

THE A-TEAM

RCAC Regional Financial Peer Group

12/7/2022 1:00 PM PST



Welcome! Chatbox Moderator: Nancy Jacobsen
Facilitator: Samantha Bowley sbowley@rcac.org

Region Happenings:

- **Any topics to be added to the agenda?**
- **Group Discussion:**
 - SF 270 – advances, cost reimbursement, EU
 - What to include with the form when requesting a draw for 523
 - The group reviewed instructions for SF270, a sample SF 270 form following instructions for a cost reimbursement draw, and a “real life” example of a Montana grantee’s draw (cost reimbursement); the group also discussed ADVANCES and EU/PRODUCTION draws
 - Samantha reiterated that the form is a single use form for all federal funders/grantees so the correct use/methods can vary a bit from funders to states to agencies; Samantha will generate and share samples and instructions for each draw method
 - SF 425 Indirect, final rates 20/21 The group discussed the pattern emerging as PROVISIONAL RATES are negotiated and FINAL RATES are applied for 20/21; this time period was impacted significantly by office slowdowns/shutdowns during COVID, which is in turn, now impacting the typical overhead costs that would normally be applied to indirect calculations, the result is lower FINAL rates than expected. A few reminders regarding indirect:
 - Use an indirect calculator-there’s a spreadsheet tool available here [RCAC's SH Resources Financial Toolkit](#) to calculate your own indirect each draw period to see how your calculated indirect compares to your negotiated PROVISIONAL rate; if your actual rate is less, charge less indirect for the draw (no more than you calculated), this will significantly lessen the likelihood of overcharging the grant.
 - Negotiate your indirect rates annually (as the NICRA letter indicates to do). This will minimize your risk timeline of overcharging indirect to the grant.
 - Your indirect rate belongs to your agency, and is determined annually based upon your fiscal year’s financials; it is applied to the 2-YEAR SH grant (and any other federal funding that you may receive) annually, based on your fiscal year timeline, regardless of how the grant cycle intersects with the rates (see example below)
 - Unfortunately, you receive no credit/no refund on undercharged indirect, **but you are required to repay the funder for any indirect overcharges** (see example below)

				FINAL INDIRECT RATE	CALCULATED FINAL INDIRECT ALLOWED:	ACTUAL INDIRECT RATE CHARGED:	CALCULATED INDIRECT CHARGED:	OVER/(UNDER) CHARGED											
BASE:																			
176,000	11 months	6/30/2019 to 6/30/2020		26.9%	47,344	25.2%	44,352	(2,992)	CANNOT COLLECT or CREDIT UNDERCHARGED INDIRECT										
192,000	12 months	6/30/2020 to 6/30/2021		24.59%	47,213	25.2%	48,384	1,171	MUST PAY BACK \$1,171 TO FUNDER										
16,000	1 month	6/30/2021 to 6/30/2022		22.79%	3,646	25.2%	4,032	386	MUST PAY BACK \$386 TO FUNDER										
384,000					98,203		96,768	(1,435)	CANNOT COLLECT or CREDIT UNDERCHARGED INDIRECT										
Agency's Fiscal Year: FY06-30								***cannot total the grant period and proclaim that overall it is "undercharged"											
Grant Cycle: 08/01/2019 to 07/31/2021								TOTAL DUE TO FUNDER: \$1,557											

2. **Provisional/Final Rate:** Within six (6) months after year end, a final indirect cost rate proposal must be submitted based on actual costs. Billings and charges to contracts and grants must be adjusted if the final rate varies from the provisional rate. If the final rate is greater than the provisional rate and there are no funds available to cover the additional indirect costs, the organization may not recover all indirect costs. Conversely, if the final rate is less than the provisional rate, the organization will be required to pay back the difference to the funding agency.

- Call Samantha if you are concerned about your indirect for the 20/21 years, or with any questions about indirect for any time period! ☺
- ADDED to the Agenda: Review 1944-I audit requirements for nonprofits the group discussed the timelines referenced in 1944-I regarding audit submissions to RD. CORRECTION from what Samantha said during the meeting: the annual audit is due within **30 days** (vs. 90 days as I misspoke during the meeting) of receipt from the auditor or within 9 months following the fiscal year. My apologies for any confusion – here are the citations regarding audit submissions to RD:

§ 1944.422 Audit and other report requirements.

The grantee must submit an audit to the appropriate Rural Development District Office annually (or biennially if a State or local government with authority to do a less frequent audit requests it) and the earlier of 30 calendar days after receipt of the auditor's report or nine months after the end of the grantee's audit period. The audit, conducted by the grantee's auditors, is to be performed in accordance with Generally Accepted Government Auditing Standards (GAGAS), using the publication "Standards for Audit of Governmental Organizations, Programs, Activities and Functions" developed by the Comptroller General of the United States in 1981, and any subsequent revisions. In addition, the audits are also to be performed in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400 and Rural Development requirements as specified in this subpart. Audits of the borrower loan funds will be required. The number of borrower accounts audited will be determined by the auditor. In incidences where it is difficult to determine the appropriate number of accounts to be audited,

AND: 1944.422 (cont. below) says that an audit shall be supplied to RD within 90 days following the grant period. **Both conditions apply, not one or the other.**

(a) Nonprofit organizations and others. If determined necessary, these organizations are to be audited in accordance with Rural Development requirements in accordance with 2 CFR part 200 as adopted by USDA through 2 CFR part 400. These requirements also apply to public hospitals, public colleges, and universities if they are excluded from the audit requirements of paragraph (b) of this section. (Revised 12-12-19) PN 532.)

(1) An audit conducted by the grantee's auditor shall be supplied to the Rural Development District Director as soon as possible but in no case later than ninety (90) days following the period covered by the grant agreement.

Agency's Fiscal Year: FY06-30									
Grant Cycle: 08/01/2019 to 07/31/2021									
the agency's audit is completed 10/14/2019 and is due to RD by 11/14/2019									
the agency's audit is completed 10/12/2020 and is due to RD by 11/12/2020									
the agency's audit is completed 10/17/2021 and is due to RD by 11/17/2021									
the agency would present the 10/17/2021 audit (again) to accompany the final grant close out report SF425 by 10/31/2021*									
the agency's audit is completed 10/31/2022 and is due to RD by 11/30/2022									

**there was an amendment to the Uniform Guidance 11/20/20 increasing the time allowed for final closeout report (SF425) from 90 to 120 days. Note that 1944-I still indicates that the audit is due within 90 days following the period of the grant agreement.*

Our meeting ran over by about 5 minutes – we will cover any missed agenda items at the next meeting 1/25/23.

Goals for FY22/23:

SF 425 Close Out - estimated Jan '23

Financial Policies & Procedures workgroup - estimated Jan-Apr 2023

1944-I Compliance Training - estimated May 2023

Budget Vs. Actual & Other Financial Reporting - estimated Jul 2023

Fiscal Sections of 523 Application - estimated Aug 2023

Processes & Internal Controls - FY23/24

Others?

- **Financial Toolkit – are you checking out the Uniform Guidance hide ‘n seek each month?**
[RCAC's SH Resources Financial Toolkit](#)
- **Self-Help Employees Orientation** new & refreshed version held 11/30/22 – (Quarterly Schedule: Feb 23, May 23, Aug 23, Nov 23)

HOT Topics on the Back Burners:

- **Any burning issues???**
- Wellness Tip: [NerdWallet Retirement Planning](#)

Next A-TEAM Meeting: scheduled for Wednesday 1/25/23 10 AM

Other Trainings/Resources:

- [usda502directpackagingtraining](#)
- SAVE THE DATE 10/24-10/27/23 [HAC's National Rural Housing Conference](#)
- [HAC Newsletter](#)