

SCSEP Business Roundtable

Philadelphia, PA

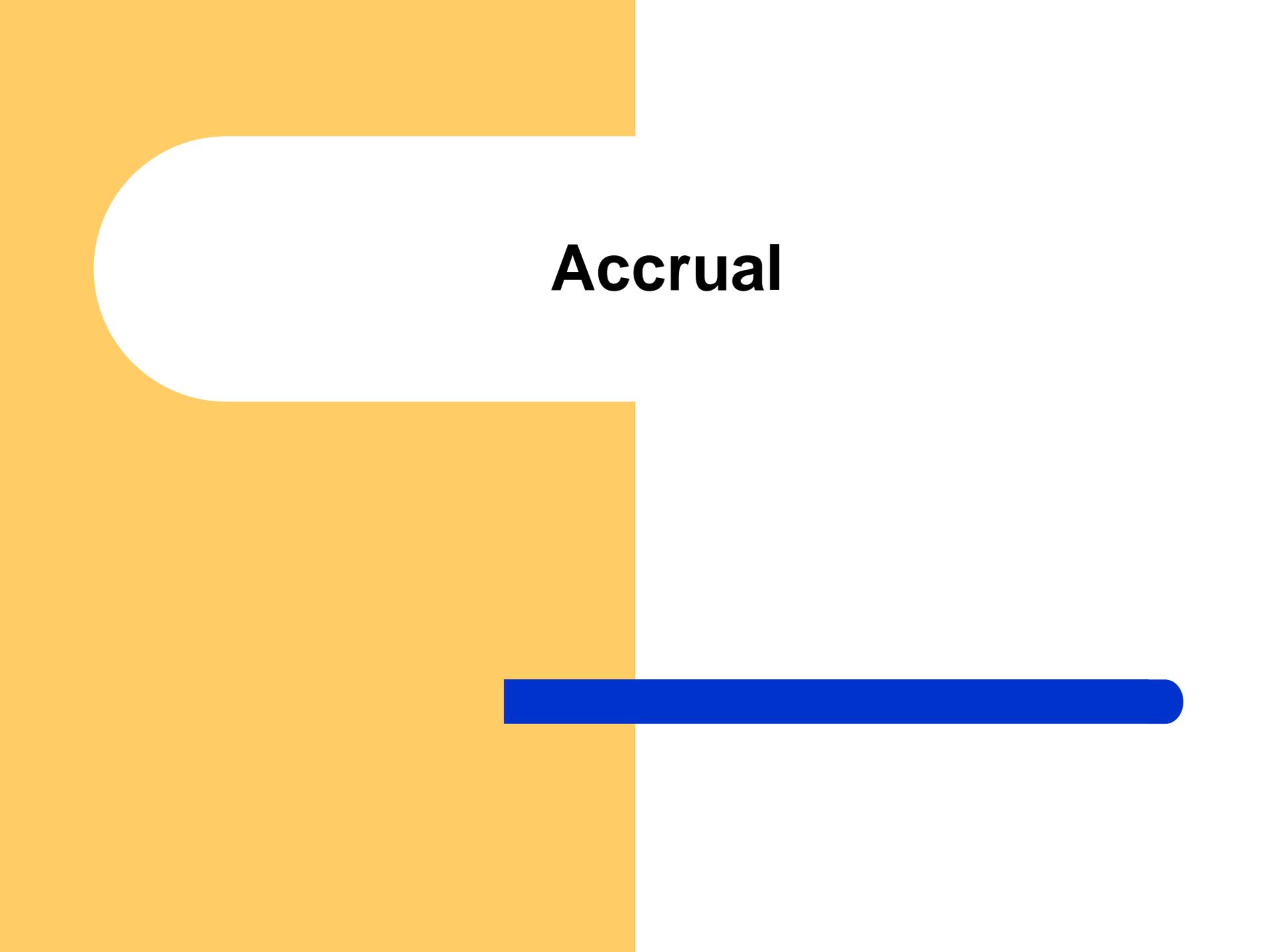
July 15, 2005



Grant Management Requirements

Discussion Topics

- Accrual
- Reporting
- Property
- Program Income
- Match



Accrual

What are accounting needs?

- Internal needs of the organization
 - Information to do trend analysis
 - Prepare financial statements
 - Management & Board reports
- External requirements
 - Grant reporting
 - Cost principle requirements
 - Bank requirements

What does this mean?

- Books & records must contain
 - All financial information of the organization
 - Includes grantee & 3rd party match
 - Both allowable and unallowable
- Information maintained
 - Allow grant reporting
 - In accordance with grant budget
 - In accordance with cost principles

Definitions

- Grant budget terms
 - Obligation
 - Unliquidated Obligation
- Accounting
 - Accrued Expenditure
 - Outlay

Obligation

- Amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or future period

Unliquidated Obligation

- The amount of obligations incurred for which an expenditure has not been recorded.
 - (e.g. goods and services ordered but not received.)

Accrued Expenditure

- Charges incurred by a grantee during a given period requiring a provision of funds for:
 - (i) goods and tangible property received
 - (ii) services performed by employees, subgrantees, subcontractors, etc.
 - (iii) other amounts becoming owed for which no current services or performance is due

Outlays

- Same as expenditure
 - Cash payments
- For reporting purposes
 - Cash payments + accruals for goods and services received but not yet paid

Examples

- Obligation
 - Subcontract for training services
 - Purchase order for equipment
- Unliquidated Obligation
 - Purchase order not yet filled
- Accrued Expenditure
 - Equipment received, but not invoiced or paid

GRANTEE ADMINISTERS PROGRAM DIRECTLY

- Obligations recorded over time as services are provided or contracts are executed
- Timing of obligations & expenditures closely aligned

GRANTEE CONTRACTS OUT PROGRAM DELIVERY

- Obligation Incurred And Recorded Upon Execution Of Contract With Independent Entity
- Grantee Obligations Front-loaded
- Subgrantees - Non-financial Host Agreement Not an Obligation

Reporting



Reporting Requirements

- 20 CFR 641.879
 - Covers financial & performance reporting
- OW Bulletins
- Also see OWB 04-03 – applications

Reporting Format

- SF-269
- Identifying information
- Funding year & period covered by report
 - Each funding source must be reported separately

Where do I find the data for reports?

- Accounting System
 - Cash Basis
 - Accrual Basis
- Accrual worksheet(s)
- Subgrantee reports
- Host agency reports

Accrual Based Reporting

- Aggregate Of Cash Disbursements Plus Goods And/Or Services Received But Not Yet Paid For
 - Must Include All Subrecipient Accrued Expenditures

Common Reporting Elements

- Total Federal Outlays (expenditures)
 - Accrual basis
 - Cumulative by each year of appropriation
- Refunds, Rebates, etc.
 - Any receipt that reduces Federal Outlays

Common Reporting Elements (Continued)

- Recipient share of net outlays for allowable program activities
- Program Income
 - Addition method
- Remarks Section
- Source - 20 CFR 641.879(b)

Status of Funds Section

- Federal Unliquidated Obligations
- Total Federal Obligations
- Net Federal Outlays
- Total Federal Funds Authorized for this Funding Period
- Unobligated Balance of Federal Funds

Web-based Reporting

- Program-specific software with required data elements
- Grantees provided:
 - Passwords (data entry)
 - PINs (data certification)
- Embedded data entry instructions

Password & PIN Information

- Individuals responsible for on-line reporting & report certification must be identified
- Instructions contained in grant award transmittal letter

Steps in electronic reporting

- Select Report Form
- Select/Verify Grant Number
- Select Reporting Quarter
- Report Header Information

Report Status Types

Report Status	Description
Not Submitted	Indicates that the data has not been submitted for the quarter.
Awaiting Grantee Certification	Indicates that data has been entered and passed the edit checks. These edit checks occur from top to bottom on the form. Once the data is saved, the date is applied to the status. This date IS NOT the official submission date for the quarter. It is more of a temporary save.
Grantee Certified	Indicates that the Certifying Official has applied the PIN to the report. Once certification is successful, the certification date will be attached to that report. This is the official submission date for the report. At this point, the data becomes available for ETA Regional Office review and acceptance.
Region Accepted	Indicates that the ETA Regional Office has reviewed and “Accepted” the Grantee Certified report. Once the report has been accepted, the date is attached to the report.

Property



Property Management

- Required systems for acquisition, use, and disposition of property
- States & Government grantees
 - 29 CFR 97.31-34
- Non-governmental grantees
 - 29 CFR 95.30-37

Capital Improvements

- Capital improvements
 - Allowable costs standards
 - Require authorization
- Alterations & Maintenance
 - Depends on who owns the building
 - Leased
 - part of lease agreement
 - Owned
 - Allowable cost standards and prior approval
 - Recover costs through depreciation

Real Property Leasing

- Lease vs. purchase considerations
 - Only option for SCSEP programs
- Capital leases
 - Not allowable under SCSEP
- “Arms-length” leases
- Depreciation

Equipment

- Acquisition cost of \$5000 or more
- Useful life of 1 year or more
- Prior approval requirements
 - Remember—prior means BEFORE
- Title remains with grantee

Examples

- Modular building
 - Real Property?
 - Is it permanent or not?
- Computer systems
 - Network costs
- Vehicles
- Documentation
 - For grant purposes

Management System

- Physical inventory
- Loss prevention & control system
- Maintenance procedures
- Disposition process
 - Awarding agency instructions
 - Use in other programs
 - Compensation to Federal funding agency
 - Based on fair market value

Supplies, Etc.

- Tangible personal property except equipment
- Title remains with grantee
- Inventory?
- Disposition
 - Aggregate fair market value
- Intangible property
 - Copyrights
 - Data
 - Financial instruments

Program Income



Program Income

- 20 CFR 641.803 & 806
- Additional revenues earned:
 - From grant activity or -
 - Because of the grant
- 29 CFR 97.25 – Governmental Grantees
- 29 CFR 95.24 – Non-governmental Grantees

More Program Income

- Addition method required
 - 20 CFR 641.806(a)
- Reported on SF 269
- Expenditure within grant period
- If grants continue:
 - Expend for SCSEP purposes as earned
- If grants end:
 - Remit unexpended amount
 - Ref. 20 CFR 641.806(b) & (c)

Program Income: What is/isn't included

Included

- Fees for services, User or rental fees, and Sale of products
- Royalties, license fees

Not Included

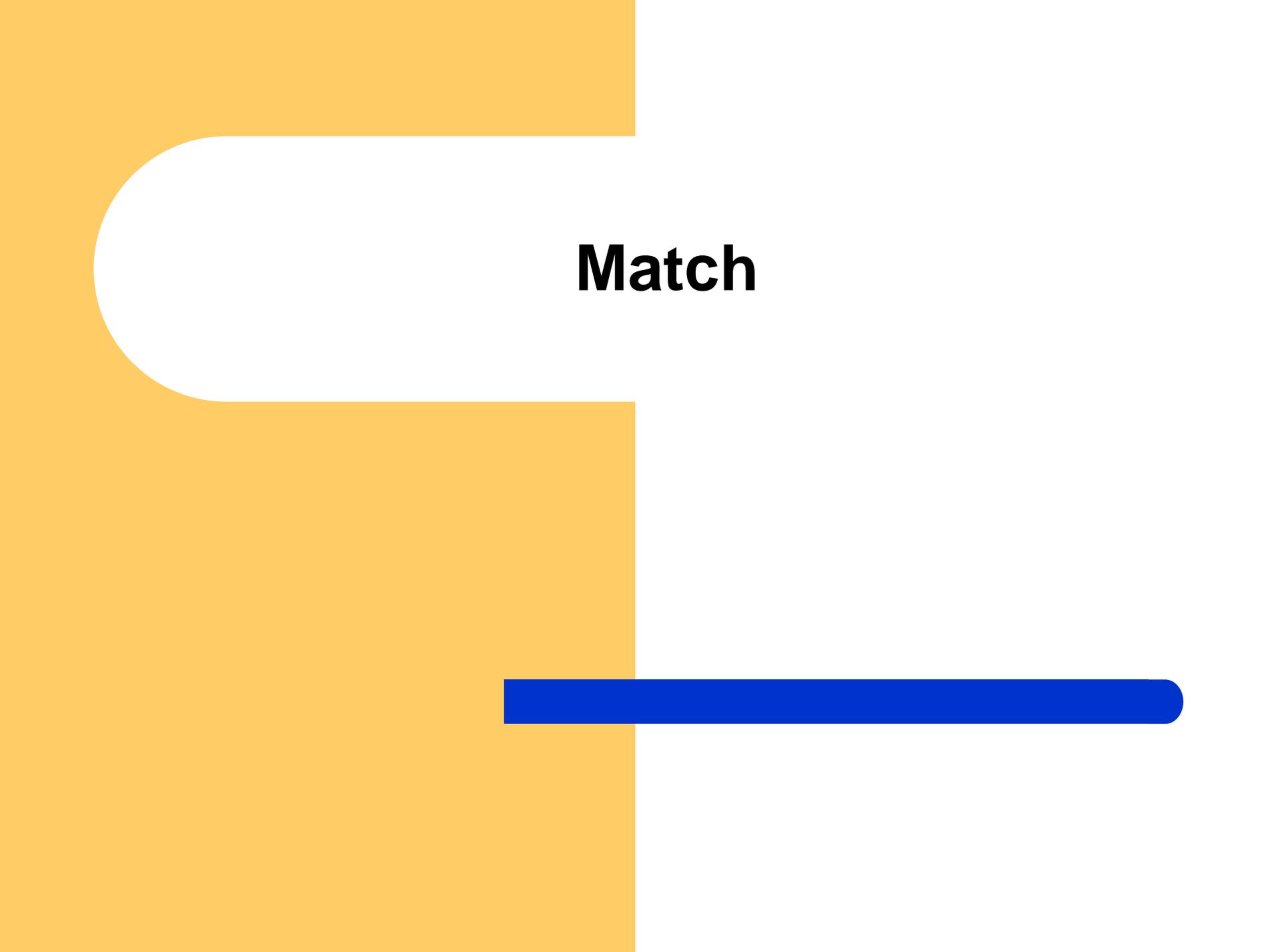
- Applicable credits
- Sale of property
- Donations
- Income earned after the grant period
 - Unless assistance continues

Program Income Revenues

- Two methods for revenue accounting
- Net Income Method
 - Deduct costs of generating income from revenue
- Gross Income Method
 - Costs of generating income charged to grant

Using Program Income

- No administrative cost limitation
- Allowable activities
- Included in the scope of audit
- Other administrative rules apply
 - Allowable costs
 - Cost classification
 - Admin requirements
- Sanctions for misuse



Match

What is Match?

- Additional non-Federal funds used to support grant activities.
- Two types
 - Cash contributions
 - Expenditures or contributions
 - In-kind contributions.

SCSEP Match Requirements

- At least 10% non-Federal funds
- No match for:
 - §502(e) grants
 - Disasters
 - Distressed areas
- Grantees can't use match as award condition
 - Subgrantees & host agencies
 - Ref: 20 CFR 641.809(e)

Match (Non-Federal Share)

- All contributions must be:
 - Spent on allowable activities/services
 - In accordance with cost principles
- Can't be BOTH match & allowable cost
- No administrative cost limitation

Cash Contributions

- Additional funds or services provided & paid for by the grantee
- 3rd party cash contribution
 - To the grantee organization
 - Spent for grant purposes

In-kind Contributions

- Not paid by grantee or subgrantee
- Allowable SCSEP costs & services
- Requirements for determining value
 - 29 CFR 97.24(b)(7)
 - 29 CFR 95.23(c-h)

In-Kind Contributions

- Personnel services
 - Volunteers or paid non-grantee staff
- Services
- Equipment & Supplies
- Space
- Valuation

Match Exclusions

- Costs
 - Paid from Federal funds
 - Used for other programs' match
 - Construction/purchase of facilities
 - Charged to program income
- Difference between earnings and costs

Records

- Source documentation
 - Books of account
 - Available for audit & review
- Support for 3rd party contributions
 - Verifiable from subgrantee records or
 - Maintained by grantee
 - Methods used to value in-kind

Questions???



Audit



Single Audit Act Audits

- Government-wide auditing standards
- Audit responsibilities at each level
- Expenditure threshold of \$500,000
 - Total combined Federal expenditures
 - Within organization's fiscal year
 - Fiscal years beginning after 12/31/2003

Single Audits

- 29 CFR Part 96
- 29 CFR Part 99
- No SAA requirements for:
 - Expenditures of less than \$500,000
 - After 12/31/2003
 - Vendors
 - Commercial organizations
- Compliance supplements
 - Revised annually

Audit Resolution

- Accept or reject audit findings
- Apply sanctions
- Decision within 180 days
- Awarding agency responsibility
- DOL 29 CFR Part 96, Subpart E
 - Initial Determination
 - Informal Resolution
 - Final Determination