

IOWA DEPARTMENT OF JUSTICE

**ATTORNEY GENERAL
BRENN A BIRD**



Chapter 3 Financial Requirements

All subrecipients are required to establish and maintain grant accounting systems and financial records to accurately account for funds awarded to them. As a grant recipient, your agency must have a financial management system in place able to record and report on the receipt, obligation and expenditure of grant funds.

Financial Management Systems

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The subrecipient's accounting system must be able to provide accurate, current and complete disclosure of how funds were expended for each funding stream; must be able to identify the Catalog of Federal Domestic Assistance (CFDA) title and number for all federal funds received and must include the following:

- A separate accountability of receipts, expenditures, obligations, and balances for each funding stream.
- Itemized records supporting all grant receipts, expenditures and match contributions in sufficient detail to document the exact nature of fiscal activity.
- Data and information for each expenditure and match contribution with proper reference to a supporting voucher or bill properly approved.
- Maintain payroll authorizations and vouchers.
- Maintain a time and effort reporting system. Time and effort reports should do all of the following:
 - Describe work activity related to the project
 - Match the expenses submitted with the corresponding claims
 - Be signed and dated by both the employee and supervisor
 - Document eligible hours worked on grant activities, itemized by funding stream
 - Document match hours in the same manner as paid staff
- Maintain records supporting charges for fringe benefits.
- Maintain records supporting charges for equipment purchased, rented, donated, or destroyed. See [Chapter 12 Property and Equipment](#) for more information.
- Maintain billing records for consumable supplies (i.e. paper, printing) purchased. See [Chapter 10 Purchasing Procedures](#).
- Lease agreements, contracted services, and equipment purchases that adhere to established procurement processes. See [Chapter 14 Procurement of Goods and Services](#) and [Chapter 15 Procurement of Professional Services](#) for more information.
- Accounting records must also record program income. See [Chapter 4 Program Income Procedures](#) for more information.

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Record Retention

All financial records and supporting documents shall be retained by subrecipients for three (3) years following the closure of the agency's most recent audit report. Some records should be kept permanently. Programs should receive guidance from an independent auditor as to what is appropriate for their agency in regards to record retention.

The following are exceptions to the standard record retention period:

- If any litigation, claim, audit, or other action involving the records started before the expiration of the 3-year period, the records must be retained until all issues involving the records have been resolved and final action taken.
- When notified by the Attorney General's Office, the federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
- Records for real property and equipment acquired with federal funds must be retained for 3 years after the final disposition, replacement or transfer.
- When records are transferred to or maintained by the federal awarding agency or pass-through entity, the 3-year retention period requirement is not applicable to the non-federal entity.
- When required for program income earned after the period of performance, the retention period starts from the end of the non-federal entity's fiscal year in which the program income is earned.
- Indirect cost proposals submitted for negotiation must be retained for 3 years from the date of submission.
- Indirect cost proposals not required to be submitted for negotiation must be maintained for 3 years from the end of the fiscal year covered by the proposal.

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Match Requirements

When a federal grant requires match, it is essentially saying the grant cannot or will not pay 100% of the costs of a project with federal funds. Federal grant funds are used to pay a percentage of the costs of a project and the subrecipient provides the remainder of the costs; this is their match portion. The cost of a project is the total of the federal grant funds plus subrecipients' match. The federal funding sources the Victim Assistance Section administers and their match requirements are noted below. Match can be cash or in-kind and must be from non-federal funds.

Match must be directly related to the project goals and objectives and must be documented in the same manner as grant funded activities.

Subrecipients with a **HIGH** or **MEDIUM** financial risk designation must provide supporting documentation for match with their claims. If the supporting match documentation is not sufficient, Victim Assistance finance team will request additional documentation or clarification, and may determine the match does not meet funding requirements.

Allowable match can be cash or in kind and must meet the following criteria:

1. Restricted to the same use of funds as allowed for the federal funds
2. Applicable to the project, allocable, allowable, reasonable and necessary
3. Be in accordance with generally accepted accounting principles (GAAP)
4. Cannot be used to match another federal grant
5. Cannot be from a federal source
6. Conform to special grant limitations and restrictions (for example, some grants require cash match)
7. Be shown in the approved budget

VOCA

The purpose of program match requirements is to increase the amount of resources available by the subrecipients to serve victims. A 20% cash or in-kind match is required. This match percentage is based on the total cost of each grant funded VOCA project (VOCA award plus match) so the end result is actually a 25% overall match amount (please see calculation examples below). This match must be from non-federal sources, except as provided in the most recent Office of Justice Programs [Financial Guide](#). All funds designated as match are restricted to the same uses as the VOCA funds and must be expended within the contract period. Tribes and Tribal governments are not required to provide match.

Subrecipients with VOCA funds must maintain records that show the source, the amount, and the period during which the match was allocated. The basis for determining the value of personal services, materials, equipment, and space must be documented. Volunteer services must also be documented.

Match Waiver For VOCA Awards

[The Attorney General's Match Waiver Policy](#)

If a subrecipient anticipates difficulty meeting the match requirement on a VOCA award, the subrecipient can submit a request for a match waiver to Victim Assistance. Generally, match waiver requests will be considered at the start of an award period. Subrecipients may request a partial or full match waiver. Match waivers are reviewed by the grant coordinator assigned to the project and the grant administrator who consider the following when approving or denying match waivers:

- a. Practical and /or logistical obstacles to providing match such as natural disasters, mass violence incidents or when public agencies do not engage in private fundraising and may have limitations on soliciting contributing funds.
- b. Local resource constraints, such rural or culturally specific communities with limited funding availability or volunteer capacity.
- c. Increases to VOCA funding where local funding availability has not increased to meet the increased requirements.
- d. Past ability to provide match
- e. The state of Iowa's ability to provide match to VOCA subrecipient

To request a match waiver, subrecipients submit a written request on their agency letterhead. Prior contract execution, the request is to be emailed to the assigned grant coordinator, or to Lori Miller (lori.miller@ag.iowa.gov). After contract execution, the letter is to be uploaded in Iowa GVS following the amendment/revision process. The letter must contain the following:

1. Legal name of the agency requesting match
2. A brief description of the agency, project and services to be provided
3. A justification explaining the hardship reason for the match waiver request
4. Amounts:
 - a. Total amount of match required based on VOCA fund award
 - b. Total amount of match the agency is able to provide, broken out by in-kind and cash match.
 - c. Amount of match the agency is requesting to be waived
 - d. Amount of match provided in the prior grant year for the same project (if applicable).

5. The letter is to be signed by the organization's authorizing official.

An agency can include more than one match waiver request in the same letter as long as each request is separately detailed and includes the information requested in 2-5 from the list above.

If a subrecipient with an approved match waiver wishes to renegotiate the terms of the waiver during the project period, an electronic request must be submitted via Iowa GVS and follow the amendment/revision process. The grant coordinator will review the request and will recommend approval or denial to the grant administrator.

Once a match waiver is approved, a match waiver determination notice will be sent in writing to the subrecipient and uploaded to the subrecipient's grant file. The subrecipient's approved budget will be updated to reflect the reduced match required and the subrecipient's contract will be amended accordingly. The match waiver determination notice will contain the following:

1. Match determination
2. Match justification
3. The amounts waived for each federal award for which match is waived and the waiver percentage along with the statement clarifying if the budget amount changes, the percentage will be applied to future budget changes.

Iowa Victim Assistance can issue blanket match waivers for all VOCA subrecipients. The criteria for determining to issue blanket match waivers includes:

- a. Practical and /or logistical obstacles to providing match such as natural disasters, mass violence incidents or when public agencies do not engage in private fundraising and may have limitations on soliciting contributing funds.
- b. Local resource constraints, such rural or culturally specific communities with limited funding availability or volunteer capacity.
- c. Increases to VOCA funding where local funding availability has not increased to meet the increased requirements.
- d. Past ability to provide match
- e. The state of Iowa's ability to provide match to VOCA subrecipients
- f. The administrative capacity and administrative burden to both subrecipients and to the grant team compared to the increased benefit to victims and the likelihood that most, if not all, subrecipients will request a match waiver
- g. One additional year after a natural disaster declaration has been lifted, Iowa's Victim Assistance team will continue the practice of issuing a blanket match waiver for all VOCA subrecipients. This is due to trickle down effects of a slower than normal recovery period for fundraising and volunteer recruitment. Issuing blanket match waivers reduces the administrative burden on subrecipients.

FVPSA

Subrecipients are required to provide 20% match from non-federal sources for each year of funding. If a grantee is receiving FVPSA funds for the first time, they are required to provide 35% match from non-federal sources for the first year of funding. The match may be cash or in-kind. All funds designated as match are restricted to the same uses as the FVPSA funds and must be expended within the contract period. Tribes and Tribal governments are not required to provide match.

Subrecipients with FVPSA funds must maintain records that show the source, the amount, and the period during which the match was allocated. The basis for determining the value of personal services, materials, equipment, and space must be documented. Volunteer services must also be documented.

STOP VAWA

Governmental agencies are required to provide one-third (33.3%) match from non-federal sources based on the STOP VAWA award amount. Non-profit, nongovernmental victim services programs, tribes and Tribal governments are not required to make match. All funds designated as match are restricted to the same uses as the STOP VAWA funds and must be expended within the contract period.

Subrecipients with STOP VAWA fund must maintain records that show the source, the amount, and the period during which the match was allocated. The basis for determining the value of personal services, materials, equipment, and space must be documented. Volunteer services must also be documented.

SASP

There is no requirement for matching funds for SASP funds.

State Funds

There is no match requirement for for state funds.

Match Calculations

VOCA and FVPSA grant funds will pay for 80% of the total costs of a project. One way to calculate the match amount required for VOCA and FVPSA funds, is to multiply the **grant amount** by 25%. Match must be from non-federal sources. Below are a few match calculation examples:

Total cost of a FVPSA project is \$125,000. The FVPSA portion is \$100,000. The match is \$25,000.

$\$125,000$ (total cost of the project) $\times 20\%$ = $\$25,000$ (match)

$\$125,000$ (total cost of the project) $\times 80\%$ = $\$100,000$ (FVPSA)

$\$100,000$ (FVPSA grant amount) $\times 25\%$ = $\$25,000$ (match)

Total cost of VOCA project is \$187,500. The VOCA portion is \$150,000. The match is \$37,500.

$\$187,500$ (total cost of the project) $\times 20\%$ = $\$37,500$ (match)

$\$187,500$ (total cost of the project) $\times 80\%$ = $\$150,000$ (VOCA)

$\$150,000$ (VOCA grant amount) $\times 25\%$ = $\$37,500$

To calculate STOP VAWA match requirement, divide the award amount by three (3). As stated above match must be from non-federal sources based on the STOP VAWA award amount. Non-profit, nongovernmental victim services agencies are not required to make match. Below are a few match calculation examples:

$\$3,000$ STOP VAWA award to a *police department* = $\$3,000 / 3 = \$1,000$ (match)

$\$47,000$ STOP VAWA award to a *county prosecutor* = $\$47,000 / 3 = \$15,667$ (match)

$\$21,000$ STOP VAWA award to a *nongovernmental victim services agency* = no match required

The following shows how to calculate match when a project is funded by more than one funding source:

Award amount = $\$300,000$ ($\$100,000$ FVPSA, $\$150,000$ VOCA, $\$50,000$ state)

Match required = $\$62,500$ ($\$100,000 \times 25\%$ (FVPSA) + $\$150,000 \times 25\%$ (VOCA) + $\$0$ (state))

Cash Match

Cash match (hard) is actual cash spent by the grant recipient for project-related costs. The subrecipient's accounting records must be verifiable and trace back to source documentation including cash receipts journal, general ledgers, deposit tickets, bank statements, copies of checks/donations and documentation the cash match is not from a federal source nor is it being used to match any other grants.

Subrecipients might have cash match from the following sources:

1. state and local units of government
2. private sources
3. program income and the interest earned on the program income as long as it is identified and approved prior to making an award
4. funds appropriated by Congress for the activities of any agency of a Tribal government or the Bureau of Indian Affairs performing law enforcement functions of tribal lands
5. salaries and benefits of staff performing grant work funded with nonfederal dollars
6. otherwise authorized by law

In-Kind Match

In-kind match does not involve cash. In-kind is the value of something received or provided, which is beneficial to the project, but for which no cash exchanges hands. Since it is much easier to raise in-kind match than it is cash match, federal and state guidelines regarding in-kind are strict and require careful documentation. In-kind contributions must be verifiable from grantee records, necessary and reasonable, allowable and not included as a contribution under any other federal award. Examples of allowable in-kind contributions are:

1. equipment
2. project supplies
3. workshop or classroom materials
4. work space
5. volunteers
6. donations of tangible goods, such as clothing, food, toiletries, diapers, furniture, toys

There are a few rules subrecipients must follow when using in-kind donations or services as match:

Volunteer duties must be grant related and grant eligible; fundraising and lobbying are not grant eligible activities and therefore, cannot be used as match. The value of volunteer time must be consistent with the rate of compensation paid for similar work in the organization or labor market. Fringe benefits may be included in the valuation.

The value of donated space may not exceed the fair rental value of comparable space in a privately-owned building in the same locality.

The best way to determine the value of donated tangible goods is to ask the donor to list what was donated and state the value of the donation in writing with their signature. Donations from a company should be on company letterhead.

In-kind Match Documentation must meet the same standards as documentation for other expenditures. Generally, the documentation should be the same as expenses which are paid directly from agency funds (i.e., original receipts).

The in-kind donation cannot be recognized as match **until it is used for the project**.

1. All in-kind matching contributions must be supported by documentation that shows how the value of the contribution was derived. The agency must be able to provide supporting documentation to substantiate the value of in kind donations.
2. To document the value of a new item, staple the store receipt to an in-kind donation receipt. If the store receipt is not available, include as much information as possible, such as brand name, size, model number, printout from a retail store, on the in-kind receipt. This will help establish the value.
3. To document the value of a used item, use a basis for valuation such as [IRS Publication 561 Determining the Value of Donated Property](#) or the [Valuation Guide for Goodwill Donors](#). Specific itemized information about the donated item will need to be included so that the value can be verified. For example, table is not sufficient. Include information to distinguish different types of donations: kitchen table, coffee table, or end table. Another example is clothing. Itemize and describe the clothing on the in-kind receipt: a woman's shirt, man's dress pants, child's coat, etc.
4. Grant recipients must use a tracking system which shows the source, the amount, the use of these matching funds, as well as the period during which the funds were used in direct support of the project.
5. The grantee must **keep in their grant file** an in-kind receipt which should list, at a minimum, the following items:
 - Agency name
 - Donor name
 - Donor address
 - Date of donation
 - Location of donation
 - Detailed description of item/service

- Purpose for which contribution was made
- Value of contribution
- Basis for valuation (how value was determined)
- Who made the determination
- Signature of donor if possible
- Name of employee accepting the donation
- Signature of employee accepting the donation

The basis for determining the value of personal services, materials, equipment and space must be documented.

Volunteer Tracking

Volunteer services must be documented and supported by the same methods used by the agency for its own employees, such as time spent volunteering, brief description of the activities, and the date(s). This is to ensure volunteers are performing grant eligible activities. Subrecipients are to have policies regarding how they track and record volunteer hours. They must also instruct volunteers how to document, certify and submit their volunteer hours. This documentation can be provided in person or electronically.

NOTE: The Fair Labor Standards Act defines volunteer as “an individual who performs hours of service for a public agency for civic, charitable, or humanitarian reasons without promise, expectation, or receipt of compensation for services rendered...” 29 CFR 553.101(a). “The 1985 Amendments provide that employees may volunteer hours of service to their public employer or agency provided ‘such services are not the same type of services which the individual is employed to perform for such public agency.’ The phrase ‘same type of services’ means similar or identical services.” 29 CFR 553.103.

Check out this [match calculation document](#) to help you calculate match.

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Indirect Costs

Subrecipients are allowed to charge indirect costs.

Definition

Defined under [200.56 Indirect Costs](#), Indirect (F&A) costs means those costs incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.

The Uniform Administrative Requirements allows any non-federal entity that has never received a negotiated indirect cost rate to elect to charge a *de minimis* rate of 15% of modified total direct costs (MTDC) which may be used indefinitely. ***If a non-federal entity chooses to charge the 15% de minimis rate, then the non-federal entity must use this rate consistently for all federal awards until such time as the non-federal entity chooses to negotiate for a rate.***

2 CFR 200.412 Classification of Costs

There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the federal award or other final cost objective. Therefore, it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect cost in order to avoid possible double-charging of Federal awards.

What type of indirect base can subrecipients apply the de minimis towards?

2 CFR 200.414(f) states that an eligible non-federal entity which elects to charge the de minimis may only apply the rate to modified total direct costs (MTDC). The MTDC as a base removes "distorting items" (i.e. capital expenditures, contracts, and subgrants). Non-federal entities are allowed to charge the de minimis to the first \$50,000 of its subgrants and contracts. Click [here](#) for more information on indirect costs.

What this means for your agency?

If your agency has a federally negotiated indirect rate, the agreement must be uploaded in your organization's GVS profile.

Your grant amount will not change if you charge an indirect rate to your project. The calculation to determine direct costs from your award amount is = Total award amount divided by 1.15 (for 15%).

Indirect costs are always a percentage of the MTDC. MTDC are the total direct costs minus certain costs that cannot be included when calculating indirect costs, such as capitalized equipment and amounts of subcontracts greater than \$50,000.

Your agency does not have to show documentation for indirect costs.

Costs are either direct or indirect. Direct costs are specific to a project/grant. If you didn't have the grant/project, you likely wouldn't have the expense. Indirect costs are basically the costs of doing business, also called overhead or administrative costs. Indirect costs are not tied to a specific grant.

There are no universal rules for classifying costs as direct or indirect; however, the costs **must be consistently applied**. A cost can't be a direct cost on one project and an indirect cost on another project. Here are a few examples of each:

Cost Category	Direct or Indirect	Explanation
Salary and benefits of staff who work directly with programs	Direct	The program has the benefit of the person working specifically for the grant. It is easy to allocate time/expenses to the project. If the staff works on more than one project, he/she can allocate the time spent on each project.
Executive director and other administrative staff, such as finance, IT, marketing, HR, etc. salary and benefits	Indirect – generally	It is more difficult to allocate directors' time to various funding sources, since directors are responsible for all aspects of the agency.
Office supplies	Indirect	Office supplies are a part of doing business. It is expected your agency would have sufficient supplies to do business. It is difficult to allocate the cost of pens, paper or toner to specific projects.
Project supplies	Direct	You would not have the expense if you didn't have the project. These are not general office supplies. Project supplies are specific to a project.
Rent, utilities, maintenance, repairs, phone, Internet, audit, insurance	Indirect, unless shelter	Shelter expenses directly benefit the program and the listed expenses (except audit and maybe some insurance) are not shared with other programs. If the shelter went away, these expenses would go away.

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Program Advances

The Iowa Attorney General's Office, Victim Services Support Program offers, on a limited basis, the opportunity for a funded agency to apply for, and receive, advance grant funds. Advance grant funds are provided to funded agencies or programs in advance of their first claim for reimbursement. The purpose of advance funds is to assist programs with limited operating funds to pay for essential expenses, such as payroll.

Application for advance funds

An agency wishing to apply for advanced funds must send an email to its assigned grant manager. The email request for an advance in funding must include the following items: 1) name of agency, including pertinent contact information for the executive director and the fiscal director; 2) name/title of program; 3) a formal request for advance funding, detail the need for the advance and why the agency/program would endure a hardship if the advance were not funded; and 4) an agency budget and most recent audit.

Advance Claim Voucher

The agency must complete the [advance claim voucher form](#).

How advance funds are paid back

Subrecipients submit regularly claims, (usually monthly) and are paid on a reimbursement basis for actual funds spent. Funds advanced to an agency are deducted from the final claim.

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Co-mingling of Funds

Neither the DOJ Financial Guide nor the Uniform Requirements (2 CFR 200) require the physical separation of cash deposits; however, all recipients of grant funds must ensure agency funds and federal funds are accounted for separately. The accounting systems of all grant recipients must ensure that:

1. Agency funds are not commingled with funds from other federal agencies.
2. Commingling funds on either a program-by-program basis or project-by-project basis are prohibited.
3. Funds specifically budgeted and/or received for one project may not be used to support another. The grant recipient must establish a system to provide adequate fund accountability for each project.

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Reporting Irregularities or Fraud

If you know about waste, fraud, abuse, conflict of interest, bribery, gratuity, or other similar misconduct, or whistleblower reprisal relating to an employee, program, contract, or grant you may report it to the Attorney General's Office.

Office of the Attorney General of Iowa
Victim Assistance Section
Hoover State Office Building
1305 Walnut Street

Des Moines, IA 50319

Phone: 515-281-5044
Toll-Free: 800-373-5044
FAX: 515-281-8199

Fraud, waste or abuse claims involving federal funds administered by the The Attorney General's Office must adhere to the following regulations. The grant recipient must promptly refer to the DOJ Office of Inspector General any credible evidence that a principal, employee, agent, contractor, subgrantee, subcontractor, or other person has either:

1. Submitted a false claim for grant funds under the False Claims Act; or
2. Committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving grant funds.

Potential fraud, waste, abuse, or misconduct should be reported to the OIG.

Mail:

Office of the Inspector General
U.S. Department of Justice
Investigations Division
950 Pennsylvania Avenue, N.W.
Room 4706
Washington, DC 20530

Email:

oig.hotline@usdoj.gov

Hotline:

(800) 869-4499 - contact information in English and Spanish

Hotline fax:

(202) 616-9881

For additional information, please visit the [DOJ OIG website](#).

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Supplanting of Funds

Federal funds must be used to supplement existing funds for program activities and not replace those funds, which have been appropriated for the same purpose. Potential supplanting will be the subject of application review, as well as pre-award review, post-award monitoring, and audit. If there is a potential presence of supplanting, the grant recipient will be required to supply documentation demonstrating the reduction in non-federal resources occurred for reasons other than the receipt or expected receipt of federal funds.

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Year-End Closeouts

Subrecipients have 30 days after the end date of the grant period to submit their final claim. It is recommended subrecipients start this process once all monies have been obligated. This will assist in accurate reporting of financial information on the final claim.

Any unspent funds at the end of the contract period will be reverted unless funding requirements, rules, or

law prohibit the funds from being spent beyond the contract time frame.

Costs reimbursed will not exceed the approved budget.

- a. Final claim: The final claim is to be submitted within 30 days after the end of the subgrant period. The final claim can include all allowable expenses from the entire subgrant period as long as the expenses were not previously requested.
- b. All match requirements must be met by the end of the subgrant period and submitted with the final claim if not submitted prior to the final claim.
- c. Final Performance Report: This report should be submitted within 45 days from the end of the subgrant period. The final claim will not be paid until receipt of this report.
- d. Equipment with a per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to The Attorney General's Office. For equipment with a fair market value greater \$5,000 contact your grant coordinator for additional instructions.

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Audits

Organizations expending \$750,000 or more in federal funds (This amount is increasing to \$1,000,000 as of 10/1/2024) are subject to audit requirements as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*.

Organizations expending less than \$750,000 in federal funds during the entity's fiscal year are recommended to have an audit conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, also known as Yellow Book Audit.

See your award document for additional auditing requirements.

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