

# Part 10: SSAI SCSEP Program Finance Procedures

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# 1000 Sponsor Agreement, Budget Instructions and Administrative Requirements

## A. SSAI SCSEP Sponsor Agreement

The SSAI SCSEP Sponsor Agreement is the contractual basis for operation of an SSAI project. It explains the project sponsor's and SSAI's responsibilities for program operation. It includes the following:

- Beginning and ending dates of the agreement;
- The total award amount;
- The minimum award amount that must be expended on participant wages and fringe benefits, as required by law (see sections 700-G Participant Wages, and 702 Fringe Benefits for Participants);
- The maximum amount of reimbursement of the project sponsor's administrative and program/other costs. Full reimbursement of administrative costs and program/other costs is based on full expenditure of the minimum award amount on participant wages and fringe benefit allocation (for more information, see section 1000-C Uniform Administrative Requirements);
- Performance goals, including service level, most-in-need, community service hours, entered employment rate, retention rate and average earnings (for more information, see section 101-D SSAI Performance Measures); as well as the payroll-by-payroll report and the project performance plan (for more information, see section 1005-B Payroll-by-Payroll Webtool for Project Director to Monitor Wage and Fringe Benefit Expense and section 1005-C Project Performance Plan Webtool for Monitoring Costs and Budget); and
- Additional compliance, reporting, record-keeping and procedural requirements, some of which are incorporated by reference in other documents (for more information, see Part 9 Reporting and Data Collection).

The agreement must be executed by both the project sponsor and SSAI. Project directors should be familiar with the terms of the agreement and the operational procedures that it includes.

## B. SSAI SCSEP Sponsor Budget Instructions

The budget instructions are incorporated as Attachment 6 of the Sponsor Agreement (for more information, see section 100-B Sponsor Agreement). A copy of the current program year budget instructions can be found on the partners' page of SSAI's website at <http://seniorserviceamerica.org>.

The budget instructions provide updated information for each program year's award and summarize key points or changes from prior years. They also state that, if a project sponsor does not expend at least the minimum required amount of funding on participant wages and fringe benefits as specified in the Sponsor Agreement, SSAI may reduce proportionally the reimbursement requested by the project sponsor for administrative and program/other costs.

Additional topics addressed by the budget instructions include:

- Classification of costs;
- Allowable (reimbursable) costs and reimbursement procedures;
- Non-federal share of costs; and
- Required insurance coverage.

Project directors should be familiar with the contents of the budget instructions.

### **C. Uniform Administrative Requirements**

The U.S. Department of Labor has established uniform administrative requirements applicable to its grants and as such, these requirements also are applicable to SSAI's SCSEP project sponsors. There are different requirements for different types of sponsor organizations, which can be found in the 2CFR 200 Uniform Guidance.

### **D. Uniform Cost Principles**

There are uniform allowable cost principles that apply to SSAI project sponsors. These cost principles provide guidance on what costs are allowable. The cost principles are set out in 2 CFR 200 Uniform Guidance.

### **E. Other Specific Allowable Costs**

In addition to the uniform administrative requirements and cost principles noted in 1000-C Uniform Administrative Requirements and 1000-D Uniform Cost Principles, respectively, there are certain other specific allowable costs, including the following:

- American Job Center/One-Stop costs provided in accordance with a Memorandum of Understanding (MOU) [for more information about MOUs, see section 105-C Coordination with Workforce Innovation and Opportunity Act (WIOA)]; and
- Costs to provide accessibility and reasonable accommodation for individuals with disabilities (for a definition of disability, see section 801-B Definition of Disability).

# 1001 SCSEP Cost Classification

All costs charged to SCSEP are classified as either administrative or program costs. Project sponsors must report expenses according to these categories. Administrative costs are covered in section 1001-A Definition of Administrative Costs and program costs are covered in section 1001-B Definition of Program Costs.

## **A. Definition of Administrative Costs**

Administrative costs may be personnel or non-personnel in nature and may be direct or indirect. The Sponsor Agreement provides information about how much administrative expense SSAI will reimburse.

Administrative costs include the following functions:

- Accounting, budgeting, financial and cash management;
- Procurement and purchasing functions;
- Property management;
- Personnel management and payroll;
- Audit;
- General legal services;
- Developing systems and procedures, including information systems required for administrative functions;
- Oversight and monitoring responsibilities related to administrative functions;
- Goods and services used for administrative functions of the program, including rental or purchase of equipment, utilities, office supplies, postage and rental and maintenance of office space; and
- Travel incurred for official business to carry out administrative activities or the overall management of the program.

## **B. Definition of Program Costs**

Program costs will be the largest portion of a project sponsor's budget and expenses because participant wages and fringe benefits are in this category.

Program costs include, but are not limited to, the following functions:

- Participant wages and fringe benefits as required by law, consisting of wages paid and fringe benefits provided to participants for hours of community service;
- Outreach, recruitment and selection, intake, orientation, assessment and preparation and updating of Individual Employment Plans;
- Participant training provided on the community service assignment, in a classroom setting or utilizing other appropriate arrangements, consisting of reasonable costs of instructors' salaries, classroom space, training supplies, materials, equipment and tuition; and
- Job placement assistance (see restrictions detailed throughout section 401 Participant Training After Enrollment).

Project director and staff salary and benefits are primarily program costs, not administrative costs. For more information, see "2. Program Costs/Other" in section 1002-C Budget Proposal Form Line Items."

# 1002 Sponsor's SSAI Project Budget and Reimbursable Costs

## A. Budget Proposal

Project sponsors should prepare a budget for their programs. SSAI provides a *Budget Proposal Form* as an attachment to the Sponsor Agreement to be used to submit a budget (for more information, see section 100-B Sponsor Agreement). A spreadsheet with the same information also can be used. The *Budget Proposal Form* should be signed and returned to SSAI along with the Sponsor Agreement.

It is very important that adequate planning and consideration be given to the budget proposal. A properly planned and executed budget will enable the project sponsor and SSAI to monitor spending effectively during the course of the program year. It also will help the project sponsors to utilize their award fully.

The *Budget Proposal Form* is available on the partners' page of SSAI's website at <http://seniorserviceamerica.org>.

## B. Budgeting for Costs

Preliminary budget planning should include consideration of how much is to be budgeted for program/other expenses and administrative expenses. If these potential expenses are not identified in the budgeting process, it may be disruptive to recognize them later in the program year because the budgeted amounts for participant wages and fringe benefits would have to be reduced to pay for the unbudgeted program/other or administrative costs.

At the same time, if significant amounts are budgeted for program/other and/or administrative expenses and they are not used, there will be an unspent award balance at the conclusion of the program year. Those unspent funds represent a missed opportunity to enroll additional participants to support overall program goals (for more information, see section 1005 Project Sponsor Financial Performance-Monitoring Costs vs. Budget).

Budget planning should be done using the *Budget Proposal Form*, which is provided in the Sponsor Agreement and a copy of which is also available on the partners' page of SSAI's website at <http://seniorserviceamerica.org> (for more information, see section 1002-A Budget Proposal).

## C. Budget Proposal Form Line Items

The line items on the *Budget Proposal Form* are detailed below and show the costs that SSAI will reimburse. The same line items appear on the *Report of Costs Form* (SA1), which is used to report costs and request reimbursement from SSAI (for more information, see section 1003-B *Report of Costs Form* (SA1 Form)). Both the *Budget Proposal Form* and the *Report of Costs Form* organize line items and costs according to the program costs and administrative costs described in section 1001 SCSEP Cost Classification.

Project sponsor staff costs appear twice in the budget – once under the program/other section and again under “project administration / other” – to allow project sponsors to categorize costs correctly for those performing programmatic services as well as for those performing administrative functions. In cases in which one person performs both programmatic and administrative functions, project sponsors should maintain a documented distribution of actual time worked.

When completing the budget, project sponsors should ensure that the line-item amounts for participant wages and fringe benefits equal at least the amount stated in the Sponsor Agreement. Project directors also should ensure the amount budgeted for administrative expenses does not exceed the amount allowed by the Sponsor Agreement. (For more information, see section 1000 Sponsor Agreement, Budget Instructions and Administrative Requirements.)

## **1. Reimbursable Costs, Program Costs, Participant Wages and Fringe Benefits**

- FICA — The project sponsor's share of Federal Insurance Contributions Act (FICA), including Medicare.
- Workers' Compensation — Coverage must be in effect over the entire grant period. Self-insured plans will be reimbursed for actual expenses up to what a normal commercial policy would have cost.
- Physical Examinations — Project sponsors must offer each participant the opportunity to take a physical examination annually. Project sponsors should ensure that physical exams can be obtained from local resources at low or no cost whenever possible. (For more information, see section 701 Physical Examinations for Participants.)
- Unemployment and/or Disability Insurance — Costs for unemployment and/or disability insurance will be reimbursed if coverage is required by state law. Generally, participants are not eligible to participate in state unemployment programs. (Payments to retirement plans are not permitted.)

## **2. Program Costs/Other**

- Transportation — Transportation expenditures should be for the purpose of providing a benefit to participants and should not to be used to support other programs or services. Cost of transportation to participant meetings is reimbursable but should be charged to training.
- Training — Project sponsors may pay reasonable costs for skills training, classroom instruction, lectures, seminars and individual instruction as well as other types of training. Project sponsors are encouraged to obtain training through locally available resources, including host agencies, at no cost or reduced cost to the program. Specialized training and OJE training must be approved by SSAI prior to implementation. Stand-alone job search activities or job clubs are not permitted. Costs for participant meetings should be included under training and would include, for example, costs of meeting rooms, transportation of participants to and from such meetings, light refreshments and other allowable costs related to the meetings.
- Incidentals — Expenses may be claimed for work-related items necessary for participation in the program if these items cannot be obtained free of charge from local resources. Examples are work shoes, badges, uniforms, safety glasses or tools. Costs for mandatory criminal/background and/or fingerprint tests should be charged to this category.
- Subgrantee Staff Cost — Wages and fringe benefits for staff performing programmatic functions.
- Other program costs.

### **3. Administrative Costs**

- Subgrantee Staff Cost/Administration — Wages and fringe benefits of staff performing administrative functions.
- Other administrative costs.

### **D. Budget Revisions**

A budget revision is a reallocation of funds among the project sponsor's line-item budget and can be initiated by the project sponsor as part of the ongoing monitoring of budget and expenses. A revision does not change the total budget amount; it is only a reallocation of amounts within the total budget. The *Budget Revision Form* is available on the partners' page of SSAI's website at <http://seniorserviceamerica.org>.

### **E. Spending Requirements and Limitations**

The sponsor agreement states the minimum amount of the award that must be spent on participant wages and fringe benefits as required by law (for more information, see section 702 Fringe Benefits for Participants). It also states the maximum amount of administrative and other program costs that will be reimbursed. Costs incurred should be compared regularly with these spending and limitation requirements.

If, at program year end, wages and fringe benefit expenses do not meet the minimum amount specified in the sponsor agreement, administrative and other program cost reimbursement may be reduced proportionately.

### **F. Budget Modifications**

A budget modification is an increase or decrease to the contracted award amount. SSAI may offer additional funding to a project sponsor to promote overall program goals. However, if SSAI determines that funds are not being expended in a timely manner, or if other programmatic or financial goals are not being met, the project sponsor's award amount may be reduced.

Any modification to a project sponsor's budget will be discussed with the project director and appropriate sponsor staff and will be documented fully within an *Agreement Modification Form* (sent out upon request), which will provide the reason for the modification, the amount of the increase or decrease to the award and the new approved award amount.

Completed forms will be emailed to the project sponsor; one is to be signed by the executive director or authorized official and returned to SSAI. A modification is not in effect until it is signed by the project sponsor's authorized official and the executive director of SSAI.

### **G. State Budgets**

The U.S. Department of Labor allocates SCSEP funds on a state-by-state basis and SSAI manages its SCSEP program accordingly (for more information, see section 106-A Coordination with Other SSAI Subgrantees). While SSAI contracts with individual sponsors, it manages performance and expenditures on an individual, state and national basis. Throughout the year, SSAI will work with all the sponsors within a state to ensure that state expenditures are in accordance with budgets and, where necessary, to reallocate funds.

# 1003 Fiscal Reporting and Reimbursement of Costs

## A. Reporting Monthly Costs

It is very important that project sponsors submit cost reports to SSAI on time. Timely reporting accomplishes the following:

- Enables both the project sponsor and SSAI to monitor the rate and amount of program spending;
- Promotes program goals by maximizing the use of funds for participant wages and fringe benefits; and
- Allows SSAI to meet its reporting obligations to the U.S. Department of Labor.

Budget data must be submitted monthly via the *Report of Costs/SA1 Webtool* within 30 days after each reported month. *The Report of Costs/SA1 Webtool* can be accessed through the partners' page of SSAI's website at <http://seniorserviceamerica.org>.

SSAI encourages its sponsors to submit their Report of Costs reports as soon as possible after the reported month.

## B. Report of Costs / SA1 Webtool

Project sponsors must report project costs via the online *Report of Costs/SA1 Webtool*. The line items of cost on the form conform to the project sponsor's budget.

In addition to reporting costs, the webtool allows project sponsors to request an advance of funds to meet cash requirements. Although SSAI's preferred method of fiscal operation is on a reimbursement basis, in cases in which cash flow considerations come into play, SSAI can provide advances to project sponsors.

If advances of funds are requested, it is the project sponsor's responsibility to minimize the time between receiving funds from SSAI and their disbursement, by requesting advances only as required, generally according to the project sponsor's payroll dates.

## C. Completing the Report of Costs / SA1 Webtool

The online *Report of Costs/SA1 Webtool* is available on the partners' page of SSAI's website at <http://seniorserviceamerica.org>. The SA1 Webtool must be completed as follows:

- Required Information / Payroll Period Ending Date. Enter the ending date of the participant's last payroll period for which costs are included on the report. This date is used by SSAI for monitoring the rate of incurring program expenses. Do not confuse this date with the end of the month, unless that date is the actual payroll period ending date.
- Column 1 Allowable line items are listed in this column.
- Column 2 Approved budget; those figures are generated automatically.
- Column 3 (Previously Reported Cumulative Costs). Cumulative costs from the prior report of costs are automatically carried over and displayed.

- Column 4 (Costs for This Period). Costs for the current reporting period are reported here. Any adjustments to prior period costs are included in this column by netting the adjustment against current period costs.
- Column 5 (Cumulative Costs). This column equals Column 3 (Previously Reported Cumulative Costs) plus Column 4 (Costs for This Period). This result equals cumulative year-to-date costs.
- Column 6 (% of budget spent). This is the percentage of your year-to-date budget that has currently been spent.
- Column 7 (Budget Balance). This equals the approved budget in column 2 minus the Cumulative Costs in column 5.
- Advance Requested. If a funding advance is requested, provide details in the advance section to the right of column 7. The advance column can be toggled on and off by clicking the link on the left side of the screen.

The *Report of Costs/SA1* Webtool is designed so that a project sponsor always will be reimbursed fully at any point during the program year. Project sponsors that use cash advances always will have full reimbursement of reported costs plus the amount of the current advance requested.

#### **D. Transmitting Report of Costs to SSAI**

Once the Report of Costs webtool is completed, a submit button will appear for transmittal to SSAI.

If a project sponsor requests an advance of funds, it should ensure SSAI receives the form at least five business days prior to the date when the funds are to be credited to the project sponsor's bank account.

#### **E. Payment to Project Sponsors / Bank Account Information Needed**

Payments to project sponsors are made by Automated Clearing House (ACH) electronic funds transfer to a bank account designated by the project sponsor. The project sponsor must provide SSAI with a signed Bank Account Information Form, which provides the bank name, ABA routing number for ACH transfers and sponsor's account number.

Some banks have special routing numbers for ACH transfers. Project sponsors should not assume that the nine-digit routing number that appears on their bank checks is the correct one for ACH transfers. Project sponsors should check with their banks to ensure the correct number is provided to SSAI.

Instructions to establish or change bank account information should be sent to SSAI's SCSEP Finance Manager. Use the Bank Information for SA1 SSAI SCSEP Sponsor Form, which is available at SSAI's website at <http://seniorserviceamerica.org> by clicking on the Partner/Subgrantee Sign In link to access the partners' page.

#### **F. Closeout**

At the conclusion of each program year, a closeout package will be sent to project sponsors specifying certain required closeout documentation and filing requirements. Typically, project sponsors must submit their closeout information to SSAI within 45 days after the end of the program year. At that time, a final statement of costs must be submitted. SSAI promptly will pay all final claims due to the project sponsor. Any excess advances paid by SSAI to the project sponsor must be returned with the final statement of costs.

The final closeout requires a completed final Report of Costs be submitted on SSAI's SA1 webtool and an accompanying list of participants, their names and amounts earned during the grant period.

If the project sponsor collects funds related to the program, such as workers' compensation refunds, after closeout documents have been submitted to SSAI, the funds must be returned to SSAI with an explanation of the refund.

If participant payroll checks are undeliverable, project sponsors should place a stop payment on the checks and return the amount to SSAI. Such returns must include the following details for each participant whose check was returned: date and amount of the original paycheck and the payee's name, Social Security Number and last known address.

# 1004 Non-Federal Share of Costs

## A. Types of Non-Federal Costs

Non-federal matching costs, or non-federal share of costs, can be described as non-federal economic resources that sponsors voluntarily provide to demonstrate their community's measurable and identifiable assistance toward the accomplishment of the program objectives.

There are two types of matching costs: cash (including indirect costs) and in-kind.

1. Cash match represents the project sponsor's actual expenditures that are direct and clearly identifiable with the SSAI sponsor. Expenditures should be supported by adequate documentation and, if applicable, allocation plans. Examples are:

- Project sponsor staff salaries and fringe benefits for personnel working on the SSAI SCSEP project. Such expenses could include the salaries of the project director, bookkeeper and other administrative personnel. Job descriptions of these individuals should show linkage to the program and timesheets should back up the claims;
- Administrative travel;
- Office space costs;
- Equipment and furniture; and
- Such miscellaneous expenses as expenditures for postage, accounting/payroll services, bank charges, telephones, copying services, insurance, bonding, etc.

Indirect costs are those expenses not specifically identifiable with a particular project or activity, but that are necessary to the general operation of the organization's activities. The cost of operating and maintaining building and equipment, accounting services, depreciation, administrative salaries that are overhead (unrelated to specific program activities, such as filling out staff timesheets, which is a direct program expense), general telephone costs and supplies are types of expenses usually considered as indirect costs. These costs might be charged directly, but they usually are grouped into a common pool and allocated to these organizational activities.

Indirect costs are allocated to an activity based on an indirect cost rate study – the method for determining what portion of indirect costs will be charged to the SSAI project sponsor's activities. The cost study must be approved by a federal or state funding source or equivalent state agency for these costs to be allowable. The approved, indirect cost rate study must meet the criteria of the uniform guidance.

2. In-kind costs are the value of non-cash goods and services directly benefiting the program. In-kind costs can come from host agencies, project sponsors and the local community. Although some in-kind costs can be difficult to measure, they should meet all of the following criteria:

- They can be identified in the project sponsor's recordkeeping system and, if appropriate, the host agency's system;
- They have not been included as costs for another federal program;
- They are necessary and reasonable for accomplishment of the program objectives; and
- They are supported by documentation.

- a. Examples of host agency in-kind cost include the following:
  - Supervisory time — The primary element of host agency in-kind cost is the supervisory time the host agency provides for the participants. To ensure applicability:
    - The host agency supervisor must be paid from non-federal funds;
    - The host agency supervisor's job description must contain the power/authority to supervise participants;
    - The host agency supervisor's timesheet must support the hours claimed on the Host Agency Report and must be linked to specific participants;
    - Rates for volunteer hours of supervision should be consistent with the regular hours paid for similar work in other activities of the host agency or the rates paid in the local labor market;
    - A host agency supervisor's hours normally will not exceed 20 percent of the total hours of the participants he or she supervises. Exceptions may be made for initial training or other reasons;
    - Host agencies that do not document the hourly rate of pay for their supervisors should value it at the minimum wage rate; and
    - The project sponsor is responsible for determining and/or validating that host agency non-federal costs are documented correctly and recorded in the host agency's accounting records. In-kind documents supplied by the host agencies should contain the name, date and description of service; the supervisor's signature; and the value of the service provided.
- b. Other host agency in-kind costs — Other expenses that may be allowed as in-kind costs include, but are not limited to, space charges, utilities, telephone, transportation, meals, supplies and copying charges.
- c. Sponsor in-kind costs — Sponsor in-kind costs include, but are not limited to, the value of supervision of participants and office space. These should be documented the same as host agency in-kind costs.
- d. Other in-kind costs — In-kind costs also may be claimed for such services provided by the local community as:
  - Professional services or physician's time;
  - Discounted services, such as the difference between the market value of a physical and the amount charged to the project sponsor; and
  - Meeting space.

Non-federal costs reported by a project sponsor must be recorded in the project sponsor's financial records.

**B. Report of Non-Federal Costs / SA2 Webtool**

Project sponsors must report project non-federal costs on SSAI's Report of Non-Federal Costs/SA2 Webtool.

In the event there is any excess of non-federal matching costs, the project sponsor assigns to SSAI for its determination of whether the excess shall be used to support the program. Such excess is not part of the project sponsor's non-reimbursable, non-federal match requirement and is not a donation within the meaning of the uniform guidance.

Non-federal cost data must be submitted monthly via the Non-Federal Costs/SA2 Webtool within 30 days after each reported month. This Webtool can be accessed through the partners' page of SSAI's website at <http://seniorserviceamerica.org>.

SSAI encourages its sponsors to submit their Non-Federal Costs reports as soon as possible after the reported month.

# 1005 Project Sponsor Financial Performance-Monitoring Costs vs. Budget

SSAI is committed to achieving program goals and serving the largest number of eligible participants. One factor contributing to success in these efforts is the full and efficient utilization of all grant funds, which requires:

- A properly prepared budget (see section 1002 Sponsor's SSAI Project Budget and Reimbursable Costs);
- Regular reports of costs (see section 1003 Fiscal Reporting and Reimbursement of Costs); and
- Regular monitoring of costs as compared with budget.

## **A. Emphasis on Monitoring Participant Wages and Fringe Benefits**

While it is important to compare all costs regularly with their line-item budget, SSAI places emphasis on monitoring participant wages (PW), as required by law.

PW is the largest component of a project sponsor's budget and costs and it is easily identifiable. It can be determined as frequently as twice a month when payrolls are prepared and should be readily available to the project director.

Every two weeks, SSAI monitors the participant wage cost incurred to date compared with a pro-rata budget amount. Significant variances are discussed with project directors and, if necessary, corrective action is initiated.

## **B. Payroll-by-Payroll Webtool for Project Director to Monitor Wage and Fringe Benefit Expense**

SSAI requires project sponsors to use the Payroll-by-Payroll Webtool to address the cost/budget calculations used in monitoring participants' wages and fringe benefits. The Webtool can be found on the partners' page of SSAI's website at <http://seniorserviceamerica.org>.

Project directors are encouraged to work with their finance department in preparing this analysis and can obtain assistance from their SCSEP Operations Team Program Officers. Sponsors must update the Payroll-by-Payroll Webtool within five days following the end of each pay period.

## **C. Project Performance Plan Webtool for Monitoring Costs and Budget**

SSAI is aware that project directors are, for the most part, not responsible for preparation of payrolls and financial reports. However, several primary responsibilities of the project director, such as enrollment, termination and placement of participants into unsubsidized employment, are the core elements that determine the project's costs. In other words, the project director's activities drive the project's costs.

It is essential the project director has support from the project sponsor's accounting/payroll staff to monitor costs. At the project directors' request, payroll costs should be available for review.

To assist sponsor staff in meeting performance goals and spending 100% of the sponsor's participant wages budget, SSAI requires project sponsors to use the Project Performance Planning (PPP) Webtool. The Webtool can be found on the partners' page of SSAI's website at <http://seniorserviceamerica.org>. Project staff uses the PPP Webtool to predict enrollments and types of exits per pay period from July to June each program year to ensure that the sponsor will meet the service-level and unsubsidized exits goals while ensuring the sponsor spends 100% of its participant wage budget. SSAI requires that sponsors update the PPP Webtool each time they update the payroll by payroll tool. The PPP Webtool must be updated within five days following the end of each pay period. (For more information, see section 1005-B Payroll-by-Payroll Webtool for Project Director to Monitor Wage and Fringe Benefit Expense.)

# 1006 Program Income / Use of Program Income

## **A. Program Income and Its Use**

Program income is income earned during the program year, which is generated directly by an allowable activity paid by program funds. Costs of generating program income may be deducted from gross income received to determine the net program income earned, provided that such costs are not also charged to the sponsor's project.

Project sponsors that have program income during the grant period must use it to reduce program costs or to expand allowable program activities within the program year in which the income was earned. Any unexpended program income earned or generated must be remitted to SSAI.