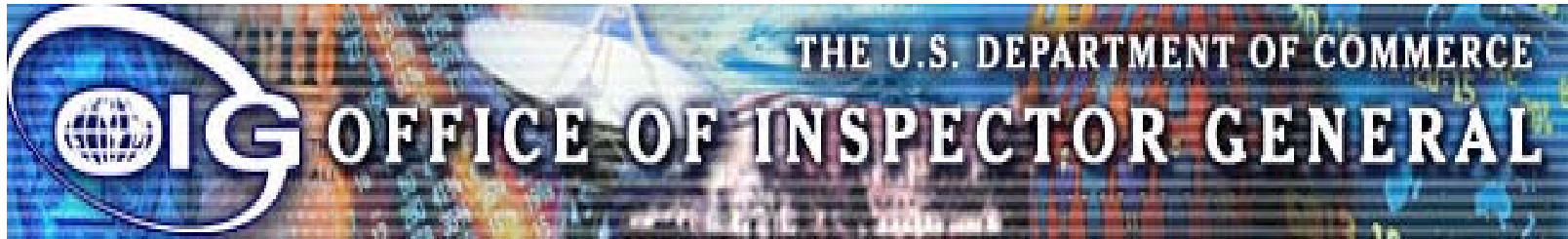
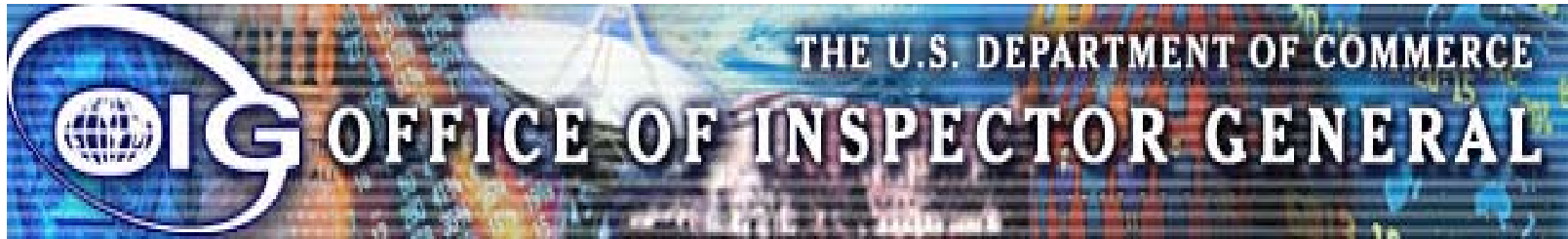


**How to Avoid Audit Problems:
Matching Share and Cost Principles
National Telecommunications and Information
Administration : Public Safety Interoperable
Communications Grants**

**John Bunting, JD CPA CFE
Regional Inspector General for Audits
Denver Regional Office of Audits
Office of Inspector General
U.S. Department of Commerce**

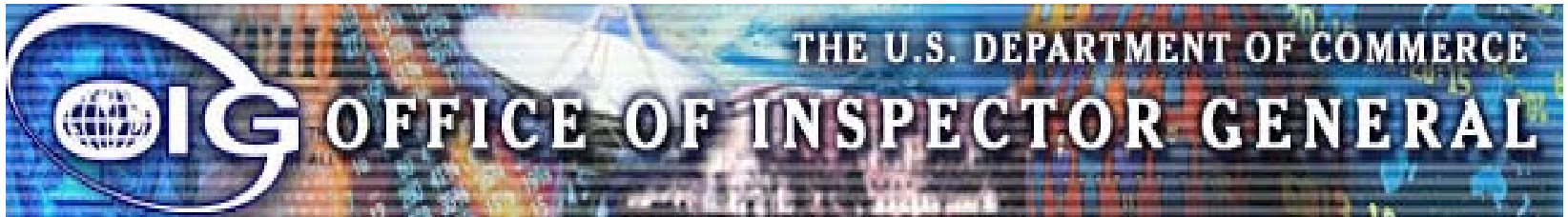


- **Matching Share**
Digital Television Transition and
Public Safety Act of 2005, section 3006
Uniform Administrative Requirements
15 Code of Federal Regulations (CFR) Part 24
Department of Commerce
Standard Terms and Conditions
- **Cost Principles for State, Local, and Indian**
Tribal Governments: Office of Management
and Budget Circular No. A-87



NTIA PSIC Grant Match Requirements

- **Statute requires that non-Federal sources be used to provide not less than 20 percent of the cost of acquiring and deploying the interoperable communications systems.**
- **Statute does not require a non-Federal match for interoperable communications training.**

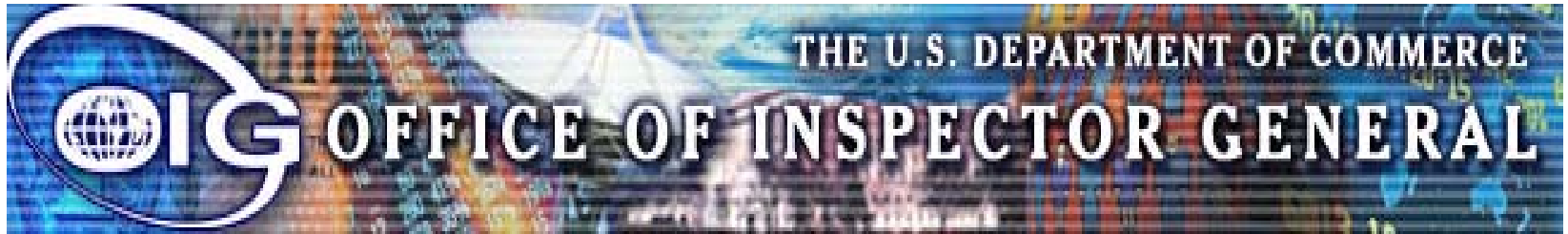


NTIA PSIC Grant Match Requirements

Uniform Administrative Requirements (15 CFR 24)

provide for matching or cost sharing requirement including:

- **Allowable costs incurred by grantee or subgrantee.**
- **The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements apply.**
- **The same costs or contributions can only be used as match for one federal financial assistance award.**



NTIA PSIC Grant Match Requirements

Department of Commerce Standard Terms and Conditions provide:

- the non-Federal share, whether cash or in-kind, is expected to be paid out at the same general rate as the Federal share.**
- if actual allowable costs are less than the total approved budget, the approved Federal and non-Federal cost share ratio are applied to the actual allowable cost.**
- if the actual allowable costs are greater, the Federal share can not exceed the total Federal amount of the award.**



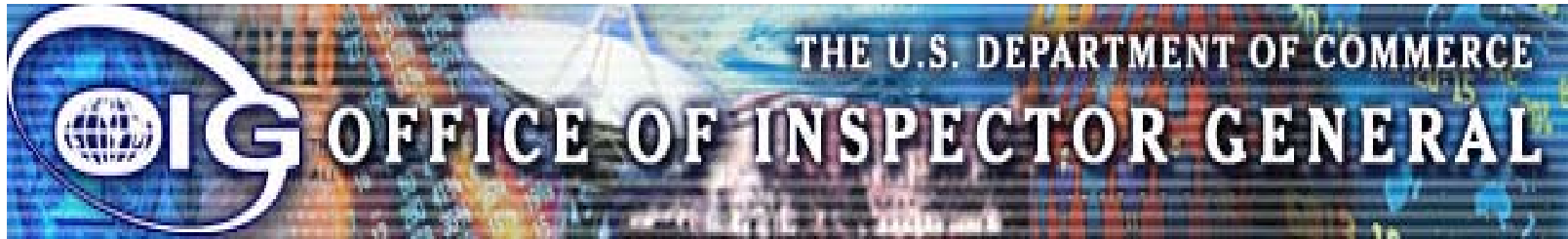
Audit Issues With Matching Share

- **Documentation**
- **Valuation**
- **Pass Through Provisions to Subgrantees**
- **Monitoring of Subgrantees**



Best Practices for Preparing Proposals:

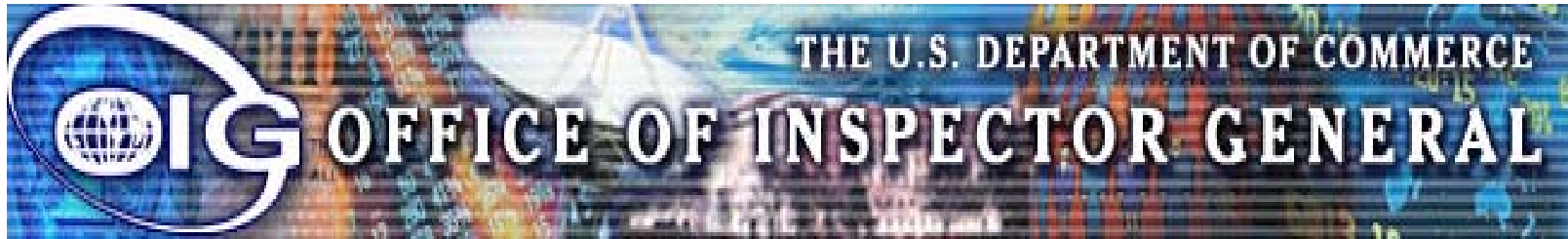
- **Get your Chief Financial Officer, Certified Public Accountant, or other governmental financial professional as part of the team preparing the proposal.**
- **Discuss available options for non-Federal cash and in-kind match before preparing your proposal.**
- **Identify who is going to approve payment for project costs and prepare your financial status reports.**



Cost Principles: OMB Circular No. A-87, Attachment A, Part C

Three Basic Guidelines

- **Allowable Costs:** necessary, consistent treatment, not used as match for any other federal award.
- **Reasonable Costs:** ordinary and necessary, market prices, prudent person, established practices.
- **Allocable Costs:** relative benefits received, all activities share cost, cost allocation plan.



Cost Principles: OMB Circular No.A-87, Attachment B

- **43 Cost Categories from Advertising Costs to Travel Costs**
- **Apply to direct and indirect costs:
Federal and non-Federal (cash or in-kind)**
- **Pass Through to subgrantees**



Best Practices for Accounting for Grant Costs

- **Costs, Federal and non-Federal, are verifiable from accounting and financial records.**
- **Costs, Federal and non-Federal, are clearly identified using project cost accounting.**
- **Costs are within the approved budget.**
- **Costs, Federal and non-Federal, are not used for other Federal awards or non-Federal purposes.**



Best Practices for Procurement of Interoperable Communications Equipment

- **Brief your Contract or Procurement Department about your planned purchase of interoperable communications equipment and the need for competitive procurement.**
- **Get quotes from vendors of interoperable communications equipment before submitting your proposal.**
- **Consider a single statewide or regional procurement.**



Helpful Website

Office of Management and Budget Circulars including

**A-87 Cost Principles for State, Local, and Indian
Tribal Governments**

www.whitehouse.gov/omb/circulars/index.html