

COLORADO PARENT AND CHILD FOUNDATION COLORADO HIPPY AND PAT GRANTEE FISCAL MANUAL

I. 10 RULES OF FUNDS MANAGEMENT FOR COLORADO HIPPY & PAT PROGRAMS

A sound financial management system is essential to operating a successful program. A weak system jeopardizes control over resources and places a program at risk of having material findings during an audit. The following are ten rules of funds management for Colorado HIPPY and PAT 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 and Members 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 AmeriCorps programs (HIPPY), the following requirements apply:

- The National Community Service Act (and information contained under CFDA 94.006)
- AmeriCorps Provisions (included with your Contract)
- AmeriCorps funds are federal funds and thus programs must follow all applicable federal rules and regulations.

For CPIRC programs (HIPPY and PAT), the following requirements apply:

- The US Department of Education Parent Information and Resource Center Program (and information under CFDA 84.310A)
- Provisions issued by the state lead agencies (Clayton Foundation and CSPC)
- CPIRC funds are federal funds and thus programs must follow all applicable federal rules and regulations.

For TGYS programs (HIPPY and PAT), the following requirements apply:

- The Tony Gramscas Youth Services Act
- Provisions issued by the State of Colorado Department of Public Health and Environment
- TGYS funds are state funds and thus programs must follow all applicable state and federal rules and regulations.

OMB Circular Requirements (<http://www2.whitehouse.gov/WH/EOP/OMB/html/circular.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 program is housed. 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 financial reports, 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 the specific grant program purposes. Design a filing system that groups grant activities and documents such as the:

- grant contract, amendments, original application and changes
- 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 Colorado Parent and Child Foundation issues AmeriCorps, CPIRC, and TGYS contracts on a reimbursement basis.

The AmeriCorps and CPIRC funds from CPCF 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. (Note: This also includes TGYS, which are state funds.) 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 contract/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 program expenditures as charged to the appropriate grant 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 financial reports submitted to CPCF for each grant (AmeriCorps, TGYS, CPIRC).

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 and Members Activities Accurately

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

For AmeriCorps Members (HIPPY):

- Programs must document everything for AmeriCorps members in terms of each member’s eligibility, enrollment, time logs, activities (separating direct service from training), etc. All time logs should be signed by both the AmeriCorps member and his or her supervisor. The supervisor should be an individual who is able to account for the member’s time and activities. Members cannot supervise other members.

For HIPPY or PAT Staff:

- In compliance with OMB A-133, any staff that is charged against a federal grant contract or the match, depending on your regulatory requirements, must keep monthly time and attendance records signed by a supervisor. Detailed job descriptions should be on file for HIPPY and PAT staff. Exceptions to this include:

State, Local and Indian Tribal Government programs

These programs must comply with OMB A-87, which states that

- an employee working on a single indirect cost activity such as accounting needs no further documentation beyond normal payroll procedures;
- an employee working solely on a single federal award or cost objective (in other words, like 100% on the AmeriCorps grant) must keep a semi-annual certification stating that the employee worked solely on that grant for the period covered by the certification. The certification must be signed by the employee and his/her supervisor.
- an employee working on multiple activities across more than one federal award keep personnel activity reports reflecting after the fact distribution of the actual activity, keep a monthly report, and it must be signed by the employee.

Educational Institution programs

These programs must comply with OMB A-21, which abides by a principle of after-the-fact confirmation or determination, such as a signed annual statement with after-the-fact activity records.

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. Match requirements vary by programs. Please refer to the match requirement section of this manual.

Rule #9 Report Timely and Accurate Financial Information

Financial reporting varies across the three grants.

For AmeriCorps, reporting is done quarterly via the Periodic Expense Report (an excel report emailed to

CPCF with a signed hard copy following). Due dates for AmeriCorps financial reports are as follows:

- **January 15 (Covers September 1 through December 31)**
- **April 15 (Covers January 1 through March 31)**
- **July 15 (Covers April 1 through June 30)**
- **September 15 (Covers July 1 through August 31 – FINAL REPORT)**

Please note that your financial report should reflect both the approved budget contained in your Contract AND the information recorded on your regular reimbursement requests.

For TGYS, reporting is done monthly via the TGYS Cash Request Form (an excel report emailed to CPCF with a signed hard copy following). TGYS reports must include check numbers and payees. Due dates for the TGYS Cash Request Form are the **15th of each month** following the month when the expenses accrued. Please note that your Cash Request Form should reflect both the approved budget categories contained in your Contract AND the information recorded on your regular reimbursement requests.

For CPIRC, reporting is done monthly via the CPIRC Cash Request Form (an excel report emailed to CPCF with a signed hard copy following). CPIRC reports must include back-up documentation. Due dates for the CPIRC Cash Request Form are the **15th of each month** following the month when the expenses accrued. Please note that your Cash Request Form should reflect both the approved budget contained in your Contract AND the information recorded on your regular reimbursement requests.

Please note that CPCF reviews each of these reports in comparison to each grant and to the approved budgets. Programs cannot double charge various grants for the same expenses.

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 members and staff.
- Establish a system to follow-up on problems identified to ensure resolution.

II. ALLOWABLE COSTS

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

- Reasonable

- **Budgeted for under the grant**
- Complies with generally accepted accounting principles
- Complies with OMB cost principles
- Not charged against any other grant or used to match other grant funds
- Treated consistently with other costs incurred by the organization
- Documented

In order for programs to receive funds under CPCF issued grants, they must recruit the allotted number of AmeriCorps members (or HIPYPY home visitors/PAT parent educators) to correspond with the grant amount. For instance, the reimbursable amount under the AmeriCorps grant is \$5,000 for each AmeriCorps member slot filled. Programs may not request reimbursement of the total amount of their grant if the total number of AmeriCorps members awarded to their site have not been recruited. Programs must refill slots for members that leave the program prior to completing 15% of their service hours in order to access the full grant amount for that slot. Similarly, for TGYS, the grant amount corresponds to the number of home visitors and families served. For CPIRC, the grant amount is based on several factors, one of which is program size.

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
- Items Not Specifically Outlined in the Budget
- ***HIPPY Programs May Not Charge AmeriCorps Member Stipends to the AmeriCorps Budget***

Funds cannot be charged against the grant budgets for organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, or similar expenses. Similarly, funds cannot be charged against the grant budgets to support the staff time for fundraising activities.

III. 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. 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. Further, match in excess of the statutory requirements cannot be reduced by the program once the grant proposal is approved without approval on several levels (CPCF, granting agency within state, and granting agency at federal level if applicable).

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. In-kind match must be documented.

Each grant match requirements follow:

AmeriCorps

HIPPY Programs must provide 100% of Member Support Costs, including living allowance, FICA, Unemployment Insurance, Worker's Compensation, and health insurance from sources other than the AmeriCorps budget. No more than 85% of those costs can be attributed to a federal grant. The match requirement for Program Operating Costs, including Staff, Operating Costs, Training, Travel, and Evaluation is at least 50%, however, the actual match requirement for Program Operating Costs is the amount each site proposed and budgeted for, which has been included in the master award and contract between CPCF and the State/CNCS, as well as in the contracts issued by CPCF to each HIPPY site. Programs may provide matching funds for operating costs in cash or in-kind, and may use non-Corporation for National and Community Service federal funds as match if permitted by the rules governing those federal funds. TGYS and CPIRC funds are allowable forms of match for AmeriCorps.

TGYS

HIPPY and PAT Programs must provide documentation for the full cost of operating their HIPPY or PAT program, in accordance with the budget submitted by the program to CPCF and to the State. TGYS funding cannot exceed 60% of the overall cash budget for your HIPPY or PAT program. Thus, the match requirement is at least 40%. AmeriCorps and CPIRC funds are allowable forms of match for TGYS.

CPIRC

CPIRC funds cannot exceed 75% of the total HIPPY or PAT program budget. Thus, the match requirement is 25% minimum of the total cost of operating a HIPPY or PAT program. AmeriCorps and TGYS funds are allowable forms of match for CPIRC.

IV. BUDGET CHANGES

In accordance with the Contract between CPCF and the program, a program must obtain permission to modify the approved budget when cumulative budgetary line item changes exceed 10%. This permission must be obtained through CPCF and may require additional levels of approval as well (such as the state granting entity and the federal granting entity as may be applicable).

Beyond specific budgetary changes, programs must obtain written approval from CPCF before making any of the following modifications:

- Changes in the scope or specific goals and objectives of the program
- Changes in (or absences of) the program director and other designated personnel
- Changes in the level of member supervision
- Contracting out any program activities (if not already approved in the original grant)

- Changes in the grant period

These changes require a lengthy negotiation and approval process as it is not solely the discretion of CPCF to approve such changes. (Any and all budget and programmatic changes must also be approved by the state granting agency, such as the Governor's Commission on Community Service, TGYS-CDPHE, Clayton Foundation or CSPC, and in some cases the Corporation for National and Community Service or the US Department of Education.)

Grantees should not assume approvals have been granted unless official documentation from CPCF has been issued.

V. PAYMENTS AND REPORTING

The CPCF issues a Contract to each approved program. Programs may not charge against the grant until a fully executed Contract (with all signatures from both the grantee and CPCF) has been issued. The method of payment under CPCF issued grants 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 CPCF will reimburse the program on a need basis. To receive payment, the program shall submit the appropriate request for reimbursement forms (these differ for AmeriCorps, TGYS, and CPIRC), which must include an authorized signature, to CPCF. Programs may request reimbursement at any time, but at least monthly for TGYS and CPIRC, and at least quarterly for AmeriCorps. Requests for reimbursement can be initially submitted electronically, but CPCF will not release monies until a signed hard copy has been received. Each request must bear an authorized original signature. Reporting due dates are outlined above under Rule #9.

VI. MONITORING

The CPCF monitors program compliance and progress through a variety of meetings which include regularly scheduled program director meetings, attendance at special events, on-going phone technical assistance, review of progress and financial reports, and formal and informal site visits. While step-by-step compliance is part of program monitoring, CPCF views program monitoring and evaluation as a means to enhance the continuous improvement processes of programs. This program monitoring philosophy works well as it allows flexibility in timing for on-site visits, availability and approachability of CPCF staff to provide proper technical assistance and monitoring of programs, and empowers programs to initiate self-monitoring practices as well. Toward that end, CPCF engages in both formal, but more so, informal meetings and visits with programs and program staff in order to gauge needs, celebrate successes, and provide ongoing support to programs.

Site visits provide a valuable opportunity to accomplish a number of things, including: 1) to gather information beyond written reports (including the review of programmatic, member, and financial files); 2) to make sure the program is making progress toward goals; 3) to identify problem areas first-hand and identify opportunities for improvement; 4) to facilitate a partnership between CPCF and program staff to better understand each others' needs and address problems together in a supportive way; and 5) to celebrate success and achievements. Overall, site visits are meant to ensure success at the outset by forming effective partnerships. Programs are called by CPCF staff to schedule a site visit. CPCF believes that site visit scheduling should be done in cooperation with sites and at a time that is convenient, rather than intrusive, to the operating of programs. CPCF takes a risk-based approach to formal monitoring of its HIPPIY programs. Programs are categorized according to risk (considering for instance newness of staff,

newness of program, findings from previous years, and national office (HIPPY or PAT) trainer reports).

Performance monitoring is not optional on the part of the program. In accordance with the contracts issued by CPCF, the program shall permit CPCF, and any other duly authorized agent or governmental agency, to monitor all activities conducted by the program pursuant to the grant. (Other duly authorized agent or governmental agencies include the state granting agencies, such as the Governor's Commission on Community Service, TGYS-CDPHE, or Clayton Foundation, and in some cases the Corporation for National and Community Service or the US Department of Education.) Further, audits or inspections of a program's records can be done at any time during the term of the Contract and for a period of three (3) years following the termination or close of the grant.

In the event of non-performance on the part of the program, CPCF may exercise remedial actions should it find that a program substantially failed to satisfy or perform the duties and obligations outlined in the grant. Remedial actions may include: the withholding of payment; a request for the removal from work on the grant of employees who are determined to be incompetent, careless, insubordinate, unsuitable, or otherwise unacceptable; denial of payment for services or obligations which have not been performed and which due to circumstances caused by the program cannot be performed or if performed would be of no value; or termination of the grant. These terms can be found in the Contract between CPCF and the program.

CPCF monitoring of HIPPY programs is separate from HIPPY USA's process of monitoring programs. If, at any time, HIPPY USA deems a program is no longer working within the HIPPY model, CPCF may take action to withdraw the grant contracts.

VII. AUDITS

Organizations that expend \$500,000 or more of total federal awards in a fiscal year are required to obtain a single audit for that year conducted by an independent auditor in accordance with the Single Audit Act, as amended, 31 U.S.C. 7501, et seq., and OMB Circular A-133. "Single audit" is a term to explain one audit process wherein the organization administering various federal grant programs is audited annually across all of the federal grants it receives. The single audit is required as a basic financial statement audit and does not get to the kind of things the federal government is looking for, such as compliance issues (both programmatic and financial). A grantee that does not expend \$500,000 in a fiscal year in federal funds is exempt from the single audit requirements of OMB Circular A-133 but must conduct financial management reviews of its programs, and records must be available for review and audit. An A-133 requires: a financial statement audit of the organization; a preparation of a schedule of federal awards and expenditures; a test of internal management controls (procurement, payroll, eligibility, cost principles, monitoring, compliance, etc.); an opinion level assurance of the organization's ability; and typically uses a formula driven determination and risk assessment to cover only major programs. Thus, while an organization may undergo an A-133 audit annually, the AmeriCorps or CPIRC program may not be a major focus if it is not considered a major program under the formula.

In addition to required or voluntary audits, AmeriCorps and CPIRC programs need to be aware that under the authority of the Inspector General Act of 1978 (IG Act), as amended, the Office of the Inspector General (OIG) for the granting federal agency (that is, the Corporation for National and Community Service or the U.S. Department of Education) may conduct audits and investigations related to the

programs and operations. A primary purpose of these activities is to detect and deter fraud, waste, abuse, or mismanagement of government funds. Audits by the OIG may be conducted by OIG staff auditors (employees of the federal government) or by auditors of audit firms under contract to perform audits for the OIG. Auditors are authorized by the IG Act to have full access to any grantee records, reports, or other materials necessary to conduct an audit. All audits conducted by the OIG are conducted in accordance with generally accepted government auditing standards. Investigations by the OIG may be conducted by special agents (investigators) who are duly authorized federal law enforcement officers or by other administrative investigators who specialize in noncriminal matters. OIG investigators are authorized by the Act to have full access to any records, reports, or other materials necessary to investigate allegations of fraud or abuse concerning their respective agency's programs and operation. OIG investigators are also authorized to take statements under oath.