

# Grant Programs Resource Guide



**Providing Community Service to Millions**

**Tax Counseling  
for the Elderly**

**TCE**



**Helping YOU Help OTHERS**

**VITA** **Volunteer Income  
Tax Assistance**

# Important Contact, E-mail, and Website Information

## Grant Program Office

### VITA Grant Program

Internal Revenue Service  
Attn: Grant Program Office – VITA Grant  
401 W. Peachtree Street, NW  
Stop 420-D  
Atlanta, GA 30308  
404.338.7894  
E-mail address: [Grant.Program.Office@irs.gov](mailto:Grant.Program.Office@irs.gov)

### TCE Grant Program

Internal Revenue Service  
Attn: Grant Program Office -TCE  
5000 Ellin Road  
NCFB C4-110  
Lanham, MD 20706  
404.338.7894  
E-mail address: [TCE.Grant.Office@irs.gov](mailto:TCE.Grant.Office@irs.gov)

## Grant Programs on irs.gov

<http://www.irs.gov/individuals/article/0,,id=184243,00.html>

<http://www.irs.gov/individuals/article/0,,id=109754,00.html>

## Frequently Asked Questions (FAQ) on irs.gov

<http://www.irs.gov/individuals/article/0,,id=185333,00.html>

## General IRS Information

800.829.1040  
[www.irs.gov](http://www.irs.gov)

## Becoming an IRS Partner to Help in Your Community

<http://www.irs.gov/individuals/article/0,,id=119374,00.html>

## Federal Tax Compliance Verification (Internal Revenue Service)

877.829.5500 (tax exempt and government entity returns)  
800.829.4933 (business and specialty tax returns)  
866.699.4096 (excise tax and Form 2290 returns)

## Determination Letter from IRS (Tax Exempt and Government Entities)

877.829.5500

## Dun and Bradstreet Data Universal Numbering System (DUNS) Number

<http://fedgov.dnb.com/webform>  
Helpdesk: 866.705.5711

## Central Contractor Registration (CCR)

[www.ccr.gov](http://www.ccr.gov)

## On-line Grant Announcement and Application Submission

[www.grants.gov](http://www.grants.gov)  
Helpdesk: 800.518.4726  
Email: [Support@grants.gov](mailto:Support@grants.gov)

## Division of Payment Management (DPM), Department of Health & Human Services

[www.dpm.psc.gov](http://www.dpm.psc.gov)  
Helpdesk: 877.614.5533  
E-mail: [PMSSupport@psc.hhs.gov](mailto:PMSSupport@psc.hhs.gov)

## Sub-award and Executive Compensation Reporting

[www.USASpending.gov](http://www.USASpending.gov)  
[www.fsrs.gov](http://www.fsrs.gov)

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# Introduction

This resource guide was developed and will be maintained to provide guidance to recipients of the Tax Counseling for the Elderly (TCE) and/or Volunteer Income Tax Assistance (VITA) Grant. The TCE and VITA grant programs are administered by the Grant Program Office within the Wage and Investment, Stakeholder Partnerships, Education, and Communication (SPEC) organization. This resource guide supplements information provided in Publication 1101, Tax Counseling for the Elderly (TCE) Application Package and Guidelines for Managing a TCE Program, and Publication 4671, Volunteer Income Tax Assistance Program Overview and Application Package. It should be used as a reference tool for all TCE and VITA grant recipients and by prospective applicants when directed to do so as a resource in understanding the requirements of the two grant programs.

**Throughout this resource topics that are specific to both programs will not have any specific notation. Topics that are specific to only one program will be notated as such.**

Within the document the term “*grant*” is used to mean both grants and cooperative agreements. However, both terms may be used in the document for clarity of certain topics. The term “*recipient*” or “*sponsor*” refers to the organization awarded a grant. Both terms may be used interchangeably throughout the document. Additional terms and definitions utilized throughout this document are covered in the *Glossary of Terms and Acronyms*.

The information in this guide is subject to change. When the resource guide is updated, a supplement will be posted to [irs.gov](https://www.irs.gov) highlighting key changes. Minor changes to format, adding examples and/or changing any exhibits of an annual nature will not be included in the highlights. This supplement will be shared with all current recipients at the time of the change. The Grant Program Office welcomes recipient and applicant suggestions on improving this guide. Suggestions may be e-mailed to [grant.program.office@irs.gov](mailto:grant.program.office@irs.gov). Be sure to indicate in the e-mail subject line: Suggestion for Improving Resource Guide. We will consider all suggestions; however, they may not be adopted. Adopted changes will be added periodically to the publication as the need arises.

## History

The Internal Revenue Service offers two grant opportunities to support organizations that provide free federal tax return preparation assistance to:

- Elderly individuals; and
- Individuals with low to moderate incomes who cannot afford professional assistance.

Both programs operate primarily with trained volunteers that prepare basic tax returns. Although the TCE program began as a cooperative agreement from its inception, the VITA program originated with the Tax Reform Act of 1969 as part of the increased emphasis on taxpayer education programs. It did not involve a grant. The VITA Grant was instituted in December 2007.

## TCE Program

The Tax Counseling for the Elderly (TCE) Program offers FREE tax help to individuals who are age 60 or older. Section 163 of the Revenue Act of 1978, Public Law No. 95-600, 92 Stat. 2810, November 6, 1978, authorizes this cooperative agreement. This Act authorizes the Internal Revenue Service (IRS) to enter into agreements with private or nongovernmental public non-profit agencies and organizations, exempt under Section 501 of the Internal Revenue Code, which will provide training and technical assistance to volunteers who provide FREE tax counseling and assistance to elderly individuals in the preparation of their Federal income tax returns.

# Introduction

## TCE Program (continued)

This Act authorizes an appropriation of special funds, in the form of grants, to provide tax assistance to persons age 60 years of age or older. The IRS receives the funds as a line item in the budget appropriation. The total funds are distributed to the sponsoring organization for their expenses. Eligible agencies and organizations compete for acceptance as a TCE sponsor in compliance with the Federal Grant and Cooperative Agreement Act of 1977, Public Law No. 95-224, 92 Stat. 3, February 3, 1978, codified at 31 U.S.C. Chapter 63. They must be non-profit organizations recognized by IRS, experienced in coordinating volunteer programs, and have experience in income tax preparation. Eligible organizations receive grants to conduct local TCE programs. Tax return preparation assistance is provided to elderly taxpayers during the usual period for filing Federal income tax returns, which is from January 1 to April 15 each year. However, the program activities required to ensure that elderly taxpayers receive efficient and quality tax assistance can be conducted year-round. Participants in the TCE program must be TCE recipients.

## VITA Grant Program

In December 2007, Congress appropriated funds to the Internal Revenue Service (IRS) to establish and administer a **matching grant program** for community volunteer income tax assistance. This funding allowed the **Stakeholder Partnerships, Education and Communication (SPEC)** organization of IRS to provide grants to partner organizations to achieve the following program objectives:

- Enable the **Volunteer Income Tax Assistance (VITA)** Program to extend services to **underserved** populations in hardest-to-reach areas, both urban and **non-urban**;
- Increase the capacity to file returns electronically;
- Heighten quality control;
- Enhance training of volunteers; and
- Improve significantly the accuracy rate of returns prepared at VITA **sites**.

The VITA Program uses trained volunteers to prepare FREE basic tax returns for **low income** taxpayers in both urban and non-urban locations including persons with disabilities, non-English speaking persons, **elderly** taxpayers, and Native Americans. Because the VITA grant is in support of the VITA Program, grant recipients are required to follow existing guidance governing VITA site operations and to file all eligible returns electronically. IRS provides the software for filing electronically.

Participants in the VITA Program may or may not be VITA grant recipients.

# Notice of Award

IRS sends notification to individual award recipients. Awarded applicants receive a package including the grant agreement and other documents for acceptance of the grant. This package is sent to the address indicated on the Standard Form 424, Application for Federal Assistance. The applicant must sign and return the agreement and requested documents by the date given.

If the actual award amount is different from the requested award amount, the recipient may need to provide revised documents upon notification of being awarded, e.g., Standard Form 424A, Budget Information – Non-Construction Programs, budget narrative, and/or program plan. The award notification will clearly detail what may need to be revised. Your notification will also include the name, address, telephone number, and email address of the IRS Tax Analyst assigned your file. It may or may not be the individual assigned the application before award. The analyst will work with your organization throughout the grant period. This will be your point of contact for any questions or concerns that you may have concerning the grant and your responsibilities.

As previously mentioned, you are asked to sign several documents, revise previously provided program information submitted with your original application, if applicable; and submit information required to establish your account in the Payment Management System (PMS). Highlights are:

- Form 9661, *Cooperative Agreement*, for TCE or Form 13981, *Grant Agreement*, for VITA must be signed by an authorized representative of the organization.
- Terms and Conditions are included with the grant agreements to emphasize your responsibilities in areas where issues have been previously identified in the program.
- Program plan narrative may need revision if the program performance cannot be accomplished as originally submitted because of a reduction in the requested award amount.
- Financial plan information may need revision, such as the Form 8653, *TCE Application Plan*, for TCE or for VITA the SF 424A, *Budget Information – Non-Construction Programs*, the matching documentation, and/or the budget explanation when all funds requested are not awarded.
- Grant recipient must complete a “Contact sheet” listing approved individuals the Grant Program Office can discuss your application with and your election to share contact information with other grant recipients and non-grant recipients involved in the VITA or TCE programs.
- Form 1199A, *Direct Deposit Form*, needs completion. It must be completed exactly as required and mailed to the Grant Program Office for review prior to the account being established by the Health and Human Services’ Division of Payment Management. Your grant funds cannot be released until a complete, accurate Form 1199A has been submitted and the account is established in PMS.

**Please review these documents thoroughly to insure understanding of the requirements and the materials needed to finalize funding of your grant.**



# Notice of Award

## Project Period

The project periods for the two grant programs differ slightly. Comparison is shown in the project period table below.

Program	Project Period
Tax Counseling for the Elderly	October 1 – September 30
Volunteer Income Tax Assistance Grant	July 1 – June 30

## Terms and Conditions

For awards announced in 2009, the Grant Program Office added additional terms and conditions to the grant agreements. These special terms and conditions neither restate all the provisions of the applicable statutes and regulations, nor represent an exhaustive listing of all requirements applicable to these awards. Rather, they are emphasized by inclusion because they represent areas where issues were identified or their violation would be a matter of concern. The terms and conditions shown in this section are applicable to both TCE and VITA unless otherwise noted.

More explanation can be found on many of the terms and conditions summarized in this section later in this publication.

## Signing the Agreement

The recipient's signature on the Form 9661, *Cooperative Agreement*, or Form 13981, *Grant Agreement*, signifies the agreement to all terms and conditions. IRS recognizes the value of the work that our grant recipients do. It is important that all recipients understand their responsibilities so that problems do not occur that would require the repayment of funds. Please thoroughly familiarize yourself with the requirements of this agreement.

## Management and Technical Direction

The recipient is obligated to provide management and technical direction for their program and ensure that all sub-recipients adhere to the provisions established by this agreement. The recipient organization is responsible to the IRS for the completion of the program including all documentation, disbursement and reporting. If your organization utilizes the services of other organizations to deliver these services, you are responsible for ensuring they adhere to the requirements of the program. More information on this subject is available in the *Oversight of Sub-Recipients* section.

## Non-Discrimination Policy and Practices

The recipient and all sub-recipients must adopt and practice a non-discriminatory policy and practice a policy that meets all federal grant requirements. More information on this subject is available in the *Assurances and Certifications* section.

## Notification of Revisions to Plan

Revisions to the program plan and budget must be submitted within 30 days of notification of award to the IRS Grant Program Office location responsible for your grant. See the inside cover of this publication for the address for TCE and VITA. We understand that the unexpected can result in the need to change features of your program even after the submission of your revised plan. We do not expect you to tell us about everything that happens at your sites; only those issues that could impact your ability to successfully deliver your plan or utilize your budget. If you are unsure on whether you need to inform us, please contact your assigned analyst as soon as possible.



# Notice of Award

## Notification of Revisions to Plan (continued)

**TCE** – All changes to the budget require pre-approval. Requests must be made in writing and approved before the change may be made. The maximum award amount does not change.

**VITA Grant** – Changes to the budget between object class categories may be made without pre-approval when the change is 25% or less of the total award. Approval of changes greater than 25% must be requested in advance in writing and approved before the change may be made. The maximum award amount does not change.

## Notification of Key Personnel Changes

The recipient **must notify** the Grant Program Office (GPO) within 10 business days when changes in key personnel involved in the program occur. The GPO will research the Excluded Parties List System to ensure they are not debarred, suspended, or otherwise excluded from or ineligible for a federal award. You may check this yourself before hiring or designating a change by visiting the Excluded Parties List System at [www.epls.gov](http://www.epls.gov).

## Payment Management System Use

The recipient must utilize the Health and Human Services, Division of Payment Management, Payment Management System, for withdrawal and reporting of fund expenditures. Advance funds may only be withdrawn for expenditures that are incurred within three (3) business days of the receipt of the funds. Reimbursement funds may be withdrawn at anytime for allowable, allocable, and necessary expenditures already incurred. Notification of changes in contact information for the PMS is the responsibility of the recipient. Additional information can be found in the **Accessing Grant Funds** section.

## Reporting

Quarterly, semi-annual and year end reporting are required as explained in the Grant Reporting Requirements section of this publication. Submission of accurately completed reports by the due date is required for future consideration of subsequent year grants. Extensions for filing reports due to IRS are only granted in unusual circumstances and requests must be received at least two weeks prior to the report due date. Additional information is available in the **Reporting Requirements** section. IRS cannot grant extensions for filing reports due to other agencies.

## Financial System and Documentation

Financial systems must identify the source and application of funds used for this program. Recipients must maintain documentation of expenditures, both federal and matching (when applicable), along with all in-kind contributions from third party or sub-recipient contributors for a minimum period of three years from the end of the program period of the award.

**VITA Grant** – For recipients that utilize volunteer services as a match, information maintained must include the volunteer's name and contact information (address, phone and/or email) and daily time sheets to demonstrate work completed. If the volunteer performs activities for programs other than the VITA program, the time must be allocated to identify the time contributed to the VITA program. Recipient must also allocate and report time for non-volunteers who serve other activities in addition to the VITA Program. Time sheets must clearly delineate the amount of time an individual spends on the VITA program and on other activities. For recipients that utilize space as a match, information must be maintained on the actual dates and times the space is used and the calculated value of the space. A complete explanation as to how the valuation was determined is required. The use of per day and/or per hour costs should not exceed the fair market rental value of the space.

# Notice of Award

## Restrictions on Use of Funds

Federal funds may not be used to pay individuals for the preparation of returns, quality review and/or screening taxpayers. Individuals performing these duties in addition to site coordination, clerical support, etc. must document their time accordingly to ensure they are not paid for these activities.

**VITA Grant** – Where the preparation of a return, quality review and/or screening is ancillary to their paid activities, documentation is not required. For example, a site coordinator that is generally not responsible for quality reviews returns when the quality reviewer is delayed by traffic during one session until the reviewer arrives or a back up is identified. However, it is not ancillary if every Tuesday, the quality reviewer arrives one hour after the site opens and the site coordinator assumes the role of quality reviewer during their absence each week.

## Use of Form 13614-C, Intake/Interview & Quality Review Sheet

The recipient and all sub-recipients must utilize Form 13614-C, *Intake/Interview & Quality Review Sheet*, at sites or events where federal returns are prepared.

## Adherence to Quality Site Requirements

The recipient and all sub-recipients must adhere to all Quality Site Requirements as explained in the Publication 1084, *IRS Volunteer Site Coordinator's Handbook*. This publication is available on [irs.gov](http://irs.gov) and should be consulted for participant requirements.

## Reporting Sub-Award and Executive Compensation

The recipient of an award that sub-awards \$25,000 or more of their own award must provide sub-award data on applicable grants after the sub-grant (or a subsequent change to the sub-grant) has been made. Certain organizations must report executive compensation when all conditions are met. Please see the section under **Reporting Requirements, Sub-award and Executive Compensation Reporting** for additional information and to determine if your organization is required to report.

## Tax Compliance

The recipient agrees to remain tax compliant (file all required federal returns and information reporting documents and pay all federal taxes, penalties and interest) during the period of this grant. Failure to remain tax compliant during the grant reporting period will impact consideration for subsequent year grants. This does not restrict the recipient's use of established processes for contesting assessments.

## Electronic Filing

It is the intention that all sponsoring organizations electronically file all eligible returns.

**TCE** – It is a goal for the TCE program that at least sixty five percent of all electronically-filed returns completed are for taxpayers aged 60+. Organizations not meeting sixty-five percent elderly e-files may impact their consideration during the subsequent year grant application period.

## Termination of Grant

IRS may terminate this agreement for reasons of default or failure of the recipient to perform its obligations under this agreement, as well as for malfeasance, illegal conduct, and/or management practices by the recipient that jeopardize the ethical operations and implementation of this agreement. In any of the above cases, IRS will notify the recipient in writing of its intent to terminate the agreement and the causes for such a decision. IRS will provide seven business days for the recipient to respond in writing.

# Accessing Grant Funds

Once all appropriate documents have been signed by the IRS and the responsible official for the recipient organization, a request is sent to the Department of Health and Human Services, Division of Payment Management (DPM) to establish electronic access to funds. This process generally takes three to four weeks. The DPM website is [www.dpm.psc.gov](http://www.dpm.psc.gov). This electronic access is provided through the Payment Management System (PMS). The PMS is internet based. If you do not have access to the Internet, alternative arrangements can be made with DPM.

The DPM provides a welcome package that explains the system and identifies the PMS contact person once your organization's account is established. The DPM has an on-line tutorial for those who are not familiar with the system. Recipients are **strongly encouraged** to visit the DPM website ([www.dpm.psc.gov](http://www.dpm.psc.gov)) and utilize the tutorials in order to understand how to navigate the PMS so as to be prepared to comply with quarterly, semi-annual and final reporting requirements.

This on-line payment system enables you to transmit a request for federal funds to the PMS within minutes. Once the payment is processed and approved, funds are directly deposited into the organization's bank account and are generally available the next business day. You must only request those funds that will be expended within three business days of receipt. If funds are for expenses already paid, you may withdraw funds at any time. Only the applicant organization will be given access to the system. As the applicant, it is your responsibility to disburse and record funds provided to other organizations within your program.

## Account Establishment and Update

Grant recipients must have an active account in the Payment Management System (PMS) in order to request authorized funds. Account establishment will not begin until the IRS authorizes DPM to release grant funds. IRS will not provide authorization until after all **required** documents and forms are received, approved and processed. Therefore, recipients should provide the required information as quickly as possible after award notification.

Documents Required	Returning Recipients	New Recipients
Form 9661 Cooperative Agreement or Form 13981, Grant Agreement	Yes	Yes
Form 13533, Sponsor Agreement, from Publication 4299, Privacy and Confidentiality – A Public Trust	Yes	Yes
Standard Form 1199A, Direct Deposit Sign-up Form	Only if changes	Yes
DPM Payment Management System Access Form	Only if changes	Yes
Grant Program Office Contact Form	Yes	Yes
Revised program plan and/or budget information	When applicable	When applicable
<b>VITA Grant</b> – Supporting matching documentation received after application submission	When applicable	When applicable

## Standard Form 1199A, Direct Deposit Sign-Up Form

The accounts are established in PMS once the completed SF 1199A and PMS Access Form are received by the DPM.

***Most delays in account establishment are the result of incorrect completion and/or unacceptable alterations of the SF 1199A.*** Please thoroughly read these instructions and those on the reverse of SF 1199A before completing the form in order to avoid re-work and delays in account establishment.

New recipients need to complete the SF 1199A. Returning recipients of a grant should only complete the SF 1199A when your organization information has changed. This would include changes in organization name, banking account number, or the financial institutions.

# Accessing Grant Funds

## Alert!

1. All information is to be typed or printed in ink on the SF 1199A.
2. All signatures must be original and in ink. Use blue ink so there is no doubt as to whether a signature is an original signature.
3. Alterations such as erasures, correction fluid or tape, and strike-outs are unacceptable and will invalidate the form.
4. The DUNS (Dun and Bradstreet Number) from the SF 424 block 8c must be typed or printed at the top right-hand corner of the SF 1199A.
5. All data elements on the SF 1199A must be completed unless a blank is indicated.
6. Plan ahead. Complete multiple original documents before you take them to your financial institution in case they make a mistake.
7. The form cannot be faxed.
8. The completed form should be mailed to the Grant Program Office for the type of grant received. Addresses can be found on the inside cover of this publication.

The following table includes field-by-field instructions for completing the form.

Instructions for Standard Form 1199A, Direct Deposit Sign-Up Form	
Add to the top right hand corner (above Sign-Up Form)	Type "DUNS" and the DUNS number provided on the SF 424 in block 8c e.g., DUNS 000000000-0000
Section 1 (To be completed by)	
A. Name of Payee	This is the legal name used on the SF 424.
Address	Self-explanatory
City, State, Zip Code	Self-explanatory
Telephone Number	Self-explanatory
B. Name of Person(s) Entitled to Payment	This may be left blank or it may be the same as "A" above. It should not contain an individual's name.
C. Claim or Payroll ID Number	Provide your IRS Employer Identification Number (EIN). This must be the same EIN provided on the SF 424 in block 8b when you submitted the application.
Payee/Joint Payee Certification	Must be signed by an individual(s) having signature authority for the bank account. Be sure to date.
D. Type of Depositor Account	Select the type of account funds will be deposited in. Most organizations will mark the "checking" block.
E. Depositor Account Number	Record your organization's account number for the type of account selected.
F. Type of Payment	Mark "Other" and specify "Grant"
G. Allotment of Payment	Leave blank – Do not complete any of this section which includes the joint account holders' certification.
Section 2 (To be completed by payee)	
Government Agency Name	Internal Revenue Service
Government Agency Address	Choose the address from the inside front cover of this publication for the grant received.
Section 3 (To be completed by Financial Institution)	
Name and Address of Financial Institution	Bank or financial institution name and address
Routing Number	Bank account routing number
Depositor Account Title	Account title
Representative's Name	Banking representative's name
Signature of Representative	Banking representative's signature
Telephone Number	Banks telephone number
Date	Self-explanatory

# Accessing Grant Funds

## DPM Payment Management System Access Form

All new recipients must complete the DPM Payment Management System Access Form (access form). Returning recipients should complete when changes are required. Multiple individuals may have access to the system to request payment, view account information, prepare and/or certify reports. A separate access form is required for each individual that requires access. Each organization is responsible for maintaining up-to-date user information on the individuals given access to the PMS. Access should be updated to ensure individuals no longer requiring access to the system are removed and individuals responsible for reporting and/or certification have sufficient access for completing their responsibilities.

Detailed instructions for completion of the document are shown in the following table.

Instructions for the DPM Payment Management Access Form	
Establish New User Access	Check this box if the user you are adding does not currently have permissions in the PMS.
Change Existing User Access	Check this box if changes are needed for a individual that already has permissions in the PMS. Be sure to provide the “user name” assigned by DPM used for accessing the system (login).
Deactivate User Access	Check this box and include the “user name” if known; if not, include the first and last name of the person to be deactivated. Requires completion of reason for deactivation and items 1, 2, and 5 below.
Reason for Deactivation	Provide a reason for the deactivation; e.g., extended leave, no longer employed with organization, etc.
1. Name of Institution or Organization	This should reflect the legal name recorded on the Standard Form 424, Application for Federal Assistance, block 8a.
2. Payee Identification Number (PIN)	For returning recipients, record the PIN assigned to your organization. For new recipients, your Employer Identification Number (EIN). Returning recipients may use the EIN if they are unsure as to their PIN. The PIN is five digits—four numbers and one alpha character.
Is the action requested for all accounts associated with this PIN?	Be sure to complete. Examples of when you would check “yes” include address and phone changes.
3. User access information section	Self-explanatory; be sure all information is provided and if not typed, that the information is easily read.
4. Type of access required	Check the appropriate box. Further explanation on the FFR responsibilities are shown later in this section. <ul style="list-style-type: none"> <li>• Payment requests and inquiries</li> <li>• Inquiry only (viewing privileges)</li> <li>• FFR preparer only</li> <li>• FFR certifier only</li> <li>• FFR preparer and certifier</li> </ul>
5. Supervisor’s approval	Self-explanatory; be sure all information is provided and if not typed, that the information is easily read.

# Accessing Grant Funds

## Submission of Completed Standard Form 1199A and DPM PMS Access Form

The following table will assist in understanding where the forms should be submitted.

Action	Where do I send?
New recipient access – SF 1199A and access form	IRS – Mail original document to address on inside cover of this guide based on type of grant.
Update access to system (add, change, delete) after account is established	Fax directly to DPM at 301.443.8362 and send a copy to IRS.
Update banking information (SF 1199A)	IRS – Mail original document to address on inside cover of this guide based on type of grant. <b><i>A cover letter on organization letterhead is required to accompany the request for change and provide the reason for the change.</i></b>

Documents mailed to the IRS are reviewed for completeness and accuracy. The Grant Program Office will contact the recipient when incomplete or inaccurate forms are received and request corrected documents be presented. Timely and accurate completion of the forms reduces the time between award and availability of funds.

Once the review is completed and the forms determined to be accurate, they are sent to the DPM for processing.

## Payment Management System Passwords

Once the Division of Payment Management establishes the account and individuals user profiles, they send out logins (user names) and temporary passwords. Any issues with accessing the accounts should be communicated to DPM Help Desk at 877.614.5533 or [PMSSupport@psc.gov](mailto:PMSSupport@psc.gov).

## Funding of Payment Management System Accounts

For new recipients, the Division of Payment Management notifies IRS when they have established an account. Upon notification of account establishment, IRS authorizes the funding of the account up to the award amount. This generally takes a couple of business days. For returning recipients, monies can be loaded into the accounts as soon as the required information is returned.

For VITA, funding is limited to the amount of committed match identified to IRS. As part of the application process, organizations were able to designate certain amounts “to be raised.” In addition, IRS may have determined that insufficient documentation was received and disallowed a portion of the funds identified as “committed.” The grant notification package provides the amount of matching commitments accepted. If this amount is less than the total award, additional documentation must be furnished to IRS before all grant funds are released. See the “Supporting Matching Funds Documentation” section of Publication 4671, Volunteer Income Tax Assistance (VITA) Grant Program Overview and Application Package, for documentation requirements.

## Use of Payment Management System

The Division of Payment Management offers a wealth of information to organizations to assist in understanding and utilizing their Payment Management System. It is the responsibility of the recipient to ensure individuals needing access to request funds and/or prepare, submit and certify reports understand their responsibilities.

# Accessing Grant Funds

## Use of Payment Management System (continued)

Many resources are available on the DPM website ([www.dpm.psc.gov](http://www.dpm.psc.gov)) for users of the Payment Management System. Check out the “Grant Recipient Info” link for:

- Procedures,
- Instructions for updating e-mail addresses,
- Forms,
- New recipient information, and
- Reports.

Another great link on the PMS page is the “Training” link. This link is updated throughout the year with both Webinar and classroom training opportunities. Training typically focuses on overall use of the system and/or utilization of reporting options. IRS will provide notice to recipients when special classes are offered about the Payment Management System. Please plan to take advantage of these opportunities!

Recipients may withdraw funds based on their needs with only a few exceptions:

- Advances of funds should only be requested when they will be used within three days.
- Reimbursements of expenses already incurred may be withdrawn at any time. There are no limits on the amount or frequency of reimbursement payments; however, it is limited to the amount of the award.
- Quarterly reporting is required in order to continue to access funds.

Additional information on use of grant funds can be found in the section Budget Administration later in this publication.

## Payment Management System Reporting

Two reports are available for on-line completion within the Payment Management System. The Standard Form 425 or Federal Financial Report (FFR) as the Division of Payment Management (DPM) refers to the form must be filed electronically through the Payment Management System (PMS). Information on the actual use of the PMS can be found on the DPM website at: [http://www.dpm.psc.gov/](http://www.dpm.psc.gov) PMS refers to the system used while DPM refers to the organization that manages the system.

The DPM designed the electronic version of the SF 425 in two parts:

- Federal Cash Transaction Report due quarterly January 30, April 30, July 30 and October 30
- Financial Status Report due September 30 with final reports (VITA Grant only)

**Federal Cash Transaction Report** – This report is required to be filed on a quarterly basis within 30 days after the end of quarter. The reporting is cumulative from the program start time.

Quarter Ending	Report Due By
December 31	January 30
March 31	April 30
June 30	July 30
September 30	October 30

***Alert! Reports can only be filed when the PMS is operational. Please be aware of system availability to ensure timely submission of reports.***

If a recipient’s PMS account is established and funded before December 31 the recipient must file the Federal Cash Transaction Report by January 30 whether or not Federal funds are withdrawn. If a recipient’s PMS account is established and funded after January 1 the first Federal Cash Transaction Report is due on or before April 30. We anticipate that all accounts will be established before March 31.



# Accessing Grant Funds

## Payment Management System Reporting (continued)

Instructions for completion of the SF 425 and the items required for this report can be found on the VITA Grant webpage at: [www.irs.gov/individuals/article/0,,id=184243,00.html](http://www.irs.gov/individuals/article/0,,id=184243,00.html)

For the Federal Cash Transaction Report complete:

Item	Instructions
Items 1-9	Record information specific to the grant and your organization
Items 10a – 10c	Record information specific to Federal cash (receipts, disbursements, and on hand)
Item 13	Complete and certify the accuracy of the information

Depending on each individual's permission, certification may require that a second person review the information input. Make sure you understand who can prepare and certify your reports. Once the report is submitted and certified, print a copy for your records.

This portion of the SF 425 is also required to be completed with the submission of the financial status report portion.

**Financial Status Report** – This final report is required for VITA grant recipients only and is to be filed by September 30, which is 90 days after the project period ends (June 30). It reflects cumulative information for the entire project period – July 1 through June 30. All VITA grant recipients are required to complete this report.

Instructions for completion of the SF 425 and the items required for this report can be found on the VITA Grant webpage at: [www.irs.gov/individuals/article/0,,id=184243,00.html](http://www.irs.gov/individuals/article/0,,id=184243,00.html)

All fields should be completed in this report except for the items under program income.

Item	Instructions
Items 1-9	Record information specific to the grant and your organization. For item 6, Report Type, indicate "final."
Items 10a – 10c	Record information specific to Federal cash (receipts, disbursements, and on hand).
Items 10d – 10h	Record information specific to Federal expenditures.
Items 10i – 10k	Record information specific to the non-Federal share or recipient share of expenditures.
Items 10l – 10o	Leave blank.
Item 11	Record indirect expense if the approved budget included. Leave blank if indirect expenses were not part of the approved budget.
Item 12	Use for remarks if an entry requires explanation.
Item 13	Complete and certify the accuracy of the information.

Depending on each individual's permission, certification may require that a second person review the information input. Make sure you understand who can prepare and certify your reports. Once the report is submitted and certified, print a copy for your records.

Once submitted, your assigned grant analyst reviews the report for acceptance. The report is accepted or rejected. Rejected reports require re-submission by the organization. An e-mail is sent when the report is rejected in PMS.

# Accessing Grant Funds

## Unused Funds

The funds awarded during each year are appropriated for only a short period of time. If they are not used during the appropriation period, they become part of our general fund and may no longer be used for the grant programs. We want to utilize as much of the funds as possible for their intended purpose – TCE or VITA grants. If you recognize that you may not use your funds, please notify your assigned grant analyst as soon as possible. Reasons for not using all the funds vary by organization but may include such issues as:

- For VITA, your organization may realize after acceptance of the grant that you will not be able to provide the required match.
- Sites may not open reducing your need for supplies and other funding so your organization does not need all the funds.
- If operating a coalition, partners may drop out of the coalition reducing the need for monies to support their activities.
- Projected costs may be considerably less than planned.
- Unexpected monies may be received to support the initiative and reduce the dependency on IRS grant funds.

In all these instances, please notify your assigned grant analyst and discuss your options. IRS will re-grant any funds you release if sufficient time exists.

## Returning Funds

It is sometimes necessary to return funds that were withdrawn from the Payment Management System. ***It is extremely important that you notify the Grant Program Office when you plan to return funds and the method you will use to return the funds. This allows the GPO to track the progress of the funds to ensure your account is properly credited.*** Funds can be returned using one of the three methods:

- ACH Direct Deposit (REX or Remittance Express)
- FedWire
- Check

Regardless of which method used it must include:

- PMS Account Number (PAN) – This is the same series of alpha-numeric characters used for payment request purposes, e.g., C1234G1.
- Reason for return – Reasons might be excess cash, interest on account, or funds not spent.

## Return Funds by ACH (Direct Deposit)

Returning funds to DPM via ACH (Automated Clearing House) means you will most likely be returning funds to DPM in the manner in which they were received at your organization. You will need the following information:

- DPM ACH Routing Number: 051036706
- DPM DFI Accounting Number: 303000

## Return Funds by FEDWIRE

A FedWire return is a return via a WIRE. You will need the following information:

- The DPM FEDWIRE Routing Number: **021030004**
- The DPM ALC (Agency Location Code): **75010501**

# Accessing Grant Funds

## Return Funds by Check

If you choose to return funding via check, please be sure to use the following information:

- Make payable to the Department of Health and Human Services.
- Include your PMS Account Number (PAN) on the check.
- Mail the check to:

Division of Payment Management  
5600 Fishers Lane -11-33  
11th Floor - Head House Wing  
Rockville, MD 20857

## Payment Management System Close-Out

In order for IRS to close-out your Payment Management System account, all funds should be withdrawn and all PMS reporting complete.

**Alert! Notify your assigned grant analyst if you realize your organization will not utilize all the federal funds awarded before year end.**

Recipients should continuously monitor expenditures and match to ensure all funds will be utilized and that all match requirements are met. If there are concerns with these areas, please share immediately with the Grant Program Office.

Recipients have up to 90 days after the grant period ends on September 30 (TCE) or June 30 (VITA) to complete close-out actions. Any unspent funds must be returned, all reports filed, and any reporting discrepancies resolved. Recipients are required to take timely action to resolve these discrepancies. **Failure to assist the Grant Program Office in timely closing the Payment Management System account could result in non-consideration for an award during a subsequent year period.**

## Maintaining Funds in FDIC Insured Bank

You must maintain advances of federal grant funds in interest-bearing accounts of a bank with Federal Deposit Insurance Corporation (FDIC) insurance coverage. The balance exceeding the FDIC coverage must be collaterally secured unless:

- You receive less than \$120,000 in federal awards per year.
- The best available interest-bearing account would not be expected to earn interest in excess of \$250 per year on federal cash balances or require an average or minimum balance so high that it would not be feasible.
- The depository would require an average or minimum balance so high that an interest-bearing account would not be feasible given the grant recipient's expected federal and non-federal cash resources.
- You must remit to the IRS any interest earned on advances of federal grant funds in excess of \$250 per year. Remittance of the interest in excess of the \$250 must be done annually. However, you may keep interest earned on all advances of federal grant funds of \$250 or less per fiscal year.

Any changes to the above procedures must be approved in writing by the Grant Program Office.

# Maintaining Tax Compliance

It is one of the terms and conditions that organizations that receive a grant must maintain tax compliance throughout the period of the grant. Each organization is subject to a review of their tax compliance at the time of application and again in October before grant awards are finalized. Recipients are also checked once during the program period. This check generally occurs in March.

Organizations should ensure that all required returns are filed and that all federal taxes, penalties, and interest payments are made. We recognize that adjustments are possible during the period of the grant and recommend that your organization keep thorough records of any contested assessments and take immediate action to resolve any monies owed or returns due. If communicating with IRS via phone, be sure to keep thorough records of contact to include:

- The name of the individual the issue was discussed;
- Contact information for the individual; and
- The date and time of the discussion.

Please capture any actions that are required of your organization and the actions the IRS will take along with any expected resolution date. You may even want to request they send you a transcript of your account to verify compliance.

If we identify a questionable issue during our review for tax compliance, we will contact your organization for an explanation of the issue identified. Contact is limited to individuals in your organization that are authorized to discuss your organization's tax matters with IRS.

Intentional disregard of tax compliance requirements will result in immediate termination of the grant. Failure to remain tax compliant during the grant reporting period will also impact your consideration for subsequent year grants.

# Audit Requirement

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, applies to organizations that expend \$500,000 or more in a year in federal funds. Organizations must have a single or program-specific audit for that year. Circular A-133 describes the audit requirements applicable to grant recipients. **If an organization expends less than \$500,000 a year in total federal awards, these audit requirements do not apply.** Total federal awards includes all sources of federal funding, not just the funds received from IRS in support of TCE or VITA. If an organization expends \$500,000 a year in federal awards, you must ensure an audit is performed in compliance with OMB Circular A-133. You must arrange for an audit by an independent auditor in accordance with the Government Auditing Standards developed by the Comptroller General of the United States. The costs of audits performed in compliance with OMB Circular A-133 are allowable expenditures for which grant funds may be used.

**Budget Note: For organizations receiving funds from multiple federal programs, the cost of the audit should be allocated among the different federal programs from which funding was received. Rarely should a single program be charged for the full cost of the audit when multiple sources of funds are involved. Cost to all federal programs should not exceed the overall cost of the audit.**

An audit under OMB Circular A-133 is organization-wide. The auditor must determine whether:

- Your financial statements are a fair representation of your financial position and the results of your operations are in accordance with generally accepted accounting principles;
- You have an internal control structure to provide reasonable assurance that you are managing federal awards in compliance with applicable laws and regulations, and controls that ensure compliance with the laws and regulations that could have a material impact on the financial statements; and
- You have complied with laws and regulations that may have a direct and material effect on your financial statement amounts and on each major federal program.

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final report for the grant cycle, subject to certain exceptions set forth in 2 CFR 215.

The audit should be completed and the data collection form and reporting package should be submitted by the earlier date of either 30 days after receipt of the auditor's report or nine months after the end of the fiscal year end date. Reports must be submitted on line at <http://harvester.census.gov/fac/collect/ddeindex.html>. Federal agencies no longer grant extensions to due dates for Single Audit submissions.

The Federal Audit Clearinghouse operates on behalf of the Office of Management and Budget (OMB) and its primary purpose is to disseminate audit information to Federal agencies and the public. Detailed information can be obtained from OMB Circular A-133, which can be found at [www.whitehouse.gov/omb/circulars](http://www.whitehouse.gov/omb/circulars). The Grant Program Office will review the audit reports located at <http://harvester.census.gov/sac/>. If an audit report is not available, IRS may request a copy of the audit report from your organization.

The Grant Program Office reviews the Schedule of Findings and Questioned Costs upon receipt of an application to determine if any concerns exist prior to completing the eligibility review. Serious problems will impact whether an organization will be considered for award. For recipients the information obtained from this review is used to identify whether any specific terms and conditions should be added to the grant agreement.

# Office of Management and Budget (OMB) Requirements

Grant award administrative requirements, cost principles, and audit requirements are set forth in OMB Circulars. The requirements applicable to individual grant agreements are contained in:

- 2 CFR 215 (formerly OMB Circular No. A-110), Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations;
- OMB Circular A-102, Grants and Cooperative Agreements With State and Local Governments;
- OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations;
- 2 CFR 220 (formerly OMB Circular A-21), Cost Principles for Educational Institutions;
- 2 CFR 225 (formerly OMB Circular A-87), Cost Principles for State, Local and Indian Tribal Governments; and
- 2 CFR 230 (formerly OMB Circular A-122), Cost Principles for Non-Profit Organizations.

**The TCE program is not open to state, local and Indian tribal governments so OMB Circulars A-102 and 2 CFR 225 do not apply for TCE program recipients.**

All applicable provisions of these circulars, as revised, and any existing and further supplements and revisions are incorporated into these program requirements and into all grant agreements entered into between the IRS and grant recipients. These circulars were incorporated into Title 2 of the Code of Federal Regulations. Although there are six circulars covering grants, you are only covered by three of them, depending on the type of organization. The chart below provides an “at-a-glance” look at the circulars that apply to your organization.

Entity or Organization	Administrative Requirements		Cost Principles			Audits
	2 CFR 215	A-102	2 CFR 225	2 CFR 220	2 CFR 230	A-123
States, local governments, and Indian Tribes		X	X			X
Educational institutions (even if part of a state or local government)	X			X		X
Non-profit organizations	X				X	X

Organizations should become familiar with these guidelines to ensure adherence to program requirements.

# Oversight of Sub-Recipients

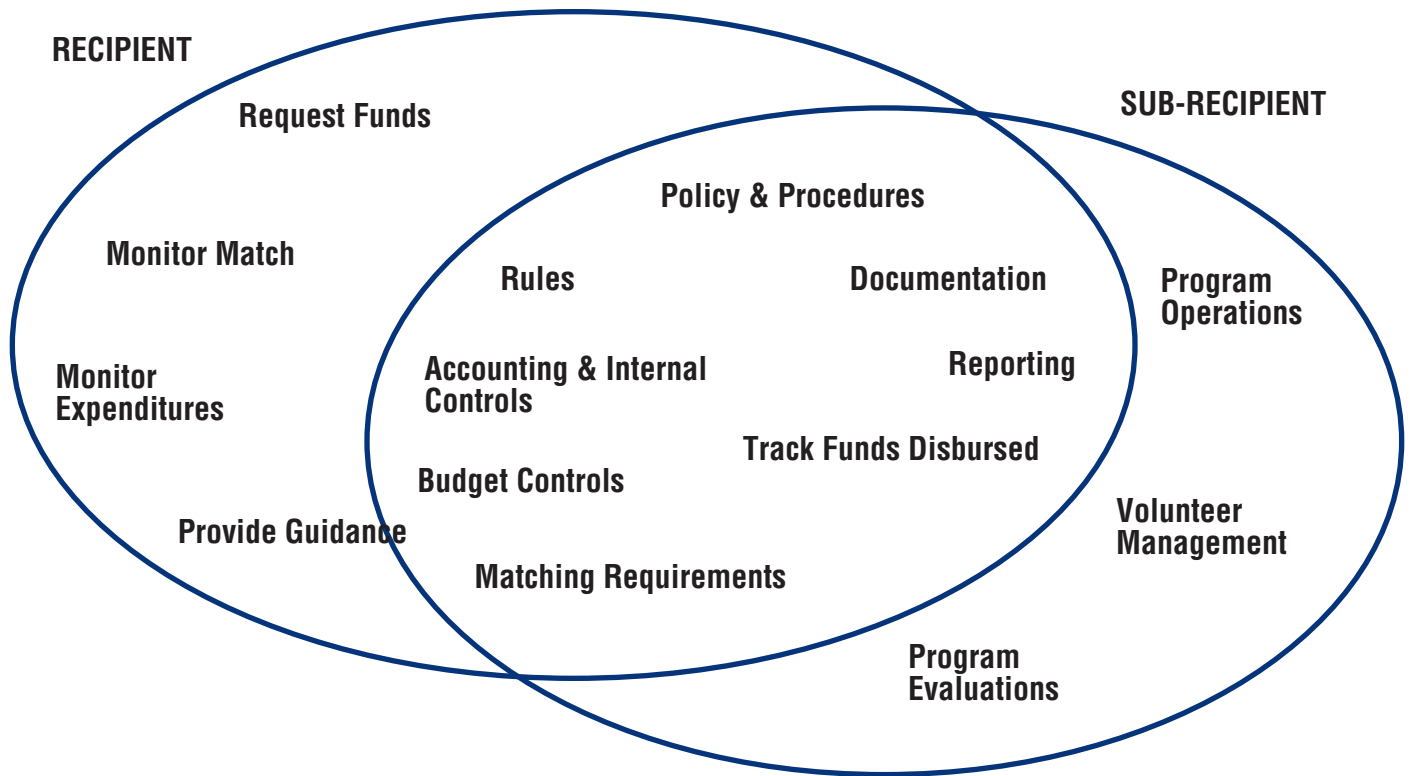
Traditionally the oversight of sub-recipients applies to VITA Grant recipients, however, as more organizations become aware of the Tax Counseling for the Elderly program, more coalitions may become involved in operating TCE programs. This section applies to all those organizations that apply for a TCE or VITA grant on behalf of a group of other organizations forming a *coalition*.

**Alert! The recipient organization retains overall responsibility for meeting the requirements of the grant.**

Recipients should:

- Develop written expectations of the sub-recipients so that your organization will have the information necessary to meet the terms and conditions of the grant including:
  - Accountability of funds including allowable/unallowable uses;
  - Documentation of funds including receipts for expenses and/or match;
  - Reporting of activities including volunteers, production, and quality;
  - Providing acceptable matching documentation especially when volunteers and services are involved as match.
- Ensure understanding of grant terms and conditions, Federal laws and regulations that apply to sub-recipients.
- Establish consistent reporting guidelines and timeframes.
- Provide training as needed to ensure complete understanding of roles and responsibilities.

The following depicts common overlap of responsibilities when operating a coalition.



We recognize that each coalition operates in a unique manner and it may or may not represent your coalition in all aspects. It is for illustration only.



# Budget Administration

There are some differences between the TCE and VITA Grant. Initially, this section covers those items that are the same. Following this section are sections that cover the TCE and VITA Grant programs.

## Documentation

All grant recipients are expected to keep up-to-date records on expenditures for their respective grant. Have a plan. If working with multiple organizations, request that they submit documentation when funding is requested or at specific times throughout the period of performance. Ensure processes are in place to account for direct activities of the grant and for expenditures.

Daily time reporting is required to demonstrate work effort, whether paid or unpaid. Projections submitted with your budget proposal are not acceptable. Final reporting should include actual work effort expended on the grant programs.

The OMB circulars governing grant recipients provide detailed information as to maintaining documentation. Please become familiar with these along with the Generally Accepted Accounting Principles (GAAP) to ensure your organization will have the information necessary to support your financial activities with federal funds. GAAP includes the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements. Documents should include:

- A description of the accounting system and software used to maintain your financial records;
- Most recent audited financial statements and report;
- Most recent A-133 audit report, if applicable;
- General Ledger;
- Chart of accounts reflecting all grants, including cost centers.

This includes ensuring internal controls are in place with appropriate policies and procedures for:

- Cash management;
- Purchasing;
- Property management and inventory controls;
- Time sheets, allocation of time to various cost centers and payroll;
- Travel expenses;
- Assets and liabilities;
- Record retention;
- Monitoring sub-grants; and
- Documentation for matching, except TCE grantees.

Some additional items that must be available are:

- Documentation of volunteers including Forms 13615, Volunteer Agreement, Standards of Conduct; signed time records of hours served, training hours and activity performed;
- Indirect costs;
- Indirect cost rates and limitations, when applicable; and
- Monitoring processes or controls for ensuring delivery of services as planned in your program plan.

Overall, your organization must ensure that it can account for the funds it expends and the services it provides for delivering TCE or VITA.

## Allowable Under Cost Principles

Expenses must be allowable. Become familiar with the cost principles that govern allowable costs for your organization. The cost principles are covered in:

- 2 CFR 220 (formerly OMB Circular A-21), Cost Principles for Educational Institutions;
- 2 CFR 225 (formerly OMB Circular A-87), Cost Principles for State, Local and Indian Tribal Governments; and
- 2 CFR 230 (formerly OMB Circular A-122), Cost Principles for Non-Profit Organizations.

# Budget Administration

Key features of allowable costs include:

- Treated consistently – Charges should stay consistent among categories. Printer cartridges should not be considered a supply purchase one time and then the next time considered an equipment purchase.
- Conforms to Generally Accepted Accounting Principles (GAAP) – This refers to the standard framework of guidelines for financial accounting.
- Net of applicable credits – Rebates or refunds that reduce the overall cost of an item must be considered. A computer purchased for \$600 but with a \$50 rebate should be charged at \$550.
- Not a cost used to meet matching requirements of another federal grant.
- Not prohibited under federal, state or local laws – Federal funds cannot be used for lobbying.
- Conform to limits or exclusions – For instance, costs associated with outreach or asset building do not directly support VITA and would be excluded as matching.
- Consistent with recipient's policies, regulations, and procedures – A good example is the reimbursement of expenses. If the organization requires receipts for meals while traveling, it must continue to require receipts for meals if traveling for the VITA Grant program. Another example might be the process where all purchases in the organization over \$500 require a second approval and/or signature. Purchases for the VITA Grant program meeting the criteria would require the second approval and/or signature as well.

## Necessary, Reasonable, and Allocable

A **reasonable** cost is one that a prudent person would find acceptable. The purchase of a computer costing \$3,000 would not be reasonable for the VITA Grant. Software requirements for tax return preparation are limited and do not require the latest technology. Paying \$20 for a pen is not reasonable.

When making purchases you must consider perception. For instance, contracting a family member of your organization's president for all publicity could be perceived that the president had undue influence on the decision. Clear documentation comparing comparable services should be completed and only if facts clearly and strongly support the decision should you proceed with the contract for the family member.

A **necessary** expense would be one in which the decision not to purchase would limit your program from delivering its objective if not incurred. For example, computers are necessary to an e-file program; however, the cost must continue to be reasonable. A computer that costs \$3,000 is not reasonable or necessary. Providing copies of completed tax returns is necessary for the program. However, the purchase of a copier would need to consider the initial cost of the copier; on-going costs to operate and maintain; and the availability of other alternatives for providing the necessary copies.

An **allocable** expense is one that occurs during the grant period and can be directly shown to benefit the VITA program. An expense that benefits more than one program is allocable when it can be distributed. For instance, two computers are purchased to staff a site where return preparation will occur four hours each day. The computers are used six hours each day to teach unemployed individuals new job skills. Forty percent of the cost could be allocated to the VITA grant program based on the determined use.

## Examples of Allowable and Unallowable Expenses

Know what is allowable for the TCE or VITA grant programs. Common items that can be purchased include:

- Computers, printers, and related supplies;
- Encryption software;
- Internet connectivity;
- Audit services when required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations;
- Costs associated with space utilized for tax preparation, such as rent, utilities, insurance, and custodial services;
- Office supplies;
- Miscellaneous services, such as computer repair or courier for delivering program documents to IRS;
- Installation of phone lines necessary to provide electronic transmission of returns or to schedule appointments for tax preparation;

# Budget Administration

- Travel reimbursement costs to and from the site or other required activities; and
- Costs for interpreter services.

Even if an expense occurs in one of the allowable categories, the funds spent should be considered reasonable and necessary. For instance, buying the latest computer with many extra features would not be an allowable purchase. A computer chosen for either program should not cost over \$1,000 and will often cost less. The program requirements do not justify the purchase of the most expensive technology.

**If your organization requests bids for the purchase of computers and finds that they cannot purchase a computer for \$1,000, submit the specifications and bid proposals to your grant analyst for review and approval. We recognize that with technology pricing fluctuates and exceptions may be granted.**

Expenses should also be allocable. For instance, if you purchase and utilize a copier solely for the TCE or VITA program, it would most likely be an allowable cost providing the expense is reasonable and necessary. Providing taxpayers with a copy of their return is required.

However, the decision to purchase a copier must be justified. If another alternative is available for less, it should be a consideration as well. If, after considering all factors, a copier is purchased; and it is used for other operations outside the TCE or VITA program, the cost would need to be shared among all uses.

The most common **unallowable** use of funds includes:

- Tax return preparation, screening or quality review;
- Required match on another federal grant – this includes subsistence for Americorp, VISTA or Senior Corp participants;
- Seminars, such as the IRS Tax Forums;
- Purchase, construction, or repair of any building or space;
- Any expenses that are not necessary for the delivery of the TCE or VITA program;
- Goods or services for personal use of program employees;
- Costs outside the program period of the grant;
- Expenses associated with refund anticipation loans;
- Financial education and asset building activities;
- Child care;
- Tax preparation software;
- Cost to prepare or submit a grant application;
- Entertainment;
- Postage to mail individual tax returns to the IRS on behalf of the taxpayer;
- Outreach that is unrelated to tax return preparation; and
- Certain advertising and public relations costs as found in the OMB circulars.

This represents only a few of the items that have generated questions. Do not assume unlisted items are allowable. Check out the OMB cost principles or contact the Grant Program Office if you have questions.

## TCE Unique Limitations

This section covers areas unique to the TCE program.

- Costs for salaries, wages and benefits are limited to clerical, administrative or technical personnel.
- Costs for installation of a toll-free or Watts number are not allowable.
- Costs for volunteer recognition are limited to \$10 per volunteer.
- **No more than 30% of the grant funds may be expended for administrative expenses.**

The limitation on administrative expenses can best be explained by following the instructions on the reverse of Form 8653, Tax Counseling for the Elderly Application Plan, or Form 8654, TCE Program Semi-Annual/Final Program Report. These forms best explain the items considered administrative expenses under this program.

# Budget Administration

## VITA Grant Unique Limitations

This section covers areas unique to the VITA grant program.

- Use of federal funds to pay salary for screening, tax return preparation, and quality review is not allowed. However, if an organization pays salary using non-federal funds for these activities, it can be used to help meet the matching funds requirement.
- Costs for volunteer recognition are limited to \$10 per volunteer.
- Costs for food for volunteers at volunteer sites are limited to \$500 per program. It is an allowable expense as long as the purchase meets all OMB established criteria (necessary, reasonable, allocable, and allowable). It must be a direct cost (not indirect) and incurred solely in support of the program. Purchase of food for customers is not allowed because it is not in support of the program. Food costs should consider the number of volunteers, days and hours the site operates, length of site session, and type of foods provided. The cost of foods purchased in conjunction with an event considered entertainment or social activity is not allowable.

The Publication 4671 contains other information pertinent to formulating the budget and understanding limitations and/or allowable costs for both federal and non-federal funds.

# Matching Funds Requirement – VITA Grant Only

The VITA Grant requires that organizations share in the cost of the program by committing matching funds. Key points of the match requirements include:

- A dollar-for-dollar match;
- Documentation must be maintained;
- Other federal grant funds cannot be used as matching funds; and
- Non-federal funds used to fulfill the requirement of another federal grant cannot be used as matching funds.

The terms **matching** and **cost sharing** are used interchangeably in this document and refers to the funds not directly borne by the federal government.

The Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education and Other Non-Profit Organizations, 2 CFR 215, states that all contributions, including cash and third party in-kind, shall be accepted as part of the grantee's cost sharing or matching when such contributions:

1. Are verifiable from the [grantee's] records.
2. Are not included as contributions for any other federally-assisted project or program.
3. Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. Are allowable under the applicable cost principles.
5. Are not paid by the Federal Government under another award, except where authorized by the Federal statute to be used for cost sharing or matching.
6. Are provided for in the approved budget when required by the Federal awarding agency.
7. Conform to other provisions of this part, when applicable.

**Third party in-kind contributions**, defined in 2 CFR Section 215.23(a), means the value of non-cash contributions provided by non-Federal third parties. Third party in-kind contributions may be in the form of the value of goods and services directly benefiting and specifically identifiable to the project or program. For the VITA Grant program, examples of third party in-kind contributions are computers, printers, space, volunteer time, interpreter services, supplies or advertising.

In-kind contributions can only be counted as matching funds when the contribution is an allowable item for the program. For example, the time an individual spends establishing a bank account for a taxpayer is not an allowable match. It does not directly support the VITA program.

There is no prohibition on counting student services for which academic credit is given, nor other services for which service providers receive some benefit from a third party, as a proper basis of meeting the matching fund requirements as a third party in-kind contribution that otherwise complies with 2 CFR Section 215.23(a).

The following additional definitions and distinctions will assist in understanding matching funds:

- **Grant recipient or recipient** – The organization receiving financial assistance directly from a federal awarding agency to carry out a project or program.
- **Sub-recipient** – Legal entity receiving award from a grant recipient and accountable to the grant recipient for use of the funds and delivery of the program.
- **Federal funds** – funds provided by the federal government; may be in the form of cash, equipment, supplies, goods or services.
- **Non-federal funds or non-federal share** – Funds used to support the program that are not borne by the federal government.

## Verifiable from Grantee's Records

Your organization should have sufficient processes and procedures in place to insure that any contributions to the VITA Grant program, whether expenses of your organization or from third parties, are verifiable in **your records**. This means your organization should be able to demonstrate:

1. Any funds expended specifically on the project. This would include such items as receipts for goods and services; time sheets of employees showing amount of time charged to grant activities; and indirect expense determinations when applicable. Additionally, records should include the corresponding payments for these expenses.

# Matching Funds Requirement – VITA Grant Only

## Verifiable from Grantee's Records (continued)

2. Any third party in-kind contributions used toward meeting matching requirements. This would include recordation in your ledger of the contribution and its determined value. Along with the recordation, additional documentation is needed to show how the value was determined and the source of the contribution. Other supporting documentation might include:
  - Supply catalog or advertisements for valuing supplies;
  - Department of Labor date for valuing work effort not readily available in your organization; and
  - Rental agreement or other comparables for space.

The most common third party in-kind contribution for the VITA Grant program is **volunteer services**. Volunteer services include individuals that do not receive any compensation for their activities or receive compensation from other than your organization. Most commonly, these individuals are involved in the scheduling of appointments, screening of individuals, or return preparation and quality review of returns. Records would need to include a timesheet that shows the amount of time provided to **qualified** activities of the program. Additional information would include contact information, agreement to standards of conduct, and training certifications, when applicable.

Additionally, for volunteers that provide services for more than the VITA Grant project, time sheets would need to include the distinction between the programs served. For instance, if an individual answers the phone and provides information on all programs operated, the time sheet would need to show that portion of time attributable to handling calls associated with the VITA Grant program. We realize it may be difficult for volunteers to keep minute-by-minute details on how long they spend on each call. Historical data can be used and time allocated to activities. For instance, if scheduling appointments generally take 10 minutes, time may be attributed at the end of the day based on appointments scheduled.

IRS Publication 561, *Determining the Value of Donated Property*, may be a useful reference tool.

## Contribution for Other Federally-Assisted Project or Program

Funds used to support another federal program cannot be used for meeting matching requirements on the VITA Grant. If your organization receives other federal grants for delivery of programs that require matching contributions, the contributions (whether expenses or third-party in-kind) cannot be used on both grants unless authorized by Federal statute.

Since inception of the VITA Grant program, the most common example of this issue involves use of AmeriCorp and VISTA individuals to support the program. The Corporation for National Community Services (CNS) is responsible for these two federally-assisted programs. Often CNS covers the salary and insurance on an individual, while the organization they provide the service for covers the individual's subsistence costs. The time the individual contributes to the program and the funds provided for subsistence to the individual cannot be counted toward the cost sharing required by the VITA Grant.

Contributions may be prorated or shared between other federally-assisted projects. For instance, if you receive both the VITA Grant and Low Income Tax Clinic grant and utilize the same office for both programs. The costs for the space may be apportioned between the two programs.

## Necessary, Reasonable, and Allocable

A **reasonable** cost is one that a prudent person would find acceptable. The purchase of a computer costing \$3,000 would not be reasonable for the VITA Grant. Software requirements for tax return preparation are limited and do not require the latest technology. Paying \$20 for a pen is not reasonable.

When making purchases you must consider perception. For instance, contracting a family member of your organization's president for all publicity could be perceived that the president had undue influence on the decision. Clear documentation comparing comparable services should be completed and only if facts clearly and strongly support the decision should you proceed with the contract for the family member.

A **necessary** expense would be one in which the decision not to purchase would limit your program from delivering its objective if not incurred. For example, computers are necessary to an e-file program; however, the cost must continue to be reasonable. A computer that costs \$3,000 is not reasonable or necessary. Providing copies of completed tax returns is necessary for the program. However, the purchase of a copier would need to consider the initial cost of the copier; on-going costs to operate and maintain; and the availability of other alternatives for providing the necessary copies.

# Matching Funds Requirement – VITA Grant Only

## Necessary, Reasonable, and Allocable (continued)

An **allocable** expense is one that occurs during the grant period and can be directly shown to benefit the VITA program. An expense that benefits more than one program is allocable when it can be distributed. For instance, two computers are purchased to staff a site where return preparation will occur four hours each day. The computers are used six hours each day to teach unemployed individuals new job skills. Forty percent of the cost could be allocated to the VITA grant program based on the determined use.

## Allowable Under Cost Principles

Become familiar with the cost principles that govern allowable costs for your organization. The cost principles are covered in:

- 2 CFR 220 (formerly OMB Circular A-21), Cost Principles for Educational Institutions;
- 2 CFR 225 (formerly OMB Circular A-87), Cost Principles for State, Local and Indian Tribal Governments; and
- 2 CFR 230 (formerly OMB Circular A-122), Cost Principles for Non-Profit Organizations.

Key features of allowable costs include:

- Treated consistently – Charges should stay consistent among categories. Printer cartridges should not be considered a supply purchase one time and then the next time considered an equipment purchase.
- Net of applicable credits – Rebates or refunds that reduce the overall cost of an item must be considered. A computer purchased for \$600 but with a \$50 rebate should be charged at \$550.
- Not prohibited under federal, state or local laws – Federal funds cannot be used for lobbying.
- Conform to limits or exclusions – For instance, costs associated with outreach or asset building do not directly support VITA and would be excluded as matching.
- Consistent with recipient's policies, regulations, and procedures – A good example is the reimbursement of expenses. If the organization requires receipts for meals while traveling, it must continue to require receipts for meals if traveling for the VITA Grant program. Another example might be the process where all purchases in the organization over \$500 require a second approval and/or signature. Purchases for the VITA Grant program meeting the criteria would require the second approval and/or signature as well.

## Federal Funds as Match

In general, most funds provided by the federal government may not be used as match for the VITA Grant program. Funds may be other than cash. IRS may provide participants in the programs non-cash funds for delivery of the VITA program. This includes such items as:

- Tax preparation software for electronic preparation and transmission;
- Training materials and/or IRS instructors; and
- Loaned laptops and printers.

None of these items can be counted as match on the VITA Grant.

Federal funds may flow through other entities. This is especially true if your organization receives funds from state and local governments. It is extremely important that organizations understand the source of funds in order to determine whether they are federal or non-federal. Federal funds remain federal funds regardless of the entities they pass through. **Know the source!**

Purchases with federal funds remain a federal resource. That is to say, if computers are purchased one year with VITA Grant funding, they cannot be used in future years as match for the VITA Grant. The computers continue to retain their identity as federal funds. Likewise, if a specific contribution is used as cost share in the prior year, it cannot be used in the current year.



# Matching Funds Requirement – VITA Grant Only

## Federal Funds as Match (continued)

The following table depicts federal funding that we have researched whether it can be used as match. This list is not comprehensive. The determination as to whether a grant can be used as match is statutorily driven. IRS does not make the decision for other grantors.

Federal Funding	Eligible as match for VITA Grant
Self-Determination and Education Assistance Act awards to Indian Tribal governments	Yes
Community Development Block Grants (CDBG)	Yes, with limitations
TCE and Low Income Taxpayer Clinic (LITC)	No
Community Services Block Grant (CSBG)	No

If you receive federal funds through a non-federal source and they tell you they can be used as match for other federal grants, take time to confirm in writing. Contact the federal grantor of the funds and request confirmation in writing. Share the information provided with the Grant Program Office. We will take steps to confirm.

## Budgeted and Approved

Budgeted items that support the VITA program can be categorized broadly as:

- Work effort – This is the time individuals contribute to the program. These can be paid and unpaid staff.
- Travel – Monies expended to cover the cost of travel associated with the program.
- Equipment and technology – Purchase or use of computers, printers, networking, etc. to support electronic return preparation and filing.
- Supplies – Monies expended to cover the purchase of common supplies necessary for the program.
- Space – This can be space paid for or donated to operate a tax preparation site.
- Publicity – Limited to tax preparation activities only.

As always, items must be necessary, reasonable, and allocable to the VITA program.

## Overall Match

There is no requirement that matching contributions agree by category of expense, e.g., personnel, fringe, travel, equipment, etc. Only that total non-federal equal or exceed the federal funds awarded. For example, if you use federal funds to pay travel, equipment and supplies totaling \$7,000, the match could be in salaries and equipment. All that matters is that the total matching equals or exceeds the federal funds expended.

Excess non-federal funds should be included in reporting if available. This provides a “safety net” in the event a portion of the funds are disallowed or considered ineligible. For example, if you received \$25,000 in grant funds but have documentation to show you spent or received in-kind contributions totaling \$50,000, report the \$50,000 as non-federal funds expended. In the event the value or allowance of an expenditure using federal funds or an in-kind contribution is questioned, the excess reporting in match can often be shifted to cover any shortfall.

# Reporting Requirements

## TCE Reporting Requirements

Along with the quarterly reporting completed in the Payment Management System, the TCE reporting requirements include a semi-annual and final report.

**An At-A-Glance Reporting Chart - A brief summary of all reporting required for the TCE grant was provided with Form 9661, Cooperative Agreement.**

## Semi-Annual/Annual Report Requirements

- Semi-Annual Form 8654 and Semi-Annual Narrative Report are due by June 30
- Annual Form 8654 Program Report and Final Narrative Report are due 90 days after your program ends or by December 31, whichever is earlier

At the end of the program season, you are required to submit Semi-Annual, Annual and Final Narrative reports to give us specific information about the methods and procedures used to implement your program. These reports show the actual expenses incurred by you on this program during the period of the Cooperative Agreement. ***Failure to timely submit required reports to the TCE Grant Program Office may result in freezing of funds or termination of the grant.***

Also, documentation of expenses for attending a meeting at the IRS Territory Office or other location (i.e., airline tickets, hotel, meals, etc.) is needed for reimbursement and should be attached to Form 8654.

All reports should be submitted to the following address:

Internal Revenue Service  
Grant Program Office - TCE  
5000 Ellin Road  
NCFB C4-110  
Lanham, MD 20706

## Semi-Annual Program Report (ONLY if program is operational after April 30)

By June 30, we must receive a Semi-Annual Narrative Report (following the outline under the program narrative section) and a draft Form 8654 itemizing your total program expenditures through May 31. This documentation will be considered when reviewing the TCE Application Packages for the next program year. Provide three copies of the draft narrative report and three Forms 8654 with original signatures on all three copies. **If your program ends by April 30th, you are not required to submit a Semi-Annual Form 8654, Program Report and Final Narrative Report, you are only required to submit the Annual Program Report, Form 8654 and Final Narrative Report (see next two sections below).**

## Annual Program Report

An Annual Form 8654 must be submitted by December 31 or 90 days after the completion of your program, whichever is earlier. The Annual Form 8654 should be prepared as cumulative, reflecting expenditures for the entire year. The sponsor should submit three copies of the Annual Forms 8654 with original signatures on all three copies. Discrepancies between the estimates submitted on Form 8653, Application Plan and the actual expenses shown on the Annual Program Report Form 8654 must be explained within the final program narrative. A sample of a completed Form 8654 can be found in Publication 1101, Appendix C.

## Final Narrative Report

The Final Program and Budget Narrative Report is due 90 days after the completion of your program or by December 31, whichever is earlier. **This narrative report must be typed, double-spaced and numbered to correspond with the paragraphs indicated under each narrative section.** In this report you must clearly state, in detail, what actions you took in implementing the TCE Program.

# Reporting Requirements

## Program Narrative

1. Briefly describe the overall approach you took in implementing this program and the steps you took to ensure compliance with its rules and administrative guidelines.
2. Describe the methods and resources you used to recruit volunteer assistants, instructors, and coordinators/administrators.
3. Describe how the training for your volunteers was provided. Specify whether your organization provided the training.
4. Specifically state how program and site publicity were provided.
5. Specifically state how volunteers provided quality service to elderly taxpayers. In detail, describe any onsite quality review procedures, your method of monitoring and any meetings you held to draw the attention of volunteers to problem areas.
6. Describe the steps you took to ensure taxpayer privacy and to maintain the confidentiality of tax returns.
7. Identify the geographic distribution and number of assistance sites; number of electronic filing sites and number of telephone answering sites. If assistance was provided in more than one state, list the number of sites for each state. Share any research done to determine site placement.
8. Describe your electronic filing program and how it assisted the elderly taxpayers in the community.
9. Explain internal procedures you used to monitor and evaluate program activities to ensure that the program was administered in accordance with the cooperative agreement guidelines.
10. If applicable, describe the type of assistance given by telephone and the procedures you used to monitor the quality of the information provided.
11. Provide any feedback or comments you would like to share on our federal agency's administration of the TCE Program or the grant management process for this past year.

## Budget Narrative

1. Describe the method and frequency of reimbursement to volunteers. For example, state whether the volunteers were reimbursed for their actual expenses that they incurred or were stipends provided. Please explain in detail. If stipends were provided, indicate the amount of the stipends per volunteer.
2. Describe the personnel in which their salaries or wages were paid using grant funds and what role they played in providing 100% of their time (weekly/bi-weekly or monthly) supporting the TCE Program. Provide a breakdown for each person and the costs charged to the grant.
3. Explain what the process is within your organization for authorization of expenditures to be charged to the grant. Is only one person authorized to approve or does a series of persons have to approve?
4. State the cost of travel expenses (including meals and lodging) to attend a meeting with the Territory Office or attend an Orientation Meeting. You are required to provide documentation with your initial Form 8654.
5. Describe your activities and list the types of expenses and costs charged to the grant in support of electronic filing. As a reminder, these expenses are not considered administrative expenses, but must not exceed your total grant amount. (Refer to Electronic Filing section of this publication for more information).
6. Explain your recordkeeping system and how the records and receipts for the TCE Program are maintained within your organization.

## VITA Grant Reporting Requirements

Along with the quarterly reporting and final reporting completed in the Payment Management System, a final report is required for the VITA Grant. The final report (sometimes referred to as year-end report) includes:

1. Standard Form PPR, Performance Progress Report
2. Standard Form PPR-A, PPR Performance Measures
3. Standard Form PPR-B, PPR Program Indicators
4. Narrative and attachments as explained later in this section
5. Budget Detail Explanation

# Reporting Requirements

## VITA Grant Reporting Requirements (continued)

The final report must be filed by **September 30**, which is 90 days after the project period ends (June 30). This report should be mailed to the Grant Program Office, Stop 420-D, 401 W. Peachtree Street, NW, Atlanta, GA 30308 to the attention of your assigned analyst and postmarked no later than the due date.

**At-A-Glance Reporting Chart - A brief summary of all reporting required for the VITA Grant was provided with the Form 13981, Grant Agreement.**

**Standard Form PPR, Performance Progress Report** – This form is a cover sheet for the information to be submitted in the final report. Most fields are self-explanatory. For those fields where additional direction may be useful, the following information may assist in completing the fields.

Field	Response
1. Federal Agency and Organization Element to Which Report is Submitted	Enter <b>IRS/Grant Program Office</b>
2. Federal Grant or Other Identifying Number Assigned by Federal Agency	Enter <u>your</u> unique grant number, e.g., <b>V10010</b>
3a. DUNS Number	Self-explanatory
3b. EIN	Self-explanatory
4. Recipient Organization	Self-explanatory
5. Recipient Identifying Number or Account Number	Enter the assigned account number from the PMS
6. Project/Grant Period	Enter <b>7/1/XXXX</b> as the start date and <b>6/30/XXXX</b> as the end date
7. Reporting Period End Date	Enter <b>6/30/XXXX</b>
8. Final Report?	Check <b>Yes</b>
9. Report Frequency	Check <b>FINAL</b>
10. Performance Narrative	You can begin your performance narrative here or indicate <b>See full narrative on the attachment</b>
11. Other Attachments	See these instructions for what is required to be included with the final report
12a-12e. Certification section	Self-explanatory

This form is required for all grant recipients.

# Reporting Requirements

## VITA Grant Reporting Requirements (continued)

**Standard Form PPR-A, PPR Performance Measures** – This form is used to report on your organization’s performance. IRS requires that you report five measures and the other measures reported are based on the information submitted in your application package and/or required by your organization.

Field	Response
1. Federal Agency and Organization Element to Which Report is Submitted	Enter <i>IRS/Grant Program Office</i>
2. Federal Grant or Other Identifying Number Assigned by Federal Agency	Enter <u>your</u> unique grant number, e.g., <b>V10010</b>
3a. DUNS Number	Self-explanatory
3b. EIN	Self-explanatory
4. Reporting Period End Date	Enter <b>6/30/XXXX</b>

### A. Performance Measures

(1) Measure Number or Label	The first five lines are already labeled. If additional measures are identified in your plan, please continue with A-06, A-07, etc.
(2) Objective/Goal Description	Brief description of objective/goal; for the first five objectives/goals, see the following table
(3) Measure	Explanation as to how goal is counted; for the first five objectives/goals, measure guidance is shown in the following table
(4) Baseline	Prior year data if available; baseline figures should show only the portion of the program covered by the VITA grant.
(5) Target Year	<b>20XX</b>
(6) Project Target	Proposed returns submitted with application <u>or</u> revised narrative submitted with grant agreement
(7) Actual To Date	Report the results of your activity
(8) Explanation	Explain if you did not meet project target; additional information should be covered in narrative. If a calculation is required, show the calculation.

This form is required for all grant recipients.

# Reporting Requirements

## VITA Grant Reporting Requirements (continued)

See the following chart for items your organization must report and the measures to be used to compile the information. Use A-01 through A-05 for these measures. Do not deviate on how the measure is calculated.

(1) Measure Number or Label	(2) Objective/Goal Description	(3) Measure
A-01	Taxpayers Assisted	Number of federal returns prepared; a return is counted only once
A-02	Increased E-file	Number of returns e-filed divided by total number of returns prepared. Show the calculation under explanation.
A-03	Services Extended	Number of sites <u>opened</u> to prepare returns. Do not count sites planned but not opened. For one day or mobile sites, each location may be counted. Do not count multiple visits to a site location by a mobile van as different sites. Count it only once.
A-04	Underserved Taxpayers Assisted - Primary	Number of returns prepared with primary focus characteristic; a return may be counted under each characteristic it represents
A-05	Underserved Taxpayers Assisted - Secondary	Number of returns prepared with secondary focus characteristic; a return may be counted under each characteristic it represents

Additional measures may be added based on the activities your organization determined to monitor and report upon in the program plan.

**Standard Form PPR-B, PPR Performance Measures** – This form allows you to report on your organization’s performance by program indicator. IRS requires that you report four activities and the other activities reported are based on the information submitted in your application package and/or required by your organization.

Field	Response
1. Federal Agency and Organization Element to Which Report is Submitted	Enter <b>IRS/Grant Program Office</b>
2. Federal Grant or Other Identifying Number Assigned by Federal Agency	Enter <u>your</u> unique grant number, e.g., <b>V10010</b>
3a. DUNS Number	Self-explanatory
3b. EIN	Self-explanatory
4. Reporting Period End Date	Enter <b>6/30/XXXX</b>

### B. Program Indicators

(1) Activity Number or Label	The first four lines are already labeled. If additional activities are identified in your plan, please continue with B-05, B-06, etc.
(2) Activity Description	Brief description of activity
(3) Indicator or Status	Leave blank
(4) Explanation	Limited explanation of figures; additional information should be covered in narrative

# Reporting Requirements

## VITA Grant Reporting Requirements (continued)

See the following chart for items your organization must report and the measures to be used to compile the information. Use B-01 through B-04 for these measures. Do not deviate on how the measure is calculated.

(1) Activity Number or Label	(2) Activity Description	Explanation
B-01	Number of Volunteers	Report the total number of individuals working in the <b>VITA program</b> as reported on the Form 13206, Volunteer Assistance Summary Report.
B-02	Total Volunteer Hours	Report the number of hours contributed by volunteers to the <b>VITA program</b> .
B-03	Volunteer Training	Report the number of volunteers certified at each level of tax law training, e.g., basic, intermediate, and advanced. Use the IRS training levels found on the Form 13206 for the breakdown of levels of training.
B-04	Quality Review Process Used	Report the number of sites using designated, peer and self review. A site should only be counted once. If a mixture of methods is used at a site, report the method used the most.

Additional activities may be added based on the areas your organizations determined you would monitor and report upon in your program plan.

**Narrative (and attachments as explained)** – Prepare a narrative by providing a detailed description of what your organization did during the project period of July 1 through June 30. Be sure to address the topics as outlined in the Publication 4671, Volunteer Income Tax Assistance Grant Program Overview and Application Package. There is no limit to the number of pages; however, please do not repeat information. Please label all examples and attachments submitted with the narrative. Please type and double space your submission. Font size should be 12 point.

**Budget Detail Explanation** – Update your proposed budget detail explanation spreadsheet to reflect actual federal funds and matching funds by category. Additional information about this form can be found in the Publication 4671. The only difference is to report actual and not proposed federal and matching funds.

Please remember to keep a copy of your submission and documentation to support your report. Questions about reporting may be directed to your assigned analyst.

## Sub-award and Executive Compensation Reporting

The Federal Funding Accountability and Transparency Act (FFATA), signed on September 26, 2006, empowers every American with the ability to hold the government accountable for each spending decision. The end result is to reduce wasteful spending in the government. The FFATA legislation requires information on federal awards (federal financial assistance and expenditures) be made available to the public via a single, searchable website, which is [www.USASpending.gov](http://www.USASpending.gov).

To help in understanding this requirement, we recommend you view the **FSRS Prime Grant Awardee Training Webinar** located on [USASpending.gov](http://USASpending.gov). Select the **NEWS** tab at the top of the page and scroll to the bottom. A link is available to the webinar.



# Reporting Requirements

## Sub-award and Executive Compensation Reporting (continued)

A new term and condition was added for all Federal grants effective October 1, 2010, requiring the reporting of sub-awards and executive compensation along with a requirement to maintain current registration in the Central Contractor Registration (CCR) and have a Dun & Bradstreet Number System (DUNS) number. The terms and conditions addendum reads as follows:

### Reporting Sub-award and Executive Compensation

- a. Reporting of first-tier sub-awards.
  1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a sub-award to an entity (see definitions in paragraph e. of this award term).
  2. Where and when to report.
    - i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.
    - ii. For sub-award information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)
  3. What to report. You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.
- b. Reporting Total Compensation of Recipient Executives.
  1. Applicability and what to report. You must report total compensation for each of your five most highly compensated executives for the preceding completed fiscal year, if--
    - i. the total Federal funding authorized to date under this award is \$25,000 or more;
    - ii. in the preceding fiscal year, you received--
      - (A) 80 percent or more of your annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and sub-awards); and
      - (B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and sub-awards); and
    - iii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/excomp.htm>.)
  2. Where and when to report. You must report executive total compensation described in paragraph b.1. of this award term:
    - i. As part of your registration profile at <http://www.ccr.gov>.
    - ii. By the end of the month following the month in which this award is made, and annually thereafter.

# Reporting Requirements

## Sub-award and Executive Compensation Reporting (continued)

### Reporting Sub-award and Executive Compensation

#### c. Reporting of Total Compensation of Sub-recipient Executives.

1. Applicability and what to report. Unless you are exempt as provided in paragraph d. of this award term, for each first-tier sub-recipient under this award, you shall report the names and total compensation of each of the sub-recipient's five most highly compensated executives for the sub-recipient's preceding completed fiscal year, if--
  - i. in the sub-recipient's preceding fiscal year, the sub-recipient received--
    - (A) 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and sub-awards); and
    - (B) \$25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts), and Federal financial assistance subject to the Transparency Act (and sub-awards); and
  - ii. The public does not have access to information about the compensation of the executives through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986. (To determine if the public has access to the compensation information, see the U.S. Security and Exchange Commission total compensation filings at <http://www.sec.gov/answers/excomp.htm>.)
2. Where and when to report. You must report sub-recipient executive total compensation described in paragraph c.1. of this award term:
  - i. To the recipient.
  - ii. By the end of the month following the month during which you make the sub-award. For example, if a sub-award is obligated on any date during the month of October of a given year (i.e., between October 1 and 31), you must report any required compensation information of the sub-recipient by November 30 of that year.

#### d. Exemptions

If, in the previous tax year, you had gross income, from all sources, under \$300,000, you are exempt from the requirements to report:

- i. Sub-awards,  
and
- ii. The total compensation of the five most highly compensated executives of any sub-recipient.

#### e. Definitions. For purposes of this award term:

1. Entity means all of the following, as defined in 2 CFR part 25:
  - i. A Governmental organization, which is a State, local government, or Indian tribe;
  - ii. A foreign public entity;
  - iii. A domestic or foreign nonprofit organization;
  - iv. A domestic or foreign for-profit organization;
  - v. A Federal agency, but only as a sub-recipient under an award or sub-award to a non-Federal entity.
2. Executive means officers, managing partners, or any other employees in management positions.
3. Sub-award:
  - i. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible sub-recipient.
  - ii. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. \_\_.210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").
  - iii. A sub-award may be provided through any legal agreement, including an agreement that you or a sub-recipient considers a contract.

# Reporting Requirements

## Sub-award and Executive Compensation Reporting (continued)

### Reporting Sub-award and Executive Compensation

4. Sub-recipient means an entity that:
  - i. Receives a sub-award from you (the recipient) under this award; and
  - ii. Is accountable to you for the use of the Federal funds provided by the sub-award.
5. Total compensation means the cash and noncash dollar value earned by the executive during the recipient's or sub-recipient's preceding fiscal year and includes the following (for more information see 17 CFR 229.402(c)(2)):
  - i. Salary and bonus.
  - ii. Awards of stock, stock options, and stock appreciation rights. Use the dollar amount recognized for financial statement reporting purposes with respect to the fiscal year in accordance with the Statement of Financial Accounting Standards No. 123 (Revised 2004) (FAS 123R), Shared Based Payments.
  - iii. Earnings for services under non-equity incentive plans. This does not include group life, health, hospitalization or medical reimbursement plans that do not discriminate in favor of executives, and are available generally to all salaried employees.
  - iv. Change in pension value. This is the change in present value of defined benefit and actuarial pension plans.
  - v. Above-market earnings on deferred compensation which is not tax-qualified.
  - vi. Other compensation, if the aggregate value of all such other compensation (e.g. severance, termination payments, value of life insurance paid on behalf of the employee, perquisites or property) for the executive exceeds \$10,000.

### Central Contractor Registration and Universal Identifier Requirements

#### a. Requirement for Central Contractor Registration (CCR)

Unless you are exempted from this requirement under 2 CFR 25.110, you as the recipient must maintain the currency of your information in the CCR until you submit the final financial report required under this award or receive the final payment, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term.

#### b. Requirement for Data Universal Numbering System (DUNS) Numbers

If you are authorized to make sub-awards under this award, you:

1. Must notify potential sub-recipients that no entity (see definition in paragraph c of this award term) may receive a sub-award from you unless the entity has provided its DUNS number to you.
2. May not make a sub-award to an entity unless the entity has provided its DUNS number to you.

#### c. Definitions

For purposes of this award term:

1. Central Contractor Registration (CCR) means the Federal repository into which an entity must provide information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the CCR Internet site (currently at <http://www.ccr.gov>).
2. Data Universal Numbering System (DUNS) number means the nine-digit number established and assigned by Dun and Bradstreet, Inc. (D & B) to uniquely identify business entities. A DUNS number may be obtained from D & B by telephone (currently 866-705-5711) or the Internet (currently at <http://fedgov.dnb.com/webform>).
3. Entity, as it is used in this award term, means all of the following, as defined at 2 CFR part 25, subpart C:
  - i. A Governmental organization, which is a State, local government, or Indian Tribe;
  - ii. A foreign public entity;
  - iii. A domestic or foreign nonprofit organization;
  - iv. A domestic or foreign for-profit organization; and
  - v. A Federal agency, but only as a sub-recipient under an award or sub-award to a non-Federal entity.

# Reporting Requirements

## Sub-award and Executive Compensation Reporting (continued)

### Central Contractor Registration and Universal Identifier Requirements

4. Sub-award:
  - i. This term means a legal instrument to provide support for the performance of any portion of the substantive project or program for which you received this award and that you as the recipient award to an eligible sub-recipient.
  - ii. The term does not include your procurement of property and services needed to carry out the project or program (for further explanation, see Sec. \_\_\_\_210 of the attachment to OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations").
  - iii. A sub-award may be provided through any legal agreement, including an agreement that you consider a contract.
5. Sub-recipient means an entity that:
  - i. Receives a sub-award from you under this award; and
  - ii. Is accountable to you for the use of the Federal funds provided by the sub-award.

Since this is newly implemented, there are numerous resources available to assist your organization in determining whether your organization is required to report information under this addendum. Resources are available concerning the use of the FSRS system and the CCR system at their respective web sites, [www.fsrs.gov](http://www.fsrs.gov) and [www.ccr.gov](http://www.ccr.gov). In addition, [USASpending.gov](http://USASpending.gov) ([www.USASpending.gov](http://www.USASpending.gov)) is the central repository for all information and requirements under the Transparency Act. Please take time to review the Frequently Asked Questions and the user guide or other resource guides available on these websites.

To assist you with the most common questions you may have, the following questions and answers are provided.

## Frequently Asked Questions

### **Q1. As the prime grantee, must I have a DUNS number?**

**A1.** Yes. If you are the prime grantee, your organization must have a DUNS number. This was a requirement to be considered for the grant.

### **Q2. If I plan to sub-award any funds, are the organizations that I sub-award to required to have a DUNS number?**

**A2.** Yes. All organizations granted a sub-award must now have a DUNS number. See Publications 1101 or 4671 for information on obtaining a DUNS number.

### **Q3. As the prime grantee, must I register in the Central Contractor Registration (CCR) system?**

**A3.** Yes. As the prime grantee, you must register in the CCR at [www.ccr.gov](http://www.ccr.gov).

### **Q4. As the prime grantee, how long must I maintain my CCR registration?**

**A4.** You must maintain your CCR registration until you submit the final financial report required under this award or receive the final payment, whichever is later.

### **Q5. As the prime grantee, must I report executive compensation in the CCR system?**

**A5.** It depends. A decision table is provided. Follow the questions and answers to assist in determining whether reporting in the CCR system is required for the prime grantee.

### **Q6. As the prime grantee, must I report executive compensation in the FSRS system for the sub-award recipients?**

**A6.** It depends. A decision table is provided. Follow the questions and answers to assist in determining whether reporting in the FSRS is required for the sub-recipient by the prime grantee.

# Reporting Requirements

## Executive Compensation – Prime Grantee – Decision Table

Use this decision table to assist in determining whether your organization must report executive compensation due to Title 2 CFR Part 170, Reporting Sub-award and Executive Compensation Information, in the Central Contractor Registration or CCR system ([www.ccr.gov](http://www.ccr.gov)).

Ask and Answer:	If Yes, then:	If No, then:
1. In the previous year, did your organization have gross income (all sources) under \$300,000.	Skip to 8.	Go to 2.
2. Is this grant for \$25,000 or more?	Go to 3.	Skip to 8.
3. In the preceding fiscal year, was 80% or more of annual gross income from Federal contracts and financial assistance?	Go to 4.	Skip to 8.
4. In the preceding fiscal year, did you have \$25,000,000 or more in annual gross revenue from Federal contracts and financial assistance?	Go to 5.	Skip to 8.
5. Does the public have access under the Securities Exchange Act of 1934 to compensation of executives?	Skip to 8.	Go to 6.
6. Does the public have access under Section 6104 of the Internal Revenue Code of 1986 to compensation of executives? See note.	Skip to 8.	Go to 7.
7. Reporting required at <a href="http://www.ccr.gov">www.ccr.gov</a>		
8. Additional reporting is not required at <a href="http://www.ccr.gov">www.ccr.gov</a>		

**Note: If your organization files Form 990, Return of Organization Exempt from Income Tax, with the Internal Revenue Service, compensation information may be reported on the return for certain officers, directors, trustees, key employees, and highest compensated employees. Exempt organization returns may be requested by the public. In addition, exempt organizations must make their returns available for public inspection.**

# Reporting Requirements

## Executive Compensation – Sub-recipient – Decision Table

Use this decision table to assist in determining whether your organization as the prime grantee must report executive compensation on the organizations you sub-award due to Title 2 CFR Part 170, Reporting Sub-award and Executive Compensation Information, in the FSRS.

Ask and Answer:	If Yes, then:	If No, then:
1. In the previous year, did the sub-recipient organization have gross income (all sources) under \$300,000?	Skip to 11.	Go to 2.
2. Is this grant for \$25,000 or more?	Go to 3.	Skip to 11.
3. In the preceding fiscal year for the sub-recipient organization, was 80% or more of annual gross income from Federal contracts and financial assistance?	Go to 4.	Skip to 8.
4. In the preceding fiscal year for the sub-recipient organization, did they have \$25,000,000 or more in annual gross revenue from Federal contracts and financial assistance?	Go to 5.	Skip to 8.
5. At <a href="http://www.fsrs.gov">www.fsrs.gov</a> answer “Yes” in the FSRS system when inputting the sub-award information about executive compensation on the sub-recipient.	Go to 6.	
6. Does the public have access under the Securities Exchange Act of 1934 to compensation of executives?	Skip to 9.	Go to 7.
7. Does the public have access under Section 6104 of the Internal Revenue Code of 1986 to compensation of executives? See note under the Executive Compensation – Prime Grantee – Decision Table	Skip to 9.	Go to 10.
8. At <a href="http://www.fsrs.gov">www.fsrs.gov</a> answer “NO” in the FSRS system when inputting the sub-award information about executive compensation on the sub-recipient.		
9. At <a href="http://www.fsrs.gov">www.fsrs.gov</a> answer “YES” in the FSRS system when inputting the sub-award information about the public having access to executive compensation.		
10. At <a href="http://www.fsrs.gov">www.fsrs.gov</a> answer “No” and input the name and amount of the top five individuals at the sub-recipient organization into the fields provided.		
11. No reporting required.		

# Communications with IRS

## Territory

Each IRS territory assigns a relationship manager to work with organizations in the local area. The relationship manager provides information about program activities. They will assist you with all program related activities, such as:

- Establishing sites;
- Understanding quality site requirements;
- Developing effective training plans;
- Ordering tax software; and
- Ordering products and publications.

If your organization does not have an assigned relationship manager, you may ask the Grant Program Office for the name and contact information for the territory manager that covers your location. Contact with the Territory Manager will result in assignment of a relationship manager. It is important that you (or a member of your organization) stay in contact with the territory office as they are responsible for communicating information specific to program operations.

## Grant Program Office

In addition to the relationship manager, a grant program analyst is assigned to each grant recipient. Contact information for your assigned grant program analyst was included in the grant award notification package. The grant program analyst will assist with:

- Understanding the terms and conditions of the grant;
- Answering questions about allowable and unallowable uses of the grant; and
- Providing report reminders and information about reports.

Correspondence or questions, whether by phone, mail or e-mail, should be directed to your assigned analyst. Analysts are asked to provide you with an additional contact or with the contact information for the general Grant Program Office when they are out of the office.

If immediate assistance is needed, you may contact us via email at [TCE.Grant.Office@irs.gov](mailto:TCE.Grant.Office@irs.gov) for TCE or [Grant.Program.Office@irs.gov](mailto:Grant.Program.Office@irs.gov) for VITA or by phone at 404.338.7894. Please use these e-mail addresses or phone number only when you're unable to reach your assigned analyst.



# Administrative Reviews

The Grant Program Office (GPO) selects recipients each year for an administrative review. These reviews may be conducted face-to-face or through phone contact. This section provides information about these reviews and covers the:

- Purpose
- Selection Methods
- Notification of and Administrative Review Reports
- Impact on local IRS Territory office

## Purpose

The purpose of the administrative review is to assist grant recipients with compliance with the grant program guidelines and to ensure program and financial plans are followed. It is one of the methods the GPO uses to monitor recipients and the grant programs. During the visits, the GPO may assist with resolving program issues identified through other monitoring methods. The administrative review is not a SPEC Site Visit. The review is focused on administration, adherence to the terms and conditions, and the program as described in your grant application.

## Selection Methods

In identifying recipients for an administrative review, the GPO considers several factors. These factors include but are not limited to:

- Prior discussions between the GPO and the recipient identified concerns;
- Other monitoring methods such as TaxWise reports, Payment Management actions, and/or required reporting identified concerns;
- Complexity of the recipient's program;
- Recipients exposure to the VITA or TCE programs;
- Processes within the recipient's program considered best practices for sharing with other recipients; and/or
- Concerns identified in prior year administrative reviews or financial reviews.

It is important to understand that an administrative review is NOT a financial review, IRS audit, or VITA/TCE program site visit. The financial review is a general review of the organization and grant related financial management systems, policies, records and documentation. The scope of the financial review is limited to financial operations and documentation.

VITA/TCE program site visits are conducted by SPEC field employees to assist with site operations and quality standards. Site visits may be randomly chosen, statistically chosen and/or requested by the partner.

## Notification of and Administrative Review Reports

Your assigned analyst will notify you that we would like to conduct an administrative review of your program. The analyst will work with you to identify a convenient time for the review in order to cause the least amount of disruption to your program. Although we recognize that we may take you away from filing season activities, it is best to conduct these reviews early in the season in order to correct any problems identified before the season is over. The last thing we want to do is ask you to repay funds because of non-compliance to the terms and conditions.

Although we would always like to conduct face-to-face reviews, it may not be possible because of time and/or budgetary restrictions. The processes for face-to-face and phone contact are very similar. Information requested during the reviews is the same. Analysts will generally spend four hours with your organization but this time may be adjusted based on the complexity of the program and/or operation of both TCE and VITA Grant programs. If time permits and sites are operating in close proximity to the recipient's location, we may visit one of the sites.

Generally the GPO will conduct these reviews in late January, February and early March. At the time of contact, we will send an information document request so that your organization can have the required information available prior to the review. Reviews are focused on administration of the grant program. Individuals responsible for the administration of the program should be present during the discussion either in person or via phone.

# Administrative Reviews

## **Notification of and Administrative Review Reports (continued)**

Prior to the review, the GPO analyst will review the recipient's grant file and information maintained by IRS, such as returns produced and sites opened. Although we will notify the local SPEC territory office that the GPO will conduct an administrative review with your organization, it is your decision as to whether they are invited to the review. The administrative review is focused on the recipient's administration of the grant and not specifically site operations although we may ask questions about delivery of service and production at the sites.

We'll want to review samples of your records concerning expenses, personnel time whether paid or volunteer, communications to demonstrate oversight of sub-recipients and/or guidance issued to your sites.

As the review progresses, we will identify any areas we have concerns about and/or that require additional information from you or research on our part. Once any additional information is furnished and/or research completed, we will issue an administrative review report. Our goal is to provide the written report to you within 30 days. The report includes the analyst's findings and recommendations, and requires your organization's concurrence with any recommendations.

# Financial Reviews

Within the SPEC organization, there is a group of individuals that perform quality assurance activities. These individuals are not part of the Grant Program Office; however, they will perform a financial review on the recipients of the TCE and/or VITA Grants. The primary purpose of the financial review is to ensure that grant funds are spent in accordance with the grant terms and conditions, OMB Circulars, Federal Laws and Statutes.

Selection of grant recipients for a financial review utilizes a process that considers certain features of the grant recipient. Since they are unable to review all recipients, this process considers certain factors that might indicate higher risk, such as but not limited to:

- Prior financial review or administrative field visit results;
- Prior involvement in managing federal grants;
- A-133 applicability; and
- Amount of award.

For VITA Grant recipients, they also consider whether the grantee sub-awards a portion of their grant and the ratio of in-kind match to other match. The Grant Program Office can also recommend recipients for their review depending on monitoring activities. Beginning in 2011, these reviews will be conducted throughout the calendar year.

The financial review process involves a review of financial management systems, policies, records and documentation of organizations awarded a grant to help assess the recipient's adequacy and compliance with VITA or TCE grant provisions and federal requirements. It is not a single audit that meets OMB Circular A-133 requirements. The financial review process consists of three phases:

1. Pre-Visit Phase
2. On-Site Phase
3. Post-Visit Phase

## Pre-Visit Phase

During the pre-visit phase, IRS contacts the recipient to request an appointment to discuss and view the organization's records pertaining to the IRS grant. The financial reviewers work to find a mutually-agreed upon date for a face-to-face review. Although reviews are generally conducted face-to-face, financial reviewers will conduct desk reviews where you may be requested to mail information in to them for review. This is often the case when low dollar grants are involved.

An Information Document Request (IDR) is sent with the initial letter showing the items needed for the review. Exhibit X is a sample of the IDR request and may be useful during program planning.

## On-Site Phase

The financial reviewer will conduct an interview, usually with the person(s) most knowledgeable about the organization's activities and operations, and review books and records. Length of the review can vary depending on the grant amount, level of documentation, etc. Following are highlights of the information and guidance used to review program expenses and matching requirements when applicable.

- Review against OMB Cost Principles – The cost principles establishes standards for Federal agencies for a uniform approach for determining the allow ability of costs.
- Source documentation - 2 CFR 215.21 - Accounting records including cost accounting records that are supported by source documentation.
- OMB Circular A-102 Subpart C Section 20(6) - Accounting records must be supported by source documentation such as cancelled checks, payroll, time and attendance.
- Records, contract and sub-grant award documentation.
- Source documentation for cash contributions - Documentation showing cash received (sources, deposit); cash outlays (payrolls, invoices, cancelled checks); and evidence of volunteer services (time and effort reports).
- Documentation of in-kind contributions – Includes name and signature of donor; detailed description of item/service; date of receipt; value of contribution; how value was determined; who made the determination; and General Ledger recordation (FASB<sup>1</sup> 116)

<sup>1</sup>Financial Accounting Standards Board

# Assurances and Certifications

These assurances and certifications apply to both the TCE and VITA grant programs. Standard Form 424B, *Assurances – Non-Construction Programs*, contains the assurances required for most federal grants. In addition, there are other certifications required for the TCE and VITA Grant programs. The additional certifications are shown in the following list.

**Note: As a recipient of a TCE or VITA grant award, your organization must ensure that any sub-awards issued to other organizations include these assurances and certifications.**

## List of Certifications

In addition to the law, principles, and regulations outlined on the Standard Form 424B, *Assurances – Non-Construction Programs*, the following additional certifications are required:

1. Certification Regarding Debarment, Suspension and Other Responsibility Matters – Primary Covered Transactions
2. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Lower Tier Covered Transactions
3. Certification Regarding Drug-Free Workplace Requirements
4. Certification Regarding Lobbying

## Certification Regarding Debarment, Suspension, and Other Responsibility Matters – Primary Covered Transactions

1. The prospective primary participant (the Applicant) certifies to the best of its knowledge and belief, that it and its principals:
  - (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
  - (b) have not within a three-year period preceding this Application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph 1(b) of this certification; and
  - (d) have not within a three-year period preceding this Application had one or more public transactions (Federal, State or local) terminated for cause or default.
2. Where the Applicant is unable to certify to any of the statements in this certification, such Applicant shall attach an explanation to this proposal.

## Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion in Lower Tier Covered Transactions

1. The prospective lower tier participant certifies, by submission of this proposal that neither it nor its principals is presently debarred, suspended, proposed for debarment, ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective lower tier participant is unable to comply to any of the above, such prospective participant may attach an explanation to this proposal.

# Assurances and Certifications

## Certification Regarding Drug-Free Workplace Requirements

1. The Applicant certifies that it will provide a drug-free workplace by:
  - (a) publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employee for violations of such prohibition;
  - (b) establishing a drug-free awareness program to inform employees about:
    - i. the dangers of drug abuse in the workplace;
    - ii. the Applicant's policy of maintaining a drug-free workplace;
    - iii. any available drug counseling, rehabilitation, and employee assistance program;
    - iv. the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
  - (c) making it a requirement that each employee to be engaged in the performance of the award be given a copy of the statement required by subparagraph (a);
  - (d) notifying the employee in the statement required by subparagraph (a) that, as a condition of employment in such grant, the employee will:
    - i. abide by the terms of the statement; and
    - ii. notify the employer of any criminal drug use statute conviction for a violation occurring in the workplace no later than five calendar days after such conviction;
  - (e) notifying the granting agency in writing, within ten calendar days after receiving notice of a conviction under subparagraph (d)ii. from an employee or otherwise receiving actual notice of such conviction;
  - (f) taking one of the following actions, within 30 days of receiving notice under subparagraph (d)ii., with respect to any employee who is so convicted:
    - i. taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
    - ii. requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency; and
  - (g) making a good faith effort to continue to maintain a drug-free workplace through implementation of subparagraphs (a), (b), (c), (d), (e), and (f).
2. The Applicant may insert in the space provided below the site(s) for the performance of work (activities carried out by the Applicant) to be done in connection with the award (Place of Performance (Street Address, City, County, State and zip Code)):

## Certification Regarding Lobbying

1. The Applicant certifies, to the best of its knowledge and belief, that:
  - (b) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Applicant, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
  - (c) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Application, the undersigned shall complete and submit Standard Form LLL, Disclosure of Lobbying Activities, in accordance with its instructions; and
  - (d) The Applicant shall require that the language of this certification be included in the award documents for all sub-awards of all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

# Assurances and Certifications

## Certification Regarding Lobbying (continued)

2. This certification is a material representation of fact upon which reliance is placed when this transaction is made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

**Note: If your organization is required to file a Standard Form LLL, Disclosure of Lobbying Activities, it may be found with other application materials on [irs.gov](https://www.irs.gov).**

## Civil Rights

As part of the application process, your organization submitted a civil rights narrative. The narrative addressed the following information specific to the function operating the VITA Program within your organization.

1. A list of active lawsuits or complaints naming the applicant which allege discrimination on the basis of race, color, national origin, age, sex, or disability with respect to service or benefits being provided. The list should include: the date the lawsuit or complaint was filed; a summary of the allegation; and the status of the lawsuit or complaint, including whether the parties to a lawsuit have entered into a consent decree.
2. A description of all pending applications for financial assistance and all financial assistance currently provided for free tax return preparation program activities by other federal agencies. For all applicants for IRS financial assistance, this information should be relevant to the organizational entity actually submitting the application, not necessarily the larger agency or department of which the entity is a part.
3. A summary of all civil rights compliance review activities conducted in the last three years by the Internal Revenue Service or other oversight agencies covering free tax return preparation activities. The summary shall include: the purpose or reason for the review; a summary of the findings and recommendations of the review; and a report on the status or disposition of such findings and recommendations. For all applicants for IRS financial assistance, this information should be relevant to the organizational entity actually submitting the application, not necessarily the larger agency or department of which the entity is a part.
4. A signed and dated Statement of Assurance Concerning Civil Rights Compliance agreeing that all of the records and other information required have been or will be compiled, as appropriate, and maintained by the applicant, recipient, or sub-recipient. This certification is provided by checking "I Agree" in block 21, SF 424 (Revision 10/2005 or later).
5. A statement that the applicant agrees to display a poster provided to them by IRS to the public that persons who believe they have been discriminated against on the basis of race, color, national origin, sex, age or disability, in the distribution of services and benefits resulting from this financial assistance or grant program may file a complaint at the following address:

Executive Director, Office of Equity, Diversity and Inclusion  
External Civil Rights Team  
1111 Constitution Ave., NW, Room 2422  
Washington, DC 20224

IRS may have contacted you to provide additional data only to the extent that it was readily available or could be compiled with reasonable effort, and was found to be necessary to make a civil rights compliance determination.

# Assurances and Certifications

## Civil Rights Review

Each application for financial assistance was reviewed for its civil rights reporting requirements by an external civil rights team staff member. Upon completion, the reviewer forwarded (or will forward) a letter of compliance to the applicant indicating the civil rights determination. Financial assistance is only awarded to the applicant once the civil rights reviewer has issued a finding of compliance or conditional compliance. Department of Justice regulations state that all federal agency staff determinations of Title VI compliance shall be made by, or be subject to review by the agency's civil rights office. Examples of data and information which, to the extent necessary and appropriate for determining compliance with applicable civil rights statutes and implementing regulations may include, but is not limited to:

- The manner in which services are or will be provided by the program in question, and related data necessary for determining whether any persons are or will be denied such services on the basis of prohibited discrimination;
- The population eligible to be served by race, color, national origin, age, sex, or disability;
- Data regarding covered employment, including use or planned use of bilingual public contact employees serving beneficiaries of the program where necessary to permit effective participation by beneficiaries unable to speak or understand English;
- The location of existing or proposed facilities connected with the program, and related information adequate for determining whether the location has or will have the effect of unnecessarily denying access to any persons on the basis of prohibited discrimination;
- The present or proposed membership, by race, color, national origin, sex, age, or disability, in any planning or advisory body which is an integral part of the program; and
- Data, such as demographic maps, the racial composition of affected neighborhoods or census data.

## Other Applicable Laws and Regulations

Federally funded programs are governed by a wide variety of federal laws and regulations. These include, but are not limited to:

- Restrictions on political activities at 18 U.S.C. §§ 595, 598, 600-603;
- The preservation requirements in the National Historic Preservation Act (16 U.S.C. § 470 et seq.) and the Archeological and Historic Preservation Act of 1966 (16 U.S.C. § 469a-1 et seq.);
- Environmental requirements of the Clean Air Act (42 U.S.C. § 7401 et seq.);
- The non-pollution requirement of the Federal Water Pollution Control Provisions (33 U.S.C. § 1251 et seq.); and
- Trafficking Victims Protection Act of 2000, as amended (22 U.S.C. § 7104).



# Appendix

## Exhibit 1 - Information Document Request

Form 4564	<b>Information Document Request</b>	<b>Request Number</b>
<b>To: (Name of Organization)</b>	<b>Subject</b>	
	<b>Submitted to:</b>	
	<b>Date:</b>	

The financial site visit or desk review is a general review of the grantee's organization and grant-related financial management systems, policies, records and documentation to help assess the grantee's adequacy and compliance with grant provisions and federal requirements. Senior management, financial, business, accounting and program officials should be available for discussions, as needed. The following documents, records and information should be readily available for on-site or desk review and discussion:

### General:

- Organizational chart showing placement of organizational units and individuals responsible for financial and programmatic matters; and
- Completion of VITA/TCE Grants Financial Review Questionnaire (submit prior to visitation or desk review).

### General Financial Management:

- Overall description of financial management/accounting system or software used;
- Financial management policies and procedures dealing with such areas as: cash management including receipts, drawdown, disbursements and payments; grant expenditures and documentation; purchasing and procurement; time sheets, payroll, and allocation of time to various cost center; travel, authorization, approval and documentation of expenses; check issuance; documentation and accounting for match; separation of responsibilities, internal controls; interest; accounting for assets and liabilities and bank statements;
- Most recent audited financial statements and report;
- Most recent A-133 audit report and management letter (if applicable);
- General Ledger, Operating Ledger, Project Ledger (if applicable); and
- Cash Receipts Journal, Cash Disbursements Journal, Purchase Journal, Payroll Journal.

### Grant Financial Management:

- Description of financial/fiscal management responsibilities – who does what;
- Chart of accounts showing organization grant(s), cost centers for fund accounting and codes;
- Internal controls and delegations of authorities to various officials to commit, prepare, review, approve, sign, issue and record various commitment or obligation documents (e.g., purchase orders, contracts, agreements, supplies, equipment, property, travel, sub-awards, professional services, checks);
- Identification of who receives, review, approves and retains vouchers, invoices and other source documents and how expenses are coded and allocated to organization's grant(s); and
- Vouchers/invoices showing their coding, allocation to organization's grant(s), recording in financial system and inclusion to periodic reports.

# Appendix

## Exhibit 1 - Information Document Request (continued)

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### Records & Reports for Grant Expenditures, Match and Withdrawals:

- Financial accounting system reports/records corresponding to the most recent Financial Status Report, etc. showing where the information comes from;
- Source documentation for entries in the financial accounting system;
- Most recent Financial Status Report;
- Supporting documentation for cash and in-kind match;
- Grantee expenditures (current & cumulative, corresponding to the most recent Financial Status Report) using grant application/award budget format. This would include grant award amounts, current expenditures, cumulative expenditures and balances by line item;
- Documentation on who prepares, reviews, signs off and submits Financial Status Reports;
- Responsibility for and frequency of payment requests and withdrawals; and
- Identification of and reports on cash on hand and use of and reporting on interest bearing accounts.

### Procurement, Contracts, Purchase Orders, and Agreements (as applicable):

- Policies and procedures and examples of procurement, purchase orders, contracts, sub-awards and agreements;
- Evidence that match amounts in accounting system and financial reports correspond to those in Financial Status Report; and
- Evidence of source documentation for all cash and in-kind match contributions.

### Time and Effort Reports:

Policy, procedures and samples of completed, signed after-the-fact timesheets, including allocation of time to more than one cost center, e.g., various Corporation grants and non-Corporation grant activities, compliance with applicable OMB Cost Principles, e.g. § 2 CFR 225, § 2 CFR 230, and § 2 CFR 220.

### Other

- Documentation of volunteer status (Form 13615), signed time records of hours served, training hours and activity and other member records;
- Sub-awards – monitoring tools, reports, payments or similar;
- Indirect and administrative costs – identification of approved rate and limitations;
- Consultants – use of and limitation on rates;
- Record retention policies and practices; and
- Property management and inventory controls.

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**Information Due By:**

**At Next Appointment**

**Mail In**

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# Glossary of Terms and Acronyms

**Advance** – A payment made by to a recipient upon its request before outlays are made by the recipient.

**Award** – Financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and cooperative agreements in the form of money or property in lieu of money, by the Federal Government to an eligible recipient.

**Cash contributions** – This is the recipient's cash contribution, including the outlay of money contributed to the recipient by third parties.

**Central Contractor Registration (CCR)** – The Federal repository into which an entity must provide information required for the conduct of business as a recipient. Additional information about registration procedures may be found at the CCR internet site (currently at <http://www.ccr.gov>).

**Clerical Support** – A person that performs such activities as: answering the phone, scheduling appointments, copying materials, maintaining information on employees or volunteers, and maintaining timekeeping records.

**Close-out** – The process by which a Federal awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and Federal awarding agency.

**Coalition** – A collaboration of community organizations that have a common interest or shared commitment to the overall goal of helping low-income families and/or elderly individuals.

**Cooperative Agreement** – An award of financial assistance that is used to enter into the same kind of relationship as a grant; and is distinguished from a grant in that it provides for substantial involvement between the federal agency and the sponsoring organization in carrying out the activity covered by the award; often used interchangeably with grant.

**Cost sharing or matching** – The portion of project or program costs not borne by the Federal Government.

**Counseling** – Providing advice, guidance and assistance regarding questions relating to individual federal income tax returns, but does not include such things as estate planning or representing taxpayers before the IRS or in judicial proceeding. For purposes of this program, it also includes the preparation of individual federal income tax returns.

**Data Universal Numbering System (DUNS) number** – A nine-digit number established and assigned by Dun and Bradstreet, Inc. (D & B) to uniquely identify business entities. A DUNS number may be obtained from D & B by telephone (currently 866-705-5711) or by internet (currently at <http://fedgov.dnb.com/webform>).

**Department of Health & Human Services (HHS)** – The United States government's principal agency for protecting the health of all Americans and providing essential human services, especially for those who are least able to help themselves.

**Direct Deposit Sign Up Form (Standard Form 1199A)** – This form is used to establish recipient account information in the Payment Management System.

**Elderly** – An individual age 60 or over. For purposes of return preparation, the individuals must be 60 or over at the close of the taxable year.

**Entity** – As defined by 2 CFR part 25, subpart C is a governmental organization, which is a State, local government, or Indian Tribe; a foreign public entity; a domestic or foreign nonprofit organization; a domestic or foreign for-profit organization; and a Federal agency, but only as a sub-recipient under an award or sub-award to a non-Federal entity.

**Executive Compensation** – Officers, managing partners, or any other employees in management positions. Compensation means the cash and non-cash dollar value earned by the executive during the recipient's or sub-recipient's preceding fiscal year. See Sub-award and Executive Compensation Reporting for additional explanation of total compensation.

**Federal Funding Accountability and Transparency Act (FFATA)** – Empowers every American with the ability to hold the government accountable for each spending decision. The act was signed on September 26, 2006.

**FSRS.gov** – FFATA Sub-award Reporting System (FSRS) is the reporting tool Federal prime awardees (i.e. prime contractors and prime grants recipients) use to capture and report sub-award and executive compensation data regarding their first-tier sub-awards to meet the FFATA reporting requirements. Prime contract awardees report against sub-contracts awarded and prime grant awardees report against sub-grants awarded. The sub-award information entered in FSRS is displayed on [www.USASpending.gov](http://www.USASpending.gov) associated with the prime award furthering Federal spending transparency.

# Glossary of Terms and Acronyms

**Generally Accepted Accounting Principles (GAAP)** – Established accounting rules used to prepare, present, and report financial statements for a wide variety of entities, including publicly-traded and privately-held companies, non-profit organizations and governments.

**Grant** – Federal financial assistance awarded to an organization to carry out a project or program.

**Grantee** – An organization that receives financial assistance directly from a Federal awarding agency to carry out a project or program.

**Grant Program Office** – The office in the Internal Revenue Services that coordinates the Tax Counseling for the Elderly and Volunteer Income Tax Assistance (VITA) grant programs.

**Grant recipient** – An organization that receives financial assistance directly from a Federal awarding agency to carry out a project or program.

**Grants.gov** – Source to FIND and APPLY for federal grants managed by the U.S. Department of Health and Human Services, an initiative that is having an unparalleled impact on the grant community.

**Intake/Interview & Quality Review Sheet (Form 13614-C)** – This form is required to be used for all returns prepared one-on-one to capture information about the taxpayer's dependents, income, and other issues with potential tax consequence and to document the quality review of the return. It is not required when the taxpayer self-prepares the return.

**Internal Revenue Service (IRS)** – The nation's tax collection agency and administers the Internal Revenue Code enacted by Congress.

**Low income** – For purposes of the VITA Program, this refers to individuals with adjusted gross income at or below the maximum Earned Income Tax Credit income limit.

**Matching of cost sharing** – The portion of project or program costs not borne by the Federal Government.

**Matching grant program** – A program or project that requires recipients to provide non-federal funds in order to obtain federal financial assistance. The VITA Grant is a matching grant program that requires a recipients provide funds on a dollar-for-dollar basis.

**Non-urban** – A non-metropolitan county. A metropolitan county must contain at least one core urban area with a population of 50,000 or more. The population may live in one county or several connecting counties and is socio-economically connected to an urban core city (typically by employment, shopping, or other major services). Non-urban is sometimes interchanged with rural.

**Office of Management and Budget (OMB)** – OMB is the largest component of the Executive Office of the President. It reports directly to the President and helps a wide range of executive departments and agencies across the Federal Government to implement the commitments and priorities of the President.

**Payment Management System (PMS)** – The system used to request and report on grant funds electronically. The system is maintained by the Division of Payment Management, which is part of the Department of Health and Human Services.

**Prime grantee** – The organization that receives financial assistance directly from a Federal awarding agency to carry out a project or a program.

**Project period** – This refers to the period covered by the grant. For TCE, the project period is October 1 through September 30. For the VITA grant, the project period is July 1 through June 30.

**Quality Reviewer** – A person, other than the individual that assisted in the preparation of the return, that checks a tax return to ensure its accuracy and completeness. Training certification for the quality reviewer must be at the intermediate or higher level.

**Quality Site Requirements (QSR)** – Practices identified by the IRS that must be implemented at the site to ensure taxpayers visiting volunteer sites receive quality service and accurate returns.

**Recipient** – An organization that receives financial assistance directly from a Federal awarding agency to carry out a project or program.

# Glossary of Terms and Acronyms

**Site** – A location established to provide free tax preparation and assistance with return filing.

**Site coordinator** – The person responsible for program coordination and various administrative duties associated with managing a site.

**Stakeholder Partnerships, Education and Communication (SPEC)** – The outreach and education division of the Internal Revenue Service, which administers the TCE and VITA programs.

**Sponsor** – When this term is used within the Tax Counseling for the Elderly Program, it identifies an organization that receives financial assistance directly from a Federal awarding agency to carry out a project or program.

**Sub-award** – This term refers to a legal instrument to provide support for the performance of any portion of the substantive project or program for which an award is received and that the recipient awards to an eligible sub-recipient.

**Sub-recipient** – An entity that receives a sub-award from a recipient and is accountable to the recipient for the use of the Federal funds provided by the sub-award.

**Tax Counseling for the Elderly (TCE)** – A program sponsored by IRS to provide tax counseling and return preparation to persons 60 years of age or older; and provide training and technical assistance to volunteers who serve the elderly community by furnishing free Federal income tax assistance.

**Territory Office** – SPEC offices located throughout the United States established to provide assistance with the TCE and VITA programs.

**Third party in-kind contributions** – The value of non-cash contributions provided by non-Federal third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

**Underserved** – This term encompasses low income taxpayers that may also be limited English proficient, elderly, disabled, Native American, live in rural or urban areas, or other hard to reach areas.

**Volunteer** – Individual under the direction of a sponsor or grant recipient that provides their services without pay to achieve the objectives of the program. Volunteers may be reimbursed for out-of-pocket expenses and remain a volunteer.

**Volunteer Income Tax Assistance (VITA)** – A program sponsored by IRS to provide free income tax preparation for low income populations in urban and non-urban locations. These populations include the elderly, persons with disabilities, limited English proficient and Native American taxpayers.