

## **Grant: Capacity Building for Bible Institutes**

### **Subawarding Policies and Procedures Manual**

#### **Introduction**

The Asociación para la Educación Teológica Hispana in collaboration with Garrett-Evangelical Theological Seminary (AETH-Garrett) are responsible for financial and programmatic monitoring for subgrantees through the Grant Advisory Council (GAC). The Sub-awarding Policies have been prepared to provide uniform procedures and guidance for the administration of sub-grants awarded by GAC. These policies serve a three-fold purpose:

- To ensure subrecipient funds are used for the purposes for which they are awarded and to assure a transparent and integral subgranting process;
- To safeguard the Capacity Building funds to the greatest extent possible; and,
- To provide guidance to subrecipients in establishing and maintaining sound accounting procedures.

This document will serve as a guide in monitoring the funded programs administered by subgrantees. It is intended to identify important requirements that AETH-Garrett, as both grantor and pass-through entity for program funds, will monitor and provide reasonable assurance that subgrantees are in compliance with all applicable requirements.

All subgrantees are required to comply with the directives set out in this manual and all applicable GAC regulations.

#### **1. Subawarding Regulations**

Subgrantees are to comply with the regulations, policies, guidelines, and requirements imposed by the GAC. The GAC will use an award agreement, reporting, regular contact, or other means to provide reasonable assurance that subgrantees administer awards in compliance with GAC regulations and grant requirements. Please know that these rules and regulations are subject to change, and it is the Subgrantee's responsibility to maintain compliance with all applicable rules, regulations, standard assurances as updated.

- GAC will analyze the sub-recipient's ability to manage the subgrant.
- GAC will create an adequate subaward contract.
- Subgrantee will adhere to reporting requirements to funder.
- GAC will maintain ongoing monitoring of the subaward.
- Awards will be granted for a period of one year unless the GAC determines differently (on a case-by-case basis).
- All applications must be completed and submitted in English.

The GAC will ensure the following items are appropriately addressed when making subawards:

- (a). Determine that the relationship is a subaward based on the stipulations of the Capacity Building grant. (Subawards generally involve program control at the sub-awardee level.)
- (b). Subaward reporting and monitoring will meet GAC's requirements as follows:
  - i. Reporting of required information by the funder.
  - ii. Correct completion of closeout procedures.
  - iii. Other requirements as directed by the funder.

The GAC is responsible for ensuring that subgrantees are in compliance with the requirements of appropriate standards for good business practices, including maintaining adequate internal controls and verifying completion of audits when those are required.

Subgrantees holding and administering a subgrant shall satisfactorily complete any required training related to the Capacity Building grant policy, and GAC's regulations. Subgrantees will be responsible for ensuring to adhere to the requirements as outlined in any GAC training as well as any changes and/or updates to GAC policy. Therefore, all subgrantees are responsible for knowing the specific requirements of their awards.

## **2. Standard Assurances**

The subgrantee assures the following:

- (a) The subgrantee has the legal authority to apply for and receive the subgrant;
- (b) The subgrantee shall give GAC representatives, access to and the right to examine and copy all records, books, papers, documents, or any items related to the subgrant for as long as these records are required to be retained;
- (c) The subgrantee shall establish and maintain both fiscal and program controls and accounting procedures in accordance with generally accepted accounting principles and GAC directives and will keep and maintain such books and records for audit by the GAC; and will maintain either electronic or paper files of all such records, books, papers, documents, or items for a period of at least five (5) years from the date of submission of the final report;
- (d) The subgrantee shall provide, in a timely manner, written disclosure, and all violations of law involving fraud, bribery, or any violations potentially affecting the subgrant;
- (e) The subgrantee shall establish safeguards to prohibit employees from using their positions for a purpose that involves nepotism, and constitutes or presents the appearance of any other personal or organizational conflict of interest or personal gain;
- (f) The subgrantee shall comply with all Federal and State statutes to discrimination, including, but not limited to:
  - i. Title VI of the Civil Rights Act of 1964, prohibiting discrimination on basis of race, color, or national origin;

- ii. Title IX of the Education Amendments of 1972, as amended, prohibiting discrimination on the basis of gender in federally assisted education programs and activities;
  - iii. Age Discrimination Act of 1975, prohibiting discrimination on the basis of age;
  - iv. Section 504 of the Rehabilitation Act of 1973, prohibiting discrimination on the basis of disability;
  - v. Title I, Title II and Title III of the Americans with Disabilities Act (ADA) (1990), as amended by the ADA Amendments Act of 2008;
  - vi. Any other non-discrimination provisions in the specific statute(s) under which these monies will be granted or awarded and the requirements of any other nondiscrimination statute(s) that may apply to this subgrant or award.
- (g) The subgrantee shall assure all funds received shall be used only to supplement services and activities that promote the purpose for which the grant is awarded and not supplant, unless specifically authorized by the program regulations and the GAC;
- (h) The subgrantee shall comply with all applicable requirements of all other Federal and State laws, Executive Orders, regulations, and policies governing the program(s) for which these monies are provided and with the terms and conditions of the subgrant, including but not limited to all documentation/information required by AETH-Garrett for federal reporting purposes.

### **3. Subgrantee Determination**

The Hispanic Bible institute or ministry formation (BI) program may receive an award as a recipient in accordance with the agreement with the GAC. Therefore, GAC must make case-by-case determinations whether each agreement it makes for the disbursement of program funds casts the party receiving the funds in the role of subrecipient. Awards should only be issued after it is determined that the subgrantee has the necessary management competence to practice methods of accountability for funds and assets provided by the subgrant.

The GAC may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.

- (a) Subgrantees. A subaward is for the purpose of carrying out a portion of the Capacity Building and creating a relationship with the subrecipient. The GAC:
- determines who is eligible to receive what award assistance;
  - will measure performance in relation to whether objectives of the grant were met;
  - has responsibility for programmatic decision making;

- is responsible for adherence to applicable program requirements specified in the Capacity Building grant; and,
  - in accordance with its agreement, it uses Capacity Building grant funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of a pass-through entity.
- (b) Use of judgment in making determination. In determining whether an agreement between the AETH-Garrett GAC and the BI casts the latter as a subgrantee, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the GAC must use judgment in classifying each agreement as a subaward contract.
- (c) Post-award orientation. To ensure success, a post award orientation helps clarify the roles, responsibilities and authorities of the organization's officials who will administer the award and to help the subgrantee understand all needed technical and administrative information.

#### **4. Processing Requirements**

The AETH-Garrett GAC will ensure that every subaward is clearly identified to the subgrantee as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification.

Required information must include:

- a. Federal Identification Number.
  - (i) Subgrantee name.
  - (ii) Award date.
  - (iii) Subaward period of performance start and end date.
  - (iv) Amount of funds obligated by this action.
  - (v) Total amount of funds obligated to the subgrantee.
  - (vi) Total amount of the award.
  - (vii) Award project description, as required to be responsive to AETH-Garrett GAC requirements.
- b. All requirements imposed by the GAC on the subgrantee so that the award is used in accordance with the GAC's statutes, regulations and the terms and conditions of the award.
- c. Any additional requirements that the GAC imposes on the subrecipient in order for AETH-Garrett to meet its responsibility to Lilly Endowment including identification of any financial and performance reports.

- d. A requirement that the subrecipient permit the GAC and auditors to have access to the subgrantee's records and financial statements as necessary for the AETH-Garrett to meet the requirements with Lilly Endowment.
- e. Appropriate terms and conditions concerning closeout of the subaward.

Evaluate each subgrantee's risk of noncompliance with the GAC's regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subgrantee monitoring, including consideration of the following:

1. The subgrantee's prior experience with the same or similar subawards (if applicable);
2. The extent and results of the GAC's monitoring.

Consider imposing specific subaward conditions upon a subrecipient if appropriate, per the GAC's discretion.

1. Providing subgrantees with training and technical assistance on program-related matters; and
2. Arranging for agreed-upon procedures engagements.

Verify that every subgrantee is audited when it is expected that the subgrantee's awards expended during the respective fiscal year equaled or exceeded the threshold set forth.

Consider whether the results of the subgrantee's audits, or other monitoring indicate conditions that necessitate adjustments to the GAC's own records.

Consider taking enforcement action against non compliant subgrantees.

## **5. Subgrantee Files**

Each subgrantee shall maintain adequate files and documentation to support any purchases made and to detail the procurement process for each purchase.

## **6. Monitoring**

The AETH-Garrett GAC is tasked with ensuring that all subgrants are administered in compliance with regulations, policies and in accordance with the terms of the subgrant agreement and this manual in its entirety. Monitoring is a review process used in determining a subgrantee's compliance with the requirements, adherence to applicable regulations, measuring progress toward stated results and outcomes. This unit is responsible for the oversight of the development of appropriate monitoring instruments specifically designed to ensure compliance with program requirements.

Objectives:

1. Ensure accountability and compliance;
2. Ensure funds awarded to subgrantees are used for authorized purposes;
3. Ensure compliance with the terms of the subgrant agreement;

4. Identify technical assistance and training needed;
5. Ensure follow-up on issues and implementation of corrective actions;
6. Provide guidance to subgrantees in establishing and maintaining sound business accounting procedures; and
7. Safeguard funds against fraud, waste, and abuse.

The GAC can monitor the activities of the subgrantee as necessary to ensure that the subaward is used for authorized purposes, in compliance with GAC's regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. The monitoring of the subgrantee must include:

1. Reviewing financial and programmatic reports required by the GAC.
2. Following-up and ensuring that the subgrantee takes timely and appropriate action on all deficiencies pertaining to the award provided to the subgrantee from the GAC detected through audits, on-site reviews, and other means.
3. Issuing management decisions for audit findings pertaining to the award provided to the subgrantee.

Depending upon the GAC's assessment of risk posed by the subgrantee (as described above), the monitoring tools may be useful to ensure proper accountability and compliance with program requirements and achievement of performance goals.

#### 6.1 Subrecipient Monitoring Report Progress

The AETH-Garrett GAC must document and show evidence that each individual award is being monitored. The report is intended to collect written confirmation of the review of each subaward. All comments provided by each Advisor are shared with the GAC and periodically reviewed. Each Advisor is required to provide information on the report:

- Review Comments: See the table below for suggestions
- Reviewed by: Provide full name of Advisor
- Review date: Date the Advisor provided the comments

Some of the comments may require further explanation, such as programmatic, administrative, financial issues or challenges.

*Table 1: Suggested Review Comments*

Comment	When to select this comment	Additional comment required
Not Reviewed	This should be used when no review has been done.	NO
No Issues	Performance is progressing as agreed.	NO

Performance Issues	Programmatic performance is not progressing in the agreed upon or expected manner	YES
Termination	Severe programmatic or administrative issues and the subaward must be terminated.	YES
Other	Any other issue not listed in the Comment menu selection.	YES
Subaward Ended	Closeout process ended.	NO

## 7. Noncompliance -

In cases of continuous inability or unwillingness to meet the terms and conditions of the subaward as prescribed by the AETH-Garrett GAC, the GAC will take appropriate action.

- The AETH-Garrett GAC may impose award conditions if:
  - A subrecipient that has a history of failure to comply with the general or specific terms and conditions of the subaward;
  - A subrecipient fails to meet the expected performance goals; or
  - A subrecipient is not otherwise responsible.
- In some cases the conditions may include the following:
  - Reimbursement of unused funds awarded;
  - Withhold authority to continue with the project until the AETH-Garrett GAC receives evidence of acceptable performance within a given period;
  - Requiring more detailed financial reports;
  - Requiring additional project monitoring;
- The AETH-Garrett GAC must notify the subrecipient as to:
  - the nature of the additional requirements;
  - the reason why the additional requirements are imposed;
  - the nature of the action needed to remove the additional requirements, if applicable;
  - the time allowed for completing the corrective actions, if applicable;
  - The method for requesting reconsideration to continue as a subrecipient.
- In the case that the above measures fail to remedy non compliance, the AETH-Garrett GAC may take one or more of the following actions:
  - Wholly or partly suspend or terminate the subaward;
  - Initiate suspension;
  - Take other actions that may be legally available.

## 8. Termination

The AETH-Garrett GAC can determine the termination of a subaward in part or whole as follows:

- If the subrecipient fails to comply with the terms and conditions agreed upon for the subaward;
- By the AETH-Garrett GAC for good cause;
- By the agreement of the AETH-Garrett GAC and the subrecipient to terminate, including the effective date of termination or partial termination and what portion will be terminated;
- By the subgrantee upon sending written notification setting forth the reasons for such termination. The AETH-Garrett GAC will determine that in the partial termination the reduced or modified portion of the subaward will not accomplish the purposes for which the original subaward was made, the AETH-Garrett GAC may terminate in its entirety.

Note that when a subaward is terminated / cancelled in full or partially, the subrecipient will remain responsible for compliance with the requirements for closeout and post-closeout adjustments and continuing responsibilities.

### 8.1 Good Cause

Good Cause for terminating / cancelling a subaward. Good Cause may be imposed for the following situations but not limited to:

- Conviction, plea agreement of guilt or civil judgment for:
  - Commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public or private agreement or transaction;
  - Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, receiving stolen property, making false claims or obstruction of justice; or
  - Commission of any criminal activity or any other offense indicating a lack of business integrity or business honesty that seriously and directly affects the present responsibility of a person/subrecipient.
- Violation of the terms of a public agreement or transaction as to affect the integrity of AETH-Garrett, such as:
  - Willful failure to perform in accordance with the terms and conditions agreed upon for one or more public agreement transactions;
  - A history of failure to perform or unsatisfactory performance of one or more public agreements or transactions.
- Closure of business or acquisition, plagiarism.



## 8.2 Costs during termination

Any costs to the subrecipient resulting from obligations incurred by the subrecipient during a period of suspension or termination are not allowable unless AETH-Garrett authorizes them in the notice of suspension or termination or subsequently writing. There are exceptions that will make costs allowable if they meet the following requirement:

- The costs result from obligations that were properly incurred by the subgrantee before the effective date of suspension or termination and subgrantee is not in anticipation of it.

## 8.3 Appeals

AETH-Garrett GAC provides a subgrantee an opportunity to appeal adverse administrative decisions and provide supporting documentation challenging the adverse or noncompliant action.

The GAC will notify the subgrantee of the decision to terminate a subgrant. A term of 30 days is given to the subgrantee. The AETH-Garrett GAC may, at its discretion, terminate right away or postpone termination to a later date. The GAC may also provide instructions for the refund of unexpected funds of the subgrant.

## 9. Withdrawal

After the AETH-Garrett GAC and the participant have entered into an agreement, special circumstances may occur causing the GAC to determine that the funds of an unpaid grant should not be disbursed to the subgrantee. If the subgrantee has incurred in expenses related to the Capacity building program before being informed of the GAC's decision not to disburse, then the subgrantee is entitled to full reimbursement of reasonable expenses incurred related to the Capacity Building project. The AETH-Garrett GAC may, at its discretion, terminate a subgrant and or cancel any unpaid portion of the subaward and serve notice to the subgrantee. Upon receiving notification, the subawardee must provide detailed evidence of the expenses. The GAC will review the documentation and begin the process of reimbursement (never exceeding an amount equal to the unpaid funds of the subaward). Once the GAC has reimbursed the subgrantee, the AETH-Garrett GAC has no further obligation to the directors, staff or any agents/representatives of the subgrantee.

## 10. Unexpended Funds of Grant

If any portion of the designated funds to a project, specifically for a period of time, are unexpended once the project is completed or at the end of the designated period of time, such funds shall be repaid to the AETH- Garrett GAC within 30 days, unless the AETH-Garrett GAC otherwise agreed, at its discretion, in writing to designate the funds for another use.

## **11. Report Schedule**

To ensure that the Bible institute can meet reporting requirements of the subaward, the following reporting requirements are suggested:

- Submit a midterm report on the program implementation (schedules can be stipulated in the subgrantee agreement). The report shall include progress of major activities and detailed results and benchmarks by using targets defined in the work-plan and shall include a special section on the progress of the program's monitoring and evaluation. Subgrantees must document and report on their success stories annually, when they submit their final report.
- Final report: The subgrantee shall submit a final performance report which summarizes the accomplishments of the subgrant activities undertaken, problems encountered and recommendations regarding unfinished work or program continuation.

## **12. Closeout Procedures**

### **12.1 Overview.**

During the closeout of a subgrant the GAC determines if all the applicable administrative actions and all required work of the subgrant have been completed. Subgrantees are responsible for ensuring that orderly and timely work of the subgrant have been completed. Subgrantees are responsible for ensuring an orderly and timely programmatic phase out of subgrants and the financial settlement of subgrantees and vendor claims. The subgrantee closeout procedures describe the instructions to be followed to officially close subgrants awarded by the GAC.

### **12.2 Due Date.**

The subgrantee closeout packet bearing electronic authorized signatures of the Subgrantee organization is due and shall be received by the GAC no later than forty-five (45) calendar days from the ending date of a subgrant or no later than forty-five (45) calendar days from expenditure of all subgrant funds (if expenditure occurs prior to subgrant agreement end date). If the 45<sup>th</sup> calendar day falls on the weekend, the closeout packet is due the Friday before. The subrecipient shall retain a copy of the closeout packet submitted to the GAC. Closeout packages that are not received in a timely manner may result in the following:

- Delay in processing any outstanding or future subgrantee claims;
- Adversely affect upon the GAC approval for future subgrant funding;
- The GAC administrative closeout of the subgrant.

After timely receipt and review of the Closeout packet, the GAC may request further documentation and/or revisions to the subgrant closeout packet.

### **12.3 Content of the Closeout Packet.**

At the end of the subgrant period, the subgrant must be “closeout.” The subgrantee Closeout packet should include, but is not limited to, the following information which shall be accurately completed by the subgrantee:

- Final Report including the final narrative, final financial reports, description of how the objectives and outcomes were met;
- Certification of Subgrant Compliance - that subgrantee has received and spent all funding due under the subgrant agreement;
- Final Expenditure Report - should reflect that subgrantee has no outstanding debts related to the subgrant;
- Refund Payment to the AETH-Garrett GAC (if applicable) - for unspent funds.

#### 12.4 Administrative Closeout.

If a subgrantee fails to closeout a program year sixty (60) days after the grant ends or fails to properly adhere to established closeout policies and regulations, the GAC may complete an administrative closeout packet using information from the official subgrant file maintained by the GAC. A copy of the administrative closeout will be provided to the subgrantee to be maintained as a part of their official subgrant file.

### 13. Record Management

Document tracking will be a key factor to managing the project. An electronic version of a box folder will be quite helpful. The suggested arrangement is as follows:

- Proposal
  - Narrative
  - Budget
  - Attachments
- Notice of Grant Award
- Grant agreement
  - Amendments
- Reports
  - Semi-annual reports of objectives
  - Final report
  - Financials
- Evaluation content
- Correspondence
  - Letters
  - Emails