

# Grants, Budget and GATA

ARI All-Sites Summit

May 18, 2017

## Agenda

- Questions
- ARI Roles and Responsibilities
- ARI Funding
- GATA
- Indirect Costs
- Grant Review
- Allowability, Travel, Supplanting
- Subcontracting
- Program Narrative
- Timekeeping
- Grant Site Visits

# Q & A

Name:

Email:

Agency:

Question:

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# ARI Roles and Responsibilities

# ARI Roles and Responsibilities

Adult Redeploy is MORE than a grant program

GRANTS - Federal & State Grants Unit

DATA - Research & Analysis Unit

TRAINING & TECHNICAL ASSISTANCE – ARI

# ARI Funding

## ARI Funding

Federal ARRA Grant (2011-13): \$4 million

FY13 State Appropriation: \$2 million

FY14 State Appropriation: \$7 million

FY15 State Appropriation: \$7 million

FY16-17 “Stopgap” Appropriation: \$12.5 million

FY18 State Appropriation: ???

(\$8.174 million in Governor’s proposed budget)

# **G**rant **A**ccountability and **T**ransparency **A**ct



## Grantees



## State



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# GATA Goals

- Establish uniform administrative requirements, cost principles, and audit requirements for State and federal pass-through awards to non-federal entities.
- State awarding agencies shall not impose additional or inconsistent requirements, except as provided in 2 CFR 200.102, unless specifically required by State or federal statute.

# You, Me and GATU

- Federal Compliance
- Risk and capacity building
- Transparency
- Increased efficiency
- State Grant Opportunities

# GATA Elements

- Registration and Pre Qualification
- Risk Assessment
  - Fiscal and Administrative (ICQ)
  - Programmatic
- Indirect Cost Rate

# Risk Assessment (Example)

- Nature of additional requirements or specific condition
  - *Requires additional prior approvals; Requires desk review of documentation of purchases; Requires on-site review of major purchases*
- Reason why additional requirements are being imposed
  - *Medium to high risk increases the likelihood of non-compliance resulting in audit findings, questioned cost and fraud, waste and abuse*
- Nature of action needed to remove additional requirements
  - *Implementation of corrective action including new or enhanced controls over procurements of activities*
- Time allowed for completing the actions if possible
  - *One year*
- Method for requesting reconsiderations of additional requirements imposed.
  - *Written request*

# Possible Additional Requirements

- Requiring payments to be reimbursement based
- Withholding authority to proceed to the next phase, until performance improves
- Requiring more frequent and/or detail reporting
- Requiring additional project monitoring
- Requiring grantee to obtain technical or management assistance
- Establishing additional prior approvals

# Indirect Cost Rates

# Indirect Cost Rates

- “Indirect costs means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.” 2 CFR 200.56
- If an item such as electricity or a photocopy machine is used by many people, and it is difficult to assign the cost to a small number of people or program, the cost may be categorized as an indirect cost.
- Why use an Indirect Cost Rate (ICR)?
  - Simplifies budgets.
  - Replaces the need for proration.



Indirect costs are not funds awarded in addition to a grant award.

Example: your agency receives a grant award in the amount of \$100,000. Your agency charges a 10% indirect cost rate. Your agency may charge \$9,090.91 in indirect costs and \$90,909.09 in direct costs.

Total direct costs =  $\$90,909.09 \times 10\% = \$9,090.91$

# Example

- A grantee has 80 employees. The grantee has the following expenses: rent = \$10,000/month, utilities = \$500/month, and office supplies = \$200/month.
- If one employee is on the grant-funded program, that employee's cost proration would be  $1/80=0.0125$  (1.25%)
- If the grantee does not use an ICR, how does ICJIA know how much of the expenses should be allocated to this employee for this grant?
  - Office rent:  $\$10,000 \times 0.0125 = \$125$  per month
  - Utilities:  $\$500 \times 0.0125 = \$6.25$  per month
  - Office supplies:  $\$200 \times 0.0125 = \$2.50$  per month

# Before ICR

Contractual Item	Cost/Month	# of Months	Proration	Total Amount
Photocopier	\$1,000	12	1.25%	\$150
Rent	\$10,000	12	1.25%	\$125
Vehicle lease	\$800	12	1.25%	\$120
Electric	\$200	12	1.25%	\$30.00
Water	\$100	12	1.25%	\$15
Gas	\$125	12	1.25%	\$18.75
<b>Total</b>				<b>\$458.75</b>
Commodities Item	Cost/Month	# of Months	Proration	Total Amount
Supplies (pens, paper, staples, and labels)	\$90	12	1.25%	\$13.50
Postage	\$60	12	1.25%	\$9
Brochures	\$50	12	1.25%	\$7.50
Curriculum material	\$300	12	1.25%	\$45
<b>Total</b>				<b>\$75</b>

# After ICR

Budget & Budget Narrative	Cook County		Agreement #			216003
PERSONNEL SERVICES	Annual Salary	# of Months on Program	% Time on Program	Federal/State Amount	Match Contribution	Total Cost
Job Title						
Advocate	\$50,000	12	100%	\$50,000		\$50,000
Secretary	35,000	12	100%	\$35,000		\$35,000
Total FTE			2			
			Total Salary	\$85,000		\$85,000
Fringe Benefits						0
<b>TOTAL PERSONNEL SERVICES</b>						<b>\$85,000.00</b>
Indirect Costs	Rate	Base	Total Cost			
	6%	\$85,000	\$5,100			
Total Indirect Costs						

# What is an indirect cost rate (ICR)?

A rate (percentage) that is used determine the appropriate indirect cost of an agency. This rate is obtained from:

1. Grantee's negotiation with a Federal agency;
2. Grantee's negotiation with the State of Illinois Centralized Indirect Cost Unit; or
3. De Mimimis rate of 10%. This can only be used if the grantee has never had a negotiated ICR.

# Calculating an indirect cost: Examples of base

1. Direct salaries and wages including all fringe benefits.
2. Total direct costs excluding capital expenditures.
3. Modified Total Direct Costs (MTDC) – 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. MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships, and fellowships.

Apply this base when using a De Minimis ICR of 10%.

Indirect cost rate calculation example where the rate is 25% and the base is salaries and fringe benefits.

Salaries	\$90,000
Fringe benefits	\$10,000
Equipment	\$10,000
Commodities	\$20,000
Travel	\$10,000
Contractual (1 contractor)	<u>\$100,000</u>
Total direct costs	\$240,000

Rate x base = indirect cost amount

$$0.25 (25\%) \times \$100,000 = \$25,000.$$

## Example of indirect cost reimbursement for De Minimis ICR

Personnel	\$100,000	\$100,000
Fringe benefits	\$50,000	\$50,000
Equipment	\$10,000	\$0
Commodities	\$20,000	\$20,000
Travel	\$10,000	\$10,000
Contractual (1 contractor)	<u>\$100,000</u>	<u>\$25,000</u>
Total direct costs	\$290,000	\$205,000
Minus (portion of subaward > \$25,000) (\$100,000-\$25,000)	(\$75,000)	
Minus equipment	<u>(\$10,000)</u>	
Modified Total Direct Costs (MTDC) =		
Modified Total Direct Costs	\$205,000	
Indirect cost reimbursement: \$205,000 x 10% =	<b>\$20,500</b>	



## De Minimis ICR – ICJIA rules

- Grantees who charge the de minimis indirect cost rate (ICR) should not
  - charge a typical indirect cost as a direct cost or
  - charge an expense with a proration of 10% or less.

# Typical indirect costs

1. Administrative expenses: accounting, payroll, and officers' salaries.
2. Office rent: the cost of space occupied by staff whose salaries are indirectly charged is charged indirectly.
3. Utilities (electric, gas, and water).
4. Telephone (land line).
5. Photocopying and printing: in situations where the photocopies being made by administrative personnel cannot be identified to a specific program.
6. Outside services: the cost of the annual audit is charged indirectly. Legal fees that are not identifiable to specific direct programs are charged indirectly.
7. Office costs such as supplies.

## Proration of 10% or less

- Does not apply to direct service providers.
- Applies to supervisors.





# Grant Review

## Grant Materials

- Reviewed By:
  - Program Staff
  - Grant Staff
  - Research & Analysis Staff
  - Fiscal Staff
  - Legal Staff
- To ensure:
  - Adherence to Federal and State requirements
  - Program alignment
  - Cost allowability

# Allowability, Out-of-State Travel, and Supplanting



# Allowability: Rules & Regulations

- Uniform Guidance codified in 2 CFR 200 ([www.ecfr.gov](http://www.ecfr.gov))
- Federal Register ([www.gpo.gov](http://www.gpo.gov))
- Department of Justice 2015 DOJ Financial Guide ([www.ojp.gov](http://www.ojp.gov))
- OMB Circular ([www.gpo.gov](http://www.gpo.gov))
- Illinois Grant Accountability & Transparency Act (GATA)
  - 44 Ill. Admin. Code, Chapter 1, Part 7000; and
  - 30 ILCS 708/*et. seq.*
- ICJIA policies

# Budget Allowability – Narrative

- Each item requested must be allowable.
- Allowability is defined as:
  - Reasonable and necessary
  - Allocable
  - Authorized
  - Adequately documented

# Budget Allowability – Reasonable & Necessary

- Reasonable:
  - Ordinary and necessary for operations
  - Does not exceed that which would be incurred by a prudent person
  - Follow sound business practices
  - Reflects market prices
- Necessary
  - Proper and efficient for the performance and administration of the program

# Budget Allowability – Allocable, Authorized, & Adequately Documented

- Allocable: chargeable or assignable to the grant
- Authorized: not prohibited by law
- Adequately Documented: proper evidence

# Budget Issues – Proration

- Grant funds should only be used to pay for the share of those expenses attributable to the program
- Example: The grant has two (2) funded personnel on the program. There are 10 employees. The grantee requests \$100 per month for supplies used by all employees. The prorated amount would be 20% of \$100 = \$20 per month.

# Budget Issues – Cost Justification

- Description of the proposed costs
- Should justify each category or each line item
- Personnel should give a complete job description which pertain to ARI funding

## Budget Issues – Travel

- Travel expenses are allowable costs for employees who are in travel status on official business related to the award. (2015 Federal Financial Guidelines)
- Grantees must follow the State's established policies and rates.
- ICJIA reserves the right to determine the reasonableness of the travel and develop guidelines.

# Budget Issues – Out of State Travel

- Must have separate pre-approval by the grant monitor and in writing before any expenses are occurred.
- No more than 3 people may attend any one out-of-state conference
- The grantee is limited to 2 out-of-state conferences



# Budget Issues – Out of State Travel

- Attendees:
  - Excludes contractors who are hired for their expertise or specialty
  - Encouraged for those who are 100% on the program
  - If the attendee is less than 100% on the program, OST may prorated at a rate equal to the employee's percentage of time on the program
  - If the attendee is on ARI 50% or more, OST may be covered in full, if:
    - Their attendance is reasonable and necessary for their work on ARI;
    - There is no in-state conference that would provide the substantially same content; and
    - Either:
      - The conference is for the sole benefit of ARI; or
      - There is no other source of funding available to use for proration

# Supplanting

- 2015 DOJ Financial Guide:  
[http://ojp.gov/financialguide/DOJ/pdfs/2015\\_Doj\\_FinancialGuide.pdf](http://ojp.gov/financialguide/DOJ/pdfs/2015_Doj_FinancialGuide.pdf).
- Federal funds must be used to supplement existing State and local funds for program activities and must not supplant those funds that have been appropriated for the same purpose.
- Expanded definition: To deliberately reduce State, Local **(or private)** funds because of the existence of Federal **(or State)** funds.

# Supplanting Hypotheticals

- A probation officer's salary is \$60,000. The county has been paying \$30,000, and grant funds have been used to pay the other \$30,000. Supplanting occurs when the county reduces its contribution to that officer's salary to \$15,000 and makes up for that reduction by increasing the grant funds share of that salary to \$45,000.
- However, it is not supplanting if ARI funds are used to hire a probation officer that is currently employed through county funds as long as that previous position is filled.

# Subcontracting

Consultants/Contractors  
also known as Vendors

**Required  
Documentation**

# What is considered a vendor?

- Vendors are individuals or business entities providing services to your program.
- Procurement of vendor services must promote open and free competition.
- The Cost for their services must be reasonable and consistent with the cost for similar services in the marketplace.
- The vendor must charge the same rate as they would charge anyone else, or less.

# Required Documentation

- Request for proposal (RFP)/Invitation For Bid(IFB) or Sole Source Checklist Questionnaire
- Contractor payment Justification Form
- Subcontract

# RFP/IFB or Sole Source

When choosing a vendor for your program you are encouraged to use a Request For Proposal (RFP) or Invitation For Bid (IFB) to procure those services. The RFP or IFB must be submitted to the authority for review and approval before it is released to the public.

RFP/IFB is the preferred method

Examples of when a sole source can be used to select a vendor are as follows:

- The service is available from only one source;
- A unforeseen occurrence, condition or emergency does not allow for a competitive solicitation; or
- after solicitation from several sources, competition was deemed inadequate.

If selecting a vendor via a sole source you must complete the Sole source checklist. The responses to the question must provide justification for a non competitive procurement.



## Contractor Payment Justification Form

(1) For rates less than \$400 per 8-hour day (or \$50.00/hour) AND the contract is under \$25,000.

OR

(2) For rates of \$400 per 8-hour day or more (or \$50.00/hour) OR the contract is \$25,000 or more.

The form that you complete depends on the cost of the vendor services

# Subcontract

Must include but is not limited to the following;

- **Name of the parties-** One party is the entity that is paying for a product or service. The other party is the entity providing the service or product.
- **Period of Performance-** The Period of Performance is the period, start and end date, of time during which the vendor is expected to complete the grant activities and to incur and expend approved funds.
- **Scope of Services-** The Scope of services provides detailed information on what services the grantee expects to receive.
- **Rate of Pay-** The price and any details of the payment. The contract price should match the budget or state the portion that is being paid through the grant. It should contain an hourly or daily rate and/or contain enough information to calculate.
- **A place for Signatures and Date:** This is important because the contract being signed indicates that the vendor accepts the payment conditions and agrees to complete the specified work.

# Important Information

The vendor cannot begin work on the program until the following documents have been reviewed and approved by the Authority ;

- RFP/IFB or Sole Source
- Contractor Payment Justification form
- Subcontract

# Addendum to the Agreement

The addendum to the agreement is signed by the grantee and the vendor. This document ensures that the vendors comply with all state and/or federal guidelines.

## Please Note:

- The vendor that you select must have a valid DUNS number
- Their Central Contractor Registration must not be expired;
- And they cannot be barred from receiving state &/or federal funds.

# Program Narrative

# Program Narrative

Summary of Program

- Provides brief synopsis of ARI

Statement of Problem

- Includes evidence of over-reliance on incarceration and gaps in services

Review of Progress

- Includes progress toward 25% reduction goal this year

Program Strategy

- Includes ARI key components: assessment, EBPs, performance measurement

Incentives

- If applicable, includes evidence that incentives work and will be tracked according to best practices

Affordable Care Act

- Includes description of how ACA is leveraged for greatest impact with ARI funds

Problem Solving Court Certification

- If applicable, includes date received or anticipated, along with any issues

## Program Narrative

### Implementation Schedule

- Includes mandatory elements (hiring, training, reporting, All-Sites Summit).

### Exhibit D – Contact Information

- For ICJIA and grantee communication.

### Performance Measures

- Includes metrics such as 25% reduction goal, etc.

### Performance Standards

- Includes listing of goals, objectives and performance indicators

# Timekeeping



# Timekeeping Requirements

**GATA and 2 C.F.R. § 200.430**

## **Support of Salaries, Wages, and Fringe Benefits**

- Charges made to awards for salaries, wages, and fringe benefits must be based on records that accurately reflect the work performed.
- Support must reasonably reflect the total activity for which the employee is compensated by the organization and cover both ICJIA funded and all other activities.
- Where grant recipients work on multiple grant programs or cost activities, documentation must support a reasonable allocation or distribution of costs among specific activities or cost objectives.

# Timekeeping Documentation

- Daily attendance records;
- Quarterly Time Keeping Certifications; and
- One of the following:
  - 100% Time Certification
    - If employee spends 100% of their time on ARI (even if ARI funds don't pay for 100%)
  - Personnel Activity Report
    - If employee spends less than 100% of their time on ARI

# Quarterly Time Sheet Certification

## QUARTERLY TIME KEEPING CERTIFICATION

Implementing Agency: \_\_\_\_\_

Program Name: \_\_\_\_\_ Grant Agreement Number: \_\_\_\_\_

Quarterly Report:     1     2     3     4     5     6     7     8

The Entity certifies that it is in full compliance with the time-keeping requirements of the above grant agreement for all grant- and match-funded personnel and that the information listed below is an accurate reflection of the actual time and effort spent by personnel on the above program. In-kind match volunteer hours may be aggregated, provided that those volunteer hours are separately recorded by attendance timesheets or personnel activity reports.

\_\_\_\_\_  
Signature    Printed Name    Title    Date

<i>Personnel / Volunteer</i>	<i>Total Program Hours</i>	<i>Total Hours Compensated (excluding Paid Time Off)</i>	<i>Percent</i>
Ex: Advocate #1	487	793	61.4
Ex. Advocate #2	500	500	100

# 100% Timekeeping Certification

## 100% Time Certification

During the period \_\_\_\_\_ to \_\_\_\_\_, I contributed 100% of my efforts in support of activities associated with the following program:

\_\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

I certify that the above statement is true to the best of my knowledge.

\_\_\_\_\_  
Supervisor Signature

\_\_\_\_\_  
Supervisor Printed Name

\_\_\_\_\_  
Date



## Timekeeping – Before and After

- Before Grant Execution
  - ICJIA must approve a sample of all timekeeping documentation.
- After Grant Execution
  - Keep records
  - Submission of the Quarterly Timekeeping Certification with the quarterly report

# Administrative Site Visits

# Administrative Site Visits

## Federal and State Grants Unit Policy

- Grant Specialists shall conduct site visits to monitor programs for compliance with federal and state laws and grant guidelines, to ensure program towards goals of the grant-funded program, and facilitate productive working relationships with grantees.
- Site visits shall be conducted:
  - Within 6 months of new program inception,
  - Every 24 months thereafter.



# Administrative Site Visits

## Preparation

- Timesheets for all positions funded under this grant
- Receipts for any purchases made using grant funds
- Job descriptions for funded positions,
- Discuss all reports submitted for the grant period.



## Cover

- Allowable expenditures
- Special conditions of the grant
- Fiscal reports
- Data reports
- Funded positions
- Timekeeping records
- Equipment purchased with grant funds
- Training issues
- Technical assistance needs
- Program goals, objectives and progress
- Need for budget revisions
- Continuation issues
- Touring program areas

