
SCSEP Federal Financial Management Requirements

An overview

Who Are We?

Division of Financial and Grants Management Policy and Review

- Financial Policies
 - Grant Management Policies
 - Financial Reporting
 - SCSEP Grant Management Regs
 - Proposed 20 CFR 641, Subpart G
 - One-Stop TAG
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What Will Be Covered?

- Financial Management Systems & Cash Management
 - Cost Principles & Allowable Costs
 - Cost Classification & Program Income
 - Cost Allocation & Indirect Costs
 - Financial Reporting
 - Property Management & Procurement
 - Audits & Audit Resolution
 - Matching, Records Retention, Closeout, & Resources
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Useful Websites

- **SCSEP** – <http://wdsc.doleta.gov/seniors/>
 - **One-Stop TAG** -
http://wdsc.doleta.gov/sga/pdf/FinalTAG_August_02.pdf
 - **OMB** -
<http://www.whitehouse.gov/omb/grants/index.html>
 - **NARA** – <http://www.access.gpo.gov/nara>
 - **CFR** - <http://www.access.gpo.gov/nara/cfr/index.html>
 - **Fed World** <http://www.fedworld.gov/>
 - **Payment Mgmt System** <http://www.dpm.psc.gov/>
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Form SF 269

**FINANCIAL STATUS REPORT
(Long Form)**

(Follow instructions on the back)

1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned By Federal Agency		OMB Approval No. 0348-0039	Page of pages
3. Recipient Organization (Name and complete address, including ZIP code)					
4. Employer Identification Number		5. Recipient Account Number or Identifying Number		6. Final Report <input type="checkbox"/> Yes <input type="checkbox"/> No	
7. Basis <input type="checkbox"/> Cash <input type="checkbox"/> Accrual					
8. Funding/Grant Period (See instructions) From: (Month, Day, Year)		To: (Month, Day, Year)		9. Period Covered by this Report From: (Month, Day, Year)	
To: (Month, Day, Year)					
10. Transactions:					
		I	I	III	
		Previously Reported	This Period	Cumulative	
a. Total outlays					
b. Refunds, rebates, etc.					
c. Program income used in accordance with the deduction alternative					
d. Net outlays (Line a, less the sum of lines b and c)					
Recipient's share of net outlays, consisting of:					
e. Third party (in-kind) contributions					
f. Other Federal awards authorized to be used to match this award					
g. Program income used in accordance with the matching or cost sharing alternative					
h. All other recipient outlays not shown on lines e, f or g					
i. Total recipient share of net outlays (Sum of lines e, f, g and h)					
j. Federal share of net outlays (line d less line i)					
k. Total unliquidated obligations					
l. Recipient's share of unliquidated obligations					
m. Federal share of unliquidated obligations					
n. Total Federal share (sum of lines j and m)					
o. Total Federal funds authorized for this funding period					
p. Unobligated balance of Federal funds (Line o minus line n)					
Program income, consisting of:					
q. Disbursed program income shown on lines c and/or g above					
r. Disbursed program income using the addition alternative					
s. Undisbursed program income					
t. Total program income realized (Sum of lines q, r and s)					
11. Indirect Expense					
a. Type of Rate (Place "X" in appropriate box)		<input type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed			
b. Rate		c. Base	d. Total Amount	e. Federal Share	
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.					
13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.					
Typed or Printed Name and Title				Telephone (Area code, number and extension)	
Signature of Authorized Certifying Official				Date Report Submitted	

Financial Reporting Basics

- SF-269
 - Quarterly expenditure report
 - Due 30 days after quarter end
 - Electronic submission
 - Submitted directly into EIMS by grantee
 - Grantees provided:
 - Passwords (data entry)
 - PINs (data certification)
 - Embedded data entry instructions
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Financial Management Systems

- Generally applicable regulations
 - 29 CFR 97.20 and 29 CFR 95.21
 - Applies to grantees & subrecipients
 - Seven Standards
 - Financial reporting
 - Accounting records
 - Internal control
 - Budget control
 - Allowable cost
 - Source documentation
 - Cash management
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Cost Principles

- Sets of government-wide rules
 - OMB Circulars
 - Define conditions for charging costs
 - Allowable & unallowable costs
 - Allocability
 - Direct & Indirect costs
 - Descriptions
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Allowable Cost Standards

- **Necessary and reasonable**
 - Sound business practices
 - Prudent person principle
 - **Allocable**
 - Only charge costs that clearly BENEFIT grant
 - Proper allocation methods
 - **Authorized or not prohibited**
 - Federal, State, or local laws
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Allowable Cost Standards (Continued)

- Consistent treatment
 - Across all programs
 - Year to year
 - Both indirect and direct
 - Not used for matching requirements
 - Unless specifically authorized
 - Conform to ETA grant exclusions & limitations
 - Specific unallowable costs
 - Administrative cost limitation
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And more.....

- Adequately documented
 - Traceable to source documentation
 - Consistent with GAAP
 - Source documentation
 - Evidence of authority to incur cost
 - Demonstrate actual amount
 - Receipts for goods
 - Subcontractor invoices
 - Time sheets for staff costs (payroll records)
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Selected Items of Cost

- 3 types of Costs
 - Allowable
 - Unallowable
 - Allowable with Conditions
 - If prior approval required, must be approved in writing **BEFORE** incurring cost
 - If cost not described in Attachment B principles, necessary and reasonable principle applies
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Look Out For Unallowable Costs

- Cost Shifting
 - Entertainment
 - Employee morale costs?
 - Meetings & conferences?
 - Fines & Penalties
 - Building purchase, construction
 - Exceptions – ok premises cost, ADA or Rehabilitation Act
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Cost Classification

- Process used to distribute costs
 - Assign allowable costs to cost objectives
 - Costs Assigned
 - Direct Charge
 - Allocation
 - General ledger or books of account
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Classification System

- Required by GAAP
 - Trace Costs from Federally required reports
 - To books of account &
 - To source documentation
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Cost Categories

- Only 2 Cost Categories
 - Administration
 - Program Activities
 - Reporting categories
 - Hq Admin, Local Admin, EW/FB, OEC
 - Classify within books of account
 - Classify through linking spreadsheets
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SCSEP Administrative Costs

- Not to exceed 13.5 percent
 - Waiver up to 15% available if justified
 - Measured at conclusion of grant period
 - Redefined to match WIA definition
 - Sources:
 - **OAA Sec. 502(c)(3)**
 - **Proposed 20 CFR 641.867.870**
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The Principal Principle

- Job Title vs. Job Function
 - Costs follow job function, NOT title
 - Multiple functions must be allocated
 - Not all entities incur **reportable** administrative costs
 - Direct recipients
 - First level subrecipients who have comprehensive responsibilities
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Administrative Functions

- Overall general administrative functions
 - Accounting, financial, cash management
 - Procurement
 - Property management
 - Personnel management
 - Payroll
 - Coordinating resolution of findings
 - Audit, monitoring, investigations
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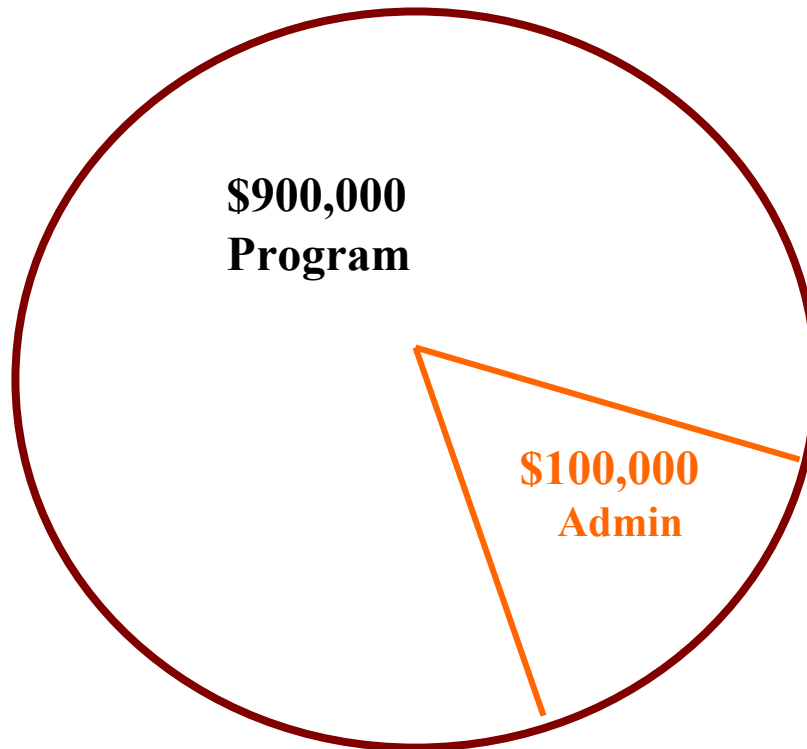
Example: Information Technology

Program Costs vs Administrative Costs

- Costs include all purchase, development & operation costs
 - Costs related to administrative functions
 - Accounting & payroll systems
 - Procurement & purchasing systems
 - Costs related to program functions
 - Tracking/monitoring participant & performance information
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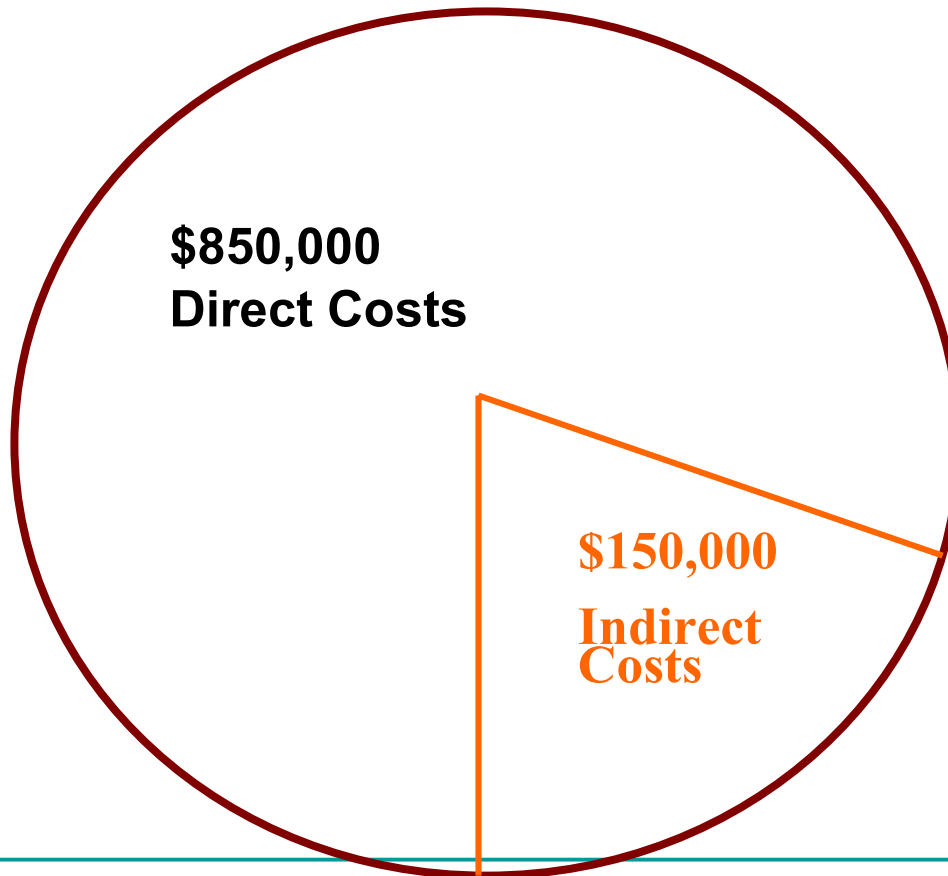
Admin Costs vs Indirect Costs

Total Costs = Program + Administration



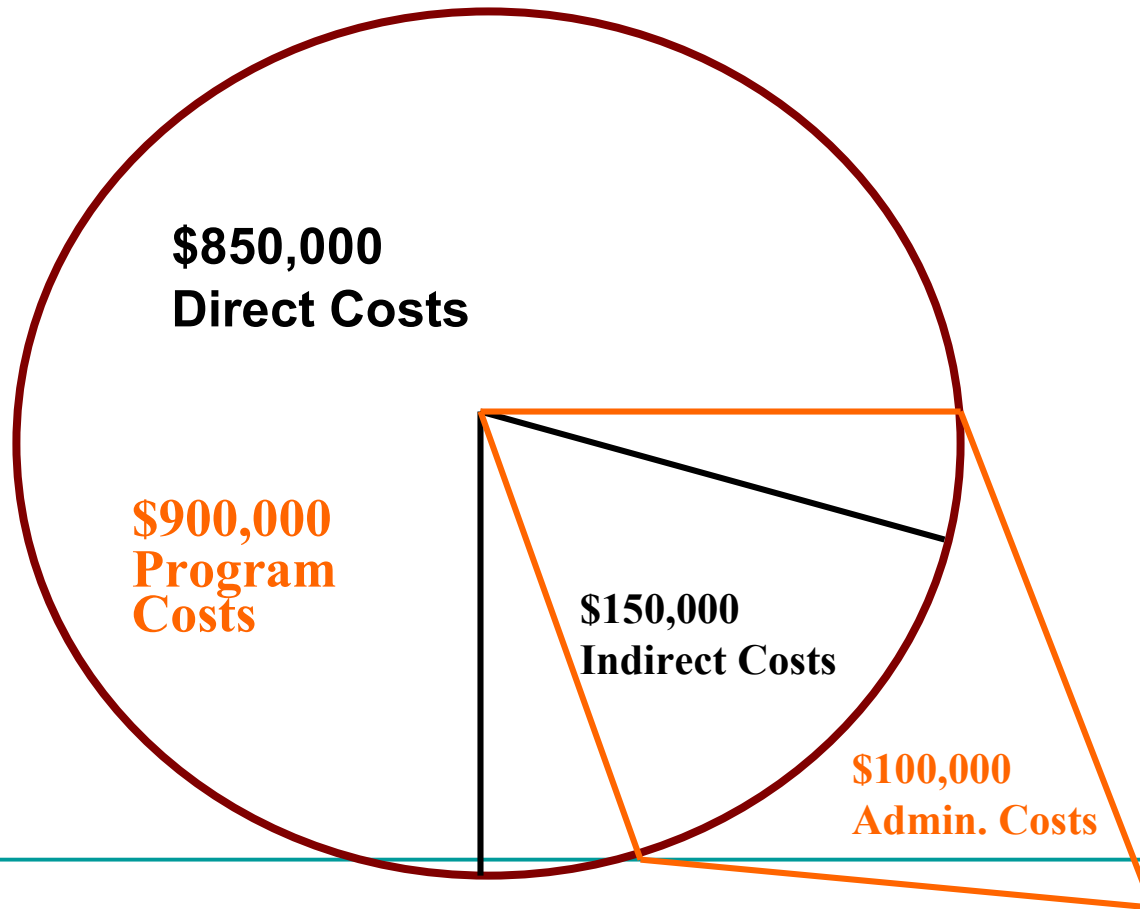
Admin Costs vs Indirect Costs

Total Costs = Direct Costs + Indirect Costs



Admin Costs vs Indirect Costs

Administrative Costs May Be Direct
Program Costs May be Indirect



Program Income

- Additional revenues for the grant
 - Earned as a result of grant activity
 - Earned because of grant
 - 29 CFR 97.25 – Governmental Grantees
 - 29 CFR 95.24 – Non-governmental Grantees
 - Proposed 20 CFR 641.803, 806
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More Program Income

- Reported on SF 269
 - Addition method required
 - Expenditure within a grant period
 - Both revenues and expenditures identified in books of account
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Uses of Program Income

- No administrative cost limitation
 - Allowable activities
 - Allowable costs and proper classification
 - Included in the scope of audit
 - Other administrative rules apply
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Cost Allocation - Types of Costs

- Direct
 - Single cost objective
 - Shared
 - Multiple cost objectives, or
 - Multiple fund sources
 - Indirect
 - Overhead
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Treatment of Costs

- Consistent treatment
 - In accounting system
 - Over time
 - Measuring benefit
 - Critical requirement of cost allocation
 - Benefit determines allocation
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Appropriate Allocation Bases

- Results in **EQUITABLE** distribution of costs
 - Actual effort or cost – not estimated
 - General acceptability
 - Timely control
 - Variations in funding/costs
 - Materiality, cost and practicality of use
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Allocating Personnel Services

- Major part of allocated costs
 - May also use time distribution for allocating non-personnel costs
 - Based on documented & approved payrolls
 - Supported by time distribution system
 - Method of allocation & support for allocation varies
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Do You Need An Indirect Cost Rate?

- Single funding source – ICR not needed
 - Multiple funding sources – ICR needed
 - Must seek approval within 90 days of grant approval
 - Where?
 - Cognizant Agency (determined based on Fed. Agency providing largest amount of direct Fed. Funds)
 - Instant rate (billing rate) – Grant officer
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Property Management

- States & Government grantees
 - 29 CFR 97.31-34
 - Non-governmental grantees
 - 29 CFR 95.30-37
 - Title remains with grantee
 - Real property acquisition costs unallowable
 - Source – proposed 20 CFR 641.847(d)
 - Ban includes capital leases
 - Exceptions – certain minor repair & rehab
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Property Management (CONTINUED)

■ Equipment

- ❑ Acquisition cost of \$5000 or more
- ❑ Useful life of 1 year or more
- ❑ Prior approval requirements

■ Supplies

- ❑ Any tangible personal property other than equipment

■ Intangible Property - Copyrights

- ❑ Royalty-free, non-revocable right to use, publish, authorize others to use
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Procurement

- Process to obtain goods and services
 - 29 CFR 97.36 - Governmental grantees
 - 29 CFR 95.40-48 – Non-profits, etc.
 - Applies to grantees and subgrantees
 - **Full & open competition**
 - States – follow own procedures
 - Other Governments – follow own system if it conforms to Part 97 requirements
 - Part 95 grantees - Conform to standards
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Procurement Standards

- Written procedures
 - System to ensure performance
 - Written code of conduct
 - Procedures to review procurements
 - Process to promote use of common goods & services
 - Cost or price analysis
 - Awards only to responsible parties
 - Documentation of award
 - Settlement process and protest procedures
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Non-competitive Proposals

- Only if other methods infeasible
 - Available from one source
 - Public emergency precludes competition
 - Awarding agency authorized
 - Competition determined inadequate
 - Cost analysis required
 - Verification of cost data
 - Evaluation of costs & profit
 - Profit separately negotiated
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Audits & Audit Resolution

- Single Audit Act Audits
 - Within organization's fiscal year
 - Applies to all recipients and subrecipients
 - Government-wide auditing standards
 - 29 CFR Part 96 & 29 CFR Part 99
 - No SAA requirements for:
 - Total Expenditures of less than \$300,000
 - Vendors
 - Commercial organizations
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Audits & Audit Resolution

Commercial Organizations

- Direct recipients
 - ETA responsible for audit
 - 29 CFR 96.32
 - Proposed 20 CFR 641.821
 - Subrecipients
 - Organization wide or program specific audit
 - \$300,000 expenditure threshold
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Audits - Grantee Responsibilities

- Auditee hires the auditor
 - Identify all Federal funds
 - Maintain internal controls
 - Prepare financial statements
 - Assure lower level audits
 - Follow-up on all audit findings
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Audit Resolution

- DOL 29 CFR Part 96, Subpart E
 - Initial Determination, Informal Resolution, Final Determination
 - Monetary or administrative findings
 - Monetary findings - disallowed cost
 - Eligibility
 - Unallowable costs
 - Not supported by source documentation
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Audit Resolution (CONTINUED)

- Administrative findings
 - Deficiency in internal controls or financial systems
 - Result in required corrective action
 - Final Determination
 - Final awarding agency resolution
 - Establishes debts
 - Provides appeal rights
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Match (Non-federal funds)

- Non-federal funds used to support SCSEP activities
 - The funds are made available to the program through cash expenditures or cash and in-kind contributions
 - 10% match
 - OAA Title V, § 502(c)(1) & (c)(2)
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Matching Requirements

- Spent on allowable activities
 - In accordance with cost principles
 - No administrative cost limitation
 - Prohibitions
 - Using Federal funds and non-Federal funds used for another match
 - Costs paid by SCSEP program income
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Matching Requirements (CONTINUED)

■ Cash Contributions

- ❑ Additional funds or services provided & paid for by the grantee or subgrantees

■ In-Kind Contributions

- ❑ Costs not paid for by the grantee or subgrantees
 - ❑ Volunteer time or paid non-grantee staff time
 - ❑ Services
 - ❑ Space
 - ❑ Supplies
 - ❑ Equipment
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Records

- Source documentation to support claims
 - Records available to support 3rd party contributions
 - 29 CFR 97.42 & 95.53
 - Financial & program records
 - Supporting documents
 - Apply equally to grantees & subgrantees
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Records Retention Period

- In general, 3 Years from submission of final expenditure report
 - Period extended until all litigation or audits resolved
 - Period not extended
 - Revisions resulting from closeout
 - If litigation, etc. resolved prior to period end
 - Problem if subgrantees dispose of records before grantee submits closeout
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Closeout

- 29 CFR 97.50 & 95.71
 - Within 90 days of grant expiration
 - Unless extended by Grant Officer
 - Obligations liquidated
 - Final expenditure reports submitted
 - Requirements apply to direct grantees
 - Further adjustments possible
 - Disallow costs & recover funds
 - Basis of later audit or other review
 - Final Indirect Cost Rate covering grant period
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QUESTIONS????
