

## FFY 2017 Ohio SBDC RFP Appendix III – Financial Management and Budget Guidance

### 1. Financial Basis of the Program

The Ohio SBDC Program is funded through a Cooperative agreement with the federal government and all program funding, whether federal grant dollars, state grant dollars or local cash match is subject to strict regulations outlined in the Code of Federal Regulations also known as 2 C.F.R. 200 and subject to numerous other laws and regulations outlined in Appendix IV, Other Terms and Conditions.

### 2. Cash Match Requirements, In Kind Support and Indirect Costs

#### 2.1 Cash Match

Cash match is required for the SBDC program. For 2017, a minimum level of cash match of 30 percent of grant funding is required. For SBDCs proposing an Export Assistance Network Office, a 10 percent cash match is required. For a stand-alone SBDC Export Assistance Network Office, a 30 percent cash match is required. **There is no cap on the amount of cash match an SBDC program can develop/obtain within their local community!**

Cash match is the dollars spent for the *sole, express benefit of SBDC*. Cash match must tie to delivery of core SBDC services. Quality cash match is buying new capacity or new services, which would not have been incurred otherwise. (A lease agreement entered into for *the express purpose of SBDC occupancy* is an eligible expense for cash match. Rental space occupied *by the host and for the host* is not eligible for cash match).

Examples of what cash match does not include:

- (1) Indirect costs of any kind;
- (2) In-kind contributions;
- (3) Program income or fees collected from recipients of assistance;
- (4) Program income derived from activities supported in whole or in part with federal or match funds;
- (5) Funds contributed from other federal sources (except applicable Community Development Block Grants);
- (6) Amounts committed by the applicant organization for unidentified and/or contingent costs in the budget proposal;
- (7) Any expenses related to the host's staff to which the Director reports shall not be allowed as match; and
- (8) Any cash that is not at the discretion of the Director of the center.

### 2.1.1 Cash Match Certification Submission

The local cash match to the individual program must be supported by a signed Cash Match Certification Statement (See Attachment 11, Certificate of Cash Match) . Cash match must be committed upfront and identified by the source and amount.

### 2.2 Indirect Costs

Indirect costs include those costs that facilitate the program delivery and operation. Typically indirect costs are incurred for common or joint objectives and therefore cannot be assigned readily and specifically to a particular sponsored program. In many cases, indirect costs relate to overhead costs. Indirect costs are considered non-cash match. Indirect costs are not reimbursable expenses. Each center that includes indirect costs must also provide the copy of the host's current Indirect Cost Rate Agreement (ICRA) which defines the negotiated rate with the federal cognizant agency. The most common ICRA for the Ohio SBDC Program is the 24 percent rate from the SBA. Rates that are considered "provisional" must be updated by the host's federal agency prior to the grant period.

Indirect costs are considered NON-CASH MATCH to the Ohio SBDC Program. Indirect costs are not reimbursable expenses.

Each service center must submit a copy of its current indirect cost rate agreement as negotiated with their federal cognizant agency. The indirect cost rate agreement must cover the grant period and may not be a provisional rate. The negotiated rate in effect at the time of the initial award should be used throughout the entire award period covered by the proposal. Indirect costs cannot be claimed for any service center that does not furnish approved cost rate agreements applicable to the proposed funding period. Costs may not exceed the amount allowable under the approved Indirect Cost Rate Agreement furnished with the proposal. Indirect costs claimed should not exceed the amount of the approved budget on the Notice of Award without prior written approval from the State Lead Center and the SBA Grants Management Specialist.

Applicants currently without a rate agreement negotiated with a Federal agency may request the SBA to provide a rate agreement for use only in the SBDC Program. This request must be submitted through your State Lead Center. Any agreements subsequently negotiated with a Federal agency will supersede the SBA agreement. For entities using an SBA provided Indirect Cost Rate Agreement for the SBDC Program, the following terms apply:

- a) These terms are to assist in identifying and clarifying those costs considered being "general administrative and general expenses" noted in 2 CFR 200. They form the basis for the SBA Indirect Cost Rate Agreement

and subsequently may not also be included as direct costs against the award when the SBDC Indirect Cost Rate Agreement is used.

- b) Cost pools underlying the Indirect Cost Rate Agreement include personnel compensation and benefits for positions or for activities which are not both (1) in direct support of the SBDC Program goals and objectives and (2) under the direction or supervision of the key person identified in the Cooperative Agreement as responsible for program performance at the respective host entity.
- c) Examples include, but are not limited to, those expenditures allocable to human resources and accounting departments, sponsored project staff, corporate marketing staff, controllers, deans, chief executives and presidents of colleges and universities.
- d) Non-personnel costs such as audits, supplies, materials, insurance, and other services and operating costs allocable to administrative departments and to the activities of the host entity are considered part of the “general and administrative cost pool.”

Any applicant who has never had a federal cognizant agency and an indirect rate agreement may use the federal de-minimis rate of 10% as outlined in 2 CFR 200, section 200.414

### **2.3 In-kind Contributions**

For 2017, in-kind contributions are allowable. In-kind contributions are demonstrations of host and community engagement with the applicant. In-kind match will not count toward the center’s cash match requirement, but will assist with overall proposal scoring. In-kind contributions may include, but are not limited to, cost items such as time and materials, office space and equipment. Certification of in-kind contributions is required to be submitted and certified by the donating entity.

### **3. Center Costs and Budget Proposal**

The service center budget proposal must show the total cost of the program. Costs include indirect costs (upon federal cost agreement only), and direct costs to include: personnel, fringe benefits, travel, equipment, contractual, consultants, and other costs, such as supplies, office space, copying, phone, etc.

All applicants shall furnish their current indirect cost rate agreement as negotiated with their cognizant agency along with their proposal submission. Indirect costs are not an eligible expense for grant funds. Indirect costs are only approved upon the presentation of an approved agreement from the federal cognizant agency for the current applicable program period. Provisional rates must be updated prior to receiving a grant agreement.

The budget must describe the financial resources offered by the applicant. The amount and source of funds being provided as match must be clearly indicated, i.e., state, university, and private sector funds, distinguishing between cash match and non-cash match.

In addition, the proposal must disclose financial resources secured by the applicant from all other ODSA divisions or programs, as well as local Community Development Block Grants (CDBG), Micro-enterprise funds for technical assistance and SBA financial intermediary funding or fees, etc. (See Financial Resource Disclosure Form in Forms Workbook.)

*Note: Funding from the above financial resources (with the exception of applicable CDBG funds) will be closely evaluated if to be used as match.*

#### **4. Guidelines for Eligible Costs and Cost Allocations in the Budget Proposal**

This section is for the sole purpose of providing an introduction to allowable costs and cost allocations to assist with the creation of the budget worksheet to be submitted as “Attachment 10” as part of the RFP application. The general guidance in this section does not relieve the applicant of his/her fiscal responsibility of understanding and appropriately applying all rules and regulations defined in the Notice of Award, Program Announcement, federal guidelines and RFP. Each section below provides general guidance on the allowable costs for each cost category.

##### **4.1 Personnel – Budget Worksheet Part A**

###### **4.1.1 Salaries**

Salaries of SBDC full- and part-time employees, student salaries and other remuneration for services are eligible costs as long as they are appropriately documented. Appropriate documentation includes, but is not limited to, complete payroll register of salaries paid to the individual.

Please note: Any salary of a host employee who is a superior to the center director may not be budgeted or funded by any SBDC Program funding (SBA funds, host program match funds, other local SBDC match funds, and in-kind SBDC donations).

###### **4.1.2 Fringe Benefits - Budget Worksheet Part B**

Employer-contributed benefits related to personal service costs are eligible costs, provided such benefits are granted in accordance with established written host policies. Reimbursement of at-work parking for staff is not allowable, unless it is included by the host as a part of its indirect cost rate agreement.

##### **4.2 Travel - Budget Worksheet Part C**

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Receipts and documentation (a completed, signed and approved travel reimbursement form) are required for mileage, workshops, training expenses, meals, lodging, etc. When providing documentation and copies of receipts please highlight, circle or otherwise note the charges that are being requested for reimbursement if there is a split between the SBDC and another program. Mileage expenses can be reimbursed under either the State travel policy or the Host's approved travel policy as long as they are not in excess of the federal allowable rate per mile, which is \$0.54 effective January 1, 2016 (13 CFR 130.460). This reimbursement rate is subject to change. When preparing your budget, please follow the appropriate rules.

All travel and per diem costs of non-consultant personnel are not allowed. Any travel by a host employee who is superior to the center director may not be budgeted for funding by any SBDC Program funds (SBA funds, state funds and/or in-kind SBDC donations).

Meals are not reimbursable, unless in travel status as defined by the State of Ohio guidelines; otherwise, meals are considered entertainment. Meal receipts can only be submitted for one person. A receipt that covers multiple meals will be considered entertainment, unless a detailed explanation is attached. Entertainment is not an eligible expense. In lieu of a specific travel policy regarding meals and lodging, the State's travel policy will be in effect, which restricts these expenses to the General Services Administration (GSA) per diem rates. No meal expense is allowable for travel within 50 miles of your primary location.

Out-of-state travel must receive prior approval from the SBA Project Officer through the State Lead Center. An out-of-country trip must receive prior approval from the SBA's Administrator in Washington D.C. All approval requests must be sent through the State Lead Office. Trips included in the original budget submission in response to the RFP are considered to have prior approval, as this budget has been approved by both local and Washington SBA staff.

#### **4.3 Equipment - Budget Worksheet Part D**

Charges reported in this category must exceed \$5,000 for each unit purchased. Purchase or lease of all articles of non-expendable tangible personal property having a useful life of more than one year\* and an acquisition cost of \$5,000 or more per unit are eligible costs. Items that do not meet these criteria must be reported and added to the supply sheet.

#### **4.4 Supplies - Budget Worksheet Part E**

Cost of goods used in the operation of the program such as office consumables, office and computer supplies, equipment maintenance and equipment under \$5,000 per unit cost should be included in this cost category.

#### **4.5 Contractual Services - Budget Worksheet Part F**

Normal contractual arrangements consist of services such as computing, accounting, audit, professional cleaning, etc. Detailed descriptions are **required** when budgeting for these contractual services include the following:

- a. Organization name
- b. Purpose/service provided
- c. Number of hours of service
- d. Hourly rate

NOTE: The organization's invoice will be required for reimbursement of expenses.

#### **4.6 Consultants - Budget Worksheet Part G**

Consultants refer to individuals hired under contract with a specific scope of work for SBDC training and/or counseling. When budgeting for these services, include the following:

- a. Name of consultant or group name of consultant
- b. Number of hours for the fiscal year
- c. Hourly rate (Generally limited to \$50 per hour – See Staffing Section)
- d. Service(s) provided
- e. Notes – for clarity such as: name of consulting business; volunteer; student; group of students; group of volunteers; etc.

A resume and 250/250A form (available upon request from the State Lead Center) must be maintained at the local center for every consultant. Annually, the 250 or 250A must be reviewed and signed by the consultant. If the consultant or volunteer fails to complete the 250 or 250A form, funding may be denied for reimbursement of staff.

The organization's invoice, the individual's signed invoice, or the donation letter will be required and must meet the SBA requirements for reimbursement of expenses. Support for such invoices must include time documented by client activity in Center IC.

#### **4.7 Other- Budget Worksheet Part H**

This category includes all necessary, justifiable and allowable costs not included elsewhere. Miscellaneous and contingency costs are not allowable, so all costs in this line item must be described. Examples include printing, copying, office space, utilities, dues, subscriptions, library resource materials and staff recruitment. New CFR and SBA regulations require providing detailed support for certain cost categories such as memberships, subscriptions, professional development and conference fees. This justification section has been added to the budget justification form as page 3.

## **5. Additional Requirements**

Any service center claiming CDBG funds as match to the program budget must provide a copy of any and all CDBG Agreement(s) for review and acceptance by SBA and the State Lead Center. Copies must be included in the District Proposal for FFY2017.

Excess funds monitoring will be evaluated by the State Lead Center upon receipt of Quarter 2 and Quarter 3 invoices. Each service center will work with the State Lead Center staff to answer planning questions and complete the report as requested.

## **6. Fiscal Program Reporting Requirements**

Adjustments to the approved budget will require formal pre-approval from the State Lead Center. Depending on the type of adjustment pre-approval may also require approval from the SBA.

All funds will be reimbursed after costs have been incurred on a quarterly basis. Invoices are due quarterly along with other details specified in Section 6 – Financial Basis of the Program. Other provisions may be made by agreement between the Service Center and the State Lead Center. Advanced payments/invoices will not be permitted in FFY2017.

Throughout the contract period, the State Lead Center will schedule a minimum of one (1) Onsite Review evaluation with each service center. Follow-up visits will be scheduled as deemed necessary. The purpose of the review process is to review all aspects of an SBDC Program, to ensure compliance with State and Federal Guidelines, and to identify areas to recognize the service center's accomplishments along with any needs for improvement. SBDC centers found having gross violations can be immediately placed on probation or closed as prescribed in the Grant Agreement.

The standard SBDC Onsite Programmatic and Operational Review format will be used. (See "Other Documents.")

All performance goals, measures and diagnostic metrics will be clearly identified in the grant agreement. Funding may be impacted by under-performance.

## **7. Time and Effort Tracking**

Time and Effort Certification must be documented and certified in accordance with applicable OMB 2 CFR 200, section 200.430. Formal process, documentation and certification will be reviewed by the State Lead Center. If a host organization currently utilizes an existing grant office certification, it will be reviewed for endorsement by the State Lead Center. If the host organization does not have a current process in place, the host/SBDC will follow the process,

documentation and certification as prescribed by the OMB. Documentation must be included with the invoice process (See Time and Effort Process in the Other Documents).

## **8. Financial Management System Requirements**

Centers shall maintain a separate accounting and record of all expenditures attributable to the management, operation and conduct of the center. Separate general ledger accounts will be maintained for grant funded expenses, host and/or other local funded expenses, program income, program expense and if necessary asset accounts for any carry-forward program income. Detailed records must facilitate an audit that traces program expenditures by source and use of funds.

Financial records shall adequately identify the source and use of funds and provide for the comparison of actual expenditures to budgeted amounts by line item.

Each service center *MUST* identify any surplus of the budgeted SBA funds and ODSA funds that will not be expended by the end of the fiscal year. Notification of surplus funds must be made to the State Lead Center in the form of the “Excess Funds Report” as determined by the State Lead Center. Any funds that are identified as surplus will then become available for reallocation by the State Lead Center. Reallocation of surplus funds will not affect that service center’s grant allocation amounts for the following fiscal year.

However, if a surplus amount is not identified as prescribed and reported to the State Lead Center, the amount of funds that were not expended by a center *may* be deducted from the allocated amount for the following fiscal year.

This proposal shall include the name, title, address and telephone number of the accountant, comptroller or financial officer responsible for the financial tracking and accounting of SBDC Program funds.

The service center director must be responsible and accountable for all SBDC Program funds. All program funds include SBA funds, state funds, local host cash match funds, other local cash match funds, program income funds, and in-kind match donations to the SBDC Program. The director must not allow host superiors to re-direct SBDC funds or dictate purchases or activities outside of the SBDC program guidelines.

## **9. Inventory**

SBDC equipment, furniture or supplies consists of all items purchased using SBDC Program funds, throughout the useful life of the item(s), and purchased using SBA or ODSA grant funds and/or the matching funds from the host. Inventory should include all equipment with a cost of

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\$500 or more, along with all electronic devices regardless of cost. Electronic devices include: computers, laptops, printers and peripherals, cell phones, blackberries, etc.

An inventory of these items must be maintained at the service center. The inventory will include date of purchase, price, description, identification number and, if necessary, reason and method of disposal. All disposals require prior approval by the State Lead Center, District SBA and SBA Headquarters. The Code of Federal Regulations and OMB Circulars govern disposal. In the event a service center is closed, the State Lead Center will distribute the inventory where needed within the network. A year-end inventory list must be included with the final invoice for the program year.

### **10 Time and Effort Reporting**

All SBDCs will be required to submit time and effort documentation that meets federal requirements outlined in 2 CFR 200, section 200.430 (i). Formal process documentation and certification will be reviewed by the State Lead Center. If a host organization currently utilizes an existing grant office certification, it will be reviewed for endorsement by the State Lead Center. If the host organization does not have a current process in place, the host/SBDC will follow the process, documentation and certification presented in other documentation.