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

GATA Legislation Addresses Fiscal Agent Functions

- 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

It's OK to Need a Fiscal Agent

- 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

Obtain a Qualified 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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