

2015 Volunteer Generation Fund Fiscal Manual

A. TEN RULES OF FUNDS MANAGEMENT FOR KANSAS VOLUNTEER GENERATION FUND GRANTS

A sound financial management system is essential to operating a successful grant program. A weak system jeopardizes control over federal resources and places a program at risk of having material findings during an audit. The following are ten rules of funds management for CNCS programs:

1. Know Your Regulatory Requirements
2. Document Your Policies and Procedures
3. Maintain Adequate Documentation to Support Expenditures
4. Manage Cash Effectively
5. Design an Efficient Accounting System
6. Maintain Effective Budgetary Controls
7. Document and Report Employees Activities Accurately
8. Meet Matching Requirements and Document In-Kind Contributions Appropriately
9. Report Timely and Accurate Financial Information
10. Maintain Strong Internal Controls

RULE #1 - KNOW YOUR REGULATORY REQUIREMENTS

Regulatory requirements provide the guidance and foundation for your financial management system. For VGF programs, the following requirements apply:

- The Edward M. Kennedy Serve America Act of 2009
 - <http://www.nationalservice.gov/about/serveamerica/index.asp>
- CNCS Provisions (included with grant packet)
- OMB Circular Requirements: <http://www.whitehouse.gov/omb/circulars/index.html>

OMB (Office of Management and Budget) circulars describe a wide variety of financial management issues including administrative requirements, cost principles, and audits. A fiscally sound program should comply with the OMB circulars specifically applicable to the type of institution or organization through which the VGF program is housed (the legal applicant entity for the program). The full text of all OMB circulars can be found on the internet at the address provided above. Applicable OMB circulars are as follows:

For Educational Institutions

- A-110=Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- A-21=Cost Principles for Educational Institutions
- A-133=Audits of States, Local Governments, and Nonprofit Organizations

For Non-Profit Organizations

- A-110=Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- A-122=Cost Principles for Nonprofit Organizations

- A-133=Audits of States, Local Governments, and Nonprofit Organizations

For State and Local Government Entities

- A-87=Cost Principles for State, Local and Indian Tribal Governments
- A-102=Grants and Cooperative Agreements with State and Local Governments
- A-133=Audits of States, Local Governments, and Nonprofit Organizations

RULE #2 - DOCUMENT YOUR POLICIES AND PROCEDURES

Documented policies and procedures are important because:

- They are the standards for the organization's operations
- They help in maintaining information that is crucial to operations that would otherwise remain in employees' heads
- They help in orienting new employees and substitutes if the appropriate personnel are absent

Documented policies and procedures may include such items as:

- Chart of Accounts
- Identification and description of the principal accounting records (e.g., general ledger, budgets, reports)
- Assignment of responsibilities, delegation of authority, etc.
- Explanations of documentation and approval requirements for expenditures
- Instructions for recurring tasks such as preparing monthly reports, bank reconciliations, preparing, completing, and reviewing FSRs, reviewing budgets and match requirements, acceptable standards of conduct, vacation, sick leave, overtime, or holidays for staff, staff performance reviews, etc., procurement standards, requisition and check request approvals, check signer limits, disposal of assets, travel, etc.

RULE #3 - MAINTAIN ADEQUATE DOCUMENTATION TO SUPPORT EXPENDITURES

All expenditures should trace back to source documentation and should include descriptions that support why the transaction is allowable for your grant purposes. Design a filing system that groups grant activities and documents such as the:

- Grant contract, amendments, original application and changes
- Documents from any subgrantees if you subgrant
- Expenses/vendors, consultant agreements, etc.
- General correspondence
- Monthly financial reports (budget to actual)
- Lease agreements
- General liability insurance policy
- In-kind contributions documentation
- Other relevant financial documents

Records must be maintained on all equipment in use by the program and should include at a minimum:

- Description and funding source
- Manufacturer serial number
- Title holder's name and address
- Acquisition date and cost
- Percentage of federal financial participation

Equipment and supplies must be handled in accordance with 45 C.F.R. 2541–Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Government or with 45 C.F.R. 2543–Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit organizations.

RULE #4 - MANAGE CASH EFFECTIVELY

The Kansas Volunteer Commission issues CNCS grants on a reimbursement basis. Programs must minimize the time that elapses between the receipt of funds and the disbursement of these funds and should not carry said funds for more than 30 day without receiving prior permission from the Volunteer Generation Fund grant funds from the Commission are federal funds, and as such, should be deposited in an interest bearing account. Accounting systems should track interest earned on federal funds. Separate general ledger accounts for each grant you receive (federal, state, or private) should be maintained. Bank reconciliation should be prepared monthly. And, a schedule of all bills to be paid should be prepared and maintained.

RULE #5 - DESIGN AN EFFICIENT ACCOUNTING SYSTEM

An efficient accounting system separates accounts for each grant/award, maintains federal and non-federal matching funds separate from grant funds, and records in-kind contributions as both revenues and expenses. Accounting records should be complete with all VGF expenditures and local match entered into the general ledger system. Financial statements should reflect the receipt and use of cash and in-kind contributions. The general ledger should form the basis for the Periodic Expense Report; programs should never draw funds without regard to actual expenses (i.e. programs should not simply divide budgeted line items by the number of months in the program).

An effective accounting structure should facilitate easy transaction input and report generation. The structure should allow for the efficient transfer of information for reports from the accounting system into the Web-Based Reporting System (ONCORPS) or for any reporting system designated by the Kansas Volunteer Commission once ONCORPS has been discontinued.

RULE #6 - MAINTAIN EFFECTIVE BUDGETARY CONTROLS

The budget is a central part of fiscal control, which, when compared to actual spending can provide important information about variances from the original spending plan. In other words, effective budgetary controls should allow for easy comparison of expenditures against the budget and provide for revisions as appropriate.

To produce useful budgetary information, follow these steps:

- Step One:** Design an effective accounting system
- Step Two:** Set up the budget control process
- Step Three:** Accumulate monthly expenditures
- Step Four:** Compare actual expenditures to budget
- Step Five:** Make appropriate revisions.

RULE # 7 - DOCUMENT AND REPORT EMPLOYEES ACTIVITIES ACCURATELY

All salaries/wages charged against your grant (either the grant funds or the match funds) must be supported by signed time and attendance records. This requirement is twofold:

RULE #8 - MEET MATCHING REQUIREMENTS AND DOCUMENT IN-KIND CONTRIBUTIONS APPROPRIATELY

All match contributions, both cash and in-kind, must be properly valued and clearly identifiable from the grantee's records, have adequate supporting documentation, and meet the criteria established by the appropriate circular, A-110 or A-102 implemented by 45 C.F.R. 2541.

Programs must meet the proposed and approved match amount. This match must be met by the end of the program year. Any match using federal funds must have a letter from the agency providing those funds giving explicit permission for the use of those funds as match. Programs may not use other CNCS funds as match.

RULE #9 - REPORT TIMELY AND ACCURATE FINANCIAL INFORMATION

Financial reporting is done through the ONCORPS system. The fiscal reporting forms will be the Periodic Expense Reports (PERs).

PERs will must be submitted by the 10th of the month in order for them to be processed and checks sent the following month (For example, for June expenses, you will submit your June PER by July 10 and will receive the funds the first week of August)

RULE #10 - MAINTAIN STRONG INTERNAL CONTROLS

Maintaining strong internal controls protects organizational resources from waste, fraud, and inefficiency ensures accuracy and reliability in accounting and operating information, ensures compliance with organizational policies, and assists in evaluating organizational performance. Examples of good internal controls include:

- Adequate segregation of duties. The same employee should not authorize, purchase, sign the check and reconcile the statement in the accounting system.
 - There should be a specific approval process for disbursing funds. This includes written policies on approving purchases or other disbursements, for instance, multiple signatures required for purchases over a certain amount and clear delineation of who can authorize/make purchases up to a certain amount
- Maintain documented policies and procedures.
- Establish an adequate review process for financial reports and budgets.
- Maintain adequate cash management procedures, such as monthly bank reconciliations.
- Ensure the physical safety of assets by insuring, maintaining, and tracking property.
- Establish and maintain a system for tracking time and activities of volunteers and staff.

B. ALLOWABLE COSTS

A cost is considered allowable under the grant if it is:

- Reasonable
- Within a budget category
- Complies with generally accepted accounting principles
- Complies with OMB cost principles
- Treated consistently with other costs incurred by the organization
- Documented

An allowable cost is allocable to the Volunteer Generation Fund grant if it is a direct program cost or benefits both the VGF program and other work, but can be distributed fairly between the grant and another funding source (this may be a direct program cost OR an administrative cost, depending on specific information about the particular cost) and **is necessary to the overall administration of the program.**

Administrative (or indirect) costs mean general or centralized expenses of overall administration of an organization that receives Corporation funds and DOES NOT include specific program costs. Administrative costs must be consistent throughout the organization. If you can identify the cost specifically to the program, then it is a direct cost, not an administrative (indirect) cost.

Certain costs are unallowable; unallowable costs include, but are not limited to:

- Bad Debts
- Losses on Other Contracts
- Contributions/Donations
- Entertainment
- Alcohol
- Fines and Penalties
- Defense of Fraud Proceedings
- Interest
- Lobbying/Legislative Costs
- Certain Advertising, Public Relations, and Organization Costs

C. MATCH REQUIREMENTS

Programs must provide and account for matching funds. All programs are required to raise some funds from the private sector, e.g. corporations, foundations, individuals, local businesses, and non-profit organizations.

The match can be from federal, state, local, or private sector funds. Programs may provide matching funds in cash or in-kind, and may use non-CNCS federal funds as match if permitted by the rules governing those federal funds (explicit written permission must be obtained from the agency granting those funds).

Programs must meet the full match proposed in the application budget. All match specified in the budget is part of the grant award, and is subject to all programmatic restrictions and audit requirements.

Matching funds must be accounted for in the general ledger. Many programs utilize in-kind match (a program's contribution of non-cash outlays of materials or resources to support a percentage of grant award activities). This may include non-cash outlays contributed by other public agencies and institutions, private organizations and individuals. Examples include donated office supplies, equipment, space, and professional services. In general, the value of in-kind contributions is determined by fair market value.

D. BUDGET

The KVC tracks its sub-grantees' budget variances to ensure compliance with the required Terms and Conditions of the grant. Variances are tracked through analysis of sub-grantees' reimbursement requests.

Sub-grantees may have budget change without a formal Budget Line Adjustment Request or formal approval as long as the cumulative overages do not exceed 10% of the total budget (both KVC share and Grantee share).

- KVC monitors budget overages with each submitted draw down form, to ensure adherence to the 10% policy; however it is the responsibility of the sub-grantee to ensure management of their budget and compliance with all requirements.

- An overage greater than 10% may be allowed in certain circumstances but will require prior written approval by KVC.
 - To obtain written approval, sub-grantees must first submit a Budget Modification Request in ONCORPS to the KVC
 - This must be submitted and approved BEFORE the exceeded variance occurs
- While this policy does set a threshold for overages, other programmatic or budgetary changes may warrant a Budget Modification Request or formal amendment even if it is below the 10% threshold.
 - This would include any instance in which a new line item is being requested.
- As always, any significant budget and/or programmatic changes should be communicated by the sub-grantee to the KVC.

E. PAYMENTS

The method of payment under the VGF grant is cost reimbursement with all contract costs charged to the approved budget categories specified in the total contract amount of the budget. If costs incurred are allowable and warranted, the Kansas Volunteer Commission will reimburse the program on a need basis.

To receive payment:

- The program shall submit a Periodic Expense Report (PER) in OnCorps.
 - Programs must request reimbursement on the 10th of the month (or if it falls on a holiday or weekend the next work day).
- Programs are not required to draw funds every month but are encouraged to submit on a monthly basis.
- To receive payment, Periodic Expense Reports (PERs) must be approved in ONCORPS.
- Programs must keep all documentation of all expenditures being charged to the Corporation as well as documentation of match (cash and in-kind).
 - The KVC will be reviewing these documents as a part of normal monitoring procedures during a site visit. In addition the KVC may request that copies of supporting documentation be mailed or faxed to their office as a part of the “desk top” monitoring process.

Programs requiring advance payments must request funds based on actual and immediate cash needs in order to minimize surplus cash on hand in accordance with policies established by the U.S. Department of the Treasury in 31 C.F.R. 205. Advance payments are subject to financial management standards specified in OMB Circular A-102 and its implementing regulations (45 C.F.R. 2541) or A-110 and its implementing regulations (45 C.F.R. 2543), as applicable. Advance amount should not be outstanding 30 days past the period the funds for which they were requested. Further, advance payments may be limited or eliminated at any time by the Kansas Volunteer Commission. Lastly, programs must deposit advance funds in federally-insured, interest-bearing accounts.

F. CLOSE-OUT OF YOUR GRANT – FISCAL PROCEDURES

Fiscal closeout procedures will include:

- Submission of a program's **final PER due February 10, 2016**
- Equipment Inventory of items purchased with Federal grant funds with a current per unit fair market value of \$5,000 or more, or a written statement sent via email that there are no such items, if applicable
- Inventory of unused or residual supplies purchased with Federal grant funds which in the aggregate exceed \$5,000 or written statement sent via email that such supplies (if any) do not exceed \$5,000, if applicable

Unexpended Funds

If funds have been drawn, but are unexpended at the end of the grant project period, the program must notify their program officer at the KVC. The program will be expected to return those funds in a timely manner.

G. ONCORPS

The KVC is requiring programs to submit all financial (and programmatic) reports via OnCorps – an electronic data collection system. The KVC has provided each program with their username and temporary password; if a program has misplaced their password they can contact the KVC to reset it.

OnCorps Website: <http://vgf.americorpsks.org/>

Budget

You must have an approved budget in the system before you can submit your first PER

- Log into OnCorps
- Select Financials
- Select Submit Reports
- Select Budget
- You only have one budget period to select, so select it
- You should notice that the line items available are very similar to the budget you submitted in your grant proposals
- Input your grant approved budget figures in the appropriate box
 - Please note that salaries and benefits have been combined
 - Please note that you will need to separate your in-kind and matching cash items

Monthly PER

- Log into OnCorps
- Select Financials
- Select Submit Reports
- Select Periodic Expense Report
 - Insert applicable expenses and match
 - Please be sure to indicate the time period for which you are submitting your PER

Note: For the purpose of this document, the term “partner organization” is defined as an entity that has entered into a contractual relationship with the KVC. As a result, the partner organization has been sub-granted authority to expend grant funds and has accepted the reporting and matching requirements set forth in the contract.

IN-KIND BASICS

As a VGF program, you are required to match a portion of your grant with non-federal resources. Part of this match can be in the form of in-kind donations, that is, donations that do not involve cash. As it is much easier to raise in-kind match than it is cash match, federal guidelines regarding in-kind are strict and require careful documentation.

OMB Circular A-110 states that in-kind contributions must meet the following criteria:

- Verifiable from grantee records
- Necessary and reasonable
- Allowable under cost principles
- Not included as a contribution under any other federal award

What counts as in-kind?

Examples of allowable in-kind contributions include:

- Physical Items
 - Office supplies, computer discs
 - Food & beverages
 - Tools, paint, materials for projects
 - Flyers/marketing materials
- Use of equipment or space
 - Office and meeting space
 - Computers, phones, fax and copy machine use
 - Vehicle usage, construction equipment, paint scaffolding
- An individual’s professional time
 - Supervision of volunteers
 - Training
 - Providing technical assistance on a project
 - Evaluation of the project
 - Oversight of project quality

What does not count as in-kind?

- General, non-skilled volunteer time
- Any cost being paid for by CNCS

VALUE OF IN-KIND

How are In-kind Matching Costs Valued?

Physical items contributed as in-kind are valued at the actual cost or the fair market value of the item. Space and equipment contributed as in-kind are valued at the actual rental cost or fair rental value for the geographic location. A common guideline is to consider how much your organization would reasonably expect to pay if it were purchasing the item. Actual cost should always be used when available.

An individual's time is valued at their actual, regular rate of pay, provided the work they are contributing is similar to their normal line of work. Inclusion of fringe benefits in calculating the value of an individual's time is appropriate, and is calculated as a percentage of the hourly rate.

DOCUMENTING AND REPORTING IN-KIND

What are the requirements for documenting in-kind matching costs?

If in-kind is generated within a partner organization and documented in its accounting system, an In-Kind Receipt Voucher form need not be completed. In lieu of an In-Kind Receipt Voucher, copies of general ledger accounting reports reflecting expenditure by the partner organization must be attached to the In-Kind Match Report. In-kind expenditures must be highlighted on the accounting report and easily traceable to the appropriate cost category on the In-Kind Match Report.

In some instances, a partner organization may be contributing in-kind which is not documented in the accounting system. Examples include office space, the use of office equipment, or a conference room. In this case, an In-Kind Receipt Voucher form must be completed. In addition, a worksheet detailing the valuation and the percentage of the overall cost being contributed must be attached along with the In-Kind Receipt Voucher to the In-Kind Match Report. Again, the In-Kind Match Report must reflect an authorized signature of the partner organization.

When in-kind is generated outside the partner organization, an In-Kind Receipt Voucher form must always be completed. The In-Kind Receipt Voucher must reflect the following information:

- Sponsor Agency Name
- Donor name and address
- Date contributed
- Value of contribution
- Basis for valuation
- Description of services
- Signature of donor
- Authorizing project signature (project supervisor, financial manager or director of the organization)

If available, a copy of supporting documentation that can verify the value of the donation received from outside the partner organization should be obtained from the donor and retained by the partner organization. The In-Kind Receipt Voucher form must reflect the signature of both the donor and an authorized individual of the partner organization. If a donor is contributing more than one type of in-kind, for example supplies and training, a separate Receipt Voucher is completed for each cost category.

How is Site Supervision Documented and Reported?

Because site supervision is contributed throughout the program year and can come from numerous sources, an approach that allows the partner organization to summarize contributions for the report period is recommended below.

Because the portion of time attributable to site supervision is not clearly identifiable in payroll records, and/or the site supervision occurs outside the partner organization, supporting documentation detailing site supervision must be created. Good examples of methods used to document site supervision are:

- A Receipt Voucher form completed and signed by the donor
- A monthly calendar recording the number of hours of supervision provided, signed by the donor

When working with sites to select a method for documenting site supervision, it is important to reinforce that site supervision is being documented, rather than time spent with volunteers. For example, if a site supervisor meets with 3 volunteers at the same time, for a period of one hour, then only one hour of supervision has occurred, even though 3 volunteers were present. In this example, using the volunteer time sheet to document supervision might lead to duplication, should the supervisor indicate one hour of supervision on each volunteer timesheet. When supervising more than one volunteer, a monthly calendar is preferred to avoid duplication. The volunteer timesheet works best for those supervising or meeting with volunteers one-on-one.

The source documentation gathered above is retained by the partner organization. Next steps in documenting and reporting site supervision are as follows:

- From the source documents, a worksheet summarizing all site supervision for the report period is created
- One Receipt Voucher summarizing site supervision for the period is completed and signed by the partner organization
- The worksheet and Receipt Voucher are attached to the in-kind match invoice along with Receipt Vouchers and accounting summaries for other in-kind contributed by the partner organization, if applicable
- In-kind match invoice is signed and filed but may be requested by the KVC to be submitted with the request for reimbursement for the report period

How is Site Supervision Calculated?

The calculation of site supervision is based upon the number of hours in a report period a volunteer is directly supervised, i.e., one on one meeting and discussion between volunteers and supervisor. Site supervision is not based on the number of hours the volunteer is physically located in the school, the classroom, or the service site.

The hours of direct supervision donated are multiplied by the actual salary rate of the site supervisor. Inclusion of fringe benefits in calculating the value of an individual's time is appropriate, and is calculated as a percentage of the hourly rate.

What signatures are required in documenting in-kind contributions?

A signature is required on the In-Kind Match Report. The individual authorized to sign the request for reimbursement or the organization must also sign the In-kind Match Report. This individual is most commonly the financial manager or the director of the organization, and must be someone other than the project supervisor.

The In-Kind Receipt Voucher form must reflect an authorized signature of the partner organization. This is most commonly the project supervisor, but may be the fiscal manager or the director of the organization. When in-kind is generated outside the partner organization, including site supervision, the In-Kind Receipt Voucher form or backup documentation must reflect the signature of the donor, in addition to an authorized signature of the partner organization.

Where is Original Supporting Documentation Retained?

Just as with grant expenditures, original supporting documentation for all in-kind contributions must be retained by the partner organization, maintaining a clear audit trail to accounting reports and In-Kind Receipt Vouchers. Examples of supporting documentation include payroll records, timesheets, sales receipts, rental agreements, rent allocation, travel vouchers, phone bills, room rental rates, training registrations. **Original accounting reports and In-kind Receipt**

Vouchers are retained by the partner organization. Copies may be requested to be sent to the KVC as attachments to the In- Kind Match Report.

In some cases, a partner organization may meet the target match amount stated in the contract budget before the end of the contract period. Partner organizations are required to continue documenting and reporting match along with Requests for reimbursement through the end of the program year.

Sample In-Kind Contribution Form

Contributor Information

Name of Business
or Individual:

Name of Primary Contact:

Address:

City:

State:

Zip Code:

Telephone:

E-mail:

Contributed Goods or Services

Description of Contributed Goods or Services:

Date(s) Contributed:

Real or Estimated Value of Contribution: \$

How was the value determined? Actual Value Appraisal Other

If other, please explain:

Who Made this Value Determination?:

Is there a restriction on the use of this contribution? No Yes

If yes, what are the restrictions?:

Was this Contribution Obtained with or Supported by Federal funds?: No Yes

If yes, please provide the name of the Federal agency and the grant or contract number:

Signature of Contributor

Date Contributed