



Grantee Financial Training

State FY 24-25

October 17, 2023

Introductions

Jill Roberts

- Director of Finance and Contracts

Shannon Scheurich

- ETP Fiscal Analyst

John Vo

- ETP Fiscal Analyst



Agenda

- ✓ Cost guidance
- ✓ Cost categories
- ✓ Allowable costs
- ✓ Accrual accounting
- ✓ Cost allocation
- ✓ Reimbursement payment requests
- ✓ Questions



Cost Guidance

Costs must be:

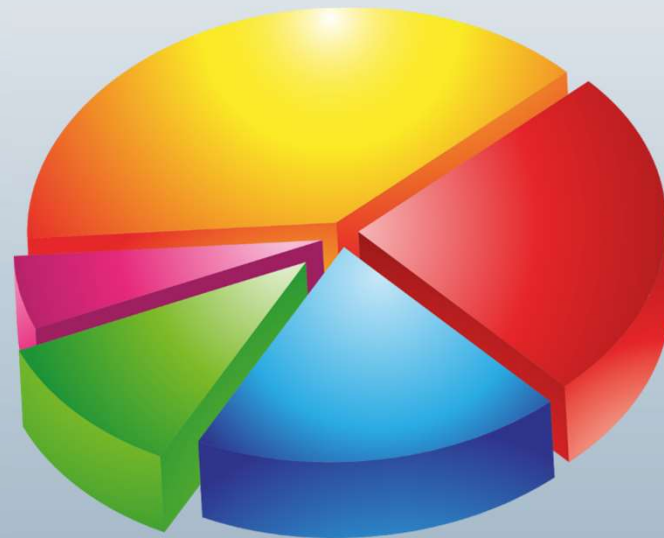
- Necessary
- Reasonable
- Allowable
 - Appropriately allocated
 - Consistently applied



Cost Category Definitions

Cost Categories

- Administrative Costs
- Direct/Career Services
- Direct Training
- Support Services
- Outreach



Administrative Costs

- DEED Policy 521 based on [Minnesota Statute 16B.98\(1\)](#), limits state grantees' administrative budget to no more than 10% of the award amount. If the award amount is not fully expended, the 10 % amount is based on the total expenditures for the grant.
- Administrative expenses can be greater or less than 10% on a given RPR, but must not exceed 10% of the total expenditures on the final RPR.

Administrative Costs

Administrative expenses are associated with functions not related to the direct provision of services to program participants. Examples include:

- Financial management
- Facilities management
- Audit, General legal, Human resources
- Automated systems
- Management of sub grantees
- Any contract that is “administrative” in function (HR, Accounting, Audit)

Administrative Costs

Expenditures for administrative staff (appropriately allocated and consistently applied) may include:

- Salary/fringe for admin staff (accountant, director, etc.)
- Operating costs (related to staff providing admin services - rent, phone, supplies, etc.)
- Negotiated overhead rate
- Travel and per diem

Direct Services or Career Services

Direct Services or Career Services are costs associated with providing direct services to participants, including:

- Case management/navigation for participants
- Assessments
- Development of the participant's Individual Employment Plan (IEP)
- Counseling and career planning
- Salary/fringe for staff involved in providing grant-specific services to participants

Direct Services continued

- Staff travel for staff involved in provider's grant-specific services to participants
- Staff training and development
- Short-term prevocational services and/or work readiness skills for participants
- Operating costs (related to staff providing direct/career services - rent, phone, supplies, etc.)
- Other participant costs

Note: If staff members are providing direct pre-vocational customer trainings, then staff time spent in the classroom and reasonable classroom preparation may be billed to this category.

Direct Training

Direct Training (also called Direct Customer Training) is for participant tuition and required books and fees, and may include:

- Credentialed and non-credentialed training
- Required school fees, books, and tools
- Required uniforms/boots for training
- Participant wages and fringe benefits related to work experience

Note: If staff or contractors are providing direct non-credentialed or credentialed customer training, staff time or contractor time spent in the classroom and reasonable classroom preparation may be billed to this category.

Direct Training continued

Direct Training expenditures must be:

- Part of the participant's IEP
- Pre-approved by the case manager/counselor/navigator
- Consistent with the Grantee's approved contract with DEED

Direct Training expenditures may not be obligated or incurred:

- Prior to the participant's Workforce 1 (WF1) date of enrollment
- Prior to the date the participant and the case manager/counselor/navigator have signed and dated the Individual Employment Plan (IEP).

Support Services

Support Services costs are for:

- Services and items considered necessary for a participant to remain in the program
- Reimbursements are for what was actually distributed to the participant. For example, if the grantee buys 100 bus cards but distributes only 20 of them, then we reimburse for only 20 cards.
- Reimbursements are for money spent, not the face value. (Ex. a \$40 bus card purchased for \$32).

Note: Participants are to be referred to community resources before incurring support service costs.

Support Services continued

Support Services expenditures must be:

- Part of the participant's IEP
- Pre-approved by the case manager/counselor/navigator
- Consistent with the Grantee's approved contract with DEED

Support Services expenditures may not be obligated or incurred:

- Prior to the participant's Workforce 1 (WF1) date of enrollment
- Prior to the date the participant and the case manager/counselor/navigator have signed and dated the Individual Employment Plan (IEP).

Support Services continued

Examples of support services:

- Basic school supplies
- Bus passes/gas cards
- Books and tools that are needed and not required in association with training
- Clothing required for work/interviews
- Class D driver license/government id renewal fees (not reinstatement or revoked)
- Housing/rental assistance
- Health and medical assistance
- Personal counseling
- Reasonable car repair, if related to getting to work/training

Support Services continued

- The grantee must have a Support Service policy
- Supporting documentation must be in the name of the participant
- Support Services expenditures must be traceable to the initial source
- Participants must sign for durable goods (bus and gas cards, clothes, etc.)



Outreach Costs

Outreach costs include the promotion of grant specific services.

Examples of allowable outreach costs:

- The recruitment of personnel required by the grantee for performance of the award
- Program outreach to meet the requirements of the award
- Table/space rental to promote grant services at career fairs/hiring events/community events
- Costs of displays and exhibits
- Costs of meeting rooms used in conjunction with shows and other special events
- Costs of advertising media and related administrative costs

Outreach Costs continued

If there is no Outreach category on the RPR, then capture the approved outreach activities as follows:

- Administrative outreach activities (the recruitment of personnel required by the grantee for performance of the award, etc.) are billed as administrative costs
- Activities related to outreach, program costs, job development, (advertising grant approved services in a local paper, for example) are billed to direct service
- Salary/benefits of employees engaged in setting up and displaying exhibits are billed to direct services
- Purchase of tents and tables are billed to direct services

Outreach Cost continued

Examples of unallowable outreach costs:

- Costs of meetings and conventions related to other activities
- Costs of promotional items and memorabilia
- Costs of advertising to promote the grantee





Accrual Accounting

Accrual Accounting

Grantees (and sub-grantees/recipients) must separately account for the receipt, obligation, and expenditure of funds by award or fund source.

Obligations and expenditures must fall within the period of performance of the grant.



Accrual Accounting

- Transactions are recognized in the accounting period in which they occur
- Revenue is recognized when earned
- Expense is recognized when incurred
 - may be cash disbursement (gift/gas cards)
 - may be delivery of goods/services
 - may be costs due staff, contractor, or subgrantee

Accrual Accounting

Obligations

- Orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment during the same or a future period
- Legally binding
- Budget authority must be available

Note: Plans and budgets are not obligations (ear-marks)

Accrual Accounting

Examples of Obligations



Contracts and sub-grantee agreements

Purchase Orders

Gas/gift Cards

Training Enrollment

Accrual Accounting

Reporting Obligations

- Obligation remains if
 - Subgrantee work not begun
 - Goods/services not received by month-end/reporting period end
 - Gift card has not been disbursed
 - Training has not begun/drop date not passed

Note: If items are received/disbursed by the reporting period end, the action liquidates the obligation and it is reported as an expenditure.

Accrual Accounting

Unliquidated Obligations

```
graph TD; A[Unliquidated Obligations] --> B[Any obligation for which an accrued expenditure has not yet been incurred as of the reporting period end date]; A --> C[Unliquidated obligations should include amounts that will become due to subrecipients or subgrantees];
```

Any obligation for which an accrued expenditure has not yet been incurred as of the reporting period end date

Unliquidated obligations should include amounts that will become due to subrecipients or subgrantees

Accrual Accounting

Accruals (or accrued expenditures)

- Net increases (or decreases) in amounts owed for:
 - goods and other property received
 - services performed by employees or contractors
- Indirect expenses incurred

Accrual Accounting

Examples of Accruals

Invoices for goods and/or services received but not yet paid

Value of payroll and related fringes earned by employees at the end of the reporting period but not yet paid

Value of goods and/or services received but not yet invoiced

Amounts for training that has begun but not yet invoiced

Accrual Accounting

Accrual accounting records revenue and expenses when they occur and matches income and related expenses in the same fiscal period, regardless of the timing of the receipt or disbursement of actual cash.

For example, office supplies purchased (and received) in the month of April and paid in May when the credit card bill is received would be recorded in April under the accrual method of accounting.



Cost Allocation

Cost Allocation

The process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship.

Cost Allocation

Allowability = Allocability

A cost is allocable to a particular state or federal award or other cost objective if the goods or services involved are chargeable or assignable to that award or cost objective in accordance with **relative benefits** received.

Cost Allocation

Proportional Benefit

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit.



Cost Allocation

Each grantee must have an approved cost allocation methodology in place.

Methodologies may be based upon the type of expenditure.

Common methods include

- FTE
- Square Footage

INVOICE-Lease Costs
123 Mockingbird Lane
Yourtown, MN

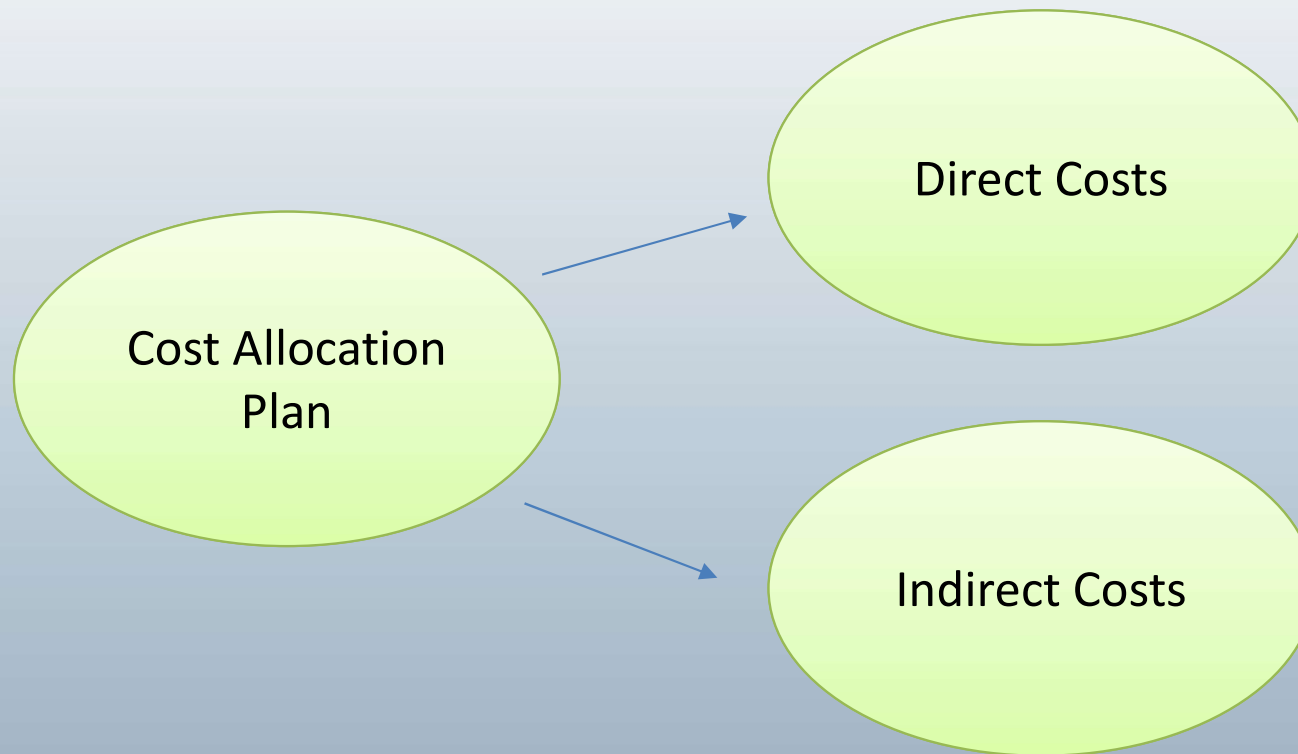
Square Footage 931
Cost/Sq Ft \$57.85

Total \$53,858

ALLOCATION METHOD #1-FTE			
	FTE	Allocated Cost	
Grant A	7.5	\$ 21,260	
Grant B	6.25	\$ 17,717	
Grant C	5.25	\$ 14,882	
	<hr/> 19	<hr/> \$ 53,858	

ALLOCATION METHOD #2-Square Footage			
	Footage	Allocated Cost	
	% of Lease		
Grant A	35%	\$ 18,850	
Grant B	34%	\$ 18,312	
Grant C	31%	\$ 16,696	
	<hr/> 100%	<hr/> \$ 53,858	

Cost Allocation



Cost Allocation

DIRECT COSTS

Costs that can be directly assigned to activities relatively easily and with a high degree of accuracy. Examples include:

- Salary for a case manager **who only** works with a particular grant
- Square footage of space occupied by the case manager
- Communications devices, such as a cellphone, used by the case manager
- Supplies used by the case manager

Cost Allocation

INDIRECT COSTS

- Administration and facilities costs incurred in support of multiple programs, but not a specific program cost
- Charged back to the program through an approved indirect cost rate or cost allocation plan
- Originate either within the recipient organization or department or another department that supports the overall organizational operations

Cost Allocation

Examples of Indirect Costs:

- Salaries for executive director, accountants, human resources staff, etc.
- Square footage of space occupied by indirect staff
- Communications devices, such as a cellphone, used by indirect staff
- Supplies used by indirect staff



Cost Allocation

Costs must be accorded consistent treatment.

- A cost may not be assigned to one grant as a direct cost and to another as an indirect cost.
- Costs may not shift from one cost objective to another to overcome funding deficiencies, avoid restrictions imposed by law or grant agreement, or other reasons.
 - From one grant to another grant
 - From administrative to program cost category
 - From direct to indirect cost or vice versa



Reimbursement Payment Request (RPR)

Reimbursement Payment Request (RPR)

- Costs must be requested based on actual expenditures incurred during reporting period, not budget divided by the number of months in the grant
- Costs must align with:
 - Grant legislative language/intent
 - Approved (work plan and budget) within the executed grant contract between DEED and grantee
 - Office of Grants Management policies
 - DEED policies
 - The grantee's internal policies and procedures

Sample RPR

FORM # MN-DEED-AFS-02 | 10.16

REIMBURSEMENT PAYMENT REQUEST (RPR)



Submit completed form via email to DEED.FSB@state.mn.us on or before the 20th of the month

SECTION 1:

* VENDOR ID - REMIT TO LOCATION CODE (SVIFT): 0000123456.001		* GRANT NAME: SFY23 - Employment and Training Programs (ETP) Sample Program		
* VENDOR NAME: ABC Nonprofit		* GRANT NUMBER: 35SAMPLE5000	SVIFT CONTRACT ID 123456	
REMIT TO ADDRESS: 2500 ABC Drive Minneapolis, MN 55404		GRANT PERIOD FROM: 07/01/2022	GRANT PERIOD TO: 06/30/2023	
		REIMBURSEMENT PERIOD FROM: 7/1/2022	REIMBURSEMENT PERIOD TO: 7/31/2022	
TYPE PREPARED BY: Jane Doe [SAMPLE]	PHONE: 612-555-1234	INVOICE NUMBER: 1	GRANT NUMBER: 3XX1234	FINAL: YES [] NO [X]
Required Signature: TYPE PREPARER EMAIL: FirstLastName@ABC.org		DEED PROGRAM CONTACT/PHONE: John [SAMPLE] 612-555-1234	DEED PROGRAM CONTACT EMAIL: FirstLastName@ABC.org	

SECTION 2: * DEED PROGRAM USE ONLY

SVIFT PO ID	PO LINE	AMOUNT	FUND	FIN DEPT ID	APPROP ID	ACCOUNT	AGENCY COST I	PROJECT ID
3-123456		\$ 200,000.00	2390	B2233APS	B223591	441603	55036	B225SAMPLE
TOTAL		\$ 200,000.00	NOTES:					

SECTION 3:

ACTIVITY ID	COST CATEGORY DESCRIPTION (PER APPROVED BUDGET)	A. APPROVED BUDGET	B. PREVIOUS REIMB. REQUEST	C. REIMB. REQUESTED THIS PERIOD	D. (B + C + D) TOTAL REIMB.	E. (A - D = E) AVAILABLE BALANCE	F. UNSPENT OBLIGATIONS
833	Administrative Costs	\$ 20,000.00	\$ -	\$ -	\$ -	\$ 20,000.00	\$ -
885	Direct Services	\$ 27,250.00	\$ -	\$ -	\$ -	\$ 27,250.00	\$ -
886	Direct Services-VR-GED-ABE	\$ 8,750.00	\$ -	\$ -	\$ -	\$ 8,750.00	\$ -
838	Direct Customer Training	\$ 140,000.00	\$ -	\$ -	\$ -	\$ 140,000.00	\$ -
828	Support Services	\$ 4,000.00	\$ -	\$ -	\$ -	\$ 4,000.00	\$ -
TOTAL		\$ 200,000.00	\$ -	\$ -	\$ -	\$ 200,000.00	\$ -

MATCH

ACTIVITY	A. AMOUNT TO BE CONTRIBUTED	B. PREVIOUS	C. THIS PERIOD	D. (B + C = D) CUMULATIVE
850 MATCH	\$ -	\$ -	\$ -	\$ -
PROGRAM INCOME		B.	C.	D.
ACTIVITY		PREVIOUS	THIS PERIOD	(B + C = D)
PROGRAM INCOME		\$ -	\$ -	\$ -

SECTION 4: COMMENTS

THIS IS THE SPACE TO PLACE ANY REMARKS OR ADDITIONAL COMMENTS AS NECESSARY.

SECTION 5: AGREEMENT & AUTHORIZED APPROVAL

By submitting this form, I certify that the request is in accordance with DEED cash management requirements and appropriate contract terms; the data reported is correct.

I certify that:

* Grantee does not have past due progress reports. - OR - * Grantee received a written extension for its progress report.

Grantee Authorized Signature _____ Date _____

DEED Program Authorized Signature _____ Date _____

RPR Continued

- The RPR should be submitted every month whether there are expenditures or not. If there are no expenditures, enter \$0.
- Any subgrantee/recipient expenses must be rolled up into one single RPR submitted to DEED using the same cost categories as the grantee.
- Grantees must use the form provided by DEED's Employment and Training Programs Division (ETP).
- There must be a separation of duty. The person preparing the form must be different than the person authorizing the payment request. The authorizer must have signature authority for the particular grant.

RPR Continued

- The completed RPR must be submitted to the DEED.FSR@state.mn.us e-mail account on or before the 20th of the month for the previous month.
- Documentation supporting costs must be retained and made available to DEED upon request
- New grantees will be required to submit the general ledger for the first month of the contract to ensure understanding of fiscal requirements



Common Mistakes

- Dates
- Cumulative carry over amount
- Rounding issues
- Preparer and approver cannot be same person
- Signature authority not on file or out of date
- Mathematical/formula errors
- Incorrect reimbursement period





Thank you for your participation today!

Here is the link where we will be posting:

Webinar

Q & A

Cost category definitions

Cost Matrix

<https://mn.gov/deed/programs-services/adult-career-pathways/>