2012 Financial and Grants Management Institute
Pre- and Post-Assessment

Answer Sheet

You answered these questions to the best of your knowledge. We did not expect you to know the answer to all of the questions, so that's why you attended the Institute. Below are the answers to the questions with references to specific CNCS requirements or other Federal regulations related to the topic of the question.

A. Avoiding Common Issues and Pitfalls

1. Lack of supporting documentation for costs charged to the grant is one of the most common pitfalls found during an OIG audit.

☒ True ☐ False ☐ I don't know

True. One of the most common audit findings in the CNCS Office of Inspector General audits is that organizations do not have adequate documentation to support expenses.

2. For cost reimbursable grants, if supporting documentation cannot be located, the related amounts charged to the grant could be disallowed and may potentially need to be repaid.

☒ True ☐ False ☐ I don't know

True. If supporting documentation cannot be located, the consequences could be that the related amounts charged to the grant could be disallowed. Additionally, if the costs were claimed as a Federal cost, the funds must be repaid to the U.S. Treasury. If the costs were claimed as match and disallowed, minimum match may not be met. Also, if match, the auditors may decide to audit or question all match if unable to confirm if match is reasonable or allocable.

3. AmeriCorps member timesheets must record annual and sick leave.

☐ True ☒ False ☐ I don't know

False. AmeriCorps members do not earn annual or sick leave.

4. Foster Grandparent / Senior Companion timesheets must record annual and sick leave.

☒ True ☐ False ☐ I don't know

True. Foster Grandparent / Senior Companion participants earn leave and are paid for any leave taken; therefore, the annual and sick leave should be recorded on the volunteer timesheet.

5. Strong internal controls and good, implemented policies and procedures will aid organizations with compliance issues and avoid potential problems.

☒ True ☐ False ☐ I don't know

True. Strong internal controls combined with implemented financial policies and procedures will aid organizations in assuring compliance with applicable Federal rules, regulations, and requirements and ensure adequacy of an audit trail, separation of duties, safeguarding of assets, and adequacy of records.

B. Developing and Managing Your Budget

6. For cost reimbursable grants, 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.

☒ True ☐ False ☐ I don't know

True. According to the definition of "reasonable" in the OMB Cost Principles [2 CFR 220, 2 CFR 225, 2 CFR 230], a cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person would have taken under the circumstances. However, just because it is reasonable, does not necessarily mean it is allowable. For more information, please see the related cost principles for your organization at: www.whitehouse.gov/omb/grants_circulars.

7. For cost reimbursable grants, examples of unallowable costs include lobbying, fines, and penalties, and expenses not necessary to meet program objectives.

☒ True ☐ False ☐ I don't know

True. According to the OMB Cost Principles [2 CFR 220, 2 CFR 225, 2 CFR 230], certain expenses are considered unallowable and must not be charged to Federal awards. For more information, please see the related cost principles for your organization at: www.whitehouse.gov/omb/grants_circulars.

8. For cost reimbursable grants, once a grantee's budget is approved within an awarded grant, grantees must request advance approval from CNCS to cumulatively move more than 10 percent of the total budget between object classes (e.g., personnel, fringe, travel, supplies, equipment), to add or remove an employee position, or to spend funds in an object class that previously had not been approved for any spending.

☐ True ☒ False ☐ I don't know

False. Grantees must seek prior Federal approval to cumulatively move 10 percent or more between object classes or to spend funds in an object class that previously had not been approved for any spending. However, there is no prior Federal approval required to add or remove an employee position as long as the cost impact does not cumulatively move 10 percent or more between object classes. Some awards may include requirements to seek prior Federal approval to change the person who serves in a key position, such as project director. For more information, please see the related Grant Provisions or Terms and Conditions.

9. For cost reimbursable grants, grantees are required to compare actual expenditures to budgeted information for their grant.

☒ True ☐ False ☐ I don't know

True. CNCS expects grantees to compare amounts budgeted by line item with actual expenditures. Under the OMB Administrative requirements [2 CFR 215] recipients' (grantees') financial management systems shall provide for a comparison of outlays/expenditures with budget amounts for each grant award. For more information, please see the related CNCS Administrative Requirements at: State, Local, and Indian Tribes: www.access.gpo.gov/nara/cfr/waisidx_02/45cfr2541_02.html, and Educational Institutions and Non-Profit organizations: www.access.gpo.gov/nara/cfr/waisidx_02/45cfr2543_02.html.

C. Federal Financial Report and Program Income

10. For cost reimbursable grants, it is "ok" to estimate match for reporting on the FFR purposes.

☐ True ☒ False ☐ I don't know

False. According to OMB administrative requirements [2 CFR 215], financial reporting to CNCS must be based on actual expenses, not estimates. For more information, please see: http://edocket.access.gpo.gov/cfr_2005/janqtr/pdf/2cfr215.23.pdf.

11. For cost reimbursable grants, all program income should be reported in the program income section of the FFR.

☐ True ☒ False ☐ I don't know

False. According to OMB administrative requirements [2 CFR 215] and CNCS guidelines, program income is reported on the FFR on the Recipient Share of Expenditures line (match). Only excess program income above that used for match should be reported on the FFR program income line. For more information, please see: http://edocket.access.gpo.gov/cfr_2005/janqtr/pdf/2cfr215.24.pdf.

12. The program income line on my organization's Federal Financial Report should be blank if we use or intend to use all of our program income as match.

☒ True ☐ False ☐ I don't know

True. In general, this is true. However, you should check with the specific terms and conditions and grant provisions for your specific grant to determine the proper way to report program income. For more information, please see: http://nationalserviceresources.org/files/program-income-FAQs.pdf.

13. Our organization can choose to use the additive or deductive method to use program income.

☐ True ☒ False ☐ I don't know

False. CNCS grant award provisions or terms and conditions provide guidance on what method your organization must use as it relates to program income. For more information, please your grant provisions, terms and conditions, and visit http://nationalserviceresources.org/files/program-income-FAQs.pdf.

D. Financial and Grants Management 101 Basics

14. Grantees should familiarize themselves with the grant guidelines prior to award.

☒ True ☐ False ☐ I don't know

True. The grantee should know the detailed guidance when developing a program budget before application, and should also review the relevant OMB Cost Principles to identify costs that are generally allowable and unallowable.

15. If you have an organization that operates several grants and programs, you are not required to have consistent treatment of costs.

☐ True ☒ False ☐ I don't know

False. The OMB Cost Principles [2 CFR 220, 2 CFR 225, 2 CFR 230] require consistent and equitable treatment of similar costs. For more information, please see the related cost principles for your organization at: www.whitehouse.gov/omb/grants_circulars.

16. The OMB regulatory requirements set the same standards for matching funds as for Federal funds under a grant.

☒ True ☐ False ☐ I don't know

True. Organizations cannot claim costs as match that are not allowable with Federal funds.

17. The definition of an allowable cost includes reasonableness, unnecessary, and allocable.

☐ True ☒ False ☐ I don't know

False. According to the OMB Principles [2 CFR 220, 2 CFR 225, 2 CFR 230], to be allowable under a grant award, the general principles are that costs must be <u>reasonable</u> for the performance of the award, be <u>allocable</u> according to cost principles, conform to any limitations set forth in the cost principles, be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization, be accorded consistent treatment, be determined in accordance with GAAP, not be included as a cost to meet matching requirements of another federally-funded program unless authorized by Federal statute, and be adequately documented. 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, and be recognized as ordinary and necessary for the operation of the performance of the award. For more information, please see the related cost principles for your organization at: www.whitehouse.gov/omb/grants_circulars.

E. Financial Monitoring of Subgrantees

18. Grantees that have subgrants only need to review the financial reports and A-133 audit reports of their high-risk subgrantees.

☐ True ☒ False ☐ I don't know ☐ N/A, do not have subgrantees

False. According to OMB administrative requirements, grantees shall monitor all subawards to ensure subgrantees have met the audit requirements as stated in OMB Circular A-133. Grantees have broader responsibilities for overseeing all subgrantees, regardless of risk level, to help ensure the proper stewardship and management of funds and compliance with subgrant terms and conditions. For more information, please see: http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf.

19. Grantees that have subgrants should establish a consistent risk-based monitoring strategy for all subgrantees.

☒ True ☐ False ☐ I don't know ☐ N/A, do not have subgrantees

True. According to OMB Administrative requirements, grantees are responsible for managing and monitoring each project, program, subaward, function, or activity supported by the grant award. For more information, please see the related CNCS Administrative Requirements at: State, Local, and Indian Tribes: www.access.gpo.gov/nara/cfr/waisidx_02/45cfr2541_02.html, and Educational Institutions and Non-Profit organizations: www.access.gpo.gov/nara/cfr/waisidx_02/45cfr2543_02.html.

20. In conducting a monitoring site visit of a subgrantee, it is always helpful to use a monitoring tool or checklist as a guide, even if all the items on the tool or list are not reviewed.

☒ True ☐ False ☐ I don't know ☐ N/A, do not have subgrantees

True. Using a monitoring tool not only helps ensure consistency in reviewing all subgrantees, but will aid the grantee with a systematic review and ensure all compliance requirements are documented.

21. While completing a subgrantee monitoring visit, if you find that the subgrantee's budget versus actual report shows that expenditures equal the budgeted amount for all line items, then this is an acceptable indicator of good funds management.

☐ True ☒ False ☐ I don't know ☐ N/A, do not have subgrantees

False. A subgrantee should track and report actual expenditures of the program. If the subgrantee's expenditures by line item correspond exactly to its budget by line item, then it is likely that the subgrantee is not reporting its actual expenditures, which may indicate they are not tracking expenditures.

F. Internal Controls & Compliance as a Team Effort

22. The budget should be created by program staff and managed and amended by the fiscal or accounting staff.

☐ True ☒ False ☐ I don't know

False. The budget is a tool that should be created, managed, and amended by both fiscal and program staff to ensure the budget accurately reflects and meets the objectives of the program and complies with financial and grants management requirements. When required, budget changes must be approved by CNCS staff.

23. Only program staff needs to know the specific participant and program specific requirements because they relate to programmatic goals and only program staff monitors program goals.

☐ True ☒ False ☐ I don't know

False. Program and fiscal staff need to work together on all grant requirements to ensure the funds are expended in compliance with the budget and grant regulations and provisions. The fiscal staff should ensure that funds are available and that funds are being appropriately applied to member budget issues. This is especially true under fixed amount grants because program staff must inform finance staff of number of members on board as the basis for drawing down grant funds.

24. Grantees with good internal controls have a clear audit trail from source documents to the accounting system to all financial reports.

☒ True ☐ False ☐ I don't know

True. According to OMB Administrative requirements [2 CFR 215], the Federal awarding agency shall require grantees' financial management systems to provide accounting records, including cost accounting records, which are supported by source documentation. Good internal controls help ensure the organization meets these requirements. For more information, please see: http://edocket.access.gpo.gov/cfr_2005/janqtr/pdf/2cfr215.21.pdf.

25. Written policies and procedures assist with consistent and clear communication of expectations for an organization.

☒ True ☐ False ☐ I don't know

True. Written policies and procedures are the standards for the organization's operations and help with consistent and clear communication of expectations of what is to be done, who is to do it, and how it is to be done. The OMB, CNCS, and IRS each require organizations to have specific written policies and procedures. For more information see these federally-issued regulations: 45 CFR 2541.200 and 360; 45 CFR 2543.21, 22 and 44; 2 CFR part 220; 2 CFR part 225; 2 CFR part 230; and IRS Form 990.

26. Internal controls are the responsibility of the financial staff only.

☐ True ☒ False ☐ I don't know

False. Internal Controls are the responsibility of everyone within an organization, including executives, directors and department heads, program managers and supervisory personnel, and all other staff.

27. Once issued, policies and procedures should not be changed or updated.

☐ True ☒ False ☐ I don't know

False. Any organization is a changing entity. Therefore, written policies and procedures should be established, followed, monitored, updated, and reviewed on a regular basis to ensure operations are accurately described in the written policies and procedures.

G. Match: Documenting Cash and In-Kind

28. For cost reimbursable grants, all donations can be used as match to meet the grantee share.

☐ True ☒ False ☐ I don't know

False. Only the donations that meet the requirements of OMB Cost Principles [2 CFR 220, 2 CFR 225, and 2 CFR 230] as allowable costs are acceptable as match. General factors for acceptable match are that match is documented, allowable, reasonable, allocable, and consistently treated. For more information, please see the related cost principles for your organization at: www.whitehouse.gov/omb/grants_circulars.

29. Thank you letters to donors are sufficient to document in-kind donations.
☐ True ☒ False ☐ I don't know

False. Organizations should obtain written documentation from the in-kind donor, which should include: the date and location of the contribution; a detailed description of the goods or services; the fair market value of the contribution; how the value was determined; who made the value determination; if the contribution was obtained with Federal funds; and the name and signature of the donor. For an example of an in-kind contribution form, please see http://nationalserviceresources.org.

30. The grantee should not count the value of direct community services performed by volunteers as a match contribution, but can count in-kind contributions such as labor, space, vehicles, training, supplies, and equipment.
☒ True ☐ False ☐ I don't know

True. Because the purpose of CNCS national service grants is to enable and stimulate volunteer community service, the grantee may not include the value of direct community service performed by volunteers [see 45 CFR 2521.45]. However, organizations may include the value of services contributed by volunteers to its organization for organizational functions such as accounting, audit, and training of staff and programs.

H. Member Records, Files, and Documentation – AmeriCorps

31. The AmeriCorps member contract should be signed within 30 days of service, and then the program has 90 days to complete and enter the paperwork in the system.
☐ True ☒ False ☐ I don't know

False. According to AmeriCorps Grant Provisions, the grantee should ensure that the member contract is signed before commencement of service so that members are fully aware of their rights and responsibilities. For more information, please see the Grant Provisions at: http://www.americorps.gov/for_organizations/manage/index.asp.

32. Since AmeriCorps members receive a living allowance, taxes should not be withheld and at year-end members should receive a Form 1099.
☐ True ☒ False ☐ I don't know

False. A living allowance is not a wage; however, according to the AmeriCorps Grant Provisions, members must be covered by the following taxes and insurance: liability insurance coverage; Federal Insurance Contributions Act Tax (FICA, e.g., Social Security and Medicare); Income Taxes for Federal, state, and local, as applicable; worker's compensation insurance; and healthcare insurance. For more information, please see the Grant Provisions at: http://www.americorps.gov/for_organizations/manage/index.asp.

33. Timekeeping requirements for AmeriCorps members and program staff are identical.
☐ True ☒ False ☐ I don't know

False. According to CNCS regulations, AmeriCorps members must report based on the defined requirements set by the program and identify the number of hours of service for training, service, and fundraising activities (if performed). Program staff must comply with the organization's requirements for timekeeping and the applicable OMB Cost Principles.

34. AmeriCorps members earn the same amount of vacation and sick leave as full-time staff of the organization.
☐ True ☒ False ☐ I don't know

False. According to CNCS regulations, AmeriCorps members are not paid a wage and do not earn vacation and sick leave.

I. National Service Criminal History Checks

35. CNCS maintains a list of approved background check vendors.

☐ True ☒ False ☐ I don't know

False. CNCS does not maintain a list of approved criminal history check vendors. CNCS does not anticipate approving or endorsing specific history check vendors. In addition to the legal issues that might rise from a Federal government agency approving vendors, CNCS does not have adequate information on vendor processes to know if they comply with CNCS regulations.

36. Programs must conduct criminal history checks on staff that are funded by the grantee share as well as the Federal share.

☒ True ☐ False ☐ I don't know

True. The criminal history requirements apply to positions paid by a grant's Federal and non-Federal share.

37. An FBI check includes the required National Sex Offender Public Registry sex offender check.

☐ True ☒ False ☐ I don't know

False. A FBI fingerprint-based history check meets the requirement for statewide checks, but it does not meet the requirement to conduct a check of the National Sex Offender Public Registry (NSOPR). The FBI's sexual offender data identifier / data file is not the same as the NSOPR.

38. All states provide history check results to non-profit organizations that need them.

☐ True ☒ False ☐ I don't know

False. Official statewide criminal history repositories often operate with controls on who may have access to the records. Non-profit organizations must often apply and qualify to have access to the history checks. At times, grantees that need to check their members and staff may not qualify for access under a state's rules. If your organization encounters such a situation, you should obtain document that your organization was denied access and submit an alternate search proposal to use another approach to obtain substantially equivalent checks.

39. States may have multiple statewide criminal history repositories, but CNCS specifies which statewide criminal history repository grantees must use.

☒ True ☐ False ☐ I don't know

True. CNCS has identified, for each state, what is understood to be a single statewide criminal history repository and the agency responsible for maintaining it. These official repositories are most commonly operated by a state department of justice, state police, state bureau of investigation, or similar agency. States also often have repositories operated by their courts, prisons or other systems that may or may not interface with the official statewide criminal history repository. Use of anything other than the CNCS designated repository may require CNCS approval.

40. Background checks and criminal history checks are the same thing.

☐ True ☒ False ☐ I don't know

False. Background checks, usually offered by private companies, take many forms ranging from minimal residence and credit history reviews to in-depth investigative examinations of an individual's criminal, employment, and credit history. A criminal history check may or may not be included in a background check. Any check that does not include records from the designated statewide criminal history repositories or the FBI must be approved by CNCS as an alternate search protocol.

J. Staff Timesheets: Requirements and Issues

41. Frequent use of white out, changes, or additions on timesheets is an indication of possible falsification of records or embezzlement.

☒ True ☐ False ☐ I don't know

True. Frequent use of white out, changes or additions on timesheets is an indication of possible falsification of records or embezzlement. These methods could indicate that someone is changing records to their own benefit resulting in more pay than actually earned or falsifying actual time worked.

42. Most non-profit grantees, except fixed-amount grantees, are required to document staff time using timesheets.

☒ True ☐ False ☐ I don't know

True. According to the OMB Principles [2 CFR 220 (formerly OMB Circular A-21); 2 CFR 225 (formerly OMB Circular A-87); and 2 CFR 230 (formerly A-122)], non-profits are required to document staff time using timesheets. For more information on timesheets, please see the related cost principles for your organization at: www.whitehouse.gov/omb/grants_circulars.

43. Timesheets are optional if the employee is paid a salary.

☐ True ☒ False ☐ I don't know

False. The Federal government has issued OMB Cost Principles for each type of organization as to how time worked must be collected and documented. For more information, please see the related cost principles for your organization at: www.whitehouse.gov/omb/grants_circulars.

44. If the Executive Director is charging less than 10% of her time to the CNCS grant she does not need to keep a timesheet.

☐ True ☒ False ☐ I don't know

False. The Federal government has issued OMB Cost Principles for each type of organization as to how time worked must be collected and documented. For more information, please see the related cost principles for your organization at: www.whitehouse.gov/omb/grants_circulars.

K. Understanding Audits and Financial Statements

45. The Statement of Financial Position provides information about an organization's assets and liabilities at a particular point in time.

☒ True ☐ False ☐ I don't know

True. The Statement of Financial Position, also known as the balance sheet, reports on an organization's assets, liabilities, and equity at a given point in time.

46. Assets = Liabilities + Accounts Payable

☐ True ☒ False ☐ I don't know

False. The basic accounting equation is: Assets = Liabilities + Net Assets.

47. One of the aspects of a successful A-133 audit is one that fairly and accurately presents the financial statements of the organization as a whole and the various Federal program expenditures statements.

☒ True ☐ False ☐ I don't know

True. One component of an A-133 audit assesses whether Federal funds are expended properly and financial statements fairly and accurately present the financial condition of the organization as a whole, including those programs funded with Federal funds. The A-133 audit also assesses the effectiveness of an organization's internal controls structure in preventing misstatements, errors, or fraud. For more information, please see: http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf.

48. OMB A-133 audits are required annually for entities receiving $500,000 or more of Federal funds during its fiscal year

☐ True ☒ False ☐ I don't know

False. The OMB Circular A-133 requires that entities that have <u>expended</u>, not received, $500,000 or more of Federal funds during its fiscal year receive an A-133 audit. For more information, please see: http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf.

49. The primary purpose of an Office of Inspector General (OIG) audit is to detect fraud.

☐ True ☒ False ☐ I don't know

False. The purpose of an OIG audit is to ensure that an organization has the internal controls, or processes and procedures in place to comply with the grant terms and conditions (laws, regulations, grant provisions). An audit can help an organization become stronger in terms of compliance.

50. Certain audits may be performed by Office of Inspector General staff.

☒ True ☐ False ☐ I don't know

True. An OIG audit can be performed by an OIG auditor, or by an OIG-selected Independent Public Accounting Firm (IPA).

51. Once a cost is questioned in an OIG audit report, the requirement is that the funds must be returned to CNCS.

☐ True ☒ False ☐ I don't know

False. During the audit resolution period, CNCS staff works with grantee management to agree or disagree on proposed corrective actions. If the grantee cannot substantiate the questioned cost, then CNCS will disallow the questioned cost. CNCS will work with the grantee to establish a payment schedule for unallowed questioned costs, which must be paid to the U.S. Treasury.