purchase Cost	Location

BUSINESS ADMINISTRATOR

DATE

PROJECT DIRECTOR

DATE

check box if funds were budgeted but there are no expenditures to report

Page ____ of ____

*New Jersey Department of Education
Office of Grants Management and Development
Interim Non-Employee Compensation Report (as of __/__/__)*

1. LEA/AGENCY: 2. CONTACT PERSON:		3. NGO NAME: 4. GRANT AGREEMENT#:		
Name of Individual or Entity	Address	Federal ID or SSN	Dates of Service	Amount Contracted

BUSINESS ADMINISTRATOR

DATE

PROJECT DIRECTOR

DATE

check box if funds were budgeted but there are no expenditures to report

***New Jersey Department of Education
Office of Grants Management and Development
Interim Personnel Report (as of __/__/__)
(for multiyear continuation projects only)***

1. LEA/AGENCY: 2. CONTACT PERSON:		3. NGO NAME: 4. GRANT AGREEMENT#:				
Name	Position Title	Status (FT/PT)	Total Salary Budgeted	Total Salary Expended to Date	Total Fringe Budgeted	Total Fringe Expended to Date

BUSINESS ADMINISTRATOR

DATE

PROJECT DIRECTOR

DATE

check box if funds were budgeted but there are no expenditures to report

Page ____ of ____

***New Jersey Department of Education
Office of Grants Management and Development
Interim Subgrant Report (as of __/__/__)
(for multiyear continuation projects only)***

1. LEA/AGENCY: 2. CONTACT PERSON:		3. NGO NAME: 4. GRANT AGREEMENT#:	
Subgrantee Name	Total Budgeted	Total Expended by Category	

BUSINESS ADMINISTRATOR

DATE

PROJECT DIRECTOR

DATE

check box if funds were budgeted but there are no expenditures to report

***New Jersey Department of Education
Office of Grants Management and Development
Final Equipment Inventory Report (as of __/__/__)***

1. LEA/AGENCY: 2. CONTACT PERSON:		3. NGO NAME: 4. GRANT AGREEMENT#:			
Make/Model/ Description	Inventory Tag #	Purchase Date	Amount Budgeted	Purchase Cost	Location

BUSINESS ADMINISTRATOR

DATE

PROJECT DIRECTOR

DATE

check box if funds were budgeted but there are no expenditures to report

*New Jersey Department of Education
Office of Grants Management and Development
Final Non-Employee Compensation Report (as of __/__/__)*

1. LEA/AGENCY: 2. CONTACT PERSON:		3. NGO NAME: 4. GRANT AGREEMENT#:		
Name of Individual or Entity	Address	Federal ID or SSN	Dates of Service	Amount Contracted

BUSINESS ADMINISTRATOR

DATE

PROJECT DIRECTOR

DATE

GRANT AGREEMENT MODIFICATION REQUEST

CHECKLIST

Please review your modification request and ensure that, **where applicable**, the following items are included:

I. Correspondence must include:

- 1. NGO title and grant agreement number (note: grant agreement number can be found in upper right-hand corner of all grant agreement pages)
- 2. Cover letter from the chief school administrator/chief executive officer that provides a compelling programmatic rationale for the modification
- 3. Justification for project changes, budgetary **decreases as well as increases**

II. Budget Modification Request Worksheet

- 1. Budget Modification Request Worksheet (reflects approved budget, proposed plus and minus changes and proposed revised budget). Available as page 6 of grant agreement or in the appendix.
- 2. Initials of the school business administrator for budget line item transfers [BA/CFO initials in upper left-hand corner of Budget Modification Request Worksheet]

III. Revised Budget Detail and Project Activity Forms

- 1. Applicable grant agreement approved budget form(s), budget forms A through F, indicating the proposed revisions and accompanying budget detail.
- 2. A revised “Project Activity Plan” (mandatory if there are changes to project goals, objectives and/or activities.)

DO I NEED DEPARTMENT APPROVAL?

Use the following checklist to assist in determining whether DOE approval is required for modification to your grant agreement. Check ALL true statements.

My modification would result in:

- changes to the approved **scope of work**;
- transfer of expenditures to an **unbudgeted line item**;
- transfer of expenditures to or from a **restricted line item** (subgrants or indirect costs);
- costs requiring prior approval pursuant to the **Federal Cost principles** (see Part Two of Manual);
- budget category expenditure variances, the cumulative total of which exceeds ten (10%) percent of the total grant agreement amount, or \$10,000, whichever is less (*called the **grant agreement threshold***);
- additions, deletions or substitutions to the approved **equipment** purchases;
- changes to approved **subgrant recipients**;
- an extension or reduction of **grant agreement time frame**; and/or
- increases or decreases in the **total grant agreement amount**.

A ✓ IN ANY BOX INDICATES DOE APPROVAL IS REQUIRED.

➔ **IMPORTANT NOTE:** The subgrantee is accountable to you, the grantee, in the use of grant funds, subject to applicable federal and state regulations (**all applicable regulations “flow-down” to the subgrantee**), and is accountable for the delivery of subgranted project activities. **Any changes** (program or fiscal) requested by a subgrantee must be reviewed by you, the grantee and, if you support the changes, forwarded to the DOE for review if they are consistent with grant agreement modification requirements outlined above. As the grantee, **you do not have the authority to approve for subgrantees, any changes in their project activities, any budget variances or any other changes that require prior approval by the DOE.** (*Please give a copy of this form to your subgrantees.*)

**NJ DEPARTMENT OF EDUCATION
BUDGET MODIFICATION REQUEST WORKSHEET***

BA/CFO Initials:

NGO TITLE:

Check box if this is a subgrantee form and identify subgrantee below.

APPLICANT (LEAD) AGENCY:

SUBGRANTEE:

Budget Category	Object Codes	SECTION I: Approved Budget			SECTION II: Requested Change (+) or (-)			SECTION III: Revised Budget		
		STATE	FEDERAL	OTHER	STATE	FEDERAL	OTHER	STATE	FEDERAL	OTHER
I. INSTRUCTION										
Personal Services - Salaries	100-100									
Purchased Prof. & Technical Services	100-300									
Other Purchased Services	100-500									
Supplies and Materials	100-600									
Other Objects	100-800									
<i>SUBTOTAL - INSTRUCTION</i>										
II. SUPPORT SERVICES										
Personal Services – Salaries	200-100									
Personal Serv.– Employee Benefits	200-200									
Purchased Prof. & Tech. Services	200-300									
Purchased Professional Education Services <i>Subgrant Cost Summary</i>	200-320									
Purchased Property Services	200-400									
Other Purchased Services	200-500									
Travel	200-580									
Supplies & Materials	200-600									
Other Objects	200-800									
Indirect Costs	200-860									
<i>SUBTOTAL – SUPPORT SERVICES</i>										
III. FACILITIES, ACQUISITION & CONSTR. SVCS.										
Buildings	400-720									
Instructional Equipment	400-731									
Non-Instructional Equipment	400-732									
<i>SUBTOTAL – FACILITIES</i>										
TOTAL DIRECT COSTS										

* A preprinted Budget Modification Worksheet is included as page six of the grant agreement. This form may be used to submit a budget modification request.

A preprinted transmittal form is mailed to grant recipients with the grant agreement. This form should only be used in the event that the preprinted form cannot be located.

Agreement #: _____
 Grantee Name: _____
 CO/LEA #: _____
 NGO #: _____
 NGO Program Title: _____
 Project Director: _____ Phone: _____

(EXTRA) FISCAL REPORT TRANSMITTAL PAGE

- **Circle the report # to indicate which report is being submitted.**
- **Fill in the due date as it appears on page two of the Grant Agreement**
- **Fill in the reporting period as it appears in the Notice of Grant Opportunity (NGO)**

<u>Report #</u>	<u>Due Date</u>	Reporting Period	
		From	To
1			
2			
3			
final			

- **Attach this transmittal page to the report (original & 1 copy).**
- **Mail to:**

**Application Control Center (ACC)
 New Jersey State Department of Education
 100 River View Executive Plaza
 P.O. Box 500
 Trenton, New Jersey 08625-0500**

A preprinted transmittal form is mailed to grant recipients with the grant agreement. This form should only be used in the event that the preprinted form cannot be located.

Agreement #: _____
Grantee Name: _____
CO/LEA #: _____
NGO #: _____
NGO Program Title: _____
Project Director: _____ **Phone:** _____

(EXTRA) PROGRAM REPORT TRANSMITTAL PAGE

- **Circle the report # to indicate which report is being submitted.**
- **Fill in the due date as it appears on page two of the Grant Agreement**
- **Fill in the reporting period as it appears in the Notice of Grant Opportunity (NGO)**

<u>Report #</u>	<u>Due Date</u>	Reporting Period	
		From	To
1			
2			
3			
final			

- **Attach this transmittal page to the report (original & 1 copy).**
- **Mail to:**

Application Control Center (ACC)
New Jersey State Department of Education
100 River View Executive Plaza
P.O. Box 500
Trenton, New Jersey 08625-0500

GLOSSARY

Application Control Center

The Application Control Center (ACC) is the center responsible for providing the NJDOE's centralized control function for grant administration. Among the various functions of the ACC are the receipt of applications and grantee reports, and the administration of the application evaluation processes, and of the grant agreement modification review and approval process.

Approved Application

The goals, objectives, indicators, activity plan, budget, etc., proposed by an applicant may have been changed as a result of the preaward process. The "approved application" incorporates all of the NJDOE-approved preaward revisions. It supersedes all other versions of the application and is made a part of the grant agreement by reference. It provides the framework for the project and is used by the grantee in the implementation of the local project.

Approved Grant Application

See "Approved Application."

Articulation Agreement

See "Subgrant Agreement."

Attachment A, Grant Agreement Terms and Conditions

The administrative terms and conditions that a grantee must comply with under its grant agreement with the NJDOE. The document is incorporated into the grant agreement by reference, and is legally a part of the grant agreement.

Attachment B

Requirements that a grantee must comply with concerning the acknowledgement of the amount and percentage of federal and non-federal funding when making any public announcement relating to the grant agreement. Grant agreement audit requirements and copyright information are also included.

Attachment C

Special program-specific terms and conditions with which a grantee must comply and/or special terms and conditions placed on "high risk" grantees. It is included as part of the grant agreement only where applicable.

Audit

The examination of records and documents and the securing of other evidence by a qualified accountant for one or more of the following purposes: (a) determining the propriety of proposed or completed transactions, (b) ascertaining whether all transactions have been recorded, (c) determining whether transactions are accurately recorded in the accounts and in the statements drawn from the accounts.

Audit Findings

A deficiency or deficiencies in a local project, found during the audit process, in one or more of several key areas, *e.g.*, internal control, compliance, questioned costs, or fraud. Common audit findings include, but are not limited to: grant funds used for expenses not included in the budget; costs incurred outside of the grant agreement time frame; inadequate time records to support employee salary charges; mathematical or clerical errors when calculating a charge to the grant, etc.

Catalogue Of Federal Domestic Assistance (CFDA)

A government-wide compilation of federal programs, projects, services, and activities that provide assistance or

benefits to the American public. The primary purpose of the CFDA is to assist users in identifying programs that meet specific objectives of a potential applicant, and to obtain general information on federal assistance programs; the catalogue is published one yearly, usually in June; an update occurs around December. The CFDA contains a brief description of each program, eligible applicants, the type of assistance provided, the estimated amount of money available, the typical award size, and the name and telephone number of the agency contact for the program. In accordance with the audit requirements of *OMB Circular A-133*, grantees are required to track expenditures by CFDA number.

Chief Fiscal Officer

For grantees that are local education agencies (LEAs), the chief financial officer (CFO) is considered to be the LEA's business administrator. For grantees other than LEAs, *e.g.*, community-based organizations, colleges and universities, etc., the chief financial officer is the person charged with responsibility for fiscal oversight of the agency's financial activities.

Code of Federal Regulations

A codification of the general and permanent rules published in the *Federal Register* by the Executive departments and agencies of the Federal Government. (Title 34, are the regulations that are published by the US Department of Education.)

Co-Mingled Funds

Co-mingling of funds occurs when a grantee fails to maintain separate records for each revenue stream (program income and/or grant funds by funding source), which may result in the improper use of funds designated for a specific purpose and subject to specific restrictions.

Consortium Member

See "Subgrantee."

Consultants

Independent entities engaged under a grant to provide a specific service or product (product purchase or fee-for-service). They are not employees of the grantee and no employer-employee relationship exists between the consultant and the grantee.

Cost Reimbursement

The basis on which all grant agreements are issued. This means that for each grant agreement, the amount of grant funds paid by the NJDOE during the grant agreement period cannot exceed the amount of eligible project expenditures incurred by the grantee for the grant agreement period. The NJDOE will reimburse the grantee for eligible expenditures only up to the dollar amount of the grant agreement.

Cost Sharing

The portion of a project or project cost not borne by the NJDOE. See also "Matching Funds" and "Matching Funds Requirement."

Desk Monitoring

The review by the NJDOE of grantee interim and final program and fiscal reports to ascertain the extent to which a grantee is complying with the provisions of the grant agreement, and to determine the progress being made towards accomplishment of the goals, objectives, and activities in the approved grant application. In most cases, interim reports are due quarterly and final reports are due to the NJDOE within sixty (60) days after the end date of the grant agreement.

Direct Costs

Costs that are approved for a specific purpose and that can be identified with a particular grant project or

instructional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Typical direct costs are: compensation of employees for the time devoted and identified specifically to the performance of the grant award; cost of materials acquired, consumed, or expended specifically for the grant award; equipment and other approved capital expenditures; and travel expenses incurred specifically to carry out the award.

Disallowed Costs

Any charges to the grant agreement that the NJDOE has determined to be beyond the scope of the purpose of a grant agreement, excessive or otherwise unallowable.

Discretionary Grant

A grant made in support of an individual project in accordance with legislation that permits the NJDOE to exercise judgment in selecting the project, the grantees, and the amount of the award. Applicants may or may not compete for these funds.

Discretionary Grant Program

Discretionary grant programs are designated to address essential education and related initiatives. Discretionary grant funds are most often awarded through a competitive or limited competitive process that requires eligible agencies to submit applications in response to an NJDOE-initiated *Notice of Grant Opportunity* (NGO).

Education Department General Administrative Regulations (EDGAR)

A book issued by the USDOE that reprints portions of Title 34 of the *Code of Federal Regulations* (parts 74, 75, 76, 77, 79, 80, 81, 82, 85, 86, 97, 98 and 99) containing the administrative requirements for grantees. The regulations affecting most discretionary grant programs funded by the USDOE and funded by the NJDOE are found in Title 34.

Equipment

An item of tangible personal property that meets all of the following criteria: (1) it retains its original shape, appearance and character with use; (2) it does not lose its identity through fabrication or incorporation into a different or more complex unit or substance; (3) it is non-expendable; that is, if the item is damaged or some of its parts are lost or worn out, it is more feasible to repair the item than to replace it; (4) under normal conditions of use, including reasonable care and maintenance, it can be expected to serve its principle purpose for at least one year; and (5) the item costs more than \$2,000.

Equipment Inventory Form

A form requesting the following information on each piece of equipment purchased with grant funds: make/model/description of the equipment; inventory tag number; purchase date; amount budgeted; purchase cost; and location of the equipment. An equipment inventory form is completed by each grantee at the mid-grant agreement and final reporting periods for a grant program. See also "Property Management System."

Equipment Inventory Tag

A tag placed on each piece of equipment linking that equipment to an inventory record containing the following information: description of the property; serial number or other identification number; funding source for the equipment purchase; title holder to the equipment; acquisition date; acquisition cost; percentage of grant funds (by funding source if split-funded) used in the purchase of the equipment; location, use, and condition of the equipment; and any equipment disposition information. See also "Property Management System."

Expenditure Report Form

The Expenditure Report Form is page five of the grant agreement. The grantee's chief financial officer is required to use this form in completing and submitting the fiscal reports referenced on page two of the grant agreement.

Generally Accepted Accounting Principles (GAAP)

A technical term in accounting that encompasses the conventions, rules and procedures necessary to define accepted

accounting practice at a particular time. The standard of “generally accepted accounting principles” includes not only broad guidelines of general application, but also detailed rules and procedures.

Grant Agreement

A standardized legally binding agreement for the issuance of discretionary funds based upon specific priorities, needs, performance criteria, and budgetary constraints. The grant agreement used by the NJDOE for its discretionary grant program consists of five pages and contains the following information: grant program identification and identification of key contact persons (at the grantee and at the NJDOE); grant agreement time period; applicable regulations; payment information and due dates of progress and final program and fiscal reports; grant agreement-specific terms and conditions; approved grant agreement budget; and the Expenditure Report Form.

Grant Agreement Audit

See “Audit.”

Grant Agreement Close-Out

The process by which the NJDOE determines that all applicable administrative actions and all required work of the grant agreement have been completed by the grantee. As a condition to close-out, grantees must submit a final program report and a final fiscal report. Upon approval of the final reports, the grantee will receive its final payment or will be required to refund grant funds to the NJDOE. See also “Standard Payment Schedule.”

Grant Agreement Period

The timeframe during which funds provided by the NJDOE may be used for the purposes of the specific grant project. The start and end dates of the grant agreement period are specified on page one of the grant agreement document.

Grant Agreement Threshold

The amount of funds that grantees may transfer between/among previously budgeted line items where the cumulative amount of all of those transfers will be below ten (10) percent of the total grant agreement amount, or \$10,000, whichever is less. The ten (10) percent or \$10,000 figure represents the grant agreement threshold amount. Note: There are other restrictions placed on the transfer of funds that apply below this threshold amount. Grantees are encouraged to refer to Part Eight of this *Manual* for a full discussion of these restrictions.

Grant Recipient Agency

See “Grantee.”

Grantee

The government or non-government entity to which a grant is awarded and which is accountable to the NJDOE for the use of the funds provided. The grantee is the entire legal entity of the applicant even if only a particular component of the applicant is designated in the grant award document.

Indirect Costs

Any costs that are incurred as a result of grant agreement activities, and provide a benefit to the grant agreement, but cannot be allocated directly to a grant agreement. Examples of indirect costs are: facilities, utilities, accounting and bookkeeping services, legal services, grant agreement administration systems, procurement systems, general operating expenses, etc. As these costs cannot be allocated directly to a particular grant agreement or grant agreements, an indirect cost rate is used instead. Indirect cost rates are determined by negotiations with the applicant’s federal cognizant agency. For LEAs, this role has been delegated to the NJDOE.

In-Kind Contributions

The value of non-cash contributions provided by the grantee and/or subgrantee(s) under a grant project. In-kind

contributions may be in the form of donated services, charges for real property and non-expendable personal property, and the value of goods and services directly benefiting and specifically identifiable to the project.

Inventory Tag

See “Equipment Inventory Tag.”

Matching Funds

Local financial resources applied in support of a discretionary grant project. Matching funds may be in the form of cash and/or in-kind contributions. See also “Matching Funds Requirement.”

Matching Funds Requirement

A requirement in an NGO that obligates a grantee to match a certain percentage of the NJDOE grant agreement amount from local resources. In order to satisfy a matching funds requirement, the matching funds must be expended during the grant agreement period, and be for costs directly supporting the overall program. See also “Matching Funds.”

Mid-Grant Agreement Fiscal Performance Review

For multi-year projects, the Mid-Grant Period Fiscal Performance Review is used as documentation for on-site monitoring by NJDOE program staff. Through this Review, the NJDOE collects specific information regarding expenditures made in four key areas: consultant services, equipment, staff (salaries and fringe benefits), and subgrants. A separate form exists for each of these four areas to be completed by the grantee as part of mid-grant period reporting.

Monitoring

A method which the NJDOE utilizes to ascertain the extent to which a grantee is complying with the provisions of the grant agreement, and to determine the progress being made towards accomplishment of the goals, objectives, and activities in the approved grant application.

Multi-Year Grant Programs

A grant program designated in the initiating NGO to extend for more than a single grant agreement period, usually 12 months in duration. The initial selection of grantees usually occurs on a competitive basis, with subsequent years of funding provided on a non-competitive basis to those grantees selected in year one and certified by the program office to be performing successfully at the midpoint of the current grant agreement period.

Non-Employee Compensation

Fees or other forms of compensation for services rendered by an individual or entity that is not an employee of the grantee (e.g., consultants, workshop presenters, etc.). Any payments for non-employee compensation must be made through a formal grant agreement with the individual or entity receiving payment.

Non-Public Schools

An elementary or secondary school within the state, other than a public school, offering education for grades kindergarten through 12, or any combination of them, wherein any child may legally fulfill compulsory school attendance requirements and which complies with the requirements of *Title VI of the Civil Rights Act of 1964 (P.L. 88-352)*. A list of non-public schools by LEA district, can be found in the *New Jersey Department of Education School Directory* or by calling your County Office of Education.

Office Of Management and Budget Circulars (Federal)

Federal guidance for the administration of grants, cost principles, and audit requirements. Federal regulations require that state departments of education treat federal and non-federal sources of funds in a consistent manner and in accordance with state law. To meet this requirement, the NJDOE applies the provisions of the Federal *OMB*

Circulars uniformly to all grantees, regardless of the source of funds.

OMB Circulars

See “Office of Management and Budget Circulars (Federal).”

Partner

See “Subgrantee.”

Program Income

The gross income earned by the grantee that is generated directly by a grant-supported activity or earned as a result of the grant. It includes, but is not limited to: income from fees for services performed, the use or rental of real or personal property acquired under the grant, the sale of commodities or items developed or fabricated under the grant.

Project Costs

All allowable costs incurred by the grantee and subgrantee(s), where applicable, and the value of the in-kind contributions made by the grantee and/or subgrantee(s) in accomplishing the objectives of the grant or other agreement during the grant agreement period.

Project Director

A designated employee of the grantee who is responsible for managing and implementing the educational program and budget described in the approved application. The project director ensures that the grantee meets its responsibilities to the NJDOE under the grant project in a timely manner.

Project Period

See “Grant Agreement Period.”

Property Management System

A system to track the following information for each piece of equipment purchased grantees and/or subgrantees with grant funds: description of the property; serial number or other identification number; funding source for the equipment purchase; title holder to the equipment; acquisition date; acquisition cost; percentage of grant funds (by source if split-funded) used in the purchase of the equipment; location, use, and condition of the equipment; and any equipment disposition information. Additionally, the NJDOE requires that an equipment inventory be completed and the results reported on at the mid-grant agreement and final reporting periods of the grant project. All grantees and subgrantees are required to maintain a property management system that meets the requirements of the appropriate Federal *OMB Uniform Administrative Requirements Circulars (A-110, A-102)* applicable to the grantee or subgrantee. See also “Equipment Inventory Form” and “Equipment Inventory Tag.”

Reimbursement

See “Cost Reimbursement.”

Restricted Line Items

Restricted line items of a budget include equipment, subgrants, and indirect costs. Changes proposed to any budget which would have an impact upon a restricted line item require NJDOE approval.

Scope of Work

The goals, objectives, activities, and time lines of the approved grant application.

Split-Funded

Grant programs that are supported by both state and federal funds. In such cases, a certain percentage of the total

grant amount available is designated as state funds and a certain percentage is designated as federal funds. Furthermore, in some instances, a grant program may be supported by multiple state and/or federal sources. These programs are also referred to as split-funded.

Standard Payment Schedule

The standard payment schedule for grant agreements is as follows: If equipment is approved, 100% of the approved equipment amount (function/object codes 400-731 and 400-732) is issued with the first payment. Five percent (5%) of the balance is deducted and held by the NJDOE. (The 5% is released upon receipt and approval by the NJDOE of the grantee's final reports.) The remaining amount is divided into equal monthly payments issued, generally, near the middle to the end of each month.

Subgrant Agreement

A formal financial agreement between a third-party grantee and another entity (a "fourth party") to provide an integral part of the grant project. Provisions of subgrant agreements should include information such as a clear, well-defined scope of work and the start and end dates of the subgrant. A Subgrant Agreement may also include such provisions as: payment terms; reporting schedule; termination clauses; records access and retention clauses; property management clause; etc. Note: Grantees are encouraged to refer to Part Three of this *Manual* for more detailed information on Subgrant Agreements.

Subgrantee

An entity (person or agency) that has a formal financial arrangement with the grantee to provide an integral part of the grant project. A subgrantee has responsibility for programmatic decisions, adherence to applicable compliance requirements and uses grant funds to "carry out" project activities. The subgrantee is accountable to the grantee in the use of grant funds, subject to applicable federal and state regulations, and is accountable for the delivery of the subgranted project activities. A subgrantee may also be called a consortium member, a partner, a subgrantee, or a subrecipient.

Subrecipient

See "Subgrantee."

Suspension

An action by the NJDOE that temporarily suspends financial assistance under the grant pending corrective action by the grantee, or pending a decision by the NJDOE to terminate the grant.

Termination

The cancellation of sponsorship of a grant project, in whole or in part, by the NJDOE under an agreement at any time prior to the date of completion.

Unbudgeted Line Item

A budget line in the final approved grant application budget in which no funds had been requested by the grantee. Funds may not be transferred into unbudgeted lines by the grantee without prior approval by the Department of Education.

Vendors

Individuals or firms hired to provide a specific service or product (product purchase or fee-for-service) within their normal business operations. Vendors are not employed, either full-time or part-time, by the grantee and are considered a "purchased service." Vendors are not subject to compliance requirements; they operate in a competitive environment and provide services or goods to many different purchasers.