Handouts for
Financial Management

What you need to know...
OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards

“Super Circular” or “Omni Circular”

- Published in Federal Register on December 26, 2013
- OMB and federal agencies to work in unison to issue additional regulations or guidance which will be effective one year from publication of this guidance (December 26, 2014)
- Single audit changes effective for years ending December 31, 2015 and after

https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards
Reduce administrative burden for those receiving federal awards, while also reducing risk of waste, fraud and abuse

Improve the integrity of financial management and operation of federal programs

Strengthen accountability for federal dollars by improving policies that protect against waste, fraud, and abuse

Increase impact and accessibility of programs by minimizing time spent complying with unnecessarily burdensome administrative requirements

Reorient recipients toward achieving program objectives

Grants awarded based on merit

Increased management focus on performance outcomes

Streamlined rules governing federal funds

Single audit oversight tool is better focused to reduce waste, fraud, and abuse
**eGrants Indirect Cost Rate (IDCR) User Instructions**

A new feature has been introduced to eGrants which allows users to input Indirect Cost Rate information into their eGrants account. Recipients that will be claiming indirect costs on CNCS awards are **required** to enter the following indirect cost rates in eGrants: federally negotiated rates, state negotiated rates, and the use of de minimis rate of 10% of modified total direct costs (MTDC). Recipients of AmeriCorps State and National awards may only charge 5% of their negotiated rate to the federal share of the award, with the remaining balance being charged to match (See 45 CFR §§ 2521.95 and 2540.110).

**Once a rate is entered & saved in eGrants, it cannot be edited.** If users inadvertently enter incorrect information, a new entry must be submitted with the correct information.

**Entry for the IDCR screen can be accessed using the following steps:**

1) **From the eGrants Home screen, in the lower panel under Managing My Account, click on My Account**

   - **Managing My Account**
     - Click on the links below to access common account functions.
     - **My Account**
     - Commission Input on National Applicants
     - Commission Competitive Subapplication Ranking

2) **From the My Account screen, under Edit My Organization Info, click on Add and View Indirect Cost Rate**

   - **Edit My Organization Info...**
   - You can change the following information by clicking on the links below:
     - Update Organization’s Contact Information
     - Update Organization’s Attributes
     - Add and view Indirect Cost Rate
     - List User Revisions
     - View All
     - Change My Primary User Role
3) From the **Add and View Indirect Cost Rate** screen, select **add a new** to add a rate or **cancel** to back out of the screen.

**Add and View Indirect Cost Rate**

To view an existing indirect cost rate for your organization, click **view** to add a new rate click **add a new**. Once a rate is saved it cannot be modified. If you identify a rate already saved that does not present accurate information, correct the record by using the **add a new** function to re-enter the accurate information. The saved date for the new information will identify that the more recent entry presents the more recent accurate information.

Field by field instructions can be found by clicking the “?” located next to Indirect Cost Rate or Indirect Cost Rate Record.

If **add a new** is selected, the screen below will pop up.

**Indirect Cost Rate Record**

- **Do you have Indirect Cost Rate to record?**
  - **Yes**
  - **No**

- **Rate Type**

- **Rate base**

- **Accounting Data**
  -  **Revenue**
  -  **Expends**

- **Rate Status**
  -  **New**
  -  **Existing**

- **Rate Revert**

- **End Date**

- **Term of Payment**

- **Treatment of Price Increases**

- **Treatment of Net Adjustment**
4) **Do you have an Indirect Cost Rate to record?** Respond Yes or No. If **NO** is selected, users cannot go any further & nothing will be recorded. If **Yes** is selected, users can continue on.

If your organization will be claiming or budgeting with a current, approved indirect cost rate on any CNCS awards, it must be reported on this page. The rate information you record will be used in all award negotiation and reviews until it is superseded by a new approved rate, or expires. Applicants will have an opportunity to identify, in applications, if they will be using a lesser percentage of an approved rate, if you so choose.

5) **Rate Type:** If your rate type is not one of the following options, contact your grants officer for guidance:

- **Federally Negotiated** – select if your rate has been negotiated by your cognizant federal agency. Cognizance is typically determined by the agency which provides the highest amount of direct federal funding (see Uniform Guidance Appendices III, IV, V, and VII);
- **State Negotiated** – select if your rate has been negotiated by a state agency or other pass through entity;
- or
- **10% of MTDC** – select if your organization qualifies for & elects to use the 10% de minimis rate of Modified Total Direct Costs (MTDC). Organizations qualify for this rate if they have NEVER had a federally negotiated rate. State entities must also not receive more than $35 million in direct federal funding.

*Rates must be used consistently across ALL federal awards.*

6) **Issuing Agency.** Respond by selecting the federal agency that approved your rate, or if the federal agency who issued your rate is not listed, select **Other,** or if your rate is issued by a state agency select **Other.** Identify federal agencies using the drop down list. If your rate is approved by a federal agency other than the ones listed, notify your grants officer. Other federal agencies may be added as needed.

7) **Acceptance Date.** Enter a valid date.

The acceptance date is usually identified where the rate was signed by the issuing state or federal agency.

8) **Rate Status.** Select one of the following options: **Final, Provisional, Predetermined, Fixed, Other,** or **Other – 10%**.

Rates issued by federal agencies will almost always be final or provisional. However, if your organization has formally notified a federal or state agency of your eligibility and intent to use the 10-percent of MTDC rate, select **Other – 10%**. If your organization has a **predetermined** or **fixed** rate, select those options accordingly. If a state rate indicates a term that is not listed here select **Other** and notify your grants officer. Additional rate status options may be added as needed.

9) **Effective From.** Enter a valid date.

The effective from date is found on your indirect cost rate document. If using the 10-percent of MTDC rate, enter today’s date or the date your organization formally started charging costs under the 10-percent of MTDC rate.

10) **Effective To.** Enter a valid date.

The effective to date is found on your indirect cost rate document. If your organization has received approval to extend your rate, enter the end date of the extension.
11) **No Expiration.** Check or leave unchecked.
   If your rate does not have an expiration date, as is the case with the use of the 10-percent of MTDC rate, check this box, otherwise, leave unchecked.

12) **Extended?** Respond Yes or No.
   If the rate “effective to” date has been extended with approval of the federal cognizant agency under authority of the Uniform Guidance, respond Yes. If it is not an extended rate effective to date, respond No.

13) **Rate Base.** Enter up to 500 characters including spaces.
   Enter the text as found on your indirect cost rate approval document. For rates issued by state agencies, enter either the rate base used to determine the indirect cost pool as stated on your indirect cost rate approval document or “State Rate N/A.” If you need more than 500 characters, indicate “Summary” and record the most important content.

14) **Treatment of Fringe Benefits.** Enter up to 500 characters including spaces.
   Enter the text as found on your indirect cost rate approval document. For rates issued by state agencies, enter either how fringe benefits were treated in determining the indirect cost rate as stated on your indirect cost rate approval document or “State Rate N/A.” If you need more than 500 characters, indicate “Summary” and record the most important content.

15) **Treatment of Paid Absences.** Enter up to 500 characters including spaces.
   Enter the text as found on your indirect cost rate approval document. For rates issued by state agencies, enter either how paid absences were treated in determining the indirect cost rate as stated on your indirect cost rate approval document or “State Rate N/A.” If you need more than 500 characters, indicate “Summary” and record the most important content.

16) When you have completed all of the above entries, click the “save & close” button at the bottom of the page.

- If you would like to cancel your entry, click the “cancel” button and the entry will be cancelled. All entry information will be lost & no entry will be shown.
- **Once a rate is saved it cannot be modified.**
- If users inadvertently enter incorrect information, a new entry must be submitted with the correct information.

17) **Order of Rates** - Once an entry is saved, users will be able to see the rates they have entered. Rates will display in the order of entry. Entry of rates will provide users and CNCS with a historical record which can be used to clarify indirect cost rate inquiries for monitoring, consistent record maintenance, & audits.

If you have any questions or concerns, please contact your assigned grants officer.
Written Policies and Procedures

Policies and procedures are a set of documents that set forth principles, rules, authorities, responsibilities and actions for an organization's management and operations. They typically identify what is to be done, who is to do it and how it should be done. The list below identifies external requirements for policies and procedures for an organization's receiving Federal grant funds, whether your organization is a direct recipient or a subgrantee.

**Required written financial policies and procedures based on Federal grant regulations:**

- General financial management policies, procedures, manual, or guidelines
- Internal controls of grant funds, e.g., approval and documentation of expenses, separation of duties, delegations of authority, check issuance, cash receipts, cash management, bank reconciliation, travel, and payroll
- Procurement and purchasing procedures
- Property management for equipment purchased with Federal funds
- Time and effort distribution (timekeeping)
- Record retention and destruction
- Procedures to minimize the time elapsing between the transfer of Federal funds from Payment Management System to the Grantee
- Procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the cost principles and the terms and conditions of the award
- Codes of conduct for employees engaged in the award and administration of contracts
- Travel

**Other Key written financial policies and procedures based on Federal grant regulations:**

- Cost Allocation Plans
- Closeout of subgrants
- Payroll
- Cash receipts and disbursements
- Cash drawdowns and reimbursements
- Financial Reporting
- Site management and monitoring
- Closeout of subgrants
- AmeriCorps Programs: Delegation of authority to subgrantee staff managing the AmeriCorps program

**Additional Requirements for Nonprofit Organizations**

If your organization is a nonprofit organization, your entity is required to submit the annual Form 990 to the Internal Revenue Service (IRS). In 2009, your organization will use the newly redesigned Form 990 for the activities of 2008. Part VI, Governance, Management, and Disclosure on Page 6 of the new Form 990 has Section B, entitled “Policies.” In this section, the IRS requires:
Establishing Internal Controls
Handout 2

1. Conflict of interest policy
2. Whistleblower policy
3. Record Retention and destruction policy
4. A written process for determining compensation of the organization’s CEO, Executive Director, or top management official; and other officers or key employees. The process must include: a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision.
5. A written policy or procedure for an organization that invests in, contributes assets to, or participates in a joint venture or similar arrangement with a taxable entity. It must ensure proper steps have been taken to safeguard the organization’s exempt status with respect to such arrangements.
General Information

Policies & Procedures

Policy - Expectations "what is to be done"
Procedure - Process "how is it to be completed"
Description of methods & procedures to be followed
Explanation & examples of principle transactions

List of items to create (review or have on hand)
- Organizational Chart describing lines of authority
- Job Descriptions outline key responsibilities
- Chart of Accounts with details of what is expected to be entered within each account
- List of Board members, types of committees and frequency of meetings
- Organizational Documents (IRS determination letter, Articles of Incorporation)
- Sub-contract/Cooperative Agreement

Examples of items/issuses to be addressed

Approval of documents: Authorizations
- Authority chain
- Authorization of contracts, budgets, proposals
- Approval of financial reports
- Authorization of checks
- Approval of purchases
- Periodic review of authority levels

Payroll: Compensation
- Time & attendance process and expectations, methods, reconciliations
- Payroll deductions
- Administrative processing
- Paycheck distribution
- Reconciliation of payroll documents to general ledger
- Consultants

Accounts Receivable: Revenue: Cash Receipts
- Cash draw downs. Identify frequency, responsible individual, review process, reconciliation process, what information will be used to arrive at amount, form used to capture information
- Billing (if applicable) responsible party, information use to create, review
- A/R aging/collection
- Establishment of fees
- Cash receipts. Mail is opened by --, forwarded to --, recorded by --, deposited by --, entered into G/L --.
- Bank reconciliation. Individual responsible, controls in place.

**Procurement Policies**
- Purchase Orders/Vouchers/Request for Payments
- Petty cash. $ amount, custody, process, reconciliation & replenishment
- Purchasing
  - Items under $ (process/forms)
  - Items over $ process/bid
  - Capitalization policy
- Check Processing
  - Who prepares, review & authorizes?
  - Reconciliation,
  - Guardianship of void checks/unused checks.

**Travel**
- Regulations
  - When will staff/board be reimbursed
  - What level are the reimbursements
  - Process
  - Approval process
  - Per-diem
  - Mileage
  - Out-of-State

- Advances
  - When are they appropriate
  - Who’s authorization is required
  - When are they provided

**Financial Reporting**
- Monthly Basis
  - What is created?
  - For who?
  - What is review process?
- Quarterly
  - What is created?
  - For who?
  - What is review/approval process?
- Funder reports
  - What is due?
  - When?
  - Who prepares?
Who reviews?

- Audit – Board approval of form, scope,
- Federal & State filings – 990 Tax filing, necessary state regulations
- Compliance

Budgeting
- Operating Budget
  - Preparation
  - Timing
  - Modifications
  - Review of actual expenses

Record Retention
- Location
- Custody
- Security/computer back-up

Insurance: Liability
- General Liability
- Officers & Directors
- Workers Compensation
- Periodic Review

Conflict of Interest
- Definition
- Related party transactions

Forms to have available

- Personnel Action
- Voucher:Check Request
- Purchase Order
- Journal entry
- Travel Reimbursement
- Cash Draw down
- Property log
- Conflict of Interest
- Contract
Establishing Internal Controls
Handout 1

Separation of Financial Duties Worksheet

Instructions: In the top row of each column, enter the names and titles of the individuals who have responsibility for financial duties. In the following rows place a checkmark below the name of individual completing each task.

<table>
<thead>
<tr>
<th>Task</th>
<th>Position or Individual Performing the Task</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Individuals → → → →</td>
<td></td>
</tr>
<tr>
<td><strong>Cash Management</strong></td>
<td></td>
</tr>
<tr>
<td>• Receives Cash (e.g., opens mail)</td>
<td></td>
</tr>
<tr>
<td>• Prepares &amp; Posts Receipts</td>
<td></td>
</tr>
<tr>
<td>• Prepares Deposits Slips</td>
<td></td>
</tr>
<tr>
<td>• Banks the Deposits</td>
<td></td>
</tr>
<tr>
<td>• Reconciles Bank Statements</td>
<td></td>
</tr>
<tr>
<td>• Custodian of Petty Cash</td>
<td></td>
</tr>
<tr>
<td>• Replenishes Petty Cash</td>
<td></td>
</tr>
<tr>
<td>• Audits Petty Cash</td>
<td></td>
</tr>
<tr>
<td><strong>Bookkeeping - Maintains General Ledger</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Disbursements and Purchase Orders</strong></td>
<td></td>
</tr>
<tr>
<td>• Approves Purchase Orders</td>
<td></td>
</tr>
<tr>
<td>• Verifies Receipts of Goods/Services</td>
<td></td>
</tr>
<tr>
<td>• Prepares Requests for Funds</td>
<td></td>
</tr>
<tr>
<td>• Authorizes Disbursements</td>
<td></td>
</tr>
<tr>
<td>• Prepares Checks</td>
<td></td>
</tr>
<tr>
<td>• Signs Checks (co-signature required for amount &gt;$  )</td>
<td></td>
</tr>
<tr>
<td>• Signs Checks – Machine</td>
<td></td>
</tr>
<tr>
<td>• Custodian/Check Signing Device</td>
<td></td>
</tr>
<tr>
<td>• Custodian of Blank Checks</td>
<td></td>
</tr>
<tr>
<td>• Compares Check with Voucher</td>
<td></td>
</tr>
<tr>
<td>• Mails or Distributes Checks</td>
<td></td>
</tr>
</tbody>
</table>
### Establishing Internal Controls

**Handout 1**

<table>
<thead>
<tr>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Posts Disbursements</td>
</tr>
<tr>
<td>Computes Cost Allocation of Expenses</td>
</tr>
<tr>
<td>Payroll:</td>
</tr>
<tr>
<td>- Records Time on Timesheets</td>
</tr>
<tr>
<td>- Approves Timesheets</td>
</tr>
<tr>
<td>- Maintains Staff Timesheets</td>
</tr>
<tr>
<td>- Maintains Member Timesheets *</td>
</tr>
<tr>
<td>- Reconciles Wage Distribution **</td>
</tr>
<tr>
<td>- Approves Payroll Actions</td>
</tr>
<tr>
<td><strong>Financial Reporting</strong></td>
</tr>
<tr>
<td>- Tracks Match Contributions</td>
</tr>
<tr>
<td>- Prepares Financial Reports</td>
</tr>
<tr>
<td>- Approves Financial Reports</td>
</tr>
<tr>
<td>- Prepares Annual Audit: A-133, other</td>
</tr>
<tr>
<td>- Prepares Federal government financial reports (FSR, FFR, FCTR)</td>
</tr>
<tr>
<td>- Resolves Audit Findings</td>
</tr>
<tr>
<td>- Prepares IRS financial reports: 990</td>
</tr>
</tbody>
</table>

**Comments:**

**Other Related Duties:**

* = AmeriCorps programs only

** = Government agencies only, in accordance with 2 CFR 225, Cost Principles for State, Local, Indian Tribal Governments (formerly OMB Circular A-87)
## Maintaining Source Documentation

### Where is your filing cabinet?
- In grants management office?
- In program officer’s office?
- In accounting office?
- In Executive Director’s office?

### What is your filing system?
- By vendor
- By month
- By grantor
- By subgrantee
- Alphabetically

### How safe is your filing cabinet?
- Fireproof
- Waterproof?

### How are your documents filed?
- File Folders
- Binders

## Retaining Source Documentation

**Retain all financial records:**
- 3 years from date of submission of final Federal Financial Report
  - Final report = This means the report submitted by the Commission or Parent of a National Direct
- If there is an on-going audit, must retain all records until all audit findings are fully resolved

**Example 1:**
Grant Ends 7/31/2009
- 90 days to submit Final FS = 10/31/2009
- 3 years = 10/31/2012

**Example 2:**
Grant Ends 7/31/2009
- 90 days = 10/31/2009
- 3 years = 10/31/2012
- Audit started = 4/1/2012
- Final audit resolution = 9/30/2013

## Storing Documentation

### Marking Storage Boxes
- Type of documents stored
- Office responsibility
- Office contact name
- Office contact telephone number
- Storage Date
- Disposition Date

### Long-term Storage
- Select a facility
  - Services
  - Location
  - Security
  - Storage features
  - Reliability & Accessibility
  - Cost
- Written storage facility agreement
- Insurance requirements
- Procedures to store documents
- Procedures to mark documents
- Records inventory in office
# In-Kind Contribution Form

**Contributor Information**

Name of Business or Individual: 

Name of Primary Contact: 

Address: 

City: State: Zip Code: 

Telephone: E-mail: 

**Contributed Goods or Services**

Description of Contributed Goods or Services: 

Date(s) Contributed: 

Real or Estimated Value of Contribution: $ 

How was the value determined?  

- [ ] Actual Value  
- [ ] Appraisal  
- [ ] Other  

If other, please explain: 

Who Made this Value Determination?: 

Is there a restriction on the use of this contribution?:  

- [ ] No  
- [ ] Yes  

If yes, what are the restrictions?: 

Was this Contribution Obtained with or Supported by Federal funds?:  

- [ ] No  
- [ ] Yes  

If yes, please provide the name of the Federal agency and the grant or contract number: 

---

**Signature of Contributor**

**Date Contributed**

*Thank you for your support!!*

---

**Office Use Only:**

Person Receiving Goods or Services on Behalf of Non-Profit Organization of My County: 

<table>
<thead>
<tr>
<th>Printed Name</th>
<th>Position</th>
<th>Signature</th>
<th>Date Received</th>
</tr>
</thead>
</table>

Accounting Use Only: 

<table>
<thead>
<tr>
<th>Value Recorded</th>
<th>Date Entered</th>
<th>Account Number</th>
<th>Data Entry Person</th>
</tr>
</thead>
</table>

2009 Financial and Grants Management Institute
Prohibited Activities – AmeriCorps

While charging time to the AmeriCorps program, accumulating service or training hours, or otherwise performing activities supported by the AmeriCorps program or the Corporation, staff and members may not engage in the following activities (see 45 CFR § 2520.65):

a. Attempting to influence legislation;

b. Organizing or engaging in protests, petitions, boycotts, or strikes;

c. Assisting, promoting, or deterring union organizing;

d. Impairing existing contracts for services or collective bargaining agreements;

e. Engaging in partisan political activities, or other activities designed to influence the outcome of an election to any public office;

f. Participating in, or endorsing, events or activities that are likely to include advocacy for or against political parties, political platforms, political candidates, proposed legislation, or elected officials;

g. Engaging in religious instruction, conducting worship services, providing instruction as part of a program that includes mandatory religious instruction or worship, constructing or operating facilities devoted to religious instruction or worship, maintaining facilities primarily or inherently devoted to religious instruction or worship, or engaging in any form of religious proselytization;

h. Providing a direct benefit to—
   i. A business organized for profit;
   ii. A labor union;
   iii. A partisan political organization;
   iv. A nonprofit organization that fails to comply with the restrictions contained in section 501(c)(3) of the Internal Revenue Code of 1986 except that nothing in this section shall be construed to prevent participants from engaging in advocacy activities undertaken at their own initiative; and
   v. An organization engaged in the religious activities described in paragraph (g) of this section, unless Corporation assistance is not used to support those religious activities;

i. Conducting a voter registration drive or using Corporation funds to conduct a voter registration drive;

j. Providing abortion services or referrals for receipt of such services; and

k. Such other activities as the Corporation may prohibit.

AmeriCorps members may not engage in the above activities directly or indirectly by recruiting, training, or managing others for the primary purpose of engaging in one of the activities listed above. Individuals may exercise their rights as private citizens and may participate in the activities listed above on their initiative, on non-AmeriCorps time, and using non-Corporation funds. Individuals should not wear the AmeriCorps logo while doing so.
What?
Is the different between a Cost Allocation Plan and an Indirect Cost Rate proposal?
A Cost Allocation Plan summarizes, in writing, the methods and procedures that an organization uses to allocate costs to grants and programs. When determining an appropriate base for allocating costs, include the relative benefits received, the materiality of the cost, and the amount of time and cost to perform the allocation. A Cost Allocation Plan is different from an Indirect Cost Rate Proposal.

Why?
Is it advantageous to have a Cost Allocation plan?
A Cost Allocation Plan assists an organization to equitably distribute costs to program.

When?
Is the ideal time to create a Cost Allocation Plan?
Ideally, a Cost Allocation Plan is created as part of the annual budgeting process.

How?
Is a Cost Allocation Plan created?
A Cost Allocation Plan needs to be tailored to the specific policies of the organization. All allowable general and administrative costs are allocated to programs and grants based on a labor distribution (timesheet) method. Organizations need to incorporate the Cost Principles requirement that time distribution records must reflect an after-the-fact determination of the actual activity of each employee. Only costs that are allowable can be allocated to the benefiting programs. Allocation must also be made to nongrant activities.

What to include:
- An organizational description that includes how each program fits within the organization's operations and structure.
- A written description of the methods and calculations used to create the allocation pools and determine how expenses incurred by the organization could be apportioned to each program, including all CNCS Programs.
- A written description of the financial system and accounting methods that will be used to keep track of CNCS program funds and to keep track of the match portion of relevant grants.

Samples:
You can find a variety of sample plans on the internet using a search engine. Be sure to tailor the examples to your specific organization policy and structure.
AmeriCorps Monitoring Approach

Recently introduced three stage approach:

- **Prevent** – focus on information, training, understanding to avoid issues
- **Detect** – develop early and more thorough ways to find or identify issues
- **Enforce** – develop ways to correct or resolve issues, or apply possible sanctions

Approach applies to all monitoring areas, but with specific emphasis on *Prohibited Activities* by members
AmeriCorps Monitoring –
Prohibited Activities (cont’d)

**Example . . . Prohibited Activities By Members**

**Prevent:**
- Identify and list prohibited activities in various documents
- Include in position descriptions
- Require specific training on

**Detect:**
- Require an annual certification of monitoring
- Review position descriptions
- Interview members and supervisors
- Use more in-depth and open ended questions
- Identify actual issues and questionable situations

**Enforce:**
- Follow-up on findings
- Stop prohibited activities
- Resolve questionable situations
- Correct situation that led to issue
- Report situation; consider appropriate sanctions

Financial and Grants Management Institute
April 24 - 25, 2012
Frequent Issues

**Budgets and Reports**
- Difference between financial reports and accounting records (don’t track back or reconcile)
- Costs not included or approved in budget
- Duplicative costs
- No periodic comparison of budgeted to actual expenditures
- Major variances between budgeted to actual expenditures

**Questioned or Unallowable Costs**
- Missing or improper documentation
- Costs paid before or after grant period
- Non-compliance with applicable cost principles

**Expenditures**
- Costs not properly documented, recorded, or tracked
Frequent Issues (cont'd)

<table>
<thead>
<tr>
<th>Travel, Contractor, and Consultant Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Not justified or supported</td>
</tr>
<tr>
<td>☐ Consulting rate exceeds maximum allowed</td>
</tr>
<tr>
<td>☐ Reimbursement inappropriate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Separation of Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Not separated by direct/administrative, by grant, or by grant year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Administrative Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Exceeded 5%, if applicable</td>
</tr>
<tr>
<td>☐ Charged to program costs</td>
</tr>
<tr>
<td>☐ Indirect costs charged at unapproved, outdated, or inappropriate rate</td>
</tr>
</tbody>
</table>
Frequent Issues (cont’d)

**Accounting System**
- Entries, transactions, and amounts not supported by source documentation or appropriately approved

**Audit Reports**
- A-133 and other subgrantee audits not received, tracked, reviewed, or followed-up

**Non-Compliance**
- Federal rules, regulations, and requirements
- Grant requirements and provisions
- Own policies and procedures

**Systems and Controls, Separation of Duties, Internal Controls**
- Inadequate

**Reconciliations**
- Not performed or not performed on a timely basis
Frequent Issues (cont’d)

**Personnel Costs**
- Staff timesheets/records not signed/certified by individual or supervisor
- Staff time not properly documented and allocated to various activities
- Charges and costs not based on actual after-the-fact records, but on budgeted or pre-established amounts or percentages (not allowed for non-profits)
- Timesheets do not comply with applicable OMB/CFR cost principles

**Match (Cash and In-kind)**
- Shortfall
- Source not identified
- Not properly documented, recorded, or tracked
- Missing or improper source documentation
- Allocation – systems did not track
- Valuation – reasonableness – relation to award
- Inadequate system of tracking match expenditures
Frequent Issues (cont’d)

Financial Reports

- Examples: financial reports, expense reports, reimbursement requests
- Delinquent – not submitted or late
- Inaccurate – math errors, mistakes from previous periods, needed revisions
- Don’t reconcile with or track back to accounting records
- Report budgetary data rather than actual expenditures
- Report same amount each month as 1/12th of one year’s budget
Frequent Issues (cont’d)

- Eligibility for service is missing: citizenship, education attainment, age verification
- Criminal history checks not completed or improperly documented
- Missing, incomplete, or improper timesheets
- Timesheets not signed and dated by participant and supervisor (AmeriCorps)
- Improper living allowances – excessive payments, paid on an hourly basis, paid after exiting
- Failure to pay at current rate (below the minimum for full-time or above the maximum for any term type)
- Misapplication of FICA
- Service hours – unsupported, insufficient, before or after award member agreement was signed or after completion of term of service
- Incomplete or missing records, documentation, or forms
- Exceeded 20% of total hours spent on training and education activities – AmeriCorps only
Frequent Issues (cont’d)

Documentation

- Needed for systems, policies, procedures
- Needed for all financial transactions, entries

Common problems:
- Does not support charges or transaction
- Missing
- Inadequate
- Improper
- Records or files not retained
Ten Great Ways To Meet Your Match! - AmeriCorps

1. Staff time spent on program; including training, member/volunteer supervision and program oversight as well as other staff time working on necessary staff functions relating to meet the goals and objectives of the program. Be sure to keep track of actual time and use salary and benefits paid.

2. Space used for program services, be sure to pro-rate for amount of time project is using space and value can include all utilities and maintenance.

3. Variety of supplies necessary to run program including: photocopying, office supplies and materials, postage, AV equipment, phone, fax. Use the amount that you would have to pay.

4. Indirect or Administrative costs. Organizations that have a federally approved indirect cost rate can use it as match (less the amount in grantee share), organizations that do not have a negotiate rate can use 10% of total costs.

5. Cash or in-kind contributions, from community organizations or individuals.

6. Transportation provided at no cost to the project, possibly bus, truck or car transportation, you can use the state approved mileage rate multiplied by the number of miles traveled.

7. Donation of supplies project supplies including items necessary to accomplish program goals and objectives for example plants, seeds, trees, film, masks, gloves, books. Use amount that you would have to pay.

8. Additional discounts above and beyond those available to the general public provided by local vendors. It is best to get the vendor to note the additional discount directly on invoice.

9. Grants or other funds that are obtained and used to further the goals and objectives of the service learning project.

10. Program Income. Either asking community partners to contribute funds towards program in exchange for an AmeriCorps Member or providing a service such as clearing trails in exchange for a fee.

The basic rule of thumb is that you can count most reasonable and necessary items that are used to meet the goals and objectives of the project. It is essential that match is appropriately documented. Document the basis for determining the value of personal services, material equipment, building, and land. Give the donor a receipt signed by donor which includes: Name of donor, Date of donation, Description of item/service and Estimated value.
Frequently Asked Questions
Distribution of the AmeriCorps Living Allowance

Background and Rationale: The Corporation issued clarifying guidance to address findings in recent audits and answer questions from grantees related to how programs should pay the AmeriCorps living allowance. As noted in the grant provisions, the living allowance is not a wage.

"The living allowance is designed to help members meet the necessary living expenses incurred while participating in the AmeriCorps Program. Programs must not pay a living allowance on an hourly basis. It is not a wage and should not fluctuate based on the number of hours members serve in a given time period. Programs should pay the living allowance in increments, such as weekly or bi-weekly."

It has come to the Corporation's attention that some programs are providing the full living allowance to a member who completes his or her required hours before the end of the agreed-upon term of service. For example, a member completes 1700 hours in 9 months instead of the program's anticipated 11-month term of service, and the program, which typically provides the living allowance in semi-monthly allotments, pays the remaining 2 months of the living allowance as a lump sum payment as the member exits the program. In other instances, a member who starts late receives a "catch-up" amount for the first three months so that the member will receive the same living allowance as other members who started earlier but will end at the same time.

Neither of these two scenarios reflects the intent of the living allowance distribution guidance. The living allowance is "designed to help members meet the necessary living expenses incurred while participating in the AmeriCorps Program." In addition, members who complete hours on an abbreviated schedule may be depriving the service site of important service it needs for the expected term of service.

A member, who completes his or her service early or starts service late, should receive the portion of the living allowance that would be provided for that period of participation under the program's living allowance distribution policy. The amount should not vary based on number of hours served during a particular time period. For example, if the program is designed to run for 11 months, and the living allowance is paid monthly, a member who starts in the second month will receive 10/11ths of the total living allowance, unless the member serves a month longer than the members who started in the first month of the program.

The member contract should reflect that the living allowance is provided for expenses while serving and should not be linked to completion of 1700 hours. The contract should specify how the living allowance is distributed (e.g. bi-weekly, semi-monthly), and in what increments, and should note that members will receive the living allowance as long as they are serving. The contract should also delineate the expected term of service (e.g. 10 months, 12 months).
1. What happens if a half-time member finishes early? If a half-time member receives a living allowance, the same rules apply as for a full-time member who leaves the program early. The member should not get a lump sum payment for the balance of the living allowance if the member completes the required hours before the end of the agreed-upon term of service.

2. Can we change a member's contract so the member serves less than the full term and provide the full living allowance? If your program design is for a specified period for all members, you should specify in the contract how the living allowance will be paid out. You cannot change an individual member's contract so he or she receives a higher living allowance than other members who will serve for the full period. For example, if your program design is for 10 months of service, the living allowance for that year is $10,600, and you choose to provide it on a monthly basis, each member would receive $1,060 per month for 10 months. A member who completes the required hours in nine months would only receive 9/10s of the living allowance, or $1,060 per month for 9 months. This applies only to a program with fixed start and end dates. Other programs can choose to have a member serve an additional month at the end if the member starts the program a month late.

3. How does this affect the minimum member living allowance? If a member does not serve the full term of service, the member will not receive the full minimum living allowance.

4. Can a member in an 11-month program who starts in month 2 serve the extra month at the end and receive the whole living allowance? Yes -- if the program's design allows it to extend the member for an extra month, the program may do so, and pay the member the entire living allowance.

5. How does this provision affect a program with a set end date? If a program has a set end date, and cannot extend its members beyond that set end date, it may only provide its members with a living allowance through the set end date of the program. If a member starts late, the member will necessarily serve an abbreviated term of service, and may only receive the living allowance in regular increments through the end of the program year.

6. What about the impact on commissions? How are we expected to maintain and keep our contracts open longer to allow members who start late to serve a full term in order to receive the full living allowance? This should have no impact on commissions should follow their own state granting or contracting requirements. For example, if a member starts in month 3 of the program's contract period, the period could still end in 12 months and the member could complete service in the next contract period.

7. Can we meet last year's program obligations with this year's admin/operating funds? Yes, this is already common practice. Many programs have rolling admission and members who start in one year, complete in the next as a matter of course. The staff costs for supervising those members are current costs.

8. The members in our program routinely complete their hours before the end of the 12 month program period, and our program design does not necessitate their staying until the end of the 12 months. Can we change our program design? Yes, a full-time term of service must be between 9 and 12 months, during which members must serve at least 1700 hours. Within those parameters, a program should design its term of service to best meet the needs of the community. Programs that work in schools during the academic year only, for example, might have a 10-month program.
9. We pay our living allowances on a monthly basis. How should we handle situations in which members come on board late in the month or exit early in the month at the end of their term? You should establish a written policy that is reasonable. For example, if a member comes on board within the first two weeks of the month, you might set policy that gives them the entire living allowance. If they start service later than that, you could prorate the amount based on the number of days in the month they will serve. The same would hold true for the end of service. If they leave within the first two weeks of the month, their living allowance is based on the number of days in the month they served. If they serve over the 2-week cut-off, they would get the full living allowance. You can establish different cut-off points as long as they are reasonable, documented in policy and followed consistently.

10. Can you give us examples of how the living allowance distribution policy could play out for members that start at different times? See the chart below.

The program design is a 10-month program with a living allowance of $10,900, paid on a monthly basis of $1,090 per month.

<table>
<thead>
<tr>
<th>Member Situation</th>
<th>Length of Service</th>
<th>Amount per Month</th>
<th>Total Living Allowance Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member A starts and finishes on time</td>
<td>10 months</td>
<td>$1,090</td>
<td>$10,900</td>
</tr>
<tr>
<td>Member B starts on time and finishes early</td>
<td>9 months</td>
<td>$1,090</td>
<td>$9,810</td>
</tr>
<tr>
<td>Member C starts late and finishes late</td>
<td>10 months</td>
<td>$1,090</td>
<td>$10,900</td>
</tr>
<tr>
<td>Member D starts on time and finishes late</td>
<td>11 months</td>
<td>$1,090</td>
<td>$10,900</td>
</tr>
<tr>
<td>Member E starts late and finishes on time</td>
<td>9 months</td>
<td>$1,090</td>
<td>$9,810</td>
</tr>
</tbody>
</table>
AmeriCorps Budgeting Tips

For Programs that are funded directly by CNCS, AmeriCorps programs must obtain prior approval for:

- Subgrants or contracts not included in approved application and budget
- Specific costs requiring prior approval before incurrence under OMB Cost Principles
  - For example: overtime pay, rearrangement and alteration costs, and pre-award costs
- Purchases of equipment over $5,000 using grant funds, unless specified in the approved application and budget
- Cumulative to cumulative and/or aggregate budget line items that amount to 10% or more of the total budget
  - Must be approved in writing, in advance, by CNCS

NOTE: Programs that subgrantees or sites should be sure to check the requirements for budget amendments
Administrative/Overhead/Indirect Costs

☐ Costs are incurred that benefit multiple programs or purposes

☐ Example of these costs are:
  - General administration of the organization
  - Accounting and personnel services performed within the grantee department or agency
  - Costs of operating and maintaining facilities, etc.
For AmeriCorps Programs

- Administrative Costs include:
  - General expenses related to the overall administration of an organization that receives Corporation funds.

- Administrative Costs include items such as:
  - Accounting, financial, auditing, contracting or general legal services
  - Internal evaluation (except for programs)
  - General liability insurance that protect the organization (not solely related to a program)
For AmeriCorps Programs

- Administrative Costs should not include items such as:
  - Allowable direct charges for members (living allowance, insurance payments made on members behalf)
  - Costs for staff who train, place or supervise members or directly benefit the programs
  - Independent evaluations of the programs
  - Facility costs that primarily support the program
Instructions for Closing Corporation grants

CNCS grants usually are awarded for a 3 year Project Period, consisting of three yearly budget periods. CNCS direct grantees are responsible for meeting the submission deadlines for closeout. Closeout documents are due to your corporation Grants Officer no later than 90 days after the expiration of the Project Period.

The Corporation will not issue any new funds to grantees that have outstanding closeout issues or un-submitted documents.

There is no longer an across the board requirement for submitting a Final Progress Report. Learn and Serve America is the only program where a mandatory final report will be required.

CNCS Grantees must submit the following documents to your CNCS Grants Officer:

1. Final Federal Financial Report; SF 425. The Final Federal Financial Report MUST be submitted thru eGrants and should be cumulative for the whole project period. The report must also reflect the required percentage of matching funds that you have agreed to contribute under the terms of the grant.

2. Equipment Inventory. This form catalogues items purchased with Federal grant funds with a current per unit fair market value of $5,000 or more, or a written statement that there are no such items. Grantees may mail, fax, or email this form to their Grants Officer. If the form is emailed, be sure to scan it AFTER the authorizing official has signed it.

3. Inventory of Unused or Residual Supplies. This form catalogues supplies purchased with Federal grant funds which in the aggregate exceed $5,000, or a written statement that such supplies (if any) do not exceed $5,000. Grantees may mail, fax, or email this form to their Grants Officer. If the form is emailed, be sure to scan it AFTER the authorizing official has signed it.

4. Subgrantee Certification (if applicable). This form is used by CNCS Direct Grantees to certify the closeout of their applicable Sub-grantees. Grantees may mail, fax, or email this form to their Grants Officer. If the form is emailed, be sure to scan it AFTER the authorizing official has signed it. In place of the 3 forms, the authorized rep may send one email that addresses the certification for each issue, to the Grants Officer. The email must contain the same information that would be reflected on the forms.

Education Award grantees are NOT required to submit any documents except a Subgrantee Certification (if applicable).

In addition, if you have drawn funds under the grant but not expended them, you must return the funds by check made payable to the Department of Health and Human Services. Include the Payment Management System account and subaccount numbers on the check (these numbers can be found on page one of your PSC 272 Report). An accompanying letter should indicate that the check is a REFUND to be credited to CNCS.
Closing Out Your AmeriCorps Grant
Handout 5

(Please reflect your Grant No. on the accompanying letter and on the check itself). The letter should also specify the amount of any interest that is included in your refund check. The refund check should be sent to: Division of Payment Management, PO Box 6021, Rockville, MD, 20852. Send a copy of the refund check and letter to the Corporation to your grants officer.

If your agency secured a copyright or patent on any material or device paid for with funds awarded under this grant, please provide the Corporation with a written confirmation describing the specific nature of the copyright or patent obtained.

As a grantee of the Corporation for National and Community Service, you MUST make sure that the total federal expenditures recorded on the Final Financial Status Report (SF 269) are accurate, match the amount reported to HHS on the Federal Cash Transaction Report (SF272), and match the amount of funds drawn down from the HHS Payment Management System to the penny. Without the reconciliation of these reports, the Corporation cannot close out this grant. Failure to submit the documentation requested in this letter or failure to assist in the reconciliation of submitted documents may adversely affect your future funding.

After the Corporation receives the required documents and you have made any appropriate financial adjustments and payments, we will advise you in writing that the award is closed. Please note that the closeout of a grant does not affect: (1) the requirement to retain records pursuant to the grant conditions; (2) the requirements and rights for audit pursuant to the grant conditions; (3) the right of the Corporation to disallow costs and recover funds on the basis of an A-133 or other audit or other review; and (4) the obligation of the grantee to return any funds due the Corporation as a result of later refunds, corrections, cost disallowance or other actions.
Program Income – Defined

- OMB defines program income as:
  - Gross income earned by the grantee that is directly generated by a grant supported activity
  - Includes: Income from fees for services performed
  - Does not include: Interest earned on advances of Federal funds

- Program income included as grantee share
- Excess program income recorded on FFR

Program income does NOT include
  ➔ revenue that is not a result of participant activities

Financial and Grants Management Institute
April 24 - 26, 2012
Program Income

- **Gross Program Income** – All funds collected as a direct result of grant funded-activities
- **Net Program Income** – The amount after deducting costs associated with generating the income
- **All Program Income** must be used for grant-related purposes
- **Program Income and the supporting documentation** is “auditable”
Program Income

There are 2 alternatives to using excess program income:

- Additive – added to funds committed to the program and used to further program objectives
- Deductive – deducted from total allowable costs of the program to determine the net allowable costs for which the Federal share is based

Consult grant terms and conditions to determine deductive or additive alternative
**Program Income – Most Common Error**

- Program Income used as match was erroneously reported as Program Income
  - **Corrective Action:** If all your program income was used as match, your Program Income line on the FFR should be blank

<table>
<thead>
<tr>
<th>Program Income:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Total Federal program income earned</td>
</tr>
<tr>
<td>2. Program income expended in accordance with the deduction alternative</td>
</tr>
<tr>
<td>3. Program income expended in accordance with the addition alternative</td>
</tr>
<tr>
<td>4. Unexpended program income (line 1 minus line 2 or line 3)</td>
</tr>
</tbody>
</table>

Financial and Grants Management Institute
April 24 - 26, 2012 20