

Idaho Department of Correction 	<b>Standard          Operating          Procedure</b>  <b>Management          Services          Division</b>  <b>General          Administration</b>	<b>Control Number:</b> 114.03.06.001	<b>Version:</b> 1.0	<b>Page Number:</b> 1 of 8
		<b>Title:</b> Grant Accounting and Financial Reporting		<b>Adopted:</b> 3-20-2012  <b>Reviewed:</b> 3-20-2012  <b>Next Review:</b> 3-20-2014

This document was approved by Tony Meatte, chief of the Management Services Division, on 3/20/12 (signature on file).

Open to the general public:  Yes  No

If no, is there a redacted version available:  Yes  No

#### BOARD OF CORRECTION IDAPA RULE NUMBER

[None](#)

#### POLICY CONTROL NUMBER 114

[Fiscal Policy](#)

#### DEFINITIONS

[Standardized Terms and Definitions List](#)

**Division of Financial Management (DFM):** The state of Idaho governor's budget and policy office.

**Grant:** A conveyance of funds or services to the Idaho Department of Correction (IDOC) to subsidize an IDOC program or project.

**Grant Manager:** The Idaho Department of Correction (IDOC) employee who is primarily responsible for (1) drafting the application documents (in conjunction with the grant officer), and (2) being in direct operational charge of the grant or project, if funded.

**Grant Officer:** The Idaho Department of Correction (IDOC) employee who is primarily responsible for overall administrative grant-related duties and responsibilities.

**Grantor:** An individual or organization that makes a grant or contribution to a grantee.

**Match Dollars:** A contribution of services, items, staff time and/or money (always stated in terms of dollars) that the grantee or other party agrees to contribute to the overall cost of the project being funded.

**Non-cognizable Funds:** In general, funds which are not state of Idaho funds, or funds in which there was no knowledge of the availability of the funds at the time of the legislative appropriation process, or funds in which there was incomplete knowledge of the level of revenues available and expenditures required at the time of the legislative appropriation process.

**Program Cost Account (PCA) Code:** A five character alphanumeric code entered in the Statewide Accounting and Reporting System (STARS) that is used to identify a specific program structure.

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**Statewide Accounting and Reporting System (STARS):** The state of Idaho's Office of the State Controller's computer system that is used for processing and reporting accounting transactions.

**PURPOSE**

The purpose of this standard operating procedure (SOP) is to develop procedures to ensure adequate internal control mechanisms are in place for grant financial processes.

**SCOPE**

This SOP applies to any Idaho Department of Correction (IDOC) employee or contractor who participates in the grant process **or** manages the processes described herein.

**RESPONSIBILITY**

**Chief of the Management Services Division**

The chief of the Management Services Division (or designee) is responsible for overseeing and monitoring the provisions provided herein.

**Deputy Chief of the Contract Services Bureau**

In conjunction with the executive financial officer (or designee), the deputy chief of the Contract Services Bureau (or designee) shall be responsible for implementing this SOP and for ensuring IDOC employees are practicing the guidelines, standards, and procedures provided herein.

**Executive Financial Officer**

In conjunction with the deputy chief of the Contract Services Bureau (or designee), the executive financial officer (or designee) shall be responsible for implementing this SOP and for ensuring IDOC employees and contractors are practicing the guidelines, standards, and procedures provided herein.

**Fiscal Unit Financial Specialist**

The designated financial specialist(s) (located in the Fiscal Unit at Central Office) shall be responsible for grant accounting and fiscal reporting.

**Financial Technician(s)**

The designated financial technician(s) (located in the Fiscal Unit at Central Office) shall be responsible for entering grant batches into the Statewide Accounting and Reporting System (STARS), and processing encumbered grant invoices.

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## GENERAL REQUIREMENTS

### 1. Overview

The nature of grant fiscal management requires knowledge of grant budgetary rules and regulations, understanding of the scope of work for the grant contract, full understanding of the grant budget, comprehension of the level of risk, and the experience and commitment of personnel involved. The resources allocated for the fiscal administration and monitoring of an individual grant shall be commensurate with the scope of work of the grant contract, complexity of the project, and level of risk.

- Grant expenditures must be within approved grant budget categories.
- Fiscal grant draw downs and reports, including match dollars, must be completed per the grantor's specifications.
- There must be collaboration between the grant manager **and** the designated Fiscal Unit financial specialist for compliance with grant fiscal requirements, including fiscal reporting requirements.
- For internal and external audit purposes, a centralized official grant file must be maintained for each grant. The file will be located in the Fiscal Unit, but will be maintained by the designated Fiscal Unit financial specialist.
- Adjustments must be made for unallowable transactions posted to the grant program cost account (PCA).

**Note:** The procedures for the completion, submission, and program management of grant applications can be found in SOP [126.03.06.001](#), *Grant Management*.

### 2. Upon Receipt of Award Documents

Grant award documents will be provided by the funding agency. In most instances, the director of the IDOC will be required to sign the award documents **and** agree to any and all special conditions required by the grant. Grant awards are legally binding contracts that have specific accounting requirements.

Functional Roles and Responsibilities	Step	Tasks
<b>Budget Unit (located at Central Office)</b>	<b>1</b>	Work with the Division of Financial Management (DFM) on non-cognizable fund appropriation for new grants that have not received prior spending authority through the appropriation process.
<b>Fiscal Unit Financial Specialist</b>	<b>2</b>	<ul style="list-style-type: none"> <li>• Request a PCA for new grant awards; and</li> <li>• Set up the grant in the Statewide Accounting and Reporting System (STARS).</li> </ul>

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<b>Functional Roles and Responsibilities</b>	<b>Step</b>	<b>Tasks</b>
Fiscal Unit Financial Specialist	3	Post the financial plan <b>and</b> revenue plan at the object level.
<b>Grant Officer</b>	4	Distribute copies of the approved budget (by spending category) to Budget Unit staff, the grant officer, and the grant manager.
<b>Fiscal Unit Financial Specialist</b>	5	Place all grant documentation into the official grant binder.
Fiscal Unit Financial Specialist	6	Assist in establishing grant manager spending authority for grant funds.

### 3. During Grant Award Period

Each grant award has a set of rules and regulations defining fiscal and budgetary requirements established by the funder as well as requirements established by the federal Office of Management and Budget.

<b>Functional Roles and Responsibilities</b>	<b>Step</b>	<b>Tasks</b>
<b>Grant Manager</b>	1	<ul style="list-style-type: none"> <li>• Ensure that all grant expenditures are necessary, reasonable, and allowable under federal, state, and local laws and regulations <b>and</b> the grant agreement;</li> <li>• Stay within grant expenditure categories and line items, or work with the grant officer <b>and</b> the designated Fiscal Unit financial specialist to obtain a grant adjustment; and</li> <li>• Approve all grant expenditures.</li> </ul>
Grant Manager	2	<ul style="list-style-type: none"> <li>• Ensure all purchase orders for equipment, services, and so forth intended to be used as match dollars are marked accordingly; and</li> <li>• Provide a copy to the designated Fiscal Unit financial specialist to include in the official grant binder.</li> </ul>
<b>Fiscal Unit Financial Specialist</b>	3	Prior to releasing any payments, ensure all expenditures are within the grant expenditure categories and amounts according to the grant budget and all payment documents include adequate documentation.
Fiscal Unit Financial Specialist	4	Review all grant expenditures for compliance with IDOC policy, state of Idaho policy, and federal grant regulations and requirements.
Fiscal Unit Financial Specialist	5	<b>If</b> any budget category is within ten percent (10%) of the approved grant budget limit, notify the grant manager <b>and</b> grant officer.

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Functional Roles and Responsibilities	Step	Tasks
<b>Grant Officer and Grant Manager</b>	6	<p><b>Grant Officer</b></p> <ul style="list-style-type: none"> <li>Coordinate with the grant manager on any budget or timeline adjustments that may need to be submitted to grantor;</li> <li>When a budget or timeline adjustment has been approved, submit it to the designated Fiscal Unit financial specialist <b>and</b> Budget Unit staff for inclusion into the official grant binder; and</li> <li>If the adjustment is denied, work together as a team to arrive at an alternate plan.</li> </ul> <p><b>Grant Manager</b></p> <ul style="list-style-type: none"> <li>Facilitate any financial plan adjustments with the designated Fiscal Unit financial specialist.</li> </ul>

#### 4. Grant Fiscal Reporting: Monthly and Quarterly

Each grant award has specific reporting requirements stipulated by the funder. All grants require fiscal responsibility and adherence to basic accounting principles.

Functional Roles and Responsibilities	Step	Tasks
<b>Fiscal Unit Financial Specialist</b>	1	Complete a monthly reconciliation of the expenditures from the DAFR7850 and DAFR6850 reports (downloaded from the STARS) to process monthly draws.
Fiscal Unit Financial Specialist	2	<ul style="list-style-type: none"> <li>Reconcile each active grant (expenditures and revenues) at the summary <b>and</b> detail level on a monthly basis using DAFR 8180 report (downloaded from the STARS); and</li> <li>Review all transactions posted to the grant to verify accurate coding.</li> </ul>
Fiscal Unit Financial Specialist	3	<ul style="list-style-type: none"> <li>Perform any adjustments for unallowable charges against the grant PCA and process them accordingly; and</li> <li>Submit the adjustments to the designated Fiscal Unit financial specialist principle for revision.</li> </ul>
<b>Fiscal Unit Financial Specialist Principle</b>	4	<ul style="list-style-type: none"> <li>Revise the adjustments as needed, and</li> <li>Submit them to the designated Fiscal Unit financial technician for processing.</li> </ul>
<b>Fiscal Unit Financial Technician</b>	5	<ul style="list-style-type: none"> <li>Enter the grant batches into the STARS; and</li> <li>Forward the batches to the designated Fiscal Unit financial specialist.</li> </ul>
<b>Fiscal Unit Financial Specialist</b>	6	Audit the grant reconciliation, reports, and monthly draw to ensure correct amounts, PCA, and documentation.

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<b>Functional Roles and Responsibilities</b>	<b>Step</b>	<b>Tasks</b>
Fiscal Unit Financial Specialist	7	If there is any appearance of discrepancies or inappropriate uses of grant funds (including match dollars recorded), notify the grant manager <b>and</b> grant officer.
Fiscal Unit Financial Specialist	8	On a monthly basis, submit an expenditure spreadsheet (i.e., a Budget Unit internal tracking sheet) to the grant manager <b>and</b> grant officer.
Fiscal Unit Financial Specialist	9	<ul style="list-style-type: none"> <li>Complete an expenditure reimbursement request (draw) according to the grantor's specification; and</li> <li>Get approval from the designated Fiscal Unit financial specialist principle <b>or</b> the executive financial officer to submit the 'draw'.</li> </ul>
Fiscal Unit Financial Specialist	10	File the financial reports (including match dollars) as requested by the grantor.
Fiscal Unit Financial Specialist	11	Submit a match report as designated by the grantor.
Fiscal Unit Financial Specialist	12	Reconcile all grant funds at the aggregate level to ensure accurate posting of all grant revenue and expenditure transactions.
Fiscal Unit Financial Specialist	13	Reconcile each active grant (expenditures and revenues) at the summary <b>and</b> detail level.

### 5. Indirect Cost Plan and Yearly Reconciliation

The IDOC's Indirect Cost Plan **and** yearly reconciliation should be done in line with the state of Idaho's fiscal year.

<b>Functional Roles and Responsibilities</b>	<b>Step</b>	<b>Tasks</b>
<b>Budget Unit (located at Central Office)</b>	1	<ul style="list-style-type: none"> <li>Develop and submit the IDOC's Indirect Cost Plan to the appropriate federal agency; and</li> <li>Provide a copy of approval letter to the grant officer for submission into grant applications.</li> </ul>
<b>Fiscal Unit Financial Specialist</b>	2	<ul style="list-style-type: none"> <li>Reconcile grant cash accounts at the aggregate <b>and</b> grant level;</li> <li>Post any adjustments before fiscal year-end close; and</li> <li>Have the designated Fiscal Unit financial specialist principle review the adjustments.</li> </ul>

### 6. Grant Year-end Closing

Grants must be closed out within a time frame mandated by the funder. All encumbered costs must be paid for and the final drawdown submitted.

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Functional Roles and Responsibilities	Step	Tasks
Grant Manager	1	Submit the purchase orders to the appropriate Fiscal Unit (located at Central Office) staff member at least 10 business days <b>before</b> the end of the grant so that the grant funds can be encumbered by the designated Fiscal Unit financial technician.
		<b>Note:</b> See SOP <a href="#">114.03.03.007</a> , <i>Purchasing and Contracting</i> , for procedures on submitting purchase orders.
Fiscal Unit Financial Technician	2	Process all encumbered grant year-end invoices for payment within 60 days <b>after</b> the end of the grant period.
		<b>Note:</b> Any encumbered grant year-end invoices processed for payment <b>after</b> the 60 day interim period will be considered general fund expenditures.
Fiscal Unit Financial Specialist	3	Submit the final financial reports, showing all cash received and expenditures made, to the grantor <b>after</b> the 90 day interim period (when all grant funds have been expended), <b>or</b> the grant period has ended <b>and</b> all encumbrances have been paid, whichever occurs first.
Fiscal Unit Financial Specialist	4	<ul style="list-style-type: none"> <li>Request the grant/phase be inactivated by adjusting the 'end date' in the STARS to prevent further spending;</li> <li>Complete a final reconciliation of all revenues and expenditures posted to the grant;</li> <li>Compare the total for each approved spending category to ensure compliance with the approved budget;</li> <li>Ensure the transactions comply with the grant awards within allowed timeframes;</li> <li>Review the match expenditures to ensure compliance with grant requirements;</li> <li>Prepare a detail report of all transactions posted to the grant to document a final accounting of grant funds; and</li> <li>Put the detail report in official grant binder.</li> </ul>

## REFERENCES

Idaho Code, Title 67, Chapter 23, Section 67-2302, *Prompt Payment for Goods and Services*

Idaho Code, Title 67, Chapter 35, Section 67-3516, *Appropriate Acts Deemed Fixed Budgets – Rate of Expenditure*

Idaho Code, Title 67, Chapter 35, Section 67-3519, *Employee Positions – Procedure for Filling*

Standard Operating Procedure [114.03.03.007](#), *Purchasing and Contracting*

Standard Operating Procedure [126.03.06.001](#), *Grant Management*

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State of Idaho, Office of the State Controller ([www.sco.idaho.gov](http://www.sco.idaho.gov))

The White House, Office of Management and Budget ([www.whitehouse.gov/omb](http://www.whitehouse.gov/omb))

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