

Administrative Policy No. 19.50.03

Subject: Grant Application Process

Contact: Office of Accounting Services
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Authorizing Source: [2 CFR Chapter II Part 200 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#)

Effective Date: September 1, 2006

Revised: December 1, 2021

Approved By: Original signed by Judy Fitzgerald
Assistant Secretary / Chief Financial Officer

Purpose

The purpose of this policy is to provide information and guidance to Department of Social and Health Services (DSHS) staff when preparing, reviewing, and approving grant applications.

Scope

This policy applies to all programs applying for and establishing grants. Examples of the types of grants that are subject to the review process include, but are not limited to, grants from the federal government, other governmental entities, non-profits, and for-profits. This policy does not apply to state grants under Administrative Policy [19.65.21](#).

Additional Guidance

[DSHS Forms Picker](#)

Form 05-139, Pre-Application Review for Grants

[Grants.gov](#)

Definitions

Cash contributions means the recipient's cash outlay, including the outlay of money contributed to the recipient by third parties.

Grants are funds given (granted) to DSHS by other entities for specific purposes. These funds may be used directly by DSHS or passed through to other service providers.

Grant application is a proposal or request submitted to an entity outside DSHS to obtain funds for either a new or existing program.

Granting agency is any entity or agency that gives a grant to DSHS. Granting agencies are typically federal, but grants can also be received from state/local agencies, non-profit and for-profit organizations.

Indirect costs are both program and agency-wide costs incurred to administer the grant and are costs not related to the performance of a specific service. Indirect costs are incurred for common or joint purposes and may support multiple programs. These costs benefit more than one cost objective and cannot be identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned directly to federal awards and other activities as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated to a federal award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a federal award as a direct cost. (See [2 CFR Chapter II Part 200](#))

Matching or **Cost Sharing** is the requirement to provide contributions (usually non-federal) of a specified amount or percentage to match awards. Matching may be in the form of allowable costs incurred or third party in-kind contributions.

Program means the affected DSHS programs, including the division, office, or staff designated by the assistant secretary or division director as being responsible for compliance with this policy.

Third party in-kind contributions mean the value of non-cash contributions provided by non-federal third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies, and the value of goods and services directly benefiting and specifically identifiable to the project or program. ***DSHS is not a third party and cannot provide in-kind contributions toward the grants it receives.***

Unanticipated receipts is money received which has not been appropriated by the legislature. The governor has the authority to approve the allotment of such money within the guidelines of the intent in which they were received.

Policy

Prior to submission, all grant applications must be reviewed by the fiscal program manager (FPM) or designee and Office of Accounting Services (OAS) to determine the potential financial impact to the program, division, and the department. This review includes ensuring each grant

participates in the agency-wide allocation of indirect costs and addressing any other issues noted during the review.

I. Determination of indirect costs

- A. All grant applications must include a request for an appropriate amount of funds for program agency-wide indirect costs. If the grant does not allow, or limits program or agency-wide indirect costs, programs must provide, with the grant application, the granting authority's guidelines on indirect costs or an explanation of why indirect costs are not budgeted.**
- B. Indirect costs shall be determined as follows:**
 - 1. Agency-wide indirect costs and FTEs will be determined using the estimate provided by OAS and communicated to programs through a memorandum.
 - 2. Program indirect costs are calculated based on the program's cost allocation plan.
 - 3. Indirect costs cannot exceed the amount allowed by federal regulations or guidelines. If calculated indirect costs exceed federal guidelines, those unallowable amounts must be accounted for and charged to state only funds. If your granting authority does not allow indirect costs, or if a program chooses not to include indirect costs in the grant application, those costs must still be included in the program's cost allocation plan and charged to state only funds.
- C. All grants must have calculated indirect costs identified and must be included in the agency-wide allocation base and the DSHS Public Assistance Cost Allocation Plan (PACAP).**

II. Grant application reviews

- A. Federal grant applications must include the Unique Entity Identification (UEI) number. The UEI number is a 12-character unique number assigned to all entities (public and private companies, individuals, institutions, or organizations). The UEI number for all of DSHS is SEYQXMJLUP5.**
- B. Grant applications must be submitted (either electronically or hard copy) to the FPM for review at least seven business days prior to the due date of the grant. The seven-day period is for both the FPM and OAS to perform their required reviews.**

1. DSHS Form 05-139 *Pre-Application Review for Grants* must be used to document the review.
 2. Copies of all grant applications must be sent to OAS.
- C. OAS must review all grant applications within three business days of receipt to ensure the grant application includes an adequate request for agency-wide indirect costs or an explanation of why none are budgeted.**
- D. OAS must document its review of the grant application, along with any recommendations, via e-mail to the originating FPM.**
- E. FPMs should not submit a grant application to the awarding entity until they have received a notice of OAS review.**

III. Notification of approved grants

- A. Upon receipt, copies of all grant approval letters must be forwarded to OAS.**
- B. The program will work with the central budget office (CBO) to determine if the agency must submit an unanticipated receipt request or a decision package to increase spending authority to the Office of Financial Management (OFM).**

Procedures

I. To prepare and submit a grant application

- A. FPMs or program managers prepare a draft grant application and:**
1. Include a budget for program indirect costs associated with the program or an explanation of why indirect costs are not included.
 - a. Programs must use the methodology approved in the PACAP to allocate the indirect costs to the grant.
 - b. If the calculated indirect costs exceeds the amount allowable by the grantor, the remaining indirect costs must be charged to state funds.
 - c. If your granting authority does not allow indirect costs, or if a program chooses not to include indirect costs in the grant application, those costs must still be included in the program's cost allocation plan and charged to state only funds.
 2. Verify the following have been assessed:

- a. Potential fiscal impacts.
 - b. Reasonableness of fiscal estimates.
 - c. Appropriateness of the FTE staffing model. The CBO staffing model should be used by programs.
 - d. Appropriateness of the match requirements (including in-kind contributions).
3. Forward a draft grant application and DSHS Form 05-139 via e-mail to the OAS grants manager for review.
 - a. This draft should contain enough reasonable documentation to support the inclusion or exclusion of agency indirect costs.
 4. OAS Grants Manager:
 - a. Reviews the grant application packet.
 - b. Confirms the agency-wide indirect costs are included in the grant application, or determines if the rationale for why indirect costs are not included is appropriate.
 - c. Documents other comments on the draft grant application or on DSHS Form 05-139.
 - d. Returns the draft grant application and DSHS Form 05-139 via e-mail to the originating FPM and Program Manager within three working days of receipt.
 5. FPM or program manager finalizes the grant application by:
 - a. Incorporating comments from OAS, where appropriate.
 - b. Submitting the grant application packet.

II. *To process a grant approved by the granting authority*

A. FPM or Program Manager:

1. Sends a copy of the official notification documents and grant award to the OAS Senior Financial Coordinator.
2. Recommends the account coding structure to be used for recording grant expenditures and follows the normal process for making account coding changes to OAS.
3. Adds to the written PACAP, if necessary.

B. The OAS Senior Financial Coordinator:

1. Reviews the proposed account coding structure (e.g., revenue sources, cost objective, etc.).
2. Provides the input sheet to the draw specialists for entry into grant management system (GMS).
3. Notifies the program that the codes are established.

DSHS Official