American Rescue Plan Grant

Monitoring Plan

State Water Infrastructure Grant Program

May 2025

TN Department of Environment & Conservation

Note: *This document is intended to serve as an outline of the framework and a guide for the comprehensive monitoring plan described in 2 CFR 200.328 and 2 CFR 200.329 for Monitoring and reporting program performance, as well as, in consideration of 2 CFR 200.332 for evaluating risks and tracking the progress of subgrants through the duration of the program.*

Contents

Purpose

Tennessee's Water Infrastructure Investment Plan (WIIP) describes how the State of Tennessee invests the state's American Rescue Plan (ARP) fiscal recovery funds in water infrastructure projects. These funds were authorized and appropriated by the federal American Rescue Plan Act (ARPA). The state's Financial Stimulus Accountability Group (FSAG) designated $1.35 billion for the Tennessee Department of Environment and Conservation (TDEC) to administer for this purpose. This grant manual details how TDEC is administering $1 billion through non-competitive, formula-based grants. Funds are made available through the State Water Infrastructure Grants (SWIG) program to be used for eligible drinking water, wastewater, or stormwater projects. Subrecipients of these non-competitive funds were required to meet minimum technical and administrative requirements and demonstrate commitment of co-funding before they were awarded. Subsequent to the award, and due to the impacts of Tropical Storm Helene, TDEC is waiving the co-funding requirements of Grantees in counties designated as eligible for Public Assistance under Major Disaster Declaration DR-4832-TN who submit a signed memorandum on letterhead requesting participation in the co-funding waiver within 30 days of notification of the opportunity. Specifically, the language in Section C.7. and any language contained on the budget sheet for the Grant Contracts are waived as they relate to match or co-funding requirements. TDEC issues this waiver to ensure impacted communities can complete their ARP projects before the funding deadline, preventing the return of unused funds at the end of the grant contract period. The waiver approval does not alter other terms and conditions of the Grant Contracts, and all other requirements remain in effect unless otherwise specified in writing by TDEC.

As a recipient (or pass-through entity) of American Rescue Plan Act (ARPA) funding, Tennessee's Department of Environment and Conservation (TDEC) will be required to manage and monitor all subrecipients to ensure compliance with Uniform Guidance (or commonly referred to as 2 CFR 200), specifically 2 CFR § 200.332(b) requirements for pass-through entities. Under this provision, pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring as described in 2 CFR § 200.332(d) and (e).[1]. Recipients are accountable to Treasury for oversight of their subrecipients to ensure compliance with the State and Local Fiscal Recovery Fund (SLFRF) guidelines. Therefore, all subrecipients in receipt of ARPA SLFRF grants through the State Water Infrastructure Grants (SWIG) program must comply with all monitoring and reporting requirements for the expenditures of funds.

The purpose of this monitoring plan is to describe the key activities TDEC will perform as oversight and the documentation used to support determinations of costs and applicable compliance requirements. This includes the reporting framework used to capture the financial data and accomplishments for performance goals and objectives of the grant program.

This monitoring plan includes a description of the process and procedures related the performance of: application review, risk assessments, procurement reviews, reimbursement reviews, site Inspections, and reporting requirements. In the event of a significant development, adverse performance, or an observed delivery issue, TDEC may be required to take action beyond what is included in this monitoring overview plan.

[1] As a point of clarification, TDEC refers to subrecipients as "Grantees", as the term is consistently used throughout the State for participants of other grant programs. Uniform Guidance defines "Grantees" as the recipient of grant funding from a federal agency, but "Grantees" in the TDEC SWIG program are the participating subrecipients.

Application Review

Grant applicants were allowed to apply for both Collaborative and Non-Collaborative grants. Grant applicants submitted proposals with one or more projects during the collaborative or non-collaborative grant proposal period. Deadlines for submission were the same for both grant submission types and was November 1, 2022 to be eligible to receive non-competitive grant dollars. TDEC reviewed, evaluated, and recommended grant awards within 30 days of receiving complete applications. Grant applicants were required to participate in project management discussions with TDEC during the review process to ensure projects met eligibility guidelines outlined in US Treasury Final Rule.

For more information on the grant requirements, please refer to the Non-Competitive Grant Manual.

Risk Assessment

TDEC will utilize a risk assessment process to identify and evaluate each Grantee's potential areas of concern and specific areas that may elevate risk of non-compliance. Risks evaluations are a key provision in the Uniform Guidance under the 2 CFR § 200.332(b) and a requirement for pass-through entities. These assessments inform TDEC of a Grantee's existing controls, capacity, experience, or other external variables that may impact the risk of non-compliance with a grant program. Under this provision, TDEC will evaluate each Grantee's risk for noncompliance with federal statutes, regulations, and the terms and conditions of the grant contract. This allows TDEC to determine the appropriate level of Grantee monitoring as described in 2 CFR § 200.332(d) and (e).

The risk assessment process includes a review of federal debarment status, an evaluation of financial and resource stability to execute the grant, an inquiry of the quality of management systems and standards, an understanding of grant performance history, a review of audit reports and findings, an interview of Grantee personnel, and an evaluation of the Grantee's ability to adhere to the requirements of the grant terms and conditions. All approved Grantees will be evaluated using the risk assessment framework that takes fifteen risk assessment questions and assigns a risk rating and score of High (+3), Medium (+1.5), or Low (0) to each question. Questions are answered using a combination of available open-source information and interview responses of Grantees, their personnel or individuals charged with managing the grant. A listing of all questions asked as part of the risk assessment is provided in Appendix 1.

A cumulative score of the risk assessment questions for each Grantee determines the Grantee risk that is based on the following ranges:

Risk Level	**Score Range**
High	20+
Medium	14 – 19
Low	1 – 14

In addition to questions identified as part of the risk assessment, consideration was given to other factors identified through publicly available documentation and unique information provided by TDEC., such as employee fraud or pending indictments. Instances where employee fraud or indictments were identified resulted in an adjusted risk ranking and the elevation of risk to a high-risk Grantee irrespective of the risk rating from the risk assessment questions.

Once the risk assessment is finalized, the Grantee is assigned a risk rating and a subsequent monitoring plan is established to best support the Grantee in successfully managing funds. The risk level will also determine the extent of supporting documentation sampled to confirm reimbursement of incurred costs, as described in reimbursement section below. An annual re-assessment will be performed for each Grantee to ensure changes in risks are adequately identified and monitored.

Procurement

ARPA rules for use of grant funding require recipients comply with the procurement standards set forth in 2 CFR 200 Subpart D (2 CFR § 200.318 through 2 CFR § 200.327) of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. To ensure these requirements are met, TDEC has developed a procurement review process to evaluate a Grantee's compliance in conducting acquisition of construction-related, engineering services and other related activities, such as grant administration.

For the purpose of determining the appropriate acquisition threshold, which is utilized to determine when formal procurement procedures are required, a review of the State of Tennessee procurement standards was performed to compare to the procurement rules of Uniform Guidance. Based on this review, it was determined that the State has an established lower acquisition threshold of $50,000 compared to the federal Simplified Acquisition Threshold of $250,000.[2] In addition, there are some instances where a participating subrecipient has a lower threshold for formal procurement than the State. As such, procurement policies of individual Grantees are also reviewed to determine the appropriate threshold and if there any additional requirements that are required to be followed when engaging in transactions. In general, the SWIG program requires acquisitions that will use grant funding between $10,000 - $50,000 (Informal Purchase Authorization) or acquisitions greater than $50,000 (Formal Procurement Method section) to be submitted through the Procurement activity in the Grant Management System (GMS). Purchases below the informal authorization level (less than $50,000) will go through a streamlined review and approval before reimbursement, as less due diligence is required for transactions at this dollar amount. Purchases at the formal procurement level will require a detailed review of the acquisition process, policies and procedures. See below for an excerpt from the TDEC Implementation Guidelines, which is aligned to Uniform Guidance requirements.

Competitive Bidding

Projects must adhere to the competitive bidding thresholds set forth in 2 CFR § 200.320 for the relevant procurement methods. Procurement requirements are based on two methods: informal and formal procurement, which is determined by the aggregate dollar amount of the purchase. In 2 CFR 200.320(b) it is stated that formal procurement methods are required when an "award exceeds the SAT, or a lower threshold established by a non-Federal entity". Per the Tennessee Central Procurement Procedure Manual (which provides guidance and detailed procedures regarding the State's procurement statutes, rules and regulations) informal purchases are allowed up to the acquisition limit of $50,000.

Acquisition of Property or Services

[2] Per 2 CFR 200.320 the method of procurement (informal or formal) is determined by the value of the procurement. Uniform Guidance says in 2 CFR 200.320(a), "When the value of the procurement for property or services under a Federal award does not exceed the *simplified acquisition threshold (SAT),* as defined in [§ 200.1](), **or a lower threshold established by a non-Federal entity**, formal procurement methods are not required." For this grant, the State of Tennessee has an established threshold that is lower than the SAT.

All projects that include the acquisition of property or services (including construction projects and professional services) that exceed the $50,000 formal procurement threshold will require a public bid solicitation to award a contract. For each of these bid solicitations, a "bid document" package (including all supporting information) will be uploaded into TDEC's grant management system to be reviewed and approved prior to reimbursement.

New Construction Projects

For new construction projects that have not already been procured, TDEC will issue an Authority to Award letter after the procurement review has been completed and determined appropriate, to approve the Grantee to proceed with an award to a selected vendor.

Procurements are additionally reviewed to ensure federal contract provisions are included in each of the federally funded contracts. These provisions and the contract language are required to be written into contractor agreements that will be paid in whole or in part with federal funds, but not all provisions are required for every acquisition. Some are construction specific, while others are general provisions required for every acquisition that utilizes federal funding. The required contract provisions ensure federal compliance but do not override any required TDEC contract provisions. The following provisions are required to be provided by the bidders and vendors of the project:

- Bidder/vendor certifications
    - BYRD Anti-Lobbying Amendment Certification
    - Iran Divestment Act Certification
    - Debarment Certification
    - Non-Boycott of Israel Certification
    - MWBE Certification
- Federal contract provisions
    - Legal/contractual/administrative remedies for breach of contract
    - Termination for cause or convenience
    - Equal Employment Opportunity
    - Davis-Bacon Act
    - Copeland Anti-Kickback Act
    - Contract Work Hours and Safety Standards Act
    - Clean Air Act and Federal Water Pollution Control Act
    - Debarment and Suspension
    - Byrd Anti-Lobbying Amendment
    - Procurement of Recovered Materials
    - Domestic Preference for Procurement
- Davis-Bacon and Certification of Labor Reporting Template (for projects greater than $10 million)

To ensure full and open procurements, Grantees must follow the standards in 2 CFR Part 200 Subpart D, 2 CFR 200.318 through 2 CFR 200.327 of Uniform Guidance. TDEC will review each procurement including the solicitation procedures and respective transactions (dating back to March 3, 2021) for eligibility prior to reimbursements. The procurement review will take place in GMS and require Grantees to provide supporting documentation to demonstrate that the solicitation of goods and services were done properly and meets the requirements of Uniform Guidance prior to requesting reimbursement.

Records Retention Requirements

All procurement transactions for the acquisition of property or services in relation to TDEC's ARP competitive or non-competitive grant program must be conducted in a manner that provides full and open competition and is consistent with the standards of 2 CFR 200.318 – 200.327. The Grantee, partners, and project owners must maintain written procedures for procurement transactions and retain records to sufficiently detail the history of procurement.

The federal records retention policy states that records must be retained for a period of three years from the date of submission of the final expenditure report. These records are subject to review by TDEC at any time during this period and may be subject to a state or federal audit. Any observations of non-compliance may result in rescission and/or payback of funds if a resolution is not established that satisfies state and federal procurement requirements.

Reimbursement

Recipients are responsible for ensuring grant expenditures are allowable, reasonable and allocable consistent with Uniform Guidance principles. Through the reimbursement process, TDEC will assess subrecipients compliance with these requirements proactively and prior to releasing funding.

2 CFR 200 Requirements

These cost principles are discussed in the Uniform Guidance at 2 CFR 200:

§ 200.403 Factors affecting allowability of costs

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also § 200.306(b).
g) Be adequately documented. See also §§ 200.300 through 200.309 of this part.
h) Cost must be incurred during the approved budget period. The Federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to § 200.308(e)(3).

§ 200.404 Reasonable costs

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
c) Market prices for comparable goods or services for the geographic area.
d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

Also, per 2 CFR 200.405, to be eligible, a cost must also be allocable. A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost: (1) Is incurred specifically for the Federal award; (2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and (3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

A request for reimbursement (RFR) for costs incurred for grant contract projects will be reviewed to confirm the inclusion of only actual, reasonable, and necessary expenditures required in the delivery of service described in the grant contract and identified in the individual project budget. ARPA reimbursement will not be approved for any future expenditures.

Approved Procurements

As outlined in the Procurement section, Grantees must submit procurement packages for approval prior to requesting reimbursement for any contracted work. TDEC's system of record, GMS includes controls that only allow costs with reviewed and approved procurements on file to be requested for reimbursement. These approvals are also validated during the request for reimbursement review process.

Reimbursement Review Process

TDEC will perform a review of all reimbursements to ensure completeness and that adequate supporting documentation has been provided.

- Completeness Review: The Grantee must provide supporting documentation for every cost requested for reimbursement to be reviewed by TDEC for accuracy and eligibility against the Grantee's claim prior to approving an RFR.
- Risk-Based Sample Review: A detailed review will be conducted on a sample of costs for all grants based on the assessed risks level of the grantee (High, Medium, Low) determined during the risk assessment process (see Risk Assessment Section). The risk level determination will dictate the minimum percentage of costs on which detailed testing will be performed:
    - High – Minimum of 40% per request
    - Medium – Minimum of 30% per request
    - Low – Minimum of 20% per request

The first reimbursement request for all grants will be subject to sample review at a minimum of the required percentage, while subsequent requests will be sampled at the amount required to maintain the minimum percentage of testing of the total grant contract amount. The Sample Review consists of detailed testing of supporting documentation to include but not limited to review of labor and equipment rates, labor and equipment hours, contract deliverable and milestone status, and/or recalculation of claimed costs for consistency, accuracy, reasonableness and compliance with federal and state requirements. In the event that a review results in observations with a margin of error exceeding 5% of the total costs, the percentage of costs on which detailed testing is performed will increase by 10% until no further observations are noted, or all observations are resolved by the Grantee.

- Technical (Engineering) Review: Based upon the project award type and the nature of costs requested for reimbursement, a Technical Review may be performed by the Technical (Engineering) team. The Technical Review focuses on the reasonableness and necessary expenditure required in the delivery of service described in the grant contract and project scope. Technical Review is not required for Grant Administration costs.

Site Inspections

TDEC will conduct site inspections for ongoing projects covered in proposals as part of routine monitoring protocol. Site inspections will be performed to monitor progress and to confirm that the intent of the scope of the approved projects are carried out as proposed. Site inspections include visiting the office of the Grantee or project site location for each individual active project under construction. The engineer will be visiting the site with the resident site inspector or other project manager representative. The purpose of the site inspection is to confirm the following:

- Observed construction activities align with the approved contractual scope of
- the project.
- Grantee progress reports match the work observed during the site inspection.
- Completed or in-progress activities line up with the project milestones as
- delineated in the contract of the project (if applicable).
- Grantee contractors have the documentation and processes in place to fulfill the
- proposed scope of work.
- Required signage is present at the construction site.

Site inspections occur once the work begins and are conducted through grant closeout. Grantees request a site inspection for each site inspection point in the GMS. There must be at least one physical site inspection for each project except for meter replacement, asset management plan, Asset Management Plan (AMP), and engineering study/master planning projects. There will be a maximum of three site inspections as part of the monitoring and performance requirements. The site inspection points are as follows:

- Construction start (20-30% project progress)
- Initiation of operations (or substantial completion) (approximately 90% project
- progress)
- Construction completion.

The frequency of inspections will be determined by the assessed Grantee risk assessment (as described previously), site complexity, and applicable risk detection controls.

Deliverables

Each grant contract is unique with a variety of partners, project owners, collaborations, and goals. Therefore, the deliverables required vary depending on the make-up of water infrastructure utilities, each system's critical needs, and the project award type the utility selected. As part of the site inspections and reimbursement activities, a technical review of the submitted deliverable will be done to confirm that all projects comply with and secure all relevant state and federal permits before execution. This includes checking that the necessary deliverables are submitted a timely manner. Different project types require certain contract deliverables prior to incremental or final reimbursement. Critical needs matrix deliverables are based on the entity scorecard summary and requirements. Deliverable monitoring is done as provided by the Grantee, during site inspections, and during the technical review for reimbursement requests.

Reporting

Reporting is essential to the grant management cycle and will be conducted throughout the process. TDEC must comply with all reporting requirements and responsibilities as a recipient of SLFRF funds. As described in the Final Rule, "… reporting requirements promote transparency and accountability for the general public and constituents of recipient governments to understand how state, local, and Tribal governments have used SLFRF funds". Treasury may address potential violations of the Final Rule based on both information submitted from recipients, either through required quarterly reports or self-reporting, and from other sources of information. As a result, Grantees will be required to provide timely data points necessary to report to Treasury such as completion percentage and responses to federal labor laws e.g., Davis Bacon.

Although the projects funded through this grant are federally funded by the American Rescue Plan, participating Grantees will also be subject to applicable Tennessee law, including internal audit, State audit, federal single audit, and OIG audit, among others. Grantees that expend $750,000 or more during the entity's fiscal year in federal awards must have a single or program-specific audit conducted for that year in accordance with the provisions of 2 CFR 200.501.

TDEC SWIG obligations and expenditures are reported quarterly in accordance with Treasury guidance. While the guidance establishes the covered periods and their required reporting due dates in the Compliance and Reporting Guidance, TDEC and the State of Tennessee uses a modified timeline for quarterly reporting. The covered periods are one month delayed compared to the Treasury's reporting guidance. The differences in the covered periods are illustrated in the following tables:

TDEC SLFRF Reporting Timeline	
Period Covered	Reporting Due Date
December 1 - February 28	April 7
March 1 - May 31	July 7
June 1 - August 31	Oct 7
September 1 - Nov 31	Jan 7

Treasury P&E Reporting Timeline	
Period Covered	Reporting Due Date
January 1 - March 31	April 30
April 1 - June 30	July 31
July 1 - September 30	October 31
October 1 - December 31	January 31

This multi-step process begins by ensuring data pulled from GMS is accurate. Data in GMS is routinely checked for accuracy and relevance. Once the data is extracted from the system, it is review again prior to manually transferring data into reporting templates and worksheets. The manually entered data requires at least three levels of review, including TDEC's accounting department, to limit errors.

Data for quarterly reporting is obtained from multiple platforms utilized by TDEC to include GMS and Edison. Expenditures, obligations, and other required data are pulled from GMS and cross referenced with other specialized reports from Edison in order to obtain accurate figures. Generally, figures and amounts are verified through Edison while the basis of all qualitative data is GMS using data points from Grantee applications, contracts, and procurements. The State of Tennessee is utilizing third party consultants that supplies the TDEC reporting team with bulk-upload Treasury reporting templates and a supplementary worksheet that is populated with data pulled from GMS and Edison. Once data is cleansed and entered into the templates and reporting worksheet, the files are sent to TDEC's accounting department to be reviewed. Upon approval from the accounting department, the templates and worksheet are sent to the state consulting firm for processing and eventual reporting. An additional step in ensuring accuracy between the platforms of GMS and Edison is the creation of a shared unique Treasury reporting ID for each project in order to link the two systems together.

Appendix I – Standard Operating Procedures | Application Review as of 01/10/2023

This Standard Operating Procedure (SOP) will establish a systematic process for reviewing Non-Competitive Division of Water Resources (DWR) American Rescue Plan (ARP) State Water Infrastructure Grant (SWIG) applications. This SOP ensures applications and proposed projects comply with ARP requirements as discussed in the Tennessee Department of Environment & Conservation (TDEC) Non-Competitive Grant Manual.

The purpose of the application review is to confirm the following:

1. Applications are technically and financially complete
2. Applications are technically and financially correct
3. Proposed projects address critical need requirements and are ARP-eligible

The following standard operating procedures describe SWIG-EY's process for conducting application reviews.

Section 1: Rough Cut

The purpose of the rough cut is to identify the applications with enough technical and financial information provided to undergo technical and financial reviews. The rough cut will be the first review performed for all applications following the close of the non-competitive grant application phase on November 1, 2022. Following this date, all applications eligible for review will be in "Submitted" status.

The checks performed during the rough cut are:

1. Is the Budget and Attachments tab filled out, including the Budget Worksheet and Total Budget Project Information sections? **Yes** or **No**
2. In the General Proposal tab, has an infrastructure scorecard been uploaded? **Yes** or **No**
3. In the Infrastructure Expenditure Category tab, have all projects been entered? **Yes** or **No**
4. In the Drinking Water, Wastewater and Stormwater tabs, have all relevant individual project details been entered under the applicable award type section? This includes project description, deliverable dates, maps, excel expenditure, PER (construction only and construction standard), and permits (if applicable). The response to this will be **Yes** or **No**

Failed rough-cut: A "No" response to any of the questions above will result in the application failing the rough cut. All applications not passing the rough cut will have their application status changed to "Revisions Requested" and the grantee will be notified of the edits needed for technical and financial completeness via email. These applicants were directed to SWIG's "Tips for a "Ready to Review" Collaborative and Non-Collaborative ARP Grant Application" and to video tutorials for Non-Collaborative and Collaborative applications narrated by our review team. The guidance aims to inform an applicant seeking ARP non-competitive grant funds of how to make their application "review-ready" by avoiding the most common applicant mistakes. Most mistakes involve not providing adequate information required for review in the following areas of the application: budget details, project specifications, and partner information (if applicable). Rough-cut communication and guidance can be found here.

Once the failed rough cut applications are re-submitted, and all required information has been provided, they will proceed to Section 2.

Passed rough-cut: Applications that pass the rough cut status will be updated to "Application Ready for Review". All applications that pass the rough cut will proceed to Section 2.

Section 2: Application Review Process

1. **Offline review**
    a. B3 and EY will undergo GMS training for the application review through a series of SWIG-led training sessions
    b. Each B3 will be assigned 5 applications from various geographical locations and receive feedback from SWIG.
    c. The offline review will be an excel version of the GMS tabs within the ARP Non-collaborative application review in the activities section in GMS. This included questions from 8 tabs General, Eligibility review, Authorization, Proposal information, Financial, Critical needs and activities, Significant non-compliance. All questions should be responded to, and comments should be added to the comment box if necessary.
    d. EY will then review this Excel file for quality review following the B3 L1 application review and B3 supervisory review.
        i. It will be returned to the B3 if there are concerns or questions to address
        ii. If there are no questions or concerns, it was handed to SWIG for review
    e. SWIG will review the submitted offline application and provide feedback and direction on observations made across the offline review templates
    f. A debrief lessons learned session will be hosted by SWIG for EY/B3 to verify consistency in the review method and that the applications are accurately reviewed per the grant manual.
    g. The application review SOP will be updated based on the offline review.
    h. Once these steps have been completed for all the assigned offline application reviews, EY/B3 will seek approval from SWIG to commence the online GMS review.
    i. SWIG will provide the official application review launch via email to EY, the application GMS process will be moved to an online GMS application review process.

    The following steps provide the process for the online non-competitive application review.

2. **Pod Structure**

    Purpose: To ensure that organizations (towns, cities, development districts) with multiple applications only interact with one review team, a pod structure is implemented for the application review process.

    a) In a pod, the reviews are split into technical and financial application reviews that are managed by the EY forensics and EY/B3 technical teams.
    b) The applications in each pod are divided up according to region and organization as outlined in the Review Master Tracker.
    c) It is up to the pod leads to determine that week's priority applications, perform the reviews, and schedule meetings with applicants to progress applications to contracting.
    d) Regular touchpoints should be held with the SWIG-EY leadership, quality leads, and pod leads to discuss progress, concerns, and mitigation measures.
    e) Daily reporting of pod progress will be made available to SWIG-EY leadership.

3. Technical Review Checklist

The Technical Reviews will be performed by the EY/B3 technical team to ensure that applications are technically complete and that they fulfill ARP requirements as well as the TDEC grant manual.

The Technical Review is performed following the steps below:

a. Review the infrastructure scorecard uploaded in the General Proposal Info tab for the organization and any partners. The reviewer is noting any critical needs or significant non-compliance of these entities and cross-referencing the individual project as follows:
    i. Grant applicants only have to address critical needs in which they intend to perform work as part of the non-competitive SWIG proposal
        1. If the water infrastructure system has one critical need identified, that critical need must be addressed according to the Critical Need Matrix of the TDEC grant manual
        2. If the water infrastructure system has two critical needs identified, two of those critical needs must be addressed according to the Critical Need Matrix of the TDEC grant manual
        3. If the water infrastructure system has three or more critical needs identified, two of those critical needs must be addressed according to the Critical Need Matrix of the TDEC grant manual
            a. If significant non-compliance is identified, that must be one of the two critical needs addressed
            b. If asset management is identified, that must be one of the two critical needs addressed
            c. If neither significant non-compliance nor asset management are identified, the project owner and grant applicant may choose which critical need(s) to address to meet the two critical need thresholds.
    ii. Grant applicants with significant non-compliance issues or critical needs can demonstrate that these issues are being addressed by other means and are scheduled to be completed by the September 2026 deadline. Therefore, they can use their ARP allocations for other water infrastructure improvements.
b. Navigate to the **ARP Non-collaborative application review** in the activities section in GMS, create a review activity, and respond to all questions in the tabs except those in the **Financial** tab and **Construction** tab. The following steps should be done:
    i. There are 7 tabs for the technical reviewer to complete: General, Eligibility review, Authorization, Proposal information, Critical needs and activities, Significant non-compliance. All questions should be responded to, and comments should be added to the comment box if necessary. These comments should be entered in the comment field marked (external) at the bottom of each tab.
    ii. The technical reviewer will verify the critical needs and significant non-compliance are addressed as outlined in ‘a’ above. If not, the project description and proposal description (General Proposal Info tab) may provide additional details on how these issues are being addressed, confirm the alternative funding

source and the proposed schedule. The applicant should articulate how the critical needs and significant non-compliance are met in the project description for all projects.

iii. There can only be one project award type for each water infrastructure type. The selected project award type should cover the maximum extent of activity performed for all projects for each water infrastructure type for each utility system. For example, for three individual projects, a study and AMP project will be lumped as a Planning Design Construction (PDC) if there is a construction project for the same infrastructure system. Any projects in the wrong award type should be moved to the correct award type by the applicant.

iv. The technical reviewer will verify the project description includes details for work performed (i.e. total length of pipe, type of pipe, quantity of equipment installed/rehabbed, etc.). The description should include what currently exists and what it is being replaced with the proposed improvements.

v. Confirm that a map of the project area has been uploaded highlighting the project area of interest.

vi. Check that all relevant project deliverable dates are provided according to the Critical Need Matrices included in the Tennessee Department of Environment & Conservation (TDEC) Non-Competitive Grant Manual.

vii. Confirm that all projects included in the Drinking Water, Wastewater and Stormwater tabs are included in the **Infrastructure Expenditure Categories** tab and Budget and Attachments tab

viii. Confirm **Self Debarment Verification** tab has been completed and relevant documentation has been uploaded

ix. Confirm **Pre-Application Submission Authorization** has been completed and relevant documentation has been uploaded

c. Following these steps, leave the review activity in "Draft" and notify the forensics team that the application is ready for financial review

4. Financial Review Checklist

The Financial Reviews will be performed by the EY forensics team to ensure that budget worksheets are complete, consistent and that requested funds do not exceed the allocated total. The Financial Review is performed using the following steps:

1. Navigate to the **Application Review** Activity and respond to all questions in the **Financial** tab within GMS (use the **Budget and Attachments** tab to cross reference):
    1. In the Budget Worksheet, confirm costs are all in the following categories:
        a. Salaries, Benefits & Taxes
        b. Professional Fee, Grant and Award (PFGA)
        c. Capital Purchases
    2. Review the budget line item detail section for all included categories
        a. If there is more than one project within the application, line item entries should include a project ID and cost description. A project ID is not required if there is only one project within the application. The

cost description should be sufficient enough to confirm appropriate cost category

b. Costs should be categorized according to the table below

Professional Fee, Grant and Award	Capital Purchase
AMP as a critical needs project	Land purchase for easement
General grant admin	Construction
Acquisition services for land/easement	Equipment purchase
Review and legal fees	Construction admin/inspection
Engineering design/other engineering	
Survey	
Bidding services	
Permits/easement	

3. Confirm the State Allocation Requested matches in both the General Proposal Info and Budget and Attachments tabs
    a. Confirm that this request doesn't exceed total available funds for this entity using the Entity Check
4. Confirm that Total Grant Admin costs are less than 6% of total state allocation requested
5. Confirm that totals in the Budget Worksheet match the sums of the Budget Line Item Detail sections
6. Confirm that the sum of the Total SWIG Project Costs Column matches State Allocation Requested
7. Confirm that the ATPI entered in the Budget Worksheet is correct using Appendix C of the Tennessee Department of Environment & Conservation (TDEC) Non-Competitive Grant Manual. Check for any applicable % match reductions:
    a. Collaborative proposal: If multiple entities (water infrastructure systems, cities, and/or counties) collaborate on a proposal, the required co-funding percentage will be based on the lowest ATPI among the partners. Collaborative proposals are further incentivized with an additional 5% reduction in required co-funding
    b. Priority Areas of Emphasis: If a proposal dedicates at least 50% of the overall grant budget to activities that address areas of critical need or significant non-compliance, co-funding requirements will be reduced by 5%
    c. If the entity has an ATPI less than 50 co-funding requirements will be reduced by 5%.
    d. Subsequent to the award, and due to the impacts of Tropical Storm Helene, Grantees in counties designated eligible for Public Assistance under Major Disaster Declaration DR-4832-TN who submit a signed memorandum on letterhead requesting participation in the co-funding waiver within 30 days of notification of the opportunity will have the required co-funding amount waived.

2. Following these steps, enter all necessary comments in the Financial tab of the Application Review Activity. These comments should be entered in the comment field marked Financial Comments at the bottom of the Financial tab within the GMS application review.

5. Post-Review Coordination

Following the completion of Technical and Financial reviews, the pod leads should coordinate to determine next steps.

1. PDF of the comment summary should be created and uploaded in **Comment summary** tab of GMS and named **20XX-XXX_comment #.**
2. If the review teams have comments in their respective sections and required edits, the application status should be updated to "Revisions Requested" and an email should be sent to the applicant outlining the required edits and requesting availability to set up a meeting with the grantee to walk through these updates live. The comment summary is included in the email to the applicant.
3. Conduct meeting(s) with the applicant to discuss concerns and make the update live in GMS if possible. If there are complicated financial updates, these are required to be completed by the applicant.
4. Once these updates have been made, the PDF is renamed to **20XX-XXX_comment #_resolved** and the application can proceed to the next step for a quality review.

If the review teams do not have any comments and no revisions are needed, the application is technically and financially complete. For these applications they can proceed to the quality review.

6. Quality Review

The pod lead notifies the Quality leads that the applications are ready for a technical and forensics Supervisory Quality Checklist review. This check entails confirming all technical and forensics checks have been completed and documents as described in section 4 and 5 above. If quality concerns are identified, this is returned to the pod leads to resolve. If no quality concerns are identified the application status in the activity review is changed from "ready for review" to "ready for DWR".

7. ESU preparation

Once the applications have been moved to "ready for DWR" status, EY will generate a report for SWIG to present to the Engineering Service Unit (ESU) and EFO representatives. The report provided to SWIG includes the summary of the projects, detailed project description, project type, application ID, application name, permit numbers, project ID, expenditure category, award type, PER, Plans & Specifications, critical needs, significant non compliance, project cost and links to the project maps.

This report is presented to SWIG 4 days before presenting to the internal TDEC stakeholders. SWIG will review the deliverable and will have 2 days to discuss question or remove applications from current week perview or confirm the applications that will move forward with ESU review.

8. ESU review

The purpose of the ESU meeting was to solicit concerns from the various stakeholders on the proposed projects for each application. The stakeholders will have one week to raise concerns or deny a project associated with an application. These concerns were added directly to the ESU report.

SWIG will present these technical and financial complete applications on a Friday unless noted otherwise. SWIG will manage the stakeholders concerns, questions or approvals.

If there was no concern, the application will be noted as "DWR approved" in the offline application tracker. This field can only be updated by the responsible SWIG associate. This application can then proceed to the next step – contracting.

If there are concerns, the responsible SWIG associate will manage the feedback by communicating with EY, directly with application or other internal TDEC department. Once this has been applications can proceed to the next step – contracting.

9. Proceeding to Contracting

Following the offline ESU approval, a member of TDEC will update the application status from "Ready for Review"/ "Revisions Requested" to "Approved – Pending Contract". The application is handed over to the contracting team for contract development, approval, grantee signature and execution.

Appendix II – Standard Operating Procedures | Risk Assessment as of 01/10/2023

This operating procedure documents the process for performing risk assessments of subrecipients. For the purposes of the TDEC American Rescue Plan (ARP) State and Local Fiscal Recovery Funds (SLFRF), the State Water Infrastructure Grant (SWIG) program refers to subrecipients as Grantees. But for reference to Uniform Guidance of 2 CFR 200, a Grantee represents the subrecipient, which requires the pass-through entity (State of Tennessee/TDEC) to evaluate the risks of subrecipients based on key factors detailed in 2 CFR 200.332(b). Under this provision, pass through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. The Uniform Guidance provides agencies with the flexibility to develop an agency-based risk assessment framework.
As subrecipients submit applications for TDEC ARP grants and the team works through executing contracts, background information will be gathered on each to gain an understanding of the City or County experience in managing grant funding, delivering on similar projects and controls, procedures, and processes in place to ensure compliance with requirements of the SWIG program. This assessment will be performed to identify potential gaps or issues to inform TDEC of subrecipients that are a higher risk of non-compliance. The risk assessment process and the information gained, will be utilized to design the monitoring steps for each subrecipient. For this process, the team will document the evaluations of risks with the goal of providing TDEC with the information to make monitoring decisions. The team will produce dashboards and other reporting for review of leadership and to provide oversight on the progress of the evaluations.

The purpose of this document is to describe the Standard Operating Procedures (SOP) for conducting risk assessments. The following procedures describe the process for conducting each risk assessment, which is then ranked in a matrix to present a full picture of subrecipient risks for the SWIG program. The steps below are not always performed in sequence and are sometimes reperformed when necessary.

- **Perform research on each subrecipient and gather publicly available information to review past performance of federal grant funding management, as well as debarment status and other information.**
    a. Documents gathered, reviewed and maintained, if available, include:
        i. Single Audits for the past 2 years
        ii. Past financial or contract audits
        iii. Sam.gov account for debarment status
- **Perform a GMS application review to identify where there are complexities that could elevate risk of non-compliance**
    a. For this step, the team will be reviewing the final applications to identify where there are partners and collaborators that may impact the complexities of the projects.
- **Complete a Level 1 risk assessment questionnaire with information gathered from the background research in Steps 1 and 2.**
    a. The risk assessment questionnaire takes the following criteria into consideration:
        i. Experience of the Subrecipient working with TDEC and/or other State agencies
        ii. Quality of prior services provided in other contracts
        iii. Experience providing same or similar services
        iv. External Quality Assurance, Licensing, Accreditation, or Certification
        v. Size of the Program
        vi. Complexity of the Program
        vii. Personnel/Resources
        viii. Information System
        ix. Results of Single Audit
        x. Results of Contract Audit
        xi. Results of Department Fiscal review
        xii. Other Factors
            1. Documented policies and procedures, Financial stability, Co-funding percentage, Ability to Pay Index (ATPI)
- **Internally review (Level 2) the risk assessment and the documentation and information gathered to develop an agenda of topics and questions for the assessment meeting to be held with the subrecipient and its grant administrators.**
- **Conduct a risk assessment meeting with the subrecipient to further understand the processes, procedures and controls in place for managing the grant funding and complying with the guidelines of the program.**
    a. Upon Manager review, the team will schedule and conduct risk assessment conversations to complete any outstanding questions and confirm the team's understanding and corroborate any information gathered during the internal review. Questions are provided in advance in an email to the Subrecipient.
    b. Items that have not been resolved or issues and findings identified from review of the Single Audits and other researched information will be discussed with the subrecipient, their administrators, and the TDEC SWIG team.
    c. This wrap up meetings will be conducted by the team with oversight from the TDEC team and notes are documented and shared for review.
- **Finalize the risk assessment and communicate results to TDEC for review.**

    a. During this step, the team will communicate observations and elevate high risk subrecipients and their respective gaps or issues to the TDEC SWIG team.
    b. The team will hold bi-weekly meeting with TDEC to ensure awareness of issues and to discuss overall results of the assessment process.

- **Risk assessments will be conducted at the subrecipient level prior to reimbursement reviews and will be updated annually.**
    a. The overall risk score of a subrecipient will be utilized to determine the level of monitoring. The risk level determination will dictate the minimum percentage of costs on which detailed testing will be performed:
        i. High – Minimum of 40% per request
        ii. Medium – Minimum of 30% per request
        iii. Low – Minimum of 20% per request

Risk Assessment Questions

- **Experience with State Funding**
    a. Has the applicant received funding from the TDEC previously?
    b. What is the total amount of grant funds, state and/or federal, received in the last 2 years?
    c. Were any performance issues or deobligations identified?

- **Quality of Grant Program Delivery**
    a. Has the applicant performed grant management work or coordination with previous grant agreements?
    b. How many grants has the applicant managed in the last 2 years?
    c. Were any performance issues observed or deobligations incurred?

- **Project Partnering and/or Collaborations**
    a. Will applicant be partnering with other organizations during project implementation? If so, list partner entities and total of funds provided below.
    b. Is this project collaborative? If so, list the entities and their role/relationship.

- **Fraud, Waste and Abuse**
    a. Does the applicant have a fraud, waste and abuse program or strategy?
    b. In the past 2 years, has the applicant had any fraud, waste, abuse or mismanagement related issues reported?

- **Size of the Program**
    a. What is the amount of funding allocated to this applicant?
    b. What is the amount of funding requested by the applicant?
    c. What is the applicant's normal operating budget?
    d. Funding as a % of operating budget

- **Complexity of the Program**
    a. Will applicant use other state or federal funding sources for this project?
    b. If yes, is the other source of funding subject to the Davis Bacon Act or Buy America?
    c. Will applicant provide direct services to county constituents?

- **Personnel/Resources**
  a. Does the applicant have a staffing plan for the proposed project?
  b. Do any project staff have experience working on federal grants?
  c. How many relevant licenses, accreditations, or certifications does the applicant's personnel hold? (e.g., PMP, CFE, CCM, etc.)

- **Information System**
  a. Does the applicant have an information system to manage personally identifiable information?
  b. Does the applicant have an accounting system to manage grant funding?
  c. Will staff undergo, or have undergone grant and/or financial management training?

- **Results of Single Audit**
  a. Has the applicant ever undergone a single audit?
  b. If so, in the last 2 years, were there any adverse findings or observations?
  c. Has the applicant ever had adverse actions or observations related to program or fund management?

- **Results of Contract Audit**
  a. Has the applicant ever undergone a contract audit?
  b. If so, in the last 2 years, were there any adverse findings or observations?

- **Results of Department Fiscal review**
  a. Has applicant ever undergone a fiscal review?
  b. If so, in the last 2 years, were there any adverse findings or observations?

- **Suspension and Debarment**
  a. Is the applicant registered in the System for Award Management (SAM.gov)?
  b. If the applicant is registered in SAM.gov, the applicant debarred or suspended?
  c. Has there been a debarment check for additional partners that will be involved in project implementation?

- **Other Factors**
  a. Does the applicant have documented policies and procedures? (e.g., procurement, FWA, contract management, etc.)
  b. List P&P identified by applicant in comment section.
  c. Does the applicant demonstrate financial stability? d) Is this a single or multi-year award?

- **Critical Needs**
  a. What are the total number of Critical Needs identified in the Scorecard?
  b. If Critical Needs were identified, please list below

- **ATPI**
  a. What is the applicants ATPI?

Appendix III – Standard Operating Procedures | EY Procurement Review as of 04/17/2024

This operating procedure document is a description of the standard process for performing procurement reviews. This is an update from the interim operating procedure that was last communicated in January/February 2023. Included in this operating procedure are the steps that the team are taking to transition from reviewing procurements offline to migrating all procurement packages and documentation to GMS.

As subrecipients submit applications for TDEC American Rescue Plan (ARP) grants, they must provide documentation to demonstrate that State and federal guidelines are being followed in the acquisition of goods and services. Failure to procure contracts related to ARP grants can impact an applicant's ability to request reimbursement or worse, may result in reimbursement claw backs long after the project has been completed. TDEC and EY will review procurement documentation to ensure guidelines as stated in 2 CFR 200.318 through 2 CFR 200.327 are met.

The following standard operating procedures describe EY's process for conducting procurement reviews.

- **The Procurement Review activity starts with the grantee creating a procurement in the Manage Procurement Tab of GMS. This action requires the grantee to answer procurement related questions and uploading required documentation. The procurement process is based on 2 factors: the type of procurement (Grant Administration, Engineering, Construction-related) and the dollar threshold of the procurement.**
    a. The type of procurement determines the requirements of how the acquisition is solicited and procured. Each type of procurement presents a few unique evaluation criteria, like selecting an engineering firm based on their qualifications presented in an RFQ.
    b. The dollar threshold, which is stated in a procurement/purchasing policy, will provide the trigger for when a formal procurement process is required. As stated in the Implementation Guide, the requirement is to follow the policy that presents the most stringent rules. We recognize that the Tennessee Code requires a formal procurement process for purchases greater than $50,000, which is an amount that is less than the federal requirements. But if the local procurement policy states an amount less than $50,000, those rules will govern the acquisition.
    c. The Grantee will select the procurement guidelines that they follow, with the options being local when the purchase is less than $10,000 or state or federal procurement guidelines when purchases require a formal procurement. In the case where a Grantee or the Project Owner has a procurement policy that is more stringent that the federal guidelines, the Grantee should select the federal guidelines as the applicable rules they follow, as that will follow the federal guidelines which states:
        i. When the value of the procurement for property or services under a Federal financial assistance award exceeds the SAT, or a lower threshold established by a non-Federal entity, formal procurement methods are required.

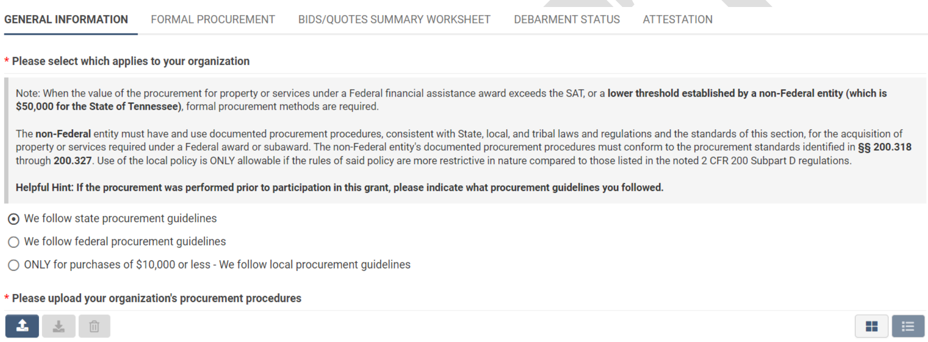
- **Informal purchases are acquisitions that are made for an amount <=$50,000 (or less than the amount that is stated in the local procurement policy).**
    a. Informal purchases can be either micro or small and will require less steps to complete than a formal procurement.

ii. **Micro-Purchases <$10,000** – Could be awarded without soliciting competitive quotations if the subrecipient considers the price to be reasonable

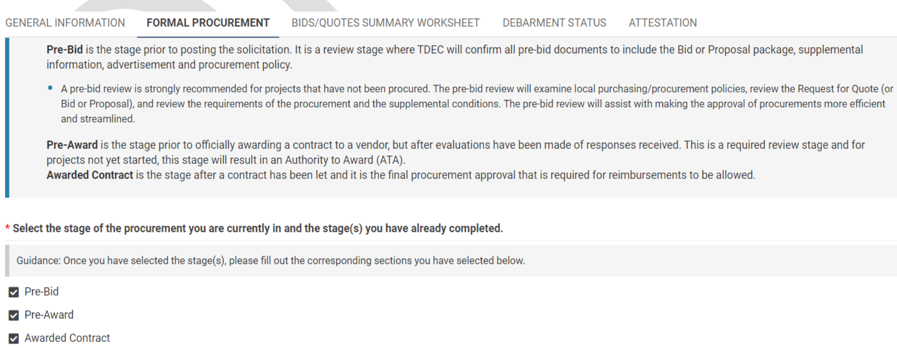
iii. **Small Purchases $10,000 - $50,000** – Price or rate quotations must be obtained from at least 3 qualified sources

b. For a micro-purchase review, the Grantee will only provide the name of the vendor and the amount of the purchase. The Grantee will also be required to answer one attestation question: I confirm the purchase complies with applicable local, state and/or federal policies and procedures.

c. For a small purchase, the Grantee will be required to do more due diligence and will be required to provide the quotes received from qualified sources. In addition, the bid/quote worksheet will be required to be completed, along with debarment status and the attestation question for compliance with applicable policies and procedures.



- **In completing a formal procurement process, documentation will flow through 3 distinct stages: Pre-bid, Pre-award and Awarded contract.**



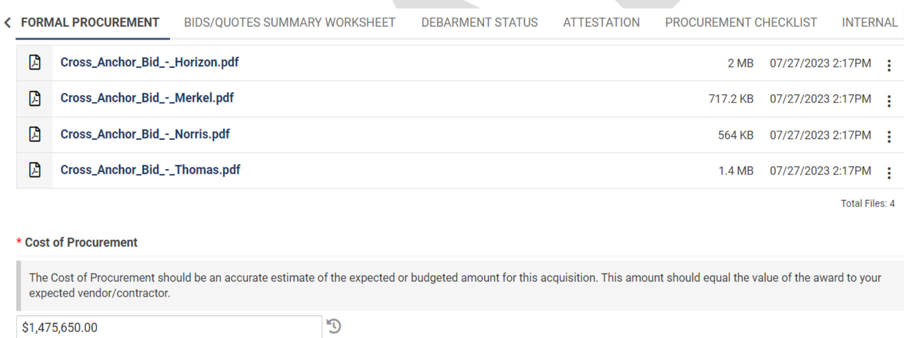
a. Pre-Bid is the stage prior to posting the solicitation. It is a review stage where TDEC will confirm all pre-bid documents to include the Bid or Proposal package, supplemental information, advertisement, and procurement policy.

i. A pre-bid review is strongly recommended for projects that have not been procured. The pre-bid review will examine local purchasing/procurement policies, review the Request for Qualifications (or Bid or Proposal), and review the requirements of the procurement and the supplemental conditions. The pre-bid review will assist with making the approval of procurements more efficient and streamlined.

b. Pre-Award is the stage prior to officially awarding a contract to a vendor, but after evaluations have been made of responses received. This is a required review stage and for projects not yet started that need a formal procurement, this stage will result in an Authority to Award (ATA) that is generated through GMS.

   i. During the Pre-Award stage, the Grantee will be required to enter the value or cost of the procurement. The Cost of Procurement provided by the Grantee will be the value of the award to the expected vendor/contractor. This may also be the amount that is funded by the SWIG grant. In some cases, the actual amount that is funded through the SWIG ARPA funding will be less than the Cost of Procurement and the review team will be required to confirm the appropriate amount to ensure the budget is appropriately set.

      1. ***During the review process, the review team will compare the amount entered for the Cost of Procurement to the actual Amount of Project funded with ARPA. If the amounts are different, the Cost of Procurement***



should be adjusted to reflect the amount that will be eligible to be reimbursed, which is the Amount of Project funded with ARPA. This amount can be located in the Budget Review section of the application.

c. Awarded Contract is the stage after a contract has been executed and it is the final procurement approval that is required for reimbursements to be allowed. Awarded Contract is the final stage in the procurement process. This is a required stage because it determines if the solicitation of goods or services resulted in a contract that complies and includes all the required federal contract provisions, where applicable. This is the last step to confirm that a contract is eligible for reimbursement.

- **Grantees will be required to provide the following documentation to support compliance, but in certain situations there may be exceptions or alternative support accepted. Grantees will also be required to attest and confirm their understanding of record retention policies. The purpose**

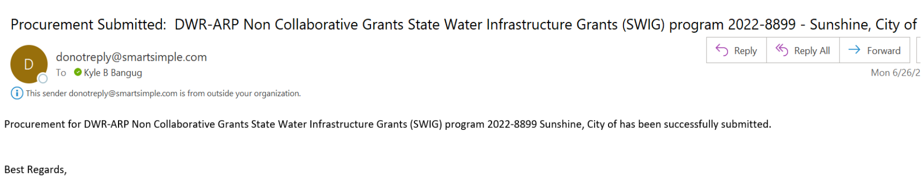
of obtaining this documentation and the basis for review is to support 2 CFR 200.318 – 2 CFR 200.327 is followed.

a. Pre-Bid Documentation
    i. Applicant's Procurement Policy
    ii. Request for Proposal (RFP)/Request for Bids (RFB) documents
b. Pre-Award Documentation
    i. Bid Tabulation/Evaluation
    ii. Copies of RFP/RFB documents submitted by the awarded vendor
    iii. MWBE/DBE Documentation or Supporting Evidence
c. Awarded Contract
    i. Rationale to Award (if not awarded to lowest bidder)
    ii. Contract with scope of work, rate schedule and applicable documents
    iii. Addenda/extensions/change orders issued
    iv. Sam.gov Debarment document

- **If the procurement is associated with Engineering or Grant Administrative services, it is likely the services will apply to multiple projects. In this case, there is an additional step the Grantee should complete.**
    a. In GMS, the Grantee should select one of the projects the engineering services will support and create a new procurement line. Grantees should input the procurement data and documents as they would on any other procurement.
    b. Once all documentation for the procurement is uploaded, the final question on the 'Formal Procurement' tab asks if this procurement applies to multiple projects. The Grantee should select 'Yes'.
    c. A pop-up table to create an itemized table to allocate the procurement total across multiple projects will appear. In this table, the Grantee will enter the expected amounts allocated to each project.

- **Once all documentation has been provided, the Grantee will be required to provide the bid/quote worksheet, complete the debarment status tab and review and sign-off on understanding by responding to the attestation questions in the Attestation tab in GMS. The attestation questions are required to confirm compliance with applicable policies and procedures and validate the Grantee's understanding. Upon completion, the Grantee will sign-off and submit the procurement package to initiate the review of the EY/TDEC team.**

- **Once the email notification is received that a procurement has been submitted in any stage, the EY team will receive a notification from GMS that a package is ready for review. Based on the**


Procurement Submitted: DWR-ARP Non Collaborative Grants State Water Infrastructure Grants (SWIG) program 2022-8899 - Sunshine, City of

D donotreply@smartsimple.com
To Kyle B Bangug
Reply Reply All Forward
Mon 6/26/2
This sender donotreply@smartsimple.com is from outside your organization.

Procurement for DWR-ARP Non Collaborative Grants State Water Infrastructure Grants (SWIG) program 2022-8899 Sunshine, City of has been successfully submitted.

Best Regards,
State Water Infrastructure Grants Team

Grantee's pod assignment, the EY team will assign an L1 Reviews for Procurement Checklist completion and L2 Supervisory Checklist review. We will also assign a Scope Review to the B3 or other technical resource, when appropriate.

- **Upon logging into GMS, the L1 reviewer will first search the respective application by utilizing the Applicant ID to retrieve and review the Grantee's procurement documents. See the GMS Reviewer Guide for step-by-step on logging on to GMS to navigate to the Manage Procurement tab of the procurement that the Grantee submits for review.**

- **The reviewer will navigate to the Manage Procurement tab and go to the Procurements section, where all related procurement will be presented. All procurement packages that are in a submitted status are ready for review.**
    a. The first factor that will determine the level of review will be based on the threshold of the acquisition.
        i. Acquisitions <$10,000 are considered micro-purchases and should allow for a streamlined process where the Grantee can directly purchase the good or service without soliciting. Where this may not be appropriate is if the local procurement policy states that purchases at or below this threshold should be publicly bid or some other form of due diligence must be performed.
        ii. Acquisitions >$10,000 but <$50,000 are considered an informal small purchase and should at least demonstrate that the Grantee received (or attempted to receive) a quote from an adequate number of providers (generally 3 or more). The reviewer will confirm that multiple quotes were received or that an attempt was made to obtain multiple quotes. This threshold may also be impacted by a lower threshold that requires a higher level of procurement process, like a public solicitation.
        iii. Acquisitions >$50,000 or when a local procurement policy requires a public bid or solicitation process will go through a full procurement review, as detailed in this SOP.
    b. The identified stage of the procurement (Pre-Bid, Pre-Award, or Awarded Contract) is the next factor that determines the level of review. To complete the procurement process, all stages will be required to be completed. See above for what documentation is required in each stage.
        i. A Pre-Bid review is an initial review that will typically be performed prior to the posting of an advertisement to receive bids, proposals, or qualifications. At this stage, the Grantee should not have gone out for bid; therefore, would only be providing the request, required supplemental conditions and the advertisement that will be posted. The reviewer will also have the local procurement policy.
        ii. A Pre-Award review is the stage where the Grantee has solicited responses from vendors or providers and gone through their internal evaluation process and scoring to identify the most responsive response from a lowest bid perspective or qualifications. At this stage the reviewer will review the required documentation to confirm that the procurement process complies of the guidance stated in 2 CFR 200.318 – 200.327.

iii. An Awarded Contract review is the final required review prior to a project becoming reimbursable. This review is performed to ensure the contract includes the required federal contract provisions and that the contract is constructed in a manner that will be acceptable from a federal regulation compliance perspective.

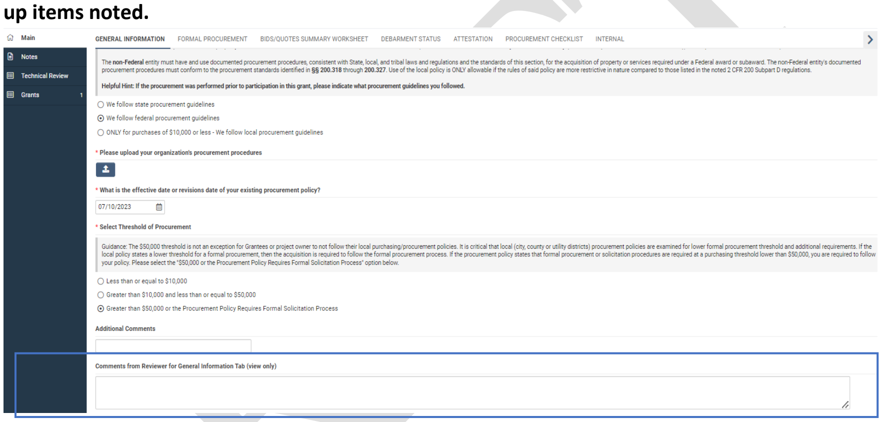
- **The procurement review process begins with an L1 review of the Grantee's procurement/purchasing policy. The procurement policy is a required document, as the federal guidelines explains that written procedures must be followed when soliciting good and services.**
  a. Determine if the specific requirements for the vendor's procurement, based on the applicant's procurement policy (i.e., bidding/quotation requirements, contracts, etc.), have been met.
  b. Determine if the applicant's procurement policy meets the more stringent of (a) its own procurement policy, or (b) 2 CFR 200 Subpart D federal procurement requirements. Specifically, the procurement policy should include (at a minimum):
     i. An effective date that is appropriately recent. This is a relative review, but in general procurement policies should be reviewed on a regular basis.
     ii. A stated threshold and a description on the required approvals or process for purchasing based on dollar amounts.
     iii. A conflicts of interest standard and detail on actions of individuals engaged in the evaluation of the solicitation responses.

- **The formal procurement review process will continue with the reviewer's examination of the other required documentation. This review should follow the chronological order of how the procurement was conducted starting with the Pre-Bid documents to the Pre-Award documents and end with review of the Awarded Contract. If only the Pre-Bid and/or Pre-Award documents have been provided then the review will stop at that stage.**
  a. Documents are reviewed one by one at the L1 level and then an L2 reviews the work and understanding gathered by the L1.
  b. In addition to the L1 and L2 reviews, construction-related procurements will also require an engineering review for cost reasonableness and scope clarifications, when appropriate. This may also be the case for some of the engineering-related procurements.
- **If the procurement is for Engineering services, additional steps are required from the L1 and L2 reviewers. The L1 will determine if the procurement applies to multiple projects based on the submission provided by the grantee. If the procurement does apply to multiple projects, there are additional steps the L1/L2 will complete.**
  a. The L1 will complete the following:
     i. Review the 'Parent' procurement as any other procurement.
     ii. Create new 'Child' procurements for the 'Parent' procurement (the procurement created by the Grantee with all the procurement package documentation).
     iii. For each 'Child' procurement, the L1 will answer the project type, item or service procured, description, select threshold amount (based on the allocated amount), and cost of procurement (based on the allocated amount).
     iv. Download the Form Summary from the 'Parent' procurement and upload it to the first upload location on the 'Procurement Checklist' tab of the 'Child'

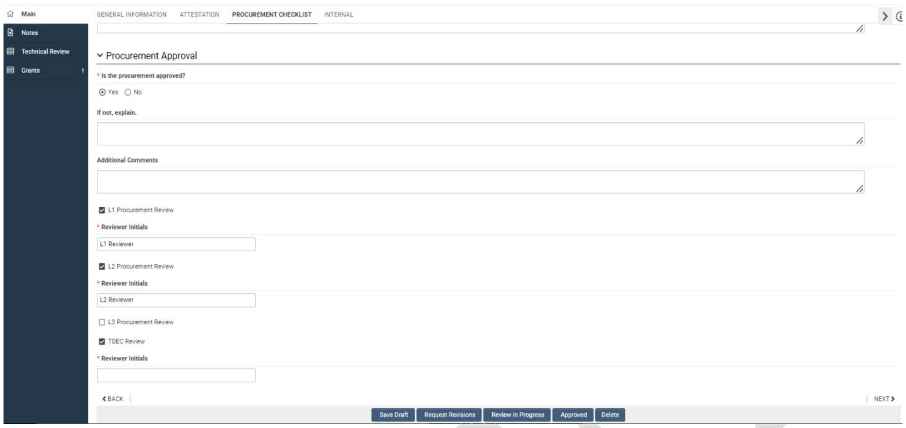
procurements. (This ties the 'Child' procurements to the 'Parent'; if the 'Parent' is approved, then the 'Child' is too.)

b. The L2 will complete the following:
    i. Review the 'Parent' procurement as any other procurement.
    ii. Ensure the additional L1 steps have been completed correctly.
    iii. Once the 'Parent' is approved, approve the 'Child' procurements.
    iv. Once all are the 'Parent' and 'Child' procurements are approved, then ensure the approved Form Summary of the 'Parent' is uploaded to each of the 'Child' procurements.

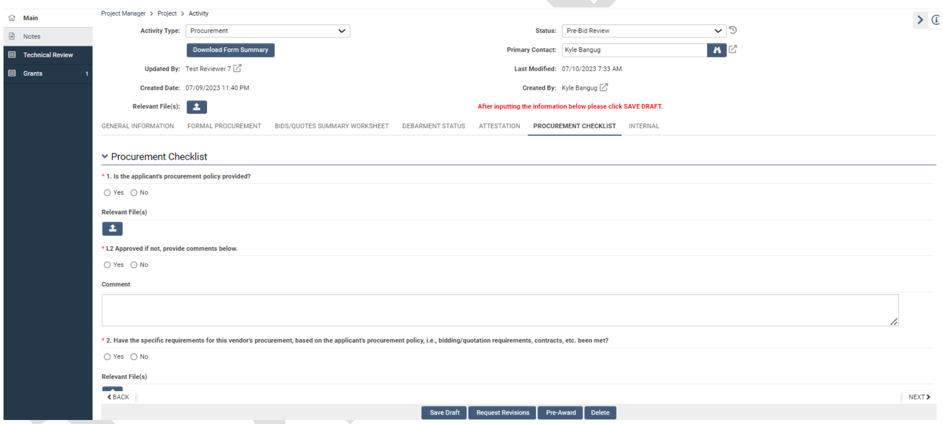
- **The reviewer of the procurement will be required to go through each tab that is required by the Grantee to complete for a formal procurement. Throughout the procurement activity there are comment fields for the reviewer to communicate to the Grantee when there are issues or follow up items noted.**



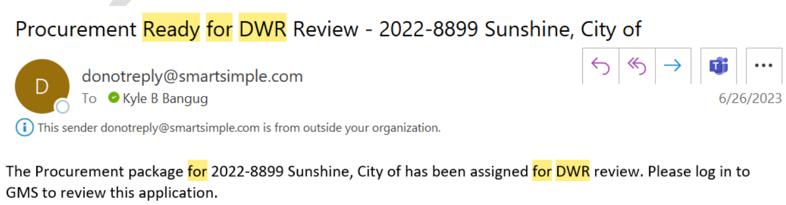
- **The reviewers on both levels will document their review in the Procurement Checklist tab as they walk through their review. This checklist is a series of questions with a comment box for added context when necessary. The reviewer also uploads the relevant documentation that satisfies the question being asked in the checklist. This checklist is required to be completed by the L1 and approved by the L2 with review comments left when appropriate. Depending on the type of procurement, an engineer team member may also be required to sign-off on their review. Construction procurements over $1M and Engineering procurements in particular require a technical B3/engineering review.**



- **Sign-off that a review has been completed will require the reviewer's initials to be provided at the end of the checklist.**

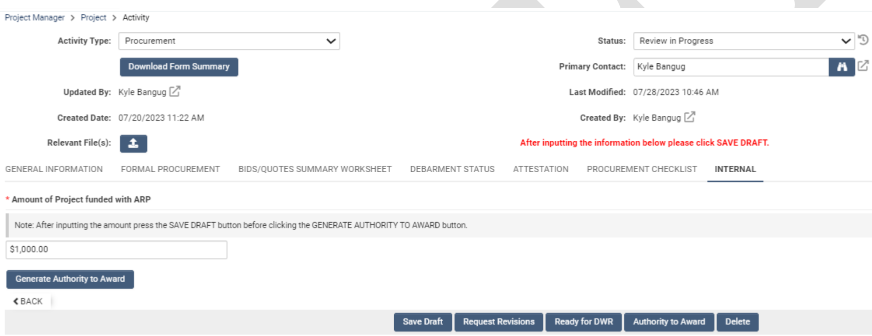


- **Once the procurement package has completed L1, L2 and Engineering (when required) reviews, it will then be assigned for DWR/TDEC final sign-off. Once the Procurement is assigned for DWR Review, an email will be sent to the reviewer requesting a review of the procurement package in GMS.**



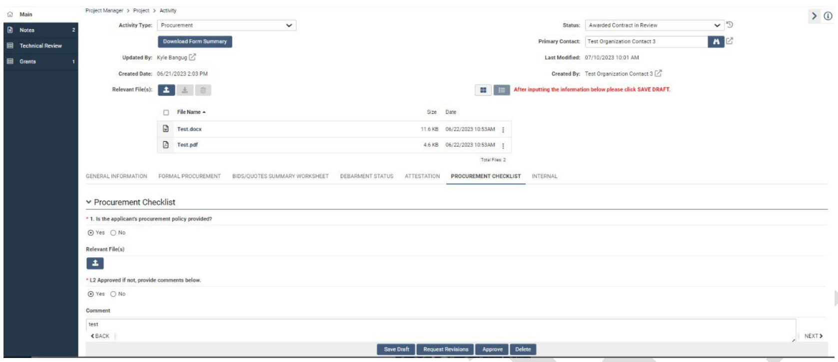
a. The TDEC team will go through the same steps as the L1 and L2 in navigating to the procurement under review. The focus of the TDEC team's review shall be to review the notes provided by the EY team and the supporting documentation uploaded for completeness. If the Procurement Review is valid then the TDEC team will input their signature to confirm approval.

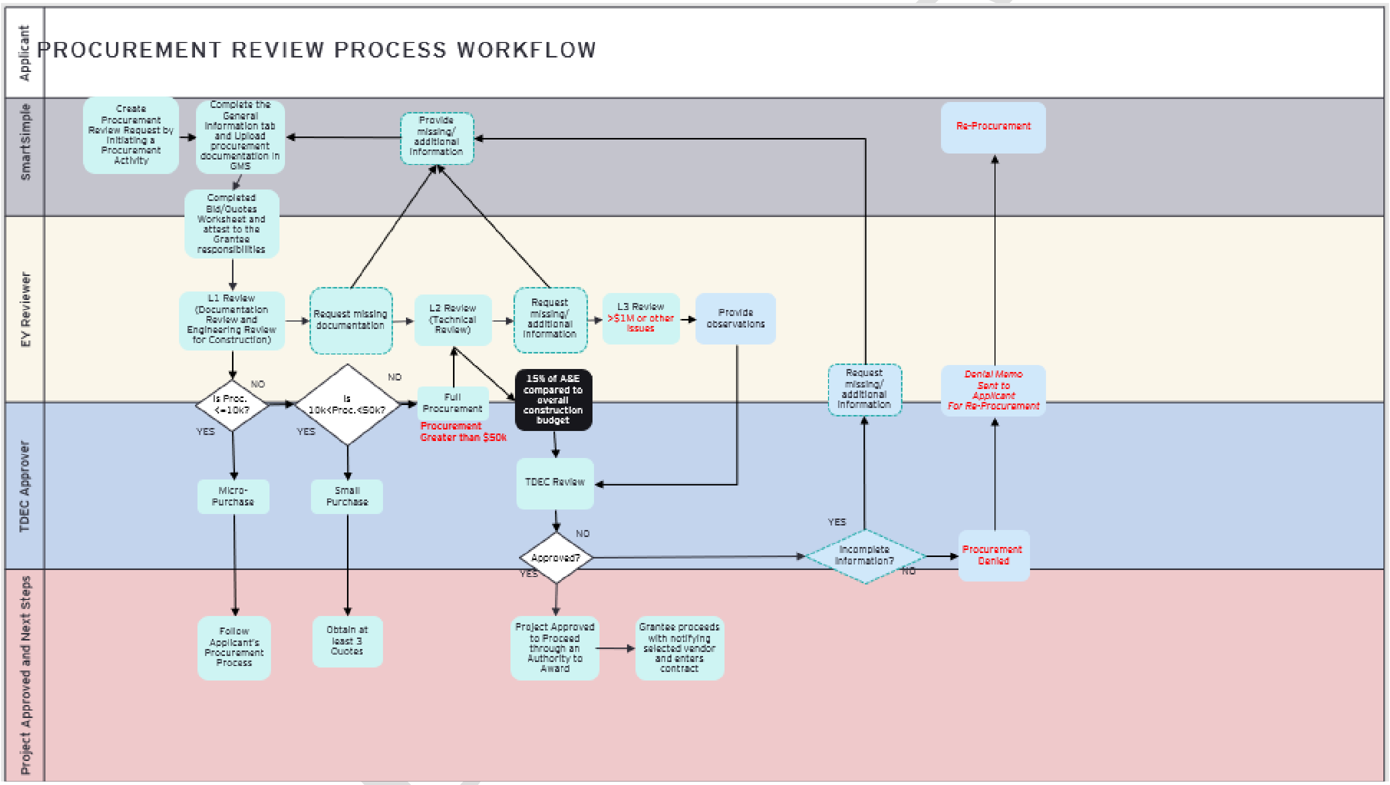
- **At this point in the review, once the procurement package is approved in the Pre-Award stage, an Authority to Award (ATA) can be generated directly in the activity. The Authority to Award will be issued for Construction projects in the Internal tab of the GMS procurement activity. An ATA is required for construction projects that have not been previously awarded.**
  a. To generate an Authority to Award, the reviewer will first confirm that the Cost of Procurement amount accurately reflects the total amount of the award that will be funded by the SWIG dollars.
  b. Once confirmed, the reviewer will be required to navigate to the Internal tab and enter in the **Amount of Project funded with ARP.**



- **The Authority to Award letter generation is the last step in the Pre-Award approval process. The final step in the formal procurement review will be to obtain and review the awarded contract and the subsequent contract documentation to confirm that the terms and conditions includes the clauses stated in the federal contract provisions listed in 2 CFR 200.327 Appendix II. The federal contract provisions are explained in detailed in the Required and Recommended SLFRF Supplemental Conditions for Contracts on page 38 of the provided Implementation Guide. Below is a listing of provisions that should be addressed in the contract:**
  a. Administrative, contractual, or legal remedies (Contracts for more than the simplified acquisition threshold)
  b. Termination for Cause and Convenience
  c. Equal Employment Opportunity (Construction Only)
  d. Davis Bacon Act (for projects greater than $10M)
  e. Contract Work hours and safety standards act (Contracts greater than $100K)
  f. Rights to Inventions
  g. Clean Air Act & Federal Water Pollution Control Act (Contracts greater than $150K)
  h. Debarment and Suspension
  i. Byrd Anti-Lobbying Amendment (Contracts greater than $100K)

If all the awarded contract documentation complies, the reviewer can **Approve** the procurement, which will notify the Grantee that their procurement is approved. This approval will allow for reimbursements to be initiated for the project if costs are incurred.




PROCUREMENT REVIEW PROCESS WORKFLOW
Applicant
SmartSimple
EV Reviewer
TDEC Approver
Project Approved and Next Steps
Create Procurement Review Request by Initiating a Procurement Activity
Complete the General Information tab and Upload procurement documentation in GMS
Provide missing/ additional information
Re-Procurement
Completed Bid/Quotes Worksheet and attest to the Grantee responsibilities
L1 Review (Documentation Review and Engineering Review for Construction)
Request missing documentation
L2 Review (Technical Review)
Request missing/ additional information
L3 Review >$1M or other issues
Provide observations
Is Proc. <=10k?
NO
YES
Is 10k<Proc.<50k?
NO
YES
Full Procurement
Procurement Greater than $50k
15% of A&E compared to overall construction budget
Request missing/ additional information
Denial Memo Sent to Applicant For Re-Procurement
Micro-Purchase
Small Purchase
TDEC Review
NO
Approved?
YES
YES
Incomplete Information?
NO
Procurement Denied
Follow Applicant's Procurement Process
Obtain at least 3 Quotes
Project Approved to Proceed through an Authority to Award
Grantee proceeds with notifying selected vendor and enters contract

Appendix IV – DRAFT Standard Operating Procedures | Request for Grant Reimbursement as of 04/17/2024

A request for grant reimbursement (RFR) for costs incurred on grant contract projects shall include only requests for actual, reasonable, and necessary expenditures required in the delivery of service described in the grant contract and identified in the individual project budget. Reimbursement may not include any request for future expenditures not yet incurred. The grant contract term for a reimbursement request means the time during which the grantee (previously referred to as grant applicant) may incur new obligations to carry out the work authorized in the grant contract.

Grantees are the only individuals eligible to submit a request for reimbursement. Grantees must submit bid documents or procurement packages for approval prior to requesting reimbursement for project work. All approved projects must also go through a bid package (procurement) review and approval through GMS before any reimbursement requests will be fulfilled. Only approved projects with approved procurements in GMS are eligible to submit requests for reimbursements for costs incurred. Each grantee is solely responsible for receiving and approving invoices from partners, responsible parties, or other project owners for activities covered in the grant application. Grantees can only request reimbursements once per month. Therefore, Grantees should work with partners, responsible parties, and other project owners on invoicing so that all invoices can be combined to a single invoice monthly and submitted to TDEC through GMS.

- Activities must occur within the eligible performance period (on or after March 3, 2021, through September 30, 2026);
- Activities and associated costs must be part of an approved project and budget in an executed grant contract and must be tracked;
- Activities must be a part of an approved procurement in GMS for the respective supplier & scope, and the procurement approval must include executed contract review and approval.

Definitions

Applicant

Prior to entering into a grant contract with TDEC, eligible entities are referred to as applicants in reference to their position seeking funding through the ARP SWIG non-competitive grant program. Following the execution of a grant contracts, applicants are more accurately referred to as “grantee” or “subrecipient” indicating they have been granted or awarded funds through TDEC.

Grantee

Term to describe entities which have been awarded grant funds and entered into a grant contract with TDEC as the awarding agency. Interchangeable with Subrecipient.

Subrecipient

Term to describe entities which have been awarded grant funds and entered into a grant contract with TDEC as the awarding agency. Interchangeable with Grantee.

Invoice

Throughout this SOP there are two instances where a document is referred to as an invoice. The first is as support documentation for expenditures submitted by a grantee representing invoiced costs from contract vendors, grant administration costs of labor hours incurred, or similar. The second reference to invoices will be designated as a “TDEC Invoice” wherein the funding agency utilizes the term to describe disbursement of grant funds TDEC to the grantee.

Grant Contract

A document to signify the obligation of grant funds awarded by TDEC to a grantee for use as described in the contract scope of work and supporting budget. Interchangeable with Subrecipient Agreement. Note that the term “contract” may be used to describe agreements between the grantee and procured vendors for completion of agreed upon work.

Subrecipient Agreement

A document to signify the obligation of grant funds awarded by TDEC to a grantee for use as described in the contract scope of work and supporting budget. Interchangeable with Subrecipient Agreement.

PO Creation

The PO should be created in Edison prior to the reimbursement being approved. A PO will be created for each grant and State Fiscal Year (SFY). TDEC SWIG will be responsible for working with grantees to estimate spending for each grant for the SFY and will also identify the Edison location, address and bank account that will be used for this program. Data resulting from this process will be stored in a spreadsheet available on TN SharePoint and available to reviewers for entry and/or confirmation of reimbursement request information prior to submitting for TDEC review.

Request for Grant Reimbursement (RFR) Process – EY Review Steps

- **An RFR is initiated in GMS when the grantee creates a Reimbursement activity, completes the reimbursement form, uploads supporting documentation and submits their RFR in GMS for analysis, approval and subsequent payment. The step-by-step process to review an RFR and supporting documentation is detailed in the following steps, supported by screenshots of relevant GMS screens. Upon submission in GMS, an email notification will be pushed to EY pod contacts associated with the grant in GMS.**
    a. **Prior to the GMS reimbursement process, select subrecipients will be eligible to submit RFRs through an offline reimbursement process. This process will be conducted via email and requires the same precursor activities such as procurement (bid package) review.*

- **Once notified of an RFR submission via email, the EY pod contacts, also referred to as EY Reimbursement team member, will add high level details from the RFR to the Reimbursement Tracker (located on the EY SharePoint).**

- **The assigned pod’s EY Reimbursement team member will create a folder on the EY TDEC SharePoint to store documents related to the reimbursement request and fill out initial information in a copy of the EY Excel RFR Checklist (see “EY Excel RFR Testing Workbook below).**
    a. Selection of Sample must happen at this step and prior to advancing the RFR from the “Submitted” status to the “Under Review, Technical” status.

- **The assigned pod's EY Reimbursement team member will complete the initial fields in the GMS RFR:**
    a. General Tab:
        i. Invoice Number: *Format: Application ID-Reimbursement#-Grant Type Example: 2022-8084-1-ARP*
        ii. Purchase Order Number: *This should be pulled from the PO Listing provided by TDEC; if unavailable, use "TBD" as a placeholder*
        iii. Receipt Number: *"TBD" – this will be completed by TDEC after Edison entry*
        iv. Payment Terms: *Always select "Pay Now"*
        v. Total Reimbursement Due: *Default to the Amount Requested – this should be updated prior to approval*
    b. Internal Tab:
        i. Open each expenditure by clicking the "Open" button to the left of each expenditure in the "Expenditure and Admin Review" table.
            1. Is this Expenditure Selected for Sample? Select Yes or No. Sample selection should be reasonably random while including a variety of vendors, cost types, and invoice size (high and low dollar amounts). *This will determine the checklist sample-related questions that populate for each particular item.*
            2. What is the % of project budget spent to date? Determine the % project budget spent to date by dividing the total ***project*** budget by the amount of this request + amount of prior requests for this project. Select the appropriate range. *This will determine the checklist threshold-related questions that populate for each particular item.*
            3. Is this the Final Payment? Select Yes if this is the final payment ***for this project***. For all other RFRs, select No.

- **The assigned pod's EY Reimbursement team member will determine if a Technical Review is necessary based on project type and the nature of costs requested for reimbursement.**
    a. If Technical Review is necessary, the EY Reimbursement team member will advance the RFR activity status in GMS to [Under Technical Review] using the button located at the bottom of the activity. Update the Tracker to indicate the date advanced to technical review. Technical team leads will assign reviews within the B3 teams.
        i. *Technical Review is necessary for all expenditures unless the project type is Grant Administration*
    b. If no Technical Review is necessary, the EY Reimbursement team will advance the GMS status to [Under Review], update the Tracker with date and name of the assigned L1 F&A Reviewer.

L1, RFR Testing Workbook and Sample Selection

- **If this is the first reimbursement request received from a grantee, the EY Reimbursement team member will:**

a. Save a copy of the Excel RFR checklist template to the appropriate grantee folder.
b. Fill out the Inputs tab using the grantee contract.
c. Enter data from the RFR on the Payment Request Summary tab.
d. Enter data from the RFR in columns A through T of the Reimbursement Detail Tab.

If this is not the first reimbursement request, a copy of the most recent RFR checklist completed should be used. The EY Reimbursement team member will:

a. Save a new version of the current workbook and move the prior to the SS folder.
b. Enter data from the RFR on the Payment Request Summary tab.
c. Enter data from the RFR in columns A through T of the Reimbursement Detail Tab.

- **L1 Reviewer will complete the General Questions section in columns X through AA of the Reimbursement Detail tab in the testing workbook and determine if each expenditure submitted in the RFR will be sampled. Sample amount is determined based on assessed risk.** *Note: Sample selection should be randomized and include a variety of vendors, cost types, invoice size (high and low dollar amounts).*
  a. The Testing Workbook will be stored locally until approved in L2.
     i. For all expenditures selected for sample, a copy of the 'Sample Checklist_Vendor_Inv ##' tab should be copied and renamed in accordance with the corresponding vendor and invoice number. It may be necessary to abbreviate the vendor name.

L1+L2, Under Technical Review

- **The Technical Team lead will assign the review to an EY or B3 team member to perform a technical review from an engineering perspective**.
  a. The technical team will follow the respective pod structure established by the F&A team. Please note Blue Cypress and Brown & Caldwell will be involved in reimbursement review process.

- **The technical review focuses on the reasonableness and necessary expenditure required in the delivery of service described in the grant contract and project scope. The following are the major categories reviewed for reasonableness and necessity:**
  a. The technical review will assess the project description from the application module, schedule of values, original project schedule from application module to evaluate if the reimbursement request is within the scope.
  b. Check payment applications have the appropriate signoff approvals.
  c. Validate the overall project costs against the project progress and additionally against the overall SWIG project costs.
  d. All construction projects comply with and have secured all relevant state and federal permits before execution. This includes the necessary deliverables are submitted and the ESU approvals obtained in a timely manner.
  e. Site inspections are requested per the grant manual and implementation guide.

- **There are three technical reviews that can be completed for these projects:**
    a. Completeness review: This will be required for all expenditures and will be completed on a monthly basis.
    b. Sample review: This section will only be completed for Expenditures Selected for Sample under the General Questions section. The F&A team will be responsible for selecting if specific costs will need to be sampled and the response to "Is this expenditure selected for sample" will be "Yes". The sample questions will automatically populate based on the sample response question.
    c. Threshold review: this is only required at the technical thresholds review and is based on the award type. Threshold review is completed for any expenditures for which the project budget has met or exceeded the deliverables max based on project completion status. The threshold questions will automatically populate based on the project budget quested.

- **The Technical Reviewer will complete the Technical Review Checklist in GMS**.
    a. Each review type have a set number of questions:
        i. There are nine questions in total for the completeness technical review.
        ii. There are nine questions in total for the sample technical review.
        iii. There are five questions in total for the threshold technical review.
    b. Each question either includes a yes/no radio buttons or drop-down responses. The technical reviewer should respond accordingly based on the question and supporting documentation.
    c. The reviewer is advised to always add brief comments in the comment box. This will help the L2 reviewer, SWIG reviewer or potential auditor to understand the L1 response.
        i. If there is no concern, end each statement with "No exceptions noted".
        ii. If an RFI is needed, the reviewer will concisely indicate what is needed and this will be summarized by the L2 review
    d. The Preliminary Engineering Report (PER) submission confirmed in the Deliverable module, which is located outside of the reimbursement module. Technical Reviewer is to ensure the PER and ESU approval letter is uploaded to the Deliverables module and not within the reimbursement module of GMS.
    e. The Plans and Specification (P&S) or Facilities Plans or CAP/ERs submission confirmed in the Deliverable module, which is located outside of the reimbursement module. Technical Reviewer is to ensure the P&S and ESU approval letter is uploaded to the Deliverables module and not within the reimbursement module of GMS.
    f. The Asset Management Plans (AMP) submission confirmed in the Deliverable module, which is located outside of the reimbursement module. Technical Reviewer is to ensure the AMP and SWIG approval letter is uploaded to the Deliverables module and not within the reimbursement module of GMS.
    g. Implementation guidelines give further instructions on the required deliverables by project type.
    h. The Site Inspection response should be confirmed within the site inspection module, which is located outside of the reimbursement module. Based on project progress and need for a site inspection, the Technical Reviewer will indicate if the grantee should request a site inspection or not.

i. As of 8/15 SmartSimple will confirm if the site inspection flags can be linked to the reimbursement checklist to increase efficiency.

i. Supporting documentation can include the following: Schedule of values, project progress meetings, project schedules, construction daily schedules, submittal sheets, calculations, vendor websites, pictures of progress, P&S.
   a. The L1 Technical Reviewer summarizes the findings in the Review Results section. This is done for all expenditures.

j. There is one question for the L1 Technical Reviewer in this section.

k. L1 technical review will summarize the RFI comments in a bulleted list based on the completeness/sampled/threshold review (as applicable).

l. The L1 reviewer will sign and date to close off this reimbursement technical review.

- **The L1 Technical Reviewer will update the technical reimbursement tracker to confirm that the review is complete.**
   a. L1 reviewer will send both an email and teams message to the L2 technical reviewer informing them that the reimbursement is ready for their review.

- **The L2 Technical Reviewer will review the responses to all the technical questions and modify the responses and findings in the Review Results section, if applicable. This is done for all expenditures.**
   a. The L2 reviewer will sign and date to close off this reimbursement technical review.
   b. The L2 reviewer will update the technical reimbursement tracker to confirm that it is completed.

- **The budgeted time for this reimbursement technical review has been estimated as follows:**
   a. Approximately 0.5 to 1.25 hours for L1 review.
   b. Approximately 0.25 to 0.75 hours for L2 review.

- **The Technical Reviewer will move the review to "Under Review" when complete using the buttons available at the bottom of the GMS activity page, advancing the RFR to F&A L1**

L1, Under Review (F&A)

- **F&A L1 Reviewer will complete the Financial and Admin Review Completeness Checklist items for each expense**. **For items selected for sample, additional checklist items must be completed and the invoice should be recalculated using the most applicable Recalculation Template available. A copy of the sample checklist should be created for each sampled item, naming the tab appropriately to capture the specific expenditure being reviewed.**
   a. L1 Review includes a review of the documentation uploaded by the grantee, including match documentation. However, the checklists are only applicable to the non-Match documentation.
   b. The Completeness questions located on the Reimbursement Detail tab walk through the completeness of documentation, which may include:
      - Confirmation of procurement and contract approval.

- An invoice broken out by individual projects.
- A description of the services provided.
- Any required deliverables stated in the grant proposal.
- All relevant supporting documentation demonstrating costs incurred in compliance with contractual requirements.
- Proof of payment.
    - Note: The first reimbursement submitted by a Grantee will only have to include an invoice and the details listed above; no proof of payment will be required.
    - The second reimbursement request will require proof of payment to support the first reimbursement, no proof of payment will be required for the second reimbursement until the subsequent request.
    - Each subsequent reimbursement request should follow this process. *Proof of payment for any prior submissions must be on file and fully substantiate the previous payment before the next reimbursement will be approved.*
- Change orders (Grantees should upload any new amendments and/or Change Orders to contracts for costs included in reimbursement requests).

b. The F&A sample questions located on each Sample Checklist tab are associated with a detailed review of the invoice respective to the corresponding contract, as well as recalculation of invoiced costs.

- **The L1 Reviewer will populate the "RFI" tab with open items resulting from both the L1 F&A Review and any comments from the Technical Review.**

- **When all completeness checklist items and selected sample checklist items are complete, the L1 Reviewer will notify the L2 Reviewer that the request is ready for L2 Review. The L1 completion date should also be captured in the Reimbursement Tracker.**

L2, Under Review (F&A)

- **L2 Reviewer will review all items completed as part of the Technical and F&A L1 Reviews and work with the L1 Reviewer to make any necessary updates. Upon L2 approval, the L2 Reviewer will populate the results in the corresponding GMS Reimbursement Activity. Upon completion, the EY L2 Reviewer will enter the approver name and current date in the "Level One Approver" and "Approved Date" fields in the Certification tab and advance the GMS status to "Under Review – Quality Control", representing assignment to EY QC. The L2 completion date should also be captured in the Reimbursement Tracker.**
    a. If additional information is required, the RFI will be sent in GMS during this stage, and the status updated to "Revisions Required". The date the RFI is sent should be reflected in the Tracker.
    b. Upon review, the L2 Reviewer will also upload any approved testing documents to the Reimbursement Activity in GMS.

Quality Check

- **The EY QC Reviewer will confirm all required fields are completed and accurate, perform a recalculation of the amounts approved, and validate/streamline observation comments. A QC checklist template is available to walk through each specific QC item to review. Upon approval, the EY QC Reviewer will enter the approver name and current date in the “Level Two Approver” and “Approved Date” fields in the Certification tab and then advance the GMS status to “SWIG Approval” for TDEC SWIG team review . The QC completion date should also be captured in the Reimbursement Tracker.**

Request for Grant Reimbursement (RFR) Process – TDEC Review Steps and Payment Processing

Once EY has completed its review, the reimbursement will move into TDEC Review and Payment Processing as outline in the following procedural steps. Please note at any step in the below, the reimbursement activity may be sent back to any TDEC or EY step for updates.

TDEC SWIG Review & TDEC Supervisor Approval

- TDEC SWIG will review the results and amounts recommended for payment. Based on their review, TDEC SWIG will confirm the amount in the “Total Reimbursement Due” field on the General tab. TDEC SWIG will add the approvers name and current date to the “Third Level Reviewer” and respective “Date Approved” fields under the Certification tab.
  - **a.** TDEC SWIG will determine if a review by TDEC Supervisor is required for the request.
    - **i.** If yes, TDEC SWIG will advance the activity to “Supervisor Approval”.
    - **ii.** If no, TDEC SWIG will enter the payment in Edison, referencing the PO number entered on the “General” tab. Upon entry into Edison, TDEC SWIG will enter the Receipt number in the “Receipt” field on the General tab, overriding any prior placeholder. TDEC SWIG will then advance the activity to “Fiscal Review”.
  - **b.** If TDEC Supervisor Approval is required, TDEC Supervisor will review the results and amounts recommended for payment. Based on their review, TDEC Supervisor will confirm the amount in the “Total Reimbursement Due” field on the General tab. Upon approval, TDEC Supervisor send the activity back to “TDEC SWIG” for entry into Edison. TDEC SWIG will then follow step 16a(ii) above.
  - c. If the payment is declined, the TDEC Supervisor will move the review to “Declined – Reconsideration Period” which will notify the EY team to create a determination memo and send to the grantee through GMS. The grantee will have 30 calendar days to respond to the declination with <u>new</u> information to substantiate declined costs.

TDEC Fiscal Review (F&A)

- TDEC F&A will review the request to confirm the appropriate approvals, location, address, PO and receipt are all present and match Edison where required. Upon completion, TDEC F&A will approve the payment in Edison and advance the GMS status to “Payment Pending”.

- TDEC F&A will monitor the payment status in Edison. Once the payment is complete, TDEC Finance will complete the “Payment Record” section in GMS under the “Internal” tab including **the** Voucher #, Payment Date and Payment Amount. TDEC F&A will advance the GMS status to “Paid”.

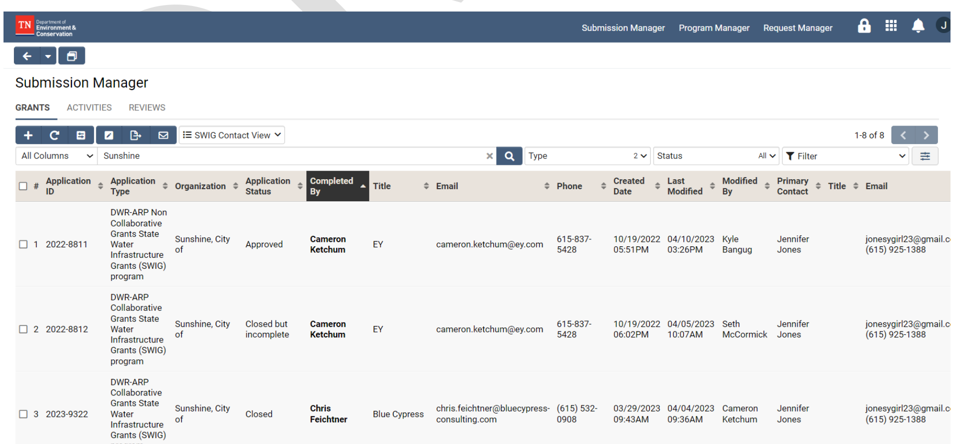
a. Advancing the GMS status to “Paid” generates an email notification sent to grantee points of contact. Payments are expected to take 1-2 days for direct deposit after approval in Edison.

For full transparency and to ensure all stakeholders are aware of the state of reviews, our team will utilize the notes function to communicate when additional information is required to complete a reimbursement request.

Step-by-Step GMS RFR Overview

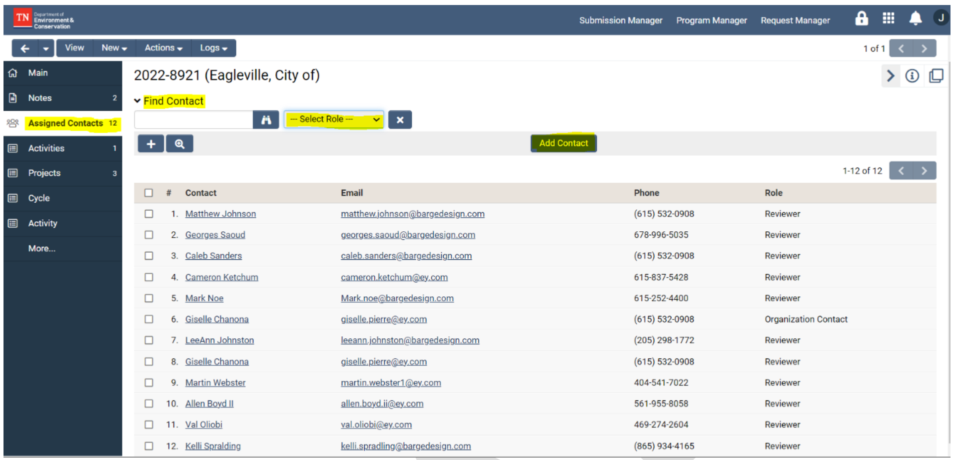
Step #	Starting Status - GMS	Owner
2-5	Submitted	EY Supervisor
6	Under Review Technical	EY Technical
7-13	Under Review	EY L1
14-25	Under Review	EY L2 (Supervisor)
26	Revisions Requested	Grantee
27 & 28	Under Review Quality Control	EY L3 (QC)
29	Supervisor Approval	TDEC Finance (Kevin/Rose)
30	Pending PO	TDEC Finance (Kevin/Rose)
31	Payment Pending	TDEC Finance (Kevin/Rose)

<u>Step 1:</u> Log in to GMS and open the grant you want to begin Reimbursement Activity on. Application GMS status should currently be “<u>Submitted</u>”. If it is not, this process may already be underway or not ready to begin.

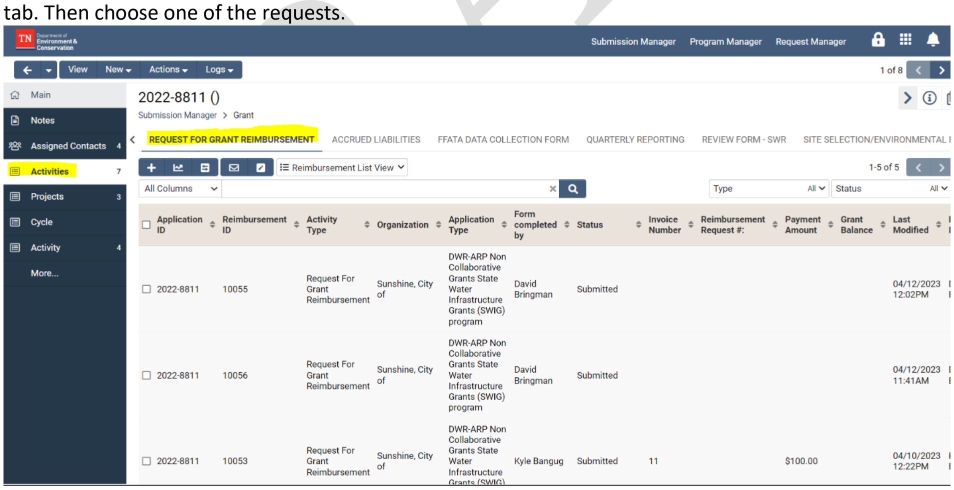


Step 2 through 5 are for EY Supervisor performance. GMS Status – Submitted

<u>Step 2:</u> Navigate to the "Assigned Contacts" tab to confirm that the assigned L1, L2, Tech, and QC team members are included. If missing, fill search bar for "Find Contact" and select role as "Reviewer".



<u>Step 3:</u> Below "Assigned Contacts" tab, select the "Activities" tab. Before selecting an application, scroll through the selectable tabs on the Activities page, and choose the "Request for Grant Reimbursement" tab. Then choose one of the requests.

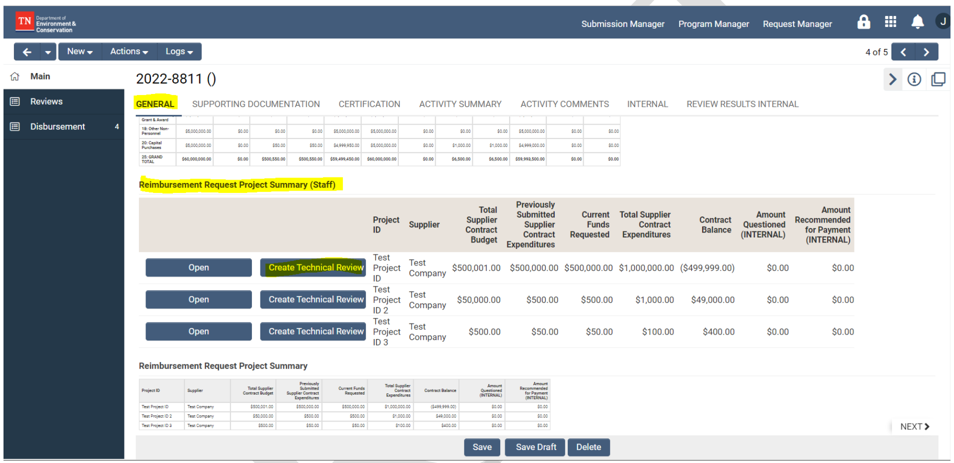


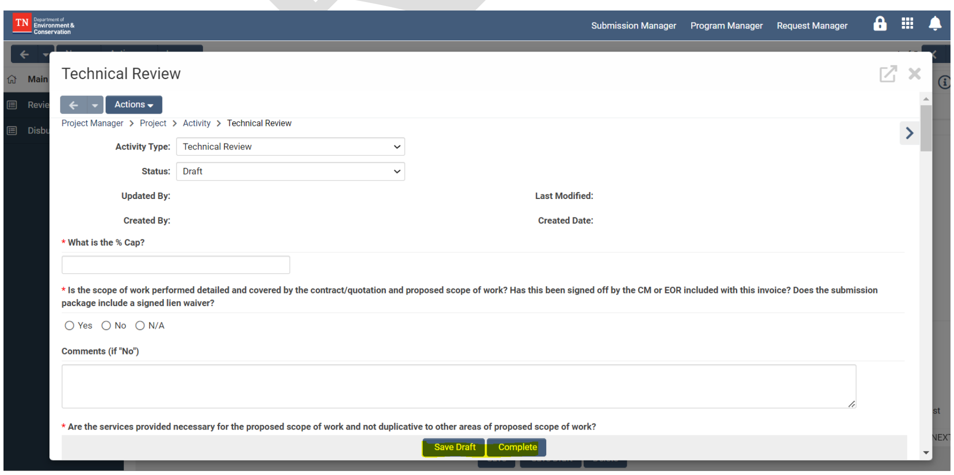
<u>Step 4:</u> Determine if the review requires a technical review. If an invoice is for Grant Admin only, no technical review is required. Otherwise, a technical review is required.

Step 5: Depending on answer to Step 4 above, update the status of the GMS application. If Step 4 was YES, change GMS status to "Under Review Technical" and proceed to the next step. If Step 4 was NO, change status to "Under Review", and proceed to Step 7.

Step 6 is for EY Technical performance. GMS Status – Under Review Technical

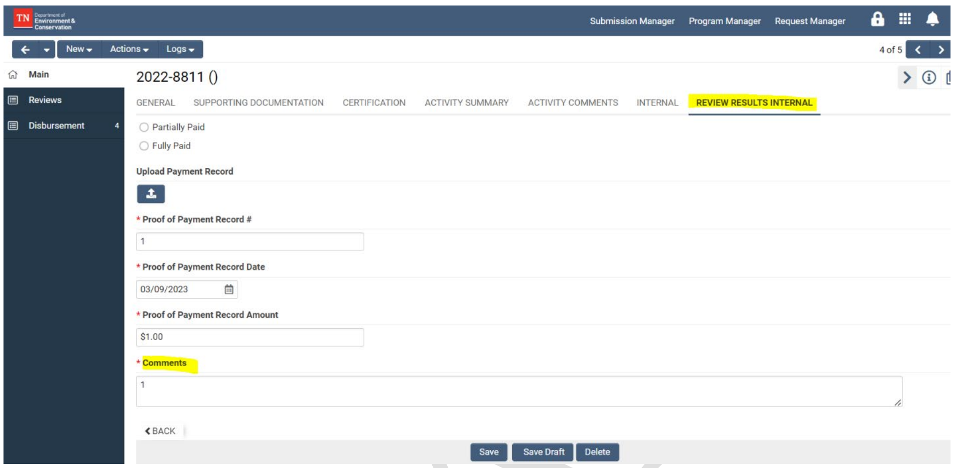
Step 6: Navigate to the "Reimbursement Request Project Summary (Staff)" Section of the "General" tab. Determine if there are any procurements that have funds included in this request that require a technical review. If YES, click "Create Technical Review". Complete the checklist that will pop-up, including clear, concise comments where any issues are noted. This can be saved in Draft form if needed but must be moved to "Completed" prior to moving to the next status.



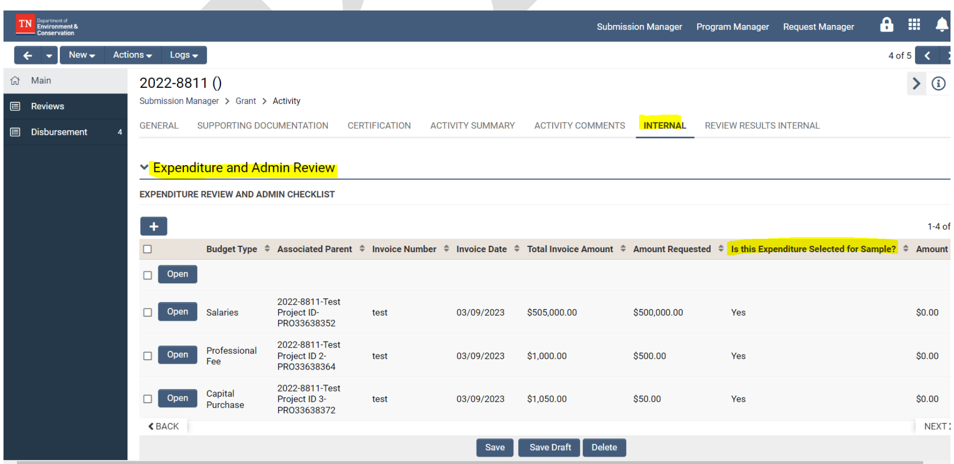


Step 7 through 13 are for EY L1 performance. GMS Status – Under Review

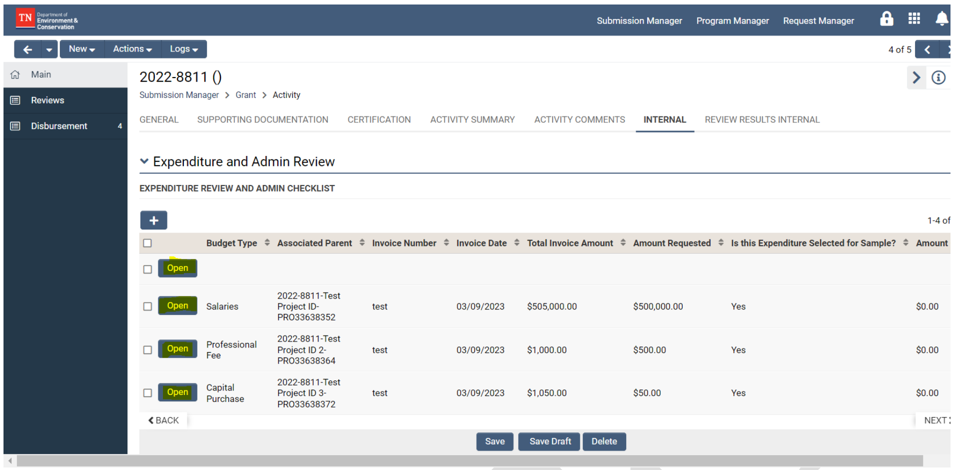
<u>Step 7:</u> Navigate to the "Review Results Internal" tab at the top of the activity and enter any summary comments from the review in the "Comments" section at the bottom of this tab. When complete, update GMS Status to “Under Review”.



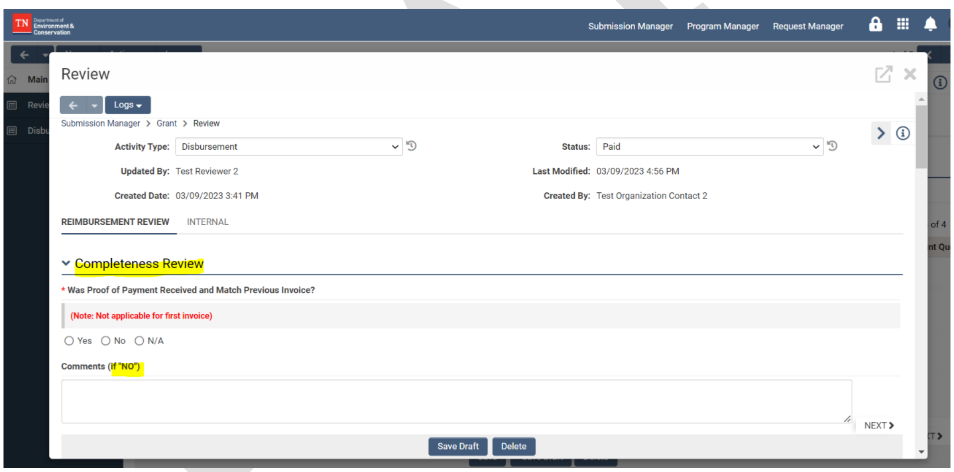
<u>Step 8:</u> Navigate to the "Internal" tab. Expand the "Expenditure and Admin Review" section if necessary and confirm that the expenses that have been claimed by the grantee in the Expenditure Detail are listed. Determine which, if any, will be included in the "Sample Testing" for this request based on the Risk Score.



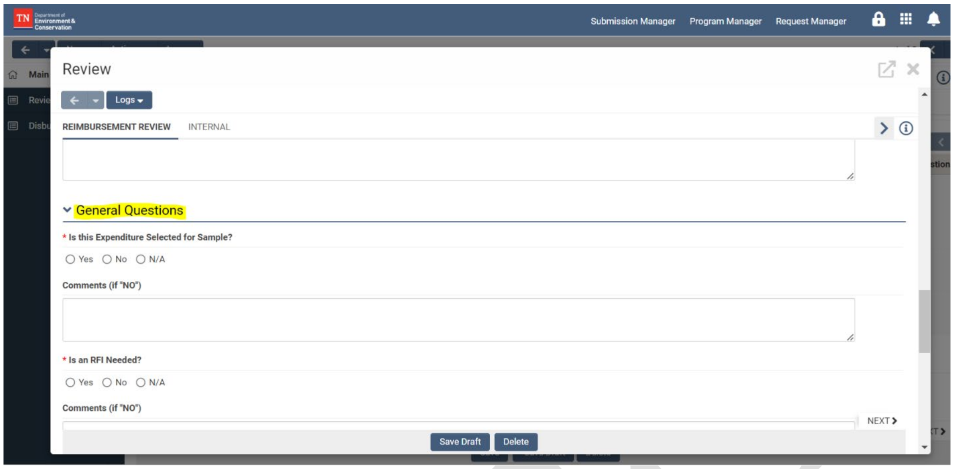
<u>Step 9:</u> For each cost claimed in the request, click the “Open” button in the "EXPENDITURE REVIEW AND ADMIN CHECKLIST" Table.



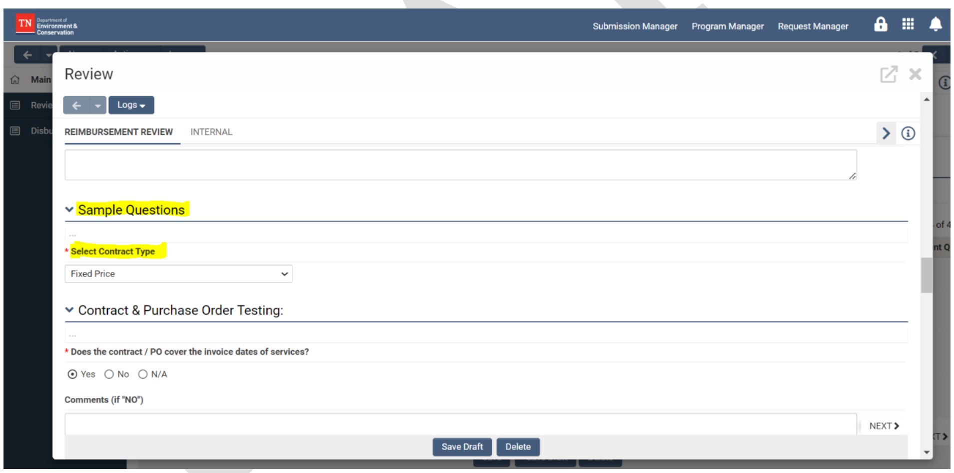
Step 10: Complete each question in the "Completeness Review" section within the Reimbursement Review Questionnaire. In situations in which a "No" (variance) exists, provide clear, concise comments.



Step 11: Once General Questions are completed within the Reimbursement Review Questionnaire, if the Expenditure Detail will be included in Sample Testing, proceed to the next step. If not, save draft and close the item. Proceed to Step 14. Sample determination is based on the risk score. Note that all first reimbursements should be sampled.



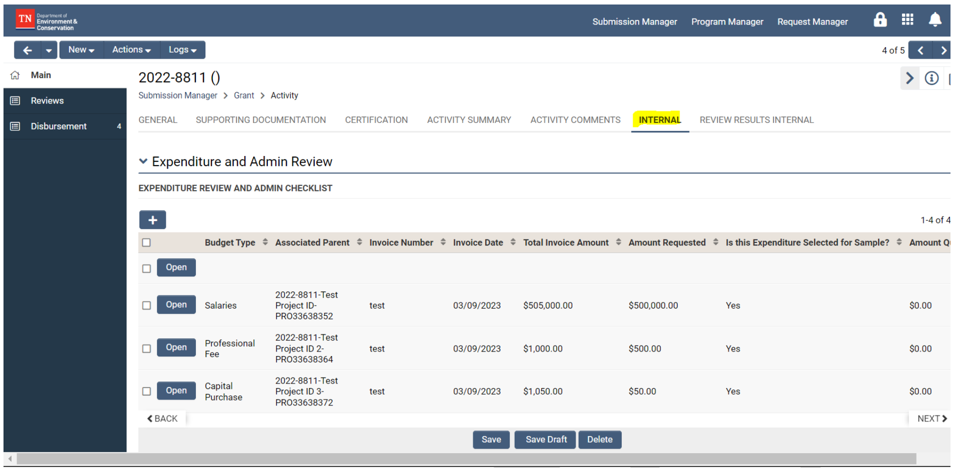
Step 12: Proceed down the Reimbursement Review Questionnaire to the "Sample Questions" section - select the Contract Type applicable and complete all remaining questions.



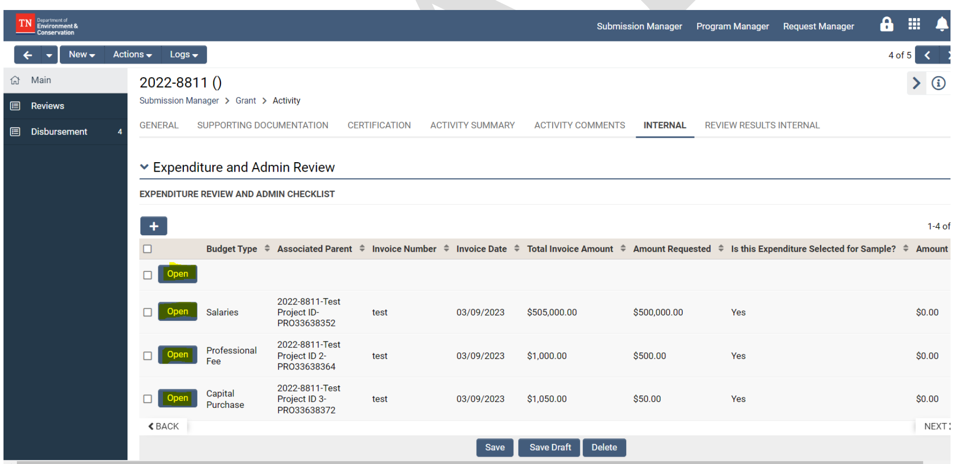
Step 13: Complete the testing recalculation template for any sampled costs. Indicate any findings within the appropriate field in the checklist. Save the file in the appropriate Teams folder.

Step 14 through 26 are for EY Supervisor performance. GMS Status – Under Review

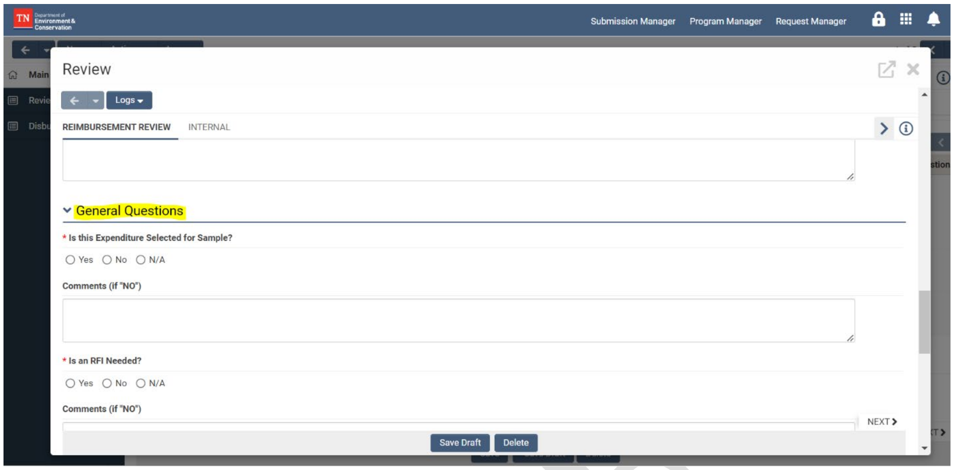
Step 14: Navigate to the "Internal" tab. Review all items included in Step 7 through 13, including the testing workbook, making updates as necessary. Be sure to note any errors or updates needed and work with the L1 to update.



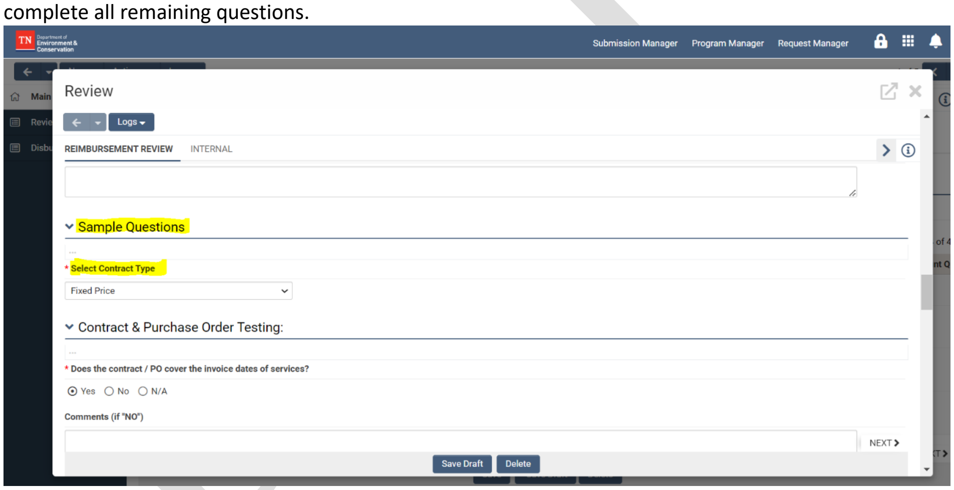
Step 15: For each cost claimed in the request, click the "Open" button in the "EXPENDITURE REVIEW AND ADMIN CHECKLIST" Table. Review each question in the "Completeness Review" section. In situations in which a "No" (variance) exists, provide clear, concise comments.



Step 16: Review the General Questions. If the Expenditure Detail will be included in Sample Testing, proceed to the next step. If not, save draft and close the item. Proceed to Step

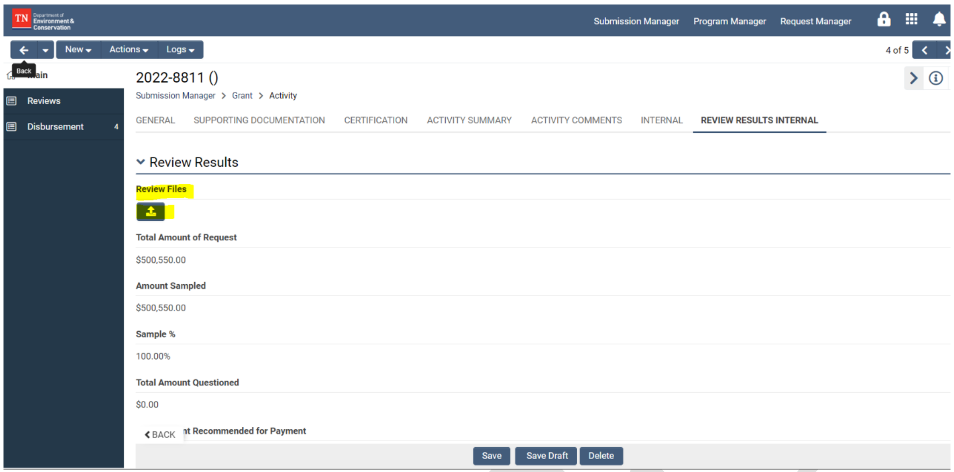


Step 17: Continue down to the "Sample Questions" section - select the Contract Type applicable and complete all remaining questions.

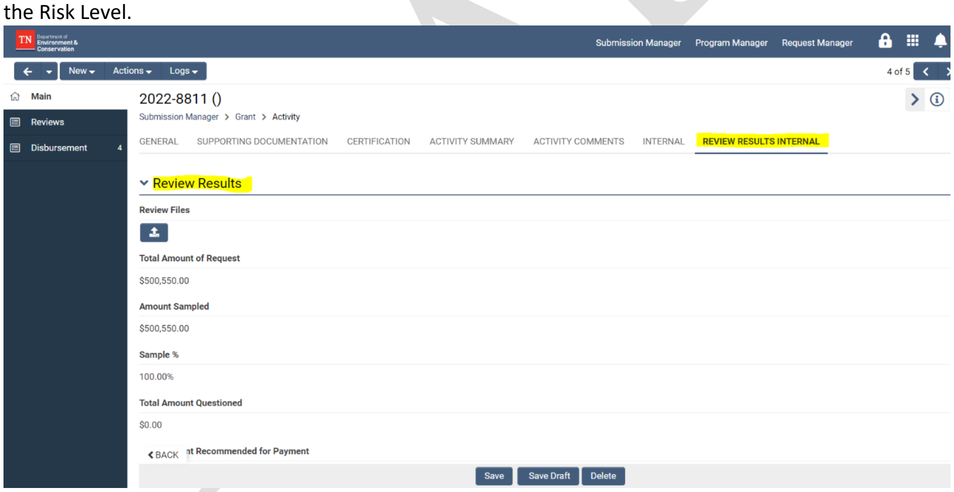


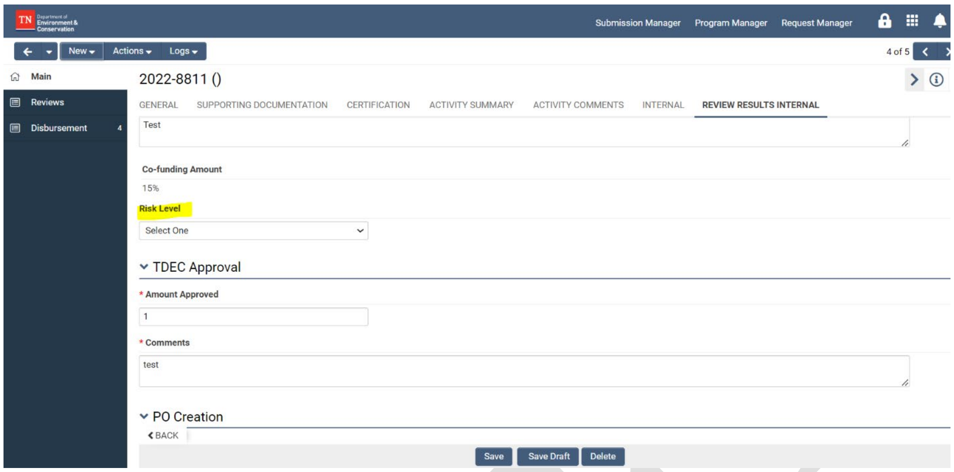
Step 18: Review the testing recalculation template for any sampled costs. Indicate any findings within the appropriate field in the checklist. Review the testing recalculation template for any sampled costs. Indicate any findings within the appropriate field in the checklist.

Step 19: Upload the file(s) using the "Review Files" button in the “Review Results Internal” tab. Naming convention should follow the format of Invoice#_Recalculation Workbook.xlsx (e.g., "2022-8267-1_Recalculation Workbook.xlsx")

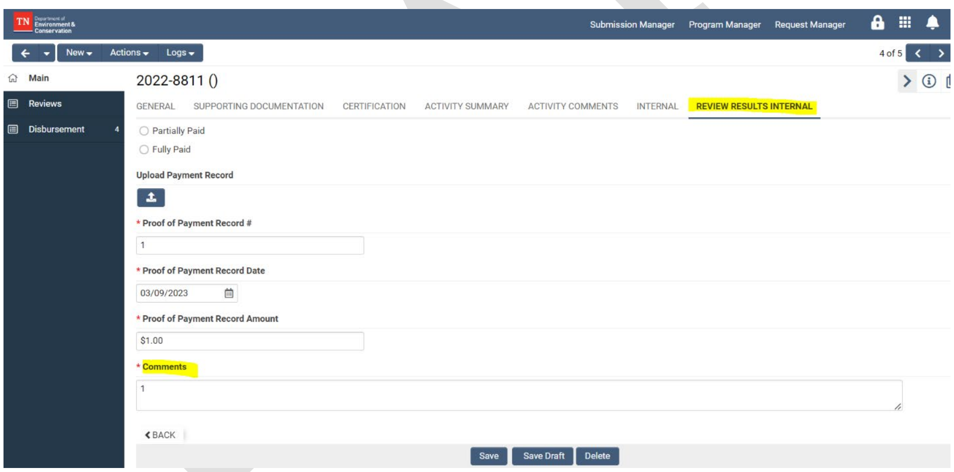


Step 20: While within the Reimbursement Review Questionnaire, switch to the "Internal" tab: Confirm the Review Results section is calculating correctly based on the above findings. Complete the "Observations" tab with a summary of any reasons for reduced/questioned costs. Scroll down and enter the Risk Level.



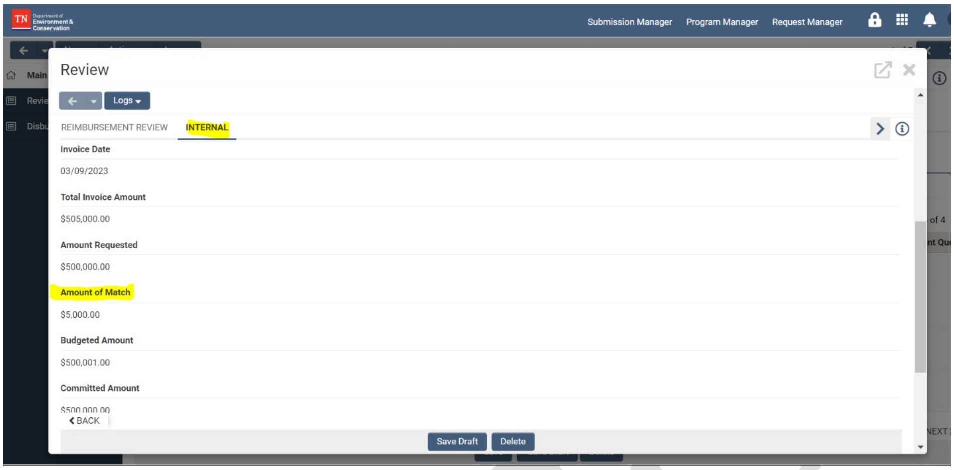


Step 21: Review any comments and confirm if action is needed. Enter any additional comments necessary for the EY QC or the TDEC QC review.

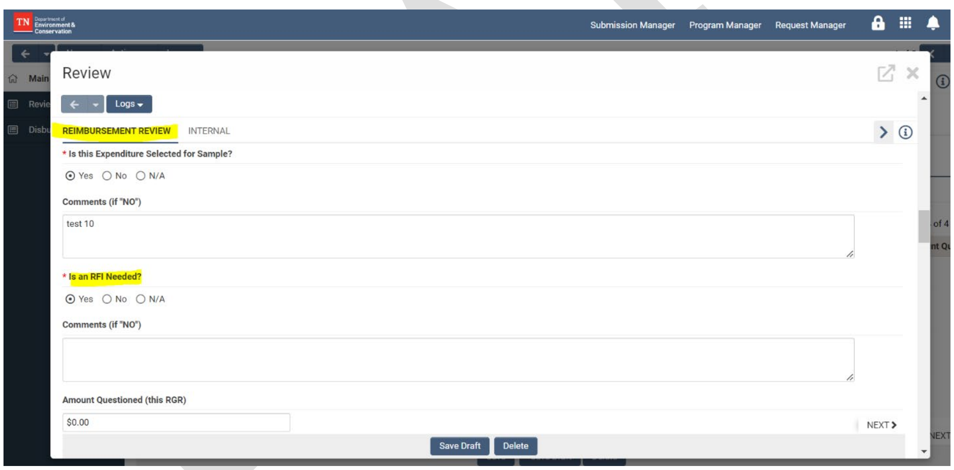


Step 22: Review Match: Confirm amounts, classifications, allowability against documentation. Adjust any amounts that do not fit the match requirement. Complete the "Match Amount Validated" field in the Review Results Internal tab.

Commented [KR1]: Update not required for match waiver; Reviewers will still review match and confirm amounts which in participating grantees will be $0.00/0%

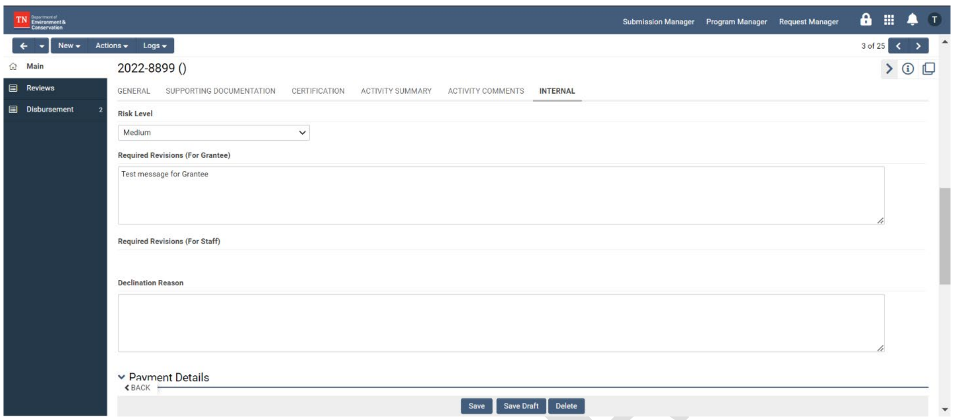


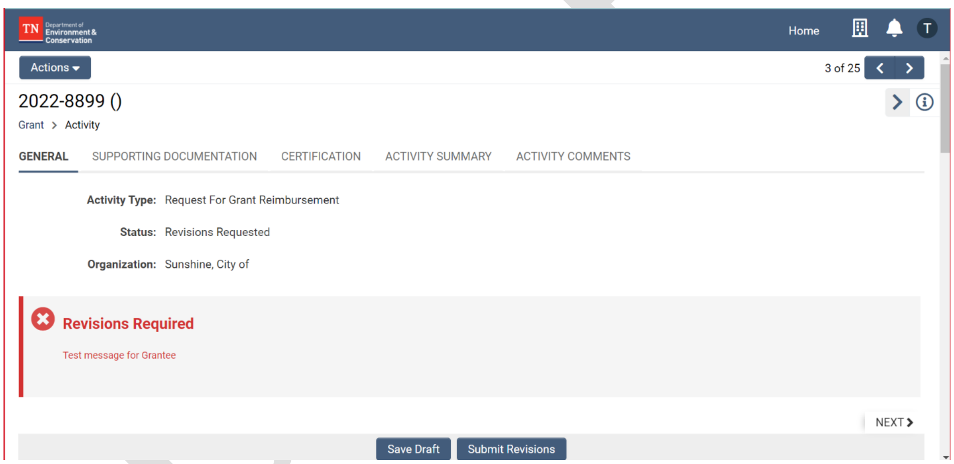
Step 23: Go back to the “Reimbursement Review” tab to confirm if RFI is needed. If YES, proceed to next step. If NO, change GMS status to Under Review – Quality Control and proceed to Step 27.



Step 24: Return to the “Internal” in the reimbursement request and confirm the language in the "Required Revisions" box and send RFI to grantee by entering a NOTE in the activity. Be very clear about the need and offer a call if the grantee has questions. Use the RFI template to ensure appropriate language is included in the note including deadline for response. Be sure to note the deadline for response, 14 days calendar days from receipt, and always follow up with the grantee.

Step 25: Click the "Revisions Requested" button. In the “Revisions Requested” status, an alert will appear on both the grantee and reviewer side of the activity. High level comments may be added to this alert, shown in the screenshot below, via the Required Revisions for Grantee textbox located on the Internal tab of the Reviewer activity. Note: this notification tool is NOT for detailed RFI requests. As directed in Step 24, detailed RFI requests should be provided via a NOTE in the activity.





Step 26 is for grantee performance. GMS Status – Revisions Requested

Step 26: Grantee has 14 calendar days to respond to an RFI. Be sure to always follow up with them, offer additional assistance where possible. Track the deadline closely and follow up at least 3 business days prior. If the grantee resubmits: the status returns to Submitted. However, the assigned team should monitor this, and move the Request back into "Under Review". Restart at Step 7, reviewing updates and updating comments as necessary. No 2nd RFI will be allowed at this stage. If the grantee does not resubmit, then EY L2 should manually push the status to "Under Review Quality Control" and note the lack of response in the comments. Costs involved in the RFI will remain questioned.

Steps 27 and 28 are for EY L3 (QC). GMS Status – Under Review Quality Control

Step 27: Perform the QC review, updating comments, observations, etc. as necessary. Confirm all documentation is present including relevant testing workbooks. Confirm all amount fields are appropriately calculating based on the expenditure review results. Confirm clear, concise, and appropriate wording in all comment and observation fields.

Step 28: If the review passes QC, click the "Supervisor Approval" button, and proceed to the next step. If the review fails QC, manually place the status back in "Under Review" and work with the team to make necessary updates. Restart back at Step 7.

Step 29 is for TDEC SWIG (Kevin/Rose). GMS Status - Supervisor Approval

Step 29: Review the amounts questioned, recommended and/or declined for payment. If TDEC Finance approves for payment as is, then complete the "TDEC Approval" section under the "Review Results Internal" tab with the amount of agreed payment and any comments. Click "Payment Pending". Proceed to step. If TDEC Finance agrees with a Declination for Payment as recommended, then complete the "TDEC Approval" section under the "Review Results Internal" tab with the amount of agreed payment and any comments and click the "Decline - Reconsideration Period" button. If TDEC Finance has questions, they may either manually reset the status to "Under Review Quality Control", including notes in the "TDEC Approval" section under the "Review Results Internal" tab, OR work directly with EY QC point of contact to clarify/make updates. Once updated, follow steps above depending on result.

Step 30 is for TDEC F&A team (Benny/Emad). GMS Status – Payment Pending

Step 30: TDEC F&A team to monitor the payment status in Edison. Once the payment has been disbursed to the grantee, complete the "Payment Record" section of the "Review Results Internal" tab.

Step 31 is for EY QC. GMS Status – Declined – Reconsideration Period

Step 31: When a payment is declined, EY should draft the language using the DM Memo template, notifying the grantee of the reason for the declination, and the process for requesting reconsideration including 30 calendar day deadline to respond and requirement for additional information. The clock for the 30 days should start the day the DM is sent to the grantee and should be logged in GMS. Upon receipt of a response, EY will return to the EY QC/" Under Review Quality Control" step for review. If no response is received, the request will be moved to "Declined".

Process Chart | Request for Grant Reimbursement Review