

State of Rhode Island
Department of Administration

OFFICE OF ACCOUNTS AND CONTROL

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Payments For Grant Awards Funded Exclusively with General Revenue	

Background:

Rhode Island General Law Title 35, Chapter 6 Section 1 provides that the State Controller is responsible for accounting and expenditure control. In accordance with this authority, the Office of Accounts and Control issues the following policy relating to grant payments.

Scope of Coverage

This policy applies to grant awards exclusively funded using general revenue at all executive branch agencies.

Definitions

Grant: For the purposes of this policy, “grant” refers to the transfer of cash or something of value to a grantee to support a public purpose authorized by law.

Grant Agreement: A grant agreement is a written instrument or electronic document defining a legal relationship between a state granting agency (grantor) and a recipient entity (grantee) when the principal purpose of the relationship is to transfer cash or something of value to the recipient to support a public purpose authorized by law.

Grant Budget: A grant budget is a plan for all income and expenses for the grant project and is based on the grant work plan. Grant budgets typically include line items for personnel costs, consultant and sub-contract services, travel, space, supplies, equipment, and other costs.

Cost Reimbursement Payment: A cost reimbursement payment is a type of grant payment in which the grantee incurs the expenses, during the period covered by the grant agreement, before requesting repayment from the grantor.

Advance Payment: An advance payment is a type of grant payment in which the grantor pays the grantee for costs associated with a grant before the grantee has incurred the expense.

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Unexpended Funds: Unexpended funds are the result of advance payments for expenses not incurred during the period covered by the grant agreement.

State Authorized Representative: The state authorized representative is responsible for monitoring the grantee's performance and reviewing each request for reimbursement and the supporting documentation submitted by the grantee.

Policy: Grant Payments

State granting agencies shall require a formal grant submission by the recipient entities. The grant agreement shall be based on the work plan and grant budget contained in the submission.

State granting agencies shall specify in the grant agreement the method and schedule of payments for each grant. Grant payments may not be issued until the grant agreement is fully executed, a purchase order is issued and an invoice is received.

Grant payments shall not be for expenses incurred prior to, or after, the period of the grant agreement.

The grantee shall be required under the terms of the grant agreement to maintain documentation of all expenditures related to the grant for a period of at least six years after the end of the grant period.

If at any time over the life of the grant agreement, the state granting agency identifies an issue that results in a decision to withhold payment(s) to the grantee, the state granting agency must provide written notification to the Director of the Department of Administration and the State Controller within three business days of taking this action. The notice shall include the name of the grantee and the reason for the decision to withhold the payment(s).

Grant Awards Less Than \$10,000

Grantees receiving a grant award less than \$10,000 may be paid, at the state granting agency's discretion, in a single lump sum payment. The state granting

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agency will process the payment only after the grant agreement is fully executed, a purchase order is issued and an invoice is received.

Awards Equal to or Greater than \$10,000

Reimbursement is the strongly preferred method for making payments for grants equal to or greater than \$10,000. Grantee requests for reimbursement must correspond to the submitted project plan and the line items in the approved grant budget (i.e. personnel costs, consultant and sub-contract services, travel, space, supplies, equipment, and other costs).

Supporting Documentation Requirements: Personnel Expenditures: The grantee's payment request must include supporting documentation for the requested personnel costs reimbursement, including name, title, and the amount of salary and fringe benefit reimbursement requested for each employee for the billing period.

Non-Personnel Expenditures: The grantee must submit documentation for all non-personnel expenditures that are individually greater than \$1,000.00. The grantee must submit evidence that the vendor has been paid; a vendor invoice alone, without a cancelled check or other evidence of payment, is not sufficient evidence of payment.

The State's authorized representative, or his or her designee, named in the grant agreement, shall review each request for reimbursement and the supporting documentation against the approved grant budget, grant expenditures to-date and the latest grant progress report before approving payment. Evidence of such approval shall be documented. Grant payments shall not be made on grants with past due progress reports, unless the state granting agency has given the grantee a written extension to submit such reports.

Although not preferred, advance payments on grants may be allowed in certain situations. Before making an advance grant payment, agencies must be confident that the grantee will be able to account for the grant funds and abide by the terms of the grant agreement, based on their past performance as a grantee and/or on the evaluation of the grantee's most recent financial statements.

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In order to make advance payments, state granting agencies must include the specific reasons for utilizing advance payments in the grant agreement. The decision to make advance payments must be approved in writing by the state granting agency's chief financial officer. A copy of the signed approval must be maintained in the grant file and attached to the payment request.

The nature and terms of advance grant payments and the requirement for the subsequent reconciliations to actual expenditures as discussed in the second paragraph below shall be reflected in the grant agreement.

For grants equal to or greater than \$10,000 each advance payment cannot be for more than 25% of the total grant amount unless approved in writing in advance by the State Controller and the Director of the state granting agency.

For all grants under which advance payments are made, the grantee shall provide a reconciliation of all advance and lump sum payments on grants to actual expenditures within 60 days of the end of the grant period, to the state granting agency.

Unexpended Funds

The grantee shall be required to return all unexpended and unobligated funds to the granting agency. The funds must revert to the State at the end of the grant year and cannot be reused.