City and County of San Francisco
Controller's Office

Grant Accounting & Management Training

Presented by

Controller's Office – Grants

November 14, 2007

Training Agenda

I. Welcome (Frances Lee) 9:00- 9:15 am
   a. Agenda Review
   b. High Priority Issues

II. Compliance Requirements (Tristan Levardo) 9:15-9:30 am
   a. Highlights
   b. Federal Financial Reporting Standard
   c. Auditee's Responsibilities
   d. Procurement Standard
   e. Competitive Bidding and Sole Source
   f. Davis Bacon Act
   g. Matching
   h. Debarment and Suspension

Training Agenda (cont'd)

III. Subrecipient Monitoring (Tristan Levardo) 9:30- 9:45 am

a. Grant and Contract, defined
b. Subrecipient Versus Vendor
c. Pass-Through Entity Responsibilities
d. G100 Model Grant Agreement

IV. Grants Budget Set-up (Shirley Giang) 9:45-9:55 am

a. FAMIS Screen 5070
b. Catalog of Federal Domestic Assistance (CFDA)
c. Revenue Subobject
d. Schedule of Federal Domestic Assistance
e. Documentation

Training Agenda (cont'd)

V. **Reconciliation** (Shirley Giang) 9:55-10:10 am
   a. Importance
   b. How To Use The Reconciliation Report
   c. Reconciliation Procedures
   d. Examples
   e. Quiz

VI. **Grant Revenues** (Wynnie Ruan) 10:10-10:20 am
   a. Subobject
   b. Advance Grant
   c. Reimbursement Grant
   d. Gifts
   e. Recording Revenues

Training Agenda (cont'd)

VII. Grant Expenditures (Fermi Chau) a. Allowable b. Cost Shifting	10:20-10:30 am
VIII.Personnel Costs (Maricar Gratuito) a. OMB Circular A-87 b. Allowability Requirements	10:30-10:40 am
IX. Reimbursement Requests (Margarette Alviar) a. Frequency b. Impact of delays c. Sample checklist	10:40-10:50 am
X. Questions & Answers	10:50-11:00 am

High Priority Issues

- **Grant Management & Administration**
  - ✓Comply
  - ✓Manage
  - ✓Reports & Records - Program Reports, Financial Reports, Record Retention
  - ✓Monitor Subawards
  - ✓Review Contractors' work and activities
  - ✓Audit
  - ✓Close Out
- **Timely Reconciliation**
- **Catalog of Federal Domestic Assistance (CFDA) numbers**
- **Reporting Requirements & Deadlines**

Compliance Requirements

- Classified into two types: program and financial.
- Examples of compliance requirements: reporting, audits, contracting, debarment and suspension, geographical preferences, Davis Bacon Act, matching, etc.
- Financial compliance requirements are normally stipulated in the grant award or agreement and/or provided by reference to established guidelines (OMB circular, Code of Federal Regulations) or agency-specific grant handbook/manual.

Compliance Requirements (cont'd.)

- Federal Financial Reporting Standard (OMB Circular 102 - Grants and Cooperative Agreements with State and Local Governments) – Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- Use tools to keep track of reporting requirements, e.g. Microsoft Access and Excel.
- OMB circulars link http://www.whitehouse.gov/omb/circulars/index.html

Compliance Requirements (cont'd.)

Auditee's Responsibilities (OMB Circular A-133 - Audits of States, Local Governments, and Non-Profit Organizations)

- Identify all Federal programs/awards received and expended including as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- Maintain internal control over Federal programs.
- Comply with laws, regulations, and the provisions of contracts or grant agreements.
- Prepare appropriate financial statements, including the schedule of expenditures of Federal awards.
- Ensure that the audits required by this part are properly performed and submitted when due.
- Follow up and take corrective action on audit findings.

Compliance Requirements (cont'd.)

Procurement Standard (OMB A-102)

- Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulation, provided that the procurements conform to applicable Federal law and standards.
- All procurement transactions will be conducted in a manner providing full and open competition subject to but not limited to sole source procedures.
- Grantees and subgrantees will conduct procurements in a manner that prohibits the use of statutorily or administratively imposed in-State or local geographical preferences in the evaluation of bids or proposals, except where Federal statutes expressly mandate so.

Compliance Requirements (cont'd.)

Circumstances exempt from competitive bidding that may allow sole source waiver request:

- The item is available only from a single source;
- The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- The awarding agency authorizes noncompetitive proposals;
- After solicitation of a number of sources, competition is determined inadequate.

Compliance Requirements (cont'd.)

Davis Bacon Act

Non-federal entities shall include in their construction contracts subject to the Act:

- Requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act, and
- Requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, *for each week* in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).
- Payment should not be made without receiving the certified payrolls.

Compliance Requirements (cont'd.)

Basic criteria for acceptable matching:

- Are verifiable from the non-Federal entity's records.
- Are not included as contributions for any other federally assisted project or program, unless specifically allowed by Federal program laws and regulations.
- Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- Are allowed under the applicable cost principles.
- Are not paid by the Federal Government under another award, except where authorized by Federal statute to be allowable for cost sharing or matching.
- Are provided for in the approved budget when required by the Federal awarding agency.
- Conform to other applicable provisions of the A-102 Common Rule and OMB Circular A-110 and the laws, regulations, and provisions of contract or grant agreements applicable to the program.

Compliance Requirements (cont'd.)

Debarment and Suspension (OMB Circular 102 - Grants and Cooperative Agreements with State and Local Governments)

- Federal agencies shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549.
- Agencies shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Non-procurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order.
- Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and subgrantees (including contractors) at any tier do not make awards in violation of the non-procurement debarment and suspension common rule.

Subrecipient Monitoring

Grant versus Contract

- A grant or cooperative agreement shall be used only when the principal purpose of a transaction is to accomplish a public purpose of support or stimulation authorized by Federal statute.
- Contracts shall be used when the principal purpose is acquisition of property or services for the direct benefit or use of the Federal Government.

Subrecipient versus Vendor

Awarded to a **subrecipient** when the organization:

- Determines who is eligible to receive what Federal financial assistance;
- Has its performance measured against whether the objectives of the Federal program are met;
- Has responsibility for programmatic decision making;
- Has responsibility for adherence to applicable Federal program compliance requirements; and
- Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

Awarded to a **vendor** when the organization:

- Provides the goods and services within normal business operations;
- Provides similar goods and services to many different purchasers;
- Operates in a competitive environment;
- Provides goods or services that are ancillary to the operation of the Federal program; and
- Is not subject to compliance requirements of the Federal program.

Subrecipient Monitoring (cont'd)

A <u>pass-through entity</u> shall perform the following for the Federal awards it makes to subrecipient:

- Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, and name of Federal agency.
- Advise subrecipients of requirements imposed on them.
- Monitor their activities.
- Ensure that subrecipients expending *$500,000* or more in Federal awards during the fiscal year have met the audit requirements of this part for that fiscal year.
- Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
- Consider whether subrecipient audits necessitate adjustment in our own records.
- Require subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements.

Subrecipient Monitoring (cont'd)

Monitoring methods include:

1. Frequent, scheduled phone conversations allow an informal assessment of how things are proceeding, but may not necessarily reveal whether problems have arisen.
2. Face-to-face meetings provide a more extensive forum for discussion.
3. Written progress reports are a very reliable technique for staying on top of performance. A good progress report should
    a. indicate the status of the project.
    b. highlight the accomplishments vis-à-vis the goals and objectives.
    c. Point out any problems or obstacles.
    d. Discuss work planned for the next period.

Subrecipient Monitoring (cont'd)

4. Financial status reports and payment requests should be used in conjunction with progress reports to ensure expenditures are occurring at a level commensurate to project progress.
5. Review of draft deliverables allows for revising the work product in accord with the contract specifications before the final version is submitted.
6. Site visits - Visiting a subrecipient's location is the best means of obtaining firsthand information on performance. If possible, site visits should be conducted during each major phase of a project.
7. Use City G100 Model Grant Agreement - http://mission.sfgov.org/DocCenter/Docs/DC1386.doc

Grants Budget Set-up

- **FAMIS Screen 5070 - Grant Code Set-up**
- Grant Type – Identify grants by revenue sources by carefully examining grant award/agreement.
  - F = Federal Direct
  - T = Federal Pass-through State/Other
  - S = State
  - L = Local
  - M = Mixed (Multiple Funding Source)
  - P = Private

Grants Budget Set-up (cont'd)

- **Catalog of Federal Domestic Assistance number** (CFDA #) is required for:
  - All Federal Direct
  - Federal Pass-through State/Other

- **Why is CFDA # important?**

  It is used for reporting the grant expenditures in the Schedule of Expenditures of Federal Award (SEFA) in the City and County's Annual Single Audit Report.

Grants Budget Set-up (cont'd)

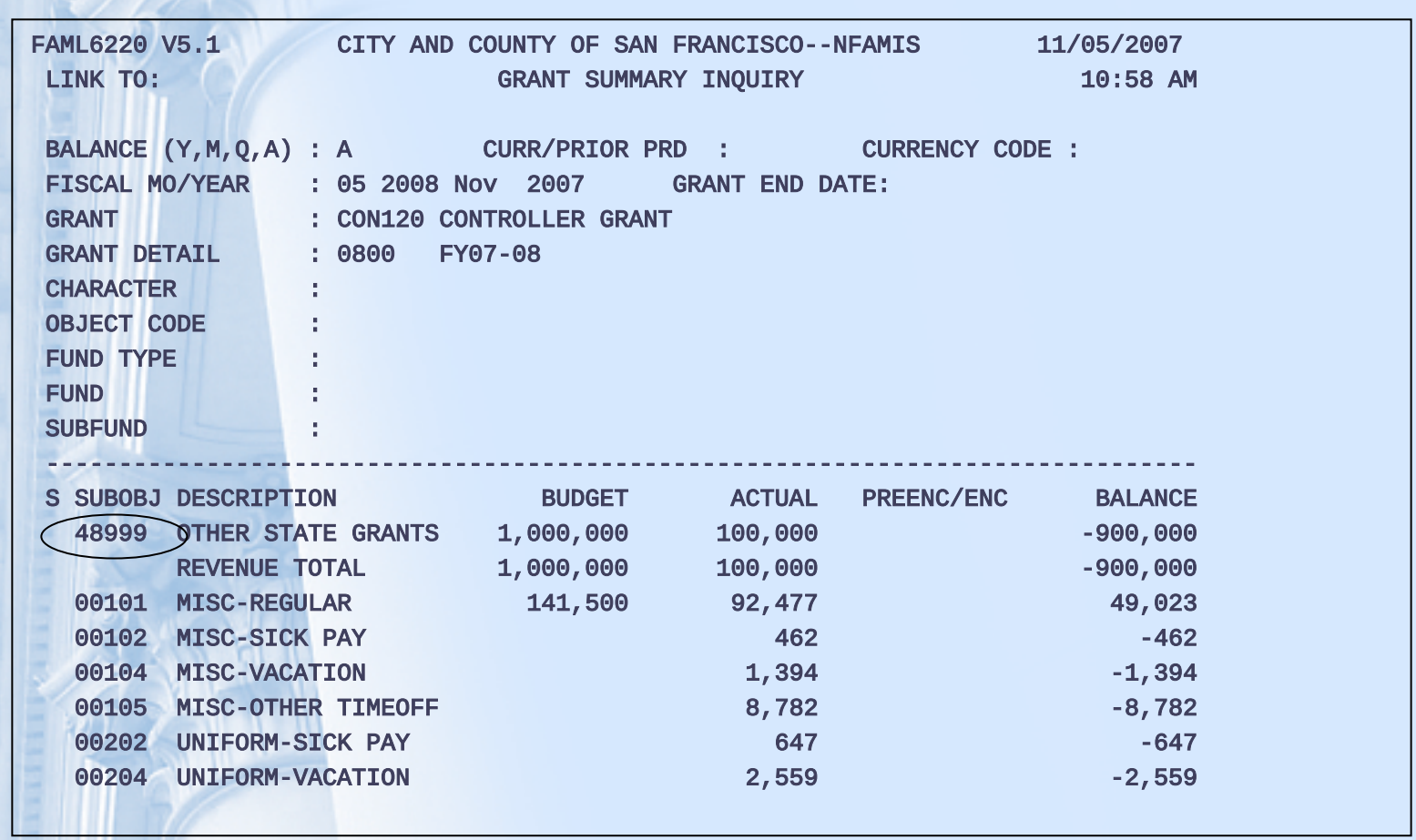
- **Revenue Sub-objects**
  - 44939 – Federal Direct
  - 48999 - State Revenues
  - 44931 - Federal Pass-through State/Other Revenues
  - 49102 - SF Transportation Authority
  - 44011 - Homeland Security Grants Federal Direct
  - 44012 - Homeland Security Grants Pass-Through
  - 78101 - Gifts and Bequests
  - 78201 - Private Grants

Grants Budget Set-up (cont'd)

- **SEFA Report Extract for Single Audit**
  - All CFDA #s, and
  - All revenue character 400, and
  - All grant type with "F" Federal Direct and "T" Federal Pass-Through State/Other
- **Grant Start Date and End Date**
  - FAMIS Plan Dates = Grant Period per grant agreement
  - FAMIS Actual Dates = Transaction posting date
- **FAMIS Screen 5300 – Index Code Set-up**
  - Allocation Control and Allotment Control should follow grant provisions.

```
FAML5070 V5.1        CITY AND COUNTY OF SAN FRANCISCO--NFAMIS        11/05/2007
 LINK TO:                              GRANTS                          10:37 AM
                                                                      PAGE 1 OF 4

 GRANT                : CON120          CONTROLLER GRANT
 GRANT DETAIL         : 0708           CONTROLLER GRANT - FY07-08
 TITLE                : CONTROLLER GRANT TESTING SAMPLE
 LOWER LVL REQUIRED   : N
     GRANT TYPE       : T              FEDERAL PASSTHROUGH
     CONTYP /FNDS CTL: GY   Y          DONOR FUNDING FY
     CCSF FILE NMBR   :
     RESP PERSON      :
     DONOR AGENCY     :
     CCSF APPROVAL    :
     FEDERAL CATALOG  :
     CLOSING DATE     :
     INT DIST BY GRT  :
 PLAN DATES    START : 07/01/2007     END : 06/30/2008    IDC REIMBURSE : N
 ACTUAL DATES  START : 07/01/2007     END : 09/30/2008    GRACE PERIOD  : N
 CREATE DATE : 03/12/2007             STATUS IND  : A
 UPDATE DATE : 07/05/2007             STATUS DATE : 08/12/2007
 F1-HELP      F2-SELECT                 F4-PRIOR     F5-NEXT
              F8-NEXT PG   F9-LINK      F10-SAVE
 G008 - NEXT RECORD DISPLAYED
```



FAML6220 V5.1 CITY AND COUNTY OF SAN FRANCISCO--NFAMIS 11/05/2007
LINK TO: GRANT SUMMARY INQUIRY 10:58 AM

BALANCE (Y,M,Q,A) : A CURR/PRIOR PRD : CURRENCY CODE :
FISCAL MO/YEAR : 05 2008 Nov 2007 GRANT END DATE:
GRANT : CON120 CONTROLLER GRANT
GRANT DETAIL : 0800 FY07-08
CHARACTER :
OBJECT CODE :
FUND TYPE :
FUND :
SUBFUND :

S	SUBOBJ	DESCRIPTION	BUDGET	ACTUAL	PREENC/ENC	BALANCE
	48999	OTHER STATE GRANTS	1,000,000	100,000		-900,000
		REVENUE TOTAL	1,000,000	100,000		-900,000
	00101	MISC-REGULAR	141,500	92,477		49,023
	00102	MISC-SICK PAY		462		-462
	00104	MISC-VACATION		1,394		-1,394
	00105	MISC-OTHER TIMEOFF		8,782		-8,782
	00202	UNIFORM-SICK PAY		647		-647
	00204	UNIFORM-VACATION		2,559		-2,559

Grants Budget Set-up (cont'd)

- **Notepad for Budget Set-up Entry**
  - Funding Agency:
  - Federal Pass-through Agency if applicable:
  - Grant Type (Federal, State, Federal Pass-through, or Private, etc):
  - CFDA #:
  - Grant Award Amount:
  - Grant Period:
  - Board Resolution # or Ordinance #:
  - Required matching/In-kind amount:
  - Reporting Requirements and Due Dates:
  - Audit Requirements and Due Dates:

Grants Budget Set-up (cont'd)

- **Documentation required for budget set-up entries**
  - Official/Signed Grant Award
  - Grant Provision including budget revisions, reporting and audit requirements
  - Budget and Narrative line item description
- **When to submit Accept and Expend Resolution or Ordinance?**
  - Accept & Expend Resolution - No new position is created.
  - Accept & Expend Ordinance - New position is created.
- **Recurring Grant of $5M or more**
  - Submit a resolution to Board of Supervisor at least **60** days prior to the grant deadline for review and approval.

Grants Budget Set-up (cont'd)

- **Contents in Accept & Expend Resolution or Ordinance**
  - Grant Period
  - Grant Amount
  - Type of Services
  - Indirect Costs amount or waiver
  - ASO Amendment required or not
  - Matching Requirement

- **Signatures Required from:**
  - Department Head
  - Controller's Office
  - Mayor's Office

Reconciliation

Importance

- To maintain the financial integrity of the City and County through effective fiscal oversight as well as to comply with the grantor's guidelines and provisions.
- Departments should perform reconciliation procedures at least quarterly.

Reconciliation (cont'd)

How to use the Reconciliation Report

- Operating accounts and general ledger accounts are combined into the report
- Examine discrepancy between the Estimated Revenues and Appropriation
- Process Grant Receivable adjustments.
- Process Deferred Revenue adjustments.
- Transfer out all ineligible costs to other funding source.

Reconciliation (cont'd)

- Submit reimbursement claim in a timely manner.
- Follow up on outstanding reimbursement claims.
- Analyze excess revenues to see if they need to be returned to the grantor.
- Clear cash and other general ledger accounts for expired and old grants.

Reconciliation (cont'd)

- Identify grants for closeout.
- Indicate the correct grant end date. Do not use ending year 2999
- Identify "Active" or "Inactive" grants or changes in the status.
- Keep records on-site at least 3 years following grant closeout or more as required by the granting agency.

All Years Grant Detail Balances for Active Grants (35.30.01.00X) at Fiscal Period 2008-3 per EIS Extract of 10/4/07 11:37 PM

A	B	C	D	E	F	G	H	I	J	K
No	**Grant Code**	**Dept**	**Active / Inactive**	**Status**	**Budget - Sources**	**Actual Sources**	**Budget - Uses**	**Actual Uses**	**Encumbrance**	**Remaining Bal.**
1	CON101_07	CON	Active	Non-Problematic	212,263	212,263	212,263	13,735	-	198,528
2	CON102_08	CON	Active	Non-Problematic	8,992,821	2,274,945	8,992,821	2,589,850	2,093,483	4,309,487
3	CON103_06	CON	Inactive	Closeout In Progress						-
4	CON104_04	CON	Inactive	Closeout In Progress	400,000	400,000	400,000	399,999	-	1
5	CON105_00	CON	Active	Non-Problematic						20,000
6	CON106_02	CON	Inactive	Closeout In Progress						44,749
7	CON107_99	CON	Inactive	Closeout in Progress						-
8	CON108_01	CON	Inactive	Closeout in Progress						(700)

A	B	L	M	N	O	P	Q	R	S	T
No	**Grant Code**	**GL101-Cash**	**GL120-Accounts Receivable**	**GL223-Advances**	**Grant End Date**	**Budget Variance**	**Rev & Exp. Variance**	**Controller's Comments**	**Open/ Close**	**Dept's Comments**
1	CON101_07	198,528	-	-	6/30/2008	-	198,528.18	Please defer revenues if necessary.		
2	CON102_08	(653,453)	338,548	-	6/30/2009	-	(314,904.81)	1) Please follow up accounts receivable of $338,548; 2) please submit claim and accrue receivables.		
3	CON103_06				6/30/2007	-	-	Please confirm closeout.		
4	CON104_04	50,000	-	(50,000)	9/30/2006	-	0.35	Please post corresponding expenditures to the grants.		
5	CON105_00				12/31/2007	60,000.00	-	Please correct budget amount.		
6	CON106_02				6/30/2005	-	44,749.00	Please verify with grant provision if you need to return money to the funding agency.		
7	CON107_99				12/31/2999	-	-	Please update the grant end date and confirm closeout.		
8	CON108_01				6/30/2005	-	(700.10)	Please analyze and clear cash for closeout.		

Quiz

1) To set up Federal Direct grants. Which of the following is correct?
   a) Set up grant type "F" in FAMIS Screen 5070.
   b) Set up grant type "F" in FAMIS Screen 5070, and use sub-object 44939 (Federal) for budget set-up entry.
   c) Set up grant type "F" and indicate CFDA # in FAMIS Screen 5070.
   d) Set up grant type "F", indicate CFDA # in FAMIS Screen 5070, and use sub-object 44939 (Federal) for budget set up entry.

Quiz (cont'd)

2) When grant is funded by both Federal and State, how do we set up the grant code?
   a) Set up as "T" in FAMIS Screen 5070.
   b) Set up as "M" in FAMIS Screen 5070.
   c) Include CFDA # in FAMIS Screen 5070.
   d) Both (a) & (c)
   e) Both (b) & (c)

Quiz (cont'd)

3) On the Controller's grant reconciliation file that was sent to you, cumulative actual revenues exceed the cumulative actual expenditures by $100,000 for one of your department's grant. What is the next step you will need to perform?

a) Defer $100,000 revenues.
b) Charge expenditures of $100,000 to the grant.
c) Analyze the grant in details to see what adjustment needs to be made.
d) No entry is needed.
e) Call the Controller's Office.

Quiz (cont'd)

4) When do Grants Receivables need to be recorded?

a) At least quarterly.

b) When claim is submitted.

c) At year-end.

d) (a), (b) & (c)

e) None of the above

Quiz (cont'd)

5) Grant Award period starts from 09/30/07 through 09/29/08. Which period of expenditures incurred is allowable?
   a) Service period from 10/01/07 through 9/30/08.
   b) Service period from 11/01/07 through 03/31/08.
   c) Service period from 07/01/07 through 09/30/07.
   d) Service period from 07/01/08 through 12/31/08.

Quiz (cont'd)

6) What documentation will be needed prior to submitting the budget entry in FAMIS?

a) Signed Grant Agreement, Accept & Expend Resolution or Ordinance, and Budget Line Item.

b) Letter of Intent to Award.

c) Accept and Expend Resolution and Budget Line Item.

d) Signed Grant Award.

Grant Revenues

Accurate recording of grant revenues results in:

- Timely billing for eligible grant expenditures;
- Consistent reporting of revenue sources (e.g. Federal, State, Private, etc.); and
- Precise revenue recognition at any relevant point in time supporting underlying economic transactions (booking receivable, recognizing revenue from advances, etc.)

Transaction Codes for Recognizing Revenue

Advance Grant

When grant revenue is received before expenditures are incurred, it is considered an advance.

1) Deposit funds as advance:

TC 724: Receipts Increasing Deferred Revenues/Liabilities with Subsidiary

Dr 101 – Cash

Cr 222 – Subventions Received in Advance, OR

223 – Grants Received in Advance

Accounting Effects: Increase current assets (cash) & current liabilities.

2) Recognize advances as revenue when expenditure is incurred (one line entry):

TC 526: Increase Recognition of Deferred Grants/Subvention Revenues

Dr 222 – Subventions Received in Advance, OR

223 – Grants Received in Advance

Cr 411 – Actual Sources

Accounting Effects : Decrease current liabilities & Increase operating account (revenue).

Grant Revenues (cont'd)

Reimbursement Grant

- City spends the money first on eligible expenditures, and then bills the funding agency for reimbursement according to grant claim schedule.
- Departments should set up receivable as they bill the funding agency except for grants with automatic drawdown.
- When claiming is only allowed less frequently than quarterly, revenue accrual should be performed at least quarterly subject to grant eligibility provisions.

After billing grantor & cash reimbursement is not expected within 30 days, recognize revenues as receivable (one line entry):

TC 528: Increase Periodic Accrual of Grant, Subvented & Allocated Revenue

Dr 120 – Grants Receivable, OR
122 – Subventions Receivable
Cr 411 – Actual Sources

Accounting Effects: Increase current assets (receivable) & operating account (revenue).

**Under the modified accrual basis, revenues are recognized when it's available & measurable. The City adopts the rule of 120 days. If reimbursement is not expected within 120 days, departments need to defer the revenue by pairing another line with TC 525 to above entry. (It doesn't apply to enterprise departments using the accrual basis.)

TC 525: Decrease Recognition of Deferred Grants/Subvention Revenues

Dr 411 – Actual Sources
Cr 222 – Subventions Received in Advance, OR
223 – Grants Received in Advance

Accounting Effects : Increase current assets (receivable) & current liabilities. (no effect in operating accounts)

Grant Revenues (cont'd)

If grantor denies all or part of claim, reduce receivable and transfer out ineligible expenditures (one line entry).

TC 527: Decrease Periodic Accrual of Grant, Subvented & Allocated Revenue

Dr 411 – Actual Sources

Cr 120 – Grants Receivable, OR

122 – Subventions Receivable

Accounting Effects : Decrease operating account (revenue) & current assets (receivable).

Grant Revenues (cont'd)

Exception on Gifts:

- Gifts should be recorded in 7E/GIF/GIF for non-enterprise departments.
- Gifts are usually deposited as revenue when funds are received if there is little chance that the City needs to return the gift fund.

  TC 718: Receipts Increasing Revenues

  Dr 101 – Cash

  Cr 411 – Actual Sources

  Accounting Effects: Increase current assets (cash) & operating account (revenue).

Grant Revenues (cont'd)

Recording Revenues When Cash Is Received From Grantor

TC 701 – Cash Receipts Deposited Directly by Dept to B of A for Bank A/C1051 or 1059, OR

TC 703 – Cash Receipts Deposited Thru the Treasurer or Bank Accts not 1051 or 1059

*** and pair with one of the following transaction codes ***

1) If receivable was booked earlier, apply the receipts to receivables.

TC 714: Receipts Applied to Receivables with Subsidiary

Dr 101 – Cash

Cr 120 – Grants Receivable, OR

122 – Subventions Receivable

Accounting Effects: no effect in current assets (Increase in cash & decrease in receivable)

Grant Revenues (cont'd)

2) If receivable was not booked and expenditure was recognized, record as revenue.

TC 718: Receipts Increasing Revenues

Dr 101 – Cash

Cr 411 – Actual Sources

Accounting Effects: Increase current assets (cash) & operating account (revenue).

3) If it is an advance and expenditure was not recognized, deposit funds as advance.

TC 724: Receipts Increasing Deferred Revenues/Liabilities with Subsidiary

Dr 101 – Cash

Cr 222 – Subventions Received in Advance, OR

223 – Grants Received in Advance

Accounting Effects: Increase current assets (cash) & current liabilities.

Clearing Unidentified Receipts

TC 401 – Adjustment to Decrease Unidentified Receipts
*** and pair with one of the following transaction codes ***

1) If receivable was not booked and expenditures were incurred, record receipt as revenue.
   TC 408: Adjustment to Increase Revenue Account
   Dr 101 – Cash
   Cr 411 – Actual Sources
   Accounting Effects: Increase current assets (cash) & operating account (revenue).

2) If prior receivable was booked, the receipts should be applied to receivables.
   TC 446: Receipts Applied to Receivables with Subsidiary
   Dr 101 – Cash
   Cr 120 – Grants Receivable, OR
   122 – Subventions Receivable
   Accounting Effects : No effect in current assets. (Increase cash & decrease receivable)

3) If it is an advance and expenditures were not incurred, record receipt as advance.
   TC 444: Receipts Increasing Deferred Revenues/Liabilities with Subsidiary
   Dr 101 – Cash
   Cr 222 – Subventions Received in Advance, OR
   223 – Grants Received in Advance
   Accounting Effects : Increase current assets (cash) & current liabilities.

Grant Revenues (cont'd)

YEAR-END ACCRUAL

At year-end, all departments should use TC 528 to accrue grant revenues.

Dr 120 – Grants Receivable, OR
122 – Subventions Receivable
Cr 411 – Actual Sources

Accounting Effects: Increase current assets (receivable) & operating account (revenue).

Except if reimbursement is expected to be received within 30 days, use TC 678. Automatic reversal is made in the following fiscal year.

Dr 120 – Grants Receivable, OR
122 – Subventions Receivable
Cr 411 – Actual Sources

Accounting Effects: Increase current assets (receivable) & operating account (revenue).

Grant Expenditures

Basic Guidelines per OMB Circular A-87

Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
b. Be allocable to Federal awards under the provisions of this Circular.
c. Be authorized or not prohibited under State or local laws or regulations.
d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

Grant Expenditures (cont'd)

f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
g. Except as otherwise provided for in this Circular, be determined in accordance with generally accepted accounting principles.
h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
i. Be the net of all applicable credits.
j. Be adequately documented.

Grant Expenditures (cont'd)

What are the auditors looking for?

- Were the grant expenditures actually incurred?
- Did the expenditures benefit the grant?
- Were the expenditures eligible and allowable?
- Were records prepared accurately and timely and were they retained, as required?

Grant Expenditures (cont'd)

Cost transfers and expenditure abatements should be made in accordance with the grant provisions subject to prior approval requirements.

- should be justified and adequately explained in FAMIS and supporting documentation.
- should be accomplished in a timely manner.
- A cost adjustment that had been previously shifted from one funding source to another is typically an audit issue.

Personnel Costs

OMB Circular A-87 states:

Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries, and fringe benefits. The costs of such compensation are allowable to the extent they satisfy the specific requirements of Circular….

Personnel Costs , cont'd

Guidelines:

(1) Is it reasonable for services rendered and conforms to established policy?

(2) Does it follow an appointment made in accordance with governmental unit's law and rules, merit system, or other requirements?

(3) Is it supported by payroll documentation, time distribution?

Personnel Costs, cont'd

- Proper Attendance Records
- Time Distribution Records
- Standards for Time & Effort Reporting
  - After-the fact - use actual not estimates
  - Full disclosure – list type of activities
  - Authorized signature (signed by supervisor)
  - Timely preparation

Personnel Costs , cont'd

To summarize:

1. Appropriately charged to the grant.

2. Activities and time should be properly authorized by supervisor and supported by timesheets.

Reimbursement Requests

- Follow the grant provisions in requesting for reimbursement.
- If frequency for claiming is not stipulated in the grant award, department should perform grant billing periodically, at least quarterly.
- Delay in requesting reimbursement of grant expenditures results to negative cash balance and financial loss.

Reimbursement Requests (cont'd)

Keep track of cash positions on grants and analyze large negative balances.

- To see the cash position of the grant, go to FAMIS screen 6410 (Grant Trial Balance Inquiry), General Ledger Account 101-Equity in City Treasury-Pool.
- A negative balance in GL 101 indicates that the City has expended and should be able to file a claim or draw down on grant funds to reimburse the City Treasury for grant-related expenditures.

Reimbursement Requests (cont'd)

The following should be considered when preparing a reimbursement request:

- Required format and attachments
- Supporting documentation
- Reconciliation between FAMIS and Reimbursement Request
- FAMIS print out

Reimbursement Requests (cont'd)

Sample Checklist in Preparing a Reimbursement Request:

- Drilldown grant expenditures from FAMIS screen 6220.
- Gather all transaction documents, if needed, to verify allowability of expenditures.
- Verify if expenditures are allowed and appropriately charged according to the award budget/provisions.
  - Review personnel costs - FTEs, classifications or positions
  - Review non-personnel costs - included in the budget narratives
- Identify and adjust all ineligible costs in a timely manner (adjustments in FAMIS should occur within a month).
- Reconcile the request with FAMIS, any difference should be properly accounted or adequately explained in the documentation.
- An excel spreadsheet helps in summarizing claimed expenditures and documenting the reconciliation to FAMIS.

```
FAML6220 V5.1        CITY AND COUNTY OF SAN FRANCISCO--NFAMIS        11/09/2007
LINK TO:                      GRANT SUMMARY INQUIRY                   10:16 AM

BALANCE (Y,M,Q,A) : A         CURR/PRIOR PRD  :         CURRENCY CODE :
FISCAL MO/YEAR    : 04 2008 OCT  2007      GRANT END DATE:
GRANT             : CO1234 CONTROLLER GRANT
GRANT DETAIL      :
CHARACTER         : X
OBJECT CODE       :
FUND TYPE         : 2S       SPECIAL REVENUE FUNDS
FUND              : PPF      PUBLIC PROTECTION SPECIAL REVENUE FUND
SUBFUND           : GNC      GRANTS, NON-PROJECT, CONTINUING
-------------------------------------------------------------------------------
S CHAR   DESCRIPTION              BUDGET       ACTUAL   PREENC/ENC      BALANCE
  400    INTERGOVERNMENTAL        50,000       12,000                   38,000
         REVENUE TOTAL            50,000       12,000
  001    SALARIES                  4,000        4,000
  021    NON PERSONNEL SERV       28,000       18,000                   10,000
  040    MATERIALS & SUPPLI       18,000       18,000
         EXPENDITURE TOTAL        50,000       40,000                   10,000
         REVENUE LESS EXPEN                   -28,000                   28,000
```

Grant Reconciliation:

Outstanding Expenditures per FAMIS:	$40,000
Less: Revenues received per FAMIS:	12,000
Unclaimed Expenditures:	28,000
Add:JECO08000001 in approval path:	10,000
(abate charges from 1G & charge grant)	
Claim amount submitted:	$38,000

Questions?