CITY OF MINNEAPOLIS

Minneapolis Employment & Training

Grant Financial Training Webinar
August 13, 2020

Minneapolis
City of Lakes

Welcome and Introductions

Today's presenter:

- Terri Spencer, Manager of Accounting, Finance

Supporting staff:

- Catherine Christian, Employment & Training
- Matthew Courtney, Employment & Training
- Chamroeun Choe, Finance

Housekeeping

- All microphones will be muted for the entire session

- Questions can be entered in the chat box

- The chat box will be monitored and you may be asked to discuss your question offline after the meeting if it is not of general interest

This meeting is being recorded and will be shared with the public so please remember to keep your chat questions on topic and professional

Training Goals

Provide updated information about:

I. Subrecipient Monitoring in 2020
II. Common monitoring findings
III. Uniform Guidance (UG) and Grant Regulation Hierarchy
IV. Changes to the OMB Compliance Supplement Matrix
V. UG proposed changes

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I. Subrecipient Monitoring

Overview:

- Program monitoring is done by the Employment and Training program staff
- Financial monitoring is done by the Finance Department
- Financial Monitoring is done using a risk-based approach
- Financial monitoring can be achieved through the review of audit reports and/or desk review

I. Subrecipient Monitoring

Changes:

- For 2020 we are suspending on-site monitoring visits.
- We will use Microsoft Teams to schedule virtual meetings and electronic communications for transmitting documents.
- Your full cooperation will be required to successfully complete the monitoring process in a timely manner.

I. Subrecipient Monitoring

Preparing for Financial Monitoring:

Review the Uniform Guidance for required policies and procedures:

- Procurement (200.318 - 200.326)
- Travel (200.474)
- Conflict of Interest (200.112)
- Mandatory Disclosures (200.113)
- Cash Management (200.302-B6)
- Cost Allowability (200.302-B7)

Policies and procedures should be reviewed and updated on a routine basis. Include a place in your policies and procedures that indicates the last review or revision date.

I. Subrecipient Monitoring

Preparing for Financial Monitoring (cont.):

Be prepared to explain the following:

- How payroll records support the costs charged to grants,

- How are other costs charged,

- How are costs allocated, and

- How invoices are prepared.

I. Subrecipient Monitoring

Key Elements:

- Is the accounting software able to separately report on the source and use of funds for each grant?

- Can the invoiced amounts be traced to the general ledger and back to supporting documentation?

- Are there budgetary controls within the grant accounting process?

I. Subrecipient Monitoring

Key Elements (cont.):

- Does the timekeeping system track the hours that each grant funded position charges to a grant?

- Do staff have a clear understanding of allowable costs?

- What is the approval process for charging to grants?

I. Subrecipient Monitoring

2020 Financial Monitoring Process

City Finance Staff will:

1. Email to schedule the Microsoft Teams meeting

2. Provide the current monitoring guide

3. Provide the invoice(s) selected for monitoring

4. Request the detail general ledger for the invoice(s) selected

5. Follow-up with a meeting invitation

I. Subrecipient Monitoring

2020 Financial Monitoring Process

Agency Finance staff will need to provide the following:

1. Detail general ledger for the invoice(s) selected. (Used to selecting a sample for testing)

2. Updated monitoring guide

3. Updated policies and procedures

4. Supporting documentation for the sample selected for testing

I. Subrecipient Monitoring

Microsoft Teams Meeting:

- Review the financial monitoring guide
- Review items selected for testing.
    - If the supporting documentation was received in advance of the first Microsoft Teams meeting this may be the only meeting needed.
    - If the supporting documentation arrives after this meeting there may need to be a second meeting.
- Discuss issues or concerns, or requests for technical assistance.

I. Subrecipient Monitoring

Monitoring Review Timeline (completed within 4-6 weeks)

1. Have Microsoft Teams meeting scheduled within one week of receiving monitoring request.

2. Completed monitoring guide and general ledger details need to be returned within two weeks from email request.

3. City staff will request sample for testing within one week of receiving the detail general ledger.

I. Subrecipient Monitoring

Monitoring Review Timeline (cont.):

4. Return the requested supporting documentation within one week but no longer than two weeks.

5. City staff will need time to review the supporting documentation and we may need to contact you during this time to ask questions or have you walk us through the documentation.

6. Monitoring letters should be sent out within 30 days of receiving final supporting documents.

II. Common Monitoring Findings

1. Lack of written required policies and procedures
2. Policies and procedures not updated
3. Financial Systems Concerns
   a. The accounting system does not segregate the grant into its own coding to account for the source and use of funds
   b. Financial system is not able to report on each individual grant award separately
   c. Grant revenue sources are co-mingled to fund one program
   d. Spreadsheets not reconciled to General Ledger
   e. Individual grant awards for successive years treated as one grant award

II. Common Monitoring Findings

3. Financial Systems Concerns (cont.)
   f.   Inability to account for grants that cross fiscal years.

4. Compensation
   a. Labor costs for the grant award are not properly supported
   b. Labor cannot be traced from labor reports into the general ledger
   c. Salaried employees not creating timesheets or personnel activity reports
   d. When estimates are used, adjustments are not done to bring general ledger to actual

II. Common Monitoring Findings

4. Compensation (cont.)
    e. Labor costs do not reflect an after-the-fact determination of the actual time spent on the grant award
    f. Does not account for the entire compensation (100% of time worked on both federal and non-federal activities)

5. Administrative Costs
    a. Administrative costs being billed as a percentage of total costs on the invoice
    b. No supporting documentation for actual administrative costs
    c. Cost allocation plans are not documented in writing and reviewed annually

II. Common Monitoring Findings

It is important that concerns raised during the monitoring process are addressed so that they do not later result in findings or questioned costs.
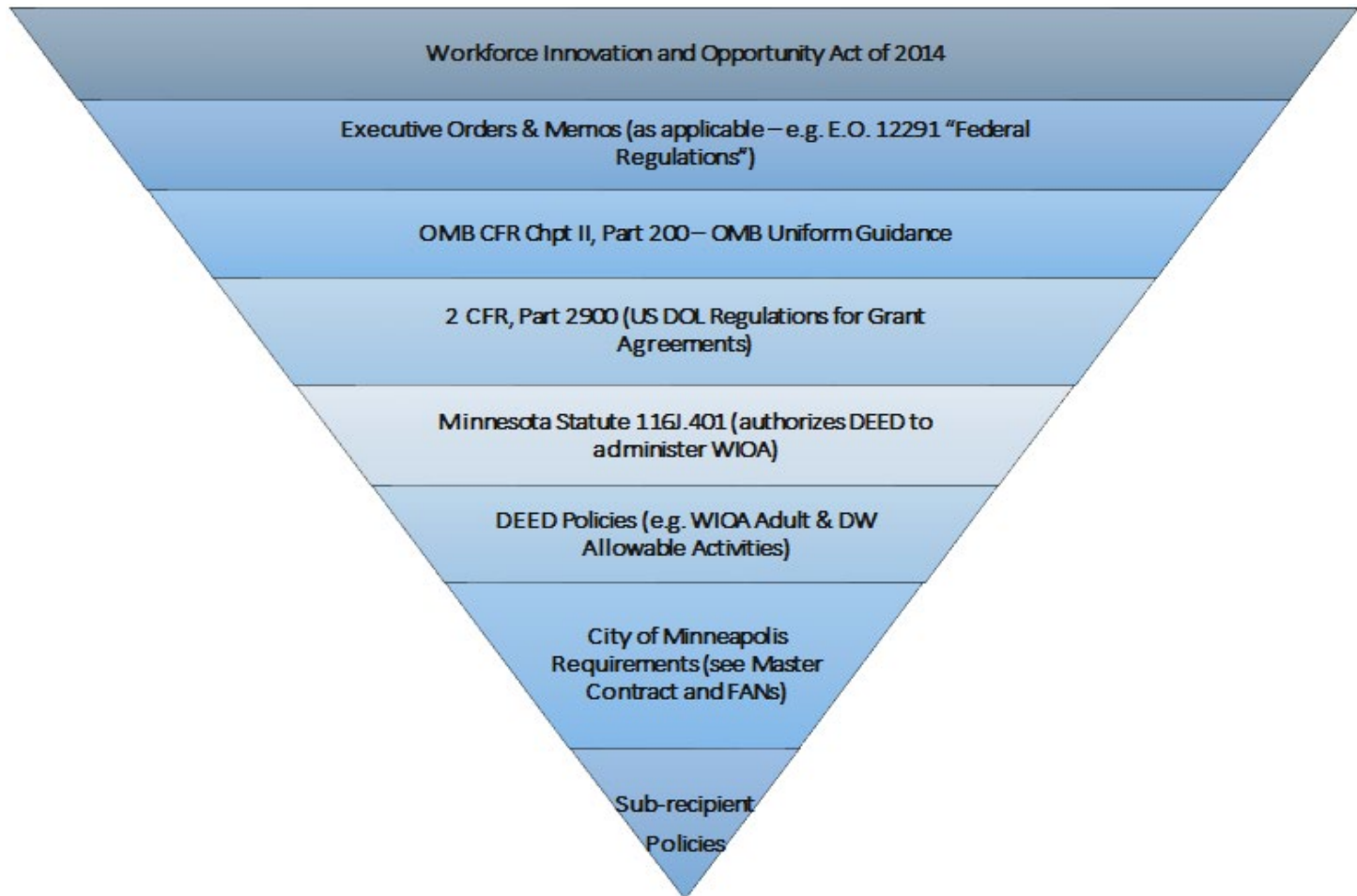
III. Uniform Guidance (UG) and Grant Regulations Hierarchy

- Laws and Legislative Appropriations

- Executive Orders and Memorandums

- OMB Guidance, Code of Federal Regulations

- Federal Agency Regulations

- Federal Agency Administrative Policies and Procedures

- Grant Award Terms and Conditions

- Non - Federal Entity Policies

The most conservative terms and conditions apply

When in doubt contact the grantor agency and obtain any decisions in writing.

III. Uniform Guidance (UG) and Grant Regulations Hierarchy

Workforce Innovation and Opportunity Act of 2014

Executive Orders & Memos (as applicable – e.g. E.O. 12291 "Federal Regulations")

OMB CFR Chpt II, Part 200 – OMB Uniform Guidance

2 CFR, Part 2900 (US DOL Regulations for Grant Agreements)

Minnesota Statute 116J.401 (authorizes DEED to administer WIOA)

DEED Policies (e.g. WIOA Adult & DW Allowable Activities)

City of Minneapolis Requirements (see Master Contract and FANs)

Sub-recipient Policies

IV. OMB Compliance Supplement

Structure:

Part I – Background, Purpose, and Applicability

Part II – Matrix of Compliance Requirements

Part III –Compliance Requirements

Part IV - Agency Program Requirement

Part V – Cluster of Programs

Part VI – Internal Control

IV. OMB Compliance Supplement

Part VII – Guidance for Auditing Programs Not in the Compliance Supplement

Part VIII – Appendices

- Appendix I – Exceptions
- Appendix II – Crosswalk of Agency Regulations codified
- Appendix III – Key contacts for various federal agencies
- Appendix VII – Targeted audit advisories for rare situations

IV. OMB Compliance Supplement

Changes to the 2019 Compliance Supplement (2 CFR 200 Appendix XI):

- Published annually in June

- Provides audit guidance for federal awards for general compliance requirements and by CFDA number

- Revised to limit the number of compliance items from the matrix that can be tested to six based on auditor judgement

- Categories A. Activities Allowed and Unallowed and B. Allowable Costs and Cost Principles are treated as one requirement.

https://tinyurl.com/compliance-supplement-2019

IV. OMB Compliance Supplement

Matrix of Compliance Requirements
(subset from the Department of Labor)

June 2019   Matrix of Compliance Requirements

Requirement Program Number	A Activities Allowed or Unallowed	B Allowable Costs/Cost Principles	C Cash Management	E Eligibility	F Equipment Real Property Management	G Matching, Level of Effort, Earmarking	H Period of Performance	I Procurement Suspension & Debarment	J Program Income	L Reporting	M Subrecipient Monitoring	N Special Tests and Provisions
16.710	Y	Y	Y	N	N	Y	Y	N	N	Y	N	N
16.738	Y	Y	N	N	N	N	N	Y	Y	Y	Y	N
16.922 (new program)	Y	Y	N	N	Y	Y	N	Y	N	Y	Y	N
17.207/17.801/17.804	Y	Y	N	Y	N	Y	N	N	N	Y	N	N
17.225	Y	Y	N	Y	N	Y	Y	N	N	Y	N	Y
17.235	Y	Y	N	Y	N	Y	N	N	N	Y	Y	N
17.245	Y	Y	Y	Y	N	N	N	N	N	Y	Y	N
17.258/17.259/17.278	Y	Y	N	Y	N	Y	Y	N	N	Y	Y	N
17.264	Y	Y	N	Y	Y	N	N	N	Y	Y	N	N
17.265	Y	Y	N	Y	Y	N	N	N	Y	Y	N	N

V. Uniform Guidance Proposed Changes

- OMB Proposed Changes Issued January 22, 2020
- Comment Period closed March 23, 2020
- Anticipate Final publication in September 2020
- Effective Date: Likely not until 2022

https://tinyurl.com/UG-proposed-chgs

V. Uniform Guidance Proposed Changes

Highlights:

- Removing the numbering for the definitions in 200.1

- Replacing CFDA with Assistance Listing Number, Assistance Listing Program Title (200.10 and 200.11)

- Amended the definition of "Obligations" to "Financial Obligations" (200.71)

V. Uniform Guidance Proposed Changes

- *Program planning and design provision (200.202)*

- More extensive merit review by federal awarding agency (200.202)

- *Never contract with the enemy (200.215)*

- *Prohibition on certain telecommunications and video surveillance services or equipment (200.216)*

- Amendments to procurement thresholds

Note: Italics indicate a new provision

V. Uniform Guidance Proposed Changes

- Replacing Period of Performance with Budget Period (200.309)

- Renumbering the procurement section due to the elimination of period of performance

- *Buy American Preference (200.321)*

- Extended closeout due date from 90 days to 120 (200.343)

- Amend 200.402 Composition of Costs to "Composition and Timing of Costs"

- Expanding the de minimis rate to all non-federal entities (200.414(f))

Note: Italics indicate a new provision

Summary

- Today's training was about providing an overview of the changes to our subrecipient monitoring during the pandemic. We also wanted to share with you some of the current changes and proposed changes to managing and auditing federal awards.

- Financial monitoring should be viewed positively, as an opportunity to improve on accuracy and efficiency. We are striving to work together to ensure that grant funded programs can continue to be successful and compliant in carrying out the programs and reduce the risk of jeopardizing future funding for both the City and your organization.

City of Minneapolis staff are available to provide technical assistance.

Questions

Thank you for attending!

Contact:

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Disclaimer

This presentation is intended solely to provide general information to the City of Minneapolis Employment and Training Providers. Subrecipients should always consult with their grantor agencies, federal regulations, and specific grant terms and conditions in the administration and financial management of their grants.