Financial Management
AmeriCorps Financial Management

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AmeriCorps Financial Management

AmeriCorps is a federal program authorized by the 1993 National and Community Service Trust Act.

Programs of the Corporation for National Service

Congress appropriates funds to the Corporation for National and Community Service (CNCS), the federal agency that administers AmeriCorps.

CNCS provides funding to state commissions to enable states to administer AmeriCorps at the state level. CNCS also provides funding directly to large, national AmeriCorps programs, such as City Year, Habitat for Humanity, and Big Brothers, Big Sisters.

In addition to AmeriCorps, the Corporation for National and Community Service administers many other service programs, including Learn and Serve, VISTA, and SeniorCorps. The Department of Education or the Corporation’s “State Office” in California distributes funding for these programs.

California Service Corps

The California Service Corps (http://www.csc.ca.gov/index.asp) is the state commission that administers AmeriCorps in California. The Commission’s job is to:

- Advise communities in California of AmeriCorps funding opportunities
- Review applications for funding
• Make funding decisions
• Prepare AmeriCorps funding recipients (sub-grantees) for the task of operating an AmeriCorps program
• Monitor those sub-grantees for compliance with the federal AmeriCorps Provisions

The Provisions

The AmeriCorps Provisions (http://www.csc.ca.gov/gcentral/login.asp) are the rules for administering an AmeriCorps program. They encompass specific aspects of running an AmeriCorps program, such as:

• Recruiting members
• Determining eligibility
• Appropriately training members

The Provisions also include the federal Financial Management rules and specific instructions on other financial areas of AmeriCorps program management, such as financial reporting and matching requirements.

Office of Management and Budget

An AmeriCorps program is also governed by the general rules of the federal Office of Management and Budget (OMB). The OMB rules, called Circulars, provide general guidance on how to spend, account for, and report on federal funding.

California Service Corps directs funding to its sub-grantees using a state contract. This document contains the specific rules that California requires its sub-grantees to follow in addition to the AmeriCorps Provisions.

The ten areas discussed in this Financial Management Module provide a full understanding of the financial obligations inherent in administering a federal AmeriCorps grant. The topics are:

• Grant Life Cycle
• Electronic Grant Management: eGrants/WBRS
• The Rules (OMB/Provisions/CA Service Corps)
• AmeriCorps Budget
• Contracting Process
• Reimbursement Process
• Financial Reporting
Financial Management

- Audits
- Close-Out
- Financial Management Principles


**Grant Life Cycle**

The Grant Life Cycle is a nine-stage process that involves:

1. Grant Availability
2. Competitive Submission
3. Contracting Process
4. Notice of Grant Report
5. Program Management
6. Reimbursement
7. Reporting
8. Audits
9. Close-out

The following pages introduce each stage, and provide links to resources and more detailed information.

**Grant Availability**

The cycle for AmeriCorps funding begins with an organization’s opportunity to address unmet needs in their own community. Funding for the proposed program is made available through a grant process that recurs as frequently as annually and as infrequently as once every three years. The frequency of the process depends on the level of funding available from the Corporation for National and Community Service (CNCS).

The CSC website advises the public, through a Request for Proposals (RFP), on the availability of funding and the application process, which may change slightly from year to year. The organization proposing a program submits an application for grant.

**Competitive Submission for Federal Funding**

Federal funding for AmeriCorps is divided into three categories:

- Competitive
- Formula
- National Direct
State commissions have access to competitive and formula funds. National Direct funding is available for national programs that apply directly to the Corporation (e.g. City Year, Habitat for Humanity, and Big Brothers, Big Sisters).

Submission and eGrants

The process of competing for funds at the national level is referred to as competitive submission.

1. After grant readers in the service field review a grant application, the applicants usually are invited to staff interviews.
2. When an applicant scores well in the overall grant review process, their application may be forwarded to the Corporation.
3. At this stage in the process, the applicants compete for federal funding with other proposals from across the country.

Competitive submission used to involve the actual, physical submission of California’s applications. Since 2003, the CNCS has been using an integrated, secure, web-based grant management system called “eGrants”. eGrants allows for grant management from the initial federal application (the competitive submission) through renewals and eventual closeout. Applicants who are invited to be part of the Competitive Submission receive assistance for the use of eGrants from California Service Corps staff.


AmeriCorps State Formula Allocation

The CSC may decide to fund a program with a source of funding over which the CSC has complete grant-making control – our AmeriCorps State Formula Allocation. This funding is provided to each state according to a population-based formula.

Formula submission, also using eGrants, occurs after Competitive decisions are announced.

The Contracting Process

Once funding decisions are made, the contracting process begins. This process involves finalizing a program’s design, program narrative, performance measure, and budget.

A fully executed contract is the result of the contracting process.
Program officer

Each program is assigned a specific California Service Corps (CSC) program staff person – a Program Officer -- who works with the program to finalize design decisions and secure the required contract documentation.

Fiscal assistant

Each program is also assigned a specific CSC fiscal staff person. The Fiscal Assistant reviews the submitted budget and budget narrative and identifies any unallowable costs or insufficient match issues.

Notice of Grant Award

The Notice of Grant Award (NGA) is the official document notifying you that a grant has been awarded to your organization. The NGA will reference your approved application and budget, and will contain information about:

- Grant project and budget periods
- Number and type of AmeriCorps slots awarded
- Amount of funds awarded
- Any special conditions
- Relevant version of the grant provisions

When given pre-award spending approval, a program may begin its activities and incur operating expenses before the state contract is finalized and the formal grant award is released. However, a program may not enroll members prior to the issuance of the Grant Award. The CSC staff advises all programs when the grant is awarded.

Governing Body Resolution

The Governing Body Resolution:

- Demonstrates the Governing Body accepts responsibility for the grant award
- Acknowledges the contract for the grant award
- Approves the term and dollar amount of the contract
- Appoints individuals to act on the behalf of the Governing Body

A program’s Notice of Grant Award (NGA) date is the first date on which a member may begin service.
For each person or position appointed by the Governing Body, submit the following information, with the resolution, to the Governor’s Office on Service and Volunteerism on the applicant’s letterhead:

- Name
- Title
- Address
- City
- Zip Code
- Phone Number
- Fax #
- E-mail address

Program Management

Program Management is the essence of an AmeriCorps program and includes:

- Member recruitment
- Selection
- Training
- Supervision

These tasks can have serious financial repercussions if not handled appropriately. For example, member support costs and education awards may not be approved if a member is ineligible to participate in the program. Program and financial staff should work together to ensure that a program’s risk of disallowed costs is minimized.

Reimbursement

As a program begins its activities, it will begin to incur costs and will need to be reimbursed. In essence, a sub-grantee will submit a request for reimbursement for allowable expenses incurred as part of the AmeriCorps Program.

See Reimbursement later in this module for more information.
**Reporting**

The next phase in the Grant Life Cycle is Reporting, which includes both programmatic and financial reporting. Financial Reporting is accomplished through eGrants/WBRS and is required on a quarterly basis.

Financial Reporting is covered more fully in Financial Reporting section of this module.

**Audits**

While not exactly a phase of the Grant Cycle, the reality of Audits permeates every federal award. Office of Management and Budget Circulars govern when a recipient of federal funding must have specific types of audits performed.

- **A133** – this is the most common federal audit and is required for all entities that receive over $500K in federal funds in one calendar year.
- **Annual financial audit** – this audit may be required in addition to the A133 audit.
- **State and Federal compliance audits** – these audits also occur regularly.

Audits are covered more fully later in this module.

**Close-Out**

Close-Out is as the name implies: the closing out of the grant. Specific programmatic and financial tasks must be accomplished in order to fully close out each grant, including ensuring that:

- All final reports and reimbursement requests are submitted, and
- Document retention requirements are fully understood by the sub-grantee.

Step-by-step close-out procedures are provided later in this module.

**Electronic Grant Management**

Since 2003, the CSC has “eGrants,” an integrated, secure, web-based grant management that simplifies grant management. eGrants allows for grant management from the initial federal application through renewals and eventual closeout.

eGrants makes requesting continuation funding much easier by populating continuation applications with data from the original application. It also eliminates the need for sending voluminous amounts of paper to Washington, D.C. The system includes electronic signatures that take the place of signed originals.

All submissions through eGrants go first to the California Service Corps. Applicants submit their requests under a California Service Corps eGrants application, called a Prime Application.
Each Prime Application for a competitive, formula or continuation submission is given a specific number.

To use eGrants, you will need to create a personal user account. This account is linked to your organization through the its employer identification number, which is needed to set up the user account.


**Web-based Reporting System (WBRS)**

Another on-line training tool making AmeriCorps program management easier is the Web-Based Reporting System (WBRS). The WBRS, created in 1998, enables programs to communicate directly with the Corporation and the National Service Trust (the division of the Corporation that issues Education Awards to members who have completed their terms of service).

Currently, WBRS is free-standing and is accessible at [http://wbrs.net](http://wbrs.net). Programs use WBRS to complete programmatic and fiscal tasks, including:

- Member enrollment
- Member service hour submission (timesheets)
- Member exit
- Slot conversions
- Programmatic reporting
- Financial reporting

See Introduction to WBRS for additional information

**WBRS Security Measures**

The legal applicant of a sub-grantee must designate an individual to act as the WBRS Liaison with the California Service Corps (CSC). The WBRS Liaison then identifies those program staff members who will have access to WBRS and the levels of access for each user. The access roles assigned must correspond to the user's level of programmatic and fiscal responsibility.

The process for establishing users and access roles is critical to WBRS security.

1. WBRS users must not share user accounts or passwords. Shared access and passwords create an unnecessary liability risk for both the sub-grantee and program staff.
2. The WBRS system maintains an auditable trail of all information keyed into the system, clearly showing which user entered, altered or approved member or program information.
3. The user listed in the audit trail is the user with ultimate responsibility for that action, regardless of whether that user ever allowed another staff member to “borrow” his user access and password to enter data.

4. To prevent misplaced responsibility and liability, all program-designated WBRS users must be given their own user access and must then maintain password privacy.

**WBRS User Access and Support**

The WBRS Liaison establishes user access for program staff by submitting the WBRS User Access Request Form to the assigned CSC Program Officer.

The front page in the WBRS – which shows some interesting statistics about Member Applicant Commitments -- provides a menu loaded with useful tools. Click the Help Manual link for the tutorial menu.
The Help Index is a comprehensive list of online tutorials.

WBRS pages, such as this example, provide useful information and links.

Grant Initiation in WBRS

At the beginning of each grant, the new GIPs are uploaded to WBRS. If you're at the program or site level, you should review your GIP to make sure the data is correct (see 1 below). If you're at a State Commission or Parent Organization, you may need to assign users to their new grant, or add operating sites. Please see 2 and 3 below.

1. Review the information on the GIP

   Once you've received notification that new GIPs have been uploaded to your database, take a few minutes to review them. After reviewing and editing (if necessary), an ED or PTOD should approve them. Here's a checklist to help you get started.

   - If the GIP or Budget was uploaded to WBRS in error, notify your Grants Officer and file a help request that includes your Grants Officer's authorization to remove the GIP from your database. (See Removing a GIP from WBRS)
   - Review the dates. Make sure that the Budget Dates and Member Enrollment Dates (which determine the limits of Members' start dates) are correct prior to enrolling members. These dates can be corrected by State Commission or Parent users and approved by your Grants Officer. (See Changing Budget and Member Enrollment Period)
   - Review address and contact information. These fields are editable. Contact information appears in the All Programs By State view (on the WBRS Central page). (See Making Changes to a GIP)
   - Review the number of slots listed. Since the information is uploaded from eGrants, the slots listed should be consistent with what the program was awarded. Nonetheless, please confirm that the number and types of slots are correct. If there's a problem, an ED or PTOD can submit a Slot Correction through WBRS, or discuss it with your Corporation officer.

2. Assign users

   If the program is beginning a new three-year grant, an ED or PTOD will need to assign users to it. State Commissions and Parent
The Rules

The rules and regulations governing an AmeriCorps program are multi-layered. As the legal applicant of an AmeriCorps program you determine the final layer of rules and regulations. Within the confines of AmeriCorp Provisions, the legal applicant can add on other layers of rules as long as they are consistent with the OMB and other governing provisions.

Grant Provisions

Grant Provisions are specific rules regarding program administration. By accepting a grant, you agree to comply with all of the requirements outlined in the provisions.

Different provisions may exist for different programs. For example, an Education Award Program (with a fixed award amount of $400 per full time equivalence) has a separate set of Provisions than a regular AmeriCorps program.

Office of Management and Budget (OMB)

Finally, all Corporation grants are covered by the Office of Management and Budget (OMB) Circulars. In cooperation with federal agencies and non-federal parties, OMB uses circulars and common rules to establish policies for government-wide grants management. Each AmeriCorps grant must comply with three circulars related to Cost Principles, Administrative Requirements and Audits. The specific circulars depend on the type of organization.

<table>
<thead>
<tr>
<th>Type of Organization</th>
<th>Cost Principles</th>
<th>Administration</th>
<th>Audits</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and Local Gov't Entities</td>
<td>A-87</td>
<td>A-102</td>
<td>A-133</td>
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<tr>
<td>Non-Profit Organizations</td>
<td>A-122</td>
<td>A-110</td>
<td>A-133</td>
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<tr>
<td>Higher Education Institutions</td>
<td>A-21</td>
<td>A-110</td>
<td>A-133</td>
</tr>
</tbody>
</table>

A-21: Cost Principles for Educational Institutions
A-87: Cost Principles for State and Local and Indian Tribal Governments
A-102: Grants and Cooperative Agreements with State and Local Governments
A-110: Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
A-122: Cost Principles for Non-Profit Organizations
A-133: Audits of States, Local Governments, and Non-Profit Organizations

For full text of Circulars, see [http://www.whitehouse.gov/omb/circulars](http://www.whitehouse.gov/omb/circulars).

Cost Principles

Cost principle circulars describe the type of expenses that programs can charge to a federal grant. In addition, OMB circulars on cost principles explain how to allocate costs between funding sources.

These circulars address two basic issues: whether the cost is allowable and whether it is allocable to the grant. Different Cost Principle Circulars exist for different types of organizations:

- Non-profit organizations - OMB Circular A-122
- Institutions of higher education - OMB Circular A-21
- Government agencies - OMB Circular A-87
Administrative Requirements

Circulars on administrative requirements provide consistency and uniformity among federal agencies and their grant recipients in the management of federal funds. Administrative Circulars specifically address the adequacy of financial internal controls, income and expense documentation, and written cost allocation policies. They cover the following issues:

- Financial management
- Federal grant payments including advance payments
- Requirement to deposit grant funds in an interest-bearing account
- Obligation to return interest earned on grant funds to the federal government
- Equipment purchases, inventory, and disposal
- Matching funds, including in-kind contributions
- Program income
- Products produced with grant funds
- Financial reporting and recordkeeping requirements
- Close-out procedures
- Remedies for non-compliance

Administrative requirements for non-profit organizations and higher education institutions are contained in OMB Circular A-110. Administrative requirements for government agencies are contained in OMB Circular A-102.

For CNCS grants, these circulars are codified in 45 CFR Chapter 25. That chapter is the specific citation in the Code of Federal Regulations that governs how the Corporation operates its grants.

Audits

OMB Circular A-133 provides the standards for obtaining consistency and uniformity among federal agencies for the audit of organizations expending federal funds. It is applicable to organizations that expend $500,000 or more in federal funds in a given fiscal year ending after December 31, 2003.

AmeriCorps Budget

The AmeriCorps Budget is divided into three sections and is funded by two funding streams: the federal funds from the Corporation for National and Community Service and the matching funds from the sub-grantee. Knowing and understanding the three sections and their respective line items is extremely helpful in ensuring that only appropriate expenditures are charged to an AmeriCorps grant.

The following pages provide brief information and an image of each section. Descriptions of key fields follow the sections.
Program Operating Costs

Section I, Program Operating Costs, includes costs are those associated with running the program, such as: salaries/wages, benefits, travel expenses, equipment and supplies, consultant fees, training, and evaluation expenses.

To calculate the federal share:

\[
\text{CNCS share} \div \text{Section I Subtotal} = \text{Federal share}
\]

The federal share for Section I cannot exceed 67%.

<table>
<thead>
<tr>
<th>SECTION I: PROGRAM OPERATING COSTS</th>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
<th>Column 5</th>
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<tbody>
<tr>
<td>A. Personnel (list each staff position)</td>
<td>Annual Salary</td>
<td>% Time Spent on Program</td>
<td>Total Program Cost</td>
<td>Corporation Funds Requested</td>
<td>Grantee Match</td>
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<td>Subtotal - Personnel</td>
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<td>B. Benefits (includes FICA, Worker's Comp, Leave, other Fringe, etc.)</td>
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<td>C.2. Member Travel</td>
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<td>D. Equipment (not greater than 10% of total CNS budget costs)</td>
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<td>F. Contracts &amp; Consultants (Consultant daily rate NTE CNS maximum $540/day)</td>
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<td>G.1. Training-Staff</td>
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<td>H. Evaluation (Consultant daily rate NTE CNS maximum $540/day)</td>
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<td>I. Other (includes CNS-sponsored meetings)</td>
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Line Item A: Personnel
This line item can only include salaries for those individuals who are directly involved in the operation of the AmeriCorps program. This includes staff who recruit, train, place, enroll, or supervise members as well as manage the program.

Salaries and benefits of personnel involved in more than one grant or program must be charged to each grant based on the actual percentage of time spent on each grant or program. Staff whose time is split between AmeriCorps and other programs must clearly indicate the time base for AmeriCorps on the budget, and must support requests for reimbursement of time spent on AmeriCorps with a functional time sheet (see Attachment 9 in this manual) that shows the distribution of time between the multiple, separately-funded projects. The annualized actual percentage charged for a particular program position, (e.g., Program Director) cannot exceed the annual percentage approved in the AmeriCorps grant award. Similarly, the dollar amount charged for a particular position must not exceed the dollar amount in the approved grant award. Timesheets must be maintained to support the time charged to AmeriCorps grants.

**Example A:** The AmeriCorps grant award budget allows 100% of salaries and benefits for the Program Director, but during the grant period the organization received grant funds from another agency that the AmeriCorps Program Director also administers.

Since there are now two funding sources and two grant programs, the Program Director is no longer spending 100% of his/her time on the AmeriCorps program. The actual time spent on each program must be documented on a functional time sheet.

Despite the fact that the AmeriCorps grant budget provided for 100% of the Program Director's position, the sub-grantee may only charge the CSC for the actual time spent by the Program Director on the AmeriCorps program. If only 25% of the Program Director's time is applied to the AmeriCorps program, then only 25% of the Program Director funding identified in the grant budget can be claimed for reimbursement.

**Example B:** The AmeriCorps grant award includes a full time Program Trainer with 20% of the salary and benefits covered by the federal funding. During the grant term, the Program Trainer actually spends 50% of his/her time on the AmeriCorps program. The sub-grantee is limited to charging the CSC the costs associated with 20% of the Program Trainer’s time.

**Example C:** As in Example B, there is a full-time Program Trainer with only 20% of the salary and benefits covered by the AmeriCorps program funding. The Program Trainer actually spends only 10% of his/her time on AmeriCorps training activities. The sub-grantee may only charge to the AmeriCorps grant the expenses related to 10% of the trainer’s salary and benefits.

It is possible to revise a program budget to either transfer budgeted resources to the Personnel line item to cover additional costs of actual time or to transfer budgeted personnel resources to another line item.
Documented policies and procedures are critical to the infrastructure of a sound program. Written job descriptions strengthen internal control by showing reporting lines, functions, and major responsibilities of staff. Sub-grantees must retain in personnel files written job descriptions (not job specifications, but actual duties) for all positions funded by an AmeriCorps grant. These job descriptions must reflect specific grant-related duties required by the objectives of the program and should not be simply a standard job classification description for this agency position. Where applicable, job descriptions should also include a statement addressing oversight of program activities and the maintenance of appropriate source documentation in support of data reported in progress reports. At a minimum, two positions are needed for each program: the Program Director and the Financial Officer.

The Program Director has general administrative authority for implementing program activities and maintaining compliance with all program, administrative, and fiscal requirements of the grant award. The Program Director is responsible for:

- Ensuring that all program funds are expended or obligated for allowable costs only and that all expenditures are consistent with the approved budget
- Maintaining required documentation of program activities and accomplishments
- Signing all reports and grant modifications.

The Financial Officer monitors the actual receipt and use of grant monies. The Financial Officer is responsible for:

- Maintaining proper accounting records
- Approving financial reports, grant modifications (revisions), and progress reports, where appropriate
- Ensuring the appropriate expenditure of grant funds

The Financial Officer must be someone other than the Program Director. Although the information about the Financial Officer position is included in the information about the Personnel line item, the Financial Officer position may not be included as a direct program expense. It may not be included because the nature of the work performed by a financial officer is indirect or administrative. Staff that is indirectly involved in the management or operation of the applicant organization must not be included in this section. Indirect staff must be funded through Section III, the Indirect/Administrative Cost section of the AmeriCorps budget.

**Line Item B: Personnel Fringe Benefits**

This line item includes normal employee benefits such as FICA, Worker's Compensation, leave time, and health, dental, and vision care, employer taxes, etc. Benefits should only be included for those individuals who are directly involved in the operation of the AmeriCorps program and included in the Personnel line item.
Line Items C.1 and C.2: Staff Travel And Member Travel

These line items include the cost of travel for program staff who recruit, train, place, or supervise AmeriCorps members, or who develop materials used in such activities and the costs associated with members traveling locally to their service sites, such as bus passes to local sites, and mileage reimbursement for personal car use.

Travel is warranted when personal contact by the employee is the most appropriate method of conducting program-related business. The most economical method of transportation must be used – economical in terms of both direct expenses to the program and the employee’s time away from the program.

Reimbursement shall not be made for expenses incurred within 50 miles of home or headquarters. If an employee uses her/his car in lieu of air transportation, the maximum amount which the State will reimburse the AmeriCorps program is either the air coach or the mileage rate, whichever is less. The state mileage rate is $.34 cents per mile. However, if the actual cost to operate the vehicle is greater than 34 cents per mile, the sub-grantee or sub-grantee employee may claim up to $.37 cents per mile, provided the program or employee is able to substantiate that the actual motor pool costs are at least the rate claimed.

Out of state travel is restricted and only authorized in exceptional situations. CSC approval must be received prior to any out-of-state travel. To request approval for out-of-state travel, submit the Out-of-State Travel Request Form, CSC 700, to CSC two weeks prior to travel date.

All travel expenses must be within the California Department of Personnel Administration guidelines

MEALS/ INCIDENTALS Reimbursement, for each full 24-hour period of travel

- Breakfast – actual expense up to $6.00
- Lunch – actual expense up to $10.00
- Dinner – actual expense up to $18.00
- Incidental – actual expense up to $6.00

Time frame requirements for claiming meals while on travel status

- **First day of travel, trip of 24 hours or more:**
  - Trip begins at or before 6am: breakfast may be claimed
  - Trip begins at or before 11am: lunch may be claimed
  - Trip begins at or before 5pm: dinner may be claimed

- **Continuing after a trip of 24 hours**
  - Trip ends at or after 8am: breakfast may be claimed
  - Trip ends at or after 2pm: lunch may be claimed
  - Trip ends at or after 7pm: dinner may be claimed

- **Fractional days of travel – trip of less than 24 hours**
  - Trip begins at or before 6am AND ends at or after 9am: breakfast may be claimed
  - Trip begins at or before 4pm AND ends at or after 7pm: dinner may be claimed

*No lunch or incidentals on one day trips. Meals claimed on trips of less than 24 hours when there is no overnight stay are taxable.
Meals provided by the State or included in hotel expenses or conference fees, or in transportation costs such as airline tickets, or otherwise provided shall not be claimed for reimbursement. Snacks and continental breakfasts, such as rolls, juice and coffee, are not considered to be meals. No meal expense may be claimed or reimbursed more than once in any given 24-hour period.

**LODGING REIMBURSEMENT**

**Short Term Travel**

When overnight lodging expenses are incurred at a commercial lodging establishment catering to the short term traveler, such as hotel, motel, bed and breakfast, public campground, etc. The following short term travel lodging rates are effective March 17, 2003.

ALL EMPLOYEES may be reimbursed for actual lodging expense, supported by a receipt, to a maximum of $84 per night plus tax, EXCEPT AS NOTED BELOW. Lodging receipts include those for public campgrounds.

- In Los Angeles (Central and Western Los Angeles only*) and San Diego counties, actual lodging supported by a receipt, to a maximum of $110 plus tax.
- In Alameda, San Francisco, Santa Clara and San Mateo Counties, actual lodging supported by a receipt, to a maximum of $140 plus tax.

*Central and Western Los Angeles is a designated geographical area within the boundaries of Sunset Boulevard on the North, the Pacific Ocean on the West, Imperial Blvd./Freeway 105 on the South, and Freeways 110, 10, and 101 on the East. This area includes downtown L.A., Inglewood, L.A. International Airport, Playa del Rey, Venice, Santa Monica, Brentwood, West L.A., Westwood Village, Culver City, Beverly Hills, Century City, West Hollywood and Hollywood.

**State sponsored conference, etc.:**

Reimbursement for receipted lodging up to $110 when attending a state sponsored conference when:

1. The lodging is contracted by the State sponsor for the event,
2. And the State has granted prior approval for attendance,
3. And the traveler is lodging at the contracted rate and establishment.

**Non-State sponsored conference, etc.:**

Reimbursement for receipted at the lodging rate while attending a non-state sponsored conference when:

1. The lodging is contracted by the sponsor for the event,
2. And the State has granted prior approval for attendance,
3. And the traveler is lodging at the contracted rate and establishment.

Travel Claims

Travel expenses must be documented on a travel claim (Standard State Form 262) to support subsistence allowance (per diem) and other expense reimbursement claims. Information needed includes:

- Times of departures and returns
- Destinations
- Lodging receipts
- Commercial transportation fare receipts (parking; bridge tolls; taxi, bus and streetcar fares; and commercial auto rental).
- Mileage logs
- Purpose of the trip

Line Item D: Equipment

Equipment is defined as tangible, non-expendable personal property having a useful life of more than one year AND an acquisition cost of $5,000 or more per unit (including accessories, attachments, and modifications). Purchases of equipment are limited to 10% of the total grant amount (the sum of sections I, II, and III).

Sub-grantees must obtain prior written approval for the purchase or lease of equipment with an acquisition cost of $5,000 and a useful life of one or more years, unless included in the program budget.

- Equipment that is budgeted in the initial grant award should be ordered with the first four months so that it can be placed in service during the grant period.
- Equipment directly related to and used for program activities will be considered for purchase approval only if no other equipment owned by the sub-grantee is available and suitable for the program.
- Grant funds may not be used to reimburse the program for equipment already obtained.
- All equipment purchased with grant funds is the property of the California Service Corps.
- The sub-grantee is responsible for maintaining all grant equipment in its possession.
- Equipment purchased in part or in whole with CSC grant funds cannot be disposed of, traded, or sold without prior written approval from the CSC.

Prior written approval for the purchase or lease of vehicles and trailers must be obtained from the CSC in each instance, whether or not such action is included in the program budget.
Transfer of Title

At the conclusion of each grant award period, transfer of title to the sub-grantee may be approved by the CSC upon certification that the property will be used for service-related activities, or to further the original intent of the grant award. In determining whether to approve transfer of title, the CSC will consider:

- Programmatic and fiscal performance conditions (whether or not the project is part of a multi-phase program)
- The purpose for the equipment
- Type of equipment
- Other relevant criteria

Lease to Purchase

Sub-grantees must obtain prior, written approval from the CSC before replacing, trading, or otherwise disposing of grant equipment. Lease to purchase agreements are generally not allowable.

If a lease to purchase is requested, the sub-grantee must submit justification to the CSC, and the justification must include documentation of cost effectiveness.

Property Management for Equipment

The Sub-grantee’s property management procedures for equipment acquired with federal funds and federally-owned equipment must include all of the following:

1. Equipment records (Inventory) must be maintained accurately and must include the following information:
   - A description of the equipment;
   - The manufacturer’s serial number, model number, federal stock number, national stock number, or other identification number;
   - Funding source of the equipment, including the award number
   - A statement clarifying whether title rests with the sub-grantee or the federal government;
   - Acquisition date (or date received, if the equipment was furnished by the federal government);
   - Location and condition of the equipment and the date the condition was assessed;
   - Unit Acquisition Cost;
   - Ultimate Disposition data, including the date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the federal awarding agency for its share.

2. Equipment owned by the federal government shall be identified to indicate federal ownership. The CSC will provide Corporation for National and Community Service...
property stickers. Property stickers must be in plain sight without obscuring the manufacturers’ identifying information, including make and model numbers, unless safety of program personnel dictates otherwise.

3. A physical inventory of equipment must be made and the results reconciled with the equipment records at least once a year. Any difference between quantities determined by the physical inspection and those shown in the accounting records must be investigated to determine the causes of the difference. Sub-grantees must submit to the CSC an annual inventory report of equipment purchased with grant funds. (Link to Form CSC 300)

4. Programs must safeguard equipment purchased with grant funds and are responsible for any losses. A control system must be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any lost, stolen, or destroyed property must be reported to the CSC in writing within 14 calendar days of the date of the loss. The report must include appropriate police reports, insurance claims, and a letter signed by the Program Director explaining the circumstances involved and the precautions taken to prevent such loss. The report must also detail how the property will be replaced, time frame for replacement, and the impact on grant objectives without the use of the equipment.

5. Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

**Line Item E: Supplies**

Supplies are consumable items with a per unit value of less than $1,000. This line item includes materials needed to operate the AmeriCorps program, including uniforms and safety gear.

The AmeriCorps Service Gear is optional, but programs should provide the core package made available by the Corporation. The Corporation will fund the purchase of:

- The service gear package at $35 per member, and up to $70 per member if the program requires members to wear shirts with a collar*

- Safety* gear that is needed to perform daily service (charged to the federal share) at up to $150 per member

* Justification for the collared shirt and/or safety gear must be included in the budget narrative.

**Line Item F: Contracts/Consultants**

Consultant services are provided on a contractual basis by individuals or organizations that are not employees of the program. Consultants must not be used in lieu of employees.
Consultants are defined as individuals or organizations that meet any one of the following criteria:

- Produce a specific product or service;
- Work independently without direct supervision from the program;
- Work on specific programs;
- Provide services for a limited number of hours or period of time; or
- Have no agency management or oversight responsibilities that are directed toward the financial success or direction of the agency.

There must be a signed, written agreement between the sub-grantee and a consultant specifying the contract period, compensation rate, duties or obligations, and any other conditions of employment. As required by Public Law 102-389, payments for individuals for consultant services shall not exceed the daily equivalent of the current maximum rate paid to a GS-18 federal employee (exclusive of indirect expenses, travel, and supplies, etc.) As of January, 2005, this rate is $560 per day.

**Line Item G.1: Staff Training**

Staff training includes general staff development and program-specific training for staff directly involved in the operation of the AmeriCorps program.

**Line Item G.2: Member Training**

Member training covers the costs necessary to provide members with the training, skills, knowledge, and supervisory skills necessary to perform the tasks required in their assigned project positions. Costs for training:

- **Must include** courses such as an orientation for members that covers rights and responsibilities, the Program’s code of conduct, and prohibited activities, as identified in AmeriCorps Provision 7 (c).

- **May include** the cost of consultants brought in to train members, enrollment fees in specific classes, and curriculum materials.

AmeriCorps Provision 7 (e) limits training hours to 20% of the aggregate of all AmeriCorps member service hours.
Line Item H: Evaluation

Evaluation includes costs for program evaluation activities, including additional staff time you did not budget, use of evaluation consultants, purchase of instrumentation, and other costs specifically for this activity.

Evaluation does not include the daily/weekly gathering of data to assess progress toward objectives, but is a larger assessment of the impact your program is having on the community as well as an assessment of the overall systems and program design.

Line Item I: Other

This line item includes other expenses necessary to enable staff to operate an AmeriCorps program, including:

- Member fingerprinting
- Criminal record checks
- Immunizations or health tests required prior to working with students
- Space rental, utilities, telephone, and internet expenses used directly and specifically for AmeriCorps members AND directly involve staff (If shared with other projects or activities, the sub-grantee must prorate the costs equitably.)
- The minimum required cost of $2,000 for sending program staff to a comprehensive training on Corporation policies

List each item and provide justification in the budget narrative. This line item includes.

Remember, the federal share for Section I cannot exceed 67%.
Financial Management

Member Costs

Section II includes Living Allowances and Member Support Costs. The Corporation share for this section cannot exceed 85%. The federal share for Section II cannot exceed 85%. To calculate the federal share, divide the CNCS share of Section II by the Subtotal of Section II.

To calculate the federal share:

\[ \text{CNCS share} \div \text{Section II Subtotal} = \text{Federal share} \]

The federal share for Section II cannot exceed 85%.

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<thead>
<tr>
<th>SECTION II: MEMBER COSTS</th>
<th>Column 3</th>
<th>Column 4</th>
<th>Column 5</th>
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<tbody>
<tr>
<td>A. Living Allowance</td>
<td>Amount</td>
<td>No. of Members with LA</td>
<td>No. of Members without Living Allowance</td>
</tr>
<tr>
<td>1 year FT 1700 hours</td>
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<tr>
<td>1 year PT 900 hours</td>
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<tr>
<td>Expanded PT 675 hours</td>
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<tr>
<td>Quarter Time 450 hours</td>
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<tr>
<td>Minimum Time 300 hours</td>
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<tr>
<td>Subtotal - Living Allowance/FTE</td>
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<td>0.00</td>
<td>0.00</td>
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<tr>
<td>B. FICA (7.65% of Total Member Living Allowances)</td>
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<td>C. Worker's Compensation (or other Death &amp; Dismemberment coverage)</td>
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<td>D. Health Care (required for FT members, optional for PT; must meet CNCS reqs.)</td>
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<tr>
<td>E. Other Member Costs</td>
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Subtotal (add items A through E above, total not to exceed 85% CNS funds and provide minimum 15% Grantee Funds - Cash Match Only) $    $    $ 

(Grantee Funds minimum 15% of total Member Costs) Subtotal SECTION II $    $    $ 

Subtotal (add items A through E above, total not to exceed 85% CNS funds and provide minimum 15% Grantee Funds - Cash Match Only) $    $    $
Line Item A: Living Allowance

The living allowance is for the monthly stipend or allowance that covers basic subsistence costs while AmeriCorps members are dedicating their lives to service, as provided by the National and Community Service Trust Act of 1993. Most full time members are to receive a living allowance during the installment period of at least 100%, but not more than 200%, of the total average annual subsistence allowance provided to VISTA volunteers (42 U.S.C. 4955 and 12594; 45 C.F.R. Section 2522.240).

On the budget form, living allowance expenses are identified by member service terms. The service terms that are currently allowed in California include:

<table>
<thead>
<tr>
<th>Service Term</th>
<th>No. of Hours</th>
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<tbody>
<tr>
<td>Full time</td>
<td>1,700 hours</td>
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<tr>
<td>Part-time</td>
<td>900 hours</td>
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<tr>
<td>Reduced part-time</td>
<td>675 hours</td>
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<tr>
<td>Reduced part-time</td>
<td>400 hours</td>
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<tr>
<td>Minimum time (college students only)</td>
<td>300 hours</td>
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The Corporation will fund 85% of the minimum living allowance, or:

- $9,010, for a full-time member
- $4,770 for a part-time member
- $3,577 for a reduced part-time, 675-hour member
- $2,385 for a reduced part-time, 450-hour member
- $1,590 for a minimum time, 300-hour member

Programs are not required to pay living allowances for part-time and reduced part-time members, but if programs decide to pay living allowances for those members, the living allowance is pro-rated at the levels noted in the previous paragraph.

AmeriCorps Provision 11 (b) requires that programs pay the living allowance as a stipend rather than on an hourly basis. The living allowance is not a wage and should not fluctuate based on the number of hours members serve in a given time period. Programs should pay the living allowance as a fixed stipend distributed in increments, such as weekly or bi-weekly.

Living allowance payments to members must be reported to the IRS as taxable income.

Line Item B: FICA

Federal Insurance Contributions Act (FICA) contributions are required for any member who receives a living allowance. If a sub-grantee organization is exempt from FICA, the organization must submit a copy of the IRS exemption letter.
FICA should be calculated at 7.65% of the total amount of the living allowance and the cost must be split between the Corporation and the sub-grantee in the same proportion as the living allowance. That is, if the Corporation funds 60% of the living allowance, then the Corporation will only fund 60% of the FICA.

**Line Item C: Workers’ Compensation**

California State Law requires that AmeriCorps programs provide Workers’ Compensation Insurance for AmeriCorps members. Organizations that are exempt from Workers’ Compensation while operating AmeriCorps programs need to cover their members for on-the-job injuries through their existing liability coverage or through a new policy purchased specifically for the AmeriCorps program activities.

AmeriCorp programs are not exempt from Workers’ Compensation.

**Line Item D: Health Care**

An AmeriCorps program must provide a health care policy for:

- Full-time members not otherwise covered by a health care policy at the time of enrollment into the AmeriCorps program
- Members who lose coverage during their term of service as a result of participating in the program or through no deliberate act of their own

The Corporation will not cover health care costs for family members or for part-time members.

Minimum benefits required in the health care policy are outlined in the AmeriCorps Provisions 11 e (i). A sub-grantee may obtain health care insurance through any provider as long as the minimum benefits are met and the insurance is not excessive in cost. If you use a health care policy that charges more than $150 per month to the Corporation, you must send a copy of the policy along with a summary of its coverage and costs to the Corporation’s Office of Grants Management.

Health care policies are required only for full time members. No CNCS funds may be used to pay for health insurance expenses for half-time members unless those members are serving in a full-time capacity for a sustained period of time. Prior approval from CNCS is required.

In Section II: Member Costs, the CNCS share cannot exceed 85% of the total Section II cost. Sources of match cannot include other federal funds except as match for health care costs. In no instance can other federal funds be used to match Corporation funds dedicated to living allowances, FICA, or Workers’ Compensation insurance.

**Line Item E: Other Member Living Allowance  Issues: Members Are Not Employees**

Senate Bill 945, Authored by Senator John Vasconcellos and signed by Governor Gray Davis in August, 2000, provides AmeriCorps members with an exemption from the California wage and
hour law. Prior to the passage of SB 945, AmeriCorps members in California were considered employees for purposes of labor laws.

The exemption allows California programs to comply with AmeriCorps Provision 11 (b) which requires that programs pay the living allowance as a stipend rather than on an hourly basis. The living allowance is not a wage and should not fluctuate based on the number of hours members serve in a given time period. Programs should pay the living allowance as a fixed stipend distributed in increments, such as weekly or bi-weekly.

With the passage of SB 945, AmeriCorps programs in California are no longer required to pay overtime for hours served by AmeriCorps members in excess of 8 per day or 40 during any given week. The relevant paragraphs of Labor Code Section 1171 are reprinted here for reference.

1171. The provisions of this chapter shall apply to and include men, women and minors employed in any occupation, trade or industry, whether compensation is measured by time, piece, or otherwise, but shall not include any individual employed as an outside salesman or any individual participating in a national service program carried out using assistance provided under Section 12571 of Title 42 of the United States Code.

Any individual participating in a national service program pursuant to Section 12571 of Title 42 of the United States Code shall be informed by the nonprofit, educational institution or other entity using his or her service, prior to the commencement of service of the requirement, if any, to work hours in excess of eight hours per day, or 40 hours per week, or both, and shall have the opportunity to opt out of that national service program at that time. Individuals participating in a national service program pursuant to Section 12571 of Title 42 of the United States Code shall not be discriminated against or be denied continued participation in the program for refusing to work overtime for a legitimate reason.

Since October 1997, AmeriCorps members have been exempt from Unemployment Insurance according to an administrative ruling from the Employment Development Department. The above law codifies this prior ruling. Please see AmeriCorps Provision 11 (c)(iv) which reiterates that members are not to be covered by unemployment insurance using Corporation funds. The relevant paragraphs of the Unemployment Insurance Code are reprinted here for reference.

634.5. Notwithstanding any other provision of this code or any other code or law, no provision of this code or any other code or law excluding service from “employment” shall apply to any public entity defined by Section 605 or to any nonprofit organization described by Section 608, except as provided by this section. With respect to any public entity defined by Section 605 or any nonprofit organization described by Section 608, “employment” does not include service excluded under Sections 629, 631, 635, and 639 to 648, inclusive or service performed in any of the following:

(j) As a participant in a national service program carried out using assistance provided under Section 12571 of Title 42 of the United States Code.
Accordingly, sub-grantees are not required to make Unemployment Insurance, ETT and Disability Insurance payments on behalf of AmeriCorps members and will not be reimbursed for such expenditures under the grant.

SB 945 does not alter AmeriCorps Provision 11 (c)(v) that identifies Worker’s Compensation as a required and allowable cost to the Grant, if required by the state.

California state law requires that sub-grantees provide Worker’s Compensation insurance coverage for its AmeriCorps members.
Direct or Indirect Administrative Costs

Section III includes administrative costs. AmeriCorps sub-grantees can choose to use one of two methods to calculate allowable administrative costs:

Option A: CNCS Fixed Percentage Method

-- or --

Option B: Federally Approved Indirect Cost Rate Method

Both options are subject to the federal funding cap on all administrative costs equal to 5% of total federal CNCS funds actually expended under this award. This cap was imposed by the 1993 National and Community Service Trust Act.

Maximum Federal Share

To calculate the Maximum Federal Share of Administrative Costs, multiply 5.26% (i.e., .0526) by the sum of the Subtotals of Sections I and II. The result of this calculation is the maximum amount the applicant may request from the CNCS for this budget category.

\[(\text{Section I Subtotal} + \text{Section II Subtotal}) \times .0526 = \text{Maximum Federal Share}\]

California Service Corps' Share

The CSC’s share of administrative costs is 20% of the Maximum Federal Share.

\[\text{Maximum Federal Share of Admin Costs} \times .20 = \text{CSC's Share}\]

Sub-grantee’s Share

The sub-grantee’s share of administrative costs is 80% of the Maximum Federal Share.

\[\text{Maximum Federal Share of Admin Costs} \times .80 = \text{Sub-grantee’s Share}\]

<table>
<thead>
<tr>
<th>SECTION III: ADMINISTRATIVE COSTS</th>
<th>Column 3</th>
<th>Column 4</th>
<th>Column 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.1 Grantee Administrative Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CNS provided: (Total of CNS Section I + Section II) ( \times .0526\times .80 ) Grantee Match: Up to 10% Match allowed without approved Indirect Cost Rate</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>A.2 CSC's Share of Administrative Costs ( (Total of CNS Section I + Section II) ( \times .0526\times .20 ))</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>B. Federally-approved or State-established Indirect Cost Rate (if applicable)</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Subtotal SECTION III.</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
Line Items A.1 and A.2: CNCS Fixed Percentage Method

Option A, the CNCS Fixed Percentage Method for allocating indirect costs, allows for a fixed 5% of the total of federal funds expended. In order to be eligible for the fixed 5% rate, the sub-grantee match claimed for administrative costs may not exceed 10% of all direct cost expenditures. These rates may be used without supporting documentation and are in lieu of a formally approved indirect cost rate.

Sub-grantees using Option A must list their sub-grantee match and their share of the Maximum Federal Share of Administration on Line A.1.

Line A.2 should be used for the CSC’s share of the Maximum Federal Share of Administration.

Line Item B: Approved Indirect Cost Rate

Option B, the Federally Approved Indirect Cost Rate Method, is for sub-grantees who choose to use their federally approved indirect cost rate (IDC rate) to calculate administrative costs. The sub-grantee must calculate the Total Allowable Administrative Costs for the project using the indirect cost allocation method utilized by the organization (i.e., based on a cost pool of salaries and benefits, total direct costs, etc.).

The sub-grantee must then calculate the Maximum Federal Share of Administration and subtract this amount from the organization’s Total Allowable Administrative Costs. The result is the amount that the sub-grantee may claim as match for administrative costs.

Sub-grantees using Option B must list their sub-grantee match and their share of the Maximum Federal Share of Administration on Line B. Line A.2 should be used for the CSC’s share of the Maximum Federal Share of Administration.

In order to utilize Option B, the sub-grantee must have an approved indirect cost rate. The federal agency that provides the most federal money to a sub-grantee is the federal agency that approves an indirect cost rate. Where appropriate, the Corporation will establish an indirect cost rate that may be used for this and other federal awards. If a sub-grantee has an approved indirect cost rate, that rate constitutes documentation of the sub-grantee’s administrative costs, including the Maximum Federal Share of Administration and the sub-grantee’s administrative costs claimed as match.

The federal government assigns Indirect Cost Rate Proposal (ICRP) approval responsibility to specific federal agencies called cognizant agencies. Cognizant agencies are usually the agencies providing the preponderance of funds to the organization. Sub-grantees submit their ICRP to their identified cognizant agency for approval. If the cognizant agency is unknown, the sub-grantee should contact the U.S. Department of Health and Human Services at the following address:

Regional Director’s Office
U.S. Department of Health and Human Services
Federal Office Building, Room 304
50 United Nations Plaza
San Francisco, CA 94102
Sub-grantees must maintain on file the ICRP which demonstrates how the rate was established and any necessary approvals. The ICRP must clearly indicate that line items charged to a direct cost category (e.g. “postage”) are not included in the indirect cost category. All costs included in the plan must be supported by accounting records (e.g., invoices, purchase orders, and cancelled checks or other records supporting payments) which show the actual expense. Sub-grantees must maintain a list of expenses covered by the rate. To be allowable under an award, costs must be consistent with policies and procedures that apply uniformly to federally financed and other activities of the organization. The costs must be accorded consistent treatment in both federally financed and other activities as well as between activities supported by different sources of federal funds.

Sub-grantees with an indirect cost rate in excess of 10% should obtain the federal publications pertinent to their organizations that explain how to handle indirect costs:

Office of Management and Budget (OMB) Circular A087, “Cost Principles for State and Local Governments”

-- or --

OMB Circular A-122, “Cost Principles for Nonprofit Organizations”

OMB Circulars A-87 and A-122
Office of Administration Publications Unit, Room G236
New Executive Office Building,
Washington, D.C. 20503,

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-- or --


OASMB-5 and OASC-10
Superintendent of Documents
U.S. Government Printing Office
Washington, D.C.

All four documents are available on the Internet at http://www.omb.gov/circulars.
Administrative Costs Defined

The term “administrative costs” refers to general or centralized expenses of overall administration of an organization that receives Corporation funding. For organizations that have an established indirect cost rate for federal awards, administrative costs mean those costs that are included in the organization’s indirect cost rate. Such costs are generally identified with the organization’s overall operation and are further described in Office of Management and Budget Circulars A-21, A-87, and A-122.

What is included

For organizations that do not have an established indirect cost rate for federal awards, administrative costs include:

- Financial, accounting, auditing, contracting, fidelity bonds, disbursing services, or general ledger services except in unusual cases where they are specifically approved in writing by the Corporation as program costs.
- Internal evaluation, including overall organization management improvement costs (except for independent and internal evaluations of the program or project evaluations that are specifically related to creative methods of quality improvement).
- Rent, utilities, and legal services (for administrative staff, not program staff).
- General liability insurance that protects the organization(s) responsible for operating a program or project, other than insurance costs solely attributable to the program or project. Programs must have sufficient liability insurance to protect the organization, employees, and members. Members who are engaged in both on- and off-site program activities must be covered. Sub-grantees decide how much liability coverage is sufficient, given the specific risk factors the program presents. General liability insurance is an administrative cost which can be charged against the grant (subject to the grant’s administrative cost limit) or included in the program’s match. If the cost of member liability insurance is included in the approved budget, it may be charged as a direct program cost. For additional information on insurance issues, refer to “Insurance Basics for Community Service Program,” a publication by the Nonprofit Risk Management Center, (202) 785-3891.

Administrative costs may also include that portion of salaries and benefits of the Program Director’s and other administrative staff not attributable to the time spent in support of a specific program or project.

The principles that pertain to the allocation and documentation of personnel costs are stated in the OMB Circulars that are incorporated in the CNCS regulations (45 CFR 2541.220 (b)).
What is not included

Administrative costs do not include expenses directly related to a program or project (including their operations and objectives), such as:

- Allowable direct charges for members, including living allowances, insurance payments made on behalf of members, training, and travel
- Costs for staff (including salary, benefits, training, and travel) who recruit, train, place, or supervise members or who develop materials used in such activities, if the purpose is for a specific program or project objective
- Costs for independent evaluations and internal evaluations of the program or project that are related specifically to creative methods of quality improvement
- Costs, excluding those already covered in an organization’s indirect cost rate, attributable to staff that work in a direct program or project support, operational, or oversight capacity, including, but not limited to: support staff whose functions directly support program or project activities; staff who coordinate and facilitate single or multi-site program and project activities; and staff who review, disseminate, and implement CNCS guidance and policies directly relating to a program or project
- Space, facility, and communications costs that primarily support program or project operations, excluding those costs that are already covered by an organization’s indirect cost rate
- Other allowable costs, excluding costs that are already covered by an organization’s indirect cost rate, specifically approved by the Corporation as directly attributable to a program or project.

Cost per FTE (Member Service Year)

A full time equivalent (FTE) position – often called a Member Service Year – is defined as 1,700 hours of service during one calendar year. For part-time or reduced part-time member slots, the number of slots comprising on FTE depends on the hours of service.

<table>
<thead>
<tr>
<th>Slot type</th>
<th>Service hours per year</th>
<th>Full Time Equivalence</th>
</tr>
</thead>
<tbody>
<tr>
<td>full-time</td>
<td>1,700 hours</td>
<td>1 slot = 1 FTE</td>
</tr>
<tr>
<td>part-time</td>
<td>900 hours</td>
<td>2 slots = 1 FTE</td>
</tr>
<tr>
<td>reduced part-time</td>
<td>675 hours</td>
<td>2.66 slots = 1 FTE</td>
</tr>
<tr>
<td>reduced part-time</td>
<td>450 hours</td>
<td>4 slots = 1 FTE</td>
</tr>
<tr>
<td>reduced part-time</td>
<td>300 hours</td>
<td>5 slots = 1 FTE</td>
</tr>
</tbody>
</table>

The Total CNCS Program Operating Budget is calculated by adding the subtotals for the CNCS share of Sections I, II, and III.

Dividing this figure by the number of full-time equivalent (FTE) slots listed in Section II results in the CNCS Cost Per AmeriCorps Member FTE.

\[
(CNCS \text{ Shares Subtotals from I, II and III}) \div \text{ # of FTEs} = \text{CNCS cost per FTE}
\]
Full text of AmeriCorp’s Cost per FTE Policy is available at Grantee Central: http://www.csc.ca.gov/gcentral/login.asp

AmeriCorps Funding Maximum per FTE

The 2005-2006 maximum CNCS Cost Per AmeriCorps Member FTE in California is $15,675.

Based on the belief that existing programs should receive increasing levels of local community support over time, the maximum amount of funding that CSC provides per AmeriCorps FTE decreases overtime according to the following schedule:

<table>
<thead>
<tr>
<th>Entering Year</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4</td>
<td>$15,675</td>
</tr>
<tr>
<td>5</td>
<td>$15,215</td>
</tr>
<tr>
<td>6</td>
<td>$14,755</td>
</tr>
<tr>
<td>7</td>
<td>$14,295</td>
</tr>
<tr>
<td>8</td>
<td>$13,835</td>
</tr>
<tr>
<td>9</td>
<td>$13,375</td>
</tr>
<tr>
<td>10</td>
<td>$12,915</td>
</tr>
<tr>
<td>11</td>
<td>$12,455</td>
</tr>
<tr>
<td>12</td>
<td>$11,995</td>
</tr>
</tbody>
</table>

CSC will not approve an application that requests the equivalent of more than $15,675 per FTE.

Each previously existing program will have a different Maximum Cost Per FTE based on its total years of AmeriCorps funding. CSC typically provides three-year grants. Thus, a program that is applying for a second, three-year grant could request up to the maximum amount for a four year-old program (or $15,675).

Once the program has received an approved cost per member for its fourth year, it may request up to that amount for each of the remaining years of its three-year grant. Should the sub-grantee opt to request funding for a third 3-year grant, it may only request up to the amount listed in the table above for a seven year-old program.

The maximum amount a sub-grantee may request will be based on the first year of a new grant regardless of whether the past grant was a three-year grant or one that was for a longer or shorter (e.g., 2 year) term.

Programs are advised to improve their sustainability by continuously developing sources of local community support, because the maximum amount of funding allowable by CSC will decrease significantly between three year grants. Under exceptional circumstances, CSC will consider requests for funds that exceed the schedule for programs five years and older.

Member Benefits Not Included in the AmeriCorps Budget

The Member costs included in the AmeriCorps budget represent only a portion of the in-service benefits members receive. Child care and loan forbearance are two in-service benefits for AmeriCorps members that are not included in the AmeriCorps budget.
- **Child care payments** for eligible AmeriCorps members go directly from the Corporation for National and Community Service to the child care provider. Specific rules apply regarding both provider and member eligibility. See AmeriCorps Provision 11 (f) for more detailed information.

- **Loan forbearance** is the postponement of repayment of qualified student loans (principal and interest) for AmeriCorps members serving in an approved national service position. In order to have a loan placed in forbearance, the AmeriCorps member (the borrower) must request the forbearance of their loan holder (generally, the lender or the loan servicer). The loan holder has the ability to grant forbearance. In the forbearance process, the role of the National Service Trust verifies whether the individual is in an approved national service position. The California Service Corps is not involved in this process and the cost involved is not a part of the program budget. The member fills out the standard Federal Education Loan Forbearance form (included in the Program Director’s Handbook- Link to PD Handbook) and gives the form to the Program Director for submission to the National Service Trust.

**Post-Service Member Benefits**

The primary post-service awards include the education award:

- $4,725 for a full-time term of service
- $2,362.50 for a part-time (900 hour) term of service
- Part-time service awards are pro-rated for terms shorter than 900 hours

The National Service Trust, which is a fund established by the National and Community Service Trust Act of 1993, is used to pay for education awards and interest that accrues on qualified student loans for those who have completed approved terms of national service. The money is kept in an account with the U.S. Treasury and is invested in Treasury securities. The Office of the National Service Trust is the office within the Corporation for National Service that manages all the various functions related to the AmeriCorps education award.

An education award can be used to:

- Repay qualified student loans
- Pay all or part of the cost of attending a qualified institution of higher education
- Pay expenses incurred while participating in an approved school-to-work opportunities program

Members may receive a post-service education award only for the first two terms of service. See AmeriCorps Provision 12 for more detailed information.
The Contracting Process

The California Service Corps begins the contracting process as soon as the Corporation announces funding decisions and earlier for continuation programs. This process begins with the CSC advising sub-grantees of the documentation needed to finalize a contract. Requirements may change from year to year, but the following programmatic and financial documents were required to enter into a contract for the 2004-05 program year.

Programmatic Documentation

- From eGrants, the SF 424, Application for Federal Funds Title Page;
- From eGrants, the finalized Program Narrative;
- From eGrants, the finalized Performance Measures;
- CLASP forms (California Local Area Service Partnership) submitted via the internet;
- Memoranda of Understanding (MOUs) with all partners who have made cash commitments to the program or who are supporting unstipended members;
- WBRS (Web-Based Reporting System) Access Request Form;
- Program Directory Information, submitted via the internet;
- Program Start Date (the date the first AmeriCorps member is enrolled); and
- Program End Date (12 months after the Start Date); and
- Last Date to Enroll each of the various slots: Full time, Half Time, and (if a sub-grantee has an afterschool program and/or recruits college students) Reduced Half Time, Quarter Time and Minimum Time AmeriCorps members. The sub-grantee must estimate the last date the program could accommodate enrollments of new members in each slot applicable to the program.

Financial Documentation

CSC Program Staff need eight business days to review and edit completed contract materials submitted by sub-grantees and seven business days to generate contracts from the contract materials and to approve contracts. Submission of inaccurate or incomplete contract materials adds time-consuming corrective steps and transmittals.

Required documentation:

- From eGrants, the finalized Budget Form
- From eGrants, the finalized Budget Narrative
- Financial Management Survey (link here to form) including submission of the most recent A-133 audit, if applicable
- Payee Data Record Form (link here to pdf form), required for all sub-grantees, despite the form’s exclusion for federal, state, and local governments, and school
districts. Submission of this form ensures that the sub-grantee’s reimbursement check is sent to the correct address.

☐ Address List (Roster) for Board of Directors, if a non-profit organization

☐ Evidence of 501 (c) 3 status, if a non-profit organization

☐ Council or Board Resolution or certified meeting minutes accepting fiduciary responsibility for the grant award, if a non-profit organization or local government agency.

☐ Evidence of Liability Insurance coverage or Self-Insurance Statement

Two unexecuted contracts are sent to sub-grantees for signature and must be returned to CSC. A fully executed contract is returned to the sub-grantee when all parties have signed the document and the CNCS grant award is authorized in eGrants.

### Reimbursement Process

California Service Corps reimburses sub-grantees for approved, budgeted expenditures that have already been incurred. The sub-grantee may not request funds for expenses that have not yet been paid. Sub-grantees may submit invoices for reimbursement for expenses on a monthly basis. Quarterly invoicing is allowed, but programs must submit a separate Periodic Expense Report (PER) for each month included in the invoice to facilitate monthly expenditure tracking. (Note: Please submit the “Print Version” of the PER.)

#### Requesting Reimbursements

Sub-grantees must use California Service Corps Invoice Form (CSC 100), and the Periodic Expense Report (PER) generated in WBRS to request reimbursements. Three copies of each invoice form and PER are required. Invoice Form, CSC 100 must be printed on Legal Applicant letterhead and be affixed with an original signature from the Program Director or Financial Officer.

#### Invoice Review

California Service Corps staff review invoices and PERs to ensure that spending is consistent with the approved budget and that match is generated in the amounts required in the contract. All claimed expenses must be grant-related (i.e., they must further the program objectives as defined in the grant award agreement) and must be incurred during the grant period. California Service Corps reserves the right to make final determination on whether an expense is allowable and necessary.

Sub-grantees are prohibited from billing other federal, state, or local agencies for goods and/or services which have been billed and/or reimbursed to the program by California Service Corps.

#### Timeline for Payment

In order to be able to meet financial reporting requirements, sub-grantees must keep current with their billings. Timely submission of reimbursement requests is essential to California Service Corps’ monitoring efforts.
Accordingly, the California Service Corps requires sub-grantees to submit their Reimbursement Request, including the Invoice Form (CSC 100) and the relevant Periodic Expense Reports (PER), no later than the 25th day of the month following the month in which the expenses incurred. The only exception for this deadline will be the final billing, which allows for submission within 60 days of the grant expiration date.

Assuming a fully executed contract is in place, programs may expect to receive payment within 30 days from the date the invoice is received at California Service Corps. Sub-grantees must keep this payment schedule in mind to avoid potential cash flow problems. Sub-grantees anticipating cash match or cash flow problems should contact their California Service Corps Program Officer as soon as possible.

Step-by-Step Reimbursement Submittals:

Step 1: Download the required Invoice Form, CSC 100. The form is a Microsoft Excel worksheet available at Grantee Central:

http://www.csc.ca.gov/gcentral/login.asp

Step 2: Create a Periodic Expense Report (PER) in WBRS for each month included in the reimbursement request. (Link to Financial Reporting for detailed instructions on use of WBRS.) Amounts should be reported in full, using actual amounts, including cents. Do not round up or down. Failure to include expenditure data out to two decimal places may result in reduced reimbursement.

Step 3: Provide the following information on Invoice Form, CSC 100:

1. Name and address of Sub-grantee aka Legal Applicant, if not included on sub-grantee letterhead (Note: Reimbursements can only be made payable to the Legal Applicant, which may differ from the program name.)
2. Program Name
3. Date invoice is completed
4. Program Start Date
5. Grant Number (This number is from the contract face sheet, upper right corner.)
6. Trust ID Number (This number is the program’s identification number in WBRS)
7. Period Covered by Claim (i.e. June 1, 200X – June 30, 200X)
8. Request Number (Should be “1” for the first invoice; “2” for the second invoice, etc.)
9. Contact Person (This person should be able to answer questions concerning the invoice.)
10. Federal Tax Identification Number
11. Final Claim Yes or No boxes (Please check the appropriate box)
12. Funds Requested (If multiple months are claimed on one invoice form the PERs must be totaled and resulting amount must be entered on this line.)

13. Phone Number (This number should be for the Contact Person.)

14. E-Mail Address (This e-mail address should be for the Contact Person.)

**Step 4:** Print the Invoice Form, CSC 100 on Legal Applicant letterhead.

**Step 5:** Program Director or Financial Officer must approve and sign the Invoice Form, CSC 100.

**Step 6:** Make three copies of the complete, approved, and signed Invoice Form, CSC 100 and three copies of the applicable PER (in PRINT format) from WBRS.

**Step 7:** Mail the original and two copies of the complete Reimbursement Request to the CSC Fiscal Unit. A complete Reimbursement Request includes three copies of the approved (signed) Invoice Form along with three copies of the supporting Periodic Expense Reports (PER). Keep a copy of each Reimbursement Request for your records.

**Caution:** Incomplete or incorrectly prepared invoices, including those with insufficient match, will be returned to the sub-grantee for correction, resulting in delayed receipt of funds.

## Financial Reporting Requirements

As specified in AmeriCorps Provision #16, Reporting Requirements, programs must submit Financial Status Reports (SF 269A, or FSR), during the grant period. These reports must be filed electronically using the web-based reporting system (WBRS).

The Provisions specify that three aggregate FSRs are required from the California Service Corps (the Grantee) and delegates authority to the Grantee to determine the number of FSRs required from the Sub-grantees (Programs).

The California Service Corps requires that its sub-grantees submit five Financial Status Reports (FSRs) during the program year:

<table>
<thead>
<tr>
<th>FSR PERIOD</th>
<th>QUARTER</th>
<th>DUE DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Start Date through December 31st</td>
<td>First Quarter</td>
<td>January 31st</td>
</tr>
<tr>
<td>January 1st through March 31st</td>
<td>Second Quarter</td>
<td>April 30th</td>
</tr>
<tr>
<td>April 1st through June 30th</td>
<td>Third Quarter</td>
<td>July 31st</td>
</tr>
<tr>
<td>July 1st through September 30th</td>
<td>Fourth Quarter</td>
<td>October 31st</td>
</tr>
<tr>
<td>October 1st through December 31st</td>
<td>Final Quarter</td>
<td>March 30th</td>
</tr>
</tbody>
</table>

A sub-grantee meets financial reporting requirements when reports are submitted in WBRS within the approved time frames. Extensions of reporting deadlines will be granted only when:

- The report cannot be furnished in a timely manner for reasons legitimately beyond the control of the sub-grantee
• The CSC receives a written request explaining the need for an extension before the deadline passes. Extensions of deadlines for FSRs (SF 269a) may only be granted by the CSC Fiscal Office.

**Generating a Periodic Expense Report (PER):**

To create Periodic Expense Reports in WBRS for each month’s expenditures, follow these steps:

1. Click on the green tab labeled “Financials” at the top of the WBRS screen. A subdirectory of yellow tabs will appear that includes the option “New Report”.
2. Click on the “New Report” tab.
3. A dialogue box will appear with a list of report options. Select “Periodic Expense Report” and then “Continue” to advance to a screen that directs you to choose the ending date of the report and the grant year.
4. Once you have filled in the correct information, click on the “Create” button.
5. A Periodic Expense Report will be generated for the specified month. It will include your approved budget line items, the total year-to-date expenditures, if any, and the balance on your award. Enter the expenditure information for the month for both the Corporation and the sub-grantee (your match contribution) and save the PER.
6. Continue for each month included in that quarter.

**Generating a Financial Status Reports (FSR)**

Generate an FSR when you have created all the PERs for a specific quarter. Do not create a PER for a period beyond the reporting period of your intended FSR. For example, if you are preparing the FSR for the first quarter, you should only include PERS for the months before December and December, but not January.

In order to ensure that the data in the FSR is accurate and consistent with the records of the CSC, you must confirm your totals with the Fiscal Assistant assigned to your grant before generating the FSR.

When a sub-grantee is out of compliance due to non-submission of financial reports, the CSC will suspend payment of invoices until all financial reporting is current and accurate in WBRS.

**Audits**

Acceptance of a grant obligates the program to allow employees and/or agents of the California Service Corps unrestricted access to all sub-grantee books, documents, papers, and records, including confidential client records, for inspection, copying, and audit.

Sub-grantees may be audited by the CSC or an independent agency to determine whether:
Financial operations are properly conducted

Financial reports are fairly represented

The sub-grantee has complied with all applicable laws, regulations, and administrative requirements that affect the expenditure of program funds

Monitoring Visits

In addition to comprehensive audits, the CSC may conduct monitoring visits of a sub-grantee or Invoice Validation Reviews by phone. The CSC’s goal in monitoring is to support sub-grantees and help them achieve their goals and avoid any future disallowed costs.

A monitoring visit will cover all areas of program operation. Source documentation to be reviewed may include:

- Data collection sheets
- Member files
- Financial documents
- Any other documents that will substantiate data in progress reports

Achievement of program objectives will be verified by examining source data on several separate objectives.

Federal Audit Requirements

OMB Circular A-133 was revised in 1997 and updated in 2003 and applies to all grantees of federal funds. Some of the more significant points contained in the revised A-133, which is effective for fiscal years ending December 31, 2003, or later, are:

- State and Local governments are now covered by the A-133.
- All A-133 audits must be performed annually. In some situations, under old regulations, audits could be performed every two years.
- The audit threshold was increase from $300,000 to $500,000. Only non-profit organizations and state and local governments that expend federal funds of more than $500,000 or more in a year must be audited. Organizations or sub-recipients whose expenditures range between $300,000 and $500,000 are required to have an A-133 audit performed for all fiscal years which began before January 1, 2003.
Audit Submission

As a sub-recipient of federal funds, sub-grantees must submit their complete audit reports (including Financial Statements and Independent Auditors Reports) to the CSC within the earlier of:

30 days after receipt of the auditor’s reports  
-- or --  
9 months after the end of the audit period  
(OMB Circular A-133 Section 320)

Sub-grantees that sub-contract with other agencies to administer programs and provide more than $500,000 or more in federal funds must require an A-133 audit and submittal of an audit report from the subcontractor.

Grant Close-Out

Under the administrative requirements, grantees have up to 90 days from the project period end date to close their grants.

The CSC program closeout process involves:

1. Closing out program activities
2. Finalizing fiscal issues, including final payment request and record retention

Program closeout procedures include successfully documenting member service terms and program progress toward stated objectives.

Fiscal closeout procedures include submission of final invoices within 60 days of grant termination date and submission of final FSRs within 90 days of the grant termination date.

Closing Out Program Activities

The California Service Corps reserves the right to withhold final payment on a program’s outstanding invoices until we receive the following documents or have assurance that a program has performed the following procedures:

1. Verified accurate and complete entry in WBRS of all member time logs for each AmeriCorps member in WBRS
2. Verified that Exit Forms have been entered into WBRS for all AmeriCorps members
3. Printed out a program member reconciliation report from within WBRS and verified that all members enrolled in WBRS by your program have exited with appropriate educational awards
4. Reviewed all member files and submitted the Member Grant Closeout form (sent to the program prior to the end of the program year) assuring the CSC that all required member documentation is in the member files. Remember, the file must include all time sheets documenting member service hours and supporting WBRS time logs.
5. Completed a final APR in WBRS
6. Printed and submitted a final progress report that is reviewed, signed, and dated by the Program Director
7. Submitted a cover letter indicating that tasks 1 through 6 are completed including a statement indicating where the files will be stored and procedures indicating how documents can be retrieved by the CSC in the event of an audit of your program

The assigned Program Officer will notify the CSC Fiscal Unit when a program has successfully completed the program closeout procedures by sending a final letter to the sub-grantee.

**Final Reimbursement Request**

A program is given a longer timeframe – 60 days of the end of the grant award – to submit the final reimbursement request. The final Reimbursement Request must be submitted within 60 days of the end of the grant.

If the sub-grantee does not submit a final invoice within 60 days of the end of the grant award period, California Service Corps reserves the right to consider the last invoice submitted as the final invoice and to close out the grant award. Once California Service Corps has processed the final claim, the grant will be closed and no further payment activities against the grant will be permitted.

The final Reimbursement Request will be held until the California Service Corps Program Officer assigned to the sub-grantee has verified that all requirements of the grant award have been met. Failure to comply with these requirements may result in the reduction or termination of the grant award or the withholding or disallowance of grant payments.

The final Periodic Expense Report (PER) and corresponding Financial Status Report (FSR) is due in WBRS 90 days following the end of the grant award period. Upon successful submission of all required closeout documents, the sub-grantee will receive a letter from the California Service Corps Fiscal Unit advising the sub-grantee that all requirements have been satisfied and the grant is formally closed out.

**Retention of Financial and Member Records**

Sub-grantees must keep all financial records, supporting documentation, member information, statistical records, evaluation data, and personnel records for three years after the submission of the final fiscal report. The records must be available to the Corporation for National and Community Service and the California Service Corps at any time during that period. Sub-grantees must make reasonable efforts to protect the confidentiality of members by disposing program records in such a way as to protect the identity and privacy of members.
Financial Management Principles

A sound financial management system is essential to operating a successful AmeriCorps program. A weak system jeopardizes control over federal resources by placing a program at risk for theft, fraud, and waste.

The following ten elements form the basis of a sound financial management system. Follow these recommendations and you will build a strong foundation for your fiscal activities.

1: **Know Your Regulatory Requirements**

Regulatory requirements provide the guidance and foundation for your financial management systems. For AmeriCorps programs, the following requirements apply:

- OMB (federal Office of Management and Budget) Circular Requirements
- State Requirements
- AmeriCorps Provisions
- Award Letter

OMB circulars describe a wide variety of financial management issues including administrative requirements, cost principles, and audits. Specific circulars apply to educational institutions, non-profits and state and local governments. The full text of all OMB circulars can be found on the Internet at [http://www.whitehouse.gov/omb/circulars/](http://www.whitehouse.gov/omb/circulars/).

2: **Document Policies and Procedures**

Documented policies and procedures are important because they establish the standards for an organization’s operations and maintain information that is crucial to operations. Maintaining written policies and procedures also helps in orienting new employees and substitutes if the customary personnel are absent.

Examples of policy and procedural documentation are:

- Identification and description of the principal accounting records (i.e., general ledger, budgets, Financial Status Reports (FSR’s), etc.)
- Assignment of responsibilities, delegation of authority, etc.
- Explanations of documentation and approval requirements for expenditures.
- Instructions for reoccurring tasks such as:
  - Preparing monthly reports
  - Bank reconciliations
  - Completing FSR’s
  - Reviewing budgets and match requirements
- A Chart of Accounts
- Key Personnel Policies such as:
  - Acceptable standards of conduct
  - Vacation, sick leave, overtime and holidays
  - Probation period
  - Performance reviews, etc.
- Key Accounting Policies such as:
  - Procurement (purchasing) standards
  - Requisition and check request approvals
  - Check signer limits
  - Disposal of company assets
  - Travel
  - Personal use of company supplies
  - Preparation and review of financial reports

3: **Adequate Source Documentation to Substantiate Expenditures**

Design a filing system to group grant activities and documents. Include items such as:

- Grant letter, amendments, and original grant application
- Documents from sub-grantees
- Expenses/vendors, consultant agreements, etc.
- General correspondence
- Monthly financial reports (e.g., budget to actual expenditure reports)
- Lease agreements
- General liability insurance policy
- Cash/In-kind contributions documentation
- Other relevant documents
- All expenditures should contain documentation (i.e., brief descriptions, agendas, reports, etc.) that support why the transaction is allowable for AmeriCorps purposes. All financial reports should lead clearly back to the ledgers and source
documentation. Equipment records must be maintained for all equipment in use should include at a minimum:

- Description and funding source (including grant number)
- Manufacturer’s serial number
- Title holder’s name and address
- Acquisition date and cost
- Percentage of federal financial participation

Note: All equipment and supply purchases with a cost greater than $1,000 need prior approval from the California Service Corps and the Corporation for National Service. At the end of a program, equipment with a fair market value of $5,000 or more may be retained for non-federal program use if the Corporation is compensated.

- Source documentation for other costs such as: purchases, travel, and contract payments;
- Source documentation for all in-kind and other matching contributions, including grant award documents and receipts form other funding sources.

4: Effective Cash Management

Take steps to ensure that cash is managed effectively by instituting the following practices:

- Deposit federal funds in an interest-bearing account
- Ensure that the accounting system tracks interest earned on federal funds (Retention of interest earned is allowed up to $100 for educational institutions (per OMB A-102) and $250 for non-profit organizations (per OMB A-110).

- Maintain separate general ledger accounts for each award (federal, state, or private) for each program year
- Prepare monthly bank reconciliations
- Prepare a schedule of all bills to be paid

5: An Efficiently Designed Accounting Structure

Design an efficient accounting structure that:

- Accounts for each award/grant separately
- Maintains federal/non-federal matching funds separately from grant funds
- Records in-kind contribution as both revenues and expenses.
An effective accounting structure should facilitate easy transaction input and report generation. Accounting records should be complete with all AmeriCorps expenditures and local match amounts entered into the general ledger system. The general ledger should form the basis for the preparation of the Financial Status Report.

Financial statements should reflect the receipt and use of cash and in-kind contributions. The accounting system must include the account structure, accounting records, and procedures that define how and by whom the funds are handled. Accounting records must identify the receipt and the expenditure of California Service Corps funds. The accounting system should conform to Generally Accepted Accounting Principles (GAAP, found at http://www.fasab.gov/accepted.html).

The accounting system must:

- Fully record the amount and disposition of all program funds
- Show receipt of funds and expenditures by source (e.g., federal, state, or local) and program year
- Identify the Sub-grantee-provided match funds and related expenditures in the general ledger.
- Identify all California Service Corps income and expenditures separately from non-California Service Corps funds. Financial institutions used for the deposit of grant funds must be insured by either the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC).
- Provide accurate and current financial reporting information.
- Provide a clear audit trail for all accounting records and supporting documentation
- Establish and maintain a system of internal accounting control adequate to safeguard
- Grant assets
- Review the grant accounting and financial data for accuracy and reliability
- Promote operational efficiency.

For example, if personnel services valued at $40,000, supplies and equipment valued at $6,000, and equipment valued at $12,000, were donated to a sub-grantee during the program year, those values must be included under Revenues as Contributions and under Expenses as the respective objects of expenditure (i.e., salaries, supplies, equipment).
General ledger accounting structure

Expenditures of grant funds must be recorded in categories that mirror the grant award. All general ledger account entries must be supported by subsidiary records with the understanding that the program must be able to show with documentation (i.e., work sheet) that general ledger entries can be reconciled (traced) to the reimbursement claim.

<table>
<thead>
<tr>
<th>Cost basis: cash, accrual, and modified accrual</th>
<th>Accounting systems for California Service Corps programs may be on a cash, accrual, or modified accrual basis. However, reimbursement requests submitted to California Service Corps can only be made on a cash basis.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash basis</td>
<td>Revenue is recognized as earned when payment is received. Similarly, costs are recognized as expenses when the bills are paid, not when the bills are incurred.</td>
</tr>
<tr>
<td>Accrual basis</td>
<td>Revenue is recognized as earned when the transaction occurs regardless of the period in which the related cash is collected. Costs are recognized as expenses and matched with the revenue of the period to which they relate, regardless of when the actual bills are paid.</td>
</tr>
<tr>
<td>Modified accrual</td>
<td>A compromise between the cash and accrual systems and is used by most governmental units. Revenues are recognized either when they are received in cash (e.g., licenses or fines), or when collection of the amounts can be reasonably estimated to be received in the near future (e.g., property tax.) Expenses are generally recognized in the period in which goods and services are received or a liability is incurred.</td>
</tr>
</tbody>
</table>

6: Effective Budgetary Controls

The budget is a central part of fiscal control which, when compared to actual spending, can provide important information about variances from the original spending plan. To produce useful budgetary information:

- Design an effective accounting system
- Set up the budget control process
- Accumulate monthly expenditures
- Compare actual expenditures to budget
- Make appropriate revisions
7: Documented Time and Activity Reporting

All salaries and wages charged to AmeriCorps grants must be supported by signed Time and Attendance records. Sub-grantees must maintain written cost allocation procedures and individual time distribution records which allow sub-grantees to identify and segregate costs chargeable to the grant. Exceptions to time and attendance recordkeeping apply for State, Local, and Indian Tribal governments and educational institutions, which must comply with OMB A-87 and OMB A-21, respectively.

Required documentation includes the following:

- After-the-fact monthly activity report for each employee and member, signed by the employee or member and approved by a supervisor or other official of the organization;
- Time distribution records are required for those programs allocating an employee’s salary between an AmeriCorps grant and other funding source;

8: Meet Match Requirements and Properly Document In-Kind Contributions

All contributions, both cash and in-kind, must be properly valued and clearly identifiable from the grantee’s records, have adequate supporting documentation, and meet the criteria established by the appropriate circular (A-110 or A-102 implemented by 45 Code of Federal Regulations 2541).

9: Submit Accurate Reports On Time

Report in-kind contributions in financial statements and Financial Status Reports (FSRs). Submit, via the Web-Based Reporting System (WBRS), quarterly FSRs no later than 30 days after the end of the quarter and the final FSR no later than 90 days after the close of the grant. Prepare all financial reports with actual information drawn from the sub-grantee’s accounting system.

10: Maintain Good Internal Controls

Internal Controls make organizational operations more efficient by:

- Protecting organizational resources from waste, fraud, liability, and inefficiency
- Ensuring accuracy and reliability in accounting and operating information
- Securing compliance with company policies
- Evaluating the level of performance in all divisions of the organization
Examples of good internal controls

► Maintain adequate segregation of duties. The same employee should not authorize a purchase, record the purchase, sign the check, and reconcile the bank statement in the accounting system. Utilize the Separation of Duties Worksheet (Attachment 19) to ensure that your organization has adequate segregation of duties.

► Employ a tiered approval process for disbursement of funds. Set differing levels for approving purchases by, for example, requiring two signatures on checks for purchases over $1,000.

► Maintain documented policies and procedures.

► Establish an adequate review process for financial reports and budgets.

► Maintain adequate cash management procedures, such as monthly bank reconciliations.

► Ensure the physical safety of assets by insuring, maintaining, and tracking property.

► Establish and maintain a system to track members’ and employees’ time and activities; and

► Establish a system to follow-up on problems identified to ensure resolution.