

SBA Substate Transfer Monitoring Checklist

Grants Management Guide - State of Indiana

Version 1 (March 2024)

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Summary: As defined in SBA's Funding Source Request policy, a *Subgrant (aka Substate) Transfer* is a transfer of federal grant funds from the prime recipient agency (Granting Agency) to another (Sub-State) agency. MOUs are required for all Subgrant transfers (see [FMC 3.4](#)).

Indiana State agencies serving as Prime Recipients, or Grantors of Substate Transfers, are required to monitor their Substate Grantees (or "Receiving agency(ies)"), ensuring funds are drawn on a timely basis, and reconciling grants in PeopleSoft Financials.

*See *Section 7 – Create Substate Transfer Org Funding* of [SOI User Guide - Grantee Award Management](#) for specific guidance on steps to be taken within eCivis Grants Network.

Prior to executing a MOU (Memorandum of Understanding) through SCM:

- ✓ Receive grant award notification from federal granting agency or request an estimated funding source based on prior year grant award letter or current year Federal application.
- ✓ **Risk Assessments** for each Substate Grantee.
 - Review, determine, and document risk assessments for each receiving agency.
 - Example [Risk Assessment Excel Template](#).

Execute MOU (Memorandum of Understanding):

- ✓ See [FMC 3.4 MOUs and MOAs](#)
- ✓ Create Substate Transfer Org Funding in eCivis Grants Network.
 - See Section 7 of the [Grantee Award Management User Guide](#) for guidance.
 - Substate Transfer Organization Funding is used for all receiving agencies to request funding from the Granting Agency.
 - Ensure all Substate Agencies create an eCivis Project from the Org Funding
- ✓ Work with Substate Agencies to complete their [Subgrant Request \(MOU\) 2023](#) forms

Reviews of reimbursement requests by Substate Grantees

- ✓ Review Federal Draw Billing invoices & supporting documentation from Substate Agencies, which serve as receiving agency requests for reimbursement.
- ✓ Documentation must include tracking of all vouchers paid, in addition to the following:
 - a. Have supporting documentation of allowability
 - b. Must align with the approved budget
 - c. Must be necessary, reasonable, and allocable
 - d. Conform with federal law and grant terms
 - e. Consistent with state and local policies
 - f. Consistently treated
 - g. In accordance with GAAP
 - h. Not included as match
 - i. Staff salaries and wages must be supported by proper time and effort distribution records
 - j. Must be within the period of performance
- ✓ Select a number of vouchers paid based on risk level determined previously to audit.

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FFATA Reporting (Federal Funding Accountability and Transparency Act – [FRS.gov](https://www.frs.gov))

- ✓ Prime Awardees (\$30K or more*) at the state awarded a federal grant are required to submit a [sub-award report](#) to Federal Government by the end of the month following the month of award to a subrecipient.
- ✓ Indiana State Board of Accounts (SBOA) [FFATA Training](#)

Other Reporting

- ✓ **Financial reporting** to the federal government ([Grants.gov Reporting](#) + [Grants 101](#))
 - [SF-270](#) - Request for Advance or Reimbursement (+ [Instructions](#))
 - [SF-271](#) - Outlay Report & Request for Reimbursement for Construction Programs
 - [SF-425](#) – Federal Financial Report (+ [Instructions](#))
 - These [standard forms](#) may be embedded in a grant’s reporting system.
- ✓ **Performance Progress and special reporting** to the federal government
 - NIH Example - [Research Performance Progress Report \(RPPR\)](#)

Federal Single Audit Monitoring

- ✓ Verify if Substate agency was part of the State’s single audit.
- ✓ If findings relate to the grant, follow up with the agency for corrective action.

Monthly Tasks:

- ✓ Draw funds from the federal agency payment system.
 - Substate agency creates Federal Draw Billing Invoice to draw funds and sends to granting agency – [FDB Chapter 3](#)
- ✓ Create Report of Collection for Federal funds drawn – [FDB Chapter 5](#)

Quarterly Tasks:

- ✓ Reconcile Account Receivable. [FDB Chapter 6](#) + [AR Recon for Comptroller of State](#)
- ✓ Review compliance with Special Test Provisions, if applicable.
- ✓ Review compliance with Period of Performance.
- ✓ Confirm that Sub-State Agency has correctly identified Federal Grants on its Schedule of Expenditures for Federal Awards.

Miscellaneous

- ✓ Update funding source with SBA no later than 7 days after receiving grant award notice.
- ✓ Process for program & financial approval of invoices from Subrecipients.
 - Whether it’s attached to an existing encumbrance, or not.
 - Review claims in eCivis (consider processing: how addressed for PS FIN)