Appalachian Regional Commission

GRANT ADMINISTRATION MANUAL

**ARC Non-Construction Grants
Revised August 2024**

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

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Welcome

Congratulations on receiving an ARC award! The manual outlines guidance on post-award administration of ARC non-construction projects from approval to closeout. Each section of this manual contains information and instructions on how to manage your grant.

Shortly after the date of the executed grant agreement, grantees should receive a **"Welcome Email"** which will include additional information on reporting and other helpful resources from the ARC Project Coordinator assigned to the project.

Please note: There are some non-construction projects (i.e., Access to Capital/RLF, LDD Admin., CTA) that are accompanied by unique post-award processes and requirements. Please refer to your welcome email and check with your project coordinator to verify that you are following the appropriate guidelines.

Also note: ARC does not administer grants for construction projects. If you are an ARC Construction Project grantee, please reach out to your fiscal agent, i.e., registered state basic agency (RSBA) or federal basic agency, for post-award reporting requirements.

If you have questions about any aspect of your ARC grant, please contact the ARC Project Coordinator listed on the first page of your grant agreement.

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 into ARCnet, 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 n e w account. You are responsible for keeping the contact information up to date in ARCnet for your project.

> Log into ARCnet at
> https://arcnet.arc.gov to:
>
> - Review ARC Grant Agreement
> - Track payments
> - View projected performance measures
> - Add/Change project contacts
> - Check reporting deadlines
> - Identify ARC project coordinator

NOTE: Your email must be listed in ARCnet 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.

Signed ARC Grant Agreements are stored in the electronic record of your project in ARCnet and can be found in the "Documentation" section under "System Uploaded 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 arcnetsupport@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 Project Coordinators and state contacts are available to answer your questions and provide guidance as needed. In your email correspondence, include the complete grant number (including all hyphens) in the subject line and on all other correspondence. Note that grant numbers have letters, numbers, hyphens (-), and no spaces, e.g. AL-12345-15.

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 make procurements according to the procurement standards in the *Uniform Guidance*, found at 2 CFR 200.318-327. See Part II 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 the legal obligations of a subgrantee differ from those of a contractor. Federal regulations should be consulted at 2 CFR 200.331, *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 ARC grant recipients must be registered on the System for Award Management (SAM.gov), which contains the electronic roster of suspended and debarred entities that are ineligible from receiving federal assistance and benefits. Subrecipients do not need to register in SAM.gov, but first-tier subrecipients of ARC grantees must obtain a Unique Entity Identifier from SAM. Grantees and subrecipients that provide a subaward to a subrecipient, or enter into any other "covered transactions" under 2 CFR Part 180, are responsible for verifying that their subrecipient is not excluded or disqualified. See 2 CFR 200.332(a).

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 one month 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 one month 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.

Submitting Reports

Reports are used to communicate project activity, progress, and budgetary needs and spending for ARC funded projects, and are required for grants to remain active, to stay in compliance with federal regulations, and to receive award payments.

This video overview gives guidance to grantees on how to navigate ARC's reporting tools on ARCnet. It will take you through the submission steps and requirements for the required financial and progress reports including the Performance Progress Report Form (SF-PPR), Interim and Final Performance Narratives, the SF-270, as well as ARC's Request for Reimbursement or Advance worksheet. These forms can be found under the "Progress Report" and "Financial Report/Payment" tabs and should be submitted via the online payment tool on ARCnet.

As mentioned, unless otherwise specified by your Project Coordinator, both interim and final reports should be submitted in ARCnet. Exceptions to this rule may include Access to Capital/Revolving Loan Fund project grantees, Local Development Districts Administration grantees, and Consolidated Technical Assistance grantees. Please refer to your "Welcome Email," where you will find pertinent reporting details and alternative approaches (if applicable) that are specific to your grant.

There may be additional circumstances in which paper forms are required or requested by your Project Coordinator in lieu of the electric format. Your Project Coordinator may communicate this requirement anytime throughout the grant if a switch to a paper format is necessary. Payment forms are available in the Grantee Resources section on ARC's website. Both ARC and matching funds must be identified in the backup worksheet that accompanies all payment requests.

Required Content for All Reports

Both interim and final reports must include:

1. **ARC-PPR Performance Progress Report**. Box 8 of the PPR should be marked as 'interim' or 'final' as applicable.
2. **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. **ARC Reimbursement or Advance* Worksheet.** Reimbursement requests summarize actual expenditures by approved budget line items while advance payment requests summarize expenses that are anticipated

*If requesting an advance payment, a justification is also required. Advance payments should be expended by the next reporting date and actual expenditures listed on your request for reimbursement worksheet. Financial documentation is required even if no reimbursement is requested for the reporting period.

Performance Measures

Performance measures are stored on ARCnet on the "Performance" tab of your electronic project record as well as on the approval memo found on the "Documentation" tab. ARC records projected outcomes and outputs upon approval of a project. Actual outputs and any progress toward outcomes must be reported throughout the duration of your project in interim reports and in a final report once a project is completed. Actual performance measures should also continue to be tracked and recorded for up to 3 years after the grant period has ended.

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*.

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 the required report contents.

Appending Narrative Reports to the ARCnet Electronic Record

ARC Project Coordinators will review and approve reports as they are submitted, pending no error or omission.

Format and Contents of Reports

ARC PPR Form

The ARC-PPR form 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, provide a narrative covering the elements listed below.

Background

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

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

Input outputs and/or outcomes achieved for the reporting period in the Cumulative Impacts Tab of ARCnet. 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 in your final report You are responsible for accurately tracking and documenting all listed outputs and outcomes from the Approval Memo and the Performance tab in ARCnet.

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.

Upcoming Activities (For Interim Reports)

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)

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. If an outcome

of your grant was to produce a plan or report, please send it via email to your project coordinator.

NOTE: If your report contains photos, 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 submit photo releases but retain them with your project files.
Do not submit to ARC protected personally identifiable information, e.g., social security numbers, birthdates (see 2 CFR 200.1). Remember that all grant files are subject to public inspection.

Financial Reports and Payment

ARC Payment 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 SF 3881 enrollment form with instructions was included with the ARC Grant Agreement that was electronically sent to the individual named as the project executive for signature. It is also available on ARC's website. Information about your financial institution submitted to ARC on the SF 3881 must be consistent with your Unique Entity Identifier (UEI) registration in SAM.gov 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 into ARCnet and viewing the electronic record for your project. Select the "Financial" tab, and then select "Payment" for a record of all payments.

The ARC Grant Agreement, Part II 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 may advance funds, but for no more than one reporting period and never for the final payment at time of closeout. The advance payment request should include a statement explaining why an advance is necessary.

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 narrative reports should reflect activities 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 email to ap@arc.gov. Alternatively, you may mail or fax the form 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 should 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 $250,000 and the total proposed transfer exceeds 10 percent of the project's total approved budget, which is comprised of the grant award and match funds. 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 threshold for budget changes is cumulative over the life of the project and that new budget line items cannot be created without prior approval from ARC.

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 submitted to ARC so that files will reflect the correct budget at all times. A budget revision request worksheet is available on ARC's website.

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, however, 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, start by contacting your Project Coordinator and 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 2 CFR Part 200 (the "Uniform Guidance"). As a grantee, you are expected to be familiar with, and make sure that the project adheres to, these regulations. It is important to note that the regulations were revised in 2024, and grantees whose projects are approved by ARC on or after June 21, 2024 must conduct their grants in accordance with the 2024 Uniform Guidance regulations.

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 $1,000,000 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 (for grantees whose projects were approved by ARC before June 21, 2024, that threshold amount is $750,000) 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 online at https://www.arc.gov/office-of-inspector-general/. 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. 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.

2. **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.

3. **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.

4. **Procurement.** Written procurement policies and procedures should reflect requirements in federal regulations at 2 CFR 200.317-327, including (for grantees that are not state agencies) requirements relating to competition, standards of conduct prohibiting conflicts of interest, and cost and price analyses.

5. **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.

6. **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.

7. **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 200.475. Invoices should support costs and expenditures.

8. **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.

9. **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.

10. **Performance Measures.** Final reports should describe actual achievements rather than estimates, and tie objectives met to the objectives outlined in the grant agreement.

11. **Allowable Costs.** All costs charged to your ARC grant must be allowable under federal cost principles, Subpart E to 2 CFR Part 200.

12. **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 Closeout

After your project is complete you must submit a final narrative report and final financial report. 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.

Equipment Usage and Disposition

The federal government retains an interest in grant equipment equal to its percentage share of the original purchase price multiplied by the current market value of the item or sale proceeds, as applicable (called "federal interest"). Additionally, titles to grant equipment are conditional and subject to some requirements. If an equipment item is no longer needed for project purposes, please contact ARC in advance to receive permission for alternative uses. State entities and those with items valued less than the equipment threshold do not need to reach out to ARC. See 2 CFR 200.313 for more information.

Program Income

Program income earned after the end of the period of performance does not need to be reported to ARC.

Verification Visits and Other Post Award Activities with ARC

You may have other opportunities to share the success of your project if it is selected for a verification 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:

Project Performance Verification – The performance verification process is designed to confirm project outcomes after projects have been completed. While the timeframe for performance measure tracking by the grantee falls within three years of project completion, verification efforts by ARC may take place at any point between project completion and up to five years after. The most frequently used method that ARC uses to solicit and collect this information is through electronic surveys, however, there may be times when ARC staff will request a virtual or in-person interview with the grantee as an alternative method to capture more accurate data on performance measures. ARC Code Section 8.9 requires grantees and subgrantees to cooperate with evaluators, e.g. by providing the documents requested and participating in interviews when asked.

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.