



Avoiding Common Issues and Pitfalls



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 



Financial and Grants Management Institute
April 24 - 25, 2012



You need to know . . .

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

Some state commissions, national grantees, or parent organizations may impose additional requirements.



Welcome!

- Introduction of trainer and CNCS staff
- Program types represented
 - Senior Corps, AmeriCorps, SIF, NCB, 9/11, MLK
- Special Note for Fixed-Amount Grantees
 - Fixed-Amount grants include Education Award programs, Professional Corps and other national service Fixed-Amount Grants for both AmeriCorps and Senior Corps
- Questions
 - As we go . . . ask clarifying questions and provide your experiences
 - Questions at the end as time permits
- We will do a small group activity as time permits



Session Objectives

1. Recognize the primary *compliance findings* from OIG audits & CNCS site visits
2. Understand the *Potential Consequences* of common pitfalls
3. Identify *Preventive Actions* to “Sail through CNCS site visits & survive the choppy seas of audits”

CNCS Programs Targets

AmeriCorps

- State & National
- VISTA



Special Initiatives

- Social Innovation Fund (SIF)
- Nonprofit Capacity Building Program (NCBP)
- Volunteer Generation Fund
- 9/11 Day of Remembrance
- MLK Day of Remembrance

Senior Corps

- Senior Companion Program (SCP)
- Foster Grandparent Program (FGP)
- Retired Senior Volunteer Program (RSVP)





Common Findings: Reflections from site visits, audits and grantee experiences

- Participant eligibility to serve is not documented
- Funded staff eligibility to work on project is unclear
- Criminal History Check not properly done or documented
- Inadequate time and activity records for grant *staff*
- Deficient participant management:
 - Service hours record-keeping
 - Participant contracts/agreements and job descriptions; incorrect stipends and living allowances
 - Education award certifications for hours & eligibility



Common Findings

- ❑ Inadequate or no documentation for match
- ❑ Inadequate documentation of in-kind donations
- ❑ Financial reports don't reconcile with general ledger
- ❑ Inadequate processes for subgrantee monitoring
- ❑ Inadequate financial systems and internal controls
- ❑ Lack of written policies and procedures
- ❑ Program specific requirements not met



Consequence → Costs Questioned

- A sample year:
 - Federal Costs claimed = \$228M
- Costs Questioned:
 - Federal Funds: \$ 8M
 - Participant Stipends \$ 1.3M
 - Unallowable costs \$ 2.7M
 - Budget & Reporting \$ 4.0M
 - Match Funds: \$ 18.5M
 - Education Awards: \$ 3.7M*

* Grantee liability can extend beyond the amount of Federal grant funds awarded to include inappropriate education awards to AmeriCorps members



Major Findings, Consequences, and Preventive Actions



Participant Eligibility

Finding: Lack of documentation of

- Participant's age
- Criminal record/sex offender check
 - **Note:** All participants must have a National Criminal History Check
- Or *program specific* eligibility:
 - **AmeriCorps:** U.S. Citizen or Permanent Resident Alien
 - **Senior Companion/Foster Grandparent:** Income limitations



Participant Eligibility

Potential Consequences:

- ❑ All payments (any stipends, health/child care or other or other participant reimbursements) disallowed
- ❑ Education Awards for eligible participants disallowed
- ❑ Extent and severity of findings could result in grant termination or other actions
- ❑ If all/most participants are undocumented or ineligible, all grant funds may be disallowed



Participant Eligibility (cont'd)

Preventive Actions:

- Ensure staff understand detailed 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 participants
- 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*

Participant Eligibility (cont'd)

See Handout 1

- ❑ 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 – Participant

Finding:

Timesheets: Stipended Volunteers (FGP/SCP) & Members (AmeriCorps) :

- ❑ Not signed by supervisor and participant
- ❑ Don't add correctly
- ❑ 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 – Participant

- **Potential Consequences:** Unsupported time can result in disallowed stipends, benefits or education awards
- **Preventive Actions:** Written Policies & Procedures; periodic sampling; use timesheets aligned with the project type that contain required information for the participant:
 - Daily record all time and activity
 - Participant **and** supervisor: sign & date
 - Time allocation for fund-raising, if required

Note: *Professional Corps* programs may follow the timekeeping practices of their profession (with approval from CNCS) and certify participant required hours

Senior Corps: FGP or SCP Timesheet

Site		ID #		Timesheet # 10						
				Due No Later Than		11/29				
Name of Volunteer (Print)				Signature of Site Supervisor						
Signature of Volunteer										
	What Time ?	Hours		Carfare			Meals		L e g e n d	V = Vacation
Date	Started	Finished	per Day	To Client	Home	Total	Y	N		S = sick
11/13/06	:	:				\$				P = Personal
11/14/06	:	:				\$				H = Holiday
11/15/06	:	:				\$				B = Bereavement
11/16/06	:	:				\$				JD = Jury Duty
11/17/06	:	:				\$				
11/20/06	:	:				\$			R e m a r k s	
11/21/06	:	:				\$				
11/22/06	:	:				\$				
11/23/06	H	H				\$				
11/24/06	:	:				\$				
Total Hours				Total Travel Cost		\$				



AmeriCorps Member Timesheet



ABC Non-Profit * 1234 United Blvd., Dallas, TX 75555
 Telephone: (214) 555-6644; FAX (214) 555-7755
 Email: ABCNonprofit@aol.com

For program administration use only

 Hours entered into OnCorps on:

Member Name: A. Mary Corps
 Title: AMC Member
 Department: Service Program

Project Name: Happy Kids After School Program
 Pay Period: 6/21/10 to 7/4/10
 Supervisor: Len S. American

Member Service Log												
Day	Dates	Morning Hours			Afternoon Hours			Total Activity Hours				
		In	Out	# of Hours	In	Out	# of Hours	Total Hours	Direct Service	Training	Fund-raising	
Monday	6.21.10	8:00	12:00	4	1:00	5:00	4	8			8	
Tuesday	6.22.10	8:00	12:00	4	1:00	2:00	1	5		5		
Wednesday	6.23.10	8:00	12:00	4	1:00	5:00	4	8	8			
Thursday	6.24.10	8:00	12:00	4	1:00	8:00	7	11	11			
Friday	6.25.10	8:00	12:00	4	1:00	4:00	3	7	7			
Saturday	6.26.10											
Sunday	6.27.10											
Monday	6.28.10	9:00	12:00	3	1:00	5:00	4	7		7		
Tuesday	6.29.10	8:00	12:00	4	1:00	3:00	2	6	6			
Wednesday	6.30.10	8:00	12:00	4	1:00	5:00	4	8	8			
Thursday	7.1.10	8:00	12:00	4	1:00	5:00	4	8	8			
Friday	7.2.10	8:00	12:00	4	1:00	4:00	3	7	7			
Saturday	7.3.10											
Sunday	7.4.10											
Total Hours:								75	55	12	8	

See Handout 2

By signing below, I hereby attest that the time recorded on this time sheet is true and accurate to the best of my knowledge

 Member Signature

 Date

 Supervisor's Signature

 Date

Member Service Log Instructions:

1. Complete service log on a daily basis, noting activity type for all time.
2. Track hours in 15-minute increments, using these fractions:
 1 - 15 minutes = .25 ~ 16 - 30 minutes = .50 ~ 31 - 45 minutes = .75 ~ 46 - 60 minutes = 1.00
3. Lunch breaks should not count as service hours unless the lunch hour includes structured activities like speakers and trainings
4. Check math to make sure hours are added properly.
5. All service logs must be signed and dated by BOTH member and supervisor.
 Your service log will be sent back to you for completion if this information is missing
6. Member must submit timesheet to his/her supervisor by the last day of the pay period.
7. Sign timesheets with ink pen only (not pencil or erasable pen)
8. Do not use "White Out" to correct mistakes. Line through the error, write in the correct number, and initial the correction

NOTE: Electronic timesheets are allowed when a grantee (1) has an established, written policy establishing the use of electronic timekeeping systems; (2) has a secure, verifiable electronic signature system that a) identifies and authenticates a particular person as the source of the electronic signature, and b) indicates such person's approval of the time; and (3) does not allow changes to the electronic record once appropriate electronic signatures have been applied unless there is a clear, auditable record of the revision.



Sample: Timesheet Instructions - Participants

- ❑ Complete service log and submit in a timely manner
- ❑ Only hours served should be documented, do not include lunch breaks as service hours
- ❑ Divide your total hours according to the activities you performed (for AmeriCorps direct service, training or fundraising)
 - Record these activity hours in the appropriate columns
- ❑ All totals should be mathematically correct
- ❑ All service logs must be **signed and dated by member and site supervisor**
- ❑ Sites must maintain a file with the original service logs
- ❑ Never use whiteout to make corrections – throw it out!!!
- ❑ Use a permanent means to document all time, i.e., never use pencils or erasable pen



Other Participant Findings

- **Member Service Agreements** are signed late, after beginning of service; not prepared; or do not meet CNCS grant provisions and regulations
 - **Note:** For AmeriCorps beginning in 2010, the member service agreement must specify the amount (\$) of the education award upon successful completion
- **Participant Appraisals/Evaluations** are not conducted or maintained; participants serve a second term without formal evaluations supporting successful completion of the first term



Time & Attendance – Staff Activity Reports

(Not applicable to Fixed-Amount Grants)

Finding:

- Inadequate time and activity documentation to support charges to the grant of a non-profit
 - Salaries and wages charged to the grant for NON-PROFITS:
 - On the basis of budgeted amounts
 - Based on estimates
 - On the basis of the specific grant activity only, when also involved in other activities
 - Unsigned timesheets
 - Time not allocated among various activities
 - Rules for STATE and HIGHER ED grantees vary to some degree



Time & Attendance – Staff Activity (cont'd)

Potential Consequences:

- Entire claimed salaries & wages over the course of the grant may be disallowed; or grantee staff spend excessive time on alternative documentation years after the fact

Preventive Actions:

- Understand Federal requirements for timekeeping by organization type:
 - Non-profit Organizations – 2 CFR § 230 (OMB A-122)
 - Educational Institutions – 2 CFR § 220 (OMB A-21)
 - State, Local & Indian Tribal Governments – 2 CFR § 225 (OMB A-87)

Note: Fixed-Amount Grants are exempt from the Cost Principles above and timekeeping for staff



Time & Attendance – Staff Activity (cont'd)

- Salaries, Wages & Fringe Benefits must be:
 - **Reasonable** – consistent with that paid for similar work
 - **Allocable** – incurred specifically for grant
 - **Allowable** – no unallowable activities, such as general public relations and lobbying



Time & Attendance – Staff Activity (cont'd)

Preventive Actions:

- Use timesheets that align with the payroll period to report all activities of the employee, both on the grant and other projects
- 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 (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards
 - Reflect an after-the-fact determination of the employee actual activity (not budgeted)
 - Account for the total activity of each employee
 - 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

ABC Non-profit

1234 United Blvd.
 Dallas, TX 75335
 Telephone: (214) 555-6666; FAX: (214) 555-7777

BI-WEEKLY TIME SHEET

Employee Name: Jane Q, Coordinator
Title: Program Coordinator
Department: Service Program

Project Name: Happy Kids After School Program
Pay Period: 6/21/2010 to 7/4/2010
Supervisor: On Lee N. Americas

Days	S	M	T	W	TH	F	S	S	M	T	W	TH	F	S	Total Hrs.
Date	6.21.10	6.22.10	6.23.10	6.24.10	6.25.10	6.26.10	6.27.10	6.28.10	6.29.10	6.30.10	7.1.10	7.2.10	7.3.10	7.4.10	
Task or Grant Project															
AmeriCorps After School Program		5	4.75	4.5		2			4	8	7	8	8		51.25
Fundraising*				2							1				3
Headstart Program		3				6			4						13
Annual Leave				1.5											1.5
Sick Leave			3.25		8										11.25
Holiday															0
Leave: Other															0
TOTALS:	0	8	8	8	8	8	0	0	8	8	8	8	8	0	80

By signing below, I hereby attest that the time recorded on this time sheet is true and accurate to the best of my knowledge.

 Employee Signature

 Date

 Supervisor's Signature

 Date

Instructions:

1. Calculate all time in 15 minute increments, for example: 1.25, 2.50, 4.75.
 2. Employee must submit timesheet to his/her supervisor by the ___ day of the pay period.
 3. Sign timesheet with ink pen only (no pencil, no erasable pen).
 4. Do not use "white-out" to correct mistakes, instead cross-out the error, write-in the correct number, and initial correction.
- * = Do not charge time spent in organized fundraising solely to raise capital to Federal grants, whether to Federal or non-Federal share

NOTE: Electronic timesheets are allowed when a grantee (1) has an established, written policy establishing the use of electronic timekeeping systems; (2) has a secure, verifiable electronic signature system that a) identifies and authenticates a particular person as the source of the electronic signature, and b) indicates such person's approval of the time; and (3) does not allow changes to the electronic record once appropriate electronic signatures have been applied unless there is a clear, auditable record of the revision.

See Handout 3



Match (not applicable to Fixed-Amount Grants)

Findings:

- Match not met, undocumented, unreasonable, not approved in budget or uses unauthorized Federal funds:
 - Cash & *in-kind* (not SIF or NCBP) not supported by adequate documentation or verifiable grantee records
 - Other Federal funds used as match (OK - AmeriCorps; not OK - Senior Corps, SIF, NCBP, VGF)
 - Match claimed was not necessary to operate grant or outside of grant period



Match

Potential Consequences:

- Undocumented, unmet or unacceptable match can reduce some or all of the allowable costs paid with Federal funds by the amount of required match not met for the program

Preventive Actions:

- Know the statutory, regulatory and other match requirements
 - **For example - AmeriCorps:**
 - Minimum statutory match of 24%
 - Statutory match for years of AmeriCorps grants: 24 -50%
 - **SIF** – no Federal \$ except block grants
 - **NCBP** – no Federal \$ except block grants



Match

- 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 – In-Kind (Not Allowable – SIF or NCBP)

- Ensure in-kind match documentation includes:
 - Name and signature (if possible) of the donor
 - Date and location of donation
 - Detailed description of contributed item or service
 - Estimated value of contribution, how value was determined, and who made the determination
 - Whether the contribution was obtained with Federal funds



Match

- ❑ Maintain all documentation of match and ensure any 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 (FASB 116) = *nonprofit* organizations
- ❑ Do not record the same costs on two separate National Service programs either as match or direct expenses or combination thereof



Expenditures & Reconciliation

(Excludes Fixed-Amount Grants)

- ***Findings:*** Grantees/subgrantees not reconciling expenditures in their accounting systems to amounts in new SF-425 FFR (Federal Financial Report)
- ***Potential Consequences:*** Costs not allowed for differences between accounting system and FFR
- ***Preventive Actions:***
 - By policy, regularly reconcile differences among the reports and the accounting system
 - Prepare cross-walks, if necessary, to track FFR reports to the accounting system detail and HHS



Subgrantee Monitoring

- ***Finding:*** Grantee does not have adequate fiscal monitoring procedures in place to ensure subgrantee systems can manage Federal funds and participant compliance requirements
 - For example: subgrantee monitoring plan not implemented; no documentation of monitoring; or follow-up to resolve findings
- ***Potential Consequences:*** Grantee can lose Federal funds due to unallowable, undocumented subgrantee costs and/or inadequacies of subgrantee financial accounting system & practices and/or failure to meet match



Subgrantee Monitoring

Preventive Actions:

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



Subgrantee Monitoring

Pre-award

- Survey the potential subgrantee's accounting system, policies procedures & internal controls
- Review organization's OMB A-133 audit, if applicable, and 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 (cont'd)

Post-award

- Provide start-up training commensurate with the pre-award review, identified needs and risk-assessment
- For higher risk subs, implement early desk and site reviews
- Site reviews should include tracking expense and financial reports with the accounting system
- Provide timely feedback to subgrantees from all reviews including positives and improvement needed
- Establish corrective action plans, where needed, with specific expectations & timelines
- Follow up on a regular basis
- Take action when necessary, including withholding of payments with notification and suspension or termination when warranted



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 yet
- ❑ 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

See Handouts 4, 5, 6

Other Findings (cont'd)

□ Program Responsibility Findings:

- Grantee did not fulfill its FGP responsibilities for the following:
 - Documentation of volunteer orientation and in-service training
 - Documentation to support annual volunteer evaluations
 - Documentation of written assignment/care plans for FGP volunteers during the review period
 - Documentation regarding the eligibility of the children to be served



- **Memoranda of Understanding** with volunteer stations missing or did not include all required elements
- **Member Agreements and Volunteer Assignment Plans** are late, not prepared, or do not meet CNCS grant provisions and regulations
- **Senior Corps/AmeriCorps Appraisals/Evaluations** are not conducted or not maintained; AmeriCorps members serving a second term without appropriate evaluations supporting successful completion of the first term





Activity

- This Activity will consist of small groups examining different scenarios and:
 - Reviewing specific issues
 - Considering potential consequences
 - Identifying remedies

See Activity 1

Taking it Home!



1. Learn from the mistakes of others
2. Use information to review organization strengths, challenges
3. Create systems and written policies and procedures to rectify challenges
4. Resources and sample forms may be found at the Resource Center



Questions?

Open

Wrap Up

Evaluation

For More Information

- **Contact your CNCS Grants Officer**

- E-mail or call your Grants Officer

- **Contact MBI Consulting**

- Financial & Grants Management Training and Technical Assistance Provider

- Telephone: 301-986-1595, ext. 110

- E-mail: cforrester@mbicfs.com

- **Visit the Resource Center**

- Online tools and training

- www.nationalserviceresources.org/financial-and-grants-management

Corporation for
NATIONAL &
COMMUNITY
SERVICE 

