



**OFFICE OF COMMUNITY SERVICES (OCS)
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
STATE OF HAWAII**

**CAPITAL IMPROVEMENT PROJECT (CIP)
GRANT-IN-AID GUIDELINES**

(As of July 2015)

Once a Grant-in-Aid (GIA) is approved by the Legislature, the Executive Branch is responsible for execution of the grant with the Grantee. There are four (4) primary organizations involved in this process:

1. Governor is the Chief Executive and responsible for authorizing the Expending Agency to execute and administer the GIA.
2. The Office of Community Services (OCS) is administratively attached to the Department of Labor and Industrial Relations (DLIR). OCS serves as the Expending Agency for GIAs designated for administration by DLIR in the Budget.
3. Department of Budget and Finance (B&F) manages the State's financial position and policies.
4. Department of the Attorney General (AG) provides legal review for the State.

This document provides information about the process that OCS staff uses to administer Capital Improvement Project (CIP) GIAs. It is provided to Grantees to clarify expectations to ensure that we can work together to fulfill the Legislative intent for CIP GIAs.

Timing. It is important that we work with Grantees to release and contract funds within the next three (3) Fiscal Years from which they are appropriated (i.e., funds appropriated by the 2015 Legislature need to be appropriated and contracted by June 30, 2018), unless specifically designated by the Legislature. Expenditures need to be completed within period of performance of the contract (not to exceed 12 months).

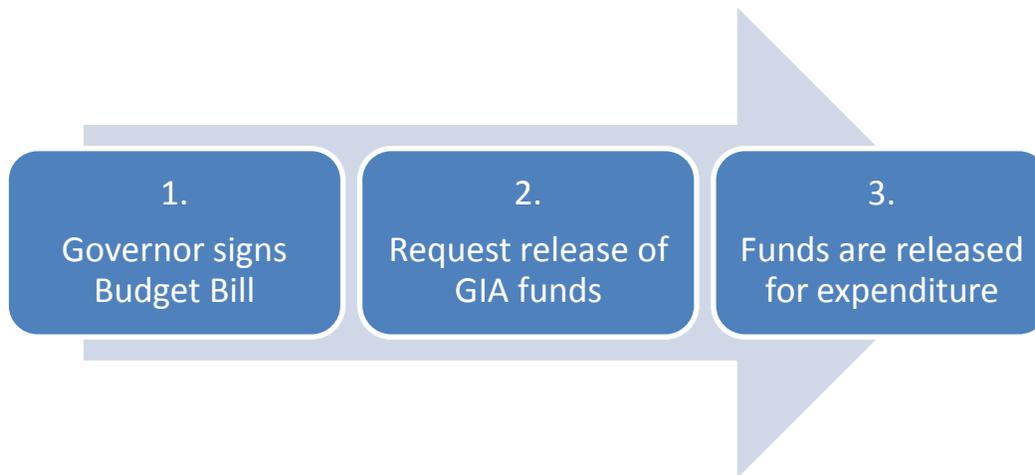
There are three stages to GIA administration:

1. Requesting Release of Funds
2. Contracting
3. Contract Administration

Sample documents and forms are available online at: <http://labor.hawaii.gov/ocs/gia>

1 REQUESTING RELEASE OF FUNDS

The first stage is to *secure the Governor's approval to release the GIA funds* so that a contract can be executed. The figure and narrative below explain the steps for this stage:



Step 1. Governor signs the Budget Bill, which includes authorization of GIAs. The Governor's Budget Execution Policy will be disseminated to the departments. This Policy will include guidance about restrictions of funds, if necessary. DLIR/OCS will be tasked as the Expending Agency to work on a designated list of GIAs from the Legislature. B & F, with the approval of the Governor, may delegate to other state or county agencies the administration of a particular Grant when it is determined advantageous to do so.

[Note (8/1/2015): Governor Ige signed the Budget Bill (Act 119, SLH 2015) for Fiscal Year 2016 on June 12, 2015. The "FY 16 Budget Execution Policies and Instructions" from Governor Ige (Governor's Executive Memorandum No. 15-03, August 24, 2015) indicated Expending Agencies for GIAs may begin requesting release of funds.]

Step 2. The Budget Bill includes the list of GIAs for which DLIR/OCS is designated to serve as the Expending Agency. Using this list, OCS contacts each of the Grantees to request the following documents to submit as part of the package to request release of GIA funds:

- A copy of the Grantee's letter to the Governor requesting release of funds.
- A completed B&F Form F and Form PAB.
- List and status of other sources of funds for the project, if applicable.

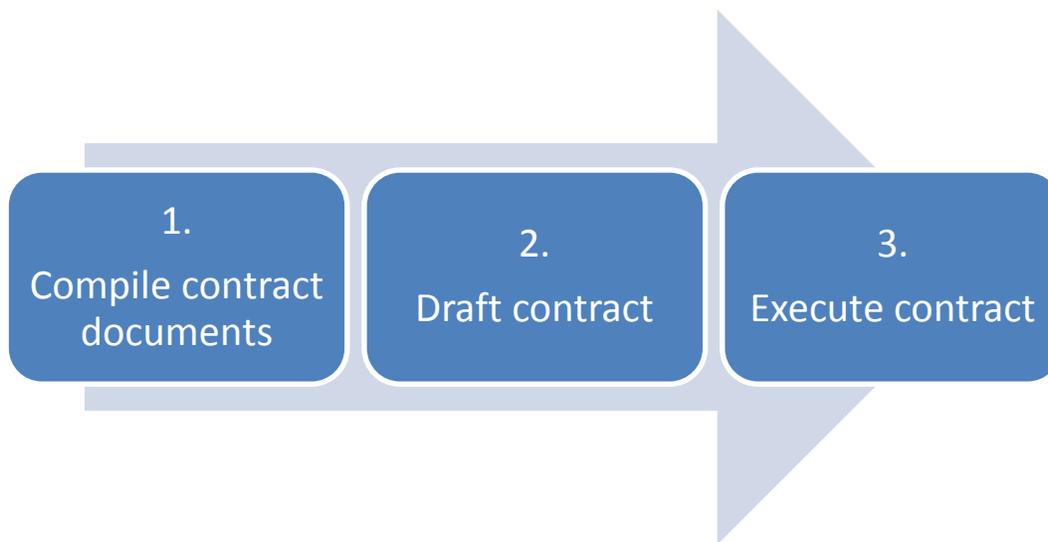
Once OCS receives the documents from the Grantee, OCS reviews the documents and works with the Grantees to compile a final request for release of funds package for processing.

Step 3. OCS coordinates requesting approval for the release of funds from B&F and the Governor. Upon approval of the release of funds, the Governor sends notification to Grantee and OCS.

2 CONTRACTING PROCESS

Once the Governor has released funds for a GIA, OCS works with the Grantee to **execute a contract to expend the funds** as required by Hawaii Revised Statutes (HRS) Chapter 42F. It is important to note the following:

- All contracts are always subject to the availability of funds.
- Funds cannot be expended before the contract is executed.
- If funds are used for the acquisition of land, when the organization discontinues the services on the land acquired for which the fund was awarded, the organization shall repay the State for the funds used for the acquisition of the land. This restriction must be registered in the Bureau of Conveyances as an encumbrance on the property.



Step 1. To begin contracting, the Grantee needs to provide to OCS the following documents [Note: It is very important that the Grantee's name is consistent on all documents.]:

- Certificate of liability insurance from the Grantee's insurance agency providing as follows:
 - (a) liability insurance of at least \$1 million per occurrence and \$2 million in the aggregate and automobile liability insurance of \$1 million per accident or such other amount requested in writing;
 - (b) additionally insuring the State of Hawaii and the Office of Community Services, their officers, employees, and agents for any liability arising out of resulting from occurrences connected with the Grantee's performance under the contract;

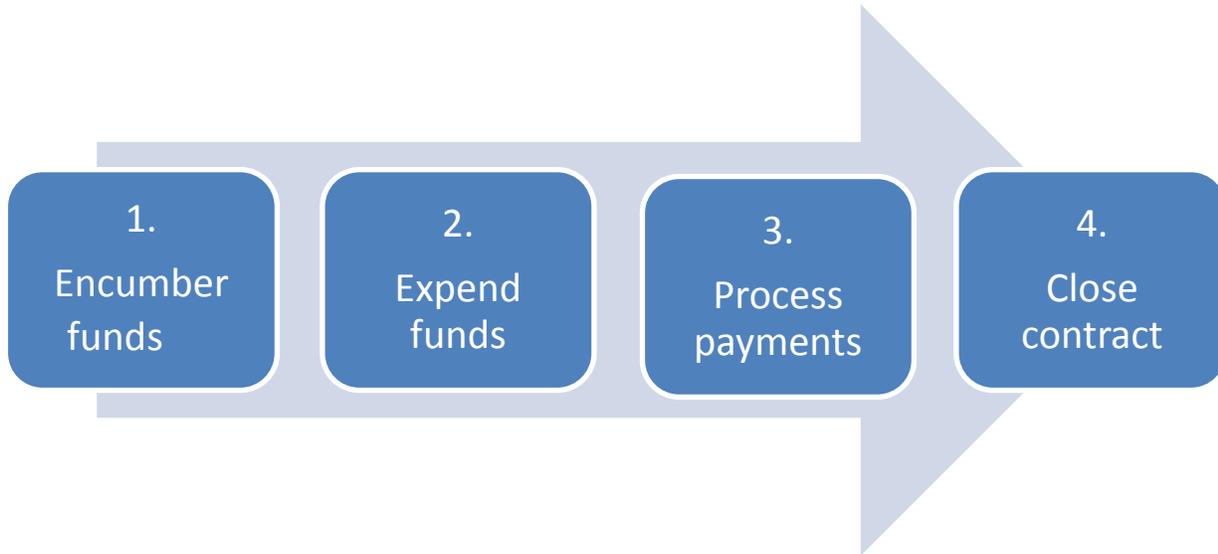
- (c) a statement from the insurance agency that the insurance policy shall not be cancelled unless the insurance company has first given the State thirty calendar days prior written notice of the intended cancellation;
 - (d) the period of coverage of the liability insurance shall cover the entire period of the contract, unless the State grants a waiver; and
 - (e) the contract identification number shall be identified on the certificate.
- Certificate of Vendor Compliance from Hawaii Compliance Express;
 - Certified copy of the Grantee's corporate resolution identifying the person who is authorized by the Grantee to enter into a contract with the State for administration of the grant; and
 - The Grantee's State and Federal Tax identification numbers.

Step 2. OCS will then prepare draft contract documents with the Grantee. Once the draft contract package is compiled, it will be routed for approval by the AG. Upon approval, OCS sends two (2) copies of the contract documents to the Grantee for signature.

Step 3. The Grantee's duly designated person signs both copies of the contract and has them notarized, then returns the signed contracts to OCS. The OCS Executive Director, AG, and DLIR Director will then sign the contract. Once executed, OCS returns an original to the Grantee for file.

3 CONTRACT ADMINISTRATION

Once the contract is executed, OCS begins contract administration to expend funds according to the contract.



Step 1. OCS shall send a copy of the executed contract to the Pre-Audit Branch of the Department of Accounting and General Services (DAGS) to cause the allotted contract funds to be encumbered so that expenditures may begin.

Step 2. In order to expend CIP GIA funds, the Grantee completes and submits quarterly fiscal and program reports. OCS reserves the right to modify these forms or substitute new forms during the course of the grant period. Please note the following:

- GIA funds are made available on a **cost reimbursement** basis.
- Requests for payments (i.e., cash requests) need to be submitted to OCS by the Grantee on or before the 15th day of the calendar month following the quarter for which the request is made (e.g., By December 15 for expenses incurred in September - November) using OCS Forms 300 and 310.
- All requests for payment must accompanied by **accurate copies of supporting documentation of expenditures (i.e., receipts, invoices)**. The Grantee shall retain all original documentation for its tax, audit, and other purposes. OCS cannot approve requests for payments without proper documentation.
- Prohibition on Deficiency Spending. There shall be no expenditure of funds in excess of amounts appropriated and allotted, nor shall agencies establish positions in excess of the numbers authorized in the budget and allotted, unless otherwise provided by specific legislation and the budget execution policies of the Executive Branch.
- The fiscal reports must include an up-to-date list of funding agencies (if more than one funding agency is involved), up-to-date totals of funds received from the funding agencies, as well as up-to-date reports on cumulative expenditures incurred for the project.
- The program progress report shall provide narrative justification of the expenditures and financial obligations.

- Reports must be submitted quarterly, even if activity has not taken place during the quarter. Such reports should describe why no activity has taken place and they should outline what the Grantee is doing to cause activity to continue.
- The State will hold 10% retention of the funds until the Project is completed and required certificates are submitted to the State.
- The Grantee must comply with the procurement requirements of HRS Chapter 103D. In general, HRS Chapter 103D requires competitive bidding in an open and transparent process, and it obligates the construction contractor to comply with relevant labor and other laws. The Grantee shall request and review a minimum of three (3) written bids and award contract(s) to contractor(s) that are most advantageous to the Grantee for the purpose of these funds.

Step 3. OCS processes each payment request with DAGS. Then, OCS sends the payment to the Grantee upon receipt.

Option Contract Extension. A grant contract may be extended twice for up to 12 months each beyond the initial expiration date, at the sole discretion of OCS, provided that:

- (a) the original contract provides for extensions;
- (b) the extension is made before the original expiration date or the expiration date of any prior extension;
- (c) there is good cause to extend the contract; and
- (d) the Grantee is continuing to perform its duties under the contract.

Step 4. Contract Closing. At time that the grant contract between a Grantee and State is completed, the Grantee shall submit to OCS the following documentation in order to process the final payment:

- Certificate of Grantee's liability insurance with State as additional insured;
- Certificate of Vendor Compliance from Hawaii Compliance Express;
- A final program report within 60 days after the end of the contract;
- Certificate of Completion;
- Certificate of Acceptance of Facility; and
- Expiration of all Architect's and General Contractor's lien period.