



Hispanic-Serving Institutions (HSI) Division Grantee Handbook

October 2023



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October 1, 2023

Dear Grantee:

We are pleased to provide the October 2023 edition of the Grantee Handbook (Handbook) that has been developed by the HSI Division to help our grantees implement their grant programs and maximize grant award success. The Handbook provides references to U.S. Department of Education (ED) law, regulations, and policies that the HSI Division uses to administer and monitor grant awards, as well as to ensure grantee accountability and compliance with statutory and regulatory requirements that govern our programs. Please note that the information contained in this Handbook is to be used as a reference resource. You should not rely on it as the sole source of information about matters of discretionary grant administration. Specific rules that apply to ED programs are contained in the appropriate statutes, regulations, notices, application information, and guidance issued by ED for each program. Nothing in this document is intended to give grantees any rights not already provided by statutes, regulations, or published program priorities.

I hope the Handbook helps facilitate consistency with administration and implementation of HSI Division programs on the part of the grantee and ED staff, as well as improve the HSI Division's ability to communicate policies and resources to grantees in a more effective manner. The Handbook includes general information on grants management and internal controls, as well as program-specific information, such as reporting requirements, prior approvals, endowments, and other pertinent information. For ease of reference, we have also provided the pertinent regulations that govern our grant programs. In the Appendices section, we have included frequently referred to documents, such as the ED 524 Budget Form. Additional updates, to keep this Handbook current, will be provided as needed.

I also encourage you to periodically check [the HSI Division webpage](#) for program announcements, subscribe to our newsletter via [this link](#), and view the resources on the HSI Division's [YouTube playlist](#). Please contact me or your Program Specialist if you have any suggestions for improvements for the next edition of the handbook or if there are other ways in which we may meet your technical assistance needs.

As our grantee, you are our most important partner, and we value you as ED's direct connection to our students and the broader community. Thank you for your devotion and contributions to our students' academic and professional success. When you are in the Washington, D.C. area, please stop by and visit us.

Sincerely,

Stacey Slijepcevic, Ph.D.
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Office of Postsecondary Education

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HSI Division General Information

The Hispanic-Serving Institutions (HSI) Division is located in the Institutional Service (IS) sector of the Higher Education Programs (HEP) office within the Office of Postsecondary Education (OPE). IS administers programs authorized under Title III, Title V, and Title VII of the Higher Education Act (HEA) of 1965. The Title III and Title V programs administered by the HSI Division strengthen institutions serving Hispanic and other low-income students. In addition, they provide financial assistance to help institutions solve problems that threaten their ability to survive, to improve their management and fiscal operations, and to build endowments.

The programs administered by the division include the Developing Hispanic Serving Institutions (DHSI) program, the HSI STEM (Science, Technology, Engineering, and Mathematics) and Articulation program, and the Promoting Postbaccalaureate Opportunities for Hispanic American (PPOHA) programs:

- **DHSI (Title V, Part A)** is the largest program in the division in terms of funding and number of grantees. The purpose of the program is to assist HSIs in expanding educational opportunities for, and improving the academic attainment of, Hispanic students. DHSI program grants also expand and enhance the academic offering, program quality, and institutional stability of colleges and universities that are educating the majority of Hispanic and low-income college students. The program has an array of allowable activities, and projects funded under this program may serve undergraduate and graduate students. New competitions for this program are dependent on congressional appropriations and ED policies.
- **HSI STEM and Articulation (Title III, Part F)** is the second largest program and usually competition every five (5) years, contingent on Congressional appropriations and ED policies. The program purpose is to increase the number of Hispanic and other low-income students attaining degrees in the fields of science, technology, engineering, or mathematics, and to develop model transfer and articulation agreements between two-year and four-year institutions in such fields. The projects funded under this program must focus on the STEM (Science, Technology, Engineering, and Mathematics) disciplines and may be for undergraduate or graduate students. Additionally, these projects must include agreements between community/junior colleges and four-year Institutions of Higher Education (IHEs) that will facilitate the completion of STEM degrees for enrolled students.
- **PPOHA (Title V, Part B)** is the smallest program and usually holds a competition every five (5) years, contingent on Congressional appropriations. The purpose of the program is to expand postbaccalaureate educational opportunities for, and improve the academic attainment of, Hispanic students, and expand the postbaccalaureate academic offerings as well as enhance the program quality in the institutions of higher education that are educating the majority of Hispanic and low-income college students.

Although the HSI STEM and Articulation Program authorized under section 371 of the HEA is not part of the Developing HSIs Program authorized by Title V of the HEA, the eligibility and activity provisions under the Developing HSIs Program apply to the HSI STEM and Articulation Program pursuant to section 371(a)(2) and (b)(2)(B) of the HEA.

Eligibility Information

Institutions must be designated as an eligible institution of higher education in order to apply for grants under one or more of the Title III & Title V HSI programs, provided the IHE meets certain additional statutory and regulatory eligibility requirements.

The eligibility process identifies an institution of higher education (IHE) as:

- Eligible to apply for funding under Titles III and V of the Higher Education Act of 1965, as amended
- Eligible for certain non-Federal cost-share waivers

Please note that eligibility does not designate nor certify any institution as a particular type of institution, such as an HSI. Also, an IHE must apply for eligibility even if it has a current Title III or V grant. The HSI eligibility process is annual.

HSI Designation

The criteria for designation as an eligible institution to apply for Titles III and V funding are:

- ❖ 25% undergraduate FTE enrollment of Hispanic students
- ❖ High percentage of needy students
- ❖ Low education general expenditures

An institution must apply for and receive designation through an application process. The computation of eligibility is conducted annually at the time that Integrated Postsecondary Education Data System (IPEDS) data is provisionally released for the academic year immediately preceding the most recent complete academic year. The Department verifies institutional data each year and posts eligibility status for institutions on the Eligibility Matrix that is available to the public. Prior to applying for HSI grant opportunities, please ensure you have your letter of eligibility, or you have been approved for a waiver of certain non-Federal cost-sharing requirements. Please visit this [site](#) for more information on the eligibility process.

HSI DIVISION WEBSITES

HSI Division webpage: <https://www2.ed.gov/about/offices/list/ope/idades/hsidivision.html>

DHSI program webpage: <https://www2.ed.gov/programs/idadeshsi/index.html>

STEM program webpage: <https://www2.ed.gov/programs/hsistem/index.html>

PPOHA program webpage: <https://www2.ed.gov/programs/ppoha/index.html>

HSI Newsletter subscription link:

https://public.govdelivery.com/accounts/USED/subscriber/new?topic_id=USED_61

HSI Division YouTube playlist:

<https://www.youtube.com/playlist?list=PLNvZOA2puYOgpRJLkBvsobcMi6X041xrY>

FEDERAL WEBSITES

The following web sites provide valuable information on the Federal grants management process. These resources are also useful for your grants and finance offices since many of the questions that they will have throughout your grant may be quickly answered on these websites.

U.S. Department of Education

<http://www.ed.gov>

Grantmaking at ED

<https://oese.ed.gov/files/2021/07/grantmaking421.pdf>

34 CFR (regulations for ED)

<https://www.ecfr.gov/current/title-34>

Education Department General Administrative Regulations (EDGAR)

<https://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>

Online Grants Training Courses

<https://www2.ed.gov/fund/grant/about/training-management.html>

SAM (including ALNs)

<https://sam.gov/content/home>

Federal Service Desk (UEIs)

https://www.fsd.gov/gsafsd_sp

USA Spending

<https://www.usaspending.gov/>

Integrated Postsecondary Education Data System

<https://nces.ed.gov/ipeds/>

Institute of Education Sciences

<https://ies.ed.gov/aboutus/>

FAPIIS (Performance and Integrity)

<https://www.fapiis.gov/fapiis/#/home>

Federal Register

http://www.access.gpo.gov/su_docs/aces/aces140.html

Uniform Guidance

<https://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html>

Protection of Human Subjects in Research

<https://www2.ed.gov/about/offices/list/ocfo/humansub.html>

Federal Audit Clearinghouse

<https://facweb.census.gov/uploadpdf.aspx>

Performance

<http://www.performance.gov>

GRANTS MANAGEMENT

The first step a Project Director must take to properly manage the grant project is to be familiar with the grant proposal (application). This is especially important if the Project Director was not involved in the writing or development of the grant application. Gain an intimate understanding of the activities, the budget, management plan, implementation plan, and evaluation plan of the grant. Project Directors should also have knowledge of the financial system that will be used for the grant.¹ If you do not have a copy of the grant application, you can access the application through the G5 grants portal.

HIERARCHY OF AUTHORITY FOR GRANTS MANAGEMENT

The hierarchy of authority for your grant project is listed below in order of precedence. The Federal Register Notice Inviting Applications (NIA) under which you were funded also references the legislation, regulations, and other requirements to which your grant project is subject. Once your application is selected for funding, your application also becomes part of your legal agreement with the Department, and you are held to the performance measures and targets described in your application, unless a change is approved at a later date.

- Legislation
- Regulations
- EDGAR Title 34
- Uniform Guidance 2 CFR Part 200
- Grant Award Notification (GAN), including all attachments and enclosures
- Approved application (proposal)

Applicable Regulations

- EDGAR in [34 CFR parts 75, 77, 79, 82, 84, 86, 97, 98, and 99](#)
- Office of Management and Budget (OMB) Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement) in [2 CFR part 180](#), as adopted and amended as regulations of the Department in [2 CFR part 3485](#)
- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in [2 CFR part 200](#), as adopted and amended as regulations of the Department in [2 CFR part 3474](#).
- Program regulations in [34 CFR part 606](#).

EDGAR (Education Department General Administrative Regulations)

Regulations are the rules that the Department of Education uses to govern grant programs. The Education Department regulations are published in Title 34 of the Code of Federal Regulations (CFR). The regulations are based on the statutes that govern the Department of Education. Regulations are written in legal language and are legally binding, however, the statute always has precedent over the regulations. Regulations usually allow the Department some flexibility for unforeseen circumstances.

¹ Coordinate with the business, financial, or grants office within your institution.

Uniform Guidance

The *Uniform Guidance: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* is found in 2 CFR 200. It is the culmination of years of collaboration between Federal agencies, recipients, and other stakeholders in the grant community. The Office of Management and Budget (OMB) and the Council on Financial Assistance Reform (COFAR) developed the *Uniform Guidance* with the purpose of reducing administrative burdens, streamlining requirements for federal awards, and protecting federal funds from waste, fraud, and abuse. 2 CFR 200 consolidates eight grants-related guidance into a single set of requirements, thereby creating uniform requirements for all recipient entities (with only minor exceptions) to follow and all Federal agencies to monitor.²

The Uniform Guidance consists of six (6) subparts and 11 Appendices, as follows:

SUBPARTS

Subpart A: Definitions and Acronyms 200.1
Subpart B: General Provisions 200.100
Subpart C: Pre-Award and Award 200.200
Subpart D: Post-Award 200.300
Subpart E: Cost Principles 200.400
Subpart F: Audit Requirements 200.500

APPENDICES

Appendix 1 – Notice of Funding Opportunity
Appendix 2 – National Policy Requirements
Appendices 3-7 – Indirect costs
Appendix 8 – Non-profits
Appendix 9 – Hospital cost principles
Appendix 10 - SF-SAC Single Audit
Appendix 11 – Annual Compliance Supplement
Appendix 12 – Risk and integrity

Grant Award Notification (GAN)

The GAN is your official record of your grant award. It is signed by the Program Office and outlines the terms and conditions of your award. There are several important attachments included with the GAN. Project Directors and key personnel should review the GAN and the attachments immediately upon award notification or issuance.

² Management Concepts, 2018, Uniform Administrative Requirements Participant Guide.

G5 GRANTS MANAGEMENT SYSTEM

G5 Grants Portal

<https://www.g5.gov>

G5 Help Desk 1-888-336-8930 or obssed@servicenowservices.com

Payments under this award will be made through the Department's G5 portal. The Department's Office of Finance and Operations (OFO) exercises oversight of the G5 system. A copy of the Department Payee Guide for G5 is available at <https://www.g5.gov>. The guide provides detailed instructions on all G5 processes. Below is the definition of "payee."

Definition: Payee

The payee is the entity identified by the grantee to handle the financial aspects of the grant – e.g., request payments, report expenditures (the grantee and payee may be the same entity). Payees may begin requesting funds for the grantee once their grant funds are obligated in G5 and the grant period begin date has arrived.

New grantees will be required to provide the following information before they may begin requesting funds:

- Designation of payee
- Payee contacts and mailing addresses
- Depositor account information
- Individuals authorized by the payee to access GAPS to request funds — these individuals will be provided Usernames and passwords to access GAPS.

Refer to the Payee Verification of Grant Award letter in your GAN, which is the first document in your GAN attachments packet. Also, one of the first things that should be done upon receipt of a new award is to ensure that your Project Director, Authorized Representative, and Budget Analyst have registered with the G5 system in order to obtain a Username and password to access the system.

Payees can obtain information on their grant funds by accessing the website at <https://www.g5.gov>. The G5 Help Desk number is 1-888-336-8930, and they are available from 800 AM to 600 PM Eastern Time, Monday through Friday, excluding Federal holidays. You may also email them at obssed@servicenowservices.com.

NOTE: The G5 system will convert to the G6 system on October 30, 2023. The new website will be <https://g6.ed.gov>. You will be required to log on to the G6 system using login.gov. For questions with the new G6 system, please call the Help Desk at 1-888-336-8930. For questions with login.gov, please call their Help Desk at 1-844-875-6446.

PERFORMANCE REPORTS

All HSI grantees will submit performance reports via OPE's Higher Education Programs Institutional Service (HEPIS) portal at <https://hepis.ed.gov/>. The **HEPIS portal** allows aggregation of grantee data across OPE programs, permitting aggregation of data and information required for reporting to Congress and OMB on the progress of our grant programs and for facilitating identification of trends and issues to improve grant monitoring. Each grantee must report on its project-specific measures related to its unique goals and objectives and to the program's **Government Performance and Results Act (GPRA) measures**. GPRA measures connect Federal funding to results and outline the requirements for the Department to measure and report results of grant programs. Also, this effort demonstrates how grant programs support the Department's strategic goals. For a full list of the GPRA program measures for HSI Division programs, refer to the NIA associated with your grant application.

New grantees are required to submit an **Interim Performance Report (IPR)** for the first six (6) months of Project Year 1. The HEPIS system normally opens in March or April of each year for submission of the IPRs. Project Directors will be notified by email when the system opens with access information. Grantees will have 30 days to submit the report. **These dates are subject to change.*

After Year 1, all grantees are required to submit an **Annual Performance Report (APR)**, which will cover the entire first year of the grant. The HEPIS system normally opens in November or December of each year for submission of the APRs. Project Directors will be notified by email when the system opens with access information. Grantees will have at least 60 days to submit the report.

Your performance reports will be used to determine if you have made "substantial progress" on your grant's objectives. In addition to substantial progress, your Program Specialist will ensure that your project-specific performance measures have been met. Information from the performance reports is used to make funding determinations for your **Non-Competing Continuation (NCC)** awards (annual awards in Years 2-5).

Once your grant has ended, you will submit a **Final Performance Report (FPR)**. The FPR should reflect the final year of your grant (Year 5 or Year 6 if you received an extension), as well as provide a broad overview of the overall accomplishments of the project, including impacts and institutionalization. FPRs are due 120 days after the grant end date.

The Program Office will review your performance reports and compare the data to your approved application and any approved modifications, as appropriate. Your Program Specialist may contact you regarding unmet targets, carryover or other budget issues, missing information, or other related issues to determine if you have made substantial progress and qualify for your full NCC award amount.

Please refer to the appendices for resources and guidance on completing your performance reports, as well as §200.308 (Financial Reporting) and §200.329 (Performance Reporting) of the Uniform Guidance.

FINANCIAL REPORTING AND DRAWDOWNS

Grantees will include financial information in their performance reports regarding their prior year, current year, and next project year budgets. You will be reporting on your budget expenditures according to the 12 line items on the official **ED 524 Budget Form**, which you included in your application for funding (please see the Appendices). HSI Division grants do not require a separate financial report, such as the SF-425, but do need to completely fill out all budget columns and boxes in the reporting system. Refer to the Appendices documents on APR reporting for additional resources.

In addition to accurate and complete financial reporting, good financial controls include avoiding **excessive drawdowns**. Excessive drawdowns are defined as drawing down funds in excess of your annual project budget using the following guidelines:

- Quarter 1: More than 50%
- Quarter 2: More than 80%
- Quarter 3: 100% of funds

Additional guidance on excessive drawdowns is included in the Excessive Drawdown memo dated December 2014 in the Appendices.

You also want to avoid **large available balances**. Large balances may indicate that your project is not moving forward. A key indicator of a large, available balance is 70% or more of budget funds left in the G5 account within 90 days before the end of the budget period.

The Department's OFO monitors all grants for excessive drawdowns and large, available balances. If your grant appears on one of these reports, you will need to provide an explanation for the excessive drawdown or large, available balance before any NCC award can be made.

A good rule of thumb is to establish a regular drawdown schedule from G5 to pay for routine grant expenses. The frequency may vary (biweekly, monthly, etc.) but should ideally be completed at least once per quarter. If your project maintains a regular drawdown schedule, the likelihood of an excessive drawdown or large, available balance is greatly reduced. Also, maintain good communication with your Finance Officer to ensure that actual budget expenditures are in alignment with the IHE's central accounting system.

See the Uniform Guidance § 200.302 for additional information.

INTERNAL CONTROLS MANUAL

All grantees are required to develop and maintain a grant project policies and procedures manual, sometimes referred to as an internal controls manual. This manual should be specific to each grant award. The manual should include the Grant Award Notification (GAN), the Federal Register Notice under which you applied, and a current organizational chart for your grant project. The manual should also

outline procedures for completing common administrative actions such as hiring, time and effort records, tracking inventory, and code of conduct regulations for staff. All policies and procedures should adhere to Federal regulations and institutional requirements.

A Sample Table of Contents for an Internal Controls Manual can be found in the Appendices. **See the Uniform Guidance § 200.303 for additional information.**

TIME & EFFORT REPORTING

The Department does not have a standard time and effort (T&E) form that is shared with grantees. Each grantee is responsible for developing its own T&E system and forms. The system must comply with the terms and conditions of the grant, including **§200.430 (Compensation - personal services)** of the Uniform Guidance. Section (h) Institutions of Higher Education (IHEs) speaks to the unique context of higher education, such as engaging in research, writing reports, and participating in seminars and conferences. Section (i) Standards for Documentation of Personnel Expenses enumerates important requirements of the T&E systems, such as that they be supported by a system of internal control, that all documents related to T&E become part of the IHE's official records, and that time reported reflect the total activity for work performed, not to exceed 100% level of effort.

PRIOR APPROVALS

Occasionally, you may have to make adjustments to your grant. For example, new technology may provide alternate solutions for meeting your original objectives or cost savings may allow you to expand an activity. You may also discover, after an internal evaluation of the project, that there are changes that could improve the implementation of the grant. Most of these changes can be done at your discretion without "prior approval" from the Program Office. However, major changes will require "prior approval" from your Program Specialist.

Definition: Prior Approval

For the purposes of our grant programs, grantees shall seek "prior approval" from the ED Program Specialist by sending an email request regarding the proposed change.

You will need "prior approval" from the Program Specialist for the following types of major changes to your grant.

1. Change in project scope or objectives

The **scope of the project** is generally defined by the activities that you described in your approved application. The scope of your project is limited to the specific activities presented in your application. For example, you may have had an enrollment management information system activity and a student retention activity. If you had an opportunity to increase the open access hours on your student retention center or the number of computers for the center - this would NOT be a change in scope. However, if you wanted to hire two retention counselors instead of purchasing the student computer workstations - this would be a change in scope (and may also be a change in the project

objective).

Your **project objectives** are outlined in your application as the outputs and outcomes that you expect to measure as a result of your project activities. Outputs may be known as formative data that inform your evaluation. An example of an output is “33% of the faculty to use technology in the classroom.” Outcomes may be known as summative data and are the results of your outputs. An example of an outcome is, “a 15% increase in student academic success in technology courses.”

2. Changes in Key Personnel

During your performance period, you may have to make changes to your **Key Personnel**. It is important to make these transitions as quickly as possible but also to make sure that your replacements are qualified to continue the implementation of the grant project. To ensure that grants are continuously staffed with qualified **Key Personnel**, the Program Specialist will require prior approval for changes in key personnel.

Definition: Key Personnel

For the purposes of project monitoring, the HSI Division will consider "Key Personnel" to include the Project Director³ or Principal Investigator, any Activity Director(s), and the Authorized Representative (Certifying Official).

The following three Personnel cases require prior approval⁴ from your Program Specialist.

- a. Change in Key Personnel
- b. Absence of your Project Director or Activity Director(s) for more than three (3) months or if their time commitment to the project will be reduced by 25% or more.
- c. A decrease in the percent of a salary that the institution pays from institutional funds for key personnel (as well as other Project staff). *This type of change could be a significant change to the institutionalization of the grant activities and will only be granted in extenuating circumstances.*

The only required Key Personnel positions that require prior approval when you make changes are the Project Director (or Principal Investigator) and the Authorized Representative (sometimes called Certifying Official). Other key personnel may include a Project Manager/Coordinator, Activities Director, Outreach Coordinator, Recruitment Manager, Evaluator, or Budget Analyst. Examples of personnel categories that would not be considered key personnel would be counselors, tutors, and technicians.

Grantees should search for new Key Personnel in a timely manner. You should use your judgment to determine if the candidate can carry out the project successfully.

³ Note that "Project Director" and "Project Coordinator" describe the same position.

⁴ Formal requests to change Key Personnel must be submitted by the President's Office or Certifying Official on their letterhead to the ED Program Specialist, along with the CV or resume of the proposed staff person. The ED Program Specialist will review the request to ensure the qualifications of the proposed staff are acceptable and will send an approval or disapproval as soon as possible, but not more than 30 days from the date of the request.

Although the following situations do not require prior approval, they should be reported to the ED Program Specialist: 1) significant delays in hiring (3 months), 2) changes to the key personnel's other duties and responsibilities (for example, being appointed as a Dean or other administrative position) and 3) reductions or increases in the percent of time devoted to the project.

3. **Transfer of funds from the Training Stipends (Line 10) budget line**
4. **Any grant transfer that represents more than 10% of your annual project budget (see “Revision of Budget and Program Plans” on Page 17)**

A complete list of costs requiring prior written approval may found in the Uniform Guidance, Cost Principles Subpart E, [§200.407](#).

See the Uniform Guidance § 200.301 and 302 National Policy and Performance Measurements for additional information.

RECORD-KEEPING

Record-keeping of grant files is important for both your own evaluation and for meeting the requirements of Federal funds management. According to EDGAR 75.730 to 75.732, you must maintain records of your grant. These records include fiscal and programmatic records. The following is a summary and explanation of the items listed in these sections:

- The amount of funds available under the grant and how the funds have been spent (it is advisable that the Project Director maintain fiscal records, as well as the financial office, to ensure that the grant funds have been spent on authorized items only)
- The share of costs provided from other sources (if your proposal included the commitment of some non-Federal funds to the implementation of the grant, you will need to also maintain records on those funds, as well)
- Records to facilitate an audit (for example, inventory lists, purchase orders, budget transfers, correspondence with the Program Specialist)
- Records of significant project experiences and results to show progress in accomplishing project goals or to revise those objectives, if necessary (for example, process evaluations, base-line data and outcome data, external and internal evaluation reports conducted for your project, etc.).

All project records must be maintained for three (3) years after submission of the Final Performance Report (which is the FPR, in this case). Citations regarding recordkeeping are in the Uniform Guidance 200.334 (records retention), and 200.335-337 (records access and storage).

Also note that discretionary grant programs are also subject to open licensing requirements for Federal grants programs as described in 2 CFR 3474.20.

TRAVEL

You may use grant funds for travel related to the accomplishment of your project's goals and activities, such as for travel to the annual Project Directors' Conference and for other academic and professional conferences. If you have additional travel requests not included in your original application, you should notify your Program Specialist to determine whether the request requires approval. You must comply with Uniform Guidance requirements by supplying a written justification when submitting your travel request (spending authorization). Each justification must be transaction-specific, i.e., no 'blanket' justification to cover any travel. For example, if you are attending a conference, explain why attendance at the conference is beneficial to achievement of the grant purpose and what topics will be discussed.

Note that some types of travel may be inappropriate to charge to the grant project, such as travel to present an individual's academic research or travel unrelated to the approved activities. Also, if traveling internationally using Federal funds, you must comply with the [Fly America Act](#). If you have questions about travel, contact your Program Specialist.

CONTRACTING

Many grantees will utilize contractors during their grant. Line item 6 of the ED 524 Budget Form (Contractual) includes infrastructure contractors, programming contractors, technology contractors, workshop facilitators, as well as consultants for external evaluation. As with all other aspects of the project, it is important that the grantee adheres to the original application for the use of contractors. For example, it may not appear to be a significant change if an activity is contracted out to a consultant instead of lead by faculty, but this type of change may have a profound effect on the quality of implementation. As a rule, consider whether your proposed change may have resulted in a different analysis by the reviewers of the application. Contractual changes, not originally described in your application, requires prior approval from the Program Specialist.

When using contractors and consultants, you are reminded that the best way to achieve long-lasting change at your institution is to involve the people internal to your institution that may be responsible for taking over any activities or programs intended to be sustained and institutionalized beyond the life of the grant.

NOTE: Be familiar with the regulations in the Uniform Guidance regarding contracting in Federal grants (§200.308 General Procurement Standards, 200.331 (subrecipient vs contractor), §200.319 Competition in Contracting, §200.320 (type of procurement) §200.322 Domestic Preference, §200.327 Contract Provisions are in Appendix II). There are also restrictions on awarding contracts with Federal Funds as outlined in EDGAR 74.42, concerning real or apparent conflict of interest. You should familiarize yourself with your institution's code of conduct concerning conflict of interest issues if one exists. If your institution does not have a code of conduct, you need to maintain a written code of conduct in your policies and procedures manual.

CONSTRUCTION AND RENOVATION

HSI Division programs include construction and/or renovation under allowable activities. If your project was awarded in FY 2022 or later, your construction work is subject to the requirements of **the Build America, Buy America Act (BABAA)**. The BABAA requirements apply to the following:

- Iron
- Steel
- Manufactured products
- Construction materials
- Broadband infrastructure
- Major remodeling

The BABAA requirements do not apply to software, supplies, modular structures, and minor remodeling. For more information, please view the [training video](#), read [the materials](#) on the Department’s website, and consult the Appendices of this handbook.

EQUIPMENT AND SUPPLIES

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost of \$5,000 or more. *Supplies* means all tangible personal property other than those described in the definition of *equipment* in this section. A computing device is a supply if the acquisition cost is less than \$5,000, regardless of the length of its useful life. See also the definitions of *computing devices* and *equipment* in this section. The definitions are located in 2 CFR §200.1.

Any equipment or supplies that you are purchasing should have been included in your original budget or approved by your Program Specialist. All equipment and supplies must directly relate to the accomplishment of your goals and objectives and meet the standards of allowability (§200.403), reasonableness (§200.404), and allocability (§200.405) of the Uniform Guidance.

All Grantees shall have the following **PROPERTY MANAGEMENT STANDARDS** for equipment acquired with Federal funds and federally-owned equipment.⁵ (There are 6 standards. See a-f):

Maintain your equipment records accurately. The records shall include the following components:

- a. A description of the equipment
- b. Manufacturer’s serial number, model number, Federal stock number, or any other identifying numbers
- c. Source of equipment and award number (i.e. “Title V grant-PR Award number P031S21XXXX)
- d. Acquisition date

⁵ Although laptops, iPads, computers, etc. may have a per-unit cost of less than \$5,000, grantees are expected to maintain proper property management systems for these items.

- e. Location and condition of equipment and the date the information was reported
- f. Unit acquisition cost
- g. Ultimate disposition data, including date of disposal and other applicable information

Finally, per 2 CFR §200.313, you do not need to return any equipment to us if we do not provide specific instructions within 120 days after the grant ends. You shall use the equipment in the project for which it was acquired as long as needed, whether or not the project continues to be supported by Federal funds. When no longer needed for the original project, the recipient shall, to the best extent possible, use the equipment in connection with its other Federally-sponsored activities, in the following order of priority:

- a. Activities sponsored by the Federal awarding agency which funded the original project; and
- b. Activities sponsored by other Federal awarding agencies

Uniform Guidance citations relative to equipment and supplies are in 2 CFR Part 200, Subpart D (Property Standards), §200.313 equipment, §200.314 supplies, and §200.315 intangible property.

MEALS AND REFRESHMENTS

You may use grant funds for meals and refreshments during events where the primary purpose is to disseminate technical information. You may pay for meals and refreshments if doing so is necessary to accomplish legitimate meeting business, i.e., an interruption in attendance to secure food or beverages would cause a disruption to the event.

Please note that grant funds may never be used to pay for alcoholic beverages. Also, grant funds may not be used to pay for purely social events or for meals and refreshments that are not reasonably priced. As with all grant costs, the costs must be reasonable, allocable, and allowable, in accordance with the Uniform Guidance (2 CFR § 200.404, 200.405, and 200.403, respectively).

There is additional information on this matter in Enclosure 3 of your GAN, as well as in the Uniform Guidance, Cost Principles, Subpart E §200.432 (<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E>). In addition, please keep meticulous records related to these costs, including number of participants in attendance, number of meals/refreshments provided, vendor information, and the purpose of the event.

ENDOWMENTS

If an endowment component was approved in your application, you may invest up to 20% of your annual budget as an endowment. **The regulations governing endowments are described in 34 CFR §628.3, 628.6, 628.10, 628.41-47.**

You should ensure you are under the 20% maximum particularly if your award amount was reduced when your grant was awarded. To use grant funds for endowments, you must raise dollar for dollar non-Federal matching funds after your grant starts. Matching funds can be raised any time after you are awarded the

grant.

Both the grant funds and the matching funds must be invested for 20 years. During the 20 years, you can spend up to half the earned interest on activities approved by your IHE. For example, you could use the interest to pay for the cost of managing the endowment fund or for scholarships. You will report on your endowment for a period of 20 years after you draw down funds. Grantees who partake in endowment activities will be provided with information needed to submit these reports.

Endowment funds are like other funds in your grant and can be moved into other line items in your budget (before it is invested). If you discover that you will not be able to raise matching funds, you may make adjustments. In the unlikely case that you cannot use any of the endowment funds, you will have to include an explanation in your performance report.

Please see the Appendices for additional guidance on endowments.

REVISION OF BUDGET AND PROGRAM PLANS

The Uniform Guidance allows for revision of budget and program plans (previously referred to as “Expanded Authorities”) under 2 CFR §200.308 and 34 CFR 75.261 and 75.264. These flexibilities include the following:

1. Pre-award costs
2. Carryover funds
3. Budget transfers
4. No-cost time extensions

Pre-award Costs

No prior approval is required for costs incurred up to 90 days before the budget period begins. These costs are incurred at the grantee’s own risk, and grant funds may not be used for this purpose until the budget period begins. Finally, pre-award costs are not to cover cost overruns. NOTE: Incurring costs more than 90 days before the budget period begins will require prior approval from your Program Specialist.

Carryover funds

Unexpended funds are “forwarded” or “carried over” to the following year without prior approval for any allowable cost within the approved scope of the project. These carryover funds may be used to complete unfinished activities or new activities within the scope of the project. Your Program Specialist may request a revised budget and written statement explaining how the funds will be used. Large amounts of carryover funds will require a written explanation, and you should include information on any carryover funds in your IPRs and APRs.

Budget Transfers/Budget change requests

Grantees have great latitude to make budget transfers and changes within grant projects without prior Departmental approval. In general, grantees do not need prior approval for budget transfers that are 10% or less of their annual project budgets. Exceptions exist in cases where the Department has imposed a 10% limitation on budget transfers for "high-risk" grantees.

NOTE: The following cases require prior approval:

- Transferring funds from Training Stipends (Line 10 of the ED 525 Budget Form) to other categories of expenses.
- Sub awarding or contracting out work that was not described in the application (unless it only involves the purchase of supplies or general support services)

Whether you are requesting a budget change or simply notifying your Program Specialist that you are making a budget change within the flexibilities of the Uniform Guidance, the Department should be made aware of any changes to the project that are not a part of the approved application. Email your Program Specialist with a revised ED 524 Budget Form that reflects the changes and include a budget justification in Word, Excel, or in the body of the email message that describes the budget changes. Any changes that you make to your budget should be included in your IPRs and APRs.

No-Cost Time Extensions (NCTEs)

Per the Uniform Guidance, grantees may request a one-time no-cost time extension of up to 12 months, as long as they are not experiencing any performance or compliance issues. The request should be submitted to your Program Specialist no later than 10 days before the end of the grant period. Submit your request on official IHE letterhead and include a summary of the project accomplishments to date, the reason(s) for the extension, the amount of time requested, and a proposed budget for the extension period using the official ED 524 Budget Form, along with a corresponding budget narrative in Word or Excel.

Keep in mind that NCTEs may not be granted under the following circumstances where an extension would:

- Require additional Federal funds
- Change the scope or objectives of the project
- Be merely for the purpose of exhausting unexpended funds
- Be contrary to Federal statute, regulation, or grant conditions

NOTE: A grantee is required to give the Department a notification of a planned extension at least 10 days before the end of the project period for the purpose of giving the Department sufficient time to revise the project end date in the Department's G5 system. Once the extension is processed, the grantee will receive a notification email from G5 that a new GAN has been generated.

AUDITS AND INTERNAL CONTROLS

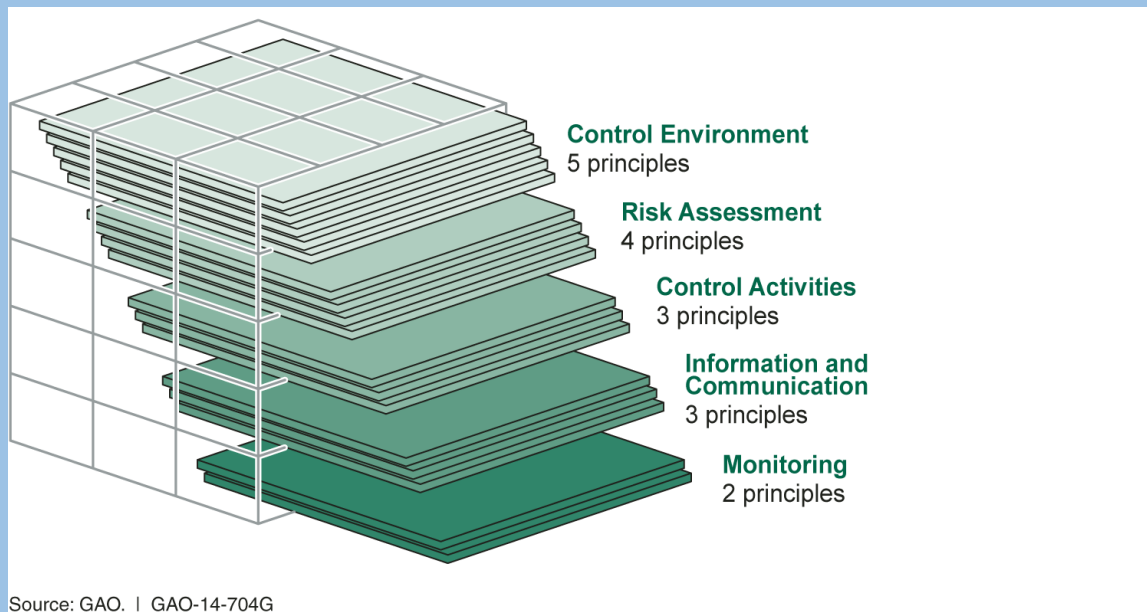
Per 2 CFR Part 200, Subpart F, all non-Federal entities must have a Single Audit report prepared if they have expended \$750,000 or more in total Federal funds in a single fiscal year (this fiscal year is the recipient's fiscal year, not the Federal fiscal year). This report must be conducted and submitted within nine (9) months of the end of the entity's fiscal year and submitted to the Federal Audit Clearinghouse at <https://facweb.census.gov/uploadpdf.aspx> .

Examples of situations that may result in an audit exception or finding include:

- Missing time and effort (T&E) reports
- Poor record-keeping
- Failure to obtain prior approvals
- Incorrect indirect cost rate
- Unallowable costs
- Lack of internal controls

The best way to prepare for an audit is to have a robust internal controls system, which includes developing an internal controls or policy and procedures manual, as mentioned previously. As a Federal grant recipient, you are required to have an internal controls system in place for managing all of your Federal awards, pursuant to OMB Circular No. A-123, “Management's Responsibility for Enterprise Risk Management and Internal Control” and the Government Accountability Office (GAO) Green Book on internal controls at <https://www.gao.gov/products/gao-14-704g>. See the Appendices for a copy of OMB Circular A-123, as well as additional resources on internal controls.

Listed below are the five (5) components and 17 principles of internal control which you should consider when designing your internal controls manual and managing your grant project:



Control Environment

1. The oversight body and management should demonstrate a commitment to integrity and ethical values.
2. The oversight body should oversee the entity's internal control system.
3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

Risk Assessment

6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.
7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.
8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.
9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.

Control Activities

10. Management should design control activities to achieve objectives and respond to risks.
11. Management should design the entity's information system and related control activities to achieve objectives and respond to risks.
12. Management should implement control activities through policies.

Information and Communication

13. Management should use quality information to achieve the entity's objectives.
14. Management should internally communicate the necessary quality information to achieve the entity's objectives.
15. Management should externally communicate the necessary quality information to achieve the entity's objectives.

Monitoring

16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
17. Management should remediate identified internal control deficiencies on a timely basis.

Source: GAO. | GAO-14-704G