2019 Federal Grant Funds Management

Presented by The Office of Justice Programs

MINNESOTA DEPARTMENT OF PUBLIC SAFETY
Office of Justice Programs

Goals for Today

➢ Financial management highlights

➢ Grant Monitoring

➢ Financial Desk Review (FDR)

Not Goals for Today

➢ E-grants

➢ Reporting

➢ Programming

Why is This Important?

FROM OFFICE OF INSPECTOR (OIG) REPORTS POSTED ONLINE:

We found that personnel expenditures were not supported with adequate time and effort reports, and consultant expenditures that exceeded the maximum allowable consultant rate

Determined that the NDHHS and its subrecipients could not support a total of $1,870,566 in subrecipient expenditures that we tested.

Found that two of the three subrecipients tested could not adequately support their required matches.

Grant Manual

➢A reference guide for grant administration questions

➢For use by administrative and program staff

➢First stop for questions

Grant Agreement

Legal document outlining grant conditions

Includes by reference:
- Terms and Conditions – in Egrants
- Program Guidelines – in Egrants
- Federal OMB Uniform Guidance
- Federal DOJ Financial Guide
- VOCA Program Guidance
- MN Grants Management Policies

Grant Agreement

➢ CFDA number

➢ Time limitations on funds

➢ Special duties

➢ Program Guidelines list specific federal grants

Financial Management Standards

Grantees are responsible for reporting any known or suspected financial irregularities. Failure to report may result in termination of grant or other actions.

Financial Management Standards

Based on 2CFR § 200.302:

➢Financial reporting

➢Accounting records

➢Source documentation

➢Internal control

Financial Management Standards cont.

➢ Budget control

➢ Allowable cost

➢ Commingling of funds

➢ Management objectives

➢ Accounting basis

➢ End of grant accrual

Grant Payment Guidelines

➢Actual - not budgeted - costs

➢Detail in the description box of   the FSR

➢Run questionable costs by GM first

➢Organize for possible $ desk review

➢Must be within grant period

FSR Detail

FINANCIAL STATUS REPORT / PAYMENT REQUEST LINE ITEMS

Please enter the expenses incurred during the current report period. (Additional blank items will appear upon saving)

Budget Item	Date	Description	Amount Requested
		0 of 1000	

Federal Regulations Require Cost Be:

➤ In approved budget

➤ Allowable

➤ Necessary to support grant activities

➤ Actual

➤ Reasonable

➤ Allocable to grant program

Payroll/Personnel

Grantees must have written personnel policies and written policies governing payroll functions, such as:

- Hiring procedures
- Compensation
- Timekeeping and leaves
- Benefits

Personnel

➢ Federal requirement - track hours by funding source, not activity

➢ <u>Timesheet</u> – daily record of time worked

➢ <u>Time Tracking</u> – daily record of time worked by funding source

➢ Some timesheets function as both, some not

➢ OJP timesheet does not – we track time by the hour

Personnel

➢Guidance for staff

➢Example: staff works 100% direct services, but are paid 50% VOCA, 25% state, 25% foundation funds, let staff know to log hours accordingly.

➢Example: staff works 50% direct services paid with VOCA and 50% non-direct services paid with state and foundation, let staff know they log all direct service hours under VOCA

Personnel Budget vs Actual

➢Budgets vs time tracking

➢Actual time may match budget fairly well

➢Or not

➢When to do a budget revision

Budgeting Taxes & Fringe

➤ Generally accepted accounting practices call for proportionality

➤ If salary is 50% VOCA, 25% state, 25% other

➤ Then taxes/fringe should be the same

Budgeting Taxes & Fringe

➢Requirement in renewal budgets

➢A larger percentage of taxes & fringe can never be charged to federal funds than the percentage of salary

➢See Salary and Fringe Allocation VOCA on website

Salary Spreadsheet

➢ New salary spreadsheet with renewal RFP

➢ Lists each position title, name, annual salary, percentage to be paid by each funding source

➢ Easier than entering detail into Egrants

➢ Allows for easier math checking for all

➢ Help with financial desk review process

Payroll/Personnel

➢Timesheets and time trackers signed and dated by supervisor and employee

➢Executive Director – Board member review and approve

➢ED can track extra hours for Board

➢Paid time off (PTO)

Employee VS Independent Contractor

➤Important distinction

➤IRS publication #15a

➤Ex: contract to run support groups, but

- no control over when or where
  - uses agency resources
  - provide critical program component

Consultant/Contractor

➢ Not completely different, but:

  Consultant –expert advice (knowledge)

  Contractor –goods or service (work)

➢ In either case – maximum rate applies

➢ $650/day, $81.25/hr applies to both

➢ Reasonable & justifiable

Contracting for Services

➢ Current threshold for pre-approval - $5,000

➢ Probably moving to $10,000

➢ Grantees still responsible for having contracts with required elements

➢ Risk of not having expenses approved

➢ Standard vendor contracts (snow removal)

Contracting for Services

Need written agreement/contract for any consultant or contractor.

Two most critical elements:

➢ Scope of Services – details activities/products

➢ Term of Payment – what they will be paid for, how they bill you , what conditions must be met for payment (<u>reimbursement only</u>)

Procurement

➤ First, agency's own policies as long as they are most restrictive

➤ Second, State of Minnesota Terms and Conditions

➤ Third, would be federal guidelines, but since State is more restrictive, that rules

Minnesota Contract Requirements

Services and/or materials costing:

➤ $100,000 or more: formal bidding process

➤ $25,000-$99,999:competitively awarded based on minimum of three (3) verbal quotes or bids

➤ $10,000-$24,999: competitively awarded based on minimum of two (2) verbal quotes or bids or awarded to a targeted vendor

➤ < $10,000: reasonably competitive

-DOCUMENT THE PROCESS!!

Targeted Vendor

Grantee must take all necessary steps to assure targeted vendors are used <u>when possible</u>:

1. State Department of Administration's Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List

2. Metropolitan Council's Targeted Vendor List: Minnesota Unified Certification Program

3. Small Business Certification Program through Hennepin County, Ramsey County, and City of St. Paul: Central Certification Program

Contract Requirements cont.

Must have written standards of conduct covering conflicts of interest and governing actions of employees engaged in selection, award and administration of contracts.

Must have support documentation of the purchasing and/or bidding process

If it is determined that there is only one legitimate or practical source for the contract, must have document and pre-approval

Must not contract with vendors who are suspended or debarred in MN: Debarment Report

Program Income

➢Income earned as a direct result of grant funded activity

➢Must be spent on grant related expenses

➢Must be reported

➢Must report quarterly whether or not you have income

➢May be reviewed in financial desk revi

Program Income Examples

➢ Grantee rents out a meeting room to groups; if federal funds pay rent, this is program income

➢ Grantee charges speaker/training fees to other groups; if federal funds pay for staff providing training, this is program income.

➢ Parenting Time Center collects fees from county or clients; if federal funds support the staff or other expenses, this is program income.

Match

➢Same uses as federal funds

➢Hard/cash match (foundations)

➢Soft/in-kind match (volunteer time)

➢Donated goods – claim when distributed

➢How to Value Noncash Charitable Contributions

➢Source documentation

Match

➢ Common source - volunteer time

➢ Common activities - covering crisis hotline or on-call for direct advocacy.

➢ Source documentation such as sign in sheet or schedule.

➢ Value of Volunteer Time (Grant Manual)

➢ If match is from non-grant funds supporting some staff time – use time tracker and FSR detail to document

Allocation of Costs

➢ Assigning costs that benefit more than one agency purpose/funding source.

➢ Usage (copier use)

➢ Number of hours (personnel)

➢ Square footage (rent)

➢ FTEs (telephone)

Allowable Costs - Highlights

➢Consultants ($81.25/hr – contract elements)

➢Staff travel (per mile reimbursement)

➢Audit (only if federal expenditures > $750,000 in fiscal year & proportionate)

➢Indirect costs (federally approved rate or de minimus)

➢Vendor cards - expense claimed at distribution

Generally Unallowable Costs - Highlights

➢ Food for staff
➢ Negative PTO
➢ Audits – some
➢ Lobbying
➢ Fundraising
➢ Outside of grant period
➢ Fines, late fees

Indirect Costs

Indirect costs/overhead = Costs shared by organization as a whole

Charging costs directly is easiest

Federal OMB Uniform Guidance:
- Allowable by grant program
- Reasonable and necessary
- Rationally allocated
- Adequately documented

Indirect Costs

➢ Shared by organization as a whole – no set definition:

Liability insurance, accounting , human resources, etc.

➢ Must be tracked:

Can't just claim it because it's allowable

Indirect Costs

➤ **Federally approved rate**
- Need CURRENT Indirect Cost Negotiation Agreement

➤ **10% De Minimus rate**
- Only for agencies who have never had a federally approved rate
- Based on Modified Total Direct Costs (MTDC), which excludes certain budget items such as equipment, direct client assistance, rental costs, portion of contracts over $25,000
- **USE OJP WORKSHEETS**

Budget Revisions

Needed if:

➢ Line item total exceeds 10% or $200 (whichever is greater)

➢ Creating new line item

➢ Significantly revise detail

Needs Grant Manager approval before spending

30 days before grant ends

June 30 Reporting

*** State of Minnesota Terms and Conditions dictate that all reimbursements must be for services performed within that state fiscal year

Monitoring

According to the Federal Financial Guides:

Subrecipient monitoring is to ensure:

(1) use grant funds for authorized purposes;

(2) comply with the federal program and grant requirements, laws, and regulations;

(3) achieve subaward performance goals.

Grant Monitoring

System of monitoring federal & state funds

➤FSR review

➤PMT & progress report review

➤Telephone/email contact

➤Site visits: financial, administrative, program

➤Financial desk review of expenditures

Monitoring: Payments May Be Held

Payments will be suspended if:

➤ Progress/PMT reports overdue

➤ Certifications not done (Civil Rights)

➤ Non-responsive to financial desk review requests

➤ Notice of non-compliance will be sent

Monitoring: Financial Desk Review

➢Federal requirement – regularly

➢State – at least once during grant period for grants $50,000 or more

➢Covered more later

Monitoring: Financial Desk Review

Why was I chosen?

       - new grantee to OJP

       - high award amount

       - previous FDR findings

       - your turn in the schedule

Monitoring: Grant Closeout

➤ Final progress report

➤ Final FSR

➤ Possible repayment

➤ OJP grant closeout

      - amount awarded & spent

      - match met

      - other issues noted

Triggers for Additional Monitoring

➢Late reports

➢Spending too fast/too slow

➢Financial desk review issues

➢Insufficient financial management standards

➢Pre Award Risk Assessment

➢Lack of communication/non-responsiveness

Additional Monitoring

➢ More frequent reports required

➢ Regular submission of Board minutes

➢ Required training

➢ Source documentation with every FSR

➢ Communication with Executive Director and/or Board of Directors

Pre Award Risk Assessment

➢ Federal & State requirement

➢ Must be done before grant is finalized

➢ Management tool to assist with monitoring

➢ May mean special conditions:

         - Board fundraising plan

         - Source documentation with every FSR

➢ May mean prioritized for financial desk review

Board of Directors

Board members are responsible for steering the organization towards a sustainable future by adopting sound, ethical, and legal governance and financial management policies, as well as by making sure the **nonprofit** has adequate resources to advance its mission.

Board of Directors

➢ Review financial reports at every meeting

➢ Meet often, preferably monthly

➢ Written personnel policies

➢ Written financial policies

➢ Hire, evaluate, and terminate Director

➢ Actively engage in fundraising

Resource Examples

➢Propel Nonprofits:
https://www.propelnonprofits.org/

➢All In One accounting:
https://allinoneaccounting.com/services/

➢MN Council of Nonprofits:
http://www.minnesotanonprofits.org/

➢Techsoup: https://techsoup.org

Renewal RFP

❖ Early Release date – more prep time for you, more review time for us

❖ Examples: indirect cost guidance, budget guidance

❖ More E-grants uploads

Closing

Questions? Go to Grant Manual first

THANK YOU FOR ALL YOU DO FOR VICTIMS OF CRIME!!