Financial Grant Management

Financial Grant Management Overview and Requirements

Cost Allocation
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Cost Allocation Policies and Procedures

The DOJ Financial Guide states costs charged to federal grants are allowable when they are reasonable, allocable to, and necessary for the performance of the federal award, and when they comply with the funding statute and agency requirements (to include the conditions of the award), including the cost principles set out in the Uniform Requirements 2 C.F.R. Part 200, Subpart E.

When 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. When those proportions cannot be determined because of the interrelationship of the work involved the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.

To comply with allocability requirements, grantees are to document their allocation methodology. The best way to do this is to have written policies and procedures in place. Here are best practices for creating and documenting allocation methodology.

Document the allocation methodology. Documentation should explain how the allocation methodology is reasonably related to the costs being allocated. Document how measures such as headcount, square footage, or hours directly relate to the benefit received. Documentation should be retained and made available for review.

The allocation methodology must be used consistently in like circumstances.

Routinely review the methodology to ensure it continues to represent a reasonable basis for distributing costs. The methodology should be updated if it is determined that it no longer represents a reasonable distribution of costs.

Review estimated allocations on a routine basis. If a cost has been allocated based on an estimate, that cost can be reallocated – if needed – using a cost transfer. Ensure that reallocations are completed promptly so that accurate costs are recorded on the appropriate funding source within 90 days of the original expense posting date.

Update allocations when a funding source is no longer available, or a new source has been added. The methodology should not change unless it no longer provides a reasonable representation of the benefit provided.

The end dates of all awards be taken into consideration. The benefit received on each award may be impacted if, for example, two awards have significantly different end dates.

Cost Allocation Methodology Resources from Webinar: Here are three examples of cost allocation methodology/plans: Example 1, Example 2 and Example 3. Here is a detailed budget worksheet to help grantees with allocating costs across your budget. Here are the slides from the Cost Allocation Methodology webinar.

This form may assist grantees allocate victim assistance funds.

Audit Requirements and Financial Records

Organizations expending the single audit threshold or more in federal funds are subject to audit requirements as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements for Federal Awards. The single audit threshold increased from $750,000 to $1 million effective for audits with fiscal years beginning on or after October 1, 2024.

Organizations expending less than the single audit threshold 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.

Organizations expending less than the single audit threshold are exempt from Federal Uniform Guidance requirements.

Organizations are required to submit copies of their audits. They are due thirty (30) days after the receipt of the auditor's reports or nine months after the end of the audit period, whichever is earlier. For example, audits for the period ending June 30th would be due no later than March 31st and audits for the ending September 30th would be due no later than June 30th.

Email audits to Kristi Hill (preferred) or mail a copy of your audit to Victim Assistance Section, Finance Department, Hoover State Office Building, 1305 E. Walnut Street, Des Moines, IA 50319.

Audits are to also be uploaded in the profile section of the grants management system (GMS). on the *Organization Finance* page, question #14.

The Victim Assistance Section (the Section) will periodically monitor the services and operation of the grantee for compliance with terms and conditions of their award document. Grantees must provide the Section access to documents pertaining to their grant awards when requested.

Property and Equipment – Grantees are required to be prudent in the acquisition and management of property, or equipment purchased with state or federal funds. Requests to purchase new items when suitable property is available must have detailed written justification or explanation for the purchase. Grantees must follow their own written procurement and purchasing policies and procedures. Grantees should also develop an internal property or equipment inventory tracking system.

Within the Department of Justice grants management system, the Section uses an equipment tracking component which lists purchases equipment grantees made with grant funds. For this reason, the Section requires sensitive minor equipment, such as laptops or cellphones, and purchases such as appliances to be budgeted and reimbursed through the equipment budget category.

The federal government defines capitalized equipment as items with unit costs of $10,000 or more. Capitalized equipment purchases must be preapproved, and must include at least three written bids or quotes. See 2 CFR 200.439 https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRed1f39f9b3d4e72/section-200.439.

When grants are terminated or are not continued into the next grant year, grantees who purchased equipment with grant funds must determine the fair market value of the item. Items with a current per unit fair market value of $10,000 or less may be retained, sold, donated or discarded. Items with a fair market value greater than $10,000 must contact their victim assistance grant coordinator for additional instructions. It does not matter when the items were purchased.

Current grantees are allowed to discard, sell, or donate equipment or items purchased with grant funds at their discretion when the current fair market value of the items is $10,000 or less. Any item with a fair market value greater than $10,000, regardless of when it was purchased, must not be disposed of without first contacting their Victim Assistance grant coordinator for disposition instructions.

Personally identifying client information must be deleted from devices prior to their disposal or transfer. The FTC provides instruction on how to safely dispose of electronics.

Record Retention and Access to Records – Grantees must retain all financial records, supporting documents and programmatic files for at least three (3) years after the date of the submission of the agency's final fiscal and programmatic reports and/or the closure of the agency's most recent audit. Some records should be kept permanently. Grantees must have record retention policies and should also seek advice from an independent auditor regarding record retention.

The following are exceptions to the standard record retention period:

1. 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.
2. When notified by the Iowa Department of Justice or the Section, 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.
3. Records for real property and equipment acquired with federal funds must be retained for 3 years after the final disposition, replacement or transfer.
4. 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.
5. 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.
6. Indirect cost proposals submitted for negotiation must be retained for 3 years from the date of submission.
7. 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.

Grantees shall keep statistical records and documentation of services provided and any other activities as required by the Victim Assistance Section. The Victim Assistance Section shall have immediate access during working hours to records pertaining to grant funds. No notice needs to be provided to the grantee prior to inspection of the records. 61—9.65(13) If client files are requested, all personally identifying information must be redacted.

The awarding agency which includes the Attorney General's Office, the U.S. Department of Justice, Office for Victims of Crime, Office on Violence Against Women, Department of Health and Human Services, Office of the Inspector General, Office of Justice Programs - Office of the Chief Financial Officer, or any of their authorized representatives, shall have the right of access to any pertinent books, documents, papers, financials or other records of the grantees which are pertinent to the award, in order to make audits, examinations, excerpts, and transcripts.

Request for advanced grant funds

Advanced grant funds to grantees prior to submission of their first claims is allowed on a limited basis. Advanced funding provides operating capital for essential expenses such as payroll and benefits.

Grantees apply for an advancement of grant funds by sending an email to their assigned grant coordinator with the subject line *Advance Funds Requested*. The email must contain the following items: 1) name of agency, including contact information for the executive director and the fiscal director; 2) name/title of grant; 3) a formal request for advance funding with a detailed explanation of the need and why the grantee would endure a hardship without the advanced funding; 4) a completed advance claim voucher form and 5) verification their organization profile is updated with their most recent agency budget and audit.

Advanced funds do not increase the amount of funds awarded. They simply provide a portion of the grants upfront. Advances are paid back by deducting the amount of the advance from the last claims.

Year-End Grant Closeout

Grantees have 30 days after the end date of the grant period to submit their final claims.

Unless otherwise noted, this date is October 30. Grantees should start this process once all monies have been obligated. This will assist in accurate reporting of financial information on the final claim.

Final claim reminders:

1. The final claim can include allowable expenses from the entire grant period if the expenses were not previously requested.
2. Final claims need to include expenses obligated or incurred prior to the grant end date, (generally September 30) even if the expenses were paid after the grant end date (generally October or later). Include September payroll expenses, including those paid in October, on the September claim.
3. All match requirements must be met by the end of the grant period.
4. All performance reports must be submitted. Grantees risk claims being held if reports are delinquent.
5. Equipment with a per unit fair market value of $10,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Iowa Department of Justice. For equipment with a fair market value greater $10,000 contact your grant coordinator for additional instructions.
6. Reimbursed costs cannot exceed the approved budget.
7. Unspent funds are reverted and cannot be claimed.
8. Advanced funds must be paid back.

Reporting Irregularities or Fraud – False Claim Act

Anyone with knowledge about waste, fraud, abuse, conflict of interest, bribery, gratuity, or other similar misconduct, or whistleblower reprisal relating to an employee, program, or contract, can submit a report via the Victim Assistance Section's online complaint form. Someone in the Iowa Department of Justice will review and respond.

Fraud, waste, abuse, misconduct or whistleblower retaliation can be reported to the U.S. Department of Justice Office of the Inspector General.

Information on where and how to report fraud, waste, abuse or retaliation is available on the Oversight.gov website.

False Claims Act - The purpose of the FCA is to combat fraud against the Government. An individual can file under the False Claims Act if they believe another has been defrauding the Government. They may also file as a whistleblower on behalf of the Government under a qui tam action. Successful claims allow for a private citizen to receive a portion of the recovery. The False Claims Act enables the Government to seek recovery of damages when one submits or influences another to submit a false or fraudulent claim involving payment to the Government.

Components of the FCA

Fraud, Waste, & Abuse for Grantees

1. Fraud: Intentional or deliberate acts to deprive another of money or property by deception or other unfair means. An example of fraud entails knowingly submitting false information to the Government.
2. Waste: Direct or indirect practices that result in unnecessary costs to the Government or federally funded programs. An example of waste entails overusing funds in ways that do not benefit the purpose of the grant.
3. Abuse: Direct or indirect actions that result in unnecessary costs to the Government or federally funded programs. An example of abuse entails actions such as asking for payment for services when there is no legal entitlement for the payment to be given.

Source:

- Fraud, Waste, and Abuse for Grantees - What is Fraud, Waste, and Abuse?

How do whistleblower protections affect FCA?

The whistleblower protection is within the qui tam action. This allows the individual to file a civil action in which they have knowledge that another individual or entity is committing fraud against the Government. Therefore, the defendant is not on notice of the lawsuit and the whistleblower is protected from retaliation during the 60-day investigation period by the Government. The whistleblower is able to receive a portion of the monetary recovery and attorney fees from the settlement or judgment (normally 15% to 30%). They are awarded for filling the lawsuit in confidence that discloses the fraudulent actions of another resulting in a loss to the Government.

How does someone from Iowa file an FCA?

In addition to the United States having the ability to file a civil action for FCA, a private person (i.e. citizen of Iowa) can file a civil action for FCA. This is commonly referred to as qui tam actions.

For a private person in Iowa to file a False Claims Act, they may bring a civil action for themselves on behalf of the United States Government. This civil action brought would be filed as a violation of 31 U.S.C. § 3729. When filing the civil action, it is to be brought by the name of the Government rather than the private person. When filing as a private person a copy of the complaint, written disclosure of all material evidence, and information possessed must be served on the U.S. Attorney for the judicial district in which the qui tam was filed.

For more information see https://www.justice.gov/civil/report-fraud

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