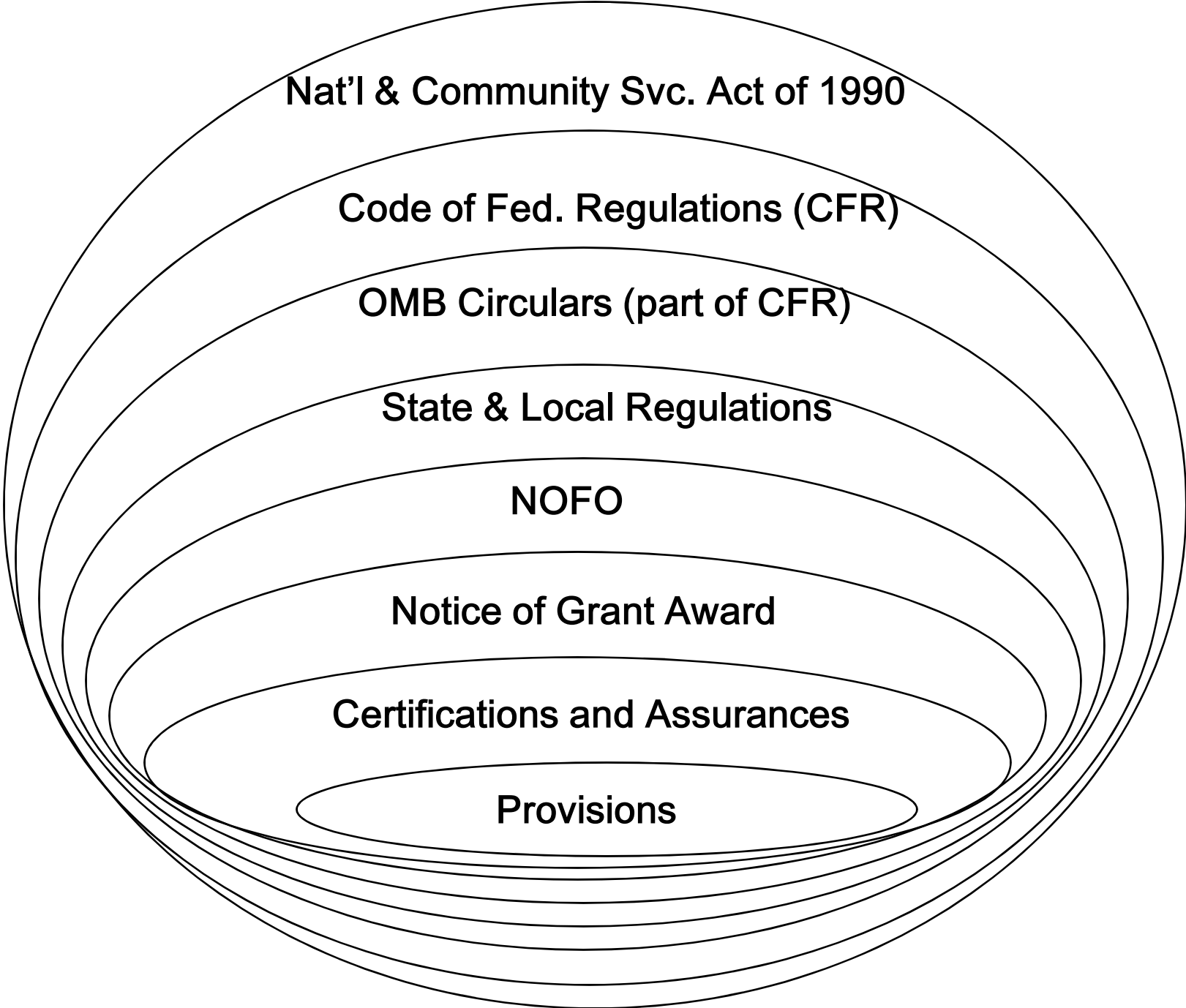


New Program Start Up

Taking Financial Management Home
November 28, 2007

Session Objectives

- To discuss information presented in Memphis, TN at the Program Start-up Institute with Program and Fiscal Staff.
- To provide participants with information related to the Fiscal Assessment and discuss next steps.
- To review ideas for additional training.



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

Provisions

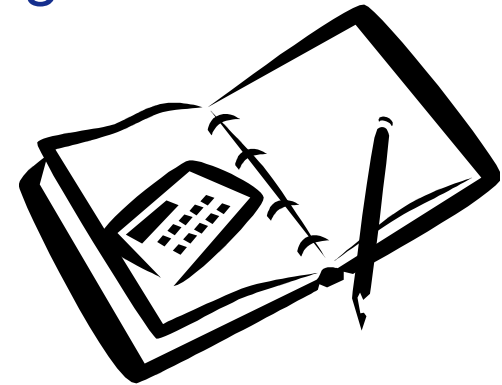
CNCS Grant Provisions

Created by CNCS officials and include:

- Guiding principles for Grant Activities
- Contain both Program and Fiscal guidelines

Highlights:

- Limit on consulting
- Living allowance distribution



Grant Provisions www.cns.gov

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



Summary of Relevant OMB Circulars

Summary of Relevant OMB Circulars

	Educational Institutions	Non-Profit Organizations	State & Local Governments
Uniform Administrative Requirements	45 CFR 2543 & Circular No. A-110	45 CFR 2543 & Circular No. A-110	45 CFR 2541 & Circular No. A-87
Cost Principles	Circular No. A-21	Circular No. A-122	Circular No. A-102
Audits	Circular No. A-133	Circular No. A-133	Circular No. A-133

Each of the specific circulars can be downloaded from the internet at the following address:

[Http://www.whitehouse.gov/OMB/circulars/index.html](http://www.whitehouse.gov/OMB/circulars/index.html)

Standards of Allowability

- Reasonable
- Necessary
- Allocable
- Authorized and legal
- Limits on costs
- Consistent Treatment
- Accounting Principles
- Not Double Charged
- Net of applicable credits
- Documented
- Cost Accounting Standards

Cost Principles

Examples of costs listed in Circular:

- 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



Administrative Requirements

Examples of items addressed in Circulars:

- Pre-Award policies
- Special award conditions
- Standards for financial management systems
 - Procurement
 - Records Retention
 - Program Income
 - Financial Reporting
- Cost sharing or matching

Audit Requirements

OMB-133 Audit

- Standards for obtaining consistency and uniformity among Federal agencies for the audit of organization's expenditure of Federal funds.
- Applicable to organizations that expend \$500,000 or more of federal funds in a year.



Budgeting



Budgetary Controls

- Budget should link programmatic and financial activities
- Reviewing budgets and actual expenses can prevent cost overruns when monitored on a regular basis
- Overruns may result in disallowed costs
- Helps staff responsible for specific activities to maintain control over expenditures

Budget Management

AmeriCorps programs must obtain prior approval for:

- Changes to increase or reallocate funds for the member support category
- Purchase of equipment over \$5,000 that was not included in the original budget
- Cumulative reallocation exceeding 10% of total budget
Changes in scope, objectives or goals of program
- Substantial changes in level of participant supervision
- Additional sub-grants or contracts

Proper Documentation



Documentation Objective

All documentation should support:

- What is the service or goods obtained
- Why the transaction is allowable for the grant purposes
- The value of the contribution

Documentation should also ensure that costs:

- Conform to grant/contract limitations
- Are treated consistently
- Determined in accordance with Generally Accepted Accounting Principles (GAAP)

Time & Activity Reporting – Summary

All salaries and wages charged to grants must be supported by signed timesheets

Exceptions:

- State, Local and Indian Tribal Governments must comply with requirements of OMB A-87
- Educational Institutions must comply with requirements of OMB A-21

Time & Activity Reporting – OMB A-122

OMB A-122 requirements of
documentation for timesheets:

- Must reflect an after-the-fact distribution of the employee's actual activity
- Must account for the total activity of each employee
- Must be prepared at least monthly and must coincide with one or more pay periods
- Must be signed by the employee or supervisor having first hand knowledge

Cash and In-kind Match



Matching Requirements and In-kind Contributions

Match

- Must be verifiable from recipient records
- Must not be included as contribution for other federally-assisted programs
- Must be necessary for accomplishing program objectives
- Must be allowable according to cost principles (OMB Circulars) and grant provisions

AmeriCorps Match Requirements

Statutory requirements:

AmeriCorps Budget Section II

- Member support match must be minimum 15% non-federal cash

AmeriCorps Budget Sections I & III

- Operating expenses are a minimum 33% of total operating costs

Valuing In-Kind Match



- **Use Fair Market Price**
- **Consider what it would cost to obtain similar good or service**
- **Value of donation should be placed by the donor**
- **Review donor's letter or form to ensure the value is reasonable**

Exception: Volunteer Match



Do not count as match -

The value of direct community services performed by volunteers

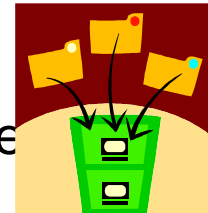


Do count as match -

- Services that contribute to organizational functions
- Count services such as accounting, training of staff or members that are elements of the grantee's cost allocation plan

Documenting In-Kind Contributions

- Document the donor's basis for determining value of personal services, material, equipment, building, and land
- Obtain written acknowledgement from the donor to include:
 - Date and location of donation
 - Detailed description of item/service
 - Estimated value of contribution, how value was determined, and who made the determination
 - Was the contribution obtained with Federal funds
 - Name and signature of donor



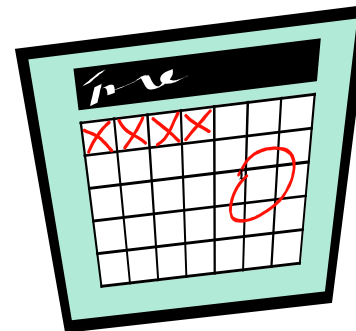
Keep a copy of the receipt in your files

Financial Reporting



Critical elements for all financial reports

- **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



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)
- Maintains Federal/non-Federal matching funds separately from grant funds
- Records in-kind contribution as both revenues and expenses

Major Processes for Preparation of the Financial Status Report

- There should be proper documentation in the files to support all information reported in financial report.
- All financial reports should be prepared with information that comes directly from the organization's accounting system.
- There should be a review and reconciliation of the information to ensure accuracy prior to report submission.

Financial Status Report

Financial Status Report (FSR) Form 269A (Short Form)

- File on a semi-annual basis (special conditions may require quarterly reporting)
- Report collects:
 - Identifying information (automatic in eGrants)
 - Project period of the grant and reporting period dates (automatic in eGrants)
 - Total program costs, including match
 - Unliquidated obligations
 - Indirect cost rate calculations
 - Remarks
 - Certification

Timing of Draws from Payment Management System

- Funds are intended to be available when needed
- Draws should be matched to timing of allowable program expenditures
- Funds can be drawn as needed:

Example – Payroll to cover salaries and allocable payroll taxes based on time charged to the Federally-funded program



Internal Controls

Written Policies & Procedures



Document Internal Controls through Policies & Procedures

Documented Policies and Procedures are important because:

- They are the standards for the organization's operations
- They help in maintaining information that is crucial to operations that would otherwise remain in employees' "heads"
- They help in orienting new employees and substitutes if the appropriate personnel are absent

Examples of Key Items To Include in Policies & Procedures

- Authorizations of transactions
- Payroll procedures
- Cash receipts procedures
- Procurement Policies
- Travel regulations
- Financial Reporting
- Budgeting
- Record Retention
- Conflict of Interest

Other Webinar Ideas

- **Financial Management Issues**
 - Drawing Down Funds (HHS)
 - Financial Reporting
 - *Financial Status Report*
 - *Federal Cash Transaction Reports*
 - Budget Management
 - *Allowable costs*
 - *Amending budgets*

Other Webinar Ideas

Grants Management

- Matching Funds & In-kind Contributions
- Timekeeping (staff & members)
- Member Management
 - Background Checks
 - Evaluation
 - Living Allowance Distribution
 - Time keeping

Other Webinar Ideas, Cont.

- Subgrantee Oversight
 - Reimbursements
 - Financial Reporting for subgrantees
 - Training subgrantees
 - Monitoring subgrantees

Resources



Tools and Sample Documents

Sample In-Kind Contribution Form

The ABCD Tutoring Program
 1299 N Main Street, Suite 110, Great City, Good State 00000-1234, (800) 555-1212, Fax 321-1234

In-Kind Contribution Form

Date of Contribution	Description of Contributed Item (s) or Service	Purpose for Which Contribution Was Made	Real or Approximate Value of Contribution	How Was Value Determined? (i.e. Actual, appraisal, fair market value)	Who Made This Value Determination?	Was Contribution Obtained With or Supported By Federal Funds? (If so, indicate source)

Name of Contributing Organization/Agency/Business/Individual: _____

Address of Above Contributor: _____ Phone #: _____

Printed/Typed Name of Contributor's Authorized Signee: _____ Title: _____

Signature of Authorized Signee: _____ Date: _____

Sample Time Sheet

Sample Time Sheet

Name: _____ Pay Period From: _____ To: _____

Date	Description of work performed	Grant 1 AmeriCorps	Grant 2 - Reasons to Read	Grant 3 - State DOE	Other	Total Hours
Sun						
Mon						
Tues						
Weds						
Thur						
Fri						
Sat						
Total Hours Worked						

Employee Signature

Supervisors Signature

Job Descriptions

Should Include:

- Job Title:
- Reports To:
- Supervises:
- Basic Function:
- Duties and Responsibilities:
- Qualifications:
- Classification:

More on Financial Reporting

- eGrants: <http://www.cns.gov>
 - Direct grantees
 - Financial Status Reports
- WBRS: <http://wbrs.net>
 - Subgrantees
 - Periodic Expense Reports
 - Financial Status Reports
- HHS Payment Management System:
<http://www.dpm.psc.gov>