

GOVERNOR'S OFFICE OF FEDERAL ASSISTANCE

NEVADA'S FEDERAL GRANT RESOURCE

Regulations & Compliance:
Understanding Your Responsibilities, Internal Controls & Compliance
February 29, 2024

General Housekeeping

Welcome

- Training will be recorded and will be stopped just before the Q&A section
- The recording and presentation materials will be emailed to all registered attendees and posted to our website.
- If you have a question, drop it in the chat
- Close Captioning is available, please click the CC button at the bottom of your screen



About Us

The Governor's Office of Federal Assistance, or OFA, was created with the passage of Assembly Bill 445 of the 81st Legislative Session in 2021. OFA was officially launched on July 1, 2022.

Vision

The Governor's Office of Federal Assistance supports our stakeholders in obtaining, increasing, and maximizing federal assistance.

Mission

The Governor's Office of Federal Assistance reduces barriers by providing inclusive, collaborative, comprehensive, and centralized support in obtaining federal dollars for Nevada.



Meet Your Trainers



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Director



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Learning Objectives & Goals

- Your Reporting Responsibilities
- What SPoC is and how it affects you
- Internal Controls – The what, why & advantages
- Single Audit Filing
- Audit Finding Overview
- Mandatory Record Retention Requirements
- Regulations – Where can you find them?



Responsibilities

All federal laws, regulations and rules apply to all prime recipients, subrecipients and contractors who receive federal funds.

- Single Point of Contact (SF-424)
 - When & How to Notify
 - What to Share
- Internal Controls
- Funder Required Reporting
- Audit Reporting
- Audit Finding Prevention & Remediation
- Record Retention Requirements
- Know the Law – Federal, State & Established By-Laws



Single Point of Contact

- Federal Executive Order (E.O) 12372 (also referred to as the Intergovernmental Review)
- Purpose:
 - To coordinate in-state grant applications
 - Fosters intergovernmental partnerships
- The Grant Application and Submission information (SF-424) will inform the applicant that an Intergovernmental Review is Required, and the SPOC must be notified to comply with the State's process under EO 12372
- Submit through the [OFA online automated form](#)

OMB Number: 4040-0004
Expiration Date: 03/31/2012

	parentheses.
19.	Is Application Subject to Review by State Under Executive Order 12372 Process? Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process. Select the appropriate box. If "a." is selected, enter the date the application was submitted to the State
20.	Is the Applicant Delinquent on any Federal Debt? (Required) Select the appropriate box. This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include



State Agency Notification Requirements

Legal Authority

- Nevada Revised Statute (NRS) 223.480
- State Administrative Manual (SAM) 3000
- State agencies are required to:
 - Submit their notice of application
 - (the Intergovernmental Review requirement- SF-424 is met in this step)
 - Notify when a grant award is received
 - Close out
 - If funds will or have been unexpended at the end of grant period of performance
- Required reporting to the Office of Federal Assistance done through the online [Federal Assistance Notification Form](#) on our website.

**Local Governments, Tribes and Non-Profits are encouraged to report to get an accurate picture of how Nevada is doing as a whole.



Internal Controls

Per the US Government Accountability Office, "Internal control is a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved. These objectives and related risks can be broadly classified into one or more of the following three categories:

- Operations - Effectiveness and efficiency of operations
- Reporting - Reliability of reporting for internal and external use
- Compliance - Compliance with applicable laws and regulations"

Internal Controls

- Employee Dependent Process
- Only works with cooperation of all employees

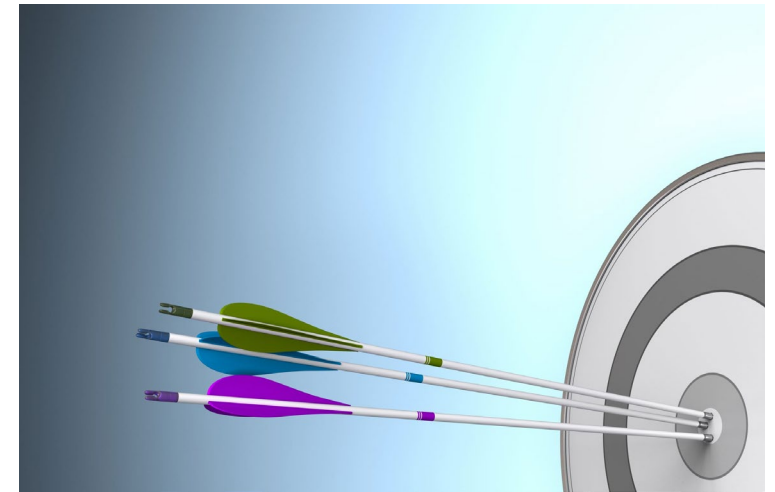
Audit Finding Prevention starts here – the majority of audit findings are due to faulty, missing, or ignored internal control issues



Benefits of Internal Controls

Effective Internal Controls helps your organization to:

- Safeguard your assets and reputation
- Ensure accurate and complete records
- Promote operational efficiency
- Protects the ability to make an impact
- Encourages individual compliance to policies and organizational goals
- Reduces your risk and enhances your risk assessment scores, potentially resulting in decreased monitoring requirements



COSO & Federal Internal Controls

In 1985, the Congressional Committee of Sponsoring Organizations and Treadway Commission (COSO) created an Internal Controls Framework which is used across the federal funding landscape.

(<https://www.coso.org/internal-control>)

Additionally, Nevada has embraced the COSO standards, which are evident in its internal control policies, regulations, and legislation. (Governor's Finance Office).

Not a state agency?

Knowing what your pass-thru-entity is required to do will help you prepare your reimbursement requests.



5 Components of Internal Controls

The five (5) components of internal controls include:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring



The Control Environment

The Control Environment is the values, culture, and expectations of your organization.

This includes:

- Integrity and ethical values
- Organizational structure
- Management's operational style & philosophy
- Expectations of upper-level managers

The tone of your organization is set by management. This can be done by implementing and promoting ethical standards, integrity, and accountability policies.



Risk Assessment

A Risk Assessment is the process of identifying areas of potential weakness and determining the likelihood of it happening.

Typical areas to review include:

- Your control activities (found on the next slide)
- Key personnel/software changes & previous grant performance
- Previous Audit Findings

Common areas of high risk:

- Cash handling
- Travel
- Purchasing



Control Activities

Control Activities are policies and procedures put into place to run operations, accomplish goals, and prevent fraud.

Common Control Activities:

- Written (and up-to-date) policies & procedures
- Security measures (examples: passwords, locks or security cameras)
- Compensating controls (how to fix the errors)
- Outsourcing monitoring
- Segregation of duties
- Supervisor and Managerial signatures on all stages of a purchase or other expenditures
- Trust is not an Internal Control!



Segregation of Duties

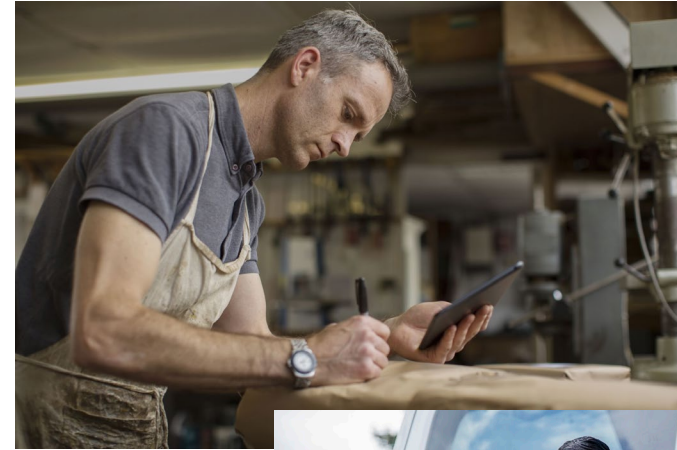
Segregation of duties means no one (1) person is responsible for all parts of a process.

Use compensating controls, such as additional monitoring or secondary sign-offs, when separation is not possible.

Example:

- Person A orders the supplies and the supervisor and manager sign off on the request.
- Person B receives the supplies and makes sure all the items in the shipment match the invoice. This person can also distribute the items.
- Person C matches the confirmed invoice with the supply order, the amount charged and the bank debit.

This helps to prevent purchasing fraud and embezzlement since many eyes are on the same transaction but from different points of view.



Information & Communication

Information is necessary to carry out internal controls that support the organization's objectives. However, clear and consistent communication sustains the organization's efforts over the long term.

Information flows from the top down. Establishing a compliance-oriented culture that prioritizes open dialogue, integrity, and offers a secure whistleblowing process starts with effective management.

To create this culture, employees need to know:

- Exactly what is expected of them
- What their duties are
- Where to find information and written guidelines
- Clearly defined consequences for failure
- Whistleblowing reporting is confidential with no reprisals



Monitoring

Monitoring serves as a method for managers to oversee the adherence to processes such as internal controls within an organization.

Employee turnover, changing political climates and economic stressors make monitoring critical for the long-term health of your organization.

- Monitoring Activities include (but not limited to)
 - Spot checking
 - Providing continual education on internal processes
 - Self-auditing transactions
 - Getting proper authorization for all parts of a transaction
 - Adequate documentation & records
 - Reporting



Required Reporting

The amount of monitoring and required reporting is based on your risk level. Typically, projects with higher risk or greater complexity necessitate increased reporting and oversight.

Federal Agencies require the following reporting at a minimum:

- Fiscal Reports
- Performance Reports
- Close-Out Reports
 - From Prime
 - All Subrecipients
 - Not Contractors

All Grantors have the right to increase or decrease the reporting frequency based on your entity's performance.



Single Audits & You

Do you need a Single Audit?

The answer depends on how much you expended in a fiscal year.

A Non-Federal entity that expends \$750,000 or more during the non-Federal entity's fiscal year in Federal awards must have a single audit conducted in accordance with [2 CFR 200.514](#) except when it elects to have a program-specific audit conducted. [2 CFR 200.501 (b)]

If an entity expends less than the \$750,000, it is exempt.

However, a federal agency, pass-thru-entity or the Government Accountability Office (GAO) can request records for review or audit at any time and a pass-thru-entity may choose to use an auditor to monitor its subrecipients.



Single Audits & State Agencies

The State of Nevada is audited as a single entity and will report and identify findings that maybe be found by department.

Here's a high-level overview:

- The State Controller's Office compiles all the reports via the Single Audit Certification forms to create the Schedule of Expenditures of Federal Awards (SEFA).
- The SEFA becomes part of the Single Audit Report which is reviewed by outside auditors.
- The final report is due 9 months after the close the state's fiscal year (2 CFR 200.512)
- The result of the Single Audit contributes greatly to the risk level assigned to ALL Nevada agencies' grants.



Single Audit Certification Form (SAC)

To ensure the State of Nevada remains in compliance with the Single Audit Act amended in 1996, each State agency receiving Federal funds is required to provide the information requested on the Single Audit Certification Form (SAC).

The figures accumulated from these forms will be incorporated into the Schedule of Expenditures of Federal Awards, which becomes a part of the Single Audit Report reviewed by our outside auditors, Eide Bailly. It is very important the SAC's be accurate and submitted to the Controller's Office in a timely manner.

If you have questions please contact Grants@sco.nv.gov or visit the [State Controllers internal website](#) for more information.



Audit Findings & You

Did you know a common audit finding involves Internal Controls?

No one wants an audit finding. When you get one, take time to review the finding thoroughly.

Below are tips to make remediating an audit finding easier:

- Respond to an audit finding promptly.
- Review your Internal Controls to identify areas of weakness or noncompliance.
- Use the audit finding as an opportunity to improve your processes and seal any gaps to prevent fraud.



Record Retention

All recipients of federal dollars are required to have and maintain a record retention plan. Recipients are defined as: the prime, subrecipients, and contractors.

Per 2 CFR 200.334-337, all records must be:

- Kept for a minimum of 3 years (2 CFR 200.334)
- Available at any time during those 3 years, if requested
- Stored in open and machine-readable formats or on paper
- When the federal awarding agency determines specific records possess long-term value, the federal awarding agency will request a transfer of the records.

However, **ALWAYS** keep a copy in your possession.



Record Retention

All records includes (but is not limited to):

- Financial records
- Supporting documents
- Statistical records
- All other non-Federal entity records pertinent to a Federal award



State Agencies – Review your Record Retention agreement with Archives. If you do not have one, contact State Archives' Records Management team at (775) 684-3411.



Regulations - Overview

Regulations are generally reactionary and occur in response to an event.

While you cannot override Federal regulations, you can impose stricter requirements.

Grant rules and regulations are comprised of the following:

- Federal
- State & Local Ordinances
- Tribal Law
- Non-Profit Directives

Rule of Thumb: Always opt for the most stringent option, provided it adheres to all guidelines outlined in federal regulations. (2 CFR).



Regulations – Federal (2 CFR 200)

The Code of Federal Regulations (CFR) encompasses all federal regulations, including those pertaining to grants. Specifically, the section pertaining to grants is identified as Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly abbreviated as "2 CFR 200."

2 CFR 200 is divided into sections:

- 200.0 = Acronyms and definitions
- 200.100 = General Provisions
- 200.200 = Pre-Award Requirements
- 200.300 = Post Award
- 200.400 = Cost Principles
- 200.500 = Audit Requirements
- Appendices to Part 200 = Additional guidance



Regulations – State & Local

Types of State & Local Regulation

- Nevada Revised Statute (NRS)
- Nevada Administrative Code (NAC)
- County & City Laws & Ordinances

State Agency specific but helpful for everyone

- State Administrative Manual (SAM) 3000
- Nevada Grant Manual
- Nevada Grant Policy Manual – under revision

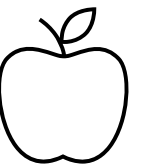


Regulations – Non-Profits & Tribes

In addition to state and local laws, Non-Profits and Tribal Governments have their own entity specific regulations, restrictions, and mission objectives.

Common examples include:

- Founding Documents
- Charter By-Laws
- Tribal Councils
- Non-Profit Board Rulings
- Tribal Council Rulings
- Tribal Laws



Technical Assistance & Education

The world of grants is a very dynamic and ever-changing landscape.

To help you make your grant journey easier, consider exploring OFA's most popular services:

- Technical Assistance Opportunities
- Continuing Educational Opportunities
- Grant Review
- Grant Monitoring Guidance



Technical Assistance

OFA offers free technical assistance to all stakeholders.

We answer questions about grants during all phases of the grant lifecycle.

Technical assistance includes (but not limited to):

- Grant Discovery
- Grant Writing Mentorship & Review
- Grant Management & Monitoring

The Office of Federal Assistance is your technical assistance resource for federal grant related needs.

- Email us at grants@ofa.nv.gov
- Call us at (775) 684-0156



Educational Resources

- OFA's Video Library & Monthly Webinars
- OFA's topic specific webpages [ofa.nv.gov] including the IJJA Hub, grant resources, grant matching program, data resources, FAQs & more.
- Nevada's Federal Grant Search Tool's Consortiums
 - Where grant professionals from across the state meet to brainstorm solutions to existing problems, network and collaborate on grants together
 - Current Consortiums: (Work Force Development & K-12 Education)
 - Must be a user to attend.
- Grant Education
 - National Grant Management Association
 - Grantsmanship Center
 - Grants.gov



OFA Services



- [Notice of Funding Opportunity and Database](#)
- [Weekly Grant Opportunities](#) – Every Friday
- [Grant Training Video Library](#)
- [Nevada's Grant Matching Program](#)
- [Free Technical Assistance](#)
- Sign up for the [OFA Newsletter](#) so you don't miss anything!



OFA – Upcoming March Training



Next Training in the Post Award Management Series:

- [Post-Award Financial Management: Implementation, Monitoring & Reporting – March 28th at 10:00 AM](#)



Contact Information

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Time for Questions



Regulation & Compliance: *Understanding Your Responsibilities, Internal Controls & Compliance* Training Survey

[Training Survey Link](#)

