

Key Financial Issues - AmeriCorps





Primary Financial Issues - AmeriCorps

- A. Documentation: Direct expenses & Match**
- A. Staff Activity Reports**
- A. AmeriCorps Member Timesheets**
- A. Member Eligibility: age; citizenship; tutoring**
- A. Criminal History Checks(CHC): Members & Staff**
- F. Member Activities**

A. Documenting Expenses

Document, Document, Document

**Allowable
Allocable
Reasonable
Consistently Applied**

Documentation Basics

Why Retain Documentation?

- To track incoming information
- To review information
- To provide historical evidence
- To provide evidence of accomplishments
- To prepare for an audit

Establish a written record retention policy

See Handout 1

Project Costs

The total allowable budget or expenditures incurred to operate the program and accomplish its objectives is divided into 2 sections:

**Federal
Share**

Portion of budget or total expenditures paid for with CNCS funds

**Grantee
Share**
aka: match

Portion of total expenditures not paid for with CNCS funds

Federal and Grantee Share funds must be treated consistently

Documentation Example

Staff Salary

- ❑ Signed timesheets with supervisory (if required) approval
- ❑ Quarterly payroll returns (941)
- ❑ Payroll register
- ❑ Personnel file with salary/wage information
- ❑ Employment contract
- ❑ Cancelled checks
- ❑ Direct deposit schedule



Documenting Match

Applicable Cost Principles

Match must be

- Allowable**
- Reasonable**
- Allocable**
- Consistently Applied**

Sources of Match

Cash Contributions

- ❑ Contributions received by cash, check, electronic funds transfer, credit card, or payroll deduction

In-Kind Contributions

- ❑ Value of non-cash contributions provided by non-Federal third parties
- ❑ May be in the form of real property, equipment, supplies, services, and other expendable property

Approved Budget → Match amount and Sources of Match

Sources of Match Changed Significantly → Contact your Grants Officer

Acceptable Match is . . .

Cash and in-kind contributions are accepted as part of the grantee's cost sharing or matching when contributions meet all of the following criteria:

- Are verifiable from the grantee's records
- Are necessary and reasonable for proper and efficient accomplishment of project or program objectives
- Are allowable under the applicable OMB cost principles
- Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching (Serve America Act for AmeriCorps State & National)
- Are provided for in the approved budget
- Conform to other grant provisions or OMB Circulars

Administrative Requirements

Finding Match

Cash:

- Donations
- Leases, sale of goods/services
- Local governments
- State appropriations
- Foundation grants or corporate contributions

In-Kind Contributions:

- Value of donated services and/or donated goods



Labor ★ space ★ vehicles ★
training ★ supplies ★
equipment ★ services

Valuing In-Kind Contributions

- Use fair market price
- Consider what it would cost to obtain similar goods or services
- The donor must provide the value of the donation
- Review the donation letter or form to ensure the value is reasonable



The IRS defines **fair market value** as the price that item would sell for on the open market

Documenting In-Kind Contributions

1. Document the basis for determining value of personal services, material, equipment, building, and land
2. Obtain written acknowledgement from the donor to include:
 - Name and signature of donor
 - Date and location of donation
 - Detailed description of item or service
 - Estimated value of contribution, how value was determined, who made the determination
 - Whether the contribution was obtained with Federal funds

***** *Keep a copy of the receipt in your files* *****

If audited, a grantee may be required to obtain full supporting documentation from all donors, if not available during the audit.

Exception: Volunteer Match



Do not count as match -

- The value of direct community services performed by volunteers (one of the grant objectives – promote volunteerism & volunteer recruitment)



Do count as match -

- Services that contribute to organizational functions
- Count services such as accounting, legal, training of staff or members that are elements of the grantee's cost allocation plan

Recording In-Kind Contributions

- Maintain adequate documentation to support amounts claimed as match
- Maintain same documentation for both CNCS Federal share and for grantee's share
- Documentation must meet same standards as other expenditures within organization
- Record donation and valuation of item in detail
- Enter into the General Ledger as income and expenditure
 - Failure to enter match contributions into general ledger should have an explanation and separate spread sheet accountability of receipt and use



Why Record In-Kind in the General Ledger?

Statement of Financial Accounting Standards
(SFAS #116) sets the standard:

- Contributed services are recognized in financial statements if services received:
 - Create or enhance non-financial assets, or
 - Require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

Pitfalls Related to In-Kind

Audit Findings:

- ❑ Inadequate documentation
- ❑ In-kind contributions not supported with after-the-fact documentation (promissory note is not acceptable)
- ❑ Expense was not necessary to operate grant
- ❑ Expense was unreasonable or excessive
- ❑ Expense was inadequately supported to determine if it was allowable and allocable
- ❑ Expenses not included in the approved budget
- ❑ Expenses incurred outside of the grant award period

Pitfalls Related to In-Kind

Consequences:

- May disallow match causing minimum match not to be met
- May disallow Federal funds if minimum match cannot be met
- May decide to audit all match or question all match if unable to confirm if match is reasonable or allocable

Preventive Actions:

- Ensure documentation is adequate for all match
- Review all match to ensure it is necessary and reasonable
- Followup on promises to provide in-kind and obtain documentation
- Obtain written approval from other Federal agency to count its funds
- Request budget amendments to include new sources of match
- Determine if costs are allowable – ask questions, don't risk it!
- Know the regulatory and other match requirements
 - **AmeriCorps § 45 CFR 2521**

Activity

Match or Not?



See Activity 1

B. Staff Activity Reports -Timesheet Requirements

All salaries and wages charged to grants must be supported by signed time & attendance records, i.e., timesheets

Exceptions:

- State, Local and Indian Tribal Governments must comply with requirements of § 2 CFR 225 [OMB A-87]
- Educational Institutions must comply with requirements of § 2 CFR 220 [OMB A-21]
- Fixed-Amount Grants are exempt from timekeeping requirements

Exception 1:

State, Local, and Indian Tribal Governments

§ 2 CFR 225 (formerly A-87):

Budget estimates determined before services are performed do not qualify as support for charges to Federal awards, except on an interim accounting basis, provided that:

- The government's system for estimates produce reasonable approximation of the activity actually performed
- Quarterly comparison is performed of actual activity costs to budgeted estimates based on monthly activity reports
- Budget estimates are revised at least quarterly to reflect changed circumstances

Exception 2:

Educational Institutions

§ 2 CFR 220 (formerly A-21):

Salaries, wages, and fringe benefits are allowable to the extent that the total compensation to individual employees:

- Conforms to the established policies of the institution *
- Are consistently applied
- Provided that the charges for work performed directly on sponsored agreements and for other work allocable as facilities and administrative (F&A) costs are determined and supported as defined in § 2 CFR 220

*** Check with your Accounting Department for your college or university requirements**

Significance

- ❑ **CNCS/OIG** Audit Reports Issued
 - 7 of 7 (100%) AmeriCorps State reports in 2011 identified some programs not correctly recording staff time worked on AmeriCorps grants

- ❑ **Timesheets** account for one of the largest expenses line items

- ❑ **Timesheets** are not being used just for payroll – Timesheets are used for project management, invoicing funders, developing reports, and employee management



Audits

Audit Findings:

- Inadequate time and activity documentation to support charges to the grant of a non-profit
 - Salaries and wages charged to the grant for NON-PROFITS:
 - On the basis of budgeted amounts
 - Based on estimates
 - On the basis of the specific grant activity only, when also involved in other activities
 - Unsigned timesheets
 - Time not allocated among various activities



Time & Attendance – Staff Activity (cont'd)

Potential Consequences:

- Entire claimed salaries & wages over the course of the grant may be disallowed;
- Or, grantee staff spend excessive time on alternative contemporaneous documentation years after the fact- audit is often 3 or more years later – frequently cognizant staff have moved on

Preventive Actions:

- Understand Federal requirements for timekeeping by organization type:
 - Non-profit Organizations – 2 CFR §230 (OMB A-122)
 - Educational Institutions – 2 CFR §220 (OMB A-21)
 - State, Local & Indian Tribal Governments – 2 CFR §225 (OMB A-87)



Time & Attendance – Staff Activity (cont'd)

Preventive Actions:

- Use timesheets that align with the payroll period to report all activities of the employee, both on the grant & other projects
- Implement procedures whereby all timesheets are reviewed and approved by a supervisor before sent to payroll
- Whether treated as direct or indirect costs, or paid by Federal funds or match, timesheet must:
 - Be maintained for all staff (professionals and nonprofessionals) whose compensation is charged, in whole or in part, directly to awards or as match
 - Reflect an after-the-fact determination of the employee actual activity (not budgeted)
 - Account for the total activity of each employee
 - Be signed by the employee or supervisor having first hand knowledge
 - Be prepared at least monthly & must coincide with one/more pay periods



Best Practices for Timesheet Preparation

- ❑ Record time allocations daily
- ❑ Actual hours worked is better than “in-out” time
- ❑ Round to the nearest ¼ hour (.25)
- ❑ If using a manual timesheet, use ink to post your time
- ❑ Do not enter time charges before the date, except for planned leave
 - Make sure this is in your written policy
- ❑ Do not sign timesheet until end of pay period
- ❑ Double-check your time for accuracy
- ❑ Make changes by striking through and initialing
- ❑ Do not use white-out

ABC Non-profit

1234 United Blvd.
Dallas, TX 75355
Telephone: (214) 555-6666; FAX: (214) 555-7777

Employee Name: Jane Q. Coordinator
Title: Program Coordinator
Department: Service Program

BI-WEEKLY TIME SHEET

Project Name: Happy Kids After School Program
Pay Period: 6/21/2010 to 7/4/2010
Supervisor: On Lee N. Amertson

Days	S	M	T	W	TH	F	S	S	M	T	W	TH	F	S	Total Hrs.
Dates	6.21.10	6.22.10	6.23.10	6.24.10	6.25.10	6.26.10	6.27.10	6.28.10	6.29.10	6.30.10	7.1.10	7.2.10	7.3.10	7.4.10	
Task or Grant Project															
AmeriCorps After School Program		5	4.75	4.5		3			4	8	7	8	8		51.25
Fundraising*				2							1				3
Headstart Program		3				8			4						13
Annual Leave				1.5											1.5
Sick Leave			3.25		8										11.25
Holiday															0
Leave: Other															0
TOTALS:	0	8	8	8	8	8	0	0	8	8	8	8	8	0	80

By signing below, I hereby attest that the time recorded on this time sheet is true and accurate to the best of my knowledge.

Employee Signature

Date

Supervisor's Signature

Date

Instructions:

1. Calculate all time in 15 minute increments, for example: 1.25, 2.50, 4.75.
 2. Employee must submit timesheet to his/her supervisor by the ____ day of the pay period.
 3. Sign timesheet with ink pen only (no pencil, no erasable pen).
 4. Do not use "white-out" to correct mistakes, instead cross-out the error, write-in the correct number, and initial correction.
- * = Do not charge time spent in organized fundraising solely to raise capital to Federal grants, whether to Federal or non-Federal share

NOTE: Electronic timesheets are allowed when a grantee (1) has an established, written policy establishing the use of electronic timekeeping systems; (2) has a secure, verifiable electronic signature system that a) identifies and authenticates a particular person as the source of the electronic signature, and b) indicates such person's approval of the time; and (3) does not allow changes to the electronic record once appropriate electronic signatures have been applied unless there is a clear, auditable record of the revision.

See Handout 2

Electronic Timesheets

Electronic timesheets are allowed when a grantee:

- Has an established, written policy establishing the use of electronic timekeeping systems
- Has a secure, verifiable electronic signature system that:
 - Identifies and authenticates a particular person as the source of the electronic signature, and
 - Indicates such person's approval of the time; and
- Does not allow changes to the electronic record once appropriate electronic signatures have been applied unless there is a clear, auditable record of the revision

C. Time & Attendance – Member

Finding:

Timesheets: Members (AmeriCorps) :

- ❑ Not signed by supervisor and member
- ❑ Hours don't add correctly
- ❑ Missing timesheets
- ❑ No service hours or justification while being paid
- ❑ Still on payroll while suspended or early departure
- ❑ Training/fundraising hours are not segregated or hours exceed limits
- ❑ Timesheets do not support certification of hours for education award





LUNCH &

NETWORKING



C. Member Timesheets

- Member timesheets are a record of service and training hours
- They are documentation necessary to support eligibility for the education award and must support the number of hours for the type of award
- Must be: totaled correctly, marked with permanent ink and **SIGNED** and dated by **BOTH** member and supervisor



Member Timesheets

- Member timesheets should document service, training, and fundraising
- Training time cannot exceed 20% of the aggregate hours for all program members
- Fundraising is limited to 10% of the individual member hours



Time & Attendance – Member

- **Potential Consequences:** Unsupported time can result in disallowed stipends, benefits or education awards

- **Preventive Actions:** Written Policies & Procedures; periodic sampling; use timesheets aligned with the project type that contain required information for the participant:
 - Daily record all time and activity
 - Participant **and** supervisor: sign & date
 - Time allocation for fund-raising, if required

AmeriCorps Member Timesheet



ABC Non-Profit • 1234 United Blvd., Dallas, TX 75555
 Telephone: (214) 555-6644; FAX (214) 555-7755
 Email: ABCNonprofit@aol.com

For program administration use only

 Hours entered into OnCampus:

Member Name: A. Mary Corps
 Title: AWC Member
 Department: Service Program

Project Name: Happy Kids After School Program
 Pay Period: 6/21/10 to 7/4/10
 Supervisor: Lan S. American

Member Service Log												
Day	Dates	Morning Hours			Afternoon Hours			Total Hours	Total Activity Hours			
		In	Out	# of Hours	In	Out	# of Hours		Direct Service	Training	Fund-raising	
Monday	6.21.10	8:00	12:00	4	1:00	5:00	4	8			8	
Tuesday	6.22.10	8:00	12:00	4	1:00	2:00	1	5		5		
Wednesday	6.23.10	8:00	12:00	4	1:00	5:00	4	8				
Thursday	6.24.10	8:00	12:00	4	1:00	8:00	7	11		11		
Friday	6.25.10	8:00	12:00	4	1:00	4:00	3	7		7		
Saturday	6.26.10											
Sunday	6.27.10											
Monday	6.28.10	9:00	12:00	3	1:00	5:00	4	7		7		
Tuesday	6.29.10	8:00	12:00	4	1:00	3:00	2	6		6		
Wednesday	6.30.10	8:00	12:00	4	1:00	5:00	4	8		8		
Thursday	7.1.10	8:00	12:00	4	1:00	5:00	4	8		8		
Friday	7.2.10	8:00	12:00	4	1:00	4:00	3	7		7		
Saturday	7.3.10											
Sunday	7.4.10											
Total Hours:								75	55	12	8	

See Handout 3

By signing below, I hereby attest that the time recorded on this time sheet is true and accurate to the best of my knowledge

 Member Signature

 Supervisor's Signature

 Date

 Date

Member Service Log Instructions:

1. Complete service log on a daily basis, noting activity type for all time.
2. Track hours in 15-minute increments, using these fractions:
 1 - 15 minutes = .25 16 - 30 minutes = .50 31 - 45 minutes = .75 46 - 60 minutes = 1.00
3. Lunch breaks should not count as service hours unless the lunch hour includes structured activities like speakers and trainings
4. Check math to make sure hours are added properly.
5. All service logs must be signed and dated by **BOTH** member and supervisor.
 Your service log will be sent back to you for completion if this information is missing.
6. Member must submit timesheet to his/her supervisor by the last day of the pay period.
7. Sign timesheets with ink pen only (not pencil or erasable pen)
8. Do not use "White Out" to correct mistakes. Use through the error, write in the correct number, and initial the correction

NOTE: Electronic timesheets are allowed when a grantee (1) has an established, written policy establishing the use of electronic timekeeping systems; (2) has a secure, verifiable electronic signature system that a) identifies and authenticates a particular person as the source of the electronic signature, and b) indicates such person's approval of the time; and (3) does not allow changes to the electronic record once appropriate electronic signatures have been applied unless there is a clear, auditable record of the revision.



Sample: Timesheet Instructions – A* Members

- Complete service log and submit in a timely manner

- Only hours served should be documented, do not include lunch breaks as service hours

- Divide your total hours according to the activities you performed (for AmeriCorps direct service, training or fundraising)
 - Record these activity hours in the appropriate columns



Sample: Timesheet Instructions – A* Members

- ❑ All totals should be mathematically correct
- ❑ All service logs must be **signed and dated by member and site supervisor**
- ❑ Sites must maintain a file with the original service logs
- ❑ Never use whiteout to make corrections – throw it out!!!
- ❑ Use a permanent means to document all time, i.e., never use pencils or erasable pen
- ❑ Electronic timesheets acceptable if control standards are met

Significance (cont'd)

- The member's education awards may become questioned and disallowed if:
 - Timesheets are added incorrectly, not signed or contain unallowable activities, such as excessive fundraising or training hours
 - Partial awards for compelling personal circumstances have not been documented in the member file

Member living allowance disbursement - §2522.245

- Programs may not provide a lump sum payment to a member who completes the originally agreed-upon term of service in a shorter period of time
- Member stipend should not continue to be paid if there is evidence member has discontinued their service

Member living allowance disbursement - §2522.245

- A living allowance is not a wage and programs may not pay living allowances on an hourly basis
- Programs must distribute the living allowance at regular intervals and in regular increments, and may increase living allowance payments only on the basis of increased living expenses
- Living allowance payments may only be made to a member during the member's term of service
- Living allowance payments must cease when the member concludes the term of service



D AmeriCorps Member Eligibility

An AmeriCorps member must –

- Be a lawful citizen, national or permanent resident alien of the United States
- Be at least 17 years of age
 - “Out-of-school” youth at age 16 can participate in youth corps
- Have a high school diploma or its equivalent
 - Or have not dropped out to enroll as an AmeriCorps member and must agree to obtain a high school diploma or equivalent
 - Tutors must have a HS diploma



Acceptable Eligibility Documentation

For a U.S. Citizen or National, any one of the following is acceptable:

- ❑ **Birth certificate** showing that the individual was born in the one of the 50 states, the District of Columbia, Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, or the Northern Mariana Islands
- ❑ **Valid U.S. Passport** issued to the individual as a U.S. citizen
- ❑ **Report of Birth Abroad of a Citizen of the USA** (FS-240) issued by the U.S. Department of State
- ❑ **Certification of Birth Abroad** (FS-545) issued by the U.S. Department of State
- ❑ **Certificate of U.S. Naturalization** (Form N-550 or N-570) issued by the U.S. Citizenship and Immigration Services (USCIS, formerly Immigration and Naturalization Service)
- ❑ **Certificate of U.S. Citizenship** (Form N-560 or N-561) issued by the USCIS



Acceptable Eligibility Documentation

For a lawful permanent resident of the U.S., any one of the following is acceptable:

- **Permanent Resident Card** (Form I-551)
- **Alien Registration Card receipt** (Form I-551)
- A **passport** indicating that USCIS has approved it as temporary evidence of lawful admission for permanent residence



Member Eligibility Documentation

- CNCS does not require programs to make and retain copies of the actual documents used to confirm eligibility
 - As long as program has a consistent practice of identifying the documents that were reviewed and maintaining a record of the review
- A consistent practice for documenting eligibility should:
 - Identify the specific original document reviewed
 - Identify the eligibility criterion or criteria that the document confirms
 - Include any identification number for the document reviewed, and
 - Include the signature of the reviewer confirming the review and the date of the review
- Birth certificates, driver's licenses, and passports are examples of documents that confirm a member is old enough to serve



Member Eligibility - 2522.200

- As of February 27th, 2012, when an individual accepts a national service position in *My AmeriCorps* or is enrolled in a national service position by the organization in eGrants
 - the individual's information will automatically be sent to and reviewed by the Social Security Administration
 - Receive reply within 3 business days



Member Eligibility - 2522.200

- AmeriCorps State and National organizations
 - Need to review and verify the individual's documentation and provide it to CNCS via the National Service Hotline within 30 days of the request for documentation
- AmeriCorps VISTA sponsors
 - A hold up in this verification process may prevent the individual from serving with your organization

E. Member & Staff Eligibility: Criminal History Checks (CHC)

Potential Consequences if not implemented correctly: Costly & devastating

- ❑ All payments (any stipends, health/child care or other or other member reimbursements) disallowed
- ❑ Education Awards for eligible members disallowed; paid by program
- ❑ Extent of findings could result in grant termination
- ❑ If all/most participants are undocumented or ineligible, all grant funds may be disallowed
- ❑ Can cripple or destroy an organization particularly small community-based entities

Member Eligibility (cont'd)

Preventive Actions:

- ❑ Staff & management must understand regulatory requirements
- ❑ Document member's age, eligibility, educational attainment and any related agreement and preserve copies of documents
- ❑ Conduct appropriate National Service Criminal History Checks
 - Understand requirements for staff & members
 - On all grant-funded (including match) *staff* & enrolled members
- ❑ Understand and document *program specific* participant requirements for eligibility:
 - qualifications for tutoring programs - *high school or other degree & curriculum requirements*



Member Eligibility (cont'd)

- Create written policies and procedures – distribute
- Clearly delineate the requirements for eligibility documentation, accompaniment, screening, and maintenance of records
- Initiate necessary reviews, decisions on eligibility and final sign-off for “enrolling” members



Documentation You Must Create and Retain:

- Document that you conducted the checks.
- Maintain the results, or a results summary, of the checks.
- Document in writing that you verified the individual's identity by examining the individual's government-issued photo ID and that you conducted the required checks for the covered position.
- Document that you considered the results of the checks
 - ◆ Results of nationwide NSOPR checks are **dated screen prints** of the results of the nationwide NSOPR search. That result should be annotated to document who confirmed that any hits are not the same persons as the candidate you are checking. All states are included in this search.



Documentation You Must Create and Retain:

- ◆ Results of the criminal information records are the actual criminal history rap sheets, or an adjudicated result from the official state repository or an FBI authorized recipient. To retain anything else in lieu of the actual results, such as a clearance letter from a school, requires approval of an Alternate Search Procedure (ASP).

F. AmeriCorps – Prohibited Activities

Example . . . Prohibited Activities By Members

Prevent:

- Identify and list prohibited activities in various documents
- Include in position descriptions
- Require specific training on

Detect:

- Require an annual certification of monitoring
- Review position descriptions
- Interview members and supervisors
- Use more in-depth and open ended questions
- Identify actual issues and questionable situations

Enforce:

- Follow-up on findings
- Stop prohibited activities
- Resolve questionable situations
- Correct situation that led to issue
- Report situation; consider appropriate sanctions

See Handout 5



Recent Changes in AmeriCorps Impacting Financial Management

- ❑ NSOPR & other Criminal History Checks and related inflexible in cost-disallowance determinations
- ❑ Failure to extend Fixed Amount Grants to include part-time positions as permitted and envisioned by Serve America Act limits the Fixed Grants and exposes recipients to unwarranted cost consequences