

OFFICE OF ACCOUNTS AND CONTROL

**BUSINESS PROCESS POLICY FOR FEDERAL GRANT  
MANAGEMENT**

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**Effective DATE**

**Revised N/A**

**1. Purpose**

The purpose of this policy is to establish clear, consistent requirements for specific business processes related to management of federal grants and cooperative agreements, referred to herein as “federal financial assistance”. These requirements will enable more accurate enterprise-wide data for decision-making, transparency, and accountability; and improve consistency of recordkeeping.

**2. Background**

In December 2022, the State completed the implementation of an enterprise-wide Grants Management System (GMS). Adoption of the GMS is proceeding in accordance with [Grants Management System Conversion Policy A-77](#) and [220-RICR-20-00-2 Rules and Regulations for Grant-Making Involving Federal Funds](#). The grant management system combined with the Regulation provide the structure and foundation for a consistent statewide grant management business process.

**3. Applicability**

This Policy shall apply to all departments and agencies of state government using the GMS, unless excluded below or by written approval of the Controller. Agencies may submit a written request to the Controller for a program to be considered for exclusion from this Policy. Agencies may submit a waiver request via the GMS. Agencies that receive federal funds from RI Department of Transportation that meet the definition of an [Interagency Agreement with Federal Funds \(IAA-FF\)](#), should document such funds in the GMS as if they were the Prime Recipient.

Any waivers of [220-RICR-20-00-2](#) issued in writing by the Controller, or designee, prior to the effective date of this policy extend to Part 8 of this policy, to the extent applicable, for the duration of the waiver.

Exclusions:

- Federal Financial Assistance received by:
  - RI Department of Transportation, except IAA-FF Agreements as noted above;
  - Public Colleges; or
  - Quasi-State agencies.

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- Federal Financial Assistance used for direct public benefit and/or claims-based payments to beneficiaries (individuals, families, or households), such as:
  - Supplemental Nutritional Assistance Program;
  - Medicare; and
  - Medicaid funds.
- FEMA Public Assistance (PA) and Fire Management Assistance Grant (FMAG) funds.

Agencies and/or federally funded programs not covered by this policy remain subject to all applicable federal and state rules and regulations related to the federal financial assistance received, including [220-RICR-20-00-2 Rules and Regulations for Grant-Making Involving Federal Funds](#).

## 4. Definitions

**Administering Agency:** Term used in this policy to mean a Rhode Island State Agency that receives federal funds from a Prime Recipient Agency to carry out part of a federal program; but does not include quasi-public corporations or state colleges. An Administering Agency may also be a recipient of other federal awards directly from a federal awarding agency.

**Assistance Listing:** The federal program number in the comprehensive list of federal assistance programs, available at SAM.gov. Previously known as “CFDA” or “Catalog of Federal Domestic Assistance.”

**Cooperative Agreement:** Means a legal instrument of financial assistance between a Federal agency and a recipient, consistent with [31 U.S.C. 6302-6305](#). A cooperative agreement is distinguished from a grant in that it provides for substantial involvement of the Federal agency or pass-through entity in carrying out the activity contemplated by the Federal award. 2 C.F.R. § 200.1 (October 2024)

**Federal Award Identification Number (FAIN):** The unique identifier issued by a federal granting agency for each financial assistance award.

**Federal Financial Assistance:** Means assistance that recipients or subrecipients receive or administer in the form of grants and cooperative agreements.

**Federal Tax Information (FTI):** FTI is defined in IRS Publication 1075.

**Grant:** Means a legal instrument of financial assistance between a Federal agency and a recipient, consistent with [31 U.S.C. 6302, 6304](#)... to carry out a public purpose authorized by a law of the United States... 2 C.F.R. § 200.1 (October 2024)

**Grants Management System (GMS):** Shall have the same meaning as is set forth in 220-RICR-20-00-2.5(A).

**Interagency Agreement with Federal Funds (IAA-FF):** Funds issued by a federal agency to a state agency (Prime Recipient Agency) that are then transferred in compliance with applicable federal award eligibility terms to another state agency (Administering Agency) to carry out part of the

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federal award received by the Prime Recipient Agency. Transfers to quasi- public corporations or state colleges are not considered as Interagency Agreements with Federal Funds.

**Personally Identifiable Information (PII):** PII is defined in R.I. Gen. Laws § 11-49.3-3(a)(1) - (9).

**Protected Health Information (PHI):** PHI is defined in 45 C.F.R. § 160.103.

**Prime Recipient:** Term used in this policy to mean the Rhode Island state agency that is the direct recipient of the federal award.

**Prime Recipient Agency:** Term used in this policy to mean the Rhode Island state agency that is the direct recipient of the federal award.

**Rhode Island Grant Identifier (RIGID):** Unique state identification code automatically assigned by GMS to each award and each “child” sub-project created in GMS.

**Subaward:** Means an award provided by a pass-through entity to a subrecipient for the subrecipient to contribute to the goals and objectives of the project by carrying out part of a Federal award received by the pass-through entity. It does not include payments to a contractor, beneficiary, or participant of a Federal program. 2 C.F.R. § 200.1 (October 2024)

**Subrecipient:** Means a non-federal entity that receives a subaward from a State Agency to carry out part of a federal program; but does not include a beneficiary or participant of such program. A Subrecipient may also be a recipient of other federal awards directly from a federal awarding agency. 2 CFR 200.1

## 5. Resources and Upload Information

State agencies shall follow applicable guides/videos available on the Grants Management Office website, [Resources for State Agencies](#). For assistance, agencies are encouraged to use the [Support Form](#) and/or attend GMO’s office hours.

When uploading documents to the GMS, files must be added to the corresponding grant and level. For example, documents related to a specific FAIN should be uploaded to the grant, rather than the project or a subproject. Subaward documents should be uploaded to the subaward. Subaward program level documents should be uploaded to the federal grant(s) funding the program. In the filename, include the associated naming convention text, as shown in Attachment A.

Agencies shall not upload files or other materials which contain PII, PHI, or FTI, into GMS in accordance with the Definitions section of this document. Agencies shall take appropriate steps to redact and/or remove all PII, PHI, and/or FTI contained in files or other materials prior to uploading into GMS. Agencies that must review subrecipient records containing PII, PHI, and/or FTI are required to provide an alternative and secure method of file transfer (e.g., sFTP); electronic mail is not a secure file transfer method.

## 6. Internal Controls for Federal Financial Assistance

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- a. **Statewide Internal Controls.** Internal control resources and documents with statewide applicability include: [Rhode Island General Law, Chapter 35-6, Accounts and Controls](#), various [Enterprise Policies](#), Accounts and Control [training materials](#), Office of Internal Audit's [Internal Control Guide](#), and a [Fraud Hotline](#).

The State of Rhode Island maintains internal controls by separating duties among offices. The Budget Office is responsible for preparing the annual state budget, assembling, correlating, and revising the estimates of revenues and requests for appropriations of the various departments of the state government. The Office of Accounts and Control is responsible for operation of financial accounting and cost systems, preaudit of expenditures, and preparation of financial statements. The General Treasurer's Office is responsible for disbursing funds, after vouchers have passed through the defined approval process in the State's financial system. As required by R.I.G.L., Chapter 42-10, the State maintains \$500,000 in surety bond coverage for each of the following offices: General Treasurer and all Deputy Treasurers.

The State's financial system of record and the GMS are designed with internal controls. For example, financial system workflows establish separation of duties for payment approvals. In GMS, subaward budgetary controls are automatically enforced. However, statewide policies and technological designs alone are not sufficient to ensure compliance with Parts 200.302-303 of the Uniform Guidance [2 CFR 200](#), Financial Management and Internal Controls, respectively.

- b. **Agency Level Internal Controls.** State agencies are responsible for establishing supplemental policies and procedures for federal assistance programs and periodically updating such documents to ensure alignment with current practice. These policies and/or procedures should generally address:
- i. Separation of duties (for example, minimal requirements for GMS workflows)
  - ii. Physical/virtual access to records, resources, and assets
  - iii. PII, FTI, and PHI if applicable
  - iv. Tracking of funds at level(s) necessary for federal reporting, and at a minimum, tracking at the FAIN level
  - v. Basis of reporting (e.g. cash or accrual)
  - vi. Fraud reporting

Agency policies must also cover any specific requirements of the federal awarding agency and federal program. Agency staff are encouraged to request examples, guidance, or other input on program-specific policies from their federal awarding agency contacts, as applicable. Agency procedures should generally include sections that cover the procedural steps to implement Part 7 and, if applicable, Part 8 of this policy. Agencies are encouraged to reference policy and/or procedure outlines, when available from GMO.

### 7. General Grant Business Processes (Prime Recipients)

- a. **New & Amended Federal Financial Assistance**
- i. State agencies shall record in the GMS new federal assistance and amendments to federal awards within 10 business days of receipt of an executed award

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agreement or amendment. Completing these steps enables system functionality, including integrations with the state's financial system of record.

1. One new grant shall be created in the GMS for each new FAIN, unless the Controller or designee determines that multiple GMS grants be created due to the nature of the federal financial assistance and the need for additional reporting. This determination will be communicated in writing to the Prime Recipient.
2. As needed, multiple child/subprojects may be created in the GMS at the Prime Recipient's discretion, to meet program and/or reporting requirements.
3. Significant Fields for GMS/State Financial System Integration (auto-tagging of transactions)
  - a. Internal Grant ID: Leave blank. Will be automatically populated with a RIGID.
  - b. Internal Grant Name: Enter the applicable account code.
  - c. Contract Close Date: Enter federal award performance period end date.
  - d. GL Code (in budget rows): If additional naturals or match/cost share rows are needed, enter in accordance with training materials referenced in 7(a)(i)(5) below.
4. Upload the executed award agreement and/or amendment and any attachments or associated files (e.g. SF 424, certifications, terms and conditions, award letter, etc.)
5. Complete and lock a budget for each grant and child/subproject using one of the "Grantee only" budget templates. Add a budget row for each additional natural expected to be used, following training materials available at <https://controller.admin.ri.gov/grants-management/resources-state-agencies> .

### **b. Documenting Federal Drawdowns**

- i. For each federal draw, State Agencies shall upload to the GMS documentation that:
  1. itemizes all transactions associated with the draw;
  2. identifies the expense period;
  3. equals the draw amount; and
  4. if applicable, justifies any adjustments or modifications.
- ii. The documentation should have sufficient information for an auditor to be able to find each transaction in the State's financial system of record. Recommended: Use a financial system report/extract as the basis for, or part of, the draw documentation.

### **c. Reconciling Federal Financial Assistance**

- i. State Agencies are not required to reconcile federal award transactions for federal financial assistance with performance period end dates on or before April 30, 2025.
- ii. For federal financial assistance with performance period end dates after April 30, 2025, state agencies should reconcile federal award transaction data between the state's financial system of record and GMS at least quarterly. If

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such reconciliation is impacted by RIGID tagging discrepancies in closed state fiscal years, the State Agency must maintain offline financial reconciliation for each RIGID at the budget category level (e.g. personnel, fringe, travel, equipment, etc.).

### d. Closing Federal Financial Assistance

- i. State Agencies shall update the status of federal awards in GMS to “Closeout” within 120 days of the performance period end date.
- ii. State Agencies shall update the status of federal awards in GMS to “Closed” within 10 business days of receipt of a written closeout communication from the federal awarding agency. In the absence of such notification, 120 days after submitting a final performance report. Upload documentation that the grant is closed. Such documentation should include at least one of the following:
  1. Closeout letter/communication issued by the awarding agency, if available. File upload name to include “close notice”
  2. Final programmatic and/or financial report submitted by state agency. File upload name to include “final rpt”
    - a. For IAA-FF’s, Administering Agency may instead upload export or screenshot of last receipt of funds. File upload name to include “final receipt”
  3. Written request for closeout from state agency to federal agency. File upload name to include “close request”

## 8. Subaward Program Business Processes (Pass Through Entities)

State Agencies are advised to periodically review [220-RICR-20-00-2 Rules and Regulations for Grant-Making Involving Federal Funds](#) to ensure subaward programs are in compliance. Each solicitation/subaward program must conform to one of the three tracks in the regulation: Competitive; Non-Competitive; or First Come, First Served.

### a. Solicitation (Subaward Program) Setup

- i. Public & Private Solicitations. Public solicitations are visible on the [Rhode Island Funding Opportunities](#) page. Private solicitations are not posted publicly; instead the State Agency can share a link with eligible entities. All solicitations must be marked public unless:
  1. There is an approved Non-Competitive Subaward Justification Form; or
  2. Federal requirements limit applicants to a small, clearly defined pool of eligible entities such that the State Agency can share the private link via email with 100% of eligible applicants.
- ii. Non-Competitive Subawards. Submit a completed [Non-Competitive Subaward Justification Form](#) via [User Support](#) no later than 15 business days prior to publication of a solicitation in GMS to meet the “format and schedule established by the Controller...” as required by 220-RICR-20-00-2.6.2(B)
- iii. Delegated Authority. Letters of Delegated Authority previously issued by the Division of Purchases no longer apply to subawards.
- iv. Budgets. State agencies must utilize Budget Development for programs issuing subawards of \$10,000 or more. Agencies may request specific budget templates if the categories in the standard templates (RI Non Construction –

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Subaward, and RI Construction – Subaward) are not relevant. Budget Development functionality sets budgetary controls at the category level (e.g. Personnel, Fringe, Equipment, etc.).

- v. Goals. The use of Goals in GMS is recommended for all subaward programs to capture numeric performance indicators.
  - vi. Agencies are required to submit a [User Support](#) ticket for a solicitation to be published. GMO will validate that required technical components are present.
  - vii. Agencies are encouraged to [contact GMO](#) for an optional Pre-Launch Application Consultation before publishing solicitations.
  - viii. In the event an applicant wishes to revise a submitted application prior to the deadline, the applicant should contact the agency point of contact directly. Grantor agencies may revert applications to draft status prior to the application deadline. Alternatively, an applicant may submit a request via a [User Support](#) Form to revert the specific application to draft status. Given sufficient notice, GMO will revert such application to draft status only if the application deadline is in the future. GMO will immediately notify the applicant(s) and the grantor agency of such reverted application. For first come, first served programs, reverting an application to draft status will remove the application from the queue, in accordance with [220-RICR-20-00-2.6.3\(D\)](#).
- b. **Application and Review Forms.** Agencies may choose from multiple options when developing application and review forms:
- i. Standard: Use the standard template developed by GMO, and tailor it via an Intake Form. Must include required questions.
  - ii. Complex: Create program-specific application and review forms. Must include required questions.
  - iii. Streamlined: Abbreviated version of the standard template, generally limited to programs only issuing subawards of \$10,000 or less. Fewer questions are required.
- c. **Application Review and Award Recommendations.**
- i. Agencies are encouraged to fully use the GMS for application reviews. Agencies may modify and add review forms as needed to align with the agency's/program's business process.
  - ii. Agencies are required to document in the GMS compliance with application review requirements at 220-RICR-20-00-2.6.1 through 2.6.3. Upload documentation of review process steps external to the GMS.
  - iii. Reviewers are selected by the agencies. Each reviewer must observe confidentiality and disclose conflicts of interest and potential conflicts in accordance with 220-RICR-20-00-2.6.1(F) or 2.6.3(D) and applicable federal and state laws, regulations, etc.
    - 1. Reviewers, including members of boards, commissions, etc., must fully recuse themselves from any involvement in funding discussions/decisions. Such recusal should include absence (leaving the physical and/or virtual space) and refraining from:
      - a. Voting;
      - b. Discussing;
      - c. Reviewing;

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- d. Recommending;
    - e. Inspecting;
    - f. Investigating; or
    - g. Taking any other action on the matter.
  2. At times, there may be tension between the goal of stakeholder engagement and the need to avoid conflicts of interest, and the appearance of such conflicts. Boards, commissions, etc. tasked with both policy and funding responsibilities related to grant-making, shall make all reasonable efforts to separate policy and funding discussions to ensure broad stakeholder input in policy-making and avoid conflicts of interest in grant-making. To the extent allowable by the federal program, such efforts should include, but are not limited to:
    - a. Establishing distinct review committees for funding decisions, with no applicant/subrecipient entities represented; and/or
    - b. Scheduling separate sessions on different dates/times for policy topics and funding decisions.
- d. **Risk Assessments.** Agencies shall complete risk assessments in accordance with 220-RICR-20-00-2.6.4. As of September 1, 2024, Financial risk assessments shall be completed using one of the templates established by GMO, single or program. Agencies may use and/or modify the programmatic risk assessment form provided by GMO, or agency specific alternatives. Completed risk assessments shall be uploaded to the federal grant(s) funding the program in GMS (program format) or to the individual subaward (single format).
- e. **Subrecipient Monitoring Plans.** Agencies shall upload copies of their subrecipient monitoring plans to the federal grant(s) funding the program in GMS annually.
- f. **Subaward Public Data.** Beginning in 2024, GMO shall make certain subaward data fields available to the public to expand transparency and accountability. State agencies will have a minimum of three business days to review quarterly data and redact any PII before it is posted publicly. The state agency administering a subaward program is responsible for responding to any APRA/FOIA requests for additional information related to subawards and subaward programs, consistent with existing agency policies on responding to public information requests.
- g. **Solicitation and Subaward Funding Sources.**
  - i. As long as a solicitation is compliant with 220-RICR-20-00-2.6, state agencies may publish the solicitation, and accept and review applications prior to securing all funding. A minimum of one source of funds must be identified in the solicitation.
  - ii. Funding sources for subawards are not limited to federal pass-through amounts. GMO will create other sources upon receipt of complete requests from Agencies via the [Support Form](#). Agencies are solely responsible for spending within authorized budget amounts.
    1. Agency funding source requests may not exceed authorized budget amounts.

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2. Agency funding source requests require backup documentation showing the request does not exceed budget authorization.
  3. Before submitting a request, Agencies should verify the source does not already exist in GMS. Agencies may request amounts be amended, up to the amount of the current budget authorization.
  4. The budget period of the funding source (e.g. SFY25) should be identified in the request, and typically included in the proposed funding source title.
- iii. Agencies may braid multiple sources of funding in a solicitation. Any resulting subaward issued from the solicitation may be funded with any combination of the available funding sources in the solicitation.
  - iv. In the event that a subaward must be amended to add a funding source, the agency must first ensure the funds are allocated to the solicitation. If a funding source must be removed from a solicitation, it must first be removed from any associated subawards via the subaward amendment process in GMS.

### h. **Subaward Issuance.**

- i. Significant Fields for GMS/Financial System Integration (payment of subaward invoices)
    1. Subrecipient Name: Select the appropriate financial system vendor from the dropdown list. The selected entity will receive payments.
    2. Award/Contract Number: Enter unique subaward identifier, as shown on the subaward agreement.
    3. PO Number: Enter cost center and/or project code in specified format.
  - ii. The subaward agreement must be signed by authorized individuals using a signature format approved by the State Controller.
  - iii. Agencies shall upload the subaward agreement documents, including all required attachments, in GMS.
    1. The fully executed subaward agreement must be uploaded prior to completion of the Final Award Approval Workflow.
- i. **Modifications to the Subaward Agreement Template.** In accordance with 220-RICR-20-00-2.6.5(C)(3), agencies may submit a written request for modifications via the Support Form.
- i. Justifications for such requests may include, but are not limited to:
    1. A conflict between federal program rules and regulation, and the terms and conditions of the subaward agreement template.
    2. Subrecipients that are federal entities, state colleges, or quasi-governmental agencies.
  - ii. The following are not acceptable justifications for modifications and shall not be considered:
    1. \*Program specific requirements;
    2. Changes to form; and/or
    3. Refusal by subrecipients to participate in a program.

\*Agencies shall create additional appendices for program specific requirements.

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**j. Invoice (Financial Report) Payment Terms**

- i. The date that triggers Net 30 payment terms in the financial system is the last date a financial report was submitted by the subrecipient. State agencies may not modify that date.
- ii. Significant Fields for GMS/Financial System integration (payment of subaward invoices)
  - 1. Invoice Number: Must be unique to the subrecipient. Recommended: Establish a convention including the Award/Contract Number and a suffix (often YYYYMM of the invoice period).
  - 2. Receiver ID: Enter 6-digit financial system natural. If left blank, the financial system will use 654130.

**9. Consequences of Noncompliance**

Failure to comply will result in audit findings which may adversely affect eligibility for federal awards.

**Signatures:**

\_\_\_\_\_  
**State Controller**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Director of Administration**

\_\_\_\_\_  
**Date**

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## Attachment A: Grants File Naming Conventions

Please include the applicable text below in quotes as part of the filename when you upload documents to GMS.

Note: While a grant is active, files may be added under the Documents tab.

Prime Recipient Documents	File Naming Convention	GMS Action/Location for Upload
Copy of Application Summary (e.g. cover letter, budget, summary form/section)	"app sum"	When entering award or updating status to "Application Submitted" (grant level)
Federal Award Agreement	"agreement"	When entering award or updating status to "Grant Awarded" (grant level)
Federal Notice of Award / Award Letter	"NOA"	When entering award or updating status to "Grant Awarded" (grant level)
Amendment	"amnd"	When entering the amendment (grant level)
Drawdown Backup	"draw bkup"	Documents Tab (grant level) or Task, if applicable
Final Closeout Rpt	"final rpt"	When updating status to "Closed" (grant level)
Closeout Notification from Awarding Agency	"close notice"	When updating status to "Closed" (grant level)
Request to Closeout Award	"close request"	When updating status to "Closed" (grant level)
IAA-FF export or screenshot of last receipt of funds	"final receipt"	When updating status to "Closed" (grant level)

Note: While a subaward is active, files may be added on the Subrecipient Detail Page.

Pass Through/Subaward Program Documents	File Naming Convention	GMS Action/Location for Upload
Subaward Agreement		During subaward recommendation – external files (subaward level)
Appendix I: RI T&C		During subaward recommendation – external files (subaward level) OR Approval tab (solicitation)
Additional Appendices		During subaward recommendation – external files (subaward level) OR Approval tab (solicitation)
Addendum A – General Insurance Requirements (subawards ≥ \$30k)		During subaward recommendation – external files (subaward level) OR Approval tab (solicitation)

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Risk Assessment	"risk"	If individual, internal files (subaward level) If program, Document tab (federal grant level)
Subrecipient Monitoring Plan	"monitor plan"	Document tab (federal grant level)
Subaward Amendment	"amnd"	When amending subaward – external files (subaward level)