

# **MFCU GRANTS OVERVIEW**

**Presented by Alexis Lynady**

**Grants Management Officer**

**June 21, 2012**

# OVERVIEW

- General Information
- Pre-Award
- BREAK
- Award and Post Award
- Financial Reporting (SF-425)
- Closeout and Retention
- Fraud
- Grants Community Topics



# OFFICE OF INSPECTOR GENERAL

## OFFICE OF MANAGEMENT AND POLICY

- Jason McConachy- Budget Officer
  - Certifies Notice of Grant Awards and authorizes the obligation of federal funding to the grantee.
  
- Alexis Lynady- Grants Management Officer
  - Responsible for the daily management and non-programmatic aspects of the award.
    - Approves prior approval requests or changes in the terms and conditions of award.
    - Provides clarification on grant regulations and financial aspects of the award.
    - Conducts cost analysis and budget review.
    - Monitors compliance with grant requirements.
    - Reviews Federal Financial Reports (SF-425).
    - Performs post-award administration and closing out grants.



# GRANT FUNDING PROCESS



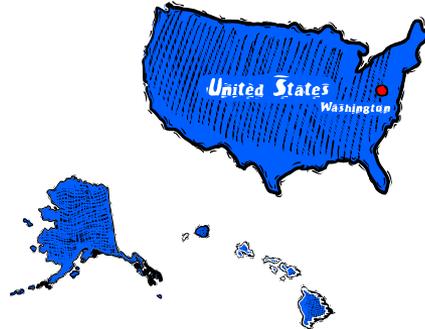
**CMS**



**OIG**



**Payment Management System (PMS)**



**50 MFCU's**



# PRE-AWARD

## ○ Preliminary Budget Estimates

- Estimates are used for funding request to CMS.
- Request Units' budget estimates for the next two federal fiscal years.
- Send budget estimates request to Units in March/April.
- Units' estimate submission deadline: May 9.

## ○ Application Budget Request Package

- Used to request federal funding for upcoming federal fiscal year.
- Send out package and instructions in June.
- Application is due July 11.



# CONTENTS OF APPLICATION BUDGET REQUEST

- Required documents to be submitted:
  - **SF-424 *Version 2***
  - **SF-424A**
  - **SF-424B**
  - **Tax Certification**
    - **ONLY** for Units submitting a request that exceeds \$5,000,000 in federal dollars.
  - **Detailed Budget Justification Worksheet**
  - **Federally Negotiated Indirect Cost Rate Agreement**
    - Required if you are requesting funding for indirect costs.



# IMPORTANT APPLICATION INFORMATION

- Applications must be complete and timely.
- All applicants must provide a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number.
- All applicants must be registered in the Central Contractor Registry (CCR).
  - Registrations must be current and need to be renewed every 12 months.
  - CCR online registration (<http://www.ccr.gov>)



# APPLICATION REVIEW

- No A-133 findings
- Applicant's Standing
- CCR
- Signed application
- All required forms submitted
- Budget Review



# BUDGET OVERVIEW

- Look at major increases, decreases, or changes in budget categories and line items from previous year.
- Make sure costs are justified and detailed.
- Verify calculations.
- Correctly categorize items.
- Check to ensure Non-Federal share (match) is guaranteed at the required 25% of *total* costs.



# DETERMINING ALLOWABLE COSTS!

- **Reasonable (including necessity).** 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.
  - **Necessary.** The cost is generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.
- **Allocable.** A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.



# DETERMINING ALLOWABLE COSTS!

- **Authorized/Allowable.** Costs must be authorized or not prohibited under State laws and regulations and must conform to any limitations or exclusions set forth under A-87, Federal laws and statutes, as well as the terms and conditions of the Federal award.
- **Consistent.** Recipients must be consistent in assigning costs to cost objectives. Costs must be treated consistently for all work of the organization under similar circumstances, regardless of the source of funding, so as to avoid duplicate charges.
  - Costs must be consistent with policies, regulations and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

# COMMON QUESTIONABLE COSTS

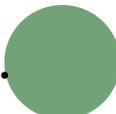
- **References**

- Cost Principles (A-87),
  - Attachment B “Selected Items of Cost

- **Contingency Costs- NOT ALLOWABLE**

- Requests for events or occurrences which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable.

- **Double charging-** Some costs may already be included in the units indirect cost pool and should not be charged directly.

- Common items in cost pools : Janitorial services, electricity, admin/fiscal support, audits, legal fees, etc.
- 

# PERSONNEL

- Provide **title, salary** and **start date** of ALL MFCU employees.
  - If a part time employee (non-mgt position) is shared between different offices, it should be noted and the allocable salary for time working in the MFCU should be requested.
  - **EX. Full Salary \$50,000, works 50% (.5 FTE) at the MFCU, only can allocate \$25,000 to the MFCU budget.**
- **Vacancies:** provide **title, salary level** and **estimated start/hire date**.
  - If known a vacancy won't be filled for the year or half year, you can keep the slot, but should not request for that allocable salary.
  - **EX. Hiring freeze Q1 and Q2, can only charge 50% of full salary for estimated hiring in Q3.**

# FRINGE BENEFITS

- Should be separated out from salary as its own budget cost category.
- Costs must be considered reasonable and required by law, state agreement or established policy of your state.
- Costs must be applied consistently.
- Part of compensation in proportion to the amount of time and effort the employee devotes to MFCU activities.
  - Shared Part Time Employee Ex.: Can only charge 50% of the total fringe she receives overall.



○ Example

PART (A) For Benefits Determined as a percentage of salaries

<u>DESCRIPTION</u>	<u>PERCENTAGE OF SALARIES</u>
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Life Insurance	9.35%
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Workers Compensation	3%
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Retirement	4%
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Employment Security	4%
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FICA	7.65%
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TOTAL PART (A) 28% X \$845,000 salaries = \$ 236,600  
allocable fringe

PART (B) For Benefits Determined as a dollar amount per employee

\$ 1,000 for family coverage/mo. x 8 employees = \$8,000 per mo.

\$ 300 for single coverage/mo. x 6 employees = \$1,800 per mo.

TOTAL PART (B) \$ 9,800 per mo. x 12 = \$ 117,600

TOTAL PART (A) 236,600 + PART (B) \$ 117,600 = Total Fringe  
\$354,200

# TRAVEL



- Must follow your state's travel policy.
- Costs must be reasonable and necessary for MFCU purposes.
- If costs of travel are known, please specify and list costs separately:
  - Hotel, air, transport, per diem, mileage, incidentals
- Provide cost justification for each.
  - **EX.** Medicaid Fraud Trends Training in San Francisco
    - 5 staff x \$400 RT air = \$2,000
    - 5 staff x \$60 per diem x 3 days = \$900
    - 5 staff x \$110 hotel/night x 2 nights = \$1,110
    - Incidentals (rental car, toll) = \$450



# EQUIPMENT



- **Definition:** *Item* of **nonexpendable, tangible** personal property having a **useful life of more than 1 year** and an **acquisition cost** which equals or exceeds the lesser of the capitalization level established by the Unit for financial statement purposes, or **\$5,000**. (A-87)
- Capitalization level would be in an established written policy or in the organizations federally negotiated indirect cost rate agreement.
- If it doesn't meet this definition, it is **NOT** equipment (for purposes of the budget request) and should not be placed in the equipment cost category.



## EQUIPMENT CONTINUED

- **“Acquisition Cost”**- net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose in which it was acquired. Ancillary charges such as taxes, duty, insurance, delivery, installation can be included in this cost if in accordance with units policy and/or accounting process.
- Also known as as “bundled” costs.



## EQUIPMENT CONTINUED...

- Specify equipment requests per unit and cost.
  - 2 Vehicles (**Impalas**) x **\$19,000** each = **\$38,000**
  - 1 Portable X-Ray x **\$12,000** = **\$12,000**
- Property/Inventory Records should be maintained and regularly updated.
- If equipment is needed during the course of the year but was not requested in the application, you must request prior approval through the Grants Officer.



# SUPPLIES

- **Definition:** Tangible personal property other than equipment (as defined earlier). (45 CFR 92.3)
  - If it doesn't meet \$ threshold of equipment, than most likely supplies.



# CONTRACTUAL

- Follow state's policies and procedures regarding procurement.
- Contractual costs are arrangements with vendors that provide routine goods and services to carry out a portion of the program or the project to perform activities which are central to the purpose of the award.
- Costs of all contracts for services and goods except for those that belong under other categories such as equipment, supplies, and other.



## CONTRACTUAL CONTINUED

- Have you described the services to be rendered?
- Examples of things that can be included in the Contractual budget line item:
  - Translation services
  - Database design, maintenance and training services
  - Legal services
  - Financial services
- Things that normally are **NOT** to be included in the Contractual budget line item:
  - Rent/office space leases
  - Cell phone bills
  - Car leases
  - Equipment rentals



# CONSULTANTS

- An individual or firm who possesses a special skill and can provide professional advice or services for a fee.
  - Use when the Unit does not have an employee in house who can provide the skill.
- If budgeting for, provide:
  - Type of service to be rendered
  - Estimated amount of hours
  - Cost per hour/week/etc.
  - Is this cost reasonable and comparable to the market?



# OTHER

- Any costs that do not fit anywhere else in the budget can be placed here.
  - Consultants, rent of office space, car leases, professional dues, memberships, conference fees, professional subscriptions, software, renewals of maintenance, training costs, auto repairs, etc.
- Provide details!
  - Example, for rent of space:
    - Headquarters:  $18,000 \text{ sq. ft.} \times \$1.11 \text{ per square foot/mo} = \$19,980 \times 12 \text{ months} = \$239,760$
    - Anywhere Office:  $3,000 \text{ sq. ft.} \times \$10.50/\text{sq ft/yr} = \$31,500$
    - Total Rent of Space =  $\$271,260$



# INDIRECT COSTS

- Expenses of doing business that are not readily identified with the grant project, but are necessary for the general operation of the organization.
- To charge for indirect costs you **MUST** provide a *federally approved* indirect cost rate agreement!
  - Through your cognizant federal agency, most likely HHS or DOJ.



## INDIRECT CONTINUED

- If you **do not** have an agreement, but want to charge indirect, you must begin the process in obtaining a federally approved rate.
  - HHS Division of Cost Allocation:  
<http://rates.psc.gov/fms/dca/map1.html>
  - DOJ: <http://www.ojp.usdoj.gov/home/contactus.htm>
- In the meantime, you can charge indirect type costs as direct costs if you have a mechanism to allocate them correctly to the MFCU.



# INDIRECT RATE AGREEMENT/APPROVAL

## ○ Pay attention to:

- Effective Period
- Rate (%)
- Base

ORIGINAL

### STATE AND LOCAL GOVERNMENTS RATE AGREEMENT

EIN:

DATE: 04/08/2011

ORGANIZATION:

FILING REF.: The preceding agreement was dated 10/21/2009

Office of the Attorney  
General c/o Office of the Comptroller

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

#### SECTION I: INDIRECT COST RATES

RATE TYPES:    FIXED            FINAL            PROV. (PROVISIONAL)    PRED. (PREDETERMINED)

#### EFFECTIVE PERIOD

TYPE	FROM	TO	RATE (%)	LOCATION	APPLICABLE TO
FIXED	07/01/2010	06/30/2011	20.10	All	Medicaid Fraud Unit
FIXED	07/01/2010	06/30/2011	29.30	All	All Other Programs

#### \*BASE

Direct salaries and wages.

# INDIRECT AGREEMENTS AND FRINGE

- HHS agreements include fringe benefit remarks. This is an example of one that actually includes a rate to be used based upon salary.

ORGANIZATION: Attorney General c/o  
Office of the Comptroller  
AGREEMENT DATE: 04/08/2011

SECTION I: FRINGE BENEFIT RATES\*\*

<u>TYPE</u>	<u>FROM</u>	<u>TO</u>	<u>RATE(%)</u>	<u>LOCATION</u>	<u>APPLICABLE TO</u>
FIXED	7/1/2010	6/30/2011	31.82	All	Regular Employees
FIXED	7/1/2010	6/30/2011	1.91	All	See Note Below

\*\* DESCRIPTION OF FRINGE BENEFITS RATE BASE:

Salaries and wages.

The Fringe Benefit Rate shown above as 1.91% is referred to as Payroll Tax Rate by the . This rate is applicable to all regular, uniformed and contractual employees. It includes Unemployment Insurance, Universal Health Insurance and Medicare Tax.

# INDIRECT AGREEMENTS AND EQUIPMENT

ORGANIZATION: ..... fice of the Attorney General c/o  
Office of the Comptroller  
AGREEMENT DATE: 04/08/2011

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## SECTION II: SPECIAL REMARKS

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### TREATMENT OF FRINGE BENEFITS:

The fringe benefits are charged using the rate(s) listed in the Fringe Benefits Section of this Agreement. The fringe benefits included in the rate(s) are listed below.

### TREATMENT OF PAID ABSENCES

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims are not made for the cost of these paid absences.

The following fringe benefits are included in the fringe benefit rate of 31.82%:

- (1) Group Insurance
- (2) Retirement
- (3) Terminal Leave

Equipment means an article of nonexpendable tangible personal property having a useful life of more than one year, and an acquisition cost of \$5,000 or more per unit.

- Most HHS agreements include the threshold value for equipment. This example displays a maximum acquisition cost of \$5,000.

# CALCULATING INDIRECT COSTS

○ Base: **Direct Salary and Wages**

○ Budget:

- Personnel= **\$845,000**
- Fringe= \$285,019
- Travel= \$30,000
- Equipment= \$12,000
- Supplies= \$3,500
- Contractual= \$0
- Consultants= \$20,000
- Other= \$48,000
- Total= \$1,243,519

○ Base **\$845,000** x rate **20.1%** = Total Indirect **\$169,845**

○ **\$169,845** x **75%** = **\$127,383.75**

- Amount allowed to charge to the Federal award.



# MATCH

- Match is statutorily required.
- The MFCU program statutorily requires a **25% match** of **total expenditures**.
  - “The Secretary shall pay to each State.....for each quarter.....75\* per centum of the sums expended”
    - \* 90 per cent for first 12 quarters
- Matching costs are subject to the same rules as Federal costs under the program.
- If the unit is unable to guarantee that they can provide 25% of the total costs requested on their application, then they will need to revise their budget and reduce the federal share to an amount they can match.



# MATCH CONTINUED

- All costs used to satisfy the matching requirement must be documented by the recipient at the same level of detail as Federal funds.
- If unit fails to provide the required matching requirement, OIG will require Federal funds that were not matched to be returned.
- [Federal expenditures + Recipient share of expenditures] x 25%=  
The amount in which the Unit needs to provide!



# HOW TO CHECK MATCH IS MET ON THE FFR

$$\begin{aligned} & (10e) \text{ Federal share of expenditures} \\ & \quad + \\ & (10j) \text{ Recipient share of expenditures} \\ & \quad = \\ & \text{Total Cumulative Net Outlays} \end{aligned}$$

**Total Net Outlays x 25% = (10i) Match  
Required**



# AWARD

- Notice of Grant Award (NGA)
  - An **official legal document** issued to the recipient that indicates an award has been made and that \$X funds were authorized and may be drawn down from the Payment Management System (PMS) account.
  - If you do not have a signed NGA or official correspondence from a GMO about an action, then you do not have approval to expend funds or move forward on that action.



# TERMS AND CONDITIONS

- All legal requirements imposed on an award by the awarding office, whether by statute, regulation, or policy, and whether referenced or specified in full text in the Notice of Award.
- Recipient indicates the acceptance of an award and its associated terms and conditions by drawing down its first dollar from their PMS account.



# TO BE IN COMPLIANCE WITH

- **Statute**

- Social Security Act, Title 19
  - Section 1903(q)
  - Sec 1903(a)(6)
  - Sec 1902(a)(61)

- **Federal Regulations**

- 42 CFR Part 1007
- 45 CFR Part 92

- **OMB Circulars**

- A-87, Cost Principles, already in Title 2 (Part 225)
- A-133, Single Audit Act

- **Grant Terms and Conditions**

- General
- Special



# POST AWARD

## ○ Prior Approvals

- A written (e-mail) request from the Director/AOR requesting an action that requires approval and/or a revision to the original NGA.

## ● Budget Changes that need approval:

- Supplements
- Significant re-budgeting
- Requests for equipment that were not in original application.
- Addition to staff.
- Indirect costs not approved in application budget request.



# SUPPLEMENTS

- Request for additional funding during the fiscal year.
- First look at your budget to see if you can use unused funds from other lapsed expenses prior to requesting additional federal funds.
- Provide **justification on** why you **need** the additional funds.
- Submit a **SF-424, SF-424A** and detailed budget **justification** for only the amount of additional funds being requested.



# SIGNIFICANT RE-BUDGETING

- Cumulative re-budgeting between direct cost categories, projects or activities that are planned to exceed 10% of total approved budget.
  - If less than this it is considered 'non-significant' re-budgeting and you do not need prior approval from OIG, but you should still keep the GMO aware of budget changes.
- Need justification.
- Include amount that is being re-budgeted.
- What budget categories are being decreased and which are being increased.



# OTHER REQUESTS

## ○ Equipment

- Must receive approval for equipment requests not made in original application budget request for items with acquisition cost of \$5,000 or more per item.

## ○ Additional Staff or Change in Key Staff

- Please inform the GMO and the program analyst of any major changes in professional staff such as Director change, additional professional staff needed, or position changes.
- Prior approval required for additional staffing.



## FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)			Page 1	of pages	
3. Recipient Organization (Name and complete address including Zip code)							
4a. DUNS Number	4b. EIN	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)		6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final	7. Basis of Accounting <input type="checkbox"/> Cash <input type="checkbox"/> Accrual		
8. Project/Grant Period From: (Month, Day, Year)			To: (Month, Day, Year)		9. Reporting Period End Date (Month, Day, Year)		
10. Transactions					Cumulative		
<i>(Use lines a-c for single or multiple grant reporting)</i>							
<b>Federal Cash (To report multiple grants, also use FFR Attachment):</b>							
a. Cash Receipts							
b. Cash Disbursements							
c. Cash on Hand (line a minus b)							
<i>(Use lines d-o for single grant reporting)</i>							
<b>Federal Expenditures and Unobligated Balance:</b>							
d. Total Federal funds authorized							
e. Federal share of expenditures							
f. Federal share of unliquidated obligations							
<b>g. Total Federal share (sum of lines e and f)</b>							
h. Unobligated balance of Federal funds (line d minus g)							
<b>Recipient Share:</b>							
i. Total recipient share required							
j. Recipient share of expenditures							
k. Remaining recipient share to be provided (line i minus j)							
<b>Program Income:</b>							
l. Total Federal program income earned							
m. Program income expended in accordance with the deduction alternative							
n. Program income expended in accordance with the addition alternative							
o. Unexpended program income (line l minus line m or line n)							
11. Indirect Expense							
	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
g. Totals:							
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:							
13. Certification: By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and intent set forth in the award documents. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)							
a. Typed or Printed Name and Title of Authorized Certifying Official					c. Telephone (Area code, number and extension)		
b. Signature of Authorized Certifying Official					d. Email address		
					e. Date Report Submitted (Month, Day, Year)		
14. Agency use only:							

Standard Form 425 - Revised 6/20/2010  
OMB Approval Number: 0540-0061  
Expiration Date: 10/31/2011

**Paperwork Burden Statement**

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB control number for this information collection is 0540-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0540-0061), Washington, DC 20503.



# FINANCIAL REPORTING

- New required form: SF-425, FFR, aka Federal Financial Report
- Used to report your federal and non- federal expenditures on the grant.
  - Need to report to **OIG** all applicable fields on form except for the “Federal Cash” portion lines 10a-c.
  - Must be:
    - Cumulative!
    - Accurate!
    - Signed and dated!



# FINANCIAL REPORTING CONTINUED

- OIG requires that the MFCU report on a quarterly basis.
    - Quarterly reports are due 30 days after the quarter end.
    - The Final report is due 90 days after the end of the funding period/grant period.
      - MFCU grant years end 9/30/xx, so Final reports are due 12/30/xx of that same year.
      - Due dates are included in the terms and the conditions of the award.
  - Grantees are also required to report quarterly to PMS on their cash disbursements.
- 

# COMMON ERRORS ON FFR

- Not signed or dated!
- Not including the correct grant number or any at all! (#2)
- Not entering the correct 'reporting period end date.' (#9)
- Amount of federal funds authorized should be cumulative by quarter. (#10d)
- \*\*\*Total recipient share required should be based upon total cumulative net outlays. (#10i)
- Not reporting indirect costs, when indirect costs were included in the application. (#11)
- Not reporting indirect costs cumulatively. (#11a-f)
  - New form allows for split rates on the year to be reported. (#11b)



# THINGS TO KEEP IN MIND FOR THE FFR

- If you have un-liquidated obligations (#10f), report them!
  - This is especially important in the 4<sup>th</sup> quarter, when all federal funds need to be obligated no later than 9/30, the end of the Federal fiscal year. You then have 90 days to liquidate those obligated funds.
  - If on the Q4 report I see \$0 in line 10f, I expect no additional expenditures to be reported on line 10e on the Final report.
  - On the Final report, line 10f must be \$0.
  - Do not include any amount in line 10f, that has been reported in line 10e.



## THINGS TO KEEP IN MIND FOR THE FFR

- Use the Remarks box for any explanations needed, or if something unusual occurred that quarter.
- If submitting a revised report, make it clear that it is revised!
- By the Final FFR:
  - There must be a ratio of expenditure support:
    - 75% federal expenditures
    - 25% of non-federal expenditures
  - Federal expenditures reported on the FFR must reconcile with the federal disbursements reported to PMS.



# PROGRAM INCOME VS. NOT

- If the Unit receives income from a case that includes NO Medicaid related overpayments, (generally patient abuse and neglect cases) then those monies can be identified as program income.
- If the Unit receives income from any case that includes Medicaid overpayments, CMS requires the federal share (FMAP) of the full settlement amount to be returned.
  - To ensure the proper return of FMAP, a best practice would be to forward all funds received from settlement to the SSA/SMA for processing.



# PROGRAM INCOME

- Definition: Gross income received by the grantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period.
  - Must use the deduction alternative.
  - Program income is to be expended prior to requesting further federal funds from PMS.
    - The program income balance should be \$0 at the end of the grant period.
  - Program income should be kept and held in its own separate account so it can be tracked.



# ASSET FORFEITURES

## ○ State Asset Forfeitures

- Treat as program income, using the deduction alternative.

## ○ Equitable Sharing Funds from the DOJ Asset Forfeiture Program

- May report as program income using the addition alternative.
- *In order to do so*, must provide GMO with approval letter from the Federal agency in connection with the investigation worked that indicates the amount received in forfeiture funds.
- To claim on MFCU grant, must spend funds on allowable costs in accordance with *both* DOJ and OIG statutes, guidance and policies.



# PROGRAM INCOME FFR INSTRUCTIONS

## ○ 10l Total Federal Program Income Earned

- Enter the amount of Federal program income earned. Do not report any program income here that is being allocated as part of the recipient's cost sharing amount included in Line 10j.

## ○ 10m Program Income Expended in Accordance With the Deduction Alternative

- Enter the amount of program income that was used to reduce the Federal share of the total project costs.

## ○ 10n Program Income Expended in Accordance with the Addition Alternative

- Enter the amount of program income that was added to funds committed to the total project costs and expended to further eligible program activities.

## ○ 10o Unexpended Program Income (Line 10l Minus Line 10m or Line 10n)

- Enter the amount of Line 10l minus Line 10m or Line 10n. This amount equals the program income that has been earned but not expended, as of the reporting period end date.

## ○ 10j Recipient Share of Expenditures

- Enter the recipient share of actual cash disbursements or outlays (less any rebates, refunds, or other credits). This amount may include ... *and recipient share of program income used to finance the non-Federal share of the project or program.*

# CLOSEOUT

- Applies to all grants. In regard to the MFCU's, it is the process by which OIG reconciles the final federal expenditures of each grant year with PMS disbursements and officially 'closes' the grant in PMS.
- Final FFR must have no unliquidated obligations and must indicate the exact balance of unobligated funds.
- The FFR must reconcile with PMS.
- Unobligated funds will be returned to Treasury through action by Grants office and PMS.



# RECORD RETENTION

- Per 45 CFR Part 92.42 Retention and access requirement for records :
  - In general, the start date of the retention period is the day you submit your final expenditure report (SF-425).
  - In general, you must retain records for 3 years.
  - Each State should also have its own internal record retention policies.



# GRANT FRAUD

## ○ Fraud

- Intentional , unlawful acquisition of benefits (money and services) by perpetrating wrongful acts affecting government programs and operations.

## ○ Waste

- Intentional or unintentional, thoughtless or careless expenditure, consumption, mismanagement of government resources.

## ○ Abuse

- Excessive or improper use of government resources, including position and authority.



# POSSIBLE FRAUD INDICATORS

- **Lack of internal controls**
- No segregation of duties (one person in control)
- Altered records
- Not following the terms and conditions of the award
- Allegations of fraudulent conduct
- Poor record keeping (financial issues)
- Lack of prior audits
- Unclear, unsupportable, or inconsistent indirect cost rates

