



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 15 – Fiscal Administration of Grants and Contracts 5.3	EFFECTIVE DATE: 01/25/2016
TITLE: Appropriations for Aids, Grants and Operations: Criteria for Processing Grants Via CARS and Purchase Orders	REVISION DATE: 04/22/2019
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BACKGROUND

This document provides information and guidelines for using funds from aids appropriations, state operations and local assistance. Guidelines are provided for determining when to use a purchase order or CARS (Community Aids Reporting System) for grants. In addition, this policy lists the requirements and documentation needed if a purchase order is approved for contracting funds from a local aids appropriation.

Appropriation Differences and Source of Funds Criteria

Appropriations are designated as State Operations (S), Local Assistance (L), or Aids to Individuals and Organizations (A). In addition, appropriations are broken down by category into allotment lines, including a line called "Local /Aids to Individuals and Organizations".

- Generally, State Operations** appropriations fund state employee costs – salary and fringe and the costs of goods and services needed to meet the operational obligations of the state. Generally those goods and services are subject to Chapter 16 requirements. Acquiring those goods and services happens through competitive procurement, as appropriate to the dollars involved (low dollars – best judgment, high dollars – bids/RFP's). If the expected cost of the goods or services exceeds \$5000 and the vendor is not a state agency, a purchase order is generally issued. In addition, certain accounts in the statewide accounting system will determine if purchase order is used.
- Local Assistance** appropriations generally fund programs that assist local units of government in meeting the needs of their constituents for programs mandated by the State of Wisconsin. Generally, Local Assistance funds are granted to municipalities. This is not an absolute, however. Local Assistance programs may, in fact, be run by consortiums of municipalities and perhaps non-municipalities, by non-profit organizations and in some cases even by for-profit organizations. Generally, this is documented by a contract, paid through CARS.
- Aids to Individuals and Organizations** appropriations generally fund programs that either provide for direct benefits to individuals (such as the Medical Assistance Program) or are granted to non-municipalities or Tribal Governments comparable to how Local Assistance programs are funded. Again, this is not an absolute and it is possible that a municipality would receive a grant from an Aids to Individuals and Orgs appropriation. For programs, other than those considered to be direct benefits to individuals, there will generally be a contract, payment will be via CARS.

4. Procurement Considerations

Another complexity is the difference between a grant and a procurement transaction. Basically a procurement transaction is subject to Chapter 16, Wisconsin Statutes, and must comply with competitive requirements appropriate to the amounts expected to be expended. Grants do not have the same competitive requirements, but nothing prohibits a grant from being "let" on a competitive basis. For example, DMS issues RFP's and evaluates proposals, eventually contracting funds for some of their programs even though the programs qualify as grants. The Bureau of Procurement and Contracting keeps the information and handles the requests for designating something as a grant.

See "Grants – Definition and Meaning" in APP 1.0 Grant and Aid Contracting, Section 15, Fiscal Administration of Grants and Contracts. In general, "grants" are funded from Local Assistance and Aids to Individuals & Organizations appropriations.

POLICY

How do we determine what gets paid via CARS vs. a PO?

In general, CARS is intended to handle contracts for grants issued to municipal and non-municipal entities to fund programs that help meet the needs of people, not to purchase goods and services that meet the department's operational needs.

1. CARS and the related contracts and procedures are used when the funds:
 - Come from an appropriation designated as Local Assistance, or
 - Come from an appropriation designated as Aids to Individuals & Orgs, except when the appropriation is to pay benefits to or on behalf of an individual (for example, MA or the Wisconsin Women's Cancer Control Program), or
 - Are match to funds from an appropriation designated as Local Assistance or as Aids to Individuals & Orgs, or
2. PO's are generally used when the funds:

Are from a State Operations appropriation and are not deemed to be "aids-like". The primary example of this situation is when buying goods and services, such as paper and pencils or consulting services to assist state employees in the performance of their duties.
3. In some cases if approved by BFS, a PO may be used for Local Assistance and Aids to Individuals & Orgs appropriations. However, the following requirements must be met:
 - All Aids contracting requirements as specified in the CARS Prepacket process should be met. (See Section 15 Fiscal Administration of Grants and Contracts). In addition, there needs to be justification based on a provider's need for expedited payment to be reviewed and approved by BFS.
 - Prior to creating a purchase requisition in STAR, using aids funding, the following items similar to the pre-packet requirements need to be accomplished:
 - Confirm with Purchasing that no outstanding purchasing issues exist
 - Contract must be signed and contract must contain pertinent state and federal reporting requirements.
 - MA funding will remain sum certain –not sum sufficient.
 - Cost allocation plans are satisfied
 - Match requirements and funding is identified
 - Monitoring contract compliance on a monthly basis is specified
 - Purchase requisition includes signed contract, invoice format and all of above information along with proof of funding.

REFERENCES

[DHS APP Section 15, Fiscal Administration of Grants and Contracts 1.0](#) (Grant and Aid Contracting)

CONTACTS

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