

Federal Grants Management for Fiscal Staff

Session Objectives

1. Participants will be provided with basic information to help them successfully manage their Federal grant.
2. Participants will have an opportunity to ask financial grants management questions.

Brainstorming



What questions do you have?

What do you hope to learn?

Basics of Financial Management

- Accounting system with detailed chart of accounts
- Proper documentation of expenditures
- Appropriate time and activity reporting
- Procedures to ensure costs are allowable
- Written cost allocation plan
- Regular review of budget to actual expenses
- Strong system of internal controls
- Written policies and procedures
- Risk-based monitoring
- Effective program management

Nat'l & Community Svc. Act of 1990

Code of Fed. Regulations (CFR)

OMB Circulars (part of CFR)

State & Local Regulations

NOFO

Notice of Grant Award

Certifications and Assurances

Provisions

OMB

- The [Office of Management and Budget](#) (OMB) oversees and coordinates the Federal government's administration procurement, financial management, information, and regulatory policies. OMB's role is to help improve administrative management, to develop better performance measures and coordinating mechanisms, and to reduce any unnecessary burdens on the public.

Changes to the OMB Circulars

- The OMB Circulars were first published in 1952.
- Most were recently incorporated into the Code of Federal Regulations
- The content and information is the same, however incorporating them into the CFR gives them more legitimacy.

Revised Grant Guidelines

Effective May 11, 2004 and August 31, 2005

Federal Grant Guidelines	Universities	States, Local, Indian Tribal Governments	Non-Profits	Hospitals
Administrative Requirements	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)	§ 45 CFR 2541 OMB A-102	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)
Cost Principles	§ 2 CFR 220 (formerly A-21)	§ 2 CFR 225 (formerly A-87)	§ 2 CFR 230 (formerly A-122)	§ 45 CFR 74 (HHS regulations)
Audit Requirements *	OMB A-133	OMB A-133	OMB A-133	OMB A-133

Notes:

CFR = Code of Federal Regulations

* = Organization is subject to A-133 if it expends more than \$500,000 of Federal funds in its fiscal year

What can be found in the Circulars?

The Circulars provides guidance and requirements relevant to the grant in the following areas:

- Cost Principles
- Administrative Requirements
- Audits



Source of Critical Compliance Information

1. Provides information on cost allocation
2. Lays out guidelines regarding documentation of time & activity reporting
3. Communicates A-133 Audit thresholds
4. Defines allowable costs
5. Defines indirect or administrative costs
6. Includes specific financial requirements

Cost Principles

- Provide guidance for determining the allowable costs incurred by organizations
- Designed so that Federal awards bear their fair share of costs
- Provide guidance about reimbursement requirements
- Provide uniform standards of allowability and allocation
- Encourage consistency of treatment of costs



Standards of Allowability

- Reasonable
- Necessary
- Allocable
- Authorized and legal
- Within cost limits
- Treated consistently
- Meets Cost Accounting Principles and Standards
- Not double charged
- Well documented

Reasonable



A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

Cost Principles

Examples of costs described in Circular:

- Advertising and public relations costs
- Compensation for personal services
- Memberships, subscriptions, and professional activity costs
- Recruiting costs
- Rental costs
- Training and education costs
- Travel costs



Administrative Requirements

Examples of items addressed in Circulars

- Pre-award policies
- Special award conditions
- Purpose of financial and program management
- Standards for financial management systems
- Cost sharing or matching

Audit Requirements

OMB-133 Audit

- Standards for obtaining consistency and uniformity among Federal agencies for the audit of organization's expenditure of Federal funds.
- Applicable to organizations that expend \$500,000 or more of federal funds in a fiscal year.



Document Internal Controls through Policies & Procedures

Documented Policies and Procedures are important because:

- They are the standards for the organization's operations
- They help in maintaining information that is crucial to operations that would otherwise remain in employees' "heads"
- They help in orienting new employees and substitutes if the appropriate personnel are absent

Written Policies and Procedures

Assist with consistency and clear communication of expectations:

- Policies set expectations of “what is to be done”
- Procedures or processes describe “how is it to be completed”
- Effective ones explain the rationale and include examples of principal transactions and completed forms

Examples of Key Policies & Procedures

- Authorizations of transactions
- Payroll procedures
- Cash receipts procedures
- Procurement Policies
- Travel regulations
- Financial Reporting
- Budgeting
- Record Retention
- Conflict of Interest
- Timekeeping

Match or Grantee Share

- There are matching requirements on most of the CNCS grants
- Match is the share of total costs that the grantee contributes from cash or in-kind sources
- The regulatory requirements for matching funds are the same as the requirements for Federal grants funds.
- You need to ensure that the match (grantee share) is allowable under the grant requirements.

Critical Elements for Financial Reporting

Timely – Ensure all deadlines are met.

Accurate – Use accounting data that has been reviewed.

Complete – Reports should contain all pertinent information relating to reporting period.



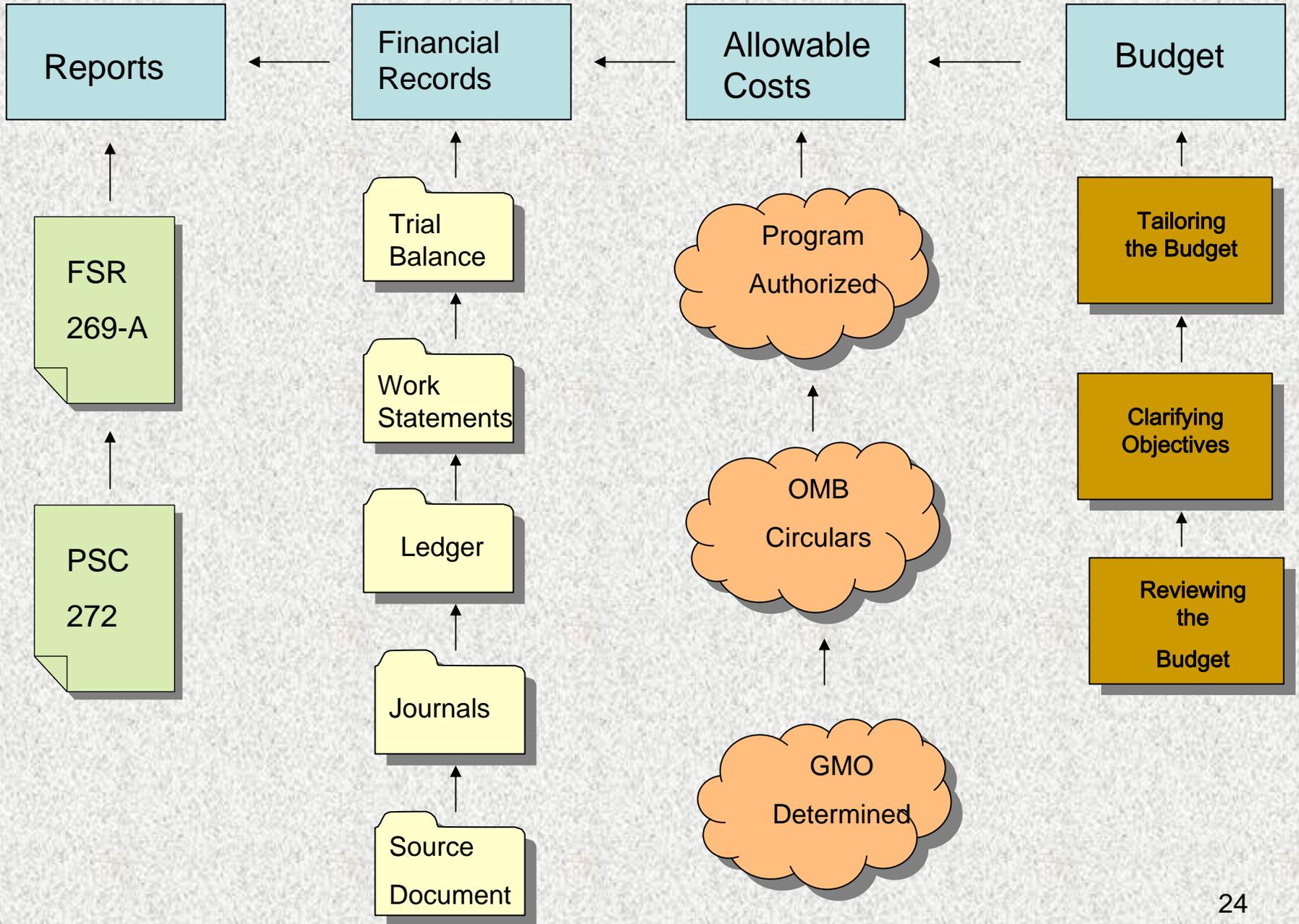
Key Accounting System Requirements for Accurate Reporting

System must be capable of:

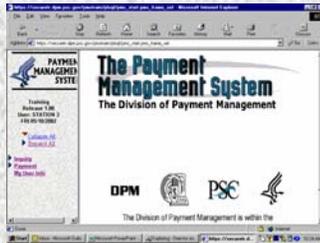
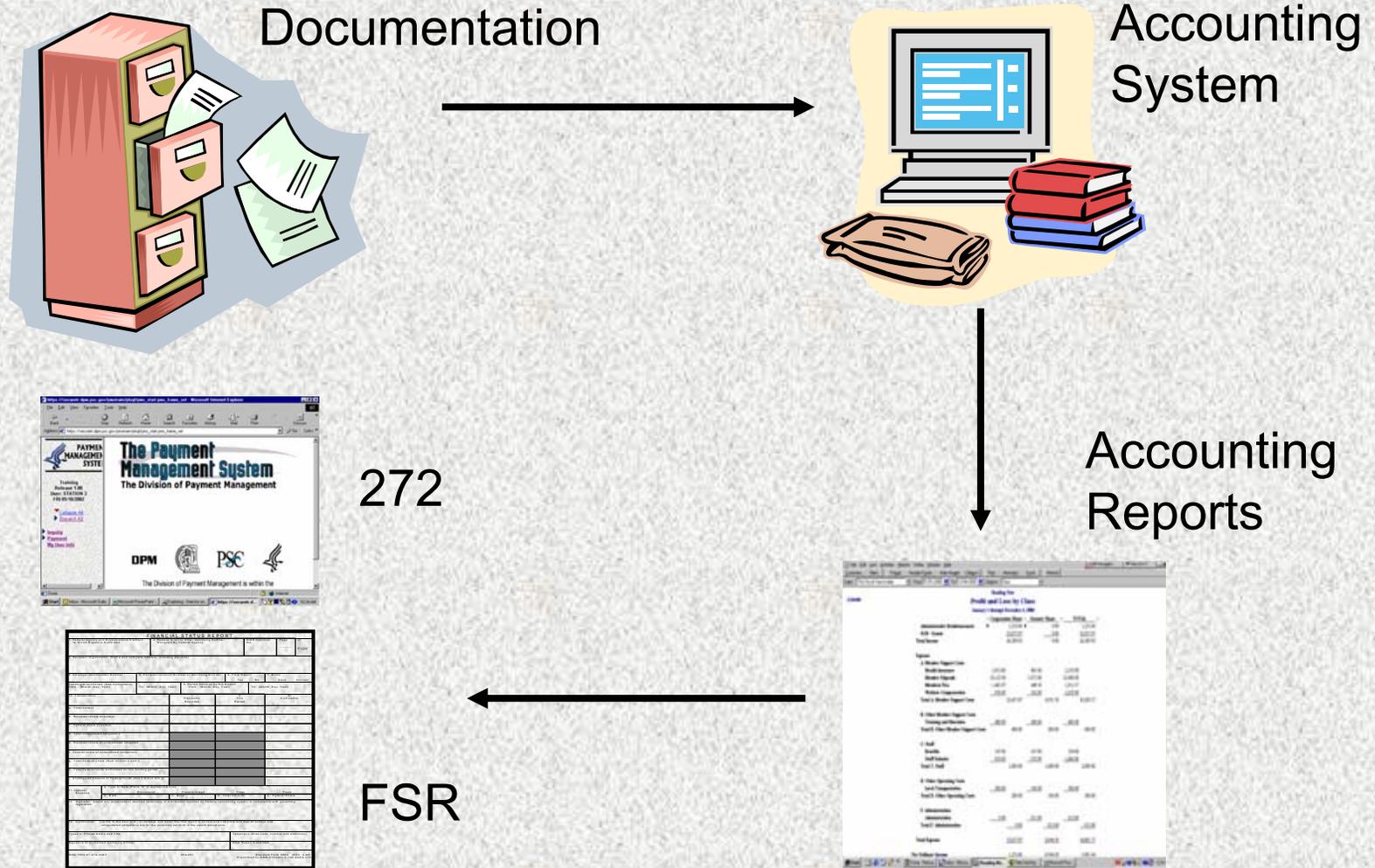
- Distinguishing grant versus non-grant related expenditures
- Identifying costs by program year
- Identifying costs by budget category
- Differentiating between direct and indirect costs (administrative costs)
- Distinguishing matching funds separately from grant funds
- Recording in-kind contributions as both revenues and expenses

Key Elements of Financial Reporting

- There should be proper documentation in the files to support all information reported in financial report.
- All financial reports should be prepared with information that comes directly from the organization's accounting system.
- There should be a review and reconciliation of the information to ensure accuracy prior to report submission.



Develop a Clear Audit Trail



272

The screenshot shows a detailed financial and grants report table with multiple columns and rows of data, including various financial metrics and grant information.

FSR

The screenshot shows an accounting report table with columns for 'Budgeted Amount', 'Actual Amount', and 'Variance'. The table lists various categories such as 'Salaries', 'Benefits', and 'Travel', with corresponding numerical values.

What are Budget Controls?

- Reviews of budget to actual expenses regularly to avoid cost overruns
- Identification of expenditures that many not be budgeted to ensure they can be claimed
- Identification of expenditures that may need approval before being claimed

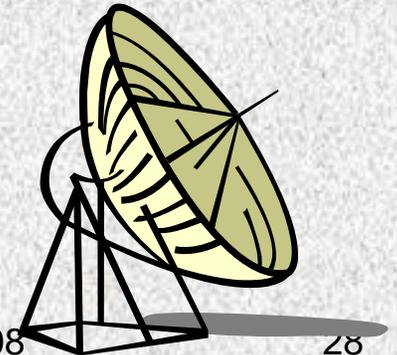
Key Budgetary Controls

Budgetary controls include:

- Regular monitoring of budgets to actual year-to-date and current period expenditures or outlays
- Explaining any budget variations that are unexpected or unusual and determining necessary adjustments
- Ensuring compliance with laws, regulations, and CNCS provisions, particularly matching percentage requirements
- Requesting prior approvals for modification, if necessary
- Assuring budget changes are properly approved

Items to Have on Radar

- Read and understand the award terms and provisions and revisit award requirements frequently throughout the grant
- Familiarize all staff with provisions, regulations and program policies and procedures
- Ensure supporting documentation relates directly to program funded by the CNCS grant
- Establish documentation for expenditure requirements to ensure costs are allocable, allowable, necessary, and reasonable
- Maintain records and establish a written record retention policy
- Develop good internal controls
- Ask questions and get approval as needed before acting



Useful Links

Grant Regulations

http://www.cns.gov/for_organizations/manage/index.asp

OMB Circulars

<http://www.whitehouse.gov/omb/circulars/>

Federal Register (Code of Federal Regulations)

<http://www.gpoaccess.gov/fr/index.html>

Resource Center (My Improvement Plan)

www.nationalservicerresources.org

ECourses: Key Concepts of Financial Management & Budgeting (for each stream of service)

http://nationalservicerresources.org/resources/courses/financial_management.php



Taking it Home!

1. Staff working on grant should review “Rules”
2. Strong financial system are critical to proper administration of a federal grant
3. Self assess organization’s strengths and weakness to determine where to focus on improvements
4. Be sure to create written polices and procedures
5. Meet with program staff to outline responsibilities and information that will be requested of one another.