

FINANCIAL MANAGEMENT AND COMPLIANCE OVERVIEW

FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS

OVERVIEW

As a Social Innovation Fund (SIF) grantee, you will need a financial management system that will meet the Federal grant management requirements. According to Office of Management and Budget (OMB) circulars, your financial management system should:

- Identify the source and application of funds for Federally-sponsored activities including information about the total Federal awards, authorizations, obligations, unobligated balances, assets, receipts, expenditures, outlays, income and interest
- Provide effective control over, safeguarding of and accountability for all funds, property and assets
- Verify that the assets and funds are used for authorized purposes
- Include written procedures to minimize the time elapsed between receiving Federal funds and dispensing them for program purposes
- Address procedures for determining the reasonableness, allocability, and allowability of costs in accordance with the applicable cost principles and the terms and conditions of the award

MINIMUM REQUIREMENTS

In particular, your accounting system should:

- Distinguish between grant versus non-grant related expenditures
- Identify costs by program year
- Identify costs by budget category
- Differentiate between direct and indirect (administrative) costs
- Easily provide management with financial reports at both the summary and detailed levels
- Compare expenditures with budget amounts for each award (budget vs. actual reports)
- Correlate financial reports submitted to the Corporation for National and Community Service (CNCS) directly to accounting information and supporting documents (e.g., receipts and invoices)
- Track the 1:1 cash match required by SIF for both the intermediary and subgrantees, to ensure that all match funds are:
 - Verifiable from your records
 - Necessary and reasonable
 - Allowable under applicable OMB cost principles
 - Provided for in the approved budget

As a SIF grantee, you will need to incorporate these requirements and document them in your policies and procedures manual.

COMPLIANCE OVERVIEW

WHAT IS COMPLIANCE?

Compliance is a state in which someone or something is in accordance with established guidelines, specifications, and/or legislation. Any organization receiving SIF funds - including intermediaries receiving SIF funds directly from CNCS, subgrantees receiving SIF funds through an intermediary, and contractors assisting with any aspect of program implementation - will need to comply with all Federal regulations.

WHAT HAPPENS IF YOU ARE NON-COMPLIANT?

Failure to comply with regulations and requirements could lead to:

- Loss of funding,
- Repayment of funds,
- Program closure, or
- Suspension or debarment from receiving any type of Federal funds in the future.

As a potential applicant for SIF funding, please read the Notice of Funding Availability (NOFA) carefully to fully understand the compliance requirements and determine if your organization has the necessary capacity to meet them.

HOW DO YOU ENSURE COMPLIANCE?

- Familiarize yourself with the laws and requirements, including:
 - Terms and Conditions of your grant
 - The new Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance, now consolidated in 2 CFR Parts 200 and 2205)
 - [CNCS/SIF Regulations and Requirements](#)
 - [Serve America Act \(SAA\) legislation](#)
- Adopt practices and systems at the beginning of your grant that support compliance
- Incorporate rules and resources for compliance into your policy and procedures manual
- Assign staff responsibility for internal compliance, as well as subgrantee oversight and monitoring
- Consult your CNCS program officer and your grants officer when you have questions

As an intermediary, you are required to provide compliance training, tools and resources to your subgrantees.

WHAT ARE SOME IMMEDIATE TASKS YOU CAN DO TO BEGIN PREPARING YOUR ORGANIZATION FOR A SIF AWARD?

As you develop your proposal and ready your organization for the possibility of a SIF award, the following will be your most immediate tasks if your application is successful:

- Review/ modify/create new policies, procedures and systems as needed to comply with federal grant requirements
- Conduct criminal history checks of all current and new staff charging time to the grant (these checks need to be done BEFORE charging time to the grant)
- Engage appropriate evaluation staff and/or external evaluator to develop an overall SIF portfolio evaluation strategy and to inform the subgrantee selection process
- Develop a detailed subgrantee selection process and outreach plan (this process and plan must receive CNCS approval)
- Conduct outreach for subgrantees and initiate competition (after CNCS approval)