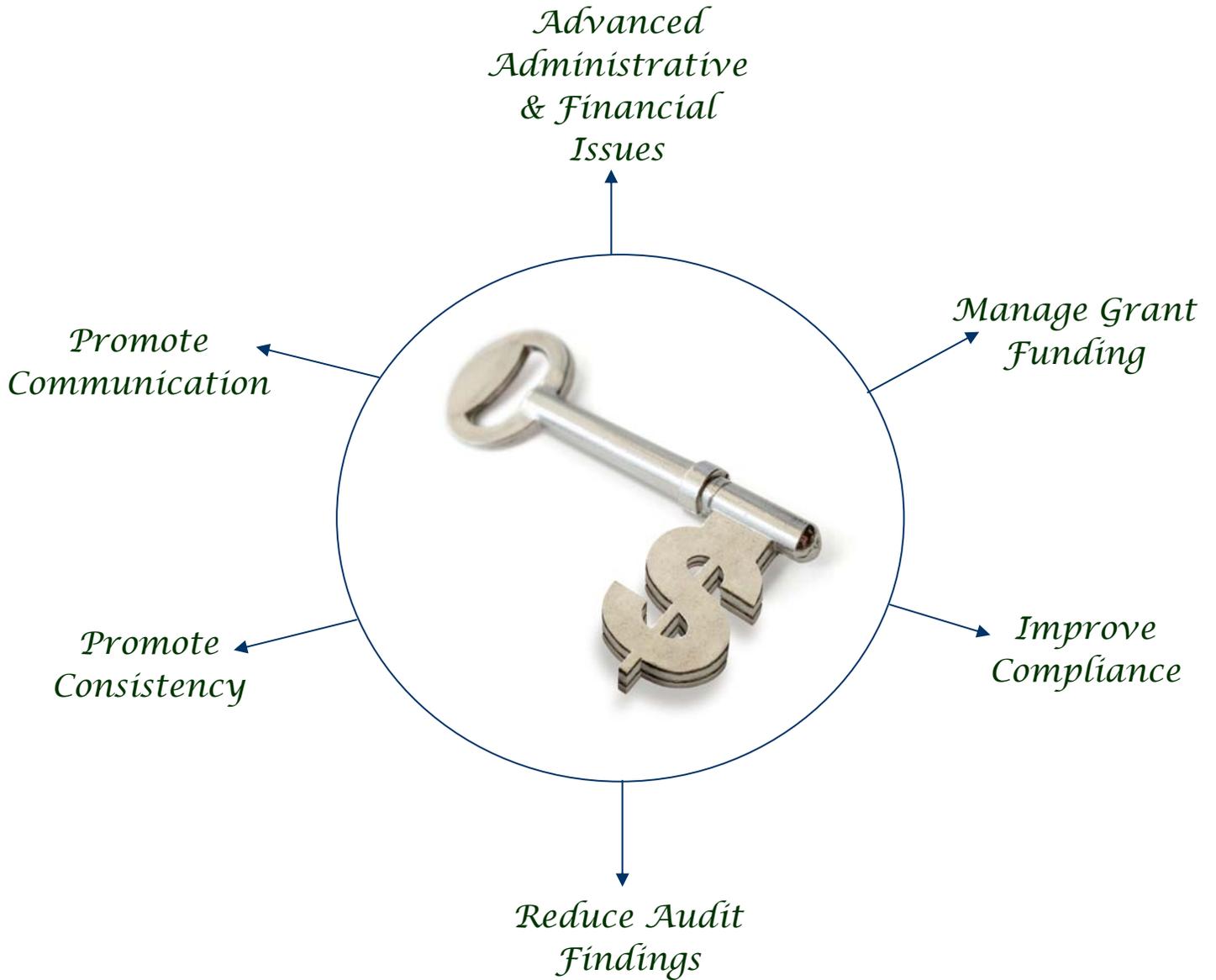


# Advanced Grants Management

## Course Workbook



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**1**

## **Advanced Grants Management Course**

Wildlife and Sport Fish Restoration

National Training Program

Sacramento, California

January 26-29, 2015

### **SUNDAY (Travel Day)**

Check-in

### **MONDAY**

#### **MORNING SESSION**

8:30 a.m. Welcome/Introductions/Getting Acquainted

Review Agenda

Course Goals and Objectives

#### **MORNING BREAK**

#### **MORNING SESSION (continued)**

IPAD Basics

WSFR Program Requirements

#### **LUNCH**

#### **AFTERNOON SESSION**

WSFR Program Requirements

#### **AFTERNOON BREAK**

#### **AFTERNOON SESSION (continued)**

WSFR Program Requirements

Review Day 1/Preview Day 2/Wrap-up

4:30 p.m. Adjourn

**TUESDAY**

MORNING SESSION

8:00 a.m. Review Day 1/Preview Day 2

Program Income

MORNING BREAK

MORNING SESSION (continued)

Program Income

LUNCH

AFTERNOON SESSION

In-Kind Match

AFTERNOON BREAK

AFTERNOON SESSION (continued)

In-Kind Match

Review Day 2/Preview Day 3/Wrap-up

4:30 p.m. Adjourn

**WEDNESDAY**

MORNING SESSION

8:00 a.m. Review Day 2/Preview Day 3

Federal Financial Report– Completing SF 425

MORNING BREAK

MORNING SESSION (continued)

Federal Financial Report– Completing SF 425

LUNCH

AFTERNOON SESSION

Real and Personal Property

AFTERNOON BREAK

AFTERNOON SESSION (continued)

Real & Personal Property

4:30 p.m. Adjourn

**THURSDAY**

MORNING SESSION

8:00 a.m. Review Day 3/Preview Day 4

Pass Through Agreements

MORNING BREAK

MORNING SESSION (continued)

Financial Systems and Cost Principles

LUNCH

AFTERNOON SESSION

Financial Systems and Cost Principles

AFTERNOON BREAK

Quiz Bowl

Instructor Round Table and Discussion

Course Review/Post-Course Survey/Certificates

4:30 p.m. Adjourn

**FRIDAY (Travel Day)**

Have a safe trip home!

2

## Goals and Objectives

Welcome to USFWS – Wildlife and Sport Fish Restoration Program’s National Training. The goal of training is to:

Provide a systematic and ongoing national training program to develop basic and specialized grants management knowledge and skills that result in the consistent and sensible application of regulations, processes, and decisions in the grant programs administered by WSFR Program

The purpose of the Advanced Grants Management Course is to provide a conceptual and working knowledge of ADVANCED administrative and financial issues in managing grants administered by WSFR Program.

### Course Goal

To more effectively manage grant funding, improve compliance with administrative and financial rules and regulations, reduce audit findings, and promote consistency and communication.

### Course Objectives

Increase participant’s knowledge, skills, and abilities on

- Funding sources and methods of funds distributed for various grant programs administered by WSFR: and the Acts, Rules, and Regulations governing these grant programs
- Administrative compliance requirements including subrecipient monitoring
- Issues arising from management and monitoring of grant funds, spending mandates, and grant awards
- Accessibility of professional contacts across state and regional boundaries to assist in solving grant administrative and financial issues

3

**Objectives:**

1. Identify the special conditions, requirements and spending mandates in the Wildlife Restoration and Sport Fish Restoration Acts
2. Explain the requirements and/or mandates relating to Wildlife Restoration Program including hunter education
3. Explain the requirements and/or mandates relating to Sport Fish Restoration Program including aquatic education, freshwater and marine fisheries and boating access
4. Recognize the need for monitoring legislation affecting the State Fish and Wildlife Agency
5. Describe the purpose and process of certifying hunting and fishing license holders and the importance of accurately reporting this information on the annual certification
6. Analyze license counts to be included in an annual license certification in accordance with the rules and regulations
7. Discuss the strategies for allocating and managing the requirements and mandates for both Wildlife Restoration and Sport Fish Restoration
8. Explain how apportionments are obligated for approved grant awards, deobligated, recovered, reverted or returned

## License Certification Process

The Wildlife Restoration and Sport Fish Restoration Acts require the States to annually certify the number of persons holding paid licenses to hunt or fish for sport or recreation. The license certification counts are used in the apportionment formula; therefore it is critical that States prepare the license certification correctly.

The State prepares the Annual License Certification after official notification from the UFSWS each year. The information is certified as accurate by the Director of the State fish and wildlife agency

The counts are reviewed by the Washington Office and the Regional Office. If a State's certification shows an increase or decrease of greater than 5% in the number of certified paid license holders, WSFR will request an explanation from the State, determine reasonableness.

Once this process is complete, the license data is used to calculate and produce the apportionment to each State and Territory.

Notes:

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50 CFR 80.30-39



**Exercise: Preparing the License Certification – Annual Licenses**

Using the Toolkit read **50 CFR 80.30-39**. After reading the guidance, answer the questions below for the State of Protection’s annual license certification. The State of Protection’s 2005 annual license sales information can be found on **Handout 3-7**.

1. How would the State of Protection count the X Combination Hunting and Fishing License?

Each holder would be counted once for hunting and once for fishing

50 CFR 80.33

2. What would the State need to do to properly count the H and KK licenses?

The State would have to ensure that the counts do not include duplicates.

Either by having their automated license system eliminated the duplicates or by another valid statistical methods that elements the duplicates.

50 CFR 80.31(3) and (4)

3. Could the State count the O license in the total of paid fishing licenses?

No since the O license requires the purchase of a B or X license these license holders are already counted. The O license sales should be ignored when totaling the paid fishing license holders 50 CFR 80.33

4. Does the price of the H license cause any concern? If so, what specifically is the concern?

50 CFR 80.34 requires that a license produce net revenue to the State to qualify as a paid license for the purpose of the License Certification. The State must be able to document that the license does produce net revenue.



**Exercise: Preparing the License Certification – Multiyear Licenses**

Answer the questions below relating to the State of Protection’s license certification. The State of Protection’s 2005 lifetime license sales information can be found on **Handout 5-1**. Make sure you read the notes section below the chart.

1. Can the State of Protection count the infant lifetime license holders as paid hunting or fishing license holders? Please explain your answer.

They can count valid licenses. Since the legal status of a license is State law it would depend on the language used in the State law. For example, if the law required Hunter Ed before the license was valid then the State would be required to eliminate for those holders who have not completed Hunter Ed  
Is the revenue in close approximation? Do it have to be annual or total?

2. Can the State of Protection count all the adult lifetime license holders? Please support your answer.

No the State would have to eliminate for death using a statistically valid Method. If the State revoked the privileges of lifetime holders if they moved out of state they would also account for those holders.

3. How does the State of Protection demonstrate that the lifetime licenses produced net revenue?

50 CFR 80.35 requires that a license produce net revenue to the State to qualify as a paid license for the purpose of the License Certification. The State must be able to document that the license does produce net revenue.

## Wildlife Restoration and Hunter Education Apportionments

### Wildlife Restoration

- Distribution based on land/water area and license certification
- Available for 2 years (unused funds must pass safety margins or revert)
- Eligible Wildlife Restoration projects:
  - Restore and manage wildlife for public benefit
  - Research
  - Obtain data to regulate hunting
  - Acquire real property for habitat or access to hunting or other wildlife dependent recreation
  - Build structures, acquire equipment or goods and services for habitat restoration and public access
  - Operate and maintain WSFR funded projects or non-WSFR funded facilities if necessary for WSFR-authorized activities
  - WSFR and other related program grant coordination

States/Territories receive four separate WR apportionments annually

- Wildlife Restoration
- Basic Hunter Ed
- Enhanced Hunter Ed
- Reverted Enhanced HE

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### Basic Hunter Education

- Distributed based on population
  - Available for 2 years (unused funds must pass safety margins or revert)
  - Eligible Basic HE projects:
    - May use for HE or WR
    - Hunter education (teach knowledge, skills, attitudes)
    - Construct, operate & maintain firearm and archery ranges
- 
-

## Enhanced Hunter Education

- Distributed based on population (\$8 million set aside)
- Eligible projects include:
  - Enhanced hunter development (introduce and recruit).
  - Enhanced interstate coordination of HE, firearm/archery range program
  - Enhanced programs for education, safety, or hunter and shooter development
  - Enhance construction & development of firearm & archery ranges
  - Update safety features of firearm & archery ranges
- 1 year availability
  - Funds not obligated or unspent for Enhanced HE unless transferred to Wildlife Restoration (if applicable) by the end of the fiscal year will revert
- Must use for Enhanced HE unless all Basic HE funds are used for HE
  - If all Basic HE funds are obligated for HE (no CY funds transferred to WR), Enhanced HE funds may be used on any WR project
  - If all Basic HE funds are obligated for HE (no CY funds transferred to WR), States/Territories are eligible for reverted Enhanced HE funds subsequent fiscal year

## Wildlife Restoration Enhanced HE Reverted Funds

- Reverted Enhanced HE funds made available to eligible States/Territories. the subsequent fiscal year
  - Distributed based on WR formula
  - Available for 2 years
  - Shown as separate apportionment
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**Learning Points**

- ✓ An accurate count of certified license holders is part of the apportionment formula for SFR and WR programs. Inaccurate reporting results in incorrect apportionment amounts and may result in audit findings
- ✓ Lifetime licenses may be counted as long as they provide net revenue to the State and the licensee remains a license holder in the year of certification
- ✓ Basic HE and WR funds are available for 2 years. The funds revert or recover based on safety margins
- ✓ Enhanced HE funds must be used for enhanced hunter education projects and are available for 1 year. After 1 year unobligated or unspent funds are reverted and re-apportioned as 2 year WR funds to eligible States
- ✓ SFR funds must be split between marine and freshwater projects in proportion to the estimated number of resident marine and freshwater anglers
- ✓ The SFR Act mandates at least 15% of the SFR apportionment be spent on boating access in a 5 year period using regional averaging
- ✓ Boating Access funds are available for a 5 year period and will revert or recover based on safety margins
- ✓ Funds used for Aquatic Education may not exceed 15% of the annual apportionment, including both marine and freshwater (Exception are insular territories and the District of Columbia. These may spend in excess of 15% with approval of the Regional Director)
- ✓ SFR funds are available for 2 years. The funds revert or recover based on safety margins. Freshwater, marine and aquatic education funds are one combined safety margin.
- ✓ Reverted funds for SFR are returned to the Trust Fund to be re-apportioned to the States (In addition to 57% distributed for grant programs)
- ✓ SFR funds are available for 2 years. The funds revert or recover based on safety margins. Freshwater, marine and aquatic education funds are one combined safety margin.

## State of Protection 2011 Annual License Sales

License	Description	Price	Count	Revenue
<b>Resident Hunting and Fishing Licenses</b>				
A	Annual Hunting License(Big Game and Small Game)	\$20	50,000	\$1,000,000
B	Annual Fishing	\$20	70,000	\$1,400,000
X	Combination Annual Hunting and Fishing License	\$30	120,000	\$3,600,000
H	6-Day Hunting (Small Game Only)	\$2	10,000	\$20,000
O	Trout Stamp (Annual Fishing License Required B or X)	\$10	70,000	\$700,000
<b>Non-Resident Hunting and Fishing Licenses</b>				
FF	Annual Fishing License	\$40	15,000	\$600,000
EE	Annual Hunting License	\$150	40,000	\$6,000,000
KK	3 – Day Fishing	\$15	50,000	\$750,000
OO	Trout Stamp (Annual Fishing License Required FF)	\$10	10,000	\$100,000

### State of Protection Lifetime License Sales

License	Description	Cumulative Sales	2011 Sales	Total License Holders
A-L	Adult Hunting	20,000	2,000	14,000
B-L	Adult Fishing	10,000	1,000	11,000
A- I	Infant Hunting	7,000	1,000	8,000
B-I	Infant Fishing	500	100	600

**Notes:**

The infant hunting (A-I) and fishing (B-I) is available for purchase for State residents 2 years of age and younger.

State law does not require a license for residents less than 12 years of age or greater 65 years of age.

All lifetime license revenue is deposited into an equity fund. State law specifies the principal shall be held inviolate. The State may use the increased market share for the purposes of administering the State fish and wildlife agency.

Lifetime license holders that no longer reside in the State retain their privileges.



## CY Basic HE Apportionment

**All Basic Hunter Education current year apportionment fully obligated for Basic Hunter Education projects?**

**Yes**

- **State may use Enhanced HE for Basic HE, Enhanced HE or transfer to WR for use on WR grants.**
- **State is eligible for reverted Enhanced HE funds.**

**No**

- **State is restricted to use Enhanced HE for Enhanced HE only or revert.**
- **State is ineligible for reverted Enhanced HE funds.**
- **Un-obligated or recovered Basic HE funds will be carried over and may cause concern in subsequent year.**



**FY2012 Preliminary Sport Fish Apportionment = \$1,800,000**

**State of Grace Sport Fish Restoration Grant Information**

Grant	Grant Title	Approved by FWS	Start Date	End Date	Total	Approved Federal Share	Approved State Share	Amount Obligated	Unobligated Balance
F-31-D-16	Trout Hatchery Operations	6/14/2011	7/1/2011	6/30/2012	\$2,000,000	\$1,500,000	\$500,000	\$1,500,000	\$0
F-7-D-12	Statewide Fisheries	6/18/2011	7/1/2011	6/30/2012	\$500,000	\$375,000	\$125,000	\$300,000	\$75,000
F-48-R-16	Statewide Fisheries Research	6/23/2011	7/1/2011	6/30/2012	\$400,000	\$300,000	\$100,000	\$0	\$300,000
FW-4-C-18	Coordination	6/25/2011	7/1/2011	6/30/2012	\$200,000	\$150,000	\$50,000	\$0	\$150,000
FW-8-T-5	Technical Assistance	7/6/2011	7/1/2011	6/30/2012	\$100,000	\$75,000	\$25,000	\$0	\$75,000
				<b>Totals</b>	<b>\$3,200,000</b>	<b>\$2,400,000</b>	<b>\$800,000</b>	<b>\$1,800,000</b>	<b>\$600,000</b>

**State of Grace Month Project Cost Estimates**

**Total Project Costs**

	F-31-D-16	F-7-D-12	F-48-R-16	FW-4-C-18	FW-8-T-5	Total
July	95,000	45,000	35,000	18,000	8,000	201,000
August	100,000	45,000	30,000	18,000	10,000	203,000
September	110,000	45,000	30,000	20,000	15,000	220,000
October	120,000	50,000	30,000	16,000	10,000	226,000
November	160,000	35,000	30,000	16,000	7,000	248,000
December	160,000	35,000	30,000	16,000	7,000	248,000
January	345,000	35,000	30,000	16,000	6,000	432,000
February	345,000	35,000	30,000	16,000	7,000	433,000
March	210,000	35,000	30,000	16,000	7,000	298,000
April	125,000	35,000	45,000	16,000	7,000	228,000
May	120,000	35,000	45,000	16,000	8,000	224,000
June	110,000	70,000	35,000	16,000	8,000	239,000
<b>Total Costs</b>	<b>2,000,000</b>	<b>500,000</b>	<b>400,000</b>	<b>200,000</b>	<b>100,000</b>	<b>3,200,000</b>



2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
	500K						
	100K						
	100K						
Oblig. >		200K					
Safety Margin		200,000					

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2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
	500K	300K					
	100K						
	100K						
Oblig. >		200K					
Unoblig. >		300K					
Safety Margin		200,000					

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2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
	500K	300K	500K				
	100K						
	100K						
Oblig. >		200K					
Unoblig. >		300K					
Safety Margin		200,000					

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2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
	500K	300K	500K				
	100K	100K					
	100K	200K					
Oblig. >		200K	300K				
Unoblig. >		300K					
Safety Margin		200,000					

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2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
	500K	300K	500K				
	100K	100K					
	100K	200K					
Oblig. >		200K	300K				
Unoblig. >		300K					
Safety Margin		200,000					

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2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
	500K	300K	500K				
	100K	100K	100K				
	100K	200K					
Oblig. >		200K	300K	100K			
Unoblig. >		300K					
Safety Margin		200,000	Safety Margin	100,000			

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2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
500K	300K	500K	400K				
100K	100K	100K					
100K	200K						
Oblig. >		200K	300K	100K			
Unoblig. >		300K	400K				
Safety Margin		200,000	100,000				

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2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
500K	300K	500K	400K	500K			
100K	100K	100K					
100K	200K						
Oblig. >		200K	300K	100K			
Unoblig. >		300K	400K				
Safety Margin		200,000	100,000				

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2014		2015		2016		2017	
Old	New	Old	New	Old	New	Old	New
500K	300K	500K	400K	500K			
100K	100K	100K	400K				
100K	200K						
Oblig. >		200K	300K	100K	400K		
Unoblig. >		300K	400K				
Safety Margin		200,000	100,000				

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	2014		2015		2016		2017	
	Old	New	Old	New	Old	New	Old	New
	500K	300K	500K	400K	500K			
	100K	100K	100K	400K	200K			
	100K	200K			200K			
Oblig. >	200K	300K	100K	400K	400K			
Unoblig. >	300K	400K						
Safety Margin	200,000	100,000	400,000					

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	2014		2015		2016		2017	
	Old	New	Old	New	Old	New	Old	New
	500K	300K	500K	400K	500K	100K		
	100K	100K	100K	400K	200K			
	100K	200K			200K			
Oblig. >	200K	300K	100K	400K	400K			
Unoblig. >	300K	400K						
Safety Margin	200,000	100,000	400,000					

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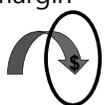
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### What happens if money comes back?

- 2014 grant of \$100,000 closes in FY 2017
- Only \$60,000 was spent
- To be recovered, the remaining \$40,000 must 'pass through' 2014 safety margin and each subsequent safety margin



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	2014		2015		2016		2017	
	Old	New	Old	New	Old	New	Old	New
	500K	300K	500K	400K	500K	100K		
	100K	100K	100K	400K	200K	40K		
	100K	200K			200K			
Oblig. >	200K	300K	100K	400K	400K			
Unoblig. >	300K		400K		100K			
Safety Margin	200,000	100,000	400,000	400,000	400,000			
Unused FY14)	-40,000	-40,000	-40,000	-40,000	-40,000			
	160,000	60,000	360,000					

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### What happens if more money comes back?



- Another \$100,000 2014 grant closes in FY 2017 and only \$25,000 was spent
- The remaining \$75,000 must pass through the safety margin in order to be recovered



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	2014		2015		2016		2017	
	Old	New	Old	New	Old	New	Old	New
	500K	300K	500K	400K	500K	100K		
	100K	100K	100K	400K	200K	40K		
	100K	200K			200K			
Oblig. >	200K	300K	100K	400K	400K			
Unoblig. >	300K		400K		100K			
Safety Margin	200,000	100,000	400,000	400,000	400,000			
	-40,000	-40,000	-40,000	-40,000	-40,000			
	160,000	60,000	360,000					
	-75,000	15,000	60,000					
	85,000	60,000						

15K Reverts

60K passes through the Safety Margin

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## What happens to reverted funds?



- Returned to USFWS
- Used in Service's Migratory Bird Program



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## What happened to the FY15 Safety Margin?



- Safety Margin was reduced to zero balance
- Any additional FY15, or prior, unused balances will revert

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## What happens to the \$60K which passed through the FY15 Safety Margin?



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	2014		2015		2016		2017	
	Old	New	Old	New	Old	New	Old	New
	500K	300K	500K	400K	500K	100K		
	100K	100K	100K	400K	200K	40K		
	100K	200K			200K	60K		
Oblig. >	200K	300K	100K	400K	400K			
Unoblig. >	300K		400K		100K			
Safety Margin	Safety Margin		Safety Margin		Safety Margin			
	200,000		100,000		400,000			
	-40,000		-40,000		-40,000			
	160,000		60,000		360,000			
	-75,000		-75,000		-60,000			
	85,000		0		300,000			

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**Remember!**  
A Safety Margin...




- establishes maximum amount of money with a 2nd year of availability remaining
- is established at end of each FY
- is determined by amount of 'new' \$\$ obligated
- is established annually for WR and BHE

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**Safety Margins**



- Unused Balances must "pass through" each Safety Margin, starting with year of obligation, to determine if \$\$ can be re-obligated
- Unused Balances that can't "pass through" the Safety Margin REVERT

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Obligate \$\$ after it's apportioned  
(But not more than you plan to spend!)

Spend \$\$ after it's obligated

Close grants in a timely manner

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# Wildlife Restoration Act

11% tax on firearms and ammunition

10% tax on pistols, handguns and revolvers

11% tax on bows, quivers, broadheads, points  
\$.48 per arrow shaft

Revenue transferred or deposited to the account

+

Wildlife Restoration Account

Interest earned on fund

-

North American Wetlands Conservation Fund

Deductions from account

-

WSFR Administration  
\$\$ based on 2000 Improvement Act

\$3 M  
Multistate Conservation Grant Program

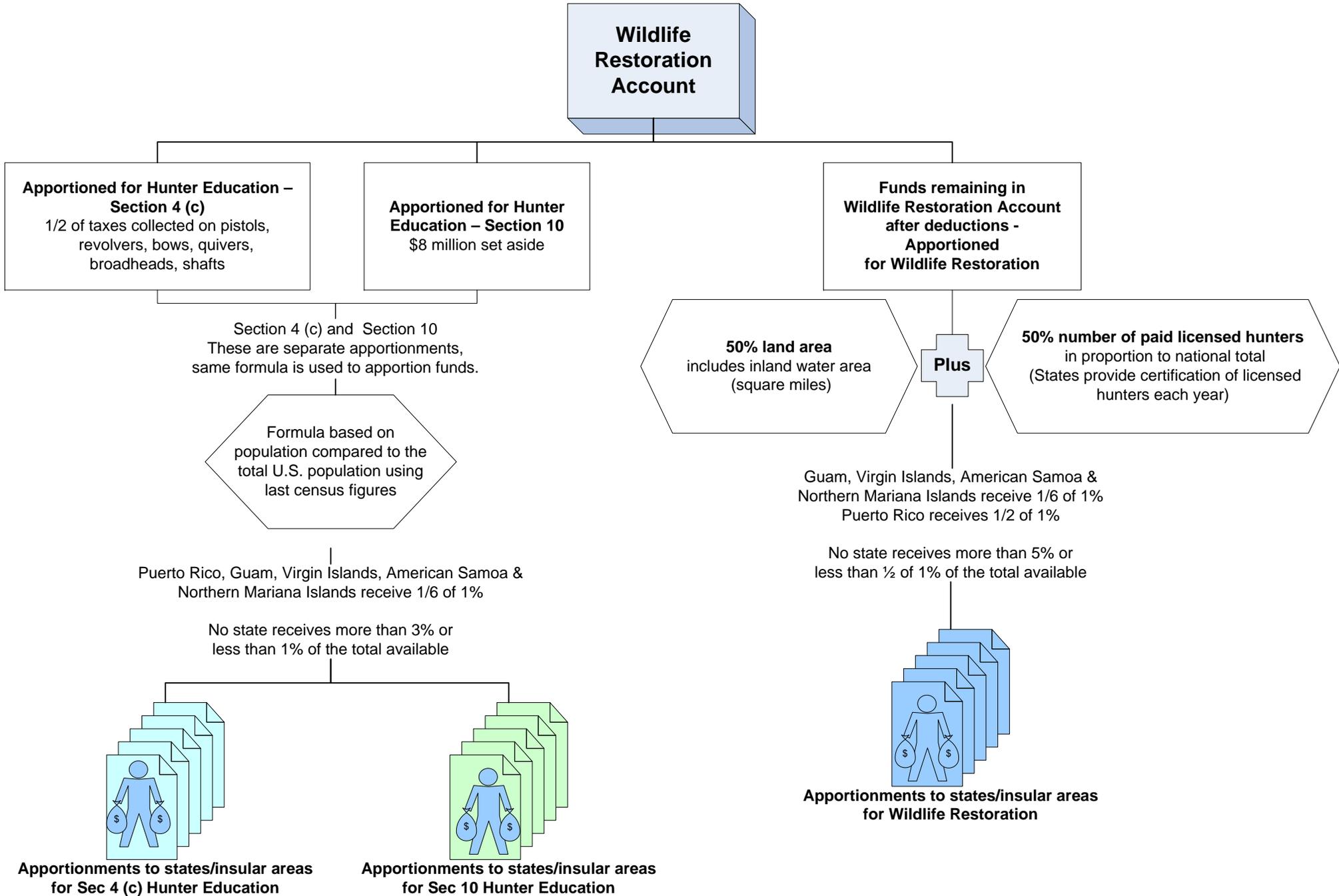
\$8 M  
Section 10 Hunter Education & Shooting Range Enhancement

Section 4 (c)  
1/2 of taxes collected on pistols, revolvers, bows, quivers, broadheads, shafts, apportioned to states/insular areas  
Hunter Education

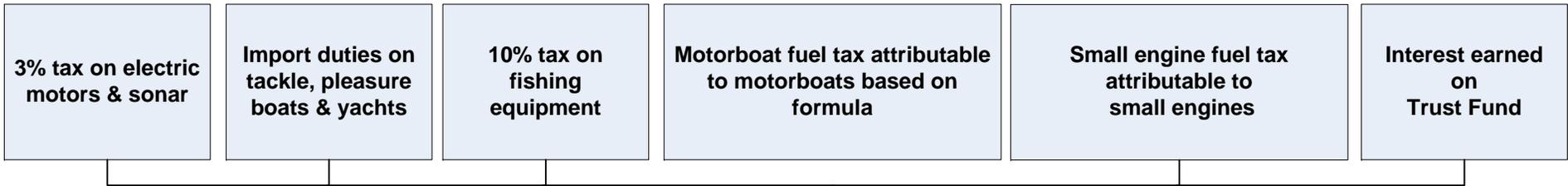
Distribution of remaining funds

Apportioned to states/insular areas for Wildlife Restoration Program

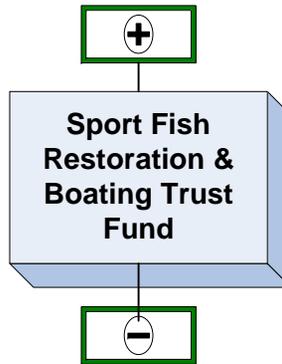
# Wildlife Restoration Program Apportionment Formula



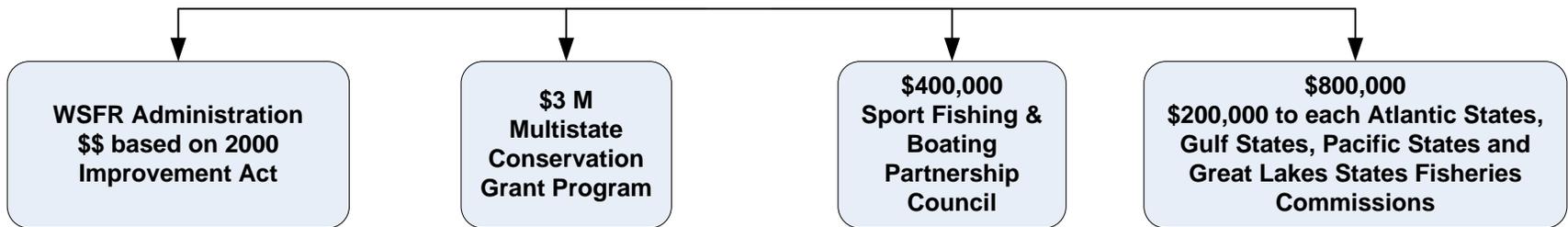
# Sport Fish Restoration Act



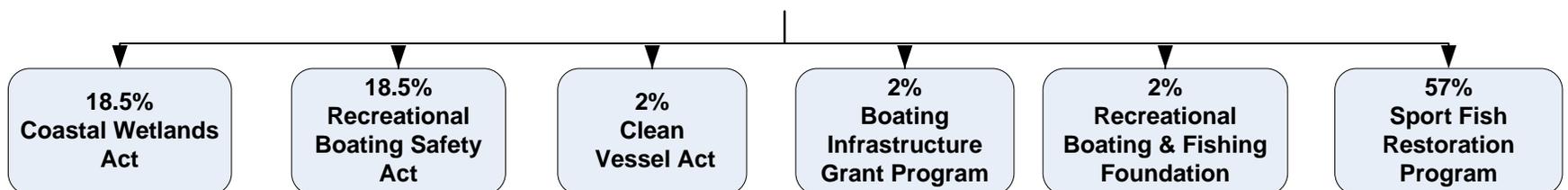
Revenue transferred or deposited to the Trust Fund



Deductions from the Trust Fund



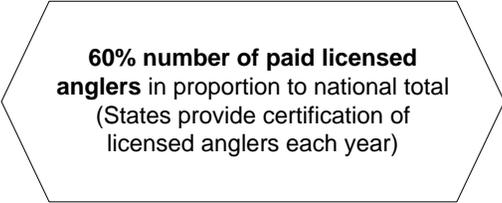
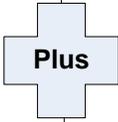
Distribution of remaining funds



# Sport Fish Restoration Program Apportionment Formula

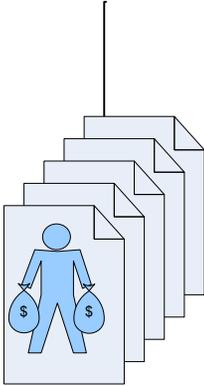


SFR Program receives 57% of funds remaining in Trust Fund after deductions annually



Puerto Rico receives 1%  
District of Columbia, Guam, Virgin Islands, American Samoa & Northern Mariana Islands receive 1/3 of 1%

No state receives more than 5% or less than 1% of the total available

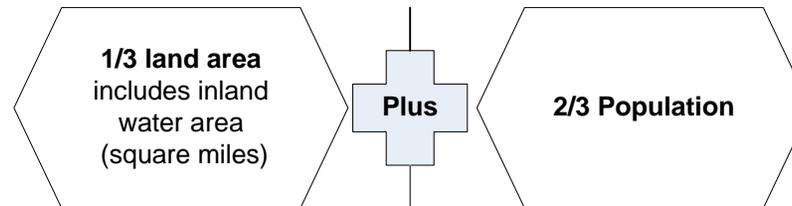


Apportionments to states/insular areas

# State Wildlife Grant Program Apportionment Formula



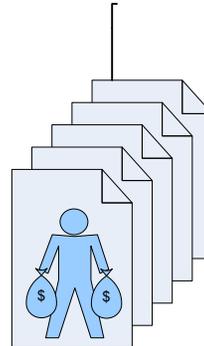
Funds appropriated annually less amount allocated to Tribal  
Wildlife Grants and 3% for WSFR Administration



District of Columbia and Puerto Rico receive 1/2 of 1%

Guam, American Samoa, Northern Mariana Islands,  
Virgin Islands receive 1/4 of 1%

No state receives more than 5% or  
less than 1% of the total available



Apportionments to states/insular areas

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**Objectives:**

1. Define program income
2. Describe and demonstrate the methods of handling program income
3. Explain the treatment of proceeds from the sale of property as program income
4. Discuss the documentation and reporting of program income
5. Discuss program income earned by non-profit and for-profit sub-grantees

## Program Income

The definition of program income is **gross** income received by the grantee or subgrantee **directly generated** by a grant supported activity, or earned only as a result of the grant award **during the grant period**. “During the grant period” is the time between the effective date of the award and the ending date of the award reflected in the final financial report. Grantees are encouraged to earn income to defray program costs.

### Program Income Criteria

- Earned during grant period
- Earned by grantee or subgrantee
- Direct result of grant funded activity

### Grant Supported Activities

Income generated during the grant period as a result of grant supported activities is considered program income.

After the grant is closed, if the activities are supported with revenue from license fees any income received has the same restrictions as license fee revenues (i.e. used for the administration of the Fish and Wildlife Agency).

Incidental costs in the generation of program income may be deducted from gross income to determine program income, if authorized by regulation or grant



## Real Property Acquired with Federal Funds

Disposal of real property acquired with federal funds requires prior approval from the FWS Regional Director, even if the grant is closed. The Regional Director and State negotiates disposal terms.

An exception exists for timber and other renewable resource sales. While timber, grazing and crop sharing is not considered real property, income generated from these items on property acquired with federal funds while the grant is open is considered program income. If the grant is closed the income must be treated as license fee revenue and be used for the administration of the Fish and Wildlife Agency.

Real property disposal is not program income, consult your WSFR Regional Office for specific disposal directions.

 2 CFR 200.311(c)

## Personal Property

Proceeds from the sale of personal property acquired with **federal funds** may be required to be returned to the federal program. However, States are required to manage, use and dispose equipment in accordance with State laws.

Is the income from disposal program income? Only if the original acquisition grant is open. Otherwise, the net proceeds are considered license revenue.

A processing fee may be withheld from the sale of personal property, if required by State law or policy.

 2 CFR 200.313(a)(3)(b)

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**Exercise: Income Determination**

Using the **2 CFR 200.307** and **50 CFR 80.120-126** determine if the income in each scenario is program income, treated as license revenue, treated as program income or has no requirement.

1. Income is received as a result of issuing duplicate hunter education cards. The activities are supported in an open hunter education grant.

Program Income. It meets the criteria list in 50 CFR 80.120. The grant is

Open, the grantee received the income and it is a direct result of a grant

funded activity. Staff time and card stock are grant funded.

2. Revenue is received from timber sales on land acquired with license revenue. The activities are being managed by an open WR grant. Managing timber for wildlife habitat is listed as an activity in the project statement.

Program income, it meets the the criteria listed in 50 CFR 80.120. The direct

result nexus may be broken by removing the area from the O&M grant for

that funding period.

3. The fish and wildlife agency sells a surplus vehicle that was acquired on a WR grant. The grant is now closed and did not contain any conditional statements relating to equipment disposition. The fair market value of the vehicle is \$5,500.

Not program income. Revenue is to be treated as license revenue. The

grant is closed therefore criteria for 50 CFR 80.120 is not meet. For States

Disposal of equipment follows their policies and procedures. 200.313(2)(b)

4. Income from coal royalties are received from land acquired with SWG grant. The grant is open at the time royalties are received.

Program income, only because the acquisition grant is open. This the only

instance of how mineral extraction could be program income. 2 CFR 200.207

5. The fish and wildlife agency received income from oil and gas royalties. The land was land acquired with a federal grant that has since closed. The land is currently being managed with State license revenue.

Mineral extraction can not be a direct result because it is not an eligible activity

revenue must treated as license revenue



**Exercise: Income Determination**

6. A subrecipient (private marina) is collecting usage fees for a pump out facility that was renovated using a CVA grant. The grant was closed last year.

Not program income since the acquisition grant is closed. If there is a O&M grant the fees would be program income because they would meet the criteria for PI

7. The fish and wildlife agency sells a research vessel that no longer serves the useful purpose of the SFR grant (75/25) under which it was acquired. The grant is closed, but had a conditional statement in the award letter stating that equipment purchased with grant funds was to be used on this grant or other WSFR Program grants until no longer needed and proceeds from disposition after deducting disposal fees are to be returned to the grant program. The vessel was sold at auction for \$10,000 by the State Surplus Agency. The Surplus Agency charges a 10% fee for handling surplus equipment.

Not program income because the acquisition grant is closed, However, the Condition equires fees from disposal of the equipment to be returned to the program. That can be done by returning the sale proceeds via the program income method. Without the condition 200.313(2)(b)

8. The fish and wildlife agency received revenue generated from oil and gas royalties on land acquired with license revenue. The land is managed by an open WR grant. The activities listed in the project statement include maintaining roads.

Not program income. Activities associated with mineral extraction are not eligible, The roads are usually improved under the extraction agreement therefore road Maintenance As a direct result of a grant funded activity would not apply. 50 CFR 80.120

9. Revenue is received from the lease of a right of way on land acquired with a WR grant. The WR grant is closed and property is managed using license revenue.

Not program income, but it is a disposal of real property. Federal share of the revenue should be returned to the program.



**Exercise: Income Determination**

10. A subrecipient received income generated from the sale of timber on his land. The sale of timber resulted from managing wildlife habitat under an open SWG grant.

Special circumstance see Director's memo regarding LIP/SWG private landowners, Which states that private landowners will be treated as vendors under the SWG and LIP programs. Note: letter is in the toolkit

11. Bill's Bait Shop receives revenue from concession and bait shop operations on a State WMA. The WMA is managed with federal funds.

Not program income, because Bill's Bait Shop is a contractor not a subgrantee. If the State Received a portion of the sales then the amount they receive would be subject to PI. 50 CFR 80.120

12. The Wildlife Management Area supervisor enters into an agreement with a local farmer to allow the farmer's cattle to graze in an area that will not interfere with wildlife habitat. In exchange for grazing rights the farmer has agreed to perform fencing repairs on the WMA. The WMA is listed as a grant supported activity in the State's WR grant.

Not program income. Under 50 CFR 80.98 this is considered a cooperative farming arrangement. Must be noted that activity is occurring in project statement and annotated. In the SF 425 comment box.

13. The fish and wildlife agency sells land acquired with a WR grant. The agency receives market value for the property and does not replace the property. WSFR Program approved the sale in advance and instructed the agency to return the proceeds to the WR program.

Not program income, but instead this is disposal of real property. The proceeds from the transaction must be returned to the program, if you are not acquiring a replacement property. 50 CFR 80.137

## Disposal of Program Income

A State fish and wildlife agency may choose any of the three methods listed in 50 CFR 80.123 (b) for applying program income to Federal and non-Federal outlays. The agency may also use a combination of these methods. The method or methods that the agency chooses will apply to the program income that it earns during the grant period and to the program income that any subgrantee earns during the grant period. The agency must indicate the method that it wants to use in the project statement that it submits with each application for Federal assistance.



2 CFR 200.307 | 50 CFR 80.120-126

### Methods of using Program Income

- Deductive
  - Unless otherwise approved in the grant award use of program income defaults to deductive for States.
  - Gross program income received is applied to the total allowable project costs during the grant period. Exception: Net program income may be used if approved by WSFR Program
  - Program income reduces both the federal and non-federal share of project costs
  - Program income used in accordance with the deductive method shall not exceed total approved award amount
  - Excess program income may be applied to subsequent grant within same grant program
  - Must be deducted prior to requesting reimbursement (drawdown)

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**Deductive Method Example**

<b>Application (SF-424)</b>		<b>Financial Report (SF-425)</b>	
Federal	\$90,000	Total Expenditures	\$120,000
State	\$30,000	Less: Program Income	<u>\$4,000</u>
Program Income	\$4,000	Adjusted Total Outlays	\$116,000
Total	\$120,000	Federal (75%)	\$87,000
		State (25%)	\$29,000
<b>Amount Obligated in FAIMS: \$90,000</b>		<b>Notice that \$3,000 of the Obligation remains unliquidated</b>	

**Deductive Method – Misapplied Program Income (Excess Allowable Costs)**

<b>Application (SF-424)</b>		<b>Financial Report (SF-425)</b>	
Federal	\$90,000	Total Expenditures	\$160,000
State	\$30,000	Less: Program Income	<u>\$4,000</u>
Program Income	\$4,000	Adjusted Total Outlays	\$156,000
Total	\$120,000	Federal (75%)	\$90,000
		State (25%)	\$30,000
		State (Excess Allowable)	\$36,000
<b>Amount Obligated in FAIMS: \$90,000</b>			

**Deductive Method – Properly Applied Program Income (Excess Allowable Costs)**

**Application (SF-424)**

Federal	\$90,000
State	\$30,000
Program Income	\$4,000
Total	\$120,000

**Amount Obligated in FAIMS:  
\$90,000**

**Financial Report (SF-425)**

Total Expenditures	\$160,000
Less: Excess Allowable	<u>\$40,000</u>
Adjusted Total Outlays	\$120,000
Less: Program Income	<u>\$4,000</u>
Adjusted Total Outlays	\$116,000
Federal (75%)	\$87,000
State (25%)	\$29,000
State (Excess Allowable)	

**REMEMBER!**

When using the deductive method, cost overruns must be deducted from expenditures before deducting the program income

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**Methods of using Program Income (cont'd)**

- Additive
  - Gross program income is added to the funds committed to the award
  - Should be estimated in grant application
  - Must be approved in award
  - Amounts in excess of approved amount shall be used in accordance with deductive method
  - Must be used prior to requesting reimbursement (drawdown)

**Additive Method**

<b>Application (SF-424)</b>		<b>Financial Report (SF-425)</b>	
Federal	\$90,000	Total Expenditures	\$124,000
State	\$30,000	Less: Program Income	\$4,000
Program Income	\$4,000	Adjusted Total Outlays	\$120,000
Total	\$124,000	Federal (75%)	\$90,000
		State (25%)	\$30,000
<b>Amount Obligated in FAIMS: \$90,000</b>		<b>All Obligated Funds are Liquidated</b>	

**Methods of using Program Income (cont'd)**

- Cost Share Method
  - Gross program income is used to finance part or all of the non-federal matching requirement
  - Must be approved in award

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<b>Application (SF-424)</b>		<b>Financial Report (SF-425)</b>	
Federal	\$90,000	Total Expenditures	\$120,000
State	\$30,000	Federal (75%)	<u>\$90,000</u>
Program Income	\$4,000	Match Required	\$30,000
Total	\$120,000	Less: Program Income	\$4,000
		State	\$26,000
<b>Amount Obligated in FAIMS: \$90,000</b>		<b>All Obligated Funds are Liquidated</b>	

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## Program Income Banking

Program income is consider “banked” when a State (grantee) does not spend program income prior to drawing additional funds from the same financial assistance grant program or delays applying it to another grant in the same grant program.

### Compliance Issues Relating to Program Income Banking

- Payment requirements of 2 CFR 200
- The Cash Management Improvement Act
- Use of program income requirements in 50 CFR 80.124

Program Income earned on a grant must be spent within the grant period it was earned prior to making requests for payments. If a grant closes with undisbursed program income, the State and the WSFR Regional Office must agree to a method that complies with all applicable guidance.

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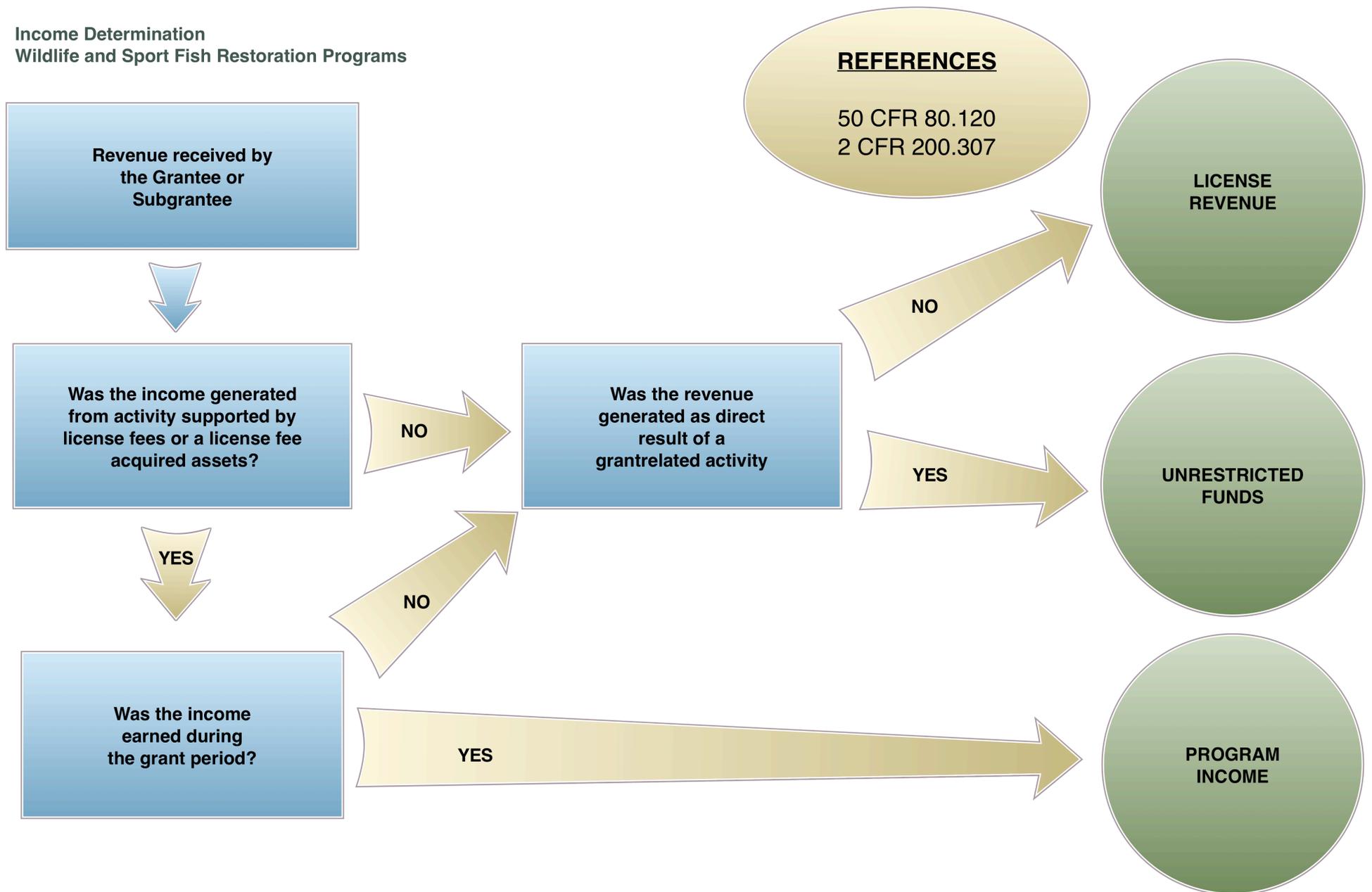
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### Learning Points

- ✓ Program income is defined as gross income received during the grant period generated by a grant supported activity
- ✓ There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise.
- ✓ The three methods of program income disposal are deductive, additive and cost share.
- ✓ Program income may not be banked. Disposal of program income must occur prior to requesting additional payments from the same grant program.
- ✓ Records must be maintained on program income received and these records retained for 3 years from the close of the grantee's fiscal year in which the income is used

Income Determination  
Wildlife and Sport Fish Restoration Programs



**Real Property** - Proceeds from the disposal of real property are not program income. Proceeds from the disposal of real property must be returned to the applicable program. Consult the FWS Regional Office for instructions. The disposal of real property requires prior approval from the FWS (50 CFR 137).

**Barter Transactions** - The exchange of goods or services for other goods or services without the use of cash. Barter transactions are to handled in accordance with 50 CFR 80.98.

**Governmental Revenues** - Taxes, special assessments, levies, fines, and other such revenues raised by a grantee or subgrantee are not program income unless the revenues are specifically identified in the grant agreement or Federal agency regulations as program income. 2 CFR 200.307(c)

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# Program Income

Applies to:

All grants and cooperative agreements

## Definition

*Program income* means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. (See §200.77 Period of performance.) Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them. See also §200.407 Prior written approval (prior approval). See also 35 U.S.C. 200-212 “Disposition of Rights in Educational Awards” applies to inventions made under Federal awards. (2 CFR 200.80)

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## 2 CFR 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS

### §200.307 Program income.

- (a) *General.* Non-Federal entities are encouraged to earn income to defray program costs where appropriate.
- (b) *Cost of generating program income.* If authorized by Federal regulations or the Federal award, costs incidental to the generation of program income may be deducted from gross income to determine program income, provided these costs have not been charged to the Federal award.
- (c) *Governmental revenues.* Taxes, special assessments, levies, fines, and other such revenues raised by a non-Federal entity are not program income unless the revenues are specifically identified in the Federal award or Federal awarding agency regulations as program income.
- (d) *Property.* Proceeds from the sale of real property or equipment are not program income; such proceeds will be handled in accordance with the requirements of Subpart D—Post Federal Award Requirements of this part, Property Standards §§200.311 Real property and 200.313 Equipment, or as specifically identified in Federal statutes, regulations, or the terms and conditions of the Federal award.
- (e) *Use of program income.* If the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award, or give prior approval for how program income is to be used, paragraph (e)(1) of this section must apply. For Federal awards made to IHEs and nonprofit research institutions, if the Federal awarding agency does not specify in its regulations or the terms and conditions of the Federal award how program income is to be used, paragraph (e)(2) of this section must apply. In specifying alternatives to paragraphs (e)(1) and (2) of this section, the Federal awarding agency may distinguish between income earned by the recipient and income earned by subrecipients and between the sources, kinds, or amounts of income. When the Federal awarding agency authorizes the approaches in

paragraphs (e)(2) and (3) of this section, program income in excess of any amounts specified must also be deducted from expenditures.

(1) *Deduction.* Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.

(2) *Addition.* With prior approval of the Federal awarding agency, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award.

(3) *Cost sharing or matching.* With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same.

(f) *Income after the period of performance.* There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. The Federal awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process. See also §200.343 Closeout.

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# Program Income - Wildlife Restoration and Sport Fish Restoration

This information applies to:

Wildlife Restoration Program, Sport Fish Restoration Program

## **50 CFR 80 Wildlife and Sport Fish Restoration**

### **Subpart I—Program Income**

#### **§ 80.120 What is program income?**

(a) Program income is gross income received by the grantee or subgrantee and earned only as a result of the grant during the grant period.

(b) Program income includes revenue from:

(1) Services performed under a grant;

(2) Use or rental of real or personal property acquired, constructed, or managed with grant funds;

(3) Payments by concessioners or contractors under an arrangement with the agency or subgrantee to provide a service in support of grant objectives on real property acquired, constructed, or managed with grant funds;

(4) Sale of items produced under a grant;

(5) Royalties and license fees for copyrighted material, patents, and inventions developed as a result of a grant; or

(6) Sale of a product of mining, drilling, forestry, or agriculture during the period of a grant that supports the:

(i) Mining, drilling, forestry, or agriculture; or

(ii) Acquisition of the land on which these activities occurred.

(c) Program income does not include:

(1) Interest on grant funds, rebates, credits, discounts, or refunds;

(2) Sales receipts retained by concessioners or contractors under an arrangement with the agency to provide a service in support of grant objectives on real property acquired, constructed, or managed with grant funds;

(3) Cash received by the agency or by volunteer instructors to cover incidental costs of a class for hunter or aquatic-resource education;

- (4) Cooperative farming or grazing arrangements as described at § 80.98; or
- (5) Proceeds from the sale of real property.

**§ 80.121 May an agency earn program income?**

A State fish and wildlife agency may earn income from activities incidental to the grant purposes as long as producing income is not a primary purpose. The agency must account for income received from these activities in the project records and dispose of it according to the terms of the grant.

**§ 80.122 May an agency deduct the costs of generating program income from gross income?**

(a) A State fish and wildlife agency may deduct the costs of generating program income from gross income when it calculates program income as long as the agency does not:

(1) Pay these costs with:

(i) Federal or matching cash under a Federal grant, or (ii) Federal cash unrelated to a grant.

(2) Cover these costs by accepting:

(i) Matching in-kind contributions for a Federal grant, or (ii) Donations of services, personal property, or real property unrelated to a Federal grant.

(b) Examples of costs of generating program that may qualify for deduction from gross income if they are consistent with paragraph (a) of this section are:

(1) Cost of estimating the amount of commercially acceptable timber in a forest and marking it for harvest if the commercial harvest is incidental to a grant-funded habitat- management or facilities-construction project.

(2) Cost of publishing research results as a pamphlet or book for sale if the publication is incidental to a grant-funded research project.

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## **Frequently Asked Questions**

### **[Program Income Banking](#)**



# United States Department of the Interior



FISH AND WILDLIFE SERVICE  
Washington, D.C. 20240

In Reply Refer To:  
FWS/AWSR/AIM/058368

SEP 18 2014

To: State Fish and Wildlife Agencies  
Secretary, Department of Natural Resources  
of the Commonwealth of Puerto Rico  
Governor of Guam  
Governor of U.S. Virgin Islands  
Governor of American Samoa  
Governor of Commonwealth of the Northern Mariana Islands  
Mayor of the District of Columbia

The purpose of this letter is to provide guidance to States for required use and disposition of income generated by a grant-supported activity or earned only because of the grant awarded by the U.S. Fish and Wildlife Service (Service) during the grant period. We are not changing any requirements with this letter, but rather summarizing existing guidance and resources to assist you in the proper disposition of program income.

The Office of the Inspector General (OIG) during its regular audits of Wildlife and Sport Fish Restoration Program (WSFR) grants identified the improper use and disposition of program income by several state fish and wildlife agencies. The attached Program Income Banking Guidance and FAQ (Enclosure) addresses questions on the required use and disposition of program income and provides guidance on the disposition of program income that some states have banked. The document will be stored and available for use by States and WSFR personnel in the Financial Assistance Wiki <http://fawiki.fws.gov/>.

Please contact your regional WSFR office for assistance in implementing these existing program income requirements. We look forward to helping you successfully implement this guidance.

Sincerely,

*Hannibal Bolton*  
Assistant Director, Wildlife and Sport Fish Restoration

Enclosure

# Program Income Banking Guidance and FAQs

## 1. What is program income?

“Program Income means gross income received by the grantee or subgrantee directly generated by a grant-supported activity, or earned only because of the grant award during the grant period. “During the grant period” is the time between the effective date of the award and the ending date of the award reflected in the final financial report.” (43 CFR 12.65(b)). This guidance on program income banking applies specifically to the federal share of program income.

## 2. What is program income banking?

Program income is “banked” when a State (grantee) does not spend program income prior to drawing additional funds from the same financial assistance grant program or delays applying it to another grant in the same grant program.

## 3. May a State bank program income?

No. 43 CFR 12.61(f)(2) requires program income to be spent prior to requesting additional payments.

## 4. What authorities are applicable to this guidance on program income banking for WSFR programs?

Excerpts of the applicable guidance are in Appendix 1 of this document.

- *43 CFR Part 12 Subpart C - Administrative and Audit Requirement and Cost Principles for Assistance Programs 12.46(c) Exceptions, 12.61 Payment and 12.65 Program Income*
- *50 CFR Part 80 - Administrative Requirements, Pittman-Robertson Wildlife Restoration and Dingell-Johnson Sport Fish Restoration Acts 80.123, 80.124, 80.125, and 80.126*

## 5. Does 50 CFR 80.124 give WSFR the flexibility to offer program income banking to States?

No. While 50 CFR 80 allows a State with unexpended program income on its final Federal financial report to use such income under a subsequent grant, nothing in this provision preempts the requirement under 43 CFR 12.61(f)(2), that such program income be expended before requesting additional payments.

**6. If program income is not a Federal payment or a drawdown of grant funds, does the Cash Management Improvement Act (CMIA) apply?**

Possibly. The Federal share of program income earned is Federal funds. Advanced federal payments are payments (drawdowns) a State receives when a State does not properly use the program income to offset requested payments (drawdowns). The CMIA requires States to minimize the period between the receipt of Federal funds and the payment out for expenditures. Retaining Federal funds beyond a minimal period may require a State to pay interest to the Federal agency. (See *31 CFR Part 205 - Rules and Procedures for Efficient Federal-State Funds Transfers; Final Rule (Cash Management Improvement Act)*).

**7. Does creating a grant and designating the undisbursed program income as the funding source resolve the program income banking issue?**

No. 50 CFR 80.124 does allow a State to establish a grant funded with the undisbursed program income. However, 43 CFR 12.61(f)(2) requires that a State apply all available program income to any project under the program before the State draws down any additional Federal funds under the program. If the State is continuing to draw down funds under the program, creating a grant and designating the undisbursed program income as the future funding source is not in compliance with 43 CFR 12.61(f)(2). Obligating the program income funds for a subsequent grant is not in itself considered a liquidation of the Federal funds.

It is acceptable if the State creates a grant using undisbursed program income and spends the program income funds before drawing down any new Federal funds under the program.

**8. How will WSFR handle program income funded grants in the future?**

Program income earned on a grant must be spent within the grant period it was earned prior to making requests for payments. If a grant closes with undisbursed program income, the State and the WSFR Regional Office must agree to a method that complies with 50 CFR 80.124, 43 CFR 12, and the CMIA, to expend such funds as soon as possible.

**9. If a State currently has banked program income, how can the State dispose of it?**

The WSFR Regional Office and affected State must agree in writing (i.e. grant award letter) to a method that spends all banked program income within the applicable periods:

AMOUNT OF BANKED PROGRAM INCOME	FINAL DATE TO SPEND
≤ \$ 500,000	January 31, 2015
\$ 500,001 – \$ 999,999	June 30, 2015
≥ \$1,000,000	June 30, 2016

**10. May a State use the cost share method for disposal of the banked program income?**

The use of cost share program income disposal method must have been approved in the original award letter.

**11. A portion of our undisbursed program income is income we received after the grant period ended. In the original grant, we stipulated that the income would be treated as program income rather than license revenue. Can that decision be reversed?**

Yes. For the purposes of "Program Income Banking", any income received after the close of a grant and is not a result of activities supported by a subsequent grant is not "Program Income" (43 CFR 12.65(b)). A State must fully substantiate through its financial, grant, and other records to its WSFR Regional Office the reclassification of "Program Income" to "Income Received After Grant Period." WSFR will consider such funds a portion of the State's license revenue (50 CFR 80.125). A State must submit revised SF-425 forms and any other documentation as may be reasonably requested by its WSFR Regional Office.

**12. What will happen if a State fails or neglects to spend all of the banked program income as was mutually agreed to with WSFR in the grant award letter?**

If a State has violated the provisions of 43 CFR Part 12, and demonstrates an unwillingness or inability to comply with this policy for corrective action, then the FWS may withhold all further payments (drawdowns) to a State under the grant program until the State expends the entire amount of banked program income.

## APPENDIX 1 - Excerpts from Applicable Guidance on Banked Program Income

*43 CFR Part 12 Subpart C - Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*

### **§12.61 Payment.**

*(f) Effect of program income, refunds, and audit recoveries on payment.*

(2) Except as provided in paragraph (f)(1) of this section, grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

### **§12.65 Program income.**

*g) Use of program income.* Program income shall be deducted from outlays which may be both Federal and non-Federal as described below, unless the Federal agency regulations or the grant agreement specify another alternative (or a combination of the alternatives). In specifying alternatives, the Federal agency may distinguish between income earned by the grantee and income earned by subgrantees and between the sources, kinds, or amounts of income. When Federal agencies authorize the alternatives in paragraphs (g) (2) and (3) of this section, program income in excess of any limits stipulated shall also be deducted from outlays.

*50 CFR 80 - Administrative Requirements, Pittman-Robertson Wildlife Restoration and Dingell-Johnson Sport Fish Restoration Acts*

### **§80.124 How may an agency use unexpended program income?**

If a State fish and wildlife agency has unexpended program income on its final Federal financial report, it may use the income under a subsequent grant for any activity eligible for funding in the grant program that generated the income.

### **§80.125 How must an agency treat income that it earns after the grant period?**

(a) The State fish and wildlife agency must treat program income that it earns after the grant period as either:

(1) License revenue for the administration of the agency; or

(2) Additional funding for purposes consistent with the grant or the program.

(b) The agency must indicate its choice of one of the alternatives in paragraph (a) of this section in the project statement that the agency submits with each application for Federal assistance. If the agency does not record its choice in the project statement, the agency must treat the income earned after the grant period as license revenue.

**§ 80.126 How must an agency treat income earned by a subgrantee after the grant period?**

(a) The State fish and wildlife agency must treat income earned by a subgrantee after the grant period as:

- (1) License revenue for the administration of the agency;
- (2) Additional funding for purposes consistent with the grant or the program; or
- (3) Income subject only to the terms of the subgrant agreement and any subsequent contractual agreements between the agency and the subgrantee.

(b) The agency must indicate its choice of one of the above alternatives in the project statement that it submits with each application for Federal assistance. If the agency does not indicate its choice in the project statement, the subgrantee does not have to account for any income that it earns after the grant period unless required to do so in the subgrant agreement or in any subsequent contractual agreement.

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**Objectives:**

1. Define in-kind match
2. Discuss when donated items and services are allowable costs
3. Determine how to properly value in-kind match
4. Identify the documentation requirements for in-kind match

## In-Kind Match

In-kind match refers to a donated service or non-cash contribution made by parties other than the grantee toward the accomplishments of the program goals.

To qualify under the guidance the non-cash contributions must meet the requirements listed below.

- Be documented in project records
- Not used to match another grant
- Provided for in the approved budget when required by the Federal awarding agency; and
- Necessary and reasonable for the accomplishment of project or program accomplishments objectives
- Allowable costs under 2 CFR 200 Subpart E- Cost Principles
- Valued according to guidelines found in 2 CFR 200.306
- Not paid from other Federal funds (Non-Federal source)
- Must occur within the effective dates of the grant. (land as match is an exception)

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2 CFR 200.306



### Exercise: Valuing In-Kind Match

Use **2 CFR 200.306** to determine the valuation of the following in-kind services. You may also need to consult **2 CFR 200 Subpart E** to determine the allowability of a cost.

1. Bobby Joe Hunter (an individual) is a volunteer instructor for the State's Hunter Education program. How would the agency value Bobby Joe's donation?

[2 CFR 200.306\(e\).Entry level LE? Who on staff does or would do this function? Rates](#)

[or third-party volunteers must be consistent with those paid by State for similar work.](#)

[A reasonable amount of fringe may be include.](#)

2. You enter into an agreement for the State prison to provide labor for grass mowing and cleanup at a State hatchery funded by a Sport Fish Restoration hatchery operations grant. The prison does not charge the State agency for the labor. Can the State agency claim the labor as in-kind? What if the prison were Federal?

[Yes, the donation is to be valued at the a reasonable market price. Typically minimum wage](#)

[Rate. If this was a Federal prison the donation could not be counted since it comes from a](#)

[Federal source. 2 CFR 200.306](#)

3. A conservation minded law firm decides to participate in the State's breeding bird survey. The survey is an activity in one of the State's approved State Wildlife Grants. Is the contribution in-kind? How would the contribution be valued?

[Yes, however you may not value the rate at the lawyers hourly rate. The work is not for similar](#)

[to the work they perform. Must value the donation at what the State would paid plus fringe.](#)

[2 CFR 200.306\(e\)](#)

4. A heavy equipment company donated the use of a dozer and an operator to a State boat access construction project funded by a Sport Fish Restoration grant. Are the donations allowable? If yes, then how would the donation be valued and documented?

[Yes current market value. What does the company typically charge for the service? State must](#)

[ensure rate is actually a market rate. Auditors will scrutinize this transaction.so make sure you](#)

[Have done the due diligence and have everything documented. 200.306\(f\) and \(g\)](#)



**Exercise: Valuing In-Kind Match (Cont.)**

5. The State agency has a stockpile of gravel purchased last year using State funds. They wish to use the gravel on an expansion of a parking lot on a State Wildlife Management Area (WMA) they have planned for next year. WMA parking lots are maintained using a Wildlife Restoration operations and maintenance grant. Can the cost of the gravel be an in-kind donation to the grant?

Yes most appropriate way to handle this charge would be through preaward costs. The State

Is not third-party to the grant. 2 CFR 200.209. If the State maintains stockpile of such items

Should be charged at their recognized pricing method see 2 CFR 200.453(b)

6. The State is conducting a waterfowl research project on property recently donated by private citizen. The research project is part of an approved Wildlife Restoration grant. Can the value of the property be used as match for the research project?

No, it is hard to imagine a scenario where renting the land is necessary to accomplish a

research project. Since the State owns the property the rental match is not necessary or

Reasonable (2 CFR 200.403)

7. Amy Aquatica is a volunteer in the State's aquatic resource education. She typically spends and documents 100 hours of preparatory time for each course. Can the State count the time she spent prepping for the course as in-kind match? Are there any concerns?

Yes, predatory time is allowable, but is 160 hours necessary to accomplish the

objectives of the grant? (2 CFR 200.403) If the time is not required it will be a disallowed cost.

## Documenting In-Kind Volunteer Time

- Must be verifiable from the records of grantees and subgrantee records.
- Volunteer services will be supported by the same methods that the organization uses to support the allocation of regular personnel costs.

**Improper documentation of in-kind match is one of the most frequent OIG audit findings.**

### Date Elements Required on Volunteer Time Sheet

- Volunteer name
- Name of activity
- Date of activity
- Hours worked
- Miles driven
- Volunteer signature
- Supervisory concurrence

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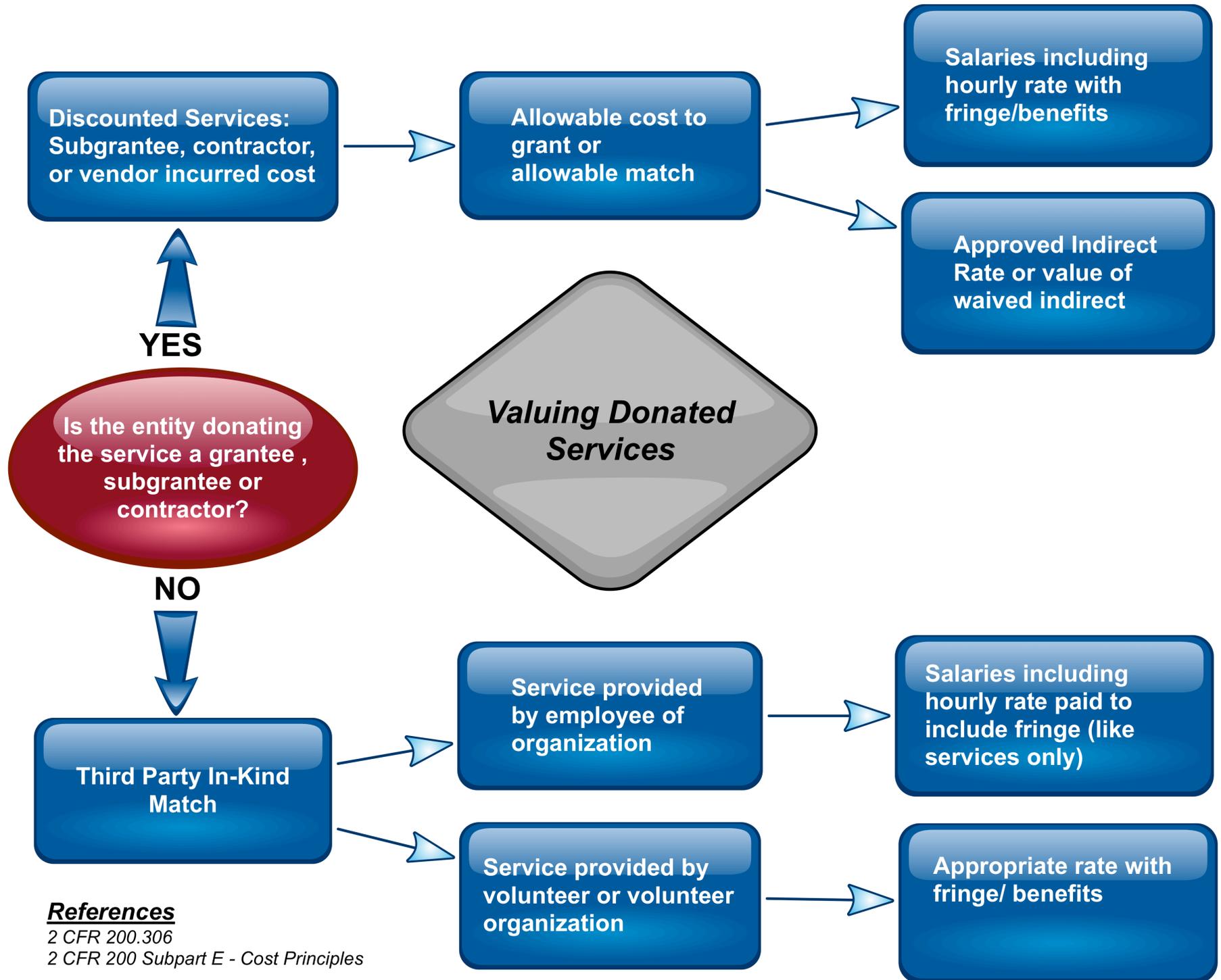
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### Learning Points

- ✓ In-kind match must meet the same criteria as other costs charged to the grant: allowable and necessary to accomplish grant activities.
- ✓ In-kind match must be properly valued according to 2 CFR 200.
- ✓ In-kind match must be adequately documented in grantee or subgrantee records.

# VALUING DONATED SERVICES



## References

2 CFR 200.306

2 CFR 200 Subpart E - Cost Principles

# In Kind Match

This information applies to:

*All grants and cooperative agreements*

## Definition

2 CFR 200.96

Third-party in-kind contributions means the value of non-cash contributions (i.e., property or services) that—

- (a) Benefit a federally assisted project or program; and
- (b) Are contributed by non-Federal third parties, without charge, to a non-Federal entity under a Federal award.

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## 2 CFR 200.306 Cost sharing or matching

(b) For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

- (1) Are verifiable from the non-Federal entity's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable under Subpart E—Cost Principles of this part;
- (5) Are not paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- (6) Are provided for in the approved budget when required by the Federal awarding agency; and
- (7) Conform to other provisions of this part, as applicable.

## 2 CFR 200.434 Contributions and donations

(a) Costs of contributions and donations, including cash, property, and services, from the non-Federal entity to other entities, are unallowable.

(b) The value of services and property donated to the non-Federal entity may not be charged to the Federal award either as a direct or indirect (F&A) cost. The value of donated services and property may be used to meet cost sharing or matching requirements (see §200.306 Cost sharing or matching). Depreciation on donated assets is permitted in accordance with §200.436 Depreciation, as long as the donated property is not counted towards cost sharing or matching requirements.

(c) Services donated or volunteered to the non-Federal entity may be furnished to a non-Federal entity by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not allowable either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the provisions of §200.306 Cost sharing or matching.

(d) To the extent feasible, services donated to the non-Federal entity will be supported by the same methods used to support the allocability of regular personnel services.

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## **Frequently Asked Questions**

### **How is the value determined for donated services?**

Volunteer services or unpaid services provided to a grantee or subgrantee by individuals will be valued at rates consistent with those ordinarily paid for similar work in the grantee's or subgrantee's organization. If the grantee or subgrantee does not have employees performing similar work, the rates will be consistent with those ordinarily paid by other employers for similar work in the same labor market. In either case, a reasonable amount for fringe benefits may be included in the valuation.

When an employer other than a grantee, subgrantee, or cost-type contractor furnishes free of charge the services of an employee in the employee's normal line of work, the services will be valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs.

### **How are volunteer donated services properly documented?**

To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs. In general this means time and activity reporting sheets should be completed and should include:

- Each volunteer by name
- The date volunteer hours were donated
- The number of hours volunteered
- The activity that was performed by the volunteer
- A signature of each volunteer
- A signature or initials of an authorized agency official who reviewed and approved the time and activity report

### **How is the value determined for donated supplies and loaned equipment or space?**

If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of donation.

If a third party donates the use of equipment or space in a building but retains title, the contribution will be valued at the fair rental rate of the equipment or space.

If a third party donates equipment, buildings, or land, and title passes to a grantee or subgrantee, the treatment of the donated property will depend upon the purpose of the grant or subgrant, as follows:

(1) *Awards for capital expenditures.* If the purpose of the grant or subgrant is to assist the grantee or subgrantee in the acquisition of property, the market value of that property at the time of donation may be counted as cost sharing or matching,

(2) *Other awards.* If assisting in the acquisition of property is not the purpose of the grant or subgrant, the following will apply:

- If approval is obtained from the awarding agency, the market value at the time of donation of the donated equipment or buildings and the fair rental rate of the donated land may be counted as cost sharing or matching. In the case of a subgrant, the terms of the grant agreement may require that the approval be obtained from the Federal agency as well as the grantee. In all cases, the approval may be given only if a purchase of the equipment or rental of the land would be approved as an allowable direct cost. If any part of the donated property was acquired with Federal funds, only the non-Federal share of the property may be counted as cost-sharing or matching.
- If approval is not obtained under paragraph (e)(2)(i) of this section, no amount may be counted for donated land, and only depreciation or use allowances may be counted for donated equipment and buildings. The depreciation or use allowances for this property are not treated as third party in-kind contributions. Instead, they are treated as costs incurred by the grantee or subgrantee. They are computed and allocated (usually as indirect costs) in accordance with the cost principles specified in § 12.62, in the same way as depreciation or use allowances for purchased equipment and buildings. The amount of depreciation or use allowances for donated equipment and buildings is based on the property's market value at the time it was donated.

**How is the value determined for real property donated by a grantee or subgrantee for the purpose of construction or acquisition?**

If a grantee or subgrantee donates real property for a construction or facilities acquisition project, the current market value of that property may be counted as cost sharing or matching. If any part of the donated property was acquired with Federal funds, only the non-Federal share of the property may be counted as cost sharing or matching.

**May I use prison labor as in-kind match on my grant?**

Prison labor from state and local correctional institutions is allowable in-kind match, as long as the costs meet the allowable cost criteria from the applicable cost principles. Grantees may not use labor from Federal institutions, match must come from a non-federal source. Whether the prisoners receive minimal compensation from the correctional institution for their services is immaterial for the purposes of determining allowable costs for third party in-kind in this situation.

**How would I value prison labor used as in-kind match?**

Prison labor should be valued at the cost the grantee or subgrantee would have paid for the service. Typically, prisoners perform manual labor services on grants. In this case, the most appropriate rate would be the Federal minimum wage.

**Is the value of youth labor allowable as in-kind match on my grant?**

Yes, volunteer in-kind services provided by youth organizations or individuals are allowable, as long as the costs meet the allowable cost criteria from the applicable cost principles.

**How would I value in-kind labor donations from a youth?**

Youth labor should be valued at the cost the grantee or subgrantee would have paid for the service. You should consider whether the work performed by the youth is equal to the work performed by a State employee and make valuation adjustments accordingly.

**Can I use an in-kind donation from the National Guard?**

Yes, the donation of personnel time is an allowable in-kind match, as long as the costs meet the allowable cost criteria from the applicable cost principles. The donation of equipment time is not allowable, as the Federal government typically funds equipment for the National Guard.

### **Can I use time contributed by AmeriCorps interns as in-kind match?**

No, Although these volunteers may work on federally-funded projects, their services may not be used by a grantee to fulfill the match requirement to federal grant program funds. Americorps funding ultimately comes from the Federal Government, and therefore a federally funded volunteer organization such as Americorps, and any of their assets cannot be used to contribute to the matching requirement on a Federal grant.

The Assistant Inspector General for the Corporation for National and Community Service, their Director of Grants Management, as well as grants managers for other federally-funded volunteer organizations were consulted on this issue.

### **What is a third party for the purposes of in-kind?**

An entity that does not have a financial interest in the transaction. If the entity is receiving funding from the financial assistance transaction either as a subrecipient or vendor/contractor, they are not considered a third party. A common third party entity is a volunteer who works on a grant or cooperative agreement funded education program.

### **A subrecipient is offering to discount part of the cost of the work they are contributing to a grant/cooperative agreement. If they are not third party, is there a way I can count the value of the services as match?**

Yes, these costs are called discounted services. If the costs are eligible and allowable costs, they can be documented and claimed as match on the award. Please note, that all non-cash transactions present a higher audit risk for the recipient. The recipient should ensure that a proper value of the discount has been determined and documented in the recipient award file. If you are unsure of how to value the contribution, please consult your FWS representative.

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## **References**

2 CFR 200.306 Cost sharing or matching  
2 CFR 200.434 Contributions and donations

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**Objectives:**

1. Properly complete the Federal Financial Report.

# Completing the Federal Financial Form (SF-425)

## Wildlife and Sport Fish Restoration Program

Version 3.0



## FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)	Page <b>1</b>	of  pages
3. Recipient Organization (Name and complete address including Zip code)			
4a. DUNS Number	4b. EIN	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)	6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final
		7. Basis of Accounting <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	

1	Federal Agency and Organizational Element to Which Report is Submitted	Enter the name of the Federal agency and organizational element identified in the award document or as instructed by the agency.
2	Federal Grant or Other Identifying Number Assigned by Federal Agency	For a single award, enter the grant number assigned to the award by the Federal agency. For multiple awards, report this information on the <i>FFR Attachment</i> . <i>Do not complete this box if reporting on multiple awards.</i>
3	Recipient Organization	Enter the name and complete address of the recipient organization including zip code.
4a	DUNS Number	Enter the recipient organization's Data Universal Numbering System (DUNS) number or Central Contract Registry extended DUNS number.
4b	EIN	Enter the recipient organization's Employer Identification Number (EIN).
5	Recipient Account Number or Identifying Number	Enter the account number or any other identifying number assigned by the recipient to the award. This number is for the recipient's use only and is not required by the Federal agency.
6	Report Type	Mark appropriate box. <i>Do not complete this box if reporting on multiple awards. <b>Marking the "Final" box will cause the grant to be closed and no further draws can be made against the grant.</b></i>
7	Basis of Accounting (Cash/Accrual)	Specify whether a cash or accrual basis was used for recording transactions related to the award(s) and for preparing this FFR. Accrual basis of accounting refers to the accounting method in which expenses are recorded when incurred. For cash basis accounting, expenses are recorded when they are paid.

## Grant and Reporting Period Dates

<b>8. Project/Grant Period</b> <b>From : (Month, Day, Year) To: (Month, Day, Year)</b>	<b>9. Reporting Period End Date</b> <b>(Month, Day, Year)</b>
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8	Project/Grant Period, From: (Month, Day, Year)	<p>Indicate the period established in the award document during which Federal sponsorship begins and ends.</p> <p>Note: Some agencies award multi-year grants for a project period that is funded in increments or budget periods (typically annual increments). Throughout the project period, agencies often require cumulative reporting for consecutive budget periods. Under these circumstances, enter the beginning and ending dates of the project period not the budget period.</p> <p><i>Do not complete this line if reporting on multiple awards.</i></p>
	Project/Grant Period, To: (Month, Day, Year)	See the above instructions for “Project/Grant Period, From: (Month, Day, Year).”
9	Reporting Period End Date: (Month, Day, Year)	Enter the ending date of the reporting period. For quarterly, semi-annual, and annual interim reports, use the following reporting period end dates: 3/31, 6/30, 9/30, or 12/31. For final <i>FFRs</i> , the reporting period end date shall be the end date of the project or grant period.

*Do not complete this line if reporting on multiple awards.*

In box 8 indicate the grant period specified in the notice of award letter. The notice of award establishes the beginning and ending dates for the award.

Enter the ending date of the reporting period in box 9. For quarterly, semi-annual, and annual interim reports, the reporting period end dates will always be either 3/31, 6/30, 9/30, or 12/31. For final Federal Financial Report, the reporting period end date shall be the end date of the project or grant period. Ensure that you account for any revisions to the original grant.

## Federal Cash

### 10. TRANSACTIONS

<b>Federal Cash (To report multiple grants, also use FFR Attachment):</b>
<b>a. Cash Receipts</b>
<b>b. Cash Disbursements</b>
<b>c. Cash on Hand (line a minus b)</b>

10	<b>Transactions</b> Enter cumulative amounts from date of the inception of the award through the end date of the reporting period specified in line 9. Use Lines 10a through 10c, Lines 10d through 10o, or Lines 10a through 10o, as specified by the Federal agency, when reporting on single grants. Use Line 12, Remarks, to provide any information deemed necessary to support or explain <i>FFR</i> data.
10a	Cash Receipts Enter the cumulative amount of actual cash received from the Federal agency as of the reporting period end date.
10b	Cash Disbursements Enter the cumulative amount of Federal fund disbursements (such as cash or checks) as of the reporting period end date. Disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments made to subrecipients and contractors. For multiple grants, report each grant separately on the <i>FFR</i> Attachment. The sum of the cumulative cash disbursements on the <i>FFR</i> Attachment must equal the amount entered on Line 10b, <i>FFR</i> .
10c	Cash On Hand (Line 10a Minus Line 10b ) Enter the amount of Line 10a minus Line 10b. This amount represents immediate cash needs. If more than three business days of cash are on hand, the Federal agency may require an explanation Use Line 12, Remarks, explaining why the drawdown was made prematurely or other reasons for the excess cash.

The **Federal Cash** section is intended for use **only** in situations where federal funds are provided to the recipient in advance of incurred expenses rather than on a cost reimbursement basis.

The cumulative amount of actual cash received from the federal agency is recorded on line 10(a). This amount includes all of the Federal funds on deposit, imprest funds, and undeposited Treasury checks.

Line 10(b) requires entry of the cumulative amount of federal funds disbursed. Disbursements are the sum of actual cash disbursements for direct charges for goods and services, indirect charges, and cash payments or advancements made to subrecipients or contractors.

## Federal Expenditures

<b>Federal Expenditures and Unobligated Balance:</b>	
<b>d. Total Federal funds authorized</b>	
<b>e. Federal share of expenditures</b>	
<b>f. Federal share of unliquidated obligations</b>	
<b>g. Total Federal share (sum of lines e and f)</b>	
<b>h. Unobligated balance of Federal funds (line d minus g)</b>	

10d	Total Federal Funds Authorized	Enter the total Federal funds authorized as of the reporting period end date.
10e	Federal Share of Expenditures	Enter the amount of Federal fund expenditures. For reports prepared on a cash basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense charged; the value of third-party in-kind contributions applied; and the amount of cash advance payments and payments made to subrecipients. For reports prepared on an accrual basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense incurred; the value of in-kind contributions applied; and the net increase or decrease in the amounts owed by the recipient for (1) goods and other property received; (2) services performed by employees, contractors, subrecipients, and other payees; and (3) programs for which no current services or performance are required. Do not include program income expended in accordance with the deduction alternative, rebates, refunds, or other credits. (Program income expended in accordance with the deduction alternative should be reported separately on Line 10o.)
10f	Federal Share of Unliquidated Obligations	Unliquidated obligations on a cash basis are obligations incurred, but not yet paid. On an accrual basis, they are obligations incurred, but for which an expenditure has not yet been recorded. Enter the Federal portion of unliquidated obligations. Those obligations include direct and indirect expenses incurred but not yet paid or charged to the award, including amounts due to subrecipients and contractors. On the final report, this line should be zero unless the awarding agency has provided other instructions. <i>Do not include any amount in Line 10f that has been reported in Line 10e. Do not include any amount in Line 10f for a future commitment of funds (such as a long-term contract) for which an obligation or expense has not been incurred.</i>

**Federal Expenditures (Cont.)**

<b>Federal Expenditures and Unobligated Balance:</b>	
d. Total Federal funds authorized	
e. Federal share of expenditures	
f. Federal share of unliquidated obligations	
g. Total Federal share (sum of lines e and f)	
h. Unobligated balance of Federal funds (line d minus g)	

10g	Total Federal Share (Sum of Lines 10e and 10f)	Enter the sum of Lines 10e and 10f.
10h	Unobligated Balance of Federal Funds (Line 10d Minus Line 10g)	Enter the amount of Line 10d minus Line 10g.

The Federal Expenditures and Unobligated Balance section of the report provides for reporting the federal funds authorized, expended, obligated but not yet paid and any remaining unobligated balance.

Line 10(d), the total federal share authorized is the amount of **funds obligated** for the grant not the approved federal share. Remember, if your grant was not fully obligated (deficit or subject to availability of funds) it will not be the same as the approved grant amount. Be sure to include any amendments.

On line 10(e) record the federal cost share of disbursements for all direct charges for goods and services and indirect charges to the award. **Do not** include any portion of program income expended in this section. Program income expended is reported on Line 10(m) for the deductive method and line 10(n) for the additive method. **Do not** include any portion of third party in kind contributions. Department of Interior guidance 43 CFR 12.64(a) Administrative and Audit Requirements and Cost Principles for Assistance Programs, prohibits third party in-kind as part of the Federal share.

**Line 10e**

INCLUDES

The federal share of expenditures for:

- Direct charges for goods and services
- Indirect expenses

DOES NOT INCLUDE

- Any federal program income
- Refunds, rebates or other credits
- Third party in-kind contributions

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## Federal Expenditures (Cont.)

<b>Federal Expenditures and Unobligated Balance:</b>	
d. Total Federal funds authorized	
e. Federal share of expenditures	
f. Federal share of unliquidated obligations	
g. Total Federal share (sum of lines e and f)	
h. Unobligated balance of Federal funds (line d minus g)	

10g	Total Federal Share (Sum of Lines 10e and 10f)	Enter the sum of Lines 10e and 10f.
10h	Unobligated Balance of Federal Funds (Line 10d Minus Line 10g)	Enter the amount of Line 10d minus Line 10g.

The Federal share of unliquidated obligations, on line 10(f) is obligations and expenses incurred, but not yet paid under a cash basis accounting system or expenses and obligations incurred, but not yet recorded under an accrual based accounting system.

These obligations include direct and indirect expenses incurred, but not yet paid or not yet charged to the award including amounts due to sub-recipients and contractors. This line should be zero if it is a final report. Do not include any amount in Line 10(f) previously recorded in Line 10(e).

The unobligated balance of federal funds is the remaining unused funds. If this is a **Final** report, the remaining funds will be de-obligated and disposed of according to specific grant program regulations.

**Recipient Share (Cont.)**

<b>Recipient Share:</b>	
<b>i. Total recipient share required</b>	
<b>j. Recipient share of expenditures</b>	
<b>k. Remaining recipient share to be provided (line i minus j)</b>	

10i	Total Recipient Share Required	Enter the total required recipient share for reporting period specified in line 9. The required recipient share should include all matching and cost sharing provided by recipients and third-party providers to meet the level required by the Federal agency. This amount should not include cost sharing and match amounts in excess of the amount required by the Federal agency (for example, cost overruns for which the recipient incurs additional expenses and, therefore, contributes a greater level of cost.
10j	Recipient Share of Expenditures	Enter the recipient share of actual cash disbursements or outlays (less any rebates, refunds, or other credits) including payments to subrecipients and contractors. This amount may include the value of allowable third party in-kind contributions and recipient share of program income used to finance the non-Federal share of the project or program. Note: On the final report this line should be equal to or greater than the amount of Line 10i.
10k	Remaining Recipient Share to be Provided (Line 10i Minus Line 10j)	Enter the amount of Line 10i minus Line 10j. If recipient share in 10j is greater than the required match amount in Line 10i, enter zero.

The **Recipient's share required** (the non-federal matching share required) should be recorded on line 10(i). The non-federal matching required is based on the amount of recipient share required to match the total Federal share recorded on line 10(d). *(An example calculation is on the next page)*

The amount recorded on line 10(i) should not include cost share and match amounts in excess of the match amount required (excess allowable costs, overmatch, cost overruns). Line 10(j) includes actual cash disbursements by recipients, payments to sub-recipients and contractors, and in-kind contributions such as volunteer hours and excess allowable costs. If line 10j exceeds line 10i, record a zero on line 10(k). Line 10(k) should never be negative as noted in the FFR instructions.

**Remember!**

Grantees may not be reimbursed for in-kind contributions. The total value of in-kind contributions is recorded in the recipient share portion of the form on

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## Recipient Share (Cont.)

Recipient Share:	
i. Total recipient share required	
j. Recipient share of expenditures	
k. Remaining recipient share to be provided (line i minus j)	

How to Calculate the Required Recipient Share (Grant not Fully Obligated):

The total Federal Share obligated is \$50,000 (line 10d). The Federal participation ratio is 75% (Wildlife Restoration). The amount entered on line 10(i) would be \$16,666.67.

### How to Calculate the Required Recipient Share (Grant not Fully Obligated):

#### Step 1 – Determine the Adjusted Project Costs

(Federal Share Obligated / Federal Participation Rate) = Adjusted Project Costs

Example:

$$\$50,000 / 75\% = \$66,666.67$$

#### Step 2 – Determining the Recipient Share Required

(Adjusted Total Project Costs - Total Federal Share) = Recipient Share Required

$$\$66,666.67 - \$50,000 = \$16,666.67$$

## Program Income

<b>Program Income:</b>		
<b>I. Total Federal program income earned</b>		
<b>m. Program income expended in accordance with the deduction alternative</b>		
<b>n. Program income expended in accordance with the addition alternative</b>		
<b>o. Unexpended program income (line I minus line m or line n)</b>		

10l	Total Federal Program Income Earned	Enter the amount of Federal program income earned. Do not report any program income here that is being allocated as part of the recipient's cost sharing amount included in Line 10j.
10m	Program Income Expended in Accordance With the Deduction Alternative	Enter the amount of program income that was used to reduce the Federal share of the total project costs.
10n	Program Income Expended in Accordance With the Addition Alternative	Enter the amount of program income that was added to funds committed to the total project costs and expended to further eligible project or program activities.
10o	Unexpended Program Income (Line 10l Minus Line 10m or Line 10n)	Enter the amount of Line 10l minus Line 10m or Line 10n. This amount equals the program income that has been earned but not expended, as of the reporting period end date.

The program income section of the report is used to track federal program income used in the additive and deductive methods. Enter the total amount of federal program income earned during the grant period on line 10(l).

The federal program income expended during the grant period used in accordance with the deductive method (the amount used to reduce total project costs) is shown in row 10(m).

Federal program income used in accordance with the additive method (the amount added to funds committed to the total project costs and expended to further eligible projects or program activities) is included in line 10(n). Use of the additive method for program income must be approved as part of the grant award.

### Undisbursed Cost Share

If the Cost Share method is approved for use, record only the income in excess of the estimated approved amount in line 10(l). Income disposed of in the cost method is recorded on line 10(j).

## Indirect Expenses

	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
11. Indirect Expense							
				g. Totals:			

11	<b>Indirect Expense:</b> Complete this information only if required by the awarding agency and in accordance with agency instructions.	
11a	Type of Rate(s)	State whether indirect cost rate(s) is Provisional, Predetermined, Final, or Fixed.
11b	Rate	Enter the indirect cost rate(s) in effect during the reporting period.
11c	Period From; Period To	Enter the beginning and ending effective dates for the rate(s).
11d	Base	Enter the amount of the base against which the rate(s) was applied.
11e	Amount Charged	Enter the amount of indirect costs charged during the time period specified. (Multiply 11b. x 11d.)
11f	Federal Share	Enter the Federal share of the amount in 11e.
11g	Totals	Enter the totals for columns 11d, 11e, and 11f.

This section of the report records the indirect costs charged to the grant by your agency. To charge indirect costs the agency must have an approved indirect cost plan. Indicate the type of rate (provisional, predetermined, final or fixed) and the amount of the base against which the rate is applied (salaries, total costs, etc.) Enter in 11e the amount of indirect costs charged during the period specified (line 11b X 11d) and calculate the federal share (usually 75% or 50%) of the amount in 11e.

### Multiple Indirect Rates

If more than two rates were used during the grant period all rates must be shown. To document more than two rates you may attach an additional document with the required information.

## Remarks

12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:
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12	Remarks	Enter any explanations or additional information required by the Federal sponsoring agency including excess cash as stated in line 10c.
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Use the Remarks section on line 12 to explain or record additional information such as credits and sub-account accounting details.

If the space provided is insufficient, you may attach additional sheets.

## Signature and Contact Information

13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)	
a. Typed or Printed Name and Title of Authorized Certifying Official	c. Telephone (Area code, number and extension)
b. Signature of Authorized Certifying Official	d. Email address
	e. Date Report Submitted (Month, Day, Year)

13a	Typed or Printed Name and Title of Authorized Certifying Official	Enter the name and title of the authorized certifying official.
13b	Signature of Authorized Certifying Official	The authorized certifying official must sign here.
13c	Telephone (Area Code, Number and Extension)	Enter the telephone number (including area code and extension) of the individual listed in Line 13a.
13d	E-mail Address	Enter the e-mail address of the individual listed in Line 13a.

An authorized representative of the grantee must sign the SF-425.

	<b>Exercise: Preparing a Federal Financial Report</b>
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1. FFR due by 9/30/09 (Final)

Approved Award: W-18-HS-6  
Total Grant Award: \$400,000  
Federal Share: \$300,000 (fully obligated)  
State Share: \$100,000  
Estimated Program Income: None  
Effective date: 7/1/08– 6/30/09

Total Expenditures: \$403,000 (does not include In-kind)  
In-kind Match = \$0  
Program Income: \$0 (earned)

2. FFR due by 9/30/09 (Final).

Approved Award: W-18-HS-6  
Total Grant Award: \$400,000  
Federal Share: \$300,000 (fully obligated)  
State Share: \$100,000  
Estimated Program Income: None  
Effective date: 7/1/08– 6/30/09

Total Expenditures: \$175,000 (does not include In-kind)  
In-kind Match = \$45,000 (documented)  
Program Income (deductive): \$100 (earned)

3. FFR due by 9/30/09 (Final)

Approved Award: W-18-HS-6  
Total Grant Award: \$400,000  
Federal Award Amount: \$300,000 (fully obligated)  
State Share: \$100,000  
Estimated Program Income: \$10,000 (deductive method)  
Effective date: 7/1/08– 6/30/09

Total Expenditures: \$435,000 (does not include In-kind)  
Program Income: \$10,000 (earned)  
In-Kind: \$0



**Exercise: Preparing a Federal Financial Report (cont'd)**

4. FFR due by 9/30/09 (Final)

Approved Award: W-18-HS-6  
Total Grant Award: \$400,000  
Federal Award Amount: \$300,000 (fully obligated)  
State Share: \$100,000  
Estimated Program Income: \$10,000 (approved in additive method)  
Effective date: 7/1/08– 6/30/09

Total Expenditures: \$435,000  
Program Income: \$10,000 (earned)  
In-Kind: \$0

5. FFR due by 9/30/09 (Final)

Approved Award: W-18-HS-6  
Total Grant Award: \$400,000  
Federal Award Amount: \$300,000 (\$200,000 obligated)  
State Share: \$100,000  
Estimated Program Income: \$10,000 (deductive method)  
Effective date: 7/1/08– 6/30/09

Total Expenditures: \$310,000 (does not include in-kind)  
Program Income: \$10,000 (earned)  
In-Kind Match: \$100,000 (documented)

6. FFR due by 9/30/09 (Final).

Approved Award: W-18-HS-6  
Total Grant Award: \$400,000  
Federal Share: \$300,000 (\$200,000 obligated)  
State Share: \$100,000  
Estimated Program Income: \$10,000 (additive method)  
Effective date: 7/1/08– 6/30/09

Total Expenditures: \$310,000 (does not include In-kind)  
Program Income: \$10,000 (earned)  
In-Kind Match: \$100,000 (documented)

	<b>Exercise: Preparing a Federal Financial Report</b>
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7. FFR due by 9/30/09 (Final)

Approved Award: W-18-HS-6  
Total Grant Award: \$400,000  
Federal Award Amount: \$300,000 (fully obligated)  
State Share: \$100,000  
Effective date: 7/1/08– 6/30/09  
Estimated Program Income: \$10,000 (additive method)

Total Expenditures: \$150,000 (does not include In-kind)  
Program Income: \$10,000 (earned)  
In-Kind Match: \$95,000 (documented)

8. FFR due by 9/30/09 (Final)

Approved Award: W-18-D-6  
Total Grant Award: \$400,000  
Federal Award Amount: \$300,000  
State Share: \$100,000  
Period of Award: 7/1/08 – 6/30/09

Total Expenditures: \$435,000  
Disallowed costs from a recent OIG audit of W-18-D-5: \$10,000  
Program Income: \$0.00  
In-Kind Match: \$0.00



**Learning Points**

- ✓ A completed Federal Financial Report (FFR) is required for each grant.

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**Objectives:**

1. Describe the records and documents that must be maintained for real and personal property purchased with federal funds and with state license fee revenues
2. Explain the regulations regarding use, monitoring and managing real and personal property purchased with federal funds and license fee revenues
3. Discuss the options for disposing of real property and personal property purchased with federal funds and license fee revenues

## Real Property

One, several, or all interests, benefits and rights inherent in the ownership of a parcel of land or water

- Fee and leasehold interests
- Rights attached to parcels, regardless of ownership (e.g. conservation easements), or
- Resources beyond the parcel, such as water and mineral rights

**Parcel** includes air space above, ground below, or anything physically and firmly attached by natural process or human action, e.g. standing timber, buildings, roads, fences, etc

## Personal Property

Anything tangible or intangible that is not real property

- Tangible personal property includes
  - Objects (e.g. equipment or supplies) that are moveable without damage to themselves, the land or structure to which they are attached, or the path of removal
  - Soil, rock, gravel, minerals, gas, oil, or water after excavation or extraction from the surface or subsurface
  - Commodities derived from trees or other vegetation after harvest or separation from the land
  - Annual crops before or after harvest
- Intangible personal property includes
  - Intellectual property such as patents and copyrights, and
  - Licenses revocable at the landowner's discretion, or that terminate at the landowner's death or when ownership changes

**Equipment** is tangible, nonexpendable, personal property having a useful life over one year and an acquisition cost of \$5,000 or more per unit

## Determining Reasonable Cost

WSFR may determine that the cost of real property acquired by a grantee or subgrantee is reasonable as long as the price paid was the result of an approved valuation method.

*Price* is the amount that a particular purchaser agrees to pay and a particular seller agrees to accept under the circumstances of the transaction.

*Value* is an opinion of the worth of a property at a given time according to a specific definition of value.

## Methods of Valuation

### Appraisal Method

- A certified general appraiser uses the Uniform Standards of Professional Appraisal Practice (USPAP) and conditions in 49 CFR 249 for buyers using Simplified acquisition procedures
  - Develops opinion of value of the real property, prepares appraisal report (**must be self-contained**)
- Grantee is required to direct the appraiser to use the Uniform Appraisal Standards for Federal Land Acquisition (Yellow Book) for all Default acquisition procedures
- A review appraiser examines the market analysis and supports the appraiser's opinion of value

Appraisals need to be updated when value estimate no longer reflects the conditions in the local real estate market  
**\*(Must use within 6 months or within life span designated)**

WSFR must be able to approve the qualifications of the appraiser and review appraiser before the grantee commits to using them. **Include the U.S.F.W.S as an intended user of the appraisal report.**

**Both appraisers and review appraisers must be:**

- State-certified general appraisers consistent with Title XI
- Certified by state or another state through reciprocity agreement
- Completed Appraisal Qualifications Board course (within last 10 years)
- Have training or significant experience in appraising land similar to the subject property
- No public record of disciplinary action by state regulatory agency
- Have experience as expert witness on real property valuation where condemnation authority has been exercised

**Review Appraisers Only must have one of the following:**

A. Have professional growth designation from American Society of Farm Managers and Rural Appraisers or American Society of Appraisers or state employee with documentation of professional growth beyond minimum requirements for state certified appraiser

B. Minimum Training and Experience

Have 32 classroom hours in the last 10 years of AQB-approved appraisal-review courses, which must be supported by a transcript or other documentation, and at least 12 technical review reports or self-contained/ summary appraisal reports within the last 3 years.

C. WSFR may approve a one-time nonrenewable waiver of the qualification standards in A and B (not to exceed 3 years) for a State-employed review appraiser if we receive:

(1) A commitment from the State agency that its review appraiser will meet the qualification standards in Alternatives A or B by a date not to exceed 3 years; and

(2) Documentation of significant professional growth by the review appraiser beyond the minimum requirements of a State-certified appraiser to include all of the following:

(a) A transcript or other documentation that the review appraiser received AQB-approved training relevant to appraisal review above the minimum requirements for a State-certified appraiser.

(b) A demonstration report (without confidential information) that shows proficiency in appraisal review.

## Land as Match

WSFR may approve the market value of land to be used as match for real property acquisition, facilities acquisition and construction activities, provided the land is necessary and reasonable to accomplish the project objectives.(2 CFR Part 225)

- A site specific-acquisition project may use donated land value within the defined project area if it is suitable to the land acquisition purpose
- An acquisition project with objectives based on specific habitat types by location in the State may use donated land which meets the plan
- For a construction project, only the amount of land required may be counted for in-kind matching purposes

## Valuation of Land as Match

- Grantee must identify a parcel of land that they will use as match in a grant
- Grantees must use an approved valuation method to determine the market value for the parcel
- The grantee incorporates that value into a grant application as match for the grant

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## Remaining Land Value as Match

If the value of a parcel of land is more than needed for match, the State may use remaining unused value on a subsequent grant, if

- A covenant is placed on the deed ensuring entire parcel will be used in perpetuity for the purposes of applicable grant program
- Purpose does not conflict with purpose of the original grant
- Value of the match is an allowable and applicable cost
- Value not used as match for any other Federal grant
- State maintains records to track the remaining value available for match

Land used as match becomes subject to the regulations of WSFR or SWG Programs, as applicable, at the time the State uses any portion of the parcel value as match. NOFP is required for all land used as match.

## Who May Hold Title?

For WR and SFR, only a state may hold title to an ownership interest. More than one entity may hold title to an ownership interest in real property for non-WSFR programs if the entities holding title are a grantee or subgrantee. Additionally, more than one entity (grantee and sub-grantee) may hold a non-ownership interest in the WR, SFR, SWG and Cooperative Endangered Species programs. (50 CFR 80.130) (handout # 3-4)

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## Managing and Monitoring Real Property

During the open grant period the grantee must monitor the grant and sub-grant supported activities to assure compliance with all applicable Federal, State and local requirements. Additionally, the grantee must comply with any conditional statements specified in the award letter.

After the grant period the grantee or subgrantee has several post-grant responsibilities relating to real property acquisition grants:

- A monitoring plan must be in place for the period after the acquisition
- The real property must continue to serve the purpose for which it was acquired, either in perpetuity or for the length of the legal agreement
- Any commercial or recreational activities that interfere with this purpose must not be occurring on the property
- The objectives of the grant or cooperative agreement are achieved

The grantee should establish a Real Property Monitoring System. The cornerstone of a good monitoring program is a strong land inventory system and informed leadership and staff. The information the system contains assists the State in performing its compliance monitoring

### Suggested Elements of Monitoring Compliance for Real Property

Monitor Land Use for:

- Allowable Recreational Activities
  - Allowable Commercial Activities
  - Interference
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## Managing and Monitoring Real Property

**Control**....what mechanisms will you use to maintain:

- Ownership?
- Management Control ?

Real property disposal is not program income, but is treated in the same manner

A grantee or subgrantee may not allow an activity or facility that would interfere with the fulfillment of the grant objectives. Interfere means that activities impede, hinder or obstruct the achievement of grant objectives in any manner (50 CFR 80.135)

**Income**....how will you apply it?

- Proper accounting and disposal of income
- Disposal of Income from Sale or Transfer of Real Property Rights with:
  - A Federal Interest
  - A License Fee Interest
  - Neither Federal or License fee interest (unrestricted funds)

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Real Property Acquired with Federal Funds (2 CFR 200.311)

Disposal of real property acquired with federal funds requires prior approval from the Regional Director, even if the grant is closed. Grant terms and Regional Office may prescribe additional disposal requirements.

## For Wildlife Restoration and Sport Fish Restoration Grants

The grantee must follow the procedures described in 522 FW 20 and 2 CFR 200.311 when disposing of real property acquired under the Wildlife Restoration and Sport Fish Restoration Acts.

When the grantee and Service Regional Director agree real property is no longer needed for the authorized purpose, the grantee (or subgrantee) will request disposition instructions from the WSFR. The instructions will provide for one of the following alternatives:

Disposal of real property constitutes a federal action under NEPA and for other Federal compliance purposes. There is no Cat Ex for disposal of real property interests.

### Retention of Title

Grantee retains title after compensating the awarding agency for their percentage of participation in the original purchase, at current fair market value. The net proceeds from the disposition may be used as an offset to the cost of the replacement property.

### Sale of Property

Property may be sold at current market value (as determined by an approved valuation method) and the awarding agency compensated by the percentage of their participation in the cost (less reasonable selling and fix up expenses). When a grantee or subgrantee is directed to sell property, sales procedures shall provide for competition to result in the highest possible return.

### Transfer of Title

Transfer title to the awarding agency or to a designated or approved third party. The grantee (or subgrantee) shall be paid an amount calculated by applying the grantee (or subgrantee) percentage of participation in the original purchase, at the current fair market value



## All Other WSFR Grant Programs

For real property acquired under all other WSFR grant programs, the grantee and subgrantee must use the following disposal procedures:

### **If real property is no longer needed or useful to achieve the approved grant objectives**

The grantee and subgrantee must provide written justification demonstrating why the property no longer serves the purpose for which it was acquired and request disposal instructions from the Service Regional Director. The Service Regional Director is the final arbiter of when grantee or sub-grantee real property is no longer needed or useful to achieve the approved grant objectives.

The Service Regional Director may approve the disposal of real property and must provide the grantee and subgrantee with disposal instructions in accordance with 43CFR 12.71.

### **If real property still serves the purpose for which it was acquired**

The State may not dispose of real property acquired under the authority of the Wildlife Restoration Act or Sport Fish Restoration Act. Title to the property must remain vested in the State, and the State fish and wildlife agency must maintain full management control over the real property.

For all other programs, the grantee may not dispose of the real property. It however, may transfer the real property to a WSFR approved entity (subgrantee) to ensure property continues to serve the purpose for which it was acquired.

### **Draft Lands Chapter Part 522 - 6 IV**

Notes:

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**Exercise: Real Property**

Using the Toolkit review **2 CFR 200.311, 2 CFR 200.307(d), 50 CFR 80.130, 49 CFR 24.103, 522 FW 20, 522 FW 21, 522 FW 22, 522 FW 24** to answer the questions below.

1. What restrictions apply to a parcel of land that a State uses as match in a WSFR grant?

The entire parcel described in the grant proposal becomes subject to rules and regulations of the programs at the time a State uses any portion of the value of the parcel as match. State must incorporate a covenant on the deed ensuring it will use the entire parcel in perpetuity for the program purposes . **SM Part 522 24.6.**

2. Under what conditions may land, purchased with federal funds be sold, traded or its purpose changed? What about land purchased with license revenues?

When State believes the land no longer serves the purpose for which acquired, State must receive approval from Regional Director for disposal.. Fair market value must be received for the property and the federal share of proceeds must be returned to the grant program or replace with property of equal value/ benefit. Proceeds are returned using program income method. Includes mineral rights. **522 FW 6.7( C), 2 CFR 200.311, 522 FW 20, 50 CFR 80.135-137**

Lands purchased with license revenue must remain in control of the State Fish & Wildlife agency or revenue returned to agency or diversion occurs. **522 FW 20.** Includes mineral rights. No approval of WSFR required.



**Exercise: Real Property (Cont.)**

3. Who is responsible for determining whether or not recreational or commercial activities are allowed on land and/or facilities acquired developed or managed with federal monies? What factors are considered to make the decision?

Must not interfere with the purpose of the land or facility.

The State agency shall make the determination.(522 FW 22 - Commercial)

(522 FW 21 – Recreational) State funds – stay in control of F&W agency.

4. A state wildlife agency purchased a fee title (ownership) interest in a parcel of land adjacent to a state park with Enhanced Hunter Education funds for the purpose of building a shooting range. Under terms of a legally binding MOA, the state park will manage and maintain the range for its expected useful life. The state wildlife agency intends to give title to the parcel of land to the state park as soon as construction of the shooting range is complete. Is this allowable?

For WR, SFR, EHE only a state may hold title to an ownership interest.

More than one entity may hold title to an ownership interest in real property for non-WSFR programs if the entities holding title are a grantee or subgrantee (50 CFR 80.130)

5. What are the two acceptable types of appraisals that are used for WSFR land acquisitions and what factors determine when each type must be used.

USPAP or UASFLA is used for the simplified acquisition process. UASFLA

(yellow book) only is required for the default acquisition process

(normally when eminent.domain is exercised). 49 CFR 24.103 (a)

See acquisition procedures handout

## Equipment

- Tangible and nonexpendable personal property
- Useful life > 1 year
- Cost ≥ \$5,000 per unit

A grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above

### General Guidance for Federal Awards (2 CFR 200.313(b))

(b) States: A State will use, manage, and dispose of equipment acquired under a Federal award by the State in accordance with State laws and procedures.

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### Equipment Acquisition (2 CFR 200.439)

- General purpose equipment is unallowable as direct charges, except where approved in advance by the awarding agency
  - Special purpose equipment is allowable as direct costs, provided that items with a unit cost of \$5000 or more have the prior approval of the awarding agency
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### WSFR Position

- Approval of the grant constitutes WSFR approval of the direct charging of equipment to the grant
  - The grant may be conditioned as a result
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**Exercise: Personal Property - Equipment**

In the Toolkit, review **2 CFR 200.313** and **50 CFR 80.10** to answer the questions.

1. What laws and procedures does the State follow in the use, management and disposal of personal property? What about other grantees?

The follow their State procedures **200.313 (b)**. Other grantees follow c- e.

State should maintain inventory including location, funding source, price, serial number, etc. Records should be maintained until 3 yrs after final disposition. High dollar equipment purchased on a grant may have a conditional statement placed on award with further requirements.

2. The State conducts a physical inventory of fixed assets once every three years. Is this adequate under Federal guidelines? What is the requirement?

Depends on what the State guidelines are, but a physical inventory should be conducted every two years for proper internal control)

**2 CFR 200.313**

3. The State of Protection acquired a fish shocking boat with a federal grant. The boat is no longer needed for the grant and they wish to dispose of it. The boat has a current fair market value of \$8,000. What are the requirements if the grant is still open? Would requirements change if disposal occurred after the grant expired?

During open grant State may use the boat on another WSFR funded project or..... boat may be sold or disposed of but if fair market value is over 5K state must compensate the program using program income method.

After grant expires it may be disposed of using State procedures method. According to **2 CFR 200.313** State has no further requirements and the funds do

not have to be returned. However, a condition may be placed on the grant with equipment use and disposal instructions.



**Exercise: Personal Property – Equipment (Cont.)**

4. The State is consolidating its vehicle fleet into a centralized system. Under the proposal the current fleet of fish and wildlife agency vehicles will be transferred to a newly created department called Fleet Management Services. Some of the vehicles were purchased using license fees and several were acquired using a federal grant that is now closed. The fish and wildlife agency will be required to lease vehicles from Fleet Management Services in the future. What concerns does this raise in relation to the WSFR Program.

Could be diversion issue if vehicles will be used for non fish and game agency purposes. Can't lease vehicles that the agency already paid for unless compensated at fair market value. Is the lease rate appropriate?

**50 CFR 80.10**

5. Equipment purchased on a federal grant is occasionally loaned to the State Parks Section for use on a State Park while the grant is still open. May this be done under Federal guidelines? Under what circumstances, may the equipment be used outside the project?

No the equipment must be used on the project for which it was acquired.

The equipment may be used on other WSFR projects as long as it does not interfere with the accomplishment of the project for which it was acquired. **2 CFR 200.313 (b) 50 CFR 80.10**

6. If the equipment in question five was purchased with license revenue, does it raise any concerns?

Yes. The use of this equipment without compensation may represent a diversion of license funds. States should have an inventory to account for equipment purchases, use and disposal with license fees.

**50 CFR 80.10**



## Learning Points

- ✓ Real property records should include a summary of land costs. Purposed for which the real property was acquired, grant program, grant number, rate of federal participation, date of purchase, map/location, title vesting evidence and other interests that may have been purchased as part of real property such as timber, oil/gas, grazing rights, etc.
- ✓ Real property must be monitored to ensure it continues to serve the purpose for which it was originally purchased and control is maintained by the grantee
- ✓ Program income issues often arise as a result of real property
- ✓ Real property may be disposed of when it no longer serves the intended purpose with the prior approval of WSFR Program
- ✓ States use, manage and dispose of personal property (equipment) according to State laws and procedures. Other grantees and subgrantees follow sections c through e of 2 CFR 200.313
- ✓ Grant awards may contain special terms and conditions on use and disposal of equipment
- ✓ States should maintain an inventory of equipment showing the purchase price, date of purchase, funding source and other pertinent accounting information
- ✓ Use and location of equipment should be tracked and monitored throughout the useful life

# Simplified Acquisition Procedures

**Step 1** - Buyer obtains WSFR approval to acquire one of the following types of real property interests:

- Fee Simple
- Fee with exception to title
- Partial interest

**Step 2** - Buyer obtains WSFR approval of the qualifications of the appraiser and review appraiser

**Step 3** - Buyer obtains an estimate of market value and bases it on:

- (a) an appraisal report and appraisal review report,
- (b) a waiver valuation report, ...to use waiver valuation the estimate of market value must be less than \$25,000 and the valuation of the property must not be complicated., or
- (c) a report estimating the value of real property subject to auction

**Step 4** - Buyer gives the owner the following documents before making an offer:

- (a) A written notice that the buyer will not be able to acquire the property if negotiations do not result in an agreement, and
- (b) A written statement of the amount that the buyer believes is the market value of the property.

**Step 5** - Buyer negotiates a purchase price of no more than the amount determined by the estimate of market value as determined by a WSFR approved valuation method

**Step 6** - Buyer and seller enter into a purchase agreement.

- Buyer conducts a due-diligence inspection of the property
- Buyer arranges for a boundary survey if necessary
- Buyer arranges for a title search and the subsequent issuance of a title insurance policy or a certificate of title

**Step 7** - Seller delivers the deed or other conveyance document to the buyer in exchange for payment of the negotiated price. Buyer pays seller's eligible expenses incidental to transfer following 49 CFR 24.106

**Step 8** - Buyer records the deed or other instrument transferring title or other real property interest, and a Notice of Federal Participation.

**Step 9** - Buyer follows 49 CFR 24.105 to acquire tenant-owned improvements

**Step 10** Buyer follows 49 CFR 24, Subparts C–F, to provide relocation assistance to any qualifying tenant(s). Neither sellers nor government tenants receive relocation benefits under the simplified acquisition procedures

# Default Acquisition Procedures

**Step 1** - Buyer obtains WSFR approval to acquire one of the following types of real property interests:

- Fee Simple
- Fee with exception to title
- Partial interest

**Step 5** - The buyer establishes just compensation and gives the owner:

- (a) the written offer, and
- (b) a summary of the basis of the offer (see 49 CFR 24.102(d-g)). The offer of just compensation must not be less than the estimated market value in an approved waiver-valuation report or an approved appraisal report as confirmed or modified by an approved appraisal-review report. The offer of just compensation must also take into account the value of allowable damages or benefits to any remaining property. If the acquisition of only a portion of the real property would leave the owner with an uneconomic remnant, the buyer must offer to buy the uneconomic remnant along with the portion of the property needed for the project.

**Step 2** - The buyer gives the owner of the real property a Notice of Intent to Acquire. This tells the owner of the buyer's interest in acquiring the real property and basic protections available to the owner under 49 CFR 24 (see 49 CFR 24.102(b) and 24.203(d)).

**Step 6** - The seller delivers the deed or other conveyance document to the buyer in exchange for payment of an amount based on:

- (a) the offer of just compensation, or
  - (b) one of the exceptional valuation procedures which WSFR must approve in advance.
- The buyer pays the seller's eligible expenses incidental to transfer following 49 CFR 24.106.

**Step 3** - Buyer obtains WSFR approval of the qualifications of an appraiser and review appraiser

**Step 7** - If the buyer has started a condemnation action, the buyer deposits with the court, for the benefit of the owner, an amount not less than the buyer's approved waiver valuation or approved appraisal of the fair market value supported by an appraisal review or the court award of compensation

**Step 4** - The buyer obtains an appraisal of the real property (as confirmed or modified by an appraisal review) if the informal estimate of market value is more than \$10,000 OR if the valuation is complicated. Otherwise, the buyer obtains a waiver valuation of the real property. We may approve a threshold up to \$25,000 for using a waiver valuation if the buyer offers the owner the option of having the property appraised and the owner declines.

If the buyer obtains an appraisal and appraisal review, they must conform to the Uniform Appraisal Standards for Federal Land Acquisition (UASFLA).

WSFR must approve the appraisal and appraisal-review reports (or waiver valuation report) before the buyer moves to Step 5.

**Step 8** - Buyer records the deed or other instrument that transfers title or other real property interest, and a Notice of Federal Participation.

**Step 9** - The buyer follows 49 CFR 24.105 to acquire any tenant-owned improvements.

**Step 10** - The buyer provides relocation assistance to a qualifying seller or tenant(s) following 49 CFR 24, Subpart C-F. A governmental entity is not eligible for relocation assistance as a seller or tenant (see 49 CFR 24.202, 24.301, 24.401, and 24.501, and the definitions of person and displaced person at 49 CFR 24.2(a)(9) and 49 CFR 24.2(a)(21)).



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**Objectives:**

1. Understand differences between recipient, subrecipient and contractor
2. Describe the characteristics used to determine subrecipients versus contractors
3. Classify each pass through agreement as a subaward or contract
4. Understand the information required to be included in a subaward

## Background

In implementing WSFR grant programs, grantees may enter into agreement with outside entities to perform grant related activities by means of pass through agreements.

Depending on the relationship between the pass through entity (state grantee) and the entity receiving pass through funds.....the entity receiving pass through funds may be considered a subrecipient or a contractor.

Federal regulations differ for subrecipients and contractor. In order to comply with the correct regulations a determination between subrecipient or contractor must be made.

***Subrecipient*** means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. (***2 CFR 200.93***)

## Subrecipient and Contractor Determinations

The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor. The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.



2 CFR 200.330

## Subrecipient vs. Contractors

### Subrecipient (Federal award):

#### Subrecipient:

When the entity

- Determines who is eligible to receive Federal financial assistance
- Has its performance measured against whether the objectives of the Federal program are met
- Has responsibility for programmatic decision making
- Has responsibility for adherence to applicable Federal compliance requirements, and
- Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity

**Subaward** means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract (**2 CFR 200.92**)

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**Contractors:**

When the entity

- Provides the goods and services within normal business operations
- Provides similar goods or services to many different purchasers
- Operates in a competitive environment
- Provides goods or services that are ancillary to the operation of the Federal program, and
- Is not subject to compliance requirements of the Federal program.

***Contractor means an entity that receives a contract as defined below:***

***Contract*** means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward (***2 CFR 200.22***)

**Pass Through Entity Responsibilities (Compliance Requirements)**

In accepting Federal funds the State agrees to comply with all applicable Federal laws, regulations and policies. This relates to complying with program, public and administrative requirements.

The State must ensure that their subrecipients also comply. Most if not all compliance requirements flow down to the subrecipient level. In addition, subrecipients must comply with State rules and regulations.

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## Program Regulations

Program regulations are passed down from the State to the subrecipient. This includes eligibility requirements, allowable activities and any other program regulations. These requirements may be listed or referenced in the agreement.

*Examples:*

*Boating Infrastructure Grant Program – requires facilities to be reasonably accessible and open to the general public.*

*Clean Vessel Act – Limits charges for use of facilities.*

## Public Policy Requirements

Public policy requirements are imposed on grant recipients and subrecipients. These requirements are executive orders of the President, laws enacted by Congress and regulations issued by Federal agencies.

The requirements may be listed or referenced in the agreement or the State may have the subrecipient sign a statement of assurances similar to the Statement of Assurances the State submits to the Federal agency.

The State should make a determination as to which public policy requirements are applicable to their grant program and incorporate these into the subrecipient agreement.

*Examples:*

*American Disabilities Act*

*Civil Rights Act*

*Uniform Relocation Assistance and Real Property Acquisition Policies Act*

*Historic Preservation Act*

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## Compliance Requirements (cont'd)

### Audits

All grantees that expend \$750,000 or more of Federal awards in a fiscal year must have a single audit according to 2 CR 200.331.

Subrecipients falling under this regulation and having findings affecting the State (primary grantee) must submit the final single audit report to the State for review. If an audit is required but there were no findings affecting the State, the subrecipient must submit a letter stating the audit was performed and there were no findings affecting the State.

See 2 CFR 200.331 on requirements for monitoring audits of subrecipients or arranging for audits

The State is responsible for determining whether the subrecipient meets the \$750,000 threshold and, if so, submits the required audit report and corrective action plan or letter. This may be used as one of the monitoring tools.

A State may choose to arrange for a limited scope audit to monitor subrecipients that are not subject to the Single Audit Act.

### Site Visits

Site visits allow State personnel to inspect facilities and operations for compliance, review documentation and records, and view progress.

The State may consider including information on site visits in the subrecipient agreement and develop monitoring policies and procedures for staff use. In addition States should document the findings or recommendations following the site visit.

### Document Reviews

States may review of documentation and reports to monitor subrecipients

- Review payment request (may include supporting documentation)
- Compliance documents
- Financial reports
- Performance or Progress report



**Exercise: Subrecipient/Subaward or Contractor/Contract?**

Use **2 CFR 200.22, 2 CFR 200.92, 2 CFR 200.93, 2 CFR 200.330 and 2 CFR 200.331** to answer the questions below.

1. A university aquatic research department conducts annual research projects for the state fish and game agency. The research projects are funded with an annual SFR grant. According to the terms of the financial assistance agreement with the state fish and game agency, the university is required to submit final performance reports to the state fish and game agency to determine if project objectives were met. What type of financial assistance agreement exists between the state fish and game agency and the university?

Subaward because the university has its performance measured to determine if objectives of a federal program were met **2 CFR 330 (a) (2)**

2. A state fish hatchery supervisor acquires the services of a commercial construction company to dig a new fish hatchery pond. What type of agreement likely exists between the hatchery supervisor and the construction company?

Contract.. because goods and services are being provided within normal business operations (2) Provides similar goods or services to many different purchasers **2 CFR 200.330 (b) (1) & (2)**

3. What data elements must pass through entities require in all subawards?

Federal Award Identification, Subrecipient name and DUNS number  
Federal Award Identification Number, Federal Award Date  
Subaward Period of Performance, Amount of Federal Funds Obligated by this action, Total Amount of Federal Funds Obligated to the subrecipient  
Total Amount of the Federal Award, Federal award project description  
Name of Federal awarding agency and Pass Through entity  
CFDA # & Name, Is award R&D? Indirect cost rate, Terms and conditions  
Required access to records, See list in **2 CFR 200.331** for more elements



**Learning Points**

- ✓ When entering into an agreement with an outside entity to perform grant related functions or activities, the grantee must determine the nature of the relationship and the proper financial assistance instrument
- ✓ Typically a contractor provides goods or services to the grantee organization in contrast to a subrecipient that provides services to the public or for carrying out the grant program
- ✓ Grantees are responsible for identifying and providing the subrecipient with information concerning requirements, monitoring, etc., in the agreement
- ✓ Grantees are responsible for monitoring subrecipients for performance and compliance with federal regulations as well as any State regulations

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**Objectives:**

1. Identify and discuss the regulations grantees must follow for administrative, audit, and cost principles
2. Describe the various methods used to track and report grant expenditures and reimbursements
3. Discuss the importance of internal controls
4. Define allowable costs to grants according to cost principles and program requirements
5. Discuss the difference between direct and indirect costs
6. Describe indirect costs rates, proposals and plans
7. Discuss the limitation on rates for statewide central services required by the WR and SFR Acts
8. Discuss the level of accountability for grant awards, matching or cost sharing, and budgeting

## Financial Management

The Financial management system of each non-Federal entity must provide for the following

- Identify in all its accounts Federal awards received and expended
  - CFDA
  - Federal award identification number and year
  - Name of Federal awarding agency
  - Name of pass-through entity, if any.
- Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements
- Records that identify adequately the source and application of funds for federally-funded activities
- Records that identify adequately the source and application of funds for federally-funded activities
- Comparison of expenditures with budget amounts for each Federal award
- Written procedures to implement the requirements of §200.305 payment
- Written procedures for determining the allowability of costs in accordance with Subpart E —Cost Principles of this part and the terms and conditions of the Federal award

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## Internal Controls

- Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award
- Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards
- Evaluate and monitor the non-Federal entity's compliance with statute, regulations and the terms and conditions of Federal awards
- Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings
- Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

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## Audits

Subpart F of 2 CFR 200 sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of non-Federal entities expending Federal awards

- A non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single or program-specific audit
- Under \$750,000 exempt from Single Audit requirement, but may be selected for program audit
- Regardless of audit status records must be available for review or audit by appropriate officials of the Federal agency, pass-through entity and Government Accountability Office (GAO)
- The pass-through entity is responsible for establishing requirements. As necessary, to ensure by for-profit subrecipients

Notes:

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**Exercise: Examining the Cost Principles**

Use **2 CFR 200.400** and **2 CFR 200 Subpart E** to answer the questions.

1. What are the factors affecting the allowability of costs? (2 CF 200.403)

[2 CFR 200.403](#)

[1- Be necessary and reasonable 2- Adhere to limitations in the cost principles for type and limits 3- Be consistent between federal and non-federal charges 4- Be consistent direct and indirect 5- In accordance with GAAP 5- Not included as a cost or match for another Federal funded program 6- Be adequately documented.](#)

2. The State fish and game agency conducts an agency-wide reduction-in-force (RIF) as required by their state legislature, eliminating 30 positions. The agency would like to charge the severance payments of its RIF'd employees to the applicable grants the employees worked on prior to being laid off. Is this an allowable cost? What are the restrictions? Are there any other considerations?

[2 CFR 200.431\(i\)\(2\)\(ii\) Compensation-Fringe Benefits. Yes allowable but prior approval by the Federal awarding agency or cognizant agency for indirect cost, as appropriate, is required.](#)

3. The Hunter Education Coordinator is planning a meeting for all volunteer instructors to provide updated agency procedures and plans. Training sessions will be held in conjunction with the meeting. Are costs associated with providing meals and snacks at the meeting and reimbursement of travel costs to volunteer instructors allowable costs to a federal award?

[2 CFR 200.432 Conferences. Yes, it is an allowable costs but cost must be necessary conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award.](#)



**Exercise: Examining the Cost Principles**

4. The State Fish and Wildlife agency is planning to purchase land and an office building to use as their headquarters office. Is the purchase price of the land and building an allowable cost to a federal award?

Yes, however the cost of the land and building must be properly allocated between federal and non-federal objectives. For example law enforcement or public relations 2 CFR 403(d) must be allocable

5. A State agency uses vehicles and heavy equipment while performing grant work. What are the acceptable methods for charging the associated costs to the grant?

2 CFR 200.436 , If not acquired with Federal funds, then the cost of acquisition of acquisition can be recovered via depreciation. The operational cost of equipment can be recovered as a direct or indirect cost. See equipment use letter clarifying the guidance

6. A heavy equipment company donated the use of a dozer and an operator to a State boat access construction project funded by a Sport Fish Restoration grant. Are the donations allowable? If yes, then how would the donation be valued and documented?

2 CFR 200. 306 Yes, this is a third party donation. The donation would be valued at market Prices.

7. The State purchases a mobile display booth for \$ 8,000. The display booth will be used at National Hunting and Fishing Days and other public events. The display booth displays information regarding the State's research funded with Wildlife Restoration funds, hunting regulations and promotion of the State's online licensing system. Management wants to charge the cost 100% to the statewide research grant for wildlife. Would this be allowable?

No, law enforcement (regulations) and general agency promotion are ineligible activities under 50 CFR 80.54. The eligible part of the display could be allocated to the applicable Federal award. 2 CFR 403(d)

## Composition of Cost

### Total cost

The total cost of Federal awards is comprised of the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less applicable credits.

### Classification of costs

There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost.

$$\begin{array}{r} \text{Direct Costs} \\ + \\ \text{Indirect costs} \\ - \\ \text{Credits} \\ = \\ \text{Total Cost} \end{array}$$

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## Direct Costs

Direct costs are those that can be identified specifically with a particular final cost objective.

- Typical direct costs chargeable to Federal awards are
    - Compensation of employees for the time devoted and identified specifically to the performance of those awards
    - Cost of materials acquired, consumed, or expended specifically for the purpose of those awards
    - Equipment and other approved capital expenditures
    - Travel expenses incurred specifically to carry out the award
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## Indirect Costs

Indirect costs are those incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved.

Indirect costs are normally charged to Federal awards by the use of an indirect cost rate. A separate indirect cost rate(s) is usually necessary for each department or agency of the governmental unit claiming indirect costs under Federal awards.

Typical examples of indirect costs may include

- State/local-wide central service costs
- General administration of the grantee department or agency, accounting and personnel services performed within the grantee department or agency
- Depreciation or use allowances on buildings and equipment
- Costs of operating and maintaining facilities

### What is an Indirect Cost Rate?

An “indirect cost rate” is a device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.

An indirect cost rate is developed by preparing a cost allocation plan or an indirect cost rate proposal.

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2 CFR 200.414

## Obtaining an Approved Indirect Cost Rate

- Prepare an indirect cost rate proposal for a given period (ICRP)
  - Includes the rates proposed and supporting documentation
  - A copy of the financial data upon which the rate is based
  - The approximate amount of direct base costs incurred under Federal awards
  - An organizational chart for the agency during the period which the proposed rate will apply
  - A Certificate of Indirect Costs
- Submit ICRP to cognizant Federal Agency
  - The cognizant Federal agency is determined by the Office of Management and Budget's (OMB) Federal Register Notice 51 FR 552. If the grantee agency is not listed then the cognizant Federal agency is the agency providing the greatest amount of funds
- Cognizant Federal agency reviews and negotiates rate
- Rate is agreed upon and approved for that period
  - The grantee is required to submit a new Indirect Cost Rate Proposal for future periods

Indirect cost rates must be negotiated annually with your cognizant Federal agency

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## Limitation on State Central Services

### 50 CFR 80.53

Administrative costs in the form of overhead or indirect costs for State central services outside of the State fish and wildlife agency must be in accord with an approved cost allocation plan and shall not exceed in any one fiscal year three per centum of the annual apportionment.

Additional guidance can be found in the policy memorandum titled "3% Central Services Limitation (WR/SFR)" located in the Toolkit

### Calculation of Statewide Central Services Limitation

The State of Protection has an approved SWCAP for allocating the cost of providing centralized computer, purchasing and accounting services to all State (operating) departments and agencies.

The State of Protection has determined that the central services cost allocable to Protection Department of Fish and Wildlife is \$575,000.

Protection Department of Fish and Wildlife is developing an indirect cost rate proposal to obtain an approved indirect cost rate to recoup indirect costs from Wildlife and Sport Fish Restoration awards.

Calculate the limit according to 50 CFR 80.53:

$$11,000,000 \text{ (Annual Apportionment)} \times 3\% \text{ (Max \% Allowed)} = 330,000 \text{ Limit}$$

### Indirect costs included in indirect cost rate proposal:

Protection Dept of Fish and Wildlife - Indirect costs	15,000,000
Statewide Central Services ( <i>3% Limit</i> )	+ <u>330,000</u>
Total Indirect Cost Pool	<u>15,330,000</u>

### Indirect Rate Calculation:

Total Indirect Cost Pool	15,330,000
Direct Cost Base ( <i>Salaries and Fringe</i> )	/ <u>150,000,000</u>
Indirect Rate	10.2%

## Types of Indirect Rates

- Provisional Rate – This is a temporary rate established for a period of time and based on estimated costs until a final rate can be determined. A provisional rate is often sought by grantees that have no prior federal grants or contracts. The provisional rate, which is based on estimated costs, is later revised to a final rate
- Final Rate – The rate established after an organization’s actual costs for an operating period are known
- Predetermined Rate – This is a rate established for a specified period (usually 1 to 3 years) and it is not subject to adjustment. This rate is used when financial data demonstrate a reasonable assurance that a reimbursement rate is likely to remain stable based on the grantee’s actual costs, both previous and forecasted
- Fixed Rate with Carry-Forward: This is a permanent rate established for a future (prospective) period of time. The grantee is reimbursed at this rate, but after actual costs have been determined, the difference between fixed and actual is carried forward to a future period in order to adjust the fixed rate for under or over recovery of indirect costs
- Special Rate: Special rates may be developed to deal with unique situations. They are often used by colleges and universities when indirect costs are different for on-campus and off-campus activities

## Selecting the Type of Indirect Base

- Salaries
- Salaries and Fringe Benefits
- Total Modified Total Direct Costs (TMDC)
  - Less Distorting items
    - Capital Expenditures
    - First \$25,00 of subgrants and contracts

The direct cost base selected should result in each award bearing a fair share of indirect costs in reasonable relation to the benefits received from those indirect cost

### The Calculation

$$(\text{Base}) * (\text{Rate}) = \text{Total Indirect Costs}$$

## Applying the Indirect Cost Rate

Approved indirect cost rates are included in the grant application package in the estimated budget as part of the grant costs. The approved rate is applied against the base (all direct costs, direct salaries or direct salaries plus fringe depending on the base approved in the indirect cost rate proposal). Please note, when using a total direct cost rate, you must subject distorting items from your base prior to apply the rate. Some examples of distorting items would be pass-through funds and capital expenditures.

As direct costs are incurred and charged to the approved grant award the approved indirect cost rate is applied to determine the total grant costs.

The total cost of the grant award may then be reimbursed based on the federal / state cost share (75/25). The indirect rate will also be documented on the Financial Status Report SF-425.

Indirect cost rate proposals are typically prepared by State fiscal year. When an award crosses State fiscal years, more than one rate will apply

If more than one indirect rate applies during the grant period the appropriate rate should be used.

The 10.2% would then be applied against total direct salaries and fringe from protect costs, since the only salaries and fringe were included in the total direct costs.

In our previous example for the Protection Department of Fish and Wildlife: Fisheries Research Activities F - 12-R-10

	<b>Direct Costs</b>	<b>Indirect Costs</b>	<b>Total Costs</b>
Salaries	245,000		245,000
Fringe Benefits	55,000		55,000
Base Indirect Costs		300,000	
Travel	20,000		20,000
Supplies	80,000		80,000
<b>Approved Indirect Rate 10.2%</b>		30,600	30,600
<b>Total</b>	400,000	30,600	430,600

## The 10 Percent Rule

The Federal awarding agency **may, at its option**, restrict the transfer of funds among direct cost categories or programs, functions and activities for Federal awards in which the Federal share of the project exceeds the Simplified Acquisition Threshold and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the Federal awarding agency.

The Federal awarding agency cannot permit a transfer that would cause any Federal appropriation to be used for purposes other than those consistent with the appropriation.

The Current Federal  
Simplified Acquisition  
level is \$150,000

## Budget Changes Required Federal Approval

- The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with 2 CFR 200 Subpart E—Cost Principles or applicable program regulation
- Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award. This provision does not apply to the acquisition of supplies, material, equipment or general support services
- Changes in the amount of approved cost-sharing or matching provided by the non-Federal entity

No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB



### Learning Points

- ✓ Grantees must follow applicable administrative, audit and cost principles when accounting for Federal financial assistance awards
- ✓ States expend and account for grant funds in accordance with State laws and procedures
- ✓ Costs charged to Federal awards must be allowable and in accordance with applicable cost principles
- ✓ Pre-award costs are those incurred prior to the effective date of the award, must be documented, approved and are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of the awarding agency
- ✓ Direct costs are those costs that can be identified specifically with a particular cost objective such as a project, service or other activity
- ✓ Indirect costs are those costs incurred for a common or joint purpose and cannot be readily identified with a particular cost objective
- ✓ An indirect cost rate is the ratio or percentage of an organization's total indirect costs (overhead/administrative costs) to its direct cost base. The rate is used by a non-federal entity to distribute indirect costs to individual Federal awards by applying the rate to either total direct or modified direct costs of the award
- ✓ Grantees submit indirect cost rate proposals and receive the approved indirect cost rate to the cognizant Federal agency. An indirect cost rate cannot be used unless approved
- ✓ States must ensure that indirect costs for statewide central services are limited to 3% of the apportionment for WR and SFR programs
- ✓ WSFR may at its option, require States to seek approval for the moving 10% of the total project funding between direct cost categories on non-construction grants greater than \$150,000



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Phil joined the Wildlife and Sport Fish Restoration (WSFR) training team as an instructor in April 2009. He works as an instructor developing and delivering grant management training courses.

Prior to joining WSFR, Phil was the Federal Aid Coordinator for the Ohio Department of Natural Resources (ODNR), Division of Wildlife for 8 years. Phil served a total of 21 years with ODNR holding positions as Hunter Education Coordinator, Project WILD Coordinator, Becoming an Outdoors Woman Coordinator and State Park Naturalist.

Phil received an A.A.S. degree in Recreation and Wildlife from Hocking College in Nelsonville, Ohio.

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Scott is currently the Chief of the Branch of Information Management. In March of 2005, he joined the WSFR National Training Program as an instructor.

Prior to working with WSFR, Scott was the Business Manager for the Wildlife Resources Section of West Virginia Division of Natural Resources (WVDNR) for 10 years. He served as the Fiscal Coordinator for Federal Assistance projects, administrator for the Hunting and Fishing License Unit, and project leader for West Virginia's online hunting and fishing license system and the in-house point-of-sale system.

Scott holds a Bachelor's degree in Accounting from West Virginia State University. Prior to joining the WVDNR, Scott served in the military as a communications specialist including service during the Gulf War (1991).

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Chris has been with the Wildlife and Sport Fish Restoration (WSFR) Program's training team since August 2011. He works as an instructor developing and delivering grant management training courses.

Prior to WSFR, Chris spent three years with Texas Parks and Wildlife (TPWD) as a federal grants accountant. While with TPWD he managed several grants from WSFR and other federal grant programs, as well as being the designated point of contact for federal grant management assistance to TPWD staff and subgrantees.

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Ryan just recently joined the Wildlife and Sport Fish Restoration (WSFR) Program's training team in September 2014.

Prior to WSFR, Ryan worked for 14 years with the Kentucky Department of Fish and Wildlife Resources (KDFWR). During his tour of duty, he worked as a District Fisheries Biologist managing the state's premiere fisheries at Kentucky and Barkley Lakes. He also oversaw all warm-water sport fish research projects focusing on innovative research to improve the state's resources. During his last eight years, he served as the Federal Aid Coordinator for the fisheries division. He is an avid angler and enjoys spending his free time on the water chasing anything that swims.