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OFFICE OF INSPECTOR GENERAL

# ANTI-FRAUD ADVISORY

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## WHY ARE TERMS AND CONDITIONS IMPORTANT?

Terms and conditions tell grantees, and subgrantees, what they can and can't do with Federal funds and set forth key requirements that grantees and subgrantees must follow in operating their AmeriCorps programs. Failure to follow terms and conditions can result in unallowable costs, audit findings, investigations, civil litigation, and/or criminal prosecution.

## HOW DO I KNOW WHICH RULES TO FOLLOW?

These authorities (rules) apply to your AmeriCorps grant in the following order:

1. Applicable Federal statutes;
2. Applicable Federal regulations;
3. Notice of Grant Award and Signature Page;
4. AmeriCorps Program Specific Terms and Conditions;
5. AmeriCorps General Terms and Conditions;
6. Notice of Funding Opportunity; and
7. Approved Award Application, including all assurances, certifications, attachments, and pre-award negotiations.

## DO TERMS AND CONDITIONS APPLY TO ME?

By accepting funds from AmeriCorps, grantees agree to comply with:

1. All applicable Federal statutes, regulations, and guidelines,
2. The AmeriCorps' General Terms and Conditions,
3. All program-specific terms and conditions.

## DID YOU KNOW?

- Almost all grantee matters the OIG investigates relate to a violation of laws, regulations, or terms and conditions.
- When requesting a drawdown of grant funds, you are declaring to the Government on behalf of yourself and your organization that you are complying with all relevant grant terms and conditions.
- Making a false or fraudulent statement can subject individuals and organizations to criminal and civil penalties.
- Resources are available to help grantees comply. If you are unsure of what to do, you should ask your Commission or Portfolio Manager.

# Terms and Conditions can have SERIOUS CONSEQUENCES

Certifying information that is not true may subject you to civil and/or criminal penalties.

Grantees certify at multiple points throughout the grant lifecycle:

- Application
- PMS drawdowns
- PRS/PPR submissions
- Award
- FFR submissions
- Closeout

## UNDERSTANDING THE TERMS AND CONDITIONS

What they say and...

What they mean

Recipient's financial management systems must be capable of distinguishing expenditures attributable to this award from expenditures not attributable to this award.

**My systems are able to run a report that details only the expenses that are charged to this award.**

The systems must be able to identify costs by program year and by budget category, and to differentiate between direct and indirect costs.

**My systems are able to run a report that identifies budgeted costs versus actual costs for each Program Year based on the approved budget, and in total.**

Financial management systems must be able to routinely produce reports which support and reconcile to the amounts drawn from the Payment Management System (PMS) and/or reported to eGrants

**The expenditure reports in our general ledger agree to, or reconcile with, the amounts drawn down in PMS and to our FFRs.**

Reporting of first-tier subawards.

a. Applicability. Unless you are exempt as provided in paragraph 4, of this award term (below), you must report each action that obligates \$30,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph 5. of this award term).

**We have properly reported our subawards in the FSRs, or we are exempt from reporting or do not have any subawards that apply.**

As a non-Federal entity, you must maintain written standards of conduct covering conflicts of interest and governing the performance of your employees engaged in the selection, award, and administration of subawards and contracts.

None of your employees may participate in the selection, award, or administration of a subaward or contract supported by a Federal award if he or she has a real or apparent conflict of interest.

**We did not have any transactions with any entities that are affiliated with any of our employees, and we have a written conflict of interest policy covering this conduct.**

## RELATED LAWS AND REGULATIONS

- 2 CFR § 200: Uniform administrative requirements, cost principles, and audit requirements for Federal awards.

## TERM SEARCH

Can you find all the Terms?

Hidden in the grid below are 15 key terms that play an important role in every AmeriCorps grant's terms and conditions.

I I A B M J W Q V C R J Y T X S F Z S V  
R E C I P I E N T P E F J Z X D N L K I  
C O N D I T I O N S S Z A V I T R B T K  
Q C S B Z S B C X U P K U I M E E Y T M  
W O I E Y F A R Z S O P Y S K R G P G E  
A M E R I C O R P S N S L P D M U Z F J  
E P Y L F Y I W Y D S A E I A S L N R M  
X L G D N P O L I C I E S S S L A O A T  
W I R A S C H P N H B S G U G I T B U R  
X A A T K Y H C N G I N S K P A I F D T  
M N N Y D F F P S A L J L A Q B O V G G  
V C T L B L B X D F I L V P S I N P C E  
C E A K U J Z N M T T U M C B L S L E T  
F J A F U L H S A U Y X D U P I W I R Y  
A C C O U N T A B I L I T Y S T X G T N  
D J B U R O S P S A K Z F B R Y E D I T  
B D U S V L D C G E L T D U J F V C F Y  
K F O R E P O R T I N G E J S C N V Y A  
Y N V H L T F Q V X P Z T K O J B Y U S  
X Y O M M I S C O N D U C T X G G O E M

Accountability

AmeriCorps

Certify

Compliance

Conditions

Fraud

Grant

Liability

Misconduct

Policies

Recipient

Regulations

Reporting

Responsibility

Terms

- 18 U.S.C. § 1001: False Statements
- 31 U.S.C. § 3729-3733: False Claims Act
- General Terms and Conditions

## IMPORTANT NOTE

Self-certification alone does not establish sufficient documentation of allowability, allocability, or reasonableness of Federal expenditures. All certifications must be supported by proper documentation.



## WHAT IF...

### WHAT IF I CAN'T AGREE TO THE TERMS AND CONDITIONS?

**Question:** We are not in compliance because of issues with our subawardee. Should I still certify?

**Answer:** If your subawardee is not in compliance, then that means you as the prime recipient are also not in compliance. You should notify your Portfolio Manager of this non-compliance in writing and make reference to this disclosure in future certifications.

### WHAT IF I DON'T UNDERSTAND OR HAVE ENOUGH INFORMATION?

**Question:** I am the person who submits our request for drawdowns, but I don't know how our money has been spent. Should I still certify?

**Answer:** The government is relying on your certification and therefore you should take steps to confirm to yourself that terms and conditions have been met, including any related to financial documentation or reporting. Your organization should have procedures in place to certify financial reports. Your finance department should provide you adequate information to perform this function. Discuss with your Portfolio Manager if you do not feel you have access to adequate information. If you believe there has been fraud, waste, or abuse please contact the OIG.

## CASE STUDIES

### AUDIT OF AMERICORPS GRANTS AWARDED TO A STATE COMMISSION

The audit of AmeriCorps grants awarded to a State Commission and two of its subgrantees found that the Commission and its subgrantees did not comply with Federal regulations and AmeriCorps grant terms and conditions, resulting in \$625,446 in questioned Federal and match costs, and education awards.

Specifically, the Commission did not adequately document or appropriately report costs. We also found the Commission insufficiently monitored its subgrantees' compliance with grant terms and conditions the financial management systems for both the Commission and a subgrantee did not properly track grant and report expenditures.

The OIG made recommendations for the Commission and AmeriCorps that focus on improving the Commission's and its subgrantees' administrative and management procedures for monitoring AmeriCorps grants. The Commission concurred with all report findings and noted that it had begun implementing corrective actions consistent with the auditor's recommendations. AmeriCorps acknowledged working with the Commission on its management response and indicated that it will make its final determination for all findings, recommendations, and questioned costs after receiving the final report and reviewing the auditor's working papers and the Commission's corrective action plan.

### VISTA SITE FOUND TO HAVE REQUIRED VISTA MEMBERS CONTRIBUTE TO COST SHARE FOR SERVICE POSITIONS

OIG received a complaint alleging a Volunteers in Service to America (VISTA) member was required to financially contribute towards the monthly VISTA cost sharing expense of the service site in order have a second VISTA member at that site. The OIG referred the complaint to AmeriCorps who substantiated the allegation of payments made by the VISTA member to the site in violation of the AmeriCorps VISTA Sponsor Handbook and 42 U.S.C. § 5044(c).

This matter was referred to AmeriCorps and they removed the VISTA member from the site and provided the member an opportunity to seek reassignment at a new project for the remainder of their service term.

Further, pursuant to 45 CFR § 2556.140, AmeriCorps will not allow VISTA members to serve at that site in the future, and it required that the site repay the funds to the VISTA member who paid the site.



## GLOSSARY OF TERMS

Draw a line from each term to the definition that makes the most sense as used in AmeriCorps' general grant terms and conditions

*\*answers are provided at the bottom of this page*



1. Certification



2. Policies



3. Non-Displacement



4. Sub-Grantee



5. Financial Management System



6. Grantee/Sponsor

**A.** A system or set of processes that allows me to pull a report that shows me what has been billed to the grant.

**B.** Members/volunteers may not perform any services that would result in a paid employee losing a job or a failure to hire a paid employee.

**C.** An organization that receives AmeriCorps grant funds or member/volunteer positions from a prime grantee of AmeriCorps.

**D.** A public agency or private non-profit organization that is the direct recipient of an AmeriCorps grant and which is responsible for the operation of that grant.

**E.** A formal statement confirming the truth or genuineness of something.

**F.** A set of ideas or plans of what to do in particular situations that have been agreed to officially by a group of people, an organization, or other entity.

## WANT TO LEARN MORE?

For additional resources on this topic including LITMOS training courses, sample statements, and links to guidance documents, and to access the electronic version of this document use the QR code below:



## KEEP IN TOUCH

Check out the library of Anti-Fraud Advisories on our website.

Report suspected instances of fraud, waste, and abuse to the Office of Inspector General's hotline by using this QR code:



Did you know whistleblowers are protected under federal law? To find out more about your rights as a whistleblower, [click here](#).