

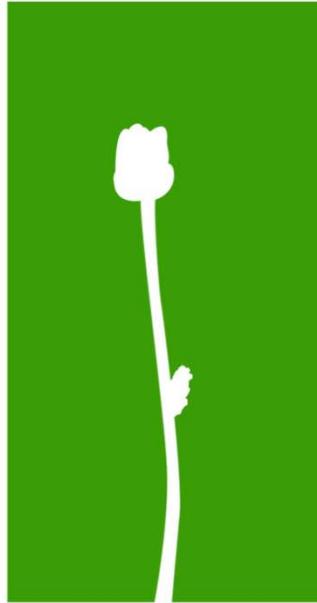


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# Grants Management 101

**Doug Godesky**, Senior Grants Officer,  
Corporation for National and Community Service

**Kelly Mitchell-Baynes**, Grants Officer,  
Corporation for National and Community Service

# Welcome

- Clarification questions may be posed during session
- Further questions will also be taken at the end of the session (time permitting)

# Session Objectives

- Increase participant understanding of basic concepts and responsibilities of managing their federal grant
- Review key grant requirements for managing an AmeriCorps grant
- Ensure understanding that both Program and Fiscal staff are responsible for financial management

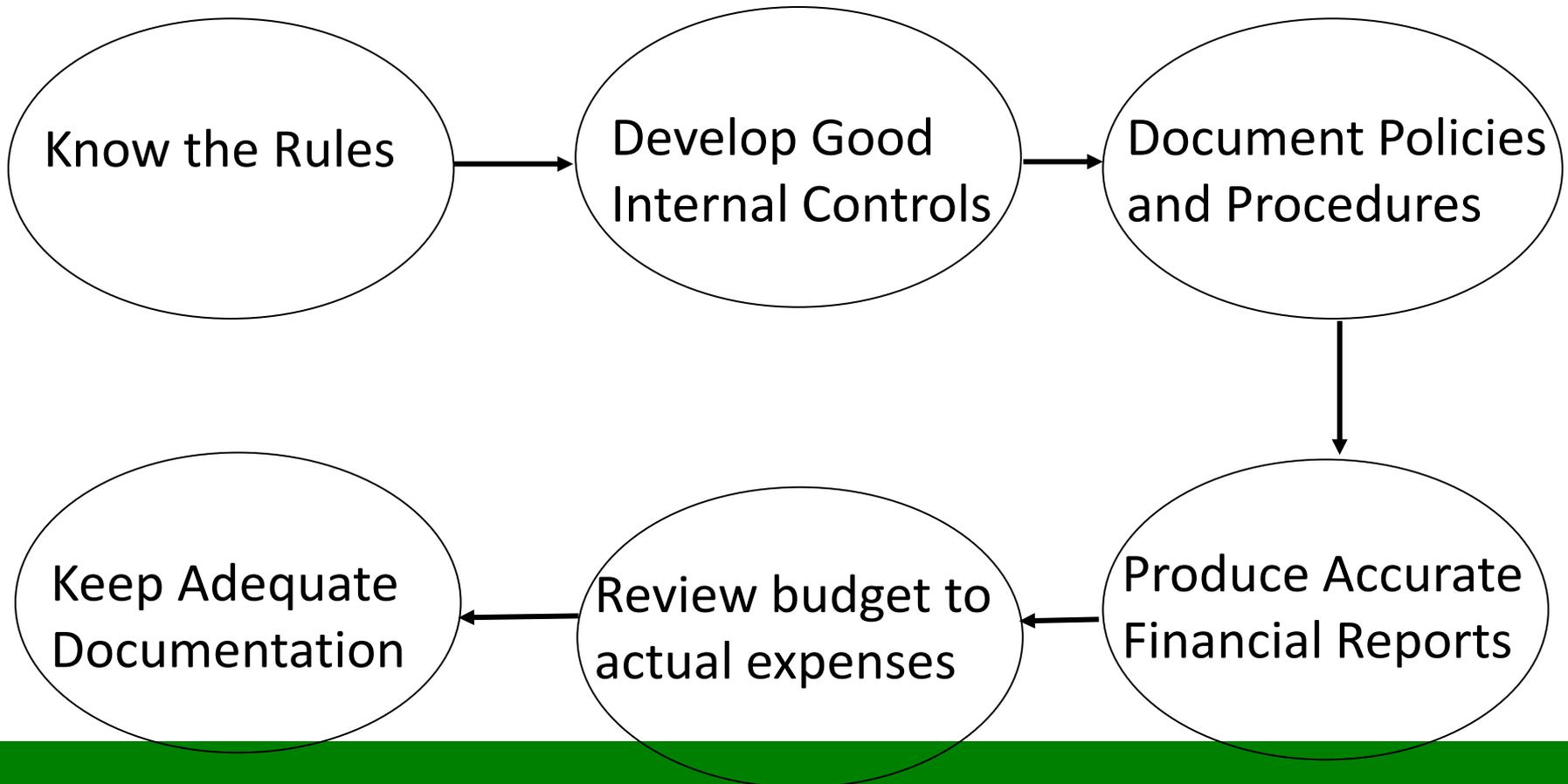
# Financial Management

## Part 1: Regulatory Requirements

# Qualities of Organizations with Highly Effective Financial Management

- Written and followed policies and procedures
- Qualified and trained financial staff
- Effective communications
- Succession planning and cross-training
- Self-assessment and continuous improvement
- Active, knowledgeable and informed Board and finance committee

# Process to Develop an Effective Financial Management System



## Federal Grant Requirements

- Nat'l & Community Svc. Act of 1990
- Code of Fed. Regulations (CFR)
- OMB Circulars (part of CFR)
- State & Local Regulations
- NOFO
- Notice of Grant Award
- Certifications and Assurances
- Award Provisions

# CNCS Grant Provisions

- Guiding principles for Grant Activities
- Contain both Program and Fiscal guidelines
- Should be read and available for both by Financial and program staff

# What is OMB?

- Executive Branch agency that assists in preparation of the federal budget.
- Responsible for coordination of financial management information.
- Helps to improve administrative management and develop government wide policies.
- Establishes policies to ensure grants are managed properly and funds are spent in accordance with applicable laws and regulations.

# How & when do I use the OMB Circulars?

The Circulars provide information relevant to the grant in the following areas:

- Cost Principles
- Administrative Requirements
- Audits

# Cost Principles

- Established principles to determine the allowable costs incurred by organizations under grants or contracts
- Principles are designed so that Federal awards bear their fair share of costs recognized under these principles

# Cost Principles

## Examples of Costs

- Advertising and public relations costs
- Compensation for personal services
- Memberships, subscriptions, and professional activity costs
- Recruiting costs
- Rental costs
- Training and education costs
- Travel costs

## Factors affecting allowability of costs

To be allowable under an award, costs must meet the following general criteria:

- Be reasonable, necessary and allocable for the operation of the organization or the performance of the award.
- Be adequately documented.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- Be determined in accordance with generally accepted accounting principles (GAAP).
- Be accorded consistent treatment.

## Reasonable Costs

A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs. The question of the reasonableness of specific costs must be scrutinized with particular care in connection with organizations or divisions which receive the preponderance of their support from awards made by Federal agencies.

# Administrative Requirements

Provides consistency and uniformity among Federal agencies in the management of grants and cooperative agreements

- Specific grantmaking requirements for CNCS can be found in the *Code of Federal Regulations* (CFR).
- The CFR required all Federal agencies to issue a grants management common rule to adopt government wide terms and conditions.

# Administrative Requirements

## Examples of items addressed in Circular

- Pre-award policies
- Special award conditions
- Purpose of financial and program management
- Standards for financial management systems
- Cost sharing or matching
- Program income

## A-133 Audits

Standards for obtaining consistency and uniformity among Federal agencies for the audit of organizations expending Federal funds.

- Applicable to organizations that expend \$500,000 or more of federal funds in a year.

## A successful audit is one that:

- Fairly and accurately presents the financial statements of the organization as a whole and the various Federal program expenditure statements
- Accurately discloses the management conditions prevailing in the audited organization and identifies any material weaknesses
- Expresses proper professional opinions about the financial and compliance operations of the audited organization
- Discloses material and non-material financial and compliance risks and findings
- Offers concrete guidance for addressing any questioned costs and other audit findings
- Serves as a tool for audited organizations—illuminating what they're doing well and helping them to correct financial and managerial deficiencies

# What Regulations & OMB Circulars are applicable to my grant?

Federal Grant Guidelines	Universities	States, Local, Indian Tribal Governments	Non-Profits	Hospitals
<b>Administrative Requirements</b>	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)	§ 45 CFR 2541 OMB A-102	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)
<b>Cost Principles</b>	§ 2 CFR 220 (formerly A-21)	§ 2 CFR 225 (formerly A-87)	§ 2 CFR 230 (formerly A-122)	§ 45 CFR 74 (HHS regulations)
<b>Audit Requirements *</b>	OMB A-133	OMB A-133	OMB A-133	OMB A-133

## Notes:

CFR = Code of Federal Regulations

\* = Organization is subject to A-133 if it expends more than \$500,000 in Federal funds in its fiscal year

# Financial Management

## Part 1: Activity

# Financial Management

## Part 2: Accounting, Internal Controls & Documentation

# Efficient Accounting System

System must be capable of:

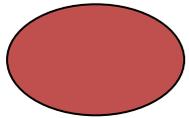
- Distinguishing grant versus non-grant related expenditures
- Identifying costs by program year
- Identifying costs by budget category
- Differentiating between direct and indirect costs (administrative costs)

# Efficient Accounting System

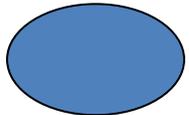
## An Efficient Accounting System:

- Accounts for each award/grant separately
- Maintains Federal/non-Federal matching funds separately from grant funds
- Records in-kind contribution as both revenues and expenses
- Allows for efficient preparation of financial reports (FFR can be tracked directly back to through the system)

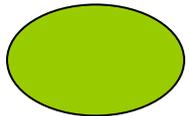
# Accounting system that Does not segregate funds



**Department of Education Grant**

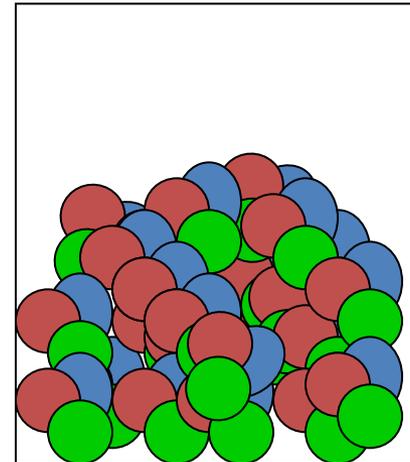


**CNCS Grant**



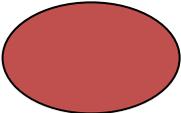
**Ford Foundation Grant**

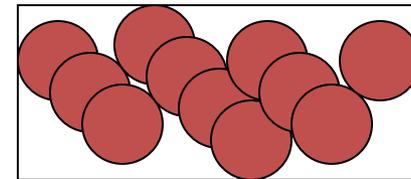
**Accounting System**



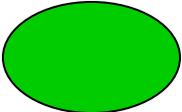
# Accounting system that properly segregates funds

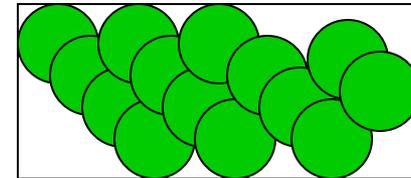
## Accounting System

 Department of Education Grant

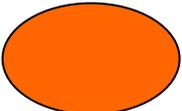


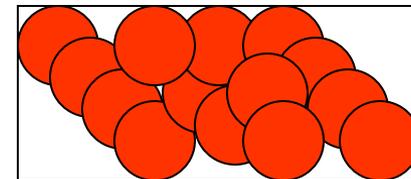
**Grant 1**

 CNCS Grant



**Grant 2**

 Ford Foundation Grant



**Grant 3**

# Internal Controls

## Why have internal controls?

- Improve accountability to constituents (Community, Board of Directors, CNCS, etc.)
- Help organization achieve performance and budget targets
- Improve reliability of financial reporting
- Improve compliance with laws & regulations
- Prevent loss of resources and public trust

# Elements of Good Internal Controls

## Documented policies and procedures

- Adequate review process for financial reports and budgets
- Adequate cash management procedures (e.g., monthly bank reconciliations)
- Physical safeguarding of assets
- System to track members' & employees' activities
- System to follow-up on problems identified to ensure resolution

# Policies & Procedures

## **Policies and Procedures include:**

- Organizational policies such as:
  - Assignment of roles & responsibilities, delegation of authority, organizational chart, etc.
- Fiscal policies such as:
  - Explanations of documentation and approval requirements for expenditures
  - Identification and description of the principal accounting records (i.e., chart of accounts, general ledger, budgets, FSRs, etc.)
  - Instructions for recurring tasks such as preparing monthly reports, completing FSRs
- Program specific policies such as:
  - Member files, eligibility records, evaluations
  - Member time keeping

# New Policies & Procedures

- Organizations should review current policies & procedures to ensure that new activities required specifically for CNCS are documented including:
  - Member file management
  - Member timekeeping
  - Criminal History check

# Documentation

- Design a system to group grant activities and documents. Include items such as:
  - Grant letter, amendments and original grant application
  - Documents from sub-grantees
  - Expenses/vendors, consultant agreements, etc.
  - General correspondence
  - Monthly financial reports (e.g., budget to actual)

# Documentation Primary Goal

- All expenditures should contain documentation (i.e., brief descriptions, agendas, reports etc.) that support why the transaction is allowable for AmeriCorps purposes
- Accounting records should trace back to source documentation
- Costs must be uniformly treated for both federally financed and other activities within organization

# Personnel Costs

- Salary
  - Signed timesheets with supervisory approval
  - Payroll register
  - Personnel file with salary/wage information
  - Employment contract
  - Cancelled checks/Direct deposit schedule
  - Quarterly payroll returns (941)

# Staff Activity Reporting Summary

- All salaries and wages charged to AmeriCorps grants must be supported by signed time & attendance records except for:
  - State, Local and Indian Tribal governments must comply with § 2 CFR 225
  - Educational Institutions must comply with § 2 CFR 220

# Time & Activity Reporting

§ 2 CFR 230 requirements of documentation for activity reporting:

- Must reflect an after-the-fact distribution of the employee actual activity
- Must account for the total activity of each employee
- Must be prepared at least monthly and should coincide with one or more pay periods
- Must be signed by the employee

# Time & Activity Reporting

- Budget estimates do not qualify as support for expenditure, except on an interim basis, provided that:
- The estimates produce reasonable approximation of the actual activity performed
- Quarterly comparison to actual activity is performed
- Budget estimates are revised at least quarterly to reflect changed circumstances

# Personal Fringe Benefits

- Benefits –you must have supporting documentation for amounts charged to grants
  - Insurance receipts
  - Cost allocation plan
  - Paid invoices

# Staff Travel

- Travel
  - Travel authorization
  - Paid travel-related receipts/invoices
  - Per diem rates
  - Mileage calculation
  - Reconciliation of advances to payments

# Supplies

- Paid invoices/receipts that clearly show amounts
- Cost allocation plan, if used to allocate expenses, that demonstrates consistency of treatment.

# Contractual and Consultant Services

- Payments to consultants services under this grant may not exceed \$617 per day (exclusive of travel, and supplies)
- Grantee should retain consulting contract and invoices that support work provided.

# Training

- Training documentation
  - Training agenda
  - Course description and cost
  - Sign-in sheet (if in-house)
  - Consultant/Trainer agreement
  - Paid invoices

# Administrative Costs

- Administrative costs are general or centralized expenses of the overall administration of an organization that receives Corporation funds and do not include particular project costs. These costs may include administrative staff positions. For organizations that have an established indirect cost rate for federal awards, administrative costs mean those costs that are included in the organization's indirect cost rate agreement. Such costs are generally identified with the organization's overall operation and are further described in Office of Management and Budget Circulars.

# Administrative Costs

## Option 1

- Grantee may charge up to 5% of the total Corporation funds expended provided the grantee administrative match does not exceed 10% of all direct costs

## Option 2

- Grantee may charge up to 5% of the total Corporation funds expended and provided the grantee has an approved federal indirect cost rate the match must not exceed the approved rate (minus the CNCS share of admin cost.) Documentation of the rate should be provided to the Corporation

# Records Retention

- Retain all financial records:
  - 3 years from date of submission of final Federal Financial Report submitted to the Corporation
- If there is an on-going audit: 3 years from final audit resolution

# Financial Management

## Part 2: Activity

# Financial Management

## Part 3: Key Grant Requirements

# Basics of the AmeriCorps Regulations

- Program Requirements
- Member Eligibility
- Member Management Items
  - Contract, grievance procedures, evaluations
  - Living Allowance & Insurance
  - Benefits
  - Hours
- Allowable Activities

## Match or Grantee Share

- Match is the share of total costs that the grantee contributes from cash or in-kind sources
- There are matching requirements on most of the CNCS grants
- The regulatory requirements for matching funds are the same as the requirements for Federal grants funds
- You need to ensure that the match (grantee share) is allowable under the grant requirements

# Key Budgetary Controls

- **Budgetary controls include:**
- Regular monitoring of budgets to actual year-to-date and current period expenditures or outlays
- Explaining any budget variations that are unexpected or unusual and determining necessary adjustments
- Ensuring compliance with laws, regulations, and CNCS provisions, particularly matching percentage requirements
- Requesting prior approvals for modification, if necessary
- Assuring budget changes are properly approved

# Critical Elements for Reporting

- **Timely** – Ensure all deadlines are met
- **Accurate** – Use accounting data that has been reviewed
- **Complete** – Reports should contain all pertinent information relating to reporting period

# Key Elements of Financial Reporting

- Maintain proper documentation in the files to support all information reported in financial report
- Prepare all financial reports with information that comes directly from the organization's accounting system
- Review and reconcile the information to ensure accuracy prior to report submission

# Use of a Self-Assessment

- Determines potential areas of risk
- Identifies missing key policies and procedures, errors in reports, break-down in internal communication
- Helps prioritize action steps to resolve issues
- Determines training and technical assistance needs
- Ensures understanding of the organization's financial systems

# Use of a Financial Assessment for Sub-grantee or Site

- Identify subgrantee's risk level
- Help effectively manage staff time by focusing staff efforts on subgrantees with greatest needs and/or risk:
  - Modify training plan to meet needs
  - Determine technical assistance
  - Make funding decisions
  - Determine need for more regular on-site reviews

# Financial Management

## Part 3: Activity

# Major Red Flags

- Incomplete or late reporting
- Lack of documentation and audit trail to support claimed expenses
- Incomplete, non-existent or outdated policies and procedures
- Continual staff turnover
- Finance staff does not share accounting information
- Finance staff does not take a vacation

# Helpful Links

Description	
<b>Corporation for National Service</b>	<a href="http://www.nationalservice.gov/">http://www.nationalservice.gov/</a>
<b>A-133 Federal Audit Clearinghouse</b>	<a href="http://harvester.census.gov/sac/dissemin/simpleqry.html">http://harvester.census.gov/sac/dissemin/simpleqry.html</a>
<b>Excluded Parties List System</b>	<a href="http://www.epls.gov/">http://www.epls.gov/</a>
<b>PMS at HHS</b>	<a href="http://dpm.psc.gov/">http://dpm.psc.gov/</a>
<b>GuideStar</b>	<a href="http://www.guidestar.org/">http://www.guidestar.org/</a>
<b>OMB Circulars</b>	<a href="http://www.whitehouse.gov/omb/circulars/">http://www.whitehouse.gov/omb/circulars/</a>
<b>CNCS eGrants Gateway</b>	<a href="https://egrants.cns.gov/espan/main/login.jsp">https://egrants.cns.gov/espan/main/login.jsp</a>

# Questions?

## Evaluations