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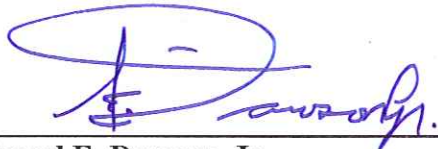
DEPARTMENT OF FINANCE

MEMORANDUM NO. 009-2011

TO: **ALL DEPARTMENT AND AGENCY HEADS**

SPECIAL ATTENTION TO:

Fiscal Officers, Program Officers and Supervisors of Accounts

FROM: _____

Angel E. Dawson, Jr.
Commissioner

DATE: **March 2, 2011**

RE: **FY'11 Transition to the Project Accounting/Grants Management Module**

As we strive to enhance the effectiveness of federal grants management and reporting across the Virgin Islands Government (GVI), the Department of Finance (DOF), in collaboration with the Office of Management and Budget (OMB), has worked diligently over the past four (4) fiscal quarters to successfully implement the Project Accounting/Grants Management (PAGM) module of the Enterprise Resource Planning (ERP) system. Your invaluable input to evaluate the PAGM and involvement in our previously scheduled PAGM module training sessions during the aforementioned time period, affords departments/agencies with the wherewithal to use the PAGM module, without delay.

With this in mind, commencing with Fiscal Year 2011 (FY'11), departments/agencies are required to use the PAGM module to establish, manage and report on certain federal grants (i.e., "New" and/or "Historical"); however, to ensure a seamless transition, federal grants that were previously uploaded onto the ERP system (i.e., "Existing Grants") prior to September 30, 2010, will adhere to the following protocol:

- Existing federal grants, already on the ERP system as of September 30, 2010, which have an expiration date after September 30, 2010, will not be affected (i.e., coding structure, expenditure processing, etc., remains in its present condition). In addition, if the grant was set up under an annual fund, DOF, as in previous fiscal years, will manually roll the available balances (See bullet point #3 of Finance Memorandum No. 001-2011 for department/agency responsibility) to ensure that transaction processing can continue across fiscal years.

> ➤ **NOTE:** In order to roll balances, DOF must receive a reconciliation of the federal grant records to the quarterly federal grantor reports for the previous fiscal year.

- Existing federal grants, already on the ERP system as of September 30, 2010, which have an <u>expiration date on or before September 30, 2010</u>, without any encumbrance balances, will be closed immediately by DOF.

  > ➤ **Note:** Any department/agency with an employee attached to a federal grant that has already expired, is required to process a Notice of Personnel Action (NOPA) using the ERP Human Resources module (HRM). The NOPA must fully complete the authorization process to reclassify the employee to the correct account codes (i.e., active federal grant). Once a federal grant has been closed, it will not be reopened to charge current payroll expenditures. That is, rather than having the payroll expenditures post to an inactive federal grant (which requires a manual adjustment), the expenditures will be posted (or reclassified to the appropriate payroll object codes) within the operating budget section (i.e., general fund) for the respective department/agency.

- Existing federal grants, already on the ERP system, which have an <u>expiration date on or before September 30, 2010,</u> and with encumbrance balances, will be closed using the grant's liquidation period as a sound basis.

Next, to improve the effectiveness of grants management across GVI, from this time forward, DOF will code all federal grants in a designated "multi-year" fund. The reason for this vital change is clear: the time period covering federal grants span GVI's fiscal year, which includes one-year grants with start/end dates crossing GVI's fiscal year, one-year grants that receive extensions and, true multi-year grants. Thus, departments/agencies will achieve greater efficacy because the financial information underlying the grant, will carryover seamlessly from fiscal year to fiscal year with minimal human intervention. This being the case, existing funds used in the past to code federal grants will be discontinued as the grants expire; however, to accommodate this process improvement, DOF has developed a streamlined approach to managing funds, which are depicted below:

Fund Number	Fund Description
3100	Federal Grants, except for Department of Education (DOE) and ARRA grants
3105	ARRA Federal Grants, except for DOE
3110	DOE Federal Grants, except for ARRA
3115	DOE ARRA Federal Grants

Finally, please be advised that, going forward, the following two (2) categories will be used to ensure a smooth transition to the PAGM module:

Grant Type	Description	Policy / Procedure

Historical	A grant whereby the federal award is renewed each year, with minimal exception (e.g., Head Start, Special Education, Food Stamp Program/WIC, etc.)	▪ Must be established in (or uploaded onto) the PAGM module with an application number assigned by OMB. The application number represents a five (5) digit naming convention, that is interpreted as follows:
		  ➢ The first two digits represent the <u>Department</u>
		  ➢ The third digit represents the <u>Year</u> of the application
		  ➢ The fourth and fifth digits represent the <u>Sequence</u> of the application for the department
		▪ Must be setup in the PAGM to permit payroll to be charged to the new grant, which requires proper coding for the ERP Payroll module
		▪ Hiring and payroll processing can begin on a provisional basis, which allows payroll expenditures to be charged to the grant on its intended "start date," until the official grant award is received ·
		  o **NOTE:** If you believe that a grant should be classified as "historical" and should be given provisional status, please contact DOF
		▪ Set up in a "multi-year" fund to facilitate transaction processing across fiscal years, as well as any multi-year requirements for the grant

Grant Type	Description	Policy / Procedure
New	A brand new grant that is awarded by a federal grantor agency, which is not derived from a preexisting grant award (i.e., not a historical grant award) and is expected to be operational in the current fiscal year.	▪ Must be established in (or uploaded onto) the PAGM module with an application number assigned by OMB. The application number represents a five (5) digit naming convention, that is interpreted as follows: ➢ The first two digits represent the Department ➢ The third digit represents the Year of the application ➢ The fourth and fifth digits represent the Sequence of the application for the department ▪ Must be setup in the PAGM to permit payroll to be charged to the new grant and requires proper coding for seamless processing in the ERP Payroll module ▪ Hiring and payroll processing cannot begin until there is certainty that the grant has been awarded ▪ Set up in a "multi-year" fund to facilitate transaction processing across fiscal years, as well as any multi-year requirements for the grant

We appreciate your committed efforts to improve the management of federal funds in the ERP system and anticipate your full cooperation in this matter. If you have any questions, comments or concerns, please call Ms. Denise Jeremiah, Director Financial Reporting, at 774-4750 Ext. 2112.

cc: Hon. John P. deJongh, Jr., Governor
  Louis Penn, Sr., Chief of Staff