

**Build a Strong Grants Management Foundation**

Federal Grants Rules & Regulations



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**Learning Objectives**

- Review grants management regulations
- Define characteristics of an effective financial and grants management system
  - Examine existing systems
  - Explore ways to enhance and improve current practices
- Review allowable costs

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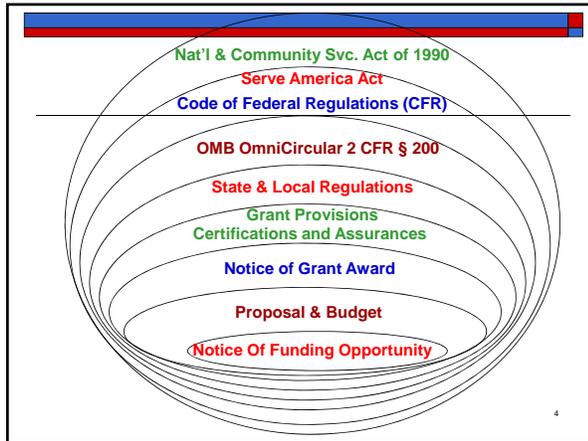
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Effective  
Financial and Grants  
Management System

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- Key Characteristics of Organizations with Highly Effective Financial Management
- Written and followed policies and procedures
  - Qualified and trained financial staff
  - Effective communications
  - Succession planning and cross-training
  - Self-assessment and continuous improvement
  - Active, knowledgeable and informed Board and finance committee
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2 CFR 200  
OmniCircular

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OMB Federal Grant Regulations

The OmniCircular provides guidance and requirements relevant to Federal grants in 3 major areas:

Administrative Requirements

- Accounting Systems
- Documentation Requirements

Cost Principles

- Allowable Costs
- Unallowable Costs
- Indirect Costs

Single Audit Requirements

- Annual Expend > \$750,000 of Federal funds

Consistency Uniformity

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Financial Management System Requirements

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## What is it? Why is it important?

- Automated & manual processes
- Procedures, controls, and accountability
- People dedicated to the operations
- Reliable and Useful
- Effective and efficient
- Provides reporting and assists decision-making
- Reduces uncertainties
- Enables resource allocations & setting targets

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## Federal Award Standards

- Subpart D – Post Federal Award Requirements  
Standards for Financial and Program Management,  
2 CFR 200.300–345
  - Ensure Federal funding is expended and programs are implemented according to U.S. requirements
  - The awardee must comply with all requirements
  - Records must be sufficient to permit
    - Preparation of reports required by general and program-specific terms and conditions
    - Tracing expenditures to establish the funds have been used as required

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## Other Standard Processes

- Distinguish grant verses non-grant related expenses
- Identify costs by program year & budget category
- Differentiate between direct and indirect costs
- Account for each award/grant separately
- Record in-kind contribution as both revenue & expense
- Correlate financial reports submitted to Commission (CNCS) directly to your accounting information and supporting documents
  - IPERIA – this is the most common error found

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Cost Principles

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All Costs must be

- Allowable
- Reasonable
- Allocable
- Consistently Applied

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**Allowable** - What does it Mean?

To be allowable under a grant, costs must: 2 CFR § 200.403

- Be necessary, reasonable, and allocable for the performance of the award
- Conform to limitations or exclusions
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity
- Be given consistent treatment [Direct = Direct and Indirect = Indirect]
- Be in accordance with Generally Accepted Accounting Principles (GAAP)
- Not be included as a cost or used to meet matching requirements of any other federally-financed program
- Be adequately documented

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**Allowable?** 

- The Program Director of Me4You2 AmeriCorps bought tickets to take 30 Members to Six Flags for the day, which is a 1 hour drive away.
- The rationale he stated on the purchase request was *"To enrich the Members' lives, renew their energy, and reward them for a successful first 6 months."*
- The AmeriCorps budget category charged for the expense was "Member Travel".

**Allowable?**

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**Reasonable - What Does it Mean?**

**A cost is reasonable if:** 2 CFR § 200.404

- Its nature & amount, does not exceed what a prudent person would do under the circumstances at the time the decision was made to incur the cost
- Consideration should be given to:
  - Whether the cost is ordinary and necessary for the operation of the organization, or the proper and efficient performance of the award
  - The restraints or requirements imposed by sound business practices, arm's-length bargaining, award terms & conditions, and other laws
  - Market prices for comparable goods/services for the geographic area
  - Whether the individuals concerned acted with prudence
  - Significant deviations from established practices and policies which may unjustifiably increase the award costs

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**Reasonable?** 

- Me4You2 AmeriCorps approved program budget allows winter coats be purchased for its AmeriCorps Members since they work outside during the winter on the Forest Trail Restoration project.
- The Program Director received three price quotes on jackets and parkas. Two were within the same general price range of \$85 - \$100. However, the Diamond Heatzone Down parka appealed most to him – the "outdoorsy" athlete skier – it met all of the necessary specifications but also had a thermal reflective liner, adjustable storm hood, chin guard, and is certified to the "Responsible Down Standard" (RDS).
- Although the basic models were adequate, the Diamond Heatzone Down parka was very appealing at the "on sale" price of \$899 each, and is available in "Forest Trail Green", so the Program Director ordered 30 of these Diamond Parkas.

**Reasonable?**

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### Allocable - What Does it Mean?

**A cost is allocable:** 2 CFR § 200.405

- If goods/services are chargeable based on its relative benefits received; this standard is met if the cost:
  - Is incurred specifically for the award;
  - Benefits both the award and other work and can be distributed using reasonable proportion methods; and
  - Is necessary to the overall operation of the organization
- All activities that benefit from indirect costs are appropriately allocated
- Any cost allocable to a particular award may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions, or for other reasons
- If a cost benefits 2 or more projects, the cost should be allocated based on the proportional benefit

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### Allocable?



- Me4You2 purchased 25 laptop computers for the AmeriCorps Afternoon Tutoring program, and charged 100% of the costs to the AmeriCorps program according to the approved budget.
- The laptops were setup in the AmeriCorps Technology Center.
- The Executive Director saw that the computers were not being used between 8:00 a.m. – 11:00 a.m. so she directed the Adult Learning program, funded by the Department of Education grant, to use the laptops during those hours.

**Allocable?**

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### Consistent - What Does it Mean?

**Grantees must be consistent in assigning costs:** 2 CFR § 200

- Whether a direct cost or an indirect cost
- Regardless of the source of funding, i.e., federally or non-federally sponsored activities, and
- Following written cost allocation plan, as applicable

**Key wording in the cost principles:**

- Consistent with that paid for similar work in the organization's other activities
- Distributed to awards and other activities in a consistent pattern
- The organization must follow a consistent, equitable procedure and practices
- Charges must be consistent with those normally allowed in like circumstances in the organization's non-Federally-sponsored activities

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**Consistently Applied?** 

- Me4You2's cost allocation plan states that office machine leasing costs be charged to each department according to the number of staff employed on each project.
- The new AmeriCorps project had to rent a new building entirely for the use of the AmeriCorps project and needed to lease a copier.
- The costs of the copier lease were charged 100% to the AmeriCorps project.

**Consistently Applied?**

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**Efficient Accounting System**

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**Financial Management System** 2 CFR § 200.302

1. Identify Federal awards received & expended
2. Identify in the General Ledger:
  - A. The CFDA title and number (Catalog of Federal Domestic Assistance)
  - B. Federal award identification number and year
  - C. Name of the Federal agency
  - D. Name of the pass-through entity
3. Accurate, current, and complete disclosure of the financial results of each award
4. Records that adequately identify the source and use of funds
5. Effective control over all funds, property, & other assets
6. Comparison of expenditures vs. budgeted amounts for each award

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### Financial Management System

- Distinguish grant versus non-grant related expenses
- Identify costs by program year & budget category
- Differentiate between direct and indirect costs
- Account for each award/grant separately
- Record in-kind contribution as both revenue & expense
- Correlate financial reports submitted to Commission (CNCS) directly to your accounting information and supporting documents
  - IPERIA – this is the most common error found

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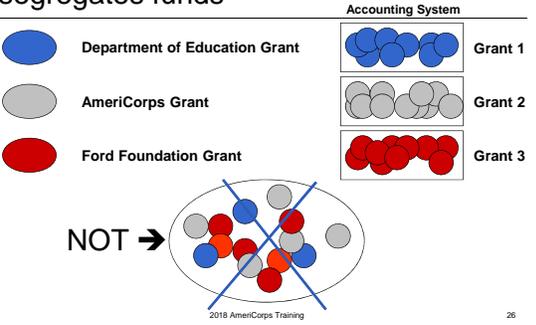
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### Accounting System that properly segregates funds

Accounting System

-  Department of Education Grant
-  AmeriCorps Grant
-  Ford Foundation Grant



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### Activity

**QUIZ**

At your table group, take 5 minutes to decide if these costs are:

- Allowable or Unallowable
  1. Alcoholic beverages
  2. Conferences
  3. Entertainment costs
  4. Fund raising and investment management costs
  5. Memberships, subscriptions, and professional activity costs
  6. Pre-award costs
  7. Travel costs
- Are there any exceptions?

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CNCS Terms & Conditions

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CNCS Terms & Conditions (T&C)

- General T&C
  - Binding on recipient and subrecipient
  - Implements Legislative Authority and 2 CFR 200
- AmeriCorps Program Specific T&C
  - Binding on recipient and subrecipient
  - Implements CNCS regulations related to AmeriCorps

- Each award
- Annual updates

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AmeriCorps T&C

- Program Specific
  - Member Recruitment, Supervision, Changes, Releases, Living Allowances, Benefits, Records, Safety
  - Budget & Program Changes
  - Reporting
  - Program income
  - CHC Training, Fixed Amount Awards, PII

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**Order of Precedence**

- Applicable Federal statutes
- Applicable Federal regulations
- Notice of Grant Award and Signature Page
- CNCS Program Specific T&C
- CNCS General T&C
- Notice of Funding Opportunity (NOFO)
- Approved Award Application, including assurances, certifications, attachments, and pre-award negotiations

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**Financial Management Tips!** 

**Create an accounting system that**

- Separately identifies AmeriCorps in the General Ledger
- Separately identifies income & expense by program year
- Categorizes expenses by budget line item
- Compares expenses to budgeted amounts
- Equals the costs claimed on the reports submitted to the Commission

**Identify AmeriCorps grant in the records with**

- CFDA, Award Number & Year, Federal Agency, and Pass-through agency name

**Submit most recent Single Audit to the Federal Clearinghouse**

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**Questions?**

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Set the Expectation,  
Outline the Steps

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Grant Policies and Procedures



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Learning Objectives

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- Review and boost knowledge of grants management, specifically
  - Internal Controls
  - Policies and procedures
- Explore ways to strengthen current practices

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Internal Controls



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# Set the Expectation, Outline the Steps



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## Internal Controls

2 CFR 200.61 defines **Internal Controls**  
A process implemented and designed to provide reasonable assurance regarding the achievement of objectives in:

1. Effectiveness and efficiency of operations
2. Reliability of reporting for internal and external use
3. Compliance with applicable laws and regulations.

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## Compliance Guidance

2 CFR § 200.303

**1**

GAO  
United States Government Accountability Office  
By the Comptroller General of the United States  
September 2014  
**Standards for Internal Control in the Federal Government**  
The Green Book  
[www.gao.gov/assets/670/665712.pdf](http://www.gao.gov/assets/670/665712.pdf)

**2**

COSO Internal Control — Integrated Framework Principles

See Handout 1  
[www.coso.org](http://www.coso.org)

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## What is an Internal Control System?

"An internal control system is a continuous built-in component of operations, effected by people, that provides reasonable assurance, not absolute assurance, that an entity's objectives will be achieved."

Source: GAO | GAO-14-704G

- Internal control is not one event
- A series of actions that occur throughout an entity's operations
- Internal controls guide its operations
- People make the internal control work
  - Board...strategic direction and oversight
  - Management...set objectives, design, implementation, and evaluates the system
  - Personnel...implement, operate the IC system, responsible for reporting issues

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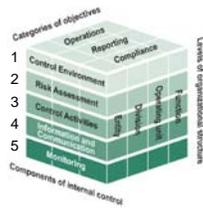
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## "The Cube" of Internal Control

**5 Principle Components of Internal Control**

**17 underlying principles that are requirements of each component**



Source: COSO and GAO | GAO-14-704G

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## 17 Principles of Internal Control

COSO's 17 principles of internal control summarized



Source: Audit Committee Brief, March 2014. Delta Development Corporation. All rights reserved.

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**Why have Internal Controls?**

- Ensure accountability and help organization operate achieve objectives efficiently and effectively
- Ensure financial integrity of organization and reliability of financial reporting
- Ensure compliance with laws, regulations, requirements
- Ensure decisions, actions and transactions are appropriately justified, reviewed, approved and documented
- Minimize waste, fraud, and mismanagement
- Prevent loss of resources, public assets and trust
- Reduce legal liability
- Improve accountability to stakeholders

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**A Strong Internal Control System . . .**

- Establishes expectations of competence for key roles
- Identifies challenges and training needs
- Allows opportunities for staff to obtain training to accomplish their assigned roles and provides updated job descriptions
  - Segregation of duties reduce the likelihood of errors & irregularities. . .one person is not to have responsibility for more than 1 of the 3 transaction components: Authorization, Custody, Recordkeeping
- Provides for succession and contingency planning
- Reviews financial transactions, financial reports, and budgets
- Accurately and timely records transactions
- Implements cash management procedures
- Restricts access to and accountability for resources and records

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**A Strong Internal Control System . . .**

- Tracks employees' & members' time and activities
- Retains documentation of transactions
  - Provides a thorough review to verify allowability and allocability
  - Ensures everyone understands documentation expectations
  - Maintains and controls records
- Communicates the who, what, when, where, and why of internal control to staff
- Completes self-assessments and continuous improvement
- Reviews and revise existing policies & procedures to ensure compliance with 2 CFR 200 requirements
  - Trains and communicates with staff on updated policies & procedures

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Policies & Procedures



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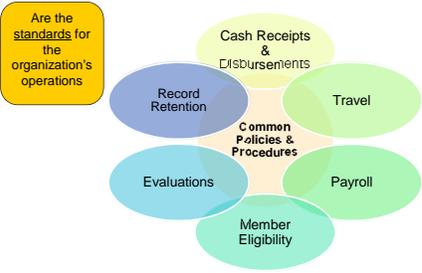
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Common Policies & Procedures

Are the standards for the organization's operations



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Good Policies

- Communicate expectations
- Are written in clear, concise, simple language – not vague
- Are consistent and logical
- Address “***what should be done***”
- Are clear in their authority
- Designate “policy experts” to interpret and resolve

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### Good Procedures

- Are tied to policies to define and “*how to implement*”
  - Define: why, how, who, what, where and when it is to be done
- Developed with the user in mind, to benefit the user
- Provide a sense of ownership among users
- Are written so what needs to be done can be easily followed
- Offers the users alternatives, and provides examples with completed forms
- Incorporate Federal regulations and CNCS grant terms and conditions and guidance
- Are revised, monitored, and evaluated

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See Handout 2

### Checklist – Revising or Developing

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graph TD; A[Identify need] --> B[Consult with coordinator]; B --> C[Set deadlines]; C --> D[Appoint team]; D --> E[Develop outline]; E --> F[Develop policy & procedures]; F --> G[Obtain reviews & approvals]; G --> H[Finalize document]; H --> I[Disseminate & Train]; I --> J[Monitor, evaluate, revise];
```

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See Handout 3 & 4

### Template for Writing Policy & Procedures

**Administrative**

1 Policy Number	2 Effective Date	3 Review Date	4 Approval	5 Policy Title
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**Implementation**

6 Purpose	7 Authority / Criteria	8 Scope	9 Policy Statement	10 Procedures & Responsibilities
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**Monitoring**

11 Communication & Training	12 Definitions	13 Responsible Office	14 Questions	15 Resources
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# Set the Expectation, Outline the Steps

See Handout 5

## OmniCircular: Policies & Procedures Referenced

Documented Policy or Procedure	OmniCircular
1. Financial management systems	2 CFR § 200.302 and 2 CFR § 200.403
2. Internal controls of grant funds	2 CFR § 200.303
3. Minimize transfer of Federal funds	2 CFR § 200.302 and 2 CFR § 200.305
4. Determining the allowability of costs	2 CFR § 200.302 and 2 CFR § 200.403
5. Equipment	2 CFR § 200.313 and 2 CFR § 200.439
6. Employee conflicts of interest	2 CFR § 200.318(c)(1)
7. Organizational conflicts of interest	2 CFR § 200.318(c)(2)
8. Procurement transactions of goods and services	2 CFR § 200.317-326
9. Record retention and destruction	2 CFR § 200.333-337
10. Compensation for personal services (timekeeping)	2 CFR § 200.430-437
11. Insurance and indemnification	2 CFR § 200.447
12. Relocation costs of employees	2 CFR § 200.464
13. Travel and reimbursement policies	2 CFR § 200.474

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See Handout 5

## Other Important Policies & Procedures

- Recording & Documenting Grant Income & Expenses
  - Budgeting
  - Cost Allocation Plans
  - Drawdown or Reimbursement of Federal funds
  - Matching requirements
  - In-Kind Contributions
  - Program Income
  - Financial reporting
- Member eligibility, requirements, and timekeeping
- Host Site selection, management, and monitoring
- Closeout of grants and subgrants

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Your Assignment

## Activity

1. Using the handouts and training material, read the policy & procedure document you brought
  - Outline the next steps you need to take – 5 mins.
2. At your table group, discuss:
  - How other organizations implemented the policy
    - Discuss: Who, What, Where, When, Why, How
  - Document key steps you need to take

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# Set the Expectation, Outline the Steps

## Policies & Procedures Tips!

**Compare P&P to 2 CFR 200 & Commission requirements, then update**

- Allowable, allocable, and reasonable costs
- Insurance & indemnification
- Organizational Conflicts of Interest
- Procurement and purchasing
- Record retention

**Update P&P to current processes**

**Document internal control systems**

**Be specific with travel costs to avoid unallowable costs**

**Write a Financial Management Systems manual**

**Document all AmeriCorps member-related procedures**

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*Note the Differences? 3 vs. 6 years*

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# Questions?

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Work towards a  
Common Goal

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Program & Fiscal Teamwork



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Learning Objectives

- Understand the interrelationship between program and fiscal responsibilities
- Identify specific areas where collaboration and clarity of roles are critical
- Discuss everyday circumstances to increase collaboration between program and fiscal staff

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Teamwork?

- How do you define teamwork?
- What is your attitude towards teamwork?
- What do you think is the most important skill of being a team member?
- Why is working in a team important?

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**Teamwork for Compliance**

- Strengthens the overall success of the program
- Builds an efficient and effective program
- Enhances cooperation and coordination
- Promotes on-going communication
- Program **AND** Fiscal staff both
  - Gain a deeper understanding of the program goals
  - Learn to value each other & their roles in the project
  - Support and cultivate a common purpose with mutual goals and mutual accountability

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**AmeriCorps Benefits**

- Ensures consistency with procedures, processes, and systems
- Reduces audit findings & legal problems
- Minimizes waste, fraud, and mismanagement
- Improves reliability of financial reporting



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**Organizational Benefits**

- Improves operations & productivity
- Ensure decisions, actions and transactions are appropriately justified, reviewed, approved and documented
- Higher employee retention & job satisfaction
- Boosts morale
- Improve accountability to your stakeholders
- Prevent loss of public trust, resources, and public assets

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### Non-Compliance can Lead to...

- ❑ Questioned costs
- ❑ Late submission of financial reports
- ❑ Missing or questionable source documents
- ❑ Timesheets/evaluations not allowable/acceptable
- ❑ Member eligibility questioned
- ❑ Member changes not timely submitted
- ❑ Prohibited activities
- ❑ Improper Payments
- ❑ Questioned Education Awards



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### Who is Responsible?

All levels within an organization

- Board . . . integrity, ethics
- Executive Management . . . oversight
- Program Management . . . implementing ✓
- Fiscal Management . . . implementing ✓

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### Teamwork

**TEAMWORK, a lot of people doing things my way.**  
-Unknown Author

**TEAMWORK is never having to take all the blame yourself.**  
-Unknown Author

**None of us is as smart as all of us.**  
-Ken Blanchard  
Author "The One Minute Manager"

**Coming together is a beginning. Keeping together is progress. Working together is success.**  
-Henry Ford, Industrialist  
Founder of Ford Motor Company

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## Communication

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## Activity

1. Each person will receive a piece of paper.
2. Follow instructions of what to do with your paper.
3. Discuss results of the activity.

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## One-Way Communication

- ❑ Sender doesn't always choose the best words
- ❑ Does not allow questions or clarifications
- ❑ Does not allow feedback
- ❑ No visual nonverbal feedback
- ❑ Assumes the other person understands the expectation or outcome
- ❑ Results in varying outcomes or errors
- ❑ Examples: email, voicemail, social media

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## Two-Way Communication

- Allows instant feedback for questions or clarification
- Allows interaction and dialogue
- Allows you to see nonverbal signals and body language
- Telephone: no visual, but better than one-way
- Face-to-Face = Gold standard!
  - Process verbal & nonverbal at the same time



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## Why should you Communicate?

**Program** staff decisions have fiscal implications

- Developing budgets
- Member issues: living allowances, stipends, recruitment, retention, slot conversions, reporting, timesheets
- Spending the money

**Fiscal** staff need to understand the program to know

- When standard accounting and personnel practices do/do not apply
- When special grant requirements take precedence

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## Why Collaborate?



- Program and Fiscal staff provide a different perspective on the issue
- Each person has different experiences to draw from
- Together, each can use their talent and experience to contribute to the success of the program
- Improve efficient use of time & resources
- **Two minds are better than one!**

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Key AmeriCorps Areas Where Collaboration is Needed



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Budget Development and Execution

Both Program & Fiscal Staff should

- Assist in developing the program budget by line item
- Develop the system to track budget versus actual expenses
  - Review the budget versus actual expenses quarterly, at a minimum, but more frequently may be more effective (especially new programs)
- Determine which line items can be reallocated based on periodic reviews
- Determine how subgrantees or host site budgets are monitored, if applicable
- Know when CNCS approval is needed for budget changes
  - For awards in excess of \$100,000 cumulative budget changes of 10% or more must be approved by CNCS

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Member Eligibility

- This is the most costly finding in OIG audits
- Eligibility documentation is critical and usually collected by program staff
- An appropriate internal control includes
  - Reviewing files for completeness and accuracy
  - Having information in payroll files before issuing first living allowance or stipend payment

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**Member Recruitment & Retention**

**Both Program & Fiscal Staff should know**

- When members have started service
- The level of recruitment
- The level of retention
- Know when slot conversions are warranted and have been made

□ Recruitment and retention will impact program expenses and cash flow

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**Checklist?**

**Member Tracking Systems**

**Both Program & Fiscal Staff should assist in developing a system to track members'**

- W-4 received at the beginning of service [Withholding Allowance Certificate]
- W-2 provided at close of tax year [Wage & Tax Statement]
- Living allowance/Stipend payments
- Worker's Compensation insurance or Occupational, Accidental, and Death and Dismemberment coverage
- Health insurance
- Personal Income Taxes
- Unemployment Insurance Taxes, if mandated by state law

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**Checklist?**

**Member Tracking Systems (cont'd)**

**Both Program & Fiscal Staff should ensure**

- Living allowances are not paid on an hourly basis
- Members are not classified as an employee or paid a wage
- Member costs are separately identified from organizational staff salaries & benefits
- Member living allowances/stipends cease when the person concludes term of service or is released from participation
- Liability insurance coverage is secured for members for on- and off-site projects
- Member files and records are safe and secure

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**Member Timesheets**

- Develop a system to check timesheets for accuracy
- Timesheet hours
  - Signed and dated by both the member **AND** supervisor
  - Must be added correctly
- Check with payroll staff to determine if there are existing systems and internal controls within the organization to assist with time tracking

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**Member Living Allowance/Stipend**

- Program and payroll staff need to develop a communication system to ensure that only active members receive living allowance/stipend
- Program and payroll staff need to discuss issues with living allowances/stipends
  - Exemptions from worker's compensation insurance
  - Living allowance does not vary based on number of hours
  - No "lump sum" or "catch up" payments

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**AmeriCorps Slot Conversions & Refills**

- Review slots where members have exited without award, and determine if
  - Slot can be refilled, or
  - Funds are unexpended & can be reallocated
    - Obtain approvals for reallocation
- Additional resources may need to be raised if you refill a slot
- Part-time conversion to full-time
  - Account for additional health insurance

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**Host Site Tracking Systems**

**Both** Program & Fiscal Staff should track

- Overall obligations to subgrantees or host sites
- Expenses by line item
- Budget changes
- Host site payments for member sponsorship
- Other match from host site
  - Space, supplies, travel

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**Host Sites**

**Fiscal Staff** should serve as a resource for

- Policies
- Regulations
- Documentation
- Allowable costs

**Program Staff** should serve as a resource for

- Member orientation
- Supervision of the member
- Reporting and evaluations of member
- Participation in activities
- Member meetings

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**Program Income**

**Both** Program & Fiscal Staff should

- Determine if income is generated from program activities
- Develop a system to track and report program income
- Ensure program income is reported, if applicable

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## Financial Reporting

**Both** Program & Fiscal Staff should

- Establish procedures
  - Both program and fiscal staff review and sign-off on all reports before they are submitted



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## Fixed-Amount Grants & EAPs

**Both** Program & Fiscal staff should know

- Not required to complete a detailed budget
- Not required to comply with OMB Cost Principles
- Not required to track or report on your expenditures
- No match requirement, but must provide match source
- "Auditable?" Yes, fixed-amount grants can be audited by CNCS/OIG [member eligibility]
- Grantees pay all program costs over the amount per MSY provided by the CNCS
- Grantee cannot draw down fee until member is enrolled in the AmeriCorps Trust

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## Activity: Program & Fiscal Staff Collaboration

A. At your table group, develop an Action Plan with key elements for an organization that does not currently have program and fiscal staff collaboration

B. Things to consider:

1. How do program and fiscal staff work together?
2. How frequent do program and fiscal staff meet?
3. What is the agenda for the periodic meetings?
4. What reports and information do program and fiscal staff exchange for review?
5. How will conflicts be resolved?

C. General class discussion



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Accountability  
Team  
Cooperativeness  
Communication  
Cooperation  
Partnership  
Help

Assistance Alliance Union Coalition Working Together Commitment Collaboration Trust Synergy Combined Effort Solidarity

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### Collaboration Tips!

Develop a written agreement or list of things to do

- Assign responsibilities and set expectations
- Assign timelines for completing work
- Assign timelines for providing reports and data for review
- Assign timelines to provide feedback

Schedule periodic meetings of Program and Fiscal staff

- Monthly or quarterly
- Set agenda for each meeting

Establish joint sign-off on reports

Review process and revise contracts, forms, and accounts

- Beginning of each program year
- Every 3 to 6 months after beginning of year

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## Questions?

**TEAMWORK**

*"Never doubt that a small team of thoughtful, committed people can change the world. Indeed, it is the only thing that ever has."*  
-Margaret Meade, Anthropologist

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# Where's my Money?

Where's my Money?

Reimbursements, Reporting,  
Amendments and Program Income



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Learning Objectives

- Review new reimbursement requirements
- Review new reporting requirements
- Understand program income
- Examine budget amendments

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Reimbursements

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**New York State Commission Reimbursements**

- Reimbursement is made based on actual costs incurred and paid
- Reimbursements may not be for estimated, unauthorized, or unallowable expenses
- Reimbursements must be for approved and budgeted expenditures
- New York State Commission does not allow advance funds

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**New York State Commission Reimbursements**

- Reimbursements are made
  - Quarterly
  - Use *Grantee Share Expenditure Report*
  - Submit Report via Contract Management System (CMS)
- Use the report to monitor your spending
  - Unspent funds cannot accumulate
- Record **AmeriCorps Grant Funds and Funds Used as Match** in appropriate columns
- Ensure costs claimed are for allowable purposes

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**New York State Commission Reimbursements**

- Submit *Expenditure Reports* as PDF:
  1. Grantee Share Expenditure Report
    - Program Income
    - In-Kind Donations
    - Funding source secured
- Submit as separate PDFs:
  1. General Ledger for that quarter
  2. Support documentation for each expense reported
    - A. Documents for match share & Federal share expenses
    - B. One complete file for each line item of the budget
  3. Other Federal Funds Report (on Grantee Share Report)
  4. AmeriCorps Member Activity Report

38	Current Program Income
39	Current In Kind Donations
40	Current Foundation Fundraising

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**New York State Commission Reimbursements**

- AmeriCorps Member Activity Report
  - Scan & upload to CMS a report from your member time tracking system, must have:
    1. Member name
    2. Slot type
    3. Enrollment status
    4. Hours completed to date
    5. Expected completion date

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**Member Living Allowance**

**AmeriCorps Grant Terms and Conditions**

"A **living allowance** is not a wage. Recipients must not pay a living allowance on an hourly basis. Recipients should pay the living allowance in regular increments, such as weekly or bi-weekly, paying an increased increment only on the basis of increased living expenses such as food, housing, or transportation. Payments should not fluctuate based on the number of hours served in a particular time period, and must cease when a member's service ceases."

No "lump sum" if member completes term of service early  
No "lump sum" if member starts late, e.g., "make up" missed payments

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**New York State Commission Reimbursements**

- *Minority and Women-Owned Business Enterprises (MWBE) Form*
  - Submit Quarterly through NY State Contract System
- Email MWBE Quarterly Reports
  - [mwbeinfo@ocfs.ny.gov](mailto:mwbeinfo@ocfs.ny.gov)
  - CC: your Program Manager
- Do NOT upload MWBE Form to CMS

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**New York State Commission Payments**

**30 days** = Target Date for Reimbursement

- May take longer

**Delays Occur Because:**

- Insufficient match
- Failure to provide Member Activity Report
- Failure to submit Progress Report
- Failure to submit reimbursement timely
- Failure to provide GL and support documentation
- Other information requested

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**Reporting**

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**New York State Commission Financial Reporting Requirements**

- **NEW** Expenditure Reporting Schedule
  - Dependent on Start Date of contract
  - Due 30 days after the end of the quarter
  - By the last day of the required month
  - Payment and Reporting Schedule is in Attachment D of contract

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### Financial Reporting Tips!

- Prepare all financial reports with information from your organization's accounting system
- Review and reconcile the information to ensure accuracy before report submission
  - Joint review by program and fiscal staff
- Submit & retain proper documentation to support all information reported in financial reports
- Submit reports on time

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## Program Income

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### Program Income AmeriCorps Terms & Conditions Section XIII

Gross	Net	Excess
<p>All funds earned as a <u>direct result</u> of grant supported activities</p> <p><b>Example:</b> Fees charged to register participants for a workshop</p> <p><b>Example:</b> Sale of books and publications produced as part of the AmeriCorps program</p> <p><b>Example:</b> Revenue received for providing members' services</p>	<p>The amount <u>after</u> deducting costs associated with generating the income</p>	<p>Income earned in <u>excess</u> of the amount needed for the program</p> <p><b>Must deduct</b> from total claimed costs</p> <p>Commissions must <b>report the excess</b> on the FFR to <b>CNCS</b></p>

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### Program Income

-  Must be retained by the recipient
-  Used to finance match for grant-related purposes
-  Auditable – income & documentation
-  Must report to the Commission

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### Calculate Program Income

<b>Example 1 - \$300,000 Budget:</b>	<b>Example 2 - \$100,000 Budget:</b>
\$ 200,000 Federal	\$74,000 Federal
\$100,000 Grantee	\$26,000 Grantee
\$ 75,000 Program Income from sites	\$ 56,000 Actual Program Income
+ 25,000 Foundation grant	- 26,000 Budgeted Program Income
\$100,000 Projected Grantee Share	\$ 30,000 Excess Program Income
\$ 84,000 Actual Program Income	Program has no plans to enlarge or
+ 25,000 Foundation grant	enhance it grant-funded activities
\$109,000 Actual Grantee Share	<b>What do you do?</b>
\$9,000 = Excess Program Income	
<b>What do you do?</b>	

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### New York State Commission Program Income Reporting

Report Program Income on your Grantee Share Expenditure Report

<b>TOTALS</b>	<b>\$</b>	<b>-</b>
Current Program Income		
Current In Kind Donations		
Current Foundation Fundraising		

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**True or False** **QUIZ**

1. Host site fees are not Program Income
2. If we earn Program Income but did not budget for it, we do not need a Budget Amendment
3. If our organization didn't make a profit during the quarter we don't need to report Program Income
4. Excess Program Income can be spent to meet organizational activities

**Ask, don't assume you don't have to report Program Income!**

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**Budget Amendments**

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**Who manages the budget?**

- Your budget = estimate of expected costs
- Estimates may change as the program is implemented
  - Monthly review of budget to actual expense
  - Joint review by both program and fiscal staff to compare
- Identify expenditures not in the budget to ensure they can be claimed
  - Could be disallowed if not in an approved budget
  - Know your budget!

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**CNCS Requirements**  
**Budget Amendments**

AmeriCorps  
Terms and Conditions X.C.

Must receive prior written approval from CNCS for these budgetary changes:

1. Specific Costs Requiring Prior Approval before Incurrence, such as pre-award costs
2. Equipment purchases over \$5,000 using CNCS funds, unless specified in the approved application and budget

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**New York State Commission**  
**Budget Amendment**



Must receive written approval from the Commission for:

3. Changes in the cumulative budget line items that amount to 10% or more of the total CNCS budget
  - Total CNCS budget = Federal Share only
  - Recipients may transfer funds among approved direct costs categories when the cumulative amount of such transfers do not exceed 10% of the total budget

**CNCS Approval Needed:** Changes in the cumulative budget line items that amount to 10% or more of the **(CNCS + Recipient Share Total Budget)**, unless the CNCS share is \$100,000 or less [AmeriCorps Terms and Conditions X.C.]

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**New York State Commission**  
**Budget Amendment Request (BAR)**

Submit a Budget Amendment Request

- E-mail to Program Manager
  1. The reason the amendment is needed, and
  2. Adverse consequences if the request is denied
- Program Manager will discuss your request with you
- Program Manager denies or approves request within 5 business days

**Do not assume approvals have been granted unless documented**

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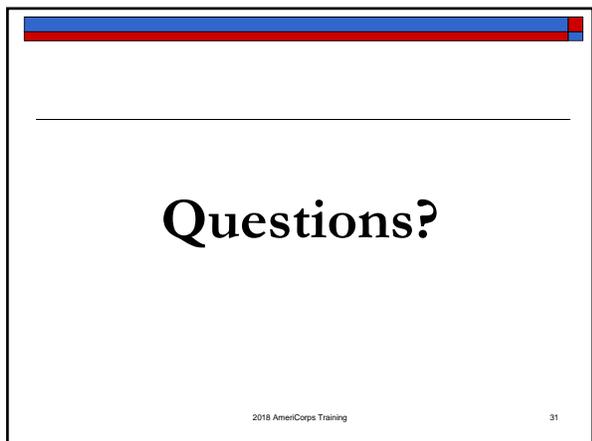
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# If You didn't Document the Contribution, did You Receive it?

If You didn't Document the Contribution, did You Receive it?

Documenting In-Kind Match



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## Learning Objectives

- Review In-Kind match requirements
- Learn the difference between Cash and In-Kind match
- Identify what can be used as In-Kind match
- Understand what is important to document, record, and value as In-Kind match

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## Project Costs

Total allowable budget or expenditures has 2 sections

<b>Federal Share</b>	• Total expenditures or budget paid with Federal funds (CNCS)
<b>Grantee Share / Match</b>	• Total expenditures not paid with CNCS funds

**Federal and Grantee Share funds must be treated consistently**

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# If You didn't Document the Contribution, did You Receive it?

## AmeriCorps "Overall Match" Requirement

Regulatory Match:

- Grantees must meet minimum requirements as shown in table below up to 50% overall match
- \$1 dollar for every CNCS \$1 - by year 10
- For specifics, see NOFO and Application Instructions

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Overall Minimum Share</b>	24%	24%	24%	26%	30%	34%	38%	42%	46%	50%

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## Sources of Match

**Cash**

- Contributions received by cash, check, electronic funds, credit card, payroll, stock transfer
- Secured from donations, foundation grants, corporate contributions, sales of goods & services
- Federal funds **ONLY** with approval from that Federal agency
- Cannot** use AmeriCorps funds as match for other grants

**In-Kind**

- Value of third-party non-cash contributions
- Real property, equipment, supplies, services, other expendable property
- Must directly benefit project or program
- Must be necessary and reasonable to the project or program
- Must meet same criteria as cash match

Approved Budget Provided → Match Amount and Sources of Match

If Match Sources Change Significantly → Contact Commission Program Officer

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## Acceptable Match is . . .

2 CFR § 200.306

Cash and in-kind contributions are accepted as part of the grantee's cost sharing or matching when contributions meet ALL of the following criteria:

- Are verifiable from the grantee's records
- Are not included as contributions for any other Federal award
- Are necessary and reasonable for accomplishment of project or program objectives
- Are allowable under the Cost Principles
- Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching
- Are provided for in the approved budget
- Conform to other provisions of the OmniCircular

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# If You didn't Document the Contribution, did You Receive it?

2 CFR § 200.306

## In-Kind Contributions

- In-Kind contribution = Non-cash contributions
  - Benefit the project or program
  - Are contributed by third-parties without charge
    - Not = Federal agency or pass-through state entity
    - Not = Your organization
  - Must meet all the same criteria as cash match to be allowable

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2 CFR § 200.306(e)

## Volunteer Match

 **Do count as match**

- Services that are integral and necessary part of an approved project or program
- Rates that are consistent with those paid for similar work by your organization
- Services such as accounting, legal, training of staff or members that are elements of the grantee's cost allocation plan

 **Do not count as match**

- The value of direct community services performed by volunteers

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2 CFR § 200.306(f)

## In-Kind: Employee Services

- When a third-party organization furnishes services of an employee, e.g., host site supervisor
  - Must be valued at the employee's regular rate of pay
  - May include an amount of fringe benefits that is reasonable, necessary, allocable, and otherwise allowable, and indirect costs at either the third-party's federally negotiated indirect cost rate or F&A costs provided these services employ the same skills for which the employee is normally paid
  - Must keep a timesheet for that employee

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# If You didn't Document the Contribution, did You Receive it?

2 CFR § 200.434

## In-Kind: Professional, Technical Consultants, Skilled, Unskilled Labor

- Value may be used to meet cost sharing or matching requirements according to 2 CFR § 200.306
  - Supported by same methods used to support the allocability of regular personnel services in 2 CFR § 200.430
  - Fair market value of donated services must be computed according to 2 CFR § 200.306

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2 CFR § 200.306(g) and 200.434

## In-Kind: Property & Space

- Value may be used to meet cost sharing or matching requirements according to 2 CFR § 200.300
- Donated property value must not exceed the fair market value of the property at the time of the donation

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## Valuing In-Kind Contributions

- **VERIFY** the value is reasonable, necessary, allocable, and allowable
- Use fair market price/fair rental price at the time of donation
- Consider what it would cost to obtain similar goods or services
- The donor must provide the value of the donation

The IRS defines **fair market value** as the price that item would sell for on the open market

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# If You didn't Document the Contribution, did You Receive it?

**Recording In-Kind Contributions**

- Maintain adequate documentation to support amounts claimed as match
- Maintain same documentation for both CNCS Federal share and for grantee's share
- Documentation must meet same standards as other expenditures within organization
- Record donation and valuation of item in detail
- Enter into the General Ledger as income and expenditure
  - Failure to enter match contributions into general ledger requires a formal explanatory policy and separate spread sheet accountability of receipt and use

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**Why Record In-Kind in the General Ledger?**

Statement of Financial Accounting Standards (SFAS #116) sets the standard:

- Contributed services are recognized in financial statements if services received:
  - Create or enhance non-financial assets, or
  - Require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation

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**Recording In-Kind Contributions**

Enter into the General Ledger as income and expenditure:

**Example:**  
A local paint store donates a professional paint sprayer with a fair market value of \$550.00

\$550.00 – 7250 In-Kind Expense Account (debit)  
\$550.00 – 5250 In-Kind Income Account (credit)

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# If You didn't Document the Contribution, did You Receive it?

## Documenting In-Kind Contributions

1. Document the basis for determining value of personal services, material, equipment, building, and land
2. Obtain written acknowledgement from the donor to include:
  - Name and signature of donor
  - Date and location of donation
  - Detailed description of contributed item or service
  - Estimated value of contribution, how value was determined, who made the determination
  - Whether the contribution was obtained with Federal funds

**\*\*\* Keep a copy of the receipt in your files \*\*\***

If audited, a grantee may be required to provide supporting documentation of ALL donations, if not available during the audit

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## Sample: In-Kind Contribution Form

Does your In-kind Form have all this information?

**See Handout**

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## Non-Profits: IRS Form 990 and In-Kind Contributions

**Schedule M, Non-Cash Contributions:**

- Requires organizations to report the aggregate of \$25,000
- Identifies 24 specific categories of non-cash property an organization receives
  - If contributions receive do not fit the 24 categories, list the in-kind as "Other" starting on Line 25
- May require organizations to implement new recordkeeping practices

See the Form 990: [www.irs.gov/charities](http://www.irs.gov/charities)

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# If You didn't Document the Contribution, did You Receive it?

## Is your Match Allowable?

- Keep documentation for all cash and in-kind charged
- Charge costs to only one project/grant
- Review all match to ensure it is necessary and reasonable to meet your program objectives
- Review costs to determine if they are allowable
  - Ask questions, don't risk it!
- Discuss & document using other Federal funds with that agency
- Obtain approval to incur pre-award costs
- Follow-up on promises to provide & obtain in-kind documentation
- Request budget amendments to include new sources of match
- Know the regulatory and other match requirements
  - **AmeriCorps** 45 CFR 2521 and **OMB** 2 CFR 200, Subpart E–Cost Principles

2018 AmeriCorps Training 19

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## Activity

- Match or Not?
  - Review scenarios at your table
  - Discuss your answers at your table group
  - Class review of answers



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## Match Documentation Tips!



- Claim only match included in your approved budget
  - Supported with verifiable documentation
  - Incurred inside the grant award period
- If using other Federal funds as match, obtain and retain documented authorization
- Obtain & retain timesheets for in-kind hours from host site supervisors
- Obtain & retain "after-the-fact" documentation – promissory letter doesn't count
- In-kind contributions must be valued by the donor/host site
  - Obtain signature from in-kind donor as proof of contribution
  - Verify current market value provided and document verification
  - Ensure in-kind is reasonable, and not excessive
  - Record in-kind as revenue & expenses in accounting systems
- Keep tabs on where you are in meeting match!

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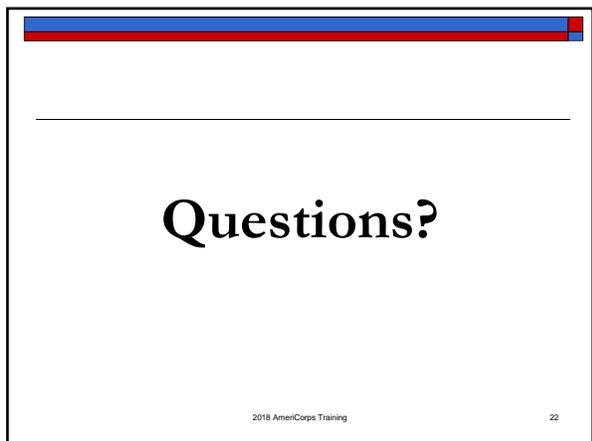
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If You didn't Document the Contribution, did You Receive it?



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Punching the Clock

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Staff Timesheets



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Learning Objectives

- Discuss the importance of staff timesheets
- Review Federal requirements and best practices for maintaining timesheets
- Learn to identify and prevent mistakes related to staff timesheets

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Staff Timesheet Requirements

All salaries and wages charged to grants must be based on records that accurately reflect the work performed

**Exceptions:**

- Fixed-Amount Grants are exempt from timekeeping requirements (not subject to 2 CFR 200, Subpart E – Cost Principles)

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**Standards for Documentation of Personnel Expenses** 2 CFR § 200.430-437

Charges to Federal awards must be based on records that accurately reflect the work performed and must:

- Be supported by internal controls that assure charges are accurate, allowable, and properly allocated
- Be incorporated into the official records of the organization
- Reasonably reflect the total activity for which the employee is compensated, not to exceed 100% of compensated activity
- Include both federally assisted AND all other activities compensated
- Comply with the organization's established accounting policies and procedures

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**Standards for Documentation of Personnel Expenses** 2 CFR § 200.430-437

Charges to Federal awards must be based on records that accurately reflect the work performed and must:

- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on
  - More than one Federal award
  - A Federal award and non-Federal award
  - An indirect cost and a direct cost activity
  - Two or more indirect activities that are allocated using different allocation bases
  - An unallowable activity and a direct or indirect cost activity

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**Standards for Documentation of Personnel Expenses** 2 CFR § 200.430-437

Budget estimates do **NOT** qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that

- The estimate system produces reasonable approximations of the actual activity performed
- Significant changes in the work activity are timely identified and entered into the records
- A process to review after-the-fact interim charges based on estimates
  - Adjustments must be made so the final amount charged is accurate, allowable, and properly allocated

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**Are you ready to charge staff time to the grant?**

**Salaries, Wages, and Fringe Benefits must be:**

- **Allowable**
  - No unallowable activities, such as: general advertising, public relations, demonstrations, lobbying, or fundraising (includes writing 1<sup>st</sup> year applications for CNCS-funded grants)
  - Consistent with policies and procedures and applied uniformly
  - Documented – manual or electronic system
- **Reasonable**
  - Ordinary and necessary for the operation of the grant
- **Allocable**
  - Incurred specifically for the grant and treated consistently with other costs
  - Use timesheets to allocate labor costs to grant
  - Not shifted to other Federal awards to overcome deficiency

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**Electronic or Manual Timesheets**

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**Electronic Timesheets**

Electronic timesheets are allowed when a grantee:

- Has an established, written policy establishing the use of electronic timekeeping systems
  - When are time sheets certified? After-the-Fact?
- Has a secure, verifiable electronic signature system that:
  - Identifies and authenticates a particular person as the source of the electronic signature
  - Indicates such person's approval of the time
- Does not allow changes to the electronic record once appropriate electronic signatures have been applied unless there is a clear, auditable record of the revision

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## Correcting Timesheet Mistakes

- Did you find discrepancies? Correct the mistakes **NOW!**
- Notify your prime grantee (commission or parent organization) to obtain concurrence for corrective action, then
  - Revise the timesheets
  - Mark the timesheets as "Adjusted" or "Revised" and document the file with the purpose of the adjustment
  - Revise your General Ledger to reflect actual hours worked as charged to grant
  - Revise and correct affected expenditure report(s), Periodic Expense Reports, and/or FFR reports through eGrants
  - Change your timesheet recording practice
  - Implement staff training on proper procedures
  - Document, document, and document the corrective action!!

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## Activity

- Timekeeping Case Studies
  - Read the 3 scenarios
  - Determine:
    - Applicable 2 CFR 200.430 criteria, and
    - Corrective action that needs to be taken
  - Discuss your analyses at your table group
  - Select a spokesperson and report conclusions



**See Activity 3**

**Go to Internet:** <https://www.nationalservice.gov/resources/uniform-guidance>

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## Staff Timekeeping Tips!



- Claim staff time for only staff on the approved budget
- Obtain, retain, and charge actual "after-the-fact" hours worked to the grant
- If staff work on more than one project, create their timesheets to reflect 100% of all activities
- If staff fundraises, track that time on a timesheet and do **NOT** charge those hours to the grant
- Review timesheets for signatures by employees and supervisors
- Reconcile timesheets to "in-out" sheet to avoid errors
- Caution!** Reconcile estimated/budgeted time to actual time worked

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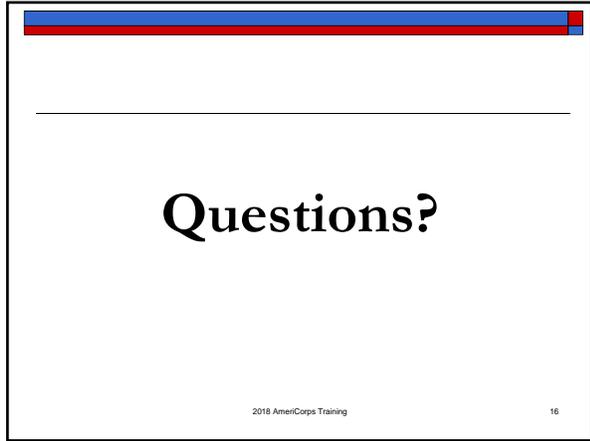
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Stay Strong  
Avoid the Pitfalls

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Common Challenges & Findings



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Learning Objectives

- Recognize primary compliance findings from audits and monitoring
- Understand the potential consequences of common pitfalls and other non-compliance issues
- Identify preventive actions

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Common Pitfalls and Issues



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**Member Eligibility**

**Findings:**

- Lack of documentation of Member's
  - Age
  - Criminal History Check
    - No approval to use an Alternative Search Procedures (ASP)
  - Sex offender check
  - Citizenship
  - High School diploma, agreement to attain it, or exemption

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**Member Eligibility**

**Potential Consequences:**

- All payments disallowed (any stipend/living allowances, health and child care benefits, or member reimbursements)
- Education Awards disallowed
  - The grantee/subgrantee may have to repay the amount of disallowed Education Award already used by the member
- May terminate grant or be disbarred depending on the extent and severity of findings
- If all or most of the members are undocumented or ineligible, all grant funds may be disallowed

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**Member Eligibility**

**Preventive Actions:**

- Understand the rules and requirements for eligibility
- Document how eligibility was confirmed
- Timely conduct appropriate Criminal History & Sex Offender Checks & document as required
- Create and consistently follow written policies and procedures that clearly outline the requirements for eligibility, documentation, screening, and maintaining records
- Initiate reviews that include double-checks to consistency, accuracy, and completeness
- Incorporate internal controls to include a review of decisions, documentation, & sign-off by the Program Manager
- Conduct periodic reviews of member files

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**Member Timekeeping**

**Findings:**

- ❑ Member timesheets not signed by both member **AND** supervisor
- ❑ Member timesheet **does not add up** to the number of hours required to earn an Education Award for that term of service
- ❑ Members start serving **before** the grant award period
- ❑ Member ended service **after** grant award period
- ❑ Member timesheets **missing or destroyed**
- ❑ Member **teleservice**
  - Claimed service hours on holidays, weekends or during hours when **project site was closed**
  - **No documentation** to support activities for teleservice hours

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**Member Timekeeping**

**Potential Consequences:**

- ❑ May disallow **all payments**
- ❑ May **disallow** Education Awards
- ❑ The grantee/subgrantee may have to **repay** the amount of the disallowed Education Award already used
- ❑ **Member receives a partial** Education Award when they were expecting a full award

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**Member Timekeeping**

**Preventive Actions:**

- ❑ Complete service log **daily** and submit in a timely manner
- ❑ Document **only hours served**, do not include lunch or breaks as service hours
- ❑ Record hours according to the **activities performed** (direct service, training or fundraising)
- ❑ Check the **math!**
- ❑ Member and site supervisor must sign/approve and date all service logs
- ❑ Never allow members to start serving until **ALL paperwork completed** – Create a checklist and use it!
- ❑ Request a No Cost Extension **so members can complete service**
- ❑ Develop a teleservice **policy** & implement a **Request Form**

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**Other Member Findings**

- **Member Living Allowances**
  - Treated as an hourly wage
    - Instead of paid at regular intervals and regular increments
  - Continued to pay the member living allowance after the term of service ended
    - Instead of ending when the member concluded their term of service

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**Other Member Findings**

- **Member Service Agreements**
  - Are signed after beginning service
  - Are not prepared
  - Do not meet CNCS terms & conditions and regulations
  - Do not specify the amount (\$) of the Education Award upon successful completion
- **Member Evaluations**
  - Not completed or maintained
    - Mid-term and final for full-time and half-time
  - Are not completed prior to the member starting a second term
  - Evaluations not signed and dated by the member and/or supervisor

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**Match**

**Findings:**

- Match requirement not met
- Cash and in-kind amounts were not supported by adequate documentation or not verifiable by grantee's records
- In-kind contributions were not supported with after-the-fact documentation
  - Promissory note/letter/agreement is NOT acceptable
- Other Federal funds were used as match without authorization
- Match value claimed was not substantiated, reasonable or necessary to operate grant
- Match claimed not included in approved budget
- Match included expenses incurred outside of the grant award period

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**Match**

**Potential Consequences:**

- May disallow match causing minimum match to not be met
- May disallow Federal funds if minimum match cannot be met
- May decide to audit all match or question all match if unable to confirm if match is reasonable or allocable
- Could negatively affect future funding

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**Match**

**Preventive Actions:**

- Keep documentation for all expenses
- Review all match to ensure it is necessary and reasonable
- Follow-up on promises to provide in-kind and obtain documentation
- Discuss & document using other Federal funds with that agency
- Request budget amendments to include new sources of match
- Determine if costs are allowable
  - Ask questions, don't risk it!
- Know the regulatory and other match requirements
  - **AmeriCorps § 45 CFR 2521**

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**Match Basics**

The same requirements apply to match and Federal costs so that all costs must be:

- Reasonable
- Allocable
- Allowable
- Provided consistent treatment
- Recorded in the accounting system
- Supported by adequate & appropriate documentation

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**Staff Timekeeping**

**Findings:**

- ❑ Lack of documented timekeeping systems
- ❑ No timesheets maintained or retained
- ❑ Staff allocating time to more than one grant were not keeping timesheets that show actual time spent on each grant
- ❑ No reconciliation or adjustments between estimates and actual time worked
- ❑ In-Out records were used that did not reconcile to time charged
- ❑ Non-compliance with OmniCircular Cost Principles and/or organization's policy

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**Staff Timekeeping**

**Potential Consequences:**

- ❑ May disallow entire claim for salary for all staff over the course of the entire grant
- ❑ Grantee staff may spend excessive time on alternative documentation years after the fact
- ❑ Unmet match requirement
- ❑ Loss of funding
- ❑ Financial penalties
- ❑ Harm to organization's reputation
  - Public is smarter and more informed

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**Staff Timekeeping**

**Preventive Actions:**

- ❑ All salaries & wages charges to a grant must be documented with a timekeeping system
- ❑ Use timesheets that align with the payroll period to report all activities of the employee, both on the grant and other projects
- ❑ Implement procedures for a supervisor to review and approve all timesheets before sending to payroll
- ❑ Reconcile budget estimates charged to the grant to actual after-the-fact time spent on the grant
- ❑ Know the regulatory Cost Principles and other requirements
- ❑ Same rules apply whether salaries & wages are paid by Federal funds or Match fund
- ❑ Provide training
- ❑ Conduct periodic review of timesheets

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**Financial Systems & Internal Controls**

- ❑ Most recent Single Audit has not been sent to the Federal Clearinghouse yet
- ❑ Accounting systems do not reconcile with FFR reporting
- ❑ Accounting system does not
  - ❑ Identify cost by programmatic year
  - ❑ Categorize by budget line item or
  - ❑ Distinguish between direct and indirect/administrative costs
- ❑ Financial reports not submitted on time
- ❑ Lack of written **policies and procedures**
- ❑ Inadequate internal controls for separation of duties
- ❑ Accounting systems and internal controls are insufficient to safeguard Federal funds

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**Activity**

- ❑ What's the Impact & Action Needed?
  - Read scenarios
  - Discuss the scenarios at your table and decide
    - Consequences and/or Risks
    - Preventive Action
  - Discuss as a class

**See Activity 4**

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**Questions?**

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## Basic Financial & Grants Management Knowledge

1. What do these acronyms stand for?

CFR –

OMB –

2. Name 2 circumstances when you would want to refer to the OmniCircular Cost Principles.

3. Define an “Allowable Cost” as described in the OmniCircular Cost Principles?

4. Identify 2 types of Indirect Costs?

5. What is the spending threshold when an organization is required to have a Single Audit?

6. What are and where do I find AmeriCorps Terms & Conditions (T&Cs)?

7. When is the last time I referred to the AmeriCorps T&Cs?

**Match or Not? An In-Kind Contribution Activity**

Big Apple City Center is a new, non-profit 501(c)3 organization located. The organization recently received a CNCS-funded AmeriCorps grant. The organization also has a grant from the U.S. Department of Education for its education research program.

Upon your return from the Financial & Grants Management Program Training, you've been asked to determine the following for these in-kind contributions: the value of the contribution, what documentation is needed, and whether it can be included as match for the CNCS-funded AmeriCorps grant. Use the following table to record your answers.

Items or Services Contributed	Value	Documentation	Included in Match?	
			Yes	No
1. Big Apple City Center received a donation of 5 computers from Dell. The computers have a fair market value of \$1,500 each.				
2. A longtime volunteer has a family member who works for Geek Squad as a computer technician. The technician wants to "give back" and volunteers 2 hours every week to update the computer systems and software, and fix e-mail problems. This individual earns \$49 per hour at Geek Squad.				
3. A new volunteer in the program wants to donate 2 tickets to an upcoming New York Giants football game to help the program with its annual fundraiser. Each ticket has a face value of \$350. Since the team is expected to win this year's Super Bowl, games are sold out and the only way to get tickets is through ticket brokers who are selling them for \$700 each.				
4. Gotham City Repair & Service provided coupons for a free oil change to all 5 Big Apple City Center employees. The value of each oil change is \$30.				
5. The New York University provides a conference room for Big Apple City Center on an as needed basis. A university official represented that the fair market value of the room was \$150 per usage. Big Apple City Center used the room 10 times throughout the year: 8 program trainings, 1 education research forum, and 1 Big Apple City Center holiday party.				
6. To purchase program supplies, the Big Apple City Center staff hosted a bake sale. They generated \$2,500. The volunteers used the kitchen of a local church to bake all of the food, and received donations for all of the food ingredients.				

## Timekeeping Case Studies

Read the 3 scenarios. Working with your table group, determine the applicable 2 CFR 200.430 criteria and then document what corrective actions your program should take.

**Finding 1:**

The XYZ AmeriCorps program claimed \$18,940 of site supervisor salaries for work performed in the previous quarter. However, based on your review periodic review of time records, you could only find the site supervisors' timesheets that supported only \$16,000 of the \$18,940 claimed. You also noted that the site supervisor did not always sign his timesheet. After searching for several days, you could not locate documentation to support the remaining \$2,940 of site supervisors' labor costs.

**Finding 2:**

ABC AmeriCorps program charged employee personnel costs to the grant using the budgeted percentages of staff salaries. After looking through the employee personnel records you found the program did not have job descriptions or employee contracts to justify the personnel costs claimed to the grant. When you talked with the program director about this situation, he said he was told by the CFO that because the organization had a cost allocation plan, the employees did not have to keep timesheets.

**Finding 3:**

During your annual Single Audit of Federal grant programs, the auditors found that 40% of Financial Director's time was being charged to the AmeriCorps grant and being paid with Federal government grant funds. However, when the auditors reviewed the AmeriCorps budget, no budget line item for the Financial Director's time was in the approved budget.

### What's the Impact & Action Needed

The chart contains some common oversight and audit findings. As a group, review the findings with two goals:

1. Determine the potential consequences and risks associated with each finding.
2. Develop a plan to prevent each of the findings.

Finding	Consequences and/or Risks	Preventive Action
1. The auditors could not find supporting documentation for an in-kind match of \$100,000 in building supplies you received from a lumber yard.		
2. Your accounting system did not identify expenditures by Federal grants received or expended.		
3. The auditors could not reconcile your general ledger costs of \$850,000 to the costs of \$880,000 claimed on your final Financial Report.		
4. You did not have written policies and procedures in place for managing and accounting for incoming cash.		
5. You had your accountant also perform the required annual Single Audit.		

# COSO Internal Control — Integrated Framework Principles



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## Control Environment

- 1 The organization demonstrates a commitment to integrity and ethical values.
- 2 The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
- 3 Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
- 4 The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- 5 The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

## Risk Assessment

- 6 The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
- 7 The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
- 8 The organization considers the potential for fraud in assessing risks to the achievement of objectives.
- 9 The organization identifies and assesses changes that could significantly affect the system of internal control.

## Control Activities

- 10 The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- 11 The organization selects and develops general control activities over technology to support the achievement of objectives.
- 12 The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

## Information & Communication

- 13 The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.
- 14 The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
- 15 The organization communicates with external parties regarding matters affecting the functioning of internal control.

## Monitoring Activities

- 16 The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
- 17 The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

For more information about COSO, visit [coso.org](http://coso.org).

## Basic Checklist for Revising or Developing Policies & Procedures

- 1. Identify the need to update or write a new policy and procedures**
  - a. What changed? What are the new regulations or requirements?
- 2. Consult with your organization's policy coordinator**
  - a. Check for existing organizational policies and responsible individuals.
  - b. Consult with other organizations, professional membership organizations, local or state government entities.
  - c. Identify templates or standard language.
- 3. Set deadlines and timelines**
  - a. Determine external deadlines for the revision or new policy.
  - b. Determine internal deadlines for completing the document.
- 4. Appoint a team! Determine who will write & review**
  - a. Who has the knowledge and experience?
  - b. Who has the available time and flexible schedule?
- 5. Develop an outline**
  - a. Research the requirement: regulations and guidance.
  - b. Define what you are currently doing or not doing.
  - c. Consult with the state commission staff.
  - d. Confer with a subject matter expert.
- 6. Develop policy & procedures**
  - a. Write the policy and procedures.
  - b. Keep management informed on progress.
  - c. Seek assistance when needed – don't get stalled.
- 7. Obtain appropriate reviews and approval**
  - a. Consult with management, legal, compliance, technology, accounting, and other stakeholders.
- 8. Finalize the document**
- 9. Disseminate and educate about policy**
  - a. Make the document available.
  - b. Provide training and orientation to all affected staff.
- 10. Monitor, evaluate, and revise the policy based on implementation**
  - a. Continuously monitor it for revisions – make it a “living” document.
  - b. Evaluate or “test” that it is being followed.
  - c. Make revisions as needed – at least every 3 years, or as requirements change.

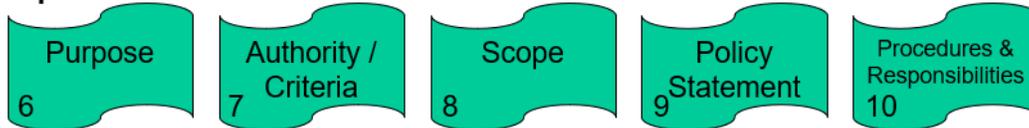
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## Template for Writing Policy and Procedures

### Administrative



### Implementation



### Monitoring



1. **Policy Number** | For a new policy this section should remain blank until it is approved and assigned a number. For revisions, this number will remain unchanged.
2. **Effective Date** | State the date this policy went into effect, as well as the date of any revisions.
3. **Review Date** | Indicate the frequency of when the policy will be reviewed for updates, by which office, department, or position. At a minimum, look over the policy at least every 2 to 3 years for relevancy and accuracy, or sooner if the requirement has changed.
4. **Approval** | Indicate who approved the policy, and the date of their last approval.
5. **Policy Title** | Capture the content of the policy. Do not include the word “policy”.
6. **Purpose** | Explain with a brief statement of the goal and objective of the policy.
7. **Authority or Criteria** | List the law, regulation, or legislation governing the policy. Include the date of the governing document.
8. **Scope** | Identify to who or what does the policy apply. Depending on the requirement, it could apply to one program or the entire organization. Be specific to explain to whom the policy applies and who is exempt.

- 
9. **Policy Statement** | Describe the rationale for the policy, including underlying philosophy of the policy and what the policy hopes to accomplish. This can include a statement of how the policy is related to the program objectives or organization's mission and values.
  10. **Procedures and Responsibilities** | Describe how the policy is implemented. Include action steps with detail that the end user will readily understand how to comply with the policy. Identify who will complete the steps and when the time frames for completing the steps. If there are multiple steps, list them in chronological order. As needed, include list of individual tasks, and departmental tasks. Describe the restrictions or limits that must be applied, if any. Identify the forms and examples of completed forms related to the policy. This section also states the responsibilities of the board, management, and staff related to oversight and reviewing for compliance, approving documentation, and monitoring to ensure the policy is implemented. Use position titles, and not individual names. Identify consequences for not complying with the policy here. State where the documents will be retained, archived, and for how long.
  11. **Communication & Training** | State how the policy and procedures will be communicated to those responsible for implementation, include training method and frequency.
  12. **Definitions** | Define technical terms and words that are unique or specifically related to this requirement that will help clarify the document. List definitions in alphabetical order.
  13. **Responsible Office** | List the office or department responsible for administering or enforcing the policy. Identify the office, position title, general email address, or phone number, not individual names.
  14. **Questions** | Identify the contact office, position title, general email address, or phone number to contact if questions arise on the policy, not individual names.
  15. **Resources** | State any other policies, documents, rules, regulations, or legislation that support the interpretation of the policy, including any supplies, tools, or equipment that must be used.

###

## Standard Writing Tips

1. Write the policy in the **third person**. Avoiding the pronouns “I” or “you”. This make the policy more objective and less personal, and helps stay focused on the facts instead of personal opinion.
2. Write the document **clearly** so it can be easily understood by individuals outside of your program or department.
3. Do not use information that may quickly be **outdated**, such as employee names or web addresses.
4. When using **acronyms**, spell out the words the first time and then indicate the acronym in parenthesis.
5. Write in **plain language** using **active voice**, everyday words, simple phrases, and short sentences.
6. Use the words “**should**” or “**may**” when the implementer has a choice, instead use the words “**will**” and “**must**” when required.
7. **Avoid** using **passive** voice and passive verbs.
8. **Avoid** using **jargon**.
9. Only use “any”, “either”, and “and/or” when allowing the implementer to select an alternative. **Avoid** using the word “etc.” since it is not a defining word.
10. Write all policies using the same **font style and size**, and with the same document margins.

###

## Required Written Policies and Procedures

**Policies and procedures** are documents that set principles, rules, authorities, responsibilities, and actions for an organization's management and operations. They identify **what** is to be done, **why**, **how**, **who**, and **when** it is to be done. The lists below identify requirements for policies and procedures for an organization receiving Federal grant funds, whether your organization is a direct recipient or a subrecipient.

### Required written financial policies and procedures based on Federal grant regulations:

- Financial management systems policies, procedures, manual, or guidelines 2 CFR §200.302 and §200.403
- Internal control systems of grant funds, e.g., resolve audit findings, approval and documentation of expenses, separation of duties, delegations of authority, check issuance, cash management, bank reconciliation, travel, financial reporting, and payroll (including Member stipends) 2 CFR §200.303
- Procedures that implement the Payment requirements of 2 CFR §200.305, that is procedures to minimize the time elapsing between the transfer of Federal funds from the HHS Payment Management System to the Grantee 2 CFR §200.302 and 2 CFR §200.305
- Procedures for determining the reasonableness, allocability, and allowability of costs according to applicable Subpart E–Cost Principles and the terms and conditions of the award 2 CFR §200.302 and §200.403
- Property management for Equipment purchased with Federal funds 2 CFR §200.313 and §200.439
- Employee conflicts of interest 2 CFR §200.318
- Organizational conflicts of interest 2 CFR §200.318
- Procurement and purchasing procedures, to include codes of conduct for employees engaged in the award and administration of contracts 2 CFR §200.317 - §200.326
- Record retention and destruction 2 CFR §200.333 - §200.337
- Compensation for personal services (Timekeeping) 2 CFR §200.430 - §200.437
- Insurance and indemnification 2 CFR §200.447
- Relocation costs of employees 2 CFR §200.464
- Travel and reimbursement 2 CFR §200.474

### Other Key written financial policies and procedures based on Federal grant regulations:

- Recording & documenting income & expenses: Budgeting, cost allocation plans, drawdown or reimbursements of Federal funds, matching requirements, in-kind contributions, program income, financial reporting
- Member eligibility, requirements, and timekeeping
- Host Site selection, management, and monitoring
- Closeout of grants and subgrants

### Additional Requirements for Nonprofit Organizations:

If your organization is a nonprofit entity, your organization is required to submit the annual Form 990 to the Internal Revenue Service. Part VI, "Governance, Management, and Disclosure," Section B, "Policies" (Page 6) requires:

1. Written policies and procedures governing activities of chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes.
2. Written conflict of interest policy.
3. Written whistleblower policy.
4. Written document retention and destruction policy.
5. A written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements.

### References:

- [2 CFR Chapter I and Chapter II, Part 200](#), "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" December 26, 2013
- [Form 990](#), "Return of Organization Exempt From Income Tax" for the Internal Revenue Service



Organization's Logo Here

Non-Profit Organization of My County

P.O. Box 1234 • Any City, TX 75001 • (469) 555-2812

In-Kind Contribution Form

Contributor Information

Name of Business or Individual:
Name of Primary Contact:
Address:
City: State: Zip Code:
Telephone: E-mail:

Contributed Goods or Services

Description of Contributed Goods or Services:

Date(s) Contributed:

Real or Estimated Value of Contribution: \$

How was the value determined?: Actual Value Appraisal Other

If other, please explain:

Who Made this Value Determination?:

Is there a restriction on the use of this contribution?: No Yes

If yes, what are the restrictions?:

Was this Contribution Obtained with or Supported by Federal funds?: No Yes

If yes, please provide the name of the Federal agency and the grant or contract number:

Signature of Contributor

Date Contributed

Thank you for your support!!

Office Use Only:

Person Receiving Goods or Services on Behalf of Non-Profit Organization of My County:

Printed Name

Position

Signature

Date Received

Accounting Use Only:

\$ Value Recorded DR/CR Account Numbers Date Entered Data Entry Person JE Number

# BI-WEEKLY TIME SHEET

## ABC Non-profit

1234 United Blvd.  
Dallas, TX 75555  
Telephone: (214) 555-6644; FAX: (214) 555-7755

SAMPLE

**Employee Name:** Jane Q. Brillance  
**Title:** Program Coordinator  
**Department:** National Service Program

**Pay Period:** 6/17/2018 to 6/30/2018  
**Supervisor:** Lee N. Americus

Days	S	M	T	W	TH	F	S	S	M	T	W	TH	F	S	Total Hrs.
<b>Dates</b>	<b>6.17.18</b>	<b>6.18.18</b>	<b>6.19.18</b>	<b>6.20.18</b>	<b>6.21.18</b>	<b>6.22.18</b>	<b>6.23.18</b>	<b>6.24.18</b>	<b>6.25.18</b>	<b>6.26.18</b>	<b>6.27.18</b>	<b>6.28.18</b>	<b>6.29.18</b>	<b>6.30.18</b>	
<b>Task or Grant Project</b>															
AmeriCorps After School		5	4.75	4.5		2			4	8	7	8	8		51.25
Headstart Program		3				6			4						13
Fundraising*				2							1				3
Annual Leave				1.5											1.5
Sick Leave			3.25		8										11.25
Holiday															0
Other Leave:															0
<b>TOTALS:</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>80</b>

By signing below, I hereby attest that the time recorded on this time sheet is true and accurate to the best of my knowledge.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Supervisor's Signature

\_\_\_\_\_  
Date

**Instructions:**

1. Calculate all time in 15 minute increments, for example: 1.25, 2.50, 4.75.
  2. Employee must submit timesheet to his/her supervisor by the last day of the pay period.
  3. Sign timesheet with ink pen only (no pencil, no erasable pen).
  4. Do not use "white-out" to correct mistakes, instead cross-out the error, write-in the correct number, and initial correction.
- \* = Do not charge time spent in organized fundraising solely to raise capital to Federal grants, whether to Federal or non-Federal share