



**SERVE OHIO**  
Ohio Commission on Service and Volunteerism



## AmeriCorps Fiscal Manual

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AmeriCorps sub-grantees have numerous financial requirements and responsibilities which must be met and carried out as part of their grant award. These requirements and responsibilities are identified in various documents, such as:

- Community Service Act Legislation
- Ohio AmeriCorps Supplementary Terms and Conditions
- Corporation AmeriCorps Terms and Conditions
- AmeriCorps and Other Grant Application Guidelines
- Grant Award Documents
- OMB Uniform Guidance
- Etc.

The purpose of this manual is NOT to identify or restate all of these award requirements and responsibilities, but rather to highlight and focus on some basic grant management requirements and responsibilities and to provide guidance in selected areas.

The requirements and responsibilities selected and highlighted in this manual are those that have particular significance because of their importance or because they often generate questions or concerns. The highlighting of selected provisions or requirements in this manual does not diminish the sub-grantee's responsibilities for being familiar with and following all award requirements.

This manual and the forms contained herein may be found on our website at [www.serveohio.org](http://www.serveohio.org).

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## **1. FEDERAL FINANCIAL MANAGEMENT AND GRANT ADMINISTRATION REQUIREMENTS**

As with all federal grant programs, it is the responsibility of all AmeriCorps sub-grantees to ensure appropriate stewardship of federal funds entrusted to them. Under AmeriCorps regulations, each sub-grantee must maintain financial management systems that provide accurate, current and complete disclosure of the financial results of its program. To meet this requirement, sub-grantees must have adequate accounting practices and procedures, internal controls, audit trails and cost allocation procedures.

## **2. BASICS OF A GOOD FINANCIAL MANAGEMENT SYSTEM**

To build a good financial management system, your AmeriCorps program must use standard accounting practices, using ledgers and similar books of record supported by source documentation which establish a clear audit trail. Following is a list of tasks your program must do:

- Maintain appropriate financial management systems to disburse funds and track program expenditures according to legal and grant requirements.
- Ensure timely and accurate reporting.
- Maintain financial reports that lead clearly back to ledgers and source documents.
- Document payroll through time and attendance records and payroll tax records.
- Maintain written cost allocation procedures and individual time distribution records which allow the program to identify and segregate costs chargeable to the grant.
- Separate financial responsibilities (for example, having one person sign the checks and another reconcile the bank statement, or one person authorizing expenditures and another posting them in the ledger and balancing the books).
- Insure, maintain and keep track of the program's property.
- Protect the organization through liability insurance.
- Document and track in-kind and cash match to the grant award.

## **3. ACCOUNTING SYSTEM**

Sub-grantees must maintain an accounting system that, at a minimum, provides for the following:

- Itemization of each expenditure in such a manner that the purpose of the expenditure is readily identifiable to the grant or any of the sub-grantee organization's other activities;
- Expenditures for a grant, as recorded, must be readily and logically assignable to the approved budget line items for that grant as shown in the Notice of Grant Award; and
- The expenditures for the grant recorded in the sub-grantee's accounting system must be in such a format that the required federal financial reports can be prepared from and identified back to the system entries.

## **4. ADMINISTRATIVE COSTS**

Administrative costs are general or centralized expenses of overall administration of an organization that receives Corporation funds and does not include particular program or project costs. These costs are indirectly related a program's operation. No more than 5% of the total grant amount may be used to pay for administrative costs. Unless otherwise approved, CNCS funds available to the sub-grantee are limited to 98% of the Approved Budget, reflecting the administrative funds retained by ServeOhio for expenses related to grant administration. This leaves

sub-grantee organizations with a maximum of 3% to be used for their own administrative costs. These costs are budgeted in Section III of the approved grant. (See the AmeriCorps Terms & Conditions for additional information.)

## **5. ALLOWABLE COSTS**

A cost is considered allowable under the grant if it is reasonable, budgeted for under the grant, complies with generally acceptable accounting principles, complies with OMB Uniform Guidance, is not charged against any other grant or used to match other grant funds, is treated consistently with other costs incurred by the organization and documented.

## **6. ALLOCABLE COSTS**

An allowable cost is allocable to the AmeriCorps grant if it is incurred specifically for the AmeriCorps program, benefits both the program and other work, is distributed fairly between the grant and another funding source and is necessary to the overall administration of the program. In other words, allocations should be based on actual costs and on the principles of equity and reasonableness and assigned to the program, cost categories and cost objectives benefited.

## **7. REASONABLE COSTS**

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration is given to:

- Whether the cost is ordinary and necessary for the operation of the organization or the performance of the award.
- The restraints or requirements imposed by such factors as: sound business practices; arms length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award.
- Market prices for comparable goods or services.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the organization, its employees, the public at large, and the Federal Government.
- Significant deviations from the established practices of the organization which may unjustifiably increase the award cost.

## **8. AUDITS – FINANCIAL MANAGEMENT**

Commission staff will conduct a Financial Monitoring Review of programs to determine whether financial operations are properly conducted, financial reports are fairly presented and the program is complying with all applicable laws, regulations and administrative requirements that affect the expenditure of program funds.

### **Requirements for Non-Profit Organizations, Institutes of Higher Education and State and Local Governments**

Non-profit organizations, institutions of higher education and state and local governments that expend \$750,000 or more in a year in Federal awards must have an annual audit that complies with OMB Uniform Guidance 2 CFR Part 200.501. This requirement applies to the organization's total expenditures each fiscal year under all of its federal awards, not just an AmeriCorps grant. As the sub-recipient of federal funds, programs must submit copies of their most recent single audit to the Federal Audit Clearinghouse. In addition, the Corporation's Inspector General may audit the program grant if special circumstances arise (such as grant termination, fiscal or program issues).

The cost of a single audit is an "administrative cost" (subject to the 5% cap) under the grant.

Upon completion of a financial management audit, a final "Report of Examination" summarizing the auditor's findings and recommendations will be prepared by the auditor. The sub-grantee will prepare a corrective action plan to address each audit finding included in the auditor's report. This plan will be included in the package submitted with the single audit.

If the total federal funds expended will be less than \$750,000 for the fiscal year, there is no federal audit requirement for the sub-grantee. However, the sub-grantee may conduct an elective audit of its finances, which will be reviewed by the OCSV.

## **9. BANKING REQUIREMENTS**

OMB Uniform Guidance 2 CFR Part 200.305 requires programs to use an interest bearing account for grant funds. If the program is a non-federal entity, it must use an interest-bearing account if it receives at least \$120,000 in total federal funds per year. Grantees may keep up to \$250 of interest earned annually to offset administrative expenses. Amounts in excess of \$250 per year must be remitted annually to HHS-PMS, Rockville MD 20852. If the program is a state or local government agency, interest must be remitted quarterly to the Corporation. Grantees in this category may keep up to \$100 of the earned interest per year to offset administrative expenses.

Programs are not required to maintain separate bank accounts for grant funds, but must be able to account for the receipt, obligation and expenditure of funds and not commingle funds.

## **10. BUDGET AND PROGRAMMATIC CHANGES**

### **A. Commission/Corporation Approval Required**

Programs must get written approval from the Corporation and the Commission before making the following budget changes:

- Changes in the scope or specific goals and objectives of the program
- Changes in (or absences of) the program director and other key staff
- Changes in the level of member supervision
- Sub-granting or contracting out any program activities if not in the approved grant
- Changes in the grant period
- Other costs requiring prior approval under the OMB Uniform Guidance
- Budget transfers to absorb administrative costs above the amount specified in the approved budget, if below the 5% administrative cap
- Purchases of equipment over \$5,000 using grant funds if not in the approved grant

### **B. Budget Revisions/Amendments**

During the course of a budget year, programs may find it necessary to make changes to individual budget line items. Budget revisions/amendments exceeding 10% of the total budget require prior Commission approval. For any changes, a full explanation must be provided including the reason for the change and what the adverse consequences would be if the request were denied. Requests for budget modifications must be submitted in OnCorps, OCSV's on-line reporting system.

## **11. FINANCIAL RECORDS**

Programs must document every cost charged to the grant, whether it is the federal share or the sub-grantee's share of the cost. Programs must keep source documentation for costs such as receipts, travel vouchers and invoices.

## **A. Payroll, Time and Attendance Records**

Payroll costs charged to federal grants or counted as match must be documented as detailed in the OMB Uniform Guidance 2 CFR 200.306. Basic elements of a compliant time accounting system include:

- 1) Records reflect after-the-fact documentation of the actual activity of each employee (not budgetary estimates);
- 2) Records account for the total activity for which the employee is compensated; each federal activity must be itemized, non-federal time may be shown as "Other";
- 3) Records are prepared at least monthly and correspond with one or more pay periods; and
- 4) Records are signed by the employee (and preferably by the supervisor);
- 5) The time reporting system and allocation of costs based on time and attendance records are documented in a written policy or accounting manual.

Sample time sheets may be found on our website under [Grants and Financial Management Compliance Resources](#). Electronic timesheets are only allowed if all of the following apply: system is established in written policy; system provides secure and verifiable electronic signature *that identifies and authenticates* persons entering or approving time (i.e. password protected); and the system does not allow changes to the electronic record unless there is a clear, auditable record of the revision.

## **B. Matching Funds and In-Kind Contributions**

Programs must document all cash and in-kind matching contributions. In-kind contributions are the value of goods, services, property or equipment provided by third parties and used in direct support of program objectives (see Memo and Sample Forms on our website under [Grants and Financial Management Compliance Resources](#)). Matching funds are allowable as documented, as long as they may be verified, are not included as contributions for any other federally-assisted program, are necessary and reasonable, are allowable under applicable cost principles and are not paid for with other federal funds (unless authorized in writing by the federal agency providing the funds). A form is distributed annually to all programs on which they must report, by amount, federal agency, and CFDA program number any federal funds used as match.

## **C. Disposal of Records**

Program must make reasonable efforts to protect the confidentiality of disposed program records in such a way as to protect the identity and privacy of members.

## **D. Retention of Financial Records**

All financial records, supporting documentation, member information, statistical records, source data supporting evaluation and performance measures, and personnel records must be kept and available to the Commission and Corporation for a minimum of three (3) years following the date of Approval of the final PER and Aggregate Financial Report in OnCorps. In the case of an audit, all financial records must be kept and available until all audit findings involving the records have been resolved.

## **E. Receipts for Program Costs Incurred**

Programs must keep adequate records so an auditor can link billable items to source payment documentation.

# **12. LIABILITY INSURANCE**

Programs must have sufficient liability insurance to protect the organization, employees and members. Members engaged in both on and off site project activities must be covered. Programs decide how much liability coverage is

sufficient, given the specific risk factors the program presents. General liability insurance is an administrative cost, which can be charged against the grant, subject to the grant's administrative cost limit or included in the program's match. If it is in the approved budget, insurance purchased specifically to cover member liability can be charged as a direct program cost. A good resource is the Nonprofit Risk Management Center @ [www.nonprofitrisk.org](http://www.nonprofitrisk.org).

### **13. OMB Uniform Guidance at 2 CFR 200 and 2205**

Federal standards to ensure grants are managed properly and funds spent in accordance with applicable laws and regulations. OMB Uniform Guidance that applies specifically to AmeriCorps grants may be accessed at the following sites: 2 CFR Part 200, [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl) and 2 CFR Part 2205, <http://www.ecfr.gov/cgi-bin/text-idx?SID=f7425ef67312ab84da9e76ed5d79dff7&node=pt2.1.2205&rgn=div5>.

#### **A. Cost Principles**

Cost principles describe the type of expenses the program can charge to the grant. In addition, the Uniform Guidance explains how to allocate costs between funding sources. This guidance address two basic issues – whether the cost is allowable and is it allocable to the grant.

#### **B. Uniform Administrative Requirement for Grants and Agreements**

This guidance addresses the adequacy of financial management systems, including accounting methods, internal controls, income and expense documentation and written cost allocation plans. They cover:

- Financial management
- Federal grant payments including advance payments
- The requirement to deposit grant funds in an interest bearing account
- The obligation to return interest on grant funds placed in an interest-bearing account to the Federal Government
- Equipment purchases, inventory and disposal
- Program income
- Products produced with grant funds
- Financial reporting and record-keeping requirements
- Close-out procedures
- Remedies for non-compliance

#### **C. Audit Principles**

This guidance establishes uniform audit requirements for non-Federal entities that administer Federal awards and implements the Single Audit Act Amendments of 1996. This guidance applies to States, Local Governments, Educational Institutions and Nonprofit Organizations.

### **14. PROGRAM PAYMENTS**

Commission staff will review financial reports and payment requests to insure spending is consistent with the budget plan and match is being generated in the amounts required by the agreement.

Grant funds may be requested no more than once monthly (every 30 days) by submission of a Periodic Expense Report (PER) in OnCorps and an original, signed Request for Funds (RFF) form sent by regular mail, to the attention of the AmeriCorps Grants Officer, unless otherwise noted. Funds may be drawn in advance in accord with relevant OMB Uniform Guidance. While Treasury rules allow OCSV to advance funds for up to one month's cash needs for a sub-grantee's project, sub-grantees may not hold federal cash that is not being used for immediate disbursement for project expenses; otherwise the recipient would then be earning interest on taxpayer funds. In general, sub-grantees should draw no more from their account than is needed for the coming three (3) days of disbursements.

Typically, programs may expect payment in 30 days from the date of OCSV's receipt of a processable request for funds. All sub-grant funds are paid electronically. Programs should keep the payment schedule in mind to avoid potential cash flow problems. Programs anticipating cash match or cash flow problems should contact the AmeriCorps Grants Officer as soon as possible.

## **15. FINANCIAL REPORTING REQUIREMENTS**

Programs are required to submit quarterly expenditure reports to the Commission by the 15<sup>th</sup> of the month following the end of a calendar quarter (see Ohio Supplementary Terms and Conditions for schedule).

## **16. PROGRAM OPERATING COSTS**

Program operating costs are the specific costs of the AmeriCorps program, as outlined in the Approved Budget. Within each major budget category, detailed line items are identified.

## **17. PROCUREMENT REQUIREMENTS**

### **A. Property/Equipment Purchase Requirements**

Programs shall obtain prior written approval for the purchase or lease of equipment with either an acquisition cost of \$5,000 or a useful life of one or more years, unless such intent is listed and defined in the program budget. Programs must inventory equipment purchased with grant funds, and equipment owned by the federal Government must be identified to indicate federal ownership.

### **B. Procurement Procedures**

1. All programs shall establish written procurement procedures. These procedures shall, at a minimum, include the following:
  - a. Procurement of micro-purchases (see 2 CFR 200.320).
  - b. Avoid purchasing unnecessary items.
  - c. Where appropriate, an analysis is made of lease and purchase alternatives to determine which would be the most economical and practical procurement.
  - d. Solicitations for goods and services provide a clear and accurate description of the technical requirements for the material, product or service to be procured; requirements which the bidder must fulfill and all other factors to be used in evaluating bids or proposals; a description of technical requirements in terms of functions to be performed or performance required; and the specific features of "brand name or equal" descriptions that bidders are required to meet when such items are included in the solicitation.

2. Efforts should be made to utilize small business, ethnic-owned firms and women's business enterprises whenever possible.

### C. Contract Administration

A system for contract administration shall be maintained to insure contractor conformance with the terms, conditions and specifications of the contract. Contractor performance shall be evaluated to insure they have met the terms, conditions and specifications of the contract.

## 18. PROPERTY MANAGEMENT

There are property management standards for equipment acquired with Federal funds. This includes keeping accurate records, adequate safeguards to prevent loss, damage or theft and procedures to keep the equipment in good condition. A physical inventory of equipment purchased with grant funds must be taken at least once a year.

## 19. GRANT RECONCILIATION/CLOSEOUT

Reconciliation/Closeout means the process by which the OCSV determines that all applicable administrative actions and all required work of the award have been completed by the sub-grantee.

After the date of completion of the award, sub-grantee shall submit:

- Final Periodic Expense Report (PER) as required by the terms and conditions of the award. The PER should document all spending under the grant and indicate compliance with the budgeted Overall Minimum Match Requirement.
- Aggregate Financial Report certifying total grant spending. The report must be signed by an official with legal authority to bind the organization (see 2 CFR 200.415)
- 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 that there are no such items.
- Inventory of Unused or Residual Supplies purchased with Federal grant funds which in the aggregate exceed \$1,000 or a written statement that such supplies (if any) do not exceed \$1,000.
- Statement of Interest Earned.

**PLEASE NOTE:** the reconciliation/closeout of a grant does not affect: 1) the requirement to retain records pursuant to the grant conditions; 2) the requirements and rights for audit pursuant to the grant conditions; 3) the right of the OCSV to disallow costs and recover funds on the basis of a single audit, or other audit or other review; and 4) the obligation of the sub-grantee to return any funds due the OCSV as a result of later refunds, corrections, cost disallowances or other actions.