



FINANCIAL MANAGEMENT

**Key Concepts of
Federal & State Grants**

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AGENDA

- Rural & Small Urban Systems
 - Accounting Fundamentals
 - Grant Contract
 - OMB Circulars
 - Standards of Allowable Costs
 - Unallowable Costs
 - Budget Control
 - Cash Flow Projection
-



RURAL AND SMALL URBAN SYSTEMS

- Limited Staffing and Employee Turnover
- Lack of Specific Staff Training
- Operating in Complex Multi-Purpose Organizations with Unique Federal Programs and Management
- Lack of Proper Documentation to Support Costs Claimed Under Federal Programs



PROBLEMS FACED BY RURAL AND SMALL URBAN SYSTEMS

- Improper Allocation of Indirect Cost
- Improper Use of Chart of Accounts to Report Expenditures
- Failure to Read the Contract Clauses
- Failure to include Federal Requirement on Sub-Contract



ACCOUNTING FUNDAMENTALS

- UPTAS Chart of Accounts
 - Designed for budgeting, accounting, invoicing and reporting
 - Framework around which any accounting system is developed
 - It shows the title and description for the object of Expenditures
 - It helps in Grant Accounting and budget control
 - <http://www.ncdot.gov/templates/download/external.html?pdf=http%3A//www.ncdot.gov/nctransit/download/UPTAS.pdf>



ACCOUNTING FUNDAMENTALS

- Basis of Accounting
 - Cash Basis of Accounting
 - Accrual Basis of Accounting
 - Modified Accrual Basis of Accounting
- Grantees Requesting Reimbursement must Accrue and report expenses in the month or quarter in which cash was paid



ACCOUNTING FUNDAMENTALS

- Expenses incurred in a fiscal year cannot be transferred to the next fiscal year
- At end of Period of Performance Grantees are given 90 days to submit invoices to close the Accounting Period (Cut-off Date)
- Prepaid Expenses paid in the current fiscal year and expires the next fiscal year has to be reported in the current fiscal year



GRANT CONTRACT

- Grantees must be familiar with the general terms and conditions of the contract
 - Scope of Work
 - Cost of Project
 - Period of Performance
 - Third Party Contract
 - Ethics Policy
 - Conflict of Interest Policy
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GRANT CONTRACT

- Debarment and Suspension
- Project Expenditure
- Employer Tax Identification Number
- Certification of No Overdue Tax Debts
 - Written Statement from Governing Body Stating that Grantee does not have any Overdue Tax Debts
 - <https://www.ncgrants.gov/NCGrants/forms/NGO%200008%20State%20Grant%20Certification-No%20Overdue%20Tax%20Debt.pdf>
- Project Completion
- Contract Administrator



GRANT CONTRACT

For the Contractor:

IF DELIVERED BY US POSTAL SERVICE		IF DELIVERED BY ANY OTHER MEANS	
Name:		Name:	
Title:		Title:	
Agency:		Agency:	
Postal Address:		Street Address:	
City/Zip:		City:	
Phone:			
Fax:			
Email:			



OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR

- Circulars provide guidance relevant to grant in the following areas:
 - Cost Principles
 - Administrative Requirements
 - Audits



OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR

- Cost Principles

- Provide guidance for determining the allowable costs incurred by organizations
- Provide a fair share of Federal awards
- Provide guidance on reimbursement requirements
- Provide uniform standards of allowability and allocation of costs
- Encourage consistency when incurring costs



OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR

- Administrative Requirements:
 - Establishes consistency and uniformity among federal agencies in the management of grants and cooperative agreements
 - Common rule to standardized administrative requirements federal agencies impose on State, Local, Indian Tribal Government and Non-Profit Organization



OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR

- OMB Circular A-133 Audits
 - Audit of State, Local, Indian Tribal Government, and Non-Profit Organizations
 - Issued pursuant to the Single Audit Act
 - Standards for obtaining consistency and uniformity among federal agencies for the audit of state, local governments, Indian Tribal Governments and non-profit organizations expending federal funds



OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR

Federal Grant Guidelines	State, Local, Indian Tribal Governments	Non-Profits
Administrative Requirements	45 CFR 2541 OMB A-102	45 CFR 2543 OMB A-110
Cost Principles	2 CFR 225 OMB A-87	2 CFR 230 OMB A-122
Audit Requirements	OMB A-133	OMB A-133



STANDARDS OF ALLOWABLE COSTS

- Consistent with the projects description, plans, specification and project budget
- Necessary in order to accomplish the project
- Reasonable in amount for the goods and services purchased
- Cost must be allocated as Direct & Indirect
- Cost must be authorized and not prohibited under state law



STANDARDS OF ALLOWABLE COSTS

- Cost must be net of applicable credits
- Cost must be incurred for work performed within the period of performance.
- Cost must be satisfactorily documented
- Cost must be accorded consistent treatment
- Cost must be consistent with Generally Accepted Accounting Principles (GAAP)



UNALLOWABLE COSTS

- Any Project Costs incurred by the grantee before the effective date of the grant.
- Any cost that is not included in the approved project budget
- Any cost for project property or services received in connection with a third party contract or subcontract that is required to be approved by FTA or the Department



UNALLOWABLE COSTS

- Any Non-Project Costs consistent with the prohibition of 49 USC
- Any cost ineligible for FTA or the Department participation as required by Federal and State Laws, Regulations or directives
- Costs which are not satisfactorily documented



BUDGET CONTROLS

- Budget is a financial plan prepared for the implementation of a project
- Used to monitor and controlling the use of resources and to help organization meet its goals and objectives
- Compare actual cost with planned budget
- It provides the foundation for the next years budget



BUDGET CONTROLS

- Is an estimate of the resources needed to deliver services and the cost of those resources
- Adjustments can be made as needed
- Budget codes are used to classify expenditures



BUDGET CONTROLS

- Budget Revision is to transfer funds between object classification codes within the same budget
- Budget Revision must be requested before incurring costs if there is not an approved line item budget
- Budget Revision made mid-year for Administrative expenses on overdrawn line items (December and June)
- Request budget revision on agency letter head with justification for each line item change



BUDGET CONTROLS

- Include salary and wage detail sheet for any change in salary line items
- Revision cannot be used to charge costs that are not necessary for the completion of the project or to use up funds when the scope of work has completed



BUDGET CONTROLS

DEPARTMENT 4521 - ADMINISTRATION				
OBJECT	TITLE	APPROVED BUDGET	+/- CHANGE	PROPOSED BUDGET
G121	SALARIES AND WAGES - FULL TIME	\$0		\$0.00
G122	SALARIES AND WAGES - OVERTIME	\$0		\$0.00
G125	SALARIES AND WAGES-PART-TIME (BENEFITS)	\$0		\$0.00
G126	SAL. AND WAGE-TEMP/PT-TIME (NO BENEFITS)	\$0		\$0.00
G127	SALARIES AND WAGES - LONGEVITY	\$0		\$0.00
G181	SOCIAL SECURITY CONTRIBUTION	\$0		\$0.00
G182	RETIREMENT CONTRIBUTION	\$0		\$0.00
G183	HOSPITALIZATION INSURANCE CONTRIBUTION	\$0		\$0.00
G184	DISABILITY INSURANCE CONTRIBUTION	\$0		\$0.00
G185	UNEMPLOYMENT COMPENSATION	\$0		\$0.00
G186	WORKER'S COMPENSATION	\$0		\$0.00
G189	OTHER (PHYSICALS, BONUS, INS, ETC.)	\$0		\$0.00



BUDGET CONTROLS

DEPARTMENT 4521 - ADMINISTRATION				
OBJECT	TITLE	APPROVED BUDGET	+/- CHANGE	PROPOSED BUDGET
G121	TRANS COORD	\$0	0	\$0
G121	ADMIN ASST	0	0	\$0
G121 TOTAL		0	0	0
G125	ADMIN ASST P/T	0	0	0
G125	ADMIN ASST P/T	0	0	0
G125 TOTAL		0	0	0
G126	TEMP	0	0	0
G126	TEMP	0	0	0
G126 TOTAL		0	0	0
TOTAL		\$0	0	\$0



BUDGET CONTROLS

- Funds cannot be moved from the following line items:
 - Marketing
 - Promotional Items
 - Training-Employee Education
 - Vehicle Insurance
 - Direct to Indirect



BUDGET CONTROLS

- The contract establishes conditions when requesting Reimbursement
- Reimbursement submitted either monthly or quarterly
- Provide adequate documentation to support expenses when requesting reimbursement
- Advance request for vehicles must be paid to vendors within three days
- Submit Receipts to show vendor has been paid



BUDGET CONTROLS

- Submit Request for Reimbursement Accurately will:
 - Improve Accounting Efficiency
 - Reduce Delays in Processing Invoice
 - Eliminate Instances of Grantees Paying Back State and Federal Funds
 - Reduce Scrutiny of Accounting Practices due to Past Mistakes and Non-Compliance



BUDGET CONTROLS

PROJECT SPONSOR: 0
 MAILING ADDRESS: 0
 PROJECT 0
 INVOICE 000 ADMIN 9 PERIOD COVERED FROM: TO:
 PO NUMBER
 VENDOR NUMBER 0 DATE PREPARED
 DBE/MBE/WBE/HUB VENDOR PAYMENTS NO

DEPARTMENT 4521 - ADMINISTRATION

OBJECT	TITLE	APPROVED BUDGET	EXPENSES THIS PERIOD	YEAR-TO-DATE EXPENDITURE	BALANCE
G121	SALARIES AND WAGES - FULL TIME	\$0		\$0.00	\$0.00
G122	SALARIES AND WAGES - OVERTIME	\$0		\$0.00	\$0.00
G125	SALARIES AND WAGES-PART-TIME (BEI	\$0		\$0.00	\$0.00
G126	SAL. AND WAGE-TEMP/PT-TIME (NO BEI	\$0		\$0.00	\$0.00
G127	SALARIES AND WAGES - LONGEVITY	\$0		\$0.00	\$0.00
G181	SOCIAL SECURITY CONTRIBUTION	\$0		\$0.00	\$0.00
G182	RETIREMENT CONTRIBUTION	\$0		\$0.00	\$0.00



CASH FLOW PROJECTION

- A Projection of cash receipt and payment on a Monthly or Quarterly Basis
- Use annual approved budget as a starting Point
- Planning tool to set aside the amount of cash for invoice payment
- Enables NCDOT and Subrecipient to see the cash flowing in and out of the organization to plan for surpluses and deficits
- Can be updated Monthly or Quarterly using actual financial information



CASH FLOW PROJECTION

NCDOT CASH FLOW PROJECTIONS WORKSHEET														
Grantee: XXXXXXXX														
Project #: XXXXXXXX														
CASH FLOW PROJECTION BY MONTH/QUARTER 2010-2011														
	TOTAL Approved	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June	TOTAL
5311 Grant Funds	BUDGET	FED/ STATE	FED/ STATE	FED/ STATE	FED/ STATE	FED/ STATE	FED/ STATE	FED/ STATE	FED/ STATE	FED/ STATE	FED/ STATE	FED/ STATE	FED/ STATE	FED/ STATE
		Actual	Actual	Actual	Pro- jection	Pro- jection	Pro- jection	Pro- jection	Pro- jection	Pro- jection	Pro- jection	Pro- jection	Pro- jection	
OPERATING														0
CAPITAL														0
ADMINISTRATION														0
TOTAL:	0	0	0	0	0	0	0	0	0	0	0	0	0	0



FEEDBACK

Q & A

