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10/20/99	**Administration of Local Grant Awards**	B - 220
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1. Purpose and Scope

Each year, the enacted State budget appropriates money for various grants, awards and contracts with local governments, not-for-profit organizations and community groups to be financed through funds administered by State departments, agencies and public authorities. Such funding is intended for specific projects and organizations. In 1996, the State Finance Law was amended to create the Community Projects Fund (CPF) for this special class of appropriations, sometimes referred to as “local grant awards,” “member items” or “legislative initiatives.” This item outlines the provisions of §99-d of the State Finance Law, which creates the CPF, and department, agency and public authority responsibilities for administering CPF moneys.

2. Community Projects Fund

The State Comptroller has assigned the code 007 to the CPF to distinguish it from other funds within the General Fund. Key provisions of §99-d of the State Finance Law creating the CPF include that:

- The Director of the Budget must issue a certificate of approval for the full amount of any appropriation in any account of the CPF not later than sixty days after the appropriation is enacted;

- Appropriations in the CPF lapse on September 15 following the end of the fiscal year and are available for the payment of liabilities incurred until that date. Departments, agencies and public authorities may continue to encumber against CPF appropriations in the period between the end of the fiscal year and the September 15 lapse date;

- Separate accounts, as designated by the annual appropriation bills, are established within the fund;

- Payment is not required, and will not be made, out of any appropriation in any account of the CPF unless sufficient moneys have been authorized for transfer to the account; and

- Exhaustion of funds available for transfer to the CPF does not preclude the approval of contracts for CPF projects.

3. General Responsibilities

State departments, agencies and public authorities must comply with all applicable provisions of the State Finance Law, Office of the State Comptroller (OSC) and Division of the Budget (DOB) rules and regulations, including all related OSC and DOB bulletins, when administering

funds for local grant awards. Among other things, current law, rules and regulations require advance OSC approval for contracts over $10,000 and written agreements between the State department, agency or public authority and the grant recipient for local grant awards under $10,000. Contracts and agreements for such grant awards should include, at a minimum:

- A clear statement of the project's purpose and objectives;
- A description of the types of expenditures eligible for reimbursement;
- The method and measures to be used to evaluate the project's completion and results;
- Recipient financial and program performance reporting requirements;
- A standard clause requiring the recipient to certify that payment requests do not duplicate reimbursement of costs and services from other sources;
- A statement that the grantor has the right to perform field inspections or a post audit to ensure contract compliance;
- Provision for reasonable recourse against the grant recipient in case of noncompliance; and
- Language which states: "The State will not be liable for payments pursuant to any contract, grant or agreement made pursuant to an appropriation in any account of this fund if insufficient monies are available for transfer to such account of this fund after required transfers pursuant to §99-d (3) of the State Finance Law."

The size and nature of some grant awards or projects may call for a schedule of payments based on measurable progress, retention of part of a grant pending proof of satisfactory completion of the project or both. Departments, agencies and public authorities may also require documentation for costs claimed against cash advances, interim financial and performance reports, final financial and performance reports or any combination of these items.

In addition, departments, agencies and public authorities are responsible for monitoring the performance of the grant recipient and maintaining records pertinent to the grant award. Periodic or random site visits and audits should be conducted as normal administrative safeguards to ensure appropriate use of State funds. Records to be maintained include:

- A copy of the appropriation language for the award.
- A copy of the award notification from the Legislature, if available.

- Correspondence between the grantor and the grantee, including grant applications.
- Grant contracts and amendments.
- Contract encumbrance documents.
- Contract payment vouchers.
- Project status and completion reports.

Questions related to the administration of local grant awards should be directed to your budget examiner.