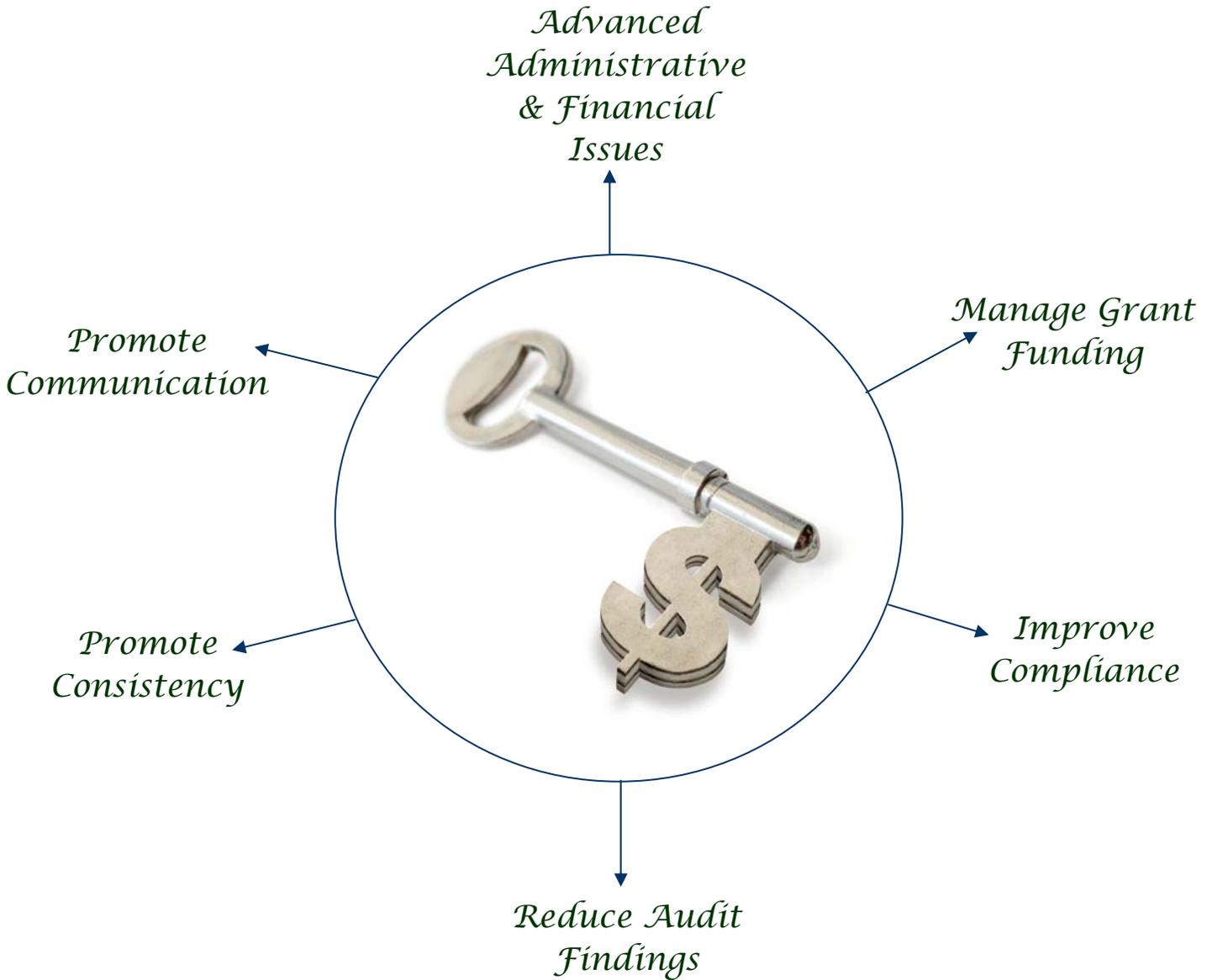


# Advanced Grants Management

Course Workbook ~ 2012



October 29 ~ November 2, 2012

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Enter Name of Course:  
**Advanced Grants Management Course**

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**Advanced Grants Management Course**

Wildlife and Sport Fish Restoration  
National Training Program  
National Conservation Training Center  
Shepherdstown, West Virginia  
October 28<sup>th</sup> – November 2, 2012

**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  
Wildlife and Sport Fish Restoration Programs  
Assent Legislation

**LUNCH**

**AFTERNOON SESSION**

Wildlife and Sport Fish Restoration Programs  
Diversion  
License Certification

**AFTERNOON BREAK**

AFTERNOON SESSION (continued)

Wildlife and Sport Fish Restoration Programs  
WR & Hunter Education

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

Wildlife and Sport Fish Restoration Programs  
SFR, Boating Access, Aquatic Education  
Preliminary and Final Apportionments

MORNING BREAK

MORNING SESSION (continued)

Clean Vessel and Boating Infrastructure Grants

LUNCH

AFTERNOON SESSION

State Wildlife Grants

AFTERNOON BREAK

AFTERNOON SESSION (continued)

Accounting for Grant Awards  
Allowable Costs  
Direct & Indirect Costs

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

Accounting for Grant Awards  
Matching and Cost Sharing Requirements  
Valuing In-Kind  
Level of Accountability

MORNING BREAK

MORNING SESSION (continued)

Subrecipients Rules & Regulations

LUNCH

AFTERNOON SESSION

Washington Office Guest Speaker

AFTERNOON BREAK

AFTERNOON SESSION (continued)

Real & Personal Property Acquisition, Management & Disposition

4:30 p.m. Adjourn

**THURSDAY**

MORNING SESSION

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

Program Income

MORNING BREAK

MORNING SESSION (continued)

Financial Reporting – Completing SF 425

LUNCH

AFTERNOON SESSION

Financial Reporting – Completing SF 425 (continued)

AFTERNOON BREAK

AFTERNOON SESSION (continued)

Effective Grant Coordination and Communication  
Training  
Communication and Coordination  
Program Audits

Instructor Round Table and Discussion

Course Review/Post-Course Survey/Certificates

4:30 p.m. Adjourn

**FRIDAY (Travel Day)**

Have a safe trip home!

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Module time = 30 minutes

Enter Name of Course:  
**Advanced Grants Management Course**

## **Welcome-Instructor Notes**

Enter Tab Number:  
**0**

<p style="text-align: center;"><b>WSFR Program National Training</b></p> <p style="text-align: center;"><b>Advanced Grants Management Course</b></p> 	<p><b>Course Leader:</b> Welcome to the NCTC and the Advanced Grants Management Course.</p> <p>Are all accommodations satisfactory, any difficulties with travel or issues to be resolved? If so, please see the course coordinator.</p>
<p style="text-align: center;"><b>Welcome!</b></p> <ul style="list-style-type: none"> <li>◆ Important Partners in WSFR</li> <li>◆ Course is State / Federal Partnership</li> <li>◆ Thanks for being here!</li> </ul>	<ul style="list-style-type: none"> <li>• All participants are important partners in the grants management process.</li> <li>• The course was developed as a State/Federal partnership (instructors have a mix of federal/state experience in managing grants).</li> <li>• Training Program serves to inform and equip the state and federal staff to deal effectively with grant management processes and issues.</li> <li>• Thanks for being here and working with us.</li> </ul>
<p style="text-align: center;"><b>Please tell us:</b></p> <ul style="list-style-type: none"> <li>◆ Your Name</li> <li>◆ Agency &amp; Position</li> <li>◆ Years of Service</li> <li>◆ Grant Program (s)</li> </ul> 	<p>Instructors go to the front of the room, give name, brief history of experience and little known fact.</p> <p>Ask participants to stand and give the following information:</p> <p>Name, Agency, Job, length of time on the job.</p>

**Housekeeping:**

Location of restrooms, break area, telephones.

Announcements / messages are posted on message board located in break area.

Please turn off or put your cell phones and pagers on silent.

**Roster:**

We will be passing around the course roster. Please check your contact information, make any necessary corrections and initial if it is ok for us to share that info with the course participants. An updated list will be given out later in the week for you to take back with you.

**Course Material:**

Everyone should have a course notebook. The colored pages in the back of each unit are the handouts that will be referred to and used in the exercises. Instructor bios are also included in the notebook.

Every two people have a laptop that will be used to look up information. We'll be working in pairs and groups on exercises throughout the course.

**Card Game:**

In order to provide motivation and opportunity for everyone to talk to each other, network and get better acquainted we will be giving out playing cards out for correct answers to content questions and facts about course participants. This will be done after each break and first thing in the morning. At the end of each day we'll total up the cards and the person (s) with the most points will get a prize. Probably give away 2-3 prizes a day.

We want to encourage you to get to know the participants in the course. One of the requirements of this course is to have experience in managing federal grants so this is a good opportunity to network. We'll get you to complete the information cards found in your workbook (put your name on the back of the fact card). Scott and I will select a fact card and anyone that knows the answer will receive a playing card. At the end of the day the person with the most points will receive a prize.

<p style="text-align: center;"><b>Intended Audience</b></p> <hr/> <p>Persons responsible for the coordination and/or financial administration of grants administered by WSFR, especially State Coordinators and State Accountants and WSFR Regional Staff.</p> <p>Persons attending this course are required to have basic knowledge and experience managing WSFR grants or have attended the Basic Grants Management Course.</p>	<p>This is an advanced course. The intended audience for this course should know the Basic grants management process and have some experience working with WSFR grants. It is modeled after our other courses, Basic &amp; PLC, workshops, more participation less lecture. This is our fourth advanced course and is still in the process of being changed and updated per suggestions. The time will vary and we may have to speed up or change up exercises throughout the course.</p>
<p>At the end of the course we'll have each of you complete an evaluation and if time allows we'll have a round table discussion of things that went well and things that didn't. So as we work through the course keep in mind:</p> <ul style="list-style-type: none"><li>• is the material the right depth for the intended audience – if not how to change, would it be useful to another group?</li><li>• Flow of course and order of modules</li><li>• Additional exercises to demonstrate learning points</li></ul>	

<p style="text-align: center;"><b>Agenda Review</b></p> <hr/> <ul style="list-style-type: none"> <li>◆ Start &amp; Stop Times</li> <li>◆ Breaks &amp; Lunch</li> <li>◆ Card Game</li> <li>◆ Musical Chairs</li> <li>◆ Course Evaluation</li> <li>◆ Thursday Evening</li> </ul> <div style="text-align: right; margin-top: 20px;">  </div> <p style="text-align: right; font-size: small;">5</p>	<p><b>Agenda Review:</b> Please open your notebook to Tab 1 and we'll review the Agenda:</p> <ul style="list-style-type: none"> <li>• Start &amp; stop times.</li> <li>• Flexibility of break and lunch schedules.</li> <li>• We have scheduled breaks, but the schedule is flexible. Let us know if you need a break.</li> <li>• Meet your tablemate activities and musical chairs at the end of each day.</li> <li>• You may ask questions anytime during the course. If we cannot immediately answer the question we will write it down and post it on the question parking lot. The question may be answered later in the course or if it isn't we'll get an answer as soon as possible.</li> <li>• Everyone should have completed expectations survey.</li> <li>• Evaluation Form –Tell participants at the end of the course there will be a round table discussion for course improvements, ideas, etc. and an evaluation form, we would like their feedback. Explain that these are important tools for improving future courses.</li> <li>• Thursday evening activities – required participation.</li> </ul> <p>References in workbook – may direct you to a particular reference even though this may be found in multiple places in Toolkit.</p> <p>Let's turn now to Tab 1 – Course Goals and Objectives.</p>
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Module time = 5 minutes

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**Advanced Grants Management Course**

Enter Tab Number:  
**2**

<p><b>Training Program Goal</b></p> <ul style="list-style-type: none"> <li>◆ systematic/ongoing training</li> <li>◆ develop grants management knowledge &amp; skills</li> </ul> <p>Resulting in...</p> <ul style="list-style-type: none"> <li>◆ consistent/sensible management</li> <li>◆ knowledgeable decisions</li> </ul>	<p>The purpose of training program is to provide a national training program to develop basic and specialized grants management knowledge and skills resulting in the consistent and sensible application of regulations, processes, and decisions in the WSFR grant programs.</p>
<p><b>Course Purpose</b></p> <p>Provide a conceptual, working knowledge of advanced administrative and financial issues in managing WSFR Grant Programs</p>	<p>The purpose of this course is to provide a conceptual and working knowledge of advanced administrative and financial issues in managing grants administered by WSFR Program.</p>
<p><b>Course Goal</b></p> <ul style="list-style-type: none"> <li>◆ More effectively manage grant funding</li> <li>◆ Improve compliance with administrative &amp; financial rules &amp; regulations</li> <li>◆ Reduce audit findings</li> <li>◆ Promote consistency &amp; communication</li> </ul>	<p><b>Review Course Goal</b>          To more effectively manage grant funding, improve compliance with administrative and financial rules and regulations, reduce audit findings, and promote consistency and communication.</p> <p>These goals were developed through communication with State partners and RO staff.</p>
<p><b>Course Objectives</b></p> <ul style="list-style-type: none"> <li>◆ Describe funding sources &amp; methods of distribution</li> <li>◆ Identify administrative compliance requirements</li> <li>◆ Become familiar with issues involving management &amp; monitoring of grants</li> <li>◆ Build a network of contacts</li> </ul>	<p>Review course objectives. Reference pre-course survey and cover additional objectives.</p> <p>Be sure that everyone understands and agrees to the objectives for the course.</p> <p>Are there are any questions on the objectives or what will be covered in the course?</p>
	<p>This is the 5th Advanced Course. Pilot held in October 2006. Everyone should already be familiar with basic grants management processes, forms, information required and basic rules and regulations.</p> <p>The course emphasizes some of the common audit findings, areas of complexity that may have resulted in Director's Orders, new Service Manual Chapters and/or issues that are still being resolved.</p> <p>Exceptions and variations are minimized. Course covers both federal and state roles. Participants will benefit from seeing all roles/responsibilities and communication involved.</p> <p>As I mentioned some things may not yet be completely resolved. If something like that comes up we may need to note it and review with entire federal fiscal group or even elevate to another level within WSFR.</p>

## 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

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**Advanced Grants Management Course**

Module time = 110 minutes

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**3**

Handouts:

Sport Fish Funding Distribution SFR 1 – SFR 2 (in module3)  
Wildlife Restoration Funding Distribution WR-1 – WR-2 (in module3)  
SFR Act (in module3)  
WR Act (in module3)  
License Certification 3-1  
FAIMS Codes 3-2  
Rollup for WR 3-3-WR  
Ledgers for WR 3-4-WR  
O&E – WR 3-5  
Rollup for SFR 3-6-SFR  
Ledgers for SFR 3-7-SFR  
WR - Safety Margin Presentation  
SFR- Safety Margin Presentation includes Boating Access

<p style="text-align: center;"><b>Advanced Grants Management</b></p> <hr/> <p><b>Tab 3:</b> <b>Apportionments, Allocations &amp; Funding Mandates for WR &amp; SFR</b></p>  <p style="text-align: right;">1</p>	<p>Review topic objectives.</p> <p>We've already taken a brief look at the WR and SFR Acts to see how they are funded.</p> <p>In this module we will list the requirements, mandates and spending limits found in the Acts and how they are managed and tracked to stay in compliance with the Acts.</p>
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## **Apportionments, Allocations, and Funding Mandates for WR and SFR**

### **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. Recall the apportionment formula for distributing appropriations for WR and SFR programs
5. Recognize the need for monitoring legislation affecting the State Fish and Wildlife Agency
6. Describe the consequences of not having or removing assent legislation and the term diversion
7. Describe the purpose and process of certifying hunting and fishing license holders and the importance of accurately reporting this information on the annual certification
8. Analyze license counts to be included in an annual license certification in accordance with the rules and regulations
9. Discuss the strategies for allocating and managing the requirements and mandates for both Wildlife Restoration and Sport Fish Restoration
10. Explain how apportionments are obligated for approved grant awards, deobligated, recovered, reverted or returned
11. Review FAIMS codes, ledgers and reports used to manage and track funding mandates and requirements

	<p>Briefly review the list of requirements and mandates of the WR/SFR Acts.</p> <p>Point out where to find in the Acts and the similarities such as assent legislation and license certification.</p> <p>Describe the requirements and mandates. Explain that we will go into more detail on specific requirements later in the module.</p>
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<b>Wildlife Restoration Act</b>	
Reference	Requirement, Mandate, Condition
Section 669	Pass laws for the conservation of wildlife and assent to the provisions of the Act. Include a prohibition against using license funds outside fish and wildlife agency
Sec 669b (a)1	2 year funds
Sec 669c	Set aside funds for Administration of Act – WSFR (this is 2000 improvement Act)
Sec 669h-1	Provides funding for grant programs. Sets Apportionment formula to States after 4(a) – Admin, 4(c) – HE, Sec 10 – HE-Enhanced, Sec 11 – Multi-state grants. Also license certification
Sec 669e (a)1	Participation of States, submit comp plan or projects, 75% federal share & 25% non-federal share
Sec 669e (c)	Limits overhead/indirect charges by State central services to 3% of annual apportionment
Sec 669e (a)1	Reimbursement – pro-rata share
Sec 669h-1 (a) B	Provides spending authority for HE. State <b>may</b> use funds apportioned in Sec 4(c) for HE or for WR
Sec 669g (a)	Provides spending authority for WR. State may use funds for wildlife as defined in Act, excludes law enforcement & public relations
Sec 669h (a) 6	Lists requirements/restrictions on use of admin funds by WSFR. (a)(6) provides for audits of States on 5 year cycle (d) audit of WSFR every 2 years
Sec 669h-1 (a)	Set aside of \$8m for enhanced HE with restrictions
Sec 669h-2 (a) (1)	Set aside of \$3m for multi-state grants, administered by Assoc. of F&W Agencies

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<b>Sport Fish Restoration Act</b>	
Reference	Requirement, Mandate, Condition
Section 777 (a)	Pass laws for the conservation of fish and assent to the provisions of the Act. Include a prohibition against using license funds outside fish and wildlife agency
Sec 777(b)	Allocation of Amounts by Coastal States between Marine & FW
Sec 777(b)(2)	Preservation of FW Project Allocation level @ 1988
Sec 777c	2 year funds, remaining funds added to 57% apportionment to States
Sec 777c (a)	Provides funding for grant programs. Distributes funds from SFR&BT fund to Coastal Wetlands, Boating Safety, Clean Vessel, Boating Infrastructure, National Outreach
Sec 777c (b)	Set aside funds for Administration of Act – WSFR
Sec 777c (c)	Provides funds & apportionment formula for SFR program. License certification. 2 year funds.
Sec 777e(a)1	Participation of States by submitting comprehensive plan or projects, 75% federal share & 25% non-federal share
Sec 777e (c)	Limits overhead/indirect charges by State central services to 3% of annual apportionment
Sec 777f (a)	Reimbursement – pro-rata share
Sec 777b	Provides spending authority for SFR. State may use funds for fishery projects as defined in Act, excludes law enforcement & public relations
Sec 777g (b)1	Boating Access mandate 15%
Sec 777g (c)	Limit on Aquatic Ed to 15%
Sec 777g (d)	National Outreach funding for Sport Fishing & Boating Partnership
Sec 777g (f)	Spending authority for pumpouts under Sec 4 – terms in CVA
Sec 777c (b) (A)	Lists requirements/restrictions on use of admin funds by WSFR. (a)(6) provides for audits of States on 5 year cycle (d) audit of WSFR every 2 years.
Sec 777l	Allows in-kind
Sec 777m	Set aside of \$3m for multi-state grants, administered by Assoc of F & W Agencies
Sec 777m (e) 1	Funding for Fisheries Commissions
Sec 777c (a) 2	Provides distribution of funds remaining in Boat Safety Account (prior to re-authorization)

	<p>One of the requirements to participate in both the WR grant program and the SFR grant program is Assent legislation. Let's look at the requirement in greater detail.</p>
<p style="text-align: center;"><b>Assent Legislation</b></p> <hr/> <ul style="list-style-type: none"><li>◆ Required by the SFR and WR Acts</li><li>◆ Assent to the provision of the Acts</li><li>◆ Pass laws for the conservation of fish and wildlife</li><li>◆ Restrict expenditure of license fees for the administration of the State fish and wildlife agency</li></ul> <p style="text-align: right;">2</p>	<p>What is required in a State's assent legislation?</p> <ul style="list-style-type: none"><li>● Assent to the provisions of the Acts</li><li>● Pass laws for the conservation of fish and wildlife</li><li>● Restrict expenditure of license fees to the administration of the State fish and wildlife agency</li></ul>

## Assent Legislation

The Wildlife Restoration and Sport Fish Restoration Acts require grantees to pass legislation that assents to the provisions of the Acts.

What is required in a State's assent legislation?

- Assent to the provisions of the Acts
- Ensures the conservation of fish and wildlife
- Restrict license revenue to the administration of the State fish and wildlife agency

Notes:

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	<b>Assent Legislation</b>
50 CFR 80.10	Administrative Requirements Federal Aid in Fish and Federal Aid in Wildlife Restoration
522 FW 2.4 C	Fish and Wildlife Service Manual
	Sport Fish Restoration and Wildlife Restoration Acts

<p style="text-align: center;"><b>Assent Legislation</b></p> <hr/> <p><b>Exercise:</b> <b>Reviewing Assent Legislation</b></p> <p style="text-align: center;">Page 3-5</p>  <p style="text-align: right;">3</p>	<p>Instructions for the exercise: Let's put on your auditor's hat and review a couple of examples of assent legislation for compliance.</p> <p>For the exercise we will assume the State fish and wildlife agency has passed laws for the management of fish and wildlife.</p>
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**Exercise: Reviewing Assent Legislation**

Using the Toolkit read **50 CFR 80.10**. After reading the guidance, review the two examples of assent legislation listed below.

Are the examples in compliance with 50 CFR 80.10? Please explain.

***Federal Regulations > 50 CFR 80.10***

1. Revenues from the licensing regulatory scheme shall be used only for fish and wildlife management. The Director may enter into agreements and contracts with state and federal agencies to protect and manage wildlife.

No the assent legislation does not assent to the provisions of the act.

Nor does it protect the license fees for use outside of the fish and wildlife agency.

2. The State assents to the provisions of the act of congress entitled "An Act to Provide that the United States Shall Aid the States in Wildlife Restoration Projects, and for Other Purposes", 16 U.S.C. 9 669 et seq., and the director of the fish and wildlife agency is authorized to perform those acts that may be necessary to the conduct and establishment of cooperative wildlife restoration projects, as defined in that act of congress, in compliance with that act and with rules and regulations promulgated by the secretary of the interior under that act; and no funds accruing to the State from license fees or interest from license fee accounts paid by hunters shall be diverted for any other purpose than the administration of the division of fish and wildlife.

Yes the language specifically assents to the provisions of the act and also clearly states that licenses fees are to be used for the administration of the State fish and wildlife agency.

	<p>What happens if a State is not in compliance with the Assent Legislation requirement?</p> <p>The State can become ineligible for participation in programs or may be declared in diversion.</p>
<p><b>What is Diversion?</b></p> <hr/> <p>Diversion occurs when paid hunting and fishing license fees are diverted to purposes other than the administration of the State fish and wildlife agency.</p>	<p>What is Diversion?</p> <p>Diversion occurs when paid hunting and fishing license fees are diverted to other purposes other than the administration of the State fish and wildlife agency.</p>

**What happens if a State is not in compliance with the Assent Legislation requirement?**

- A State/Territory not having or removing this restriction is ineligible for this program
- Eligible States/Territories removing this restriction or using revenue from license fees for purposes other than for the fish and wildlife agency may be declared ineligible and may be "in diversion"

**50 CFR 80.21-23, Diversion** occurs when paid hunting and fishing license fees are diverted to purposes other than the administration of the State fish and wildlife agency.

- Removal of the legislative restriction on use of funds
- Use of license funds for purposes other than administration of fish and wildlife agency
- Use of funds for wildlife damage management (under certain conditions, see 521 FW 2.11)
- Loss of control of assets purchased with license fees (522 FW 20)

	<b>Diversion</b>
50 CFR 80.21-23	Administrative Requirements Federal Aid in Fish and Federal Aid in Wildlife Restoration
522 FW 2.4 C	Fish and Wildlife Service Manual
	Sport Fish Restoration and Wildlife Restoration Acts
522 FW 20	Loss of Control and Disposal of Real Property

<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;"><b>License Fees?</b></p> <hr/> <ul style="list-style-type: none"> <li>◆ Revenues from the sale of licenses conveying a privilege to pursue or take wildlife or fish</li> <li>◆ Assets acquired or produced with license revenues or revenue produced from those assets</li> <li>◆ Interest, dividends or other income earned on license revenues</li> <li>◆ FA project reimbursements to extent license revenues funded project</li> </ul> </div>	<p>What is considered License Fees?</p> <p>All proceeds from State-issued general or specific hunting and fishing licenses, permits, stamps, tags, access and use fees and other charges to hunt or fish for recreational purposes.</p> <p>Real or personal property acquired with license revenue</p> <p>Income from the sale, lease, or rental of, granting rights to, or a fee for access to real or personal property acquired or constructed with license revenue.</p> <p>Income from the sale, lease, or rental of, granting rights to, or a fee for access to a recreational opportunity, product, or commodity derived from real or personal property acquired, managed, maintained, or produced by using license revenue.</p> <p>Interest, dividends or other income earned on license revenues.</p> <p>Reimbursements for expenditures originally paid with license revenue.</p> <p>Payments received for services funded by license revenue. Licenses includes: stamps and permits Permits, tags. Assets include: Land, Equipment Vehicles</p>
<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;"> <p style="text-align: center;"><b>What if Diversion Occurs?</b></p> <hr/> <ul style="list-style-type: none"> <li>◆ Ineligible to participate in WR/SFR Acts</li> <li>◆ From time diversion is declared by USFWS Director</li> </ul> <p style="text-align: center; margin-top: 10px;"><b>UNTIL:</b></p> </div> <div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;"><b>What if Diversion Occurs?</b></p> <hr/> <ul style="list-style-type: none"> <li>◆ Adequate legislative prohibitions</li> <li>◆ License revenues restored</li> <li>◆ Interest, dividends or other income earned on license revenues</li> <li>◆ Previously obligated FA funds remain available</li> <li>◆ No new obligations</li> </ul> </div>	<p>If a diversion of license fees occurs, the State becomes ineligible to participate under the Acts from the time the diversion is declared by the Director until:</p> <ul style="list-style-type: none"> <li>• Adequate legislative prohibitions are in place to prevent diversion of license revenues.</li> <li>• All license revenues or assets acquired with license revenues are restored, or an amount equal to the license revenue diverted or the current market value of assets diverted (whichever is greater) is returned and properly available for use for the administration of the State fish and wildlife agency.</li> <li>• Federal funds obligated for projects approved prior to the date of diversion remain available for expenditure. However, the State may not make new obligations until the diversion status is resolved.</li> </ul>

## What are License Fees?

- All proceeds from State-issued general or specific hunting and fishing licenses, permits, stamps, tags, access and use fees and other charges to hunt or fish for recreational purposes
  - Real or personal property acquired with license revenue
  - Income from the sale, lease, rental of, granting rights to, or a fee for access to
    - real or personal property acquired or constructed with license revenue
    - a recreational opportunity, product, or commodity derived from real or personal property acquired, managed, maintained, or produced by using license revenue
  - Interest, dividends or other income earned on license revenues
  - Reimbursements for expenditures originally paid with license revenue
  - Payments received for services funded by license revenue
- 
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## What happens if a diversion of license fees occurs?

If a diversion of license fees occurs, the State/Territory becomes ineligible to participate under the Acts from the time the diversion is declared by the Director until:

- Adequate legislative prohibitions are in place to prevent diversion of license revenues
  - All license revenues or assets acquired with license revenues are restored, or an amount equal to the license revenue diverted or the current market value of assets diverted (whichever is greater) is returned and properly available for use for the administration of the State fish and wildlife agency
  - Federal funds obligated for projects approved prior to the date of diversion remain available for expenditure. However, the State may not make new obligations until the diversion status is resolved
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<p style="text-align: center;"><b>Monitoring Assent Legislation</b></p> <ul style="list-style-type: none"><li>◆ State Executive Branch</li><li>◆ State Legislative Branch</li><li>◆ Agency Actions</li></ul> <div style="display: flex; justify-content: space-around;"></div> <p style="text-align: right; font-size: small;">10</p>	<p>State executive branch actions:</p> <ul style="list-style-type: none"><li>• Vehicle fleet plans and other equipment pools</li><li>• Staff and services sharing</li><li>• Transfer of management authority on property acquired with restricted funds</li><li>• Directives to expend restricted funds on activities unrelated to the administration of the State's fish and wildlife agency</li></ul> <p>State legislative branch actions:</p> <ul style="list-style-type: none"><li>• Legislation that transfers land or assets to control of another entity</li><li>• Elements in the budget bill that mandate expenditures from restricted funds for activities unrelated to the administration of the State's fish and wildlife agency</li><li>• Changes to the assent legislation</li></ul> <p>Agency actions</p> <ul style="list-style-type: none"><li>• Law Enforcement</li><li>• Parks</li><li>• Environmental Protection</li><li>• Nuisance animals</li><li>• Agency central services</li></ul>
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## Monitoring Assent Legislation and Diversion (522 FW 2.4)

### State executive branch actions

- Vehicle fleet plans and other equipment pools
- Staff and services sharing
- Transfer of management authority on property acquired with restricted funds
- Directives to expend restricted funds on activities unrelated to the administration of the State's fish and wildlife agency

The State is responsible for monitoring actions that impact its compliance with the assent legislation requirement

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### State legislative branch actions

- Legislation that transfers land or assets to control of another entity
- Elements in the budget bill that mandate expenditures from restricted funds for activities unrelated to the administration of the State's fish and wildlife agency
- Changes to the assent legislation

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### Agency actions

- Law Enforcement
  - Parks
  - Environmental Protection
  - Nuisance animals
  - Agency central services
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<p style="text-align: center;"><b>License Certification</b></p> <hr/> <ul style="list-style-type: none"><li>◆ Required by the SFR and WR Acts</li><li>◆ Annually required</li><li>◆ Used in the apportionment formula</li><li>◆ Certified by State Director</li><li>◆ Reviewed by RO and WO</li></ul> <p style="text-align: right;">11</p>	<p>Acts require the annual submission of license certification. State's may select any 12 month period for certification</p> <p>Part of the apportionment formula</p> <p>Certified by the Director of the State fish and wildlife agency.</p> <p>Submitted via iFAIMS or paper form (3-154A &amp; 3-154B)</p> <p>Reviewed by WO and RO any change +/- 5 % must be reviewed and explained.</p>
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## **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 as part of the apportionment formula; therefore it is critical that States prepare the license certification correctly.

The State prepares the Annual License Certification in the spring of each year. The information is certified as accurate by the Director of the State fish and wildlife agency. The certification is submitted via iFAIMS or paper forms (3-154A & 3-154B). If submitted via paper forms the data is entered by WSFR into FAIMS.

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, and enter information in the Notes section of FAIMS.

Once this process is complete the license data along with additional data in FAIMS is used to calculate and produce the apportionment to each State and Territory.

Notes:

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	<b>License Certification</b>
50 CFR 80.30-39	Administrative Requirements Federal Aid in Fish and Federal Aid in Wildlife Restoration
522 FW 2.4 C	Fish and Wildlife Service Manual
	Sport Fish Restoration and Wildlife Restoration Acts

<p style="text-align: center;"><b>License Certification</b></p> <hr/> <p><b>Exercise:</b> <b>Preparing the License Certification</b> <b>Annual Licenses</b></p> <p style="text-align: center;">Page 3-10</p>  <p style="text-align: right;">10</p>	



**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.

<p style="text-align: center;"><b>License Certification</b></p> <hr/> <p><b>Exercise:</b> <b>Preparing the License Certification</b> <b>Lifetime Licenses</b></p> <p style="text-align: center;">Page 3-11</p>  <p style="text-align: right;">11</p>	<p>Q.1 What is a valid license?</p> <p>Since the Acts or 50 CFR 80.30-39 does not defined "Valid." The State's law which establishes the legal status of the license would be the reference for validity. This is important when it relates to youth lifetime licenses. If State law requires Hunter Ed as precondition for the license becoming valid then the State could only count either the actual number of youth lifetime license holders having passed Hunter Ed or use a statistically valid method of determining the proportion of holders they could count.</p> <p>Q.2 In addition, what about the fact Protection grants a free license to residents age 65 years and older?</p>
	<p>These licensees still hold a valid license to hunt and/or fish in the State yes they can be counted?</p> <p>What if they moved out of State? Protection allows license holders to retain their lifetime privileges if they move out of State, but if they didn't they would have to account for this factor.</p> <p>Q3. Discuss investing lifetime license in interest bearing accounts and equities. What justifies net revenue and revenue earned in the period? Relate back what happened to equity funds after Sept 11, 2001.</p>



**Exercise: Preparing the License Certification – Lifetime 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? Doe 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.

<p style="text-align: center;"><b>Wildlife Restoration Act</b></p> <hr/> <p><b>Wildlife Restoration and Hunter Education Apportionments</b></p> <p style="text-align: right;">13</p>	<p>Now let's go through the mandates and spending limits for WR program.</p> <p>Hunter Education is a part of the WR grant programs. It is one of the eligible activities within WR. However, there are special circumstances involved in managing these funds.</p>
<p style="text-align: center;"><b>Wildlife Restoration Funds</b></p> <hr/> <p><b>Purpose:</b></p> <ul style="list-style-type: none"><li>◆ Restore and manage wildlife for benefit of public.</li><li>◆ Research.</li><li>◆ Obtain data to regulate hunting.</li><li>◆ Acquire real property for habitat or access to hunting or other wildlife dependent recreation.</li></ul> <p style="text-align: right;">14</p>	<p>You've already reviewed the WR Act and know that the Act provided for funds collected to be apportioned to the States/Territories based on formulas.</p>
<p style="text-align: center;"><b>Wildlife Restoration Funds</b></p> <hr/> <ul style="list-style-type: none"><li>◆ Build structures or acquire equipment goods and services for habitat restoration and public access.</li><li>◆ Operate and maintain WSFR funded projects or other non-WSFR funded facilities if necessary for WSFR authorized activities.</li><li>◆ WSFR and other related program grant coordination.</li></ul> <p style="text-align: center;"><small>Funds have a two year period of availability.</small></p> <p style="text-align: right;">14</p>	<p>Let's look at those formulas, the mandates how those requirements are actually applied.</p>
<p style="text-align: center;"><b>Basic Hunter Education</b></p> <hr/> <p><b>Purpose:</b></p> <ul style="list-style-type: none"><li>◆ Hunter education (teach knowledge, skills, attitudes to be responsible hunter).</li><li>◆ Construct, operate &amp; maintain firearm and archery ranges.</li><li>◆ Wildlife restoration activities.</li></ul> <p style="text-align: center;"><small>Funds have a two year period of availability.</small></p> <p style="text-align: right;">14</p>	

## 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
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<p style="text-align: center;"><b>Enhanced Hunter Education</b></p> <hr/> <p><b>Purpose:</b></p> <ul style="list-style-type: none"><li>◆ Enhanced hunter development (introduce / recruit to participate in hunting, bow hunting, target shooting, or archery).</li><li>◆ Enhanced interstate coordination of HE, firearm/archery range programs.</li></ul> <p style="text-align: right;"><small>16</small></p>	
<p style="text-align: center;"><b>Enhanced Hunter Education</b></p> <hr/> <ul style="list-style-type: none"><li>◆ Enhanced programs for education, safety, or development of bow hunters, archers, and shooters.</li><li>◆ Enhance construction and development of firearm &amp; archery ranges.</li><li>◆ Update safety features of firearm &amp; archery ranges</li></ul> <p style="text-align: center;"><small>Funds have a one year period of availability.</small></p> <p style="text-align: right;"><small>17</small></p>	
<p style="text-align: center;"><b>Enhanced HE Reverted Funds</b></p> <hr/> <ul style="list-style-type: none"><li>◆ Reverted Enhanced funds are made available to eligible States/Territories the subsequent fiscal year</li><li>◆ Distributed based on WR formula</li><li>◆ Shown as separate apportionment</li></ul> <p style="text-align: center;"><small>Funds have two year period of availability.</small></p> <p style="text-align: right;"><small>18</small></p>	

## 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
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## 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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<p><b>Wildlife Restoration Act</b></p> <hr/> <p><b>Exercise:</b> <b>Wildlife Restoration and Hunter Education Apportionments</b></p> <p>Page 3-12 </p> <p><small>12</small></p>	
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**Exercise: WR and HE Apportionments**

Using the Toolkit go to **Federal Regulations < 50 CFR 80 Admin Requirements, 80.60**. You may also use handout **QR - 11 Wildlife Restoration Program (tab 13)** and **WR handout 3-2** included in this module. Answer the following questions.

1. What is the source of funds for the apportionments to States and Territories for Basic Hunter Education? Enhanced Hunter Education?

Basic- ½ of the manufacturers' excise taxes on the sale of pistols & revolvers and archery equipment (arrow components).

Enhanced: \$8 million set aside from WR fund. **handout 3-2**

2. What is the apportionment formula for Wildlife Restoration, Basic Hunter Education and Enhanced Hunter Education? How long are the funds available?

WR based on state land & water area and paid license holders – 2 years.

Both HE are apportioned to States/Territories based on the population of the State per census figures compared to all States with minimums & maximums. Basic HE available 2 years, Enhanced HE 1 year.**handout 3-2**

3. The amount a grantee obligates from their annual Basic HE apportionment determines how the grantee may use their Enhanced HE apportionment. Please explain.

**Unless** all Basic HE funds for the fiscal year have been fully obligated for Hunter Education, Enhanced funds are restricted for Enhanced HE projects or reverted. If Basic HE funds are fully obligated for Basic Hunter Ed Enhanced HE funds may be used for any WR activity **50CFR 80.60**

4. What happens to the reverted Enhanced funds?

Apportioned to the States (via WR formula) that met eligibility for reverted funds. To be eligible obligate all of the current year Basic He apportionment for HE and then are eligible the following year for reverted funds. **50CFR80.60**

<div data-bbox="256 205 711 546"><p><b>Federal Assistance Terms</b></p><ul style="list-style-type: none"><li>◆ Apportionment - funds available to State based on formula</li><li>◆ Obligate – set aside funds for grant award</li><li>◆ De-obligate – reduce funds available for awarded grant</li><li>◆ Recover – unused balance from closed grant award returned to State's apportionment</li><li>◆ Revert – unused balance from closed grant award or never obligated that will not be returned to State's apportionment</li></ul></div> <div data-bbox="256 625 699 953"><p><b>Safety Margins</b></p></div>	<p>Debrief :</p> <p>Use Power Point to show how funds are apportioned, obligated and recovered or reverted for each type of apportionment.</p> <p>Use Safety Margin presentations.</p>
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## Exercise: Sport Fish Restoration Apportionments

Using the Toolkit go to **Federal Regulations > 50 CFR 80 Admin Requirements, 80.51-53 and 80.61-66**. You may also use handouts **QR-7 Sport Fish Restoration Program (tab 13)** and **handout 3-4 SFR diagrams** in this module. Answer the following questions.

1. What is the source of funds for the apportionments to States and Territories for Sport Fish Restoration?

Manufacturers' excise taxes on electric motors & sonar,  
fishing equipment, import duties on tackle, pleasure boats, yachts and  
fuel taxes on small engines and motorboats. **Handout 3-4**

2. What is the apportionment formula for Sport Fish Restoration? How long are the funds available?

SFR based on state land & water and paid license holders – 2 years includes  
minimums and maximums

**Handout 3-4**

3. How are funds allocated to Boating Access? How long are the funds available?

Grantees decide how much to allocate for Boating Access (Boating Access  
may also be split between FW and Marine). However the Act mandates at  
least 15% of the apportionment be used for Boating Access, regional  
averaging. The funds are available for 5 years from apportionment. **QR-7**

4. What is the mandate or limit on using funds for Aquatic Education? How long are funds available?

No mandate to use funds for AE but cannot use more than 15% of  
apportionment for Aquatic Education except for DC & Insular Areas.

This may also be split between FW and Marine.

It is up to the grantee. Funds available 2 yrs, same as SFR. **QR-7**

	<p>Continue Sport Fish Restoration.</p> <p>Penalty for not complying with FW/M split:</p> <p>(4) Failure to provide for an equitable allocation may result in the State's becoming ineligible to participate in the use of those funds specified, until such time as the State demonstrates to the satisfaction of the Director that funds will be allocated equitably.</p> <p>Split according to RESIDENT anglers – National Survey every 5 years, other surveys should also be updated at least once every five years.</p> <p>Regional office staff will evaluate method used to split freshwater/marine. Look at things like sampling size, method of sampling and overall credibility of report. Provide a copy of report to FA – Headquarters, Survey section for review.</p> <p>Regional Office inputs allocations into FAIMS according to State notification. States/RO monitors for reversion and compliance with mandates.</p> <p>States notify RO by letter of BA Allocation.</p>



**Exercise: Sport Fish Restoration Apportionments (cont'd)**

5. What determines the amount to be allocated between freshwater and marine Sport Fish Restoration funds?

State makes determination based on the National Survey or other statistically reliable method. Federal Regional Offices will check and possibly auditors - complying with requirements of the Act and CFR.  
This may be averaged over a three year period. **See 50 CFR 80.66**

6. How is the freshwater and marine split distributed between boating access and aquatic education?

Depends on structure of State agency and how they wish to split the funding. Split may be done by FW/M with each adhering to mandates for boating access and aquatic education or it may be split by boating access and aquatic education prior to FW/M. Agencies must coordinate.

<p style="text-align: center;"><b>Safety Margins</b></p> <hr/> <ul style="list-style-type: none"><li>◆ Sport Fish Restoration funds available for 2 years</li><li>◆ SFR Freshwater, Marine and Aquatic Education rollup – one safety margin</li><li>◆ Safety margin process same as WR except: reverted funds return to be re-apportioned to States/Territories</li><li>◆ Boating Access separate safety margin</li></ul> <p style="text-align: right;">11</p>	<p>Debrief :</p> <p>Use Power Point to show how funds are apportioned, obligated and recovered or reverted for each type of apportionment.</p> <p>Use Safety Margin presentations.</p>
<p style="text-align: center;"><b>Boating Access</b></p> <hr/> <ul style="list-style-type: none"><li>◆ Act mandates 15% over 5 years - regional averaging</li></ul> <p style="text-align: right;">12</p>	

## Sport Fish Restoration (Freshwater and Marine), Boating Access, Aquatic Education Apportionments

### Sport Fish Restoration

- Distributed based on land/water area and license certification
- Available for 2 years (funds passing through safety margins are recovered, funds that cannot pass through safety margins revert and are re-apportioned for SFR in subsequent year)
- Must be equitably divided between freshwater and marine, averaged over a three year period. (SFR Act Sec. 1 (b)(1))
- May use up to 15% annually for Aquatic Education (may be split between FW & Marine)
- 15% must be allocated to Boating Access - averaged for the Region over a 5 year period (if regional average falls below 15%, grantees that allocate below 15% will revert funds, funds will be re-apportioned for SFR in subsequent year)
- Boating Access funds allocated are available for 5 years (after 5 year period funds remaining unobligated revert, funds passing through safety margins recover, funds that cannot pass through safety margins revert. Reverted funds are re-apportioned to SFR in subsequent year)

States/Territories receive an annual apportionment for Sport Fish Restoration.

Grantees decide the amounts to be allocated to

- Freshwater
- Marine
- Aquatic Education
- Boating Access

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<p style="text-align: center;"><b>Managing Apportionments</b></p> <hr/> <p><b>Exercise:</b> Managing Sport Fish Restoration Apportionments</p> <p style="text-align: center;">Page 3-14</p> <p style="text-align: center;"><u>FAIMS Codes Rollup</u></p>  <p style="text-align: right;"><small>75</small></p>	<p>Assign groups to work on exercise.</p> <p>Bring out discussion on various ways of splitting FW/M, AE, BA.</p> <p>All okay as long as all mandates and limits are met.</p> <p>Very complex process involving coordination in State.</p>

	<p><b>Exercise: Managing the Sport Fish Restoration Apportionment</b></p>
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The State of Grace submitted its grant packages without providing the Regional Office directions on how to obligate each grant. Please review the provided cost information sheet to answer the questions below.

1. Do you see any issues/problems with the way the grants are currently obligated?

Yes, 3 grants FW-4-C, FW-8-T and F-48-R are completely unobligated  
all costs associated with these grants from July to receipt of the final  
apportionment will not be reimbursed.

2. How would you have suggested the grants be obligated?

Grant	Approved Federal Share	Recommended Obligation
F-31-D-16	\$1,500,000	
F-7-D-12	\$375,000	
F-48-R-16	\$300,000	
FW-R-C-18	\$150,000	
FW-8-T-5	\$75,000	

	<p>Debrief: List mandates and limits. What are issues?</p> <p>Split for preliminary apportionment is 80/20, \$2,880,000 FW, \$720,000 M. Grants for Marine total \$780,000. Is this an issue? Maybe, maybe not, final appn still to come. Also because of 3 year average between FW/M, Marine may use more or less during 3 year period. Must be coordinated within State.</p> <p>Marine Div asking for more than 15% of their share of preliminary appn for AE – mandated limit for AE. AE not determined by each split, it is overall total. As long as both FW &amp; M don't go over 15%, no issue. Again, this is preliminary and coordination must exist between FW &amp; M.</p> <p>Boating Access for both FW &amp; M are over 15% mandate. Is this okay? Yes, can go over 15%. But remember safety margin issue. If this is allocated, obligated and not spent could result in reversion. Going over 15% may help regional average and other States that don't allocate 15% for BA. State must allocate, obligate and spend 15% BA, can be a total between both or one or the other may meet 15% BA mandate. 5 year</p> <p>How did you post to the subsidiary ledgers? Were they helpful in keeping track of the splits?</p>
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	<p>Probably have some type of protocol in State agencies for splitting Marine/FW and/or Boating Access. This may depend on how the State agency is structured. There may be a straight split of funds based on resident anglers' survey with marine &amp; freshwater each meeting mandates or it may be coordinated.</p> <p>Part of debrief mention that codes are also established in Smartlink to track draw downs by type of funds, marine, freshwater, boating access, etc. We'll talk more about that in later module when discussing reimbursement of grant expenditures</p>
	<p>Review learning points.</p>
	<p>WR and SFR aren't the only programs that are authorized and appropriated through the permanent and indefinite appropriations.</p> <p>The Sport Fish Restoration Act also provides funds for Boating Infrastructure Grants and Clean Vessel Act Grants that are administered by Federal Assistance.</p>



## Learning Points

- ✓ WR and SFR Acts authorize permanent and indefinite appropriations
- ✓ States/Territories, to be eligible to participate in WR and SFR programs, MUST (1) pass and maintain assent legislation, (2) certify license holders, and (3) prohibit diversion of license fees
- ✓ WR and SFR Acts contain spending mandates, limits, regulations, and requirements for making funds available—based on formulas and/or national competition—to grant programs
- ✓ 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
- ✓ To comply with funding mandates and limits and to maximize grant funds it is recommended that States use grant resources and systems to perform ongoing monitoring of programs and sub programs apportionments, allocations, obligations and safety margins
- ✓ 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

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**Learning Points (Cont'd)**

- ✓ 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)

### 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.

# Wildlife Restoration Act

11% tax on firearms and ammunition

10% tax on pistols, handguns and revolvers

11% tax on bows, quivers, broadheads, points  
\$.45 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

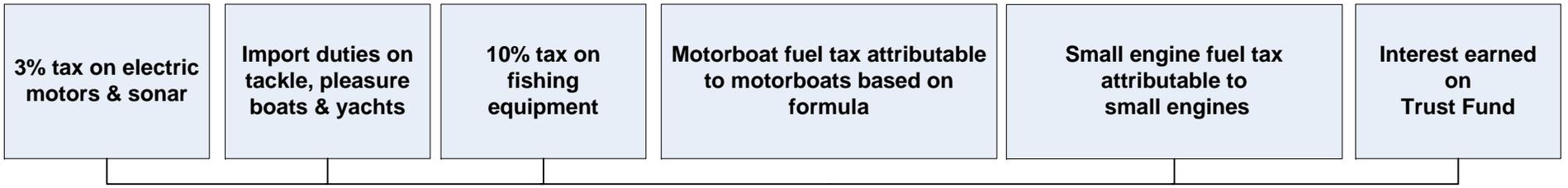
Section 4 (c)  
1/2 of taxes collected on pistols, revolvers, bows, quivers, broadheads, shafts, apportioned to states/insular areas  
Hunter Education

Distribution of remaining funds

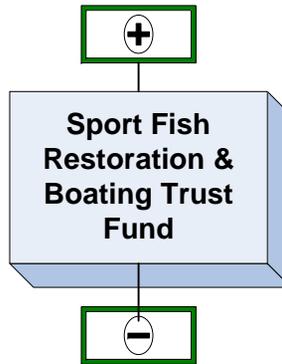
Apportioned to states/insular areas for Wildlife Restoration Program



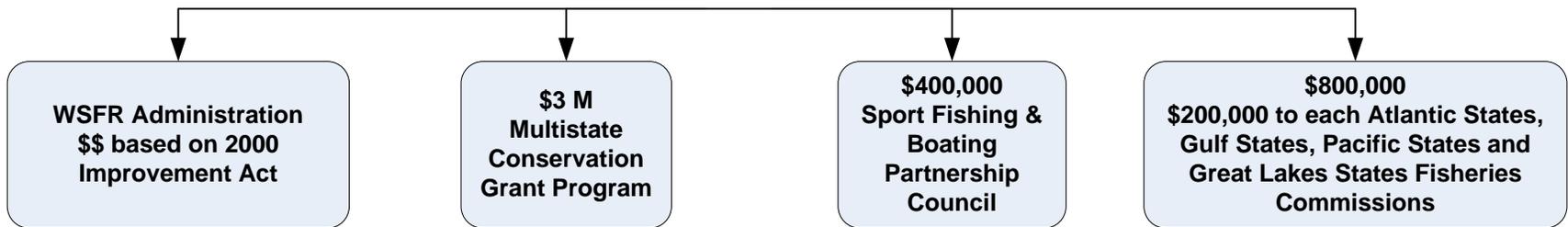
# Sport Fish Restoration Act



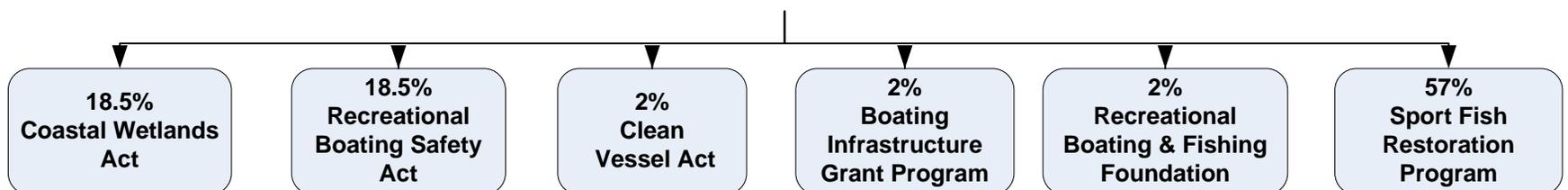
Revenue transferred or deposited to the Trust Fund



Deductions from the Trust Fund



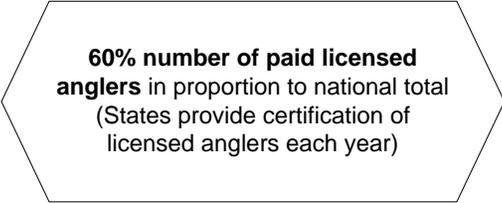
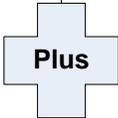
Distribution of remaining funds



# Sport Fish Restoration Program Apportionment Formula

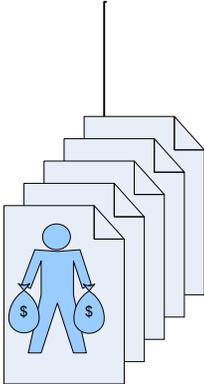


SFR Program receives 57% of funds remaining in Trust Fund after deductions annually



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

**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>

# Wildlife Restoration Act

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11% tax on bows, quivers, broadheads, points  
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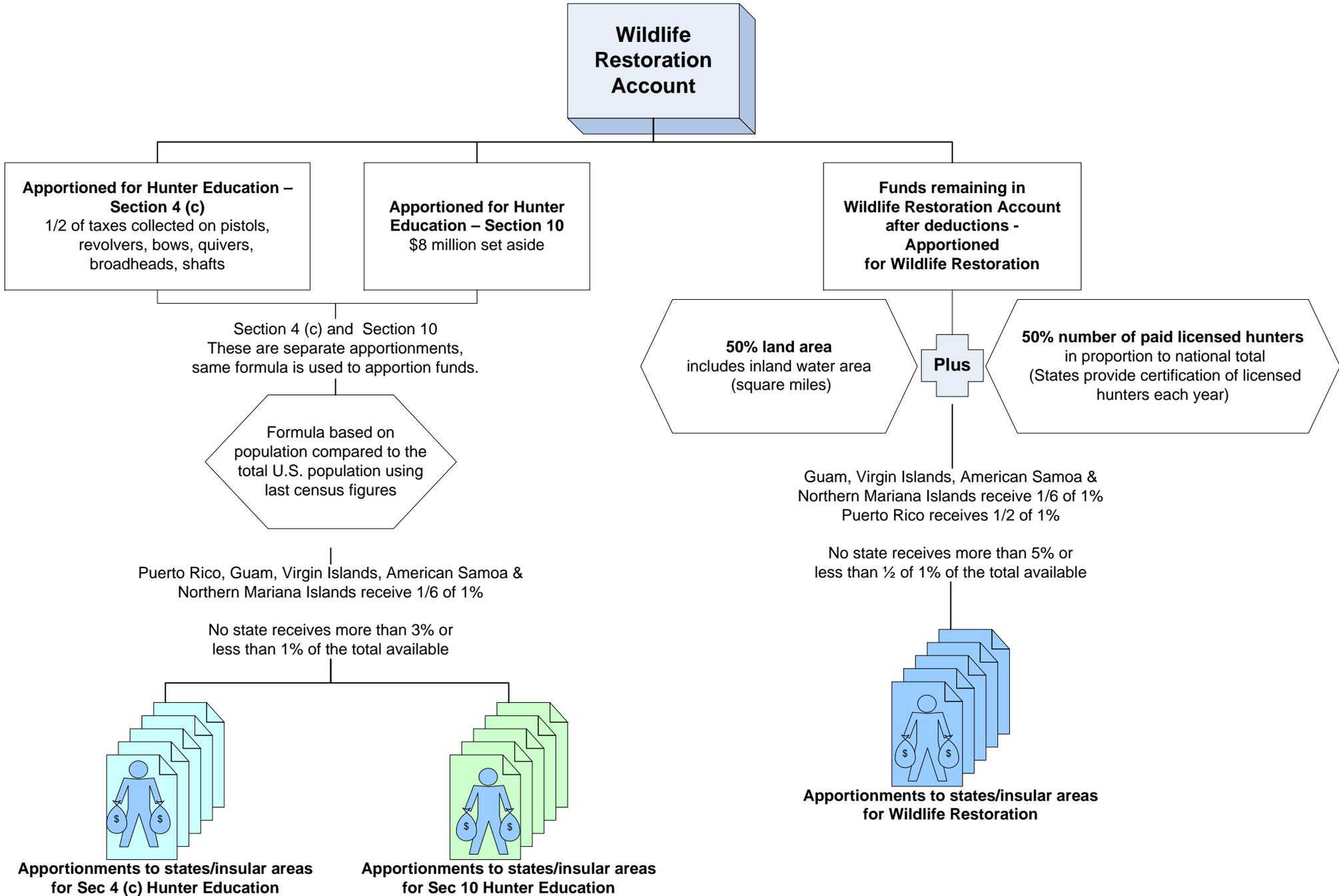
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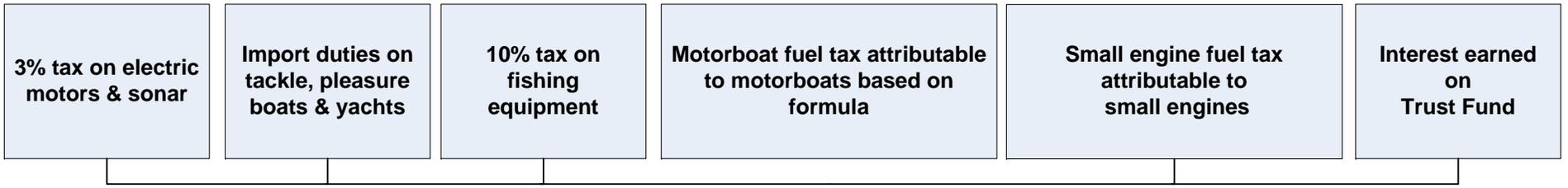
Distribution of remaining funds

Apportioned to states/insular areas for Wildlife Restoration Program

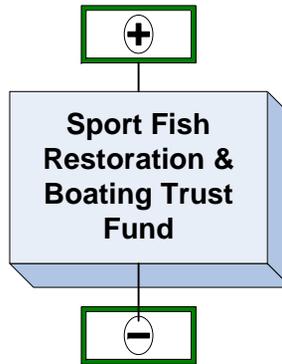
# Wildlife Restoration Program Apportionment Formula



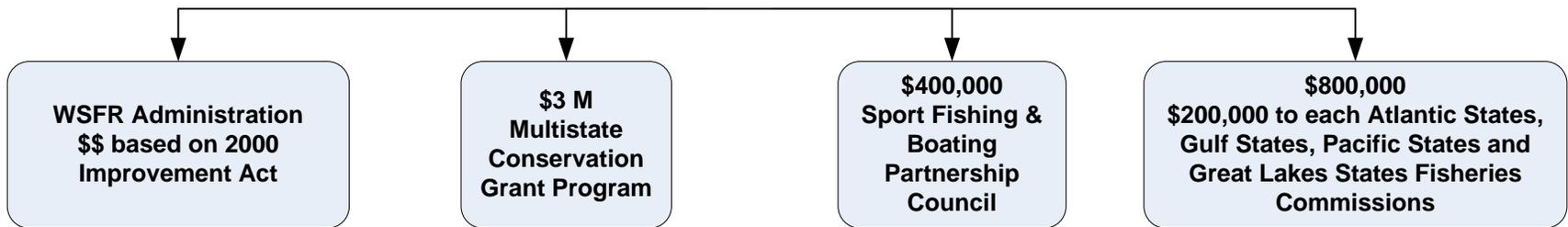
# Sport Fish Restoration Act



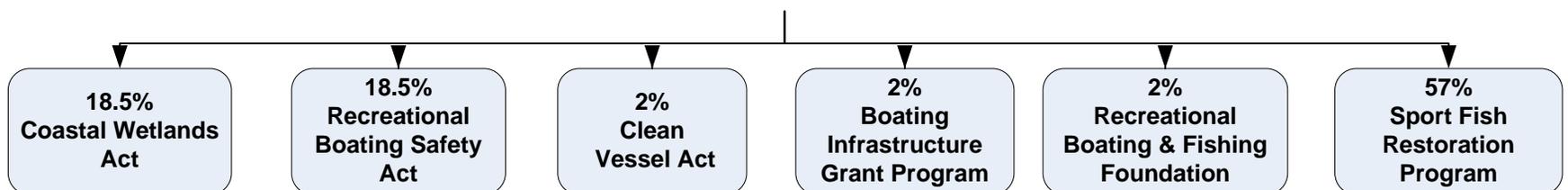
Revenue transferred or deposited to the Trust Fund



Deductions from the Trust Fund



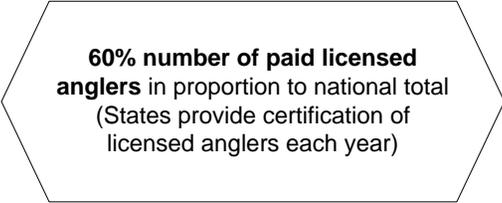
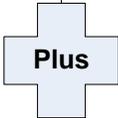
Distribution of remaining funds



# Sport Fish Restoration Program Apportionment Formula

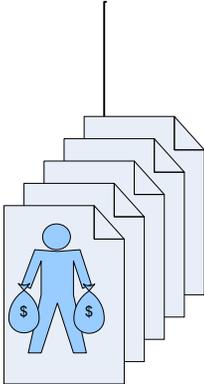


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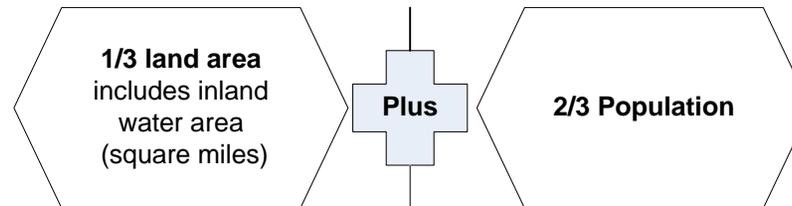


Apportionments to states/insular areas

# State Wildlife Grant Program Apportionment Formula



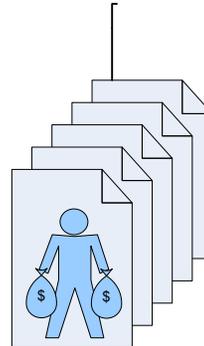
Funds appropriated annually less amount allocated to Tribal  
Wildlife Grants and 3% for WSFR Administration



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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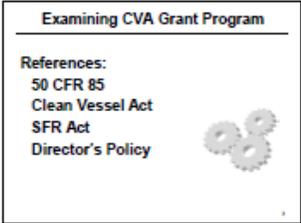
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<div data-bbox="358 205 626 407" style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Advanced Grants Management</p> <p><b>Tab 4:</b> Apportionments, Allocations &amp; Funding Mandates for CVA &amp; BIG</p>  </div>	<p>We'll discuss:</p> <ul style="list-style-type: none"> <li>• CVA and BIG mandates</li> <li>• Fund distribution and management</li> <li>• Managing CVA and BIG projects</li> </ul>
<div data-bbox="358 533 626 735" style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Advanced Grants Management</p> <p>How are Clean Vessel Act and Boating Infrastructure Grants funded?</p> </div>	<p>The SFR and Boating Trust Fund provides funds for BIG and CVA</p> <ul style="list-style-type: none"> <li>• BIG = 2%, CVA = 2% (§777c(a)(3) and (4))</li> <li>• Calculated after deductions for WSFR admin, Multi-State Conservation Grant Prog, SF &amp; Boating Partnership Council, and Fisheries Commissions.</li> <li>• FY12 SFR apportionment to the States \$349M, BIG&amp;CVA \$12M</li> </ul> <p>Rules for distributing funds different from other WSFR programs, and to each other.</p>
<div data-bbox="358 1125 626 1327" style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Advanced Grants Management</p> <p style="text-align: center;">Clean Vessel Act of 1992</p> <div style="display: flex; align-items: center;"> <div style="margin-right: 20px;"> <p>Construct</p> <p>Renovate</p> <p>Operate</p> <p>Maintain</p> </div> <div style="margin-right: 20px;"> <p>→</p> </div> <div> <p>Pumpout stations</p> <p>Waste reception facilities</p> </div> </div> </div>	<p>CVA – Clean Vessel Act of 1992 (Clean Vessel Act, §5602(b))</p> <p>What is a pumpout station? “A facility that pumps or receives human body wastes out of type III marine sanitation devices installed on board vessels.” Acts §5607(6)</p> <p>What is a waste reception facility (Dump Station per CFR)? “A facility specifically designed to receive waste from portable toilets carried on vessels, and <b>does not include lavatories.</b>” Act, §5607(8).</p> <p>Any questions on differences? Not all vessels equipped with Type III devices. E.g., Pontoon boats may only have portable toilets, foreign vessels, etc.</p> <p>US Coast Guard cognizant agency for enforcing MSD standards (outlined in 33 CFR 159).</p>
	<p>Pumpout station in Medford, NY. The building houses pump equipment and receptacle and is NOT a restroom/porta john.... but, it brings up a good point: A pumpout station and waste reception facility <b>DO NOT</b> mean restroom.</p> <p>Are restrooms ever an allowable cost under CVA?</p>

## **Apportionments, Allocations, and Funding Mandates for CVA and BIG**

### **Objectives:**

1. Explain the requirements and/or mandates relating to Clean Vessel Act (CVA) and Boating Infrastructure Grant (BIG) programs
2. Describe the method for distributing appropriations for CVA and BIG programs
3. Discuss the strategies for allocating and managing the requirements and mandates for CVA and BIG
4. Explain how funds are obligated for approved grant awards, deobligated, recovered, reverted or returned

	<p>Yes, 50CFR85 §85.20(b)(1)</p> <p>Must be available solely for boaters. A floating lavatory 6' from pier probably doesn't qualify, per the Policy Branch guidance.</p> <p>Floating lavatory in ID.</p>
	<p>CVA's aim.</p> <p>BTW, that is a FISH with a mask... not a floating doodie (Baby Ruth bar – Caddy Shack).</p>
	<p>Answer the questions on p. 4-2.</p> <p>Debrief :</p> <p>Once grants are awarded through competition, funds are obligated.</p> <p>Administered through HQ.</p> <p>Awards available to be obligated for 2 fiscal years or taken back by Program to distribute for next cycle. If award falls to be obligated after 3 years from original award date, funds revert to Coast Guard for RBS.</p> <p>Proposed informally to CVA program to update 50CFR85 to reflect similar language to new 50CFR80 regarding access fees no longer being Program Income.</p>

## Examining Clean Vessel Act Grant Program

Using the Toolkit, refer to the Clean Vessel Act, the Sport Fish Restoration Act, **50 CFR 85**, and the **Policy and Program Guidance for the CVA Program** to answer the following questions. Cite references.

1. What is the distribution methodology for CVA Program funds? Matching requirements? Who are eligible applicants?

[Nationally competitive based on ranking criteria. 50CFR85 §85.31 \(p.12\)](#)

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[25% or more. 50CFR85 §85.40 \(p.13\), CVA §5604\(c\)\(1\)](#)

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[An agency of a State designated by the Governor, 50CFR85 Subpart A](#)

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[§85.11 Definitions "Eligible Applicant"](#)

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2. Briefly describe the two eligible activity categories for Coastal States and the two eligible activity categories for all States.

[Information collection, construct/renovate plans 50CFR85 §85.20\(a\)](#)

---

[Education, construct/renovate/operate/maintain pumpout/dumps §85.20\(b\)](#)

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3. What are the four ineligible activities in the CVA program?

[Non-public benefits, law enforcement, construct/renovate upland facilities,](#)

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[Construct/renovate/operate/maintain on-site sewage/septic, etc §85.20\(c\)](#)

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4. Define Equitable Fees.

[Maximum charge of \\$5. Modifications subject to approval §85.11, 85.44](#)

---

5. Are facility usage fees considered Program Income? Why or why not?

[If open grant and grantee \(or subgrantee\) receiving revenue, yes. 50CFR85 stipulates fees](#)

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[. be "retained, accounted for and used by the operator to defray operation and maintenance](#)

---

[costs as long as the facility is needed and it serves its intended purpose §85.44](#)

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6. What happens to unobligated funds after two years? After three years?

[Returned to WSFR; available next CVA cycle ~ Director's Policy, #5](#)

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[Revert to RBS program, SFR Act §777c\(f\), .](#)

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<div data-bbox="423 275 695 478" data-label="Diagram"> <p>Advanced Grants Management</p> <p>Boating Infrastructure Grant Program</p> <p>Develop → Transient, nontrailerable recreational vessel facilities</p> <p>Maintain</p> </div>	<p>BIG – Boating Infrastructure Grant</p> <ul style="list-style-type: none"> <li>(Sport Fishing and Boating Safety Act of 1998, §777g-1(a))</li> </ul> <p>Boating Infrastructure refers to features that provide stopover places for transient nontrailerable recreational vessels to tie up to. §86.13</p> <p>What are ‘transient nontrailerable recreational vessels’?</p>
<div data-bbox="412 590 709 810" data-label="Text"> <p>Advanced Grants Management</p> <p>Transient – Stay of 10 days or less</p> <p>Nontrailerable recreational vessel – Motorized watercraft 26ft or longer, used for recreational purposes</p> </div>	<p>Chartered boats can fall into this category, even if they are only transporting paying customers to and from recreational activities.</p> <p>Proposed changes:</p> <ul style="list-style-type: none"> <li>“Eligible Vessel”</li> <li>Transient restriction removed</li> </ul>
	<p>....would you consider this one?</p>
	<p>How about this one?</p>
	<p>This one?</p>
<div data-bbox="399 1591 716 1824" data-label="Text"> <p>Advanced Grants Management</p> <p>Facilities – Moorings, navigational aids, buoys, docks, seasonal slips, safe harbors, safe/sanitary boating services and structures, etc.</p> </div>	<p>“Tie-up facilities” per CFR. New proposed rule set to limit existing definition of ‘facilities’. In reality the language seems to be leaning toward more ambiguity than anything else, with the caveat that if the activity may help achieve BIG purpose and is allowable per Cost Principles, it may be considered eligible for funding. Purpose is to provide transient boater comfort and safety.</p>

## Examining Boating Infrastructure Grant Program

Using the Toolkit, refer to the **Boating Infrastructure Grant Program (Congressional Acts)** and **50 CFR 86** to answer the following questions. Cite References.

1. Briefly describe the distribution methodology of the Program's funding tiers.

Tier 1 non-competitive \$100,000 each State ("Basic")

Tier 2 Nationally competitive based on ranking criteria. ("Competitive")

50 CFR 86 §86.53

2. Are grantees required to provide match? If so, what is the ratio?

Yes, 25%. §86.42

3. What is the required useful life expectancy for a BIG-funded facility?

20 years. §§ 86.20(a)(1) and 86.21(d)

4. Briefly describe reasonable access requirements for BIG-funded facilities.

Located for easy public access to reach and for boats typical to that facility;

be open for reasonable periods, charge equitable fees based

on prevailing rate in area; for entire useful life §86.30,

5. What happens to unobligated funds after 3 years?

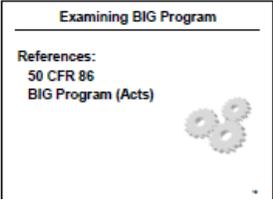
Reverts to RBS § 86.73, SFR Act §777c(f)

6. Can a Boating Infrastructure Grant fund operating costs of a boating infrastructure facility?

No, §86.219(f)

Maintain means keeping the facility in functional condition §§86.12,

Maintain does not mean operating activities, 86.21(f)

	
	
	
	
	<p>Review BIG Program 50 CFR Part 86.</p> <p>Answer the questions on pp 4-3.</p> <p>Debrief :</p> <p>Funds obligated once grants are awarded either through competition or non-competition.</p> <p>Administered through HQ.</p> <p>Funds unobligated after 3 years revert to Coast Guard for use in Boating Safety. Unspent funds are returned to WO to be awarded on subsequent BIG grants.</p> <p>Soon coming rule change for BIG per Policy (FY2014)</p> <p>New for FY2013 – Applications submitted via Grants.gov</p>



### **Learning Points**

- ✓ CVA and BIG are funded through the Sport Fish Restoration Act
- ✓ CVA and BIG are competitive grant programs
- ✓ Funds unspent or unobligated over 3 years from date of availability are reverted and made available to the U.S. Coast Guard for use on Boating Safety. Funds under 3 years are returned to the program

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10/10/2012

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**Advanced Grants Management Course**

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**5**

Handouts:

SWG Ledgers 5 - 1-SWG

<p><b>Advanced Grants Management</b></p> <hr/> <p><b>Tab 7: Annual Appropriations</b></p>  <p>1</p>	<p>Review topic objectives.</p>
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## **Apportionments, Allocations and Funding Mandates for SWG**

### **Objectives:**

1. Explain the requirements and/or mandates relating to the State Wildlife Grant Program
2. Discuss the apportionment formula for distributing appropriations for State Wildlife Grants
3. Discuss the strategies for allocating and managing the requirements and mandates for SWG

<p style="text-align: center;"><b>Advanced Grants Management</b></p> <hr/> <p>Annual Appropriations enacted by Congress and signed by the President by October 1 or Continuing Resolution is passed.</p>	<p>Apportionments are received through the Annual Appropriations Bill signed by the President each year. The amounts may vary. Funding is from Land and Water Conservation Fund.</p> <p>After amounts are deducted for Tribal portion of Wildlife Grant program and expenses for Administration of the program 3%, the remaining is made available to States/Territories based on the apportionment formula.</p>
<p style="text-align: center;"><b>State Wildlife Grants</b></p> <hr/> <ul style="list-style-type: none"> <li>◆ Comprehensive Wildlife Conservation Plan by 10/1/05</li> <li>◆ All Plans have been approved</li> <li>◆ Non-federal match             <ul style="list-style-type: none"> <li>- Planning 25%</li> <li>- Implementation 50%</li> <li>- No match for Guam, American Samoa, Virgin Islands or CNMI</li> </ul> </li> </ul>	<p>According to new guidelines planning grants are only to include activities to update existing plans.</p>

## State Wildlife Grant Program

- The authorities for the Program are in annual appropriations legislation. The first appropriation was for Fiscal Year 2002 (Public Law 107–63). Appropriations acts since 2002 have included funds for the Program
- Must have an approved Comprehensive Wildlife Conservation Strategy, aka “Wildlife Action Plan”, to participate in the SWG program
- Distributed based on (1) one-third of the ratio of land area to total land area of all States; and (2) two-thirds of the ratio on State population to total population of all States
- No State to receive less than 1 percent and no more than 5 percent. The District of Columbia and Puerto Rico receive one-half of one percent, Guam, American Samoa, Virgin Islands and Northern Mariana Islands receive one-fourth of one percent
- Available for 2 years
- Eligible projects include development and implementation of programs benefitting wildlife and their habitats, including species not hunted or fished, with priority placed on species of greatest conservation needs

Notes:

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<p style="text-align: center;"><b>State Wildlife Grants</b></p> <hr/> <p><b>Exercise:</b> Managing State Wildlife Grant Apportionments</p> <p><b>Handouts:</b> <u><a href="#">86-91-SWG-86-SWG-</a></u> <u><a href="#">6721_86-SWG-6722</a></u></p>  <p style="text-align: right;">4</p>	
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### Exercise: Reviewing SWG Guidance

Using the Toolkit, review **Interim Guidance >Policy/Program Guidance> State Wildlife Program 2007**, and **Service Manual Chapter > 517 FW 10** to answer the questions below.

1. What are requirements for participation in the State Wildlife Grant Program? What are the matching requirements?

Must submit a Comprehensive Wildlife Conservation Plan by 10/1/05 and no grants will be approved if such plan is disapproved. All States/Territories have submitted plan that have been conditionally approved.

DC, PR and States are required to provide a non-federal match of 25% for planning grants (restricted to upgrading WAP's) and 35% for implementation grants. Guam, American Samoa, Virgin Islands and Northern Mariana Islands are waived from matching requirements. 517 FW 10

2. What is the difference between a planning and implementation grant?

**Planning:** Update, modify, or revise a State's Strategy, Collect public opinion information or input, to update, or modify, or revise Strategy. Meetings that build strengthen collaboration between the State and partners to update, modify, or revise Strategy

**Implementation efforts** include Species monitoring, habitat evaluations, evaluating the effectiveness, of conservation actions, program administration developing and maintaining systems to record,store, or disseminate information. 517 FW 10

<p style="text-align: center;"><b>State Wildlife Grants</b></p> <hr/> <p><b>Exercise:</b> Managing State Wildlife Grant Apportionments</p> <p><b>Handouts:</b> <u>80-91-SWG-80-SWG-</u> <u>6721, 80-SWG-6722</u></p>  <p style="text-align: right;">4</p>	
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**Exercise: Reviewing SWG Guidance (Cont'd)**

3. Is law enforcement an eligible activity for SWG funding? Education?

For an education or law enforcement objective to be eligible for SWG funding, these activities must constitute a minor portion of a grant's project, must be critical to the project's success, and must specifically address a threat or issue identified within the State's Strategy.

"Minor" is considered to be no more than 10 percent of a project's cost

**. Program Guidance>2007**

4. Provide an example of when an activity that enhances wildlife observation would be eligible for SWG funds.

The State fish and wildlife agency wants to restore prairie habitat to benefit a species of greatest conservation need in an area where the State allows the public to access it on foot to observe wildlife. WSFR would approve because its primary purpose is to benefit the species. Wildlife observation is a secondary use of the site, and the foot travel would not interfere with the purpose of the restoration. **517 FW 10**

5. Can WSFR approve use of SWG funds to address issues not identified within a State's Strategy?

Yes, Congress intends the Strategies to be adaptive to new information or circumstances..SWG funds may be used to respond to emerging or crisis situations that are not represented within a Strategy. The State must fully describe in a grant application or revision the emerging or crisis situation and indicate if funds must be reallocated from efforts already underway, identify the species, or habitats that will benefit from the proposed action and commit to monitoring the effectiveness of the proposed conservation action **Program Guidance>2007**

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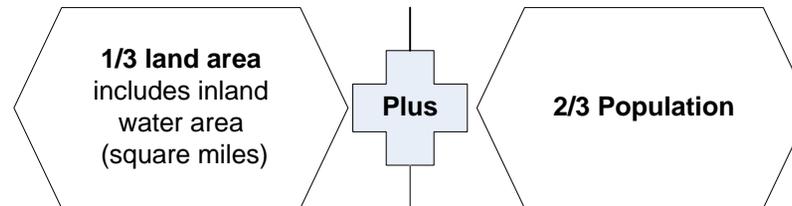
### Learning Points

- ✓ State Wildlife Grant Program is an annually appropriated program
- ✓ Using grant resources and systems to perform ongoing monitoring of programs and sub programs apportionments, allocations, obligations and safety margins is recommended to comply with funding mandates and limits and to aid States in maximizing grant funds
- ✓ State Wildlife Grant apportionments are available for 2 years, no safety margin. Funds obligated are reverted back to the program. Unspent funds older than 2 years are reverted back to the program

# State Wildlife Grant Program Apportionment Formula



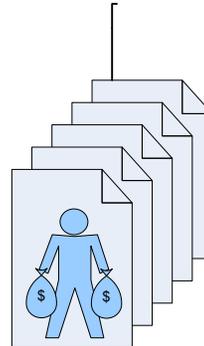
Funds appropriated annually less amount allocated to Tribal  
Wildlife Grants and 3% for WSFR Administration



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

Enter date revised:  
10/10/2012

Filename: s:\federalaid\courses\ilt\agm\agm\_standard\workbook\6-accounting.doc

Enter Name of Course:  
**Advanced Grants Management Course**

Module time = 295 minutes

Enter Tab Number:  
**6**

Handouts:



Pg 6-1. Objectives for this chapter.

- Discuss federal requirements of state's grant-related financial activities.

Chapter topics:

- Regulations
- Financial Management Systems
- Proper accounting of Award Costs
- Match
- 10% Rule

Begin with the CORE grant management regulations:

## Accounting for Grant Awards

### 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 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
9. Determine the valuation methods and documentation requirements for use of in-kind

<div data-bbox="337 323 646 552" style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Regulations</p> <hr/> <ul style="list-style-type: none"> <li>◆ 43 CFR 12</li> <li>◆ 2 CFR 225</li> <li>◆ OMB Circular A-133</li> </ul> </div>	<p>Common Rule – standard grant management regulations codified for DOI.</p> <p>Cost Principles - Establishes the principles and standards for determining costs for federal awards.</p> <ul style="list-style-type: none"> <li>• 220 – Educational institutions</li> <li>• 230 – Non-Profits</li> <li>• Subgrantees follow THEIR applicable Cost Principles.</li> </ul> <p>Audit Guidance – Provides methodology for audit programs.</p>
<div data-bbox="318 1094 670 1356" style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">System Requirements 43 CFR 12.60</p> <hr/> <p>Fund accountability</p> <ul style="list-style-type: none"> <li>◆ States according to own laws</li> <li>◆ All others follow §12.60(b)</li> </ul> <p>Fiscal controls</p> <ul style="list-style-type: none"> <li>◆ Adequate tracing of funds</li> <li>◆ Reporting</li> <li>◆ Compliance</li> </ul> </div>	<p>Accounting for grant awards BEGINS with a good financial management system.</p> <p>43 CFR 12.60 establishes standards for a grantee’s financial management system</p> <p>Fund Accountability – States follow their fund accounting laws, other grantees adhere to §12.60(b) (proper records, internal control, budget control, allowable costs, source documentation, cash management)</p> <p>Proper fund accountability leads to –</p> <p>Fiscal Controls – Component of Internal Controls dealing with financial activities (promote good accounting/prevent bad accounting)</p> <ul style="list-style-type: none"> <li>• Adequate tracing of funds to expenditure level to ensure adherence to applicable statutes (e.g. allowable costs, program income, diversion)</li> <li>• Reporting (federal financial reports, auditor required reports, etc)</li> <li>• Compliance (grant specific, match, reimbursements in proportion to expenditures, grant conditions, debarred parties)</li> </ul> <p>High Risk grantees §12.52</p> <p>Who’s responsibility to maintain these requirements? The State/Grantee.</p>

## Accounting for Grant Awards

State, Local and Tribal Governments receiving Federal awards must comply with

- **43 CFR Part 12 Subpart C** - Administrative and Audit Requirements and Cost Principles for Assistance Programs (codified A-102)
  - **2 CFR 225** Cost Principles for State, Local and Indian Tribal Governments (relocated A-87)
  - **2 CFR 180** OMB Guidelines to Agencies on Government Debarment and Suspension (relocated 43 CFR 12§75)
  - **A-133** Audits of States, Local Governments and Non-Profit Organizations
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### Standards for Financial Management Systems (43 CFR 12.60)

Establishes standards for grantee financial systems. 43 CFR 12.60(a) requires State agencies to:

- Account for Federal funds in accordance with State laws
- Implement fiscal controls that
  - Permit tracing of funds to expenditure level
  - Permit preparation of required reports
  - Ensure compliance with all applicable rules, policies, regulations

All other grantees must adhere to additional requirements (43CFR12.60(b))

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### Subawards to debarred and suspended parties

Grantees are prohibited from contracting with debarred, suspended, or excluded parties (including ineligible contractors)

- GSA provides listing of ineligible parties and contractors
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<div data-bbox="334 317 647 550" style="border: 1px solid black; padding: 5px;"><p style="text-align: center;">Internal Controls??</p><hr/><ul style="list-style-type: none"><li>◆ Required at State <u>and</u> Federal level</li></ul><p>OMB Circular A-133 contains Federal Internal control guidance:</p><ul style="list-style-type: none"><li>◆ Auditor's "Playbook"</li><li>◆ Supplement provides Program-specific audit guidance</li></ul></div>	<p>Internal Controls required at State &amp; Fed level.</p> <ul style="list-style-type: none"><li>• Where is your State's internal control guidance is? Does your State audit your agency? Agency internal auditors?</li></ul> <p>Can the awarding agency review a State's financial system? 43 CFR 12.60(c)</p> <p>Where can we find the Federal auditor's guidance on conducting audits? A-133</p> <p>"Auditor's Playbook" – program-specific audit guidance, which should adequately address 6-3.</p>
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**OMB Circular A-133 (with Compliance Supplement)**

- Circular contains guidance for auditors
- Supplement provides Program-specific audit guidance
- Whitehouse.gov

The A-133 Compliance Supplement updated annually and contains program-specific audit guidance

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**Allowable Cost Criteria (2 CFR 225 Appendix A Section C Basic Guidelines)**

- Factors affecting allowability

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- Reasonable

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- Allocable

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- Applicable Credits

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<p style="text-align: center;"><b>Allowable Cost Criteria</b></p> <hr/> <p>Factors affecting allowability</p> <ul style="list-style-type: none"><li>◆ Necessary and reasonable</li><li>◆ Allocable under 2 CFR 225</li><li>◆ Authorized/not prohibited</li><li>◆ Comply with federal requirements</li><li>◆ Consistency between federal and state</li><li>◆ Consistency in allocation</li></ul>	<p>Necessary and reasonable for “proper and efficient performance and administration of federal awards.”</p> <p>Authorized/not prohibited – Either specifically authorized, or not specifically prohibited.</p> <p>Consistency:</p> <ul style="list-style-type: none"><li>• Treat federal awards and state awards uniformly.</li><li>• Direct and indirect costs.</li></ul>
<p style="text-align: center;"><b>Allowable Cost Criteria</b></p> <hr/> <p>Factors affecting allowability cont'd</p> <ul style="list-style-type: none"><li>◆ GAAP</li><li>◆ Not Included In other awards</li><li>◆ Net of applicable credits</li><li>◆ Adequately documented</li></ul>	
<p style="text-align: center;"><b>Allowable Cost Criteria</b></p> <hr/> <p>Reasonable</p> <ul style="list-style-type: none"><li>◆ Does not exceed what a prudent person pays:<ul style="list-style-type: none"><li>&gt; Generally recognized as ordinary</li><li>&gt; Integrity in practices</li><li>&gt; Comparable market rates</li><li>&gt; Acted with prudence</li><li>&gt; Significant deviations?</li></ul></li></ul>	
<p style="text-align: center;"><b>Allowable Cost Criteria</b></p> <hr/> <p>Allocable</p> <ul style="list-style-type: none"><li>◆ Charged according to relative benefits</li><li>◆ Appropriate allocation of indirect costs</li><li>◆ Not charged to other Federal awards</li><li>◆ Cost allocation plan</li></ul>	
<p style="text-align: center;"><b>Allowable Cost Criteria</b></p> <hr/> <p>Applicable Credits</p> <ul style="list-style-type: none"><li>◆ Reduction of expenditure transactions</li><li>◆ Credited to Federal award, cost reduction or cash</li><li>◆ Netting credit items</li></ul>	

## Examining Selected Items of Cost

Using the Toolkit refer to **2 CFR Part 225 Appendix B** to determine if costs are allowable or unallowable under Federal awards for the following scenarios. Explain your answer.

1. An employee travels to meet with representatives of a National grant ranking committee to urge them to assign additional ranking points to a project he is proposing. He currently has an open grant for the same program that includes budget for administration of the grant. Are his salary and travel costs an allowable cost to his current award?

[Yes. #27 Meetings and conferences. #42 Training, HE Guide](#)

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[#13 Employee Morale](#)

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[Ask about the cost of alcohol at the meeting? unallowable #3](#)

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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?

[Yes. \(#8\(g\). Required by state law, agreement, policy?\)](#)

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[Consistent with state/fed funds? Indirect cost. Mass severance case-by-case by cognizant agency. Allocate?](#)

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[E.g.# of yrs worked on award...percentage of effort during that time period](#)

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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?

[Yes. #27 Meetings and conferences. #42 Training, HE Guide](#)

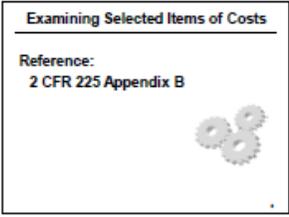
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[#13 Employee Morale](#)

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[Ask about the cost of alcohol at the meeting? unallowable #3](#)

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	<p>Lists particular items of costs/categories of cost as allowable or unallowable.</p> <p>Debrief:</p> <p>Why selected items of cost?</p> <p>Allowable, unallowable (“except”), unallowable under any other selected cost item.</p> <p>Example of magazines on NOAA research vessel being unallowable as periodicals but allowable (on appeal) as employee moral and welfare.</p> <p>Cases of appeals by grantees in favor of grantee’s more liberal interpretation of allowability of costs over more strict interpretation by grantors.</p>
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## Examining Selected Items of Cost (cont'd)

4. The HE Coordinator purchased tickets for all volunteer instructors to attend a baseball game as recognition for their volunteer services. Is the cost of the tickets an allowable cost to the federal award?

No. This would probably be considered entertainment. #14, HE Guide

Volunteer recognition programs should be designed, implemented and

documented consistent with cost categories that are reimbursable

and included in the grant application.

5. 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, the allocable part, as a direct cost as long as the awarding agency

approves the purchase in advance or has waived the prior approval

requirement. #15 (4) (b) (1) This should be charged in the period incurred

or as negotiated with Federal agency. Unallowable as indirect cost

except as provided by #11 Depreciation and use allowance.

6. The State purchases a tractor for \$8,000 to be used to perform grant related activities on a wildlife management area. Is the purchase price of the tractor an allowable cost to a federal award?

Yes as a direct costs #15 (4) (b) (2). May need to be allocated if using for

other awards or State projects. Must have prior approval by Federal agency

unless waived. Cannot be charged as an indirect cost. See #11

Depreciation and use allowance.

7. How are salaries and fringe benefits such as leave, insurance and retirement costs charged to Federal awards? What are the documentation requirements?

See #8.

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<p style="text-align: center;"><b>Direct Costs</b></p> <hr/> <p style="text-align: center;">Identified specifically with a particular cost objective</p> <p style="text-align: right;">11</p>	<p>Let's take a second to talk about the composition of costs keeping in mind the criteria we went through under Basic Guidelines and the selected items of costs as well as any items specifically identified in the program guidelines (SFR/WR – law enforcement and public relations).</p> <p>Review composition of cost. Both direct and indirect have to be allowable according to 2 CFR 225 and applicable grant program regulations.</p> <p>Define direct costs.</p> <p>Typical direct costs chargeable to Federal awards are:</p> <ul style="list-style-type: none"><li>a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.</li><li>b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.</li><li>c. Equipment and other approved capital expenditures.</li><li>d. Travel expenses incurred specifically to carry out the award.</li></ul> <p>3. Minor items. Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all cost objectives.</p>
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## 2 CFR Part 225 Appendix A - 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.

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

### 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.

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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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<p style="text-align: center;"><b>Indirect Costs</b></p> <hr/> <ul style="list-style-type: none"><li>◆ Benefiting more than one cost objective</li> <li>◆ Not readily assignable to specific cost objectives without a effort disproportionate to results</li></ul>	<p>Define indirect costs.</p> <p>An indirect cost rate is used to charge indirect costs to federal awards. There is a process that must be followed to develop and obtain an approved indirect cost rate before it can be applied to your grants and be reimbursed.</p> <p>This can sometimes be a complicated process. It may be beneficial to obtain an indirect rate or it may not. It is up to your agency to make that decision.</p>
	<p>In some cases the agency may require recoupment of indirect costs to help pay for administrative salaries and overhead. In other cases it may help with matching requirements to increase expenditures to the federal project. However, there is only a certain amount of federal funds available and if charging an indirect rate means that some of the federal money will actually go to the administrative section it may not be beneficial to the project work being done on the ground. They may end up with less actual funds. This is only if administrative is already being paid out of other funds. i.e. Conservation or General funds.</p> <p>Explain that there are entire courses set up to help develop and negotiate indirect cost rates and consultants that will come in to develop your plan. In this course we only hope to bring awareness to what indirect costs are, how you can go about getting an approved rate, how that rate is applied and the limitations under the SFR/WR Acts.</p> <p>Next we'll go through some of the various types of rates to familiarize you with the terminology.</p> <p>You may already know if you agency has an approved rate, if not when you get back to your office you can check into this and talk with the people responsible for it in your agency.</p>

**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.

	<b>Cost Allocation Plans and Indirect Cost Rate Proposals</b>
2 CFR 225 Appendix C	State / Local Wide Central Service Cost Allocation Plans
2 CFR 225 Appendix E	State and Local Indirect Cost Rate Proposals
Attachment to A-87 (ASMB C-10)	Cost Principles And Procedures For Developing Cost Allocation Plans And Indirect Cost Rates For Agreements With The Federal Government

<p><b>Obtaining an Approved Indirect Rate</b></p> <ul style="list-style-type: none"> <li>• Prepare an indirect cost rate proposal for a given period (ICRP)</li> <li>• Submit ICRP to cognizant Federal Agency</li> <li>• Cognizant Federal agency reviews and negotiates rate</li> <li>• Rate is agreed upon and approved for that period</li> <li>• 3% limit of State central costs for WR/SFR</li> </ul>	<p>Talk briefly about the process preparing and obtaining an approved indirect rate.</p> <p>There are two types of Cost Allocation Plans (CAP) – Cost Allocation Plan and Indirect Cost Rate Proposal (ICRP).</p>
<p>“Central service cost allocation plan” means the documentation identifying, accumulating, and allocating or developing billing rates based on the allowable costs of services provided by a governmental unit on a centralized basis to its departments and agencies. The costs of these services may be allocated or billed to users.</p> <p>“Indirect cost rate proposal” means the documentation prepared by a governmental unit or subdivision thereof to substantiate its request for the establishment of an indirect cost rate.</p> <p>Typically the Statewide Government will use a CAP to charge indirect costs for State central services (SWCAP).</p> <p>Most governmental units provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally-supported awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefited activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards.</p> <p>Individual agencies or departments will probably develop an ICRP. However, it depends on the nature of operations. The agency or department may find it necessary to develop a cost allocation plan rather than an indirect cost rate.</p> <p>Both types follow about the same process, identifying, documenting and allocating, providing information to the cognizant agency then negotiating a rate.</p> <p>When developing these plans keep in mind that only ALLOWABLE costs may go into the calculation of indirect. Example: Enforcement is not allowable under SFR/WR, so it could not be used as an indirect, Entertainment, etc.</p> <p>Also under the SFR/WR Acts there is the 3% limit on indirect passed down from State Central Services – SWCAP that must be reduced if more. We'll look at that in a few minutes. Billed services are not part of 3% cap for WR/SFR.</p>	

### 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

Notes:

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<p style="text-align: center;"><b>Limitation on Central Services</b></p> <hr/> <p><b>50 CFR 80.15 (d)</b>          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.</p> <p><small>State should request restricted or special rate for WR/SFR Programs and have procedures in place to limit SWCAP.          DOI - NBC is aware of restriction and will include they are cognizant federal agency.</small></p>	<p>2 CFR 225 Appendix E:C – 4 (b):</p> <p>Although 2 CFR part 225 adopts the concept of the full allocation of indirect costs, there are some Federal statutes which restrict the reimbursement of certain indirect costs. Where such restrictions exist, it may be necessary to develop a special rate for the affected award. Where a “restricted rate” is required, the procedure for developing a nonrestricted rate will be used except for the additional step of the elimination from the indirect cost pool those costs for which the law prohibits reimbursement.</p> <p>As we mentioned earlier in WSFR we do have a law that limits the SWCAP:</p> <p>50 CFR 80.53 places a limit on the amount of Statewide Central Services in the indirect cost rate plan to (3%) of the annual apportionment.</p>														
<p style="text-align: center;"><b>Calculation of SWCAP Limitation</b></p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Central Services allocable to PR Dept Fish &amp; Wildlife</td> <td style="text-align: right;">575,000</td> </tr> <tr> <td>PR Dept Fish &amp; Wildlife Annual Apportionment</td> <td style="text-align: right;">11,000,000</td> </tr> <tr> <td>3% Max Allowed</td> <td style="text-align: right;">X 3%</td> </tr> <tr> <td style="border-top: 1px solid black;">Limit of SWCAP passed to WR/SFR</td> <td style="text-align: right; border-top: 1px solid black;">330,000</td> </tr> </table>	Central Services allocable to PR Dept Fish & Wildlife	575,000	PR Dept Fish & Wildlife Annual Apportionment	11,000,000	3% Max Allowed	X 3%	Limit of SWCAP passed to WR/SFR	330,000	<p>When the grantee submits their cost allocation plan (CAP or ICRP) to the cognizant Federal agency the grantee must be sure this restriction is noted by asking for a “special” or “restricted” rate to be in compliance with WR/SFR Acts. If the cognizant Federal agency is DOI/NBC (it is for most fish &amp; wildlife agencies) then it probably won’t be an issue. DOI/NBC is aware of the restriction. Some fish and wildlife agencies that are under a DNR or DEQ may have EPA as a cognizant agency.</p> <p>States should have procedures in place to limit central services.</p>						
Central Services allocable to PR Dept Fish & Wildlife	575,000														
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<p style="text-align: center;"><b>Calculation of Indirect Rate</b></p> <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Limit of SWCAP passed to WR/SFR</td> <td style="text-align: right;">330,000</td> </tr> <tr> <td>PR Dept Fish &amp; Wildlife Indirect Costs</td> <td style="text-align: right;">15,000,000</td> </tr> <tr> <td style="border-top: 1px solid black;">Total Indirect Cost Pool</td> <td style="text-align: right; border-top: 1px solid black;">15,330,000</td> </tr> <tr> <td colspan="2"><b>Indirect Rate Calculation:</b></td> </tr> <tr> <td>Total Indirect Cost Pool</td> <td style="text-align: right;">15,330,000</td> </tr> <tr> <td>Direct Cost Base Salaries &amp; Fringe</td> <td style="text-align: right;">/ 150,000,000</td> </tr> <tr> <td style="border-top: 1px solid black;">Indirect Rate</td> <td style="text-align: right; border-top: 1px solid black;">10.2%</td> </tr> </table>	Limit of SWCAP passed to WR/SFR	330,000	PR Dept Fish & Wildlife Indirect Costs	15,000,000	Total Indirect Cost Pool	15,330,000	<b>Indirect Rate Calculation:</b>		Total Indirect Cost Pool	15,330,000	Direct Cost Base Salaries & Fringe	/ 150,000,000	Indirect Rate	10.2%	<p>11,000,000 (Annual Apportionment) X 3% (Max % Allowed) = 330,000 Limit</p> <p>Only \$330,000 of the \$575,000 allocable to the Department of F&amp;W is allowed in the ICRP for WR &amp; SFR grants. This would be requested as a special or restricted rate.</p> <p>The 10.2% would then be applied against total direct salaries and fringe charged to awards since this is the basis of allocating the indirect costs.</p> <p>In our next example we’ll look at various approved rates and how to apply them.</p>
Limit of SWCAP passed to WR/SFR	330,000														
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Total Indirect Cost Pool	15,330,000														
Direct Cost Base Salaries & Fringe	/ 150,000,000														
Indirect Rate	10.2%														

## 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><u>15,330,000</u></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%

<p style="text-align: center;"><b>Types of Indirect Rates</b></p> <hr/> <ul style="list-style-type: none"><li>◆ Provisional Rate</li><li>◆ Final Rate</li><li>◆ Predetermined Rate</li><li>◆ Fixed Rate with Carry-Forward</li><li>◆ Special Rate</li></ul> <p style="text-align: right;">»</p>	<p><b>Types of Indirect Rates:</b></p> <p><b>Provisional Rate</b> - 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.</p> <p><b>Final Rate</b> – The rate established after an organization’s actual costs for an operating period are known.</p> <p><b>Predetermined Rate</b> – 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.</p> <p><b>Fixed Rate with Carry-Forward</b> - 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.</p> <p><b>Special Rate</b> - 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.</p> <p>The restricted rate for WR/SFR will be built into one of these rate types. The Fixed Rate with Carry Forward is the type preferred by most state agencies. Rate is “fixed” in that it is based on an estimate of costs for a future period, not subject to revision during the period covered. The carryforward increases or decreases the subsequent indirect cost pool to reflect the under or over for actual.</p>
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## 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

	<b>More Information on Cost Allocation Plans and Indirect Cost Rate Proposals</b>
DOI National Business Center	<a href="http://www.nbc.gov/icsprep.html">http://www.nbc.gov/icsprep.html</a>
HHS, Division of Cost Allocation - Approved Indirect Cost Rate Agreement's	<a href="http://rates.psc.gov/fms/dca/new_search.html">http://rates.psc.gov/fms/dca/new_search.html</a>

Applying the Indirect Rate		
Example: Fisheries Research Activities F-12-R-10		
Salaries	245,000	
Fringe	<u>55,000</u>	
Subtotal		300,000
Indirect (10.2%)	30,600	
Travel	20,000	
Invoices	<u>80,000</u>	
Total Costs	<u>430,600</u>	

Explain calculation based on previous example for Protection Dept of Fish & Wildlife.

## 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

<p style="text-align: center;"><b>Accounting for Grant Awards</b></p> <hr/> <p>Exercise: <b>Satisfying Matching and Cost Sharing Requirements</b></p> <p style="text-align: center;">8 -13</p> 	<p>Exercise on matching/cost share:</p> <p>Have half of class review 50 CFR 80.83-85 and have review 43 CFR 12.64</p> <p>Debrief: 43 CFR 12.64 (1) Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by others cash donations from non-Federal third parties. (2) The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements applies.</p> <p>50 CFR 80.85 (b) The non-Federal share of project costs may be in the form of cash or in-kind contributions. The allowability and evaluation of in-kind contributions are subject to the policies and standards prescribed in Office of Management and Budget (OMB) Circular A-102. (c) The non-Federal share of project costs may not be derived from other Federal funds, except as authorized by specific legislation.</p>
<p style="text-align: center;"><b>In-Kind Match</b></p> <hr/> <ul style="list-style-type: none"><li>◆ Be documented in project records</li><li>◆ Not used to match another grant</li><li>◆ Match projects within a single grant, project, or sub-account</li><li>◆ Necessary and reasonable for the project objectives</li></ul> <p style="text-align: right;">31</p>	
<p style="text-align: center;"><b>In-Kind Match (cont.)</b></p> <hr/> <ul style="list-style-type: none"><li>◆ Allowable costs under OMB rules</li><li>◆ Not paid from other Federal funds</li><li>◆ Must occur within the effective dates of the grant (Exception: Land)</li></ul> <p style="text-align: right;">32</p>	



**Exercise: Satisfying Matching and Cost Sharing Requirements**

Review **43 CFR 12.64** and **50 CFR 80.83-85**. Describe the manner in which requirements for matching or cost sharing are satisfied.

Allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement. This includes allowable costs borne by non-Federal grants or by others cash donations from non-Federal grants or by others cash donations from non-Federal third parties.

The value of third party in-kind contributions applicable the period to which the cost to sharing or matching requirements applies.

**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
- Match projects within a single grant, project, or sub-account
- Necessary and reasonable for the project objectives
- Allowable costs under OMB rules
- Not paid from other Federal funds
- Must occur within the effective dates of the grant. (land as match is an exception)

<p style="text-align: center;"><b>In-Kind Match</b></p> <hr/> <p>Exercise:  <b>Valuing In-Kind Match</b></p> <p style="text-align: center;">8 -14</p>  <p style="text-align: right;"><small>34</small></p>	<p>Have participants review scenarios. Debrief and discuss issues with volunteer instructors – employees donating time is not allowed.</p> <p>Fair Labor Standards Act:</p> <p>4 (A) The term “employee” does not included any individual who volunteers to perform services for a public agency which is a State, a political subdivision of a State, or an interstate governmental agency, if –</p>
<p style="text-align: center;"><b>What type of Match is it?</b></p> <hr/> <p style="text-align: center;">Is the entity that is providing the service receiving grant funds? (i.e. grantee, subgrantee, contractor or vendor)</p> <p style="text-align: center;"> <span style="margin-right: 100px;">YES</span> <span>NO</span> </p> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; width: 45%;"> <p>Services are:                  Subgrantee, contractor, or vendor incurred cost.</p> <p style="text-align: center;"><b>GRANTEE MATCH</b></p> </div> <div style="border: 1px solid black; padding: 5px; width: 45%;"> <p>Services are:</p> <p style="text-align: center;"><b>THIRD PARTY IN-KIND MATCH</b></p> </div> </div> <p style="text-align: right;"><small>35</small></p>	<p>(i) the individual receives no compensation or is paid expenses, reasonable benefits, or a normal fee to perform the services for which the individual volunteered; and</p>
<p style="text-align: center;"><b>Valuing In-Kind Match</b></p> <hr/> <p style="text-align: center;">Who is the service being provided by?</p> <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; width: 45%;"> <p style="text-align: center;">Organization</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Valued at salary paid by organization to employee - Hourly rate <u>without</u> fringe, benefits, or overhead</p> </div> <div style="border: 1px solid black; padding: 5px; width: 45%;"> <p style="text-align: center;">Volunteer (Individual)</p> <p style="text-align: center;">↓</p> <p style="text-align: center;">Appropriate rate with fringe/ benefits</p> </div> </div> <p style="text-align: right;"><small>36</small></p>	<p>(ii) such services are not the same type of services which the individual is employed to perform for such public agency.</p>
<p style="text-align: center;"><b>In-kind Labor Documentation</b></p> <hr/> <p><b>43 CFR 12.64(b)(6)</b></p> <ul style="list-style-type: none"> <li>◆ Must be verifiable from the records of grantees and subgrantee or cost-type contractors</li> <li>◆ Volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs</li> </ul> <p style="text-align: right;"><small>37</small></p>	

## Valuing In-Kind Match

Use **43 CFR 12.64 (b) 7 through (g)** to determine the valuation of the following in-kind services. Explain.

1. AAA Landscaping Company donated the services of their employees that routinely perform landscaping duties to plant grass and trees for the new wildlife viewing area recently completed on Loggy Bayou WMA.

Valued at the employee's regular rate of pay exclusive of the employee's fringe benefits and overhead costs. 12.64 (c) 2

2. AAA Landscaping Company donated the services of the employees that work in the accounts payable office to plant grass and trees for the new wildlife viewing area.

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. 12.64 (c) 1

3. AAA Landscaping Company donated the trees, sod and shrubs planted at the new wildlife viewing area.

Fair market value of donate items...what the State would have paid for them 12.64 (d) 1

4. AAA Landscaping Company donated the use of their bulldozer to level the area around the new wildlife viewing area and clear paths on the WMA.

Hourly rate or prevailing rate in the area for such work. 12.64 (d) 2

5. Mr. Richie Rich donated the land located adjacent to Loggy Bayou WMA to expand the WMA and build the wildlife viewing area. Mr. Rich also donated \$10,000 in cash to the project.

Title of land passes to grantee, valued at fair market value. May need to obtain an independent appraisal. 12.64 (e) 1 and (g)

The cash would be state match not in-kind.

<p><b>Accounting for Grant Expenditures</b></p> <ul style="list-style-type: none"><li>◆ Grant, Project or Sub-Account Level</li><li>◆ Multiple projects and/or involves multiple sub-accounts<ul style="list-style-type: none"><li>– draw downs must be done in proportion to the expenditures for each project and/or sub-account.</li></ul></li><li>◆ Cost level of accounting conditional statement</li><li>◆ Other conditional statements</li></ul> <p style="text-align: right;">31</p>	<p>When accounting for grants States should have accounts setup to match the budgeted items listed in the estimated budget of the grant application package.</p> <p>The State decides how to establish the budget for the grant. It may be prepared by object class/categories or by jobs or activities.</p> <p>If the grant has several projects each project will have a separate budget and within each project budget will be by object class or jobs.</p>
<p>It is important to know the how this is organized to establish accounting codes to track the budget and expenditures correctly for the award. The RO will place a conditional statement on the award determining cost level of accountability for the grant. It may be at the grant level or at the level of the individual projects with in the grant.</p> <p>Grantees must certify and are accountable for cost data and matching requirements at the grant level for grants that include Federal assistance funds from a single sub-account. For those grants that include Federal assistance funds from more than one sub-account, grantees must certify and are accountable for cost data and matching requirements at the sub-account level.</p> <p>When a grant has multiple projects and/or involves multiple sub-accounts, draw downs must be done in proportion to the expenditures for each project and/or sub-account.</p> <p>Review sub-account listing</p>	

## Accounting for Grant Expenditures

- Grantees must certify and are accountable for cost data and matching requirements at the grant level for grants that include federal funds from a single sub-account. For those grants that include federal funds from more than one sub-account, grantees must certify and are accountable for cost data and matching requirements at the sub-account level
  - When a grant has multiple projects and/or involves multiple sub-accounts, draw downs must be done in proportion to the expenditures for each project and/or sub-account
  - If your grant is determined to be a multi-project grant, the Regional Office will place a conditional statement on the grant. The conditional statement will establish the cost level of accounting for the grant
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## Sub-Account Listing

- Basic Hunter Education and Safety Program
  - Enhanced Hunter Education and Safety Program
  - Recreational Boating
  - Aquatic Resources Education
  - Pump-out Stations and Waste Reception Facilities
  - Sport Fish Restoration
  - Wildlife Restoration
  - Boating Infrastructure Grants
  - State Wildlife Grants
  - Landowner Incentive Program
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<p style="text-align: center;"><b>10% Rule</b></p> <hr/> <p style="text-align: center;">43 CFR 12.70(c)(1)(ii) <i>What does it mean?</i></p> <p style="text-align: right;">»</p>	<p>The grant document may contain other conditional statements that effect accounting for the grant such as waiving the 10% rule.</p> <p>States receiving WSFR grants are permitted to re-budget within the approved overall grant budget to meet unanticipated requirements.</p> <p>However, certain types of post-award changes in budgets require prior written approval of WSFR. One such change pertains to non-construction awards.</p> <p>We refer to this as the 10% rule. Unless waived, States must obtain prior written approval (amendment) from WSFR for cumulative transfers among cost categories/jobs/activities that exceed 10% of the total grant budget.</p> <p>If 10% rule is not waived, the grantee is limited to re-budgeting 10% of total grant award for any non-construction grants where the federal share exceeds \$100,000.</p>
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## Accounting for Grant Expenditures

### The 10 Percent Rule

WSFR Program must approve transfers among direct-cost categories for non-construction grants when the cumulative changes exceed 10 percent of the total approved budget in the grant award and the Federal share of the grant is greater than \$100,000

As the grant work is implemented, the expenditures may deviate from the amounts in the approved grant. Unless WSFR Program has waived the 10 percent rule by placing a conditional statement on the approved grant, cumulative changes exceeding 10 percent must have the prior written permission of WSFR Program.

Suggested language for waiver of the 10%-Rule in grant award letter-

*"This grant is not subject to the prior written approval requirements of 43 CFR 12.70(c)(1)(ii), the "10-percent rule."*

1. How would you request the prior written approval for the transfer of funds between direct cost categories cumulatively exceeding 10 percent of total approved budget?

[Grant Amendment if the Federal share of the approved grant is greater than \\$100,000 \(522 FW 23\)](#)

2. Does the WSFR Program have authority to waive the "10-percent rule" if the State makes transfers of more than 10 percent of the total approved budget in the grant without authorization in the grant or the prior written permission of the WSFR Program?

[Yes, WSFR retains the authority to retroactively approve such changes. \(522 FW 23\)](#)

	<b>The 10 Percent Rule</b>
43 CFR 12.70	Administrative and Audit Requirements and Cost Principles for Assistance Programs
General Guidelines > Audit Guide	Audit Guide for Wildlife and Sport Fish Restoration Programs

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## Examining the 10 Percent Rule

- Grant X consists of the following direct cost categories, associated budget and estimated transfers needed.

Cost Category	Budget	Estimated Need	Transfers
Wages	\$150,000	\$200,000	\$50,000
Fringe Benefits	50,000	70,000	\$20,000
Equipment	200,000	150,000	(\$50,000)
Supplies	100,000	80,000	(\$20,000)
Total	\$500,000	\$500,000	

To fund the \$70,000 estimated need for wages and fringe benefits, the State needs to make cumulative transfers totaling \$70,000 from amounts budgeted for equipment and supplies. Since the cumulative transfers exceed 10 percent of the total approved budget ( $10\% \times \$500,000 = \$50,000$ ), prior approval from WSFR is needed unless the 10% rule is waived.

- Grant Y consists of the following projects, associated budget and estimated costs. Accounting is at the grant level.

Project	Budget	Estimated Need	Transfers
A	\$200,000	\$240,000	\$40,000
B	200,000	180,000	(\$20,000)
C	100,000	80,000	(\$20,000)
Total	\$500,000	\$500,000	

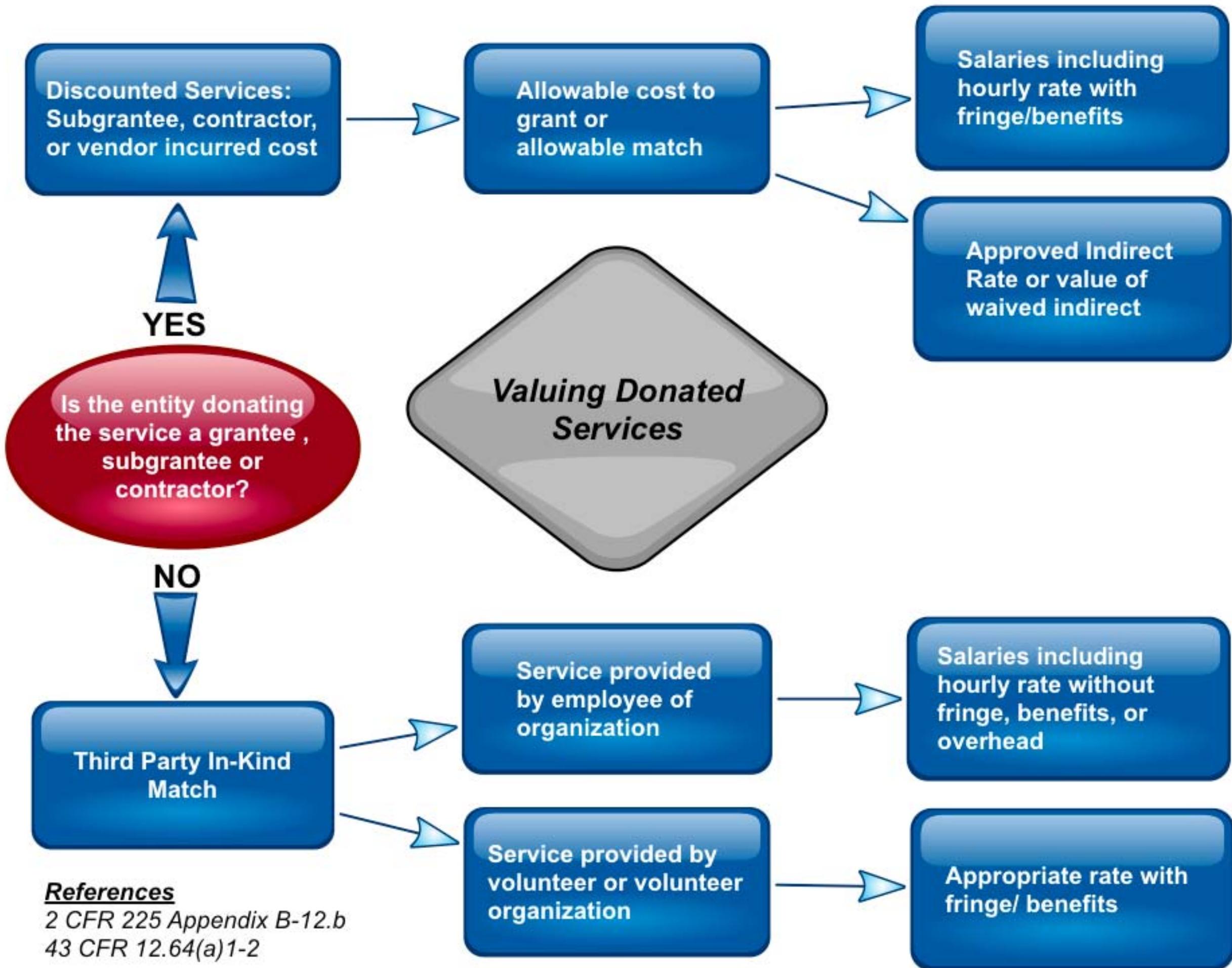
To fund the \$40,000 estimated need for Project A, the State needs to make cumulative transfers totaling \$40,000 from projects B and C. Since the cumulative transfers \$40,000 does not exceed 10 percent of the total budget ( $10\% \times \$500,000 = \$50,000$ ), prior approval from WSFR is not required.

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## 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
- ✓ Matching or cost sharing must be met at the sub-account (sub-activity) level for grants containing funds at the project level
- ✓ In-Kind match must meet the same criteria as other costs charged to the grant: allowable and necessary to accomplish grant activities
- ✓ It is the grantee's responsibility to document and maintain accurate records for valuation and tracking of in-kind matching. When using exclusively in-kind to meet matching/cost sharing requirements, funds must be drawn down proportionally



**References**

2 CFR 225 Appendix B-12.b

43 CFR 12.64(a)1-2

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10/10/2012

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subrecipient\_rulesregs.doc

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**Advanced Grants Management Course**

Module time = 35 minutes

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**7**

<p><b>Advanced Grants Management</b></p> <hr/> <p><b>Tab 9:</b> <b>Subrecipient Rules and Regulations</b></p>  <p>1</p>	<p>Review learning points</p>
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## **Subrecipient Rules and Regulations**

### **Objectives:**

1. Define subrecipient and vendor
2. Describe the characteristics used to determine subrecipients versus vendors
3. Recognize different rules and regulations apply when passing grant funds to subrecipients
4. Review the grantee's responsibilities and the regulations to be followed when using a subrecipient

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## **Background**

In implementing WSFR grant programs, grantees may contract with outside entities to perform grant related functions or activities.

Depending on the relationship between the grantee and entity and certain characteristics of goods received or services performed an entity may be considered a subrecipient or a vendor.

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

### **Subrecipient and Vendor Determinations**

Prior to contracting with an outside entity a grantee should determine if an entity is a subrecipient or vendor. This will define the Federal requirements to be passed through and the responsibilities of the grantee.

In addition, if an entity is determined to be a subrecipient, the type of subrecipient further defines the Federal regulations that the grantee and subrecipient must follow.

	<b>Subrecipients and Vendors</b>
43 CFR 12.77	Administrative Requirements Federal Aid in Fish and Federal Aid in Wildlife Restoration
43 CFR 12.80	Administrative Requirements, Federal Aid in Fish and Federal Aid in Wildlife Restoration Acts
43 CFR 12.66	Administrative Requirements, Federal Aid in Fish and Federal Aid in Wildlife Restoration Acts
43 CFR 12.82	Administrative Requirements, Federal Aid in Fish and Federal Aid in Wildlife Restoration Acts
OMB Circular A-133 Section .210	Audits of States, Local Governments, and Non-Profit Organizations
OMB Circular A-133 Section .400	Audits of States, Local Governments, and Non-Profit Organizations
OMB Circular A-133 Appendix B Compliance Supplement M	Audits of States, Local Governments, and Non-Profit Organizations

<p style="text-align: center;"><b>A Subrecipient</b></p> <hr/> <ul style="list-style-type: none"> <li>◆ Determines who is eligible to receive what Federal financial assistance</li> <li>◆ Performance measured against whether the objectives of the Federal program are met</li> <li>◆ Programmatic decision making</li> <li>◆ Responsibility for adherence to applicable Federal compliance requirements</li> <li>◆ Carries out a program of the organization as compared to providing goods or services for a program of the pass-through entity.</li> </ul> <p style="text-align: right;">3</p>	<p>Point out state determination can be separate from this determination</p> <p>Identify characteristics of a vendor compared to that of a subrecipient.</p> <p>Primary difference is the vendor is providing services to the grantee even if the cost of the service may be charged to the grant. The subrecipient is actually performing the grant activities.</p>
<p style="text-align: center;"><b>Vendor</b></p> <hr/> <ul style="list-style-type: none"> <li>◆ Provides the goods and services within normal business operations</li> <li>◆ Provides similar goods or services to many different purchasers</li> <li>◆ Operates in a competitive environment</li> <li>◆ Provides goods or services that are ancillary to the operation of the Federal program</li> <li>◆ Is not subject to compliance requirements of the Federal program</li> </ul> <p style="text-align: right;">3</p>	<p>An example of this would be an HHS grant. HHS may have awarded money to the State to provide some type of services to the citizens, job training, meals, day care services, etc. The State may contract with a third party to provide the service. If the third party provides the service to the “persons” the State has identified by providing trainers, cooking and delivering the meals, providing a facility or care takers for the day care it would be contract.</p> <p>If the State passes the funds through to a third party and the third party makes the determination as to the qualifications of the “persons” receiving the services then the third party is probably a subrecipient.</p>

## Subrecipient vs. Vendors

### Subrecipient (Federal award):

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
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### Vendor (payment for goods and services)

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.
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<p style="text-align: center;"><b>Responsibilities</b></p> <ul style="list-style-type: none"><li>◆ Identify and provide information about the Federal award</li><li>◆ Inform about compliance requirements</li><li>◆ Monitor activities</li><li>◆ Single audits, if required</li><li>◆ Issue management decisions on single audit findings and ensure corrective action is taken</li><li>◆ Access to their records.</li></ul>	<p>States follow State law and procedures when awarding and administering subgrants.</p>
	<p>State Responsibilities:</p> <ul style="list-style-type: none"><li>• Identify and provide information about the Federal award to the subrecipient;</li><li>• Inform subrecipients about compliance requirements (Federal laws, regulations and provisions of contracts or grant agreements as well as additional State requirements);</li><li>• Monitor subrecipient activities;</li><li>• Ensure subrecipients have single audits, if required;</li><li>• Issue management decisions on single audit findings and ensure corrective action is taken including adjusting grantee records; and</li><li>• Require subrecipients to permit State and its auditors access to their records.</li></ul>

## State Responsibilities

States are subject to regulations found in 43 12, A-133 program authorization, and funding regulations.

According to 43 CFR 12.77 States follow State law and procedures when awarding and administering subgrants.

States are responsible for ensuring Federal funds are used in accordance with terms and conditions of the grant agreement and the governing rules and regulations of the grant program.

Below is a summary of responsibilities:

- Identify and provide information about the Federal award to the subrecipient
- Inform subrecipients about compliance requirements (Federal laws, regulations and provisions of contracts or grant agreements as well as additional State requirements)
- Monitor subrecipient activities
- Ensure subrecipients have single audits, if required
- Issue management decisions on single audit findings and ensure corrective action is taken including adjusting grantee records, and
- Require subrecipients to permit State and its auditors access to their records.

Notes:

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<p style="text-align: center;"><b>The Agreement</b></p> <hr/> <p>Must Contain</p> <ul style="list-style-type: none"><li>◆ CFDA Program name and number</li><li>◆ Award name and number</li><li>◆ Award year</li><li>◆ Identify if for research &amp; development</li><li>◆ Name of Federal awarding agency</li></ul>	<p>Required in Agreement:</p> <ul style="list-style-type: none"><li>• CFDA Program name and number</li><li>• Award name and number</li><li>• Award year</li><li>• Identify if for research &amp; development</li><li>• Name of Federal awarding agency</li></ul>
<p style="text-align: center;"><b>The Agreement (cont.)</b></p> <hr/> <p>Should Include</p> <ul style="list-style-type: none"><li>◆ Basic information</li><li>◆ Scope of work and budget</li><li>◆ Program authorizing statute and regulations</li><li>◆ Public policy requirements</li><li>◆ Administrative and State requirements</li></ul>	<p>Agreement Should include:</p> <ul style="list-style-type: none"><li>• Basic information (grantee and subgrantee names, duration, contact persons, funding amount)</li><li>• Scope of work and budget</li><li>• Program authorizing statute</li><li>• Program regulations</li><li>• Public policy requirements</li><li>• Administrative requirements</li><li>• State requirements</li></ul>

## Components to Include in Agreement

As required by A-133 and 43 CFR 12, certain components must be included in the subrecipient agreement. The agreement should also incorporate the laws and regulations the subrecipient must comply with as a condition of the agreement.

It may be a good idea to also include a description of the State's monitoring process in the agreement.

States may consider developing a standard subrecipient agreement for each Federal program

### Agreements with subrecipients must include

- CFDA Program name and number
- Award name and number
- Award year
- Identify if for research & development
- Name of Federal awarding agency

### The agreement should include

- Basic information (grantee and subgrantee names, duration, contact persons, funding amount)
- Scope of work and budget
- Program authorizing statute
- Program regulations
- Public policy requirements
- Administrative requirements
- State requirements

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<p>Compliance Requirements</p> <hr/> <ul style="list-style-type: none"><li>◆Program Regulations</li><li>◆Public Policy Requirements</li><li>◆Administrative Requirements</li></ul> <p style="text-align: right;">7</p>	
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## 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.

## 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*

	Mention record retention and access.
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## Compliance Requirements (cont'd)

### Administrative Requirements

Administrative requirements specify the Federal grants management circular, cost principles circular and audit circular that must be followed for the various types of recipients and subrecipients.

State recipients or subrecipients must follow administrative requirements in A-102 (codified in 43 CFR 12 for Department of Interior), cost principles in 2 CFR 225 and audit requirements in A-133.

If a State subgrants with a non-profit organization, the non-profit organization follows the requirements listed for non-profit organization not the circulars listed for the State.

These requirements should be listed or referenced in the subrecipient agreement.

*Example:*

*The subrecipient agrees to comply with the accounting principles and procedures required in OMB Circular A-110 and the cost principles in conformance with OMB Circular A-122.*

<b>Non-Federal Entity</b>	<b>Administrative Requirements</b>	<b>Cost Principles</b>	<b>Audit Requirements</b>
State, Local & Tribal Governments	43 CFR 12 Subpart C (codified A-102)	2 CFR Part 225 (relocated A-87)	A-133
Non-profit Organizations	43 CFR 12 Subpart F (codified A-110) 2 CFR Part 215 (relocated A-110)	2 CFR Part 230 (relocated A-122)	A-133
Educational Institutions	43 CFR 12 Subpart F (codified A-110) 2 CFR Part 215 (relocated A-110)	2 CFR Part 220 (relocated A-21)	A-133
For profit organizations		Federal Acquisition Regulation 48 CFR 31	Not applicable

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## Compliance Requirements (cont'd)

### Audits

All grantees that expend \$500,000 or more of Federal awards in a fiscal year must have a single audit according to A-133.

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 OMB Circular A-133 on requirements for monitoring audits of subrecipients or arranging for audits

The State is responsible for determining whether the subrecipient meets the \$500,000 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 for not subject to the Singl 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

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**Learning Points**

- ✓ When contracting with an outside entity to perform grant related functions or activities, the grantee must determine the nature of the relationship
- ✓ Typically a vendor 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
- ✓ Subrecipients follow the requirements and cost principles specific to their organization type. For example, non-profit organizations follow OMB Circulars A-110, A-122 and A-133
- ✓ 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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**Advanced Grants Management Course**

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**8**

<p>Advanced Grants Management Course</p> <hr/> <p><b>Tab 10:</b> Real and Personal Property Acquisition, Management and Disposition</p>  <p>1</p>	<p>In this section we will continue discuss Accounting for Grant Awards in relation to the purchase and use of Real and Personal Property.</p>
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## **Real and Personal Property Acquisition, Management and Disposition**

### **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

<p style="text-align: center;"><b>Defining Real Property</b></p> <hr/> <ul style="list-style-type: none"> <li>◆ One, several, or all interests and rights inherent in ownership of a parcel of land or water.</li> <li>◆ Rights/objects attached to the parcel surface or subsurface; water, minerals, soil, air above.</li> </ul>	<p>Real Property means: One, several, or all interests, benefits and rights inherent in the ownership of a parcel of land or water. Examples of real property include fee and leasehold interests, or rights that attach to the parcel or involve parcels under different ownership or resources beyond the parcel such as conservation easements, water and mineral rights.</p>
<p style="text-align: center;"><b>Defining Personal Property</b></p> <hr/> <ul style="list-style-type: none"> <li>◆ Anything tangible or intangible that is not real property.</li> <li>◆ Includes objects, such as equipment and supplies, that are moveable without damage to themselves or that which attached to.</li> </ul>	<p>Parcel includes (unless limited by legal description) air space above, the ground below and anything physically and firmly attached to it by a natural process or human action e.g. standing timber, annual crops, buildings, roads, fences or other structures.</p>
<p style="text-align: center;"><b>Tangible Personal Property</b></p> <hr/> <ul style="list-style-type: none"> <li>◆ Soil, rock, gravel, minerals, gas, oil, or water after excavation or extraction.</li> <li>◆ Annual crops before or after harvest.</li> <li>◆ Trees or other vegetation after harvest or separation.</li> </ul>	<p>Personal Property means anything tangible or intangible that is not real property. (1) Tangible personal property includes:     (a) Objects, such as equipment and supplies, that are moveable without damage to themselves, the land or structure to which they are attached, or the path of removal;     (b) Soil, rock, gravel, minerals, gas, oil, or water after excavation or extraction from the surface or subsurface;     (c) Commodities derived from trees or other vegetation after harvest or separation from the land; and     (d) Annual crops before or after harvest.</p>
<p style="text-align: center;"><b>Intangible Personal Property</b></p> <hr/> <ul style="list-style-type: none"> <li>◆ Patents and copyrights</li> <li>◆ Licenses such as a grazing permit or an arrangement to use land.</li> </ul>	<p>(2) Intangible personal property includes:     (a) Intellectual property such as patents and copyrights, securities, bonds and interest bearing accounts     (b) Licenses such as a grazing permit or an arrangement to use land that is revocable at the landowner's discretion or terminates when the landowner dies or when the property passes to another owner.</p>

## 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

<p>Advanced Grants Management Course</p> <hr/> <p><b>Exercise:</b></p> <p>Real Property – Land, Facilities and Mineral Rights</p>  <p>1</p>	
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**Exercise: Real Property – Land, Facilities and Mineral Rights**

Using the Toolkit review **43 CFR 12.65, 12.71 (b) and (c), 12.82 C2, SM 522 FW FW10, FW 20, FW 21, FW 22**, to answer the questions below.

1. What type of records is the grantee required to maintain for real property acquired with federal funds and/or license funds? How long do those records have to be maintained?

Records should include the location of the property, the funding source, information on mineral rights, intended use, description, NOFP and price.

Records must be retained for 3 years after the date of transfer, replacement or final disposition according to **43 CFR 12.82 C2**. although WSFR program requirements state land records shall be retained in perpetuity.

2. Under what conditions may land, purchased with federal funds be sold, traded or its purpose changed? What about 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), **43 CFR 12.71 (b) and (c)**, 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.

<p>Advanced Grants Management Course</p> <hr/> <p><b>Exercise:</b></p> <p>Real Property – Land, Facilities and Mineral Rights</p>  <p>1</p>	
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**Exercise: Real Property – Land, Facilities and Mineral Rights**

3. What activities, recreational or commercial are allowed on land and/or facilities acquired developed or managed with federal monies?  
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. How long is the State required to maintain facilities purchased, constructed, or improved with federal funds and what are the requirements?  
For the useful life of the facility, State must have control over the facility,  
control may be exercised by lease, contract, etc., must be used for intended  
purpose, income generated must be addressed, may be specific to grant  
program providing funding, CVA, BIG, Hunter Education.  
522 FW 10, 522 FW 7.3, 522 FW 18.
5. What are the concerns when revenue is generated by activities supported by grant funds or on lands acquired with grant funds? License revenues?  
Activities supported by grant funds, activities listed in grant (open grant) is  
considered program income and must be used in accordance with  
43 CFR 12.65. Income generated from land purchased with federal funds  
(open grant) program income, (closed grant) treated as license revenue.  
522 FW 19. Also, special conditions per grant program.  
Other activities by State Fish & Wildlife agency supported by license  
revenue must be used by F & W agency.

<p>Advanced Grants Management Course</p> <hr/> <p><b>Exercise:</b></p> <p>Real Property – Land, Facilities and Mineral Rights</p>  <p>1</p>	
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**Exercise: Real Property – Land, Facilities and Mineral Rights**

6. You have been approached by a local farmer for permission to plant and harvest soybeans on a State Wildlife Management Area that is being operated and maintained using federal funds. In return the farmer has agreed to leave part of the soybeans as a food plot for wildlife. Planting food plots is one of the management activities you have planned for this area. Is this acceptable?

This is an acceptable activity but it must be documented. It is considered a non-cash transaction, bartering. The agency is required to have formal legal documentation for this transaction as well as written procedures.

7. The Governor of Protection transferred a tract of land purchased with license revenue to the State Department of Transportation to be used to store heavy equipment. Is this a concern? Explain.

The control of the land must be fully restored to the State fish and wildlife agency or the property must be replaced using non license fee and non federal funds. The replacement property must be of equal fair market prices and have equal benefits as the original property. The State has a reasonable amount of time to correct the issue. It may take up to 3 years from the date of notification. This is sometimes a long process. **522 FW 20**

<p style="text-align: center;"><b>Equipment</b></p> <ul style="list-style-type: none"> <li>◆ Tangible / nonexpendable personal property</li> <li>◆ Useful life &gt; 1 year</li> <li>◆ Cost ≥ \$5,000 per unit</li> </ul> <p><small>*Grantees may use their definition of equipment provided that it includes all equipment defined above.</small></p>	<ul style="list-style-type: none"> <li>• Important to “speak same language”</li> <li>• Federal minimum</li> </ul>
	<ul style="list-style-type: none"> <li>• Cost Principles clearer on capitalization threshold</li> <li>• Selected Costs (#15a(2))</li> <li>• Audits according to State Laws</li> </ul>
<p style="text-align: center;"><b>Common Rule Guidance</b> <small>(48 CFR 19.72)</small></p> <p><small>(b) States. A State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures.</small></p>	<ul style="list-style-type: none"> <li>• States have autonomy over their grant-purchased equipment</li> <li>• Federal regs recognize state's adhere to GAAP, GASB, FASB</li> <li>• Perpetuates good state/federal partnership</li> <li>• Two methods for asset reimbursements are acquisition or use compensation</li> </ul>
<p style="text-align: center;"><b>Equipment Acquisition</b> <small>(2 CFR 205)</small></p> <ul style="list-style-type: none"> <li>◆ General Purpose equipment is <u>unallowable</u> as direct charges, except when approved in advance by the awarding agency.</li> </ul> <p><small>Not limited to specific grant activities:</small></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Office Furnishings/Equipment</li> <li><input type="checkbox"/> Building Infrastructure</li> <li><input type="checkbox"/> IT Equipment and Systems</li> <li><input type="checkbox"/> Motor Vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment not specific to particular grant</li> </ul>
<p style="text-align: center;"><b>Equipment Acquisition</b> <small>(2 CFR 225)</small></p> <p><small>Special purpose equipment is allowable as direct costs; prior approval needed for units costing \$5000 or more.</small></p> <p><small>Limited to specific grant-related activities:</small></p> <ul style="list-style-type: none"> <li>◆ Research</li> <li>◆ Medical</li> <li>◆ Scientific</li> <li>◆ Technical</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment specific to particular grant</li> </ul>
<p style="text-align: center;"><b>WSFR Position</b></p> <ul style="list-style-type: none"> <li>◆ We generally allow acquisition of equipment on our grants. The allowable cost criteria must be met.</li> <li>◆ Prior approval is required. The budget narrative section of the project statement should contain detail regarding type of equipment and estimated costs.</li> </ul>	<ul style="list-style-type: none"> <li>• Allowable costs</li> <li>• Substantial in character and design</li> <li>• New 50 CFR 80 clarifies prior approval requirement</li> <li>• Grant condition... discussed later</li> </ul>
<p style="text-align: center;"><b>Allowance Charges</b></p> <ul style="list-style-type: none"> <li>◆ “Use allowance” or “depreciation” charge</li> <li>◆ No guidance on using a rental market valuation method</li> </ul>	<p>Transition - Compensation for equipment usage on grants</p> <ul style="list-style-type: none"> <li>• Two methodologies for equipment usage charge</li> <li>• Computation based on acquisition costs – restrictions</li> <li>• Use allowance recovery limited to acquisition cost of the assets</li> <li>• Assets fully depreciated may be allowed a reasonable use allowance</li> </ul>

## 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

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## Common Rule Guidance (43 CFR 12.72)

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

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## Equipment Acquisition (2 CFR 225)

- 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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<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Equipment Use <small>(48 CFR 12.72)</small></p> <ul style="list-style-type: none"> <li>◆ States shall use equipment per State law, policies and procedures.</li> <li>◆ Once the grant is closed the Federal nexus is broken.</li> <li>◆ Conditional Statements.</li> </ul> </div>	
<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Complying with the Cost Principles</p> <ul style="list-style-type: none"> <li>◆ Properly charging equipment to a grant program?</li> <li>◆ Used to meet the objectives of the grant without interference</li> <li>◆ Using the equipment on another activity</li> </ul> </div>	<p>100% direct when actually should be allocable?</p> <p>Incidental use okay... don't go overboard.</p> <p>Not good.</p>
<div style="border: 1px solid black; padding: 5px;"> <p style="text-align: center;">Diversion Potential</p> <ul style="list-style-type: none"> <li>◆ Centralized motor pools</li> <li>◆ Use on Hunting &amp; Fishing License Ineligible activity</li> <li>◆ Transfer</li> <li>◆ Disposal</li> </ul> </div>	

## Allowance Charges

- Allowable charge to a grant as a “use allowance” or “depreciation” charge
- The use allowance for equipment will be computed at an annual rate not exceeding  $6\frac{2}{3}$  percent of acquisition cost

Guidance makes no allowance for using a rental market valuation method

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## Equipment Use

- Once the grant is closed the Federal nexus is broken
- States shall use equipment per State law, policies and procedures
- Conditional Statements

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## Complying with the Cost Principles

- Equipment charged 100% directly to a grant program
- Used to meet the objectives of the grant without interference
- Using the equipment on another activity

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## Diversion Potential

- Centralized motor pools
- Use on an Hunting & Fishing License ineligible activity
- Transfer
- Disposal

<p>Personal Property - Equipment</p> <p>References: 43 CFR 12.72 and 12.77 522 FW 1.16</p>  <p>17</p>	<p>Equipment Exercise</p>
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**Exercise: Personal Property - Equipment**

Using the Toolkit, review **43 CFR 12.72, 12.77** and **522 FW 1.16** to answer the questions below.

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 **12.72 (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. (**43 CFR 12.77**)

**43 CFR 12.72 (b)**

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 **12.72** 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.

<p>Advanced Grants Management Course</p> <hr/> <p><b>Exercise:</b></p> <p>Personal Property - Equipment</p>  <p>3</p>	<p>Equipment Exercise continued</p>
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**Exercise: Personal Property – Equipment**

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?

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. (522 FW 1.16 B)

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.

	Debrief
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### 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 43 CFR 12.72
- ✓ 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

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**Advanced Grants Management Course**

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<p><b>Advanced Grants Management</b></p> <hr/> <p><b>Tab 11:</b> <b>Program Income</b></p>  <p>1</p>	<p>Review learning points</p>
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## **Program Income**

### **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

<p style="text-align: center;"><b>Definition of Program Income</b></p> <hr/> <p>Program Income:</p> <p>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.</p> <p style="text-align: right;">3</p>	<p>Define program income:</p> <p><b>Gross</b> income received by the grantee or subgrantee <b>directly generated</b> by a grant supported activity, or earned only as a result of the grant award <b>during the grant period.</b></p> <p>Clarify definition – show slide</p>
	<p>Net or Gross Income:</p> <p>Gross Income is the default</p> <p>Net Income can be used if approved by WSFR Program cost incident to the generation of the program income</p>

## 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.

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

## 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).

	<b>Program Income</b>
43 CFR 12.65	Administrative Requirements
522 FW 19	Program Income From FA Grants
522 FW 1.14	Service Manual Chapter

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## Real Property Acquired with Federal Funds (43 CFR 12.71)

Disposal of real property acquired with federal funds requires prior approval from the Regional Director, even if the grant is closed. The Regional Director and State negotiates disposal terms. Real property includes oil and gas, other minerals, right of ways, easements, etc. Proceeds from the sale of real property may be returned to WSFR using either the deductive or additive program income disposal methods. Grant terms and Regional Office will prescribe additional requirements.

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

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.

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## Personal Property (43 CFR 12.72)

Proceeds from the sale of personal property acquired with **federal funds** may be required to be returned to the federal program. However, 43 CFR 12.72 requires States to use, manage and dispose of equipment in accordance with State laws. If a grant condition requires the proceeds from the sale of personal property be returned to the program it may be treated as “program income”.

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## Subrecipients

States should address methods of handling income outside the subaward / award period with subrecipients in the third party agreement. See program specific guidance and Director’s Memo, dated 12/12/05, for LIP and SWG programs.

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<p style="text-align: center;">Program Income</p> <hr/> <p><b>Exercise:</b> Program Income versus License Revenue</p>  <p style="text-align: right;">3</p>	<p>Have participants work through examples using guidance.</p> <p>Debrief by showing summary slides of program income chart.</p>
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**Exercise: Income Determination**

Using the guidance provided 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

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

3. The fish and wildlife agency sells a surplus vehicle that was acquired with 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.

State license revenue – license funds used to match so carries nexus of license revenue requirement. Exception: conditional statement on grant.

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

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.

License revenue or may be treated as program income if stipulated in grant award.

	Continue PI exercise.
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**Exercise: Income Determination (continued)**

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.

State agency should have provisions in third party for marina to limit fees charged as well as use of fees to go back into the maintenance of facility.

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.

Right of way is considered real property. Since land was purchased with federal funds, prior approval must be received from RD. If revenue is returned to the program it may be returned using program income method.

Auditors may consider this program income even though activity is not

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.

Right of way is considered real property. Since land was purchased with federal funds, prior approval must be received from RD. If revenue is returned to the program it may be returned using program income method.

Auditors may consider this program income even though activity is not directly supported because of road use by oil and gas company.

This should be treated as license revenue.

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.

Right of way is considered real property. Since land was purchased with federal funds, prior approval must be received from RD. If revenue is returned to the program it may be returned using program income method.

	<p>Use slides to debrief and summarize.</p> <p>Participants use program income flow to follow along.</p>
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**Exercise: Income Determination (continued)**

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.

Unrestricted, not treated as program income. See Director's Memo.

Right of way is considered real property. Since land was purchased with federal funds, prior approval must be received from RD. If revenue is

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

Unrestricted, not treated as program income. Not received by the State.

Right of way is considered real property. Since land was purchased with returned to the program it may be returned using program income method.

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.

Non cash transaction. Noted in the Grant Narrative.

Right of way is considered real property. Since land was purchased with federal funds, prior approval must be received from RD. If revenue is

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.

Treated as program income to return to program.

Right of way is considered real property. Since land was purchased with federal funds, prior approval must be received from RD. If revenue is returned to the program it may be returned using program income method.

<p><b>Accounting for Program Income - Use</b></p> <ul style="list-style-type: none"><li>◆ <b>Deductive</b> – Default unless otherwise requested and approved</li><li>◆ <b>Additive</b> – Added to funds committed to award</li><li>◆ <b>Cost-Sharing</b> – Used to finance part or all of non-federal match</li></ul>	<p><b>Methods of accounting for Program Income</b></p> <ul style="list-style-type: none"><li>• Deductive</li><li>• Additive</li><li>• Cost-Sharing</li></ul> <p><b>Declaring and Reporting Program Income:</b></p> <p>Anticipated program income must be declared and estimated in the grant award application.</p> <p>Must be report on the Financial Status Report (SFR-269)</p>
	<p><b>Excess Program Income</b></p> <ul style="list-style-type: none"><li>• Applied to subsequent grant that has purposes consistent with the grant that generated the excess program income</li></ul>

### 43 CFR 12.65 (g) - Use of Program Income

Program income shall be deducted from outlays which may be both Federal and non-Federal as described (g) (1), (2), (3), 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.

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#### Methods of using Program Income

- Deductive
    - Unless otherwise approved in the grant award use of program income defaults to deductive
    - 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>

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**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
<b>Amount Obligated in FAIMS: \$90,000</b>	State (Excess Allowable) \$36,000

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**Deductive Method – Properly Applied 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: Excess Allowable	<u>\$40,000</u>
Program Income	\$4,000	Adjusted Total Outlays	\$120,000
Total	\$120,000	Less: Program Income	<u>\$4,000</u>
		Adjusted Total Outlays	\$116,000
<b>Amount Obligated in FAIMS:</b>		Federal (75%)	\$87,000
<b>\$90,000</b>		State (25%)	\$29,000
		State (Excess Allowable)	

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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)
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**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>	

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**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

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

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

<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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**Declaring and Reporting Program Income**

- Anticipated program income must be declared and estimated in the grant application
- Must be report on the Federal Financial Report (SF-425)

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Right of way is considered real property. Since land was purchased with federal funds, prior approval must be received from RD. If revenue is

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Right of way is considered real property. Since land was purchased with federal funds, prior approval must be received from RD. If revenue is

<p style="text-align: center;"><b>Accounting for Program Income</b></p> <hr/> <p>◆ <b>Declaring and Reporting Program Income</b></p> <ul style="list-style-type: none"> <li>- Anticipated program income must be declared and estimated in the grant award application.</li> <li>- Must be report on the Financial Status Report (SFR-269)</li> </ul> <p>◆ <b>Net or Gross Income</b></p> <ul style="list-style-type: none"> <li>- Gross income is the default</li> <li>- Net income can be used if approved by FA</li> <li>- Cost incident to generate program income</li> </ul> <p style="text-align: right;">8</p>	

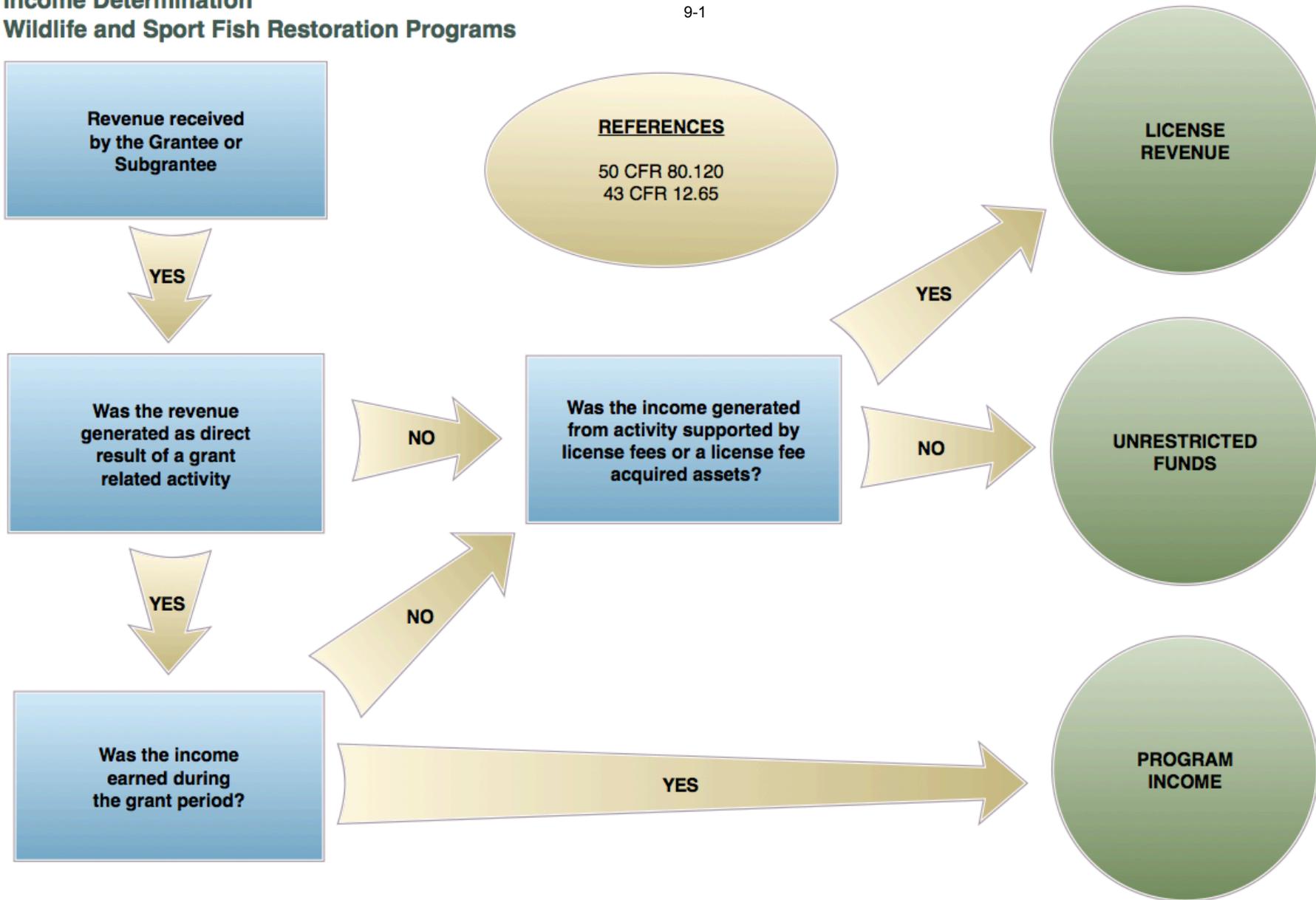
<p style="text-align: center;"><b>Accounting for Program Income</b></p> <hr/> <p>◆ <b>Excess Program Income</b></p> <ul style="list-style-type: none"> <li>- Applied to subsequent grant purposes consistent with grant generating excess program income</li> </ul> <p>◆ <b>Income Generated Outside the Grant Period</b></p> <ul style="list-style-type: none"> <li>- Grant award specifies</li> <li>- Treated as license revenue</li> <li>- Used as additional funding grant/ program if not specified treat as license revenue</li> </ul> <p>◆ <b>Program income generated outside the grant period by sub-grantees has no further restriction – unless stipulated in third party agreement</b></p> <p style="text-align: right;">7</p>	<p><b>Income Generated Outside the Grant Period</b></p> <ul style="list-style-type: none"> <li>• Grant award will specify</li> <li>• Treated as license revenue and used to support the administration of the State fish and wildlife agency</li> <li>• If the State so requests, used as additional funding for purposes consistent with the grant or the program that generated the income</li> <li>• If not specified treat as license revenue</li> </ul> <p>Unless specified in the grant award, program guidance or in the State's cooperative agreement, program income generated outside the grant period by sub-grantees has no further restriction</p>
	<p><b>Income Generated from the Disposal of Real Property</b></p> <ul style="list-style-type: none"> <li>• Federal share of sale proceeds returned to the program or acquire other lands of equal fair market value as replacement</li> </ul>



### 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 program income earned after the end of the award period, unless the terms of the award or WSFR Program regulations provide otherwise
- ✓ The proceeds from the sale of real or personal property may be returned to the grant program by treating it as if it were program income. This is a method to return the income to the 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 80.137)

**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. (43 CFR 12.65)

Enter date revised:  
10/11/12 CM

Filename: s:\federalaid\courses\ilt\agm\agm\_standard\workbook\10-reporting.doc

Enter Name of Course:  
**Advanced Grants Management Course**

Module timing = 180 minutes

Enter Tab Number:  
**10**

<p><b>Advanced Grants Management</b></p> <hr/> <p><b>Tab 10:</b> <b>Reporting Requirements</b></p>  <p>1</p>	<p>Review learning points</p>
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## Reporting

### Objectives:

1. Identify reporting regulations and requirements
2. Define and identify the importance of steward investment
3. Complete an interim annual and final Federal Financial Report

**Impacts of the New Interim Reporting Guidance**

- ◆ Interim Guidance for Financial and Performance Reporting issued May 15, 2009
- ◆ Requires the use of the Federal Financial Report, SF 425, starting October 1, 2009
- ◆ Requires that interim reporting periods end on the last day of a standard fiscal quarter
  - March 31
  - June 30
  - September 30
  - December 31

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**Impacts of the New Interim Reporting Guidance**

- ◆ If the first quarter in a interim report period is not a complete quarter, it does not count when determining interim reporting periods. (More on this later!)
- ◆ The effective start date of an award can be any day of the year
- ◆ No changes in the due dates or reporting periods for FINAL reports

3

**Reporting Requirements**

- ◆ **Financial Report**
  - SF 425 Federal Financial Report
  - Hard copy, electronic, scanned or faxed
  - Signature of authorized representative (may be electronic)
- ◆ **Performance Report**
  - No standard or printed form
  - Required information consult SM project chapters
  - Hard copy, electronic, scanned, faxed or email containing required information
  - Must be received from grantee or authorized representative of grantee

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**Reporting Due Dates**

- ◆ Required at least annually for grants over one year (annual interim) and at end of grant period (final)
- ◆ **Annual interim**
  - Due 90 calendar days after the end of each 4 FULL Quarters based on fiscal quarters (March 31, June 30, September 30 and December 31)
- ◆ **Final**
  - Due 90 calendar days after the grant ending date

WSFR may require reports quarterly or more frequently under certain conditions. Will be clearly stated in preaward, award or postaward.

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Another part of managing your grant is submission of financial and performance reports.

Debrief:  
Use slides to summarize requirements

Reporting Guidelines (5/2/03) were rescinded 2/2/07 (letter to States, Commonwealths & Territories). It was superseded by DOI Policy on FFR (amended May 2004) and Service Manual Chapter 522 FW 17. We also have Interim Guidance for FFR and Performance Reports.

Grantees prepare & submit reports, WSFR processes reports and inputs data in FAIMS.

Emphasize that failure to submit timely and accurate reports can cause problems. We'll discuss the consequences of not submitting reports or not submitting them timely next.

## Reporting Requirements

### Federal Financial Report (SF 425)

- Hard copy, electronic (scanned or faxed)
  - Signature of authorized representative (may be electronic)
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### Performance Report

- No standard or printed form
  - Required information
  - Submitted via paper or electronic format
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### Reporting Frequency

- Annual, semi-annual, or quarter reporting periods
  - Final reports 90 days after award close
  - Due date extensions may be requested via letter, fax or email
  - Approved extension notifications via letter, fax or email
  - USFWS may approve one extension up to 90 days
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USFWS may require reports quarterly or more frequently under certain conditions. This will be clearly stated in pre-award, award or post-award

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## Remedies for Non-Compliance

### Report is not received by due date

- Notify recipient due date has passed
- Inform recipient of non-compliance and sanctions that may be imposed
- Request immediate receipt of report within 10 calendar days, or award will be suspended, with a possible termination of award if not report is received 30 days from suspension, and
- Further withholding of any other pending awards in affected Service program until all reports are received

### Report or explanation is not received by end of 10 day period

- Suspend payments and obligations of affected award for 30 calendar days
- Send notification to recipient of suspension

### Report or explanation is not received after 30 day suspension

- Convert suspension to termination
- Withhold other pending awards
- Send notification to recipient of termination and suspension of future award obligations

Notes:

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<p style="text-align: center;"><b>Grant Closure Process</b></p> <hr/> <ul style="list-style-type: none"><li>◆ <b>The Grantee/State must submit :</b><ul style="list-style-type: none"><li>- Final Drawdown (request for reimbursement)</li><li>- Performance Report (a final report if closing out a research grant)</li><li>- Financial Status Report (SF-269)</li></ul></li> <li>◆ <b>The WSFR Program Regional Office is responsible for:</b><ul style="list-style-type: none"><li>- Monitoring State accomplishments (performance reports, site visits, etc.)</li><li>- Processing the Financial Status Report (SF-269)</li><li>- Updating FAIMS</li></ul></li></ul> <p style="text-align: right;">9</p>	<p>In this course we'll focus on the FFR-Federal Financial Report or SF-425.</p> <p>Explain importance of SF-425 in grant process, closes grant financially, used in audits.</p> <p>Participants should know closure process.</p> <p>Briefly review closure and lead into completing final FFR.</p>
<p>SF 425 closes out grant, unobligates federal funds (remaining funds may have to go through safety margins).</p> <p>It is important to submit and process SF 425 timely so that funds will be released to be used on other grants and not revert.</p> <p>SF 425 used to report: Matching requirements (direct and indirect) 25% and over-match Program Income (method used, deductive, additive)</p> <p>SF 425 report consolidated former SF269 with SF-272 (Federal Cash Transaction Report) to make one form.</p> <p>Ask participants if they remember what happens to the remaining funds when a Final SF 425 is submitted? The following page gives a brief description.</p>	

## Grant Closure Process

### The Grantee/State must submit

1. **Final Drawdown** (request for reimbursement)
2. **Performance Report** (a final report if closing out a research grant)
3. **Federal Financial Report** (SF-425)

A final drawdown should be made through Smartlink (electronic funds transfer) to request reimbursement for State funds expended on the grant.

The Grantee/State reports are due to the Regional WSFR Program Office within 90 days after the grant's ending date. If these reports cannot be provided within the 90 day period, a written request for an extension must be submitted prior to the deadline.

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### The Regional WSFR Program Office is responsible for:

1. **Monitoring State accomplishments** (performance reports, site visits, etc.)
2. **Processing the Federal Financial Report** (SF-425)
3. **Updating FBMS and TRACS**

WSFR Program staff reviews and accepts the closure documentation. Information is entered into FBMS and TRACS

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	Summary of closure and disposition of funds.
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## Closure and Disposition of Remaining Funds

Submission of the final FFR closes the grant and denotes disposition of the remaining unused balance on the award (SF-425, line h).

The unused balance may

- be returned to the grantee, or
  - revert back to the grant program, or
  - be used for other purposes depending specific grant program rules and regulations
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## Competitive grants (typically)

- Funds are only available until the end of the grant award
  - Unused funds are lost to the grantee
  - Funds may be returned to grant program to be distributed through subsequent competitive process or be returned for other Federal programs based on grant program and age of funds
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## State Wildlife Grants

- Returned (recovered) to the grantee to be re-obligated on subsequent grants if funds do not exceed their established safety margin. Funds exceeding the safety margin are reverted and lost to the grantee
  - Funds are returned to the State Wildlife Grant Program to be re-apportioned to all States
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**Hunter Education Section 10 (enhanced - \$8 million set aside)**

- Greater than 1 year - lost to the grantee
  - Apportioned in the subsequent year as Wildlife Restoration funds to grantees meeting eligibility guidelines
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**Wildlife Restoration and Sport Fish Restoration**

- Returned (recovered) to the grantee to be re-obligated on subsequent grants if funds do not exceed their established safety margin (SFR including AE, FW, M) (WR including HE (4c) (BA)
  - Funds exceeding the safety margin are reverted and lost to the grantee
  - Reverted Wildlife Restoration Program funds are returned to U.S. Fish and Wildlife Service to be used in the Migratory Bird Program
  - Reverted Sport Fish Restoration funds are re-apportioned for Sport Fish Restoration Program in subsequent year
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	Mention description of safety margins
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## Remember the Safety Margins!

Safety margins are used only for Sport Fish Restoration (SFR), Boating Access (BA), Wildlife Restoration (WR) Grant and the Statewide Wildlife Grant Programs

- Sport Fish Restoration includes freshwater, marine and aquatic education
- Wildlife Restoration includes hunter education – section 4 funds
- Boating Access includes freshwater and marine

Safety margin is a term which describes the technique used to determine the age of unobligated funds

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## Obligation Requirements

- SFR, WR and SWG funds must be obligated within 2 years of the apportionment
  - The funds apportioned in one fiscal year must be obligated by the end of the following fiscal year
- BA funds must be obligated within 5 years of the allocation

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## Reversion of Funds

Funds automatically revert (and are lost to the grantee) that

- are not obligated within the timeframe (2 years, 5 years)
  - exceed the safety margin at grant closeout
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### Passing the Safety Margin

Funds not exceeding the safety margin are returned to the grantee to be re-obligated. Each time funds are returned—whether recovered or reverted—reduces the safety margin originally established for that fiscal year.

States are not responsible for calculating safety margins, but need to be aware that funds not obligated timely or not used once obligated may be lost.

The Regional WSFR Program Office is responsible for calculating and tracking safety margins. States may request a copy of the Safety Margin and Reversion Ledger Report from their Regional WSFR Program Office.

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### AVOID REVERTING FUNDS!

1. **OBLIGATE** funds after they are **apportioned**
2. **EXPEND** funds after they are **obligated**
3. **CLOSE OUT** grants in a **timely manner**

Notes:

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**Federal Financial Form (SF-425)**

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**FEDERAL FINANCIAL REPORT**  
(Fill in this information)

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

10

Exercise on preparing SF-425.

Tell participants when preparing 425 may want to think about some of the issues we've discussed, indirect, program income, proportional draws, in-kind.

Participants may want to show calculations or notes on their determinations for reporting.

**Reporting Requirements**

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**Exercise:**  
**Prepare a FFR**

10 - 9



21

**Exercise: Preparing a Federal Financial Report**

## 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

	Continue exercise on preparing FFR-425.
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**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)

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**Exercise: Preparing a Federal Financial Report**

## 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

	Debrief reporting. Give answer sheets.
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## Learning Points

- ✓ Annual interim financial and performance reports are due annually for grant awards with more than 4 FULL Quarters
- ✓ Annual interim reports are due 90 calendar days after the end of FULL Quarters based on fiscal quarters (March 31, June 30, September 30 and December 31)
- ✓ Final financial and performance reports are due at the end of the grant period. These reports are due within 90 calendar days of the ending date of the grant award
- ✓ A grantee must liquidate all obligations incurred under the award no later than 90 days after the end of the funding period (or as specified by program regulation)

Enter date revised:  
10/11/12 CM

Filename:  
s:\federalaid\courses\ilt\agm06\_10\revisedmaterial\workbook\4\_compliance\_overview.doc

Module time = 50 minutes

Enter Name of Course:  
**Advanced Grants Management Course**

Enter Tab Number:  
**11**

Handouts:

none

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## **Effective Grant Coordination and Administration**

### **Objectives:**

1. Identify the various training opportunities for Federal and State grant management staff
2. Discuss the importance of effective communication and coordination
3. Identify the role of program audits in the grants management process

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## Training

The following training is recommended for grant management staff

Position	BGM	AGM	PLC	Lands
State Coordinator	X	X	X	X (if applicable)
State Fiscal	X	X		
Federal Grant Specialist	X	X	X	X (if applicable)
Federal Fiscal Specialist	X	X		
Project Leader			X	X (if applicable)

## Coordination and Communication

Effective management of the State’s grant process includes coordinating with the administrative support functions in the agency. Good coordination is more than just reviewing the application package for completeness.

Administrative support functions such as procurement, fiscal services, real estate, inventory, fixed assets, legislative affairs, hunting and fishing license operations and human resources play a significant role in staying compliant.

## Program Audits

The program audits bring improved accountability to our grant management process. They often are the only way of fixing complex or controversial issues that are controversial in the agency. Approach the audits as a tool for improved grants administration.

## Surviving the Audit

- Collect and have available all documentation requested by the auditor’s prior to their arrival
- The State point-of-contact should work cooperatively with the audit team to ensure they have access to the pertinent information and personnel
- Communicate regularly with your WSFRP Regional Office and your agency leadership regarding issues that arise during the audit
- Discuss with the affected staff the changes that need to be made as a result of the audit report. Implement those changes as soon as possible. It may be reflected in the final audit report

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**Learning Points**

- ✓ All grants management staff should be trained
- ✓ Communication and coordination are vital to effective grants management
- ✓ Audits improve the accountability of the grant programs

# 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. Marking the "Final" box will cause the grant to be closed and no further draws can be made against the grant.</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>
-------------------------------------------------------------------------------------------	------------------------------------------------------------------

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 Line10j)	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>l. 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 l 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:

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)
	d. Email address
b. Signature of Authorized Certifying Official	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.

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<b>Examples: Preparing a Federal Financial Report</b>
-------------------------------------------------------

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

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<b>Examples: Preparing a Federal Financial Report</b>
-------------------------------------------------------

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)

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<b>Examples: 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

## **Example #1 Calculations for FFR**

total grant award: \$400,000  
federal share: **\$300,000 fully obligated (10 d)**  
recipient share: \$100,000  
total expenditures: \$403,000  
in-kind = \$0  
program income: \$0

### **Calculations**

adjusted net outlays = \$403,000 (total expenditures) - \$3,000 (excess allowable costs) = \$400,000

fed share = \$400,000 (adjusted net outlays) \* 75% (fed ratio) = **\$300,000 (10 e)**

adjusted project costs = \$300,000 (total fed share) / 75% (fed ratio) = \$400,000

recipient share required = \$400,000 (adjusted project costs) - \$300,000 (fed share) = **\$100,000 (10i)**

recipient share = \$403,000 (total expenditures) - \$300,000 (fed share) = **\$103,000 (10 j)**

### **Recipient Share**

\$3,000 (excess allowable costs)  
\$100,000 (recipient share required)  
\$103,000 (total recipient share) **(10 j)**

### **Federal Share**

\$300,000 (federal share of adjusted net outlays) **(10 e)**

### **Cross-Check**

\$103,000 (recipient share) + \$300,000 (federal share) = \$403,000 (total expenditures) □

## Example #2 Calculations for FFR

total award = \$400,000

fed funds authorized = **\$300,000** fully obligated (record on line 10 d)

recipient share required = \$100,000

total expenditures = \$175,000

in-kind = \$45,000

program income (deductive) = \$100 record Federal share of program income ( $\$100 \times 75\% = \$75$ ) on line 10l and 10 m)

### Calculations

total outlays = \$175,000 (direct charges) + \$45,000 (in-kind) = \$220,000

adjusted net outlays = \$220,000 (total outlays) - \$100 (program income) = \$219,900

federal share of expenditures = \$219,900 (net outlays) \* 75% (fed share ratio) = **\$164,925** (10 e)

adjusted project costs = \$164,925 (total fed share) / 75% (fed ratio) = \$219,900

recipient share required = \$400,000 (total award) - \$300,000 (fed share auth) = **\$100,000** (10i)

state share of expenditures = \$219,900 (net outlays) - \$164,925 (fed share) + \$25 (recipient share program income) = **\$55,000** (line 10 j)

### Recipient Share

\$54,975 (recipient share required)

\_\_\_\_\_ \$25 (recipient share of program income)

\$55,000 (total recipient share) 10j

### Federal Share

\$164,925 (federal share of adjusted net outlays) 10e

\_\_\_\_\_ \$75 (federal share of program income) 10l and 10m

\$165,000 (total federal share)

### Cross-Check

\$55,000 (recipient share) + \$165,000 (federal share) = \$220,000 (total expenditures) □

### **Example #3 Calculations for FFR**

total award= \$400,000

fed funds authorized = **\$300,000** fully obligated (record on line 10 d)

recipient share required = \$100,000

total expenditures= \$435,000

in-kind= 0

program income (deductive) = \$10,000 record Federal share of program income ( $\$10,000 \times 75\% =$   
**\$7,500**) on line 10 l and 10 n)

### **Calculations**

adjusted net outlays (deduct excess allowable costs) = \$435,000 (direct charges) - \$35,000 (excess allowable costs) = \$400,000

adjusted net outlays (deduct program income) = \$400,000 (adjusted net outlays) - \$10,000 (program income) = \$390,000

federal share of expenditures = \$390,000 (adjusted net outlays) \* 75% (federal share ratio) = **\$292,500**  
(record on line 10 e)

adjusted project costs = \$292,500 (total fed share) / 75% (fed ratio)= \$390,000

recipient share required = \$400,000 (total award) - \$300,000 (fed share) = **\$100,000** (record on line 10i)

recipient share of expenditures = (\$400,000 (adjusted net outlays) - \$10,000(federal program income) -  
\$292,500 (federal share) = \$ 97,500 + \$35,000 (excess allowable costs) + \$2,500 (recipient share  
program income) = **\$135,000**(record on line 10j)

### **Recipient Share**

\$35,000 (excess allowable costs)

\$97,500 (recipient share of adjusted net outlays)

\$ 2,500 (recipient share of program income)

\$135,000 (total recipient share) **10j**

### **Federal Share**

\$292,500 (federal share of adjusted net outlays) **10e**

\$ 7,500 (federal share of program income) **10l and 10m**

\$300,000 (total federal share)

### **Cross-Check**

\$135,000 (recipient share) + \$300,000 (federal share)= \$435,000 (total expenditures) □

## Example #4 Calculations for FFR

total award = \$400,000

fed funds authorized = **\$300,000 fully obligated (10 d)**

recipient share required = \$100,000

total expenditures= \$435,000

in-kind= 0

program income (additive) = \$10,000 record Federal share of program income **\$10,000 x 75% = \$7,500 (10 l and 10 n)**

### Calculations

adjusted net outlays = \$435,000 (net outlays) – \$25,000 (excess allowable costs) = \$410,000

adjusted net outlays (deduct program income) = \$410,000 (adjusted net outlays) - \$10,000 (program income) = \$400,000

fed share of expenditures = \$400,000 (adjusted net outlays) \* 75% = **\$300,000 (10e)**

adjusted project costs = \$300,000 (total fed share obligated) / 75% (fed ratio)= \$400,000

recipient share required = \$400,000 (adjusted project costs) - \$300,000 (fed share) = **\$100,000 (10i)**

recipient share of expenditures = \$ 400,000 (adjusted net outlays) - \$300,000 (federal share of expenditures) +\$25,000 (excess allowable costs) + \$2,500 (recipient share of program income) = **\$127,500 (10j)**

### Recipient Share

\$ 25,000 (excess allowable costs)

\$100,000 (recipient share of adjusted net outlays)

\$ 2,500 (recipient share of program income)

\$127,500 (total recipient share) **10j**

### Federal Share

\$300,000 (federal share of adjusted net outlays) **10e**

\$ 7,500 (federal share of program income) **10l and 10m**

\$307,500 (total federal share)

### Cross-Check

\$127,500 (recipient share) + \$307,500 (federal share)= \$435,000 (total expenditures) □

## Example #5 Calculations for FFR

total award = \$400,000

fed funds authorized = \$300,000 \*only \$200,000 fully obligated (10 d)

recipient share required = \$100,000

total expenditure= \$310,000 (does not include in-kind)

in-kind= \$100,000

program income (deductive) = \$10,000 Federal share of program income = \$10,000 x 75% = **\$7,500**  
(10l and 10n)

### Calculations

adjusted total award= \$200,000 (amount obligated) / 75% (federal ratio) = \$266,666.66

adjusted net outlays = 310,000 (total expenditures) + \$100,000 (in-kind) = \$410,000

adjusted net outlays (deduct program income) = \$410,000 - \$10,000 = \$400,000

excess allowable costs = \$400,000 (adjusted net outlays) - \$266,666.66 award = \$133,333.34

fed share of expenditures = \$266,666.66 (total adjusted award) \*75% (federal share of adjusted total award) = 200,000 (federal share of expenditures) - \$7,500 (federal share of program income) = **\$192,500**  
(10e)

state share required = \$266,666.66 - \$192,500 = **\$74,166.66** (10 i)

recipient share of expenditures = \$74,166.66 (recipient share) + \$133,333.34 (excess allowable costs) + \$2,500 (recipient share of program income) = **\$210,000** (record on line 10 j)

### Recipient Share

\$133,333.34 (excess allowable costs)

\$ 74,166.66 (recipient share of adjusted net outlays)

\$ 2,500.00 (recipient share of program income)

\$210,000 .00 (total recipient share) 10j

### Federal Share

\$192,500 (federal share of adjusted net outlays) 10e

\$ 7,500 (federal share of program income) 10l and 10m

\$200,000 (total federal share)

### Cross-Check

\$210,000 (recipient share) + \$200,000 (federal share)= \$410,000 (total expenditures) □

## Example #6 Calculations for FFR

total award = \$400,000

fed funds authorized = \$300,000 \*only \$200,000 obligated (record on line 10 d)

recipient share required = \$100,000

total expenditure= \$310,000 (does not include in-kind)

in-kind= \$100,000

program income (additive) = \$10,000 record Federal share of program income ( $\$10,000 \times 75\% = \$7,500$ ) (10 l and 10 n)

### Calculations

adjusted total award=  $\$200,000 / 75\% = \$266,666.66$

adjusted net outlay =  $310,000$  (total expenditures)+  $\$100,000$  (in-kind) =  $\$410,000$

excess allowable costs =  $\$410,000$  (adjusted net outlays) -  $\$266,666.66$  (adjusted total award) -  $\$10,000$  (program income) =  $\$133,333.34$

fed share of expenditures =  $\$266,666.66 \times 75\%$  (fed ratio)=  **$\$200,000$**  (record on line 10e)

recipient share required =  $\$266,666.66$  (adj net outlays) -  $\$199,999.99$  (fed share =  **$\$66,666.66$** ) (record on line 10 i)

recipient share of expenditures =  $\$66,666.67$  (recipient share required) +  $\$133,333.34$  (excess allowable) =  **$\$200,000.00$**  (record on line 10 j)

### Recipient Share

$\$133,333.34$  (excess allowable costs)

$\$ 66,666.66$  (recipient share of adjusted net outlays)

$\$ 2,500.00$  (recipient share of program income)

$\$202,500.00$  (total recipient share) 10j

### Federal Share

$\$200,000$  (federal share of adjusted net outlays) 10e

$\$ 7,500$  (federal share of program income) 10l and 10m

$\$207,500$  (total federal share)

### Cross-Check

$\$202,500$  (recipient share) +  $\$207,500$  (federal share)=  $\$410,000$  (total expenditures) □

### Exercise #7 Calculations for FFR

total award = \$400,000

fed funds authorized = **\$300,000 fully obligated (record on line 10 d)**

recipient share required = \$100,000 **(record on line 10i)**

total expenditure= \$150,000 (does not include in-kind)

in-kind= \$95,000

program income (additive) = **\$10,000 record Federal share of program income (\$10,000 x 75% = \$7,500) on line 10 l and 10 n)**

### Calculations

adjusted net outlays = \$150,000 (total expenditures) + \$95,000 (in-kind) - \$10,000 (program income) = \$235,000

fed share of expenditures = \$235,000 (adjusted net outlays) \*75% (fed share) = **\$176,250 (fed share cannot exceed total direct expenditures – grantees may not be reimbursed for in-kind contributions)**

\* in this situation...fed share of expenditures = \$150,000 (total exp) - \$10,000 (program income) = **\$140,000 (record on line 10e)**

adjusted project costs = \$140,000 (total fed share) / 75% (fed ratio)= \$186,666.67

recipient share of expenditures = \$235,000 (adjusted net outlays) - \$140,000 (fed share) = **\$95,000 (record on line 10 j)**

### Recipient Share

\$ 95,000.00 (recipient share of adjusted net outlays)

\$ 2,500.00 (recipient share of program income)

\$ 97,500.00 (total recipient share) **10j**

### Federal Share

\$140,000 (federal share of adjusted net outlays) **10e**

\$ 7,500 (federal share of program income) **10l and 10m**

\$147,500 (total federal share)

### Cross-Check

\$147,500 (federal reimbursement) < \$150,000 (total direct outlays) □

\$202,500 (recipient share) + \$207,500 (federal share)= \$410,000 (total expenditures) □

## Exercise #8 Calculations for FFR

total grant award: \$400,000

federal award amount: **\$300,000 fully obligated (record on line 10 d)**

state share: \$100,000

period of award: 7/1/08 – 6/30/09

total expenditures: \$435,000

disallowed costs from a recent OIG audit: \$10,000 (federal share)

program income: \$0.00

In-kind: \$0.00

### Calculations

adjusted net outlays (excess allowable cost) = \$435,000 - \$35,000 (excess allowable costs) = \$400,000

adjusted net outlays (disallowed costs) = \$400,000 - \$10,000 (disallowed costs) = \$390,000

fed share of expenditures = \$400,000 (adjusted net expend) \* 75% (fed ratio) - \$10,000 (federal share of disallowed costs) = **\$290,000 (record on line 10e)**

recipient share of expenditures = \$435,000 (total expenditures) - \$290,000 (fed share) = **\$145,000 (record on line 10 j)**

adjusted project costs = \$300,000 (total fed share) / 75% (fed ratio) = \$400,000

recipient share required = \$400,000 (adjusted project costs) - \$300,000 (fed share) = **\$100,000 (record on line 10i)**

**Note 1: line 10h will have a \$10,00 balance that reflect the payback of the fed share of disallowed costs of \$10,000**

**Note 2: Enter the following statement in block 12 “Total expenditures includes an adjustment for disallowed costs in OIG Audit Report No. R-GR-FWS-XXX-YEAR, Finding X in the amount of \$10,000.”**

### Recipient Share

\$ 100,000 (recipient share of adjusted net outlays)

\$ 35,000 (excess allowable costs)

\$ 10,000 (audit payback for disallowed costs)

\$ 145,000 (total recipient share) **10j**

### Federal Share

\$ 290,000 (federal share of adjusted net outlays)

\$ 290,000 (total federal share) **10e**

### Cross-Check

\$145,000 (recipient share) + \$290,000 (federal share) = \$435,000 (total expenditures) □

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**Advanced Grants Management**

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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 National Training Coordinator for WSFR Programs – Information Management Branch. Since March of 2005, he has worked as an instructor developing and delivering grant management training courses.

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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