



# JTED-SNAP PROGRAM

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Grantee Fiscal Requirements



## Federal Regulations

- The New Uniform Guidance applies to the JTED-SNAP Grants
  - Consolidated administrative requirements, cost principles and audit requirements in one Omni-Circular (2 CFR 200).
  - Updated existing requirements

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## Grant Agreement

- Audit Requirements
- Fund Accounting
- Fiscal Reporting Requirements
- Subgrantees
- Internal Controls
- Expenditure of Funds
- Allowable Costs
- Budget Variations
- Program Income
- Monitoring

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## Audit Requirements –

- Grantees are required to submit an audit as outlined in Part 3.1 of the Grant Agreement
- Standard Audit
  - Audit Report must be submitted no later than 9 months after the period audited
  - Annually for the life of the Grant
- Single Audit
  - Audit Report must be submitted no later than 9 months after the end of period audited
  - Or an annual letter stating no single audit is required

## Fund Accounting

- Accrued expenditures must be reported monthly in the Grantee Reporting System (GRS) by the 20<sup>th</sup> calendar day of each month. If the 20<sup>th</sup> falls on a weekend or holiday, the deadline is the previous workday.
- Grantees must submit Quarterly DCEO Grantee Reports (DGRs). Supporting documentation (Trial Balance) must also be submitted to support costs reported. Failure to submit reports by the deadline in the grant agreement will lead to suspension of cash.
- In order to provide support (Trial Balance) that ties to the reported expenditures, grant revenue and expenses must be segregated in your accounting system. The trial balance must be cumulative from the start date of the grant through the reporting date.
- If your chart of accounts does not align with the line items in the grant budget, you must provide a trial balance crosswalk or spreadsheet that reconciles the trial balance to the amounts reported by line item in GRS.

## Trial Balance Example

Trial Balance  
 Program: Workforce Development  
 Grant: Training for Tomorrow 11-791888  
 1/1/2011-6/30/2012

	6/30/2012	
	Debit	Credit
Cash	-	
Grants Receivable	-	
Accounts Payable		-
Grant Revenue		100,000.00
Salary and Fringe	24,000.00	
Supplies	1,000.00	
Training	75,000.00	
<b>TOTAL</b>	<b>100,000.00</b>	<b>100,000.00</b>

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## Fiscal Reporting Requirements

- “The Grantee’s financial management system shall be structured to provide for accurate, current and complete disclosure of the financial results of the Project funded under this Agreement.”
- The general ledger must support costs and revenue reported to the Department and must allow tracing of funds to a level of expenditure adequate to ensure funds have been expended appropriately.
- The costs in the General Ledger must not be less than the revenue earned from the grant.

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## Subgrantees

- Must obtain written approval before providing any portion of this funding to another entity through a grant agreement or contract. Note: Does not apply to vendors.
- Must ensure that subgrantees are aware of the terms and conditions of this grant and abide by them.
- Subgrants must be made in conformance with terms of Agreement (e.g., requirement for a close-out and refund of revenue in excess of costs, lower-tier audits).
- The Uniform Guidance requires a pre-award risk assessment that includes checking the System for Awards Management (SAM) to ensure that all subrecipients are neither excluded nor disqualified.
- Required Contract Clauses in 2 CFR 200.326
- Per USDA, no funds shall be provided to an eligible collaborator or contractor before an agreement is signed by all parties.

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## Internal Controls

- “The Grantee is accountable for all Grant funds received under this Grant, including those expended for or by subgrantees or subrecipients. The Grantee shall maintain effective control and accountability over all Grant Funds, equipment, property, and other assets under the grant as required by the Department.”
- “The Grantee ... must have internal controls consistent with generally accepted accounting practices adopted by the American Institute of Certified Public Accountants.”

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## Internal Controls: Examples

- Written policies and procedures with references to applicable regulations
- Timely bank reconciliations reviewed and approved by someone other than the person responsible for the bank reconciliations
- Segregation of Duties or Mitigating Controls
- Proper Approval of Disbursements
- Supporting Documents for cash disbursements are cancelled to prevent subsequent misuse.

## Internal Control: Policies & Procedures Manual

- Bank Reconciliations
- Cash Depositing
- Cash Disbursements
- Cash Management
- Cost Allocation
- Grant Drawdowns
- Fiscal Compliance Rules & Regulations
- Payroll
- Petty Cash
- Procurement
- Travel
- Property Records
- Recording of Accounting Transactions
- Reporting

## Expenditure of Funds

- “Grant Funds provided under this Agreement must be expended only to perform the tasks set forth in the Scope of Work.”
- “The Department will require a refund from Grantee if (i) the total grant expenditures are less than the amount vouchered to the Grantee from the Department pursuant to the Notice of Grant Award; or (ii) Grant Funds have not been expended or legally obligated in accordance with Budget (Part I) and Scope of Work (Part II) hereof.”
- Any balance of funds unearned at the end of the grant period must be refunded.

## Expenditure of Funds: Principles

- “Grant Expenditures must be made in accordance with generally accepted, sound business practices, arms-length bargaining, and applicable federal and state laws and regulations.”
- “Grant expenditures must conform to the terms and conditions of this Agreement.”
- “Grant expenditures must not exceed the amount that would be incurred by a prudent person under the circumstances prevailing at the time the decision is made to incur the costs.”
- “Grant accounting must be consistent with generally accepted accounting principles.”

## Cost Allowability

- Grant funds will only pay for the costs necessary to complete program objectives.
  - Unnecessary Costs are Prohibited
  - Food/Alcohol/Entertainment Expenses are Prohibited
  - Gifts/Donations/Fundraising/Promotional Materials are Prohibited
  - Fines/Penalties/Interest Costs are Prohibited
  - State Unemployment Tax – Illinois has a SUTA exemption for employees of non-profits and state/local governments participating in a work training program. The exemption does not apply to for-profit entities.
- Costs may be disallowed for duplicative costs incurred for clients who are co-enrolled in more than one program

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## Cost Allowability, cont'd.

- Arms-length bargaining
  - Grantees can not charge themselves market rate for rent or training and pass costs to grant. Grantees can recover depreciation/maintenance for facilities they own. Note: Use allowances are not allowable under the Uniform Guidance.
- Compensation
  - Must be reasonable for services rendered; cannot be for distribution of earnings in excess of costs
  - Bonuses – must be pursuant to an established written policy consistently followed by organization
  - Reserves for severance pay or UI may be unallowable. Refer to the cost principles in the Uniform Guidance.
  - Contract Employees must be properly classified and have proper documentation (i.e., executed contracts, 1099s, invoices showing time worked and deliverables completed).

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## Cost Allowability, cont'd.

- Travel expenses should be in accordance with the latest State of Illinois Travel Regulations or such reasonable travel policies approved by and adopted by the Grantee. The Grantee must retain receipts as source documentation.
- Allocation of Costs: Even if proposed budget states that a certain percentage of payroll or facilities costs will be charged to the grant, allocation of costs must be based on the actual activity of a cost allocation base that reflects benefits received. There must be a written cost allocation plan that describes the allocation methodology.



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## Budget Variations

- “If the Grantee determines that its expenditures for the grant term will vary from the amounts listed in the approved project budget, it must submit a written request for approval from the Department prior to incurring the revised costs.”

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## Program Income

- Grant funds paid in advance must be kept in an interest bearing account and maintained until used in accordance with the Grant Agreement
- Program income earned from the use of grant funds must be spent on grant activities or returned to the Department at the end of the grant term.

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## Monitoring & Technical Assistance

- The grant will be monitored for compliance in accordance with the terms and conditions of the Grant Agreement, together with appropriate programmatic rules, regulations, and/or guidelines that the Department promulgates or implements.
- Onsite Fiscal Monitoring
- Onsite Programmatic Technical Assistance
- Go to JTED-SNAP Frequently Asked Questions on Illinois workNet to ask questions or get additional information.