

Grants Management Updates



AmeriCorps State and National 2015 Symposium



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

Welcome!

- Introductions
- Audience participation is key
 - Ask questions
 - Share experiences
 - Ask more questions



You need to know...

Session information is based on
CNCS and Federal laws, rules, and regulations;
CNCS grant terms and provisions;
and generally accepted accounting and
financial principles and practices.

Some organizations
may impose additional requirements.

Topics

- Common Audit Findings
- Uniform Guidance
- IPERA



Common Audit Findings

Subgrantee Monitoring

Member Eligibility

Time & Attendance

Match

Others

Subgrantee Monitoring

Finding: Grantee does not have adequate monitoring procedures in place to ensure subgrantee systems can manage Federal funds and comply with all program requirements

- For example: subgrantee monitoring plan is not implemented; no documentation of monitoring; or no follow-up to resolve findings

Subgrantee Monitoring

Preventive Actions:

- The primary grantee needs to develop **policies and practices** that assure subgrantee compliance and fiscal performance
- Efforts should focus on:
 - Pre-Award
 - Post-Award

Subgrantee Monitoring

Pre-Award

- Survey the potential subgrantee's accounting system, policies procedures & internal controls
- Review organization's OMB A-133 audit and, if applicable, the IRS Form 990
- Ascertain experience with Federal, state and/or foundation grants & project cost accounting
- Construct a well-developed subgrantee agreement/contract incorporating required Federal and any state provisions
- Use information to develop a fiscal, technical assistance or corrective action plan, if needed
- Develop a **risk-based monitoring strategy**

Subgrantee Monitoring

Post-Award

- Provide start-up training
- Implement early desk and site reviews for higher risk subs
- Develop a robust monitoring tool
- Provide timely feedback to subgrantees from all reviews
- Establish corrective action plans, when needed, with specific expectations and timelines
- Follow up on a regular basis
- Take action, when necessary, including withholding payments or notification of suspension or termination

Member Eligibility

Finding: Lack of documentation

- Member's age
- Criminal record/sex offender check
- U.S. Citizen or Permanent Resident Alien

Member Eligibility

Preventive Actions:

- Ensure staff understand all regulatory requirements
- Document age eligibility, educational attainment and any related agreement and preserve copies of documents
- Conduct appropriate National Service Criminal History Checks
 - Understand requirements for staff & participants
 - On all grant-funded (including match) staff & enrolled members
- Understand and document program specific participant requirements for eligibility, such as qualifications for tutoring programs or for professional corps - high school or other degree & curriculum requirements

Member Eligibility

- Create written policies and procedures that clearly delineate the requirements for eligibility documentation, screening, and maintenance of records
- Initiate necessary reviews, decisions on eligibility and final signoff for 'enrolling' participants
- Incorporate internal controls that provide review of decisions and documentation by the Project Director, in addition to someone else at a higher level
- Conduct periodic sampling of participant files

Time & Attendance

Finding: Time and effort of staff and members is not properly documented.

Timesheets:

- Not signed by supervisor and participant/employee
- Hours added incorrectly
- Missing timesheets

AmeriCorps Members:

- Training/fundraising hours are not segregated or hours exceed limits
- Timesheets do not support certification of hours for education award

Time & Attendance

Preventive Actions:

- Implement procedures whereby all timesheets are reviewed and approved by a supervisor before sent to payroll
- Whether treated as direct or indirect costs, or paid by Federal funds or match, timesheet must:
 - Be maintained for all staff whose compensation is charged, in whole or in part, directly to awards
 - Reflect an after-the-fact determination of the employee actual activity that is aligned with the payroll period
 - Account for the total activity of each employee on the grant and other projects
 - Be signed by the employee or supervisor having first hand knowledge
 - Be prepared at least monthly and must coincide with one or more pay periods

Match

Findings: Match not met, undocumented, unreasonable, not approved in budget or uses unauthorized Federal funds:

- Cash & in-kind not supported by adequate documentation or verifiable grantee records
- Other Federal funds used as match
- Match claimed was not necessary to operate grant or outside of grant period

Match

Preventive Actions:

- Know the statutory, regulatory and other match requirements
- The same requirements apply to match as to all Federal costs. All costs must be:
 - Allowable
 - Reasonable
 - Allocable
 - Consistently Applied
 - Expensed in the accounting system
 - Supported by adequate & appropriate documentation



Match

- Maintain all documentation of match and ensure subgrantees do also
- Apply the same standards of documentation for match expenditures as for Federal funds
- Do not record in-kind or other match until the documentation is obtained and sufficient
- Record claimed in-kind match in the accounting system required by financial accounting standards
- Do not record the same costs on two separate National Service programs either as match or direct expenses or combination thereof

Other Findings

Financial Systems and Internal Controls Findings:

- Accounting systems and internal controls are inadequate to report grant expenditures, or management controls are insufficient to safeguard Federal funds
- Financial reporting is incomplete, most recent A-133 audit has not been sent to the Federal Clearinghouse
- Records do not identify cost by programmatic year, by budget line item, or do not differentiate between direct and indirect costs or administrative costs
- Lack of written **policies and procedures**
- Inadequate internal controls for separation of duties

Uniform Guidance – Overview

Overview:

- New regulation, “Uniform Guidance”, consolidated 8 circulars into a single set of rules to govern grantmaking across the Federal government
- Supersedes and streamlines requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102, A-133, and A-50 Single Audit Act follow-up
- Accomplished what was thought impossible to do

Uniform Guidance – Overview

Grants and Financial Management Updates from CNCS Related to the Uniform Guidance (with date posted):

- A New Way to Get Crucial Grants Updates - 05/16/2014
- Update #3 on OMB Consolidation of the Grant Management Circulars – 05/22/2014
- Join Us for a Webcast on Thursday, October 2nd, 1:00-3:00 PM – 10/01/2014
- What You Need to Know about the SuperCircular Update - 11/04/2014
- When does the new Super Circular (Uniform Guidance) take effect? - 11/05/2014
- Required Reading: OMB's Uniform Guidance for Federal Awards - 12/30/2014
- New Uniform Guidance for CNCS Grants - 02/03/2015
- New Tool to Provide Feedback on the Uniform Guidance - 02/27/2015
- New Requirement to Record Your Indirect Cost Rate in eGrants - 03/19/15

Key Changes for CNCS Grantees

The impacts highlighted by CNCS:

- §200.112 Conflict of Interest
- §200.113 Mandatory Disclosures
- §200.303 Internal Controls
- §§200.317-200.326 Procurement
- §200.331 Requirements for pass-through entities
- §200.414 Indirect Cost
- §200.501 Audit Requirements

Conflict of Interest

§200.112. Conflict of Interest

This rule requires grantees (recipients and subrecipients) to **disclose, in writing, potential conflicts of interest. CNCS added this requirement to the General Grant Terms and Conditions.**

Why is this important?

Failing to identify a conflict of interest puts the recipient at risk of allowing improper considerations influence or appear to influence the rating and ranking of subaward or contract applications, as well as other matters. Undisclosed conflicts of interest could result in disallowed costs or other penalties up to and including termination of your grant.

What You Should Do:

Grantees must develop and implement Conflict of Interest policies and procedures ensuring timely disclosure to CNCS if they are not already in place.

Mandatory Disclosures

§200.113. Mandatory Disclosures

Requires grantees to **disclose, in writing, any violations of Federal criminal law related to fraud, bribery, or gratuity violations potentially affecting the Federal award.**

Why is this important?

Undisclosed mandatory disclosures could result in disallowed costs or other penalties up to and including termination of your grant, as well as potential suspension or debarment.

What You Should Do:

Non-federal entities must review this section to ensure they understand their reporting obligations, and have established adequate internal controls to ensure reporting obligations are met.

Internal Controls

§200.113. Internal Controls

Requires grantees to **establish and maintain effective internal controls over the award to ensure that the grantee is managing the award in compliance with applicable federal statutes, regulations, and the terms and conditions of the award.**

Why is this important?

Implementing Internal Controls is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations
- (b) Reliability of reporting for internal and external use; and
- (c) Compliance with applicable laws and regulations.

Internal Controls

Grantee errors, omissions, and questioned costs caused by inadequate internal controls may be deemed willful neglect and held to a higher standard of accountability for questioning and recovery of costs than those caused through a failure to adhere to well-developed Internal Controls.

What You Should Do:

Review the best practices found in:

- “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General
- “Internal Control Framework” issued by the Committee on Sponsoring Organizations (COSO)

Procurement

§§200.317-200.326. Procurement.

Contracts must be established and managed in accordance with the procurement requirements in 2 CFR Part 200. Grantees must have written procurement policies and procedures that demonstrate a fair and reliable process, with standards of conduct addressing conflicts of interest, for obtaining grant-funded goods and services.

Nonprofit organizations and institutions of higher education may continue to comply with the Procurement Standards in OMB Circular A-110 for one additional fiscal year. Such election must be specified in the non-federal entity's documented policies and procedures.

Procurement

Why is this important?

Failing to follow the Procurement Standards in acquiring grant-funded goods and services may result in the disallowance of the claimed costs by the awarding agency.

What You Should Do:

- Ensure policies and controls are in place to guide competition and a bidding process, outlined in the Uniform Guidance.
- Procedures must also guard against the acquisition of unnecessary or duplicative items.
- Grantees must maintain records that detail the history of the procurement.
- Internal controls must provide for effective oversight and monitoring to ensure compliance with your procurement procedures.

Requirements for Pass-Through Entities

§22.331 Requirements for Pass-Through Entities

All of the requirements placed on the prime grantee must flow through to the sub-recipients; Grantees and subrecipients must follow the requirements which are applicable to their type of organization, not the type of organization who is granting them the funds.

Why is this important?

CNCS will be focused on ensuring that prime grantees are ensuring that their subrecipients comply with all Uniform Guidance requirements.

What You Should Do:

Make sure requirements are established to ensure that all requirements placed on the prime grantee flow through to the subrecipients, using terms and conditions attached to all subawards and contracts.

Indirect Costs

§200.414 Indirect Cost

Grantees have options to recover costs expended in the process of managing federal awards.

- Grantees charge allocable administrative costs directly (Direct Charge) as long as those costs are charged the same consistently across all federal awards.
- Grantees receiving direct federal funds may apply for a federally negotiated indirect cost rate from their cognizant agency.
- Grantees receiving only federal pass through funds may use a state negotiated indirect cost rate on CNCS awards.
- Eligible grantees may elect to use a flat de minimis rate based on 10% of modified total direct costs (MTDC)
- Where CNCS permits, AmeriCorps grantees may use 5% of federal funds for administrative costs and 10% matching for administrative costs.

Indirect Costs

Why is this important?

CNCS will focus on ensuring that grantees have used the appropriate method for charging indirect costs and that they have calculated it accurately.

Grantees are accountable for any and all inaccuracies, which may lead to an adjusted claim.

What You Should Do:

- Attend Rhonda's Wednesday (916), 11am training on Indirect Cost Rates, in Potomac II
- Update your eGrants account to record your indirect cost rate information
- Be alert for updates

Audit Requirements

§200.501. Audit Requirements

Raises the single audit threshold to \$750,000. Some grantees required to conduct an A-133 audit in the past will no longer be required to do so.

Why is this important?

CNCS will focus on ensuring that grantees have used the proper threshold for determining whether an A-133 audit is appropriate. This may also save grantees on their audit budget. Failing to perform timely audits may result in a hold being placed on grant funds or denial of funding.

What You Should Do:

All grantees should obtain audit training which will include determining when an A-133 audit is required and when it is not. Grantees falling below the \$750,000 threshold will be monitored under CNCS's standard operating procedures, including OIG audits.

What comes next?

- **Office of Management & Budget (OMB) plans to:**
 - Update FAQs
 - Issue technical corrections
 - Monitor agency metrics for impact
- **CNCS plans to:**
 - Issue advisories on the 7 key impacts – are you signed up for GovDelivery?
 - Develop staff grant and program officer guidance for oversight of grantees

IPERA



Best Practices – what have you learned?

Questions



For More Information

- Contact your Grants Officer or Program Officer; their contact information is on the Notice of Grant Award

