Government of the District of Columbia
Department of Health
HIV/AIDS, Hepatitis, STD, and TB Administration

2015 Grantee Forum

Grant Financial Management Overview

Grant Financial Management

Grant Financial Management address a wide range of activities, but our focus will be on the following topics:

- Why knowledge of Grant budgeting is important for Program and Fiscal Administrative staff
- HAHSTA budget breakdown
- Fiscal Management
- Discussion and Questions

Grant Financial Management

Why is Budgeting Important?

- ***Accountability*** – what inputs or resources are allocated to agencies
- ***Efficiency*** – a measure of how well agencies convert inputs into outputs; *productivity orientation*
- ***Efficacy*** – how well policy outcomes are achieved

Grant Financial Management

Budgeting! Why does it matter to me?

- For program managers, knowledge of the budgeting process is essential
- The budget is key to measuring resource management
- The budget is a statement of the allocation of resources to achieve an organization's objectives
- The budget is the financial plan for how an organization will receive and spend funds for a set time period (i.e. the grant award period)
- A budget is a prediction of expenses
- A budget links financial resources and human behavior in order to accomplish policy objectives
- A budget represents programmatic activity in monetary terms

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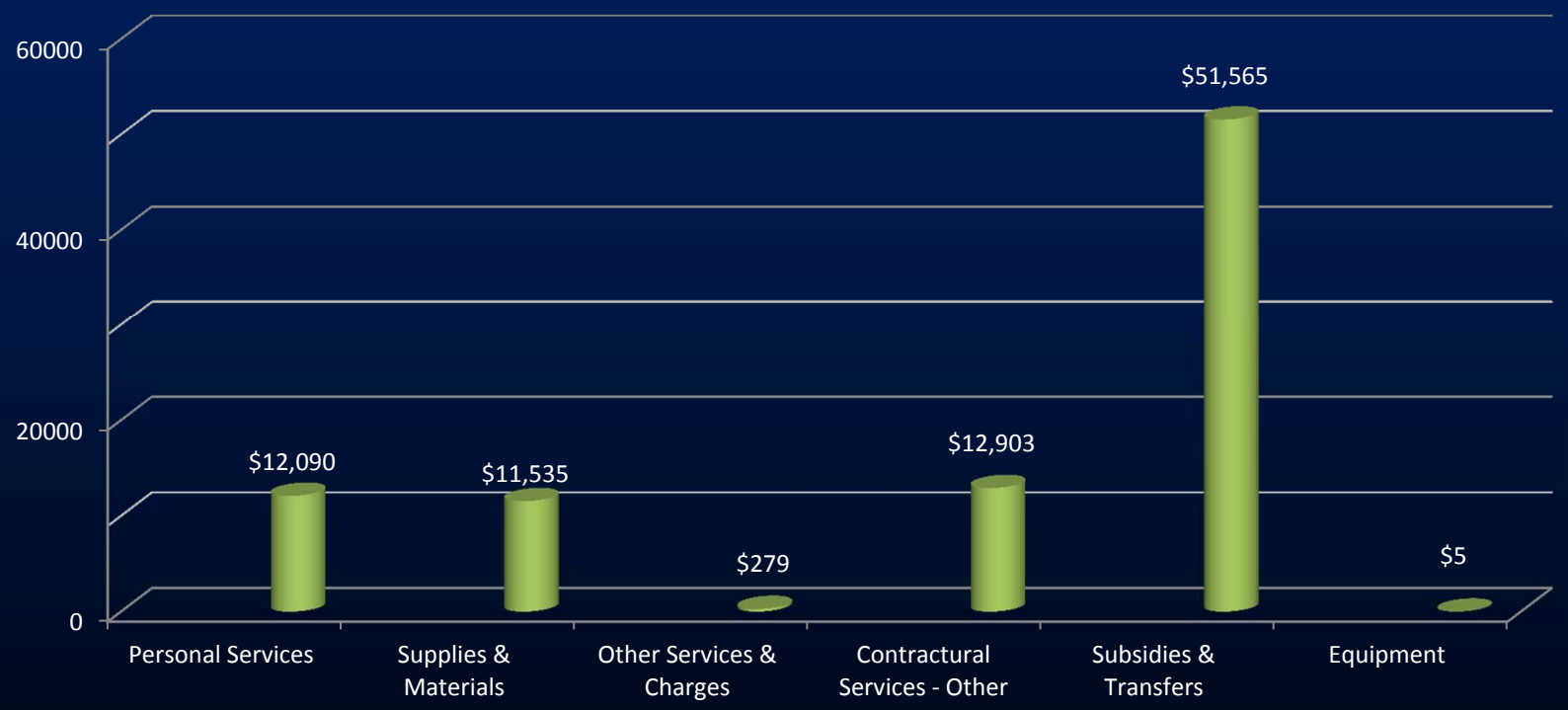
HAHSTA Budget Breakdown

The FY 2015 HAHSTA Approved Budget is comprised of Local and Grant funding (in thousands)

Sub- Awards (i.e. Subsidies and Transfers) represent over 58% of the HAHSTA budget



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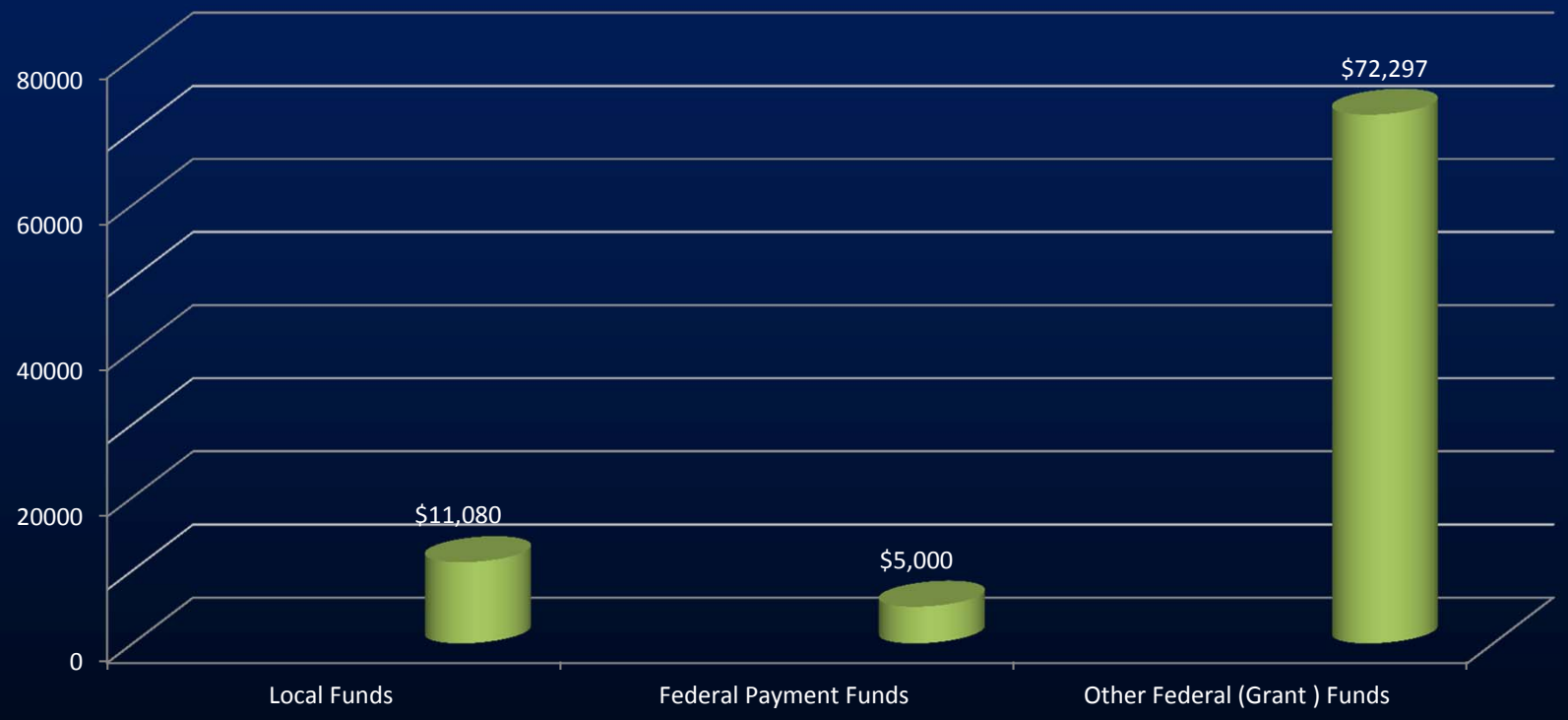
HAHSTA Budget Breakdown

The FY 2015 HAHSTA Approved Budget is comprised of Local and Grant funding (in thousands)
Federal funds represent about 87% of the HAHSTA budget



HAHSTA Budget Breakdown

HAHSTA grants have staggered start up and close dates, so the agency is closely managing funds in order to ensure that allocations fall within the District fiscal year of October 1 through September 30, which is consistent with D.C. Appropriated grants; HOPWA is the only federal grant on the fiscal year cycle

Federal Grant Name	Amount (rounded)	Award Period
National HIV Behavioral Surveillance	490,000	January 1, 2015 – December 31, 2015
Ryan White A HIV Emergency Relief	29,000,000	March 1, 2015 – February 28, 2016
Comprehensive HIV Prevention	4,000,000	January 1, 2015 – December 31, 2015
HIV/AIDS Surveillance	1,081,000	January 1, 2015 – December 31, 2015
Ryan White B Care Act Title II	17,000,000	April 1, 2015 – March 31, 2016
Prevention Control and Elimination	70,000	January 1, 2015 – December 31, 2015
Housing Opportunities for Persons with AIDS	13,100,000	October 1, 2015 – September 30, 2015
Comprehensive STD Prevention	1,081,000	January 1, 2015 – December 31, 2015
Shelter Plus Care – Sponsor	185,000	September 1, 2014 – August 31, 2015
Shelter Plus – Tenant	250,000	August 1, 2014 – July 31, 2015
Adult Viral Hepatitis	45,000	November 1, 2014 – October 31, 2015

Fiscal Management

Topics

- Budget initialization
- Invoice submission
- Forecasting and Budget Modifications
- Internal Controls
- Obligating Instruments: Contracts vs. Grant Awards vs. Human Care Agreements
- 2 CFR 200 – Brief Overview

Fiscal Management

Importance of initializing budget before the grant period begins

- Allows provider to receive reimbursement in a timely manner
- Connects grant deliverables to the budget
- Appropriately tracks progress of grant award
- Ensure that under spending does not occur in the grant cycle

Fiscal Management

Importance of timely submission of invoices

- Prompt payment : 10/20/30 plan
- If the invoice is +/- 5% variance, explanation required on a quarterly basis
- Standard items to be submitted with invoice include:
  - General ledger by service area
  - Timesheets / payroll journal
  - Monthly Data/Programmatic Report
- Importance of quality control prior to invoice submission

Fiscal Management

Forecasting and Budget Adjustments

- Modifications: ***Should*** be limited to three (quarterly) throughout the grant year, with 4th quarter modifications allowed on a case by case basis; up to 25% of the award can be moved between approved line items without HAHSTA approval
- Reprogramming; justification must be requested by the provider and approved by the program officer and grant monitor
- Connecting the invoice with the activity
- "Better" practice tools used by providers

Fiscal Management

Proper Internal Controls are Critical to Organizational Success; Some Key Considerations Include:

- Are there written policies and procedures around financial controls? If so, do we operate under them and train staff accordingly?
- If auditors have made recommendations for Internal Control improvements, have they been implemented?
- Are Internal Controls in place to safeguard assets?

Fiscal Management

Proper Internal Controls are Critical to Organizational Success; Some Key Considerations Include:

- Are significant variances investigated and documented on a monthly basis?
- Does the agency prepare monthly or quarterly projections to ensure that it is on track?
- Has computer security and back up been reviewed?

Fiscal Management

Other Considerations Include:

- Are Time Records up to date?
- Have tax filings been done in a timely manner?
- Is insurance sufficient for your operation?
- Does the agency have a Code of Ethics?
- Does the agency have clean (unqualified) Audit Reports?
- Have cash flows been analyzed for possible risks or issues?

Obligating Instruments

The City Wide Grants Manual makes a clear distinction between a procurement, a grant and a sub grant:

*"**Procurement** means obtaining by contract property, supplies, or services (including construction) by or for the District through purchase or lease, whether the supplier or services are already in existence or must be created, developed, demonstrated or evaluated, and includes the establishment of Agency needs, solicitation of sources, award of contracts, contract financing, contract performance, contract administration and those technical and management functions related to the process of fulfilling Agency needs pursuant to contract"*

*"A **Grant** is the award of financial assistance to a recipient to support or stimulate the accomplishment of a public purpose as defined by the Federal or District law that authorizes the grant. A sub grant is the award of a grant funds received by the District to a sub-recipient to accomplish the same public purpose"*

Obligating Instruments

The City Wide Grants Manual goes on to apply three "tests" to determine whether a procurement or a grant is the proper mechanism for a District Agency to award funds to a private organization:

a) *Is there a statute that authorizes the District Agency to support or stimulate the activity of the recipient and authorizes the grant/subgrant?*

b) *Is the principal purpose of the relationship the transfer of money, property, services or anything of value to the subgrantee to accomplish a public purpose of support and stimulation authorized by statute, rather than an acquisition of goods or services for the direct benefit of the District government?*

c) *Does the applicant, not the District, define the specific services, the service levels, and the program approach for carrying out the subgrant?*

If the answers to a), b) *and* c) are "yes", a grant or subgrant is appropriate. In all other cases the "award" shall be deemed a procurement and subject to all procurement requirements

Obligating Instruments

HAHSTA uses a variety of obligating instruments in order to support its program objectives. The most widely used tools are Contracts, Human Care Agreements, and Grant Awards. Here are some of the key differences and similarities between the three types of agreements:

Contracts	Human Care Agreements	Grant Awards
Purchase order is required	Purchase order is required	Purchase order is required
Instrument can be modified based on change in scope, time, or amount	Instrument can be modified based on change in scope, time, or amount	Instrument can be modified based on change in scope, time, or amount
Used to obligate funds for both goods and services	Used only to obligate funds for services	Used to obligate funds for both goods and services
Governed by DCMR 27 and the Public Procurement Regulations Act (PPRA) of 2010	Governed by DCMR 27 and the Public Procurement Regulations Act (PPRA) of 2010	Governed by 2 CFR 200 (effective December 26, 2014)
Competitive award based on District laws	Less restrictive but can be awarded based on minimum set of qualifications	Can be awarded competitively or sole source with justification

Fiscal Management

Cost Principles – Code of Federal Regulations (CFR 200)

- Implementation began December 2014; all grants to operate under these regulations by September, 2016
- Contains the administrative requirements (A-110 & A-102), cost principles (A-21, A-87 & A-122) and audit requirements (A-50, A-89 & A-133) for federal awards
- Addresses both direct and indirect costs
- Combines the guidelines in CFR 220, CFR 225 & CFR 230
- 2 CFR 200 Subpart E; outlines the overall Cost Principles

Fiscal Management

2 CFR 200 – Some Key Areas for Grants Administration

Code	2 CFR 200 Subpart E – Cost Principles and Topic(s)
200.402	Composition of total costs – direct and allocable F & A (indirect costs)
200.403	Factors affecting allowability of costs – reasonable, allocable and consistently treated
200.404 - 405	Reasonable and allocable costs – is there a reasonable benefit between the cost allocated and receiving activity
200.408	Limitation on allowance of cost
200.410	Collection of unallowable costs
200.412	Classification of costs
200.413	Direct costs

Fiscal Management

2 CFR 200 – Some Key Areas for Grants Administration

Code	2 CFR 200 Subpart E – Cost Principles and Topic(s)
200.414	Indirect costs
200.415	Required certifications
200.420	Guidance regarding items of cost such as advertising, audit services, compensation, conferences, depreciation, materials and supplies, travel, etc.
200.430	Personal services
200.439	Computer equipment
200.501	Single audit threshold

Fiscal Management

2 CFR 200 – Where to find information

www.whitehouse.gov/omb

Frequently asked questions can be found at:

https://cfo.gov/wp-content/uploads/2014-11-26-Frequently-Asked-Questions.pdf

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Grant Financial Management Overview

Discussion and Questions

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Grant Financial Management Overview

Discussion and Questions – points for consideration

- Are there any significant challenges you have encountered in the fiscal management process?
- Do you have suggestions for how the fiscal management process can be improved?
- Are there key areas where HAHSTA can be more proactive in providing technical assistance?