

Chapter 7 – Financial Management

Applicable Federal Guidelines

This Chapter incorporates by reference the provisions of OMB circulars/Code of Federal Regulations (CFR) and government-wide common rules applicable to grants and cooperative agreements. These circulars and common rules include the following:

OMB Circulars/Code of Federal Regulations

OMB Circular Source: http://www.whitehouse.gov/omb/circulars_default

	Educational Institutions	Non-Profits	State & Local Governments
Uniform Administrative Requirements	A-110 Circular 2CFR Part 215	A-110 Circular 2CFR Part 215	A-102 Circular 2 CFR Part 215
Cost Principles	A-21 Circular 2CFR Part 220	A-122 Circular 2CFR Part 230	A-87 Circular 2CFR Part 225
Audits	A-133 Circular A-133 Circular Compliance Supplement 2012	A-133 Circular A-133 Circular Compliance Supplement 2012	A-133 Circular A-133 Circular Compliance Supplement 2012

Government wide Common Rules

“Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Units of Governments,” (Codified at 28 CFR Part 66 - Grants Management Common Rule for State and Local Units of Governments.)

“Government-wide Debarment and Suspension (Non-procurement)” (Codified at 28 CFR Part 67) and “Government-wide Requirements for Drug-Free Workplace (Grants)” (Codified at 28 CFR Part 83).

“New Restrictions on Lobbying” (Codified at 28 CFR Part 69).

Office of the Inspector General (OIG) Fraud Hotline

Grant recipients should report any allegations of fraud, waste, and abuse regarding grant funds to the Office of the Inspector General (OIG) Fraud Hotline via e-mail oig.hotline@usdoj.gov or call 800-869-4499.

Other Available Online Resources

Code of Federal Regulations:
<http://www.gpoaccess.gov/cfr/>

AmeriCorps Regulations & Provisions:
http://www.americorps.gov/for_organizations/manage/index.asp#provisions

AmeriCorps Grant Closeout Forms:
http://www.americorps.gov/for_organizations/tta/forms.asp

Time must be based on actual hours and not based on a predetermined or estimated hours basis.

Financial Grants Management

All grant recipients are required to establish and maintain adequate accounting systems and financial records to accurately account for federal funds awarded to them. These records shall include both Federal funds and all matching funds of State, local, and private organizations when applicable. State government agency grant recipients shall expend and account for grant funds in accordance with State laws and should adhere to best accounting practices whenever possible given the capacity of their organization.

The financial management of a program will be monitored by ServeNebraska in the following ways:

1. monthly periodic expense and match reports, and
2. fiscal site visits and/or desk audits conducted by ServeNebraska staff

Know well the conditions and terms of your grant by reviewing the Subgrant Agreement issued by ServeNebraska.

Accounting System

The grant recipient is responsible for establishing and maintaining an adequate system of accounting and internal controls for itself, and for ensuring that an adequate system exists for each grant that is awarded.

An acceptable and adequate accounting system is one that:

1. Presents and classifies projected historical cost of the grant as required for budgetary and evaluation purposes;
2. Provides cost and property control to ensure optimal use of funds;
3. Controls funds and other resources to assure that the expenditure of funds and use of property conform to any general or special conditions that apply to the grant recipient;
4. Meets the prescribed requirements for periodic financial reporting of program operations; and
5. Provides financial data for planning, control, measurement, and evaluation of direct and indirect costs.

The various financial requirements of ServeNebraska's AmeriCorps programs as well as the need for grant recipients to separately account for individual federal grant awards require a special program account structure extending beyond normal classification by type of receipts, expenditures, assets, and liabilities.

Program Accounts for Competitive and Formula AmeriCorps Grants. To properly account for AmeriCorps Competitive and Formula grant awards, the grant recipient should establish and maintain program accounts which will enable separate identification and accounting for:

1. Receipt and expending of all grant funds for the AmeriCorps program;
2. Grant funds applied to each budget line item included within the approved grant application budget;
3. Expenditures governed by any special and general provisions; and
4. Non-Federal matching contributions.

Commingling Of Federal Funds

ServeNebraska does not require physical segregation of cash deposits or the establishment of any eligibility requirements for funding that is provided to a grant recipient. However, the accounting systems of all grant recipients and their subrecipients must ensure that AmeriCorps grant funds are not commingled with funds from other Federal agencies. Each award must be accounted for separately. Funds specifically budgeted and/or received for one program may not be used to support another. When a grant recipient's or their subrecipient's accounting system cannot comply with this requirement, the grant recipient or subrecipient shall establish a system to provide adequate fund accountability for each of the federal grants it has been awarded.

Supplanting

Federal funds must be used to supplement existing funds for program activities and must not replace those funds that have been appropriated for the same purpose. Supplanting will be a subject of grant application review, as well as pre-award review, post-award monitoring and audit. If there is a potential presence of supplanting, the applicant or their partner will be required to supply documentation demonstrating that the reduction in non-Federal resources occurred for reasons other than the receipt or expected receipt of Federal funds. For certain programs, a written certification may be requested by the awarding agency or recipient agency stating that Federal funds will not be used to supplant State or local funds.

Total Cost Budgeting and Accounting

Accounting for all funds awarded by the ServeNebraska shall be structured and executed on a “total program cost” basis. That is, total program costs, including Federal funds, State and local matching amounts, and any other fund sources included in the approved program budget or received as program income shall be the foundation for fiscal administration, accounting, and audit.

Communication Between Financial & Program Staff

The Program Director is responsible for both the programmatic and financial requirements of the grant. When the Program Director signs off on the financial reports, it means that he or she is certifying that all financial data on the reports is accurate. ServeNebraska recommends that at least quarterly meetings occur with the financial and program staff so that everyone is on the same page with the program financials. This also assists in keeping everyone on track with expenditure amounts and the status of budget line items.

Grant Recipient Accounting Responsibilities

1. **Written Financial Policies & Procedures.** Grant recipients should ensure that there are available written financial policies and procedures.
2. **Review of Subrecipient’s Financial Operations.** Grant recipients should be familiar with, and periodically monitor, their subrecipient’s financial operations, records, systems, and procedures. Particular attention should be directed towards the maintenance of current financial data and documentation.
3. **Recording Financial Activities.** The subrecipient’s award or contract obligation, as well as cash advances and other financial activities, should be recorded in the books of the grant recipient in summary form. Subrecipient expenditures should be recorded on the books of the grant recipient or evidenced by report forms duly filed by the subrecipient. Non-Federal contributions applied to programs by subrecipients should likewise be recorded, as should any program income resulting from program operations.
4. **Budgeting and Budget Review.** The grant recipient should ensure that each subrecipient prepares an adequate budget on which its award commitment will be based. The detail of each budget should be maintained on file by the grant recipient.
5. **Accounting for Non-Federal Contributions.** Grant recipients will ensure that the requirements, limitations, and regulations pertinent to non-Federal contributions are applied.
6. **Program Staff Time and Attendance Reporting.** It is required that signed program staff time and attendance records indicate time spent on different grants such as AmeriCorps or other grants, or administrative activities such as organizational management and general administrative purposes.
7. **AmeriCorps Member Hours.** Member time logs must be signed by both the member and her/his supervisor or authorized program official. Electronic signatures that meet specified criteria are acceptable. It is required that member hours be regularly entered in Serve-Nebraska’s My Service Log system.

8. **Workman’s Compensation or Accidental Death & Disbursement. All AmeriCorps programs** must have either Workman’s Compensation or Accidental Death & Disbursement coverage on all of their members. Accurate and up-to-date documentation on the coverage and proof of payment on premiums for the coverage must be available.
9. **Audit Requirements.** Grant recipients must ensure that their subrecipients have met the necessary audit requirements.
10. **Reporting Irregularities.** Grant recipients and their subrecipients are responsible for promptly notifying the ServeNebraska Commission and the Federal cognizant audit agency of any illegal acts, irregularities and/or proposed and actual actions. Please notify the ServeNebraska Office at 402-471-6225 or 1-800-291-8911 (outside Lincoln) if any irregularities occur. Illegal acts and irregularities include conflicts of interest, falsification of records or reports, and misappropriation of funding or other assets.
11. **Debarred and Suspended Organizations.** Grant recipients and their subrecipients must not award or permit any award at any level to any party which is debarred or suspended from participation in Federal assistance programs. For details regarding debarment procedures, reference 28 CFR Part 67, Government-wide Debarment and Suspension (Non-procurement) and 28 CFR Part 83 Government-wide Requirements for Drug-Free Workplace (Grants).
12. **Reporting of Fraud, Waste and Abuse.** The following are indicators that a subrecipient may be susceptible of committing fraud, waste or abuse of federal funding.
 - a. Missing, weak or inadequate internal controls
 - b. Having one person in control or no separation of duties are evident
 - c. Management override of key internal controls
 - d. Lack of written policies and procedures
 - e. Overly complex organizational structure
 - f. A high turnover rate at the organization
 - g. Reassignment of personnel
 - h. “Missing” approval signatures
 - i. Numerous transactions with relatives or friends
 - j. Missing files, reports, data and invoices
 - k. Failing to adhere to award terms and conditions
 - l. Unusual behavior of program personnel
 - m. Altered records such as photocopied documents, that can make changes difficult to detect
 - n. Discrepancies between what is reported and what is documented
 - o. Poor accounting system
 - p. Money difficulties
 - q. A grant or subrecipient official living beyond his or her apparent means
 - r. A lack of responsiveness and delays in providing requested documentation

Where the conduct of a program or one of its components is delegated to a subrecipient, the grant recipient is responsible for all aspects of the program including proper accounting and financial recordkeeping. Responsibilities include the accounting of receipts and expenditures, cash management, the maintaining of adequate financial records, and the refunding of expenditures disallowed by audits.

Grant Budget Changes

AmeriCorps program staff must submit for approval from ServeNebraska staff on a Grants Modification Form that can be found at Grantee Central on the www.serve.nebraska.gov website. The following are examples of budget changes that will need approval:

- Changes to reallocate funds from any budget category
- Addition of costs not originally included in the budget
- Cumulative reallocation of budgeted funds exceeding 10% of total budget

Documentation of Time & Activity

- All salaries and wages charged to AmeriCorps grants must be supported by time records signed both the member and supervisor
- Member and program staff time must be based on actual hours and not based on a predetermined or estimated hours basis
- Must account for the total activity of each member
- Must be prepared at least monthly and should coincide with one or more pay periods

Documentation of Grant Expenditures

- Must be verifiable from your records through acceptable source documentation
- Must be necessary and reasonable for accomplishing program objectives
- Must be allowable according to appropriate cost principles
- Recorded in the general ledger
- costs for financial, accounting, auditing, contracting or legal services;
- costs for insurance that protects the entity that operates the program, and
- portion of salaries and benefits of the program's Director and other administrative staff not attributed to time spent in support of a specific program or project.

Program Match Requirements

Federal Regulatory Match Requirements

The minimum Federal regulatory match for AmeriCorps Competitive and Formula award programs that the Corporation for National and Community Service has established by regulation is as follows:

Program Grant Year	1,2,3	4	5	6	7	8	9	10+
Grant Recipient Share Match Requirements	24%	26%	30%	34%	38%	42%	46%	50%

Types of Match

1. **Cash Match** (hard) includes cash spent for program related costs. Allowable cash match must include those costs which are allowable with Federal funds. Cash match may be applied from the following sources:
 - a. Funds from States and local units of government that have a binding commitment of matching funds to the program;
 - b. Funds contributed from private sources such as a foundation grant or individual contributions;
 - c. Program income and related interest earned on that program income generated from program activities provided they are identified and approved prior to making an award;
 - d. Sources otherwise authorized by law.
2. **In-kind Match** (soft) is the value of something received or provided that does not have an actual cost associated with it. In-kind match may include, but is not limited to the valuation of in-kind services. The value of donated services can be used to comply with the match requirement. Also, third party in-kind contributions may count toward satisfying match requirements provided the

grant recipient receiving the contributions expends them as allowable costs (see 28 CFR Part 66.2, Grants Management Common Rule for State and Local Units of Governments). Some acceptable sources of in-kind match include:

- a. Donations of goods or services from other agencies, businesses, or individuals (Please Note: Service hours provided by volunteers in direct service related to the performance measures/objectives of the program are not considered in-kind.)
- b. Holding program meetings, activities and events in donated space
- c. Full value of administrative services provided by host agency
- d. Training provided for program members and staff
- e. Public service announcements
- f. Recognition events
- g. Donation of supplies from a school, organization or individual
- h. Use of computers, fax machine, copiers or other equipment
- i. Use of agency staff who contribute time or services to the program

Timing of Matching Contributions

Matching contributions need not be applied at the exact time or in proportion to the obligation of the Federal funds. However, the full match requirement must be met by the end of the grant period for which the Federal funds have been made available.

NOTE: The most common error found during the final financial reconciliation of a grant at closeout is the failure to properly report matching funds. The full matching share provided both in cash and in-kind must be reported on the **final** Federal Financial Report submitted at the end of the grant period. If the matching share is not reported, ServeNebraska will assume that the grant recipient did not meet the grant's match requirement.

Documentation of Grant Match

Recipients and their subrecipients must maintain records which clearly show the source of match, the amount, and the timing of all matching contributions. In addition, if a program has included approved budgeted match amounts that exceed the required matching portion, the recipient must maintain records of the match in the same manner as it does for the awarding agency funds and required matching funds. For all AmeriCorps Competitive and Formula funding, the grant recipient and their subrecipients have shared (joint) responsibility for ensuring compliance with all the requirements regarding matching funds including proper reporting and documentation of match. Grant match amounts:

- Must be verifiable from your records
- Must not be included as a contribution for other federally-assisted programs
- Must be necessary and reasonable for accomplishing program objectives
- Must be allowable according to appropriate cost principles
- Recorded in the general ledger

Examples of acceptable documentation for In-kind donations:

- a. Donations, letters/statements of costs that show the type of donation, value, and frequency
- b. Time and Effort records or other documents that show contribution of time to program by staff working on program
- c. In Kind Receipt/Voucher Forms
- d. Federally approved Indirect Cost Rate Agreement

Document the basis for determining the value of in-kind match such as personal services, supplies, materials, equipment, building, and land. Obtain acknowledgement of the contribution which should include:

- a. Name of donor
- b. Date and Location of donation
- c. Description of item/service
- d. Estimated value and calculation of the estimated value
- e. Signed by both donor and program official

Keep a copy of the receipt in your files. **Request a sample of an In-kind Form from ServeNebraska Staff:** Janet Schmidt (Fiscal/Operations Officer), 402-471-6212 or Janet.Schmidt@nebraska.gov.

Program Income

All income generated as a direct result of a ServeNebraska program shall be deemed program income (e.g., if the purpose of the grant is to conduct conferences, any training fees that are generated would be considered program income). Program income may be used to further program objectives or may be refunded to the Federal Government through ServeNebraska. Program income may only be used for allowable program objectives and costs.

Examples of Program Income

1. **Sale of Property.** In the case of real property purchased in part with Federal funds, the grant recipient may be permitted to retain title upon compensating the Federal awarding agency for its fair share of the property. The Federal share of the property shall be computed by applying the percentage of the Federal participation in the total cost of the program for which the property was acquired to the current fair market value of the property.
2. **Royalties.** The Grant Recipient shall retain all royalties received from copyrights or other works developed under programs or from patents and inventions, unless the grant terms and conditions of the program provide otherwise, or a specific agreement governing such royalties has been negotiated between the awarding agency and the recipient.
3. **Attorney's Fees and Costs.** Income received pursuant to a court-ordered award of attorney's fees or costs, which is received subsequent to completion of the program, is program income to the extent that it represents a reimbursement for attorney's fees and costs originally paid under the grant award. Disposition of such program income is subject to the restrictions on the use of program income set forth in the grant award.
4. **Registration/Tuition Fees.** This type of program income shall be treated in accordance with disposition instructions set forth in the program's grant terms and conditions.
5. **Asset Seizures and Forfeitures.** Program income from asset seizures and forfeitures is considered earned when the property has been adjudicated to the benefit of the plaintiff (i.e., law enforcement entity). Income received from the sale of seized and forfeited assets (personal or real property) or from seized and forfeited money shall follow the "Addition Method" of handling program income unless an alternate method is designated in the grant recipient's award document. The following policies apply to program income from asset seizures and forfeitures:
 - a. Program partner's program income, with the approval of the grant recipient, may be retained by the entity earning the program income or used by the grant recipient for any purpose that furthers the objectives of the legislation under which the grant was made.

- b. States or local units of government **MAY USE PROGRAM INCOME FUNDS FROM SEIZED AND FORFEITURE ASSETS AS MATCH** when assets are adjudicated by a State court, in accordance with the State law. In addition, State and local units of government **MAY** use cash received under the equitable sharing program for the non-Federal portion (match) of program costs.
6. **Interest earned on ServeNebraska funding** is considered program income and should be expended only on allowable program objectives and costs under the program.
7. **Membership Fees.** When an organization receives membership fees and its only source of income is Federal grant funds, the membership fees will generally be considered program income. Where non-member income is received and used to provide services to members in addition to the federally funded services, membership income may be considered program income in proportion to the amount of Federal and non-Federal funds received. However, to the extent that membership fees were received by the organization prior to the receipt of Federal grant funds, or are used to provide services to members that are separate and distinct from grant-funded services, the membership fees need not be reported as program income.
8. **Registration Fees.** When an organization receives registration fees for program activities or events.

Accounting for Program Income

Program income must be used for the purposes of and under the conditions applicable to the grant award. Unless specified by ServeNebraska, earned program income must be used and expended as soon as possible. If the program cost is allowable under the Federal grant program, then the cost would be allowable using program income. The Federal portion of program income must be accounted for up to the same ratio of Federal participation as funded in the program or program.

For example:

1. A program is funded with 100 percent Federal funds must account for and report on 100 percent of the total program income earned. If the total program income earned was \$20,000, the recipient must account for and report the \$20,000 as program income on the Federal Financial Report.
2. If a program is funded with 75 percent Federal funds and 25 percent non-Federal funds and the total program income earned by the grant was \$100,000, \$75,000 must be accounted for and reported on the Federal Financial Report by the grant recipient as program income.

Program Indirect Costs

Indirect costs are the costs of an organization that are not readily assignable to a particular program, but are necessary to the operation of the organization and the performance of its programs. The cost of operating and maintaining facilities, depreciation, and administrative salaries are examples of the types of costs that are usually treated as indirect.

Establishment of Indirect Cost Rates

In order to be reimbursed for indirect costs, a grant recipient must first establish an appropriate indirect cost rate or calculate indirect costs expenses in accordance with instructions provided in **ServeNebraska's Request for Applications document**.

1. To establish an indirect cost rate, the grant recipient must prepare an indirect cost rate proposal and submit it to the cognizant Federal agency. The cognizant Federal agency is generally determined based on the amount of Federal dollars received by the recipient.
2. Local units of government need only submit their cost allocation plans and indirect cost proposals, if specifically requested by their cognizant Federal agency assigned by the Office of Management and Budget (OMB).
3. The proposal must be submitted in a timely manner within 6 months after the end of the fiscal year to assure recovery of the full amount of allowable indirect costs. The proposal must be developed in accordance with principles and procedures appropriate to the type of organization or institution involved.
4. To support the indirect cost proposal, Federal grant recipients are responsible for ensuring that independent audits of their organizations are conducted in accordance with existing Federal auditing and reporting standards set forth in OMB Circular A-133. This audit report must be submitted to the cognizant agency to support the indirect cost proposal. After negotiations, the cognizant agency will establish either a provisional, final, or fixed-with-carry-forward indirect cost rate.
5. A signed certification from the organization requesting an indirect cost rate must accompany the indirect cost allocation plan. This organization must certify that the indirect cost allocation plan only includes allowable costs.
6. Copies of brochures of indirect cost rates describing the procedures that may be involved in the computation may be obtained from the U.S. Superintendent of Documents, U.S. Government Printing Office, Mail Stop: SSOP, Washington, DC 20402-9328. Some of the most commonly requested brochures are:

- **OASC-1 (Rev)**—A Guide for Colleges and Universities, Cost Principles and Procedures for Establishing Indirect Cost Rates for Research Awards with the Department of Health, Education and Welfare.
- **OASMB-5 (Rev)**—A Guide for Non-Profit Institutions, Cost Principles and Procedures for Establishing Indirect Cost and Other Rates for Awards with the Department of Health, Education and Welfare.
- **ASMB C-10**—A Guide for State, Local, and Indian Tribal Governments, Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government.

Indirect Cost Distribution Bases

Examples of some indirect cost distribution bases that could be used:

1. **Modified Total Direct Cost (MTDC)**. This base includes all direct costs incurred by the organization with the exception of distorting items such as equipment, capital expenditures, pass-through funds, and each major subcontract or subgrant over \$25,000.
2. **Direct Salaries and Wages**. This base includes only the direct salaries and wages incurred by the organization.
3. **Direct Salaries and Wages plus Fringe Benefits**. This base includes only the direct salary and wages and the direct fringe benefits incurred by the organization.
4. **State agencies and local units of government** may not charge to a grant award the cost of central support services supplied by the State or local units of government except pursuant to a cost allocation plan approved by the cognizant Federal agency. The rate which is to be applied may be on a fixed-with-carry-forward provision.

Lobbying Costs and the Indirect Cost Pool

When an organization seeks reimbursement for indirect costs, total lobbying costs shall be separately identified in the indirect cost rate proposal and thereafter treated as other unallowable activity costs.

Program Unallowable Costs

Compensation of Federal Employees

Salary payments, consulting fees, or other remuneration of full-time Federal employees are unallowable costs.

Travel Expenses of Federal Employees

Costs of transportation, lodging, subsistence, and related travel expenses of Federal employees, for advisory committees or other program duties or assistance, are allowable if they have been:

1. Approved by the Federal employee's department or agency; and
2. Included as an identifiable item in the funding budgeted for the program, or subsequently approved by the ServeNebraska Commission.

NOTE: Travel expenses are not allowable if Federal employees receive additional compensation along with their Federal salary for their assistance.

Bonuses or Commissions

The grant recipient or subrecipients are prohibited from paying any bonus or commission to any individual or organization for the purpose of obtaining approval of an application for grant award assistance. Bonuses to officers or board members of profit or nonprofit organizations are determined to be a profit or fee and are unallowable.

Lobbying

AmeriCorps Program staff and program participants may not:

1. Attempt to influence legislation or
2. participate in, or endorse political events or activities, if they are doing so while charging time to a Corporation-supported program, accumulating service or training hours towards an education award, or otherwise performing activities supported by the ServeNebraska and the Corporation for National and Community Service.

Individuals may exercise their First Amendment rights, including participating in the political process, on their own initiative, on their own time, and using non-Corporation funds and resources. But in doing so, it is very important to avoid even a perception that national and community service staff or participants are engaging in political activities in those capacities.

For example, if your organization engages in lobbying activities you must be careful to document that such activities are outside the scope of your Corporation-funded program. Separate accounting for costs is crucial on this particular point. As another example, wearing AmeriCorps gear while participating in a political event may result in an allegation that the AmeriCorps program is supporting political activities, even if that is not the case. If your organization signs a public petition advocating some legislative action, you should ensure it identifies itself by its organizational name rather than as an AmeriCorps program. It is paramount that AmeriCorps and all of our national and community service programs proceed with utmost care to avoid perceptions that Federal resources are being misdirected to political activities.

Fundraising

Costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions for the sponsoring organization may not be charged either as direct or indirect costs against the grant award. Neither the salary of persons engaged in such activities nor indirect costs associated with those salaries may be charged to the grant award, unless such persons perform other grant-related activities. A program may accept donations (i.e., goods, space, services) that can be counted as match and documented as such.

A grant recipient may also expend funds, in accordance with approved grant award terms to seek future funding sources to sustain the program, but not for the purpose of raising funds to finance the grant recipient's organization.

Corporate Formation

The cost for corporate formation may not be charged either as direct or indirect cost against the award.

Other Unallowable Costs

Some unallowable costs include:

- Entertainment;
- Sporting events;
- Fines & penalties;
- Credit card fees;
- Passport charges;
- Bar charges/alcoholic beverages;
- Membership fees to organizations whose primary activity is lobbying

Costs Incurred Outside the Grant Period

Any program costs that are incurred either before the start of the grant period or after the expiration of the grant period are not allowable, unless written approval is granted by ServeNebraska using the Grant Modification Form (approved pre-award costs or no cost extension).

Program Equipment & Supplies

Equipment and Nonexpendable Personal Property

Title to Equipment: Title to equipment acquired with Federal funds will depend upon acquisition subject to the obligations and conditions set forth in 28 CFR Part 66 for State and local units of government, and in 28 CFR Part 70 for other recipients.

Use: Grant recipients may use nonexpendable personal property in the program for which it was acquired as long as needed, whether or not the program continues to be supported by Federal funds. When no longer needed for the original program, recipients shall use the nonexpendable personal property in connection with its other federally sponsored activities in the following order of priority:

1. Other programs or projects of the awarding agency needing the property.
2. State grant programs or projects needing the property.
3. Programs or projects of other Federal agencies needing the property.

Management of Property: Property management standards for nonexpendable personal property over \$5,000 in fair market value shall include the following procedural requirements:

1. Property records shall be maintained accurately and include:
 - a. A description of the property;
 - b. Manufacturer's serial number, model number, federal stock number, or other identification number;
 - c. Source of the property, including the grant award number;
 - d. Whether title vests in the recipient or the Federal Government;
 - e. Acquisition date (or date received, if the property was furnished by the Federal Government) and cost;
 - f. Percentage at the end of the budget year of Federal participation in the cost of the program for which the property was acquired (not applicable to property furnished by the Federal Government);
 - g. Location, use, and condition of the property at the date the information was reported;
 - h. Unit acquisition cost; and
 - i. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal Sponsoring Agency for its share.
2. A physical inventory of property shall be taken and the results reconciled with the property records at least once every 2 years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the cause of the difference. The grant recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.
3. A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented. If the property was owned by the Federal Government, the recipient shall promptly notify the Federal agency.
4. Adequate maintenance procedures shall be implemented to keep the property in good condition.
5. Where the grant recipient is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in the highest possible return.

Disposition of Property: Grant recipients shall adhere to the following disposition requirements for nonexpendable personal property:

1. A recipient may use nonexpendable personal property with a fair market value of less than \$5,000 for other activities without reimbursement to the Federal Government, or may sell the property and retain the proceeds.
2. A recipient may retain nonexpendable personal property with a fair market value of \$5,000 or more for other uses provided that compensation is made to the awarding Federal agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original program to the current fair market value of the property. If the recipient has no need for the property and the property has further use value, the recipient shall request disposition instructions from ServeNebraska.

Federal Equipment

In the event a grant recipient or subrecipient is provided federally owned equipment, the following requirements apply:

1. **Title** remains vested in the Federal Government.

2. **Grant recipients shall manage the equipment** in accordance with the awarding agency's rules and procedures and submit an annual inventory listing.
3. **When the equipment is no longer needed**, the recipient or subrecipient shall request disposition instructions from the awarding agency.

Retention of Property Records

Records for equipment, nonexpendable personal property shall be retained for a period of 3 years from the date of the disposition or replacement or transfer at the discretion of ServeNebraska. If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

Supplies

Title to Supplies: Title to supplies acquired under a grant award or subaward rests upon acquisition to the grant recipient

Disposition of Supplies: If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the funding support and the supplies are not needed for any other federally sponsored programs or projects, the grant recipient shall compensate the awarding Federal agency for its share. The amount of compensation shall be computed in the same manner as for nonexpendable personal property or equipment.

Copyright

ServeNebraska reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for Federal Government purposes:

1. The copyright in any work developed under a grant award or subaward; and
2. Any rights of copyright to which a grant recipient or subrecipient purchases ownership with support.

Patents, Patent Rights, and Inventions

If any program produces patentable items, patent rights, processes, or inventions, in the course of work sponsored by the Federal grant award or subaward funds, such facts must be promptly and fully reported to the ServeNebraska Commission. Unless there is a prior agreement between the grant recipient and ServeNebraska on disposition of such items, ServeNebraska shall determine whether protection of the invention or discovery shall be sought. ServeNebraska will also determine how rights to the invention or discovery (including rights under any patents issued) shall be allocated and administered in order to protect the public interest consistent with "Government Patent Policy" (President's Memorandum for Heads of Executive Departments and Agencies, dated August 23, 1971, and statement of Government Patent Policy, as printed in 36 FR 16839). Government-wide regulations have been issued at 37 CFR Part 401 by the U.S. Department of Commerce.

Financial Reporting Requirements

Background

ServeNebraska requires grant award recipients to submit program financial reports. These reports describe the status of the program funding for each month of operation. The specific requirements, reporting periods, and submission deadlines are identified below. Periodic Expense Reports (PERs) are to be submitted online through ServeNebraska's My Service Log system unless otherwise specified. ServeNebraska staff will assure that all essential subrecipient staff has access to My Service Log as well.

The final financial report is due at the time of grant closeout, which should be completed no later than 60 days after the end of the award. When PERs are delinquent and the program is determined to be non-compliant, funds will be withheld from those grants. Also, any grant modifications in process will not be approved until the grant recipient is in both programmatic and financial compliance.

Financial Reports

Monthly Periodic Expense Reports (PERs) detail expenses the program has incurred. They are due on the 20th day of the following month in the My Service Log system. In addition to a monthly PER, an Americorps Program Match Report must be submitted as well via email to ServeNebraska's Fiscal/Operations Officer. The Americorps Program Match Report template is sent at the beginning of the program year to each program and can be found in Chapter 14 of this guide in the Sample Forms section.

Quarterly Federal Financial Reports (FFRs) will be completed automatically online through Serve-Nebraska's My Service Log system. During the closeout period in October, along with your program's **final PER, Americorps Program Match Report and FFR ending September 30th, you will need to submit one of the following statements:**

1. No federal funds other than funds from the Corporation were used to carry out the program(s) funded under this grant during the preceding 12 months October 1, (year) through September 30, (year) OR
2. Sources and amounts of federal funds other than funds from the Corporation were used to carry out the program(s) funded under this grant during the preceding 12 months October 1, (year) through September 30, (year) are as follows:

Example for listing the federal funds used to carry out the program:

09ACHAA001002; Department of Labor; Grant #234567; CFDA 99.999; \$25,333
09ACHAA001009; Department of Agriculture; Contract #123456; N/A; \$1,000
09ACHAA001011; Department of Education; Grant #XYZ123; CFDA 11.111; \$90,199

Grant Payments

No grant payments will be processed until a signed subgrant agreement is received by Serve-Nebraska. In addition if you are a new grant recipient, you must complete and submit to ServeNebraska an IRS W-9 form before payments can be made according to State of Nebraska Accounting policy.

The current method for requesting reimbursement of AmeriCorps grant funding is through Serve-Nebraska's My Service Log account. Access and training is provided to all grant recipients by ServeNebraska staff. On a monthly basis grant recipients are required to submit complete and accurate Periodic Expense Reports (PERs). If the PER is received on or before the report due date, the PER is reviewed within five to seven business days from the report due date and submitted for State processing once the PER is approved for payment by the ServeNebraska Fiscal/Operations Officer. In addition, a monthly Americorps Program Match Report must be submitted via email or by U. S. mail to the ServeNebraska Fiscal/Operations Officer as well. Payments should be received within three weeks after submission of the program's PER into the My Service Log system and receipt of the program's Match Report by ServeNebraska.

Withholding of Grant Funds

ServeNebraska **may** withhold payment to a grant recipient organization receiving grant funds if the grant recipient demonstrates any of the following:

1. Failure to submit an Americorps Program Match Report with the Periodic Expense Report;
2. Failure to keep member time logs up to date in MyServiceLog;
3. Failure to comply with grant requirements or special conditions;
4. Improper administering of subawards or contracts;
5. Failure to submit reliable and/or timely reports, including, but not limited to financial reports;
6. Failure to respond to corrective actions requested from the results of a site visit or desk audit;
7. Failure to achieve timely financial reconciliation and closeout at the end of the grant period of any grant awarded to the recipient organization.

The grant recipient organization may be required to finance its operation with its own funds until such time the recipient is in compliance with all grant award conditions.

Minimum Cash on Hand

Grant recipient organizations should request funds based upon reimbursement requirements. No advance grant payments will be made. Grant funds will not be paid in a lump sum, but rather disbursed over time as program costs are incurred. Grant recipients should ensure their reimbursement requests are submitted on time in order to sustain effective cash management.

Grant Closeout

Background

It is the responsibility of ServeNebraska to initiate the closeout process of the grant award by sending a closeout notification letter to the grant recipient. All AmeriCorps grant award recipients have 60 days after the end date of the grant award period to close out the award. However, grant recipients are encouraged to start the closeout process as soon as the program is completed and all monies have been spent. This will enable accurate reporting of financial information on financial statements.

Closeout of AmeriCorps Grant Awards

1. **The ServeNebraska Fiscal/Operations Officer and AmeriCorps Program Officer**
At least fifteen (15) days prior to the AmeriCorps grant expiration date, ServeNebraska shall send the grant recipient a letter that requests within 60 days after the grant period ends specific grant closeout documentation to be submitted to ServeNebraska.
2. **Cash Reconciliation.** The grant recipient must perform a financial reconciliation at closeout. The total cost of the program must be determined. If there was a requirement for the grant recipient to provide a share of the program costs, match must be calculated based on the actual total cost of the project. The grant recipient should request reimbursement for any funds due to cover expenditures and obligations incurred prior to the grant expiration date and liquidated no more than 30 days after the grant expiration date at grant award closeout.
3. **Final Program Costs.** The grant recipient should request reimbursement for any funds due to cover expenditures and obligations incurred prior to the grant expiration date and liquidated no more than 30 days after the grant period end date.

4. **Grant Recipient Closeout Requirements.** Within 60 days after the end date of the grant award period or any approved extension thereof (revised end date), the following must be submitted by the recipient to the awarding agency:
 - a. Final Periodic Expense Report submitted in My Service Log
 - b. Americorps Program Match Report
 - c. Printed from My Service Log system and signed, the Final Federal Financial Report (FFR) that reflects the required percentage of matching funds that the grant recipient agreed to contribute under the terms of the grant set out in the Subgrant Agreement between the grant recipient and ServeNebraska
 - d. Equipment Inventory Form
 - e. Inventory of Unused or Residual Supplies Form
 - f. Final Program Progress Report
 - g. Subgrant Certification (If grant recipient subgranted funds)
 - h. Return of Payments (If applicable)
 - i. Copyrights and Patents (If applicable)

Refund of Federal Grant Monies and/or Program Income at Closeout

If funds must be returned at award closeout, grant award recipients should contact ServeNebraska for instructions on how to submit a refund.

Failure to Remit Funds Owed

If the grant award recipient fails to remit funds owed to the Federal funder, the Federal funder will refer the debt to the U.S. Department of the Treasury for collection as provided by Federal laws. The Treasury may add fees, fines, and penalties to the original amount of the debt owed to the Federal agency. Failure to remit funds may result in withholding or freezing of funds on all other grants awarded to the grant recipient organization. This may impact the future financial integrity of the grant recipient organization and the ability of the organization to be awarded future federal funding.

Records Retention Requirements

All financial records, supporting documents, statistical records, and all other records pertinent to the award shall be retained by each organization for AT LEAST 3 YEARS following notification by ServeNebraska that the grant has been programmatically and fiscally closed OR at least 3 years following the closure of its audit report covering the entire award period, whichever is later. Retention is required for purposes of Federal examination and audit. State or local governments may impose record retention and maintenance requirements in addition to those prescribed.

1. **Records covered.** The retention requirement extends to books of original entry, source documents supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, member files, cancelled checks, and related documents and records. Source documents include copies of all AmeriCorps grant awards, applications, and required recipient financial and narrative reports. Personnel and payroll records shall include the time and attendance reports for all AmeriCorps national service members and individuals reimbursed under the award, whether they are employed full time or part time. Time and effort reports are also required for consultants.
2. **Records Retention Period.** The 3-year retention period starts from the date of notification by ServeNebraska that the grant has been programmatically and fiscally closed; the submission of the closure of the single audit report which covers the entire award period, whichever event occurs later OR unless otherwise specified by ServeNebraska. If any litigation, claim, negotiation,

audit, or other action involving the records has started before the expiration of the 3-year period, the records must be retained until completion of the action and resolution of all issues which arise from it or until the end of the regular 3-year period, whichever is later.

Maintenance of Records

Grant recipients of funds are expected to see that records of different Federal fiscal periods are separately identified and maintained so that information desired may be readily located. Recipients are also obligated to protect records adequately against fire or other damage. When records are stored away from the recipient's principal office, a written index of the location of records stored should be on hand and ready access should be assured. Should your organization for any reason be unable to store this documentation, please contact ServeNebraska.

Access to Records

ServeNebraska, the Corporation for National and Community Service, the Office of the Inspector General, the Comptroller General of the United States, or any of their authorized representatives shall have the right of access to any pertinent books, documents, papers, or other records of AmeriCorps grant recipients in order to make audits, examinations, excerpts, and transcripts. The right of access must not be limited to the required retention period but shall last as long as the records are retained.

The Federal Freedom of Information Act (5 U.S.C. 552) does not apply to grant records. Unless required by Federal, State, or local law enforcement; grant recipients and subrecipients are not required to permit public access to their records.

Audit Requirements

This section establishes responsibilities for the audit of organizations receiving ServeNebraska funding. The intent of this section is to identify the policies for determining the proper and effective use of public funds rather than to prescribe detailed procedures for conducting an audit.

Audit Objectives

AmeriCorps grant awards are subject to financial, programmatic, and general administration conditions to which the Grant recipient expressly agrees to when accepting the award. Accordingly, the audit objective is to review the grant recipient's administration of funds and required non-Federal contributions for the purpose of determining whether the recipient has:

1. Established an accounting system integrated with adequate internal financial and management controls to provide full accountability for revenues, expenditures, assets, and liabilities. This system should provide reasonable assurance that the organization is managing Federal financial assistance programs in compliance with applicable laws and regulations.
2. Prepared financial statements which are presented fairly, in accordance with generally accepted accounting principles.
3. Submitted financial reports which may include Federal Financial Reports, Cash Reports and claims for reimbursements which contain accurate and reliable financial data and are presented in accordance with the terms of applicable agreements.
4. Expended Federal funds in accordance with the terms of applicable agreements and those provisions of Federal law or regulations that could have a material effect on the financial statements or on the awards tested.

Audit Reporting Requirements

Independent auditors should follow the requirements prescribed in OMB Circular A-133. The grant recipient's books of account must support all amounts reported to ServeNebraska. The grant recipient's

financial activity reported to ServeNebraska should reconcile to the amounts reported on the grant recipient's audited financial statements. If there are any differences between the recipient's audited financial statements and the financial activity reported to ServeNebraska, the grant recipient must be able to explain the differences.

If the auditor becomes aware of illegal acts or other irregularities, prompt notice shall be given to grant recipient management officials above the level of involvement. The grant recipient, in turn, shall promptly notify ServeNebraska of the illegal acts or irregularities and of proposed and actual actions, if any.

Audit costs for audits not required or performed in accordance with OMB Circular A-133 are unallowable. If the grantee did not expend \$500,000 or more in Federal funds during the organization's fiscal year, but contracted with a certified public accountant to perform an audit, these costs may not be charged to the grant.

Audit Submission Requirements – Failure to Comply

Failure to have audits performed as required will result in the withholding of new grant awards and/or withholding of current grant funds.

Audit Threshold

1. Non-Federal entities that expend \$500,000 or more in Federal funds from all sources including pass-through subawards in the organization's fiscal year (12-month turnaround reporting period) shall have a single organization-wide audit conducted in accordance with the provisions of OMB Circular A-133.
2. Non-Federal entities that expend less than \$500,000 a year in Federal awards are exempt from Federal audit requirements for that year. However, records must be available for review or audit by appropriate officials including the Federal agency, ServeNebraska, and General Accounting Office.

Resolution of Audit Reports

Timely action on recommendations by responsible management officials is an integral part of the effectiveness of an audit. Each grant recipient shall have policies and procedures for responding to audit recommendations by designating officials responsible for:

1. Follow up on audit recommendations;
2. Maintaining a record of action taken on recommendations and time schedules for completing corrective action(s);
3. Implementing audit recommendations;
4. Submitting periodic reports to the cognizant Federal audit agency on recommendations and actions taken; and
5. Providing an audit special condition on all subawards. This special condition contains information, such as the audit report period, required audit report submission date, and name and address of the cognizant Federal agency. It is not ServeNebraska's intent to make new awards to applicants who are not in compliance with audit requirements. ServeNebraska monitors audit requirements and is responsible for tracking audit reports received through the audit process until the audit has been resolved and closed.

Top 10 Audit Findings

1. Federal Financial Reports not submitted timely;
2. accounting procedures need improvement;
3. suspension and debarment certifications not obtained;

4. programmatic reporting requirements not met;
5. subgrantees not adequately monitored;
6. fixed assets not adequately monitored;
7. grant management procedures need improvement;
8. segregation of duties not adequate;
9. cash management procedures need improvement; and
10. procurement procedures need improvement.

Audit of Subgrantees/Partners

When subawards are made to another organization or organizations, the grant recipient shall require that subrecipients comply with the audit requirements set forth in this chapter. Grant recipients are responsible for ensuring that subrecipient audit reports are received and for resolving any audit findings. Known or suspected violations of any law or irregularities encountered during the subrecipient audit, must be communicated to the grant recipient.

For subrecipients who are not required to have an audit as stipulated in OMB Circular A-133, the grant recipient is still responsible for monitoring the subrecipients' activities to provide reasonable assurance that the subrecipient administered Federal awards in compliance with Federal requirements.

Full-Scope Auditing

In addition to arranging and providing for the organizational, financial, and compliance audits required by OMB Circular A-133, individual grant recipients and subrecipients are encouraged to provide additional audit coverage as deemed appropriate. The additional audit coverage to be provided should be determined based on the circumstances surrounding the particular organization, function, program, or activity to be audited, management needs, and available audit capability.

Additional audit coverage could involve such organizational determinations relating to the following:

1. Are resources managed and used economically and efficiently?
2. Are desired results and objectives achieved effectively?
3. Is the organization's accounting system and system of internal controls acceptable prior to the receipt of ServeNebraska funding?
4. Are the organization's systems and controls adequate to detect fraud, waste, and abuse?

