

Glossary of CNCS Financial and Grants Management Terms & Definitions

A-133 audit

An audit required under Office of Management and Budget (OMB) Circular A-133 of state and local government and nonprofit organizations that have expended over \$500,000 in Federal funds during a given fiscal year. Under A-133, the auditor reviews accounting records for compliance with general and specific government audit requirements and internal control procedures. It also ensures that adequate systems are in place that enables compliance with the specific requirements related to the Federal award expended by the organization being audited.

accounting

Activities that provide information, usually quantitative and often expressed in monetary units for decision making, planning, controlling resources and operations, evaluating performance, and financial reporting to the stakeholders, donors, creditors, regulatory authorities, and the public.

accrual-based accounting

A method of accounting that recognizes expenses when incurred and revenue when earned, rather than when payment is made or received.

advance

A payment made to a recipient upon its request either before outlays are made by the recipient or through the use of predetermined payment schedules.

administrative (indirect) costs

Administrative or indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective or program activity. OMB Circulars define these costs as accounting, auditing, contracting, budgeting, and general legal services; Facility occupancy costs, e.g., rent, utilities, insurance, taxes, and maintenance; General liability insurance that protects the organization (not directly related to a program); Director's and Officer's liability insurance; Depreciation on building & equipment; Office Supplies; and General & Administrative salaries & wages.

administrative requirements

Those matters common to grants in general, such as financial management, kinds and frequency of reports, and retention of records.

allowable cost

A cost is considered allowable under the grant if it is reasonable, budgeted for under the grant, complies with generally accepted accounting principles, complies with OMB circulars, is not charged against any other grant or used to match other grant funds, is treated consistently with other costs incurred by the organization, and is documented.

allocable costs

Actual costs incurred that benefit more than one program for an organization; such costs must be distributed fairly between the various funding sources and they must be necessary to the overall administration of the programs to which the expense is charged.

allocation

Distribution according to a documented plan, such as a cost allocation plan.

American Recovery and Reinvestment Act of 2009 (ARRA)

An economic stimulus package enacted by Congress intended to jumpstart our economy, create or save millions of jobs and put a down payment on addressing long-neglected challenges so our country can thrive in the 21st century.

assets

Tangible or non-tangible items held by the organization that increase its total wealth.

audit

A review of the organization's financial statements, fiscal policies, and control procedures to determine if the statements fairly represent the organization's financial position and if procedures are in accordance with GAAP (Generally Accepted Accounting Principles).

audited statements

An evaluation of a nonprofit organization's financial position by an independent auditing firm.

audit resolution process

The resolution of all audit findings on grants, contracts, and cooperative agreements, including those contained in pre-award reviews of proposed contracts.

audit trail

A chronological sequence of audit records, each containing evidence that detail transactions supporting summary ledger entries. This documentation may be on paper or in electronic records.

award

A legal document, generated by an awarding agency (such as CNCS) that permits the Payment Management System to advance/reimburse grant funds to a recipient.

balance sheet

A report listing the assets, liabilities, and owner's equity on a particular reporting period.

bookkeeping

The simple recording of financial transactions.

budget

A financial plan of action that is based on an organization's objectives and historical costs. It is a mechanism to measure actual costs compared to planned amounts.

budget period

This is usually the 12 month period covered by an approved budget supporting an award.

budget start and end date

The start date is the date a grant becomes effective and funds are available, unless a special condition is in effect. The end date is the date the budget period ends.

cash-basis accounting

A method of accounting in which the receipt and payment of cash are the basis for recording transactions.

cash contributions

The recipient's cash outlay, including the outlay of money contributed to the recipient by third parties.

Central Contractor Registration (CCR)

Primarily a vendor database for the Federal government, they collect, validate, store and disseminate data to support agencies in their procurement missions. In order to be awarded government contracts, vendors must be registered and have an active status in CCR. For how to register and who must register, visit the CCR website: www.ccr.gov

CFDA (Catalog of Federal Domestic Assistance) number

The number assigned to a Federal program in the Catalog of Federal Domestic Assistance (CFDA). The CFDA number for RSVP is 94.002, State Commissions is 94.003, LSA-School and Community Based Programs is 94.004; LSA-Higher Education is 94.005; AmeriCorps is 94.006; FGP is 94.011; VISTA is 94.013; and SCP is 94.016.

chart of accounts

The formal listing of all accounts used by an organization. The items are numbered and grouped according to whether they are assets, liabilities, fund balance, revenues or expenses. They must be established to report both natural and functional expenses and are the basis for generation of the financial statement.

closeout

The period after the end date of an award to finalize all required administrative actions. The Federal awarding agency determines that all applicable administrative actions and all required work of the award have been completed by the recipient and Federal awarding agency.

cognizant agency (oversight agency)

The Federal agency responsible for negotiating and approving indirect cost rates for a non-profit organization on behalf of all Federal agencies. Generally it is the Federal agency that has awarded the predominant amount of direct funding to a recipient, and when no direct funding has been awarded then the Federal agency with the predominant indirect funding shall assume this role.

compelling personal circumstance

Circumstances beyond the member's control, such as, but not limited to: disability, serious illness, natural disaster, relocation of spouse, and military service obligations.

compliance

The state of being in accordance with the relevant Federal agency or other authorities and their applicable requirements, rules, laws, or regulations.

corrective action

Action taken by the auditee that corrects identified deficiencies; produces recommended

improvements; or demonstrates the audit findings are either invalid or do not warrant auditee action.

cost allocation plan

A narrative description of the procedures that will be used in identifying, measuring and allocating all costs to the programs administered by the organization.

cost sharing (match)

Expenditures made by an organization with its own funds or resources (or those donated by third-party in-kind contributions) to allow it to bear a share of the cost of meeting a predetermined cost objective. It refers to that portion of the project or program costs not borne by the Federal Government.

criminal history check

A check of Federal, state, and local law enforcement records to determine a person's history to help alleviate the risk in trusting somebody to complete the objectives of a national service program. All employees, participants, and others who receive a salary, national service education award, a living allowance, or stipend under CNCS grants, even if the activities do not involve service with vulnerable populations, must receive a criminal history check prior to beginning service or employment.

debarment

An action taken by an official or government agency in accordance with regulations to exclude a person or organization from participating in covered transactions; the process of being excluded from receiving Federal funds.

depreciation

A way of showing that equipment gets used up or worn out over time. It consists of taking the cost of a large item and spreading out the expense over time, rather than recording all of the expense at the time the item is purchased.

deferred revenue

Money that the organization has received, but has not yet earned as of the closing date on the balance sheet. This amount is carried as a liability until the organization provides the goods or services for which the money was received.

direct cost

Those charges that can be identified specifically with a particular final cost object, award, project, service, or other direct activity of the organization.

disallowed cost

Those charges to an award that the Federal awarding agency determines to be unallowable, in accordance with the applicable Federal cost principles or other terms and conditions contained in the award.

Domestic Volunteer Service Act of 1973, amended 1999 (DVSA)

Authorizes the Corporation for National and Community Service to use its funding to coordinate with Federal, state and local agencies to utilize the volunteer spirit of all Americans to serve through

programs like VISTA, Foster Grandparents, Senior Companions and RSVP programs. The act also provides legislative guidelines under which the programs must operate.

draw (drawdown)

A request of grant funds through the Payment Management System.

Dun & Bradstreet DUNS Number

A unique nine-digit number used by potential customers, suppliers, partners, or lenders to identify a business or organization and to determine any risks that may exist when working with that business/organization. An organization pays to be part of the D&B database, which records its credit history and activities.

employer identification number (EIN)

A nine-digit number assigned to an organization by the Internal Revenue Service. All IRS-designated 501(c)3 nonprofit organizations have an EIN.

equipment

Tangible, nonexpendable personal property having a useful life of more than one (1) year and an acquisition cost that equals or exceeds the lesser of the capitalization level established by the organization for financial statement purposes, or \$5,000.

excess funds

The amount of match (cash or in-kind) that exceeds the required matching percentage for a given grant program.

expenditures (outlays)

Charges incurred by the recipient for the project or program.

Federal award

Federal financial assistance that organizations receive directly from a Federal awarding agency or indirectly from a pass-through entity.

Federal awarding agency

The Federal agency that provides an award directly to the recipient.

Federal Financial Report (FFR) Standard Form (SF) 425

A form used throughout the Federal government. A report that provides summary information on grant expense (both federal and non-federal), program income, and federal cash-on hand during a specified reporting period. It was designed to replace the Financial Status Report (SF-269A) and the Federal Cash Transactions Report (SF-272) as one form. It is important that grantees submit these reports in a timely manner.

Federal Register

The official daily publication of rules, proposed rules, and notices of Federal agencies and organizations, as well as executive orders and other presidential documents. It is published by the Office of the Federal Register, National Archives, and Records Administration and provides citizens

with information about their rights and obligations and of notices of benefits and opportunities for funding.

Federal share of supplies, property, or equipment

That percentage of the property's acquisition costs and any improvement expenditures paid with Federal funds.

field work

The performance of audit procedures outside the CPA's office, most of the work is done in the auditee's offices.

Financial Accounting Standards Board (FASB)

A nongovernment private organization that sets Generally Accepted Accounting Principles (GAAP) in the United States for profit entities and not-for-profit organizations.

financial statements

Standard reports that usually include an income statement, a balance sheet, and a statement of changes in financial position.

fiscal year

The 12-month period of time during which revenues and expenses are accumulated; this period of time does not have to correspond to the calendar year.

fixed amount grant program AmeriCorps

Fixed amount grants allows AmeriCorps programs to apply for a fixed-amount per individual (MSY) that is enrolled in a national service position. The total amount of a fixed-amount grant must be significantly less than the cost of running a program. Offered as a result of the Serve America Act of 2009.

fixed costs

Costs within annual budgets that do not fluctuate within the time period depending on usage. An example is the rent paid for office space.

Form 990, Return of Organization Exempt From Income Tax

The Internal Revenue Service (IRS) form used by public charities to report to the Federal government on an annual basis the information about their finances and operations.

fraud

A deliberate deception to secure unfair or unlawful gain with false representation intended to deceive.

fringe benefits

Benefits paid to an employee in the form of regular compensation during authorized leave, and employer contributions or expenses for FICA, health insurance, dental insurance, pension plans and worker's compensation insurance.

funding period

The period of time when Federal funding is available for obligation by the recipient.

general journal

A book of original entry in a double-entry system. The journal lists transactions and indicates accounts to which they are posted, including specialized journals used for cash receipts, cash disbursements, in-kind contributions and other common transaction.

general ledger

A record to which monetary transactions are posted in the form of debits and credits. It is the final record from which financial statements are prepared.

Generally Accepted Accounting Principles (GAAP)

Conventions, rules, and procedures that define general accounting practice, including broad guidelines as well as detailed procedures issued by the American Institute of Certified Public Accountants (AICPA).

Generally Accepted Government Auditing Standards (GAGAS)

Auditing standards issued by the Comptroller General of the United States, which are applicable to financial audits.

Government Accountability Office (GAO)

The GAO is the audit, evaluation, and investigative arm of the United States Congress. It is located in the legislative branch of the United States government. It also studies how the Federal government spends taxpayer dollars.

Government Accounting Standards Board (GASB)

The Federal oversight agency for accounting rules and procedures as they pertain to Federal agencies or Federal funds.

general ledger

A collection of the group of accounts that support the value items shown in the major financial statements. It is divided into two sections: the debit transactions and the credit transactions.

grantee (recipient)

The direct recipient of a grant award. The grantee is legally accountable to the Federal awarding agency for the use of grant funds and is bound by the provisions and terms and conditions of the grant. The grantee is responsible for ensuring that subgrantees (subrecipients) and other organizations carrying out activities under the award comply with the provisions and terms and conditions.

income

Money that the organization has received from contributions, grants, the performance of services, and so on.

income statement

A report that shows the revenues and expenses for a specific period during a fiscal year.

indirect costs

See administrative costs.

indirect cost proposal

The documentation prepared by a grantee organization to substantiate its claim for the reimbursement of indirect costs. This proposal provides the basis for review and negotiation leading to the establishment of the organization's indirect cost rate(s).

indirect cost rate

The ratio, expressed as a percentage, of an organization's total indirect costs to its specified direct cost base (generally this refers to direct salaries and wages). When a rate is established for a specific activity or program (e.g., research) the rate represents the ratio of the total indirect costs allocated to the activity or program to the specified direct base costs of the activity or program.

in-kind contributions (third party in-kind contributions)

The value of non-cash contributions provided by third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies, and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

interest income

Interest earned on cash advances of Federal funds must be reported annually by all recipients. All grant recipients must limit Federal cash draws to the minimum amounts needed and must time draws to coincide with the actual immediate cash requirements to carrying out the approved program or project.

internal controls

Policies, and the procedures to effectuate the policies, designed to provide reasonable assurance that an organization's objectives will be achieved.

liability

Any item that is owed, thereby decreasing total wealth.

living allowance

A form of payment, which is not a wage or salary, for services performed by an AmeriCorps member. It is paid incrementally and not based on an hourly rate or wage.

management decision

The evaluation by the Federal awarding agency or pass-through entity of the audit findings and corrective action plan and the issuance of a written decision as to what correction action is necessary.

matching funds

Any allowable and allocable expenditure by an organization of its own funds or resources, and third party in-kind contribution as part of the recipient's cost sharing or matching to meet its share of total program or project costs. Matching funds are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching. Not all CNCS programs have the authority to use Federal funds as match.

member (AmeriCorps)

An individual who (1) has been selected by a grantee or subgrantee to serve in an approved national service position; (2) is a United States citizen, a United States national, or lawful permanent resident alien of the United States; (3) is at least 17 years of age at the commencement of service unless the member out of school or enrolled in a full-time, year-round youth corps, or in a program for economically disadvantaged youth, (4) has a high school diploma or equivalency certificate (or agrees to obtain a high school diploma or its equivalent) and who has not dropped out of elementary or secondary school to begin a term of service; and (5) is eligible to serve according to the criminal history check results.

monitor (monitoring)

A procedure to examine and evaluate an organization's system of quality control to provide reasonable assurance that it is designed appropriately and operating effectively.

National and Community Service Act of 1990 (NCSA)

Authorizes several programs to engage U.S. citizens in projects designed to combat illiteracy and poverty, provide job skills, enhance educational skills, and fulfill environmental needs; the act makes funding available for such projects.

National Service Hotline website

A CNCS maintained website where programs can find answers to questions on various program, member, volunteer, and other program related matters. www.nationalservice.gov/questions

net assets

Also called "fund balance," in a nonprofit organization, this takes the place of owner's equity; it is the value of the organization as of the date of the report. At the end of a year, if revenues exceed expenses, the surplus is added to the fund balance as part of the organization's net assets.

obligations

The amounts of orders placed, contracts and grants awards, services received and similar transactions during a given period that require payment by the recipient during the same or future period.

Office of the Inspector General (OIG)

The OIG conducts independent audits, investigations, inspections, and special reviews of CNCS programs and personnel to detect and deter fraud, waste, abuse, and misconduct, and to promote integrity, economy, efficiency, and effectiveness in operations. The OIG has the responsibility to report both to the CEO and to the Congress. Each Federal agency or department has its own OIG.

Office of Management and Budget (OMB)

The Federal agency within the Executive Office of the President that oversees and approves financial policies, data, and forms for grants and the Federal Government. It also has the responsibility for managing the entire Federal government budget process. It also oversees and coordinates the procurement, financial management, information, and regulatory policies.

OMB Cost Principles and Uniform Administrative Requirements

The circular that established principles to determine the allowable costs incurred by an organization

under federal grants and agreements. These principles were designed to ensure that Federal awards bear their fair share of the recognized costs of the program.

owner's equity / net assets

The portion of the organizational assets owned by the owner. The value of the organization's total assets less the total liabilities equals the net assets.

participant

A person who serves to complete the objectives of an approved national service project, such as an AmeriCorps member or Senior Corps volunteer. This person is not an employee, even though they may receive a living allowance, stipend, or other benefit for serving.

pass-through entity

An entity receiving a Federal award and making a subaward to a subrecipient to carry out a Federal program.

Payment Management System (PMS)

The automated system for delivery and tracking of funds that the Division of Payment Management (DPM) operates and maintains. PMS provides awarding Federal agencies and grant recipients the tools to manage a grant payment request and file their Federal Financial Reports.

policy

A principle or rule to guide decisions and achieve rational outcomes. They are adopted by the board or senior governance body with an organization. It is a statement of intent or commitment, for which decision-makers can be held accountable.

prior approval

Written approval provided formally through a notice of grant award (NGA) issued by CNCS.

procedure

A set of actions that have to be executed in the same manner in order to always obtain the same result under the same circumstances.

program income

Gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. This includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under federally-funded projects, the sale of items fabricated under an award, license fees and royalties, and interest on loans made with award funds. Interest earned on advances of Federal funds is not program income. Program income does not include the receipt of principal on loans, rebates, credits, discounts, or interest earned on any of them. In most cases, program income earned under CNCS grants is used to meet match requirements.

programmatic requirements

Those matters that can be treated only on a program-by-program or grant-by-grant basis, such as kinds of activities that can be supported by grants under a particular program.

program services

Services rendered by an organization for a fee or other monies; these services must relate directly to the primary purpose for which the organization received its tax-exempt status.

prohibited activities

Specific activities that a person serving within a national service project may not engage in. See regulations for a list of specific activities.

project (program) costs

All allowable costs incurred by a recipient and the value of the contributions made by third parties in accomplishing the objectives of the award during the project period.

project period

The period established in the award document during which Federal sponsorship begins and ends.

prudent person

A wise or judicious person in practical matters, someone careful in providing for the future. A model for all legal behavior. This person does everything in moderation, follows the community ethic, and always exercises due care.

qualified opinion

An independent auditor's opinion given of a financial statement as part of an audit report for which some limitations existed.

questioned cost

A cost that is questioned by the auditor because of an audit finding (1) that resulted from a violation of a provision of the law, regulation, grant, cooperative agreement, or contract governing the use of Federal funds, including funds used to match Federal funds; (2) where the costs, at the time of the audit, are not supported by adequate documentation; or (3) where the costs incurred appeared unreasonable and do not reflect the actions a prudent person would take in the circumstances.

reasonable and necessary

A requirement for all costs charged to the grant. To meet this standard, a cost must be something that a prudent person would acquire as something considered needed for the program to operate as approved.

recipient

An organization receiving financial assistance directly from Federal awarding agencies to carry out a project or program.

recovery act AmeriCorps grants

CNCS funding to support an expansion of AmeriCorps State and National and AmeriCorps VISTA programs supporting more than 15,000 AmeriCorps members in provide vital services to people facing unemployment, poverty, or other challenges by offering job counseling and placement services, providing foreclosure prevention and financial counseling, weatherizing houses, strengthening food banks, supporting health care, and independent living.

Resource Center

It connects national service programs with targeted training and technical assistance information.

revenue

Income during a specific period of time.

risk assessment

A qualitative or quantitative estimation of the likelihood of adverse effects that may result from exposure to specified hazards or from the lack of mitigating influences. It is completed because there is always a chance that the information submitted by an organization may be incorrect, and the evaluators know that risk levels change constantly and come from both internal and external sources. Risks arise or change due to several factors, including changes in operating environment, new personnel, new information systems, rapid growth, changes in services provided, organization restructuring, or changes in accounting and reporting methods; risk factors can be mitigated with corresponding policies and procedures.

ruling year

The year that the IRS granted an organization its 501(c)3 status.

separation of duties

An internal control method that allocates responsibilities among different staff so as to mitigate the misappropriation of an organization's assets or to improve on processes to ensure the accuracy of information.

Serve America Act of 2009 (Edward M. Kennedy Serve America Act)

The Serve America Act reauthorizes and expands national service programs administered by the Corporation for National and Community Service by amending the National and Community Service Act of 1990 (NCSA) and the Domestic Volunteer Service Act of 1973 (DVSA). This was enacted on April 21, 2009.

SmartLink

This is the name of the link to the Payment Management System.

Statement of Changes in Financial Position

Also known as a Cash Flow Statement, Statement of Cash Flows, or Funds Flow Statement. This is a report that shows how changes in balance sheets accounts and income affect cash and cash equivalents, and breaks the analysis down to operating, investing, and financing activities. Essentially, the cash flow statement is concerned with the flow of cash in and cash out of the organization.

site

A service site at which an AmeriCorps member(s) is placed and that provides supervisory and other member support, including overseeing the service activity under a written agreement. A site may or may not be considered a subgrantee.

stipend

A form of payment, which is not a wage or salary, for work or services performed. A stipend is a benefit of some Senior Corps programs.

subaward (subcontract)

An award of financial assistance in the form of money, property in lieu of money, made under an award by a recipient to an eligible subrecipient or by a subrecipient to a lower tier subrecipient.

subgrantee (subrecipient)

The legal entity to which a financial assistance subaward is made and which is accountable to the recipient for the use of the funds provided.

timesheet (time sheet)

A method for recording the amount of time an employee, member, or volunteer spends on a project or activity. The method can be manual or electronic but must meet Federal grant timekeeping regulations and requirements.

total revenue

Total sales and other revenue for the period indicated.

training and technical assistance provider

An organization awarded funding by CNCS to provide training and technical assistance activities to enhance the effectiveness of CNCS-funded grant recipients' programs and program staff.

unliquidated obligations

For financial reports prepared on a cash basis, this means the amount of obligations incurred by the recipient that have not been paid. For financial reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded.

unqualified opinion

An independent auditor's opinion given of a financial statement as part of an audit report that indicates conformity with Generally Accepted Accounting Principles (GAAP). Such an opinion basically states that the auditor feels the organization followed all accounting rules appropriately and that the financial report are an accurate representation of the organization's financial condition.

variable costs

Costs in an annual budget that fluctuate within the time period, depending on usage; for example, the cost of supplies (e.g., textbooks for students).

volunteer

A person who performs a service voluntarily, without pay, within a national service project. The value of *direct community services* performed by a volunteer cannot be included as match for a CNCS awarded grant.