

## GRANTS MANAGEMENT

**1. REASON FOR ISSUE:** This directive revises Departmental policy designating who is responsible for administering grants and agreements with institutions of higher education, hospitals, non-profit organizations; State, local and Indian tribal governments; and for auditing those entities.

**2. SUMMARY OF CONTENTS/MAJOR CHANGES:** The following are the major changes identified that relate to grants management, since the directive was published in 1998.

a. Financial Assistance Management Improvement Act of 1999 (Public Law 106-107) (November 22, 1999) – Established to improve the effectiveness and performance of Federal financial assistance programs, simplify Federal financial assistance application and reporting requirements, and improve the delivery of services to the public. Public Law (P.L.) 106-107 sunset in November 2007, and therefore the requirements are not being incorporated into VA Directive 0071,

b. OMB Memorandum to Executive Departments and Agencies (M-04-01), Subject: OMB Issues Grants.gov FIND Policy – Requiring all discretionary grant announcements to be posted on Grants.gov,

c. Government-wide provisions implementing the Drug-Free Workplace Act of 1988 has been relocated it to 38 Code of Federal Regulations (CFR) Part 48,

d. Government-wide provisions implementing Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations (Office of Management and Budget (OMB) Circular A-110) was added to VA regulations as 38 CFR part 49,

e. Government-wide provisions implementing Uniform Administrative Requirements for Grants and Agreements to State and Local Governments (OMB Circular A-102) was added to VA regulations as 38 CFR part 43,

f. OMB established 2 CFR for grants and other financial assistance and non-procurement agreements. It consists of two subtitles, subtitles A and B. In subtitle A, OMB publishes government-wide guidance to Federal agencies for grants and agreements—consolidating guidance from seven separate OMB Circulars and other OMB policy documents. In subtitle B, Federal agencies that implement the OMB guidance through regulation will publish their agency-wide implementing regulations. VA regulations can be found at 2 CFR part 800,

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- g. OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations" moved to 2 CFR Part 215,
- h. Revised the three OMB circulars containing Federal cost principles (A-122, A-21, A-87). The purpose of the revisions was to simplify the cost principles by making the descriptions of similar cost items consistent across the circulars where possible, thereby reducing the possibility of misinterpretation. The revisions resulted from OMB and Federal agency efforts to implement Public Law 106-107, and were effective on June 9, 2004,
- i. OMB Circular A-21 "Cost Principles for Educational Institutions" moved to 2 CFR Part 215 and 220,
- j. OMB Circular A-87 "Cost Principles for State, Local, and Indian Tribal Governments" moved to 2 CFR Part 225,
- k. OMB Circular A-122 "Cost Principles for Non-Profit Organizations" moved to 2 CFR Part 230,
- l. Federal Funding Accountability and Transparency Act of 2006 (FFATA) (Public Law 109-282) – Established a searchable website for the public to query federal financial assistance and expenditures that include: grants, sub-grants, loans, awards, cooperative agreements, and other forms of financial assistance; contracts, subcontracts, purchase orders, task orders, and delivery orders. But, do not include individual transactions below \$25,000, an individual recipient of Federal assistance or a Federal employee; and before October 1, 2008, does not include credit card transactions. OMB Guidance dated March 30 2008 provides detailed reporting requirements and procedures for Federal agencies,
- m. VA published the new non-procurement debarment-suspension regulation in Subtitle B of 2 CFR (2 CFR Part 801), and
- n. VA removed its codification of the non-procurement debarment-suspension common rule from Title 38 CFR part 44, and made conforming changes to 38 CFR 36.4226, 36.4337, 36.4346, 36.4349, 39.6, 48.510 and 49.13 by referencing 2 CFR parts 180 and 801, and 38 CFR part 48.512 by referencing 38 CFR part 48.
- o. Added the Grants.gov Service Outage Policy - Unless otherwise stated in the Notice of Funding Availability (NOFA) posted in the Federal Register and the Opportunity Synopsis (OS) posted on Grants.gov for the specific grant, in the event a VA grant applicant is unable to submit an application by the approved deadline due to a Grants.gov service outage, then the applicant must contact the respective VA grants office listed in the NOFA and OS. A phone call and an e-mail will be required along with the time of the service outage, and a description of the service outage message they received. Once the

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VA has been notified, the grant award deadline will be extended to the applicant for one additional business day, so that the applicant can send the application via US Mail to the respective VA Grant Office. The mail must be postmarked, with the approved extension date, in order to meet the deadline. VA will also verify the service outage date and time with Grants.gov. If the service outage cannot be confirmed by Grants.gov, then it will be the decision of the respective VA grant office to decide whether to accept the application and inform the applicant of its status.

**3. RESPONSIBLE OFFICE:** Responsible office is the Assistant Secretary for Policy and Planning (008).

**4. RELATED HANDBOOK:** None.

**5. RESCISSIONS:** VA Directive 0071 Grants Management dated November 27, 1998.

**CERTIFIED BY:**

/S/  
Robert T. Howard  
Assistant Secretary for  
Information and Technology

**BY THE DIRECTION OF THE  
SECRETARY OF VETERANS  
AFFAIRS:**

/S/  
Karen W. Pane  
Acting Assistant Secretary for  
Policy and Planning

Distribution: Electronic Only

## GRANTS MANAGEMENT

**1. PURPOSE:** This directive revises Departmental policy for designating who is responsible administering grants and agreements with institutions of higher education, hospitals, non-profit organizations; State, local and Indian tribal governments; and for auditing those entities.

**2. POLICY:** VA shall comply with the respective requirements, regulations, circulars, public law, and OMB guidance listed below; as well as any others that are related and not specified in this directive. Also, please note that Federal agencies that make awards to non-Federal entities are required to adopt the language of the OMB circulars in codified regulations unless a statute requires OMB to approve different provisions. Please refer to Appendix A for the grant programs covered by this directive.

a. 38 CFR Part 49 (2 CFR Part 215 and OMB Circular A-110) "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations"

b. 2 CFR Part 180 and 801 "Non-Procurement Debarment and Suspension"

c. 2 CFR Part 215 and 220 (OMB Circular A-21) "Cost Principles for Educational Institutions"

d. 2 CFR Part 225 (OMB Circular A-87) "Cost Principles for State, Local, and Indian Tribal Governments".

e. 2 CFR Part 230 (OMB Circular A-122) "Cost Principles for Non-Profit Organizations"

f. 38 CFR Part 43 (OMB Circular A-102) "Uniform administrative requirements for grants and cooperative agreements with State, local and Indian tribal governments"

g. 38 CFR Part 39 "Aid to States for Establishment, Expansion, and Improvement of Veterans' Cemeteries"

h. 38 CFR Part 48 "Government-wide Requirements for Drug-Free Workplace (Financial Assistance)"

i. 38 CFR Part 41 (OMB Circular A-133) "Audits of States, Local Governments and Non-Profit Organizations". (Note: Compliance Supplements are available at [http://www.whitehouse.gov/omb/grants/grants\\_circulars.html](http://www.whitehouse.gov/omb/grants/grants_circulars.html)).

j. 38 CFR Part 51 "Per Diem for Nursing Home Care of Veterans in State Homes"

k. 38 CFR Part 52 “Per Diem for Adult Day Health Care of Veterans in State Homes”

l. 38 CFR Part 58 “Forms”

m. 38 CFR Part 59 “Grants to States for Construction or Acquisition of State Homes”

n. 38 CFR Part 61 “VA Homeless Providers Grant and Per Diem Program”

o. Federal Funding Accountability and Transparency Act (FFATA) of 2006 (Public Law 109-282)

p. OMB Memorandum to Executive Departments and Agencies (M-08-04) Subject: OMB Guidance on Data Submission under the Federal Funding Accountability and Transparency Act (Transparency Act)

q. OMB Memorandum for the Presidents Management Council (Dated March 30, 2008) Subject: Reporting of Data Elements Required by the Federal Funding Accountability and Transparency Act (Public Law No: 109-282)

r. OMB Memorandum to Executive Departments and Agencies (M-04-01) Subject: OMB Issues Grants.gov FIND Policy

s. Grants.gov Service Outage Policy - Unless otherwise stated in the Notice of Funding Availability (NOFA) posted in the Federal Register and the Opportunity Synopsis (OS) posted on Grants.gov for the specific grant: In the event a VA grant applicant is unable to submit an application by the approved deadline due to a Grants.gov service outage, then the applicant must contact the respective VA grants office listed in the NOFA and OS. A phone call and an e-mail will be required along with the time of the service outage, and a description of the service outage message they received. Once the VA has been notified, the grant award deadline will be extended to the applicant for one additional business day, so that the applicant can send the application via US Mail to the respective VA Grant Office. The mail must be postmarked, with the approved extension date, in order to meet the deadline. VA will also verify the service outage date and time with Grants.gov. If the service outage cannot be confirmed by Grants.gov, then it will be the decision of the respective VA grant office to decide whether to accept the application and inform the applicant of its status.

**3. RESPONSIBILITIES:**

a. The Under Secretary for Benefits, Under Secretary for Health, and Under Secretary for Memorial Affairs shall each:

Appoint a Program Official in their organization to oversee the administration of each grant program that awards grants to institutions of higher education, hospitals, non-profit organizations; State, local and Indian tribal governments consistent with paragraph 2, Policy.

b. The Office of the Assistant Secretary for Policy and Planning responsibilities include:

(1) Coordinating VA participation in the annual OMB Circular A-133 Compliance Supplement updates, and acts as the official liaison with OMB on policy matters related to the government-wide regulations and circulars included in Section 2, Policy.

(2) Coordinating the monthly FFATA reporting submissions with the respective VA Grant Program Official; formatting the data into the required format; and submitting the data to USASpending.gov by the 20<sup>th</sup> day of each month.

(3) Providing Agency administration of Grants.gov, and quarterly milestone reports as requested by OMB.

(4) Representing VA on inter-agency boards and committees, such as the: OMB E-Gov Grants Executive Board and the US Chief Financial Officer Grants Policy Committee; and coordinating policy decisions, votes and input within VA.

c. The Office of Inspector General (OIG) responsibilities include:

(1) Obtaining audits performed under 38 CFR Part 41 (OMB Circular A-133) for entities with VA awards from the Federal Audit Clearinghouse and forward them to the responsible program official, with the findings identified.

(2) Where VA is the cognizant or oversight agency, the OIG shall:

(a) Conduct quality control reviews of selected audits and provide the results consistent with Federal information disclosure law, to other interested organizations.

(b) Promptly inform other affected Federal agencies and appropriate Federal law enforcement officials of any direct reporting by the auditee or its auditors of irregularities or illegal acts, as required by GAGAS, or laws and regulations.

(c) Advise the auditor and auditee, where appropriate, of deficiencies found by the audits, monitor corrective action taken and make recommendations for follow-up action if necessary.

d. Grant Program Official responsibilities include:

(1) Ensuring that their grant program(s) comply with the respective regulations, requirements, and circulars included in paragraph 2, Policy.

(2) Ensuring that any subsequent VA directives, policies, and handbooks for grants and cooperative agreements developed and used by their grant programs comply with the respective regulations and circulars included in paragraph 2, Policy.

(3) Performing the roles and responsibilities of the Cognizant Agency for Audit and/or Oversight Agency for Audit, as specified in 38 CFR 41.400 and 41.405, when their program awards the majority of VA funds to the grantee being audited.

(4) Coordinating with the VA Office of Inspector General to obtain audits performed under 38 CFR Part 41 (OMB Circular A-133) of program recipients and in providing technical advice and counsel to auditees and auditors.

(5) Requesting and/or providing updates to OMB's A-133 compliance supplement through VA Office of Policy and Planning.

(6) Providing technical advice to and liaison with auditees and auditors, in coordination with OIG.

(7) Posting each grant opportunity and matching application package to Grants.gov as they become available; and providing quarterly compliance reporting to the VA Office of Policy and Planning, as requested.

(8) Providing complete updated FFATA report data on the 10<sup>th</sup> day of each month in the required format.

(9) Informing the grants applicant of the "Grants.gov Service Outage" Policy.

**4. DEFINITIONS:** For the authoritative definitions, please refer the respective regulations and circulars included in paragraph 2, Policy; as the definitions may vary from each regulation and/or circular. The definitions below are provided only as a convenience while reviewing this directive.

a. Award means financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the Federal Government to an eligible recipient. The term does not include: technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and, contracts which are required to be entered into and administered under procurement laws and regulations.

b. CFDA means “Catalog of Federal Domestic Assistance” – a database of all Federal assistance programs available to State and local governments (including the District of Columbia); federally -recognized Indian tribal governments; Territories (and possessions) of the United States; domestic public, quasi-public, and private profit and nonprofit organizations and institutions; specialized groups; and individuals.

c. Cognizant Agency for Audit is the Federal agency that provides the predominant amount of direct funding to the recipient unless OMB designates a specific agency cognizant for the audit assignment. This agency is responsible for coordinating the corrective action plan with the auditee, as well as the other Federal agencies which provided funding to the auditee.

d. GAGAS means generally accepted government auditing standards issued by the Comptroller General of the United States, which are applicable to financial audits.

e. Oversight Agency for Audit is the Federal agency that provides the predominant amount of direct funding to the recipient. If there is no direct funding, the Federal agency with the predominant indirect funding is required to assume the oversight funding. An oversight agency is primarily responsible to provide technical advice to auditees and auditors when requested.

f. The Federal Audit Clearinghouse, Bureau of the Census, is designated by OMB to: (1) receive audit reports performed in compliance with the Single Audit Act; (2) forward reports with findings to Federal awarding agencies; (3) maintain a database of completed audits (available on-line); (4) provide appropriate information to Federal agencies; and, (5) follow-up with known auditees to ensure the receipt of completed data collection forms and reporting packages.

**GRANT PROGRAMS COVERED UNDER THIS DIRECTIVE**

1. CFDA # 64.005 - Grants to States for Construction of State Home Facilities: Established to assist States to acquire or construct State home facilities for furnishing domiciliary or nursing home care to veterans, and to expand, remodel, or alter existing buildings for furnishing domiciliary, nursing home, or hospital care to veterans in State homes.
2. State Home Per Diem Grant Program consists of 4 CFDA programs, and they include:
  - a. CFDA # 64.014 -Veterans State Domiciliary Care: Established to provide financial assistance to States furnishing domiciliary care to eligible veterans in State Veterans' Homes which meet the standards prescribed by the Secretary of Veterans Affairs.
  - b. CFDA # 64.015 - Veterans State Nursing Home Care: Established to provide financial assistance to States furnishing nursing home care to eligible veterans in State Veterans' Homes which meet the standards prescribed by the Secretary of Veterans Affairs.
  - c. CFDA # 64.016 - Veterans State Hospital Care: Established to provide financial assistance to States furnishing hospital care to eligible veterans in State veterans' homes which meet the standards prescribed by the Secretary of Veterans Affairs.
  - d. CFDA # 64.026 - Adult Day Health Care: Established to provide a community-based program designed to meet the needs of adults with impairments through individual plans of care. This type of structured, comprehensive, nonresidential program provides a variety of health, social, and related support services in a protective setting. By supporting families and caregivers, an adult day services program enables the person to live in the community. An adult day services program assesses the needs of the persons served and offers services to meet those needs. The persons served attend on a planned basis. Nothing in this generic description of adult day services may be construed to modify the specific services or eligibility requirements referenced in the definition of adult day care and adult day healthcare.

**3. CFDA# 64.024 - VA Homeless Providers Grant & Per Diem Program:**

Established to assist public and nonprofit private entities in establishing new programs and service centers to furnish supportive services and supportive housing for homeless veterans through grants that may be used to acquire, renovate or alter facilities, and to provide per diem payments, or in-kind assistance in lieu of per diem payments, to eligible entities which established programs after November 10, 1992 that provide supportive services and supportive housing for homeless veterans.

**4. CFDA# 64.203 - State Cemetery Grants Program:** Established to assist States and Indian Tribal Governments in the establishment, expansion, improvement, or operations of veterans' cemeteries.