

**Fiscally Responsible
Grant Management
NIJ Summit 2010**

 Office of Justice Programs

Office of the Chief Financial Officer

FINANCIAL MANAGEMENT SEMINAR

PROCUREMENT



Procurement Procedures

General Guidance

- **State and locals have their own regulations.**
- **If State or local procedures offer more efficient protection for the Federal Dollar use them -- IF NOT USE THE FEDERAL.**
- **Documentation. Very important! Contract files must establish an audit trail. Documentation should be sufficient enough to stand on its own.**

Procurement Procedures

General Guidance re Competition

- **Both the Common Rule A-102 and OMB Circular 2 CFR Part 215 require competition ON CONTRACT AWARDS.**
- **Bidders' lists should be continually updated.**
- **Newspaper/other advertising of contract requirement -- very important.**

Procurement Procedures

General Guidance re Competition

- **Local preference laws relative to contract award -- discouraged by Federal agencies.**
- **Local preference should only be used when a wider distribution is not possible.**

Procurement Procedures

Sole Source Contract

- **Federal awarding agency's approval of sole source is required for procurements over \$100k.**
- **Use when:**
 - ✓ **The item or service is available only from a single source.**
 - ✓ **A true public exigency or emergency exists.**
 - ✓ **After competitive solicitation, competition is considered inadequate.**
 - ✓ **A for-profit entity not eligible to be a direct recipient may not be awarded a sole source contract.**

SOLE SOURCE JUSTIFICATION

Sample Outline

Paragraph	Content
1	Brief description of program and what product or service is being contracted for:
2	Explanation of why it is necessary to contract non-competitively, to include: <ul style="list-style-type: none"><li data-bbox="827 1019 1541 1078">-- Expertise of contractor<li data-bbox="827 1097 1276 1156">-- Management<li data-bbox="827 1188 1642 1247">-- Knowledge of the program<li data-bbox="827 1273 1331 1331">-- Responsiveness<li data-bbox="827 1351 1520 1409">-- Expertise of personnel

SOLE SOURCE JUSTIFICATION

Sample Outline

Paragraph	Content
3	When contractual coverage is required and what impact on the program, if dates are not met. How long it would take another contractor to reach the same level of competence (equate in \$\$).
4	Uniqueness.

SOLE SOURCE JUSTIFICATION

Sample Outline

Paragraph	Content
5	Other points that should be covered to "sell the case."
6	A declaration that this action is in the "best interest" of the grantor agency and/or the Federal government.
Note:	Time constraints will not be considered a factor if the grantee has not sought competitive bids in a timely manner thereby creating a time constraint situation.

Contracting Do's

- 1) Compete**
- 2) Prepare IFB/RFP**
- 3) Maintain bidders list**
- 4) Conduct interviews**
- 5) Obtain prior approval**
- 6) Make documentation available**



Contracting ~~Do~~'ts

- 1) Place unreasonable requirements
- 2) Require unnecessary experience
- 3) Engage in noncompetitive pricing
- 4) Engage in organizational conflicts of interest
- 5) Require unreasonable timeframes



Lists of Parties Excluded from Federal Procurement or Non-procurement Programs

Frequently Asked Questions:

<https://www.epls.gov/epls/jsp/FAQ.jsp>

Federal Service Desk:

1-866-606-8220



Lists of Parties Excluded from Federal Procurement or Non-procurement Programs

Electronic List of Parties

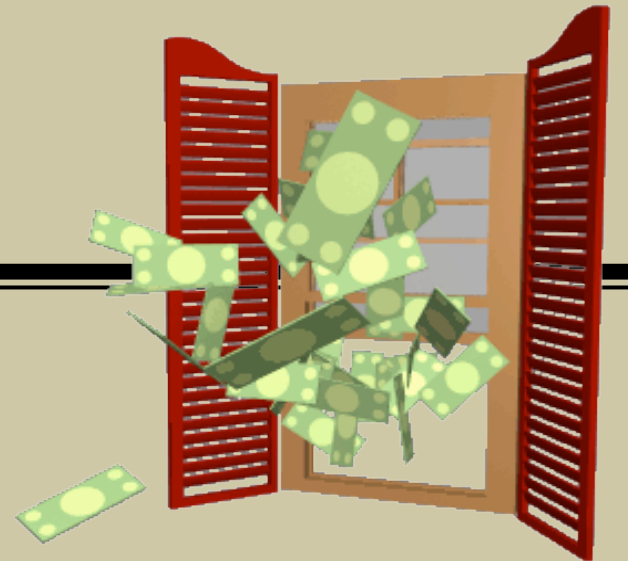
➤ Available on the Internet at

<https://www.epls.gov/>

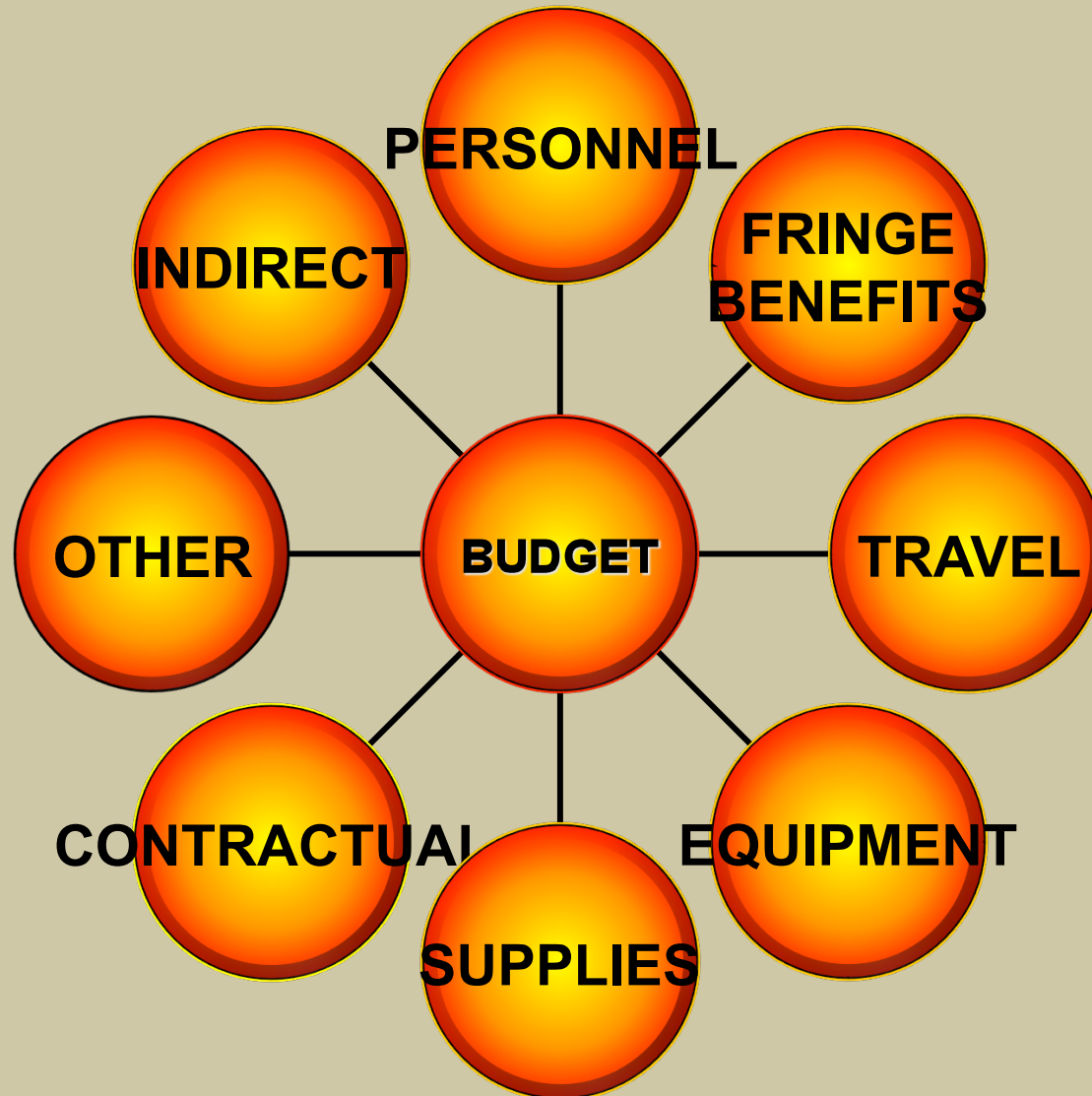




BUDGET



Budget Categories



BUDGET REVIEW

1) PERSONNEL CATEGORY

- Position – *(i.e.,) grant coordinator*
- Title - *(i.e.,) director, sheriff, secretary*
- Percentage of time - *(i.e.,) 50%, 100%*
- Compensation – *(i.e., show annual) \$60,000*
- Increases – *(i.e.,) raise, cost of living allowance (COLA)*

Costs must be necessary, reasonable, allowable, and allocable

BUDGET REVIEW

1) PERSONNEL CATEGORY example

John Smith, Project Director	$(\$60,000 \times 100\% \times 2 \text{ yrs})$	\$120,000
Peter Mayes, Program Manager	$(\$45,000 \times 100\% \times 2 \text{ yrs})$	90,000
Mary Jones, Assistant Solicitor	$(\$32,000 \times 50\% \times 2 \text{ yrs})$	<u>32,000</u>
		\$242,000
Cost of living increase on second year		
John Smith, Project Director	$(\$60,000 \times 100\% \times 2\%)$	\$1,200
Peter Mayes, Program Manager	$(\$45,000 \times 100\% \times 2\%)$	900
Mary Jones, Assistant Solicitor	$(\$32,000 \times 50\% \times 2\%)$	<u>320</u>
		\$2,420
	Total Personnel	\$244,420

Costs must be necessary, reasonable, allowable, and allocable

BUDGET REVIEW

1) PERSONNEL CATEGORY example budget narrative

The project director will oversee and manage the daily operations of the County drug court program. He will provide clinical assessments, clinical staff hiring and training, clinical treatment curriculum and maintenance of required licensing for the treatment facility. The program manager will serve as coordinator and provide legal assessments. He will coordinate the legal and treatment aspects of the program, monitors the participants' progress, and provides case management for each participant. The assistant solicitor will provide screening for eligible participants within the first weeks of arrest including regular visits to the county detention, attend team meetings and prosecute those participants who are to be unsuccessfully terminated from the program. The assistant solicitor 's salary will be funded 50% by the grant, and 50% by the solicitor's office. The annual salaries of the project director, program manager and assistant solicitor are consistent with clinical directors, managers and solicitors in the area.

BUDGET REVIEW

2) FRINGE BENEFITS CATEGORY

- What's included – *(i.e.,) FICA, health, retirement, workman's comp*
- Unallowable – *(i.e.,) excessive fringe for executives*

Costs must be necessary, reasonable, allowable, and allocable

BUDGET REVIEW

2) FRINGE BENEFITS CATEGORY example

FICA	6.75%
Retirement	9.20%
Workman's comp	3.70%
Health Insurance	<u>11.00%</u>
Total Fringe	30.65%

The fringe benefit for each staff member is estimated at 30.65% of the salary which is the current cost of fringe benefits for current full time employees of the Third Judicial Circuit.

Project Director	(\$121,200 x 30.65%)	\$37,148
Program Manager	(\$90,900 x 30.65%)	27,861
Assistant Solicitor	(\$32,320 x 30.65%)	<u>9,906</u>
Total Fringe Benefits Costs		\$74,915

Costs must be necessary, reasonable, allowable, and allocable

BUDGET REVIEW

3) TRAVEL CATEGORY

- Travel Policy
- Computation – *number of travelers x cost*
- Purpose – *grant/program requirement*
- Per Diem – *use agency policy and, if no policy, must follow Federal policy*
- Transportation - *air, taxi (show each separately)*
- Other – *parking, tolls*
- *Local Travel – mileage; use agency policy and, if no policy, must follow Federal policy*

Costs must be necessary, reasonable, allowable, and allocable

BUDGET REVIEW

3) TRAVEL CATEGORY example

Training

Airfare	3 x \$500	\$1,500
Lodging	3 x \$207 x 3 nights	1,863
Per Diem	3 x \$71 x 2 days	426
Per Diem (Travel days)	3 x \$53.25 x 2 days	320
Other (Transport to/from airport, hotel tax, taxi, etc)		<u>450</u>
		\$4,559

Travel to Washington, DC for the Project Director, Program Manager, and Assistant Solicitor to attend the mandatory OJP sponsored National Drug Court Conference in December 2010.

Costs must be necessary, reasonable, allowable, and allocable

LODGING RATES AT PER DIEM

- All **OJP** funded contracts for events that include 30 or more participants (both Federal and non-Federal) lodging costs for any number of attendees requiring lodging must not exceed Federal per diem rate for lodging.
- Conferences that include less than 30 people are exempt from this requirement.

LODGING RATES AT PER DIEM

- The web-site address for obtaining the current rates is: www.gsa.gov
- OJP Financial Guide provides further clarification of this requirement at www.ojp.usdoj.gov/financialguide

BUDGET REVIEW

4) EQUIPMENT CATEGORY

- Policy – *Recipients should follow their own capitalization policy for equipment. If no policy exists, must follow Federal policy*
- Unit & cost – *(i.e., 1 computer @ \$2,000)*
- Purpose – *(i.e., grant/program requirement)*

Costs must be necessary, reasonable, allowable, and allocable

BUDGET REVIEW

4) EQUIPMENT CATEGORY: (continued)

- **Federal Definition – useful life of more than one year with a fair market value (FMV) of \$5,000 or more**
- **Disposition – when equipment is no longer needed for criminal justice purposes, and its FMV is less than \$5,000, the equipment can be retained with no further obligation to the awarding agency**
- **If the FMV is \$5,000 or more, the equipment can be retained or sold, however, the proceeds (Federal participation) must be returned to the awarding agency**

BUDGET REVIEW

4) EQUIPMENT CATEGORY example

2 laptop computers w/ CD ROM @ \$2,500	\$5,000
1 copier machine	<u>2,000</u>
Total Equipment Costs	\$7,000

A laptop computer will be needed by the Program Manager and Assistant Solicitor for the flexibility of using the computer at the office, at the courthouse, or the detention center. These laptops will be capable of supporting information shared by the team members and will be compliant with appropriate standards of confidentiality. The laptop computers and the copier machine are essential to the daily operations and effective job performance. The capitalization threshold per our agency's fixed asset policy is \$2,000.

BUDGET REVIEW

5) SUPPLIES CATEGORY

- Major types – (*i.e., office, training, postage*)
- Project benefits – (*i.e., how supplies will support efforts*)

Costs must be necessary, reasonable, allowable, and allocable

BUDGET REVIEW

5) SUPPLIES CATEGORY example

Office supplies	\$2,180
Cell phones (3) @ \$35	105
2 Portable Printers at \$200	400
Microsoft software for 2 laptops at \$400	<u>800</u>
Total Supplies	\$3,485

A portable printer and Microsoft Office software for each laptop is essential to the daily operations and effective job performance. Cell phones for each staff is necessary for flexibility of using the phone at the office, at the courthouse or the detention center, and for confidential calls. Office supplies will be needed for the job and program implementation and operations and are estimated to include 6 boxes of envelopes, 25 cases of paper, 20 cartridges for the printers, pens, clips, staples totaling \$1,090 annually.

BUDGET REVIEW

6) CONTRACTUAL CATEGORY

- Type of Service – (*i.e., professional, financial*)
- Consultant rates – (*i.e., \$450 rule*)
- Sole source - *over \$100K*

Costs must be necessary, reasonable, allowable, and allocable

BUDGET REVIEW

6) CONTRACTUAL CATEGORY example

Counselor	(\$20 per) x 1040 hours	\$20,800
Drug Screen Technician	(\$10 per hr) x 520 hours	<u>5,200</u>
Total Contractual Costs		\$26,000

The counselor will provide direct counseling services to participants. The counselor will be paid at an hourly rate of \$20 per hour and this is consistent with state reimbursement for contract counselors and in accordance with standards set by the county alcohol and drug agencies. A Drug Screen Technician will be employed at the rate of \$10 per hour to provide screens on a regular basis with a schedule of screens conducted a minimum of 5 times per week to assure client abstinence. The schedule will allow for the technician to average 5 hours per week to allow for screens and documentation of results with proper chain of custody followed for specimens sent to a laboratory.

BUDGET REVIEW

7) OTHER CATEGORY

- Major types – *(i.e., rent, utilities)*
- Basis – *(i.e., 1200 sq ft @ \$22 per sq ft)*

Costs must be necessary, reasonable, allowable, and allocable

BUDGET REVIEW

7) OTHER CATEGORY example

Rent	\$52,800
Cell phone service for 2 years	<u>1,440</u>
Total Other Costs	\$54,240

Monthly rental payment for rental office space estimated at the cost of \$22 per square foot with 1200 square feet of space needed for the Drug Court office and group rooms. This would incur a cost of \$2,200 per month rent totaling \$26,400 per year. Cell phones are needed at a cost of \$60 per month for service for three people x 12 months = \$720

BUDGET REVIEW

8) INDIRECT CATEGORY

- Approved rate – (*i.e., by cognizant Federal agency*)
- Current negotiated agreement – (*i.e., provisional, fixed, final*)

Costs must be necessary, reasonable, allowable, and allocable

BUDGET REVIEW

8) INDIRECT CATEGORY example

$$\$319,335 \times 18\% = \$57,480$$

A fixed rate of 18% of direct salaries and fringe benefits had been approved by the U.S. Department of Health and Human Services. This rate is effective through December 31, 2010.

BUDGET REVIEW

Budget Summary

Budget Category	Amount
A. Personnel	\$244,420
B. Fringe Benefits	\$74,915
C. Travel	\$4,559
D. Equipment	\$7,000
E. Supplies	\$3,485
F. Contractual	\$26,000
G. Other	\$54,240
Total Direct Costs	<hr/> \$414,619
Indirect Costs	\$57,480
Total Project Costs	<hr/> \$472,099

PROGRAM INCOME



PROGRAM INCOME

Gross income earned by the recipient during the funding period as a direct result of the award.



PROGRAM INCOME

- Spend prior to requesting additional grant funds
- Supplement Project with \$\$
- Reduce Project with \$\$
- Send Back \$\$



FINANCIAL MANAGEMENT SEMINAR

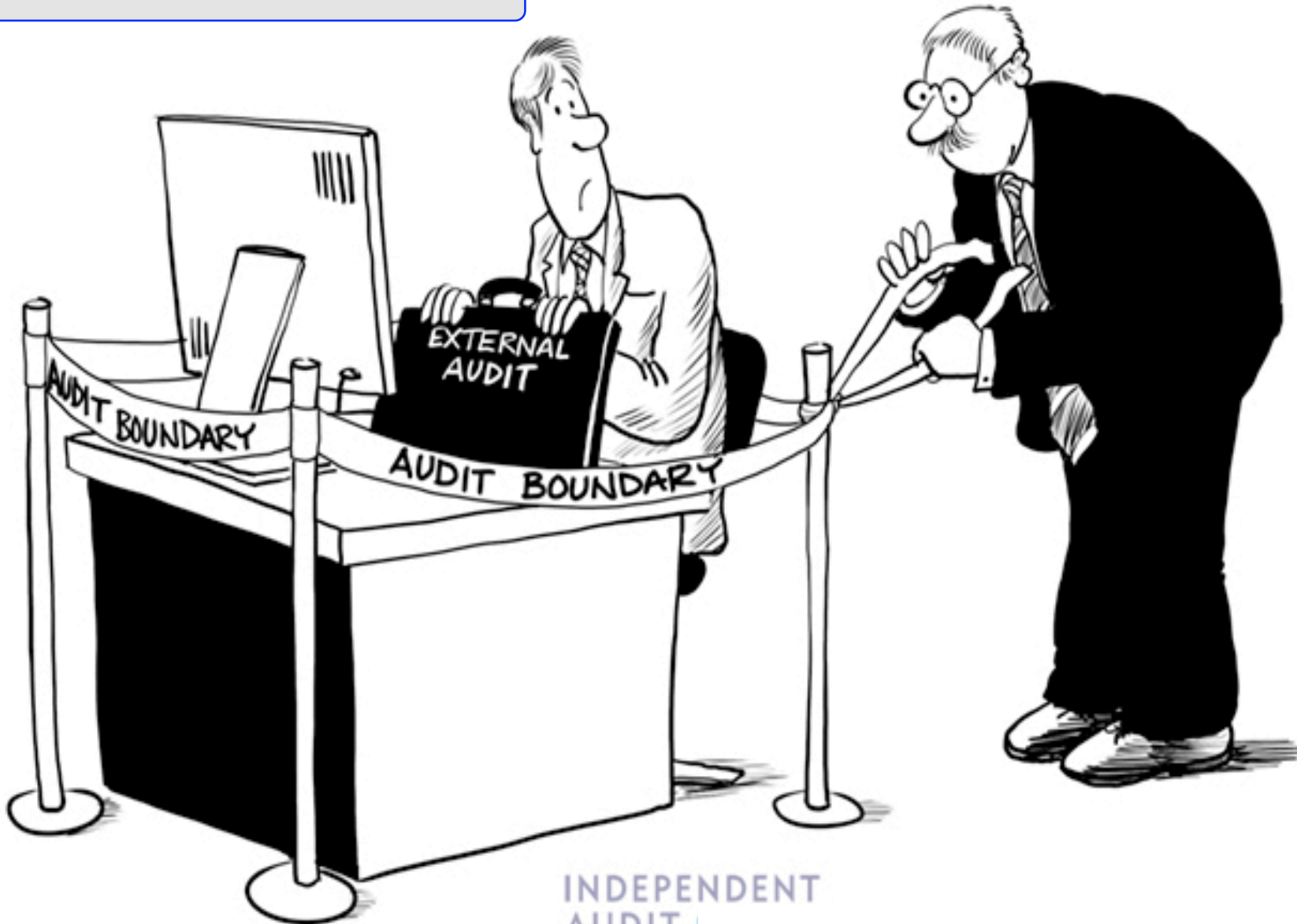
OMB A-133

Audit Requirements

State, Local Governments, &
Non-Profit Organizations



AUDIT HUMOR



INDEPENDENT
AUDIT |

AUDIT REQUIREMENTS

- **A-133 Gov't, Education and Non-Profit**
- **Thresholds \$500K or more expended during the FY
- Single Audit required**
- **Audit Report - due nine (9) months after end of FY**
- **Submit online to Federal Audit Clearinghouse (FAC)**
- **\$10,000 or more in questioned costs must be
included in the Single Audit report**

SINGLE AUDIT

➤ **Commercial Organizations and Individuals**

- ✓ Submit one copy to the Office of Justice Programs, Office of the Chief Financial Officer.

If audit report is delinquent, funds may be withheld.

SINGLE AUDIT

- For fiscal periods ending on or after January 1, 2008, the Federal Audit Clearinghouse requires all grant recipients to submit form SF SAC and the Single Audit Report package online utilizing the Internet Data Entry System (IDES).

If audit report is delinquent, funds may be withheld.

SINGLE AUDIT

➤ To use the online system:

<http://harvester.census.gov/fac/collect/ddeindex.html#>

Questions about submission can be addressed to:

Phone #: 800-253-0696

Email: gov.s.fac@census.gov

If audit report is delinquent, funds may be withheld.

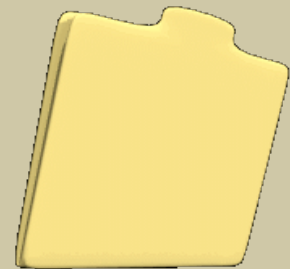
SINGLE AUDIT

- **A statement that the examination was made in accordance with generally accepted government auditing standards.**
- **Report on the study and evaluation of internal accounting controls.**

RESOLUTION OF AUDIT REPORTS

Office of Audit, Assessment, and Management

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



The corrective action plan (CAP) should include:

- Description of each finding.
- Specific steps to be taken to implement the recommendation.
- Timetable for performance of each corrective action.
- Description of monitoring to be performed to ensure implementation of CAP.

RESOLUTION OF AUDIT REPORTS

- Recipient must generate response to the CAP letter within the specified time frame, usually within 30 calendar days from the letter.
- Analyze response and follow up on action taken.
- A special condition will be placed on new awards if report is delinquent.

TOP TEN AUDIT FINDINGS (FY2009)



1. Financial or Other Program Reporting Requirements not filed timely or accurately.
2. Unallowable payroll and fringe benefits costs charged to Federal grants.
3. No documentation to support accounting transactions, journal entries or costs.
4. Fixed Asset Schedules and related documentation not adequate.
5. Staff not qualified to prepare financial statements.



TOP TEN AUDIT FINDINGS (FY2009)



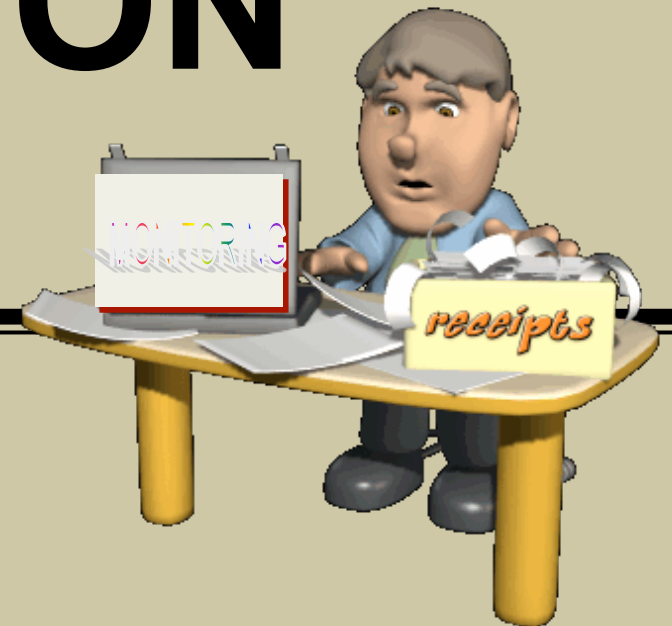
6. Lack of adequate segregation of duties.
7. Cash drawn in excess of amounts needed for immediate disbursement.
8. Cash or other significant General Ledger accounts not reconciled.
9. Payroll time and effort certifications not obtained or not properly signed/approved.
10. Procurement requirements not followed (Suspension & Debarment, Competitive bids, etc.).



save
your
receipts



MONITORING DISCUSSION



Monitoring Discussion

Grants Financial Management Division's Mission

- Ensure stewardship over Federal funds awarded by:
 - ✓ On-Site financial reviews
 - ✓ OCFO-Based financial reviews
 - ✓ Technical assistance to grantees



Monitoring Discussion

How are grants selected for on site-review?

- Dollar amount of grant
- New grant or grantee
- Inherent risk of program
- Program Office Request
- Grantee's request for technical assistance
- Problems identified through OCFO Based review
- Random sample

Monitoring Discussion

What will be reviewed during the on-site visit?

- **Internal Controls**
- **Accounting System**
- **Accounting procedures including cash management procedures**
- **Federal Financial Reports (SF-425s)**
- **Compliance with Recovery Act Reporting Requirements and Special Conditions (if applicable)**
- **Test and Analyze expenditures**
- **Provide technical assistance**

Monitoring Discussion

Compare your actual expenditures with your grant objectives and approved budget

APPROVED BUDGET



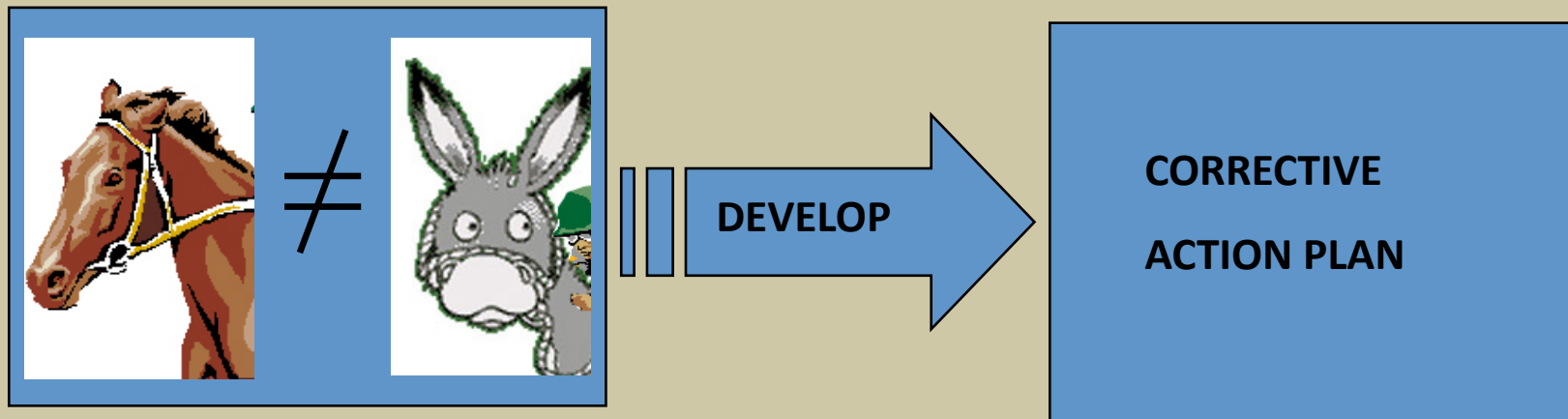
ACTUAL EXPENDITURES



Are you spending the money according to the purpose of the award?

Monitoring Discussion

If there are deficiencies in your objectives and/or you have deviated from the budget without prior approval from the program office



OCFO will help you get back on track

MONITORING HUMOR

**WE WON THE
OIG
MONITORING
SWEEPSTAKES
!**



Monitoring Discussion

What are the objectives of the OCFO based review?

- **Conduct an analysis of grant activity to date**
- **Analyze Federal Financial Reports (SF-425s)**
- **Determine compliance with audit report submission requirements**
- **Determine compliance with Section 1512 reporting requirements (if applicable)**
- **Evaluate payments -- determine excess cash**
- **Identify grantees who need on-site financial review**

Primary Grantee's Responsibility

➤ The primary grant recipient is responsible for monitoring the subrecipient and ascertaining that all fiscal and programmatic responsibilities are fulfilled, including compliance with Federal rules and regulations (e.g., OMB Circular A-133 compliance, EEO compliance).

TEN TOP MONITORING FINDINGS (FY 2009)



1. Accounting procedures needed improvement.
2. Grant expenditures questioned.
3. Financial Reports were not timely submitted.
4. Procurement procedures and/or processes needed improvement.
5. Amounts reported on Financial Reports were not supported by adequate accounting records.



TEN TOP MONITORING FINDINGS (FY 2009)



6. Progress Reports were not timely submitted.
7. Subgrantee monitoring procedures and/or processes needed improvement.
8. Unauthorized budget modifications, and/or improper tracking of budgeted costs.
9. Single Audit Report packages were not timely submitted.
10. Inventory procedures needed improvement.



FINANCIAL MANAGEMENT SEMINAR

Resources



OCFO Financial Questions
via Internet

**OCFO e-mail Address:
ask.ocfo@usdoj.gov**

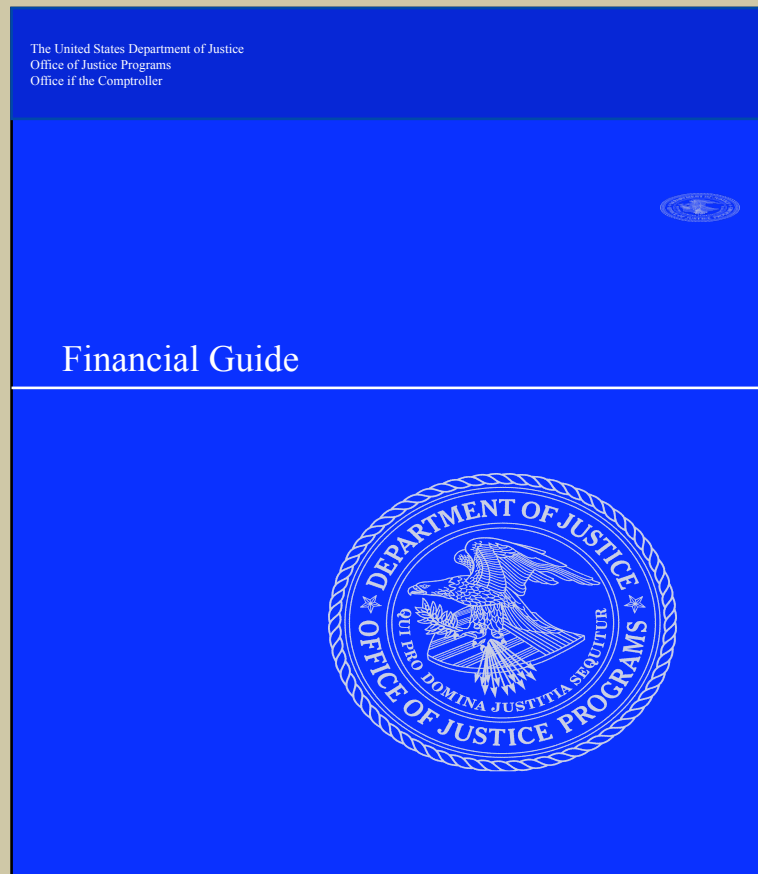


OCFO Financial Questions via Telephone

OCFO Customer Service Center
Monday through Friday
8:30 a.m. - 6:00 p.m. est.
1-(800) 458-0786 or (202) 305-9988
FAX (202) 353-9279



OJP Financial Guide



Electronic Access for the OJP Financial Guide via Internet

<http://www.ojp.usdoj.gov/financialguide>