OFFICE OF BUSINESS OVERSIGHT
PREPARING FOR A GPD REVIEW

Presentation for:
GPD National Program Office
Presented by: Office of Business Oversight
July 18-19, 2022
This training will help you become familiar with the Office of Business Oversight (OBO) and how we conduct Grant Per Diem (GPD) reviews of Grantees who receive funds from the GPD Program.

PART I
- OBO Background
- GPD Review Areas and Procedures
- GPD Review Findings
- Importance of reconciling the general ledger to the SF-425
- Internal Controls and Fraud, Waste and Abuse

PART II
- Financial system requirements for Grantees receiving Federal grant funds
- Tracking and allocating costs
- Best practices
- Key Points Of Contact and additional information
• OBO has a Service Level Agreement (SLA) with the GPD Program Office that requires we:
  • Complete Grantee Onsite Reviews
  • Provide Recommendations and Corrective Action Plans
  • Review Grantee Federal Financial Report (FFR) SF-425s
  • Review Grantee Indirect Rate Cost Proposals
  • Perform Single Audit Reviews
  • Conduct training for GPD Grantees

• OBO has a federal contract with Trilogy & Associates to:
  • Complete Grantee Onsite Reviews
• Reviews are conducted to:
  • Ensure compliance with GPD Regulatory Guidance (38 CFR Part 61), GPD Program Guide, Notice of Funding Opportunity (NOFO), Grant Agreements and other Uniform Grant Guidance (2 CFR Part 200)
  • Provide the GPD Program Office with an assessment of the Grantees ability to meet the needs of Homeless Veterans
  • Provide Grantee Management/Board of Directors with an external assessment of organizational practices and procedures
  • Discuss challenges and opportunities (Best Practices, Common Approaches, Program/Process Standardization) with Grantees
• OBO reviews the following areas:
  • Internal Controls and Fraud, Waste and Abuse
  • Expenses
  • Payroll
  • Payment Vouchers
  • Standard Form (SF) - 425 Financial Reporting
  • Single Audit
GPD Review Process - Notification

- GPD Review Notification
  - Initial contact with Grantee
  - Engagement Letter (EL)
    - Scope/Period of Review (FY 2022)
    - Due Date for Preliminary Document Request
    - Site Visit Dates
    - POC for Engagement Team Lead
  - Preliminary Document Request
    - Financial Documentation
    - GPD Agreements and Other Related Records
    - Policies and Procedures
GPD Review Process - Timeline

- Grantee Scheduled for Site Visit
  - Engagement Letter sent to Grantee 1/13/2022
  - Kick-Off Call 1/20/2022
  - Grantee gathers and provides initial documents request 1/27/2022
  - Review Team will develop sample and send to Grantee 2/10/2022
  - Grantee provides supporting documents from sample 2/23/2022
  - Review Team conducts testing and evaluation 2/24/2022 – 3/10/2022
  - Review Team will coordinate:
    - Site visit logistics 3/11/2022
    - Other open items
  - Site visit 3/21/2022 – 3/25/2022
  - Post site visit – Outstanding items due by COB 4/1/2022
  - Reporting Process Starts 4/4/2022
  - Target Date for Report 5/30/2022
GPD Review Process – Pre-Site Visit

• Pre-Site Visit Preparation
  • Conduct Review Kick-Off Call one week after EL receipt
    • Agenda and Overview of Review Process
    • Timeline and Critical Target Dates
  • Grantee will provide requested documents via BOX.com two weeks after EL receipt
  • Review Team will:
    • Conduct a preliminary review of provided documents
    • Develop sample selections – Expenses and Payroll
    • Conduct preliminary review of Policies and Procedures
    • Request additional items or submit clarification questions
  • Within two weeks of receipt of supporting documentation, review team will:
    • Provide sample selections to Grantee
• Pre-Site Visit Preparation
  • Grantee:
    • Consolidate sample support documentation and upload into BOX.com within two weeks of receiving the sample list request
  • Review Team:
    • Review and analyze Policies and Procedures
    • Review and test Expense and Payroll supporting documents
    • Review Single Audit Report (follow-up as necessary)
    • Review SF-425 Federal Financial Reporting
    • Review questionnaire responses with follow-up actions
    • Review budget to actual
GPD Review Process - Post Site Visit and Reporting

• Post Site Visit
  • One week following the onsite visit – last day to accept supporting documentation
  • Review Team will begin drafting report

• Reporting
  • 30 to 60 Days after visit report will be finalized
  • Program Office will issue:
    • Report
    • Recommendation Response Form (RRF)
    • Predetermination letter for questioned costs
Follow-up

- Grantee responds to recommendations (30 days)
- Concur/Non-concur with recommendations
  - Concur – Accept and implement recommendations
  - Non-concur – Provide justification for non-concurrence
- Provide a Corrective Action Plan based on recommendations
- Provide Estimated Completion Dates (ECD)
- Provide supporting documentation

Review Team will request supporting documents for review and analysis to verify Corrective Action is appropriately addressed
Appendix A: Recommendation Response Form

Homeless Veteran Program Review
GPD Corporation – GPD
Award: ABCD222-0000-555-PD-21

Date Issued: May 1, 2022
Response Deadline: June 1, 2022

Indicate your Concurrency (Y or N) for each recommendation. If you agree with the recommendation, enter an Action Plan in the Response block and provide a Planned Completion Date for resolving the identified issue. If you disagree with the recommendation, provide Justification for your disagreement in the Response block.

- Determining the Planned Completion Date: The Planned Completion Date is when all steps or processes listed in the recommendation action plan will be completed. Planned Completion Dates should be realistic and reasonable. Please consider current workload; staffing; holidays; major events; internal processes, such as drafting documents and approvals; external processes, such as routing documents and approvals; funding; contracting; and other variables.
- Extensions on Planned Completion Dates must be requested in writing and may require notification and approval by the facility, network, or area office director or other levels of VA management as appropriate. Extensions are subject to final approval by OBO management.
- If the Planned Completion Date for a given recommendation precedes submission of this form, documentation supporting completion of the Action Plan for that recommendation must be submitted with this form.
- If you have questions in determining the Planned Completion Date, please contact the OBO point of contact designated on the transmittal memo accompanying this report.

Please return this completed form to Tony Huff at Tony.Huff@va.gov, Nicholas Rayo at Nicholas.Rayo@va.gov, Omar Ochoa at Omar.Ochoa@va.gov, Christian Lopez Gavilan at Christian.LopezGavilan@va.gov, VAOICGPDGRANTS@va.gov and Yvette Green at Yvette.Green@va.gov.

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<tr>
<th>Recommendation</th>
<th>Facility Point of Contact</th>
<th>Executive Director</th>
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<th>Recommendation</th>
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1. Update oversight procedures surrounding GPD cost allowability to ensure unallowable costs are not charged to the program. Provide new policies for auditor review. | Y | Procedures will be updated to reflect GPD Cost Allowability Training. Policies will be forwarded to OBO. | Y | 6/30/22 |

2. Update policies and procedures to include document retention and types of documents required. Provide new policies for auditor review. | Y | Procedures will be updated to reflect GPD Cost Allowability Training. Policies will be forwarded to OBO. | Y | 6/30/22 |

3. Provide training to staff on updated policies, Federal and GPD Program cost allowability requirements and proper expense documentation. Document training and staff trained for auditor review. | Y | Training will be completed by appropriate personnel. A roster sheet and training materials will be forwarded to OBO. | Y | 6/30/22 |
Recommendation Response Form

- Support Documentation
  - New/Updated Policies and Procedures
  - New/Updated Allocation Methodology
  - Training Logs along with Training Material
  - New Negotiated Indirect Cost Rate
  - Corrected SF-425
**Support Documentation – Policy Additions**

**ACCOUNTS PAYABLE/CASH DISBURSEMENTS**

**Agency Accounting Policy:**

The following policies ensure that only valid and authorized payables are recorded and paid. Detailed accounting procedures are implemented to ensure the accuracy/validity of amounts, coding, timing of the expense as well as appropriate timing of making payments.

a. **Coding and Approval of Vendors**

Vendors invoices are date stamped on the date they are received into the accounting department. Invoices are routed to and are coded by the staff who made the purchase of the goods or services with the correct GL Account & Program Number. Once coded they are reviewed and signed by the manager responsible for the department budget indicating approval to pay. Accounting staff enter invoices into the Accounting software system on an on-going basis to ensure that vendor payment terms are met. Before staff accountants post the Accounts Payable entries, they are reviewed by the Accounting Manager to ensure expenses are recorded in the correct period and are coded to the proper GL account and program.

b. **Coding and Approval of Credit Card Statements**

Employees whose job requires them to regularly make business purchases are granted a credit card with an appropriate maximum credit limit. Employees must agree to and sign off on the credit card policy at the time they are first issued the card. The cards are used for business purchases only.

Each month all cardholders are responsible for obtaining the appropriate documentation (invoices/receipts etc.) to support each charge to their statement. Code the charges, get their managers approval and submit the statement to accounting for processing. Managers are responsible for reviewing the coding and confirming that each item was budgeted. Employees who do not adhere to the overall credit card policy, documentation and statement timelines may lose their ability to be a credit card holder at the discretion of the Director of Finance.

c. **Check Requests**

Check requests are utilized in the event there is no invoice for example to issue a refund to a client or to make a deposit payment based on a contract with a vendor. To ensure efficient processing and record keeping, all check requests are processed on a written check request form and include any pertinent back-up such as an e-mail or contract. The form is signed by the requestor and signed/approved by the requestor’s department manager. If the department manager is not available, the requestor should go to the next level of management for approval/signature. The approver must verify the proper GL coding and available budget prior to signing. Check requests are processed and paid through the regular weekly Accounts Payable check run unless the request constitutes an emergency and merits a special check run.

**PAYROLL**

**Agency Accounting Policy:**

Staff enter time specific to the program worked into the payroll system and submit to their Manager for approval at the end of each payroll.

Managers review and verify staff bi-weekly timecard, approve, and submit for payroll processing. Payroll Specialist will process payroll within two days after pay period close. Payroll Specialist reviews all timecard and follows up as needed with staff and managers. Payroll Specialist runs payroll report and enters any payroll adjustments request by HR department. After all timecards and adjustments are entered into the payroll system, Payroll Specialist will email draft payroll reports to HR director, Accounting Manager and Director of Finance. After all reviewer’s review/approve the payroll report the Payroll Specialist submits payroll.

1. **Direct Payroll Costs: GPD Program Staff**

The majority of employees charge their salary costs directly to a project since their work is specifically identifiable to a specific grant, contract, of the organization such as GPD. The charges are supported by auditable labor distribution reports which reflect the actual activities of employees. Employees complete their timesheet by charging hours worked to each program.

2. **Indirect Payroll Costs: Administration and Program Leadership**

**Positions included:**

- Director of Program
- Regional Director of Residential Programs

These specific org employees work across multiple projects and grants allocate their time based on average number of hours worked on each program. Allocation used labor distribution code in the payroll system.

The distinction between direct and indirect is primarily based on functions performed. For example, when the positions shown are performing functions that are necessary and beneficial to all programs, they are indirect. When functions are specific to one or more programs, they are direct because they do not benefit all programs. Auditable labor distribution records which reflect the actual activities of employees are maintained to support the mix of direct/indirect charges.

3. **Treatment of Fringe Benefits**

The accounting system tracks fringe benefit costs by individual employee and charges these costs directly or indirectly in the same manner as salary and wage costs are recorded. Treatment of Paid Absences - Release time costs (vacation leave earned, sick leave used, and holiday pay) are considered part of salary costs. Consequently, separate claims for release time costs are not made. The accounting system records release time as a direct or indirect cost in the same manner that salary costs are recorded. Vacation leave earned but not used during each fiscal period is recorded as a cost in the period earned.
**GPD Corporation – Training**

**Award:** ABCD222-0000-555-PD-21  
**Purpose:** Training on new Policies and Procedures

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<tr>
<td>Internal Control Policy</td>
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****Training & Policies Attached****
Close-Out

No Questioned Costs
- OBO will send out an email explaining the review has been completed.

Questioned Costs
- Questioned costs are adjusted accordingly depending on support documentation provided during the RIV process.

Notice of Indebtedness Letter issued to the Grantee (if applicable)
- The Notice of Indebtedness will be sent to the organization within 4-8 weeks after all support documentation has been gathered and approved.
- The letter will explain all the options the organization has for repaying the debt, disputing the determination or requesting a waiver.
GPD Review Conditions

- Ineligible Expenses—Identified at 86 percent of reviews
  - Finding
    - Costs were either unallowable, unsupported or not properly allocated
  - Recommendations
    - Update/Establish policies and procedures for cost allowability, allocation, and document retention. Provide new policies for auditor review.
    - Provide training to staff on updated policies. Document training and staff attendance for auditor review.

- Incorrect SF-425 — Identified at 46 percent of reviews
  - Finding
    - The grantee incorrectly reported cash receipts, cash disbursements or program income on their Federal Financial Report (FFR) SF-425.
  - Recommendations
    - Develop and implement adequate controls for oversight activities to ensure that SF-425s are submitted timely and accurately.
    - Provide staff training on the proper completion of SF-425s to ensure cash receipts, cash disbursements or program income are reported correctly.
Top GPD Review Conditions

- Incorrect Payroll Allocation– Identified at 38 percent of reviews
  - Finding
    - We found improper payroll allocation expenses and found the grantee did not allocate based on actual hours worked.
  - Recommendations
    - Update/Establish policies and procedures for payroll allocation. Provide new policies for auditor review.
    - Provide training to staff on updated policies. Document training and staff attendance for auditor review.

- Unobligated Funds– Identified at 15 percent of reviews
  - Finding
    - We found the grantee underutilized grant award funding and the excess voucher income has not been returned to the VA.
  - Recommendation
    - Develop standard operating procedures and related oversight activities to ensure unobligated funds are returned promptly and the SF-425 is submitted in a timely manner. Provide a copy of the procedures for auditor review.
Importance of Reconciling the General Ledger to the SF-425
Importance of Reconciling the General Ledger to the SF-425

- Importance of reconciling the general ledger to the SF-425
  - During our review of an organization this is the first thing we perform to make sure the General Ledger is accurate and only pertains to GPD revenue and costs.
  - This will ensure we pull a sample only pertaining to GPD costs. If the General Ledger is not specific to GPD this may cause additional sample items to be requested.
  - Reconciling the General Ledger to the SF-425 will save time when OBO performs the annual SF-425 review.
  - The SF-425 is important because it captures the obligations and disbursements that occurred during the reporting period.
  - The SF-425 is a communication tool to report on the financial health of the grant and demonstrate appropriate use of funds to the VA.
# Importance of Reconciling the General Ledger to the SF-425

- **Sample General Ledger**

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<td>2231 GPD Men</td>
<td>07-11102.1</td>
<td>Veteran Rent</td>
<td>Program Fees</td>
<td>8/1/2020</td>
<td>1,577.80</td>
<td></td>
</tr>
<tr>
<td>4143</td>
<td>Rent/Fees - GPD Men</td>
<td>9000</td>
<td>2222</td>
<td>2232 GPD Men</td>
<td>08-11200</td>
<td>Veteran Rent</td>
<td>Program Fees</td>
<td>8/31/2020</td>
<td>1,210.60</td>
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</tr>
<tr>
<td>4143</td>
<td>Rent/Fees - GPD Men</td>
<td>9000</td>
<td>2222</td>
<td>2233 GPD Men</td>
<td>09-10115</td>
<td>Veteran Rent</td>
<td>Program Fees</td>
<td>9/30/2020</td>
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<tr>
<td>4143 Total</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>0</td>
<td>39,127.17</td>
<td></td>
</tr>
</tbody>
</table>
Importance of Reconciling the General Ledger to the SF-425

- General Ledger Summary
  - GPD Revenue = 10a Cash Receipts

<table>
<thead>
<tr>
<th>10. Transactions</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Use lines a-c for single or multiple grant reporting)</td>
<td></td>
</tr>
<tr>
<td>Federal Cash (To report multiple grants, also use FFR attachment):</td>
<td></td>
</tr>
<tr>
<td>a. Cash Receipts</td>
<td>1,079,942.94</td>
</tr>
<tr>
<td>b. Cash Disbursements</td>
<td>875,239.71</td>
</tr>
<tr>
<td>c. Cash on Hand (line a minus b)</td>
<td>204,703.23</td>
</tr>
<tr>
<td>(Use lines d-o for single grant reporting)</td>
<td></td>
</tr>
<tr>
<td>Federal Expenditures and Unobligated Balance:</td>
<td></td>
</tr>
</tbody>
</table>

### GPD Men's Home

<table>
<thead>
<tr>
<th>Revenue</th>
<th>GL Code</th>
<th>GL Code Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants &amp; Contracts</td>
<td>4100</td>
<td>Grants &amp; Contracts</td>
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<tr>
<td>Total Grants &amp; Contracts</td>
<td></td>
<td></td>
<td>1,079,942.94</td>
</tr>
<tr>
<td>Program Fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent/Fees - Home 1</td>
<td>4143</td>
<td>Rent/Fees - Home 1</td>
<td>39,127.17</td>
</tr>
<tr>
<td>Rent/Fees - Home 2</td>
<td>4148</td>
<td>Rent/Fees - Home 2</td>
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<tr>
<td>Total Program Fees</td>
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<tr>
<td>Total Revenue</td>
<td></td>
<td></td>
<td>1,119,070.11</td>
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### Expenditures

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>GL Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages &amp; Benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Operations Officer</td>
<td>5130</td>
<td>1,462.85</td>
</tr>
<tr>
<td>Director of Clinical Services</td>
<td>5140</td>
<td>14,552.78</td>
</tr>
</tbody>
</table>
### Importance of Reconciling the General Ledger to the SF-425

- **General Ledger Summary**
  - GPD Total Expenditures = 10b Cash Disbursements

<table>
<thead>
<tr>
<th>10. Transactions</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Cash (To report multiple grants, also use FFR attachment):</strong></td>
<td></td>
</tr>
<tr>
<td>a. Cash Receipts</td>
<td>1,079,942.94</td>
</tr>
<tr>
<td>b. Cash Disbursements</td>
<td>875,239.71</td>
</tr>
<tr>
<td>c. Cash on Hand (line a minus b)</td>
<td>204,703.23</td>
</tr>
<tr>
<td><em>(Use lines a-c for single or multiple grant reporting)</em></td>
<td></td>
</tr>
<tr>
<td><strong>Federal Expenditures and Unobligated Balance:</strong></td>
<td></td>
</tr>
</tbody>
</table>

- **Food**
  - Food
  - Food Prep.
- **Client Travel/Bus only**
  - Client Travel/Bus only
- **Client Specific Assist.**
  - Client Specific Assist.
- **Testing for clients**
  - Testing for clients
- **Activities for clients**
  - Activities for clients
- **Consultants**
  - Consultants
- **Certification**
  - Certification
- **Insurance**
  - Insurance
- **Interest**
  - Interest
- **Taxes**
  - Taxes
- **Depreciation**
  - Depreciation
- **Indirect**
  - Indirect
- **Total Operations**
  - Total Operations
- **Total Expenditures**
  - Total Expenditures
- **Changes in Net Income**
  - Changes in Net Income
  - 243,830.40
Importance of Reconciling the General Ledger to the SF-425

- **General Ledger Summary**
  - GPD Program Income = 10l Total Federal Program Income
  - Program income is income earned for the GPD program from any source outside of direct funding received from the VA. Program income reported must be as a result of the GPD award.

<table>
<thead>
<tr>
<th>Program Income:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Total Federal program income earned</td>
<td>39,127.17</td>
</tr>
<tr>
<td>m. Program Income expended in accordance with the deduction alternative</td>
<td>39,127.17</td>
</tr>
<tr>
<td>n. Program Income expended in accordance with the addition alternative</td>
<td>0.00</td>
</tr>
<tr>
<td>o. Unexpended program income (line I minus line m or line n)</td>
<td>0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GPD Men's Home</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
</tr>
<tr>
<td>Grants &amp; Contracts</td>
</tr>
<tr>
<td>Grants &amp; Contracts</td>
</tr>
<tr>
<td>Total Grants &amp; Contracts</td>
</tr>
<tr>
<td>Program Fees</td>
</tr>
<tr>
<td>Rent/Fees - Home 1</td>
</tr>
<tr>
<td>Rent/Fees - Home 2</td>
</tr>
<tr>
<td>Total Program Fees</td>
</tr>
<tr>
<td>Total Revenue</td>
</tr>
<tr>
<td>Expenditures</td>
</tr>
<tr>
<td>Wages &amp; Benefits</td>
</tr>
<tr>
<td>Chief Operations Officer</td>
</tr>
<tr>
<td>Director of Clinical Services</td>
</tr>
<tr>
<td>Residential Programs Director</td>
</tr>
</tbody>
</table>
Importance of Reconciling the General Ledger to the SF-425

• SF-425 Reconciliation – Indirect Costs
  • 10% De Minimis or Agency Approved Indirect Cost Rate
  • Indirect Cost Rate Base must be approved Cost Pool or Modified Total Direct Cost (MTDC) all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first $25,000 of each subaward
  • 11f Should reconcile with amount listed in General Ledger.

11. Indirect Expense

<table>
<thead>
<tr>
<th>a. Type</th>
<th>b. Rate</th>
<th>c. Period From</th>
<th>Period To</th>
<th>d. Base</th>
<th>e. Amount Charged</th>
<th>f. Federal Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provisional</td>
<td>7.49</td>
<td>10/01/2019</td>
<td>09/30/2020</td>
<td>875,239.71</td>
<td>65,542.96</td>
<td>65,542.96</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| g. Totals:    | 875,239.71 | 65,542.96 | 65,542.96 |
Importance of Reconciling the General Ledger to the SF-425

- General Ledger Data – Best Practices
  - Accurate Expense Descriptions
  - Use of Program and Cost Codes (Revenue/Payroll/General Expenses)
  - Information should be limited to only Revenue and Expenses charged to the GPD Program.
  - GPD Revenue amounts should match the Per Diem Vouchers submitted to and approved by the GPD Liaison.
- Document Retention
  - General Ledger, Balance Sheets, Profit/Loss Statements (10/1/21-9/30/22)
  - SF-425
  - Indirect Cost Rate Agreement if rate other than 10% De Minimis is used.
10 Minute Break
What is an Internal Control?

- **Internal Controls**
  - “Is a process for assuring of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations and policies”
- Internal controls are constantly at work in our daily lives, often without us thinking about them. They occur when you:
  - Lock your home and vehicle
  - Keep your ATM card and pin number separate
  - Review bills/credit card statements before paying them
  - Do not leave cash or blank checks laying around
  - Expect your children to ask permission before doing certain things
Internal controls are also used in **daily work activities**. They occur when you ensure:

- Operational tasks and duties are accomplished
- Computer passwords are periodically changed and are not written down and stored by the computer
- Buildings, offices, labs and file cabinets are kept locked
- Credit card charges are checked against source documents
- Approvals are required and obtained for certain activities
Internal Control Benefits:

- Ensure records are accurate
- Protect assets
- Maintain a healthy and safe environment
- Promote operational efficiency
- Encourage adherence to laws, regulations, and policies
- Ensure organizational mission objectives are accomplished
Examples of Internal Controls

- Internal Policies
  - Approval Chain
  - Separation of Duties
  - Job Cross-Training
  - Bonded Cash Handlers
  - Independent Reviews
  - Updates based on changes in the operational environment
- Board of Directors
  - Qualified Board Members
  - Timely Meetings
  - Strong Oversight/Direction
  - Documentation of Meeting Minutes
Examples of Internal Controls

- Conflicts of Interest
  - Disclose Relationships with Families or Friends
  - Avoid Personally Beneficial Relationships
  - Contracts/MOU’s
  - Kick Backs and Gifts
- Payment Requests
  - Maintain all Justification and Documentation
  - Evidence of Payment (check, bank/CC statement)
  - Record Properly
  - Eliminate Petty Cash
Executive Directors are responsible for:

- Designing and implementing internal controls for the units under them
- Executing laws, policies, guidance and regulations
- Ensuring implementation of internal controls
- Accountability to the next higher level
- Ensuring segregation of duties
Employees are responsible for:

- Following all laws, regulations, guidance, and policy
- Accountability over resources and records
- Physical control over vulnerable assets
- Accurate and timely recording of transactions
- Maintaining appropriate documentation for all transactions or activities
About Fraud, Waste, and Abuse

• Definitions of Fraud, Waste and Abuse as Related to GPD
  – **Fraud** is defined as the wrongful or criminal deception intended to result in financial or personal gain. Fraud includes false representation of fact, making false statements, or by concealment of information.
  – **Waste** is defined as the thoughtless or careless expenditure, mismanagement, or abuse of resources to the detriment (or potential detriment) of the U.S. government. Waste also includes incurring unnecessary costs resulting from inefficient or ineffective practices, systems, or controls.
  – **Abuse** is defined as excessive or improper use of a thing, or to use something in a manner contrary to the natural or legal rules for its use. Abuse can occur in financial or non-financial settings.
Questions?
PART II
Financial System Requirements for Organizations Receiving Federal Grant Funds
Financial System Requirements

- **Financial Documentation**
  - Detailed General Ledger (Excel format)
    - Expenditures
    - Revenue
  - Chart of Accounts
  - Cost Allocation Policy
  - Financial Policies and Procedures
  - Budget to Actual
  - Asset Listing and Depreciation Detail
  - Most Recent Single Audit Report
  - Listing of all Federal Awards and Funding Sources
  - GPD Vouchers
Financial System Requirements (cont.)

- **General Ledger Expectations**
  - Detailed General Ledger (GL) must be in Excel format
  - Provide a separate GL for each award and fiscal year (FY)
  - GL dates must include the complete period of performance used to exhaust the funds
  - GL must include revenue and all expenses including administrative costs
  - GL must include details for each account
Financial System Requirements (cont.)

- **Expense Sample Support Expectations**
  - Expense Policies and Procedures
  - Clearly identify sample #
  - Must include an invoice (i.e. lease agreements, contracts, prior program office approvals and receipts)
  - Must include copy of payment (ACH, check, online bank statements)
  - If allocated, include allocation breakout for total cost
  - If invoice includes costs for several programs, clearly identify GPD specific costs that tie to amount expensed
Financial System Requirements (cont.)

- **Payroll Sample Support Documentation Expectations**
  - Payroll Policies and Procedures
  - Clearly identify sample #
  - Must include timesheet for all hours worked
  - Timesheet must include all projects for allocated employees
  - Must include Leave and Earnings Statement
  - Employee offer letters to support annual salary or hourly rate
### Web Timesheets

<table>
<thead>
<tr>
<th>Work Date</th>
<th>Cost Center</th>
<th>Pay Type</th>
<th>Process Group</th>
<th>Department</th>
<th>Location</th>
<th>Earnings</th>
<th>Leave</th>
<th>Description</th>
<th>Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>03/26/2020</td>
<td>1533 GPD</td>
<td>CC 5224</td>
<td>biweekly</td>
<td>Housing</td>
<td>300</td>
<td>6.00</td>
<td>0.00</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>03/26/2020</td>
<td>1532 (4th Street) HCHV</td>
<td>CC 5224</td>
<td>biweekly</td>
<td>Housing</td>
<td>300</td>
<td>2.00</td>
<td>0.00</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>03/27/2020</td>
<td>1533 GPD</td>
<td>CC 5224</td>
<td>biweekly</td>
<td>Housing</td>
<td>300</td>
<td>6.00</td>
<td>0.00</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>03/27/2020</td>
<td>1532 (4th Street) HCHV</td>
<td>CC 5224</td>
<td>biweekly</td>
<td>Housing</td>
<td>300</td>
<td>2.00</td>
<td>0.00</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>03/30/2020</td>
<td>1533 GPD</td>
<td>CC 5224</td>
<td>biweekly</td>
<td>Housing</td>
<td>300</td>
<td>6.00</td>
<td>0.00</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>03/30/2020</td>
<td>1532 (4th Street) HCHV</td>
<td>CC 5224</td>
<td>biweekly</td>
<td>Housing</td>
<td>300</td>
<td>2.00</td>
<td>0.00</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>03/31/2020</td>
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<td>6.00</td>
<td>0.00</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>03/31/2020</td>
<td>1532 (4th Street) HCHV</td>
<td>CC 5224</td>
<td>biweekly</td>
<td>Housing</td>
<td>300</td>
<td>2.00</td>
<td>0.00</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>04/01/2020</td>
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<td>Housing</td>
<td>300</td>
<td>6.00</td>
<td>0.00</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>04/01/2020</td>
<td>1532 (4th Street) HCHV</td>
<td>CC 5224</td>
<td>biweekly</td>
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<td>300</td>
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<td>04/02/2020</td>
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<td>0.00</td>
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<tr>
<td>04/02/2020</td>
<td>1532 (4th Street) HCHV</td>
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<td>biweekly</td>
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<td>2.00</td>
<td>0.00</td>
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<td>Y</td>
</tr>
<tr>
<td>04/03/2020</td>
<td>1533 GPD</td>
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<td>biweekly</td>
<td>Housing</td>
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<td>6.00</td>
<td>0.00</td>
<td></td>
<td>Y</td>
</tr>
<tr>
<td>04/03/2020</td>
<td>1532 (4th Street) HCHV</td>
<td>CC 5224</td>
<td>biweekly</td>
<td>Housing</td>
<td>300</td>
<td>2.00</td>
<td>0.00</td>
<td></td>
<td>Y</td>
</tr>
</tbody>
</table>

**Totals for SUSAN**

- Earnings: 56.00
- Leave: 0.00
- Approved: Y
# ABC Company

**Quick Check/Transaction Register**

*From 4/10/2020 Through 4/19/2020*

<table>
<thead>
<tr>
<th>Employee ID:</th>
<th>123</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name:</td>
<td>SUSAN</td>
</tr>
<tr>
<td>SSN:</td>
<td>*<strong>-</strong></td>
</tr>
<tr>
<td>Group:</td>
<td>biweekly</td>
</tr>
<tr>
<td>Title:</td>
<td>BiWeekly</td>
</tr>
<tr>
<td>Payroll:</td>
<td>4/10/2020</td>
</tr>
<tr>
<td>Check Number:</td>
<td>2986</td>
</tr>
<tr>
<td>Check Date:</td>
<td>4/10/2020</td>
</tr>
<tr>
<td>TS Reference:</td>
<td></td>
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</tbody>
</table>

**Leave Code**

<table>
<thead>
<tr>
<th>Leave Code</th>
<th>Accrued</th>
<th>Taken</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birthday FT</td>
<td>8.0000</td>
<td></td>
<td>8.0000</td>
</tr>
<tr>
<td>Holiday</td>
<td>96.0000</td>
<td></td>
<td>96.0000</td>
</tr>
<tr>
<td>Personal</td>
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<td></td>
<td>32.0000</td>
</tr>
<tr>
<td>SickFT</td>
<td>2.1600</td>
<td></td>
<td>2.1600</td>
</tr>
<tr>
<td>VacFT</td>
<td>0.0000</td>
<td></td>
<td>0.0000</td>
</tr>
<tr>
<td>Volunteer FT</td>
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<td>8.0000</td>
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</table>

**SUTA Weeks:** 2

**Code Type**

<table>
<thead>
<tr>
<th>Code Type</th>
<th>Code/Tax Jurisdiction</th>
<th>Distribution Code</th>
<th>Pay Rate/Rate</th>
<th>Hours</th>
<th>Employee Amount</th>
<th>Employer Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earning</td>
<td>CC 5224</td>
<td>123</td>
<td>25.0000</td>
<td>56.00</td>
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<td>86.80</td>
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<td>LWT -SDI</td>
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<td>14.00</td>
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<tr>
<td></td>
<td>SUTA-CA</td>
<td></td>
<td>0.0620</td>
<td></td>
<td>86.80</td>
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</tr>
</tbody>
</table>

**Net Pay/Total Employer Amount**

<table>
<thead>
<tr>
<th>Employee Amount</th>
<th>1,278.90</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer Amount</td>
<td>275.14</td>
</tr>
</tbody>
</table>
• **Voucher Support Documentation Expectations**
  - Provide the GPD vouchers
  - Ensure the GPD voucher payments do not exceed the Grantee’s designated number of beds for the monthly period
  - Reconcile general ledger to ensure that the payment requested is mapped to the revenue posted to the general ledger
  - Provide signed copy of approved voucher
  - Veteran Census
Financial System Requirements (cont.)

- **Single Audit Support Documentation Expectations**
  - The Single Audit must be completed and submitted in machine-readable format to the Federal Audit Clearinghouse either 30 days after receiving the auditor’s report, or nine months after the end of the nonprofit’s fiscal year, whichever comes earlier ([Federal Audit Clearinghouse - Home](census.gov))
  - Grantee must verify the accounting firm’s license status is current and in good standing
  - If the Grantee has any findings, material weaknesses or significant deficiencies that affect the GPD program. They must provide the corrective action plan
UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

A set of authoritative rules and regulations about federal grants from the Office of Management and Budget (OMB). This “guidance” is designed to keep everyone in the federal grants community – Congress, grant-making agencies, and applicants – on the same page.

- Subpart A - Acronyms and Definitions (§§ 200.0 - 200.99)
- Subpart B - General Provisions (§§ 200.100 - 200.113)
- Subpart C - Pre-Federal Award Requirements and Contents of Federal Awards (§§ 200.200 - 200.216)
- Subpart D - Post Federal Award Requirements (§§ 200.300 - 200.346)
- Subpart E - Cost Principles (§§ 200.400 - 200.476)
- Subpart F - Audit Requirements (§§ 200.500 - 200.521)
- Appendix I to Part 200 - Full Text of Notice of Funding Opportunity
- Appendix III to Part 200 - Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHes)
- Appendix IV to Part 200 - Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations
- Appendix V to Part 200 - State/Local Governmentwide Central Service Cost Allocation Plans
- Appendix VI to Part 200 - Public Assistance Cost Allocation Plans
- Appendix VII to Part 200 - States and Local Government and Indian Tribe Indirect Cost Proposals
- Appendix VIII to Part 200 - Nonprofit Organizations Exempted From Subpart E of Part 200
- Appendix IX to Part 200 - Hospital Cost Principles
- Appendix X to Part 200 - Data Collection Form (Form SF-SAC)
- Appendix XI to Part 200 - Compliance Supplement
- Appendix XII to Part 200 - Award Term and Condition for Recipient Integrity and Performance Matters
Subpart D - Post Federal Award Requirements §§ 200.300 - 200.346

§ 200.302 Financial Management

(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state’s own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also § 200.450.
§ 200.302 Financial Management

(b) The financial management system of each non-Federal entity must provide for the following (see also §§ 200.334, 200.335, 200.336, and 200.337):

(1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received.

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329.

(3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

(4) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See § 200.303.

(5) Comparison of expenditures with budget amounts for each Federal award.

(6) Written procedures to implement the requirements of § 200.305.

(7) Written procedures for determining the allowability of costs in accordance with subpart E of this part and the terms and conditions of the Federal award.
• **Subpart E - Cost Principles §§ 200.400 - 200.476**
  
  • Basic Considerations § 200.402 – 200.411
  
  • §200.402 Composition of Costs.
    • Total cost. The total cost of a Federal award is the sum of the allowable direct and allocable indirect costs less any applicable credits.
  
  • §200.403 Factors Affecting Allowability of Costs.
    • Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:
      • **(a)** Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
      • **(b)** Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
      • **(c)** Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
      • **(d)** Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
• (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

• (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306(b).

• (g) Be adequately documented. See also §§ 200.300 through 200.309 of this part.

• (h) Cost must be incurred during the approved budget period.

• §200.404 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. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:
  • (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
  • (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
  • (c) Market prices for comparable goods or services for the geographic area.
(d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.

(e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

§200.405 Allocable Costs

(a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

(1) Is incurred specifically for the Federal award;

(2) 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; and

(3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.
• **(b)** All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.

• **(c)** Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

• **(d)** Direct cost allocation principles: If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph **(c)** of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also §§ 200.310 through 200.316 and 200.439.

• **(e)** If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.
GENERAL PROVISIONS FOR SELECTED ITEMS OF COST (§§ 200.420 - 200.476)

§ 200.420 Considerations for selected items of cost.

This section provides principles to be applied in establishing the allowability of certain items involved in determining cost, in addition to the requirements of Subtitle II of this subpart. These principles apply whether or not a particular item of cost is properly treated as direct cost or indirect (F&A) cost.

- § 200.421 Advertising and public relations.
- § 200.422 Advisory councils.
- § 200.423 Alcoholic beverages.
- § 200.424 Alumni/ae activities.
- § 200.425 Audit services.
- § 200.426 Bad debts.
- § 200.427 Bonding costs.
- § 200.428 Collections of improper payments.
- § 200.429 Commencement and convocation costs.
- § 200.430 Compensation - personal services.
- § 200.431 Compensation - fringe benefits.
- § 200.432 Conferences.
- § 200.433 Contingency provisions.
- § 200.434 Contributions and donations.
- § 200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.
- § 200.436 Depreciation.
- § 200.437 Employee health and welfare costs.
- § 200.438 Entertainment costs.
- § 200.439 Equipment and other capital expenditures.
- § 200.440 Exchange rates.
- § 200.441 Fines, penalties, damages and other settlements.
- § 200.442 Fund raising and investment management costs.
- § 200.443 Gains and losses on disposition of depreciable assets.
- § 200.444 General costs of government.
- § 200.445 Goods or services for personal use.
- § 200.446 Idle facilities and idle capacity.
- § 200.447 Insurance and indemnification.
- § 200.448 Intellectual property.
- § 200.449 Interest.
- § 200.450 Lobbying.
- § 200.451 Losses on other awards or contracts.
- § 200.452 Maintenance and repair costs.
• § 200.453 Materials and supplies costs, including costs of computing.
• § 200.454 Memberships, subscriptions, and professional activity costs.
• § 200.455 Organization costs.
• § 200.456 Participant support costs.
• § 200.457 Plant and security costs.
• § 200.458 Pre-award costs.
• § 200.459 Professional service costs.
• § 200.460 Proposal costs.
• § 200.461 Publication and printing costs.
• § 200.462 Rearrangement and reconversion costs.
• § 200.463 Recruiting costs.
• § 200.464 Relocation costs of employees.

Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination as to allowability in each case should be based on the treatment provided for similar or related items of cost. All costs charged to GPD must meet the CFR regulations for allowability, reasonableness, allocable, and all costs must be accurately recorded.
10 Minute Break
Best Practices for Tracking and Allocating Costs
Best practices for tracking and allocating costs

- Best practices for tracking and allocating costs and reviewing general ledger categories
  - Maintain support for methods used to calculate cost allocations (i.e. square footage, bed days, revenue, locations etc.)
  - Every grantee could have a different method that must be reasonable and consistent with their organizational structure and policies
  - Apply and monitor cost allocation policy regularly to segregate and consistently charge different project costs
  - Compare actual costs with budgeted estimates
  - Document retention
Allocable Cost - A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received (200.405). This standard is met if the cost:

- Is incurred specifically for the Federal award.
- 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.
- Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons (200.405c).
Direct Cost vs. Indirect Cost

- Direct Cost – Cost that can be identified specifically for a program or project. Costs that specifically benefit the project are charged to the award. Examples:
  - Project Staff Salaries
  - Travel
  - Material and Supplies

- Indirect Cost – Cost that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. Examples:
  - Executive Director Salary
  - Accounting
  - Human Resources
• Direct cost allocation method - cost that benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit (200.405d). Examples:
  • Number of bed days
  • Personnel cost
  • Square footage basis

• Indirect cost rate - device for determining fairly and expeditiously the proportion of general (non-direct) expenses that each project will bear. It is the ratio between the total indirect costs of an applicant and some equitable direct cost base.
  • 10% De Minimus Rate
  • Negotiated indirect Cost Rate Agreement (NICRA)
Methods of Allocation

- Example of cost allocation method by square footage:

*Facilities Expense Amount = $10,000*

Facilities costs are allocated based on square footage. Square footage for each program and general and administrative activity is considered in the analysis. General and administrative facilities costs are further allocated to each program based on the square footage of each grant program to the total square footage of all grant programs. The calculation is as follows:

<table>
<thead>
<tr>
<th>Grant</th>
<th>Square Footage</th>
<th>%</th>
<th>Amount Allocated</th>
<th>G&amp;A Allocated</th>
<th>Total Amount Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>300</td>
<td>30%</td>
<td>$3,000</td>
<td>$340</td>
<td>$3,340</td>
</tr>
<tr>
<td>B</td>
<td>100</td>
<td>10%</td>
<td>$1,000</td>
<td>$110</td>
<td>$1,110</td>
</tr>
<tr>
<td>C</td>
<td>200</td>
<td>20%</td>
<td>$2,000</td>
<td>$220</td>
<td>$2,220</td>
</tr>
<tr>
<td>D</td>
<td>200</td>
<td>20%</td>
<td>$2,000</td>
<td>$220</td>
<td>$2,220</td>
</tr>
<tr>
<td>E</td>
<td>100</td>
<td>10%</td>
<td>$1,000</td>
<td>$110</td>
<td>$1,110</td>
</tr>
<tr>
<td>G&amp;A</td>
<td>100</td>
<td>10%</td>
<td>$1,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1,000</td>
<td>100%</td>
<td>$10,000</td>
<td>$1,000</td>
<td>$10,000</td>
</tr>
</tbody>
</table>
Methods of Allocation

- Example of cost allocation method by personnel:

  Expense Amount = $5,000

  Costs that benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program’s personnel costs (salaries & applicable benefits) to the total of such personnel costs, as follows:

<table>
<thead>
<tr>
<th>Grant</th>
<th>Personnel Costs</th>
<th>%</th>
<th>Amount Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$20,000</td>
<td>20%</td>
<td>$1,000</td>
</tr>
<tr>
<td>C</td>
<td>$30,000</td>
<td>30%</td>
<td>$1,500</td>
</tr>
<tr>
<td>E</td>
<td>$50,000</td>
<td>50%</td>
<td>$2,500</td>
</tr>
<tr>
<td>Total</td>
<td>$100,000</td>
<td>100%</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

- Program cost allocation method

  Expense Amount = $4,000

  Costs that benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program’s expenses (direct costs other than salaries & benefits) to the total of such expenses, as follows:

<table>
<thead>
<tr>
<th>Grant</th>
<th>Program Expenses</th>
<th>%</th>
<th>Amount Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>$120,000</td>
<td>30%</td>
<td>$1,200</td>
</tr>
<tr>
<td>C</td>
<td>$130,000</td>
<td>33%</td>
<td>$1,320</td>
</tr>
<tr>
<td>E</td>
<td>$150,000</td>
<td>37%</td>
<td>$1,480</td>
</tr>
<tr>
<td>Total</td>
<td>$400,000</td>
<td>100%</td>
<td>$4,000</td>
</tr>
</tbody>
</table>
• Example of cost allocation method by beds:
• Facility was awarded with 47 GPD beds and 10 beds for another Federal program

<table>
<thead>
<tr>
<th>Distribution Code</th>
<th>Apply To</th>
<th>Location</th>
<th>Program</th>
<th>Res</th>
<th>Units</th>
<th>Amount</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Res 10 2019</td>
<td>A</td>
<td>400</td>
<td>1543</td>
<td>1</td>
<td>0.00</td>
<td>22.85</td>
<td>19.8700%</td>
</tr>
<tr>
<td></td>
<td>A</td>
<td>400</td>
<td>1547</td>
<td>1</td>
<td>0.00</td>
<td>92.13</td>
<td>80.1300%</td>
</tr>
<tr>
<td>Total All Res 10 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
<td>114.98</td>
<td>100.0000%</td>
</tr>
<tr>
<td>Report Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.00</td>
<td>114.98</td>
<td>100.0000%</td>
</tr>
</tbody>
</table>
Indirect Cost Rate

- 10% De Minimis Rate of modified total direct cost (MTDC) (200.68) (not based on revenue)
- Includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first $25,000 of each subaward or subcontract.
- Excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward and subcontract in excess of $25,000.
- Must be used for all Federal awards until negotiated indirect rate is elected and approved by your cognizant agency.

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>Annual Expense</th>
<th>Amt. for Indirect (10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Manager</td>
<td>$ 60,000.00</td>
<td></td>
</tr>
<tr>
<td>Health Educator</td>
<td>$ 50,000.00</td>
<td></td>
</tr>
<tr>
<td>Outreach Workers</td>
<td>$ 80,000.00</td>
<td></td>
</tr>
<tr>
<td>Total Personnel</td>
<td>$ 190,000.00</td>
<td>$ 19,000.00</td>
</tr>
<tr>
<td>Fringe @ 20%</td>
<td>$ 38,000.00</td>
<td>$ 3,800.00</td>
</tr>
<tr>
<td>Travel</td>
<td>$ 10,000.00</td>
<td>$ 1,000.00</td>
</tr>
<tr>
<td>Supplies</td>
<td>$ 15,000.00</td>
<td>$ 1,500.00</td>
</tr>
<tr>
<td>Contractual</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project evaluator</td>
<td>$ 30,000.00</td>
<td>$ 2,500.00</td>
</tr>
<tr>
<td>Website and database design</td>
<td>$ 75,000.00</td>
<td>$ 2,500.00</td>
</tr>
<tr>
<td>Communication materials</td>
<td>$ 10,000.00</td>
<td>$ 1,000.00</td>
</tr>
<tr>
<td>Total Contractual</td>
<td>$ 115,000.00</td>
<td>$ 6,000.00</td>
</tr>
<tr>
<td>Other</td>
<td>$ 1,000.00</td>
<td>$ 100.00</td>
</tr>
<tr>
<td>Total Direct</td>
<td>$ 369,000.00</td>
<td></td>
</tr>
<tr>
<td>Indirect (10%)</td>
<td>$ 31,400.00</td>
<td>$ 31,400.00</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$ 400,400.00</td>
<td></td>
</tr>
</tbody>
</table>
• Negotiated indirect Cost Rate Agreement (NICRA)
  • Formal agreement between a company and its cognization auditor, documenting the agreed-upon final and provisional indirect rates
  • Non-profit organizations must submit an indirect cost proposal when requiring a higher than De Minimus rate (NOTE: Once you elect to obtain a negotiated indirect cost rate, you cannot go back to the 10% De Minimus)
  • A nonprofit organization which has not previously established an indirect cost rate with a Federal agency must submit its initial indirect cost proposal immediately after the organization is advised that a Federal award will be made and, in no event, later than three months after the effective date of the Federal award (200.414f)
  • Organizations that have previously established indirect cost rates must submit a new indirect cost proposal to the cognizant agency for indirect costs within six months after the close of each fiscal year (200.414f)
Best Practices

• Ensure consistent data entry into the General Ledger (GL)
  • Same naming convention
  • Same classification of expenses
  • Down stream data analysis and reporting
• If you use a separate tool to manage your program and track data
  • Ensure monthly reconcilement to the GL
  • Work with financial team to see if their skill set can help you
• Be creative and develop organizational forms
  • Ensure the key elements are included in your form
  • Ensure the intent and use of the form is not lost in translation
  • If you include additional documents or forms that compliment your internal control environment, walk the review team through those forms so they can take those into consideration and evaluate for best practices
• If you have a great idea, be willing to share
Keys to a Successful Review

- **Have an open mind**
  - We really are there to help, might not seem like it, but it’s true
  - There will likely be findings and questioned costs
- **Be responsive to auditor requests**
  - Timeliness will help reviewers verify program compliance and complete an accurate assessment of your organization
  - Ensure requested items are clear, understandable (intuitive), and complete
- **Ensure all required staff/subcontractors will be available during the on-site visit**
  - Team lead will coordinate with POC (minimal impact on your operations)
- **Be willing to engage the review team**
  - Review team members are open and willing to learn about specific circumstances or unique operational environment for your organization
  - Review teams want to learn the program from a real world application
Key Points Of Contact

• OBO GPD Audit Team
  • Omar Ochoa, Senior Auditor - Omar.Ochoa@va.gov
  • Myra Bennett, Senior Auditor - myra.bennett@va.gov
  • Tony Huff, Senior Auditor - Tony.Huff@va.gov
  • Nick Rayo, Senior Auditor - Nicholas.Rayo@va.gov
  • Christian Lopez-Gavilan, Auditor - Christian.LopezGavilan@va.gov
  • Jeff Brean, Director - Jeffrey.Brean@va.gov

• GPD Program Office
  • Yvette Green, GPD Program Office Auditor - Yvette.Green@va.gov
Additional Information

- **GPD Program Staff**
  - GPD Program Questions: GPDGrants@va.gov
  - Fiscal Questions (per diem rates): GPDFiscal@va.gov
  - SF-425 Questions: GPD425@va.gov
  - ***NEW*** Indirect Cost Rate Proposal Questions: GPDICRP@va.gov
- **GPD Provider Website**
  - [https://www.va.gov/HOMELESS/GPD_ProviderWebsite.asp](https://www.va.gov/HOMELESS/GPD_ProviderWebsite.asp)
- **2 CFR Part 200 Website**
- **38 CFR Part 61 Website**
Questions?