Grantee Fiscal Agent Framework

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Framework Highlights

- Context the statutory authority for the design and implementation of the Grantee Fiscal Agent Framework
- Define Fiscal Agent and Fiscal Sponsor
- Identify conditions where a Fiscal Agent may be needed
- Introduce flexible structure of a Fiscal Agent / Grantee agreement
- Specify minimum qualifications of a Fiscal Agent
Due to fraud incidents, legislators wrote parameters into GATA to improve Fiscal Agent utilization [30 ILCS 708(a)(4)]

- Fiscal Agents fill a critical role in some grantee operations
  - Using a Fiscal Agent means you recognize your gap
- Qualified Fiscal Agents enable grantees to be financially and administratively compliant
- Fiscal Agent framework provides “when” and “who” parameters
Fiscal Agent vs. Fiscal Sponsor

- Fiscal Agent
  - Entity contracted to perform specified fiscal responsibilities for a related party
  - Expertise in technical, regulated financial matters

- Fiscal Sponsor
  - Assumes legal accountability and fiduciary oversight of a related party
  - Funding terms dictate the relationship: 501(c)(3) status vs. local government requirements

Fiscal Agent Framework
Consider a Fiscal Agent When

- The organization lacks financial knowledge, expertise or capacity to administer grants
  - ICQ resulted in high risk specific conditions that may result in material noncompliance
  - Could not complete an indirect cost rate proposal
  - Repeat audit findings or modification of audit option – material weakness in fiscal or administrative function
  - Real or potential insolvency
  - Insufficient separation of financial responsibilities
  - Not current in financial reporting
Prioritize your strengths – focus on program delivery and utilize a professional for technical, financial matters if necessary

Be realistic about your need for financial expertise

Recognize and address your financial limitations

Grantees strengthen their relationship with state grantmaking agencies when they have solid program and fiscal operations
Flexible Structure of Fiscal Agent Agreements

- Scope of grantee’s needs dictates the terms of the agreement
  - Short term: existing, qualified staff need guidance
  - Long term: staff lack financial skill set, knowledge; functions need to be outsourced

- Utilize a contract to formalize a grantee / Fiscal Agent agreement that specifies:
  - Roles and responsibilities, timeframes
  - Pricing / fees – Fiscal Agent is an allowable expense
  - Reporting relationship – grantee is accountable for performance of Fiscal Agent
Not all financial professionals are grant experts.

Not all grant experts are knowledgeable in current requirements – 2 CFR 200.

Make sure a Fiscal Agent candidate is experienced with grant management for your organization type.
Minimum Qualifications of a Fiscal Agent

- Applied knowledge of 2 CFR 200
  - Understand minimum requirements for your type of organization (e.g., nonprofit, local government)
  - Participated in grant management training during the last 12 months
  - Understand record retention, audit documentation
- At least 3 years in grant accounting / fund management – automated systems
- Experience working with internal / external auditors, conducting audits under GAGAS within the last 3 years
- Willing to disclose current and pending agreements with other parties – conflict of interest
Certified Public Accountants – Strongly Encouraged

- **Registered CPA**
  - Restricted role – cannot perform audits or reviews
  - Not subject to Continuing Professional Education (CPE)
  - As of 2012, Illinois does not accept Registered CPA applications

- **Licensed CPA … PREFERRED**
  - Able to perform all accountancy activities
  - Required to complete 120 hours of CPE every 3 years

- Strongly suggest the fiscal agent meets Government Auditing Standards Continuing Professional Education requirements
What can you do now?
Look Internally – Maximize your Strengths

- Determine if your organization lacks financial knowledge, expertise or capacity to effectively administer grants
  - Identify your need (e.g., policies / procedures, indirect cost rate negotiation, routine payment processing, all things financial)
- Seek professional financial services in the specific area(s) of need
- Consider candidates based on minimum qualifications
- Enter into a Fiscal Agent contract, if appropriate
Illinois is Successful when Grants are Successful

- Recognize your strengths
  - Program delivery is key to grant execution
  - Financial and administrative grant management is necessary for compliance
- Realize what’s lacking and utilize professional resources where needed
- Contract with a qualified Fiscal Agent as needed

Play to your strengths. Don’t risk non-compliance or disallowance!
Questions?

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