



# Ohio 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
- OMB Uniform Guidance, 2 CFR 200 and 2205
- Ohio AmeriCorps Supplementary Terms and Conditions
- Corporation AmeriCorps Terms and Conditions
- AmeriCorps and Other Grant Application Guidelines
- Grant Award Documents
- Etc.

The purpose of this manual is NOT to identify or restate all 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 terms and conditions 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 referenced herein may be found on our website at:

<https://www.serveohio.org/AmeriCorps/AmeriCorps-Program-Director-Resources/Financial-Management-Resources>.

Throughout this manual the following terms may be used interchangeably: Ohio Commission on Service and Volunteerism or OCSV or ServeOhio or the Commission; and Corporation for National and Community Service or CNCS or the Corporation.

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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, sub-grantees 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 sub-grantees must follow:

- 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 Personnel Activity Reports, timesheets or another acceptable method; 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 the grant, as recorded, must be readily and logically assignable to the Approved Budget line items for the 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, also known as indirect 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 to a program's operation. CNCS funds available to all Ohio sub-grantees are limited to 98% of the CNCS Grant Award reflecting the 2% retained by ServeOhio for expenses related to grant administration.

Sub-grantees are reminded administration percentages are based on actual expenditures; if the entire budget is not expended then the amount which can be charged to administration is reduced proportionately. For guidance on how administration is calculated, Cost-reimbursement sub-grantees see the Application Instructions; Fixed-amount sub-grantees see [Fixed Amount Award 2 Percent Guidance](#) on ServeOhio's website.

## 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 [2 CFR 200 Subpart E](#), 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

A 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. [See 2 CFR 200.405](#)

## 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.

[See 2 CFR 200.403 and 200.404](#)

## 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 sub-grantee is complying with all applicable laws, regulations and administrative requirements that affect the expenditure of program funds.

### **Requirements for Non-Profit Organizations, Institutions 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, the auditor will prepare an Independent Auditor’s Report summarizing the auditor’s findings and recommendations. 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 must submit any elective audit of its finances it has conducted, which will be reviewed by the OCSV.

## 9. BANKING REQUIREMENTS

OMB Uniform Guidance [2 CFR Part 200.305 \(b\)\(7\)](#) requires a sub-grantee to use an interest-bearing account for grant funds whenever possible, unless it receives less than \$120,000 in total federal funds per year. Sub-grantees may keep up to \$500 of interest earned annually to offset administrative expenses. Amounts in excess of \$500 per year must be remitted annually to HHS as detailed in [2 CFR 200.305 \(b\)\(9\)](#).

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 must not commingle funds.

## 10. BUDGET AND PROGRAMMATIC CHANGES

### A. Commission/Corporation Approval Required

Please consult the regulations prior to incurring costs to ensure allowability. Sub-grantees must get written approval from the Corporation and/or 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-awarding or contracting out any program activities if not in the approved grant
- Changes in the grant period
- 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
- Any additions to budget lines/categories with \$0 in the Approved Budget (applies to Formula-funded and Competitive-funded subgrantees) even if amount is less than 10% of total budget; and in addition to ServeOhio approval, Competitive funded programs must get approval and award amendment by CNCS)
- Any other costs, not referenced above, requiring prior approval under the OMB Uniform Guidance [2 CFR 200.308](#) and [2 CFR 200.407](#), and the [CNCS Terms and Conditions for AmeriCorps State and National Grants, Article X](#). Budget and Programmatic Changes.

### B. Budget Revisions/Amendments

During a budget year, sub-grantees 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, and include detailed source calculations for each budget modification request.

## 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. Sub-grantees 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 200.430](#). 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 [AmeriCorps, Resources for AmeriCorps Program Directors, Financial Management 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 CNCS [Documenting Cash and In-kind](#) 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 (see [2 CFR 200.306](#)) and are not paid for with other federal funds (unless authorized in writing by the other federal agency providing the funds). A form is distributed annually to all programs on which they must report, by amount, other federal agency, and CFDA program number any federal funds used as match.

### C. Disposal of Records

Sub-grantee 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 close of the prime/final FFR filed by ServeOhio with the Corporation for National and Community Service. ServeOhio will notify sub-grantee when records may be destroyed. In the case of an audit, all financial records must be kept and available until all audit findings involving the records have been resolved. (See ServeOhio's requirements on our website at Program Manager Resources [Financial Management Resources](#).)

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

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

## **12. LIABILITY INSURANCE**

Sub-grantees 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. Sub-grantees 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](#).

## **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](#), and [2 CFR Part 2205](#).

### **A. Cost Principles**

Cost principles describe the type of expenses the sub-grantee 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. Some of the areas covered include:

- 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 Requirements**

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.

Sub-grantees are required to request funds at least quarterly. Grant funds may be requested no more than once monthly (every 30 days) depending on sub-grantees' cash flow needs. Cost Reimbursement Grant sub-grantees request funds by submission of a Periodic Expense Report (PER) in OnCorps which includes completion of the Request for Funds(RFF) – Payment Calculator Box (PCB), located in the PER. Fixed Amount Grant sub-grantees do not submit requests in OnCorps, rather they email the signed RFF-FA to the attention of the Fiscal Officer, along with the eGrants Drawdown Calculations and Amounts Report (see the Ohio AmeriCorps Supplementary Terms and Conditions, OSTC-5.8 on the [ServeOhio website](#) for information on requesting grant funds.

Grant funds are generally paid on a reimbursement basis. 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, sub-grantees 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 Fiscal Officer as soon as possible.

## **15. FINANCIAL REPORTING REQUIREMENTS**

Sub-grantees 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 AmeriCorps Program Director Resources, Financial Management Resources for a list of [2019-20 PER Due Dates](#).

## **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**

See [2 CFR 200.317-326](#) for Standards

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

Sub-grantees shall obtain prior written approval for the purchase or lease of equipment with either an acquisition cost of \$5,000 and a useful life of one or more years, unless such intent is listed and defined in the program Approved Budget. Sub-grantees 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 sub-grantees shall establish written procurement procedures. These procedures shall, at a minimum, include the following:
  - a. Procurement of micro-purchases.
  - 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 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, including compliance with OCSV's 2% for administration.
- 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.
- Residual Tangible Assets Inventory.

In addition to the above financial reports, sub-grantee may be required to submit a final Grantee Progress Report (GPR).

**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 Ohio Commission on Service and Volunteerism as a result of later refunds, corrections, cost disallowances or other actions.

Finally, as stated above, AmeriCorps sub-grantees have numerous financial requirements and responsibilities which must be met and carried out as part of their grant award. The purpose of this manual is NOT to identify or restate all award requirements and responsibilities or restate the Uniform Guidance, but rather to highlight and focus on some basic grant management requirements and responsibilities and to provide guidance in selected areas.