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Signed by Andrew Jackson
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Guide for Managing Formula Grant Programs

Table of Contents

I. Purpose	2
II. Policy	2
III. Authorization.....	2
IV. Applicability.....	2
V. Definitions	2
VI. Responsibilities.....	5
VII. Requirements.....	6
VIII. Standard Operating Procedures	7
Appendix A: Formula Grant Obligation Memorandum (Enclosure 1).....	32
APPENDIX B: Grant Transfer Agreement (Enclosure 2).....	35
APPENDIX C: Formula Grant Repository Options for Hard Copy and Electronic Documentation (Enclosure 3).....	39

For technical questions relating to this ACS Directive, please contact the Office of the Deputy Secretary, Risk Management Service on 202-245-8400 or via email at RMSCOMMUNICATIONS@ed.gov.

Supersedes OS: 1-108 Guide for Managing State Administered Programs; dated 12/18/2014.

I. Purpose

The purpose of this Directive is to increase the efficiency of the U.S. Department of Education's (ED) formula grants administrative process by establishing consistent internal ED standards and guidelines for formula grant programs. This Guide establishes an ED-wide policy and procedural framework for formula grant programs, to be adopted by all principal offices that administer these types of programs.

II. Policy

ED policy requires that all principal officers administering formula grant programs establish, or update, by June 1 of each year, written standard operating procedures (SOPs) for topics covered by this Guide, which are consistent with programs' authorizing statutes, regulations, the guidance of this document, and other guidance that applies to the programs.

III. Authorization

The requirements of this Guide are consistent with the Department of Education Organization Act (DEOA) and the General Education Provisions Act (GEPA).

IV. Applicability

The requirements in this Guide apply to State-administered and direct formula grant programs covered by 34 CFR Part 75 or 76 of the Education Department General Administrative Regulations (EDGAR). However, this Guide does not apply to the Impact Aid programs of the Department.

V. Definitions

- A. **Allocation.** The level of funding awarded to a grantee, under a formula program, for the purposes and time periods provided for in the authorizing statute, the annual appropriations acts, and implementing regulations.
- B. **Application.** A request for financial support of a project or activity submitted to ED on specified forms and in accordance with instructions provided by ED; also, all the information that otherwise would be requested on these forms.
- C. **Area of Concern.** A grantee's practice or procedure related to grant administration that has been identified as a potential performance or compliance issue.
- D. **Catalog of Federal Domestic Assistance (CFDA) Number.** The identifying number for a Federal financial assistance program, including grant programs.

It is composed of a unique two-digit prefix to identify the Federal agency that makes the funds available (ED's prefix is 84), followed by a period and a unique three-digit code that serves as an identifier for each authorized program.

- E. **CFDA Subprogram Number.** The identifying alphanumeric code for a Federal grant program consisting of the unique three-digit code established within the CFDA number and a letter (e.g., A, B, C). Each alphanumeric code represents a separate grant program within a statutorily authorized program.
- F. **Closeout.** The process by which Federal awarding agency determines all applicable administrative actions and all required work of the Federal award have been completed.
- G. **Corrective Action.** An action taken by a grantee to correct a finding of noncompliance that is contained in a monitoring report or other official notice provided to the grantee by a program office.
- H. **Corrective Action Plan (CAP).** A document developed by a grantee in consultation with the program office that issued one or more findings of noncompliance that describes the actions the grantee will take to resolve each compliance issue, the evidence the grantee will provide to verify actions were taken, and an established timeline for completing the actions.
- I. **Federal Register (FR).** A daily compilation of proposed and final Federal regulations, legal notices, presidential proclamations and executive orders, Federal agency documents having general applicability and legal effect, documents required to be published by acts of Congress, and other Federal agency documents of public interest. The *Federal Register* is prepared by the National Archives and Records Administration, Office of the Federal Register, for public distribution by the Government Printing Office; it is the publication of record for the Federal government.
- J. **Finding of Noncompliance.** A written statement of determination of noncompliance with performance standards or program requirements that are made by a program office after it has examined or investigated identified areas of concern.
- K. **Formula Grant Obligation Memorandum.** The memorandum that principal officers submit annually to Risk Management Service (RMS) that identifies: 1) formula grant obligators; 2) program staff that will be granted the authority to affix a principal officer's signature on formula Grant Award Notifications (GANs), if applicable; and 3) formula program CFDA numbers and CFDA subprogram numbers that are to be assigned to formula grant obligators and to principal officer G5 profiles, if applicable.

- L. **Formula Grant Program.** A program under which ED awards funds to grantees based on a statutory or regulatory formula and, if applicable, may authorize those grantees to award subgrants on either a formula or competitive basis to eligible subgrantees.
- M. **Grant Award Notification (GAN).** The official document signed by an obligator stating the amount and conditions of an award for a formula grant.
- N. **Grantee.** The legal entity to which ED awards a grant and that is accountable to the Federal government for the use of the funds provided. The grantee is the entire legal entity even if only a particular component of the entity is designated to implement or administer the grant in the GAN.
- O. **Late Liquidation.** The liquidation of any portion of a grant more than 90 days after the end of the legal obligation period for the grant, or an authorized extension of that 90-day period, but before grant funds are canceled from ED accounts under 31 U.S.C. § 1552.
- P. **Monitoring.** The process followed by a program office to assess, among other things: 1) how well a grant is being implemented and achieving program objectives; 2) the degree to which the project is meeting established performance standards; and 3) whether the grantee is complying with statutory requirements, program and applicable EDGAR regulations (including fiscal requirements), 2 CFR 200, and policies.
- Q. **Noncompliance.** The failure or refusal of a grantee to comply with law, regulation, application, or terms of a grant award.
- R. **Obligation.** As used in this Guide, a firm and binding written commitment to award a specific amount of funds to a grantee, completed by an obligator signing a GAN and transmitting it to a grantee.
- S. **Obligator.** The Principal Officer, or his/her delegates (e.g., executive office staff working within the principal offices, or qualified individuals working directly with formula grant programs) that are authorized to obligate formula grants in accordance with delegations or re-delegations of authority that have been approved and cleared in accordance with ACS Directive OM: 1-102.
- T. **Principal Office.** As used in this Guide, this term refers to any organizational component in ED, headed by an Assistant Secretary or equivalent position, responsible for administering formula grant programs.
- U. **Principal Officer.** As used in this Guide, an Assistant Secretary or equivalent who is the official in charge of a principal office.

- V. **Program Manager.** The individual in the principal office, or program office, with overall responsibility for managing a formula grant program.
- W. **Program Office.** A sub-unit of a principal office that conducts the daily work of administering ED's grants programs.
- X. **Risk.** As used in this Guide, a measure of the likelihood of a grantee not achieving overall program objectives, including financial reporting and compliance, within defined requirements related to statutes, regulations, and grant management practices.
- Y. **Risk Assessment.** As used in this Guide, an evaluation process used to: 1) determine if prior areas of concern regarding a grantee that were identified in (a) previous year(s) have been resolved; 2) identify persistent or long-standing areas of concern that have the potential to result in a finding; and 3) identify new area(s) of concern that may need to be addressed to ensure successful administration of a grant award.
- Z. **Standard Operating Procedures (SOPs).** Policies and procedures principal offices establish that are consistent with the requirements of this Guide and are binding upon principal office and program office employees.
- AA. **State Plan.** A document submitted to ED by a State that meets the definition given in EDGAR § 76.102.
- BB. **Transferee.** An entity, such as a State agency, to which a legal transfer of a grant program was made.
- CC. **Transferor.** An entity, such as a State agency, that legally transfers a grant program to another entity.
- DD. **Tydings Period.** Under Section 421(b) of the General Education Provisions Act, 20 USC §1225(b), any funds subject to Tydings Period that are not obligated at the end of the federal funding period specified in Block 6 of the GAN shall remain available for obligation for an additional period of 12 months.

VI. Responsibilities

- A. Principal Officers shall establish SOPs consistent with the requirements of this Guide, update as needed, and submit those SOPs to the Risk Management Service (RMS) for review and approval prior to implementation.
- B. Program staff shall comply with the policies and procedures established under this Guide.

VII. Requirements

- A. Principal offices that administer formula grant programs must develop SOPs that are consistent with the guidelines found in VIII. *Standard Operating Procedures*. SOPs are required for each of the following activities:
1. Allocation of Funds;
 2. Approval of State Plans, if required;
 3. Approval of Applications, if required;
 4. Obligation and Award of Formula Grants;
 5. Monitor Formula Grantees;
 6. Transfer Formula Grants; and
 7. Closeout Formula Grants.
- B. Overall, SOPs must:
1. Establish streamlined and efficient formula grant processes that ensure programmatic and fiscal accountability.
 2. Describe responsibilities, by positions, for the required procedural steps.
 3. Provide a schedule for completion of the identified steps, and updates throughout the fiscal year consistent with the grant schedules as they become available.
 4. Be uniform for all formula grant programs within a principal office, to the extent possible within statutory and regulatory limits.
- C. Principal offices must submit the initial SOPs and any updates/changes to the Grants Policy and Procedures Team (GPPT) in RMS by June 1 of each year for review and approval.¹
- D. Principal officers must identify, in writing, formula grant obligators that have been delegated obligation authority, and identify program staff they have authorized to affix their signatures on GANs, who possess the applicable qualifications, skills, and knowledge, and who meet applicable training requirements.

¹ In extraordinary circumstances, such as when new legislation establishes new or significantly modified programs, RMS/GPPT may extend the time for submission of SOPs at the request of the Principal Office.

VIII. Standard Operating Procedures

A. Allocation of Funds

1. Principal offices must collaborate with the Office of Planning, Evaluation and Policy Development (OPEPD)/Budget Service and other principal offices, when applicable (e.g. consolidated grants), to establish the allocation based on formula and other applicable requirements. At a minimum, principal offices must:
 - a. Identify one or more individuals, by position, to work with Budget Service staff, and other principal offices, when applicable, in developing the allocations.
 - b. Identify the applicable statutory and programmatic requirements, when appropriate, that affect the allocations.
 - c. Identify all potential grantees and the applicability of the statutory requirements to those entities.
 - d. Develop the process for calculating the allocations, and ensuring accuracy.
 - e. Develop the process for notifying grantees of the potential allocations, in a timely manner.
2. Principal offices must establish reallocation procedures, as appropriate, in accordance with EDGAR §§ 76.260-261.

B. State Plans

If required by statute or regulation, States apply for Federal funds by submitting State plans that meet the requirements of a State-administered program. State plans generally describe the proposed use of the Federal funds, ensure compliance with pertinent statutory and regulatory requirements, and are effective for at least one fiscal year.

1. Principal offices must develop a process to implement the following activities associated with the development and review of a State plan²:

² The activities listed in VIII. B. *State Plans* may need to be modified for better applicability to State-administered programs that are administered jointly with another Federal agency. A process to implement activities specific to these types of formula grants must be developed in cooperation with the program attorney and included in the principal office's SOP.

- a. Developing State plan packages and information collection documents, if applicable, in accordance with ED procedures for submittal to the Office of the Chief Privacy Officer (OCPO) and the Paperwork Reduction Act of 1995, and include a sufficient amount of time for the Office of Management and Budget (OMB)'s document review and approval process.³
 - b. Providing the notice of State plan requirements through publication in the *Federal Register (FR)* or other appropriate means. The notice must set a deadline for submission of a State plan that gives a State sufficient time to prepare their plan as required under EDGAR §§ 76.703-704.
 - c. Since ED must disclose that it may make GANs available electronically in lieu of hard copy GANs, program offices must include the following disclosure in the notice:

*How we provide notice of funding: We may mail you a Grant Award Notification (GAN); **OR** we may send you an email containing a link to access G5, the Department's Grant Management System. The email will be sent to both the recipient grant director and authorizing representative in order for them to view and print the Adobe Acrobat version of the electronically signed GAN. If neither the recipient grant director nor authorizing representative is registered in G5, they will immediately be prompted to register once the link is accessed. **The electronic signature and issuance of the GAN makes it crucial that you provide correct email addresses for both the recipient grant director and authorizing representative.***
 - d. Establishing review procedures based on program specific statutory and regulatory requirements for substantially approvable State plans and for resubmission of State plans that do not meet the substantially approvable standard.
2. Principal offices must develop a process for the following activities associated with making an award:
 - a. Assessing the quality of performance under an existing State plan by reviewing performance reports, financial reports (if any), monitoring results, audit findings, and other relevant information obtained by the principal office.

³ Standard clearance under the Act requires agencies to publish two notices in the *Federal Register* giving the public opportunities to comment on the proposed burden of preparing a State plan. This process can take takes a minimum of 120 days for final approval of the collection under normal clearance procedures and generally takes longer.

- b. Conducting a risk assessment for each State as required under 2 CFR § 200.205(a).
- c. Determining whether the grant award should be subject to specific conditions, including high-risk conditions, as appropriate. Draft those conditions, in consultation with RMS and Office of General Counsel (OGC), as appropriate, and include in the GAN conditions approved by the Principal Officer.
- d. Notifying the State of any specific or high-risk award conditions, imposed under 2 CFR §§ 200.207 or 3474.10, respectively. The notification must include reasons for imposing the conditions, the corrective actions that must be taken before the conditions will be removed, the time allowed for completing the corrective actions, and the procedure the State must use to request reconsideration of the specific and high-risk conditions included in the GAN.
- e. Determining the effective date of the grant award, authorize pre-award costs if appropriate under ED's Cash Management Improvement Act (CMIA) pre-award policy (EDGAR §§ 76.703-704), and notify the State of ED's pre-award cost approval⁴.

C. Applications

If required by statute or regulations, States and other entities apply for Federal funds by submitting applications that meet the requirements of a formula grant program. Applications generally describe the proposed use of the Federal funds and ensure compliance with pertinent statutory and regulatory requirements.

1. Principal offices must develop a process to implement the following activities associated with the development and review of an application⁵:

⁴Generally, ED has a policy of not approving pre-award costs if the date the State may begin to obligate funds is delayed under the requirements in EDGAR §§ 76.703 or 76.704. This policy is necessary because, under the Cash Management Improvement Act of 1990 (CMIA), the Federal government must pay interest penalties to the State if it authorizes pre-award costs and the State uses its own funds to pay for expenditures authorized under the program statute and regulations during the pre-award period. If the Principal Officer decides that approval of pre-award costs may be appropriate, it must consult with the Office of the General Counsel before authorizing the pre-award costs.

⁵ The activities listed in VIII. C. Applications may need to be modified for better applicability to formula grant programs that are administered jointly with another Federal agency. A process to implement activities specific to these types of formula grants must be developed in cooperation with the program attorney and included in the principal office's SOP.

- a. Developing application packages and information collection documents, if applicable, in accordance with ED procedures for submittal to OCPO and the Paperwork Reduction Act of 1995, and include a sufficient amount of time for OMB's documents review and approval process.
- b. Providing notice of application requirements to the public through publication in the *FR* or other appropriate means and of the deadline for submittal of applications. Any unique application requirements are outlined in the *FR* notice.
- c. Since ED must disclose that it may make GANs available electronically in lieu of hard copy GANs, program offices must include the following disclosure in the notice:

*How we provide notice of funding: We may mail you a Grant Award Notification (GAN); **OR** we may send you an email containing a link to access G5, the Department's Grant Management System. The email will be sent to both the recipient grant director and authorizing representative in order for them to view and print the Adobe Acrobat version of the electronically signed GAN. If neither the recipient grant director nor authorizing representative is registered in G5, they will immediately be prompted to register once the link is accessed. **The electronic signature and issuance of the GAN makes it crucial that you provide correct email addresses for both the recipient grant director and authorizing representative.***

- d. Establishing review procedures based on program specific statutory and regulatory requirements to determine if applications meet eligibility and statutory requirements.
2. Principal offices must develop a process for the following activities associated with making an award:
 - a. Assessing the quality of an applicant's past performance by reviewing performance reports, financial reports (if any), monitoring results, audit findings, and other relevant information obtained by the principal office, if applicable.
 - b. Conducting a risk assessment for each entity as required under 2 CFR § 200.205(a).
 - c. Determining the effective date of the grant award and whether the grant award should be subject to specific conditions, including high-risk conditions, as appropriate. Draft those conditions, in consultation with

RMS and OGC, as appropriate, and include in the GAN conditions approved by the Principal Officer.

D. Obligation and Award of Formula Grants

The principal office must establish procedures to implement the following components associated with obligation and awards.

1. Identifying formula grant obligators:

The authority to make formula grants is delegated by the Secretary, or his/her delegate, to the principal officers (e.g. an Assistant Secretary or an Assistant Secretary equivalent) of formula grant making offices. In accordance with the policy established in ACS Directive OM: 01-102, Delegation of Authority, principal officers, or their delegates (e.g., executive office staffs working within the principal offices, or qualified staff working directly with formula grant programs) that have been granted the authority through an approved re-delegation of authority, obligate formula grant awards.

The obligations must be recorded in G5, but the recording of obligations in G5 may only occur after RMS has assigned formula grant obligators to formula grant CFDA's or CFDA subprograms in G5. Principal Officers must provide a *Formula Grant Obligation* memorandum for review to the RMS Director by June 1 of each year that identifies staff who will obligate funds and/or affix the Principal Officer's electronic signature, using the G5 e-signature function for formula grants,⁶ to GANs for each formula grant program of the principal office. For each individual included in the request, the Principal Officer shall provide the following information:

- a. The name, grade, and title of each individual, including the Principal Officer's name and title if he/she will record obligations in G5 and/or sign formula GANs;
- b. The CFDA number(s), or CFDA subprogram(s) number, and the name of each program for which the individual(s) will obligate funds, as well as the maximum amount for which he/she/they will have obligation authority. (Note: Individuals assigned at the CFDA number level will be able to obligate all subprograms under the CFDA number, while individuals assigned at the CFDA subprogram number level will only be able to obligate funds under the assigned CFDA subprogram);

⁶ Guide Sheet for G5 E-Signature Formula Grant Function is Enclosure 2

- c. A certification that program staff listed as formula grant obligators have been delegated the authority to obligate grants through a re-delegation of authority as required in accordance with ACS Directive OM:1-102;
- d. A listing of individuals that will sign, in hard copy or electronically, their own names, and a listing of individuals being granted the authority to affix, in hard copy or electronically, the Principal Officer's signature;
- e. A certification that program staff authorized to affix the Principal Officer's signature may only do so by using e-signature, an approved signature stamp, or an approved autopen device;
- f. A certification that the Principal Officer has granted the authority in writing within the principal office to have his/her signature uploaded and a profile created in G5 for use with the e-signature for formula grants function. This written authorization is to be maintained on file within the principal office;
- g. A certification that the individual(s) meet(s) the required qualifications, training, and skills for obligating awards as identified in VIII. D. 3. *Obligator Qualifications*; and
- h. An assurance that each individual has the appropriate G5 access in the Education Central Automated Processing System (EDCAPS), which is granted in accordance with G5 roles as identified and approved within the EDCAPS Application/Reporting Security Access Request Form (questions regarding the completion, submission and approval of this form should be addressed with the principal office's personnel security specialist or computer security officer).

In order to minimize the burden associated with completing the *Formula Grant Obligation* memorandum, the content requirements listed above are contained within the template memorandum that is included as Enclosure 1 to this Guide.

Principal officers must notify RMS whenever changes to the principal officers' obligation delegations occur, new principal officer profiles in G5 are created, and program staffs' re-delegations occur, by submitting an updated signed memorandum that includes the information listed above. Failure to submit the required memorandum by June 1, or whenever obligators change, may impede the timely awarding of formula grant funds in G5.

2. The *Formula Grant Obligation* memorandum:
 - a. Must be completed consistent with the program office's delegations or re-delegations of authority as approved and certified in accordance with ED's delegation of authority policy (ACS Directive OM: 1-102).
 - b. May not be used to re-delegate authority granted in an existing delegation of authority, or used to supersede or revise an existing delegation of authority.
 - c. Only individuals identified in an approved delegation of authority, or approved re-delegation of authority, or individuals serving in positions identified in an approved delegation of authority or approved redelegation of authority may be identified in the memorandum as formula grant obligators.
 - d. Individuals granted the authority to affix their Principal Officer's signature on GANs, in G5, must be identified within the memorandum.

3. Obligor qualifications:

An individual listed on the *Formula Grant Obligation* memorandum as having been delegated, or re-delegated, the authority to obligate formula grant awards is an "obligor", as defined in V. *Definitions*.

- a. The obligor must possess the following qualifications and skills to record obligations and award formula grants:
 - 1) Be a career employee at the GS-12 or higher level and have the required security clearances.
 - 2) Have at least one year of experience with the program(s) whose funds the individual will obligate. An exception may be approved by the Principal Officer when the individual has had 2 or more years of relevant grant administration experience with other ED grant programs; and
 - 3) Must have appropriate access to and ability to utilize G5.
- b. In addition, the obligor must possess knowledge of and ability to apply:
 - 1) ED's budget processes, appropriations law, and the appropriation processes;
 - 2) Statutory requirements and program regulations to grants including 2 CFR Part 200, "Uniform Administrative Requirements, Cost Principles,

and Audit Requirements for Federal Awards” (Uniform Guidance) and EDGAR; and

- 3) ED policies, procedures, and processes applicable to formula grant awards.
- c. Principal offices must facilitate internal and/or external training opportunities to ensure that obligators possess the criteria listed above in (a) and (b). At a minimum, these training opportunities must:
- 1) Increase knowledge and awareness of updates and/or changes in the Uniform Guidance, EDGAR, or other grant award issues and administrative documents developed by ED and applicable to the formula grant award process; and
 - 2) Include G5 courses related to, but not limited to, the formula grant pre-award, award, and post-award processes.
4. Revoke or cancel obligator authority:

An obligator is held to a higher standard of responsibility and accountability for the management of Federal grant funds than other employees. The authority is not absolute and may be revoked or canceled for cause by the Principal Officer or delegated official.

- a. The Principal Officer may revoke or cancel the authority to obligate funds and make awards if the obligator:
- 1) Misuses the authority to obligate funds and award grants;
 - 2) Violates ED’s computer security requirements, for example, by sharing a user ID or allowing an unauthorized user access to secured screens;
 - 3) Misrepresents ED on matters of grants regulations or policy;
 - 4) Demonstrates the inability or unwillingness to comply with grant management requirements such as those in program statutes and regulations; DEOA; EDGAR; the Uniform Guidance; and any other requirements related to ED’s formula grant processes;
 - 5) Fails to meet the training requirements as identified in VIII. D. 3. *Obligator Qualifications*;
 - 6) Fails to maintain the required security clearance level;
 - 7) Is no longer performing the functions of an obligator; and/or

- 8) Is no longer employed by the Principal Office that administers the grant program.
 - b. The Principal Officer must notify RMS whenever they revoke or cancel the authority to obligate funds by submitting an updated and signed *Formula Grant Obligation* memorandum.
5. Legal requirements for grant award:

In order for a grant to be considered legally awarded, the following requirements must be met:

- a. Congress must appropriate sufficient funds to make awards;
- b. ED must take an action to establish a firm commitment to make the grant;
- c. The obligator must record the award in G5;
- d. The decision to award the grant must be unconditional⁷ on the part of ED; and
- e. The decision to award the grant must be communicated to the grantee during the period for which the funds are available for obligation.

These requirements are met if ED issues the GAN and sends it to the grantee before the end of the fiscal year. (See EDGAR §76.235) [Reference: Principles of Federal Appropriation Law, Vol. III, Chapter 7, paragraph 5.a., p. 7-40 (2006).]

Note: Appropriations Law and EDGAR § 76.235 (a) require that, for grants that must be made by the end of the fiscal year, the obligator must take the following actions by midnight on the last day of the fiscal year (generally September 30, unless the legislation provides otherwise): 1) Record the obligation in G5, and 2) Send the GAN to the grantee. ED sends grantees GANs either by the U.S. Postal Service or other commercial carrier, or by notifying the grantee that it's GAN is available by providing a link to an ED.gov website. A GAN that is not obligated and delivered to the U.S. Postal Service or other commercial carrier by midnight on September 30, or other fiscal year end date established by statute authorizing the program, is presumptively not valid. An email notifying the grantee that's its GAN is available which is sent after

⁷ As used in Principles of Federal Appropriation Law, "unconditional" relates to any acts the applicants must complete before funding is secured; it does not limit ED's ability to attach conditions to an award that must be followed during the course of the grant.

midnight of the last day of the fiscal year is presumptively not valid. The affected grant funds would, in most cases, lapse and be returned to the U.S. Department of the Treasury.

6. Awarding a formula grant:

Prior to awarding formula grants in any fiscal year for a particular program, the Principal Officer must document in writing his/her decision to award grants to specific entities, and whether those entities are subject to specific conditions.

The following are key steps in awarding formula grants to entities that have submitted substantially approvable State plans or eligible applications and have received the Principal Officer's approval for funding:

- a. The program manager must ensure that assigned program staff has reviewed the materials in the official grant file and the award data in G5 to verify that all information on the GAN is accurate. The review must include the following:
 - 1) State plan or application signed by the applicant's authorized representative;
 - 2) Required certification and assurance forms signed and dated by the applicant's authorizing representative;
 - 3) Documentation that the assigned program staff have reviewed the State plan or application and have conducted an analysis of the applicant's budget, if applicable, to ensure that all budget items are allowable and allocable to the State plan or planned activities;
 - 4) Documentation that planned activities have been identified by ED staff and are in accordance with the authorizing statute and regulations, if any;
 - 5) Documentation that the applicant has submitted any clarifications or revised materials requested by assigned program staff; and
 - 6) GAN and all associated grant attachments, standard and optional, , which are located for information purposes at [Grant Award Attachments for Formula Awards](#). The official versions of the attachments are available in the G5 grant award process function. Any other program specific attachment that is required because of the nature of the grant or specific grant conditions must be included with the GAN issued to the grantee.

- b. The program manger must ensure that program staff has reviewed all the materials, listed in VIII. D. 6. *Awarding a Formula Grant*, to verify that all information on the GAN and its attachments are accurate. The obligator must complete the following actions to prepare and issue the GAN:
- 1) Review the award data in G5 and the information on the GAN to ensure that the formula allocation, made by the Budget Service to apportion funds among grantees, is properly entered on the GAN;
 - 2) If the program manager has determined that specific or high-risk conditions must be imposed on the grantee, ensure that those conditions are included in block 10 of the GAN; and
 - 3) Record the obligation of funds specified on the GAN in G5.
- c. The obligator must award the grant, manually or electronically, as required by EDGAR §§ 75.235 or 76.235, as applicable.
- 1) If the GAN is issued manually, the obligator must:
 - a) Sign and date two originals of the GAN;
 - b) Send the first GAN to the authorizing representative of the grantee; and
 - c) File and maintain the second GAN in the official electronic or hard-copy grant file in accordance with the principal office's Records Management Office File plan.

In lieu of a signed copy of the GAN, the obligator may affix the Principal Officer's signature only with a stamped signature or autopen device approved by the Principal Officer, if the obligator has been granted the authority to affix the Principal Officer's signature on the GAN. After recording the obligation in G5, the obligator may affix the signature and mail the GAN to the grantee's authorized representative. Obligators may not, under any circumstances, sign the name of their principal officer on a GAN⁸.
 - d) If the GAN is issued electronically from G5, the obligator must:

⁸ For detailed information regarding the authority to affix a principal officer's signature to a GAN, see Grant Bulletin F15-01, "Establishing the Authority to Obligate Formula Grants inG5, and Signing and Issuing Formula Grant Award Notifications in Hard Copy and Electronically."

- 1) Either sign the GAN electronically, or affix the Principal Officer's signature to the GAN using the e-signature for formula grant function, if so authorized by the Principal Officer⁹; and
- 2) Record the obligations in G5.
 - (a). Once the obligation is recorded, an email is automatically generated and sent to the recipient grant director and authorizing representative containing a link to G5 where the grantee may view and print an Adobe Acrobat version of the signed GAN.
 - (b). All GANs issued electronically or by using the e-signature for formula grant function must be maintained on file within the principal office in accordance with their Records Management Office File plan.

If the grant or grantee has specific award conditions imposed in accordance with 2 CFR § 200.207, or high-risk conditions as authorized under 2 CFR § 3474.10, the obligator must reference those conditions in Block 10 on the GAN and include the conditions in an appendix to the GAN.

- e) The obligator must include all the documents reviewed in VIII. D. 6. *Awarding a Formula Grant* in the official grant file.

E. Monitor Formula Grantees

Principal Offices must develop, and revise as needed, a monitoring framework, including key internal controls, to guide the design of a program office's monitoring plans.

1. The monitoring framework should address the following activities as applicable:
 - a. Assisting grantees in meeting performance standards and complying with grant requirements;
 - b. Utilizing risk assessment to identify potential areas of concern in grantees' administration of formula grant;

⁹ For detailed information regarding the use of the e-signature formula grant function and the authority to affix a principal officer's signature to a GAN, see Grant Bulletin F15-01, "Establishing the Authority to Obligate Formula Grants in G5, and Signing and Issuing Formula Grant Award Notifications in Hard Copy and Electronically."

- c. Documenting grantees' noncompliance identified through oversight and monitoring activities;
 - d. Providing written notices to grantees of findings and the process used to correct and close out findings of noncompliance;
 - e. Requiring grantees to document corrective actions taken to correct findings of noncompliance;
 - f. Maintaining information that documents and tracks grantee compliance with grant requirements and progress in meeting performance standards; and
 - g. Evaluating, on a regular basis, the efficiency and effectiveness of its monitoring practices, procedures, and controls and revising those practices, procedures, and controls as needed.
2. In addition, the monitoring framework should specify:
- a. The specific grant programs (CFDA numbers) and funding streams or set-asides that will be monitored together (or otherwise conducted under the same monitoring plan);
 - b. Any major requirements that are the focus of the monitoring (such as Supplemental Education Services or Elementary and Secondary Education Act (ESEA) Flexibilities); and
 - c. Other principal office or program office grant programs or requirements that are included in the monitoring plan (such as cooperative monitoring of Individuals with Disabilities Education Act (IDEA) and ESEA grants or requirements).
 - d. The steps principal office or program office use to assess and measure the timeliness, completeness and accuracy of data used in performance reporting or funding decisions submitted by a grantee and the actions that office will take if it determines that those data are not accurate.
3. The monitoring framework should take into account the following guidance¹⁰:

¹⁰ This section provides guidance that principal offices can consider in developing a monitoring framework and does not establish requirements that program offices have to meet or preclude program offices from adapting to changing circumstances by addressing issues or implementing approaches not mentioned in this section.

a. Staff monitoring competencies:

Program office should take steps to provide training as needed to assist staff in performing their responsibilities in monitoring formula grantees' ability to meet performance standards and comply with applicable legal requirements. Some areas that a program office may want to consider for training subjects include: 1) establishing and maintaining ongoing professional relationships with grantees; 2) evaluating data produced by grantees; 3) determining the types of documents that should be considered in preparation for monitoring activities; 4) preparing a monitoring report; 5) tracking a grantee's progress in completing actions identified in the CAP; and 6) closing out findings.

b. Assist grantees in meeting performance standards and grant requirements:

Program offices, in assisting grantees in meeting performance standards and complying with grant requirements, may carry out proactive oversight activities and scheduled monitoring reviews.

1) Proactive oversight activities should engage grantees to identify and mitigate potential areas of concern before they become performance or compliance issues. Below are examples of proactive oversight activities:

- a) Information sharing, to inform grantees about new, revised, or commonly misunderstood grant administration or regulatory issues; as well as receive feedback on the grantees' successes and challenges associated with grant implementation; and
- b) General technical assistance, to transfer knowledge and/or expertise through advice, guidance, or training for identified grantees (or a training session for all grantees) on issues of concern or issues the program office anticipates may be problematic.

2) Scheduled monitoring reviews are organized and planned engagements with a grantee and may include one or more of the following methods:

- a) Desk monitoring – This method of review requires the grantee to submit documents identified in the program office's monitoring plan for review. The documents are assessed to determine the grantee's progress in meeting performance standards and

compliance with grant requirements. Grantee interviews are conducted via videoconference, webinar, or teleconference to obtain additional information.

- b) On-site monitoring – This method of review requires the program office to conduct a targeted or comprehensive examination of the grant program at the grantee’s geographic location. It includes interviews with grantee staff on-site document reviews. Document reviews may also occur off-site before or after the on-site visit.
 - c) Other monitoring techniques that ensure effective monitoring of grantee progress in meeting performance standards and compliance with grant requirements.
- 3) Consistent with program statute requirements, a program office may conduct desk monitoring, on-site monitoring, other monitoring techniques included in the monitoring plan, or a combination of these monitoring review methods, including use of monitoring in a virtual environment and use of internet and video conference technology. The practice of conducting monitoring reviews in a virtual environment is referred to as virtual monitoring in the remainder of this Guide.
- c. Risk-based monitoring:
- 1) In conducting a risk assessment for the purpose of monitoring a formula grant program, a program office should include all grantees each year or a subset of grantees that, over an appropriate time period, will enable the program office to ensure an appropriate level of oversight for all grantees. The risk assessment process should include a risk rubric to identify and assess a grantee’s potential risk in the areas of meeting performance standards and complying with program, financial, and administrative requirements. A risk rubric should consist of, but not be limited to:
 - a) Risk indicators for meeting performance standards and complying with program, financial, and administrative requirements;
 - b) A method to weight the risk indicators to score risk levels for each grantee; and
 - c) Use the following risk level categories:

- (1) Low risk - Routine monitoring may be appropriate;
 - (2) Elevated risk - Increased monitoring frequency or intensity may be appropriate; and
 - (3) Significant risk - Increased monitoring frequency and intensity are appropriate.
- d. Program offices should focus on the most critical risks which, if not mitigated, would jeopardize a grantee's ability to meet performance standards and comply with grant requirements. A grantee identified as posing significant risk should receive priority when allocating staff and travel resources because it requires the most intense monitoring. In evaluating which grantees should receive priority for monitoring based on risk, a program office may also consider past performance of a grantee (including Single Audit Act data) and the amount of dollars at risk under a grant.
- 1) Program office should focus resources by choosing the monitoring strategy for each grantee considering the following options:
 - a) Type of monitoring review – Whether a grantee should be monitored through desk monitoring, on-site monitoring, or a combination of both monitoring types;
 - b) Scope of monitoring review – Whether the monitoring and technical assistance should consider all areas of grantee performance and compliance, or a targeted review that addresses specific areas of concern;
 - c) Leverage resources for monitoring review – Whether the most experienced and knowledgeable program office staff members should conduct the monitoring review and if collaboration with other offices is appropriate; and
 - d) Frequency of monitoring review– How often grantees should be monitored.
 - e) If a grantee appears to pose significant risk to other grant programs, the program office should consider collaboration with other program offices that make awards to the same grantee. If the grantee, in fact, presents issues that affect multiple programs, the program offices may work together with RMS to develop and implement a risk mitigation strategy to address

common problems. A cross-program mitigation strategy may include:

- (1) Joint training of grantee staff, technical assistance, and site visits;
- (2) Identification of the issues that may require joint monitoring; and
- (3) Determination of whether monitoring should be focused on specific targeted issues.

e. Monitoring activities:

- 1) Program offices, in planning their monitoring activities should consider, developing protocols that structure their processes in identifying and documenting findings regarding a grantee program, financial, and administrative performance and compliance with applicable laws and regulations. Protocols should include, but are not limited to:
 - a) Standard grant monitoring activities;
 - b) Program-specific templates and tools;
 - c) Processes for opening and exit conferences that include a description of what should be communicated to a grantee during these conferences;
 - d) A timeline and procedure for issuing monitoring reports that specify the position of the program official who reviews and approves draft reports and the process for obtaining OGC input and concurrence, when appropriate, before issuing the monitoring report. Concurrence and input from legal counsel should be obtained when findings raise new, complex, significant, or controversial legal issues;
 - e) Guidelines for when grantees will be required to develop and implement a CAP;
 - f) A process for reviewing and approving CAPs; and
 - g) A process for obtaining a grantee's response to the draft or final monitoring report, as appropriate.

- f. Monitoring report:
- 1) In providing grantees notice of the results of on-site monitoring, a monitoring report should contain, but is not limited to:
 - a) A statement of monitoring activities or areas reviewed;
 - b) A statement of findings, if any;
 - c) A statement of required corrective actions, if any;
 - d) Recommendations and suggested improvement strategies, if any;
 - e) A description of any technical assistance that the program office determines is appropriate;
 - 2) Program office should develop templates for monitoring reports that contain the elements identified in VIII. E. 3. e. *Monitoring Report*, and
 - 3) Program office may design templates specifically for virtual monitoring that may include additional elements that are not identified in VIII. E. 3. e. *Monitoring Report*. The template must be share with the grantee prior to the monitoring event.
- g. Resolution of findings of noncompliance:
- 1) In establishing a process to monitor and document a grantee's progress towards resolving findings of noncompliance described in a monitoring report, program offices should develop a template for tracking a grantee's progress in completing CAPs. The template should:
 - a) Establish a timeline for corrective actions and a schedule for follow-up interactions between the program office and grantee to assess progress;
 - b) Describe the methods that will be used to follow up on grantee progress (e.g., teleconferences, video conferencing, e-mail, or face-to-face); and
 - c) Document all interactions with the grantee regarding its progress on the CAP and completion of planned corrective actions.

- 2) Relevant documents concerning monitoring findings and CAPs, must be maintained as part of the official grant award file in accordance with an established Document Repository Index. (See VIII. E. h. *Document Repository*.)
- h. Closeout of monitoring report:
- 1) Program office should establish a process to close out findings and the monitoring report when a grantee has corrected the findings of noncompliance identified in the report. The process should include procedures to document all actions taken by the grantee to correct the findings of noncompliance, including, when applicable, procedures needed to close out a CAP, remove any specific conditions on the grant or grantee, or remove any related high-risk designation.
 - a) If a grantee is monitored again before all findings have been closed out, repeat findings should be noted in the subsequent monitoring report.
 - b) Incomplete corrective actions from a CAP should be taken into consideration in future risk assessments.
 - c) Repeat findings should be addressed by increasing the grantee's responsibility to demonstrate sustained compliance.
 - 2) If a program office cannot close out a monitoring report because the grantee is unable to demonstrate it has corrected the findings of noncompliance, the program office should follow its policies and procedures and applicable enforcement options detailed in the ED-wide and program-specific statute and regulations, such as 2 CFR § 3474.10 on high-risk designation, so that immediate action is taken to ensure that grant requirements are met and Federal funds are not misused.
- i. Document repository:
- 1) Program office, in maintaining documentation on a grantee's progress in meeting performance standards and compliance with grant requirements must be maintained in the grantee's official grant award file. Program offices may use the eight-section filing structure presented in Enclosure 2 and its corresponding attachment. At a minimum, documentation concerning the following should be maintained:

- a) Monitoring reports;
 - b) CAPs;
 - c) Communications with the grantee related to monitoring activities;
 - d) Evidence of the actions taken by a grantee to resolve and close findings in monitoring reports;
 - e) Technical assistance provided to help the grantee correct the findings of noncompliance identified in the monitoring report (e.g., policy, guidance, or training); and
 - f) Documents supporting key internal controls in the monitoring process (e.g., analyses of documents reviewed, checklists, established criteria and standards).
- 2) Program offices are required to maintain an official grant award file. Program offices may, as a means of meeting their obligation to maintain documentation on a grantee's progress with meeting performance standards and compliance with grant requirements, consider developing a Document Repository Index for each grant program that identifies where monitoring records are stored (e.g., physical grant files, G5 or other established grants management system, or hybrid of file locations)¹¹.
- j. Continuous improvement of monitoring plan:
- Program office should establish a procedure to review its monitoring plan on a regular basis to identify which practices and procedures are effective, lessons learned, and make revisions to its plan as appropriate based on the review. The program office should consider disseminating information about particularly effective practices to other offices.

F. Transfer Formula Grants

The transfer of a formula grant from a grantee (the transferor) to another eligible entity (the transferee) occurs when State or local legislation requires the transfer, or an official of State or local government requests the transfer ,

¹¹ If the principal office's record retention plan contains sufficient detail to locate where different types of documents are stored so that staff not involved in the monitoring of a grantee can find all needed documents, the program office does not need to develop a separate Document Repository Index (DRI).

as authorized under State or local law. Specifically, the transfer of a formula grant must be completed when the authorized official (e.g., Governor or Superintendent) requests the transfer of the legal responsibilities pertaining to the formula grant from the current grantee to another legal entity of the State or LEA.

1. In order for ED program staff to facilitate the transfer of a formula grant, the authorized representative should submit the following:
 - a. A written request signed by the authorized representative that:
 - 1) Identifies the formula grant(s) to be transferred (i.e., the formula grant program name, CFDA number, and PR/Award number);
 - 2) Cites the legislation enacted by the legislature requiring the transfer, the law that authorizes the authorized official to request the transfer, or the ED formula grant program's statute or regulation that grants the authorized official the authority to request the transfer. The official requesting the transfer must include, in the request, a copy of the statute or applicable law and the requesting official's order/Directive requiring the transfer;
 - 3) Explains the reason for the transfer;
 - 4) Identifies the transferor and transferee agencies (i.e., the transferor and transferee's legal names and DUNS numbers) and contact information for these agencies including addresses, telephone numbers, and contact names;
 - 5) Identifies the date by which the transfer is to take effect; and
 - 6) Assures that the transferee will conduct the program as authorized under ED program statutes and regulations and the approved State plan or application.
 - 7) A Federal Financial Report (SF-425), or any other financial data collection instrument that has been approved by OMB that identifies the amount to be transferred, and any other pertinent information needed to facilitate the transfer.
2. Program offices should establish grant transfer procedures to minimize documentation and data submission errors and ensure that grant transfers are completed in an accurate and timely manner, the transferor grant is closed out in a timely manner, and that the transferee has taken all

necessary steps to administer the grant. These procedures should assure that:

- a. All reports required to be submitted by the transferor to ED in accordance with the ED formula grant program's statute or regulations, the grant's terms and conditions, and the grant's attachments have been submitted;
 - b. An inventory list of equipment and other pertinent assets needed by the transferee to carry out the formula grant program has been submitted to ED and agreed to by the transferee and transferor;
 - c. The financial data submitted by the transferor, including the amount to be deobligated, is reviewed for accuracy;
 - d. The transferee has submitted all required documentation (e.g., any application materials, revised State plans, LEA plans, or applications, certifications, and assurances required by the formula grant program's statute and regulations);
 - e. For any unliquidated obligations remaining at the time of transfer, the transferor completes liquidation within 90 days after the transferor grant's expiration date, or within an earlier date if so specified by ED, and submits a final financial report that includes the unliquidated obligations, as required by the formula grant program, for ED review; and
 - f. The transferor's grant is closed out in timely manner in accordance with established closeout procedure provided in this Guide and 2 CFR §§ 200.343-.345.
3. In establishing grant transfer procedures, program offices may wish to establish tools such as a program specific questionnaire, checklist, or guide that program staff may use to ensure that all pertinent information and data needed to facilitate and complete the grant transfer is received.
 4. Additionally, program offices may wish to establish binding grant transfer agreements between the transferors and the transferees that incorporate pertinent elements from the authorized official's grant transfer requests, as well as any ED requirements applicable to the transferors and transferees that are deemed necessary for inclusion by program staff. A template grant transfer agreement is included as Enclosure 4, which may be used as the basis for establishing program specific grant transfer agreements. When establishing program specific grant transfer agreements, program offices must consult with their program attorneys.

G. Closeout Formula Grants

Principal offices that administer formula grant programs will close out formula grants when it determines that all applicable administrative actions and all required work on the Federal award have been completed by the grantee (2 CFR § 200.343(g)). The principal office should complete all closeout actions no later than one year after the date that all required final reports are received and accepted.

1. A formula grant may be closed out after the following administrative actions and required work of the grant have been completed:
 - a. The grant period, including the Tydings period, if applicable, has expired;
 - b. The liquidation period, including any approved extensions, has expired;
 - c. G5 indicates there are no funds remaining in the account, or there are no issues related to the funds remaining in the account;
 - d. All performance and financial reports¹² and data required by the terms and conditions of the award have been received and accepted and program staff has determined that all programmatic requirements for the grant have been met;
 - e. All identified programmatic or financial issues/findings have been resolved, including special conditions, high risk, and monitoring findings of noncompliance; and
 - f. The Single Audit, if required for the grant period, has been completed, all audit findings (including from Federal audits) have been resolved, corrective actions have been successfully complete and amounts due back have been paid or an approved payment plan has been established.
2. The program office is responsible for completing the closeout process and should establish procedures for the following activities associated with closeout, including the following steps:

¹² The grantee must submit, no later than 90 calendar days after the end of the period of performance, all performance, financial, and other reports as required by the terms and conditions of the grant. The program office may approve extensions when requested by the grantee (2 CFR § 300.343(b)).

- a. Initiate the closeout process in G5 based on an established threshold dollar amount;
 - b. Receive and review required performance and/or financial reports to determine that they have met all programmatic and fiscal requirements;
 - c. Closeout grant awards that are in noncompliance based on established factors and circumstances;
 - d. Notify a grantee about timelines for closeout steps and late liquidation options;
 - e. Prepare records transfer and disposition schedules for the transmittal of expired grants to Federal Records Center (FRC), if required; and
 - f. Document all completed closeout requirements have been met and maintain supporting documentation in the official grant award file.
3. G5 will track the closeout process of a formula grant through the following statuses and associated activities:
- a. Liquidation is the first closeout status in G5 and lasts for 90 days. During this status, a grantee may draw down funds for obligations incurred within the grant period. No action is required from program staff in order for a grant to progress to this status.
 - b. Suspension is the second closeout status in G5 and allows for program staff to complete closeout activities. During this status, a grant has unexpended funds remaining in G5 and/or a required report(s) has not been received and recorded in G5. In addition, the grantee may request late liquidation of funds as described in VIII. G. 4. *Late Liquidation Authority*.
 - c. Manual Closeout is the third closeout status in G5 and occurs at the end of the six month suspension period. During this status, a grant still has unexpended funds and/or a required report(s) has not been received and recorded in G5.
 - d. Closed is the fourth, and final, closeout status in G5 and automatically closes the grant. During this status, a grant has zero funds remaining in G5 and a required report(s) has been received and recorded in G5 or the award has been closed in noncompliance.
4. Principal offices should develop a process that adheres to ED's Late Liquidation authority.

- a. Unless a late liquidation request is authorized in accordance with ED guidance, the grantee must liquidate all obligation incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the award. (2 CFR § 200.343(a))
- b. ED has authority under 2 CFR § 200.343(b) to permit late liquidations in some circumstances. Based on this authority, ED has issued ACS OCFO 2-110 Departmental Directive, Late Liquidation of State-Administered Formula Grants, which provides the process for obtaining permission to grant late liquidation requests.

APPENDIX A: Formula Grant Obligation Memorandum (Enclosure 1)**MEMORANDUM****DATE:**

TO: Philip A. Maestri
Director
Risk Management Service

FROM: *INSERT PRINCIPAL OFFICER'S NAME*
INSERT PRINCIPAL OFFICER'S TITLE
INSERT PRINCIPAL OFFICE

SUBJECT: Request to Assign Formula Grant Obligators and Principal Officer Signature Profiles to Formula Grant CFDA's and CFDA Subprograms in G5

I request that RMS assign obligators in G5, as reflected in item A of the table that follows, for *INSERT PRINCIPAL OFFICE NAME*. The individuals listed in the table have been delegated or re-delegated the authority to obligate formula grants in accordance with the delegation or re-delegation of authority approved and certified in accordance with ACS Directive OM: 1-102, "Delegations of Authority." These individuals, as required by ACS Directive OS: 1-108, are career employees at the GS-12 or higher level and have the appropriate security clearance and appropriate access to G5.

Additionally, I certify that the individuals identified possess the following qualifications and skills:

- 1) Knowledge of ED's budget process, appropriation law, and the appropriation process, and ED's process for allotting funds for formula grant programs;
- 2) Knowledge of and ability to apply statutory requirements and program regulations to grants;
- 3) Knowledge of and ability to apply the requirements of 2 CFR Part 200, "Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards," the Education Department General Administrative Regulations (EDGAR), and RMS policies and procedures applicable to formula grants, including knowledge of the policy requirements established in ACS Directive ODS:??-??, "Guide for Managing Formula Grant Programs," related to all aspects of the formula grant process addressed in this Directive;
- 4) Knowledge of key formula grant activities within the grant award process, including state or other grantee plan reviews, funds allocation, obligation and grant awards, post-award activities, and monitoring activities;
- 5) Knowledge of and the ability to use G5;

- 6) At least one year of experience with the program(s) for which an individual will obligate funds; and
- 7) Ability to perform the final technical review, which is meant to ensure the integrity of the formula grant award process has not been compromised.

I request RMS assign my electronic signature profile in G5 as reflected in item B of the table that follows. If I have granted any individual identified herein with the authority to affix my signature on a formula Grant Award Notification (GAN), I certify that the individuals granted the authority to affix my signature have been informed that they may not sign my name on formula GANs, and may only affix my signature with an approved signature stamp or approved autopen device, or by using the e-signature function for formula grants in G5. If the G5 e-signature for formula grant function is to be used to affix my signature, I certify that I have granted authority in writing within *INSERT PRINCIPAL OFFICE NAME* to have my signature uploaded in G5, and that authority will remain on file within *INSERT PRINCIPAL OFFICE NAME* until such time as it is canceled.

Principal Officer

DATE _____

ITEM A. LIST OF *INSERT PRINCIPAL OFFICE NAME* OBLIGATORS

Name of Individual	*Grade (Must be GS-12 or higher)	Title	**CFDAs or CFDA Subprograms and Name of Each Program for Which the Individual Will Obligate Funds	Maximum Obligation Amount Per Award	Has Been Granted Appropriate EDCAPS Access (Yes/No)	Will Record Obligations in G5 (Yes/No)	Will Sign Their Name To GAN (Yes/No)	Will Affix Their Principal Officer's Signature To GAN (Yes/No)

ITEM B. Assign Principal Officer electronic signature profile to the following CFDAs or CFDA subprograms: *INSERT CFDAs or CFDA SUBPROGRAMS*

Principal Officer

DATE _____

* Principal Officers must be listed on this chart, if they will record obligations and/or sign formula GANs. Grades may not apply to Principal Officers; thus, "N/A" should be inserted in this column when this is the case.

** Individuals assigned at the CFDA number level will be able to obligate all subprograms under the CFDA number, while individuals assigned at the CFDA subprogram number level will only be able to obligate funds under the assigned CFDA subprogram.

APPENDIX B: Grant Transfer Agreement (Enclosure 2)

United States Department of Education

GRANT TRANSFER AGREEMENT – FY 20[XX]

This agreement, entered into by TRANSFEROR [ENTITY#1], and TRANSFEREE [ENTITY#2] with the United States Department of Education (ED) for the purpose of transferring from the TRANSFEROR to the TRANSFEREE the following grant(s):

Transferor PR/Award Number(s)	DUNS Number of Transferor	Total of Federal funds drawn down by TRANSFEROR To-date	Estimate of available Federal funds to be transferred to TRANSFEREE*	Title of Program	Transferee PR/Award Number(s)	DUNS Number of Transferee

*These figures reflect amounts still in the accounts of Transferor in ED's G5 system as of [DATE].

The parties agree as follows:

1. Effective [DATE-A], TRANSFEREE agrees to administer each of the grants transferred, as listed above, under the same conditions and fully consistent with the requirements of each of the grants as described in [LEGAL CITATION]. (See Attachment 1)
2. This transfer agreement is based on [LEGAL BASIS FOR TRANSFER].
3. The TRANSFEROR waives all claims, demands, and rights against ED that it now has or may hereafter have in connection with each of these grants for any matters arising after [DAY BEFORE DATE-A, HEREAFTER DATE-B].
4. The TRANSFEREE and TRANSFEROR agree to comply with the terms and conditions of each of these grants including cooperating with closeout and audit procedures, the submission of financial status and performance reports, and grant monitoring. TRANSFEROR and TRANSFEREE also agree to cooperate with ED in resolving outstanding fiscal matters, such as those related to the satisfaction of match and maintenance of effort requirements and the submission of financial status reports as applicable.
5. The TRANSFEREE agrees to accept transfer of these grants based on the funds remaining in the ED grant account for these grants on the date of the transfer: [DATE-A]. TRANSFEROR agrees to

inform TRANSFEREE and ED, no later than [DATE-B], of the amount of funds, for each of the above-listed grants that it anticipates that it will need to liquidate obligations incurred on or before [DATE-B]. TRANSFEROR agrees to allow ED to transfer all funds in excess of the amount needed to liquidate obligations under these grants to TRANSFEREE on [DATE-A],

6. ED recognizes the TRANSFEREE as the TRANSFEROR'S successor to each of the grants specified herein pursuant to the Governor of [STATE] request for transfer dated [DATE].
7. Except as expressly provided in the agreement, nothing in it shall be construed as a waiver of any rights of ED against the TRANSFEROR, including the recovery of funds as necessary, for all matters arising on or before [DATE-B].
8. Transfer of any PROPERTY related to the grant from the TRANSFEROR to the TRANSFEREE shall be undertaken in accordance with the Uniform Guidance, 2 CFR 200.311-313 & 200.439. The list of property transferred, if any, is attached to this agreement. A description of when and how the property will be transferred is also attached. Property includes equipment, pertinent files (including data, financial, consumer service, and personnel files), publications, dissemination materials, mailing lists, and other items needed by the TRANSFEREE to comply with the program statute, regulations, and state plans, LEA plans, or grant application for each grant transferred.
9. TRANSFEREE and TRANSFEROR have demonstrated in their transfer documentation that the grant meets the conditions of the authorizing program.
10. TRANSFEREE agrees to submit updated State plans, LEA plans, or grant applications, and certifications and assurances as appropriate for each of the grants transferred, to ED as soon as practicable before [DATE-A]. TRANSFEREE understands that ED cannot award new awards (e.g., [INSERT RELEVANT EXAMPLE(S)] and FY 20[XX] awards for any of these programs) until TRANSFEREE submits the required documentation for each of the programs. In the updated State plans or grant applications, as appropriate, TRANSFEREE will assure that it will comply with all requirements set forth in the authorizing program legislation and implementing program regulations.
11. TRANSFEROR agrees to provide to TRANSFEREE any changes in the Estimated Total of Federal funds Obligated and/or Unobligated at [DATE-B] provided in this Transfer Agreement.
12. TRANSFEROR agrees to provide to TRANSFEREE documentation supporting any changes to the Estimated Total of Federal funds Obligated and/or Unobligated at [DATE-B] provided in this Transfer Agreement.
13. TRANSFEROR and TRANSFEREE agree that each will be responsible for programmatic and fiscal requirements, including the satisfaction of match and maintenance of effort requirements, if applicable, and the submission of all required reports for each of the grants described herein for the period of time that the grants were under its responsibility, as applicable. Both TRANSFEROR and TRANSFEREE agree to cooperate with ED in resolving any outstanding programmatic and fiscal matters that arose under each period of their respective responsibility, regardless of when the issues become apparent.

The TRANSFEREE certifies that it is eligible to hold the grant under applicable statutes and regulations.

This agreement becomes effective the date it is signed by the appropriate ED representative.

TRANSFEROR

TRANSFEREE:

[ENTITY#1]

[ENTITY#2]

Transferor PR/Award Number(s)	DUNS Number of Transferor	Total of Federal funds drawn down by TRANSFEROR To-date	Estimate of available Federal funds to be transferred to TRANSFEREE*	Title of Program	Transferee PR/Award Number(s)	DUNS Number of Transferee

[NAME], [TITLE], [ENTITY#1]

[NAME], [TITLE], [ENTITY#2]

(Signature of Authorized Representative)

(Signature of Authorized Representative)

(Date)

(Date)

U. S. DEPARTMENT OF EDUCATION:

[NAME], [TITLE], [ED OFFICE or DIVISION]

(Signature of Authorized Program Official)

(Date)

ATTACHMENT #1

Grants to be Transferred from [ENTITY#1] to [ENTITY#2] in creation of [GRANTEE NAME]

[TITLE OF PROGRAM 1]

CFDA Number: [CFDA#] Program Type: [FORMULA]

Statute: [LEGAL CITATION].

Implementing Regulations: [LEGAL CITATION].

Administrative Regulations: [LEGAL CITATION].

[TITLE OF PROGRAM 2]

CFDA Number: [CFDA#] Program Type: [FORMULA]

Statute: [LEGAL CITATION].

Implementing Regulations: [LEGAL CITATION].

Administrative Regulations: [LEGAL CITATION].

[TITLE OF PROGRAM 3], etc

APPENDIX C: Formula Grant Repository Options for Hard Copy and Electronic Documentation (Enclosure 3)

ED has established an eight-section filing structure for storing formula grant documents in G5. This structure may also be used by program offices to store paper-based documents. Only documents available in G5 will automatically store in the G5 eight-section filing structure. Documents stored in other systems, and in hard copy, must be uploaded into the G5 eight-section filing structure by program staff. ED complies with the National Archives and Records Administration's (NARA) Federal agency recordkeeping regulations and guidance regarding electronic records (36 CFR Part 1236), which treat electronic records as sufficient for Federal record retention if they meet the standards established in the regulations. G5 uses records management software, HP-TRIM, that has been certified as compliant with the NARA standards. In instances where an official record requires an original signature (e.g., Grant Award Notifications), electronic versions may be maintained; however, ED is also required to maintain the hard copy containing the original signature.

In order to ensure that documents stored in accordance with the eight-section filing structure are readily accessible as needed, program offices should establish a Document Repository Index (DRI) for each grant program that identifies: 1) the list of documents maintained in each of the eight sections; 2) whether the documents are stored in electronic or paper-based formats, or a combination of the two; and 3) the storage location of the documents. However, if the Record Retention Plan approved for the office has sufficient detail to accomplish the objectives of the Document Repository Index, the program office does not have to separately establish a DRI for its formula grant records.

The eight-section filing structure is included as Attachment A, and it contains examples of the types of formula grant documents that are recommended to be filed under each section. The examples provided do not necessarily represent the universe of formula grant documents that might be stored, and the order in which the examples are listed may differ from the order that a program office decides is most appropriate for its formula grant program(s). Additionally, some of the grant document types may not apply to all grant programs. In this regard, program offices have the flexibility to include and list the types of documents that are retained in each section, as appropriate to the relevant formula grant program requirements. However, unlike document listings, program offices must use the same section headings.¹³

The disposition of paper-based and electronic formula grant documents maintained within the eight-section filing structure occurs in accordance with ED Records Schedule No.: 254, "Grant Administration and Management Files." In accordance with this disposition schedule, formula grant paper-based and electronic records are, "destroyed/deleted five years after closure of grant, completion of monitoring, audit resolution, or final judicial determination, or until the grant program has been reauthorized, whichever is later." At present, records maintained within G5 are not purged, so formula grant documents stored in the G5 eight-section filing structure will be maintained indefinitely.

⁴ The eight-section filing structure is accessed by selecting the "Grant File" tab in the "Post Award>Award Details" screen in G5.

Attachment A

Eight-Section Formula File Structure

Examples of the types of documents that may be filed are listed under each section heading. The types of documents listed and their listed order may not be applicable to all formula programs; thus, a program office has the flexibility to include and list documents under each section heading in accordance with its formula grant requirements. However, unlike document listings, program offices must use the same section headings.

Section 1: Pre–Award Requirements

- Application
- Application Requirements
 - Policies and Procedures Required from Applicants
- Regulations
- Instructions
- Forms
- Certifications
- Assurances
- Approved State Plan
- State Plan Requirements
 - Policies and Procedures Required from State Agencies
- Pre-award Related Correspondence
- Policies and Procedures Required for Submission Prior to Award that are Not Included with Application or State Plans Submissions

Section 2: Performance Report

- Performance Reports
- Programmatic Performance/Compliance Reports
- Fiscal or Financial Performance/Compliance Reports
- Performance Report Amendments
- Status and Response Table
- Enforcement Action
- Technical Assistance (If Applicable)
- Grantee Evaluations
- Performance Report Related Correspondence
- Consolidated State Performance Report (CSPR)

Section 3: Award

- Grant Award Notifications
- Award Related Correspondence
- Periodic Financial Status (SF-269/SF425)
- Other financial status reports

- Allocations
- Spreadsheets

Section 4: General Correspondence

- Correspondence including:
 - o Summarizes Telephone Conversations; Conferences; Face-To-Face; and Virtual Meetings
- Memoranda including:
 - o Summarizes Telephone Conversations; Conferences; Face-To-Face; and Virtual Meetings
- Relevant Electronic Communications Via E-mail including:
 - o Summarizes Telephone Conversations; Conferences; Fact-To-Face; and Virtual Meetings
- Customer Service (Inquiries from The Public)
- Policy Letters
- Control Letters (These are letters or e-mails that are controlled to POCs via Exec Sec.)

Section 5: Audits

- 2 CFR part 200 subpart F audit information
- PDL Information
- OIG and Other Audits
- Audit Related Correspondence
- Audits – Findings and Resolution Status

Section 6: Monitoring

- Monitoring Protocols
- Risk Assessments based on Formula Grant Risk Rubrics that Include a Three Tier Risk Determination (e.g. Low, Moderate, Significant)
- Monitoring Strategies Based on Identified “Significant Risk”
- Monitoring Reports
- Corrective Action Plans
- After Action Reports
- Evidence That Findings of Noncompliance/Areas of Concern Have Been Resolved
- Close Out of Corrective Action Plan
- Program Improvement Plan
- Monitoring Related Correspondence
- Technical Assistance (TA) Associated with Monitoring
 - o TA Plans
 - o Close Out of Technical Assistance Plans
 - o Non-Monitoring Types of Technical Assistance
 - o TA E-mails

- o TA Letters
- o TA Phone Calls
- o TA Supporting Documentation
- o TA Related Correspondence

Section 7: Technical Assistance

- Non-Monitoring Types of TA
- TA E-mails
- TA Letters
- TA Phone Calls
- TA Supporting Documentation
- TA Related Correspondence

Section 8: Closeout

- Financial Reports
- Copies of G5 Closeout Documents
- Final Performance Report
- Final Financial Status Report
- Closeout Checklist
- Closeout Related Correspondence
- Late Liquidation Requests