Date: July 18, 2011

Bulletin No: 11.G002

To: All IDHS Program Managers
   All IDHS Division Directors
   All District Administrative Coordinators
   All District Coordinators
   All District Fiscal Agents
   All District Planning Council Members
   All District Planning Oversight Committee Members
   All District Response Task Force Commanders
   All Emergency Management Directors

From: Jason D. Hutchens
      Planning Division Director
      Indiana Department of Homeland Security

Subject: Fiscal Agent Guidelines

Purpose
The purpose of this Information Bulletin is to provide guidance to District Fiscal agents with regard to their role in managing non-disaster grants provided by the Indiana Department of Homeland Security.

General
Local emergency management agencies may function as fiscal agent by providing fiscal management, accounting and reporting services on behalf of the Indiana Homeland Security District in which they reside. This document provides guidance and establishes a minimum level of responsibility for those organizations providing fiscal agent services of grant funds managed by IDHS.

Sub-recipient Agreement
The use of a sub-recipient agreement is required for all funds managed by IDHS. This document should clearly identify the responsibilities of both the fiscal agent and the individual grant recipients that are referenced as participating entities within the district. It identifies conditions where the agreement would be terminated and also the administrative fees for the fiscal agent. The agreement is also used to identify additional responsibilities such as program management and budget control. The sub-recipient agreement must be fully executed (all signatures received) before the purchase of any items.

Project Accounting
The fiscal agent is responsible for recording all grant receipts and disbursements. Where appropriate, the fiscal agent should maintain budgets for total program activity and the individual activity for entities within the same Indiana Homeland Security District. The fiscal agent should establish a separate project account for each grant project. All receipts and disbursement should be recorded in this account.
Reporting Requirements
The fiscal agent is responsible for submitting all required reports to IDHS. The participating entities are responsible for providing the required program and other information to the fiscal agent in a timely manner to allow preparation of the required reports. Reporting responsibilities will be detailed in the sub-recipient agreement.

Management and Administration
According to federal grant guidance, states may pass through a portion of the eligible state M&A allocation to local sub-recipients to support local management and administration activities. Since 2007, M&A has been limited to 3% of the total award.

M&A funds may be used solely for management and administrative purposes associated with the grant award to include:
- General administrative functions such as accounting, financial and cash management, procurement, property management, personnel management, and payroll
- Audit functions and those duties associated with coordinating the resolution of findings originating from audits, monitoring, incident reports, or other investigations
- General legal services

All M&A expenses must be allowable, reasonable, and allocable. They must not be used to supplant existing budget items, must not be applied to staff salaries supplemented by EMPG funds, and must be over and above ordinary daily duties. Additional documentation to justify M&A expenses will likely be required to demonstrate all requirements have been met. Any questions regarding M&A should be directed to the Grants Management Section at grants@dhs.in.gov or (317) 234-5917.

Disbursing Funds
The fiscal agent will make all disbursements for the project. All transactions will be recorded in the project account established by the fiscal agent. In accordance with the underlying principle of this policy statement, sufficient documentation must be maintained by the fiscal agent to allow the fiscal agent’s external auditor to perform the fiscal and compliance audit of the grant award. The levels of maintaining supporting documentation are allowable under this fiscal agent policy statement:
- **Level one**: The fiscal agent will maintain requisitions, purchase orders, invoices, receiving reports and payment vouchers. Under this most controlled option, the fiscal agent is generally making all purchases for the participating organizations.
- **Level two**: The fiscal agent will maintain original requisitions, purchase orders, invoices, receiving reports and payment vouchers for direct expenditures made by the fiscal agent and will request and maintain from the participating entities copies of the above expenditure documentation. Under this option the fiscal agent is making some purchases on behalf of the participating entity and maintaining level one documentation for these purchases. The participating entity is also making purchases and submitting copies of all supporting documentation to the fiscal agent.
- **Level three**: The fiscal agent will maintain original requisitions, purchase orders, invoices, receiving reports and payment vouchers for direct expenditures made by the fiscal agent. The fiscal agent will reimburse expenditures made directly by the participating entity(s), only after receipt of a detailed report of expenditures by the participating entity(s). This report must include all detail information on the expenditures, such as purchase order numbers, vendor name, invoice number, payment voucher number, date and etc. In accordance with the underlying principles
of this policy, these disbursements must be adequately documented so that the fiscal agent’s external auditor can audit the grant. In this situation, the external auditor may request the fiscal agent to obtain from the participating organization(s) copies of the supporting expenditure documentation needed for their audit testing. The fiscal agent may periodically also ask for such documentation to satisfy their responsibility as fiscal agents.

**Requesting Reimbursement**
All reimbursement requests will be made via the Indiana Grants Management System’s (iGMS) Request for Expenditure (RFE) process. Fiscal agents will create the RFE, upload the invoice, sign-in sheet, roster, quotes, etc. and submit for reimbursement. Payments are made within 30-45 days after the RFE is approved.

Once the fiscal agent pays the vendor or the other entity requesting reimbursement, the proof of payment (front and back of cancelled check or auditor’s report) must be uploaded and attached to the RFE. *Failure to upload the proof of payment will delay the approval of future RFEs.*

**NOTE:** The Hazardous Materials Emergency Preparedness (HMEP) Grant and Foundation grants are truly reimbursement based grants. The proofs of payment must be submitted prior to requesting funds from IDHS.

**Inventory Records**
The fiscal agent is responsible for maintaining inventory records for any items, as required by the sub-recipient agreement. Verification of assets according to the fiscal agent’s periodic inventory procedures should include those assets acquired as fiscal agents. When grant assets are located at a participating entity(s), the entity name should be identified on the fiscal agent’s inventory records. The participating entity(s) that has received the fixed asset should document where the fixed asset is located within the county/jurisdiction. The purchasing entity and the receiving entity should draft an agreement that documents the transfer of property. The entity that has the physical custody of the fixed asset has the responsibility for providing insurance coverage if coverage is desired.

An equipment inventory module has been added to the iGMS for entities to utilize. Information required for inventory purposes include:
- Receiving agency (EMA, Fire, EMS, Police, etc.)
- Type of equipment (communications, computers, mobile command, cameras, etc.)
- Manufacturer
- Model/Part #
- Serial #
- Purchased Date
- Purchased Amount
- Condition (excellent, good, poor)

Entities will also be able to link the piece of equipment to a request for expenditure in the iGMS by identifying:
- % funded with grant
- Grant program (will be chosen from a drop down list)
- RFE (will be chosen from a drop down list)
- RFE item (will be chosen from a drop down list)
It is also important for fiscal agents to track who the equipment was issued to, whether that is another county or an agency within their county. To do that, users will identify the receiving:

- Organization
- Email address (can either be an iGMS user or not – if an iGMS user, the equipment inventory will show on their equipment inventory log also)
- First name
- Last name
- Date issued

Many times a receiving county (other than the fiscal agent county) will assign the item to a different agency/department within their county. This can be tracked by assigning:

- Organization
- Name
- Date issued

The final piece of the equipment inventory is the disposal method. According to the Code of Federal Regulations (44 CFR), when original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment must be made. The information requested in the iGMS includes:

- Has this item been disposed of?
- Is this item fair market value more than $5,000?
- Method of disposal
- Disposition date
- Sale price

Questions
IDHS Grants Management has established two conference calls to address questions or concerns regarding fiscal agent responsibilities. The first call is scheduled for Thursday, July 28 at 9:30 a.m. and the second is Tuesday, August 2 at 4:30 p.m. To register for the call, please visit [http://www.zoomerang.com/Survey/WEB22C8L365AEK/](http://www.zoomerang.com/Survey/WEB22C8L365AEK/). Information for the call will be sent in a separate email to those participating.

Any additional questions pertaining to the fiscal agent responsibilities may be submitted to the IDHS Grants Management Section, [grants@dhs.in.gov](mailto:grants@dhs.in.gov), 317-234-5917.