

# Fiscal Overview

Bidders' Conference

8/21/09

# Requirements of Standard Grant Agreement

- Limits on Compensation
- Program/Interest Income
- Audit
- Salary and Bonus Limitation
- Fund Accounting
- Fidelity Bond
- Procurement
- Due Diligence in Expenditure of Funds

# Limits on Compensation

- Method of Compensation – Usually Cost Reimbursement or Performance-Based
- The grantee cannot be reimbursed costs in excess of the grant budget
- Grantee is liable for reimbursement of any grant funds expended in violation of the terms of the grant agreement or the applicable federal regulations

# Program Income & Interest Income

- Revenue in excess of costs is considered program income and must be expended on the grant or returned to DCEO.
- Interest earned on advances of grant funds must be treated as program income.

# Audit Requirements

- Standard audit performed by an independent CPA licensed in the state of Illinois
- Single audit for federal financial assistance

# Salary and Bonus Limitations

- Funds shall not be used to pay the salary and bonuses of an individual, either as direct costs or indirect costs, at a rate in excess of Executive Level II.
- As of January 1, 2009, Executive Level II is \$177,000 per year.
- Salaries expense must be documented by payroll registers, timesheets, salary authorization forms, labor distribution reports, and (if applicable) employment agreements

# Fund Accounting

- Method of accounting used to identify revenue, expenses, assets, and liabilities according to the source of the funds
- Grant funds must be clearly distinguishable from other funds in the grantee's accounting system (i.e., separate account numbers)
- QuickBooks is not considered fund accounting software

# Fidelity Bond

- Bonding (or Crime/Employee Dishonesty Insurance) is required for every officer, director, agent, or employee who handles funds (cash, checks, or other instruments of payment) under the grant agreement
- Minimum – the higher of (1) the highest cash draw down planned or (2) \$100,000

# Procurement

- The grantee shall follow the procurement standards in the federal administrative requirements
- Grantees must have a written procurement policy
- Identifying “partners” for contractual services does not preclude the need for procurement.

# Due Diligence in Expenditure of Funds

- Expenditures s/b made in accordance with sound business practices, arms-length bargaining, and applicable regulations
- GAAP
- Should not exceed the amount that would be incurred by a prudent person under the circumstances prevailing at the time the decision to incur the costs is made

# Expenditure of Funds, Cont'd.

- Reimbursement for purchases from related parties is limited to cost (e.g., You can't charge rent to yourself, but you can be reimbursed for depreciation)
- Consultants' contracts must be supported by written contracts, record of time worked, and evidence of deliverables/performance
  - DOL limit for compensation for any individual consultant is \$450 daily

# Other Requirements

- Written Cost Allocation Plan
- Written Fiscal Policies and Procedures
- Written policies for supportive services, travel, and student payroll/stipends
- Segregation of Duties and/or Mitigating Controls
- Internal controls for payroll, cash disbursements, cash receipts, and bank recs

# Federal Regulations

- Not all DCEO grants are federally funded. Normally, the Notice of Grant Award page in the grant agreement will state if the grant is federally funded. The grant agreement should also include the CFDA number.
- If the grant is federally funded, the organization must comply with all applicable federal regulations. The organization's written fiscal policies and procedures should reference the applicable federal regulations.

# Federal Regulations

	<b>Educational Institutions</b>	<b>States, Local Governments &amp; Indian Tribes</b>	<b>Non-Profit Organizations</b>	<b>Commercial Organizations</b>
<b>COST PRINCIPLES</b>	<b>OMB A-21</b>	<b>OMB A-87</b>	<b>OMB A-122</b>	<b>48 CFR 31</b>
<b>UNIFORM ADMINISTRATIVE REQUIREMENTS</b>	<b>OMB A-110 29 CFR 95</b>	<b>OMB A-102 29 CFR 97 Common Rule</b>	<b>OMB A-110 29 CFR 95</b>	<b>29 CFR 95</b>
<b>AUDIT REQUIREMENTS</b>	<b>OMB A- 133</b>	<b>OMB A-133</b>	<b>OMB A-133</b>	<b>OMB A-133 - (Subrecipients) 29 CFR 96</b>

# Other Regulations

- Other regulations may apply. For example, the Department has issued WIA Policy Letters for the Recovery Act.
- [http://www.commerce.state.il.us/dceo/Bureau/Workforce\\_Development/Economic+Stimulus/](http://www.commerce.state.il.us/dceo/Bureau/Workforce_Development/Economic+Stimulus/)