



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

**OPERATING  
GRANT-IN-AID (GIA) GUIDELINES**

The Legislature makes appropriations for grants in accordance with Chapter 42F of the Hawaii Revised Statutes (HRS). There are two types of grants: Operating and Capital Improvement Project (CIP) grants. Generally, Operating grants are for a nonprofit's operational or program expenses and CIP grants are for construction projects. Funds are available on a reimbursement basis and payments are contingent upon fulfillment of the terms and conditions of the grant agreement.

This document outlines the general process that the Office of Community Services (OCS) uses to administer Operating grants and provides guidelines to help you understand your obligations of being awarded state funds under the law as well as the process involved to obtain and expend public funds. This guideline only applies to grants which have been assigned to OCS (Program ID: LBR 903). OCS reserves the right to change this guideline at any time without notice. If your grant was not assigned to OCS, please contact your assigned expending agency for more information.

**The six stages for Operating grant administration are:**

1. Application/Award
2. Eligibility Verification
3. Release of Funds
4. Contract Execution
5. Contract Administration/Expending
6. Contract Closing

This document and other reference materials are available online at: <https://labor.hawaii.gov/ocs/service-programs-index/gia/>

# 1 APPLICATION/AWARD



All state grant-in-aid applications are managed by the Hawaii State Legislature, specifically, the House Finance Committee and the Senate Ways and Means Committee. Typically, applications are made available to the public in late December/early January and is posted on the Legislature’s website, [capitol.hawaii.gov](http://capitol.hawaii.gov). OCS does not participate during this stage, and is unable to assist with any applications. All questions should be directed to the Finance and Ways and Means Committees. The Legislature decides who is awarded a grant, the type of grant, the award amount, what the funds can be used for, and which state department will administer said award.

The Governor then reviews and either signs into law or vetoes the budget bill. In general, the Governor has 45 days after sine die (the last day of the legislative session) to decide, which is usually in late June/early July.

Once the budget bill is signed into law, if assigned to OCS, OCS will notify the Grantee of their award and assign a program specialist as their main point of contact. Notification of the award does not mean that expenditures can commence. Grantees must have an executed contract with OCS before expenditures may begin.

For Operating grants, Grantees have one year to enter into a contract, or funds will lapse back to the state. Grantees should plan accordingly and contact their program specialist for more information.

## 2 ELIGIBILITY VERIFICATION

The first stage requires submission of documentation to **verify that the Grantee meets the standards for a grant award under HRS §42F-103.**



Per Hawaii Revised Statutes HRS §42F-103, grants shall only be awarded to organizations that meet certain requirements. The declaration statement attesting the organization meets these requirements submitted with the application, by itself, is insufficient to affirm eligibility.

Grantees must submit additional documentation to verify that they meet the **“Standards for the Award of Grants”** in accordance with HRS §42F-103. Listed below are the requirements, and in parenthesis are examples of documents that are typically submitted to fulfill said requirement. Grantees should contact their program specialist for specific guidance.

1. Are licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which the grant is awarded (*e.g., Certificate of Good Standing*)
2. Comply with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability (*e.g., by-laws, corporate resolution*)
3. Agree not to use state funds for entertainment or lobbying activities (*e.g., by-laws, corporate resolution*)
4. Allow the state agency to which funds for the grant were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant. (*e.g., records retention policy*)
5. Is incorporated under the laws of the State (*e.g., Certificate of Good Standing*)
6. Has bylaws or policies that describe the manner in which the activities or services for which the grant is awarded shall be conducted or provided (*e.g., by-laws*)
7. For non-profit organizations:
  - a. Has been determined and designated to be a nonprofit organization by the Internal Revenue Service (*e.g., IRS determination letter*)
  - b. Has a governing board whose members have no material conflict of interest and serve without compensation (*e.g., by-laws, corporate resolution*)

The Office of the Attorney General (AG) determines if the Grantee meets the standard for a grant award under the law, which typically takes four weeks, once all documents have been submitted. OCS will inform the Grantee once a decision has been made.

### 3 RELEASE OF FUNDS

The Release of Funds stage involves *securing the Governor's approval for the release of funds* in order for a contract to be executed. The Governor has delegated authority to release funds for Operating grants to department heads of the designated expending agency. The steps for this stage are as follows:



Step 1. Grantees work closely with their assigned program specialist to compile and complete the following:

- Cover letter that includes the project status, finalized scope of work, timeline, project outcomes and budget, including additional sources of funding. The project must still align with the application and bill description.
- Forms regarding project outcomes and deliverables, budget justification
- Funding Sources Declaration, if applicable
- Other documentation that may be required

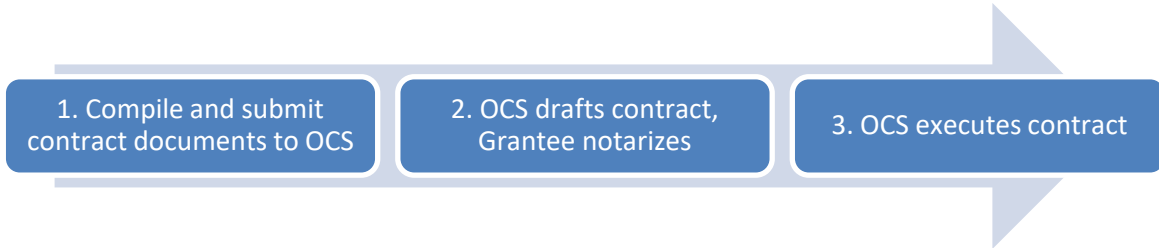
Program specialists will send customized forms to Grantees for completion.

Step 2. OCS sends the compiled packet to the Department of Labor and Industrial Relations (DLIR) Director for review.

Step 3. The DLIR Director will either release the funds for contracting or not. OCS will notify the Grantee of the decision. This stage typically takes one to two months to complete, from the time all forms are submitted, please plan accordingly.

## 4 CONTRACTING EXECUTION

Once the funds have been released, OCS works with the Grantee to **execute a contract**. All contracts are on a reimbursement basis only. A contract must be in place in order for expenses to be eligible for reimbursement.



Step 1. Compile and submit to OCS the following documents [Note: The Grantee’s legal name must be consistent with the budget bill and on all submitted documents.]:

- Current Certificate of Vendor Compliance from Hawaii Compliance Express (issue date cannot be older than one month) or compliance documentation from the following agencies:
  - a. Hawaii Department of Taxation
  - b. Internal Revenue Services
  - c. Hawaii Department of Commerce and Consumer Affairs
  - d. Hawaii Department of Labor & Industrial Relations
- Current Certificate of Insurance from the Grantee’s insurance agency provided as follows:
  - a. Liability insurance of at least **\$2 million** in the aggregate; General Liability shall be no less than \$1 million per occurrence and automobile insurance shall be no less than \$1 million per occurrence;
  - 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 policy shall not be cancelled or materially changed without giving the State thirty (30) days prior written notice by registered mail;
  - d. The period shall cover the entire period of the contract; and
  - e. The contract identification number shall be identified on the certificate
- The Grantee’s State and Federal tax identification numbers.
- A corporate resolution showing the duly designated person(s) who has the authority to sign the contract on behalf of the Grantee. Must include name and title of the authorized signee(s). The duly designated person(s) cannot sign the resolution and authorize themselves.
- A copy of the Grantee’s letterhead or invoice showing its legal and mailing addresses.

Step 2. OCS prepares the contract, and upon approval by the Attorney General, sends two copies of the contract to the Grantee for signature. The Grantee’s duly designated person(s) signs and notarizes both copies of the contract, then returns the signed contracts to OCS. See Attachment A for an example of the notary page.

Step 3. The OCS Executive Director and Attorney General will then sign, thus executing contract. Once executed, OCS returns an original copy of the contract to the Grantee for file.

## 5 CONTRACT ADMINISTRATION

Once a contract has been executed, stage five is to submit program and fiscal reports and request reimbursement payments.



All contracts are on a reimbursement basis only. In order to be eligible for reimbursement, **all expenses, payments, and work done, must be completed during the life of the contract.** Anything outside of this period of performance is ineligible for reimbursement.

The Grantee submits fiscal and progress reports. The forms are provided by OCS and samples are attached to these guidelines. OCS reserves the right to modify these forms or substitute new forms during the course of the grant period. There are two components to the periodic reports, fiscal and program progress reports.

1. Fiscal Reports: (Forms 300, 310, and Ledger)

- Form 300 (Attachment B): This report uses the numbers from Form 310 to create the “invoice” for the State. This form must be signed and submitted.
- Form 310 (Attachment C): Expenditures are input into this form and the information is automatically transferred to Form 300. This form must be submitted as an excel.
  - Grantees are not permitted to make any changes to the budget, without prior approval from OCS. Contact your program specialist for more information.
  - All requests for reimbursement must be accompanied by **accurate and complete copies of supporting documentation of expenditures** (e.g., receipts, invoices, timesheets, payroll, etc.). The Grantee shall retain all original documentation for its tax, audit, and other purposes.
  - Payments are on a reimbursement basis only. Expenses incurred outside of the contract period, will **not** be reimbursed. Expenses must follow the budget as defined in the executed contract. OCS cannot approve requests for payments without proper documentation.
- Ledger (Attachment D): This ledger helps expedite the review process by matching supporting documents provided to the respective budget line item in the Form 310.
- **Detailed instructions** on how to complete the fiscal forms may be found on OCS’ website: <https://labor.hawaii.gov/ocs/service-programs-index/gia/>.

2. Program Progress Report (Attachment E). The program progress report shall provide an explanation of program progress, including progress regarding deliverables/outcomes, and a justification of the expenditures and financial obligations.

**Reports must be submitted even if no activity has taken place or no reimbursement is requested.** The report should (a) request \$0 reimbursement, (b) explain why no activity has taken place, and (c) explain what the Grantee is doing to complete the work specified in the contract.

Samples of these forms can be found at the end of this document. Program specialists will send customized forms to Grantees for completion.

Due Date: Fiscal and program progress reports are due by the 30<sup>th</sup> day after the end of the quarter, as defined in the contract.

Payment - After reviewing and approving the report, OCS will process the request for payment. Payments are made by check and can take up to one month to process.

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#### Contract Extension (optional)

All contracts end one year after the start date. An OP grant contract may be extended once for up to 12 months beyond the initial expiration date, for a total contract lifespan of two years. Extensions are at the sole discretion of OCS, provided that:

- (a) the original contract provides for extensions;
- (b) the extension request is made by the Grantee, in writing, **60-90 days prior to the expiration date** (changes to the contract are not permitted during the 30 days prior to the contract expiration date);
- (c) there is good cause to extend the contract; and
- (d) the Grantee is continuing to perform its duties under the contract and is in good standing (i.e. all reports have been submitted, valid Certificate of Vendor Compliance, valid Certificate of Insurance, etc.).

Grantees should contact their program specialist for more information.

## 6 CONTRACT CLOSING

Once the contract expiration date has been reached, the Grantee has 60 days to submit all closing documents. If the Grantee finishes their project prior to the contract expiration date, they may close their contract sooner. Listed below are the documents that must be submitted to OCS in order to close the contract and receive final payment.

- Current Certificate of Grantee’s liability insurance with State and OCS as additionally insured;
- Current Certificate of Vendor Compliance from Hawaii Compliance Express (issue date cannot be older than one month); or compliance documents from the following agencies:
  - a. Hawaii Department of Taxation
  - b. Internal Revenue Services
  - c. Hawaii Department of Commerce and Consumer Affairs
  - d. Hawaii Department of Labor & Industrial Relations
- Final program progress report;
- Final fiscal report (must check “final report” on form; only expenses incurred and paid for during the life of the contract are eligible for reimbursement);
- Photos of the project

Per the contract, Grantees must keep all records relating to the contract for a minimum of three years after the contract has closed.



## List of Attachments

<b>Attachment</b>	<b>Description</b>
Attachment A	Notary Page
Attachment B	OCS Form 300
Attachment C	OCS Form 310
Attachment D	Cash Request Ledger
Attachment E	Program Activity Report



**Attachment B – Form 300 SAMPLE**

<b>Office of Community Services</b>							
Department of Labor and Industrial Relations							
<b>FORM 300 - Cash Report</b>							
<b>1.</b>	<b>RECIPIENT ORGANIZATION:</b>	ORGANIZATION NAME		<b>2. FUNDING SOURCE:</b> <b>GIA</b>	ACT XX		
	<b>MAILING ADDRESS:</b>	123 ALOHA STREET					
<b>3.</b>	<b>PROGRAM</b>	PROGRAM TITLE		<b>4. CONTRACT NO.</b>	<b>5. CONTRACT AMOUNT</b>		
				OCS-CIP-XX-XX	\$750,000.00		
<b>6.</b>	<b>CONTRACT PERIOD</b>			<b>7. PERIOD COVERED BY THIS REPORT. If FINAL, <input type="checkbox"/> of this REPORT</b>			
	From:	November 1, 2022	To:	October 31, 2023	From:	November 1, 2022	To:
<b>8. REQUEST FOR REIMBURSEMENT</b>							
Amount Requested For This Period: (All supporting receipts/documents must be attached)					<b>\$25,000.00</b>		
<p><b>CERTIFICATION</b> I certify to the best of my knowledge and belief that this report and supporting documents are accurate and true, that all disbursements have been made for the purpose and conditions of the grant or agreement, and reflect the work done for this project.</p>							
			<b>Name</b>	<b>Date</b>			
Authorized Signature			Print Name	Date Report Submitted			
<b>OFFICE OF COMMUNITY SERVICES USE ONLY</b>							
<b>APPROVAL FOR PAYMENT</b>							
<b>I certify satisfactory receipt of goods/services listed in this invoice/form.</b>							
Signature - Program Specialist			Date				
Signature - Fiscal Section			Date				
Signature - Executive Director			Date				
<b>OCS FORM 300 / Revised 05/2017</b>							
<b>INTERNAL USE ONLY</b>							

Attachment C – Form 310 SAMPLE

Office of Community Services Department of Labor and Industrial Relations										
FORM 310 - CIP Expenditure Report										
1. RECIPIENT ORGANIZATION: MAILING ADDRESS:		ORGANIZATION NAME 123 Aloha Street		2. FUNDING SOURCE: G ACT 567A		Select cell "K5" for dropdown arrow to choose quarter:				
3. PROGRAM:		Design and Construction of XYZ Building		4. CONTRACT NO. OCS-CIP-500-78		5. CONTRACT AMOUNT \$200,000.00		Input in yellow cells only		
6. CONTRACT PERIOD			7. PERIOD COVERED BY THIS REPORT							
From: contract effective date To: contract end			If FINAL, click box <input type="checkbox"/> FINAL REPORT							
8. CATEGORIES		PROGRAM BUDGET	CURRENT EXPENDITURES	TOTAL EXPENDITURES	UNEXPENDED FUNDS	% OF BUDGET EXPENDED	QUARTER 1 EXPENSES	QUARTER 2 EXPENSES	QUARTER 3 EXPENSES	QUARTER 4 EXPENSES
A. PLAN		\$0.00	#N/A	\$0.00	\$0.00	#DIV/0!	\$0.00	\$0.00	\$0.00	\$0.00
1 PLAN			#N/A	\$0.00	\$0.00	#DIV/0!				
B. DESIGN		\$50,000.00	#N/A	\$0.00	\$50,000.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
1 DESIGN		\$50,000.00	#N/A	\$0.00	\$50,000.00	0.00%				
C. CONSTRUCTION		\$150,000.00	#N/A	\$0.00	\$150,000.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
1 CONSTRUCTION		\$150,000.00	#N/A	\$0.00	\$150,000.00	0.00%				
D. EQUIPMENT		\$0.00	#N/A	\$0.00	\$0.00	#DIV/0!	\$0.00	\$0.00	\$0.00	\$0.00
1 EQUIPMENT			#N/A	\$0.00	\$0.00	#DIV/0!				
E. LAND ACQUISITION		\$0.00	#N/A	\$0.00	\$0.00	#DIV/0!	\$0.00	\$0.00	\$0.00	\$0.00
1 LAND ACQUISITION			#N/A	\$0.00	\$0.00	#DIV/0!				
F TOTAL (Add line A+B+C+D+E = line F)		\$200,000.00	#N/A	\$0.00	\$200,000.00	0.00%	\$0.00	\$0.00	\$0.00	\$0.00
OCS FORM 310 / Revised 03/2022 INTERNAL USE ONLY										

## Attachment D – Cash Request Ledger SAMPLE

<b>RECIPIENT ORGANIZATION</b> Contract: OCS-CIP-xx-xx							
				FORM 310 BUDGET LINES: (According to Contract)			
				DESIGN CONSTRUCTION			
<b>QUARTER 1 EXPENDITURES</b>							
Supporting Document Description (Payee etc.)	Document Date	Document Reference Number (Invoice Number)	Form 310 Budget Line	Period of Performance	Proof of Payment (Type and Reference #)		Amount
1 HAWAII ARCHITECTS	12/15/2022	12345	DESIGN	Q1	Check # 567		\$25,000.00
2							
3							
4							
5							
6							
7							
8							
9							
10							
20							
30							
40							
50							
60							
70							
80							
90							
<b>QUARTER 1 TOTAL</b>							<b>\$25,000.00</b>
							*This total must match your Form 310 total

Grant-In-Aid Program Progress Report  
Office of Community Services  
Department of Labor and Industrial Relations

Recipient Organization:	Funding Sources:
Program:	Contract Number: Contract Amount: Contract Period (From/To):
Date Report Submitted:	Report Period (From/To):

1. Estimated Percentage of contract completed as described in Scope of Performance:

SAMPLE

2. Provide a brief narrative of the Program’s major activities, highlights and achievement for this reporting period.

SAMPLE

3. Identify any difficulties or challenges your agency faces in attempting to assist clients or in operating your program efficiently and effectively. Provide specific recommendations or suggestions on how OCS might assist your program and how your agency plans to overcome these challenges.