

OHIO SBDC FUNDING STRUCTURE

Funding for the Ohio Small Business Development Center (SBDC) Program is provided through a Cooperative Agreement with the U. S. Small Business Administration (SBA), the Ohio Development Services Agency (ODSA), and local partner organizations across Ohio called hosts.

Since the Ohio SBDC is a collaborative program, there are several documents that govern the program. These documents provide the rules and guidelines for establishing both the program and its policies. Both the Federal and State documents that govern the SBDC program are listed below. In **all** cases of conflicting or inconsistent policies, the **Federal** documents take precedence over the State documents.

Notice of Award

The Notice of Award, also known as the Cooperative Agreement, is the contract from SBA for the Ohio SBDC program.

Program Announcement

The Program Announcement outlines all the policies and requirements that the state must meet to propose a state SBDC program.

The SBA and SBDC program legislation and regulation (15 USC 648 and 654; 13 CFR Part 130).

OMB OMNI Circular published by The Federal Office of Management and Budget (2 CFR Part 200). Additional information regarding the OMB governing documents can be found at:
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl.

SBA Administrative Guidelines

Other administrative guidelines may include SBA Memoranda, SBA Policy Notices, and SBA Standard Operating Procedures that may be released during the term of this cooperative agreement.

ASBDC Accreditation

Accreditation is required by SBA. The Accreditation standards are modeled after the Malcolm Baldrige Quality standards. Peer review groups examine each national SBDC program every four (4) years to measure the level at which these standards are met.

The State documents listed below also define the policies and procedures of the program from the state's perspective.

Grant Agreement

The Grant Agreement is the contract between ODSA, as represented by the SBDC state office, and the SBDC host institution to operate an SBDC.

Ohio SBDC Request for Proposal (RFP)

The Ohio SBDC State Lead Center issues an RFP annually. Every other year is a competitive bid process. Centers are provided copies of the Program Announcement annually.

Operations Guide

The Operation Guide is a comprehensive document that contains the proper procedure for internal processes of the Ohio SBDC Network. It will guide directors and staff in providing consistency and compatibility in terms of services and operating issues from center to center.

Ohio SBDC Strategic Plan

The Ohio SBDC Strategic Plan provides for a clear purpose and vision by galvanizing and aligning the activities of the entire SBDC network to successfully achieve its goals. It provides:

- Clear direction, priorities and expectations to the organization.
- Establishes a shared vision and forum for collaboration.
- Improves ability to add value to what we offer and be recognized for it.
- Facilitates wise decision making and efficiency of operations.
- Generates data to justify plans/actions & maintain continuity through administration changes.

FINANCIAL MANAGEMENT SYSTEM

Centers must maintain an accounting system that reports all expenditures attributed to the management and operation of the local program. Separate general ledger accounts should be maintained for each funding source for all receipts, expenses and program income. Detailed records must facilitate an audit that traces program expenditures by source and use of funds. Annually each center must declare estimated "excess funds" by July 1st. The surplus funds will then become available for reallocation by the State Lead Center in order to avoid the need to request a carryover to SBA Headquarters. **ODSA award cannot be carried over to the next year; therefore, every center is required to spend those funds to \$0.** Financial reporting is required quarterly to the State Lead Center. Reporting due dates are documented in the Grant Agreement. Extensions CANNOT be granted. Late reports may be cause for loss of funding.

DEFINITIONS

Budget is the planning document prepared as a part of the RFP and proposal process which is presented to the SBA, approved, used to guide the expenditures of the program.

Budget Justification Form is used to create and report the program budget through the RFP and proposal process. The Budget Justification form is prescribed by SBA with specific line item categories: a. Personnel; b. Fringe Benefits; c. Travel; d. Equipment; e. Supplies; f. Contractual; g. Consultants; h. Other; and i. Indirect Costs. Each SBDC network program has a unique form.

Cash Match is required for the SBDC program. Cash match is considered the dollars spent for the sole benefit of the SBDC program. Cash match must tie to the delivery of core SBDC services. Cash match is not a reimbursable expense for the SBDC program. SBA requires that for each SBA \$1 invested in the SBDC program, that \$1 of match is provided from the State and Local partners. Of the match, 50 percent MUST be cash. Cash Match funding sources may include: ODSA, Host Cash Match and Local Cash Match.

Consultant Fees in the budget and invoice must be documented with a formal consulting agreement. The Ohio SBDC program has set a maximum of \$50 per counseling hour as eligible for reimbursement through the programs, unless special circumstances dictate a higher rate. Approval of an increased amount will be done on a case-by-case basis.

Direct Costs are those costs that are hard costs of the program operation and delivery that are not considered as overhead or indirect costs. All direct costs must be presented in the budget justification form across all funding sources. Eighty percent of the funds received by a host as part of the SBDC grant agreement must be allocated to direct costs of program delivery.

eLibrary is a depository of information and resource materials for use by the local SBDC Director and staff. It is located in Center IC. Once logged in, go to the “Customer Tab”. As the cursor is hovering over the tab a drop-down list will appear. Scroll down to and click on “Library”. Click on the arrow in front of Internal Library. Click on the arrow in front of each folder to open the contents. When the appropriate document is located, click on the title. A screen will appear to the right. At the top click on the blue link to the document to download.

Equipment is defined as all tangible personal property having a useful life of more than two years and cost of \$5,000 as specified by SBA. All equipment must be approved by SBA Headquarters through the State Lead Center prior to purchase unless included in the annual approved budget. Support documentation must include the invoice for items, mapped to the general ledger and the summary sheet on the invoice.

Funding Sources of the SBDC program include: SBA, ODOT, Host Cash Match, Local Cash Match, In-kind Match and Indirect Match.

Indirect Costs include those costs that directly 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 from the SBA.

In-kind Costs/Contributions include those contributions or donations to support the SBDC program. There is no requirement to track or report in-kind costs to the Lead Center.

Inventory is the documentation of all equipment, as defined above by SBA, and also includes property purchased as a part of the SBDC program with a cost of \$500 or more and/or all electronic devices, Inventory items must be cataloged with purchase date, purchase price, and location within the local center. Specific requirements are documented in this manual on the authorized disposal procedures.

Invoice Model is the Excel workbook designed by the Fiscal Manager at the State Lead Center. It is used to submit reimbursement requests for all SBDC programs. It includes reporting of all funding SBA, ODSA, Cash Match and Indirect Costs. The Invoice Model is designed specific to each center and is required to be maintained for the entire program year.

Non-cash Match is also used to fill the match requirement of the SBA. Non-cash are those costs that are not reimbursed to the host. Non-cash Match funding sources include: In-kind costs/contributions and Indirect costs/allocations.

Program Income is considered income generated from collecting fees for training or specific deliverables. SBA and the federal regulations for the program require that clients are NOT CHARGED for counseling services. Program Income should be accounted for under a “cash basis” as prescribed by Generally Accepted Accounting Principles (GAAP) standards. Program Income has special reporting requirements and support documentation.

Program Year – the Ohio SBDC program follows the Federal Fiscal, which is October 1 through September 30.

Restricted Expenditures and/or Unallowable Costs – Federal and State funds may NOT be used to purchase equipment unless authorized by the SBDC State Director and approved by SBA Headquarters in Washington. All equipment purchased for the SBDC program will remain property of the program and inventoried at the local center. Contracts for operation of the program may not be awarded to parties that are debarred or suspended from participation in federally funded programs. Examples of other unallowable costs are provided in the Invoice Section.

Travel Reimbursement for the Ohio SBDC program must be documented by providing the host's policies for travel and other expense reimbursement during the RFP and proposal process. Any unplanned out of state/region travel (including foreign travel), must be well justified and preapproved by the Lead Center Director and the SBA Federal Program Officer.

SPECIAL NOTE: *The Ohio SBDC program requires that the SBDC Director has responsibility and control over the budget, funds, staff and program at the local level. Therefore, as the Financial Manager, you should ask for the director's assistance in securing any of the above referenced documents. The Financial Manager should include the Director in all aspects of the work provided for the SBDC Program.*

THE BUDGET

Each year as a part of the annual RFP and proposal process, each center is required to create a budget. The budget must reflect the proposed expenditures for the program year. The budget must also be under the control of the center director. The Budget Justification is divided into cost categories as defined by SBA. The Ohio SBDC Budget Justification form is provided in the RFP announcement and must be completed as directed in the RFP.

Much of the specifications contained in the budget can be found in the OMB Circular 2 CFR Part 200. This summary is not meant as a substitute for a full understanding of the Circular. If you need further clarification, discuss with the center director and the State Lead Center.

Budgets are prepared under several specifications. Each program is required to maintain a separate budget along with a financially acceptable accounting process. The Ohio SBDC Program requires a 1-to-1 match of the SBA funds. First step is to review the allocation of Cash and Non-cash expenditures to the Ohio SBDC program. Definitions are provided in the previous section to assist with program specific terminology. Secondly the budget is allocated as Direct and Indirect Costs.

Host Cash Match must be at least 30 percent of the Federal and State award amount. There is no cap on the amount of cash match a local center can develop from the local community partners. Cash match over 30 percent helps to support a strong and sustainable program throughout the network. ODSA funds are used to subsidize the rest of the matching requirement on the federal level.

As a part of the budget preparation, cash match must be committed up-front and identified by source in the local center budget. The cash match allocated to the SBDC local center as well as the entire SBDC Budget, must be under the direct management of the SBDC center director. The only federal program that has funds allowed to match the SBDC program is Community Development Block Grant (CDBG). All Cash match must be supported with a signed Cash Match Certificate as required in the annual RFP and proposal process.

Examples of cash match may include: staff salaries, fringe benefits, travel for SBDC business, consultants or other specific operational needs. A lease agreement entered into for the express purpose of SBDC occupancy, outside of the host organization, is an eligible expense for cash match. However, the rental space occupied by the host and for the host is not an eligible cash match expense.

Non-cash match will make up the rest of the match requirement. For the Ohio SBDC program Non-Cash Match funding sources only include indirect costs. Indirect is NOT reimbursable through the invoice process. The indirect rate is dictated by the Indirect Cost Rate Agreement (ICRA). The agreement is negotiated by the host with the federal cognizant agency. For several of Ohio's SBDC hosts the SBA indirect rate of 24 percent. Most universities have rates set with the US Department of Health and Human Services. A copy of the official rate must be provided with the budget for approval to use the indirect rate.

During the RFP and proposal process the initial budget is set and approved by SBA. If the center director needs to make budget adjustments during the year, the line item move of funding is allowed if not more than 10 percent of each budgeted line item. Such budget change can be requested during the invoice process. The request budget change must be presented in the updated budget column and justified on the "Comments" tab.

All budget changes over 10% of each budgeted line require prior approval in the form of a revised budget submitted to the Lead Center before the change is implemented.

While the host fiscal office may be in direct contact with the State Lead Center for any budget or invoice discussion, it is the Center Director's responsibility to understand and have control of the program financial well-being. If the Financial Manager has direct contact with the State Lead Center, include the Director into the email or face-to-face discussion.

GRANT PROCESS

The State Lead Center will issue grant agreements once the Notice of Award is received from SBA Headquarters. The State Lead Center's Program Administrator will email the agreement to the center director with instructions. The Center Director will return a signed copy back to the State Lead Center via email at SBDCReports@development.ohio.gov. Once host signed agreement is received, it will be sent to ODSA's Legal Office for counter-signature. A fully executed copy will be returned to the Center Director. At that time the center will be able to submit invoices for payment to ODSA.

THE INVOICE

The Ohio SBDC program is considered a reimbursement program. All centers must use an approved accounting system to account for all receipts and expenditures of funding given under the SBDC Grant Agreement. Grantees request reimbursement through the submission of invoices that report all sources of funds. The host general ledger is required to support the invoice.

If a local center host organization is delinquent to the U. S. Government or to the State of Ohio, SBA or the state accounting system may hold payments until obligations are corrected. The State of Ohio may also garnish payments to local center host organizations to liquidate outstanding debt as required by Ohio law.

SBDC will reimburse SBDC service centers/grantees on a quarterly basis, based on submission of quarterly invoices detailing actual expenditures and with such supporting documents such as general ledger, payroll journals, travel expense receipts, and invoices paid from any of the budget categories, as required by the State Lead Center, ODSA and SBA. All requests for reimbursement must be for the current program year. If the SBDC service center is unable to provide the necessary support documents, the reimbursement will be denied.

The invoice packet is set for the individual center and all expenses are reported through the summary sheet, which auto-fills to the appropriate invoice. All funding categories are documented on the invoice – SBA, ODSA, Host Cash Match and Indirect. Program income documentation is also included with the invoice as submitted to the State Lead Center. More details are provided in the Program Income section following. All expenditures presented on the Invoice must be mapped from the summary sheet to the expense.

ELIGIBLE COSTS AND COST ALLOCATIONS

- A. PERSONNEL– Salaries of the full-time, part-time and student employees should be tracked through the Personnel line item. Support documentation for Personnel includes the general ledger, payroll journal, and time and effort documentation.
- B. FRINGE BENEFITS – Employer contributed benefits must be tracked through the fringe line item. Only SBDC personnel can be presented in the budget and/or invoice. In general, benefits that are paid for all host personnel may be charged to the SBDC program. Reimbursement for at-work parking for staff is not allowable, unless, included by the host as a part of its benefit package. Support documentation for fringe includes the general ledger and payroll journal.
- C. TRAVEL – Travel expenses are to be reimbursed using the State of Ohio guidelines. If the host policy covers the expense for additional levels of travel authorization, the invoice may reflect the difference as cash match. Travel is only reimbursable for SBDC staff identifies on the personnel line. Meals are not reimbursable unless on overnight travel status as defined by the State Travel Policy. Visit the website for more specifics: <http://codes.ohio.gov/oac/126-1-02>. Meals and Incidental Expenses (M&IE) Breakdown could be found at <http://www.gsa.gov/portal/content/101518>. All out-of-state travel must be approved by SBA Headquarters through the State Lead Center prior to travel unless included in the annual approved budget. Support documentation must include travel reimbursement report with

signed credit card receipts and other applicable receipts, mapped to the general ledger and the summary sheet on the invoice.

- D. EQUIPMENT – Purchase or lease of all tangible personal property having a useful life of more than two years and cost of \$5,000 are reported on the equipment line. All equipment must be approved by SBA Headquarters through the State Lead Center prior to purchase unless included in the annual approved budget. Support documentation must include the invoice for items, mapped to the general ledger and the summary sheet on the invoice.
- E. SUPPLIES – Purchase of goods used in the operation of the program much as consumables, office and computer supplies, equipment maintenance, equipment under \$5,000, and all electronics are reported on the supplies line. Please note that all equipment items and non-consumable items must be tracked in the Inventory. Support documentation must include the invoice for items, mapped to the general ledger and the summary sheet on the invoice.
- F. CONTRACTUAL – Normal contractual agreements to support the SBDC operations such as computing, cleaning, counseling or training services are reported through the contractual line. The reporting should include: type of service, number of hours of service, and the hourly rate. Support documentation must include a copy of the contract and invoice for services, mapped to the general ledger and the summary sheet on the invoice.
- G. CONSULTANTS – Individuals hired under contract with specific scope of work for SBDC training and/or counseling are reported under consultants. The reporting should include: type of service, number of hours of service, and the hourly rate. Support documentation must include a copy of the contract, invoice for services and Center IC report, mapped to the general ledger and the summary sheet on the invoice.
- H. OTHER – This line includes all necessary, justifiable and allowable costs not included elsewhere in the budget or invoice. Miscellaneous and contingency costs are NOT allowable. Examples of acceptable expenses include printing, copying, publications, utilities, dues, subscriptions, etc. Support documentation must include invoices mapped to the general ledger and the summary sheet on the invoice.

Examples of unallowable costs include:

Advertising and public relations

The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.

Alcoholic beverages.

Costs of alcoholic beverages are unallowable.

Bad Debts/Contingencies

Bad debts (debts which have been determined to be uncollectable), including losses (whether actual or estimated) arising from uncollectable accounts and other claims, are unallowable. Related collection costs, and related legal costs, arising from such debts after they have been determined to be uncollectable are also unallowable.

Entertainment

Costs of amusements, social activities, and incidental costs relating thereto, such as meals, beverages, lodgings, rentals, transportation, and gratuities, are unallowable.

Fines/Penalties

Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations are unallowable.

Goods or Services for Personal Use

Costs of goods or services for personal use of the institution's employees are unallowable regardless of whether the cost is reported as taxable income to employees. Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent, etc.), housing allowances and personal living expenses for/of the institution's officers are unallowable regardless of whether the cost is reported as taxable income to the employees.

Interest and Other Financial Costs

Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the non-Federal entity's own funds, however represented, are unallowable. Bond discounts, cost of financing and refinancing operations, and legal and professional fees paid in connection therewith, are unallowable except when authorized by Federal legislation.

Lobbying

The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost. No portion of the grant received by an SBDC may be used for lobbying activities, either directly by the SBDC or indirectly through outside organizations

Losses on other awards or contracts

Any excess of costs over income under any other award or contract of any nature is unallowable. This includes, but is not limited to, the non-Federal entity's contributed portion by reason of cost-sharing agreements or any under-recoveries through negotiation of flat amounts for indirect (F&A) costs. Also, any excess of costs over authorized funding levels transferred from any award or contract to another award or contract is unallowable. All losses are not allowable indirect (F&A) costs and are required to be included in the appropriate indirect cost rate base for allocation of indirect costs.

Pre-award costs

Costs incurred before the effective date of the sponsored agreement, whether or not they would have been allowable there under if incurred after such date, are unallowable.

Special Services and Student Activity Costs

Costs incurred for general public relations activities, alumni activities and similar services are unallowable. Costs incurred for intramural activities, student publications, student clubs, and other student activities are unallowable.

Depreciation

Depreciation or a use allowance on idle or excess facilities is not allowable, except when specifically authorized by the SBA.

For a complete description of all allowable/excluded expenses, refer to the Title 2 CFR Part 200 - "Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards."

INVOICE SUBMISSION

The invoice is required to arrive at the State Lead Center by the dates specified on the Due Dates Schedule. Quarterly invoice packets are accepted exclusively via email in a "PDF" electronic format. This allows to increase accountability efforts for the Lead Center and account for all past due items with greater efficiency. Invoice packets must be emailed to SBDCReports@development.ohio.gov. Your sent email will serve as confirmation of receipt. In addition, forward all necessary follow up correspondence that is requested by the Lead Center to the above referenced email address. Please make sure to send all documentation in a single "PDF" file.

As a part of the submission process, the center director must sign the invoice. By signing the invoice, the director certifies the information on the invoice. This certification must be taken seriously. The Host cannot opt for another person to sign the invoice.

INVOICE ISSUES

As the State Lead Center reviews the invoice and all support documentation, any questions or issues will be sent to the center director. The financial manager may also be involved in the review and verification process. Once all issues are resolved, the invoice will be sent to ODSA finance office for payment processing.