



# Fiscal Management, Part 1a

July 19, 2015



# Introductions

---

Pam Zeutenhorst, Co-Founder/Trainer

[pam@envision-prosperity.com](mailto:pam@envision-prosperity.com)

Michael Ashmore, Consultant/Trainer

[info@envision-prosperity.com](mailto:info@envision-prosperity.com)

# Housekeeping

---

- Please don't put on hold
- Mute phone to minimize background noise
  - Everyone muted at start
- Ask questions or make comments by
  - Using the chat box
  - Raising your “hand”
- Files to download
- Parking Lot
- Learning can be fun



# Learning Objectives

---

- Utilize budget as a monitoring tool
- Understand what defines appropriate expenses for AmeriCorps program grants
- Identify appropriate and complete financial documentation
- Understand budgetary controls

# Monitoring Toolkit



# What's in the Toolkit

---

- Budget is a part of the grantee's contractual obligation
- Serves as a guide for the activities supported under the grant
- Helps ensure conformance to provisions and regulatory restrictions
- Used to monitor and measure progress towards meeting matching requirements
- Used to monitor and compare to budget to actual expenses (Federal & Matching Funds)



# Budget As Navigation Tool

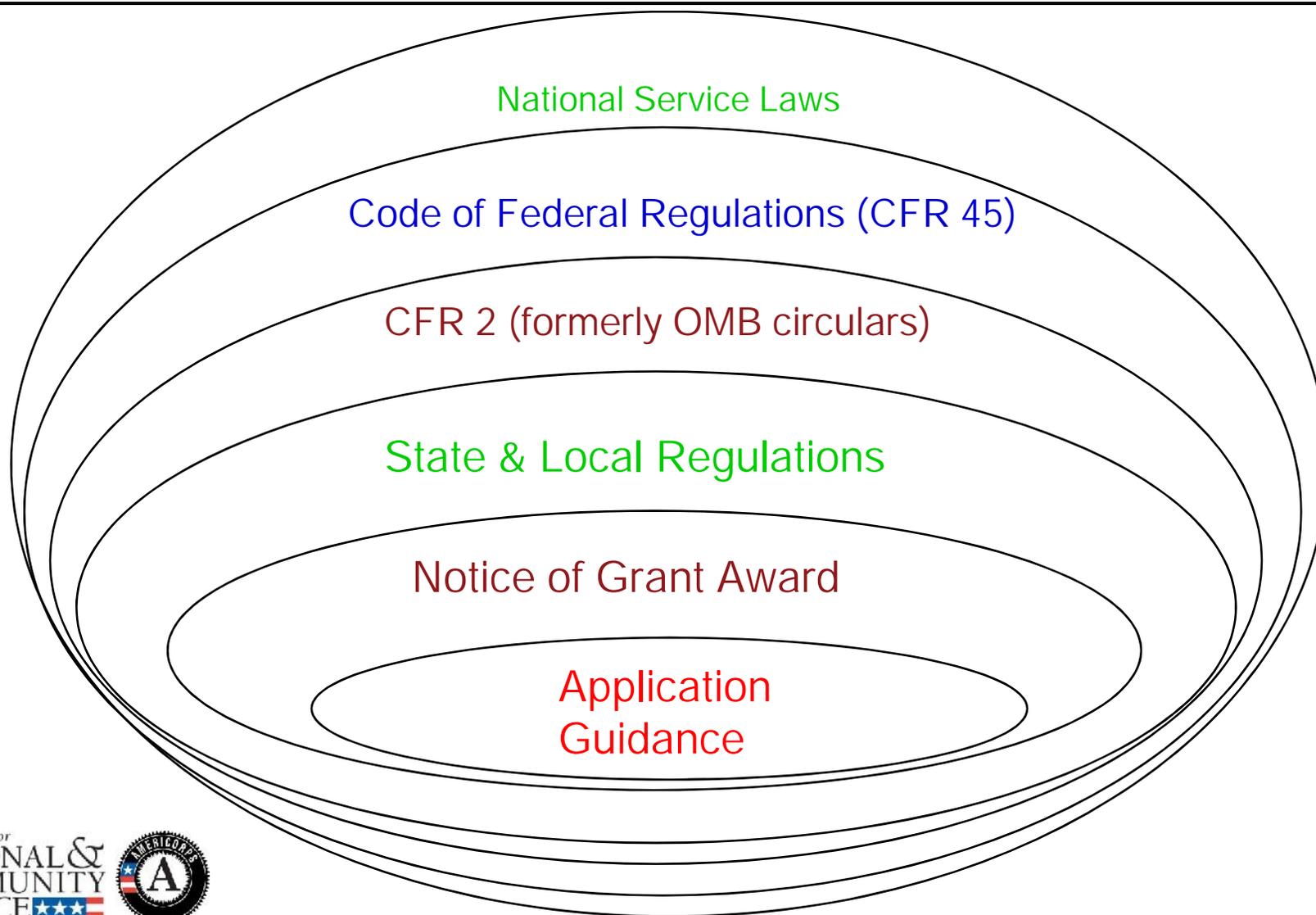
---

The budget process should be a team effort that includes relevant stakeholders:

- Board of Directors (Community Based Organizations, Other Non-profits)
- Executive Director
- Project Director
- Project Staff
- Fiscal Staff
- Program Advisory board

*Team should all be familiar with relevant rules and regulations*

# Order of Precedence



# Cost Principles

---

- Used to determine the appropriate costs incurred by organizations under grants or contracts
- Principles are designed so that Federal awards bear their fair share of the cost
- Information about factors that affect allowability and information about reasonable, necessary, and allocable costs



# Budget As Navigation Tool

---

- Developed in accordance with application instructions, using the required line items
- Developed based on program need
- Costs must be *allowable, reasonable, necessary, allocable*
- Budget narrative should provide a level of detail that:
  - Explains unusual costs
  - Explains unexpected costs
  - Explains high dollar costs
  - Provides calculations and/or justifications



# Appropriate Costs, Part 1

---

To be allowable under a grant, costs must:

- Be reasonable and allocable for the performance of the award
- Conform to grant award limitations or cost principles
- Be consistent with policies and procedures that apply to both federally-financed and other activities of the organization
- Be given consistent treatment



## Appropriate Costs, Part 2

---

- Be in accordance with Generally Accepted Accounting Principles (GAAP)  
[www.fasb.org/home](http://www.fasb.org/home)
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program
- Be adequately documented



# Allowable

- Conform to any limitation or exclusion set forth in the Code of Federal Regulations/OMB Cost Principle Circulars or in the award as to types or amount of cost items
- Be determined in accordance with Generally Accepted Accounting Principles (GAAP)

# Reasonable

- A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred **by a prudent person** under the circumstances prevailing at the time the decision was made to incur the costs



# Necessary

- The cost is of a type generally recognized as ordinary and **necessary** for the operation of the organization or the performance of the award

# Allocable

- A cost is allocable to a particular cost objective (such as a grant, contract, project, service, or other activity) in accordance with the relative benefits received
- A cost is allocable to a Federal award **if it is treated consistently** with other costs incurred for the same purpose in like circumstances

# Pop Quiz

In the following scenarios,  
determine if costs are:

- Allowable
- Reasonable
- Necessary
- Allocable



# Scenario 1



- Celebration Corps wants to have beer and wine at their member recognition event.

Check all that apply:

- Allowable
- Reasonable
- Necessary
- Allocable
- All of 'em
- None of 'em

## Scenario 2

- ImprovaSchool Corps budgets for all members to have cell phones.



Check all that apply:

- Allowable
- Reasonable
- Necessary
- Allocable
- All of 'em
- None of 'em

## Scenario 3



Cooking Matters Corps' fiscal review shows that food is provided at quarterly training meetings.

Check all that apply:

- Allowable
- Reasonable
- Necessary
- Allocable
- All of 'em
- None of 'em

## Scenario 4

Transportation Corps  
wants to purchase  
three vans to get  
elderly clients to  
doctor's appointments.



Check all that apply:

- Allowable
- Reasonable
- Necessary
- Allocable
- All of 'em
- None of 'em

## Scenario 5



- SuperDuper Corps' purchases a first class ticket for staff member to attend regional CNCS training

Check all that apply:

- Allowable
- Reasonable
- Necessary
- Allocable
- All of 'em
- None of 'em



# Commission Role

---

- Commission becomes involved in the budget process during clarification, negotiation, **and if you request budget changes throughout the grant cycle.**
- Role of Grant Officers
- Partnership between grantee and grant officer (and CNCS grant officers)

# Budget Flexibility

---

- It is permissible to move funds between line items without approval from CNCS when:
  - 1) The **total** cumulative fund transfer will not exceed 10% of the grant or \$10,000
    - Does not apply to budgets of less than \$100,000
  - 2) The transfers would not create a new line item
  - 3) There is no change in project scope or in key staff
- Although CNCS approval is not required when these conditions apply, it is a good practice to **notify grant officer** of any change to the budget.

# Budget Amendments

---

- Commission approval is required when you do not meet previously stated conditions
- When changes to the budget require approval from the Commission via eGrants, these revisions may occur any time during the approved budget period

***You can prevent major revisions and under expending by reviewing your budget each month***

# Fiscal Reporting

---

## Critical Elements for Financial Reporting

- **Timely** – Ensure all deadlines are met
- **Accurate** – Use data from your agency’s accounting system (general ledger should be the primary source for documentation of project expenditure)
- **Complete** – Ensure reports should contain all pertinent information relating to reporting period (match and/or income is often erroneously omitted)



## Financial Reports, Part 2

---

What system do I use to submit them?

- Clarify with Commission staff

Who reviews them?

- Identified Commission staff (identified in contract)
- Critically important to know who you are reporting to – consult with your Commission

# Pop Quiz

---



Where do you find...?

# Type Answer in Poll Box

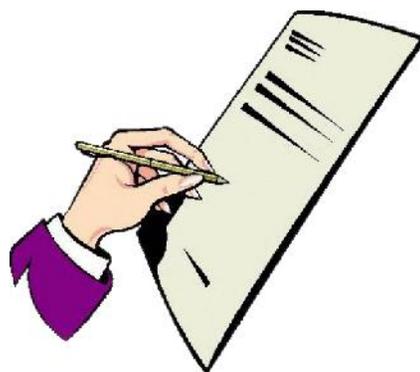
What is okay to include in a program budget?



When to send fiscal reports?

# Type Answer in Poll Box

The amounts of expenditures to be included in fiscal reports?



Who can sign requests for reimbursement?

# Type Answer in Poll Box

---

Who can approve  
budget changes?

**Approved!**







# Financial Reports, Part 1

---

## What are they?

- Reports used to determine the grant's financial progress

## When is it due?

- Due dates vary by report type (noted in your funding contract)
- Expenditure reports, drawdowns (typically monthly)  
Aggregate and revenue reports according to agreement (typically quarterly)



# Fiscal Reporting – Source Documentation

---

- Ensure proper and complete **documentation** (invoices, checks, receipts, timesheets/certifications, etc.) in the files to support all information reported on the periodic expense and aggregated financial reports
- All financial reports should be prepared with information that is obtained directly from the organization's **accounting system**
- Conduct a **review and reconciliation** of the information to ensure accuracy prior to report submission

# Documentation Examples

---

Salary

Benefits

Travel

Supplies

Contract &  
Consultant

Training

Evaluation

Admin



# Identifying Documentation

---

A light blue folder icon with the word "Salary" written on it in a dark blue, sans-serif font.

## Salary

- Signed timesheets with supervisory approval
- Payroll register
- Personnel file with salary/wage information
- Employment contract
- Cancelled checks/Direct deposit schedule



# Time & Activity Reporting Summary

---

All salaries and wages charged to grants must be supported by signed time & attendance records, i.e., timesheets

## *Exceptions:*

- State, Local and Indian Tribal governments must comply with requirements of 2 CFR 225 (Formerly OMB A-87)
- Educational Institutions must comply with requirements of 2 CFR 220 (Formerly OMB A-21)



# Identifying Documentation

## Benefits

- ✓ Insurance policy
- ✓ Paid invoices and receipts
- ✓ Cost allocation plan or Indirect Cost Rate documentation

*Fringe benefits are allowable, provided such costs are absorbed by all organization activities in proportion to the relative amount of time or effort actually devoted*

# Identifying Documentation



## Travel

- ✓ Authorization/reimbursement request:
  - Organization must have written policies on how to authorize and reimburse travel
- ✓ Paid invoices and receipts
- ✓ Per diem rates (applicable for area)
- ✓ Mileage calculation
- ✓ Reconciliation of advances to payments

*Travel costs must not exceed charges normally allowed by the organization in its regular operations based on the organization's written travel policy*



Search by State

For Fiscal Year: 2016 (current) ▾

The Department of Defense sets rates for Alaska, Hawaii, U.S. Territories, and Possessions (OCONUS rates). Visit DoD site >

STATE TAX EXEMPT FORMS

**Need a state tax exemption form?**

Per OMB Circular A-123, federal travelers "...must provide a tax exemption certificate to lodging vendors, when applicable, to exclude state and local taxes from their hotel bills." GSA's SmartPay team maintains the most current [state tax information](#), including any applicable forms.

NEWS

The FY2016 per diem rates are now available. See [FTR Per Diem Bulletin 16-01](#) for more details. **Please see the blue box at the top of the page for instructions on how to view prior years' rates.**

		TRAVEL	REAL ESTATE	ACQUISITION	TECHNOLOGY	POLICY & REGULATIONS	ABOUT US							
Home > Travel > Plan & Book > Per Diem Rates > Per Diem Look-Up >														
<h2>FY 2016 Per Diem Rates for Missouri</h2>														
<b>(October 2015 - September 2016)</b>														
<p>Cities not appearing below may be located within a county for which rates are listed.          To determine what county a city is located in, visit the <a href="#">National Association of Counties (NACO) website</a> (a non-federal website).</p>														
<b>You searched for: Missouri</b>														
<b>Primary Destination (1, 2)</b>		<b>Max lodging by Month (excluding taxes)</b>											<b>M&amp;IE (5)</b>	
<b>County (3, 4)</b>		<b>2015</b>		<b>2016</b>										
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
Standard Rate	Applies for all locations without specified rates	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$51
Kansas City	Jackson / Clay / Cass / Platte	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$112	\$64
St. Louis	St. Louis / St. Louis City / St. Charles / Crawford / Franklin / Jefferson / Lincoln / Warren / Washington	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$125	\$54



# Identifying Documentation

---

## Supplies

- Purchase orders
- Packing slips
- Paid receipts and invoices
- Donated Supplies, i.e., in-kind documentation



# Identifying Documentation

---

Contract &  
Consultant

- Purchase orders
- Signed agreements
- Paid invoices and receipts

*CNCS no longer has a daily maximum consultant fee –  
Consultant fee must be reasonable & necessary*



# Identifying Documentation

---

## Training

- Agenda
- Course description, cost for course
- Participant Sign-in sheet
- Consultant/Trainer agreement
- Paid invoices and receipts



# Identifying Documentation

---

## Evaluation

- Purchase orders
- Signed agreement/contract
- Paid invoices and receipts
- Final copy of the evaluation report



# Retaining Source Documentation

---

Admin

Retain all financial records:

- 3 years from date of submission of final Federal Financial Report
- 3 years from final audit resolution when there is an on-going audit
- Record Retention FAQ-F. 11 – More details

[www.nationalservice.gov/sites/default/files/upload/policy%20FAQs%207.31.14%20final%20working%20hyperlink.pdf](http://www.nationalservice.gov/sites/default/files/upload/policy%20FAQs%207.31.14%20final%20working%20hyperlink.pdf)



# Fiscal Reporting – Late Reporting

---

- Communication
  - Ensure you have a good flow of communication between program and fiscal staff.
  - Keep your program and grants officers in the loop.
- Extensions
- Consequences – Specific to Commission policies
  - Withholding of Funds (after 45+ days late)
  - Risk Status
  - Consideration for continuation/reapplication

# Drawing Down Funds

- Funded programs may not be pre-paid for expenditures and are therefore reimbursed after expenditure reports are approved
- Drawdowns should match timing of allowable program expenditures
  - Example: A monthly drawdown submitted immediately after monthly expense report approval



# Budget Controls

---

- Reviews of budget to actual expenses regularly to avoid cost overruns
- Identification of expenditures that may not be budgeted to ensure they are not included (or determine if they can be claimed)
- Identification of expenditures that may need approval before being claimed

# Key Budgetary Controls

---

Budgetary controls include:

- Regular monitoring of budgets to actual, year-to date, and current period expenditures or outlays
- Explain any budget variations that are unexpected or unusual and determining necessary adjustments
- Ensure compliance with laws, regulations, and CNCS provisions, particularly matching percentage requirements
- Request prior approvals for modification, if necessary
- Assure budget changes are properly approved

## Above all else...

- Revisit and understand the award terms and provisions and award requirements frequently throughout the grant period.
- Revisit your budget...it's a navigation tool!





# Additional Resources

---

- **Handout**
  - Internal Controls - Policies and Procedures
- **Colleagues**
  - Network and share best practices with other grantees
- **Commission Staff**
- **CNCS Staff**
  - Program Officer
  - Grants Management Specialist

# Fiscal Management Part 1b

---

- Match
- Common compliance issues
- More pop quizzes!



