

Financial Grants Management: Building and Sustaining a Strong Foundation



Webinar Session Highlights (July 26, 2018)

Developed as part of the 2018 AmeriCorps Staff Development Series, this webinar was developed to help organizations build and sustain a strong foundation for financial grants management. Recognizing that programs without a strong foundation are at risk of waste, fraud, abuse, and/or unallowable costs, the objectives for the session were threefold: supporting grantees to build a framework for strong financial grants management foundations; sharing best practices to preserve one's foundation; and highlighting common challenges that can crumble a foundation.

Speakers:

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Overview

It is critical that grantees lay the foundation for and ensure that appropriate financial management policies, procedures, and systems are put in place so as to successfully build and maintain an AmeriCorps program. Grantees must also make sure that policies, procedures, financial systems, and staff trainings are appropriately and consistently used and applied. To begin the process of developing or reinforcing one's foundation, there are several core building blocks:

- **Notice of Grant Award (NGA):** The NGA provides guidance for building your foundation, whether it's explicitly or by reference. Within this document you'll find directions for setting up or reviewing your organization's accounting systems, conducting compliant criminal history checks, and other fundamentals. The NGA includes information such as approved project and budget periods, amount of award, match requirements, and special conditions. Upon receiving one's NGA, CNCS recommends that grantees review the document – both as individuals responsible and as a larger staff – in order to ensure sufficient comprehension.
- **Terms and conditions:** There are two types of terms and conditions – grant- and program-specific – both of which are found as links within the NGA and provide guidance for building a foundation.
 - o The **grant award terms and conditions**, issued at the same time as the NGA, serve as guiding principles for one's grant and contain key program and financial management roles. This document is binding, not only for the CNCS prime grantee, state commissions, national direct, and tribes that receive CNCS funding, but also for sub-grantees; thus sub-grantee agreements must either reference or directly link to the terms and conditions.
 - o The **program-specific terms and conditions** provide guidance related to requirements and regulations including member management, prohibited activities, timekeeping processes, and other support costs.
- **Federal Regulations:** Two documents that provide fundamental foundational information to facilitate building your framework are as follows:
 - o **The Code of Federal Regulations, Title 2 (2 CFR or Uniform Guidance)** is a one-stop guide for federal grants management that provides consistency and uniformity amongst Federal agencies. The document includes cost principles (e.g. what's allowable, allocable, reasonable, and necessary), administration requirements, and audit requirements.
 - o **The Code of Federal Regulations, Title 45 (45 CFR)** includes agency-specific guidance that has precedence over one's AmeriCorps award.
- **Accounting System Review:** The administrative requirements highlighted in 2 CFR and 45 CFR require that your organizational financial management systems are able to distinguish grant vs. non-grant related expenditures, CNCS vs. grantee shares, costs by program year, budget categories, and direct and indirect costs. Furthermore, all grant-related costs must be supported by clear documentation.

Best Practices for Preserving Foundations

The CNCS team highlighted three best practices associated with preserving financial grants management foundations:

- 1) **Policies and Procedures:** Policies and procedures are the written documents that describe an organization's rules

for operation including “what should be done” (policies) and “how to do it” (procedures). These, together with rules and regulations identified in the terms and conditions, make up what CNCS refers to as internal controls. As you review your organization’s policies and procedures, ensure that they’re implemented, documented, current, comprehensive, and inclusive. All staff should be familiar with and trained on these documents.

- 2) **Budget vs. Actual Reviews:** Organizational financial management systems must be able to compare actual expenses with budgeted amounts. Budget to actual reviews are just one tool for monitoring your organization's finances and, if applicable, providing financial oversight of your program. The processes and tools used during the review may take various forms, and yours will be determined by your organization's policies and procedures.
- 3) **Segregation of Grant-Related Duties:** As you develop your policies and procedures, ensure that your organization has adequate separation of duties to avoid one person having responsibility for all or a majority of the financial grants management responsibilities. Even if you have a small staff, there are ways to maintain separation of duties. For instance, members of your board or commission may take some responsibilities. Additionally, some tasks don’t require a financial background and can be completed by staff outside the fiscal team – after all, responsibility for effective grants management lies with all on the staff.

Documentation

A CNCS adage is, “what is not documented did not happen.” With that in mind, anything that grantees seek to count as part of grant records – including all grant-related expenses, both cash and in-kind portions of the grantee share or match – must be clearly documented. Documentation comes in many forms – from hard and soft copies to internal and external sources. Hard copies are the paper documents (e.g. purchase orders, invoices, timesheets, vouchers) whereas soft copies are the online or electronic documents that can be found via an organization’s server, CDs, or flash drives. Furthermore, internally sourced documents are those created within an organization whereas externally sourced documents are those that come from entities outside one’s organization (e.g. vendors, bank, customers, sub-recipients). Accurate documentation across forms and sources is critical to supporting grant-related values, costs, and performance criteria.

Three key areas to document based on common audit findings are:

- **Staff Time:** It is critical for staff to document their time charge, both to their federal and grantee share of their budget. This is particularly important for those working on multiple projects. While timesheets are no longer required, one must be able to track time to a particular function if less than 100% is charged to the award. Furthermore, time and effort reports should align with one’s organizational policy. Personnel record documentation should include a supervisor-approved timekeeping record, payroll register, personnel file with salary and wage information, canceled checks, and direct deposit schedules.
- **Criminal History Checks:** The terms and conditions include directions for conducting compliant National Service Criminal History Checks (NSCHC). These checks represent a huge area of vulnerability for CNCS grantees, and it's thus important that you not only take steps to conduct the checks on time, every time, but also document key elements associated with the check initiation.
- **Federal Financial Report (FFR):** All direct CNCS grantees must submit two different financial reports. The *FFR submitted through eGrants*, generally on a semi-annual basis, provides information about program expenditures. It includes information on both the CNCS and recipient share of expenditures, CNCS share that is included in unliquidated obligations, and any program income. The *FFR submitted to HHS through the Payment Management System* reports program disbursements on a quarterly basis. It’s imperative that grantees submit these reports on time as delinquent reports may result in CNCS putting funds on hold and/or affect eligibility for future funding. Key details related to FFRs are listed in the grant terms and conditions.

Resources

- [2 CFR Uniform Guidance](#)
- [AmeriCorps Rules, Regulations, Grant Terms and Conditions, and FAQs](#)
- [National Service Criminal History Checks](#)
- [Sample In-Kind Semi-Annual Report](#)
- [Recent OIG Audit Findings 08-16-2017](#)
- [Online Financial Management Courses and Other Resources](#)
- [Sample Match Tracking Worksheet](#)
- [Sample NSCHC Steps Checklist](#)