Civic Mission of Education
Subgrantee Fiscal Training
Balancing Your Learn and Serve Grant
-With Two Feet Firmly Planted

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Rules of Engagement

♦ Keep mics on “off” position unless you are going to speak.
♦ State your name and campus each time you speak.
♦ When asking a question pertaining to a document, indicate the document name and page # so that everyone may reference it.
CME Subgrantee Fiscal Training Agenda at a Glance

♦ Welcome, Introductions, Overview of Agenda

♦ Rules of Engagement

♦ Learn and Serve Grant Provisions

♦ Developing a Checks and Balances System
CME Subgrantee Fiscal Training
Agenda at a Glance

♦ Break
♦ Subgrantee Monitoring and Preparing for an Audit
♦ Contract Information
♦ Q & A Session
♦ Training Adjourns
Why are we here?

♦ We want program directors, office staff and fiscal contacts to understand the fiscal management expectations of this grant.

♦ Learn and Serve expects the CSU to act as a program officer, which means that we are responsible for program monitoring and compliance of policies and laws.
Chancellor’s Office Staff Roles
Learn and Serve America

Season Eckardt, Administrative Director
- Manages Realizing the Civic Mission of Education Program at 23 campuses
- Develops reporting requirements
- Submits required progress reports, documentation to Learn and Serve America

Campus CME PI

Judy Botelho, Program and Fiscal Coordinator
- Manages Students in Action Program at 4 CSU Campuses
- Provides subgrant fiscal oversight to campuses
- Develops policies, forms and trainings in collaboration with Grants Contracts Analyst

Campus Fiscal Manager

Shuna Holmes, Grants and Agency Contracts Analyst
- Auditing all invoices that are received from the campuses and foundations
- Keeping a financial spreadsheet and files of all campuses and foundations expenditures
- Quarterly reporting to Learn and Serve
Notes:

This chart highlights the order of precedence that a Learn and Serve Subgrantee must follow when managing their LSA grant. The rules and regulations that govern your individual program are multi-layered. The Office of Management and Budget (OMB) Circulars is the first level of authority that you must follow. The next few slides will provide a brief overview of the OMB Circulars, what they are and how and when they should be used. As you move within this multi-layered order of precedence, you’ll notice that you must also follow any applicable state requirements, then the Learn and Serve provisions, award letter from the Chancellor’s Office and finally, the Chancellor’s Office (Program) determines the final layer of rules and regulations (in this case, Rider B of your grant contract).
Federal Agencies

Federal Agencies are governed by three levels of authority:

- Statutes

- Agency regulations published in the CFR (Code of Federal Regulations)

- Their own internal policies and guidelines

Notes:

As a federal agency, the Corporation for National and Community Service is governed by three levels of authority: 1. Statutes and Laws; 2. Agency regulations published in the Code of Federal Regulations (CFR), which includes both program and administrative regulations), OMB circulars; and 3) their own internal policies and guidelines.

The Corporation by then granting an award to the Chancellor’s Office, who then subgrants to CSU campuses passes these rules and regulations to you. In other words, as a Learn and Serve Subgrantee, each CSU campus must manage the grant in accordance with all federal and program regulations.
What is the OMB?
♦ Executive Branch agency that assists in the preparation of the federal budget
♦ Responsible for coordination of financial management information
♦ Helps to improve administrative management and develop government wide policies
♦ Assures grants are managed properly and funds are spent in accordance with applicable laws and regulations

All Corporation grants are covered by the OMB Circulars. In cooperation with federal agencies and non-federal parties. The OMB is an executive branch agency that is responsible for the coordination of financial management information, it develops government wide policies and assures grants are managed properly and funds are spent in accordance with applicable laws and regulations.

Each Learn and Serve Grantee and Subgrantee must comply with three specific circulars related to:
1. Cost Principles
2. Administrative Requirements
3. Audits
Cost Principles

♦ Provides guidance about reimbursement requirements
♦ Provides uniform standards of allowability and allocation
♦ Encourages consistency of treatment of costs
Administrative Requirements

♦ Provides consistency and uniformity among Federal agencies in the management of grants and cooperative agreements

♦ Specific grantmaking requirements for CNCS can be found in the *Code of Federal Regulations* (CFR)

♦ The CFR required all Federal agencies to issue a grants management common rule to adopt government wide terms and conditions
How and When do I use the OMB Circulars?

The Circulars provide information relevant to the grant in the following areas:

♦ A-21 Cost Principles for Educational Institutions
♦ A-110 Administrative Requirements
♦ A-133 Audits of States, Local Governments and Non-Profit Organizations

This slide provides a summary of the three OMB Circulars that are relevant to CSU Campuses: A-21, A-110, and A-133.

A-21 refers to the Cost Principles for Educational Institutions, A-110 refers to administrative requirements and A-133 provides the standards for obtaining consistency and uniformity among federal agencies for the audit of organizations expanding federal funds.

Therefore, these three Circulars are the first layer of regulations that provide you with the guidance and foundation for your Financial Management Systems.
Grant Agreement Terms and Conditions

Grant Agreement Terms and Conditions cannot be more restrictive than administrative regulations, but they can modify elements of the regulations.

The Chancellor’s Office has added terms and conditions, as indicated in Rider B - Special Conditions, that go beyond the requirements directed by the OMB Circular.
Learn and Serve Grant Provisions
Becoming Familiar With the Lingo

♦ Learn and Serve America: Higher Education – est. under 42 U.S.C. 12561 and implementing regulations, 45 C.F.R. 2519, to support efforts to make service an integral component of the education and life experiences of students, faculty, and staff in the nation’s institutions of higher education.

♦ Administrative Costs – expenses associated with the overall administration of a Program. Administrative costs include: financial, accounting, auditing, general legal services, general liability insurance, and costs for internal evaluation.

The Subgrantee should note that all Learn and Serve provisions, regulations and documentation pertains to both grant and match funds – they are not separate.
Learn and Serve Grant Provisions

Becoming Familiar With the Lingo

♦ Grant Period – is the compete length of time the sub-grantee is proposed to be funded to complete approved activities under the grant.

♦ Participant – An individual enrolled in the program that receives assistance under the Act, such as students, faculty, administration or staff of higher ed institutions or residents of the community. A participant can not be considered an employee of the program in which she/he is enrolled.
Learn and Serve Grant Provisions
Becoming Familiar With the Lingo

♦ **Mini Grant** – funds given to faculty and community partners to support the activities outlined in the request for proposals. Campuses are encouraged to meet with the campus representative regarding SB1467 and SB41.

♦ **Stipend** – funds given to student participants performing service activities as outlined in the request for proposals.

♦ **Sub-Grant (subgrantee)** – a CSU campus receiving grant funds from the Chancellor’s Office, who is a Grantee of the Corporation (CNCS).
Learn and Serve Grant Provisions
Highlights of the Laws Governing Learn and Serve

♦ Use of Funds - Learn and Serve funds can be used for:

- Program Operating Costs: such as, travel expenses, supplies and personnel expenses and fringe benefits, as long as the funds are used to support the activities outlined in your Learn and Serve proposal. (see section 2 of the LSA provisions and for budget category definitions, see Appendix E: Budget Category Explanations in the RFP).

- Administrative Costs: may not exceed 5% of total grant funds awarded or 5.26% of direct expenditures. (See RFP for step-by-step directions on calculating your campus’s administrative cost for the grant share and match share).

Section B 2. of the Learn and Serve Grant Provisions provides an extensive list of the activities that grant funds may be used for. This slide provides you with a “snapshot” of some types of program operating costs and information regarding administrative costs.

In addition, as you think about revising your budget or making changes to program activities, this is a good guideline for you to use to ensure that the activities you suggest are allowable.

When determining if a cost is acceptable, you must always take into consideration the following:
1. Conditions in your grant contract
2. Learn and Serve provisions
3. OMB Circulars
4. Program Applicability – allocable, allowable, reasonable and necessary
Learn and Serve Grant Provisions

Highlights of the Laws Governing Learn and Serve

♦ **Fund Restrictions** – Neither participants nor staff may engage in prohibited activities as outlined in sections 7 and 8 of the LSA provisions while charging time to the Learn and Serve grant.

In addition, funds **may not** be used for:

- stipends to participants who receive academic credit for their service as part of a course.
- purchasing capital equipment in excess of 10% of your campus’s request.
- food (beyond that which is appropriate for a working meeting – i.e., at a conference or in-service training). Treats for children, birthday parties, coffee funds, thank you dinners, etc are **not allowable**.

For information about fund restrictions, please see Sections 7 and 8 of the LSA Grant Provisions.

A typical question that is often asked is use of funds for recognition events. Within reason, it is allowable to use LSA funds for recognition events. However, providing money, gift certificates, etc to a student or faculty member as a form of recognition is unallowable. Buying LSA promotional items, giving a student group a mini grant to support their community service project as long as it furthers the activities outlined in your grant proposal are allowable uses of LSA funds for recognition events.
Learn and Serve Grant Provisions

Conclusion

The subgrantee is responsible for making sound judgments and decisions related to the Learn and Serve grant. And while the subgrantee is encouraged to seek the advice and opinion of the Chancellor’s Office, it is the subgrantee’s responsibility to ensure that they are in compliance with Federal Regulations and Grant Terms and Conditions in the order of precedence.
Developing a Checks and Balances System

♦ Getting Started

♦ Guidelines for Programmatic Changes

♦ Guidelines for Budgetary Changes

♦ Putting the Checks and Balances System to the Test
Step 1 – Everyone should read the contract which includes the Learn and Serve provisions. You do not need to be an expert. However, this set of information is the first place to check if you have a question.
Step 2 – Set up your program budget. In some cases, you will need to translate Learn and Serve categories to your campus specific categories. If you have question about a Learn and Serve budget categories, see Appendix E in the Learn and Serve Request for Proposals.
Developing a Checks and Balances System

Getting Started

To guarantee that an effective fiscal management system is set up correctly, you should ensure that:

♦ All grant and match expenditures are documented (i.e., paid invoices/receipts that clearly show amounts, brief descriptions, agendas, reports etc) and support why the transactions are allowable under your Learn and Serve grant.

♦ Accounting records trace back to source documentation.

As mentioned in slide #14, documentation requirements are for both Grant and Match Expenditures. It is the responsibility of the Subgrantee to ensure that both the grant and match shares are clearly documented.

Documentation should ensure that costs are:

1. **reasonable and allocable** - Costs must be reasonable for the performance of the award and allocable under OMB principles.

2. **Conform to grant/contract limitation** - Costs should conform to any limitations set forth in OMB principles or in the award as to type or amount of cost items.

3. **Treated consistently** – Costs should be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the organization.

4. **Determined in accordance with Generally Accepted Accounting Principles (GAAP)**

5. **Not included as cost or match for other federally-funded programs**
Developing a Checks and Balances System
Getting Started

♦ All personnel expenses are documented and in accordance with OMB A-21.

♦ Travel authorization, travel advances and travel reimbursement requests are monitored.

OMB A-21: Fiscal Contacts: Make sure that you have a process in place that documents staff and faculty time associated with grants that meet audit standards.
Consulting contracts and invoices are retained and support the work provided.

Documentation of training and technical assistance sessions include: training agenda, course description and cost, sign-in sheet, paid invoices, consultant/trainer agreement.
Developing a Checks and Balances System
Guidelines for Programmatic Changes

Before making significant changes to your program’s grant, send Season Eckardt (seckardt@calstate.edu) an email. Some examples are:

♦ You want to change some of your program’s activities, such as not offering an Engaged Department Institute.

♦ The program director no longer provides leadership for the grant. If this happens, the Chancellor’s Office will automatically conduct a site visit to determine staffing adequacy.
Developing a Checks and Balances System
Guidelines for Programmatic Changes

♦ Your campus wants to contract out for an activity of the proposal that wasn’t previously identified in the proposal. For example, your campus is developing an RTP guide and you decide after-the-fact to hire an outside organization to create the guide.
Developing a Checks and Balances System
Guidelines for Budgetary Changes

Before making significant changes to your program’s budget, you must send Season Eckardt (seckardt@calstate.edu) an email to obtain written approval for the following two reasons:

♦ You want to transfer funds to absorb administrative costs over the administrative limit specified in the approved budget. (This is highly unlikely, since LSA has a 5% fixed rate)

♦ You want to reallocate funds to different line items (staff salaries, supplies), and the amount exceeds 10% of the total program budget. The total program budget includes both the grant and match share.(Section III, Total on LSA Budget Form).
Developing a Checks and Balances System
Guidelines for Budgetary Changes

♦ If request is approved, the Chancellor’s Office will send out a budget amendment, requiring a new set of signatures.

Subgrantees may transfer funds among approved direct cost categories when the cumulative amount of the reallocation does not exceed 10% of the total program budget.
Developing a Checks and Balances System
Budgetary Change Activity

CSU Hollywood has allocated funds for two people to attend a meeting at the Chancellor’s Office – a mere 33 mile drive from Hollywood. However, the meeting location has been moved to Humboldt State University, requiring plane travel and unanticipated budgeted costs. In addition, you are now sending 4 students to the meeting, a cost that you cannot absorb as a match. You have grant funds available to switch around because other events weren’t as costly as anticipated, but now you must figure out if you need to request a budget revision from Season. You’ve calculated your costs as:

Number of People: 6
Airfare: $250/person
Mileage to Airport: 67 miles round trip @ .345/mile
Airport Parking: $11/day x 2 days
Question #1: What would be the minimum amount required to do a budget amendment?

Answer: Any budgetary change over $898 must be approved (10% x $8,979)

Question #2: In this example, do you need an amendment?

Answer: Yes.

Cost of airfare is $250/person + mileage to airport (round trip = $23/person) + airport parking ($11/day x 2 days = $22/person) = $295/person

Total budget reallocation needed = $1770
Developing a Checks and Balances System
Putting the Checks and Balances System to the Test

So now what?
Consider how your team will develop an effective checks and balances system or revisit your current system. Here are some questions to start the conversation:

♦ Does the campus CSL Office have a shadow budget system that records encumbrances and expenses and documents match?

♦ How will you document your match? For audit purposes, tracking your match is critical.

♦ When it comes time to submit a fiscal report (first deadline is December 31, 2004), what steps need to be taken to submit the report? Who will be involved?
Subgrantee Monitoring and Preparing for an Audit

The Chancellor’s Office is responsible for oversight of all Corporation funds, including those funds awarded to subgrantees.

In this respect, the Chancellor’s Office has developed a monitoring system to ensure that appropriate documentation is being retained on our behalf.
Subgrantee Monitoring
Monitoring Strategies

♦ Season Eckardt will set-up periodic onsite or telephone meetings with the program director

♦ Desk Review Monitoring

♦ Site Visit Monitoring

Whether you’ve had a Learn and Serve grant before from the Chancellor’s Office or are a newbie, this section is NEW and is designed to provide you with information about the ways in which our office will monitor your activities. The goal is to ensure that we are in compliance with federal regulations prior to an audit taking place.
Subgrantee Monitoring
Desk Review Monitoring

Desk Review Monitoring is an in-office review of subgrantee information. For each reporting deadline, the CSL office will randomly select up-to 5 campuses and will provide one month’s notice to campuses that are selected. Once the CSL office has received the campus’s Learn and Serve invoice, our office will request the following information on two of the categories in which reimbursement is being requested. Campuses will be required to submit this information within 2 weeks of notification.
Subgrantee Monitoring
Desk Review Monitoring

♦ General Ledger or detail transaction report that supports the reimbursement request

♦ Actual documents that support the reimbursement request for that reporting period (includes such things as invoices, receipts, travel expenses, consultant contracts, etc)

♦ Learn and Serve Invoice for Reporting Period
Subgrantee Monitoring
Desk Review Monitoring

These items will be shared with the Chancellor’s Office Grants Analyst for final review. The Chancellor’s Office will:

♦ Review documents for accuracy, timeliness, content and format, matching requirement calculations and other relevant issues

♦ Communicate successes and issues identified for improvements within 14 days. If the parties determine that there are any costs that are not allowable, the campus invoice will be reduced accordingly.

♦ Provide additional follow-up with the subgrantee to ensure that any deficiencies in compliance have been rectified
Site Visit Monitoring will be coordinated with both Fiscal and Program staff. The CSL office will notify the program in writing of the visitation dates, purpose for the review and provide any other necessary information, including monitoring instruments.

If your campus has not been selected for a desk review prior to the site visit, a review of your financial documents will be conducted at the time of the visit. For more information, read the Subgrant Monitoring Checklist.
Subgrantee Monitoring

Site Visit Monitoring

A typical site visit monitoring review will include a review of two items: 1) progress on the grant activities; and 2) the fiscal management system.

♦ The CO staff will want to meet with the program director and the fiscal contact.
Subgrantee Monitoring
Site Visit Monitoring

♦ A thorough checklist will be given ahead of time for your campus’s preparation.

♦ If serious discrepancies are discovered, an exit interview will be held to discuss results.
Subgrantee Monitoring

Site Visit Monitoring

Post Visit Phase – The CSL Office will meet with the Grants Analyst in the Chancellor’s Office to review the results of the report and provide the following services to the subgrantee:

♦ Distribute the report within 21 days to the program director and other officials as appropriate and request a corrective action plan if needed

♦ Review and approve the corrective action
Subgrantee Monitoring
Site Visit Monitoring

♦ Provide technical assistance as requested

♦ Follow up on items in corrective action plan to ensure that the campus has taken the required action

♦ Consider appropriate restrictions if the campus fails to implement corrective actions, including a reduction in funding

♦ Ensure that site visit documentation and findings are maintained in the subgrantee file.
Preparing for an Audit

The Office of Inspector General conducts all audits for the Corporation for National and Community Service (CNCS).

The Chancellor’s Office and its subgrantees are subject to an audit at any point during the grant period and up to three years from the date of admission of the final FSR. Subgrantees are responsible for maintaining all financial records, supporting documentation and personnel records.

Audit Process

OIG’s objective is to maintain open communication between the auditors and management officials in the following ways:

♦ Audit Notification

♦ Normally at least 30 days notice in writing

♦ May include a listing of requested information (which the Chancellor’s Office would then request of the campuses as needed)

♦ In some circumstances no advance notification is required
Audit Process

The majority of the OIG audit will take place at the Chancellor’s Office, however, subgrantees may be subject to an on-site visit by an OIG auditor. In the case of an audit finding involving a subgrantee, the CO will request the necessary correction report from the campus.
Audit Issues

Some typical audit issues that subgrantees should be aware of are:

- Inadequate source documentation (including a lack of original documents)

- Lack of background checks for participants who have substantial direct contact with children
Audit Issues

❖ Unverifiable match documentation, match is unallowable under applicable cost principles, or match is included as a contribution for another federally assisted program

❖ Expenses not recorded or are reported in an untimely manner
Contract Information

Subgrantees will find the reporting deadlines and procedures put forth by the Chancellor’s Office in Rider B, Special Conditions of their contract. In addition, to the Chancellor’s Office reporting structures, Learn and Serve requires that all subgrantees complete an annual Learn and Serve report (LASSIE).
Contract Information

While the Students in Action (SIA) program and the Realizing the Civic Mission of Education (CME) program have similar reporting structures, they have different reporting deadlines. The Chancellor’s Office will send out reminder emails, however, it is the responsibility of the subgrantee to know this information.

Both programs must submit a hard copy invoice by 5:00 p.m. on the due date and use the Learn and Serve Invoice Form. In addition, upon request, the subgrantee must include all back-up documentation in support of the request for reimbursement.
Contract Information

SIA Program – Submit annual progress and financial reports. The first fiscal and programmatic report is due on May 31, 2005.

CME Program – Submit semi-annual financial reports and semi-annual progress report as requested by the Administrative Director of Community Service Learning. The first fiscal report is due on December 31, 2004. A programmatic check in will occur in February 2005.
Contract Information

♦ Carryover of funds is allowed from the first year to the second year.

♦ Timeline differs between the programmatic and fiscal periods because of our deadline to Learn and Serve. We need to reimburse campuses for their expenses prior to our deadline while also taking into account the end of the state fiscal year. This will result in June 2005 expenses not being reported until the next reporting period, which is OK because the term of your contract is for two years and carryover is allowed.
Contract Information

- Year 2 funds will be issued through a formal campus amendment, contingent upon performance and availability of funds.

- If there are changes to the Year 2 budget, the program director needs to submit this information to Season Eckardt, prior to the Chancellor’s Office issuing a campus amendment. An email reminder will be sent in April 2005.

- Close-out information will be sent ahead of time to program directors and fiscal managers.

- All funds must be expended by May 2006. No-cost carryover extension WILL NOT be approved. Please plan accordingly.

Trivia: Your Fiscal Report reports on Encumbered Funds
Question & Answer Session

Takes place 15 mins. Prior to close of training
Chancellor’s Office Contact Information

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Training Adjourns

Thank You for Your Participation