



ARIZONA GEAR UP

Gaining Early Awareness and Readiness for Undergraduate Programs
YEAR 4: 2009-10

FINANCIAL PACKET GUIDELINES

1. GEAR UP Partner Financial Packet

- Arizona GEAR UP Partnerships operate on a cost reimbursement basis and include a cost share obligation. The Arizona GEAR UP Partner Agreement, Attachment 2, specifies the amount authorized for reimbursement and the amount of cost share required during the performance period. GEAR UP Partners request reimbursement and report cost share monthly by way of a completed *GEAR UP Partner Financial Packet* that includes required supporting documentation. The packet must be mailed on or before the due dates specified in the accompanying instructions (generally 20 days after the close of a month) and includes the following reports: I. Summary and Certification; II. Brief Narrative; and III. Cumulative Statement
- Packet reports shall include information necessary for NAU to determine the nature of all expenditures requested for reimbursement and cost share reported. All reimbursement processing and approval shall be contingent upon the timely submission of this complete set of reports and attachments as required. Itemized records of all Agreement-related expenditures are to be retained by the GEAR UP Partner for five years after final payment is remitted and may be subject to program review or audit. The GEAR UP Partner is required to provide these records to NAU upon request.

2. Requirement to Establish a Separate GEAR UP Account

Funds issued to the GEAR UP Partner from NAU for reimbursement of expenses cannot be co-mingled with funds from other sources.

- The Arizona GEAR UP Partner Agreement requires partners to establish a separate local account to capture GEAR UP-related financial activity. This auditable transaction record of both revenue received and expenses incurred must be assigned a unique identifying number from within the Partners' existing General Ledger account structure. Only GEAR UP Agreement-related financial activity can be posted to this account. A detailed statement of each month's account activity that conforms to generally accepted accounting principles must be submitted as part of the supporting documentation record for requested reimbursement.

3. Requesting Reimbursement and Reporting Cost Share

GEAR UP expenditures and cost share must be for the direct costs of the project as described in the approved Agreement work plan and budget, and authorized under federal cost principles (Education Department General Administrative Regulations, OMB Circular A-87, and OMB Circular A-102). NAU reserves the right to disallow costs, either before or after they have been reported and reimbursed, based on later audit or other review.

- Federal cost principles on allowable costs state that they must be:
 - Reasonable (reflecting an action that a prudent person would take and generally recognized as necessary for the organization to accomplish a work plan task, guided by established institutional policies and practices);
 - Allocable (applied in proportion to relative benefits, as approximated through reasonable methods);
 - Consistently treated (anything not allowed by the partner organization is not allowed by GEAR UP);
 and
 - Compliant with limitations and exclusions (as stated in federal cost principles, these guidelines, and the Agreement).

- In addition to those costs specifically prohibited by federal cost principles, the following costs are not allowable for reimbursement:
 - Annual GEAR UP Site Coordinator salary and benefits (“total compensation”) in excess of \$60,000 – amount in excess must be paid from a non-GEAR UP source. It may be reported as match if that source is non-federal. Similarly, any payments to any staff member for overtime will not be reimbursed, but may be reported as match if paid from a non-federal source.
 - Costs for entertainment and socializing alone – cost-bearing events (especially those involving food costs) must have multiple GEAR UP students and/or parents in attendance, and must be held in order to accomplish a specific work plan task.
 - Travel-related costs that are not itemized in the approved work plan or budget – may be reported as cost share if specifically approved, in writing, by the Arizona GEAR UP Project Director in advance; when reporting travel costs and cost share, the Partner-agency’s policies and procedures apply (NAU’s travel policies and procedures only govern NAU employees).
 - Equipment costs (single items that cost \$5,000+) – may be reported as cost share if specifically approved, in writing, by the Arizona GEAR UP Project Director in advance.
 - Facility or classroom use - Facility use (and donated space) on either an ongoing or single-event basis may be reported as cost share if the space used by GEAR UP would otherwise be made available to outside entities for rent or lease based on a pre-determined, documented rate. The value associated with the use of such space must be discounted by the relevant depreciation rate or arrived at via a use-allowance method. Proper documentation of facilities costs is required to be submitted at the time that the match is reported.

- Before purchasing, or reporting as cost share, food and/or drinks in support of the implementation of a work plan task, GEAR UP Coordinators must secure approval from their designated GEAR UP Assistant Director (generally via e-mail).

4. Further Guidance on Cost Share

Cost share (also called "matching" or "in-kind") is defined by the federal government as the value of third-party in-kind contributions and the portion of the costs of a federally assisted project or program not borne by the federal government. Cost share is a required element of GEAR UP.

- Principles for expending, documenting and reporting cost share are the same as if the expenditures have been charged directly to the federal grant award. Cost share must be verifiable from GEAR UP Partner records, and expenses must be incurred and documented in accordance with EDGAR 34 CFR

80.24 and OMB Circular A-87. The GEAR UP Partner must maintain detailed records of each cost share item, including item description, value, and source of funding.

- Cost share must be incurred solely to accomplish an approved GEAR UP work plan task. Documentation must show that, were it not for GEAR UP, the contribution would not have occurred. For example, the value of a paid counselor's time can only be reported as match if it is evident that the counselor was compelled to spend the contributed time in order to accomplish a work plan task.
- Contributions, including cash and third party "in-kind," shall count toward the Partner's cost share obligation when they meet all of the following criteria:
 - are necessary and reasonable for the proper and efficient accomplishment of a work plan task
 - are verifiable from the Partner's records
 - are allowable under the applicable cost principles (OMB Circular A-87)
 - are not included as contribution for any other federally-assisted project or program
 - are not paid by the federal government under another award
 - conform to the matching or cost sharing provisions of EDGAR (Education Department General Administrative Regulations) 34 CFR Part 80.24
- Teacher time can be counted as cost share if it is uncompensated (i.e. occurs on a day or at a time that is not included as part of the teacher's regular contract). If a substitute teacher fills in for a teacher who is away from a classroom to accomplish a GEAR UP work plan task during contract hours, the cost for that substitute can be counted as cost share.
- Volunteer time may be counted as cost share at fair market value – i.e., rates an organization would typically pay to compensate an individual for similar work. The Arizona volunteer rate specified in the Financial Packet Instructions applies to hours contributed by adults (including college students) in cases where applying the fair market value rule to their time is impractical. When high school students volunteer, their hours can count as match when the initiative associated with their volunteer service occurs outside of normal school hours (i.e. after school, evenings or weekends). In addition, students' contributed time should be valued at minimum wage (\$7.25 per hour effective January 1, 2009). Individual cost share contribution forms, or sign-in sheets with language on the bottom indicating that the volunteer is aware that they are contributing their time to GEAR UP, must be used to document the time contributions.
- GEAR UP Partners are permitted (and encouraged) to report, as cost share, the value of any and all (non-federal-source) scholarships awarded to GEAR UP students (see Financial Packet Instructions).
- As stated in the federal grant award agreement, Arizona GEAR UP adds eight cents of indirect costs to every one dollar of cost share reported by GEAR UP Partners (an 8% indirect cost rate). This means that Partners may not claim, as cost share, pro-rated salary and benefits of central finance, payroll or accounting personnel to document and prepare monthly financial reports and provide other indirect forms of support. Time spent by personnel to supervise GEAR UP staff and implement work plan activities may be allowable as cost share, but in all instances, must be documented with a Time and Effort form.

5. Required Supporting Documentation

Supporting documentation means copies of all Time and Effort forms, payroll registers, receipts, invoices, purchase orders, calculation sheets, cost share contribution forms, transaction reports, accounting reports, e-mail correspondence, and other types of documentation in support of expenses requested for reimbursement and cost share reported to NAU.

- Arizona GEAR UP financial reporting procedures require GEAR UP Partners to submit copies of all detailed supporting documentation with monthly financial packets. This includes:
 - An auditable transaction record of both revenue received and expenses incurred during the reporting period, for the separate local account established to capture GEAR UP-related financial activity.
 - A payroll register that conforms to generally accepted accounting principles, as documentation for salaries, wages, and benefits of school personnel costs (for either reimbursement or cost share).
 - Copies of signed Time and Effort forms for each staff member whose personnel costs are being requested for reimbursement or reported as cost share in a given month (partners may substitute copies of their own such forms if they meet standards of OMB Circular A-87 Appendix B(11h)).
 - All other supporting expenditure documentation, as backup for reimbursement and cost sharing related to operating, program, and summer program costs (for donated items and waived/discounted fees, written documentation from the contributor must indicate the actual cost or current fair market value).
 - Copies of all Cost Share Contribution Forms, when reporting match in instances when no other type of supporting documentation exists (most commonly used to document match from Non-District Personnel and Volunteers who contribute time/expertise toward the accomplishment of a work plan task).
- GEAR UP partners may propose (in writing) to implement alternative procedures to these documentation requirements. NAU will review the proposal and inform the partner if it is accepted.

6. Brief Narrative

The Brief Narrative must clearly identify all items requested for reimbursement and reported as cost share, and make the purpose of each evident by correlating them to specific work plan task(s); this means that listing an employee name alone (under School Personnel) or a vendor name alone (under Operating) is inadequate.

- For example, instead of just noting “3 Counselors, \$551 match”, use a description such as “Counselors Pat Smith, John Lopez and Jean Yazzie contributed a total of 18 hours in cost share, valued at \$551 in salaries & benefits, while conducting career exploration activities with GEAR UP students, work plan task 1.1.” Instead of just noting Tourwest as the vendor for a \$400 reimbursement request under Operating, use a more complete description, such as “\$400 is requested for reimbursement for transportation for 50 students and chaperones on a trip to U of A, work plan task 4.1.” Similarly, the vendor name alone, on an unusually large supply purchase, warrants additional information – \$750 paid to the Del Ray Corporation may be an allowable expenditure, but the brief narrative should reflect what the purchase was for – “\$750 was expended for 75 calculators per work plan task 3.5,” for example.
- More sample brief narratives are provided in the Financial Packet Instructions.

7. Budget Modifications

Budgets are administered on a “category” basis. The five major categories are: School Personnel; Travel; Programs & Operating; Summer Programs; and Scholarships. Each category may have several line items within it (EX: the School Personnel category is the sum of line items Salaries and Wages + Employee Benefits). Partners’ cumulative costs requested for reimbursement in each category may not exceed the total amount authorized for reimbursement.

- No travel may be undertaken unless itemized in the Partners’ approved budget.
- GEAR UP Partners shall notify NAU no later than sixty (60) days prior to the end of the performance period if it appears that total reimbursement funding will be insufficient to accomplish the purposes of the Agreement. Following that notification, NAU and the Partner will carefully review budget status and determine a solution (NAU is not obligated to increase the Reimbursement amount and the Partner is not obligated to provide services beyond the point at which Reimbursement funds expire).

8. Authorized Official’s Signature

- A GEAR UP Partner’s “Authorized Official” is the person who is designated in the Agreement as such. The original signature of the Partner’s Authorized Official must appear on page 1 of each monthly financial packet submitted to the State GEAR UP Office. By signing, the Authorized Official is certifying that expenditures requested for reimbursement and reported cost share in the *GEAR UP Partner Financial Packet* comply with all applicable federal regulations, that the brief narrative and cumulative report are accurate, and that all required supporting documentation is attached.