



Appalachian Regional Commission
GRANT ADMINISTRATION MANUAL

For ARC Non-Construction Grants

February 2020

1666 Connecticut Ave NW, Suite 700
Washington DC 20009-1068

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INTRODUCTION

This manual provides guidance on post-award administration of ARC non-construction projects from approval to closeout.

If you have questions about any aspect of your ARC grant, please contact the State Program Manager or the ARC project coordinator listed on the first page of your grant agreement. The mailing address is:

Appalachian Regional Commission
1666 Connecticut Avenue NW, Suite 700
Washington, DC 20009-1068
Fax: (202) 884-7682

PROJECT MANAGEMENT

WHAT TO DO FIRST

Before starting an ARC project, read your ARC Grant Agreement. The grant agreement is like a contract and will serve as a guide throughout the grant performance period. You are responsible for complying with all terms of the Grant Agreement.

Log in to [ARCnet](https://arcnet.arc.gov), ARC's grants management system, to access your electronic project record. If you have not established an account, click on the link for new users on the main page and follow the instructions to create a new account. You are responsible for keeping the contact information up to date in ARCnet for your project.

Log on to ARCnet at <https://arcnet.arc.gov> to:

- Review ARC Grant Agreement
- Track payment & amendment requests
- View projected performance measures
- Add/Change project contacts
- Check reporting deadlines
- Identify ARC project coordinator

NOTE: Your email must be listed in ARCnet in order to log in. You are only able to see projects that include you with your email address under "contacts". If you are not able to log in or cannot find a project, the primary account holder(s) in your organization must add you as a contact in ARCnet.

ARC Grant Agreements are stored in the electronic record of your project in ARCnet, and can be found in the "Documentation" section under "Files." The ARC Grant Agreement also identifies your ARC project coordinator and his/her contact information.

The project's start and end dates (the "project period" or "period of performance") are listed on the "Report" tab. Do not begin project activities before the project's start date nor continue them beyond the end date as only activities conducted during the period of performance are eligible for reimbursements or are able to count as part of the matching contribution.

The report tab also contains the reporting period and due date for your progress and final reports. Monitor these dates to be sure that you meet ARC's reporting requirements. Review the projected performance measures for your project, also found in the ARCnet record in the "Performance" section. You are responsible for tracking these measures and reporting your progress in interim and final reports to ARC.

For assistance logging in or using ARCnet, email itsupport@arc.gov.

STARTING THE PROJECT

You should begin work on your ARC-funded project as soon as the grant agreement's period of performance begins. Unless explicitly stated in your ARC Grant Agreement or ARC Approval Memo, you do not have to contact ARC before you begin. ARC and state contacts are available to answer questions and provide guidance as needed.

PROCUREMENT

If your project involves procurement, e.g., for a service or a product, your ARC project coordinator may ask to review your written procurement procedures before the project starts. Regardless of whether you are asked to share these procedures with ARC, each procurement must comply with federal procurement standards.

State agencies follow their own procurement policies and procedures. All other grantees must competitively bid procurements according to the procurement standards in the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, found at 2 C.F.R. 200.317-326. See Part II, Articles 5 and 6 of your ARC Grant Agreement for more details about contracting procedures.

CONTRACTING OR SUBAWARDING FOR SERVICES

Prior ARC approval is required before subawarding, transferring or contracting out work under your ARC grant, unless identified in the original, approved work plan, or any approved revision.

The decision as to whether to award a subgrant or to make a procurement must be made on a case-by-case basis. It is important to get this decision right because legal obligations of a subgrantee differ from those of a contractor. Federal regulations should be consulted at 2 CFR 200.330, *Subrecipient and contractor determinations*.

SUSPENSION AND DEBARMENT

All recipients and subrecipients of ARC funds are subject to suspension and debarment regulations at 2 CFR Part 180, which restrict awards, subawards, and contracts with parties that are debarred, suspended, or otherwise excluded from participation in federal assistance programs or activities.

All recipients and subrecipients of ARC funds must be registered on GSA's System for Award Management (SAM), which contains the electronic roster of suspended and debarred entities that are ineligible from receiving federal assistance and benefits.

Grantees are responsible for ensuring that subgrantees and/or contractors have not been suspended, debarred, or disqualified by checking <https://www.sam.gov/SAM/> for SAM Exclusions. Grantees must check this information not only before a subaward, contract, or loan is made, but also during the performance period.

REPORTS

To view the requirements for reporting, refer to Article 4 Reports, found in Part II of the ARC Grant Agreement.

REPORTING INTERVALS

The reporting period begins with the start date of the grant agreement. ARC requires interim progress reports every 120 days or every four months and a final report at the end of your project's period of performance. Reports are due no later than 30 days after the close of a reporting period.

If program activities did not start within this period, or if the project is delayed any time during the reporting period, narrative and financial progress reports are still required, explaining the reasons for the delay and how any problems are being resolved.

DUE DATE FOR FINAL REPORTS

The final narrative report and all financial documents are due within 30 days of the end of the project. After your ARC project coordinator accepts your report, he/she will prepare a closeout report which becomes the basis for closing the grant agreement. If a delay in submitting the final narrative report is expected, the grantee should notify the ARC project coordinator.

REQUIRED CONTENT FOR ALL REPORTS

Both interim and final reports must include:

1. **ARC-PPR Performance Progress Report** (ARC cover page). This form is available on ARC's web site at <https://www.arc.gov/funding/forms.asp>. Box 8 of the PPR should be marked as 'interim' or 'final' as applicable.
2. **The Performance Narrative** - The performance narrative is listed in section 10 of the ARC-PPR, but should be attached as a separate document.
3. **Standard Form 270-Request for Advance or Reimbursement**; and
4. An **ARC Reimbursement and Payment Advance Request Worksheet** that summarizes actual expenditures by approved budget line items.

If requesting an advance payment, a brief justification is also required. Contact your ARC project coordinator for more details. Financial documentation is required even if no reimbursement is being requested for the reporting period.

PERFORMANCE MEASURES

Performance measures are stored on ARCnet on the “Performance” tab of your electronic project record and also on the approval memo found on the “Documentation” tab. ARC records projected outcomes and outputs upon approval of a project. Actual outcomes and outputs must be reported when a project is completed.

For a list and definitions of the output and outcome performance measures that may be used for ARC projects, please review the *Guide to ARC Project Performance Measures* found at <https://www.arc.gov/funding/forms.asp>.

REQUIRED CONTENT FOR FINAL NARRATIVE REPORT ONLY

The final report is your opportunity to share the significant features of your project and present information about the results your project achieved. The document should be written as if the reader has no previous knowledge of your project’s activities. **The report should cover the entire period of performance.** It must review and highlight all activities that occurred during the implementation of the project, including an assessment of all performance measures that were proposed in the ARC project application. See below for more information regarding required report contents.

SUBMITTING REPORTS

Reports should be completed in the appropriate electronic format and emailed to the project coordinator as file attachments to the body of an email message. Reports must include the complete grant number (including all hyphens) in the subject line of your email message and on all other correspondence. Note that grant numbers have letters, numbers, hyphens (-), and no spaces, e.g. AL-12345-15.

Reports should be emailed to your ARC project coordinator. His/her email address is listed on your ARC Grant Agreement. The State Program Manager listed on your Grant Agreement should be copied on the email. Other state ARC contacts, as specified by your state ARC program office, should be copied as well. Other individuals from the grantee’s organization may also be included in the email if desired by the grantee’s organization. Grantees that do not have the technological capability to submit electronic files, or have report content that cannot be submitted electronically, should make alternate arrangements with their ARC project coordinator.

If you have questions regarding the information needed for reports, call or email the ARC project coordinator identified on page one of the ARC Grant Agreement. Include the complete grant number (including all hyphens) in the subject line of your email message and on all other correspondence, e.g. AL-12345-15, exactly as it appears in your ARC Grant Agreement.

APPENDING NARRATIVE REPORTS TO THE ARCNET ELECTRONIC RECORD

The ARC project coordinator will upload your report(s) to ARCnet, ARC’s grants management system, after reports have been reviewed and accepted.

SUMMARY OF ARC REPORTS

	Interim	Final
How often?	Every 120 days or every 4 months beginning with the project start date. Due within 30 days of end of the reporting period.	Due within 30 days of end of the grant performance period.
Activities covered	Only those occurring in that reporting period. Schedule of activities for the next reporting period.	Cumulative for the entire performance period of the grant.
Financial report required?	Yes	
Forms & content required	ARC-PPR, marked as interim Interim Narrative Report SF270, marked as partial ARC Backup Worksheet(s), Reimbursement and/or Advance Payment Request Justification for advance if applicable	ARC-PPR, marked as final Final Narrative Report SF270, marked as final ARC Backup Worksheet, Reimbursement Request only
Narrative format	Use ARC format provided in this manual	
Email	ARC Project Coordinator w/ CC to the State Program Manager	

FORMAT AND CONTENTS OF PROJECT NARRATIVE REPORTS

COVER PAGE

The ARC-PPR form serves as the report's cover page and must be signed by an authorized individual. The ARC-PPR should accompany each interim progress report and the final report. Unless instructed otherwise by your ARC project coordinator, attach a narrative (section 10 on the ARC-PPR) covering the elements listed below, as a separate document.

BACKGROUND

Provide a short statement regarding the need for this project. What problems did you hope to solve when you applied for ARC funding?

RECENT/UPCOMING ACTIVITIES

Describe in detail what happened during this reporting period and explain how you implemented the approved scope of work. If there have been significant changes to your program during the course of the project, or if the project was implemented differently than described in your original proposal, please describe those changes here. If you retained a consultant, list their credentials and describe what they were paid to do.

PROGRESS MADE TOWARD PROJECT OUTCOMES

Provide any statistical information that helps document the outputs and outcomes of your project to date. Data will vary according to the type of activities you completed. Although it may be difficult to document outcomes (results) at this time, grantees should report progress made to-date. If outputs and/or outcomes will not be attained until after the end of the grant period, predict the likelihood of meeting those original targets—and give a date. You are responsible for accurately tracking and documenting all listed outputs and outcomes from the Approval Memo and the Performance tab in ARCnet.

Sample Summary Table of Performance Measures	
Projected Outputs	Actual Outputs for the Reporting Period
Projected Outcomes	Actual Outcomes for the Reporting Period

For the final report, write an assessment of how your project has impacted the problems you were trying to solve. Were there unexpected benefits? Shortfalls? Also, provide a summary table of the outputs and the outcomes achieved to-date for the entire project performance period as applicable.

PROBLEMS ENCOUNTERED

Describe any and all major issues that arose during the implementation of the project. What would you do differently if you were starting this project again? Knowing the types of difficulties you encountered and how you resolved them will guide us in offering technical assistance to future grant applicants. Address each issue separately in its own section, and describe whether and how the issues were resolved. Also, briefly discuss the implications of any unresolved issues or concerns.

OUTLOOK FOR PROGRAM CONTINUATION AND SUSTAINABILITY

Describe how the project activities will be sustained without the grant funding. Did the project generate income? Will the program continue with other funding, and if so, what other sources of funds have been identified? If the program is to be discontinued, has it served its purpose, or is there still a need to solve the problems you were addressing? What additional steps are being taken to obtain other resources needed to continue the project?

CONCLUSIONS AND RECOMMENDATIONS (FOR FINAL REPORT ONLY)

Summarize your entire project and the lessons learned during its implementation. Include a review of your successes and suggest ways that your experience may be helpful to others.

ATTACHMENTS

Attach or include material that helps to describe your project and documents your success, such as photographs, news clippings, maps, links to videos, and/or website addresses. Also, please attach copies of any written evaluations that may have been completed for your project.

NOTE: You should have written permission or releases signed by the individuals and/or their guardians, to use photos of any recognizable individuals before sending them to ARC. Do not send the photo releases but retain them with your project files

Do not send personally identifiable information, as defined in 2 CFR 200.79, e.g. social security numbers, birthdates. Grant files are subject to public inspection.

FINANCIAL REPORTS AND PAYMENT REQUESTS

ARC REIMBURSEMENT PROCESS

ARC makes electronic payments to grantees using the Automated Clearinghouse (ACH) payment system. No payments will be made without a completed ACH enrollment form (SF 3881) on file. The SF3881 enrollment form with instructions was included with the ARC Grant Agreement that was electronically sent to the individual named as the project executive, and is available at <https://www.arc.gov/funding/forms.asp>. If your organization is registered with the [System for Award Management \(SAM\)](#), information about your financial institution submitted to ARC on the SF3881 must be consistent with information found in SAM or payment will not be made.

Financial forms are reviewed to confirm that expenditures are consistent with the approved budget and reflect the project's progress described in the narrative report.

Payments may be tracked by logging in to ARCnet and viewing the electronic record for your project. Select the "Financial" tab, and then select "Payment" for a record of all payments.

REQUESTING A REIMBURSEMENT

Reimbursement requests should be signed, scanned and emailed to ARC. Payment requests must include the following documents:

1. **ARC-PPR Performance Progress Report** (ARC cover page). This form is available on ARC's web site at <https://www.arc.gov/funding/forms.asp>. Box 8 of the PPR should be marked as 'interim' or 'final' as applicable.
2. **The Performance Narrative** - The performance narrative is listed in section 10 of the ARC-PPR, but should be attached as a separate document.
3. **Standard Form 270 - Request for Advance or Reimbursement**; and
4. An **ARC Reimbursement and Payment Advance Request Worksheet** that summarizes actual expenditures by approved budget line items.

Payment forms were included with your ARC Grant Agreement and are available at <https://www.arc.gov/funding/forms.asp>. Both ARC *and* matching funds must be identified in the backup worksheet that accompanies all payment requests.

The ARC Grant Agreement, Part II, Article 11, outlines the conditions which must be met for a grantee to receive reimbursement for incurred expenses. Unless there are unforeseen or outstanding issues, payments will be made within 30 days after a grantee submits both a detailed progress narrative report and corresponding accurate and completed financial documentation. Payments will not be authorized until the ARC project coordinator has received and accepted both components.

ARC routinely withholds the final 10 percent of the grant amount until the final reports are accepted and the project is closed.

REQUESTING AN ADVANCE PAYMENT

ARC will advance funds, but usually for no more than one reporting period and never for the final payment at time of closeout. The advance payment request should include:

1. A statement explaining why an advance is necessary;
2. **Standard Form 270 - Request for Advance or Reimbursement**
3. An **ARC Reimbursement and Payment Advance Request Worksheet** showing *estimated* expenditures for each approved line item in the official budget for the forecasted period.

A reimbursement and advance may be included in a single payment request accompanied by separate worksheets for the reimbursement and for the advance and one SF270. The advance worksheet is included as the second tab of the Excel file "Reimbursement and Payment Advance Request Worksheet."

REQUESTING A FINAL PAYMENT

The final payment due to the grantee is contingent upon submission to ARC, and ARC's approval of the final narrative report and final financial report. Final payments are processed when the project closeout is complete and may take longer than interim payment requests.

Final written and financial reports should reflect activities and costs for the entire grant performance period. The final reports must include the source(s) and amount(s) of all matching funds. The final Reimbursement Request Worksheet should also detail how all matching funds were used.

CHANGES TO A PROJECT

MAKING CHANGES TO GRANTEE'S FINANCIAL INSTITUTION

Complete a new ACH enrollment form if your financial institution changes during the period of performance for your ARC Grant Agreement. Include a note indicating that it is revised and submit the new form by mail or by fax to the ARC Finance Office, 1666 Connecticut Ave. NW,

Suite 700, Washington, DC 20009-1068; Fax number (202) 884-7691. Be sure to include your full ARC project number on the form.

CHANGING THE PERIOD OF PERFORMANCE OF AN ARC GRANT AGREEMENT

If a project cannot be completed within the approved period of performance, an extension request may be made by email to your ARC project coordinator and the State Program Manager. The request must be received and approved **prior to the project end date listed in the grant agreement**. The request must include the reason for the extension and the proposed revision to the end date. Approval of a project extension is contingent on the state's concurrence.

CHANGING A KEY PERSON

Prior ARC approval is required to change in a key person specified in the grant application or the grant agreement. Your State Program Manager should be copied on the request.

REDUCING ENGAGEMENT

Prior ARC approval is required if you disengage from your ARC project for more than three months, or reduce by 25 percent the time devoted to the project. Your State Program Manager should be copied on the request.

CHANGES IN COST SHARE/MATCH

Prior ARC approval is required for any changes to the approved cost-share or match provided.

MODIFYING THE BUDGET OF YOUR ARC PROJECT

Prior ARC approval is required for changes to major line items when the grant amount exceeds \$100,000 and the total proposed transfer exceeds ten percent of the project's total approved budget. To request a budget change, submit a budget revision worksheet and narrative justification to the ARC project coordinator and State Program Manager. Note that the 10 percent cap on budget changes is cumulative over the life of the project and that new budget line items cannot be created.

The State Program Manager must concur with the request before ARC will consider a budget change request. Budget changes that involve substantial revision to the scope of work or objectives of the project regardless of the grant amount or amount of money being moved always require prior ARC approval.

Copies of minor budget revisions should be sent to ARC so that files will reflect the correct budget at all times. A budget revision request worksheet is available at <https://www.arc.gov/funding/forms.asp>.

OTHER CHANGES TO AN ARC PROJECT

Generally, minor project extensions and budget revisions can be approved by the ARC project coordinator. Requests for substantial changes to a project's scope of work must be reviewed and approved in a process that is similar to the review of the original application.

The State Program Manager must concur with the request before ARC will consider a project revision request.

To request a change to an ARC project, describe in detail the reason for adding, modifying, or deleting an activity. Include information explaining any revisions to the expected outcomes that would result from the proposed change(s).

RECORD KEEPING AND AUDITS

OFFICE OF MANAGEMENT AND BUDGET GUIDANCE/FEDERAL REGULATIONS

ARC grants must be administered in accordance with federal regulations promulgated by the Office of Management and Budget at Title 2 of the Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The grantee is expected to be familiar with, and make sure that the project adheres to, these regulations. The regulations are occasionally revised. It is recommended to access the regulations at www.ecfr.gov, which is maintained by the U.S. government and updated regularly. You may order hard copies of the regulations directly from the Office of Management and Budget by telephoning that office at 202-395-7332.

AUDIT REQUIREMENTS FOR ARC GRANTS AND SUBGRANTS

Grantees and subgrantees must maintain accurate and complete records relating to ARC awards and subawards, and make these available to ARC upon request, or for audit, as necessary, by the ARC Office of Inspector General or the Government Accountability Office. Each year, ARC's Office of the Inspector General conducts random audits of selected ARC projects to ensure compliance with the Appalachian Regional Development Act, the ARC grant agreement, ARC policies and procedures, and federal regulations.

In addition, grantees and subgrantees that expend \$750,000 or more of total federal awards (including any ARC grant) during their fiscal year must have a single or program-specific audit conducted for that year in accordance with Subpart F of 2 CFR Part 200. Grantees must ensure that their subgrantees comply with this audit requirement as applicable.

COMMON AUDIT ISSUES

If your organization is selected for an OIG audit, you are required to cooperate by providing all documentation and information requested. To get an idea of some common audit issues, you may access previous [ARC OIG audit and inspection reports](https://www.arc.gov/about/officeofinspectorgeneral.asp) online at <https://www.arc.gov/about/officeofinspectorgeneral.asp>. Below are some potential audit issues to be aware of:

1. **General financial management.** Financial management systems must be sufficient to prepare reports, trace all funds, and ensure control and accountability over all property, funds, and assets.
2. **Internal controls.** Policies and procedures must provide reasonable assurance that the ARC grant will be managed in compliance with applicable statutes, regulations, and grant terms and conditions.
3. **Separate Accounts.** If your organization manages several grants, each grant must be accounted for separately, including activities, receipts, expenditures, and any matching fund documentation. Records must identify the source and use of funds provided for each grant-funded activity; no commingling of funds.
4. **Documenting and identifying match.** If your project will be using in-kind or third-party property or services for matching purposes, records should be maintained including a listing of sources and documentation showing that the contributions were valued according to federal cost principles at 2 CFR Part 200, Subpart E, and 2 CFR 200.306, e.g., appraisals, evidence of local rates of pay, etc. Documents such as invoices, volunteer time sheets, employee pay records, receipts, etc. should support all services donated.
5. **Procurement.** Written procurement policies and procedures should reflect requirements in federal regulations at 2 CFR 200.317-326, including (for grantees that are not state agencies) requirements relating to competition, standards of conduct prohibiting conflicts of interest, and cost and price analyses.
6. **Direct/Indirect Costs.** With a few exceptions, indirect costs charged to an ARC project must be pursuant to (a) a federally negotiated indirect cost rate or (b) the de minimis rate provided in federal regulations, as documented in writing. The rate must be listed in the approved ARC budget. Indirect and direct costs must be treated consistently.
7. **Equipment and Property.** Written equipment management and maintenance procedures must be followed, according to federal regulations and ARC requirements, including inventory requirements, filing of a notice of federal interest, and proper use.
8. **Costs with respect to travel.** Travel claims should follow written policies of the grantee when consistent with federal regulations at 2 CFR Part 200, including but not limited to 2 CFR 200.474. Invoices should support costs and expenditures.
9. **Timeframe of eligible expenses.** Expenses charged to the ARC project must be incurred during the grant period of performance. As noted previously, any grant period extensions must be approved by ARC before the grant period expires.
10. **Support of Salaries and Wages.** All documentation relating to salaries and wages charged to your ARC grant should be maintained. Salaries and wages must reflect the actual activity of each employee, not a budget estimate.
11. **Performance measures.** Final reports should describe actual achievements rather than estimates, and tie objectives met to the objectives outlined in the grant agreement.
12. **Allowable costs.** All costs charged to your ARC grant must be allowable under federal cost principles, Subpart E to 2 CFR Part 200.
13. **Performance period.** All costs charged to your ARC grant must be incurred during the period of performance, not before or after.

AFTER PROJECT COMPLETION

PROJECT CLOSE-OUT

After your project is complete you must submit a final narrative report and final financial reports. The ARC project coordinator will prepare closeout documentation. You will receive an email notification when the project has been closed by ARC.

POST-CLOSEOUT OBLIGATIONS

You must promptly liquidate all obligations incurred under your ARC grant and promptly return any unused advance payments to ARC.

You must account for any real property or equipment purchased or improved with, or used as match for, your ARC grant, in accordance with 2 CFR 200.310 *Insurance coverage* through 200.316 *Property trust relationship*.

Program income is not required to be reported after a project is closed out.

VALIDATION VISITS & OTHER POST AWARD ACTIVITIES WITH ARC

You may have other opportunities to share the success of your project if it is selected for a validation visit by ARC staff or if the project is selected to participate in an independent program evaluation. Grantees are required to comply with requests for information at these times even after the project is closed.

ARC's project investments are tracked in a variety of ways after a project is closed, including:

- **Validation Visits** - ARC staff visit approximately 50 projects annually. The visits help ARC to assess the impact of its investments and verify reported performance measures. Selected projects are visited after the ARC project is closed. Such visits may occur up to 5 years after project closeout. ARC Code chapter 8.9 requires grantees and subgrantees to cooperate with ARC's evaluators, e.g. by providing the documents requested and participating in interviews.
- **Program Evaluations** - Program evaluations are performed by an outside contractor, and required by Congress. Program evaluations often involve large numbers of ARC grantees currently or formerly involved in similar types of activities, such as infrastructure, education, business development, etc.
- **Inspector General Audits, Inspections, and Investigations** - The Office of Inspector General provides independent and objective audits and investigations relating to agency programs and operations, as set forth in the Inspector General Act of 1978.