
FINANCIAL MANAGEMENT

OVERVIEW

The applicable federal regulations require that subgrantees, and any lower-tier subrecipients, have in place, prior to the receipt of funds, a financial management system that will provide:

- Accurate, current, and complete disclosure of the financial status of each subgrant;
- Records which identify the source and application of funds for subgrant-supported activities, specifically information pertaining to subgrant awards, obligations, unobligated balances, assets, liabilities, outlays, and income;
- Effective control over and accountability for all subgrant funds, property, and other assets;
- Comparison of actual expenditures with reported costs and budgeted costs for each cost category and work activity;
- Procedures to ensure that all cash requested under MDHS subgrants will be expended within thirty (30) calendar days of receipt;
- Procedures to minimize the time between receipt and expenditure of subgrant funds;
- Procedures to ensure that all expenditures are obligated within the effective dates of the subgrant period;
- Procedures for determining that the cost is allowable and that it may be allocated to an activity;
- Procedures to prohibit the transfer of funds between federally funded programs and/or between subgrants or between activities within the same subgrant;
- Procedures to ensure that each expense paid from a subgrant was authorized in the budget of the subgrant charged with the expense;
- Accounting records (including a general ledger or comparable) that are supported by source documentation;
- Audits which analyze the fiscal integrity of the subgrantee (required for subgrantees that expend \$500,000 or more of federal financial assistance); and
- A systematic method to assure timely and appropriate resolution of findings identified in audits or management reviews.

FINANCIAL MANAGEMENT

ACCOUNTING PROCEDURES

Separate financial records must be maintained for each subgrant. Separation serves record keeping requirements and also eliminates potential conflicts with the subgrantee's usual record keeping systems which may reflect a different fiscal year, or accounting by function or department rather than by subgrant or work activity. Each subgrantee must maintain one set of accounting records for the entire subgrantee entity which must separately identify the receipts and disbursements for each subgrant or other source of funds.

The subgrantee must be able to isolate and trace every subgrant dollar from receipt to expenditure and have on file appropriate support documentation for each transaction. Examples of documentation are vendor invoices, bills of lading, purchase orders, payment vouchers, payrolls, bank statements and reconciliations, documentation to verify that only eligible clients were served; employee activity sheets to verify activities performed and the actual hours worked for each activity/subgrant; and, cash receipt logs to verify all funds received and the actual date of receipt.

All the basic accounting records and documents listed below comprise the framework for a good financial management system. If implemented properly, such a system can provide accurate, current, and complete disclosure of the financial status of each subgrant, work activity, and cost category:

- Cash Receipts Journal
- Cash Disbursements Journal
- Payroll Journal
- General Journal
- General Ledger

Subgrantees must develop their accounting system to meet the particular needs of the subgrant. If there are very few transactions, it may be more efficient to omit the cash receipts and cash disbursements journals and record all funds received and disbursed in the general journal. The amounts recorded daily to the individual accounts must be totaled and posted to the general ledger at least monthly in order for the subgrantee to complete the monthly reporting worksheet. Recording procedures must be designed to provide information accurately while at the same time serving as an effective control in preventing mistakes and safeguarding against unauthorized uses of funds.

INTERNAL CONTROLS

Subgrantees of MDHS must have in place a financial management system which contains adequate internal controls for the administration of the subgrant program. This system of internal controls will be tested during an audit or management review of the subgrantee.

FINANCIAL MANAGEMENT

The following internal accounting control procedures are required of MDHS subgrantees:

- Record all cash receipts immediately;
- Compare deposit slips with receipts;
- Bond employees who handle cash;
- Deposit all checks or other cash receipts intact within two business days;
- Make all payments by pre-numbered checks;
- Reconcile bank accounts monthly by reconciling the cash balance in the accounting records to the cash balance in the bank account and retain a copy of the reconciliation in the files;
- Use serially numbered purchase orders and receiving reports;
- Issue checks to vendors only in payment of original invoices which have been approved and matched with purchase orders and receiving reports;
- Separate staff duties so that one person does not perform all accounting functions from the time funds are received until the funds are disbursed.
- Mark all documentation paid to prevent duplicate payments; and
- Retain a CPA firm for an audit, if required. (See the Audit section of this manual for exceptions.)

The following internal control procedures should be considered by relatively small subgrantees (having less than \$100,000 in federal awards):

1. All checks should be co-signed and all supporting documentation should be closely reviewed and marked paid before or as each check is signed.
2. Principal officer of the subgrantee organization should oversee all cash collections.
3. Closely examine all monthly reporting to MDHS, noting, in particular, any unusual month-to-month and budget-to-actual account variances.
4. Someone other than the person who prepares the checks should reconcile the monthly bank statement. (This could be an assigned or rotating task.)

FINANCIAL MANAGEMENT

DOCUMENTATION REQUIREMENTS

The accounting system of each MDHS subgrantee must provide the monitors/auditors with adequate documentation to support the subgrantee's financial claims. Source documents are required to support transactions entered into the subgrantee's record keeping system. The following is a list of the minimum documentation required for selected transaction types:

CATEGORY

DOCUMENTATION

Grant Revenues

Federal, State, and Other Receipts	Identification of the source of funds (i.e., signed subgrant agreement), request for cash or request for reimbursement (i.e., monthly reporting worksheet), cash receipts journal, validated deposit slips, withdrawals, and financial reports.
Program Income	Record of service, purpose, amount, and deposit slips.
Matching Cash Contributions	Record of source donor, dates, rates, amounts, and deposit slips.
Matching Non-Cash Contributions	Record of donor, dates, rates, amounts, and activities performed, certification of cost or market/appraised values, and documentation to verify that expenses reported as in-kind match were in proportion to the benefits received by the subgrant that was matched.

Grant Expenditures

Salaries & Fringe Benefits	Personnel files which include a job application or resume, social security number, IRS W-4 Form, State Tax withholding form, I-9 Form (if hired after May 1987), date of hire, and current approved salary/wage. Time sheets and activity reports which reflect the actual hours worked and duties performed. Time distribution/activity sheets are required when the employee's time is charged to more than one subgrant or activity.
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FINANCIAL MANAGEMENT

Travel	An approved travel voucher showing that all travel expenses were incurred for the benefit of the subgrant; copies of supporting bills including meal receipts, hotel bills, conference registration fee receipts, and conference agendas. (See the Travel section of this manual for specific requirements.)
Telephone	Complete telephone bills and long distance telephone logs that indicate the person calling, the person called, the date and time of the call, the reason and purpose of the call, the number called, and the subgrant that benefitted from the telephone call.
Equipment	Original vendor invoices, receiving reports, purchase orders, competitive quotes or proof of newspaper advertisements for bids (if applicable), property records, and authorization to purchase equipment.
Commodities (Supplies)	Original vendor invoices, receiving reports, purchase orders, competitive quotes or proof of newspaper advertisements for bids (if applicable), and documentation the expenses were incurred for the benefit of the subgrant.
Contractual Services	Original contracts for services charged to the subgrant, evidence of completion of contracts, billings for services, rental or lease agreements, competitive quotes or proof of newspaper advertisements for bids (if applicable), or documentation of fair market value.
Subsidies, Loans & Grants	(Payments to/for clients) Client attendance records, documentation of services provided, including dates, times, names, and client signatures, or documentation to verify units of service provided. (Lower-Tier Subrecipients) Copies of the lower-tier subrecipient agreement, including budget information and the scope of services required, financial and programmatic reports, documentation of payments made to the subrecipient, evidence of monitoring of lower-tier subrecipients, documentation of compliance with procurement procedures, and compliance with the MDHS Subgrantee Manual.

FINANCIAL MANAGEMENT

Other Direct Cost	Original vendor invoices, receiving reports, purchase orders, competitive quotes or proof of newspaper advertisements for bids (if applicable), and documentation the expenses were incurred for the benefit of the subgrant.
Indirect Cost	An agency-wide cost allocation plan or indirect cost rate agreement that has been reviewed and approved by the appropriate federal cognizant agency and the MDHS funding division, identification of indirect costs in the accounting records that support the actual indirect cost incurred, and evidence to support the monthly allocation of indirect costs to the subgrant.

COST ALLOCATION/INDIRECT COST

Many MDHS subgrantees administer more than one subgrant at a time which results in costs that are shared among various subgrant programs and/or other funds such as local resources. In these cases the subgrantee must document the basis for allocating a portion of the shared costs to the MDHS subgrant and the costs must be distributed in reasonable proportion to the benefits received.

Each subgrantee should develop an agency-wide cost allocation plan and/or indirect cost rate agreement which covers the subgrantee's entire operations. Cost included in the plan should only be those costs that are not easily identifiable with a particular subgrant and/or administrative costs of the subgrantee which must be equitably distributed to all subgrant programs and/or other sources of funds in proportion to the relative benefits received.

If indirect costs are charged to an MDHS subgrant, a formal cost allocation plan or indirect cost rate agreement, that is effective on the beginning date of the subgrant, must be prepared and submitted as a part of the subgrant agreement. If the subgrantee's cost allocation plan and/or indirect cost rate agreement is updated during the effective dates of the subgrant, a copy of the updated plan must be submitted to the MDHS funding division that awarded the subgrant.

The cost allocation plan and/or indirect cost rate agreement submitted with the subgrant must be developed in compliance with the requirements contained in the cost principles applicable to each subrecipient, i.e., OMB Circular A-21 for Institutions of Higher Education, A-87 for State, Local and Indian Tribal Governments, A-122 for Nonprofit Organizations, and the Federal Acquisition Regulation (FAR) at Title 48 CFR Part 31 for Commercial Organizations.

Careful scrutiny of all vouchers and invoices by subgrantees and/or by MDHS is necessary to verify that they are only for legitimate costs, eligible under the governing regulations, and authorized in the subgrant agreement. Management reviews will include testing to ensure that costs are properly allocated to the correct subgrant and work activity.

FINANCIAL MANAGEMENT

The following is a listing of selected types of cost and suggested bases for distributing shared costs as direct costs to MDHS subgrants:

Salaries/Fringe Benefits	Number of hours worked for each subgrant/activity.
Auditing	Direct audit hours; dollar amount of each subgrant in proportion to the total amount audited.
Office Space Used and Related Costs (Utilities, Janitorial Service, etc.)	Square feet of occupied space.
Local Telephone Expenses	Number of telephones.
Fidelity Bond Expense	Employees subject to bond or penalty amounts.
Motor Pool Costs	Number of miles driven and/or days used.
Printing and Reproduction	Direct hours, job basis, pages printed, etc.
Copy Machine Rental and Related Costs (Paper, Toner, Drum, etc.)	Number of copies made as documented by a copy log or access code.
Postage	Amount of postage used by each subgrant/activity as documented by a postage log.
Payroll/Independent Contractors	Employees/Independent Contractors paid in whole or in part from MDHS subgrant must prepare time sheets indicating the hours worked each pay period. The distribution of payroll charges and/or payments to independent contractors must be based on the actual time worked for the benefit of the subgrant/activity.

LOWER-TIER SUBRECIPIENTS

All expenditures that involve agreements between the subgrantee and a third party (performing a service related to the program) must be fully disclosed in the cost summaries and budget narrative. If authorized, any lower-tier subrecipient agreement must require the lower-tier subrecipient to comply with the provisions of the MDHS Subgrantee Manual. Copies of rental agreements, service contracts, consultant agreements, etc. must be available to validate the basis of the cost category. In addition, any procurement contract agreement in excess of \$15,000 received in response to solicitation, must be submitted to MDHS for approval prior to execution.

FINANCIAL MANAGEMENT

BUDGET PREPARATION

The budget is a tool used by the subgrantee to express its planned goals and objectives. It is a management tool to be used in addressing general management functions such as planning, operational performance, and control. The subgrantee fiscal staff should have on file the currently approved subgrant budget including any approved modifications. The required forms and accompanying instructions that must be used in preparing a budget for MDHS subgrants are:

- Budget Summary: A compilation of the detailed data contained in the Cost Summary Support Sheet.
- Cost Summary Support Sheet: A listing of the various budget categories separated for each activity on the Budget Summary.
- Budget Narrative: A written justification adequately explaining the subgrantee's funding needs. The narrative must relate funding needs to the operation of individual programs or activities. Sufficient detail within each line item of expenditure and each activity should be used to clearly explain the funding needs of the operation. Insufficient narrative justification will preclude favorable consideration of requested funding levels. (See the Sample Budget Narrative at the end of this section.)

Budget Activities

Each MDHS subgrant shall be organized and budgeted by activities according to the major functions necessary to accomplish the goals and objectives of the subgrant. This grouping by activities shall be used in preparing the Budget Summary and Cost Summary Support Sheets as well as the Budget Narrative.

If any administrative costs (direct or indirect) are included in the subgrant, they shall be budgeted in an Administration activity subject to any limits on the amount of administration that may be charged to the subgrant. Subgrantees must consult with the MDHS grantor division to determine which activities are allowable under the subgrant and whether there are any limits on the amount of administrative costs that may be charged to the subgrant.

Budget Categories

Funds authorized under MDHS subgrants must be separated into the following Budget Categories. Amounts budgeted must also be identified by the source of funds, i.e., Federal, State, Local, and/or Program Income.

- | | |
|-------------------------|--------------------------------|
| a. Salaries and Wages | f. Capital Outlay - Equipment |
| b. Fringe Benefits | g. Capital Outlay - Other |
| c. Travel | h. Subsidies, Loans and Grants |
| d. Contractual Services | i. Indirect Costs |
| e. Commodities | |

FINANCIAL MANAGEMENT

Salaries and Wages:

Payments made to officers and employees of a subgrantee as compensation for personal services based on the percentage of time dedicated to the subgrant. The salary budget category must contain a line item or listing of each position authorized and the salary amount to be paid to each full-time employee and/or the hourly rate authorized and number of hours authorized for each part-time employee charged to the subgrant. The salary budget category will be strictly adhered to unless a formal modification of the subgrant is approved. A vacant position may be filled at or below the budgeted rate only and no additional positions may be charged to the subgrant unless authorized.

Fringe Benefits:

Payments made for the employer's portion of expenses for social security (F.I.C.A. and Medicare), employee health, life, and/or disability insurance premiums, worker's compensation insurance, unemployment insurance, and pension plan costs. The fringe benefits budget category may include compensation paid to employees during periods of authorized absences from the job for vacation leave, sick leave, and/or military leave provided such costs are absorbed by all of the subgrantee's activities in proportion to the relative amount of time or effort devoted to each activity. The fringe benefits budget category must contain a line item or listing of each fringe benefit authorized on the Cost Summary Support Sheet and in the Budget Narrative. Fringe benefits will be limited to no more than 30% of salaries, unless justification is submitted in the budget narrative. The amounts withheld from the employee's gross pay (i.e., federal and state taxes, employee health/life/disability insurance premiums) cannot be budgeted or claimed for reimbursement under the subgrant as fringe benefits.

Travel:

Payments for transportation, lodging, subsistence and related costs to employees, officers, and volunteers who are in travel status on official business. Travel includes reimbursement for in-state travel, out-of-state costs for conferences, meetings, etc., and staff reimbursement for the use of privately owned vehicles for project-related functions. **Note: The rate of reimbursement cannot exceed the maximum rate per mile for travel, and the maximum daily meal reimbursement established by the Mississippi Department of Finance and Administration. The cost of meals reimbursed under MDHS subgrants, and any lower-tier subgrants, must be supported by receipts for the actual cost of the meals.** No travel will be allowed for employees funded through other programs unless approved by MDHS. (See the Travel section of this manual for specific details.)

Contractual Services:

Payments for services rendered by persons other than by employees of the subgrantee under formal, written, contractual agreements. Examples include: postage, telephone/Internet/pager service, utilities, rent, repair or service agreements, service charges, computer software, or contract workers that are independent contractors. (See the Procurement and Purchasing section of this manual for details on acquiring contractual services.)

FINANCIAL MANAGEMENT

Commodities:

Payments for materials and supplies with an initial unit cost less than \$500 which are used to benefit the subgrant and which are not one of the items required to be reported on inventory regardless of the purchase price. Examples include: snacks for eligible clients, office supplies, training materials, fuel for vehicles, furniture and equipment costing less than \$500, etc. (See the Inventory Management section of this manual for specific exceptions.)

Capital Outlay - Equipment:

Payments for the purchase of equipment, machinery, furniture and fixtures with a unit cost of \$500 or more and any items which are required to be reported on inventory; **or**, payments for compensation for the use of equipment on hand through depreciation or use allowance charges computed in accordance with the cost principles applicable to the subgrantee. Examples include: computers, printers, office furniture, telephone systems, motor vehicles, etc. (Refer to the Inventory Management section of this manual for details.)

Capital Outlay - Other:

Payments for improvements to buildings that materially increase the value or useful life of the building; **or**, payments for compensation for the use of buildings through depreciation or use allowance charges computed in accordance with the cost principles applicable to the subgrantee.

Subsidies, Loans and Grants:

Payments made for assistance to clients and/or for lower-tier subgrants to governmental and non-governmental entities or individuals.

Indirect Costs:

Payments for the recovery of actual costs allocated to MDHS subgrants in accordance with an agency-wide cost allocation plan or indirect cost rate agreement that complies with the cost principles applicable to the subgrantee organization.

Line Item Flexibility

Transfers of budgeted amounts between budget categories within an activity are restricted to no more than ten percent (10%) of the amount authorized in the receiving budget category. No funds may be transferred into the Equipment budget category and no funds may be transferred into or out of the Salaries or Fringe Benefits budget categories without the submission and approval of a formal budget modification. There will be no flexibility allowed between activities. For example, if the total amount authorized in the Commodities budget category is \$500, the subgrantee may expend up to \$550 for Commodities as long as funds are available from another budget category such as Travel or Contractual Services.

FINANCIAL MANAGEMENT

FIDELITY BOND REQUIREMENT

Employees or Board Members of subgrantees with fiscal responsibility, must have a fidelity/dishonesty bond in the amount of 25% of the total subgrant amount. Fiscal responsibility includes:

1. Those personnel who directly authorize the disbursement of funds;
2. Those personnel who approve the request for funds disbursement;
3. Those personnel with check issuance authority; and,
4. Those personnel who receive or deposit funds or reconcile financial records.

PAYMENTS AND COST REPORTING

MDHS permits two methods of subgrantee contracting:

- Current Needs/Cash Advance
- Cost Reimbursement

Under the current needs/cash advance method, the subgrantee will project its cash needs for expenditures to be made within a specified period of time and submit a "Request for Cash" form (MDHS-BUD-RFC-1450). This form is required at least 20 days prior to the date that funds will be needed to allow processing time for MDHS Program and Budget divisions as well as the Department of Finance and Administration (DFA). The Request for Cash may be adjusted pending availability of funds. Also, under the current needs/cash advance method, the subgrantee is required to report its cost each month by submitting the "MDHS Reporting Worksheet" and supporting documentation as requested. The Reporting Worksheet is to be filed once each calendar month and must be submitted to MDHS by the tenth calendar day of the following month.

Subgrantees funded under the cost reimbursement method will receive funds the following month for expenditures incurred the previous month. The subgrantee will report the cost incurred for the month and request reimbursement by submitting the "MDHS Reporting Worksheet" form. The Reporting Worksheet is used by subgrantees to report the "total cumulative cost to date." Its purpose is to provide a simple and concise report of the expenditures for each program or work activity. The Reporting Worksheet is to be filed once each calendar month and must be submitted to MDHS by the tenth calendar day of the following month.

Submission of a monthly Reporting Worksheet is required. Payments may be suspended pending receipt of the monthly Reporting Worksheets.

FINANCIAL MANAGEMENT

SPECIAL REQUIREMENTS

DIRECTLY FUNDED SOCIAL SERVICES BLOCK GRANT (SSBG) SUBGRANTS

I. GENERAL

1. A 25% match is required on all SSBG dollars. This match may be in the form of cash and/or in-kind. A waiver may be requested under certain conditions.
2. A maximum of two budget modifications may be requested by the subgrantee during the subgrant period. Budget modifications may not be initiated by the subgrantee after June 30 without prior approval. Generally, requests to move more than \$5,000 from one Broad Service Category (Budget Activity) to another will not be approved.
3. Unexpended funds at the end of the subgrant period will be returned to MDHS, except MDHS funding divisions may petition to retain these funds. A final reporting worksheet or closeout package must be submitted prior to requesting permission to retain these funds.
4. Contracts funded out of SSBG in support of other divisions must adhere to guidelines set forth by the appropriate program division.

II. MATCH

1. The 25% match requirement is a state policy. This match may consist of cash and/or in-kind.
2. Match is calculated as a 75/25 shared cost for program operation. Total program cost includes programmatic and administrative costs.
3. Matching costs reported must be verifiable from source documentation on file in the subgrantee's office.
4. Match requirements may be requested to be waived for the following reasons:
 - a. The State Legislature failed to appropriate adequate match after being specifically requested to do so;
 - b. In-kind possibilities for match are currently being used as match for other funding sources; and,
 - c. Subgrantee is unable to garner sufficient support from local resources.

FINANCIAL MANAGEMENT

DIRECTLY FUNDED SOCIAL SERVICES BLOCK GRANT (SSBG) SUBGRANTS (Continued)

5. Each request for waiver of match must be accompanied by a full explanation for the request, listing specific activities taken to seek the needed match and appropriate documentation of such attempts. Discretion concerning the waiver rests with the MDHS Executive Director.
6. Match does not have to be calculated on an activity basis; however, the overall federal dollars must be adequately matched.
7. Other federal funds may not be used to match SSBG unless it is allowable by the regulations of that federal program.
8. Documentation of all match must be maintained. If sufficient match is not verified, the subgrantee must return the appropriate amount of federal dollars to the State.

ALL OTHER MDHS SUBGRANTS

I. GENERAL

1. A maximum of two budget modifications may be requested by the subgrantee during the subgrant period. Budget modifications may not be initiated within the last thirty (30) days of the subgrant without prior approval.
2. Major changes to the subgrant that alter the scope of services, increase the total amount of funding, affect the match requirements, or authorize salary and wages, fringe benefits or equipment changes, require a formal modification of the subgrant.
3. Minor changes to the subgrant may be made by written agreement to the changes by the subgrantee and MDHS via an approved Memorandum of Agreement. Consult with the MDHS funding division for specific guidance on amending the subgrant.

II. MATCH

1. Match must be available and expended in accordance with the approved subgrant agreement. If sufficient match is not verified, the subgrantee must return the appropriate amount of federal dollars to the State.
2. Match expended and reported must be verifiable from support documentation on file in the subgrantee's office.

FINANCIAL MANAGEMENT

MDHS, BUDGET SUMMARY (Form MDHS-BS-1006)

General

The Budget Summary is a compilation of the specific budget activities authorized in the subgrant as indicated on each of the Cost Summary Support Sheets.

Instructions

- (1) Applicant Agency
Enter the name of subgrantee.
- (2) Subgrant Number
To be assigned by MDHS Division of Budgets and Accounting.
- (3) Grant ID
To be assigned by MDHS program division.
- (4) Beginning
Enter the start date for the subgrant period as shown on the Subgrant Signature Sheet and on the Cost Summary Support Sheets.
- (5) Ending
Enter the date the subgrant period expires as shown on the Subgrant Signature Sheet and on the Cost Summary Support Sheets.
- (6) Submitted as Part of (Check One)
 - a. Funding Request - if part of an application for funds.
 - b. Modification Request No. - if a revision to a Budget Summary.
 - c. Enter Modification Effective Date.
- (7) For MDHS use only.
- (8) Activity

List separately each budget activity for which a separate Cost Summary Support Sheet has been prepared. Enter the Source of Funds for each budget activity. The amount entered on the Budget Summary must come from the TOTAL COSTS line on the bottom of the Cost Summary Support Sheet.

FINANCIAL MANAGEMENT

(Enter Copy of the Budget Summary)

FINANCIAL MANAGEMENT

MDHS, COST SUMMARY SUPPORT SHEET (Form MDHS-CSSS-1007)

General

The Cost Summary Support Sheet is used to identify each of the budget categories and line items authorized under each of the budget activities on the Budget Summary and to provide a description of the item and the basis for valuation or cost.

Instructions

- (1) Applicant Agency
Enter the name of the subgrantee.
- (2) Subgrant Number
To be assigned by MDHS Division of Budgets and Accounting.
- (3) Grant ID
To be completed by MDHS program division.
- (4) Beginning
Enter the start date for the subgrant period. If the Cost Summary Support Sheet is part of an application for funds, enter the proposed beginning date.
- (5) Ending
Enter the date the subgrant period expires. If the Cost Summary Support Sheet is part of an application for funds, enter the proposed ending date.
- (6) Activity
Enter the activity as listed in Item 8 of the Budget Summary.
- (7) For MDHS use only.
- (8) Budget Category
Enter each budget category exactly as authorized in the subgrant. The budget categories that may be used are:
 - a. Salaries
 - b. Fringe Benefits
 - c. Travel
 - d. Contractual Services
 - e. Commodities
 - f. Capital Outlay-Equipment
 - g. Capital Outlay - Other
 - h. Subsidies/Loans/Grants
 - i. Indirect Cost
- (9) Description of Item and Basis for Valuation or Cost
Enter a brief description of each line item and the basis for valuation of the item or cost. Each position authorized under salaries and wages, and each item under fringe benefits or equipment must be specifically identified.
- (10) Budget Amount
In the appropriate column, enter the amount in each line item to be paid from federal funds and from all other funding sources (i.e., state/local/private funds, in-kind match, or program income).

FINANCIAL MANAGEMENT

(Enter Copy of the Cost Summary Support Sheet)

FINANCIAL MANAGEMENT

MDHS, REQUEST FOR CASH (Form MDHS-BUD-RFC-1450)

General

The Request for Cash form is used by subgrantees on the current needs/cash advance method to requisition operating funds (both administrative and program) that will be needed at a future date. The MDHS Request for Cash must be received by the appropriate MDHS Funding Division 20 days prior to the date which is needed.

Current Needs Methods

- (1) Subgrantee's Name/Address/Telephone Number
Enter the name as shown on the grant, mailing address and telephone number of the person submitting the Request for Cash.
- (2) Last Cumulative Cost Reported for Month of _____
Enter the month for which the last cumulative cost report was submitted.
- (3) Special Mailing or Deposit Instructions
This space can be used for special mailing instructions.
- (4) Period of Projected Cash Needs
The period of projected cash needs is the period in which all the cash requested will be expended and should not exceed thirty (30) calendar days from the date of the cash request.
- (5) Subgrantee Number
Enter the complete subgrantee number as shown on the subgrant contract.
- (6) Request Number
Enter the request number in the proper numerical sequence, i.e., the first request will be #1, the second will be #2 ... the tenth will be #10.
- (7) Date Cash Needed
Enter the date that the funds requested must be received.
- (8) Amount Requested
Enter the amount from line 14.
- (9) Total Cash Requested to Date
Total Cash Requested to Date consists of cash received from MDHS as of the date of the Request for Cash and all requests for cash submitted to MDHS for which a warrant (check) has not been received. Enter the cumulative amount received and any amounts in transit. Only funds awarded by MDHS should be shown.
- (10) Less Cash Outlays as of Date of Request
This includes outlays of cash received from MDHS per the cash disbursement

FINANCIAL MANAGEMENT

REQUEST FOR CASH

journal or checking account at the time the request for cash is prepared. No accruals should be included in this line.

(11) Cash Balance

Subtract line 10 from line 9, and enter amount on this line. This should equal any federal funds in the bank account, plus any in transit funds.

(11a) If negative cash balance occurs, identify source of funds used to cover total, disbursements.

(12) Projected Cash Needs

Projected Cash Needs consist of anticipated expenses that the subgrantee expects to pay within the period shown in Item (4) and the balance of cash needed for the current advance period. Accruals expected to be paid within the period should be included in this line.

(13) Less (11) Cash Balance

Enter amount from line 11.

(14) Total Cash Request

Subtract line 13 from line 12 and enter amount on this line. This amount should equal amount on line 8.

(15) Dated Signature of Authorized Official

The authorized official who must sign the Request for Cash is the same official who signed the subgrantee agreement with MDHS or the approved authorized signatory official. In the case of a signatory designation, an authorization letter will be required to be on file with MDHS.

(16) Type name and title of the Authorized Official signing the Request for Cash.

(17) Enter Name of Preparer

This should be the person most familiar with the data reported, in case questions arise.

(18) Date Prepared

Self-explanatory.

(19) Program Approval

Signature of program representative authorizing payment of this Request for Cash.

(20) All copies, excluding the goldenrod copy, should be mailed to the appropriate MDHS program division. Retain the goldenrod copy on file at the subgrantee's office.

FINANCIAL MANAGEMENT

(Enter Copy of the Request for Cash form)

FINANCIAL MANAGEMENT

REPORTING WORKSHEET INSTRUCTIONS

General

- (1) The Reporting Worksheet will be printed monthly and mailed to subgrantees for completion. The worksheet will serve as a turnaround document to report monthly cost incurred and to request funds on a cost reimbursement basis. Only one worksheet per month may be processed.
- (2) The following information will be preprinted:
 - a. Period Ending Date
 - b. Subgrantee's Name and Address
 - c. Responsible MDHS Division
 - d. Subgrant Contract Period
 - e. Activity and Line Item Descriptions
 - f. Amounts Budgeted
 - g. Cumulative Cost Reported Through Last Report
- (3) The current period cost will be filled in by the subgrantee. This will be the total cost for all sources of funds for all budgeted line items. (The current period cost includes any accruals that have not previously been reported.)
- (4) Cumulative cost to date will be filled in by the subgrantee. This will be the sum of the cumulative cost reported through the last report and the current period cost. The cumulative cost reported through the last report (preprinted on the current month's report) should be the same as the cumulative cost to date on the previous month's report. The cost reported must be based upon cost recorded in the accounting records and accruals supported by documentation to verify that the cost are accurate and reasonable.
- (5) Funding Source - The amounts budgeted and prior cumulative by funding source for each activity will be preprinted. The subgrantee will fill in the amounts and funding source data for each activity for the current period cost and cumulative cost to date.
- (6) Subgrant Totals by Funding Source - The total of all activities budgeted by funding source. The amount budgeted and cumulative cost reported through the last report will be preprinted. The current period cost and cumulative cost to date will be filled in by the subgrantee.
- (7) Cash Payment - The total MDHS cash paid out under the subgrant at the end of the report period. The cash payment is to be filled in by the subgrantee.
- (8) Accrual Estimates - This is any MDHS cost incurred and reported which had not been paid at the end of the report period. For Cost Reimbursement subgrants, the current period cost would be accrued. Accrual estimates are to be filled in by the subgrantee

FINANCIAL MANAGEMENT

REPORTING WORKSHEET INSTRUCTIONS, Continued

- (9) In-kind/Other - This is the cumulative local or in-kind (match) cost which has been INCURRED AND REPORTED. The in-kind/other cost is to be filled in by subgrantee.
- (10) Cumulative Cost - The cumulative cost should equal the total cumulative cost reported to date for the subgrant. The cumulative cost is to be filled in by subgrantee.
- (11) Signature of Authorized Subgrant Official - (Original Signature) This is the same official who signed the subgrant with MDHS or an approved signatory official. (An authorization letter will be required to be on file for signatory officials.) A stamped signature is not acceptable.
- (12) Programs Review. This section is completed by MDHS program divisions as approval of worksheet costs reported.
- (13) Completed Reporting Worksheets are forwarded each calendar month to MDHS. The completed original Reporting Worksheet is due by the tenth calendar day of the following month. A copy must be retained for the subgrantee's files. Payments may be suspended pending receipt of monthly Reporting Worksheets.

FINANCIAL MANAGEMENT

(Enter Copy of the Reporting Worksheet)

FINANCIAL MANAGEMENT

Budget Narrative

The Budget Narrative is used by subgrantees to provide a complete description of each item of cost under each budget category for each budget activity under the subgrant. The budget narrative must include any relevant information necessary to describe the item of cost, or the source of funding the cost, or the method of allocating the cost to the subgrant and/or budget activity. For example:

I. Administration Budget Activity

A. Salaries

- | | |
|--|-------------------|
| 1. Project Director - This position handles the administrative functions involved in running the four locally operated day care centers. The ratio of children eligible under this subgrant to the total children served at each center is 25%, which will be used to allocate shared costs.
Full-time position, 25% of time at \$25,650 per year | \$6,412.50 |
| 2. Secretary/Bookkeeper - This position maintains all records for the day care centers.
Full-time position, 25% of time at \$13,960 per year | <u>\$3,490.00</u> |
| Total Administration Salaries | \$9,902.50 |

B. Fringe Benefits

- | | |
|--|-------------------|
| 1. FICA - 7.65% of gross salaries | \$757.54 |
| 2. Workmen's Compensation - 3% of gross salaries | \$297.08 |
| 3. Health Insurance - \$120 per mo. per employee for 12 mos. x 25% | <u>\$720.00</u> |
| Total Administration Fringe Benefits | \$1,774.62 |

C. Travel - Project Director is anticipated to visit day care sites at least quarterly and attend several in-service training sessions.

- | | |
|---|-----------------|
| Mileage estimated at 600 miles x \$0.375 per mile x 25% | \$56.25 |
| In-Service Training (2 sessions at \$240 each, including materials x 25%) | <u>\$120.00</u> |
| Total Administration Travel | \$176.25 |

D. Commodities

- | | |
|---|-----------------|
| Office Supplies - Paper, pens, calculator tape, etc. \$200 x 25% | \$50.00 |
| Office Furniture - Secretarial Desk at \$300 and Chair at \$100 x 25% | <u>\$100.00</u> |
| Total Administration Commodities | \$150.00 |

E. Indirect Cost

The organization-wide indirect cost rate agreement distributes all general administrative costs and central office facilities cost based on the total amount of direct salaries and fringe benefits of full-time employees. The approved indirect cost rate is 7% x Admin. Salaries - \$9,902.50 + Fringe Benefits \$1,774.62 and Program Salaries \$71,000 + Fringe Benefits \$13,321.50.

Total Indirect Costs	\$6,719.90
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Total for the Administration Budget Activity	\$18,723.27
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FINANCIAL MANAGEMENT

II. Child Day Care Budget Activity

A. Salaries

1. 4 Day Care Supervisors at \$20,000 per year - \$ 80,000 x 25%	\$20,000.00
2. 12 Day Care Teachers at \$17,000 per year - \$204,000 x 25%	\$51,000.00
3. 12 P-T Teachers Aides at \$7.50/hr x 5 hrs per day x 260 x 25%	<u>\$29,250.00</u>
Total Salaries	\$100,250.00

B. Fringe Benefits

1. FICA - 7.65% of gross salaries	\$7,669.13
2. Workmen's Compensation - 3% of gross salaries	\$3,007.50
3. Health Insurance - \$120/ mo. x 12 mos. x 16 F-T employees x 25%	<u>\$5,760.00</u>
Total Fringe Benefits	\$16,436.63

C. Travel

1. Mileage to attend in-service training at central office twice per year for each Day Care Supervisor 500 miles x 4 x \$0.375 x 25%	\$46.88
2. In-Service Training for 16 full-time employees (2 sessions at \$240 each, incl. materials x 25%)	<u>\$1,920.00</u>
Total Travel	\$1,966.88

D. Contractual Services

1. Software - License agreements for the use of new software applications necessary to effectively operate each of the four child care centers, including:	
Office management programs \$200 x 4 x .25%	\$200.00
Curriculum and training programs \$300 x 4 x .25%	\$300.00
2. Utilities for each of the four (4) child care enters, including:	
Telephone service - 4 centers x \$80 per month x 12 months x 25%	\$960.00
Electricity - 4 centers x \$200 per month x 12 months x 25%	\$2,400.00
Water/Sewer - 4 centers x \$50 per month x 12 months x 25%	<u>\$600.00</u>
Total Contractual Services	\$4,460.00

E. Commodities

1. Art Supplies (4 centers @ \$100 per year x 25%)	\$100.00
2. Paper Supplies - towels, tissues, diapers, etc. (4 centers @ \$600 per year x 25%)	\$600.00
3. Replacement furniture	
64 chairs @ \$25.00 each x 25%	\$400.00
16 small tables @ \$50.00 each x 25%	<u>\$200.00</u>
Total Commodities	\$1,300.00

F. Capital Outlay - Equipment

1. Four (4) Commercial grade Refrigerators (one at each location) at \$2,000 each x 25%	\$2,000.00
2. One color printer at \$300 x 25%	<u>\$75.00</u>
Total Capital Outlay - Equipment	\$2,075.00

FINANCIAL MANAGEMENT

II. Child Day Care Budget Activity (Continued)

G. Capital Outlay - Other

1. Use Allowances for compensation for the use of the four child care center buildings based on the acquisition cost of the buildings and computed at an annual rate not exceeding two percent (2%) of the acquisition cost, as follows:

a. Center A at \$52,000 acquisition cost x 2% use allowance x 25%	\$260.00
b. Center B at \$60,000 acquisition cost x 2% use allowance x 25%	\$300.00
c. Center C at \$64,000 acquisition cost x 2% use allowance x 25%	\$320.00
d. Center D at \$110,000 acquisition cost x 2% use allowance x 25%	<u>\$550.00</u>

Total Capital Outlay - Other \$1,430.00

Total for the Child Day Care Budget Activity \$127,918.51

Grand Total for the Entire Subgrant \$146,641.78

FINANCIAL MANAGEMENT

INSTRUCTIONS FOR MDHS SUBGRANT SIGNATURE SHEET (SSS)

MDHS Division: (Type in the Name of the MDHS Division Providing the Funds)

Block 1 - Indicate the legal name of the organization, street address and mailing address, if different from the street address, and telephone number with area code of the applicant agency. Indicate the subgrantee's fiscal year-end-date and the organization type, i.e., not-for-profit, governmental unit, institution of higher education or commercial organization.

Indicate the names/titles of three officers who are responsible for the administration/operation of the subgrant, i.e. executive director or designee, director, board chairperson, board president, vice president, finance chairperson, and/or the fiscal officer. Also list the assigned contact person and telephone number.

Block 2 - Indicate the beginning date that the subgrant is to be effective.

Block 3 - Leave blank (Assigned by MDHS)

Block 4 - Indicate the (4.a.) Grant identifier by funding source and Federal fiscal year the funds were awarded as the program's title, (4.b.) Catalog of Federal Domestic Assistance (CFDA) number. (Assigned by MDHS)

Block 5 - Indicate the Beginning and Ending dates of the subgrant.

Block 6 - Indicate Current Needs/Cash Advance or Cost Reimbursement.

Block 7 - Indicate the total number of pages in the subgrant including the Subgrant Signature Sheet.

Block 8 - Enter the amount of funds obligated under this subgrant in Block 4. Break out the type of funds as indicated by the lines - i.e., Federal, State, Other and Total. Breakout Administration, Services, and the Total of all dollars obligated.

Block 9 - List each document to be included with the subgrant as required by MDHS.

Block 10 - List the source, purpose, subgrant number, period (dates) of subgrants, and amounts for all other funds requested, anticipated or carried over from prior years dedicated to this or similar programs including Federal, State, Local or Private funds. If additional space is needed to list all sources, attach another page as an addendum to this page.

Block 11 - Leave blank (for the signature of the MDHS Executive Director).

Block 12 - After the MDHS administrative review process is complete, affix the signature of the applicant agency authorized official with the name and title of the authorized official typed where indicated below the signature.

FINANCIAL MANAGEMENT

FINANCIAL MANAGEMENT

INSTRUCTIONS FOR MDHS MODIFICATION SIGNATURE SHEET (MSS)

- Block 1** - Indicate the name, street address and/or mailing address (if different from street address) and telephone number of the applicant agency.
- Block 2** - Indicate the beginning date that the modification is to be effective.
- Block 3** - Indicate subgrant number as assigned by MDHS from current subgrant signature sheet.
- Block 4** - Indicate modification number, enter Funding Source and Year from current subgrantee signature sheet.
- Block 5** - Indicate the Beginning and Ending dates of the subgrant.
- Block 6** - Check method of payment as indicated on the current subgrant signature sheet.
- Block 7** - Indicate the total number of pages in the modification including the Modification Signature Sheet.
- Block 8** - Indicate the break out of funds by source in “From” columns from current Subgrant Signature Sheet. Indicate the break out of new obligated funds by source and use amounts in “To” columns.
- Block 9** - List each line item in the subgrant that is being modified and the total net effect of the modification. State a brief reason for the modification and, if additional funds are requested, attach a copy of the original subgrant.
- Block 10** - Leave blank (for the signature of the MDHS Executive Director).
- Block 11** - After the MDHS administrative review process is complete, affix the signature of the applicant agency authorized official with the name and title of the authorized official typed where indicated below the signature.

FINANCIAL MANAGEMENT
