



OFFICE OF THE CHIEF FINANCIAL OFFICER

2019 VOCA National Training Conference

Grant Financial Management



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Topics of Discussion

- Financial Management System
- Internal Controls
- Classifying Cost
- Indirect Costs/De Minimis
- Administrative and Training Funds
- State Compensation Certification Form
- Subrecipient Requirements



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Financial Management Systems





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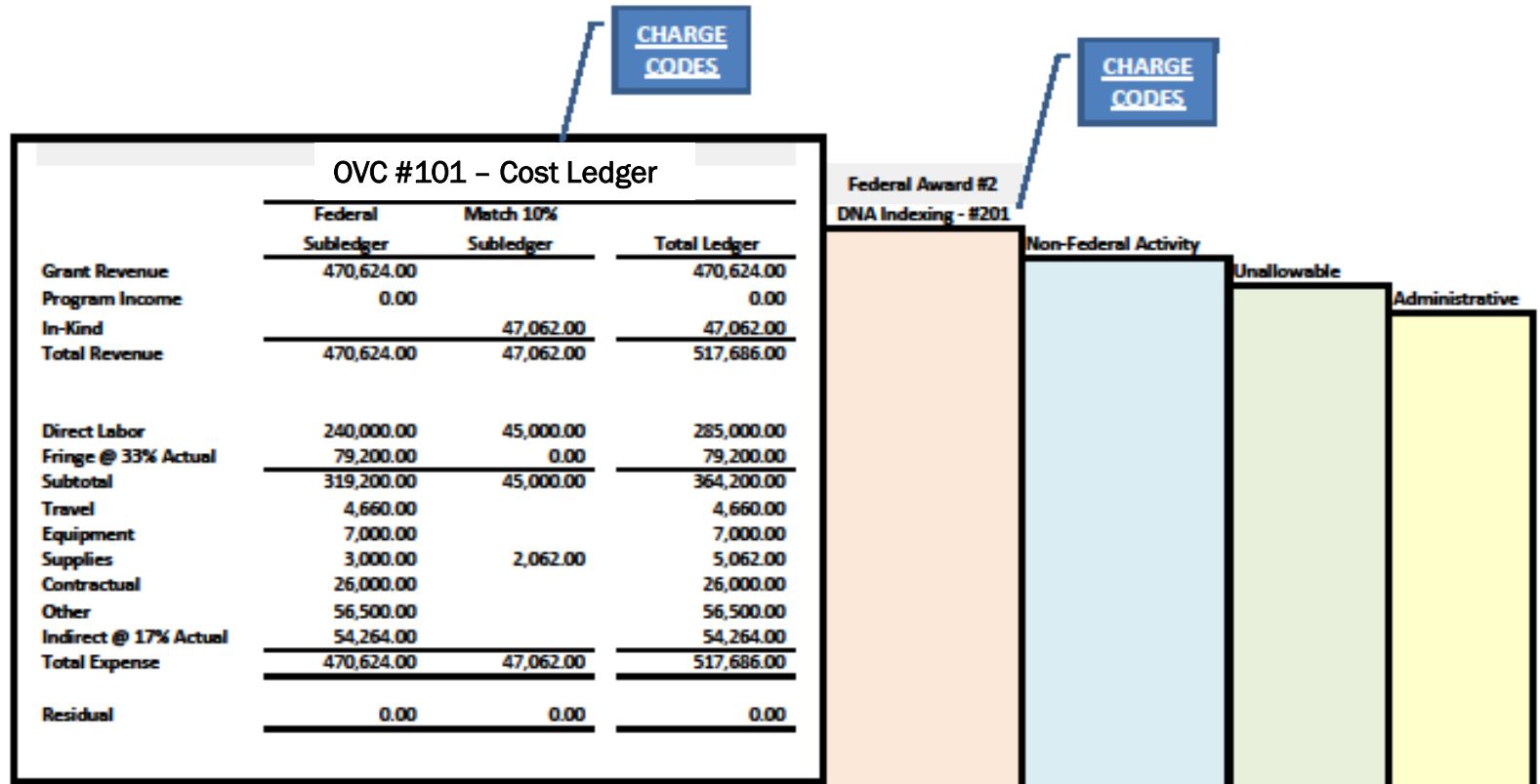
Federal Financial Management

Financial Management Systems must be able to record and report on the:

- Receipt;
- Obligation; and
- Expenditures of grant funds.



Segregation of Awards and Activities Separately Funded - Federal Awards





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Internal Controls





Internal Controls

- Defined broadly, internal controls involves everything that controls risk in an organization.
- It is how resources are directed, monitored, and measured.
- Strong internal controls can ensure effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.



Internal Controls

- Internal controls can only be expected to provide reasonable assurance, not absolute.
- Internal control are important for detecting and preventing fraud.
- Proper segregation of duties is a critical element of adequate internal controls
- Requirements for internal controls are issued by GAO and COSO.



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Identifying and Classifying Costs





Four Basic Types of Costs

- Allowable costs
- Unallowable costs
- Costs not authorized
- Costs deemed excessive or unreasonable



Four Basic Types of Costs

Allowable Costs - costs that are necessary, reasonable, allocable, not prohibited under State/local laws or regulations. Costs must conform to any limitations set forth in Federal laws, and comply with the terms and conditions of the Federal award.



Four Basic Types of Costs

Unallowable Costs - costs not allowed under Federal programs include, but are not limited to lobbying, land acquisition, fund raising, entertainment, contingencies, and alcoholic beverages.



Four Basic Types of Costs

Costs not authorized - costs are not authorized when there is no consent from the awarding agency to incur costs, not included in the approved budget, or occurs before or after the grant award period.



Four Basic Types of Costs

Costs deemed excessive or unreasonable -
when its nature and amount exceeds that which
would be incurred by a prudent person when the
decision was made.



Indirect Cost Rate

- Non-federal entities that have never received a negotiated indirect cost rate (ICR) may elect to charge the de minimis rate of 10% of modified total direct costs (MTDC).
- The de minimis rate must be used consistently for all federal awards.



Indirect Cost Rate

- Rate may be used indefinitely or until entity elect to negotiate for a rate.
- The UG allows non-federal entities to apply for an extension of the ICR for up to four years.



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Administrative and Training Funds





Administrative and Training Funds

- A State may set aside up to 5% of the respective grant funds for administrative and training purposes. However, the combination of a grantee's administrative and training budget may not be more than 5% of the grant award for that fiscal year.



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CRIME VICTIM COMPENSATION STATE CERTIFICATION FORM





U.S. Department of Justice
Office for Victims of Crime

CRIME VICTIM COMPENSATION STATE CERTIFICATION FORM

State of _____

Reporting Period: October 1, 2005 through September 30, 2006

NOTE: Please read the instructions on the Attached Page Before Completing this Form

Part I: PAYMENT INFORMATION

A: Total Amount paid to or on behalf of crime victims from ALL FUNDING SOURCES (both State and Federal) (+) \$ 0.00

B. Amounts To Be Deducted From Total Paid to Crime Victims

1. Voca Grant Funds, FY _____ FY _____	\$ <u>0.00</u>
2. Subrogation Recoveries	\$ <u>0.00</u>
3. Restitution Recoveries	\$ <u>0.00</u>
4. Refunds	\$ <u>0.00</u>
5. Amount Awarded for Property	\$ <u>0.00</u>
6. Other Reimbursements	\$ _____
Specify: _____	\$ <u>0.00</u>
_____	\$ <u>0.00</u>

C. Total Amount To Be Deducted (Sum of B1 through B6) (-) \$ 0.00

D. Subtract Line C From Line A (=) \$ 0.00

E. Recovery Costs, If Any (Attach Documentation) (+) \$ 0.00

F. Total State Payments Eligible for Matching VOCA Grant Award (Add Line D and Line E) (=) \$ 0.00

Part II: FUNDS AVAILABLE FOR THE STATE VICTIM COMPENSATION PROGRAM
(During the Reporting Period)

A: Funds From All Sources Other Than VOCA Grant Funds

1. General Funds	\$ <u>0.00</u>
2. Court Costs	\$ <u>0.00</u>
3. Fees	\$ <u>0.00</u>
4. Fines and Penalties	\$ <u>0.00</u>
5. Private Donations	\$ <u>0.00</u>
6. Bond Forfeitures	\$ <u>0.00</u>
7. Subrogation Recoveries	\$ <u>0.00</u>
8. Restitution Recoveries	\$ <u>0.00</u>
9. Refunds	\$ <u>0.00</u>
10. Reimbursements	\$ <u>0.00</u>
11. Earned Interest	\$ <u>0.00</u>
12. Reserves Carried Over	\$ <u>0.00</u>
13. Other Sources	\$ _____
Specify: _____	\$ <u>0.00</u>
_____	\$ <u>0.00</u>

B. Total Amount of Lines A1 through A13 (+) \$ 0.00

C. VOCA Grant Funds, FY - FY - (+) \$ _____

D. Total Funds Received (Add Lines B and C) (=) \$ 0.00

Part III: CERTIFICATION

I certify that the amount reported in Part I F of this form is complete and accurate.

Type Name and Title of Duly Authorized Official

Signature of Duly Authorized Official

Date

Note: This form must be signed by the authorized individual within the agency designated by the Governor to administer the VOCA crime victim compensation grant.



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Pass-through Entity/
Subaward/Subrecipient/
Contract/Contractor



Pass-through Entity

➤ What is a Pass-through Entity?

- ✓ A non-federal entity that provides a subaward to a subrecipient to carry out part of a Federal program (*Title 2 CFR 200.74*).



Subaward/Subrecipient

➤ What is a subaward?

- ✓ An award provided by a pass-through entity to a subrecipient, for the subrecipient to carry out part of a federal award received by the pass-through entity (*Title 2 CFR 200.92*).

Note: Subaward does not include payments to a contractor or to an individual that is a beneficiary of the federal program.

➤ What is a subrecipient?

- A non-federal entity that receives a subaward from a pass-through entity to carry out part of a federal program (*Title 2 CFR 200.93*).



Contract/Contractor

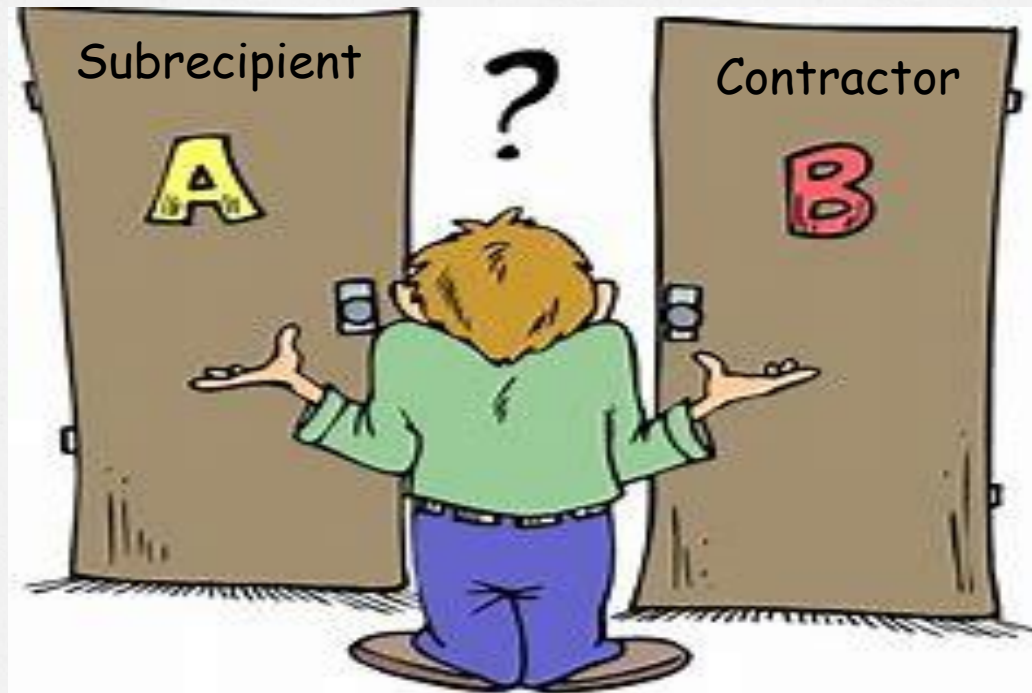
➤ What is a contract?

- ✓ A legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award. The term as used in this part does not include a legal instrument, even if the non-federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward (*Title 2 CFR 200.22*).

➤ What is a contractor?

- ✓ A non-federal entity that receives a legal instrument from another non-federal entity to purchase property or services needed to carry out the project or program under a federal award.

Subrecipient vs. Contractor Determination





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Subrecipient and Contractor Determination

- A non-federal entity may concurrently receive Federal funds as a recipient, subrecipient, and a contractor.
- The determination on whether an entity receiving federal funds is a subrecipient or contractor is not always straightforward.
- Therefore, the pass-through entity must determine whether each agreement cast the party receiving the funds in the role of subrecipient or a contractor.



Subrecipient and Contractor Determination (cont)

- The “form” (i.e. MOU, partnership, etc.) is less important to the examination of a relationship than its “substance.”
- “Substance” refers to the characteristics of the arrangement and whether it cast the party receiving the funds in the role of a subrecipient or a contractor



Subrecipient and Contractor Determination (cont)

- Labeling an organization as a subrecipient or contractor does not automatically create that type of relationship.
- The Uniform Requirements - 2 CFR Part 200.330 offers assistance with classifying an entity as either a subrecipient or contractor.



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Pass-through Entity's Responsibilities

- A pass-through entity must have established policies and procedures on how subawards will be made and subrecipients managed.
- Those procedures must be in writing and clearly describe the pass-through entity's responsibility for pre-award and post-award requirements.



Pass-through Entity's Responsibilities (cont)

- The pass-through entity is responsible for ensuring that subrecipients use grant funds in accordance with all federal and program guidelines.
- Oversee the day-to-day operations of subrecipients to ensure they achieve their performance objectives on schedule and within budget.
- Ensure subrecipients' timely submission of all documents necessary to meet all reporting requirements of the awarding agency (FFR, Progress Reports, etc.).



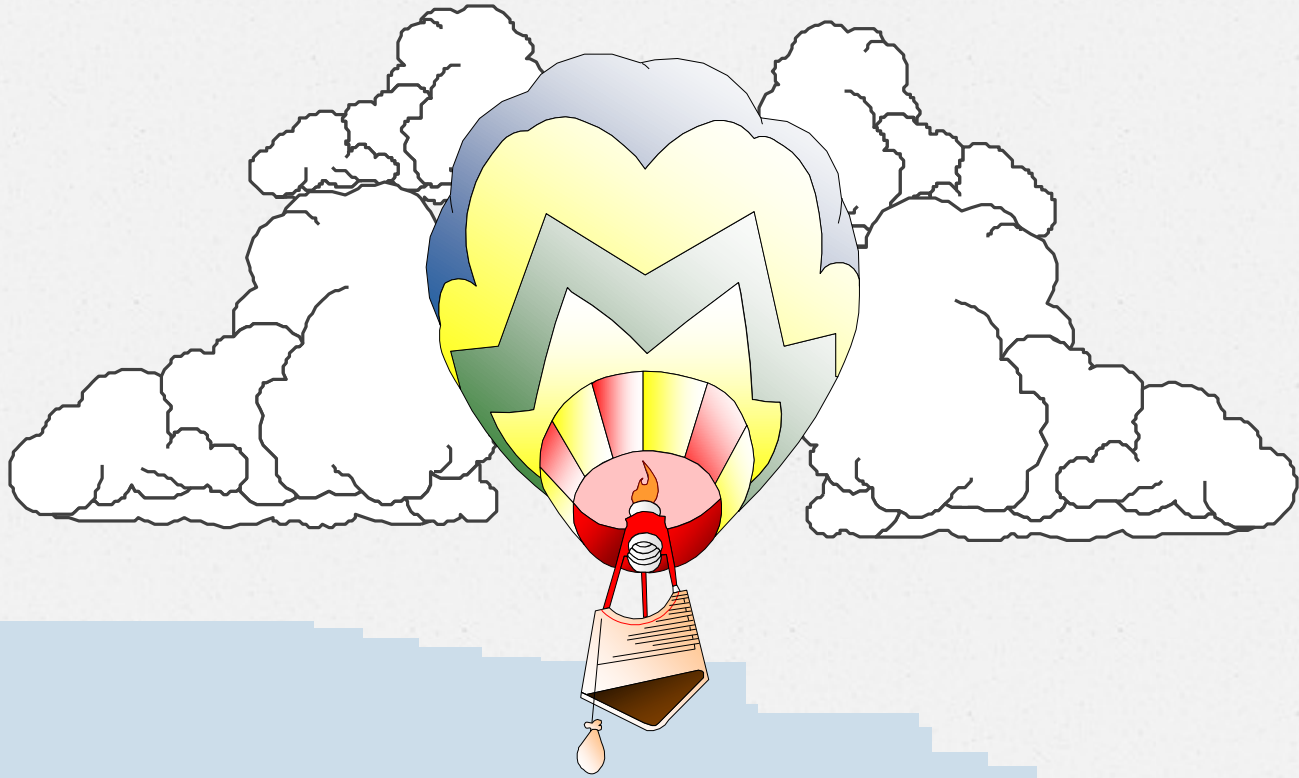
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Pass-through Entity's Responsibilities (cont)

- If problems arise, take the appropriate action to get the subrecipient back on track.
- The use of subrecipients does not relieve the pass-through entity of their responsibility.

QUESTIONS





THE END

