



Accounting Directive: Contract/Grant Monitoring
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Accounting Directive Reference: AD_200902	Issue Date and Version: 03/24/2009 – v1
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Applicability:

This Accounting Directive applies to all agencies, departments, commissions, courts, councils, boards, universities, colleges, retirement funds, authorities, associations, foundations, and other organizations for which financial information is reported in the State of Georgia Comprehensive Annual Financial Report (CAFR), and/or for which expenditures of Federal awards are reported in the State’s Single Audit Report.

Background:

In July, 2003, the Department of Audits and Accounts issued *Components of an Effective Contract Monitoring System* to increase awareness of the importance of contract monitoring and to explain the basic tools used in monitoring. This report was designed to serve as a resource for individuals who are directly responsible for ensuring that contracted services are adequately delivered.

General Directive:

Each State organization distributing public funds has an obligation to ensure that contracted services are adequately delivered (contracts), and that recipients adequately perform all agreed-upon services (grants).

Each State organization is responsible for designing and implementing an effective contract management system that mitigates risk to the organization and/or to the State.

Procedures/Guidelines:

General. Refer to *Components of an Effective Contract Monitoring System* (attached) for guidance in the development of an effective contract monitoring system.

American Recovery and Reinvestment Act of 2009 (ARRA) Contracts. Contracts issued under the ARRA should include language addressing the following issues if applicable and should be monitored to ensure compliance with the ARRA requirements (see ARRA Division A Title XVI):

- Limit on funds – Funds may not be used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pools. [Sec. 1604]

- Buy American – Projects for the construction, alteration, maintenance, or repair of a public building or public work must use iron, steel, and manufactured goods produced in the United States, unless this requirement is waived by the Federal grantor agency. [For more details reference Sec. 1605]
- Wage rate requirements – All laborers and mechanics employed by contractors and subcontractors must be paid wages at not less than prevailing rates on projects of similar character in the locality. [Sec. 1606]

Other contract requirements are included in Title XVI. State organizations are responsible for demonstrating compliance with all applicable requirements of this Title, as well as requirements of specific Federal programs.