



**ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL**

TOPIC: Section 15 – Fiscal Administration of Grants and Contracts 1.0	EFFECTIVE DATE: 07/21/1992
TITLE: Grant and Aid Contracting	REVISION DATE: 07/15/2019
AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services	

**BACKGROUND**

The fiscal administration and management of contracts between the Department of Health Services (DHS) and providers of services is extremely important to the success of the programs administered. This document is to assist in providing effective management of the contract/grant agreements for aid programs. For the purpose of this policy, aid contracts are defined as grants and funding provided by the Department for local assistance and aids to organizations/providers, such as counties, cities, profit, and non-profit agencies.

**POLICY**

**Definition and Statutory Basis**

The processing of funds to grantees and sub-grantees is one of the fundamental responsibilities for which the Department and its officials, including the Secretary, are held accountable. Wis. Stat. § 16.53 (1) establishes a delegated responsibility with the head of our agency for auditing claims against the state. Wis. Stat. § 16.52 (6) requires the Secretary of the Department of Administration (DOA) and the pre-audit delegated agencies to approve contracts. Wis. Stat. § 20.903 (1) prohibits any employee or officer of an agency from contracting or creating a liability against the state without the authority of law or in excess of the authorized budget/appropriation.

Wis. Stat. § 16.54 (4) requires the Department Secretary to comply with requirements and rules prescribed by the United States Congress and federal agencies for all federal funds it accepts and administers.

Contract Administration policy and guidance is provided by the Bureau of Procurement and Contracting (BPC). This guidance can be found on the BPC Guidance Suite SharePoint Site.

**Fiscal Policy and Procedures**

The following policies and procedures outline the process and requirements for contracting and processing DHS grant in aid funding to providers through the Community Aids Reporting System (CARS and BFS)

1. **Contract Language.** DHS approved contracts or standard contract language approved by the Department must be used when processing grant and aid funding. Templates with the standard contract language can be found on the [BPC Guidance Suite Share Point Site](#).
2. **Determine and Allocate Funding.** The appropriateness and sufficient funding must be planned and scheduled to cover expected expenditures prior to contracting or creating liabilities.

Divisions and contract administrators should use available Department budget and accounting system services to determine this including: Bureau of Fiscal Services (BFS)

accountants, budget projections, and advice from BFS and budget staff. Check with BFS aids accountants or lead accountants for respective division for questions or confirmation of funding availability.

**3. Apply and Enforce Applicable Policies (see attached reference sheet).**

Contracts should not be presented to the provider of services for signature until BFS has approved the Pre-Contract Packet (Pre-Packet) and the financial provisions of the contract.

It is the responsibility of the contract administrator or other designated person to begin the contracting and Pre-Packet process early enough to accommodate all of the necessary system process and approvals. Generally, this process should begin 90 days prior to the contract start date. This allows one month for contract development and review, one month for contract signing, and one month for processing in the Community Aids Reporting System (CARS). Process can be shortened depending on the type of contract and complexity issues.

Pre-Packets should be submitted early enough for the review process to be completed and assures that the contracts/grant agreements will be set up in CARS prior to the start of the contract or grant agreement period and in time for the first payment.

Signed contracts are due in the CARS Unit by the fifth of the month preceding the month of the contract start date (except signed contracts for the period beginning January 1, which are due November 30).

BFS is responsible for notifying divisions of approval or rejection of Pre-Packets within 15 working days of receipt unless further clarification is needed which may result in extended time. See Section 15 – Fiscal Administration of Grants and Contracts 4.0 (Standard Procedures for Developing, Issuing and Processing Aids Contracts). BFS (CARS) is responsible for entering previously approved signed contracts received by the fifth of the month for the next regular CARS run. (See Sample Timeline for CARS Processing attached.)

**4. Final Processing Steps.**

After the Pre-Packet has been approved by BFS the contract administrator shall submit the contract or grant agreement to BPC for compliance review. BPC will then route the contract or grant agreement to the provider, through DocuSign, for signature. Once the contract or grant agreement is fully executed, DocuSign will submit a copy of the fully executed contract or grant agreement to the BFS CARS Unit via email submission to [DHSCARSContracts@dhs.wisconsin.gov](mailto:DHSCARSContracts@dhs.wisconsin.gov). Other arrangements may be negotiated with BFS.

**5. Administration of Federal Funds.**

A significant portion of the funding provided to DHS is provided by the federal government. The federal government and the Wis. Stat. § 16.54 (4) require all state agencies to comply with the acts of congress making federal appropriations available and to comply with the rules and regulations which may be prescribed by the United States government or by the agency of the federal government making such funds available.

It is incumbent upon the Department, each BFS accountant, and the contract administrator to assure that the federal funds used to fund any of these contracted services are appropriately applied.

Under certain circumstances and if approved by BFS, a Purchase Order (PO) may be used for grant and aid payments/ contracts. Please review APP 5.3 , Section 15 for the criteria. If a PO is used, appropriate payment monitoring and financial reporting must be performed by

the division in conjunction with the BFS managerial accountants to meet DHS and federal requirements. Any payments made to the grantee must be reviewed and approved by the grant contract administrator. In addition, subrecipient monitoring must be performed according to BPC Policies under 16.1 BPC Guidance Materials.

## **FORMS**

Grant Agreement Template, [Grant Agreement Template - CARS](#)

## **ATTACHMENTS**

1. DHS Contracting – Fiscal Policies and Procedures Reference Sheet
2. Sample Timelines for Processing CARS Contracts
3. Grants-Definition and Meaning-DHS Policy Based on Attorney General's Letter

## **REFERENCES**

Wis. Stat. §§ [16.53 \(1\)](#), [16.52 \(6\)](#), [16.54 \(4\)](#), [20.903 \(1\)](#), [46.031](#), [46.036](#), [49.343](#), and [946.10](#) through [946.13](#)

[Administrative Directive 70](#)

[BPC Guidance Suite Share Point Site](#)

[DHS APP Section 15 – Fiscal Administration of Grants and Contracts 4.0](#) (Standard Procedures for Developing, Issuing and Processing Aids Contracts)

[DHS APP Section 4 – Receivables 2.0](#) (Invoice and Collection Procedures)

[DHS APP Section 15 – Fiscal Administration of Grants and Contracts 5.3](#) (Aids Appropriations: Criteria for Using Purchase Orders)

[BPC Policies and Guidance Materials 16.1](#)

## **CONTACTS**

[Deputy Director, Bureau of Fiscal Services](#)

[Lead Accountants, BFS](#)

[GPR Aids Accountant, BFS](#)

[CARS Accountants, BFS](#)

[CARS Contract Coordinator, BFS](#)

[BFS Expenditure Accounting Section Chief](#)

[BPC Compliance Policy and Contracting Section](#)

**ATTACHMENT 1  
DHS CONTRACTING  
FISCAL POLICIES AND PROCEDURES REFERENCE SHEET**

**STATUTORY REFERENCES**

Accountability, state fiscal policies and accounting requirements or state and federal funds are all basic to good contracts. These expectations are spelled out in numerous state and federal documents, which need to be understood and researched by personnel responsible for contracts. The following are some general references and basic policy documents.

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| 1. Wis. Stat. § 46.036   | Covers purchase of services provisions, contract required, allowable costs, and audit requirements.  |
| 2. Wis. Stat. § 46.037   | Child caring institution rates.  |
| 3. Wis. Stat. § 46.031   | State/county contracts.  |
| 4. Wis. Stat. § 20.903 (1)   | Expectations of state employees regarding the creation of a liability or debt against the state.   |
| 5. Wis. Stat. § 16.54 (4)  | State employees' responsibility to comply with federal grant requirements if accepting and allocating federal funds.   |
| 6. Wis. Stat. § 946.10 through 946.13  | Description of misconduct and penalties related to public officials.   |
| 7. OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. | Allowable costs and requirements that reimbursable items in contracts be actual costs incurred.  |
| 8. Code of Federal Regulations 45 CFR 92   | Nondiscrimination in health programs or activities receiving federal financial assistance  |
| 9. Code of Federal Regulations 45 CFR 74   | Uniform administrative requirements for awards and subawards to institutions of higher education, hospitals, other nonprofit organizations, and commercial organizations; and certain grants and agreements with states, local governments and Indian tribal governments |

**DEPARTMENT POLICIES AND PROCEDURES**

1. APP Section 15 – Fiscal Administration of Grants and Contracts 4.0  
Standard procedures on how to submit budget, contract data for the CARS system; very important procedures to meet system processing and business requirements.

**ATTACHMENT 2**  
**SAMPLE TIMELINES FOR PROCESSING CARS CONTRACTS**

Copies of signed contracts must be in the CARS Unit no later than the fifth of the month prior to the first month of the contract period (depending on the type of agency).

**EXCEPTION:** The copy of the signed contract must be in the CARS unit by November 30 if the contract period begins on January 1.

The following sample timelines will allow sufficient time for processing the necessary documents. \*\*

**Sample for Contract Starting October 1:**

<b>ACTIONS</b>	<b>SAMPLE DATES</b>	<b>NOTES</b>
Pre-Packet to BFS	July 1	3 months prior to contract start date**
Pre-Packet Approved or Returned to Contracting Division	July 16	Within 15 working days
Print or Type Final Contracts	July 16	2½ months prior to contract start**
Executable Contract to BPC	July 16	2½ months prior to contract start**
Contract Reviewed for Compliance and Routed to Agency for Signature	July 19	Within 3 working Days
Contract to Agency for Signature Through DocuSign	August 1 – September 1	1-2 months prior to start date
Contract execution and submission email sent to BFS	September 5	Processing deadline
Contract Entered, System Run	September 5 – September 15	
First Payment	December 1	For receipt of October report

\*\*The time to complete the above process is expected to require up to 90 days. There can be exceptions to the 90-day time frame, and the processing time can be shortened depending on the urgency of the contact and completeness of the Pre-Packet material (i.e., emergency funding for disaster relief).

For example, the timeline may be shorter if less than 30 days are needed to secure the signature on the contract and if the materials are complete and ready to load. If a board must be convened to authorize the contract, more time will be needed than if the agency director is authorized to sign for the agency.

Also, if less than 15 days is needed to type or print the final contracts after all internal approvals have been obtained then the timeline could be shortened accordingly.

If the Pre-Packet is not acceptable as submitted, additional time may be required to resolve problems/issues.

Securing a DOA Grant Exemption may require significantly more time. Guidance on procurement requirements is provided by DOA Procurement and DHS Bureau of Procurement and Contracting and division staff.

## **ATTACHMENT 3 GRANTS – DEFINITION AND MEANING**

### **OBJECTIVE**

DHS uses the word “grant” to mean multiple things. Occasionally, declaring something as a “grant” creates confusion and problems in determining what rules apply. The purpose of this is to define the primary meanings of the word “grant” and explain how those affect accounting activities.

### **BACKGROUND**

DHS uses the word “grant” in a variety of contexts. The three main uses of the word “grant” are:

1. Federal grants.
2. The [State Procurement Manual](#) contains the Wisconsin Attorney General’s definition of grants and the Procurement Manual defines the DOA Grant Exemption process.
3. Many of the contracts entered into between DHS and local agencies, municipal and non-municipal, are documented on grant agreements/contracts, and referred to as grants or grants in aid.

Confusion occurs when there are differences in requirements, or perceived differences in required handling of “grants.”

### **DEFINITIONS**

1. [§200.51](#) of the [Code of Federal Regulations](#) defines a grant agreement as:  
A legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity that, consistent with 31 U.S.C. 6302, 6304:  
(a) Is used to enter into a relationship the principal purpose of which is to transfer anything of value from the Federal awarding agency or pass-through entity to the non-Federal entity to carry out a public purpose authorized by a law of the United States (see 31 U.S.C. 6101(3)); and not to acquire property or services for the Federal awarding agency or pass-through entity's direct benefit or use;  
(b) Is distinguished from a cooperative agreement in that it does not provide for substantial involvement between the Federal awarding agency or pass-through entity and the non-Federal entity in carrying out the activity contemplated by the Federal award.  
(c) Does not include an agreement that provides only:  
(1) Direct United States Government cash assistance to an individual;  
(2) A subsidy;  
(3) A loan;  
(4) A loan guarantee; or  
(5) Insurance.
2. In a past response to a question posed by the Department of Administration, the Wisconsin Attorney General defines grants as:  
Transfers of things of value to a recipient for the purpose of support or stimulation rather than to acquire goods or services that directly benefit the state.
3. Grants or grants-in-aids to local agencies generally fit within the Attorney General’s definition. They may also be referred to as local assistance contracts or aids to individuals and organizations.

**POLICY**

Because the word “grant” may be used to mean different things, BFS staff is expected to be careful in their use of the word and may need to clarify when necessary to make sure that transactions are appropriate and recorded accurately.

Community Aids Reporting System (CARS) transactions should not automatically be considered synonymous with grants as defined by the Wisconsin Attorney General. If a Pre-Packet is received and it is not clear whether the necessary actions to comply with procurement requirements have been taken when selecting the local agencies, the monitoring accountant will contact the BFS Aids Accountant or the BPC Compliance, Policy, and Contracting Section Chief for guidance.