



FINANCIAL MANAGEMENT FOR PROJECT ADMINISTRATORS

The Earmark Training Conference - Financial Management for Project Administrators



How Feds View Themselves



The Earmark Training Conference - Financial Management for Project Administrators



How Grantees View Feds



The Earmark Training Conference - Financial Management for Project Administrators



The NEW DOL Grantee

- **Our Expectations of You:**
 - A program that is designed to focus on customer needs and to address those needs
 - A program that meets the requirements of Federal law and regulation
 - A program in compliance with WIA requirements, OMB Requirements and Generally Accepted Accounting Principles.
 - A high quality program that is backed up by a high quality proposal





The NEW DOL Grantee

- **What you can expect from us:**
 - Assistance with regulations
 - Assistance with proposal design and development
 - On site technical assistance and monitoring
 - Assistance with fiscal and programmatic issues





The Fiscal Program Divide

- There is a need for program operators to be aware of financial requirements
- There is a need for fiscal people to be aware of program requirements
- No one gets to opt out





Why Know This Stuff?

- Financial requirements impact program design
- Need for financial information is critical to achieving program success
- Failure to comply may result in sanctions





It's All Very Simple

- Written Policies and Sound Business Practices,
Followed Consistently Over Time,
With Each Funding Stream Treated Equally,
With All Costs Being Necessary and Reasonable,
Would be done similarly by a Prudent Person,
Ensuring Proportional Share and Benefits Received





Rules Affecting Programs

- **Enabling legislation – Subtitle D of WIA Title I**
 - Uniform administrative requirements
 - Grant management rules
 - Cost principles
 - Determination of allowable costs
 - WIA regulations
 - Program activities
 - Both allowable and unallowable
 - Cost category restrictions





What Are The Rules?

Department of Labor - ETA Grantees Applicable OMB Circulars and Federal Regulations				
	OMB Circulars			DOL Regulations
Nature of Grantee/Subgrantee	Federal Audit Requirements	Federal Cost Principles	Uniform Administrative Requirements	Uniform Administrative Requirements
State/Local, & Indian Tribal Governments	A-133 Revised 6/27/03 (effective 12/31/03)	A-87 Revised 05/10/04	A-102 Amended 8/29/97	29 CFR Part 97
Institutions of Higher Education		A-21 Revised 05/10/04	A-110 Amended 9/30/99 Republished as 2 CFR Part 215 5/11/04	29 CFR Part 95
Non-Profits		A-122 Amended 05/10/04		
Hospitals		45 CFR Part 74		
For-Profits	Per program or grant agreement	48 CFR Part 31 (FAR)	Per program or grant agreement	





Required?

- **Incorporated by reference**
 - Uniform Administrative Standards
 - 29 CFR 97.22
 - 29 CFR 95.27
 - WIA Regulations
 - 20 CFR 667.200
- **Grant Award document**





Cost Principles

- **Set of government wide rules**
- **Cost principles**
 - Define conditions for charging costs
- **Types of Allowable costs**
 - Allowable
 - Unallowable
 - Allowable with conditions





OBM Circulars

- **A-87**
 - Governments (State, Local, Indian Tribal)
- **A-122**
 - Non-profit organizations
- **A-21**
 - Institutions of Higher Education
- **48 CFR Part 31**
 - Commercial organizations
- **Codified at 2 CFR**





Standards

- **Necessary and reasonable**
 - Sound business practices
 - Prudent person principle
- **Allocable**
 - Only charge costs that clearly BENEFIT grant
 - Proper allocation methods
- **Authorized or not prohibited**
 - Federal, State, or local laws





More Standards

- **Consistent treatment**
 - Across all programs
 - Year to year
 - Both indirect and direct
- **Not used for matching requirements**
 - Unless specifically authorized





And More...

- **Adequately documented**
 - Traceable to source documentation
 - Consistent with GAAP
- **Conform to ETA grant exclusions & limitations**
 - Specific unallowable costs
 - Administrative cost limitation





Items of Cost

- **Travel**
 - Allowable
 - Reasonable and in support of grant activity
- **Pre-Award costs**
 - Not allowable unless specifically authorized
- **Interest**
 - Costs of borrowing





Items of Cost 2

- **Capital assets or equipment**
 - \$ threshold
 - Prior approval of GO **BEFORE** purchase
- **Advertising & public relations**
 - Recruitment of staff
 - Related to grant
 - Outreach is allowable





Unallowable Costs

- Does not relate specifically to grant activity
- Fundraising
- Alcohol
- Entertainment
- Bad debts





WIA Requirements

- **Legal expenses**
 - Unallowable for prosecution of claims against the government
 - Audit appeals
- **Real property**
 - Unallowable
 - Exception for ADA compliance





WIA Unallowable Activities

- **Employment generating activities**
- **Public service employment**
- **Business relocation**
- **Sectarian activities**





Cost Categories

- **Only 2 Cost Categories**
 - Administration
 - Program Activities
- **Reporting categories**
 - Vary by grant
 - Classify within books of account
 - Classify through linking spreadsheets
- **Budget line items**





Administrative Cost Limits

- **Contained in Grant Agreement**
- **Not to exceed 10% of grant award**
 - Unless negotiated to max of 15%
 - Documentation of need required
 - Subject to Grant Officer approval
- **Measured at conclusion of grant period**
- **Tracked, accounted for & reported**





Administrative Definitions

- **20 CFR 667.220(a)**
- **Not related to direct services**
 - Either to clients or employers
- **List of specific functions**
 - Unlike traditional definitions
- **Applies to all WIA Title I programs**
 - Including Earmark grants





Administrative Functions

- **Overall general administrative functions**
 - Accounting, financial & cash management
 - Procurement
 - Property management
 - Personnel management & payroll
 - Audit functions
 - General legal services
- **Costs related to functions**





PL 109-234

- **Applies to all ETA appropriated funds**
 - All grants, contracts and interagency agreements
- **Limits salary and bonus payments to individuals**
- **Implementation guidance in TEGL 5-06**
- **2008 Limit - \$172,200**





Who Is Covered

- **Individuals paid with ETA appropriated funds**
- **Direct recipients and all subrecipients**
- **Direct costs and costs paid through an Indirect Cost Rate**
- **Vendors are not subject to limitation**





Who Is Subject to Limitations

- **Covered individuals**
 - Anyone receiving wages or bonus payments from subrecipients from ETA appropriations
- **Salaries paid at a specific rate**
- **Bonus payments paid to the individual**
- **Exclusions**
 - Fringe benefits
 - Non-monetary compensation such as a car





Reporting

- **Quarterly Narrative Program Report**
- **Financial reporting**
 - ETA 9130
- **All reports**
 - Quarterly
 - 45 days after quarter end





Questions?

