

Minnesota Department of Public Safety
Office of Justice Programs (OJP)

Reconciling Unallowable FSR Expenses on Active Grants
DIRECTION FOR OJP GRANTEES
May 2022

These directions are for grantees that need to reconcile expenses reported and payments received, on an active grant, that have been found to be unallowable or as the result of a reporting error identified through a financial desk review, official audit finding, or self-disclosure from a grantee.

Reconciliation of Findings and Errors

Financial desk review findings, official audit findings or grantee self-disclosed errors identified on an active grant can be reconciled on the next Financial Status Report (FSR) if the funds needing to be reconciled have not expired. Expired funds or findings on closed grants require repayment of funds through a check to OJP.

There are two types of reconciliations:

- A. The first type of reconciliation is when federal funds where the year of federal funding (e.g., VOCA 19 or VAWA 20) being reconciled is ***different*** than the year of federal funding used to reimburse expenses on the next FSR where the reconciliation will occur.
- B. The second type of reconciliation is when any state funds *or* federal funds where the year of federal funding being reconciled is the ***same*** as the year of federal funding used to reimburse expenses on the next FSR where the reconciliation will occur.

A. Reconciling a Different Year of Federal Funds than those Reimbursed on the Next FSR

1. The next FSR is initiated.
2. A negative dollar amount entry is made on the *FSR/Payment Request Line Items* form on each line item that needs to be reconciled. The negative entries will cancel out the amounts that need to be re-allocated elsewhere. The description box of each entry should say that “the negative entry is due to a finding” and include the year of federal funding and the time period of the FSR that is being reconciled.
3. A positive dollar amount entry is made on the *FSR/Payment Request Line Items* form on each line item to which the funding being reconciled is being re-allocated. These are new expenses for the current report period for which a new reimbursement will not be made (you are identifying the specific expenses to which you will re-allocate the funds on hand that were found to need reconciliation). The description box of each entry should detail the specific new expenses and the year of federal funding and time period of the FSR that is being reconciled.
4. A summary explanation of the amount being reconciled is also typed into the “Comments to the Review Team from the Grantee” box on the *FSR/Payment Request Summary* form. This should

summarize the reconciliation, including the timelines, line items and federal grant award years involved.

5. Grantee updates documentation and tracking by federal year to match the reconciliation on the next FSR. See the **Grantee FSR tracking by year of federal funds** section of this document below for an example.

EXAMPLE FOR SITUATION “A”

A financial desk review reveals that a grantee misspent \$2,000 in Office & Program Expenses that were reported on an October FSR. The \$2,000 was reimbursed with VOCA 19. The grantee reconciles the unallowable expenses on their April FSR that they already know will be reimbursed with VOCA 20 funds.

April FSR: The grantee needs to document this reconciliation in both the:

- FSR / Payment Request Line Items and
- FSR / Payment Request Summary.

FSR / Payment Request Line Items:

At least two separate entries need to be made. One entry will be a negative amount (equal to the amount of unallowable expenses) and one will be a positive amount in that same amount; no new payment will be made on the amount being reconciled. Both entries will state that they relate to the financial desk review and include which federal VOCA grant award year is affected. There could be multiple negative entries and/or positive entries based on how many different line items had unallowable expenses and how many line items have new expenses as part of the reconciliation. The example below happens to show the new expenses being re-allocated to the same line item that had unallowable expenses, but the new expenses could be for any eligible expenses within the budget, not necessarily on that same line item as the unallowable expenses.

Budget Item	Date	Description	Amount Requested
Office & Program Expenses (VOCA : \$10,000.00) ▼*		\$2,000 in VOCA 19 expenses was found unallowable in a Financial Desk Review of the October 2021 FSR.	(\$2,000.00)
		101 of 1000	
Office & Program Expenses (VOCA : \$10,000.00) ▼*		April expenses re-allocated to VOCA 19 already received: Printing (\$300), Postage (\$400), Internet (\$150), Computer (\$1,150)	\$2,000.00
		124 of 1000	
Personnel (VOCA : \$30,000.00) - Advocate ▼*		April hours (SR)	\$1,800.00
		16 of 1000	

FSR / Payment Request Summary:

The “Comments to the Review Team from the Grantee” box should summarize the reconciliation taking place so it is clear why there is a negative entry and that a VOCA 19 reimbursement from October is being re-allocated to April expenses.

FINANCIAL STATUS REPORT / PAYMENT REQUEST SUMMARY

GRANT INFORMATION				REPORT INFORMATION								
Grantee:	Dakota County			Main Contact:	[Dropdown]							
Grant #:	A-CVS-2018-DAKOTACO-00003			FSR Contact:	[Dropdown]							
Award Amount:	\$70,000.00			Request #:	1							
Term:	10/01/2017 to 09/30/2018			Final Report:	<input type="radio"/> Yes <input checked="" type="radio"/> No*							
				Status:	Payment Request in Process							
				Current Report Period:	04/01/2022 to 04/30/2022							
Comments to the Review Team from the Grantee:												
<p>\$2,000 in VOCA 19 expenses under Office & Program Expenses was found unallowable in a Financial Desk Review of the October 2021 FSR. This \$2,000 in VOCA 19 has been re-allocated to Office & Program Expenses on this FSR. Our tracking of VOCA expenses/reimbursements by VOCA year has been updated to reflect this.</p>												
314 of 500												
BUDGET ITEMS	TOTAL			EXPEND THRU			REMAINING			CURRENT PERIOD EXPENSES		
	VOCA	State	Match	VOCA	State	Match	VOCA	State	Match	VOCA	State	Match
Personnel	\$30,000.00	\$10,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30,000.00	\$10,000.00	\$0.00	\$1,800.00	\$0.00	\$0.00
Travel & Training	\$10,000.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Office & Program Expenses	\$10,000.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTALS	\$50,000.00	\$20,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50,000.00	\$20,000.00	\$0.00	\$1,800.00	\$0.00	\$0.00
Advance Remaining to Spend Down								\$0.00	Minus Advance Spend Down			
AWARD REMAINING								\$70,000.00	AMOUNT TO BE PAID			\$1800.00

Grantee FSR tracking by year of federal funds:

Because a VOCA 19 reimbursement was made in October for expenses that have since been disallowed, the grantee needs to update documentation and tracking for that reimbursement to match the reconciliation on the April FSR.

Had the October FSR not had a finding of unallowable costs, the grantee’s tracking of VOCA expenditures and reimbursement by year of VOCA may have looked like the chart below. The full \$10,000 requested on the October FSR was reimbursed with VOCA 19 funds. The full \$3,800 in new expenses on the April FSR would be reimbursed with VOCA 20 funds.

VOCA Expenditure & Reimbursement Tracking by Year of VOCA						
FSR	VOCA 19			VOCA 20		
	FSR Expenditure	FSR Reimbursement	Cumulative Reimbursements	FSR Expenditure	FSR Reimbursement	Cumulative Reimbursements
Oct 2021	\$10,000.00	\$10,000.00	\$10,000.00	\$0.00	\$0.00	\$0.00
Nov 2021	\$6,090.39	\$6,090.39	\$16,090.39	\$0.00	\$0.00	\$0.00
Dec 2021	\$6,262.37	\$6,262.37	\$22,352.76	\$0.00	\$0.00	\$0.00
Jan 2022	\$5,369.60	\$5,369.60	\$27,722.36	\$0.00	\$0.00	\$0.00
Feb 2022	\$0.00	\$0.00	\$0.00	\$8,355.45	\$8,355.45	\$8,355.45
Mar 2022	\$0.00	\$0.00	\$0.00	\$6,125.25	\$6,125.25	\$14,480.70
Apr 2022	\$0.00	\$0.00	\$0.00	\$3,800.00	\$3,800.00	\$18,280.70

Because the financial desk review found \$2,000 in unallowable VOCA 19 expenses on the October FSR that were reconciled on the April FSR, grantee tracking has to be updated to reflect this. The April FSR would only be reimbursed \$1,800 in VOCA 20 because the other \$2,000 was reimbursed (via the reconciliation) by VOCA 19 originally received for the October FSR and the October amount of eligible expenses and reimbursements would change to \$8,000.

VOCA Expenditure & Reimbursement Tracking by Year of VOCA						
FSR	VOCA 19			VOCA 20		
	FSR Expenditure	FSR Reimbursement	Cumulative Reimbursements	FSR Expenditure	FSR Reimbursement	Cumulative Reimbursements
Oct 2021	\$8,000.00	\$8,000.00	\$8,000.00	\$0.00	\$0.00	\$0.00
Nov 2021	\$6,090.39	\$6,090.39	\$14,090.39	\$0.00	\$0.00	\$0.00
Dec 2021	\$6,262.37	\$6,262.37	\$20,352.76	\$0.00	\$0.00	\$0.00
Jan 2022	\$5,369.60	\$5,369.60	\$25,722.36	\$0.00	\$0.00	\$0.00
Feb 2022	\$0.00	\$0.00	\$25,722.36	\$8,355.45	\$8,355.45	\$8,355.45
Mar 2022	\$0.00	\$0.00	\$25,722.36	\$6,125.25	\$6,125.25	\$14,480.70
Apr 2022	\$2,000.00	\$2,000.00	\$27,722.36	\$1,800.00	\$1,800.00	\$16,280.70

B. Reconciling State Funds or the Same Year of Federal Funds as those Reimbursed on the Next FSR

1. The next FSR is initiated.
2. A negative dollar amount entry is made on the *FSR/Payment Request Line Items* form on each line item that needs to be reconciled. The negative entries will cancel out the finding or error amounts that need to be re-allocated elsewhere. The description box of each entry should say that “the negative entry is due to a finding” and include the time period of the FSR that is being reconciled.
3. A positive dollar amount entry is made on the *FSR/Payment Request Line Items* form on each line item to which the funding being reconciled is being re-allocated. These are new expenses for the current report period for which a new reimbursement will not be made (you are identifying the specific expenses to which you will re-allocate the funds on hand that were found to need reconciliation). The description box of each entry should say that “the entry is due to a finding” and include the time period of the FSR that is being reconciled.
4. A summary explanation of the amount being reconciled is also typed into the “Comments to the Review Team from the Grantee” box on the *FSR/Payment Request Summary* form. This should summarize the reconciliation, including the timelines and line items involved.
5. Grantee updates documentation and tracking by federal year to match the reconciliation on the next FSR. See the ***Grantee FSR tracking by year of federal funds*** section of this document below for an example.

EXAMPLE FOR SITUATION “B”

A financial desk review reveals that a grantee misspent \$2,000 in Office & Program Expenses that were reported on an October FSR. The \$2,000 was reimbursed with VOCA 19. The grantee reconciles the unallowable expenses on their April FSR that they already know will also be reimbursed with VOCA 19 funds.

April FSR: The grantee needs to document this reconciliation in both the:

- *FSR / Payment Request Line Items* and
- *FSR / Payment Request Summary*.

FSR / Payment Request Line Items:

At least two separate entries need to be made. One entry will be a negative amount (equal to the amount of unallowable expenses) and one will be a positive amount in that same amount; no new payment will be made on the amount being reconciled. Both entries will state that they relate to the financial desk review. There could be multiple negative entries and/or positive entries based on how many different line items had unallowable expenses and how many line items have new expenses as part of the reconciliation. The example below happens to show the new expenses being re-allocated to the same line item that had unallowable expenses, but the new expenses could be for any eligible expenses within the budget, not necessarily on that same line item as the unallowable expenses.

Budget Item	Date	Description	Amount Requested
Office & Program Expenses (VOCA : \$10,000.00) *		\$2,000 in expenses were found unallowable in a Financial Desk Review of the October 2021 FSR.	(\$2,000.00)
Office & Program Expenses (VOCA : \$10,000.00) *		Unallowable October expenses from Financial Desk Review are being re-allocated to: Printing (\$300), Postage (\$400), Internet (\$150), Computer (\$1,150)	\$2,000.00
Personnel (VOCA : \$30,000.00) - Advocate *		April hours (SR)	\$1,800.00

FSR / Payment Request Summary:

The “Comments to the Review Team from the Grantee” box should summarize the reconciliation taking place so it is clear why there is a negative entry and that the reimbursement from October is being re-allocated to April expenses.

FINANCIAL STATUS REPORT / PAYMENT REQUEST SUMMARY

GRANT INFORMATION				REPORT INFORMATION			
Grantee:	Dakota County			Main Contact:	▼ *		
Grant #:	A-CVS-2018-DAKOTACO-00003			FSR Contact:			
Award Amount:	\$70,000.00			Request #:	1		
Term:	10/01/2017 to 09/30/2018			Final Report:	<input type="radio"/> Yes <input checked="" type="radio"/> No *		
				Status:	Payment Request in Process		
				Current Report Period:	04/01/2022 * to 04/30/2022 *		
Comments to the Review Team from the Grantee:							
\$2,000 of expenses under Office & Program Expenses was found unallowable in a Financial Desk Review of the October 2021 FSR. This \$2,000 has been re-allocated to Office & Program Expenses on this FSR. Our tracking of VOCA expenses/reimbursements by VOCA year has been updated to reflect this.							
295 of 500							

BUDGET ITEMS	TOTAL			EXPEND THRU			REMAINING			CURRENT PERIOD EXPENSE \$		
	VOCA	State	Match	VOCA	State	Match	VOCA	State	Match	VOCA	State	Match
Personnel	\$30,000.00	\$10,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$30,000.00	\$10,000.00	\$0.00	\$1,800.00	\$0.00	\$0.00
Travel & Training	\$10,000.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00
Office & Program Expenses	\$10,000.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,000.00	\$5,000.00	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL \$	\$50,000.00	\$20,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$50,000.00	\$20,000.00	\$0.00	\$1,800.00	\$0.00	\$0.00
Advance Remaining to Spend Down								\$0.00	Minus Advance Spend Down			
AWARD REMAINING								\$70,000.00	AMOUNT TO BE PAID		\$1800.00	

Grantee FSR tracking by year of federal funds:

Because a VOCA 19 reimbursement was made in October for expenses that have since been disallowed, the grantee needs to update documentation and tracking for that reimbursement to match the reconciliation on the April FSR.

Had the October FSR not had a finding of unallowable costs, the grantee’s tracking of VOCA expenditures and reimbursement by year of VOCA may have looked like the chart below. The full \$10,000 requested on the October FSR and the full \$3,800 requested on the April FSR were reimbursed with VOCA 19 funds.

VOCA Expenditure & Reimbursement Tracking by Year of VOCA			
FSR	VOCA 19		
	FSR Expenditure	FSR Reimbursement	Cumulative Reimbursements
Oct 2021	\$10,000.00	\$10,000.00	\$10,000.00
Nov 2021	\$6,090.39	\$6,090.39	\$16,090.39
Dec 2021	\$6,262.37	\$6,262.37	\$22,352.76
Jan 2022	\$5,369.60	\$5,369.60	\$27,722.36
Feb 2022	\$8,355.45	\$8,355.45	\$36,077.81
Mar 2022	\$6,125.25	\$6,125.25	\$42,203.06
Apr 2022	\$3,800.00	\$3,800.00	\$46,003.06

Because the financial desk review found \$2,000 in unallowable VOCA 19 expenses on the October FSR that were reconciled on the April FSR, grantee tracking has to be updated to reflect this. The April FSR would still show \$3,800 in new expenses and reimbursement but the October FSR amount of eligible expenses and reimbursements would change to \$8,000.

VOCA Expenditure & Reimbursement Tracking by Year of VOCA			
FSR	VOCA 19		
	FSR Expenditure	FSR Reimbursement	Cumulative Reimbursements
Oct 2021	\$8,000.00	\$8,000.00	\$8,000.00
Nov 2021	\$6,090.39	\$6,090.39	\$14,090.39
Dec 2021	\$6,262.37	\$6,262.37	\$20,352.76
Jan 2022	\$5,369.60	\$5,369.60	\$25,722.36
Feb 2022	\$8,355.45	\$8,355.45	\$34,077.81
Mar 2022	\$6,125.25	\$6,125.25	\$40,203.06
Apr 2022	\$3,800.00	\$3,800.00	\$44,003.06