



Department of
**Finance &
Administration**

GRANTS WORKSHOP

Allowable Activities/Allowable Costs

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WORKSHOP AGENDA



Operational Objectives



Determining Requirements



Basic Considerations



Audit Findings Analysis



Addressing Non-Compliance

OPERATIONAL OBJECTIVES

- ❖ **Maximize Federal funding received by the State.**
- ❖ **Minimize non-compliance, fraud, waste, and abuse. (reduce Audit Findings)**
- ❖ **Develop procedures that promote compliance but also consider operational constraints.**



DETERMINING REQUIREMENTS

❖ Uniform Guidance – Subpart E.

❖ Compliance Supplement:

- **Part 1 – Background, Purpose, and Applicability.**
- **Part 2 – Matrix of Compliance Requirements .**
- **Part 3 – Compliance Requirements – Section 3.1 & 3.2.**
 - General guidance on each compliance requirement.
- **Part 4 – Agency Program Requirements –**
 - Provides Program Objectives.
 - Provides Program Procedures.
 - Provides Program specific compliance requirements.
 - Provides other useful information pertaining to the program.
- **Part 5 – Clusters of Programs.**

BASIC CONSIDERATIONS – ACTIVITIES ALLOWED

- ❖ Requirements for Activities Allowed or Unallowed can be found in:
 - Federal Statutes and Regulations.
 - Terms and Conditions of the Federal Award.

- ❖ Unique to each Federal Program.

- ❖ Resource for Determine Activities Allowed for specific program - **Compliance Supplement**.

- ❖ Examples:
 - CFDA 84.126
 - CFDA 93.153

BASIC CONSIDERATIONS – COST PRINCIPLES

- ❖ **200.402 Composition of costs** - sum of the allowable direct and allocable indirect costs less any applicable credits.
- ❖ **200.403 Factors affecting allowability of costs** – general criteria:
 - i. Be necessary and reasonable for the performance.
 - ii. Conform to any limitations or exclusions set forth in Subpart E or the Federal award.
 - iii. Be accorded consistent treatment.
 - iv. Be in accordance with generally accepted accounting principles (GAAP).
 - v. Not included as a cost or used to meet matching requirements of any other federally financed program in either the current or a prior period.
 - vi. Be adequately documented.
- ❖ **200.404 Reasonable costs** – in nature and amount does not exceed what a prudent person would incur given like circumstances.
- ❖ **200.405 Allocable costs** – benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods.

AUDIT FINDINGS (NONCOMPLIANCE)

COMPLIANCE REQUIREMENT	Sum of 2016	Sum of 2015	Sum of 2014	Sum of 2013
Activities Allowed or Unallowed <input type="checkbox"/>	15	17	7	5
Allowable Costs/Cost Principles	19	28	16	10
Cash Management	2	2	3	0
Davis-Bacon Act	0	0	1	0
Eligibility	11	7	18	14
Equipment and Real Property Management	0	1	0	0
Matching, Level of Effort, Earmarking	5	3	3	0
Other	7	6	5	5
Period of Performance	3	6	2	1
Procurement and Suspension and Debarment	1	3	1	1
Program Income	1	1	0	1
Reporting	8	9	9	6
Special Tests and Provisions	7	10	8	9
Subrecipient Monitoring	11	14	11	5
Grand Total	90	107	84	57

UNDERLYING BASIS OF 2015 COST RELATED FINDINGS

- ❖ **Grant funds expended on unallowable items.**
 - Reimbursement to **Subrecipient** for unallowable and non-budgeted items.
 - Travel reimbursements not in accordance with State's Comprehensive Travel Policy – **Subrecipient**.
 - No Prior Approval obtained by **Subrecipient** for select cost items.
- ❖ **Grant expenditures not properly supported.**
 - Payroll Activity Reports missing or not properly completed – State and **Subrecipient**.
 - Reimbursement to **Subrecipient** based on incomplete or inaccurate documentation.
 - Errors and miscalculation of underlying documentation. – State and **Subrecipient**
- ❖ **Allowable costs not properly offset by Program Income and refunds.**
- ❖ **Improper allocation of costs to benefited programs.**
 - Payroll Expenses.
 - Indirect Costs/Cost Allocation Plan.
- ❖ **Overpayments not recovered from **Subrecipient**.**
 - Excess Funds not recovered.
 - Improper accounting for Cash Advances.
 - Reimbursement of unallowable expenses.

ADDRESSING SUBRECIPIENT NONCOMPLIANCE

- ❖ **Pre-award Risk Assessment**
- ❖ **State Sponsored Training**
- ❖ **Dissemination of Job Aids**
- ❖ **Additional control procedures in reimbursement process**



JOB AIDS AND TOOLS

- ❖ Inventory of Compliance Requirements (ICR) Tool.
- ❖ Allowable and Unallowable Cost (AUC) Tool.
- ❖ Mapped Grant Budget Document.
- ❖ Compliance Supplement Part 3.2 – Selected Items of Cost Chart.



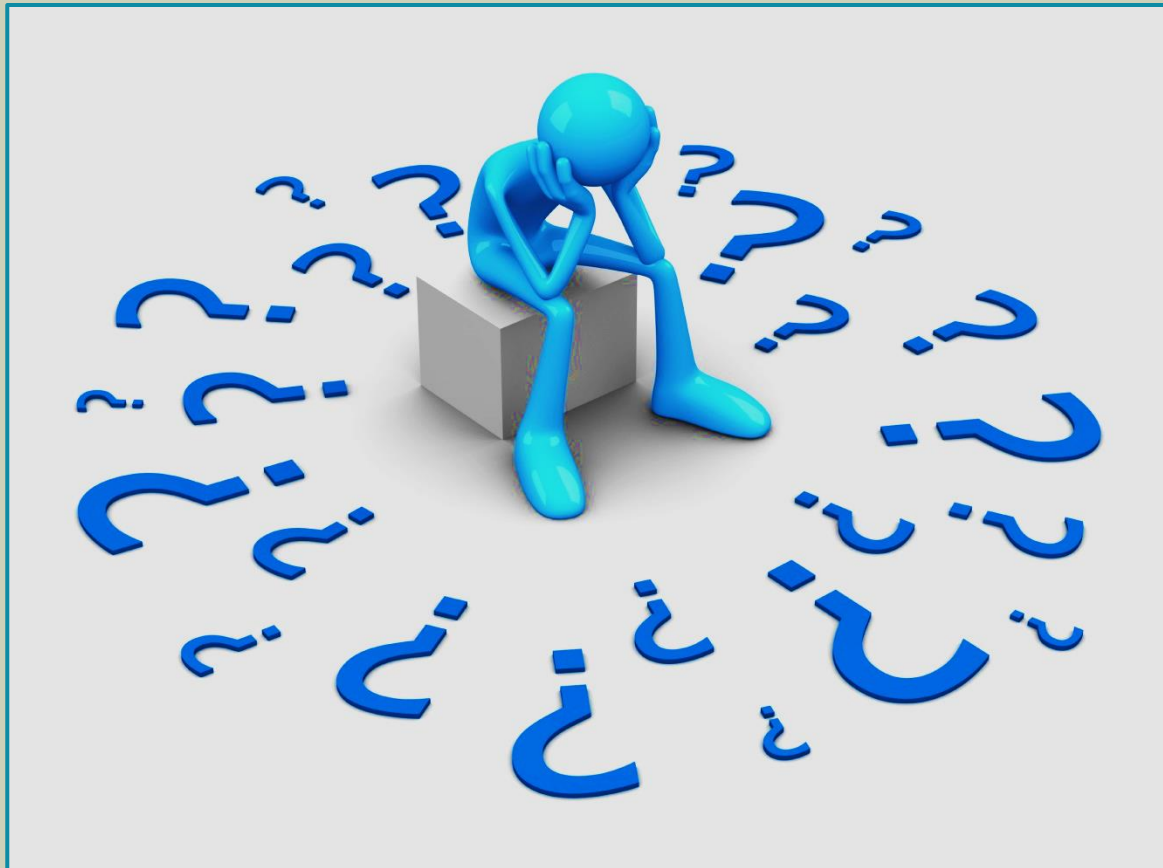


FUTURE OF WORKGROUP

What is Coming Next?

- Updated Grant Manual.
- Quarterly grant training or workshop.
- Recorded grant trainings (webinar) – both Edison processing training and technical training on compliance.
- Updated Grant Policy.
- Job aids or checklists for compliance requirement.

QUESTIONS



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