



**Subject: INTEGRATED GRANT ADMINISTRATION (IGA)
PROGRAM - FISCAL PROCEDURES**

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10-43-00 SCOPE

This chapter sets forth the Department's fiscal policy and procedure for implementing the Integrated Grant Administration (IGA) Program. This Program involves all Federal assistance programs except programs for the support of construction or for acquisition of land. The separate Federal programs from which funds are requested in an integrated grant application must involve funds from two or more Federal Departments or agencies and must have a relationship through a commonality of purpose or ability to support related goals and be part of an overall strategy to achieve a common objective. The Program operates in compliance with all statutory requirements for Federal assistance.

10-43-10 AUTHORITY

A. Authority is contained in:

1. Title IV, Section 401 (a) and 403 of the Intergovernmental Cooperation Act of 1968 and the President's Memorandum of November 8, 1968, to the Director of the Office of Management and Budget (33 FR 16487).
2. Section 601 of the Economy Act of 1932 (31 USC 686).
3. Reorganization Plan No. 2 of 1970, as implemented by Executive Order No. 11541 of July 1, 1970.

B. This Chapter implements the IGA program, which is a vital part of the President's Federal Assistance Review effort, as set forth in:

1. The Office of Management and Budget (a) IGA memorandum of January 14, 1972, and (b) guidelines for Awarding IGA Grant Funds Using the Consolidated Working Fund and the Letter of Credit, dated July 12, 1972.
2. The Treasury Reporting Requirements for Integrated Grant Administration (IGA) Program Instructions.

3. HEW Grants Administration Manual Circular No. 72.2, dated June 15, 1972.
- C. Fiscal year 1972 and 1973 projects will be operated on a pilot basis with subsequent evaluation of the program to determine whether the program will become permanent.
- D. The Participating Agency Grant Award Notice, IGA Form F, constitutes the authority for the lead agency finance office to charge the participating agencies' appropriations or fund accounts on its monthly statement of Transactions, SF-224, for the amount of the payment vouchers on letters of credit charged to the Integrated Funding Consolidated Working Fund or SF-1081 reimbursement vouchers to the Grant Payment Systems (NIH or HS).
- E. The lead agency regular consolidated working fund should be used to fund the IGA projects. The annual Consolidated Working Fund shall be utilized (the most restrictive period of availability) regardless of whether the participating agency funds are advanced from multiple year or no year accounts.
- F. Every effort shall be made by the Lead Agency to award the IGA grant before June 30 for all projects for which IGA Form F's have been received from the Participating Agencies. The failure to make the IGA award by June 30 must result in deobligation of the Participating Agency obligations and 1/12 cash advance and re-establishment thereof under the next succeeding fiscal year accounts.
- G. The existing agency letter of Credit systems and Departmental Grant Payment System shall be utilized to fund the IGA grantees.

10-43-20 BACKGROUND

- A. Program Objectives. The Integrated Grant Administration Program enables public agencies to apply for a number of Federal Assistance grants by a single application. The application is processed by a task force consisting of members of participating agencies, both Federal and State, under the auspices of the Federal Regional Council, and the approved grant is administered by a lead Federal agency. The objectives of the Program are:
 1. To provide a mechanism by which the State and local government can be given assistance in a timely and unified fashion.
 2. To enhance the capability of Federal Regional Councils to assist in solving critical State & local govt problems.
 3. To encourage greater State involvement (financial and technical) in solving local problems.

4. To encourage work program development, whereby State and local planning agencies jointly undertake common or coordinated activities and share staff.
5. To synchronize, wherever possible, the funding cycles of federal, State, and local agencies.
6. To coordinate the monitoring of project completion, as well as requests for changes and expansion.
7. To foster cooperation on the Federal, State, & local levels.
8. To cut red tape, eliminate duplication, and minimize overlapping at the Federal levels by:
 - (a) Utilizing a single application and work plan for programs requiring the financial support of two or more Federal agencies.
 - (b) Utilizing a common financial reporting system.
 - (c) Utilizing a coordinated audit concept.
 - (d) Utilizing a common completion report.
 - (e) Utilizing the administrative requirements of the lead agency "core" program while waiving the administrative requirements of other participating agency funding programs.
 - (f) Providing for identification of and compliance with all legislative requirements of funding programs.

B. DEFINITIONS

1. Applicant or eligible applicant means States, State departments or agencies, counties or municipalities, regional entities (interstate), local public authorities, interstate districts, sponsor group representatives, Indian governing bodies, and councils of governments. Integrated grants will be awarded to a single agency only, although other agencies may participate as co-applicants.
2. Participating Federal agency includes any agency in the executive branch of the Federal Government from which assistance is requested.
3. Federal assistance program means programs that provide assistance through grant or contractual arrangements.

4. Integrated grant includes Federal funds from several Federal assistance programs which contribute materially to the accomplishment of a single program or closely related programs expressed in a single application.
 5. Element is an identifiable major unit of work related to program objectives and goals and is the basis for establishing the eligibility of the program for the Federal assistance required.
 6. Objectives are specific, attainable ends toward which concentrated effort is directed. When achieved, objectives represent significant and measurable progress toward the attainment of a broader, longer-range goal. Characteristically, objectives are subordinate to goals, are of narrower and shorter range in nature, have a reasonable probability of attainment within specified time periods and resources, and are attained through measurable and quantifiable achievements.
 7. Goals are normally stated in terms of the fulfillment of broad public needs, the achievement of predetermined levels of excellence, or the alleviation of major problems. Characteristically, goals are enduring statements of purpose, often not attainable in the short term.
 8. Work plan is a translation of the objectives and goals of the applicant's proposal into elements and sub-elements. The work plan should present a schedule of work efforts and allocation of resources for the duration of the funding period.
- C. RESPONSIBILITIES. Responsibilities for implementing the provisions of this Program are:
1. Office of Management and Budget. The Office of Management and Budget (OMB) shall evaluate the effectiveness of this program and initiate such changes as experience during the pilot period indicated.
 2. Federal Regional Councils. The Federal Regional Council shall:
 - (a) Receive integrated grant proposals and determine which proposals are to be accepted for processing;
 - (b) Designate coordinating officers, who shall assist the applicant in identifying eligible supporting Federal assistance programs that have a strong probability of approval by the participating Federal Agencies, and shall serve as chairman of the task forces:

- (c) Establish task forces, composed of representatives from participating Federal agencies (to include those Federal agencies which are not permanent members of the Federal Regional Councils) and State funding agencies, which are responsible for the expeditious processing of the application, advising the applicant of potential sources of funding, making or obtaining the program decision, arranging for the monitoring of project performance;
 - (d) Designate the lead agencies, which shall administer the approved integrated grants in accordance with the provisions of this Chapter and serve as the agent of other participating grant agencies in matters concerning the receipt, delivery, review, and audit of funds, oversight of project progress and performance, approval of modifications in the work plan and associated funding changes, and project termination.
 - (1) To the extent possible, the lead agency determination, if placed in DHEW, shall be assigned to a participating financial assistance program which is administered from the Regional Office. The Regional Director or his designee shall have an overview responsibility to assure effective and prudent management of the project from the total objective point of view.
3. Participating Federal agencies. The participating Federal agencies shall:
- (a) Accept report forms and procedures developed for the Integrated Grant Administration Program and waive, where necessary, the non-statutory administrative and fiscal requirements of agency grant programs.
 - (b) Serve as lead agency when designated.
 - (c) Promulgate internal procedures to provide prompt and coordinated agency review of an integrated grant application.
 - (d) Transfer approved grant funds to the consolidated working account in a timely manner.
 - (e) Advance to the lead agency, in accordance with Section 601 of the Economy Act of 1932, an amount representing the cost of services to be rendered by the lead agency in administering the integrated grants when such costs are billed (see 10-43-40A).

- (f) Provide, as authorized by law and as part of its grant-processing responsibilities, a program of technical assistance to assist applicants to meet their planned objectives. This aspect will be coordinated by the lead agency.
4. State agencies. Those State agencies electing to participate in this Program will be expected to:
- (a) Serve as a member of the task force and participate in all activities concerned with the submission, review and approval of an integrated grant application.
 - (b) Make its funds available to the grantee, upon approval of the application, in accordance with its established procedures, but coordinated with the Federal delivery of funds.
 - (c) Accept the single integrated applications and the related financial reporting procedures as fully meeting its need without imposing further requirements on the applicants.
 - (d) Participate with Federal grantor agencies in program surveillances, including on-site evaluation.

10-43-30 PARTICIPATING AGENCY (PA) ROLE

- A. Commitments. In accordance with provisions of the Office of Management and Budget Memorandum of January 14, 1972, and HEW Grants Administration Manual Circular No. 72.2, each appropriate financial assistance grants management officer will cause a commitment to be established to the extent supported by a Federal Regional Council (FRC) accepted proposal and confirmation to the coordinating officer of the availability of grant funds. (Exhibits 10-43-1-1, 2, 3, 4 and 5)
- B. Obligations. Based upon the approved formal grantee IGA application, and request from the lead agency, the Participating Agency grants management officer shall issue IGA Form F (Exhibit 10-43-3) which must identify any unique or specific legislative requirements together with an authorization to advance 1/12th of the award to the Lead Agency, both of which shall be forwarded to the Participating Agency local fiscal office for obligation, liquidation of the commitment, and issuance of SF-1081. IGA form F shall be prepared in sufficient copies to also meet the needs of the lead agency.
- C. Initial Advance (Payment and Liquidation). The funding agency shall advance 1/12th of the IGA Form F annual obligation to the lead agency. This amount shall be recorded as an advance, and

liquidation of the obligation (estimated accruals for delivered services for the month). See also Section 10-43-40! 5 (c), second paragraph.

- D. Reporting on Monthly SF-224. The initial advance (net disbursement) shall be reported by the Participating Agency fiscal office on the monthly SF-224.
- E. Subsequent Payments. Subsequent payments (charges to the participating agency appropriations or funds) will be processed by the lead agency on its monthly SF-224, Statement of Transactions. A notification (Journal Voucher) of such charges by the lead agency will be provided each participating agency fiscal office to support the entry to the PA's accounting system. These payments must be excluded from the PA's monthly SF-224.
- F. Reports. Copy of each quarterly and final Element Financial Report, IGA Form H (Exhibit 10-43-5), will be forwarded to each P.A. together with appropriate lead agency progress report and other related information.
- G. Program Officer/Fiscal Officer Role. The program officer shall evaluate applications, determine extent of support, process usual commitment document, issue the IGA Form F (Exhibit 10-43-3) obligation document, evaluate progress reports received from the lead agency and provide technical assistance, as needed, and review internal financial reports issued by the fiscal officer. The fiscal officer shall provide accounting and disbursement support for the program officer and be the participating agency contact point with the lead agency fiscal officer.

The transaction codes to be used are shown in Exhibit 10-43-6.

Exhibit 10-43-7 presents a general systems flow chart on the relationship of the participating agencies to the lead agency to the grantee.

10-43-40 LEAD AGENCY (LA) ROLE

- A. Lead agency administration. Following the transfer of administrative responsibilities, the lead agency becomes the single Federal point of contact for the grantee on all matters concerned with the administration of the funds awarded for the project and the monitoring of project operations. The lead agency (1) makes arrangements with the participating Federal agencies for the funding agreements (Participating Agency Grant Award Notice IGA Form F, Exhibit 10-43-3) and for the transfer of the initial 1/12th advance of funds into a Consolidated Working Fund account; (2) obtains allotments and operating plans; (3) issues from the working account a

single Notification of Integrated Grant Award(s) to the grantee agency; (4) authorizes and coordinates the flow of Federal funds; (arranges for and coordinates program monitoring; (6) receives and processes fiscal and performance reports; (7) keeps participating Federal agencies informed of project progress; (8) arranges for a coordinated audit of the project at regular intervals; (9) monitors timely submittal of continuation application; and (10) reviews actual unobligated balances carried forward with the estimated amounts and causes adjustment of funding agreements and IGA award when necessary.

If the lead agency cannot consummate the integrated grant award by June 30 the P.A. obligations cease to meet the requirements of a valid obligation. In this event, the lead agency program office must notify all parties involved with the funding processes, as soon as possible to cancel the IGA Form F obligations, return the advances, cancel the CWF allotment, and reprocess all actions under the succeeding appropriation accounts when funds become available.

Further, the LA shall estimate administrative costs for performing lead agency activities and shall determine and assess each PA's share of such costs. However, the LA may elect to waive assessing the pro rata share of administrative costs to each PA whenever these costs are nominal and the accounting costs exceed any return to the LA. In the interest of facilitating implementation of the IGA program it is the policy of DHEW that all administrative costs of the LA will be absorbed and that assessment of such costs to each PA will be absorbed and that assessment of such costs to each PA will be waived pending a policy determination by the Consolidated Funding Advisory Committee.

1. Notification of the integrated grant award. The award is for a single amount representing the total of all direct Federal assistance authorized for the project. The funds as shown in an approved grant award represent budgetary and obligational authority to the grantee for the funding period. The lead agency issues the award to the grantee agency in letter form. The award will cover at least the following:
 - (a) Identification (CAN) of the supporting Federal programs and the amount approved by each.
 - (b) Any special conditions imposed with the grant approval, to include the grantee's matching funds requirements.
 - (c) A statement that the grantee is to comply with the approved work plan and budget, the Standard Provisions in Part III of the OMB memorandum of January 14, 1972, Federal laws, regulations and policies relating to the project.

- (d) Federal Grant Award Number assigned by the FRC but compatible with the lead agency's automated accounting systems data requirements.
- (e) An appropriate payment provision relating to the letter of credit and identification of the issuing office.

Standard Form 240, in accordance with OMB Circular No. A-98 and General Administration Manual Chapter 1-145, shall be prepared by the Lead Agency program office for the IGA award. Pending revision of the Standard Form 240, the several funding programs shall be listed by Federal Assistance Catalog Number and amount in the remarks section of the form.

2. Funding procedure. The grantee will be funded either:

- (a) Through the Departmental Grants Payment System (operated by the National Institutes of Health) which pays awards to hospitals, educational, and other non-profit private institutions, local units of Government, and States operating under single letter of credit (one letter of credit to a single point in the State for all HEW programs. At this time single letters of credit are in operation for the State of Nebraska, Arizona, New York for health and education programs only, and the Georgia Department of Human Resources).
 - (1) Pays by letter of credit (over \$250,000 of total awards per annum).
 - (2) Request for advances for reimbursement, (Exhibit 10-44-3 (over \$100,000 but less than \$250,000 of total awards per annum.))
 - (3) Automatic payment (\$100,000 less of total awards per annum), or
- (b) Through the DHEW agency letter of credit systems (operated by the DHEW Lead Agency headquarters fiscal offices) which pay awards to State agencies not operating under single letter of credit and qualified Headstart grantees.
 - (1) Pays by letter of credit (over \$250,000 of total awards per annum.)
 - (2) Pays by Treasury check for supplemental amounts required in excess of the letter of credit (monthly or quarterly) ceiling, or

- (c) Through the lead Agency Local Fiscal Office which pays awards to grantees not qualifying under either of the above payment systems.
 - (1) Pays by treasury check based upon Request for Advances or Reimbursement. (Exhibit 10-44-3) (for total awards of \$100,000 but less than \$250,000.)
 - (2) Pays by Treasury check on a predetermined monthly schedule (for total awards less than \$100,000 per annum.)

It is anticipated that IGA grant awards will exceed \$250,000. A new letter of credit may have a quarterly drawdown limitation which will be an amount equal to 15 per cent more than the estimated quarterly requirements (Summary of Estimated Disbursements by Quarter - IGA Form E, Exhibit 10-43-2) or a monthly drawdown limitation plus 5 percent more may be used under existing letter of credits; however, in no case may the total drawdown for the grant period exceed the total funds awarded.

The lead agency fiscal office shall prepare a memorandum similar to Exhibit 10-43-11 to the Division of Consolidated Funding, DAS-B, ASC, OS requesting that the Office of Management and Budget be notified when a letter of credit is used to finance an IGA award which has a monthly ceiling rather than a quarterly ceiling as prescribed for IGA use. The memorandum shall be prepared for each IGA award and forwarded to the appropriate central payment (letter of credit) system. If a new letter of credit with a quarterly ceiling is issued or an existing one is modified to cover the IGA award the memorandum shall be so annotated and returned to the lead agency fiscal officer. If a new letter of credit with a monthly ceiling is issued or an existing one is modified to cover the IGA award the memorandum shall be signed by an official of the central payment system and forwarded to the Division of Consolidated Funding.

The instruction to grantees shall emphasize that they should make drawdowns against the letter of credit only as needed for current disbursement purposes. Federal cash on hand must be kept to a minimum during the entire period. Drawdowns and disbursements of Federal funds will take into account the use of other funds available for the project. Unless other arrangements have been approved for the grant award, grantee matching funds will be spent concurrently with the drawdowns and disbursement of Federal funds.

3. Project surveillance and reporting. This includes the following activities: handling grantee request for changes or revisions in project as approved; receiving and analyzing the Quarterly Cash Report Exhibit 10-43-4, and Element Financial Report Exhibit 10-43-5; arranging for site visits; reporting to participating agencies on project progress; conferring with the grantee for compliance with any special conditions included with the grant award; and arranging for assistance in the preparation of and receiving the continuation application.

- (a) Quarterly Cash Report. This report is prepared to indicate the disposition of Federal funds in lieu thereof: advanced to the grantee and concurrent disposition of other funds approved for the project. The grantee must submit the report (Exhibit 10-43-4) no later than 15 working days after the end of the reporting quarter to the paying office from or through which the grant funds were received.

The lead agency letter of credit system will analyze Quarterly Cash Report in terms of the actual drawdown of funds in relation to the estimated need for funds during that quarter, and the amount of Federal cash on hand. The grantee shall be asked to explain any significant excess cash on hand.

- (b) Element Financial Report. The report, IGA Form H (Exhibit 10-43-5), shows the source of funds to which element disbursements are charged. The report is submitted quarterly. The lead agency may request the Element Financial Report or the Quarterly Cash Report more often during the funding period if more frequent reporting is necessary. Such action could be required if the grantee's use of project funds departs significantly from the work plans and the grantee has not discussed the reasons for such deviation with the lead agency prior to its occurrence.

The lead agency will analyze the Element Financial Report by comparing it with grantee's planned disbursements as reflected in the Summary of Estimated Disbursements by Quarter, IGA Form E (Exhibit 10-43-2). If the report indicates the project disbursements are deviating more than 25 percent from planned disbursements, the grantee must explain such differences to the lead agency.

When a single element or sub-element is being supported by two or more eligible Federal programs, the percentage of support to be provided by each program shall be

defined by the grantee and the concerned grantor agencies before the integrated grant is approved. If all of the federal programs involved in a single element or sub-element are eligible to finance all phases of the work, the grantee will show the total charges for the element or sub-element on the Element Financial Report, and based upon the agreed percentage of support by each program, the lead agency will distribute the charges to the appropriate supporting Federal programs. If funds from a given Federal program are eligible for use on only certain phases of work of any element or sub-element, and funds from one or more Federal programs are used for the remainder of the work, the grantee must keep separate accounts within the element or sub-element by source of Federal funds and report the charges for each Federal program within the element on the Element Financial report.

The use of program funds by the grantee must be in accordance with statutory program requirements and is dependent on the grantee conformance with the approved project budget, and the work plan. Unauthorized and significant departure from the grant budget and work schedules can result in a discontinuance (i.e. deobligation/cancellation) of the integrated grant award.

The Element Financial Report will be submitted within 30 calendar days after the end of each calendar quarter of the funding periods. The final report will be due within 90 calendar days after completion of the project period.

The Consolidated Funding Notice of Grant Awarded shall specify to the grantee whether there is a legal requirement for an accrual basis report. If there is such a requirement and the grantee's accounting records are not normally kept on the accrual basis, the grantee should develop such information through an analysis of the documentation on hand or on the basis of best estimates. Unless legally required to submit an accrual basis report, the grantee shall report on the same basis as its accounting system.

Grantees will submit a copy of the Element Financial Report to each State grantor agency, and sufficient copies to the lead agency to provide a copy for each participating Federal program. The lead agency will forward the reports to each Federal participating agency together with an analysis of the report, and a computation of the total amount which should be used to adjust the amount of funds advanced for the integrated grants.

4. Revisions in project operations or budget. The lead agency will make program and funding decisions subject only to limitations agreed to with the participating agencies. In cases where direct contact by the participating Federal agencies with the grantee appears necessary, the lead agency will make the necessary arrangements.

At least two site visits will be scheduled during the funding period with representatives from the lead agency and participating grantor agencies to review project operations, discuss problems, and consider possible changes. The first visit shall be made not later than 45 days after the close of the first quarter, and the second in the seventh or eighth month of the funding period.

Requests for budget increases will be made to the lead agency but may require processing by the Federal Regional Council. Grantees must submit revised work plans and budget summary in support of any requested increase in funds.

5. Internal Accounting Procedures

- (a) Use of Consolidated Working Fund. The regular annual Consolidated Working Fund of the lead agency shall be utilized to fund the IGA projects.
- (b) Participating Agency Grant Award Notice, IGA Form F. All IGA Form F's (three copies) must be received before the IGA award to the grantee may be issued. If difficulty or unreasonable delays are experienced in obtaining these forms the lead Agency representative to the Federal Regional Council should be requested to contact the tardy Participating Agency representative to the Federal Regional Council, or other appropriate official to the end of resolving the problem and providing the necessary documentation. The three copies of each IGA Form F shall be approved by the lead agency grants management officer. One copy shall be retained and one copy of each shall be forwarded to the lead agency fiscal office and the lead agency budget or financial management office.
- (c) Initial Advance. Receivables to the Consolidated Working Fund account must be identified in appropriate subsidiary accounts against which the advances (deposits) and the direct charges to the P.A. appropriations are credited (7 GAO 6.9). The lead agency accounting system should identify the participating agencies and amounts of receivables and advances by use of vendor codes, or when operative, by Central Registry system Identification

numbers in the "Primary Recipient" field of the standard input format. If the system cannot accomplish the identification of the source of funds and amounts in the above manner, then it will be necessary to assign a separate CAN for each source of funds (participating agency funding program). The internal Machine Number Descriptor File, Exhibit 3-30-4, for each such CAN should include a three digit suffix number to the CWF appropriation symbol which will identify each source of funds.

The lead agency fiscal office shall initiate the SF-1081 for 1/12th of the IGA Form F's and send to the participating agency fiscal office for completion and forwarding to Treasury. Deviations to the 1/12th advance requirement are not allowed unless justified in writing and approved by the Deputy Assistant Secretary, Finance.

The deposit (negative disbursement) will be recorded on the Lead Agencies' regular monthly SF-224 against the Consolidated Working Fund Symbol.

- (d) Advice of Allotment. The designated lead agency grants management officer upon receipt of all IGA Form F's shall request the Agency Budget Office to issue an advice of allotment and automatic apportionment and the necessary operating plans (obligational based and/or cost based). A separate CAN may be issued for control of the Allotment. (Although the credits to account 455 from TC 012 will be associated with several CAN's identifying the source of such funds, the debit to account 455 under TC 013 will be associated with the CAN assigned for control of the allotment.) If the alternative in (c) above is utilized all transactions will be recorded under the single CAN issued for control of the allotment.
- (e) Issuance of Integrated Grant Award. The integrated grant award is issued to the grantee. As a minimum, the standard provisions set forth in part III of OMB memorandum of January 14, 1972, must be included in the integrated grant award. The award shall be recorded using the same CAN as used for the allotment or a separate CAN may be assigned for the obligation, accrual/costs, payment and income aspects of the award.
- (f) Letter of Credit Withdrawal Vouchers or Equivalent. In DHEW the Letter of Credit Systems are financed either (1) through Grant Management Funds where amounts are withdrawn without identification of the amounts by awards, or (2) through charges direct to the program

appropriation or fund when the total amount withdrawn is broken down and identified on the back of the withdrawal voucher by grant or program.

- (1) Grant Management Funds. NIH (Departmental) and HS operate letter of credit grant payment systems through use of Grant Management Funds. Grantee Letter of Credit withdrawal vouchers are disbursed from the Grants Management Fund and are shown as net disbursements on the monthly special letter of credit SF-224. These amounts are distributed during the following month, on an estimated basis to each grant award. The total amount by CAN/appropriation are charged to the funding appropriations and credited (reimbursed) to the Grant Management Fund. That portion applicable to the IGA award is charged to the Consolidated Working Fund. The lead agency headquarters fiscal office will process the SF-1081 for these charges and will promptly notify the local lead agency fiscal office of the amount of charge to the CWF for each appropriate IGA award. The local fiscal office will prepare the Journal Voucher to credit the CWF for that amount in excess of the initial 1/12th advance and will charge the participating agency accounts for their share of this excess. The local lead agency fiscal office will immediately forward a copy of the Journal Voucher to each Participating Agency Finance Office for recording in their accounts during the same month. The participating Agency must exclude these payment from their regular monthly SF-224. The local lead agency fiscal office will report these charges and credits on its regular monthly SF-224. On this basis the agency records should be in agreement with the Treasury Report, BA-R 6653, Undisbursed Appropriation Accounts.

Exhibit 10-43-9 depicts the timing of financial transaction in DHEW when the IGA awards are funded through Management Funds.

- (2) Charged Directly to Program Appropriations: OE, SRS, and OS (Headstart) operate letter of credit system wherein the grantee either identifies on back of the withdrawal voucher the amount requested for each award (CAN) or the entire amount pertains to only one award (Headstart). In all instances the withdrawal voucher amounts for IGA awards are charged (disbursed) directly from the Consolidated

Working Fund. These charges will be reported on the lead agency special letter of credit SF-224 for the month in which the withdrawal vouchers were accomplished. To the extent the amount withdrawn exceeds the initial participating agency advance a credit to the CWF shall be shown on this same SF-224 and charges to the Participating Agency appropriations will be shown. These charges should be allocated on the basis of each accounts share to the total. These estimated amounts will be adjusted to actual based upon the IGA grantee quarterly Element Financial Report, IGA Form H.

The lead agency shall immediately prepare a Journal Voucher to charge the participating agency appropriations and to credit the Consolidated Working Fund. A copy of the JV shall be sent to each Participating Agency Finance Office for recording in their accounts during the subsequent month. The Participating Agency must exclude these amounts from their regular monthly SF-224. On this basis the agency records will always be one month behind the Treasury Report, BA-R 6653, Undisbursed Appropriation Account.

Exhibit 10-43-10 depicts the timing of financial transactions in DHEW when the IGA awards are funded directly from the CWF by letter of credits.

- (3) Direct Check Payments by Local Lead Agency Fiscal Office. Upon payment of the monthly cash request or predetermined amount the payment shall be allocated to the participating program appropriations, credited to the CWF and documented on a Journal Voucher. The JV shall be forwarded immediately to the P.A. fiscal office for recording in their accounts during the same month. The amount of payment to the grantee, and the charges to the P.A. appropriations and credit to the CWF as documented by the Journal Vouchers shall be reported by the local lead agency fiscal office on the monthly SF-224.

Exhibit 10-43-12 depicts the timing of financial transactions in DHEW when the IGA awards are funded directly from the CWF by Treasury check.

- (g) Audits. The Federal Regional Council will designate the audit lead agency. Normally, DHEW Audit Agency will

make necessary arrangements for audit of the IGA grantees when an HEW Agency has been designated as the lead agency. The agency designated to conduct the audit shall coordinate its audit with the participating Federal, State and local government agencies as provided in OMB Circular No. A-73.

The audits shall, to the fullest extent feasible, rely on audits performed by State or local government staffs or certified or licensed independent public accountants engaged by them. At a minimum, an annual audit is required of the financial operations of the grantee. A copy of the audit report shall be forwarded to each grantor agency within six months after the close of the period.

In addition, the General Accounting Office shall make audits as it deems necessary.

- (h) Program Officer/Fiscal Officer Role. The program officer shall perform all the functions of the lead agency grants management officer in reviewing, monitoring, and coordinating assistance to the grantee in the performance of the project, and coordinates the flow of documents with the agency budget office and the local fiscal officer. The local fiscal officer shall provide accounting and disbursement support for the program officer and shall coordinate with the headquarters agency fiscal office, the central payment system, as appropriate, and with the participating agency fiscal officers.

The transaction codes to be used are shown in Exhibit 10-43-6.

10-43-50 HEADQUARTERS VS REGIONAL FISCAL OFFICE ROLE

The lead agency headquarters fiscal office will process the allotment and operating plans on behalf of the lead agency regional office. It will also process the charges to the Consolidated Working Fund represented by estimated drawdown (SF-1081) from the Grant Management Fund payment systems. These payments shall be reported on the headquarters office regular monthly SF-224. The billing information from the Grant Management Funds (see 10-43-40 A5 (f) (1)) insofar as the CWF's are concerned shall be reported no later than the 20th of the same month of the payment to the Grant Management Fund, by the headquarters office to the regional fiscal offices in order for the regional fiscal officer (1) to prepare the Journal Voucher (2) to include on the regional regular SF-224 for the same month the credit to the CWF and the proportionate share thereof charged to each of the participating agency's appropriation or fund symbols and (3) to forward a copy of the Journal Voucher to each participating agency. This action will avoid negative cash balances in the CWF at month end.

The lead agency headquarters fiscal office will charge the Consolidated Working Fund for the amount of letter of credit drawdowns where such amounts are charged directly to program appropriations (see 10-43-40 A5 (f) (2)). The headquarters fiscal office shall telephone the Regional Fiscal Office to identify the monthly amount of the drawdown (charge to the CWF). The Regional Fiscal Office will determine the extent to which the drawdowns exceed the initial advance and the amounts and participating agency account symbols to be charged and will provide this information to the headquarters fiscal office. The credit to the CWF and charges to the participating agency accounts must be included on the same special letter of credit monthly SF-224 as the withdrawal vouchers. The headquarters office shall prepare the Journal Voucher, and forward to the Regional Financial Management Officer who will be responsible for forwarding copies to the participating agencies. This action will avoid negative cash balances in the CWF at month end.

The Quarterly Cash Reports should be forwarded by the IGA grantee directly to the fiscal office administering the letter of credit payment system. The Element Financial Report should be forwarded to the Regional Lead Agency program officer for review and approval. A copy of the approved report shall be forwarded to the Regional Financial Management Office within 15 days of the receipt thereof. The RFMO will record the necessary adjustments between the estimated expenditures and the actual for the reported time period only for those IGA awards financed through the agency letter of credit payment systems. The Departmental Grant Payment System (NIH) will make these adjustments automatically.

DHEW Accounting Manual Circular No. 701, dated May 28, 1970 is applicable to this Chapter. If there are any inconsistencies between this Chapter and the Circular the Provisions of the Chapter shall apply.

Exhibit 10-43-8 presents a general systems flow chart on the relationship in the lead agency between the program, budget, and finance offices in the setting where some functions are performed at headquarters while other functions are performed at the regional office.

10-43-60 CARRY OVER BALANCES

- A. Since the IGA projects normally will extend for more than one year but not more than five years the project period funding method will be used (Grants Administration Manual Chapter 1-85). That is, the estimated unobligated balance of the award, at the grantee level, is considered as part of the availability for the subsequent years continuation award. When the grantee withdraws funds under the subsequent years award the FIFO basis of charging the Consolidated Working Funds will be used. That is, the drawdowns during the subsequent period first must be charged to the previous years appropriation (CAN) until the carry over balances are consumed, the remaining drawdowns shall be charged to the then current year appropriation (CAN).

B. Adjustments Related to Carry Over Balances

1. Adjustments must be made for any significant difference between actual unobligated balances carried forward in the Final Element Financial Report for the expired budget period and the estimated unobligated balance carried forward in the continuation award for the current budget period. The lead agency shall obtain an amended IGA Form F from the appropriate funding programs and issue an amended IGA award to the grantee to cover the adjustment.
2. Any estimated unobligated balance associated with a particular element or activity which is to be completed in one budget period and therefore is not part of the work plan for the subsequent budget period must be reflected in the approved budget for the continuation award as a negative item for that work element. The actual amount as adjusted in (1) above must be adjusted back to the participating agency funding program appropriation from the lead agency consolidated working fund.
3. All unobligated/unexpended grantee balances of Federal funds must be returned to the lead agency at the completion of the project period. Such funds may be returned to the appropriate participating agency funding program appropriation(s) by SF-1081 or lapsed to the general funds of the Treasury from the consolidated working fund.

HHS Exhibit 10-43-1-1
Departmental Accounting Manual
HHS Transmittal 72.6 (10/19/72)

Pages 1 and 2

IGA FORM A (12/71) - (FRONT AND BACK)
APPLICATION FOR FEDERAL/STATE ASSISTANCE
FOR
INTEGRATED FUNDING FOR PROJECT GRANT AND INSTRUCTIONS

NOT AVAILABLE IN ELECTRONIC FORMAT

HHS Exhibit 10-43-1-2
Departmental Accounting Manual
HHS Transmittal 72.6 (10/19/72)

Pages 1 and 2

IGA FORM B (12/71) - (FRONT AND BACK)
APPLICATION FOR INTEGRATED PROJECT GRANT
ELEMENT FUNDING TABLE AND INSTRUCTIONS

NOT AVAILABLE IN ELECTRONIC FORMAT

HHS Exhibit 10-43-1-3
Departmental Accounting Manual
HHS Transmittal 72.6 (10/19/72)

Pages 1 and 2

IGA FORM C (12/71) - (FRONT AND BACK)
APPLICATION FOR INTEGRATED PROJECT GRANT
ELEMENT WORK PLAN AND INSTRUCTIONS

NOT AVAILABLE IN ELECTRONIC FORMAT

HHS Exhibit 10-43-1-4
Departmental Accounting Manual
HHS Transmittal 72.6 (10/19/72)

Pages 1 and 2

IGA FORM D (12/71) - (FRONT AND BACK)
APPLICATION FOR INTEGRATED PROJECT GRANT
SUMMARY BUDGET PLAN AND INSTRUCTIONS

NOT AVAILABLE IN ELECTRONIC FORMAT

HHS Exhibit 10-43-1-5
Departmental Accounting Manual
HHS Transmittal 72.6 (10/19/72)

Pages 1 and 2

IGA FORM D-1 (12/71) - (FRONT AND BACK)
APPLICATION FOR INTEGRATED PROJECT GRANT
CONSOLIDATION OF GRANT PROGRAM FUNDS REQUESTED AND INSTRUCTIONS

NOT AVAILABLE IN ELECTRONIC FORMAT

IGA FORM E (12/71) - (FRONT AND BACK)
APPLICATION FOR INTEGRATED PROJECT GRANT
SUMMARY OF ESTIMATED DISBURSEMENTS BY QUARTER AND INSTRUCTIONS

NOT AVAILABLE IN ELECTRONIC FORMAT

HHS Exhibit 10-43-3
Departmental Accounting Manual
HHS Transmittal 72.6 (10/19/72)

Pages 1 and 2

IGA FORM F (12/71) - (FRONT AND BACK)
INTEGRATED GRANT ADMINISTRATION PROGRAM
PARTICIPATING AGENCY GRANT AWARD NOTICE AND INSTRUCTIONS

NOT AVAILABLE IN ELECTRONIC FORMAT

HHS Exhibit 10-43-4
Departmental Accounting Manual
HHS Transmittal 72.6 (10/19/72)

Pages 1 and 2

IGA FORM G (12/71) - (FRONT AND BACK)
INTEGRATED GRANT ADMINISTRATION PROGRAM
QUARTERLY CASH REPORT AND INSTRUCTIONS

NOT AVAILABLE IN ELECTRONIC FORMAT

HHS Exhibit 10-43-5
Departmental Accounting Manual
HHS Transmittal 72.6 (10/19/72)

Pages 1 and 2

IGA FORM H (12/71) - (FRONT AND BACK)
INTEGRATED GRANT ADMINISTRATION PROGRAM
ELEMENT FINANCIAL CASH REPORT AND INSTRUCTIONS

NOT AVAILABLE IN ELECTRONIC FORMAT

TRANSACTION CODES

ACTION	DHEW PARTICIPATING AGENCY	DHEW LEAD AGENCY - CWF		
		UTILIZING DEPT'L GRANT PAYMENT SYSTEM	UTILIZING AGENCY LETTER OF CREDIT SYSTEM	DIRECT CHECK PAYMENT
COMMITMENT IGA FORM F IGA FORM F AND AUTOMATIC APPORTIONMENT ALLOTMENT IGA AWARD	040 060	012 AND 023	012 AND 023	012 AND 023
1/12TH ADVANCE SF-1081 ESTIMATED ACCRUAL	062 082	239	239	239
PAYMENTS TO GRANTEE EST ACCRUAL (PAYMENTS)		062 082	063 086	064 088
SF-224 CREDIT TO CWF		239	239	239
SF-224 CHARGE TO PA EST ACCRUAL (PAYMENTS)	062 082			
QTRLY ELEMENT FINANCIAL REPORT	AUTOMATIC ADJUSTMENT -082 +084	AUTOMATIC ADJUSTMENT -082 +084	-086 +087	-088 +090
EST ACCRUAL PAYMENTS TO EXTENT OF CARRYOVER BALANCES (FIFO) BALANCE OF EST DRAWDOWN	092 082	092 082	094 086	095 088
FINAL ROE	059	059	059	059

GENERAL SYSTEMS FLOW CHART

PARTICIPATING AGENCY/LEAD AGENCY/GRANTEE

NOT AVAILABLE IN ELECTRONIC FORMAT

GENERAL SYSTEMS FLOW CHART

**LEAD AGENCY - RELATIONSHIP OF HEADQUARTERS
FUNCTIONS TO REGIONAL FUNCTIONS**

NOT AVAILABLE IN ELECTRONIC FORMAT

TIMING OF FISCAL ACTIONS CHART
(FUNDED THROUGH MANAGEMENT FUND)

NOT AVAILABLE IN ELECTRONIC FORMAT

TIMING OF FISCAL ACTIONS CHART
(FUNDED FROM DIRECT APPROPRIATIONS)

NOT AVAILABLE IN ELECTRONIC FORMAT

SAMPLE MEMORANDUM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY

MEMORANDUM

DATE :

TO : Director, Division of Consolidated Funding
DHEW/OS/ASC/DAS-B
330 Independence Avenue, S.W.
Washington, D.C. 20201

THRU : Central Payment (Letter of Credit) System
Address:

FROM :

SUBJECT : Issuance of Letter of Credit with Monthly Ceiling
to IGA Grantee

In accordance with IGA procedural requirements you are hereby notified that an IGA award has been issued to _____ In the amount of \$ _____ and that this award is funded through a letter of credit which has a monthly ceiling rather than a quarterly ceiling.

Please notify the Office of Management and Budget of this action.

Lead Agency Fiscal Officer

TIMING OF FISCAL ACTIONS CHART

(FUNDED FROM DIRECT APPROPRIATIONS BY TREASURY CHECK)

NOT AVAILABLE IN ELECTRONIC FORMAT