

## 5b. Financial Management Systems and Policies

Below is a list of systems and activities that are important for strong financial management of AmeriCorps funding.

- Maximize segregation of financial duties to serve as a checks and balances system. System should be appropriate to the size of the organization's financial and human resources. The system should ensure adequate documentation is kept and organized.
- Adopt written financial procedures to monitor major expenses.
- Organizations whose federal expenditures for the organization's fiscal year exceed \$750,000 must have a single or program-specific audit conducted for that year.
- All programs should operate under a set of written financial management procedures. Upon request, these policies should be available for review by the CNCS, Nevada Volunteers, or other party acting on Nevada Volunteer's behalf.
- The AmeriCorps account must be a separate account or have a separate account number. All Corporation grant awards must be tracked separately.
- Members must receive their stipends in equal installments over the term of service. The stipend is not dependent on the number of hours worked in any service period. Remember that the stipend is taxable.
- Programs must have sufficient liability insurance to protect the organization, employees, members and volunteers. Members engaged in both on- and off-site project activities must be covered. You should review your current policies to ensure they cover non-employees in special statuses, such as members and volunteers.
- You are responsible for tracking in-kind services from partners and from your own agency. This includes donated items as well as staff time, and requires time and effort reporting.
- A system must be developed to track your cash match.
- AmeriCorps staff members' time and related expenses may not be charged to the CNCS (federal) or Grantee share (match) while engaged in organized fundraising, including financial campaigns, endowment drives, general solicitation of gifts and bequests, door-to-door solicitations, direct mail or similar activities for which the sole purpose is raising capital or obtaining contributions for the organization.
- Procedures must be established for determining reasonableness, allocability, and allowability of costs, in accordance with applicable cost principles and terms of the grant. Procedures shall be applied consistently across all programs.
  - i. **Reasonable:** To be reasonable, a cost must meet the following criteria:
    - Is consistent with the judgment of any prudent person under the circumstances prevailing at the time the cost is incurred or allocated
    - Is generally recognized as ordinary and necessary for the operation of the grant or program, or cost objective being charged
    - Is consistent with sound business practices, established laws and regulations, and terms of the program being charged

- Is consistent with the market price for comparable goods or services
  - Any deviation from established practices by the entity is explained and justified
  - Be authorized, or not prohibited, under state or local laws or regulations
  - Conform to any limitations or exclusions set forth in these principles, federal laws, or other governing limitations to type or amount of cost items
  - Be accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstances
  - Not be allocable to or included as a cost of any other program in either the current or a prior period
  - Be net of all applicable credits
  - Be adequately documented
- ii. **Allocable:** A cost that can be assigned or charged to one or more activities or items (cost objects) based on benefits received or other such equitable or logical association, although a direct relationship may not be established. A shared cost that is allocable to a specific program may not be shifted to another program to avoid a funding deficiency, restriction imposed by regulation, rule or contract, or for any other reason not reflective of benefit received. A shared cost is allocable:
- Based on its relative benefits received
  - If it is treated consistently with other costs incurred for the same purpose in like circumstances and if it:
    - Is incurred specifically for the award
    - Benefits both the award and other work and can be distributed in a reasonable proportion to the benefits received
    - Is necessary to the overall operation of the organization
- iii. **Allowable:** To be allowable, costs must:
- be necessary and reasonable for the proper and efficient administration of the AmeriCorps Program,
  - conform to grant award limitations or cost principles
  - be consistent with policies and procedures that apply to the federal and non-federal activities of the organization
  - be included in the approved program budget
  - be given consistent treatment
  - be in accordance with Generally Accepted Accounting Principles (GAAP)
  - not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program
  - be adequately documented

Unallowable costs are detailed in the relevant federal regulations. Please note: In some cases, writing of the AmeriCorps grant may not be an allowable activity that can be

charged as an expense or match to the AmeriCorps grant. Program officials should review the appropriate section of 2 CFR referenced above to determine whether the cost is allowable.

It essential to keep these principals in mind.

- [OIG Fraud Red Flags](#)
- [OIG Corrective Actions](#)