



**Department of
Development**

Office of Housing and Community Partnerships

Financial Management Rules and Regulations

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FINANCIAL MANAGEMENT

OVERVIEW

Introduction

The purpose of this handbook is to present the financial management requirements for Office of Housing and Community Partnerships (OHCP) Awarded Programs.

Overview of Financial Management Requirements

The requirements outlined in this handbook apply to any grantee which receives an OHCP-awarded grant, as well as any administering agency for such a grantee.

Local Governments receiving federal funds must comply with the following:

- | | |
|---|--|
| 24 CFR Part 85: | Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments |
| OMB Circular A-87:
(Relocated to 2 CFR Part 225) | Cost Principles for State, Local and Indian Tribal Governments |
| OMB Circular A-133: | Audits of States, Local Governments, and Non-Profit Organizations |

Non-Profit Organizations receiving federal funds must comply with the following:

- | | |
|--|--|
| 24 CFR Part 84: | Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations |
| OMB Circular A-122:
(Relocated to 2 CFR Part 230) | Cost Principles for Non-Profit Organizations |
| OMB Circular A-133: | Audits of States, Local Governments and Non-Profit Organizations |
| OMB Circular A-21:
(Relocated to 2 CFR Part 220) | Cost Principles for Educational Institutions |

Grantees receiving state funds must comply with the following:

Ohio Department of Development Cost Principles

Audit Guidelines as outlined in Attachment E of the Grant Agreement

FINANCIAL MANAGEMENT

A. Financial Management and Recordkeeping Systems

Introduction

OHCP awarded grant recipients must establish financial records and financial management and recordkeeping systems that are in accordance with state and federal guidelines. Records must be maintained by activity as awarded on the Attachment A of the Grant Agreement or as later amended.

1. Required Financial Records

a. General Ledger

This ledger must be maintained to summarize cash receipts and disbursements on an activity basis. Entries to the General Ledger must be made from the Cash Receipts and Cash Disbursements Journal and must be kept separately for each activity awarded in each grant, as listed on the Attachment A of the Grant Agreement or as later amended (Attachment 1 – General Ledger).

b. Cash Receipts Journal

This journal must be maintained to record the receipt of all funds (local, state and federal) used for program activities. The journal must include the date funds were received, the amount of funds received, the source of funds, and the activities for which the funds were received (Attachment 2 – Cash Receipts Journal).

c. Cash Disbursements Journal

This journal must be maintained to record checks issued for payment of program costs. It must include the date of payment, the payee, check number, amount, and the activity which the disbursement was made against (Attachment 3 – Cash Disbursements Journal).

2. Additional Financial Records

a. Project Summary Journal

This journal is required for OHCP-funded activities, which have multiple projects (e.g. Private Rehabilitation with multiple homes being renovated). This journal contains entries for each receipt and disbursement related to a particular activity or project. It also contains reference numbers to the Cash Receipts and Disbursements Journals. A cash balance column is used to keep a running balance of the difference between receipts and disbursements (Attachment 4 – Project Summary Journal).

b. General Journal

This journal may be maintained to enter all non-cash transactions. These entries must include a lone-line statement to explain the origin or reason for the amount. Then, the amount is entered into the General Ledger (Attachment 5 – General Journal).

3. **Required Tasks and Procedures**

a. **Accrual Basis Reporting**

Reporting on an accrual basis is required. If the grantee's accounting records are kept on a cash basis, accrual data must be developed from the documentation on hand so that accrual reporting can be accomplished. Accrual accounting means revenue is recognized when it is realized and measurable and expenses are recognized when they are incurred and measurable. An expense is incurred when an invoice is received.

b. **Use of Ink**

The use of ink to keep manual financial records is a requirement and correction fluid should not be used to correct errors. Errors should have a single line drawn thru them and the correction written above or below the error.

c. **Maintaining Source Documentation**

Accounting records must be supported by source documentation. Invoices, purchase orders, vouchers, **payroll/timesheets** – with the basis of why time is being charged to the OHCP-awarded grant – cancelled checks, etc. must be kept on file for review. This documentation must be on hand at the time disbursements are made and must be kept in one central location (Attachment 6 – Common Rule 24 CFR Part 85 and Attachment 7 – 24 CFR Part 84).

d. **Program Administration or Implementation by Administrative Agencies for a Grantee**

The following financial records, at a minimum, must be kept by the grantee:

1. Grant Agreement.
2. Closing Binder (if an economic development grant).
3. Procurement Documents.
4. General Ledger.
5. Invoices and supporting documentation for a grantee, or copies of DS5's and supporting documentation, if there is an administrative agency which keeps invoices and other supporting documentation on file.
6. Copies of six-month status and final performance reports.
7. Audits complying with the applicable audit guidelines.
8. Certificate of oversight which could include progress reports from the administering agency, site visits to projects, agency audits for non-profits, etc.

The following financial records are usually kept by an administering agency, but this is determined by the scope of the contract between the administering agency and the OHCP grantee:

1. Appropriate program implementation records; and
2. Financial records, depending upon the scope of the contract.

In any case, the grantee is responsible for ensuring that the administering agency is in compliance with the OHCP requirements. The grantee must not disburse funds to an administering agency without proper source documentation of expenses.

e. Determining Allowability of Costs

The grantee must establish, use and keep on file a procedure for determining the reasonableness, allowability and allocability of costs. Vouchers and invoices should be reviewed and signed to ensure costs being charged to the grant are eligible and charged against the correct activity for the correct grant. Prior to costs being incurred, the grant agreement must be signed and special conditions of the grant agreement must be cleared. The exceptions to this are:

- Administrative costs for the Environmental Review;
- Costs associated with the preparation of the grant application;
- Preliminary engineering and design costs associated with cost estimates for an eligible activity;
- Costs of complying with procedural requirements for acquisition subject to the Uniform Act but not for the cost of the real property itself.

After the effective date of the Grant Agreement, the grantee may be reimbursed with funds from its grant to cover the above costs, provided such locally funded activities were undertaken in compliance with OHCP requirements (Attachment 8 – OMB Circular A-87 (relocated to 2 CFR Part 225, Attachment 9 – ODOD Cost Principles, and Attachment 10 – OMB Circular A-122 (relocated to 2 CFR Part 230)).

f. Cash Management

Grantees Receiving Federal Funds – the grantee must develop a cash management system to ensure compliance with the 15-day rule relating to prompt disbursement of funds. This rule states that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within 15 days of receipt of any funds. Lump sum drawdowns are not permitted. Escrow accounts are permitted **only** in the case of rehabilitation of private property. For the purpose of the 15-day rule **only**, funds deposited into an escrow account will be considered expended, but it should be noted that funds may only be in an escrow account for 20 days (Attachment 6 – Common Rule 24 CFR Part 85, Attachment 7 – 24 CFR Part 84) and 7, and OHCP Housing Rehabilitation Handbook).

Grantees Receiving State Funds - the grantee must develop management system to minimize the amount of time funds are kept on hand.

g. Timetable for Processing Requests for Payments

When requesting funds from OHCP, a grantee should expect a check (or EFT) for the funds approximately three weeks after OHCP receives the Request for Payment (DS5). Processing time is as follows for a DS5:

2-3 days	OHCP
3 days	ODOD Finance
7 days	State Accounting
1 day	OHCP Finance

h. Rounding Grant Funds

The amount of funds requested for each activity in the grant application should be rounded to the **nearest one hundred dollars**.

Each activity in a Request for Payment (DS5) amendment or performance report should be rounded to the **nearest dollar**.

i. Returning Unspent Funds

When nearing the completion of a grant, if the grantee has a balance of funds on hand which is less than one hundred dollars, the funds should be expended on any activity which was eligible under that grant. If the balance of funds is greater than one hundred dollars, the funds must be returned to OHCP. For all funds returned, the grant number for which the funds are being returned must be referenced on the check. In no cases may be grantee expend funds on an activity which would be in excess of the OHCP maximum for that activity.

j. Maintaining Proper Internal Controls

The grantee must establish and maintain proper internal controls to safeguard assets (cash, inventory, and equipment), to ensure that financial duties are properly segregated, to ensure transactions are properly recorded and reported, and to prohibit one individual from having sole control over any transaction or disbursement (Attachment 6 – Common Rule 24 CFR Part 85 and Attachment 7 – 24 CFR Part 84).

k. Withdrawing Cash

The timing and amount of cash withdrawals from the state of Ohio by the grantee for activities which are free from special conditions specified in the Grant Agreement will be as close as administratively feasible to the actual disbursement needs of the grantee (**refer to f. – Cash Management**).

The grantee must execute Form DS5 – Request for Payment and Status of Funds Report, each time funds are required to meet disbursement needs. The grantee must have submitted an Authorized Signature Card for Request for Payment and Status of Funds Report (DS2) and a Grant Distribution Information Card (DS3), prior to requesting grant funds (Attachment 11 – Drawdown Systems Procedures Manual).

l. Interest Earnings

The grantee should deposit federal funds received from OHCP in a non-interest bearing account. If the grantee deposits funds in an interest bearing account, the grantee must remit to OHCP, on at least a quarterly basis, any interest earned that totals more than \$100 per year. The check must be made payable to the U.S. Department of Housing and Urban Development. In addition, the grantee must, on a monthly basis, credit any interest earned to the appropriate grant. The only exception is an escrow account for rehabilitation to a private property. The grantee must expend funds deposited in an escrow account according to the timetable established in the Housing Rehabilitation Handbook. The grantee may choose where and with whom the account is established, as long as applicable state laws are followed (for OHCP's policy for retaining fees, see Chapter 12, Section 12.4.0, 4, (2) of the OHCP Procurement Handbook).

m. Determining the Allowance of Indirect Costs

In order to receive indirect cost reimbursements, a grantee must first prepare an indirect cost allocation plan. This document identifies a method of distributing an allowable percentage of administrative costs assignable to grant programs and identifies the procedures used in making the distribution. The indirect cost allocation plan must be prepared on an **annual basis** and receive **prior approval** by OHCP. Indirect costs will ultimately be audited along with direct program costs (Attachment 8 – OMB Circular A-87 (relocated to 2 CFR Part 225, Attachment 9 – ODOD Cost Principles, and Attachment 10 – OMB Circular A-122 (relocated to 2 CFR Part 230).

If a non-profit agency is administering the grant and wants to charge administrative costs indirectly, a copy of the indirect cost plan must be submitted to OHCP for review and approval at the time the grant application is submitted. If the indirect cost plan has previously been approved by the Ohio Department of Development, a copy of the approval letter should be sent. If the indirect cost plan has been approved by another agency, a copy of that approval letter should be sent with a copy of the plan.

n. Program Income

Program income is defined as gross income received by a grantee directly generated from the use of OHCP-administered funds distributed by the state. For administrative expenses, communities may expend up to 20% or \$50,000, whichever is less, of program income received each calendar year. Program income is governed by the same regulations, procedures and requirements that govern the OHCP-administered program which generated the funds. The grantee is responsible for ensuring that all OHCP rules and regulations are followed even if an administrative agency is implementing the program income fund (Attachment 6 – Common Rule 24 CFR Part 85, Attachment 7 – 24 CFR Part 84, Attachment 12 – Program Income Policy, and the current Consolidated Plan).

o. Recordkeeping for Program Income

The records maintained for program income must follow the same requirements as any OHCP-awarded grant, except that program income should be maintained in an interest bearing account. In addition, records for program income loan activities must include:

1. Name and address of borrower;
2. Amount and date of loan;
3. Terms of loan (interest rate, maturity date, and frequency of payments);
4. Payments and current balance; and
5. If program income from OHCP-awarded funds is mixed with other program income for a grantee, records must distinguish:
 - a) The portion of the program income funds derived from OHCP-awarded funds; and
 - b) The percentage of OHCP-awarded funds involved if there is a mixture of funds.

p. Program Amendments

Amendment policies for OHCP-administered programs are included in the Ohio Consolidated Plan.

Situations Requiring an Amendment

1. An amendment to an executed grant agreement is required if the amount most recently approved by OHCP for any previously approved activity is being increased or decreased by more than \$5,000. Increases or decreases less than \$5,000 will be reconciled during the closeout process. The administration cap may not be exceeded.
2. An amendment to an executed grant agreement is required if the grantee is proposing a new activity.
3. An amendment to an executed grant agreement is required if there is a change in an approved project or activity scope, location or design, number and type of beneficiaries, anticipated accomplishment, or national objective.

q. Program Extensions

Although program extensions are discouraged, OHCP will allow extended grant time periods under certain circumstances. OHCP must receive a formal written extension request signed by the CEO of the grantee outlining the reasons for the delay and the proposed time frame. OHCP may approve, deny, or request additional information regarding the extension request. If the request is approved, extension forms will be sent to the grantee for execution by the grantee. The extension forms must be signed by the grantee's authorized official and approved by its governing body. Upon receipt of the signed extension forms, OHCP will complete the execution process and return one copy for the local files.

Under no circumstances will an extension be granted for a grant that has already expired.

r. Administrative Contracts

For all administrative contracts, the grantee must refer to Chapter 12, Section 30 of the OHCP Handbook when using outside consultants. The contract must include the following:

1. Scope of services including a clear, accurate and detailed description of work to be performed with timeline for performance.
2. Cost of contract including maximum obligations and method of compensation must be included.
3. General administrative provisions as listed in Chapter 12, Section 30.
4. Special provision as listed in Chapter 12, Section 30.

Also, as indicated in Chapter 12, Section 30, the contract documents must be reviewed in their entirety by the grantee's attorney to ensure compliance with state and local law.

B. Capital Equipment Purchases for Administrative Purposes

Introduction

Recipients of OHCP-awarded grants must establish a system to control the utilization and disposition of capital equipment purchased for administrative use with OHCP-awarded funds.

1. Required Financial Records

a. Purchase of Equipment

Equipment is defined as tangible, nonexpendable property having a useful life of more than one year and an acquisition cost of \$1,000 or more per "unit." Unit is defined as an individual item, except in the case of computer systems. For computer systems, each work station (CPU/monitor/software) will count as one unit.

If the purchase cost is less than \$5,000, the grant recipient may purchase the equipment without OHCP approval. However, complete inventory records must be maintained.

If the purchase price is \$5,000 or more, a written request must be submitted to and approved by OHCP prior to the acquisition. The request must include the following information: how the equipment will be used; why it is needed; and if it will be used for non-OHCP administered program activities. If the request is approved, complete inventory records must be maintained.

b. Disposition of Equipment

If a grantee continues to have an active OHCP-awarded grant and will be disposing of equipment purchased with OHCP-administered funds, the grantee must either: use the equipment disposition proceeds to purchase replacement equipment; or designate the funds as program income and follow the OHCP program income guidelines.

If a grantee no longer has an active OHCP-awarded grant, but owns equipment with a fair market value of \$2,000 or more that was purchased with OHCP-administered funds, the grantee may, **with OHCP approval** continue to use the equipment for purposes consistent with those for which it was originally purchased. If the grantee will not continue to use the equipment for purposes consistent with those for which it was originally purchased, the grantee must return the fair market value of the equipment to OHCP, in the same proportion OHCP funds paid for the equipment; or designate the funds as program income and follow the OHCP program income guidelines.

If the grantee no longer has an active OHCP-awarded grant, but owns equipment with a fair market value of less than \$2,000 that was purchased with OHCP-administered funds, the equipment may be disposed of at the discretion of the grantee.

c. Inventory Record Requirements

As soon as any equipment is purchased with OHCP-awarded funds, grantees must update the inventory records. In addition, a full inventory must be completed every two years. Inventory records must include: a description of the equipment; the serial number or other identification number assigned to the equipment; the source(s) of funding used to purchase the equipment and the percentage of participation; the acquisition date; the acquisition cost; the location of the property; and disposition data, including date of disposal and sales price (Attachment 13).

d. Control System Requirements

A control system must be developed to ensure that adequate safeguards exist to prevent loss, damage or theft of the property. Any loss, damage or theft must be investigated. The grantee must implement adequate maintenance procedures to keep the property in good condition. If the grantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return (Attachment 6 – Common Rule 24 CFR Part 85 and Attachment 7 – 24 CFR Part 84).

e. Procurement Policies for Non-Administrative Purchases

Procurement issues other than capital equipment purchases for administrative purposes should refer to the Procurement Chapter of the OHCP handbook, Chapter 12.

C. Location and Retention of Records

1. Required Procedures

a. Location of Records

The grantee must, to the fullest extent possible, retain grant programmatic and financial files in one central location. Record requirements for a grantees' administrative agency are noted under required tasks of recordkeeping. The grantee or its agent must permit the grantor, HUD personnel, state auditors and the Comptroller General access to inspect, during normal business hours, any records necessary to ensure compliance with the terms and conditions of the grant agreement. The grantee and its agent must further permit OHCP staff to perform monitoring, evaluation and audit activities as determined to be necessary at the sole discretion of OHCP.

b. Retention of Records

The grantee and its administrative agency are required to maintain on file for review all records for a period of three years from the date the grant is closed and no longer subject to the review of any audits by OHCP.

D. Monitoring

1. Required Tasks and Procedures

a. Preparation for Monitoring Visit

Steps taken when preparing for a monitoring visit:

1. OHCP will notify the grantee in writing of the intent to conduct a financial monitoring. The letter will include the person doing the monitoring, the date and time, as well as which grants will be monitored.
2. OHCP staff will use Attachment 14 – Financial Monitoring Tool of this manual when monitoring.
3. The grantee must make sure that the files are complete and appropriate, as well as insuring that the appropriate people in the grantee’s organization and in the administrative agency organization are available for the monitoring.
4. OHCP staff will follow-up the monitoring visit with a letter outlining any findings, concerns, corrective action and recommendations, as a result of the monitoring visit.
5. The grantee must respond to any findings and/or advisory concerns in the monitoring letter within the time period indicated in the letter.

E. Grant Closeout Procedures

1. Required Tasks and Procedures

The state will proceed with the closeout procedures when it determines that there are no impediments to closeout and that the following criteria have been met:

a. Completing Financial Transactions

1. All costs to be paid with grant funds have been incurred, with the exception of:
 - a. Closeout costs, such as payment for the final audit, which OHCP is recommending the grantee pay for out of its own funds and use the funds which it would otherwise use for audit on additional eligible administrative expenses.
 - b. Any unsettled thirty-part claims against the recipient.
2. Costs are incurred when goods and services are received and/or contract work is performed.

3. For activities which are carried out by means of revolving loan accounts or similar means, costs shall be considered incurred at the time funds for such activities are drawn from OHCP and disbursed by the grantee for the approved activity. The initial deposit of funds into a revolving loan account or similar account does not constitute disbursement. Disbursement occurs when there has been payment made for work completed.

b. Final Performance Report Submission

1. The required final performance report will be generated by OHCP and mailed to the grantee. The grantee must complete the required report and submit it to OHCP. The failure of a recipient to submit a report as required will not preclude the state from affecting a grant closeout when such action is determined to be in the best interest of the state. The failure or refusal of a recipient to comply with this requirement will be taken into account in the performance determination by the state in reviewing any further grant applications from the recipient.

Any excess grant amount which is otherwise authorized to be retained by the recipient will be refunded to the state in the event of a recipient's failure to furnish the report as required under this section.

2. A final review of the recipient's compliance with the grant agreement, applicable laws and regulations will be made during the final audit.

c. Audit Submission Requirements for Federally Funded Grants

Grantees expending **federal funds** in a fiscal year totaling:

\$0 - \$499,999	No audit required by OMB Circular A-133
\$500,000 +	Recipient must have Single Audit completed (Attachments 6 – Common Rule 24 CFR Part 85 and Attachment 15 – OMB Circular A-133).

The single audit or a "no finding" letter (see explanation below) should be submitted to the Ohio Department of Development, Audit Division, P.O. Box 1001, Columbus, Ohio 43215-1001 within 30 days from the date of release, but no later than nine months after the end of the audit period. (However, for fiscal years beginning on or before June 30, 1998, the audit may be submitted up to 13 months after the end of the fiscal year.)

The grantee should contact the Auditor of State to determine when the single audit will be performed.

As required by OBM Circular A-133, all Auditees must submit to the Federal Clearinghouse a copy of the audit, a completed data collection form and reporting package. The address is: Federal Audit Clearinghouse, Bureau of Census, 1201 East 10th Street, Jeffersonville, Indiana 47132.

For audits with audit period beginning on or after July 1, 1996, full audit reports must be submitted to the Ohio Department of Development's Audit Office, only if the audit report meets one of the following conditions:

1. The opinion on the financial statements is other than unqualified.
2. The report identifies a material instance of noncompliance.
3. The report identifies a reportable condition or material weakness in internal controls.
4. The report contains a schedule of findings and questioned costs applicable to an OHCP-awarded program.
5. The report identifies an instance or indicator of an illegal act which could result in criminal prosecution.
6. The report contains an uncorrected significant finding from a prior related audit.

Essentially, the policy is that “no finding” audit reports should not be submitted to the ODOD Audit Office. The existence of one or more of the above conditions is to be determined from the language and content of the report and is not a matter of grantee interpretation.

The policy does not change the OMB Circular A-133 (or OMB Circular A-128 for prior years) audit requirements or any existing requirements to submit audit reports to any other agencies.

Instead of submitting “no finding” audit reports to the ODOD Audit Office, a grantee must notify the ODOD Audit Office that an audit was performed, but none of the six conditions noted above were present in the report. Reported information should include the report date, fiscal year audited, a copy of the Schedule of Federal Financial Assistance and identifying information on the independent auditor.

A “no finding” letter or a complete audit report must be submitted within nine months after the end of the audit period (however, for fiscal years beginning on or before June 30, 1998, the letter or audit shall be submitted within 13 months after the end of the audit period) to the ODOD Audit Office, P.O. Box 1001, Columbus, Ohio 43216-1001.

Following the receipt of a “no finding” letter, the ODOD Audit Office may request a copy of the grantee’s audit report or management letter.

d. Audit Submission Requirements for State-Funded Grants

Grantees receiving a state-funded grant in the amount of:

\$0 – 99,999	No audit required
\$100,000+	A grant specific audit is required to be completed

The audit should be submitted to the Ohio Department of Development’s Audit Division, P.O. Box 1001, Columbus, Ohio 43216-1001 within 30 days of the date of the release, but no later than nine months after the end of the audit period.

ODOD may, at its option, choose to audit any OHCP grantee.

OHCP recommends that audit costs be paid with local funds.

e. Audit Costs

Only in situations where the grantee does not have excess administrative expenses exceeding the allowable percentage of the grant may OHCP-awarded funds be used to pay for an audit. In these situations, funds must be drawn by the date required in the grant agreement. These funds may be held as part of the \$5,000 balance of OHCP-awarded funds on hand until the audit is completed.

In either case, the expenses for administration and audit may not exceed the administrative ceiling set in the grant agreement.

The percentage of costs charged to the OHCP-funded program for a single audit may not exceed the percent the OHCP-awarded funds represent of the total federal funds audited for the fiscal year (Attachment 6 – Common Rule 24 CFR Part 85)).

Cost charged for the audit must be reasonable (Attachment 8 – OMB Circular A-87 (relocated to 2 CFR Part 225, Attachment 9 – ODOD Cost Principles, and Attachment 10 – OMB Circular A-122 (relocated to 2 CFR Part 230). If the audit is prepared by the state auditor's office and the grantee believes the costs are not reasonable, they should contact the District Audit Chief. If still not satisfied with the explanation of the cost charged, the grantee should contact the Auditor of State at 1-800-282-0370.

f. Other Steps to Closeout

Closeout Steps:

1. Except as provided under the terms of the grant agreement, program income received subsequent to the grant closeout should be accounted for in accordance with 24 CFR Part 85, Subpart C (Attachment 12 – Program Income Policy).
2. The recipient must account for any tangible personal property acquired with grant funds in accordance with (Attachment 6 – Common Rule 24 CFR Part 85, Subpart C).
3. Proceeds derived after closeout, from the disposition of real property which was acquired with grant funds should be accounted for in accordance with OHCP (Attachment 12 - Program Income Policy).
4. If any grant funds are expended after the submission of the final performance report, the recipient must prepare and submit a Certificate of Completion (Attachment 16) to the Ohio Department of Development's Office of Housing and Community Partnerships, P.O. Box 1001, Columbus, Ohio 43216-1001.
5. The recipient must refund to the state any cash advanced in excess of the final amount expended as shown on the certificate of completion.
6. The grant may be terminated, in whole or part, by the state of Ohio prior to the completion of the approved community development program. Conditions for such a termination are included as Article VII of the grant agreement.

FINANCIAL MANAGEMENT GLOSSARY

1. ACCRUAL BASIS – Reporting receipts when they are earned and reporting expenses when they are incurred.
2. ACTIVITY – Function on which the funds are expended. The activities are listed in each grant application and grant agreement. Budgets, drawdowns, outcomes and beneficiaries are based on the activities.
3. ADMINISTRATIVE AGENCY – A person, firm or agency other than the grantee, who has a contract with the grantee to handle the administrative responsibilities of an OHCP-awarded grant.
4. CASH BASIS – Reporting receipts only when cash is received, and reporting expenses only when they are disbursed.
5. CENTRAL LOCATION – Records for any particular grant must be kept within the same building.
6. DISBURSED – When payment is made for work which is completed, funds are considered disbursed.
7. ELIGIBLE – Any costs that are allowable and allocable according to OMB Circular A-87, and are part of the approved budget (Attachment A of the Grant Agreement).
8. ENCUMBER – To reserve a specific amount of funds, for the specific use of a particular signed contract or purchase order.
9. INCUR – The point at which contracted work is completed, or the product is received by the locality. This is the point at which the community becomes liable for the payment of services.
10. INDIRECT COSTS – Cost which cannot be directly traced to an OHCP-awarded grant.
11. INTERNAL CONTROLS – The segregation of duties, which would include the proper controls over the processing of invoices, vouchers, checks, receipt of funds, and the posting of all ledgers. The controls must be implemented by the grantee and/or its administering agency to safeguard all assets.
12. OBLIGATE – Services that are under contract, to be completed at a later date, costs will become incurred once the work is completed (see Incur).
13. PROCUREMENT – The obtaining or securing of goods or services, through one of the methods described in Attachment 6 – Common Rule 24 CFR Part 85 of the OHCP Handbook, Chapter. 12.
14. PROJECT – Is an activity or group of activities associated to one defined target area or location.
15. SOURCE DOCUMENTATION – Documentation associated with the procurement, receipt, and disbursement of funds. i.e., cancelled checks, vouchers, invoices, purchase orders, deposit slips, signed contracts, payroll time sheets, etc.