



# CAPITOL TOPICS

## OCTOBER 2015

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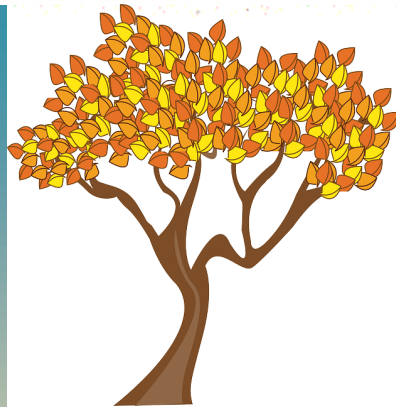
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### PRESIDENT'S MESSAGE



Happy Fall! I was excited to see everyone at the September luncheon last month and I hope you all enjoyed Mr. Longley's presentation on the Sunset Advisory Commission as much as I did. Based on the surveys we received, it appears that our new location was a success as well. Accordingly, we will be hosting our October luncheon at Pappadeaux Seafood Kitchen again.

I hope some of you were able to attend one or more of the great volunteer opportunities that were included in the September newsletter. My 4 year old son and I attended the Austin Annual CASA Superhero Run on September 13 at the Domain. What a great turnout! CASA raised over \$180,000 for abused and neglected children. And the smile on all of the little superheroes' faces at the event were priceless. While I didn't run the 5K, I ran the

1K with my son, and not surprising to me, he beat me.

The Chapter Executive Committee met on September 17 and discussed a number of initiatives. While many of these are still in the works, the Education and Programs Committee confirmed that Cathy Terrell, Deputy Executive Director of the Employee Retirement System will present at the October luncheon. She will speak about the debate over defined benefits plans. We hope to see you all there.

Lastly, the Houston Chapter is hosting CGFM trainings for interested AGA members in October and November and has graciously extended the invitation to the Austin Chapter. Details on the training are included in this month's newsletter.

Again we are always looking for additional participation on the board and committees. We currently have the following committee positions open if you are interested in working with this dynamic team: (1) Bylaws and Procedures Chair (2) Early Careers Chair (3) Membership Chair and (4) Secretary. Please contact me or any of the board members for more information. Thank you for your continued support of the chapter. See you all on October 8th!

Bhakti Patel  
President, AGA Austin Chapter



### UPCOMING EVENTS

#### Defined Benefit Plan Debate

On October 8th, **Cathy Terrell**, Deputy Executive Director for Employees Retirement System of Texas (ERS), will discuss the debate over defined benefit plan. **Please note the registration fee has increased to \$25 per member and \$30 for non-members.**

**Date/Time:** Thursday, October 8, 2015 - 11:30 am-1:00 pm  
**Location:** Pappadeaux at 6319 N. Interstate 35, Austin, TX 78752  
**CPE Credit:** 1 Hour  
**Registration:** <http://www.agaaustin.org/aga-austin-reg.html>

Attend Today! Win a Gift Card for Tomorrow!

## Highlights

### Luncheon Gift Card Drawings!

AGA will have a raffle for attendees during every luncheon event this year! The raffle winner will receive a \$20 gift card (i.e. Starbucks, Target, Walmart, etc.) by drawing the winner from the list of names in attendance (excludes Executive Committee Members)!

### Minutes

On September 17, 2015 the Austin Chapter held its monthly executive meeting. The key points from the meeting follow.

- Adoption of the Annual budget
- Delegation and documentation of responsibility
- Secure speakers along with their biography
- Coordination/setup of luncheon venue
- Update email list and communication with members
- Communication with National AGA (e.g. applying for scholarships)
- Other miscellaneous items (luncheon vouchers to guest speakers, elimination of plaques, raffle for luncheon attendees, etc.)

### Membership October Anniversaries

Congratulations to the following members who have reached their anniversary milestone in the month of October 2015.

#### 1 YEAR:

Marlo F. King

#### 20 Years:

Dwight C. Casey, CGFM-Retired



**A special shout-out to Sharita Jefferson for capturing the excitement at the CPE event!**

### CGFM Training

The AGA Houston Chapter is hosting a CGFM Training in 2015. If you have any questions contact Sheila Hammond (sheilah@audimation.com) or Richelle Brewster (brewr\_14@yahoo.com), or 832-791-1499. The training details are as follows:

#### **Dates:**

Part I and III - October 9, 10, & 11  
Part II - November 12, 13, & 14

#### **Where:**

McConnell & Jones LLP  
4828 Loop Central Drive, Suite 1000  
Houston, TX 77081

#### **Cost:**

\$1,100 members; \$1,300 non-members

#### **Price includes:**

Materials and test vouchers for first 15 people that register

Two monthly payments in the amount of \$550 can be made as follows:

- **Mail to:** AGA Houston Chapter, PO Box 890473, Houston, TX 77289
- **Online:** [www.agahouston.org](http://www.agahouston.org)

## Navigating the Sunset Process CPE Event - September 10, 2015 -



## Treasurer's Report



### Treasurer's Report For the period ending 8/31/2015

<b>Beginning Bank Balance 7/31/2015</b>	<b>\$6,497.04</b>
<i>Revenue:</i>	
8/1/2015 Dividend through 7/31/2015	\$0.55
<b>Total Revenue</b>	<b>\$0.55</b>
 <b>Funds Available</b>	 <b>\$6,497.59</b>
<i>Expenditures:</i>	
<i>Date</i> <i>Check No./Credit Card.</i>	
<b>Total Expenditures</b>	<b>\$0.00</b>
 <b>Ending Bank Balance 8/31/2015</b>	 <b>\$6,497.59</b>
<b>Check Register Reconciliation:</b>	
<b>Ending Bank Balance 8/31/2015</b>	<b>\$6,497.59</b>
<i>Outstanding Checks:</i>	
<i>Date</i> <i>Check No.</i> <i>Description</i>	
<b>Total Outstanding Checks</b>	<b>\$0.00</b>
<i>Outstanding Deposits:</i>	
<i>Date</i> <i>Description</i>	
<b>Total Outstanding Deposits</b>	<b>\$0.00</b>
 <b>Adjusted Ending Bank Balance 8/31/2015</b>	 <b><u>\$6,497.59</u></b>
 <b>Total Chapter Cash Available Per Check Register 8/31/2015</b>	 <b><u>\$6,497.59</u></b>
<i>Cash On Hand: Cash On Hand:</i>	
CU Min Savings Balance	\$5.00
Luncheon Bank	\$40.00

## Community Service



### Ronald McDonald House Dinner Volunteer Event

**Hosted by:** Austin Young Chamber of Commerce  
**When:** Wednesday, September 30, 2015 from 4:30 PM to 6:30 PM  
**Where:** 1315 Barbara Jordan Blvd; Austin, TX 78723  
**Sign-up here:** <http://www.eventbrite.com/e/ronald-mcdonald-house-dinner-volunteer-event-tickets-16381518563?aff=es2>

The AYC Leadership Service Committee will be cooking dinner for families at the Austin Ronald McDonald house and need more volunteers. Come out and make a difference while getting to hang out with great people and cook a delicious meal. Email Todd Milligan, [tdmilligan@gmail.com](mailto:tdmilligan@gmail.com), if you are interested in volunteering!

### 6th Annual Chalk Walk & Arts Festival in downtown Round Rock

**Hosted by:** Round Rock Arts  
**When:** Friday, October 2nd and Saturday, October 3rd  
**Where:** Centennial Plaza, Round Rock, TX 78664  
**Sign-up here:** Select your timeslots and how you want to volunteer by going to our Volunteer Spot: <http://vols.pt/VY1aC7>

Volunteers needed during the following hours: Friday, October 2nd from 12:30 pm - 11:00 pm and Saturday, October 3rd from 7 am - 9 pm. Seeking help out with: Registering "Chalk-Walkers", Children's area or Children's Chalk Walk, Drinks sales, Vendor registration, Greeting visitors, Set up/clean up and More! Shifts will run about 3 hours. However, if you would like to stay longer or give more time, we would really appreciate it! Contact us on [roundrockarts@gmail.com](mailto:roundrockarts@gmail.com) if you have further questions.



### Building Bridges Art Celebration & Auction

**Hosted by:** Arc  
**When:** October 7, 2015; 10:00 a.m. – 11:30 p.m.

**Where:** The Hyatt Regency, 208 Barton Spring Rd., Austin, TX 78704  
**Sign-up here:** Email [warcher@arcofthecapitalarea.org](mailto:warcher@arcofthecapitalarea.org) for a volunteer application. Volunteer shifts can be viewed at <https://docs.google.com/document/d/1HVN13sl4QMNj1NA6CFUHQ3p8DdzNeO94PJxKnJA5yWo>



Building Bridges Art Celebration & Auction is The Arc's largest fundraiser. With more than 100 pieces of professionally framed artwork, numerous exciting auction packages and a prestigious dinner & awards ceremony, Building Bridges has become a highly anticipated and increasingly profitable affair. We need volunteers to help set up and run our biggest fundraiser of the year. There are many volunteer roles available. Possible duties are: set up and decoration, running the silent auction, registration, helping with the live auction and Fund-a-Need, greeting guests, and much more!

## Community Service (continued)

### *Volunteer at the Austin Country Run*

**Hosted by:** Big Brothers Big Sisters America  
**When:** Sun Oct 11, 2015, 06:30 AM - 11:30 AM  
**Where:** Dell Diamond, 3400 E Palm Valley Blvd, Round Rock, TX 78665  
**Sign-up here:** <http://www.cornerstorerun.com/volunteer>

Get your country on and volunteer for a day of fun! Volunteers are needed to help with various tasks such as checking in participants, passing out swag, and assisting on the course. SIGN UP NOW!



### *Viva la Vida Festival 2015! In celebration of Dia de Los Muertos*

**Hosted by:** Mexic-Arte Museum  
**When:** Sat Oct 31, 2015 06:00 AM - Sun Nov 01, 2015 12:00 AM  
**Where:** 419 Congress Avenue, Austin, TX 78701  
**Sign-up here:** <http://mexic-artemuseumevents.org/volunteer/>



Volunteer at the largest and longest standing celebration of Dia de Los Muertos in Austin! The festival enters its 31st year this October and promises to be an exciting day of elaborate decoration, dancing, live music, enticing food and beverages, and a grand procession through the heart of downtown!

We will need volunteers to assist in setting up the festival grounds, operating the museum store's vending table, staging and marshalling the parade, and packing up when the night comes to a close. More details will follow as we approach this wonderful occasion to embrace our Mexican and Mexican American heritage.

### *AIDS Walk Austin Volunteers*

**Hosted by:** AIDS Services of Austin  
**When:** Sun Nov 08, 2015, 08:00 AM - 06:00 PM  
**Where:** Republic Square, 422 Guadalupe St., Austin, TX 78701  
**Sign-up here:** [http://aidsa.convio.net/site/PageServer?pagename=walk\\_volunteer](http://aidsa.convio.net/site/PageServer?pagename=walk_volunteer)

The 28th Annual AIDS Walk Austin will be Sunday November 8th at Republic Square Park. Volunteers make all of the difference on this day. We could not do it without you. If you are interested in participating this year we would be honored to have you. Volunteers have the opportunity to help during set up the day of while participating in the day's festivities, creating pit stops along the route called "special moments" that are themed and fun to keep the walkers inspired, and much more!



## Community Service (continued)



### *SPIRIT 105.9 Fest 2015 Volunteer*

**When:** Sat, November 14, 2015 at 9:00 AM - Sun, November 15, 2015 at 10:00 PM  
**Where:** Dell Diamond, 3400 East Palm Valley Boulevard; Round Rock, TX 78665  
**Sign-Up Here:** <http://www.signupgenius.com/go/4090f49adaa2dab9-spirit13>

SPIRIT Fest, Central Texas' largest family festival, brings the top national talent in Christian Music and a family friendly outdoor festival together at the Dell Diamond for an uplifting and encouraging one-day event! Grammy recording artists from around the country will come together at Dell Diamond for a day of faith, family and fun! Festival participants can visit the Family Fun Zone offering over 5,000 square feet of carnival rides, bounce houses, arts and crafts activities. We can't do these concerts without YOU the volunteer! You are going to have a lot of fun see a great concert and get to know a lot of new friends.

### *9th annual Black & White Texas Advocacy Project Ball*



**Hosted by:** Accenture  
**When:** Friday, October 16, 2015, various shifts  
**Where:** JW Marriott Austin; 110 E 2nd St, Austin, TX 78701  
**Sign- Up here:** [http://www.texasadvocacyproject.org/program\\_service.php?pid=9](http://www.texasadvocacyproject.org/program_service.php?pid=9)

Texas Advocacy Project is a non-profit law firm providing free legal services to victims of domestic & dating violence, sexual assault, and stalking across Texas. Join Texas Advocacy Project in celebrating 33 years of service to victims of domestic violence. Prepare to be dazzled in a Winter Wonderland and enjoy cocktails, dinner, a live musical performance by Dark Blonde, and one of Austin's most exciting live auctions. Volunteers for this black-tie fundraiser help with everything from event set-up to greeting and working auctions. After their shift, volunteers are invited to enjoy the rest of the ball for free! The dress code is Formal or Semi-formal black and white attire during the Ball; casual is fine for set up shifts.

**FY 2016  
 is the  
 Austin Chapter's  
 50<sup>th</sup> Anniversary!**



## Research Article *Reed W. Risteen, CPA*

# Grantee Implementation of Federal Uniform Administrative Requirements, Cost Principles and Audit Requirements

*(reprinted with permission)*

In prior newsletters and alerts, we have broadly covered auditor and grantee requirements under *Uniform Administrative Requirements, Cost Principles and Audit Requirements*, which was originally abbreviated as the “Supercircular” but now is being referred to as “UG” (Uniform Guidance). This article addresses how to implement UG from a grantee perspective and how to transition from the former requirements to UG.

In terms of transition, UG was issued in the federal register on December 26, 2013, with all federal funding agencies (feds) required to adopt its provisions effective December 26, 2014. The general transition guidance is that UG applies to new awards or incremental funding of existing awards made after December 26, 2014. The feds have noted that federal grant award documents will indicate whether an award is subject to UG. However, that applies to direct federal awards. For pass-through awards the pass-through entity is required to include certain information in the pass-through grant that would enable the subrecipient to determine if the award is subject to the UG. A current concern is that certain federal agencies made slight wording changes to the transition guidance in UG when they adopted UG. The audit community is currently in dialogue with the feds to issue summary guidance in this area so grantees will not have to decipher the nuances of each federal agency’s transition implementation. The Council on Financial Assistance Reform (COFAR), a group representing various federal assistance constituencies, has issued Q&A concerning UG, which is another source of implementation guidance.

The UG comprises six subchapters, A through F. Grantee requirements are outlined in Subchapter D – Post Award (Administrative) Requirements and Subchapter E – Cost Principles.

## Administrative Requirements

The following grantee system requirements consist of:

- Financial Management
- Procurement
- Subrecipient Management and Monitoring
- Property Management

### *Financial Management*

In terms of financial management, there is a new section on internal controls which states grantees **should** be in compliance with COSO (Committee of Sponsoring Organizations—the U.S. standard for internal control frameworks) and the federal Green Book. The word “should” in UG means recommended but not required. This is fortunate as few grantee organizations have controls robust enough to meet those standards.

### *Procurement*

Because systems are entity wide, it would be difficult to implement these changes on a grant-by-grant basis, as discussed above. Therefore, the UG provides for implementation of procurement policies by December 26, 2015. In addition, COFAR Q&A also addresses the topic, stating that procurement policies should occur by the start of the grantee’s first full fiscal year beginning after December 26, 2015. For example, a grantee with a fiscal year ending June 30 would have to implement UG compliant procurement policies by July 1, 2016. Another section states that grantees wishing to implement entity wide system changes to comply with the guidance after December 26, 2014 will not be penalized for doing so. To conclude, it makes the most sense to make entity wide system changes as of the beginning of a grantee’s fiscal year.

## Research Article *(Continued)*

Revising procurement policies is probably the biggest area of effort as both the requirements and documentation of the system have changed. There are examples of UG-compliant procurement policies available on the internet; however, they should be customized to the grantee. Procurement policies must be written, and must comply with UG procurement provisions and should include the following:

- Code of conduct
- Acquisition planning
- Acceptable methods of procurement
- Features of solicitation
- Conduct of competition
- Source evaluation and selection; record retention
- Required contract award schedules
- Contract administration

### ***Subrecipient Management and Monitoring***

Subrecipient management has been consolidated into one section under the UG and contains changes in the requirements. The definitions of subrecipient and vendor have not changed, but the UG is using the term "contractor" now instead of vendor. Implementation of new subrecipient policies would be on a grant-by-grant basis since the requirement is grant specific and would follow the new requirements for new awards or modification of existing awards after December 26, 2014.

The basic steps under subrecipient monitoring are:

- Determination of the relationship as subrecipient or contractor
- Pre-award risk determination
- Formation and issuance of subaward agreement
- Post-award monitoring

The most important area above is the contents of the subaward agreement. In our audits we have noted that, even prior to UG, the required elements were lacking in many subaward agreements we have examined. The UG increases the information required in the subaward to the following:

- Subrecipient name
- Subrecipient DUNS number
- Federal award identification number
- Federal award date
- Subaward period of performance start and end date
- Amount of federal funds obligated
- The total amount of the federal award
- Federal award project description
- Name of federal agency, pass-through entity and contact information for awarding official
- CFDA number and name
- Identification of whether the award is R&D
- Indirect cost rate information



## Research Article *(Continued)*

Once the subgrant is awarded, the grantor must perform the following monitoring steps:

- Review financial and performance reports
- Verify federal single audit compliance
- Ensure corrective action on any deficiencies, regardless of how they are disclosed
- Issue management decisions on relevant subrecipient audit findings
- Consider whether audit results or other factors necessitate adjustment to pass-through entity records
- Consider whether enforcement actions are necessary

The UG states that subrecipient site visits are one way of monitoring but are not required.

### ***Property Management***

Property management requirements have not changed significantly under the UG. Property with an original cost of \$5,000 or more must still be included in a fixed asset's inventory with certain information maintained on each asset. The UG confirmed that computers costing less than \$5,000 are supplies and not subject to property management standards. A new requirement is that real property purchased or constructed with federal funds has to be reported on federal Form 429 annually.

### **Cost Principles**

The UG requires grantees to have written cost allowability procedures. The procedures should cover mechanical items like how direct and indirect costs are charged, allocation bases, etc. as well as how decisions are made, at what organizational levels and how differences of opinion are resolved. Connecticut grantees of state awards are currently required to have a cost allocation plan, which could be used as a base to document a cost allowability system.

### ***Payroll Charges***

As mentioned in prior articles, the explicit requirement for a timesheet or activity report to support wage allocations has been removed. However, based on webinars and discussions with other practitioners, it would still seem to be the case that a timesheet or activity report is the best support for wage allocations. The requirements of a payroll charging system are as follows:

- Must provide reasonable assurance that charges are accurate, allowable and properly allocated
- Must be incorporated into the official records of the grantee
- Must reasonably reflect the total activity for which the employee is compensated
- Must support the distribution of each employee's salary if his/her time isn't 100% allocable to a single award

Budget estimates alone do not qualify as support, but can be used for interim accounting purposes, provided that:

- The system produces reasonable estimates of activity performed
- Significant changes to work activity are identified and entered into the system in a timely manner
- The system includes processes to review actual activities and adjust estimates to actual, so the final amount is charged
- For hourly workers, records must indicate the total hours worked per day

## Research Article *(Continued)*

### *Other Cost Principle Changes*

Other cost principle changes for more common items of cost are as follows:

- Although fundraising costs for unrestricted funds are not allowable, the costs of data collection and grant preparation (state or federal), successful or not, are now allowable
- The word “morale” has been removed from the cost category “employee health and welfare costs”, although losses from certain food service operations may now be charged as an indirect cost
- Computers costing <\$5,000 are supplies
- Entertainment costs have loosened up slightly, allowing costs for social activities if the event has a programmatic purpose, has advanced approval (in the budget) and the underlying costs are allowable
- Conference costs must be reasonable and managed in a manner to minimize the cost to the feds
- Membership dues paid to organizations whose primary purpose is lobbying are unallowable
- Recruiting incentives are allowable if they conform to the grantee’s established practices, so if this is anticipated a policy should be adopted before the situation arises
- Training and education costs for employee development are now allowable, and previous limitations and exclusions no longer apply

Items removed from the specific listing of costs include:

- Allowability of certain staff positions (colleges and universities)
- Communication costs: still allowable but no explanation considered necessary
- Labor relations costs: still allowable
- Meetings: replaced by conferences
- Foreign travel: covered under travel, advanced notice no longer a condition of allowability

## Conclusion

In conclusion, adoption of the UG requirements is accomplished in two different ways. Adopting administrative requirements requires entity wide systems changes which are typically done as of the beginning of the grantee’s fiscal year. Generally system-wide changes must be adopted by the beginning of the first full fiscal year beginning after December 26, 2014.

Subrecipient monitoring and adherence to the new cost standards would be implemented on a grant-by-grant basis for grants that indicate they are subject to UG, which are generally new awards and revisions of existing awards on or after December 26, 2014.

## Resources

Uniform Administrative Requirements, Cost principles and Audit Requirements – Federal Register -Title 2 of CFR, Subtitle a, Chapter II, Part 200