Seminar on Financial Management

Effective Financial Management of Your Federal Grant
Reviewing Your Award Document

- OJP’s Grants Management System (GMS) will email you notice of your award.
  - Letter from the Assistant Attorney General (AAG)
  - Letter from the Chief Financial Officer
  - NEPA Letter
  - Letter from the Office of Civil Rights
  - Award Documentation
    - The Award Amount
    - The Project Period
    - The Special Conditions

Special Conditions

- OJP has 4 standard special conditions:
  - OJP’s Financial Guide
  - Civil Rights
  - Use of Federal Funds to Lobby is Not Acceptable
  - Audit OMB A-133, OJP Financial Guide Chapter 19
- Additional Special Conditions are added by your Grant Manager.
  - The grant recipient cannot obligate or drawdown funds until the Office of the Comptroller reviews and approves the budget.
  - The grant recipient needs to submit Financial Status Reports quarterly.
  - The grant recipient needs to submit Progress Reports semi-annually.
Accepting Your Award

- A signed award document needs to be faxed to the OJP Control Desk 45 days after the award date.
- The award document needs to be signed by the same authorized representative who signed the application.
  
  If the authorized representative has changed, a Grant Adjustment Notices changing the authorized representative needs to be processed before OJP will accept an award package with a different signature.

FINANCIAL MANAGEMENT SEMINAR
Financial Management Systems

- All recipients are required to:
  - Establish/maintain auditable accounting records and
  - Accurately account for funds awarded.

- Records shall include Federal, matching, and program income.
Financial Management Systems

- **Accounting System**
  - Grantee must ensure that subrecipients also have an adequate system of accounting and internal controls.

A Financial Management System must be able to:
- Record and report on the --
  - Receipt;
  - Obligation; and
  - Expenditure of grant funds.
### OMB CIRCULARS

<table>
<thead>
<tr>
<th>COST PRINCIPLES:</th>
<th>(Description of costs, allowable, unallowable, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-21</td>
<td>Educational Institutions</td>
</tr>
<tr>
<td>A-122</td>
<td>Non-Profit Organizations</td>
</tr>
<tr>
<td>A-87</td>
<td>State &amp; Local Units of Government</td>
</tr>
</tbody>
</table>

### OMB CIRCULAR A-87 Major Provisions

REQUIRES THAT A COST BE:
- Allowable
- Necessary to the performance of a project
- Reasonable
- Allocable to the project and consistently treated
OMB CIRCULAR A-87
Major Provisions

REQUIRES THAT A COST BE:
(continued)
- Non-profitable
- Claimed against only one award, and
- Permissible under State & Federal laws and regulations

CLASSIFICATION OF COSTS

DIRECT COSTS:
Costs identified specifically with an activity
CLASSIFICATION OF COSTS

- DIRECT COSTS, generally include:
  - Salaries and Wages (including holidays, sick leave, etc.) - Direct Labor Costs
  - Other employee fringe benefits allocable to direct labor employees

(continued)

- Consultant services contracted to accomplish specific project objectives
- Travel of direct labor employees
- Material/supplies purchased directly for use on a specific project
CLASSIFICATION OF COSTS

INDIRECT COSTS:

Costs that are not readily identifiable with a particular grant or contract

OMB CIRCULAR A-87
Major Provisions

INDIRECT COSTS, generally include:
- Maintenance of buildings
- Telephone expense
- Travel and supplies
- Depreciation
- Rental expense
OMB CIRCULAR A-87
Major Provisions

PROVIDES FOR:

- Provisional indirect costs rates adjusted to final (retroactive adjustment)
- Predetermined rates (not normally subject to adjustment)

PROVIDES FOR: (continued)

- Fixed rates (with roll or carry forward adjusted in future period)
- Implements cognizant Federal agency concept
The circular DOES NOT:

- Supersede limitation imposed by law
- Dictate extent of Federal funds
- Provide additional Federal funds for indirect costs

The circular DOES NOT: (continued)

- Dictate how a government should use funds
- Relieve State & local governments of stewardship responsibilities for Federal funds
Circular A-87
Selected Items of Cost

- Alcoholic Beverage
- Entertainment

Circular A-87
Selected Items of Cost

- Bad Debts
- Contributions & Donations
AVAILABILITY OF FUNDS

- Obligation Period (grantee books)
  - EX: Award period = 10/1/05 - 9/30/07
    Award date = 12/1/05 (Federal books)

- Expenditure Period
  - EX: 10/1/05 - 12/14/07

SF 269A
Financial Status Report
Manual vs. On-line Submission

VS.

Web-based SF 269A Reporting

- Quarterly Financial Status Reports may be filed on-line and submitted through the Internet at https://grants.ojp.usdoj.gov.
- The on-line SF-269A requires the same reporting information as the paper version.
- No more faxing. No more mailing.
### Financial Status Report (Short Form) (Follow instructions on next page)

1. Federal Agency/Organizational
   - U.S. Dept of Justice
   - Office of Justice Programs (OJP)

2. Grant Number
   - 2005-XX-XX-1234

3. Recipient Organization
   - Smallville Police Dept.
   - 123 Main Street
   - Nicetown, USA 12356-9876

4. Vendor Number
   - 12345 6789

5. Recipient Number
   - 12345 6789

6. Final Rpt
   - Yes
   - No

7. Basis
   - Cash
   - Accrual

8. Grant Period
   - From: 1/1/05
   - To: 12/31/05

9. Report Period
   - From: 4/1/05
   - To: 6/30/05

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### Financial Status Report (Facsimile continued)

10. Transactions:

<table>
<thead>
<tr>
<th>Description</th>
<th>Previously Reported 3/31/05</th>
<th>This Period</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Total outlays</td>
<td>$ 11,020</td>
<td>$ 3,000</td>
<td>$ 14,020</td>
</tr>
<tr>
<td>b. Recipient share of outlays</td>
<td>$ 520</td>
<td>$ 1,000</td>
<td>$ 1,520</td>
</tr>
<tr>
<td>c. Federal share of outlays</td>
<td>$ 10,500</td>
<td>$ 2,000</td>
<td>$ 12,500</td>
</tr>
<tr>
<td>d. Total unliquidated obligations</td>
<td></td>
<td></td>
<td>$ 4,000</td>
</tr>
<tr>
<td>e. Recipient share/unliq obligtns</td>
<td></td>
<td></td>
<td>$ 1,000</td>
</tr>
<tr>
<td>f. Federal share/unliq obligtns</td>
<td></td>
<td></td>
<td>$ 3,000</td>
</tr>
<tr>
<td>g. Total Federal Share (c + f)</td>
<td></td>
<td></td>
<td>$ 15,500</td>
</tr>
<tr>
<td>h. Total Fed. funds authorized</td>
<td></td>
<td></td>
<td>$ 50,000</td>
</tr>
<tr>
<td>i. Unobligd bal. of Fed. funds</td>
<td></td>
<td></td>
<td>$ 34,500</td>
</tr>
</tbody>
</table>

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Continued on next slide – Manual Format
### Financial Status Report

**(Facsimile continued)**

**PART III**

<table>
<thead>
<tr>
<th>11. Indirect Expense</th>
<th>a. Type of Rate (Mark Box)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>□ Provisional □ Predetermined □ Final □ Fixed</td>
</tr>
<tr>
<td></td>
<td>b. Rate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>12. Remarks: attach any explanations deemed necessary or….</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Block/Formula pass-through $</td>
</tr>
<tr>
<td>B. Federal Funds Subgranted $</td>
</tr>
</tbody>
</table>

**PROGRAM INCOME:**

| C. Forfeit $ | E. Expended $ |
| D. Other $   | F. Unexpended $ |

| 13. Certification: I certify to the best of my knowledge that this report is correct and… purposes set forth in the award documents. |

**Typed or Printed Name and Title**

**Telephone Number**

( )

**Signature of Authorized Certifying Official**

**Date Report Submitted**

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**Manual Format**

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**Web-based SF 269A Reporting**

[Image of Office of Justice Programs web interface]
FINANCIAL MANAGEMENT SEMINAR
Reporting Requirements

Remember:
- Enter and submit the SF 269A on-line; or
- As a last resort, mail or fax to:
  OJP/OC Control Desk
  810 7th Street NW, 5th Floor
  Washington, DC 20531
  Fax: (202) 616-5962

FINANCIAL MANAGEMENT SEMINAR
Reporting Requirements

- The Grant Management System (GMS) has the capability for grantees to report their grant process through an online Categorical Assistance Progress Report or online Performance Report.
- Features include:
  - Data for form is filled in with information already in GMS
  - Grantees can attach documents as part of their report
  - E-mail notifications occur to remind grantees to submit report
  - OJP grant managers can review and send back incomplete reports to grantees
FINANCIAL MANAGEMENT SEMINAR

Reporting Requirements

- Progress Reports - Semi-Annual - due 30th of January and July
- If Progress Reports are delinquent, future awards and fund drawdowns will not be processed.
- If Progress Reports are delinquent, Grant Adjustments may not be processed.
- Applicants that apply for Federal funding utilizing GMS should submit their progress reports on-line through this system

Questions concerning GMS may be addressed to the GMS Help Desk at 1-(800) 549-9901
**Audit Requirements**

- A-133 Gov't, Education and Non-Profit
- Thresholds (expended)
- $500K or more - Single Audit (expended)
- Audit Report - due nine (9) months after end of FY
- Submit to Clearinghouse in Jeffersonville, IN
- $10,000 Questioned Costs
RESOLUTION OF AUDIT REPORTS

- Establish working file for the audit report.
- Review and analyze the audit report.
- If there are any findings, a letter must be generated to the audited recipient. This letter should include a request for a Corrective Action Plan (CAP).

The corrective action plan (CAP) should include:

- Description of each finding.
- Specific steps to be taken to implement the recommendation.
- Timetable for performance of each corrective action.
- Description of monitoring to be performed to ensure implementation of CAP.
TOP TEN AUDIT FINDINGS
(for FY 2006)

- Financial Status Reports not timely submitted
- Accounting procedures not adequate
- Suspension and Debarment Certifications not obtained
- Programmatic reporting requirements not met

TOP TEN AUDIT FINDINGS
(for FY 2006)

- Subrecipients not adequately monitored
- Fixed assets not regularly monitored
- Grant management procedures insufficient
TOP TEN AUDIT FINDINGS
(for FY 2006)

- Segregation of duties not adequate
- Cash management procedures need improvement
- Procurement procedures not detailed

On-line Grant Adjustment Notice (GANs)

- Grant Adjustment Notice
Grant Adjustment Notice (GANs)

**Standard grant adjustment types**

<table>
<thead>
<tr>
<th>1. Project Budget Additions</th>
<th>15. Name Change – Grant Administration Change Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Approve Sole Source</td>
<td>16. Name Change – Grant Implementation Change Agreement</td>
</tr>
<tr>
<td>3. Change Grantee Authorized Signing Official</td>
<td>17. Permanent Withdrawal or Change in Project Director (Discretionary Only)</td>
</tr>
<tr>
<td>4. Change Grantee Contact Name or Key Staff</td>
<td>18. Project Site/Address Change</td>
</tr>
<tr>
<td>5. Change in approved budget categories</td>
<td>19. Removal of Special Conditions (program requirements are met)</td>
</tr>
<tr>
<td>6. Change in OJP Grant Manager</td>
<td>20. Remove Special Conditions Related to Withholding Funds</td>
</tr>
<tr>
<td>7. Changes in Scope of Grant</td>
<td>21. Deobligation of Funds for Closeout (OC Initiates)</td>
</tr>
<tr>
<td>8. Changes in Scope of Grant with Budget Implications</td>
<td>22. Deobligation of Funds in Prep to Closeout</td>
</tr>
<tr>
<td>9. Contracting for or Transferring of Grant-Supported Effort (Discretionary only)</td>
<td>23. Successor in Interest Agreements (Categorical only)</td>
</tr>
<tr>
<td>10. Date Changes – Extension of Expenditure Period (No Cost Extension)</td>
<td>24. Temporary Absence of Project Director (Discretionary &amp; Cooperative Agreements Only)</td>
</tr>
<tr>
<td>11. Date Changes – Extension of Grant Period</td>
<td>25. Vendor F Change or VIN Change</td>
</tr>
<tr>
<td>12. Deviations from approved budgets</td>
<td>26. Removal of Special Conditions Related to Financial Clearance</td>
</tr>
<tr>
<td>13. Grant Closouts</td>
<td></td>
</tr>
<tr>
<td>14. Name Change</td>
<td></td>
</tr>
</tbody>
</table>

**GMS Grant Adjustment types**

- Grantee
  - Sole Source Approval
  - Program Office Approvals
  - Budget Modifications
  - Change Grantee Authorized Signing Official
  - Change Grantee Contact Name or Alternate Contact
  - Change Grantee Name
  - Mailing Address Change
  - Change Project Period
  - Change Project Scope

**Program Office**

- Removal of Special Conditions Related to Programmatic Requirements

**Program Office**

- Removal of Special Conditions Related to Programmatic Requirements Withholding Funds

- Budget Modifications

- Change Project Period

- Change Project Scope

- OC
Financial Analyst Initiated GANs

GMS Home Page
Applicant Sign In Page

Enter the User ID and Password

GMS Home Page

The Grantee will click on the ‘Grant Adjustment’ link
All Active GANs

Click on this link to create a new GAN

Change Grantee Authorized Signing Official

These are the details that will be changed
Grant Adjustments Type

- Choose the adjustment to be made by clicking on the ‘drop-down’ arrow
- A list of ‘Adjustment Types’ will be displayed
- Choose the GAN type by clicking on the appropriate type

Select Award

1. Place a check mark in the Award requiring a change
2. Click ‘Select’
Change Information

1. Current information is displayed on the left side, while the right side displays the placeholders where the new and updated information must be entered.

2. Grantee must enter justification for change of signing official prior to saving or submitting GAN request.

Choosing the Document

- User must click on ‘Browse’ to find the attachment
- The ‘Choose File’ dialogue windows opens
- Choose the file by highlighting it
- Click ‘Open’
The Attached Supporting Documents

- To attach the file to the GAN, user must click on ‘Attach File.’

The Attached Supporting Document

- Grantee will be given the opportunity to add another document

- Up to 5 documents may be added to the GAN
The form is now complete and the supporting document/s have all been attached.
Once this has been checked, click on ‘Submit’.
Completed GAN Notification
All Active GANs

The Internal Login Page

Grantee Manager login page
Accessing the Grant Adjustment Module

To view Grant Adjustment request click on the ‘Grant Adjustment’ tab

GANs that Require Further Action

Click GAN System ID to view Request
View GAN Request

- Grant Manager can add other attachments to the GAN request
- Grant Manager has the option to Approve, Deny, or Change Request the GAN request

Approve GAN Request

Place a check mark in the box next to the GAN id number and click the “Approve” button
Authorized Signing Official has been changed

Change Grantee Name
Change Grantee Name

Grantee highlights and clicks on the desired change action.

A Notification box will appear, advising the grantee of the implications of the action.
Change Grantee Name

Please select the award(s) for which you would like to create a Grant Adjustment(s) for by clicking ‘Select’.

Grantee must click on the ‘Select’ button to continue.

A list of all Grants that will be affected by the change will show on the right side of the GAN document.
Click the ‘Save’ button if you wish to return to the GAN before submitting.

Once the ‘Submit’ button has been clicked, no further editing may be done.

An ‘Action Notification’ dialogue query box will appear confirming the action.
Closeout Requirements

- Grantees must submit a completed closeout package via the Grants Management System (GMS) 90 days after the end date of the grant.
  - A final progress report
  - A final SF 269
  - The submission of any additional reporting requirements
  - The financial reconciliation form.
THE END