



**Office of Financial Management  
Accounting Division**

# Course Objectives

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- u Understand the terminology used and the players involved in federal assistance.
- u Understand what federal assistance means in Washington state
- u Understand the grant process and key parts of the grant cycle.
- u Be able to identify the various forms of federal revenue
- u Be able to identify federal assistance and determine a proper CFDA number.
- u Understand federal administrative requirements related to federal assistance and how to access them.

# Course Objectives

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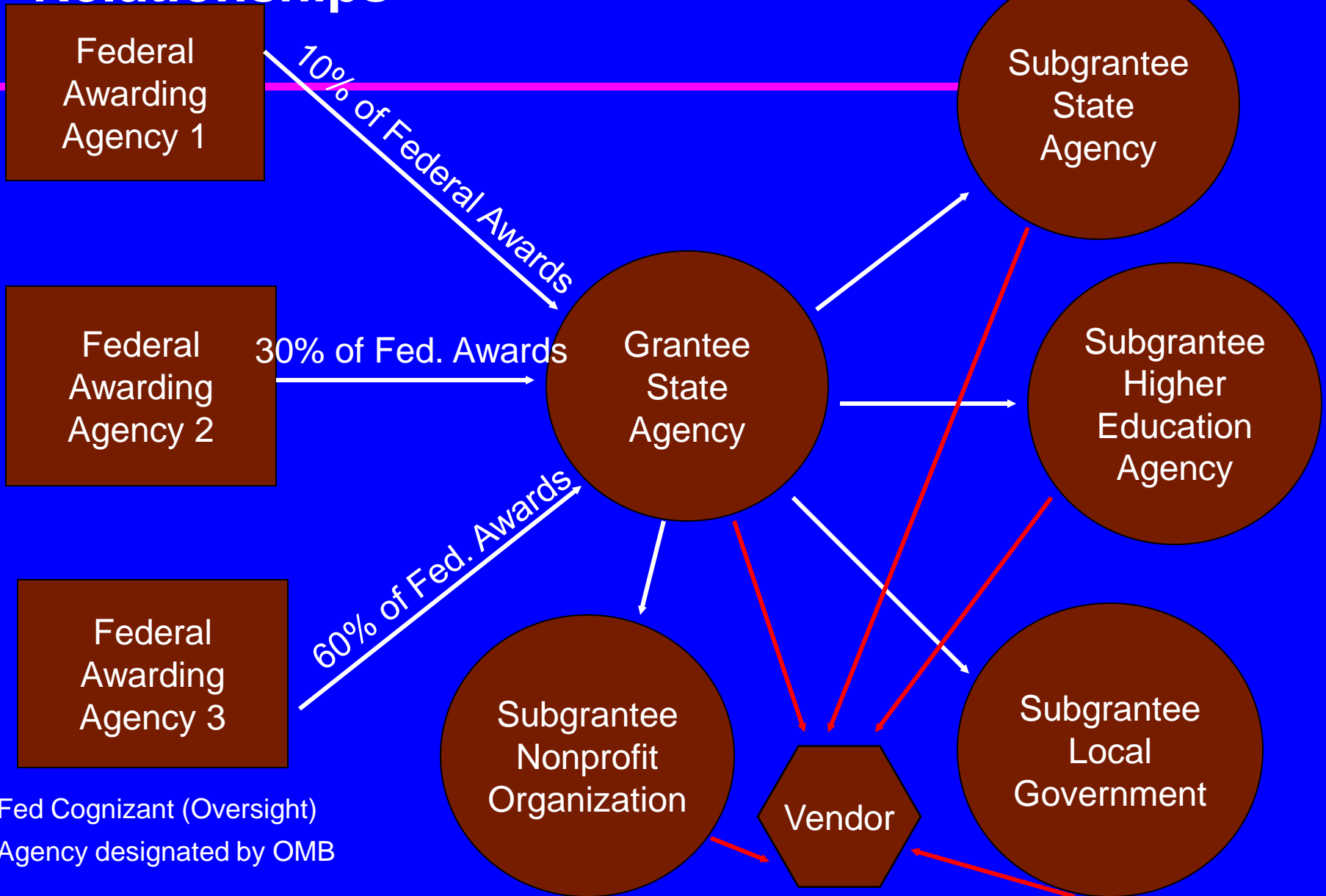
- u Understand federal cost principles related to federal assistance and how to access them.
- u Understand federal compliance requirements and be able to access them.
- u Understand the specifics about the compliance requirements with audit findings.
- u Become familiar with the basics of reporting federal assistance.
- u Become familiar with CMIA requirements.
- u Become familiar with the Federal Single Audit Requirements

# General Course Information

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- u This is strictly an overview class.
- u Grant rules are very programmatic & federal agency specific.
- u Federal assistance or support brings with it substantial compliance requirements (strings attached).
- u Course work today will try to focus on major functions found in most grants.

# Federal Assistance-Agency Relationships



# The Federal Players

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- u Office of Management & Budget (OMB)
- u Government Accountability Office (GAO)
- u Office of Inspector General (OIG)

# The Federal Players

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- u Cognizant Agency
- u Oversight Agency
- u Awarding Agency

# The State Players

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- u Office of Financial Management (OFM)
- u Office of State Auditor
- u Grantee State Agency



# Policy Changes

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- u Update to *Compliance Supplement* for 2012
- u Change to the CMIA threshold
- u Requires changes to SAAM chapter 50 and 95.

# CFDA.gov

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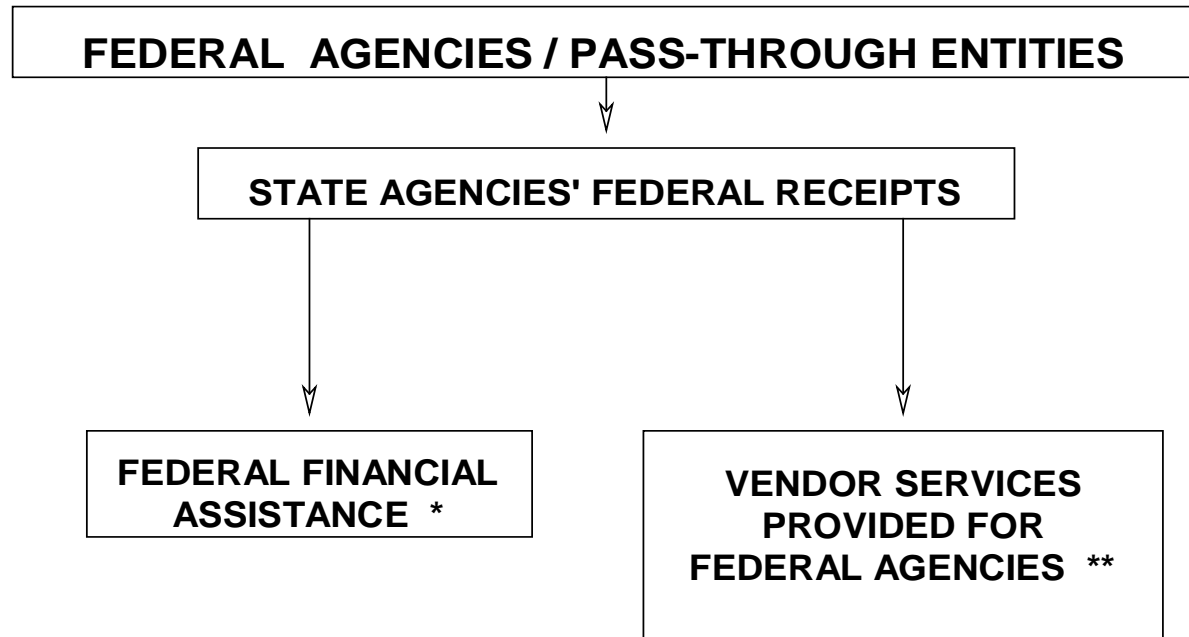
- u On-line federal CFDA website
- u Complete listing of published program descriptions
- u Access to program listings by agency
- u Able to access recovery (stimulus) programs only
- u Able to access historical programs

# Assigning CFDA Numbers

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- u What if a CFDA number is not given for a grant?
- u A number has to be made up so that the grant can be placed on the Schedule of Expenditures of Federal Awards
- u There are two options for making up a CFDA number
- u Use XX.000 or XX.999

# CLASSIFICATION OF FEDERAL RECEIPTS



Information on Contract,  
Federal Assistance, and Vendor Provided

# Federal Revenue Source Codes

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- u **0301–0354; 0356-0399** - Federal Financial Assistance
- u **0355** – Federal Revenue – Non-Assistance (combination of vendor service revenue and other.
- u **0546** - Federal Assistance - Pass-Through (federal financial assistance received from other than federal or state of Washington agency grantors).
- u Subgrant to another state is sometimes confused with revenue reported under source 0546.

# Fed Financial Assistance in Washington State

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- u Concentrated in a few agencies and major federal programs.
- u The amount of federal revenue and expenditures has started to decline a little from FY 10 to FY 11, due to many ARRA grants winding down.
- u Found in many forms:
  - Cash Grants
  - Student Loans
  - Noncash Assistance - Surplus Foods
  - Disaster Assistance

# Types Of Federal Assistance

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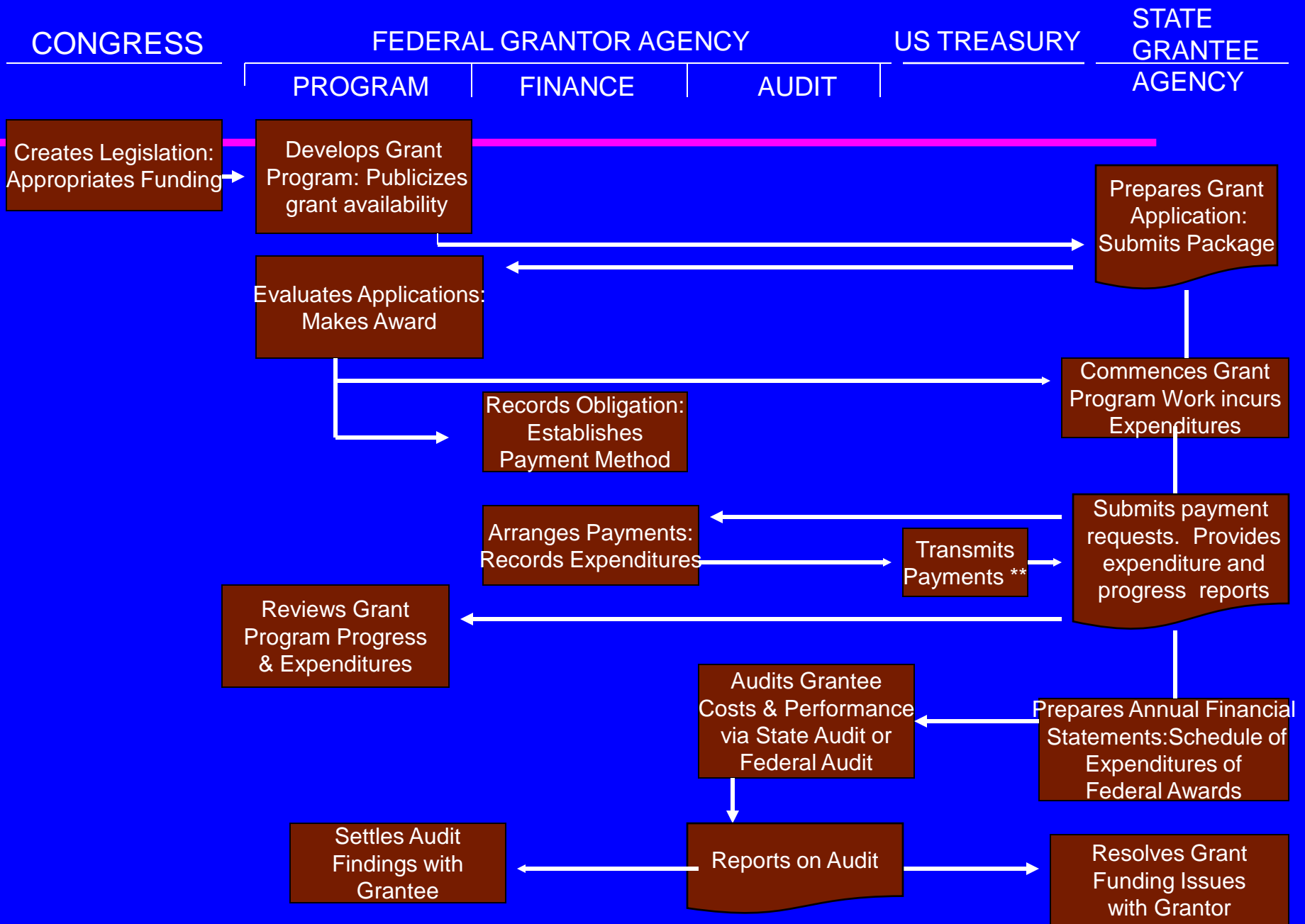
- u Definition of federal financial assistance
- u Definition of a grant
- u Types of grants
- u Types of other federal assistance

## Largest Federal Programs in FY 2008, 2009, 2010, 2011

CFDA #	Federal Agency	Program Title	FY 2008 Expenditures	FY 2009 Expenditures	FY 2010 Expenditures	FY 2011 Expenditures
17.225	DOL	Unemp Ins	891 million	2.5 billion	4.8 billion	3.9 billion
93.778	HHS	Medicaid	3.5 billion	4.3 billion	4.7 billion	4.7 billion
10.551	USDA	Food Stamps	655 million	905 million	1.3 billion	1.5 billion
20.205	DOT	Hwy Plann	716 million	666 million	860 million	730 million
84.268	EDUC	Dir Stud Ln	277 million	331 million	417 million	831 million
<b>Total federal expenditures</b>			<b>10.3 billion</b>	<b>13.8 billion</b>	<b>18.3 billion</b>	<b>17.3 billion</b>



# Overview of The Grant (Cycle) Process



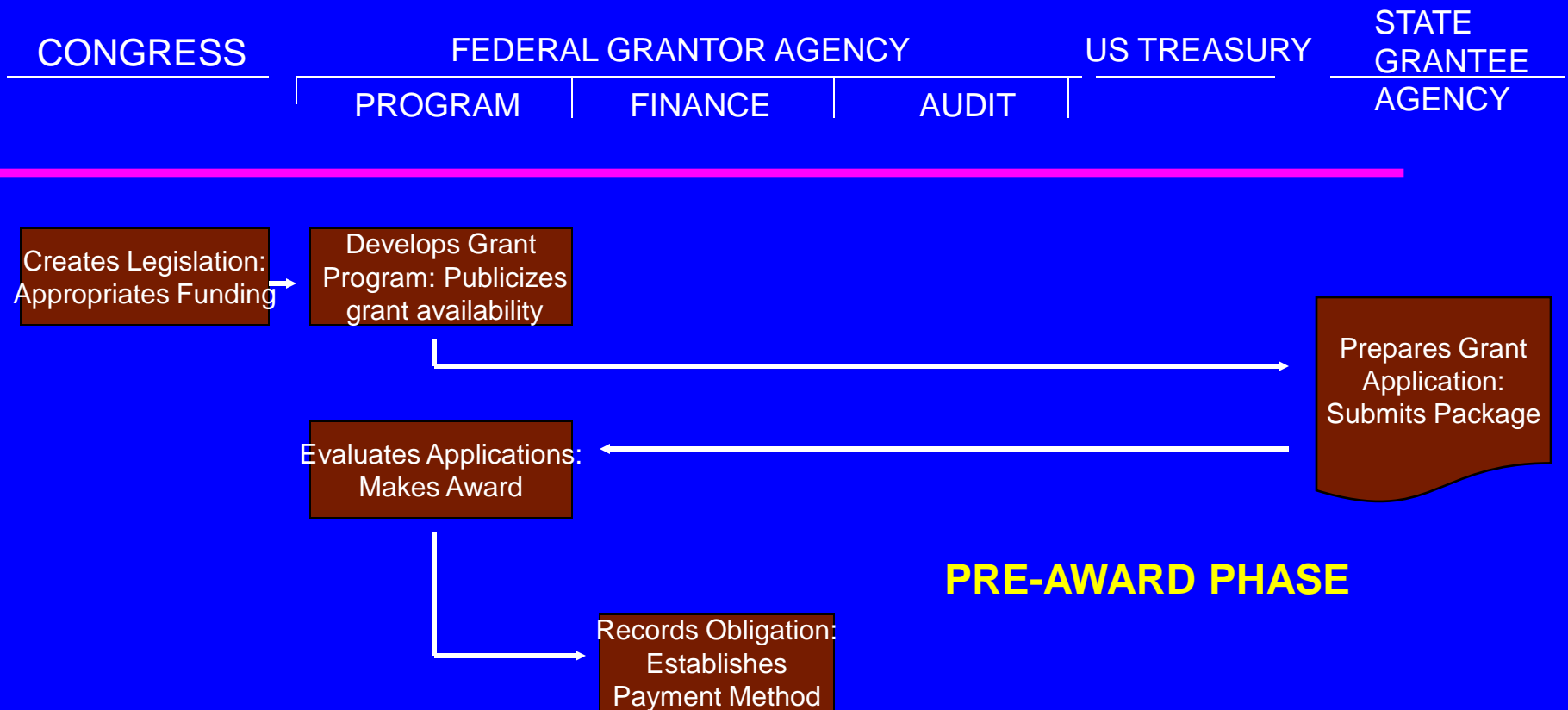
\*\* See Letter of Credit Alternative Payment Process

# The Federal Grant Cycle

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- u There are three phases:
  - Pre-Award Phase
  - Post-Award Phase
  - After-the-Grant Phase
- u Uniform Administrative Guidelines for federal grants are organized by phase:
  - State and local agencies: Common Rule and OMB Circular A-102
  - Higher education agencies & nonprofits: OMB Circular A-110

# Overview of The Grant Process



## PRE-AWARD PHASE

- è Search for and/or notification of available grants.
- è Preapplication assessment.
- è Special considerations for continuing awards and other unique circumstances.
- è Formal application process.
- è File for intergovernmental review if applicable.
- è Federal agency's assessment of application.
- è Federal agency makes award: formal grant contract.

# Pre-Award Phase

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- u Search for available grants:
  - Federal Register
  - CFDA.gov
  - Grants.gov
  - USA.gov
  - Recovery.gov
  - GovBenefits.gov
  - Government Printing Office Federal Digital System
    - » [www.gpo.gov/fdsys](http://www.gpo.gov/fdsys)

# Overview of The Grant Process

CONGRESS

FEDERAL GRANTOR AGENCY

US TREASURY

STATE  
GRANTEE  
AGENCY

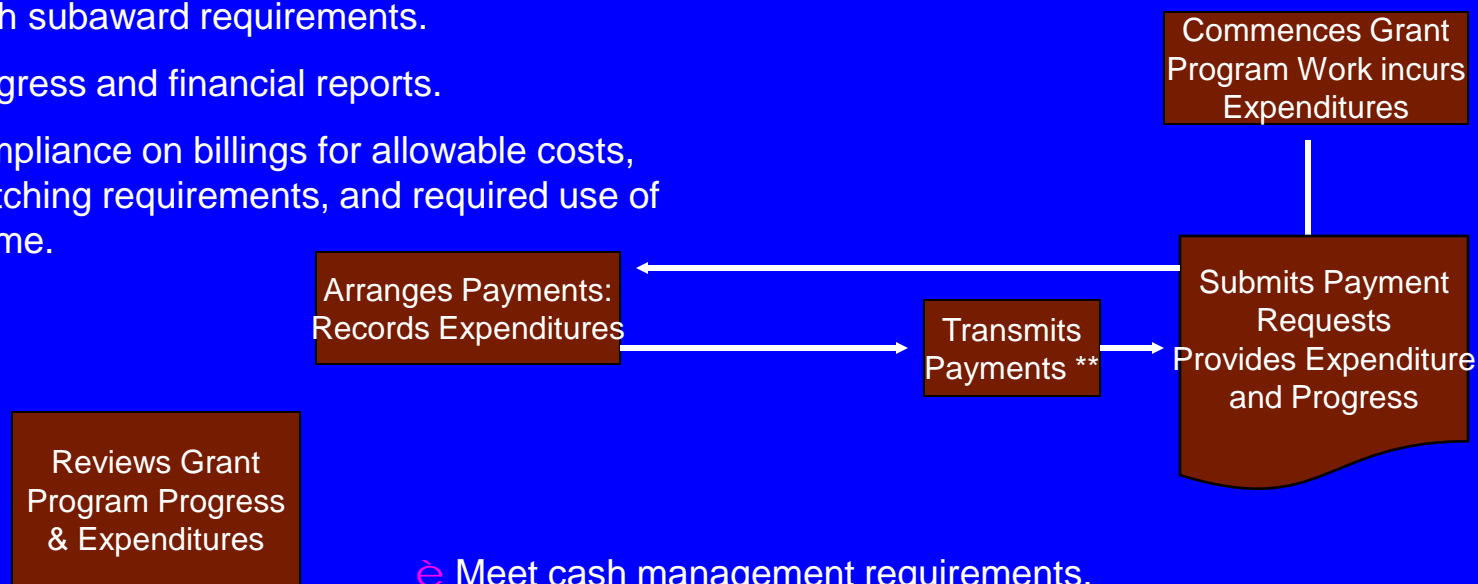
PROGRAM

FINANCE

AUDIT

## Post - Award Phase

- è Achieve program objectives.
- è Meet financial administration standards and requirements.
- è Comply with subaward requirements.
- è Submit progress and financial reports.
- è Ensure compliance on billings for allowable costs, satisfying matching requirements, and required use of program income.



- è Meet cash management requirements.
- è Comply with regulations concerning changes.
- è Follow state/federal requirements for procurement practices and property management.

\*\* See Letter of Credit Alternative Payment Process è Satisfy monitoring and audit requirements.

# Overview of The Grant Process

CONGRESS

FEDERAL GRANTOR AGENCY

US TREASURY

STATE  
GRANTEE  
AGENCY

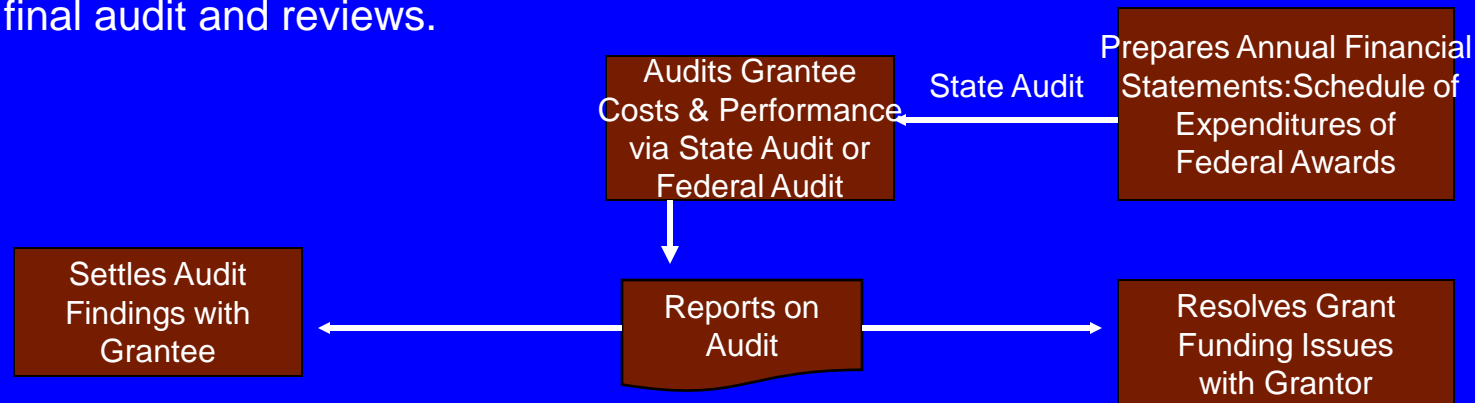
PROGRAM

FINANCE

AUDIT

## AFTER-THE-GRANT PHASE

- è Close out program and remit final progress/financial reports plus settlement of amounts due to either party.
- è Final Audit and/or completion of corrective requirements.
- è Comply with retention and access requirements for records.
- è Possible later disallowances/adjustments may occur pending final audit and reviews.



# Compliance

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- u What is it?
- u Why is it important?
- u What is the basis of compliance?

# What Is Compliance?

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- u Compliance - Following specific requirements for activities allowed or unallowed in federal programs as defined in law, regulations, the provisions of award agreements and administrative guidelines. Requirements are found in:
  - Federal Circulars (e.g., **Compliance Supplement and Uniform Administrative Requirements**)
  - State Administrative & Accounting Manual (SAAM)
  - Federal Agency CFR's



# Why Is Compliance Important?

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- u Auditors are required to check for and comment on
- u Federal awarding agencies are mandated to require and monitor
- u Pass-Through entities are mandated to require and monitor

# What Is The Basis Of Compliance?

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- u Auditors have historically had a document they could consult on compliance requirements

## Compliance Supplement

- u The current document is Appendix B to Circular A-133 and is updated annually.
- u OMB has expanded the purpose of the Supplement to provide compliance information to multiple users - auditors and administrators of federal assistance, both program and financial.

# Compliance Requirements with Audit Findings

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- u Allowable Costs/Cost Principles
- u Activities Allowed or Unallowed
- u Subrecipient Monitoring
- u Special Tests and Provisions
- u Eligibility
- u Cash Management
- u Reporting
- u Suspension and Debarment
- u Period of Availability
- u Davis Bacon

# Activities allowed/Cost Principles

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- u Costs of salaries charged to awards for multiple activities were based on estimates and were not adjusted to actual time.
- u Costs were charged to the grant that were not supported in accordance with federal requirements.
- u Employee time certifications were missing for some employees.
- u Lack of internal controls over reconciling payments to source documentation.

# Monitoring Federal Grants

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- u Definition: Taking those steps necessary to ensure that:
  - Funds allocated for a grant project are being spent according to the grant agreement and other applicable regulations
  - Grant program objectives are being met on a timely schedule
  - All reports and reporting forms are being completed and distributed on time

# Monitoring Federal Grants

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## u Definition (continued)

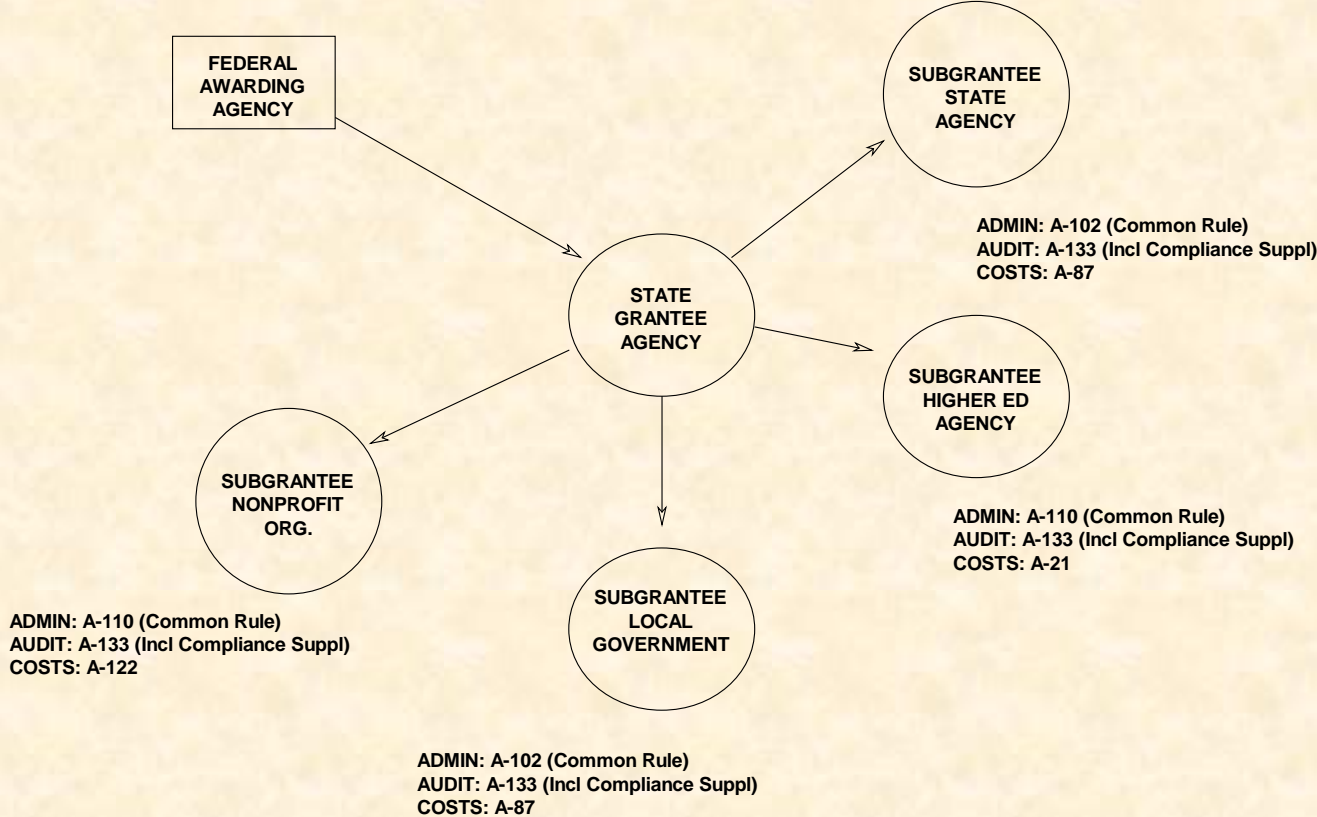
- Reviews, on-site visits and audits are completed as appropriate and any findings or necessary corrections are resolved in a timely manner
- Issues that surface, particularly those of a material nature are dealt with in an expedient manner

# Monitoring Federal Grants

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- u Monitoring takes place at several levels
  - Federal
    - » Federal Cognizant Agency
    - » Federal Awarding Agency
  - State (Grantee)
    - » Self monitoring
    - » Subrecipient monitoring
      - u Required by Uniform Administrative Guidelines
      - u Required by Single Audit Act & OMB Circular A-133
  - Sub-grantee
    - » Self monitoring

# FEDERAL GUIDELINES FOR SUBRECIPIENT MONITORING





# What Is Subrecipient Monitoring?

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- u **Subrecipient Monitoring** is the responsibility of a federal assistance supported, nonfederal, pass-through entity to monitor their subrecipient's activities so as to provide reasonable assurance that the subrecipient is administering federal awards in compliance with applicable laws, regulations, requirements, and contract provisions and that program objectives are being accomplished.

# Pass-Through Entity Responsibilities

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- u Identify federal awards made (including CFDA number)
- u Advise subrecipients of federal award requirements
- u Monitor subrecipient activities, as necessary, to ensure compliance and performance
- u Ensure that subrecipients meet Circular A-133 requirements when required to do so
- u Issue management decisions on relevant subrecipient audit findings
- u Adjust agency records when affected by subrecipient audits
- u Require records access by subrecipients

# Recipient/Subrecipient vs Vendor

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- u Distinction has compliance ramifications
- u Making the distinction can be difficult at times
- u Refer to Circular A-133 and SAAM 50.30.60 for distinguishing characteristics.
- u Additional criteria has been included in SAAM 50.30.60
- u Vendor criteria must be applied both directions
  - Are you providing vendor service to a federal agy?
  - Are you subcontracting for vendor service?

# Subrecipient Monitoring?

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- u Subrecipients are required to register in the CCR database before bidding on a contract funded by the Recovery Act (New for FY10)
- u Provide to subrecipients all identifying information and compliance requirements applicable to the grant.
- u Provide on-site review of subrecipient client files and agency records .
- u Reimburse subrecipients actual costs by reviewing supporting documentation for expenditures incurred
- u Ensure subrecipients receive an audit in accordance with federal regulations and also ensure funds are reported on the SEFA.

# Suspension and Debarment

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## Policy:

Nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$25,000 and all nonprocurement transactions (e.g., subawards to subrecipients).

# Suspension and Debarment

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## Required Action:

- u When you enter into a covered transaction with another party you must verify that the party is not excluded or disqualified by doing one of the following:
- u Check the Excluded Parties List System – be sure to print out your search results.
- u Collect a certification from that party if allowed
- u Add a clause or condition to the covered transaction with that party

# Suspension and Debarment

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- u Include updated suspended and debarment language in all grants, contracts, and agreements.
- u Keep printed documentation of checking for suspended and debarred vendors on the EPLS website.
- u Make sure that staff assigned responsibility for compliance with this requirement are properly trained.

# Other compliance requirements with findings

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- u Provider eligibility requirements were not being met
- u Did not comply with Davis-Bacon (prevailing wage) requirements
- u The program was charged for activities that occurred after the grant period had ended.



# CMIA

## Cash Management Improvement Act of 1990

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- u Original law and Amendments
  - Cash Management Improvement Act of 1990
  - 1992 Amendments
- u Department of Treasury Rule
  - Rules and Procedures for Fund Transfers; Final Rule
  - 31 CFR Part 205
- u CMIA was passed to improve the transfer of federal funds between the federal government and states, territories and the District of Columbia

# Key Components of CMIA

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- u Treasury - State Agreements
  - Based on State's fiscal year
  - Is extended annually
  - Current amendment is effective (7/1/2012-6/30/2013)
  - Submitted by June 30 of each year
- u Annual Reports (must be submitted by December 31 of each year)
- u Annual Interest Exchange (accomplished no later than March 31 of each year)

# Treasury - State Agreements

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- u List the federal assistance programs included by CFDA Number. Inclusion based on dollar threshold per annual expenditures reported on Schedule of Expenditures of Federal Awards.
  - SEFA expenditures for FY 2011 were 18.3 billion
  - Washington's current threshold is \$ 30 million dollars
  - Programs that normally would not be included in an agreement can be inserted for various reasons at the request of either party to the agreement
    - » 31 CFR 205.22 & 23

# What are CMIA's Objectives?

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- u **Efficiency** - To minimize the time between the transfer of funds to the States and the payout for program purposes
- u **Effectiveness** - To ensure that Federal funds are available when requested
- u **Equity** - To assess an interest liability to the Federal Government and/or the States to compensate for the lost value of funds

# Federal Single Audit Requirements

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- u Has been applicable to all state agencies since 1985
- u 1996 amendments to Single Audit Act changed and added responsibilities
- u Circular A-133 implemented the amendments
- u Submission to the clearinghouse has changed to a totally electronic process

# Federal Single Audit Requirements

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- u Purposes
- u Has not reduced burden on state & local governments
  - Federal agencies relying less
- u Major provisions
- u What are the major documents
  - Data Collection Form
  - Reporting Package
    - » Schedule of Expenditures of Federal Awards

# Federal Single Audit Requirements

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- u OMB Circular A-133
  - Covers “non-federal entities”
  - Covers the fiscal year of the entity
  - Covers “federal awards”
  - Triggered by designated threshold of annual expenditures of federal awards (currently \$500,000 from all sources)
  - Single audit versus program specific audit
  - Relationship to other requirements
  - Allowable audit costs

# SEFA Errors

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- u The wrong amount was entered on the Non-Financial Assistance disclosure form
- u Program expenditures were reported under the incorrect CFDA number
- u Program expenditures were not reported on the SEFA
- u Program expenditures were incorrectly reported under Research and Development



# Proposed Federal Grant Changes

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- OMB is proposing changes to the cost principle and administrative circulars and of single audit requirements.
- Federal grant recipients are being given the opportunity to comment on the proposed changes.
- The first big change in over 20 years.

# Important Websites

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## STATE

OFM Home Page

<http://www.ofm.wa.gov>

SAAM

<http://www.ofm.wa.gov/policy/default.asp>

RCWs

<http://www.leg.wa.gov/rcw/default.aspx>

State Stimulus Info

<http://www.recovery.wa.gov>

## FEDERAL

DUNS

<http://www.grants.gov/RequestaDUNS>

OMB Circulars

<http://www.whitehouse.gov/omb/circulars/>

CFDA Catalog

<https://www.cfda.gov>

CFRs

<http://www.access.gpo.gov/nara/cfr/cfr-table-search.html>

Central Contractor  
Registration

<https://www.bpn.gov/ccr/>

Excluded Parties

List

<http://epls.arnet.gov/>

Federal Stimulus Info

<http://www.recovery.gov>

Find Grants

<http://www.grants.gov>

# Contact Information

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