

## APPROPRIATED FEDERAL FUNDS (IN THE BUDGET BILL)

### Procedures To Request Appropriation for Federal Funds, Establish Appropriation Accounts, and Allot Federal Funds for Operating Funds

1. The Department of Budget and Finance (B&F) uses a list compiled by the Federal Fund Information for States (FFIS) of the major, recurring federal awards awarded to state departments for the upcoming federal fiscal year and identifies the authorized state prime recipient for each award on the list. FFIS maintains a database of more than 200 federal grant-in-aid programs which accounts for more than 90% of the federal funds flowing to state and local governments. The list of the major, recurring awards to states is subject to change every federal fiscal year based on appropriations in the annual federal budget. Information on FFIS can be viewed at [FFIS.org](http://FFIS.org).
2. Prior to the budget preparation period each state fiscal year, the Finance Director will issue a memorandum to identify the "major, recurring federal awards" the Executive Branch Agencies can expect to receive and the state department or entity authorized to receive the award as the prime recipient. The memorandum will be posted on B&F's website.
3. Appropriation must be sought in the executive budget bill for all "major, recurring" federal awards listed on the memorandum by the state department or entity authorized to receive the award as the prime recipient using MOF (Means of Financing) "N".

Appropriation shall be sought in the budget bill for all other federal awards not designated as MOF "N" using MOF (Means of Financing) "P". Generally, "P" funds are 'competitive', non-recurring federal awards' however there may be recurring federal awards that are designated as "P" funds. Appropriation should be sought for MOF "P" in the budget bill when a recurring federal award is not designated as "N" and when it is reasonably certain that a federal award not designated as MOF "N" will be applied for and awarded during the upcoming fiscal year.

Federal Award means financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the Federal Government to an eligible recipient. The term does not include: technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and, contracts which are required to be entered into and administered under procurement laws and regulations.

4. Departments Heads and Heads of State entities are delegated authority to approve and submit applications for federal awards. They will review and authorize federal awards applications and designate the program(s) (by Program ID) that will expend the federal funds. For each award that is applied for, Department Heads and Heads of State entities will ensure that a written plan is available that describes how the federal funds will be used.
  - a) Heads of State Departments and Entities must have in place policies, practices, and procedures that will:
    - i. Avoid waste, fraud, and abuse;
    - ii. Ensure that costs charged to federal programs are allowable costs, in accordance with applicable laws, regulations, agreements and contracts;
    - iii. Ensure that funds provided under each federal award are separately accounted for, from receipt to obligation to expenditure;
    - iv. Ensure that effective cash management is employed for federal funds to minimize the time elapsing between (i) the transfer of funds from the federal government, or from a pass-through entity, to (ii) disbursement;
    - v. Ensure the use of federal funds meet all federal requirements as described in individual federal award and OMB circulars;
    - vi. Fulfill federal reporting requirements in a timely manner.

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b) Department Heads and Heads of State Entities will maintain a separate file for each federal award received that contains a copy of the federal award notice and any other major correspondence with the federal awarding agency that may impact the use of federal funds.

5. If the head of a State Department or Entity determines that their organization does not have the capacity to manage a major, recurring federal award the Director of B&F should immediately be informed.

The Director of B&F may take steps to improve the ability of the state department or entity to manage a federal award, may assign the federal award to another state organization, may contact the federal awarding agency for assistance, or may decline the award.

6. Departments submit Form FF

a) A key budgetary and accounting control for federal awards is establishing a one to one relationship between a federal award ID and a state appropriation account or accounts if more than one program ID will be expending funds from a federal award so as to be able to separately account for a federal award from receipt to obligation to expenditure.

b) During the Executive Budget Request preparation period, State Departments Heads will be instructed to complete and submit to B&F "Form FF" by Program ID listing all federal awards it is seeking appropriation for.

c) "Form FF" shall include:

- i. All major recurring federal awards (MOF "N") for which the Department has been designated as the authorized prime recipient by the Director of B&F and other federal awards (MOF "P") anticipated to be awarded during the upcoming fiscal year.
- ii. All federal funds that a Program ID shall receive as a sub recipient. A sub recipient expends federal funds received from a Prime Recipient (pass-through entity) to carry out program activities.
- iii. All federal funds that a Program ID will receive from another Program ID within the same department.

d) The purpose of "Form FF" is:

- i. To identify the federal awards and amounts that comprise the total MOF "N" and "P" appropriation ceiling requested in the executive budget bill by Program ID. The total value for MOF "N" and "P" on the Form FF should equal the value of each MOF ceiling in the Executive Budget request.
- ii. To provide DAGS with a list of federal awards that will require assignment of an Appropriation Account Symbol.
- iii. To provide information to B&F on the relationship between individual federal awards and appropriation accounts to enable regular financial reporting directly from FAMIS.

e) The appropriation amount requested should be the amount awarded for the full performance period.

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7. B&F will review "Form FF" submittals to verify:
  - a) That all major, recurring federal awards for which the department or state entity has been designated as the authorized prime recipient on the memorandum issued by the Director of B&F are listed.
  - b) That the total "N" and "P" appropriation ceiling on "Form FF" for each Program ID matches the appropriation in the Executive Budget request.
8. After the legislative session ends, Departments will review the enacted budget bill against their Form FF to verify that the "N" and "P" appropriation amounts have not changed. If necessary, Departments can submit changes to Form FF to B&F.

**Please Note:** This is the best time for program staff and fiscal and accounting staff to make decisions on what programs will expend federal funds for each federal award.

9. B&F will send Form FF to DAGS to pre-assign appropriation account symbols.
10. DAGS will assign appropriation account symbols on Form FF and return the forms to B&F.
11. The Finance Director will issue a memorandum to the head of each department and state entity attaching a final copy of the department's Form FF showing the appropriation account symbol assigned to each federal award.
12. DAGS will issue Appropriation Warrants to each department for only the "parent" "N" and "P" Appropriation Accounts.
13. Departments will prepare and submit Journal Vouchers (JV) to DAGS to transfer appropriation ceiling from the parent MOF "N" and "P" appropriation accounts to the individual award appropriation accounts assigned on Form FF.
  - a) To transfer appropriation ceiling from a parent account to an individual award appropriation account(s):
    - i. Use Transaction Code 944 to decrease the appropriation in the parent account and Transaction Code 941 to record the amount in the individual award appropriation account(s)
  - b) Subsequent to this transfer, if it becomes necessary to transfer appropriation from one individual award appropriation account to another individual award appropriation account:
    - i. The amount may be transferred directly from one individual award appropriation account to another; it is not necessary to transfer the amount from the individual award appropriation account back to the parent appropriation first.
    - ii. Use Transaction Code 944 to decrease the appropriation in the sending appropriation account and Transaction Code 941 to record the amount in the receiving appropriation account
    - iii. The net total of the transfers should be zero.
14. Within 14 days of receipt of a federal award notice, department will notify B&F by recording it in FAMS.
15. B&F will review and approve the FAMS record electronically.

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16. Departments will prepare and submit "Request for Allotment" (Form A-19) to B&F
  - a) "Form A-19" will be submitted to B&F for each individual appropriation account to request allotment to expend federal funds.
  - b) The allotment amount requested shall not exceed the amount shown on Form FF.
  - c) For an A-19 that is submitted to transfer appropriation from an individual award appropriation account to another individual award appropriation account as described in 13. b), reference on the amendment description of transfer to "Amdt - transfer to subaccount S-xxx" and transferring from "Amdt - transfer from subaccount S-xxx". On the back of A-19, include specific comment on the reason for the transfer and that the JV has been sent to DAGS for processing.
- 17 B&F will review "Form A-19" to verify that the federal award is listed on Form FF and verify the amount on "Form A-19" against the award amount on Form FF. After approval by B&F, "Form A-19" will be sent to DAGS for processing.
18. DAGS will enter the allotment for the appropriation account in FAMIS.

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#### Notes on Appropriation Accounts:

1. The prime recipient of a federal award shall obtain a unique state appropriation code for each federal award ID that it receives.
  - a) State sub-recipients of federal awards shall obtain a unique state appropriation code.
  - b) When a state entity allocates funds from a single federal award to multiple Program IDs within the same entity, each Program ID receiving federal funds shall obtain a unique state appropriation code.
  - c) State entities that currently maintain multiple federal awards within a single state appropriation code will migrate to a unique state appropriation code for each federal award ID beginning in fiscal year 2014.
  - d) The Account Title for an Appropriation Account shall reference the "Program/Project Title" as shown on the federal award notice and not exceed 40 characters.
2. Appropriation Accounts for federal awards shall be designated "non-reversion" and quarterly allotment balances will be carried forward automatically at the end of each quarter therefore a revised "Form A-19" is not required to carry forward balances at the end of each quarter.
3. Operating federal funds are assigned a lapse date in FAMIS of fiscal year plus two (2) years.
4. CIP federal funds are assigned a lapse date in FAMIS of the fiscal biennium plus five (5) years.
5. If the lapse date for an Appropriation Account precedes the close out date for a federal award the Governor's approval should be requested to extend the lapse date.