

## Chapter 3: Funding Instruments

One primary manner through which the Arizona state government accomplishes its mission is through awarding funds to agencies, organizations, and individuals using an intergovernmental agreement (IGA), interagency service agreement (ISA), and subgrant/subaward agreement.

These funding instruments provide the means for defining the terms, conditions, nature, and scope of the agreement between the state and a recipient of financial assistance. The instruments are intended to be different in purpose and application and create different relationships between the state and the recipient. Each funding mechanism invokes a particular level of control or participation by the funding agency. Current legislation, appropriations, and federal flow down requirements dictate the funding mechanisms available for use. State grant managers work with agency or department office heads as to which funding mechanism to use.

State agencies and departments should decide on the type of funding instrument at the earliest practical time. The most appropriate time for this is during annual program planning so that an agency or department can consider the appropriate kind of funding vehicle. Agencies and departments may consult with the Office of the Grants and Federal Resources (GFR) if they have any questions or difficulty determining the best funding instrument. Any public notice, solicitation, or request for applications or proposals should indicate whether the intended relationship will be one of assistance.