



ATTORNEY GENERAL OF TEXAS
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Grants Financial Management and Monitoring

Grants Administration Division



OAG's Requirements

Grants Financial Management



Grants Financial Management

- ▶ The Office of the Attorney General (OAG) and the **Grantee** have a fiduciary responsibility for the grant.

- ▶ OAG has oversight to see that grant projects operate:
 - Efficiently
 - Effectively
 - In accordance with all laws, rules, regulations and guidelines that govern grants.



Grant Award

- ▶ A **Signed Contract** by the **Authorized Official** and the OAG contains:
 - Amount awarded for the funding year and/or biennium and originally awarded budget categories
 - Term of the contract
 - Any applicable special conditions



Approved Budget

- ▶ Budget categories
 - Personnel
 - Fringe benefits
 - Professional and consultant services
 - Travel
 - Equipment
 - Supplies
 - Other Direct Operating Expenses (ODOE)



Budget Adjustment

- ▶ Generally one budget adjustment per grant year is allowed
- ▶ The following require prior approval by the OAG:
 - Adding a new budget category
 - Moving funds to a new budget category
 - Adding new line items
 - Personnel changes
 - Increase/decrease in hours worked
 - Eliminate/change the job function
 - Adding a new position
 - Adjustment of 10% or more
 - Moving funds from one budget category to another budget category
 - Reallocating funds between line items



Other Budget Changes/Budget Modifications

- ▶ Requires notification to the OAG before implementation
- ▶ Changes that do not require a budget adjustment
 - Awarded funds are moved within or between approved budget categories or approved budget line items.
 - Funds are allocated between approved line items within an approved budget category.
 - Personnel modification due to change in job title, increase or decreases in hours worked and/or job function. Lapse salaries from termination and/or resignation.
- ▶ Less than 10% budget modification



Submitting Requests for Reimbursement

- ▶ **The Invoice, Financial Status Report (FSR) and Salary and Match Detail Report** must be mailed to:
 - Grants Administration Division
Office of the Attorney General - MC 005
P.O. Box 12548
Austin, Texas 78711-2548



Combined Reimbursement Form

- ▶ Grant reimbursement forms are combined in a Microsoft Excel workbook
- ▶ Forms are emailed to each grantee at the beginning of the fiscal year:
 - Invoice
 - Financial Status Report (FSR)
 - Salary and Match Detail Report



Combined Reimbursement Form

▶ Invoice Form

- Invoice Number – may be used by your agency
- Date – date the invoice is mailed
- Agency Name – name of the agency
- Preparer's Name – individual who fills out the form
- Texas TIN – tax identifier
 - Vendor ID number – 14 digit number issued by the Texas Comptroller
 - Federal ID Number – 9 digit Federal Tax Number
- Contract Number – unique number assigned by the OAG
- Amount – should match the amount requested on the FSR
- Signature – the individual authorized or the alternate designee



Combined Reimbursement Form

▶ Financial Status Report (FSR)

- Reporting mechanism to capture monthly expenses
- Invoice should match the monthly total amount requested for reimbursement
- Budget Adjustment or Budget Modification on the right hand side of the form indicates:
 - Original contract award amount
 - Increase or decrease on the budget category
 - FY 2012 operating budget
- Year-to-Date Financial Information provides:
 - Year to date (YTD) total
 - YTD balance
- Preparers comments:
 - Use this section to communicate relevant information related to a significant expense or correction during any given month.
 - The preparer must also enter comments explaining any negative balances and indicate how and when a budget modification will be prepared.



Combined Reimbursement Form

- ▶ **Salary and Match Detail Report**
 - Lists approved position(s).
 - Identifies whether position(s) are currently filled.
 - Hours worked on the grant by position.
 - Total salary amount on the **Salary and Match Detail Report** must match the salary category on the FSR.
 - The “**Month of Service**” in the **Salary and Match Detail Report** must match the month of the invoice.
 - The **Salary and Match Detail Report** must be sent each month with the invoice.



Common Invoice/Financial Status Report/Salary and Match Detail Report Errors

- ▶ Invoices submitted with the following cannot be processed for payment:
 - Missing signature and/or date.
 - Unauthorized signatures (not the Authorized Official or Alternate Designee).
 - Missing Texas Identification Number (either the Vendor Identification Number or the Federal Identification Number).
 - Incomplete Invoice is submitted.
 - Financial Status Report (FSR) reflects different amounts than previously paid. (For example, September was paid at \$2,500, but the FSR submitted with the December Invoice reflects a September amount of \$2,550.)



Common Invoice/Financial Status Report/Salary and Match Detail Report Errors

- ▶ Failure to submit revised **Combined Reimbursement Forms** when a **Budget Adjustment** or **Modification** has been approved.
- ▶ **Salary and Match Detail Report** does not match requested salary on the Invoice.
- ▶ Funds for unawarded categories are being requested.
- ▶ Negative balances on the FSR without an explanation in the **Preparer's Comments** section.
- ▶ Failure to send an FSR to show "0" when there are no expenses for the month.
- ▶ Submitting Invoice with prior year grant contract number.
- ▶ Using prior grant year **Combined Reimbursement Forms**.



Inventory Report Form

- ▶ Due annually for inventory purchased with grant funds during the fiscal year.
- ▶ An **Inventory Report Form** is required for each grant type documenting inventory purchased with grant funds.
- ▶ Track tangible equipment having a useful life of more than one (1) year.
 - Grant Number
 - Grant Type
 - Reported by
 - Title
 - Date prepared
 - Grantee Information
 - Item/Description
 - Inventory Number
 - Unit Cost
 - Date Acquired
 - Location of the Inventory
 - Authorized Official or Alternate Designee signature and Date.
 - Printed or Typed Name and Title of signator



OAG's Requirements

Grant Monitoring



OAG and Grantee Requirements

- ▶ The OAG is required by federal/state regulations to monitor the activities of grantees as necessary to ensure the following:
 - Federal and/or state awards are used for authorized purposes
 - Compliance with laws, regulations (i.e., OMB, CFRs, UGMS)
 - Provisions of contracts or grant agreements are achieved
 - Segregation of duties/internal controls exist
 - Financial controls are in place
 - Policies and procedures are in place
 - System to record and track expenditures for each grant is in place
 - Expenditure reports are reconciled monthly
 - Adequate supporting documentation is kept
 - Filing and record retention system is maintained
- ▶ Additionally, Federal Funds Accountability and Transparency Act (FFATA) requires the OAG to file a sub-award report by the end of the month following the month in which the OAG awards any sub-grant greater than or equal to \$25,000 (federal dollars).



Monitoring Overview

- ▶ The OAG has developed a monitoring plan to ensure that grantees are monitored on a consistent basis.
- ▶ The following pages will discuss the OAG's monitoring components, including:
 - Types of monitoring and expectations
 - Criteria
 - Common findings
 - Annual audit requirements
 - Fraud, waste and abuse



Types of Monitoring

All types of grant monitoring will consist of the following

- ▶ OAG Grant Staff will contact your organization approximately 30 days before engagement to notify you of the type and date of the monitoring engagement.
- ▶ Information OAG will typically request be submitted before the engagement:
 - Board meeting minutes for the past year
 - List of board members
 - By-Laws
 - Organizational chart
 - Time sheets for personnel on OAG grants
 - General ledger for all expenditures tested
 - Internal Control Questionnaire (ICQ) - questionnaire regarding the organization's internal controls



Grant Monitoring Expectations

Specific monitoring engagements will consist of the following:

- ▶ **On-site Monitoring Visit** – conducted by OAG grant monitors at your organization.
 - Documents to have ready the day of the visit:
 - Policies and procedures
 - Personnel files
 - Client files
 - Training and education materials
 - Quarterly federal tax return (941)
 - Bank reconciliations
 - Supporting documentation for all non-payroll expenditures (include approval form, invoice and cleared checks)
 - Additionally, OAG monitors will need a location in which to conduct their review and access to grant-funded staff, key personnel, etc.



Grant Monitoring Expectations

- ▶ **Desk Review** – conducted by OAG grant staff at the OAG offices. Your engagement letter will advise you of the documents to be submitted by a specific deadline. If additional information is needed, the reviewer will contact you.
- ▶ **CPA Audit** (via OAG contract) – conducted by an external CPA firm at your organization. The OAG will notify your organization if a CPA Audit is to be conducted.
- ▶ **Technical Assistance Visit** – conducted by OAG grant monitors and/or grant managers at your organization or via telephone. This visit may occur at the grantee or the OAG's request.



Monitoring Criteria

- ▶ Grantees must be in compliance with all applicable federal/state statutes, regulations, policies, guidelines and requirements, including, but not limited to, OMB Circulars No. A-21, A-110, A-122, A-128, A-87.

- ▶ Grantees also must follow the guidelines in the Uniform Grant Management Standards (UGMS). Both governmental entities as well as non-profit entities are required to follow UGMS guidelines and/or applicable cost principles.

- ▶ Criteria
 - Federal standards
 - State standards
 - OAG standards



Grant Management Federal Standards

Office of Management and Budget (OMB) Administrative Circulars

OMB Circular A-110

Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non Profit Organizations.

OMB Circular A-102

Grants and Cooperative Agreements with State and Local Governments.



Grant Management Federal Standards

Office of Management and Budget (OMB) Cost Principles Circulars

OMB Circular A-21

Cost Principles for Educational Institutions.

OMB Circular A-87

Establishes cost principles for State, Local and Indian Tribal Governments.

OMB Circular A-122

Establishes cost principles for Non Profit Organizations.



Grant Management Federal Standards

Office of Management and Budget (OMB) Audit and Sub-recipient Monitoring Circulars

OMB Circular A-133

- ▶ Audits of States, Local Governments and Non Profit Organizations
- ▶ A single audit is required if \$500,000 or more in federal or state expenditures
- ▶ Federal programs are listed in the Catalog of Federal Domestic Assistance (CFDA)
- ▶ Audit period based on the organization's fiscal year



Code of Federal Regulations (CFR)

- ▶ OMB Circulars are stated in two CFR which makes up the common rule.
 - A-110: Uniform Administrative Requirements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
 - A-102: Grants and Cooperative Agreements with State and Local Governments
 - A-133: Audits of States, Local Governments, and Non Profit Organizations
 - Cost Principles
 - A-21: Higher Education
 - A-87: State, Local, and Indian Tribal Governments
 - A-122: Non-Profits



Two CFR Part 25 Universal Identifier and Central Contractor Registration

- ▶ A granting agency may not make an award to an entity until the entity has complied with the requirements described in § 25.200 to provide a valid Data Universal Numbering System (DUNS) number, and
- ▶ Maintain an active CCR registration with current information (other than any requirement that is not applicable because the entity is exempt under § 25.110).



Two CFR Part 25 Universal Identifier and Central Contractor Registration

- ▶ Data Universal Numbering System (DUNS) number is the nine-digit number established and assigned by Dun and Bradstreet, Inc. (D&B) to uniquely identify business entities.
- ▶ A DUNS number may be obtained from the D&B by telephone at (866) 705-5711 or <http://fedgov.dnb.com/webform>.



Two CFR Part 25 Universal Identifier and Central Contractor Registration

- ▶ Central Contractor Registration (CCR) is the federal repository into which an entity must provide information required for the conduct of business as a recipient.
- ▶ Additional information about registration procedures may be found at the CCR website www.ccr.gov.



Grant Management State Standards

- ▶ Uniform Grant Management Standards (UGMS)
- ▶ Texas Administrative Code (TAC)
 - T.A.C. 60 – Texas Crime Victim Services Grant Programs
 - Provides OAG rules for Other Victim Assistance Grants (OVAG) and
 - Victim Coordinator and Liaison Grants (VCLG)
- ▶ T.A.C. 62 – Sexual Assault Prevention and Crisis Services
 - Provides OAG rules for Sexual Assault Prevention and Crisis Services (SAPCS)



Top 10 Common Monitoring Findings

1. Time sheets do not match hours reported on FSR.
2. Personnel files were missing up-to-date evaluations, confidentiality agreements, acknowledgement of personnel policies or job descriptions.
3. Time sheets missing employee/supervisory signature and/or date.
4. Time sheets are not signed “after-the-fact.”
5. Time sheets do not show the time worked broken down by funding source.
6. Executive Director’s time sheet was not signed or approved by the board.
7. General Ledger does not reconcile with expenditures.
8. Grantee expenses not on approved OAG grant budget.
9. Missing or inadequate supporting documentation for expenditures.
10. Failure to follow organization’s policy and procedures.



Annual Audit

**Annual Financial Audits
Prepared by Grantee's External CPA**



Audit Requirement

- ▶ By contract, an annual independent financial audit is a requirement for OAG grants, the audit may include:
 - A financial audit only, or
 - A financial audit with a single audit (compliance audit).
- ▶ The audit shall meet OMB Circular A-133 and UGMS requirements.
- ▶ Additionally, the annual independent financial audit shall meet Generally Accepted Government Accounting Standards (GAGAS) in the event a single audit is not required.
- ▶ The annual independent financial audit is due within nine months of the end of the fiscal year of the agency or within 30 days of completion of audit, whichever is earlier.



Fraud, Waste and Abuse

Fraud, Waste and Abuse



Fraud, Waste and Abuse

Definition of Fraud

- ▶ Intentional deception or misrepresentation that an individual knows to be false or does not believe to be true, when that individual knows that the deception could result in some unauthorized benefit to himself or herself or some other person.
- ▶ Deliberate misuse or misapplication of resources.

Examples of Fraud

- ▶ Requesting or attempting to request reimbursement for travel that did not occur.
- ▶ Falsifying time sheets, billing statements or any other document to benefit one's self or agency.



Fraud, Waste and Abuse

Definition of Waste

- ▶ Waste amounts to the extravagant, careless or needless expenditure of resources.
- ▶ Waste could result from deficient practices, defective system controls or imprudent decisions.

Examples of Waste

- ▶ Authorizing unnecessary or extravagant expenditures.
- ▶ Engaging in excessive and unnecessary work travel.



Fraud, Waste and Abuse

Definition of Abuse

- ▶ Incidents or practices that are inconsistent with sound business or fiscal practices. These practices may directly or indirectly result in unnecessary costs to the program, improper payment or payment for services that are not necessary.
- ▶ Abuse of authority - employees must not misuse their title, position or authority to obtain a personal benefit.

Examples of Abuse

- ▶ Improper charging of services or payroll.
- ▶ Improperly disclosing confidential information to which one has access.
- ▶ Forcing or trying to force a subordinate to commit an act that one knows is illegal.



Fraud, Waste and Abuse

Common Grant Fraud Scenarios

- ▶ Charging personal expenses as business expenses against the grant.
- ▶ Charging for costs which have not been incurred or are not attributable to the grant.
- ▶ Charging for inflated labor costs or hours, or categories of labor which have not been incurred (for example, fictitious employees, contractors or consultants).



Fraud, Waste and Abuse

Detect and Prevent Fraud

- ▶ Establish an adequate and effective system of accounting, internal controls, records control and records retention.
- ▶ Implement an internal compliance and ethics program that encourages the recognition and reporting of fraud, waste or abuse.

Report suspected fraud to your OAG Grant Manager, or The Texas State Auditor's Office at <http://sao.fraud.state.tx.us/> or SAO Hotline at (800)-TX-AUDIT (892-8348).



Helpful Websites

Helpful Websites



Helpful Web Sites

- ▶ Office of the Attorney General (Crime Victim Services Division and Grants Administration Division)
 - www.oag.state.tx.us/victims/grants.shtml

- ▶ Texas Comptroller of Public Accounts
 - www.window.state.tx.us/
 - <https://fmx.cpa.state.tx.us/fmx/travel/texttravel/index.php>



Helpful Web Sites

- ▶ Texas Administrative Code (TAC)
 - www.sos.state.tx.us/tac/

- ▶ Uniform Grant Management Standards (UGMS)
 - www.governor.state.tx.us/files/state-grants/UGMS062004.doc

- ▶ OMB (Office of Management and Budget) Circular Index
 - www.whitehouse.gov/omb/circulars/

- ▶ Code of Federal Regulations
 - www.access.gpo.gov/cgi-bin/cfrassemble.cgi?title=200945

- ▶ Catalog of Federal Domestic Assistance
 - www.cfda.gov/