

Fiscal Staff Breakout

Wednesday

1:30- 3:00 p.m.

Session Overview

- Fiscal Staff, participants will get information on how this grant award differs from other grant awards.
- Specific topics that will be reviewed include is accounting system requirements, separation of duties, written policies and procedures.

Brainstorming



What questions do you have?

What do you hope to learn?

Basics of Financial Management

- Accounting system with detailed chart of accounts
- Proper documentation of expenditures
- Appropriate time and activity reporting
- Procedures to ensure costs are allowable
- Written cost allocation plan
- Regular review of budget to actual expenses
- Strong system of internal controls
- Written policies and procedures
- Risk-based monitoring
- Effective program management

Nat'l & Community Svc. Act of 1990

Code of Fed. Regulations (CFR)

OMB Circulars (part of CFR)

State & Local Regulations

NOFO

Notice of Grant Award

Certifications and Assurances

Provisions

Revised Grant Guidelines

Effective May 11, 2004 and August 31, 2005

Federal Grant Guidelines	Universities	States, Local, Indian Tribal Governments	Non-Profits	Hospitals
Administrative Requirements	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)	§ 45 CFR 2541 OMB A-102	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)	§ 45 CFR 2543 § 2 CFR 215 (formerly A-110)
Cost Principles	§ 2 CFR 220 (formerly A-21)	§ 2 CFR 225 (formerly A-87)	§ 2 CFR 230 (formerly A-122)	§ 45 CFR 74 (HHS regulations)
Audit Requirements *	OMB A-133	OMB A-133	OMB A-133	OMB A-133

Notes:

CFR = Code of Federal Regulations

* = Organization is subject to A-133 if it expends more than \$500,000 of Federal funds in its fiscal year

Factors Affecting Allowability of Costs

To be allowable under an award, costs must meet the following general criteria:

- Be reasonable, ordinary, necessary and allocable under OMB principles.
- Conform to any limitations set forth in OMB principles and in the award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.
- Be accorded consistent treatment.
- Be determined in accordance with Generally Accepted Accounting Principles (GAAP).
- Not be included as a cost or used to meet cost sharing or matching requirements of any other Federally-financed program.
- Be adequately documented.

Document Internal Controls through Policies & Procedures

Documented Policies and Procedures are important because:

- They are the standards for the organization's operations
- They help in maintaining information that is crucial to operations that would otherwise remain in employees' "heads"
- They help in orienting new employees and substitutes if the appropriate personnel are absent

Written Policies and Procedures

Assist with consistency and clear communication of expectations:

- Policies set expectations of “what is to be done”
- Procedures or processes describe “how is it to be completed”
- Effective ones explain the rationale and include examples of principal transactions and completed forms

Examples of Key Policies & Procedures

- Authorizations of transactions
- Payroll procedures
- Cash receipts procedures
- Procurement Policies
- Travel regulations
- Financial Reporting
- Budgeting
- Record Retention
- Conflict of Interest
- Timekeeping

Internal Control Objectives

- Adequacy of audit trail
 - Can a transaction be traced from the accounting records back to the original documentation (invoice, timesheet)?
- Segregation of duties
 - Are the various aspects of the accounting functions separated and performed by more than one person?
- Physical safeguard of assets
 - Protection of the assets of the organization to ensure its mission can be carried out
- Adequacy of Records
 - Are adequate records maintained to provide a proper trail for the audit

Internal Controls Interrelated Components

- Control environment
 - What is the atmosphere of the work environment?
- Risk assessment
 - Is your organization considered low risk or high risk?
- Control activities
 - What activities provide control within your organization?
- Information and communication
 - Is information communicated clearly to staff and is there a means for staff to provide feedback?
- Monitoring
 - Are the controls monitored and reviewed to ensure that they are appropriate and meeting compliance requirements?

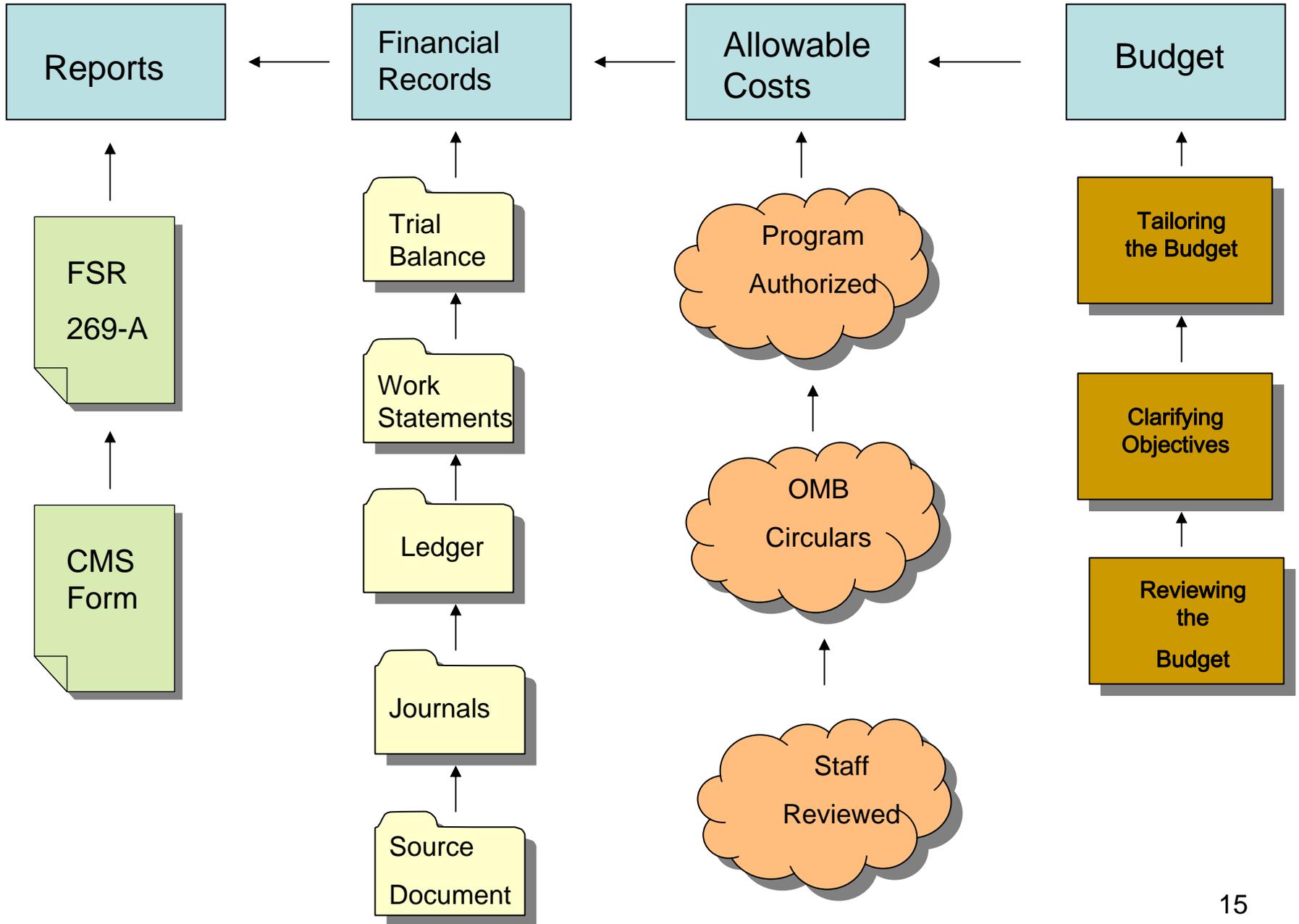
A Good Control Environment Includes:

- Existence of a code of conduct and code of ethics
- Written job descriptions
- Timely communications with board of directors
- Written policies to hire, train, promote and compensate employees
- A clear chain of command
- Physical safeguarding of assets
- System to follow up on problems to ensure resolution
- Documented policies and procedures

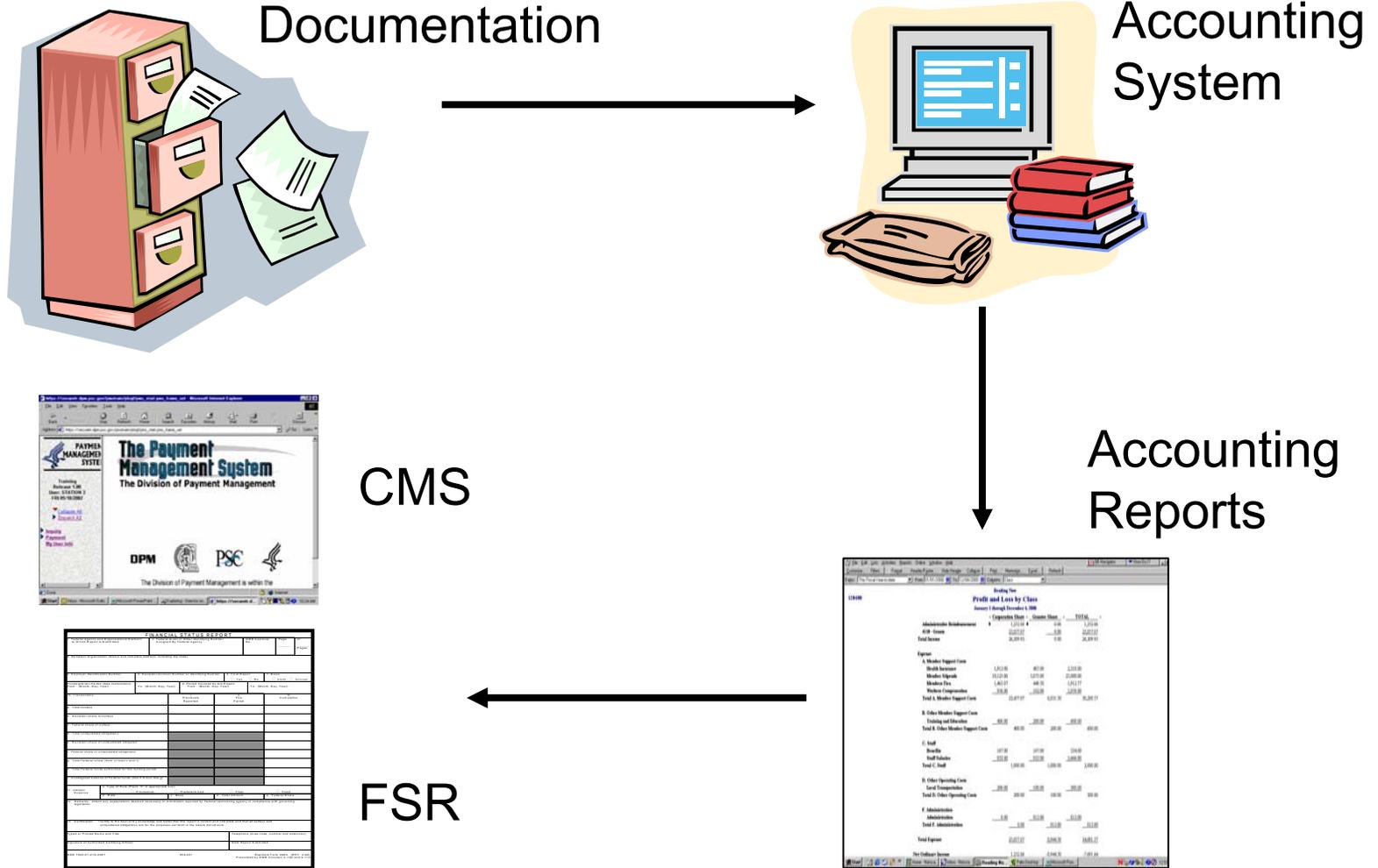
Key Accounting System Requirements for Accurate Reporting

System must be capable of:

- Distinguishing grant versus non-grant related expenditures
- Identifying costs by program year
- Identifying costs by budget category
- Differentiating between direct and indirect costs (administrative costs)
- Distinguishing matching funds separately from grant funds
- Recording in-kind contributions as both revenues and expenses

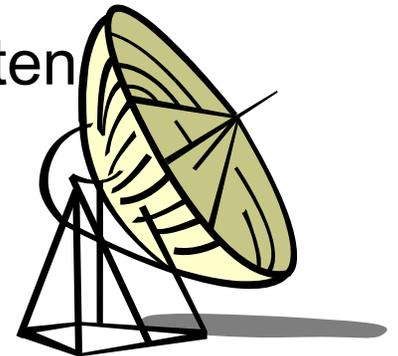


Develop a Clear Audit Trail



Items to Have on Radar

- Read and understand the award terms and provisions and revisit award requirements frequently throughout the grant
- Be sure to educate all staff with provisions, regulations and program policies and procedures
- Establish documentation for expenditure requirements to ensure costs are allocable, allowable, necessary, and reasonable
- Develop good internal controls and written policies and procedures





Taking it Home!

1. Staff working on grant should review “Rules”
2. Strong financial system are critical to proper administration of a federal grant
3. Be sure to create written polices and procedures
4. Meet with program staff to outline responsibilities and information that will be requested of one another.