



United States Department of Justice

## Office on Violence Against Women

*Working Together to End the Violence*

### *Presentation on Grants Financial Management*

### *New Grantee Orientation*

*December 2, 2014*

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## Topics of Discussion

- Grants Financial Management Division
- Omni Circular Changes – 2015 Grants
- OMB Circulars and Federal Regulations
- OMB Cost Principles
- Financial Management Systems
- Payment of Grant Funds
- Grant Adjustments
- Grant Reporting
- A-133 Audits
- OIG Audits
- Monitoring
- Grant Closeout
- Record Retention
- Additional Resources
- Questions

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# Grants Financial Management Division (GFMD)

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## GFMD Services

### GFMD services include:

- Award acceptances
- Budget reviews
- Grant Adjustment Notices
- Audit confirmations
- Excess cash reviews
- Technical assistance/training
- Close-out processing

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## GFMD Contact Information

How to contact us --

OVW GFMD Helpdesk:

1-888-514-8556

Fax: 202-514-7045

[OVW.GFMD@usdoj.gov](mailto:OVW.GFMD@usdoj.gov)

OVW award acceptance:

[OVW.acceptance@usdoj.gov](mailto:OVW.acceptance@usdoj.gov) or

Fax 202-514-7045

OVW GMS technical assistance (other than password resets):

[OVW.GMSSupport@usdoj.gov](mailto:OVW.GMSSupport@usdoj.gov) or

1-866-655-4482

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## Grants Financial Management Training

### Online Training

- Basic grants financial management course
- Online, no limitation for registration
- Register with your vendor and award number
- One year to complete the course
- Approximately 14-16 hours to complete
- Final exam is optional

<http://gfm.webfirst.com/>

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## Uniform Guidance and Changes for 2015 Awards

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### Uniform Guidance – 2 CFR Part 200

#### Highlight of changes to come:

- **Applicable for awards after 12/26/2014**
  - Does not apply retroactively
- **Consolidates Circulars**
  - Cost Principles A-87, A-21 and A-122
  - Administrative Requirements A-110 and A-102
  - Audit Circulars A-133 and A-50
  - CFDA A-89
- **Audit requirement threshold \$750,000+**
  - Applies to fiscal years beginning on/after 12/26/2014

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## **Uniform Guidance – 2 CFR Part 200**

### **Highlight of changes to come:**

- **Applicant risk assessment evaluation**
- **Recipient internal controls**
  - Safeguarding Personally Identifiable Information
- **Program Income applied using deduction method**
- **Conflict of Interest Disclosure**
- **De minimus rate of 10% Total Modified Direct Costs**
  - For organizations with no previous rate agreement
- **Link for the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards**  
<https://cfo.gov/cofar/>

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## **Office of Management and Budget (OMB) Circulars and Federal Regulations**

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## OMB Circulars and Federal Regulations

	State, Local and Indian Tribal Governments	Non-Profit Organizations	Educational Institutions
<b>Administrative Requirements</b>	OMB Circular A-102	OMB Circular A-110	
<b>Department of Justice</b>	(28 CFR, Part 66)	(28 CFR, Part 70)	
<b>Cost Principles</b>	OMB Cost Circular A-87	OMB Cost Circular A-122	OMB Cost Circular A-21
	(2 CFR, Part 225)	(2 CFR, Part 230)	(2 CFR, Part 220)
<b>OVW Financial Guide</b>	<a href="http://www.justice.gov/sites/default/files/ovw/legacy/2013/04/25/ovw-fgmg.pdf">http://www.justice.gov/sites/default/files/ovw/legacy/2013/04/25/ovw-fgmg.pdf</a>		
<b>Audits Requirements</b>	OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations		

[http://www.whitehouse.gov/omb/grants\\_circulars/](http://www.whitehouse.gov/omb/grants_circulars/)

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## Administrative Requirements

### Topics include:

- Debarment and Suspension
- Standards for financial management systems
- Payments
- Cost sharing and matching
- Program Income
- Revisions of budget and program plans
- Non-Federal audits
- Allowable costs
- Period of availability of funds
- Property standards
- Equipment and supplies
- Procurement standards, procedures and records
- Codes of conduct
- Reporting
- Monitoring
- Records retention
- Closeout

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## Cost Principles

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### Topics covered include:

- Definitions
- Basic Guidelines: Allowable, Reasonable, Allocable
- Composition of cost
- Direct costs
- Indirect costs
- Selected Items of Cost (between 43 - 54 different costs)
- Negotiation of Indirect Cost Rates

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## OMB Cost Principles

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## **Establish Principles and Standards**

### **Standards for costs:**

- Allowable
- Reasonable
- Necessary and allocable
- Claimed against only one award
- Permissible under State & Federal laws and regulations
- Treated consistently between Federal and non-Federal funds

*NOTE: Make sure you apply the correct circular based on organization type*

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## **OMB Cost Principles**

### **Multiple Awards – Allocating Costs**

Cannot shift costs to:

- Overcome funding deficiencies
- Avoid restrictions or award terms

*Must charge for costs incurred directly to grant*

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## Classification of Costs

### Direct Costs

- Identified specifically with a particular project or activity

### Indirect Costs

- Common or joint purpose
- Benefiting more than one activity
- Not readily assignable to a specific project or activity

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## Cost Categories

### Federal Cost Categories:

#### Direct Costs

- Personnel
- Fringe Benefits
- Travel
- Equipment
- Supplies
- Contracts/Consultants
- Other Costs

#### Indirect Costs

#### TOTAL COSTS

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## Direct Costs

### Personnel

- Compensation for direct recipient employees
- Time worked directly on the project
- Time/Effort clearly documented
- Amounts charged match documentation
- Charge based on actuals (not budgeted)

*NOTE: Overtime may only be charged if authorized in advance through written approval*

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## Direct Costs

### Personnel – Documentation

- Reflect actual effort
- Account for total activity of employee
- Signed by employee and direct supervisor
- Follow written policies and procedures

*Applies to exempt and non exempt employees*

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## **Direct Costs**

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### **Personnel – Documentation**

Employees that work solely on a single Federal award:

- Certification that the employee worked solely on that program for the time period covered
- Prepared at least semi-annually
- Signed by the employee or supervisor with firsthand knowledge of the employee's work

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## **Direct Costs**

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### **Fringe Benefits**

Examples: Social Security, Medicare, Health Insurance, Unemployment Insurance, Retirement

- Associated with staff in Personnel
- Follow organizational policy
- Consistent for Federal and non-Federal funded positions
- COLA and Merit increases consistent for all staff

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## Direct Costs

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### Travel

- **Direct recipient travel**
- **Follow organizational travel policy**
- **Refer to GSA's Federal Travel Regulations**

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## Direct Costs

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### Travel

#### Not budgeted in this category:

- **Consultant travel**
  - Consultants/Contracts
- **Partner Travel**
  - Consultants/Contracts
- **Client/Victim assistance**
  - Other
- **Attendee travel assistance**
  - Other

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## Direct Costs

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### Equipment

- Non-expendable tangible property
- Useful life of more than one year
- Fair market value of \$5,000+
- Use organizational capitalization policy (may have lower thresholds)
- Inventory every 2 years
- Procurement policy should be same for Federal and non-Federal funds
- Ensure proper management, use, and disposal

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*NOTE: Rented or leased equipment should be included in the "contractual" category.*

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## Direct Costs

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### Supplies

- Expendable/consumable materials
- Ex. - office supplies, copy paper, training materials, postage, etc.
- Estimate costs for budget
- Actual costs for reimbursements

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## Direct Costs

### Consultants/Contracts

- Used to obtain goods or services
- Reasonable rate of compensation for consultants
- **Prior Approval threshold = \$650/day or \$81.25/hour**
  - This is threshold, not a standardized rate
- **Procurement policy should be same for Federal and non-Federal funds**
- **Free and open competition**
- **Prior Approval for sole-source contracts (non-competitive) → \$150,000+**

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## Direct Costs

### Other

- Ex. – rent, telephone, copying, registration fees, client/victim services, etc.
- **Allocate shared costs – equitable distribution method**

*Example:*

*Project Coordinator's office*

*150 sq ft x \$11/sq ft x 12 months x 50% of time devoted to project = \$990*

***NOTE: Property owned by grantee can charge proportionate amount of cost of ownership (insurance, maintenance, depreciation, etc.)***

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## Indirect Costs

### Indirect Costs Include:

- Common or joint purpose costs
- Benefiting more than one activity
- Not readily assignable to a specific project or activity
- Must have current approved rate to charge

Ex. – costs of operating and maintaining facilities, general administrative and general expenses (salaries and expenses of executive officers, personnel administration and accounting)

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## Indirect Costs

### Indirect Cost Negotiation

Non-profits with no previous rate agreement:

- Submit proposal after notification of award
- No later than 3 months after awarded

Organizations with rates:

- Submit new proposal each year
- No later than 6 months after fiscal year end

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## Program Income

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### Program income

*Gross income generated by a supported activity or earned as a result of the award*

- **Methods for Applying Program Income**
  - Added to grant funds to further program objectives
  - Used to finance the non-Federal share of program
  - Deducted from the total program allowable costs
- **Apply to allowable program expenses**
- **OVW prior approval required**
- **Expend program income before drawing down**
- **Report on SF-425**

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## Conference Costs

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## Conference Cost Guidelines

### Purpose

- Minimize costs
- Ensure prudent spending
- Avoid appearance of extravagant spending

### Consider all options

- Identify alternative training methods (webinars, teleconferences, etc.)
- Acquire lower cost locations
- Minimize travel costs
- Ensure all conference costs are necessary

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## Conference Cost Guidelines

Conference Cost Guidelines apply to all OVW award recipients:

- Grants
- Cooperative Agreements
- Contracts

All award recipients:

- Subject to monitoring
- Maintain all documentation
- Support all conference costs or food/beverage expenses

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## Conference Cost Guidelines

### Cost limitations:

- Conference Planning Costs
- Meeting Space and Audio Visual Equipment
- Food and Beverages
- Other Items

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## Cost Limitations

### Planning Costs - Tracking time

#### Logistical Planning

- Non-programmatic planning
  - Ex. – recommending venues, advertising, setting up audio visual equipment, etc.
- Limited to \$50/attendee
- Capped at \$8,750 per conference (including indirect costs)

#### Programmatic Planning

- Ex. – developing conference agendas, content, written materials, etc.
- Limited to \$200/attendee
- Capped at \$35,000 per conference (including indirect costs)

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## Cost Limitations

### Meeting Space and A/V

- Costs for space and A/V equipment
  - Limited to \$25 per day per attendee
  - Capped at \$20,000 per conference (including indirect costs)

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## Cost Limitations

### Food and Beverage

- Should not use funds for food/beverage
- **Following rare exceptions:**
  - The location of the event is not in close proximity to food establishments
  - If not serving food will significantly lengthen the day or necessitate extending the meeting
  - If a special presentation at a conference requires a plenary address where there is no other time for food to be attained; or
  - Other extenuating circumstances which necessitate the provision of food.

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*NOTE: This does not apply to client/victim services*

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## Cost Limitations

### Food and Beverage

If meals are approved:

- **Cost cannot exceed 150% of the GSA M&IE locality rate per attendee.**
  - The cost would include:
    - Individual Meal
    - Taxes
    - Service Costs (i.e., labor for room set-up)
- **Attendees deduct provided meal from claimed M&IE (per diem)**
- **Generally, OVW funds cannot be used to provide Refreshments without specific prior approval**
- **Maintain supporting documentation**

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## Cost Limitations

### Other Items

Basic supplies allowable:

- **Necessary for use during conference**
- **Ex. - pens, paper, name tags**

Unallowable items:

- **Trinkets – hats, mugs, portfolios, t-shirts**
- **Entertainment costs – amusement, diversion, social activities, etc.**

*NOTE: This does not apply to outreach activities*

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## Conference Cost Guidelines

### Cooperative Agreement and Contract Recipients

- Must receive prior approval from OVW
- Applies to conferences, meetings, and events
- Submit a conference report to OVW
- Maintain supporting documentation

### Grant recipients

- Must follow all guidelines
- Prior approval not required
- Conference costs in budget must be compliant
- Maintain supporting documentation

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## Cooperative Agreement Recipients

### Prior Approval Process:

- Complete "DOJ Sponsored Conference Request and Report Form"
- Submit request to Program Specialist via email 120 days before anticipated event
- Cannot enter into a contract until approval received

### Reporting Process:

- Complete "DOJ Sponsored Conference Request and Report Form" for conference \$20,000+
- Submit within 30 days after end of event
- Send via email to Program Specialist and [OVW.ConferenceReport@usdoj.gov](mailto:OVW.ConferenceReport@usdoj.gov)

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# Financial Management Systems

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## Financial Management Systems

### Financial Systems

- Accurate, current, and complete
- Demonstrate financial activities of each project
- Each award accounted and tracked separately

#### Should demonstrate:

- Obligations – amounts owed for goods or services
- Expenditures – charges made to the grant
- Receipt of funds – drawdown or payment of grants funds

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## **Financial Management Systems**

### **Financial System Requirements**

- Effective control of grant funds and assets
- Internal controls for proper grant management
- Written documented procedures
- Track and maintain source documentation

### **Source Documentation**

- Timesheets, purchase orders, invoices, travel authorizations, receipts, etc.
- Not required to submit unless requested
- Must maintain on file

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## **Payment Of Grant Funds**

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## Payment of Grant Funds

### Payment Requests

- Allowable and authorized costs
- Reimbursement basis – immediate need
- Minimize cash on hand
- Obligations incurred during award period

Ex. Award Period: 10/01/2014 – 09/30/2015  
Obligation Period 10/01/2014 – 09/30/2015  
Liquidation Period 10/01/2014 – 12/29/2015

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## Payment of Grant Funds

### Grant Payment Request System (GPRS)

- Submit payment request
- View payment history
- Verify available balance and hold amounts
- Financial Point of Contact

GPRS Website

<https://grants.ojp.usdoj.gov/gprs>

GPRS User Guide

<http://www.ojp.gov/about/pdfs/gprsuserguide.pdf>

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## Payment of Grant Funds

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### Requirements for drawdown of funds:

- Acceptance of award
- Current on Federal financial reports and progress reports
- Have sufficient funds available for drawdown

Approved requests are deposited into grantee's account within 3 business days of the request.

NOTE: GPRS does not process payment requests during the last 4 business days of each month, in order to meet reporting requirements. Please plan ahead!

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## Grant Adjustments

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## Grant Adjustments

Grant Adjustment Notices (GANs) are processed in GMS.

Types of GANs:

- Budget Modifications
- Change to the Authorized Representative
- Change of Key Staff
- Change in Scope
- Change in grant period (grant extension)
- Program Office approvals
- Removal of Special Conditions

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## Grant Adjustments

### Budget Modification GANs

Require Prior Approval:

- Change in scope
- Move funds to non-approved category
- Move funds from Direct to Indirect, and vice versa
- Cumulative change greater than 10% of the award amount (does not apply to awards less than \$100,000)

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# Grant Reporting

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## Grant Reporting

### Standard Required Reports

#### Progress or Performance Reports

- Bi-annual report
- Submitted in GMS
- Processed by programmatic grantee contact

#### Federal Financial Report (FFR), SF – 425

- Replaces the Financial Status Report SF 269a
- Quarterly report
- Submitted in GMS
- Processed by financial point of contact

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## Grant Reporting

### Federal Financial Report

- Demonstrates actual expenditures and unliquidated obligations
- Filed online through GMS
- Due 30 days after quarter end
- Final Report due within 90 days after award end date

Reporting Period	Due Date
January 1 - March 31	April 30
April 1 - June 30	July 30
July 1 - September 30	October 30
October 1 - December 31	January 30

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## A-133 Audits

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## A-133 Requirements

- Required when entities expend \$500,000+ in Federal funds during a fiscal year
- Audits due no later than 9 months after fiscal year end
- Completed audits submitted online to the Federal Audit Clearinghouse (FAC): <http://harvester.census.gov/fac/collect/ddeindex.html>

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## A-133 Scope and Objectives

- Conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS)
- Covers entire operations of the entity
- Financial statements are presented fairly
- Adequate internal control structure
- Compliance with laws and regulations
- Follow-up on prior audit findings

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## Recipient Responsibilities

### Identify in recipient accounts:

- Federal awards received
- Federal awards expended
- Federal program

### Internal controls in compliance with:

- Laws
- Regulations
- Provisions of agreement (Special Conditions)

Ensure audit properly performed

Timely submission of audit

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## Frequency and Costs

Audit performed annually

### Charging A-133 audit cost:

- Costs in accordance with provisions of A-133
- Charges may be considered direct cost or allocated indirect cost

### Costs of audit are unallowable charges if:

- Audit is not in accordance with A-133 requirements
- Entity expended less than \$500,000 of Federal awards

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# OIG Audits

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## Audit Purpose and Types

### Purpose of OIG Audit:

- Determine if costs are allowable and supported
- Verify costs are in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant

### Types of OIG Audits:

- Financial
- Performance
- Financial AND Performance

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## Financial Audit

Review the following areas -

- Internal controls
- Drawdowns
- Grant Expenditures including personnel and indirect costs
- Budget management
- Cost share/match
- Property Management
- Program Income
- Financial status and progress reports
- Grant requirements
- Monitoring of subgrantees and contractors

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## Financial Audit

### Compliance Requirements

- Costs allowable within Scope of Program
- Compliant with Cost Principles
- Adequate Cash Management
  - Reimbursements properly supported
- Expenditures incurred within grant period

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## **Performance Audit**

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### **Review may include:**

- **Compliance with laws, regulations and special conditions**
- **Program purpose and goals**
- **Internal controls**
- **Efforts or amount of program resources**
- **Program operations**
- **Outputs**
- **Outcomes (accomplishments and results)**

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## **Financial Grant Monitoring**

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## **Financial Grant Monitoring**

### **Purpose of Monitoring:**

- Assess compliance with regulations and grant requirements
- Promote responsible stewardship of Federal funds
- Identify areas for increased technical assistance

### **Types of Monitoring:**

- Site Visits
- Desk Reviews
- Technical Assistance

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## **Financial Grant Monitoring**

### **Reviewed during Site Visits:**

- Written accounting policies and procedures
- Test internal controls
- Review, test, and analyze expenditures
- Verify source documentation for transactions
- Reconcile Financial reports with expenditure reports from grantee's accounting system
- Compare approved budget vs. actual costs
- Evaluate payment history to determine excess cash

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# Grant Closeout

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## Grant Closeout

- **Submit Final Financial Report, SF-425**
- **Submit Final Progress Report**
- **Ensure all special conditions satisfied**
- **Financial Reconciliation**
  - Total reported expenditures versus total drawdowns
- **Submit closeout package within 90 days after award end date**

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## Grant Closeout

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### Financial Reconciliation

- Compare total reported expenditures with total funds received from OVW
- Use internal accounting records

#### If Expenditures exceed Drawdowns:

- Submit a payment request prior to 90 days after award end
- Payments made after liquidation period are manual and may encounter significant delays

#### If Drawdowns exceed Expenditures:

- Contact GFMD Helpdesk for address to return funds

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## Record Retention

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## Record Retention

Records must be retained for a period of three years:

- Financial Records
- Supporting Documentation
- All other pertinent records

Format for retention can be either hard copy or electronic

- Records must be accessible
- Confidential records must be secured

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## Additional Resources

- Office of Management and Budget  
[http://www.whitehouse.gov/omb/grants\\_default/](http://www.whitehouse.gov/omb/grants_default/)
- OVW Solicitation Companion Guide  
<http://www.justice.gov/sites/default/files/ovw/legacy/2013/16/companion-guide-fy2014.pdf>
- Link to OVW Financial Grants Management Guide  
<http://www.ovw.usdoj.gov/docs/gfmd-financial-grants-management-guide.pdf>
- Grant Payment Request System (GPRS) User Guide  
<http://www.ojp.gov/about/pdfs/gprsuserguide.pdf>
- Federal Audit Clearinghouse  
<http://harvester.census.gov/fac/collect/ddeindex.html>

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