

NEIL ABERCROMBIE
GOVERNOR



KALBERT K. YOUNG
DIRECTOR

LUIS P. SALAVERIA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER
PUBLIC UTILITIES COMMISSION

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

October 13, 2014

FINANCE MEMORANDUM

MEMO NO. 14-15

TO: Department Heads and Heads of State Entities
FROM: Kalbert K. Young, Director of Finance
SUBJECT: Revised Procedures to Request Appropriation and Establish Appropriation Accounts and Allotment for Appropriated and Non-Appropriated Federal Funds

The purpose of this memorandum is to issue revised procedures for State Departments and Entities to request appropriation and establish appropriation accounts and allotment for Appropriated and Non-Appropriated federal funds. This memorandum supersedes FM13-16 dated December 11, 2013 and FM14-01 dated January 6, 2014.

The primary revision to these procedures are the requirements to record new federal award notices into FAMS (Federal Awards Management System) within 14 days of receipt of the notice and to note the FAMS ID no. on the Request for Allotment (Form A-19).

This memorandum with the attached documents and forms will be posted on the Dept. of Budget & Finance's website at <http://budget.hawaii.gov/statewide-policies/financememorandums/fm-2014/> and on the Office of Federal Awards Management's website at <http://federalawards.hawaii.gov/sga/>.

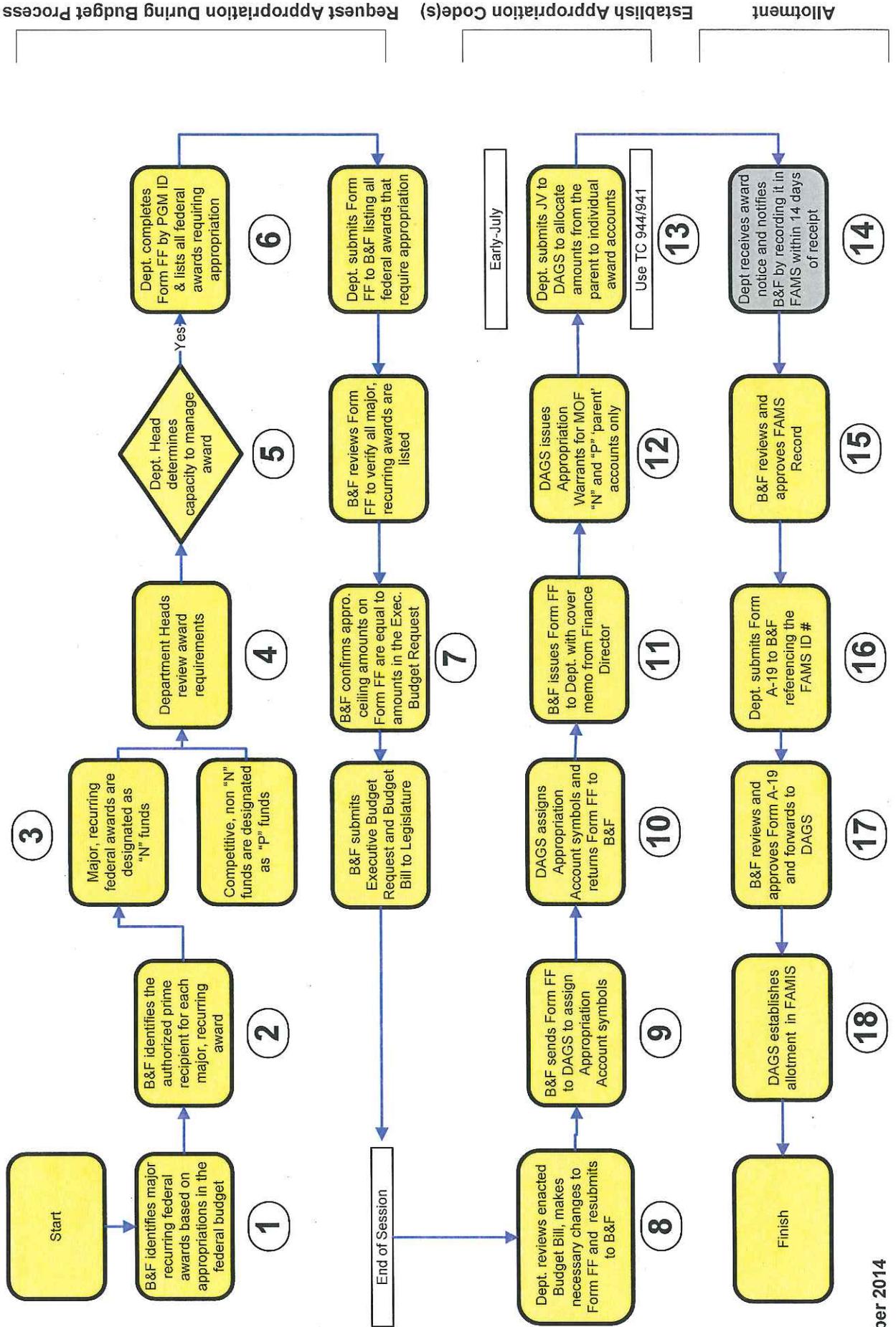
Should you have any questions, please contact Mark Anderson at the Budget and Finance's Office of Federal Awards Management, 586-3035.

Attachments: Appropriated Federal Funds Process Chart and Narrative
Non-Appropriated Federal Funds Process Chart and Narrative
Form E-1 (Request Approval to Increase Expenditures Levels for Federal Funds)
Form E-2 (Request Approval to Expend Non-Appropriated Federal Funds)
Form E-3 (Letters to the Senate President and Speaker of the House)

c: Neal Miyahira, B&F, BPPM
Mark Anderson, B&F, OFAM
Wayne Horie, DAGS, Accounting

APPROPRIATED FEDERAL FUNDS

Procedures to Request Appropriation, Establish Appropriation Accounts and Allot Operating Funds



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.
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.

APPROPRIATED FEDERAL FUNDS (IN THE BUDGET BILL)

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

- 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.

APPROPRIATED FEDERAL FUNDS (IN THE BUDGET BILL)

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

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.

APPROPRIATED FEDERAL FUNDS (IN THE BUDGET BILL)

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

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 award amount shown on the award notice and the latest approved 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 recorded in FAMS and verify the amount on "Form A-19" against the amount on the award notice. 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.

APPROPRIATED FEDERAL FUNDS (IN THE BUDGET BILL)

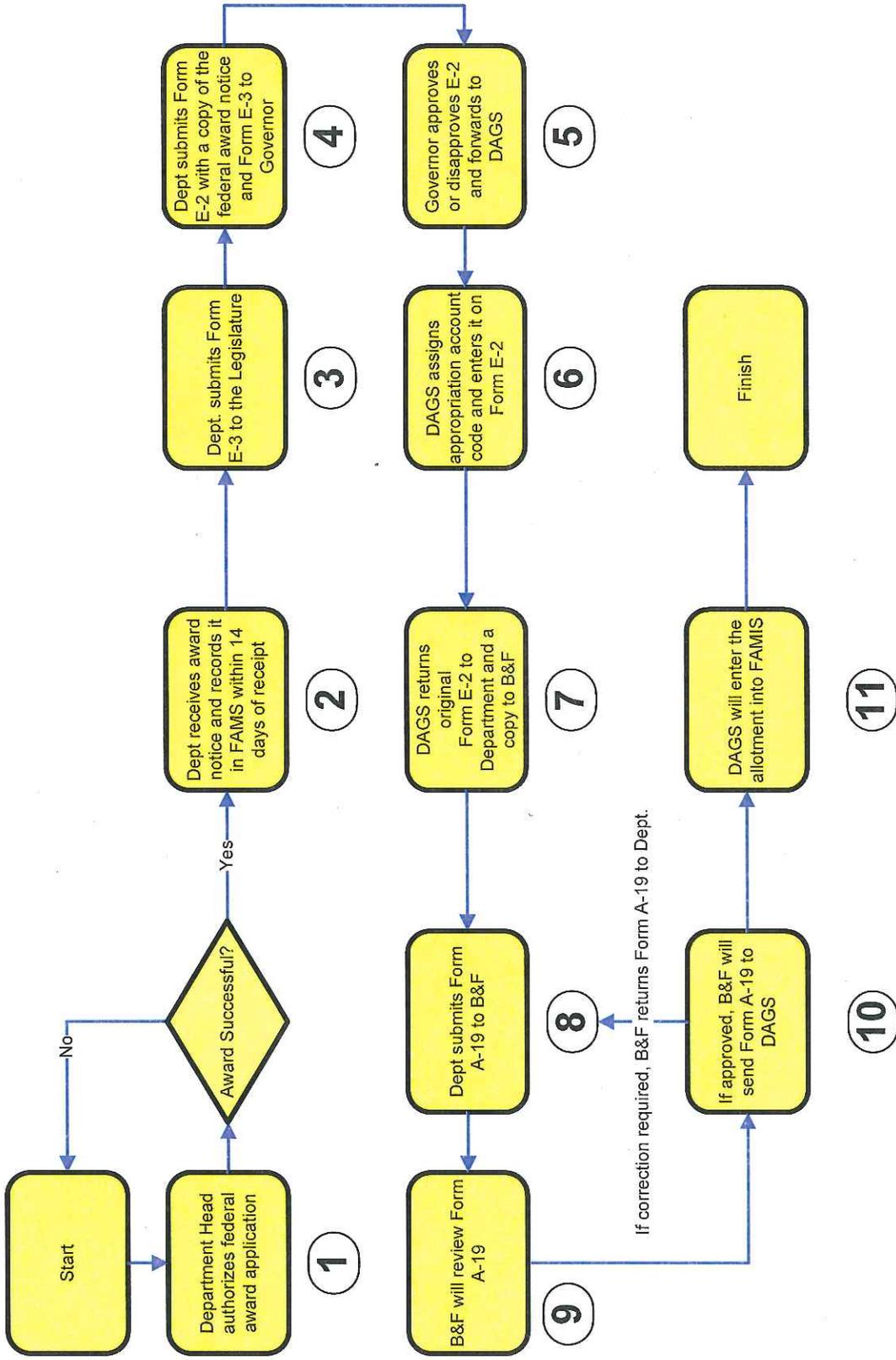
Procedures To Request Appropriation for Federal Funds, Establish Appropriation Accounts, and Allot Federal Funds for Operating Funds

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.

NON-APPROPRIATED FEDERAL FUNDS

Procedures to Request Appropriation for Federal Funds, Establish Appropriation Accounts, and Allot Federal Funds



NON APPROPRIATED FEDERAL FUNDS (NOT IN THE BUDGET BILL)

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

The non-appropriated federal funds procedures is used to request approval to expend federal awards not appropriated in the budget bill. If a federal award was not listed on Form FF for the current fiscal year, the non-appropriated process must be used to request approval to expend federal funds and to establish an appropriation account.

1. 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) Departments Heads and Heads of State 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 grant awards and OMB circulars;
 - vi. Fulfill federal reporting requirements in a timely manner.
 - b) Department Heads and Heads of State Entities will maintain a separate file for each federal award 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.
2. If an award application is successful, the award will be recorded in FAMS within fourteen (14) days of receipt of the notice of award.
3. Department will complete and submit Form E-3 to the Senate President and the Speaker of the House of Representatives as notification about the request to expend additional federal funds. Note: pursuant to Section 88 of Act 134, SLH 2013, the Governor is required to notify the Legislature five (5) days prior to the Governor's approval to expend these funds.
4. Department will complete and submit Form E-2 (Request Approval to Expend Non-Appropriated Federal Funds) to the Governor for approval to expend federal funds and to establish a State Appropriation Account for the federal award. A copy of the federal award notice and Form E-3 will be attached to Form E-2 (Request Approval to Expend Non-Appropriated Federal Funds). If the request is from a subrecipient, an interdepartmental agreement from the prime recipient will be attached instead of the federal award notice.

NON APPROPRIATED FEDERAL FUNDS (NOT IN THE BUDGET BILL)

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

5. The Governor will approve or disapprove the request and forward Form E-2 (Request Approval to Expend Non-Appropriated Federal Funds) to DAGS.
6. DAGS will assign the Appropriation Account Symbol and enter it on Form E-2 (Request Approval to Expend Non-Appropriated Federal Funds). DAGS will return a copy of Form E-2 (Request Approval to Expend Non-Appropriated Federal Funds) to Budget & Finance and transmit the original to the Department.
7. Department will prepare and submit Form A-19 (Request for Allotment) to Budget & Finance. The FAMS ID No. shall be noted on Form A-19. The allotment amount requested shall not exceed the amount shown on the federal award notice.
8. Budget & Finance will verify the amount on Form A-19 (Request for Allotment) against the federal award notice
9. If approved, B&F will send Form A-19 to DAGS.

Federal Fund Request

Form E-1
(August 2014)

REQUEST APPROVAL TO INCREASE EXPENDITURE LEVEL FOR FEDERAL FUNDS

1. FAMS ID	2. Department	3. Program I.D./Org Code (XXX###XX)
4. Program Manager's Name		5. Program Manager's Phone No.
6. Program Manager's Email		
7. CFDA No. (##-###)	8. CFDA Program Title	
9. Award Program or Project Title		
10. Federal Award ID or Other Identifying No.		11. Award Amount
12. Appropriation Account Symbol		13. Appropriation Account Title
14. <input type="checkbox"/> Appropriation Authorized in General/Supplemental Appropriation Act <input type="checkbox"/> Non-Appropriated Amount Authorized		Fiscal Year: _____ Fiscal Year: _____
15. Current Approved Allocation		16. Additional Allocation Requested
17. Date Program First Notified that Federal Funds May be Available		18. Date that Additional Federal Funds Were Known to Be Available
19. Reason Appropriation was not Sought During Legislative Session		
20. Describe Benefit to the Public from Use of Federal Funds		
21. Submitted By (Print Name):		Signature
Date		
22. Department Head or Designee (Print Name):		Signature of Department Head or Designee
Date		
23. Governor's Approval <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED		
_____		_____
Governor, State of Hawaii (Print Name)		Signature
Date		

ATTACHMENTS: (Check if attached)

- Federal Award Notice
- Form E-3 (Copy)

ROUTING:

- 1. Dept. to Governor
- 2. Governor to Department
- 3. Dept. to B&F with Form A-19

Date: _____
Date: _____

PRIME RECIPIENT

SUBRECIPIENT

(Complete items with asterisk* only)

Federal Fund Request

Form E-2
(August 2014)

REQUEST APPROVAL TO EXPEND NON-APPROPRIATED FEDERAL FUNDS

1. FAMS ID*	2. Department *	3. Program ID/Org * (XXX###XX)	4. Expending Dept./Pgm ID if other than #2 *
5. Program Manager's Name *		6. Program Manager's Phone No. *	7. Program Manager's Email *
8. CFDA No. * (##.###)	9. CFDA Program Title *		
10. Award Program or Project Title *			11. Federal Award ID or Other Identifying No. *
12. Date of Award Application	13. Award Notice Date	14. Amount of Award (or Subaward) *	15. Is State Match Required? If yes, describe match in #16. <input type="checkbox"/> Yes <input type="checkbox"/> No
16. Describe if the award requires a commitment to enact a policy or change a law, maintain a specified level of state funding ("maintenance of effort"), provide matching funds or in-kind match. If State match is required, describe source of funds.			
17. Describe General Fund impact if any, such as future general fund assumption of program costs, maintenance, positions, etc.			
18. Date Program First Notified that Federal Funds May be Available		19. Date that Additional Federal Funds were Known to Be Available	
20. Reason Appropriation was not Sought During Legislative Session			
21. Describe Intended Program Use of Federal Funds			
22. Describe Benefit to the Public from Use of Federal Funds			
23. Account Title for Appropriation Account * (Title should reference the Program or Project Title on the Award Notice. 40 characters limit.)			
24. Will payroll be charged directly to this account? *		<input type="checkbox"/> Yes <input type="checkbox"/> No	Comment:
25. Submitted By (Print Name) *		Signature *	Date *
26. Governor's Approval <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED			
_____ Governor, State of Hawaii (Print Name)		_____ Signature	_____ Date
27. (FOR DAGS USE ONLY):			
Appropriation Account Symbol _____		Lapse Date _____	MOF _____
_____ Comptroller (Print Name)		_____ Signature	_____ Date

ATTACHMENTS: (Check if attached)

- Federal Award Notice or Interdepartmental Agreement (If Sub Recipient)
- Form E-3 (Copy)

ROUTING:

- 1. Dept. to Governor
- 2. Governor to DAGS
- 3. DAGS to Dept. (Original)
- 4. DAGS to B&F (Copy)

Date: _____
Date: _____
Date: _____
Date: _____

(Date)

The Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
State Capitol
Honolulu, Hawaii 96813

Dear Senator Kim:

Pursuant to Section 88 of Act 134, SLH 2013, the Department of _____
has requested approval to (*expend unappropriated federal funds*) or (*expend
additional federal funds*) for (*Program Title, Program ID*) in the amount of
\$_____. Appropriation was not sought during the previous legislative session
because _____.

Attached is a copy of our department's request.

Sincerely,

(DEPARTMENT HEAD)
(Title)

Attachment

c: Honorable David Y. Ige
Honorable Kalbert K. Young

(Date)

The Honorable Joseph M. Souki
Speaker of the House of Representatives
Twenty-Seventh State Legislature
State Capitol
Honolulu, Hawaii 96813

Dear Representative Souki:

Pursuant to Section 88 of Act 134, SLH 2013, the Department of _____
has requested approval to (*expend unappropriated federal funds*) or (*expend*
additional federal funds) for (*Program Title, Program ID*) in the amount of
\$ _____. Appropriation was not sought during the previous legislative session
because _____.

Attached is a copy of our department's request.

Sincerely,

(DEPARTMENT HEAD NAME)
(TITLE)

Attachment

c: Honorable Sylvia Luke
Honorable Kalbert K. Young