



**Grants
Management**

**New York State
Prequalification Manual
For
Grantees**

January 16, 2024

Table of Contents

1. Introduction	3
1.1 New York Grants Management: A Brief Overview	3
1.2 Background.....	3
1.3 Scope.....	3
2. Organization Rights.....	4
2.1 No Guarantee of Award.....	4
2.2 Investigations.....	4
2.3 Confidentiality.....	4
2.4 Impact.....	4
3. Application	5
3.1 Organizational Integrity Questions	5
3.2 Organizational Capacity Questions.....	7
3.3 Legal and Regulatory Compliance Questions	8
3.4 Required Documents	11
4. Process.....	16
4.1 Submission	16
4.2 Review	16
4.3 Determination.....	16
4.4 Notification of Determination.....	16
4.5 Maintaining Prequalification.....	17
4.6 Suspension or Revocation	17
4.7 Appeals.....	17

1. Introduction

1.1 New York Grants Management: A Brief Overview

In furtherance of grant making's inherent ability to address State, local, and community issues, New York State has established a standard of practice simplifying the process for organizations seeking grant funding.

This standard includes the following components:

- A single Public Portal that allows not-for-profits and other interested organizations to easily view all upcoming and available State agency grant opportunities;
- A Statewide system that provides the ability to apply for grants and manage contracts online;
- A Prequalification standard that determines eligibility to apply for grants and promotes contract readiness; and
- A standardized State of New York Contract for Grants template.

The Grants Management website provides detailed information for organizations seeking grant funding from the State, including reference and resource materials. In addition to the Grants Management website, the Grants Management Team supports both the State agencies and potential grantees as they work through the State's grant business process.

1.2 Background

The Prequalification Application requests information about the organization's *Integrity, Capacity* and *Legal Compliance*. Organizations are required to answer the appropriate questions and provide any required documents in order to demonstrate sufficiency across these areas.

The prequalification process allows the State to deem an organization qualified prior to allowing them to compete for a grant and potentially receive a State contract. Organizations must receive approved prequalification status prior to grant application and execution of contracts. Providing this information earlier in the process, allows time for an organization to work with the State, where appropriate, to correct any issues identified. Once corrected, the organization may resubmit their Prequalification Application for review. This allows the State to maximize the potential pool of qualified organizations, thus increasing competition for services.

1.3 Scope

Prequalification is required for all not-for-profit organizations seeking grant funding from New York State.

2. Organization Rights

All organizations applying for prequalification should be advised of the following rules and conditions described in this section.

2.1 No Guarantee of Award

Prequalification must not be construed as a guarantee of an award of contract. Prequalification determines an organization's eligibility to bid for a State contract, or its eligibility for contract renewal or amendment. In the event that the prequalified bidder submits a bid for a competitive contract, the sponsoring State agency is charged with making an assessment of whether the bidder is both responsible and has the capacity and requisite skills to carry out the requested services.

2.2 Investigations

In submitting an application for prequalification, organizations are giving permission to the reviewing State agency to carry out such investigations and research as the State agency considers necessary to determine whether the organization meets the relevant prequalification criteria.

In undertaking the review of an organization's application, Prequalification Specialists may take into account any other information in their possession or any other information obtainable from its own agency or other government agencies. Further, Specialists have the right to examine resources and information pertaining to a parent or affiliated business entity.

2.3 Confidentiality

Information submitted in a Prequalification Application will be treated as confidential and will not be disclosed to any parties outside of the State unless the State agency is legally required to do so or in situations where the State agency must obtain legal or financial information from outside parties.

Any subsequent information pertaining to the organization's performance on specific contracts may only be shared with or made available to other State agencies for the purpose of monitoring an organization's performance or determining an organization's continued eligibility for prequalification, unless otherwise requested or permitted by the organization.

2.4 Impact

The final assessment of an organization's Prequalification Application will be confined to "Prequalified" or "Not Prequalified". There will be no further evaluation made about the organization, ranking or grading of the application after the final evaluation has been completed.

3. Application

The Prequalification Application requests information about the organization's integrity, capacity and legal compliance. Organizations are required to answer the appropriate questions and upload any required documents in the SFS. Prequalification Specialists within the agencies will review the Prequalification Application according to Statewide standards outlined in the New York State Prequalification Manual for Agency Prequalification Specialists and a determination will be made.

3.1 Organizational Integrity Questions

The Integrity questions pertain to matters of organizational and business ethics. These questions are structured in a simple yes or no format. "Yes" answers will, in most cases, invite further inquiry from a Prequalification Specialist; they will not necessarily render an organization "Not Prequalified." The term "you" shall refer to the individual responding to the questionnaire and any member, including senior staff, key employees, and board members of the organization and its affiliates.

For any "Yes" answer you must provide a complete explanation including the names of the parties, date of the cause of action, and any resolution or outcome.

Question 1a:

Within the past five years, have you, the organization, and/or any organization affiliate been suspended or debarred from any contracting process or been disqualified on any government procurement?

If yes, identify the government entity/owner(s) involved, project(s), contract number(s), relevant dates and any remedial or corrective action(s) taken and the current status of the issue(s).

Question 1b:

Within the past five years, have you, the organization, and/or any organization affiliate been subject to a denial or revocation of a government prequalification?

If yes, identify the government entity/owner(s) involved, project(s), contract number(s), relevant dates and any remedial or corrective action(s) taken and the current status of the issue(s).

Question 1c:

Within the past five years, have you, the organization, and/or any organization affiliate been denied a contract or had a bid rejected based upon a finding of non-responsibility by a government entity?

If yes, provide a brief description of the circumstances of such incident(s) and any remedial or corrective action(s) taken and the current status of the issue(s).

Question 1d:

Within the past five years, have you, the organization, and/or any organization affiliate been suspended, cancelled or terminated for cause on any contract?

If yes, identify the government entity/owner(s) involved, project(s), contract number(s), relevant dates and any remedial or corrective action(s) taken and the current status of the issue(s).

Question 2a:

Within the past five years, have you, the organization, any organization affiliate, and/or any organization employee had a revocation, suspension, or disbarment of any business or professional permit and/or license?

If yes, provide a brief description of the circumstances of such incident(s) and any remedial or corrective action(s) taken and the current status of the issue(s).

Question 2b:

Within the past five years have you, the organization, any organization affiliate, and/or any organization employee been the subject of an indictment, grant of immunity, judgment or conviction (including entering into a plea bargain) for conduct constituting a felony level crime?

If yes, provide a brief description of the circumstances of such incident(s) and any remedial or corrective action(s) taken and the current status of the issue(s).

Question 2c:

Within the past five years, have you, the organization, any organization affiliate, and/or any organization employee been the subject to an investigation, whether open or closed, by any government entity for a civil or criminal violation for any business-related conduct?

If yes, provide a brief description of the circumstances of such incident(s) and any remedial or corrective action(s) taken and the current status of the issue(s).

Question 2d:

Within the past five years, have you, the organization, any organization affiliate, and/or any organization employee been subject to an indictment, grant of immunity, judgment, or conviction of any business-related conduct constituting a crime including, but not limited to, fraud, extortion, bribery, racketeering, price fixing, bid collusion or any crime related to truthfulness?

If yes, provide a brief description of the circumstances of such incident(s) and any remedial or corrective action(s) taken and the current status of the issue(s).

Question 3:

Within the past five years, have you, the organization, any organization affiliate, and/or any organization employee received any formal unsatisfactory performance assessment(s) from any government entity on any contract?

If yes, provide a brief description of the circumstances of such incident(s) and any remedial or corrective action(s) taken and the current status of the issue(s).

Question 4:

During the past five years, have you, the organization, and/or any organization affiliate failed to file any required returns, including, if applicable, Federal Form 990, with any Federal, State or Local government entity?

If yes, provide a brief description of the circumstances of such failure(s) to file and any remedial or corrective action(s) taken and the current status of the issue(s).

Question 5:

During the past five years, have you, the organization, and/or any organization affiliate failed to file required returns or pay New York State Unemployment Insurance when required to do so?

If yes, indicate the years you failed to file/pay the insurance and the current status of the liability.

Question 6:

During the past five years, have you, the organization, and/or any organization affiliate failed to file documentation requested by any New York State agency, public authority or other quasi-state entity, with the Attorney General of the State of New York, or with any other local, State or Federal entity that has made a formal request for information?

If yes, indicate the years you failed to file the requested information and the current status of the matter.

3.2 Organizational Capacity Questions

A not-for-profit organization must demonstrate that it has the organizational capacity, including its operational management capabilities, to operate a sound organization, fulfill its contractual obligations, and deliver services in a cost-effective manner.

Question 7:

Does your organization have a system whereby one staff person is authorized to receive money and someone else is authorized to disburse money?

Rationale

All organizations must have a system in place whereby someone within the organization is authorized to receive money, and someone else is authorized to disburse money in order to maintain proper internal fiscal controls.

Resources

For more information on the elements necessary for a fiscally sound not-for-profit organization, including separation of duties, please refer to this [document](#) from the Office of the New York State Attorney General.

Question 8:

Does the senior staff team meet on a regular and consistent basis (formally or informally)?

Rationale

In a healthy organization, the senior management team should be meeting regularly to ensure that the organization is meeting its organizational and contractual objectives and resolving outstanding disputes. We want to be sure that these issues are discussed even if informally.

Question 9:

Does your organization have an automated payroll system?

Rationale

It is preferred that organizations have an automated payroll system as it contributes to proper internal fiscal controls.

Resources

For resource information on not-for-profit fiscal health, please refer to this [document](#) from the Office of the New York State Attorney General.

Question 10:

Does your organization use an electronic system for accounting?

Rationale

Sound organizations will have an electronic accounting system to minimize error. The organization is strongly encouraged to consider an electronic financial management system.

Resources

For explanatory or resource information pertaining to the need for electronic accounting, please refer to this [document](#) from the Office of the New York State Attorney General.

3.3 Legal and Regulatory Compliance Questions

A not-for-profit organization must demonstrate that it has the appropriate legal structure to transact business in the State of New York. Questions pertaining to leadership and governance seek to ensure accountability and transparency and refer to the system of management and control exercised in the stewardship of the not-for-profit organization. Requests pertaining to the corporate charters and bylaws are necessary because they document the rights and responsibilities of each party and describe how the organization will be directed and controlled to ensure accountability to its stakeholders and transparency of operations. Matters of governance pertain to organizational policies and procedures, financial auditing, risk management practices, executive compensation practices, and operational monitoring.

Question 11:

Does your board review financial statements on a regular and consistent basis? If yes, how often do they review such statements?

Rationale

An organization's board of directors should review financial statements at least quarterly and/or at every full board meeting.

Resources

For more information on board oversight, its fiduciary obligations and its role in reviewing financial statements, refer to this [document](#) from the Office of the New York State Attorney General.

Question 12:

Does the organization reconcile bank statements less often than once per month? If yes, how frequently are such reconciliations done?

Rationale

Bank statements should be reconciled at least monthly. Failure to regularly and consistently reconcile bank statements could point to a more serious operational deficiency.

Question 13:

Has your organization separated its fiscal and legal functions? Please explain.

Rationale

There should be a system of checks and balances in a fiscally sound organization. Therefore, the organization should provide information demonstrating that appropriate internal controls are in place. Examples of such controls include requiring contracts and checks are co-signed over a particular dollar amount or that parties with contract signing authority are not the same individuals with fiscal signing authority.

Resources

Refer to this [document](#) from the Office of the New York State Attorney General for guidance on how to put proper internal controls in place, particularly the section on “Implementation and Monitoring Internal Financial Controls”, which speaks to separation of duties.

Question 14:

Does your organization have all of the following policies in place?

- **Anti-nepotism Policy**
- **Staff Code of Conduct**
- **Board of Directors Conflict of Interest Policy**
- **Conflict of Interest Policy**
- **Diversity Policy**
- **Fiscal/Internal Controls Policy**

Rationale

We expect all organizations to have all of the listed policies in place.

While we are not currently asking organizations to upload their policies, please be aware that you may be asked for copies of the policies you claim to have adopted at the time you apply for a State contract.

Resources

For additional information, please refer to this [document](#) from the Office of the New York State Attorney General.

Question 15:

Does your organization have a written and posted Equal Employment Opportunity (EEO) policy? If your organization is not subject to the EEO posted policy requirement, please choose N/A.

Rationale

Equal Employment Opportunity Commission (EEOC) mandates official postings of EEO laws for organizations of 15 or more employees and strongly recommends that the required posters be placed conspicuously throughout the worksite. The official EEOC poster includes the EEO regulations pertaining to the Equal Pay Act, which applies to ALL employers, regardless of size. Therefore, we recommend that all not-for-profit organizations post the EEO rules and the EEOC poster, or otherwise distribute them to staff, regardless of size.

Resources

For information on EEO guidelines and where to get the EEOC posters for the workplace, refer to the [EEOC's website](#).

Question 16:

Last year, did a quorum of the board of directors meet in compliance with the organization's bylaws?

Rationale

The not-for-profit organization's bylaws determine the frequency of board meetings and what constitutes a quorum. All organizations should be able to live up to the intent of the bylaws even if there is a technical failure.

Resources

For guidance on how to view board management and oversight, refer to this [document](#) from the Office of the New York State Attorney General.

Question 17:

Does your board of directors take minutes of all meetings and maintain records of such meetings consistent with its bylaws?

Rationale

The taking of meeting minutes of all general board meetings is an important component of organizational record-keeping and a way for boards to maintain and chronicle the not-for-profit organization's legal structure. Upon demand, the not-for-profit organization should be able to produce minutes.

Resources

For additional information on board minutes, refer to this [document](#) from the Office of the New York State Attorney General.

Question 18:

Indicate all of the items the board of directors reviews and/or approves. If your board reviews some but not all of these items, please explain. (Examples: annual operating budget, policies and procedures, executive performance and compensation, fundraising plan, internal controls, fiscal controls, annual audit, Form 990, program operations, performance outcomes, other).

Rationale

An organization's board of directors should review all of the indicated items if the board is properly exercising its fiduciary duties. If your board reviews some but not all of these items, please explain why.

3.4 Required Documents

Not-for-profit organizations are required to upload the following documents in the Statewide Financial System.

Document 1:

Certificate of Incorporation or Equivalent Document

Document Details

Upload a copy of your certificate of incorporation, State Charter or equivalent document, depending on your organizational structure.

Rationale

Not-for-profit organizations must be incorporated in order to prequalify and bid for contracts. If the organization is a newly formed entity and has not yet incorporated, it should do so immediately in order to submit the appropriate documentation for prequalification. The Department of State can incorporate an organization within 24 hours with its online expedited service. Please refer to the [Department of State's website](#) for more information.

Resources

For a copy of the Certificate of Incorporation and filing instructions, refer to the [Department of State's website](#).

Document 2:

Certificate of Assumed Name or DBA

Document Details

If applicable, upload a copy of your Certificate of Assumed Name provided by the Department of State.

Rationale

It is important for the State to be aware of both the legal name of the organization and any assumed name that the organization may be doing business under.

Document 3:

IRS 501(c) Determination Letter**Document Details**

Upload a copy of IRS 501(c) determination letter.

Rationale

We recognize that not every not-for-profit organization applies for 501(c) tax exemption. Therefore, if your organization has not filed for IRS tax exemption status, please provide a signed statement to that effect on organization letterhead. If your organization has filed with the IRS and the determination is pending, submit verification of your pending application with the IRS.

Resources

For basic guidelines on the IRS rules and regulations pertaining to tax exempt status and for filing guidelines, refer to the [IRS's website](#).

Document 4:

Board of Directors Profile**Document Details**

Upload a copy your Board Profile including the names of your board members, a brief profile of each one, stating their employer or affiliation, years on the board, and office held.

Rationale

Under the Not-for-profit Corporation Law (N-PCL), a not-for-profit organization, upon formation, must name a minimum of three individuals to serve as its initial board members.

Please provide a profile of each board member including the information requested. Full resumes are not required.

Resources

For the basic rules on establishing a not-for-profit corporation, including the rules pertaining to board membership, refer to the [filing instructions](#) and the [FAQ section](#) on the Department of State's website.

Document 5:

Senior Leadership Resumes**Document Details**

Upload Senior Leadership Resumes or CVs. Organizations must upload copies of all of the senior or key employees in the organization. These individuals might include the Executive Director, the Financial Officer, and the top Program Director.

Rationale

It is important that our not-for-profit partners are led by effective managers with the skills to deliver the services for which they are seeking a State contract, to competently manage a staff, and to efficiently administer government contracts.

Please provide resumes or CVs of all key employees who manage the day-to-day operations of the organization. These employees may include such people as the Executive Director (or CEO), the Financial Director (or CFO), the Assistant Executive Director (or COO), and/or lead Program Manager.

Document 6:

Corporate Bylaws

Document Details

Upload a copy of your corporate bylaws, adopted by your organization's board of directors.

Rationale

Corporate bylaws are essential to organizational good governance. Bylaws lay out the basic rules of the board structure, operational management, mission and the direction of the organization.

Document 7:

Organization Chart

Document Details

Upload a copy of your organization chart.

Rationale

The organization chart should show the head of your organization and the structure of the organization.

Document 8:

IRS 990

Document Details

Upload a copy of the organization's most recent IRS Form 990.

Rationale

All tax-exempt organizations are expected to submit their most recent Form 990 (990N, 990T) as part of the prequalification application.

If your organization is exempt from filing Form 990, please upload the exemption request filed with the IRS, presumably Form 1024, along with the IRS letter granting the exemption request.

If your organization has not yet filed your initial IRS 990, please upload a statement documenting the date the organization was established and the date when the first filing is due.

Resources

For additional information regarding the deadline for filing Form 990, refer to the [IRS's website](#).

Document 9:

Financial Statement/Audit

Document Details

Upload the most recent audited financial statement, financial review, or internal financials and findings.

Rationale

In New York, organizations with revenues greater than \$1 million must provide an independently audited financial statement.

Organizations with revenues of less than \$1 million but greater than \$250K must provide a financial statement reviewed by a CPA.

Organizations with revenues of less than \$250K must provide a copy of the most recent internal financial report.

Financials are due no later than the 15th day of the 11th month following the close of the most recently completed fiscal year. The current audit statement should cover the same period as the most recently filed IRS 990.

Those entities exempted by Executive Law § 172-a from submitting financial disclosure materials to the Attorney General's Charities Bureau (such as religious organizations involved in exclusively non-secular activities) should, regardless of their annual revenue, provide their most recent internal financial report reviewed by the board. This is the same financial disclosure requirement for prequalification that applies to organizations with revenues of less than \$250,000.

Document 10:

CHAR500 or CHAR410

Document Details

Upload a copy of your most recent CHAR500 or CHAR410.

Rationale

All not-for-profit organizations required to register with the Attorney General's Charities Bureau must register by filing a CHAR410 and file the CHAR500 annually with the NY State Charities



Bureau.

Not-for-profit organizations that are not required to register with the Attorney General's Charities Bureau, but chose to file the CHAR410 and Schedule E with the Charities Bureau to document exemption, should upload the CHAR410 and Schedule E.

Not-for-profit organizations that are not required to register with the Attorney General's Charities Bureau and chose not to file the CHAR410 and Schedule E with the Charities Bureau to document exemption, should complete and upload the Schedule E.

Resources

Refer to the [Attorney General's website](#) for CHAR 410 or CHAR 500 forms and guidance.

4. Process

4.1 Submission

The information required in the Prequalification Application will be uploaded and entered directly in the Statewide Financial System. Approved prequalification status must be obtained in order to submit a bid response prior to the application deadline of a grant opportunity. Organizations are encouraged to submit the necessary information as soon as possible to account for the time needed to perform the State's review and make a determination.

4.2 Review

New York State reserves up to 5-10 business days from the receipt of complete Prequalification Applications to conduct its review after which a determination will be made. Organizations are strongly encouraged to submit their Prequalification Applications sufficiently in advance of a grant application deadline to allow for both initial review and any necessary updates and/or revisions. In addition to the review completed by the Prequalification Specialist when a Prequalification Application is submitted, either initially or due to the annual expiration, a State agency may review the organization's prequalification status at any time. A review is generally triggered when an organization:

- Performs on a contract in an unsatisfactory manner;
- Changes materially its organizational structure, or its technical, financial, or management capacity;
- Has had its license or registration to practice restricted, or its third-party certification withdrawn;
- Has committed an act of contractual non-compliance;
- Has failed to comply with the terms and conditions of prequalification; or
- Has failed to meet the terms of the State's Vendor Responsibility process.

4.3 Determination

Prequalification Specialists will evaluate prequalification applications in accordance with the requirements and assessment criteria outlined above and any additional information available pertaining to the organization or its affiliate(s) as necessary when considering the organization's application. The State aims to make its determination within ten business days from its receipt of the prequalification application. The Prequalification Specialist will prequalify the organization if all questions have been answered in a satisfactory manner and all of the necessary documents have been provided. The final assessment of an organization's Prequalification Application will be either "Prequalified" or "Not Prequalified."

4.4 Notification of Determination

The Statewide Financial System will notify an organization via email regarding the outcome of their application for prequalification. In order for organizations to receive notification emails, it is critical that their contact email addresses in the Statewide Financial System are current. Organizations may also login to the Statewide Financial System after submission of their Prequalification Applications to check their status.

4.5 Maintaining Prequalification

The term for prequalification is one year, absent any violations or offenses that might be cause for suspension or revocation. For not-for-profit organizations, prequalification expiration is aligned with the expiration of their current IRS Form 990. In order to maintain its prequalification status, organizations are required to review, update where necessary and resubmit the information previously submitted in the Prequalification Application on an annual basis. The organization is responsible for keeping all information submitted in the Prequalification Application current throughout the one-year period and must update the applicable information following a material change in any of these areas. When an organization's approved prequalification status is due to expire, the Statewide Financial System will send an email notification to the organization. If the organization fails to act in the time allotted to review and resubmit the Prequalification Application, the organization will lose its approved prequalification status and the ability to compete for State grants and contracts until approved prequalification status is reacquired.

4.6 Suspension or Revocation

A State agency may suspend or revoke an organization's prequalification status when the State agency finds that the organization no longer meets the standards for prequalification. The State will notify the organization by email of the suspension or revocation.

4.7 Appeals

Any organization who has been denied prequalification, or who has had their status suspended or revoked, may appeal in writing to the Prequalification Officer within twenty days of the organization's receipt of written notice from the agency's Prequalification Specialist. The Prequalification Officer can be reached by email at counsel@budget.ny.gov or by mail at Prequalification Officer, Counsel's Office, State Capitol Room 128, Albany, NY 12224.

The Prequalification Officer shall, within ten days of the receipt of a written request either: (1) reverse the agency's decision and prequalify the entity; (2) affirm the agency's decision to deny prequalification; or (3) furnish a written acknowledgment of the receipt of such request and a statement of the approximate date, which shall be reasonable under the circumstances of the request, when a determination will be made and the organization notified.