Presentation on Grants Financial Management Division

New Grantee Orientation
Includes updates from Uniform Guidance

December 2015
Topics of Discussion

• Grants Financial Management Division
• Uniform Administrative Requirements, Cost Principles, and Audit Requirements
• Cost Principles
• Conference Costs and Reporting Guidelines
• Grant Adjustments
• Grant Reporting
• Payment of Grant Funds
• Financial Management Systems
• OIG Audits, Single Audit, and Financial Monitoring
• Grant Closeout
• Record Retention
• Additional Resources
Grants Financial Management Division (GFMD)
GFMD Services

GFMD services include:

- Award acceptances
- Budget reviews
- Grant Adjustment Notices
- Audit confirmations
- Excess cash reviews
- Technical assistance/training
- Close-out processing
GFMD Contact Information

How to contact us --

OVW GFMD Helpdesk:
1-888-514-8556
Fax: 202-514-7045
OVW.GFMD@usdoj.gov

OVW award acceptance:
OVW.acceptance@usdoj.gov or
Fax 202-514-7045

OVW GMS technical assistance (other than password resets):
OVW.GMSSupport@usdoj.gov or
1-866-655-4482
Grants Financial Management Training

Online Training

- Basic grants financial management course
- Online, no limitation for registration
- Register with your vendor and award number
- One year to complete the course
- Approximately 14-16 hours to complete
- Final exam is optional

http://gfm.webfirst.com/
Uniform Administrative Requirements, Cost Principles, and Audit Requirements
New Guidance

Consolidates and supersedes previous circulars:

- Administrative Requirements: A-102, A-110
- Audit Requirements: A-133
- Catalog of Federal Domestic Assistance: A-89
- Audit Follow-up: A-50

Uniform Guidance is now located in 2 CFR Part 200
Effective Date

Effective Date:

• Awards issued after December 26, 2014
  → Applies to all OVW awards that start with the year “2015” (and after)

• Does not apply retroactively to existing awards

• Exception: Audit requirements effective for audits of Fiscal years beginning on or after December 26, 2014
Administrative Requirements

Standards for Consistency and Uniformity

• **Subpart A: Definitions**
• **Subpart B: General Provisions**
  - Applicability, effective dates, conflicts of interest, mandatory disclosures
• **Subpart C: Pre-Award Requirements**
  - Funding opportunities posted to grants.gov, review of merit of proposals, applicant risk assessment, special conditions, required data elements for awards, suspension/debarment
• **Subpart D: Post-Award Requirements**
  - Standards for: financial management, property, procurement, and performance; subrecipient monitoring/management, record retention, closeout
Cost Principles – Subpart E

Determines Reimbursable Costs

Topics covered include:

- Basic Guidelines: Allowable, Reasonable, Allocable
- Composition of cost
- Direct costs
- Indirect costs
- Selected Items of Cost
Audit Requirements – Subpart F

Determines Reimbursable Costs

Single or Program Specific Audit

• Threshold increased to $750,000 or more of Federal funds expended during FY
• Previous threshold was $500,000
• Applies to FY beginning on or after Dec 26, 2014
Cost Principles
Establish Principles and Standards

Standards for costs:

• Allowable
• Reasonable
• Necessary and allocable
• Claimed against only one award
• Permissible under State & Federal laws and regulations
• Treated consistently between Federal and non-Federal funds
Allocating Costs

Multiple Awards – Allocating Costs

Cannot shift costs to:

- Overcome funding deficiencies
- Avoid restrictions or award terms

*Must charge for costs incurred directly to grant*
Classification of Costs

Direct Costs
• Identified specifically with a particular project or activity
• Directly assign to activities easily and with a high degree of accuracy

Indirect Costs
• Common or joint purpose
• Benefitting more than one activity
• Not readily assignable to a specific project or activity
Cost Categories

Federal Cost Categories:

Direct Costs
• Personnel
• Fringe Benefits
• Travel
• Equipment
• Supplies
• Contracts/Consultants
• Other Costs

Indirect Costs

TOTAL COSTS
Direct Costs

Personnel

- Compensation for direct recipient employees
- Time worked directly on the project
- Time/Effort clearly documented
- Amounts charged match documentation
- Charge based on actuals (not budgeted)

NOTE: Overtime may only be charged if authorized in advance through written approval

See section 200.430 for more information
Direct Costs

Personnel – Documentation

• System of strong internal controls
• Reflect actual effort
• Account for total activity of employee
• Follow written policies and procedures
• Support distribution of salary/wages among different activities/cost objectives
• Include both Federal and non-Federal funded activities
Direct Costs

Fringe Benefits

Examples: Social Security, Medicare, Health Insurance, Unemployment Insurance, Retirement

- Associated with staff in Personnel
- Follow organizational policy
- Consistent for Federal and non-Federal funded positions
- COLA and Merit increases consistent for all staff
Direct Costs

Travel

- Direct recipient travel
- Follow organizational travel policy
- Refer to GSA’s Federal Travel Regulations
Direct Costs

Travel

Not budgeted in this category:

- Consultant travel
  → Consultants/Contracts
- Partner Travel
  → Consultants/Contracts
- Client/survivor assistance
  → Other
- Attendee travel assistance
  → Other
Direct Costs

Equipment

- Non-expendable tangible property
- Useful life of more than one year
- Fair market value of $5,000+
- Use organizational capitalization policy (may have lower thresholds)
- Inventory every 2 years
- Procurement policy should be same for Federal and non-Federal funds
- Ensure proper management, use, and disposal

NOTE: Rented or leased equipment should be included in the “contractual” category.
Direct Costs

Supplies

- Expendable/consumable materials
- Ex. - office supplies, copy paper, training materials, postage, etc.
- Estimate costs for budget
- Actual costs for reimbursements
- Computing device is a supply if the cost is less than $5,000 (or less than capitalization threshold), regardless of useful life
Direct Costs

Consultants/Contracts

• Use appropriate agreement type based on the nature of the service
• Used to obtain goods or services
• Reasonable rate of compensation for consultants
• Prior Approval threshold = $650/day or $81.25/hour
  → This is threshold, not a standardized rate
• Procurement policy should be same for Federal and non-Federal funds
• Free and open competition
• Prior Approval for sole-source contracts (non-competitive) → $150,000+
Direct Costs – Subrecipients

Subrecipient characteristics may include:

- Uses Federal funds to **carry out a program for public purpose**, as opposed to providing goods or services for the benefit of the pass-through entity
- Performance measured against award objectives
- Adheres to applicable Federal program requirements
- Determines who is eligible to receive what Federal funding
- Responsibility for programmatic decision making

*NOTE: See section 200.330*
Direct Costs – Contractor

Contractor characteristics may include:

• Normally operates in a competitive environment
• Provides goods and services within normal business operations and ancillary to the operation of the Federal program
• Purpose is to obtain goods and services
• Not subject to compliance requirements of the Federal program as a result of the agreement

NOTE: See section 200.330
## Direct Costs – Subrecipient vs Contractor

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Subrecipient</th>
<th>Contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOU partners are generally considered this</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Do procurement standards (including competition and sole source approval) apply?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Funds received count towards meeting the audit threshold</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Federal Program requirements and terms and conditions apply</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Contract provisions apply (2 CFR 200 Appendix II)</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Required to be reported by direct recipient under FFATA</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Profit may be earned (including fee for service)</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Reimbursed for actual costs incurred</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
Direct Costs – Pass-through Requirements

Pass-through entities are required to:

• Clearly identify the agreement as a subaward and include all required information

• Evaluate subrecipient’s potential risk for non-compliance with Federal statutes, regulations, and award requirements, and add additional special conditions as needed

• Monitor activities, financial/performance reports, and audit compliance (as required in Subpart F)

• When necessary, take enforcement action for non-compliance

NOTE: See section 200.331
Direct Costs

Other

- Ex. – rent, registration fees, client/survivor services, participant support costs, etc.
- Allocate shared costs – equitable distribution method

Example:
Project Coordinator’s office
150 sq ft x $11/sq ft x 12 months x 50% of time devoted to project = $990

NOTE: Property owned by grantee can charge proportionate amount of cost of ownership (insurance, maintenance, depreciation, etc.)
Indirect Costs

Indirect Costs Include:

- Common or joint purpose costs
- Benefiting more than one activity
- Not readily assignable to a specific project or activity
- May charge current approved rate or the 10% de minimis rate

Ex. – costs of operating and maintaining facilities, general administrative and general expenses (salaries and expenses of executive officers, personnel administration and accounting)
Indirect Costs

Indirect Cost Negotiation

Non-profits with no previous rate agreement:
- Submit proposal after notification of award
- No later than 3 months after awarded

Organizations with rates:
- Submit new proposal each year
- No later than 6 months after fiscal year end

Changes with Uniform Guidance:
- Negotiated rates must be accepted by all Federal and non-Federal awarding agencies (rare exceptions)
- One time extension for period of up to 4 years
Indirect Costs

De Minimis Rate

- Can be used by recipients that have NEVER had a Federally approved Indirect Cost Rate Agreement
- Subrecipients (not contractors) use the same guidelines as recipients
- Charge 10% of MTDC without negotiating the rate
- Charge costs consistently as indirect/direct for all awards
- May be used indefinitely
Program Income

*Gross income generated by a supported activity or earned as a result of the award*

- Methods for Applying Program Income
  - Addition: Anticipated PI included in application budget
  - Match: Used to finance the non-Federal share of program
  - Deduction: Used for PI not anticipated at time of the award

- OVW prior approval required
- Apply to allowable program expenses
- Expend program income before drawing down
- Report on SF-425

*See section 200.307*
Conference Cost And Reporting Guidelines
Conference Cost Guidelines

Purpose

• Minimize costs
• Ensure prudent spending
• Avoid appearance of extravagant spending

Consider all options

• Identify alternative training methods (webinars, teleconferences, etc.)
• Acquire lower cost locations
• Minimize travel costs
• Ensure all conference costs are necessary
Conference Cost Guidelines

Conference Cost Guidelines apply to all OVW award recipients:

- Grants
- Cooperative Agreements
- Contracts

All award recipients:

- Subject to monitoring
- Maintain all documentation
- Support all conference costs or food/beverage expenses
Conference Cost Guidelines

Cost limitations:

- Conference Planning Costs
- Meeting Space and Audio Visual Equipment
- Food and Beverages
- Other Items
Cost Limitations

Planning Costs - Tracking time

Logistical Planning

- Non-programmatic planning
- Ex. – recommending venues, advertising, setting up audio visual equipment, etc.
  -> Limited to $50/attendee
  -> Capped at $8,750 per conference (including indirect costs)

Programmatic Planning

- Ex. – developing conference agendas, content, written materials, etc.
  -> Limited to $200/attendee
  -> Capped at $35,000 per conference (including indirect costs)
Cost Limitations

Meeting Space and A/V

• Costs for space and A/V equipment
  → Limited to $25 per day per attendee
  → Capped at $20,000 per conference (including indirect costs)
Cost Limitations

Food and Beverage

- **Should not** use funds for food/beverage
- **Following rare exceptions:**
  - The location of the event is not in close proximity to food establishments
  - If **not** serving food will significantly lengthen the day or necessitate extending the meeting
  - If a special presentation at a conference requires a plenary address where there is no other time for food to be attained; or
  - Other extenuating circumstances which necessitate the provision of food.

*NOTE: This does not apply to client/victim services*
Cost Limitations

Food and Beverage

If meals are approved:

• Cost cannot exceed 150% of the GSA M&IE locality rate per attendee.
  → The cost would include:
  • Individual Meal
  • Taxes
  • Service Costs (i.e., labor for room set-up)

• Attendees deduct provided meal from claimed M&IE (per diem)

• Generally, OVW funds cannot be used to provide Refreshments without specific prior approval

• Maintain supporting documentation
Cost Limitations

Other Items

Basic supplies allowable:
- Necessary for use during conference
- Ex. - pens, paper, name tags

Unallowable items:
- Trinkets – hats, mugs, portfolios, t-shirts
- Entertainment costs – amusement, diversion, social activities, etc.

NOTE: This does not apply to outreach activities
Conference Cost Guidelines

Cooperative Agreement and Contract Recipients

- Must receive prior approval from OVW
- Applies to conferences, meetings, and events
- Submit a conference report to OVW
- Maintain supporting documentation

NOTE: Grant recipients have different requirements
Cooperative Agreement Recipients

Prior Approval Process:
• Complete “DOJ Sponsored Conference Request and Report Form”
• Submit request to Program Specialist via email 120 days before anticipated event
• Cannot enter into a contract until approval received

Reporting Process:
• Complete “DOJ Sponsored Conference Request and Report Form” for conference $20,000+
• Submit within 30 days after end of event
• Send via email to Program Specialist and OVW.ConferenceReport@usdoj.gov
Grant Adjustments
Grant Adjustments

Grant Adjustment Notices (GANs) are processed in GMS.

Types of GANs:
- Budget Modifications
- Change to the Authorized Representative
- Change of Key Staff
- Change in Scope
- Change in grant period (grant extension)
- Program Office approvals
- Removal of Special Conditions
Grant Adjustments

Budget Modification GANs

Require Prior Approval:

- Change in scope
- Move funds to non-approved category
- Cumulative change greater than 10% of the award amount (does not apply to awards less than $150,000)
Grant Reporting
Grant Reporting

Standard Required Reports

Progress or Performance Reports

- Bi-annual report
- Submitted in GMS
- Processed by programmatic grantee contact


- Quarterly report
- Submitted in GMS
- Processed by financial point of contact
Grant Reporting

Federal Financial Report

- Demonstrates actual expenditures and unliquidated obligations
- Filed online through GMS
- Due 30 days after quarter end
- Final Report due within 90 days after award end date

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>Due Date</th>
</tr>
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<tbody>
<tr>
<td>January 1 - March 31</td>
<td>April 30</td>
</tr>
<tr>
<td>April 1 - June 30</td>
<td>July 30</td>
</tr>
<tr>
<td>July 1 - September 30</td>
<td>October 30</td>
</tr>
<tr>
<td>October 1 - December 31</td>
<td>January 30</td>
</tr>
</tbody>
</table>
Payment Of Grant Funds
Payment of Grant Funds

Payment Requests

• Allowable and authorized costs
• Reimbursement basis – immediate need
• Minimize cash on hand
• Obligations incurred during award period

Ex. Award Period: 10/01/2015 – 09/30/2016
Obligation Period 10/01/2015 – 09/30/2016
Liquidation Period 10/01/2015 – 12/29/2016
Payment of Grant Funds

Grant Payment Request System (GPRS)

• Submit payment request
• View payment history
• Verify available balance and hold amounts
• Financial Point of Contact

GPRS Website
https://grants.ojp.usdoj.gov/gprs

GPRS User Guide
http://www.ojp.gov/about/pdfs/gprsuserguide.pdf
Payment of Grant Funds

Requirements for drawdown of funds:

- Acceptance of award
- Current on Federal financial reports and progress reports
- Have sufficient funds available for drawdown

Approved requests are deposited into grantee’s account within 3-5 business days of the request.

NOTE: GPRS does not process payment requests during the last 4 business days of each month, in order to meet reporting requirements. Please plan ahead!
Financial Management Systems
Financial Management Systems

Financial Systems

• Strong internal controls
• Accurate, current, and complete
• Demonstrate financial activities of each project
• Each award accounted and tracked separately

Should demonstrate:

• Obligations – amounts owed for goods or services
• Expenditures – charges made to the grant
• Receipt of funds – drawdown or payment of grants

See sections 200.302-200.303
Financial Management Systems

Financial System Requirements

- Effective control of grant funds and assets
- Internal controls for proper grant management
- Written documented procedures
- Track and maintain source documentation

Source Documentation

- Timesheets, purchase orders, invoices, travel authorizations, receipts, etc.
- Not required to submit unless requested
- Must maintain on file
OIG Audit
Single Audit
Financial Monitoring
Reviews may include:

- Verify compliance with laws and regulations
- Review, test, and analyze costs:
  - Allowable
  - Supported
  - Expended within grant period
- Adequate internal controls and financial systems
- Assess compliance w/special conditions and program requirements
OIG Audit, Single Audit, and Financial Monitoring

Reviews may include:

- Review and assess entire operation of entity
- Review written accounting and organizational policies and procedures
- Compare approved budget vs. actual costs
- Determine excess cash on hand
Grant Closeout
Grant Closeout

- Submit Final Financial Report, SF-425
- Submit Final Progress Report
- Ensure all special conditions satisfied
- Financial Reconciliation
  → Total reported expenditures versus total drawdowns
- Submit closeout package within 90 days after award end date
Grant Closeout

Financial Reconciliation

• Compare total reported expenditures with total funds received from OVW
• Use internal accounting records

If Expenditures exceed Drawdowns:
• Submit a payment request prior to 90 days after award end
• Payments made after liquidation period are manual and may encounter significant delays

If Drawdowns exceed Expenditures:
• Contact GFMD Helpdesk for address to return funds
Record Retention
Record Retention

Records must be retained for a period of three years:

- Financial Records
- Supporting Documentation
- All other pertinent records

Format for retention can be either hard copy or electronic

- Records must be accessible
- Confidential records must be secured

See section 200.333
Additional Resources

- Electronic Code of Federal Regulations
  http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

- OVW Solicitation Companion Guide

- Link to DOJ Financial Grants Management Guide

- Grant Payment Request System (GPRS) User Guide
  http://www.ojp.gov/about/pdfs/gprsuserguide.pdf

- Federal Audit Clearinghouse
  http://harvester.census.gov/fac/collect/ddeindex.html