



AmeriCorps

Awardee Guide to National Service Criminal History Check (NSCHC) Enforcement of Cost-Based Disallowance

Effective January 26, 2022

Updated April 10, 2024

Title: Awardee Guide to National Service Criminal History Check (NSCHC) Enforcement of Cost-Based Disallowance

Date posted: January 26, 2022

Unique identifier: CNCS 018

Topic: National Service Criminal History Checks

Summary: This document provides guidance on effective practices in assessing and documenting cost-based disallowance resulting from NSCHC noncompliance.

The contents of this document do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

Produced and published at US taxpayer expense.



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Introduction

This document supports the implementation of the National Service Criminal History Check (NSCHC) Manual, specifically, how to assess and document cost-based disallowance for findings of noncompliance. Refer to the [NSCHC Manual](#) for details on compliance requirements for NSCHC, as well as the applicable administrative remedies and enforcement actions related to the nature of noncompliance. The NSCHC regulatory requirements can be found at 45 C.F.R. § 2540.200 -.207 and the AmeriCorps NSCHC webpage, <https://americorps.gov/grantees-sponsors/history-check>.

AmeriCorps requires all prime grantees to implement this guidance for NSCHC disallowance.

Cost Categories

Grant recipients that have findings of noncompliance with NSCHC checks will have disallowance applied to the following cost categories, by AmeriCorps award type:

Grant Type	Staff Salaries	Staff FICA	Member Living Allowance	Member FICA	Member % MSY	Volunteer Stipend
AmeriCorps State and National Operational Grant – Cost Reimbursement	✓	✓	✓	✓		
AmeriCorps State and National Operational Grant – Fixed Amount					✓	
Senior Companion Program & Foster Grandparent Program	✓	✓				✓
Retired and Senior Volunteer Program	✓	✓				
Senior Demonstration Program Grants receiving funding from AmeriCorps	✓	✓				✓
VISTA Program and Support Grants	✓	✓				
Martin Luther King, Jr. Day of Service; September 11th Day of Service	✓	✓				
Social Innovation Fund; Volunteer Generation Fund	✓	✓				

Note: Cost-based disallowance will not include the disallowance of AmeriCorps member hours. In addition, meal or mileage reimbursements are not considered stipend payments and are not disallowable costs for NSCHC noncompliance.

Determining the Amount of Disallowance

Cost Reimbursement Awards

To identify the total amount of grant funds expended on applicable disallowed cost categories, grant recipients should run payroll or accounting system reports for each NSCHC record identified for cost-based disallowance. The time range of the reports should align with the period of noncompliance identified by monitoring staff. If the period of work or service is less than six months or the period of noncompliance is less than six months, the cost will be adjusted to coincide with the period of service, work, or period of noncompliance. When periods of noncompliance are less than a full pay period, disallowance calculations may be prorated. Generally, the time period of disallowance will not exceed 6 months; however, please refer to the [NSCHC Manual](#) for more information.

Grantees should use the financial expenditure records to estimate the amount of disallowed costs. If the organization's financial system or practices cannot support the separation of payments to individuals into distinct categories that separates salary/stipends from mileage and other reimbursements that are not disallowed cost categories, then timesheets should be used to determine the hours worked/served on the grant during the period of noncompliance. These hours should be multiplied by the individual's hourly pay rate (or estimated hourly pay rate, if not paid hourly).

Disallowance of Match

Matching funds are held to the same requirements as federal funds and any disallowed match may not be used to support a statutory match requirement. Where costs were paid with matching funds, the disallowance of those matching costs may also result in disallowance of the related Federal funds. When AmeriCorps is made aware of disallowance that includes match, AmeriCorps will notify grantees of the required corrective action related to these instances when the disallowed match impacts the grantee's ability to meet the match requirement.

Calculating FICA Disallowance

Organizations vary in their approach to charging FICA costs. Grant recipients should consult with their payroll and accounting administrators to determine the amount of FICA their organization charges individuals in NSCHC-required positions. If applicable to the AmeriCorps award type, obtain a report showing the total funds expended for FICA for each member and/or staff with noncompliant NSCHC records during the period applied to disallowance.

Fixed Amount Awards

For each noncompliant member file, a share of the cost per member service year (MSY), proportional to the period of noncompliance, will be disallowed. The following formula is used to calculate disallowance of each noncompliant member:

$(\text{Cost/MSY} \times \text{Slot Type Value}) \times (\# \text{ Days Noncompliant} / 365 \text{ Days}) = \text{Total Disallowance Amount Per Member}$

Use the following table to determine the Slot Type Value:

Slot Type	eGrants Slot Type Value
FT (Full-time)	1.00000000
TQT (Three-quarter-time)	0.70000000
HT (Half-time)	0.50000000
Reduced Half-Time (RHT)	0.38095240
QT (Quarter-time)	0.26455027
MT (Minimum-time)	0.21164022

Additional Calculation Notes:

- Slot type values sub-calculation should be entered in 8-decimal point figures.
- Generally, the time period disallowed will not exceed 6 months. When the noncompliant period exceeds 6 months and only 6 months of costs will be disallowed, use 182 as the # Days Noncompliant to calculate 6 months.
- Final disallowance amounts should be rounded to the nearest dollar.

Documenting Disallowance

Cost estimates must be justified by the financial expenditure records related to each disallowed cost category, which should be the primary evidence source for disallowance calculations. This includes documentation of matching funds, where applicable. Financial records should reflect the dates of noncompliance identified by monitoring staff. In situations where calculations are being used to determine the disallowance amount, including MSY share calculations for fixed amount awards and any necessary calculations for cost reimbursement awards, totals reported must be supported by detailed calculations.

AmeriCorps monitoring officials will conduct reviews of how prime grant recipients implement enforcement action and document disallowance calculations. It is recommended that prime grant recipients ensure that disallowance implementation includes certification of a higher-level review.

Reporting NSCHC Disallowance of Subrecipients Costs

Prime grantees must enforce NSCHC cost-based disallowance with subrecipients for applicable NSCHC noncompliance, either through repayment of federal funds to AmeriCorps or performing an internal adjustment to the accounting records (offset) or reducing a payment to the subgrantee to ensure the disallowed costs are not charged to the federal award. Note that offset and reduced payment are only options when the prime grant is open, and all funding has not been drawn down from the Payment Management System (PMS).

Refer to the [NSCHC Manual](#) for details on NSCHC findings and disallowance. When noncompliance is discovered, those monitoring must contemporaneously document the deficiency in writing. Prime grant recipients must notify AmeriCorps when NSCHC noncompliance results in the implementation of cost-based disallowance. The notification may take place as they are processed or at the completion of a monitoring cycle involving multiple subrecipients. Please note that discoveries of

ineligible staff or participants require immediate notification to AmeriCorps, for awareness.

To inform AmeriCorps of NSCHC noncompliance of a subrecipient that results in cost-based disallowance, **prime grant recipients** should email AmeriCorps following the applicable process described below.

All Reported Disallowance Resolved through Offset or Reduced Payment

Offset or reduced payments may only be performed when the prime grant is open and all funding has not been drawn down from the Payment Management System (PMS).

Complete the Cover Page and Disallowance Offsets tab of the NSCHC Disallowance Summary workbook to report the total disallowance amounts and noncompliance issue totals for each subgrantee. Please note, there are two versions of the NSCHC Disallowance Summary workbook, one for cost-reimbursement grants and the other for fixed amount awards. Prime grant recipients may access a copy of the workbooks at <https://americorps.gov/grantees-sponsors/history-check>.

Email the completed workbook to the Office of Audit and Debt Resolution (OADR) at debtresolution@americorps.gov and 'cc' the Portfolio Manager and the Office of Monitoring at chc@americorps.gov. In the email, prime grant recipients should identify they are reporting disallowance that has been resolved through offset or reduced payment. Prime grantees do not need to provide additional documentation when reporting NSCHC disallowance resolved entirely through offset or reduced payment. However, prime grantees must maintain documentation of the disallowance and action taken in their grant records.

In addition to providing the information listed above to OADR, prime grant recipients must maintain within their grant records documentation of NSCHC noncompliance of a subrecipient that resulted in cost-based disallowance and the corrective actions taken to remediate the noncompliance. For cost-reimbursement grants, the prime grantee must report any adjustments on the Federal Financial Report (FFR) if necessary. For fixed amount awards, prime grantees should note in their closeout submission that the amount earned was reduced as a result of offset including the amount of the reduction.

All Reported Disallowance Resolved through Repayment OR Reported Disallowance Resolved through Combination of Offset and Repayment

Email the Office of Audit and Debt Resolution (OADR) at debtresolution@americorps.gov and 'cc' the Portfolio Manager and the Office of Monitoring at chc@americorps.gov. In the email, prime grant recipients should identify the prime and subrecipient grant award number(s) that have NSCHC noncompliance resulting in cost-based disallowance, identify if the grant is a fixed or cost-reimbursement grant, and how the disallowance is being resolved (repayment only or both repayment and offset). Upon being notified, OADR will email the prime grant recipient instructions to upload to a Secure Folder the required additional information listed below for the disallowance to be resolved through

repayment. This additional information should not be provided via email. Prime grant recipients should upload the information to their Secure Folder set up by OADR.

Information prime grant recipients should upload to the Secure Folder for disallowance resolved by repayment:

1. A roster indicating the first and last name of each covered individual with noncompliant NSCHC, their role (e.g., staff, member, volunteer), the nature of noncompliance (refer to the [NSCHC Manual](#) for details on nature of noncompliance), the individual's start date of work/service, the date NSCHC was brought into compliance, the disallowance period, and the disallowance amount per individual broken out by federal and/or match share.

To assist prime grant recipients with reporting this information, grantees may use the optional NSCHC Disallowance Summary workbook. Please note, there are two versions of the NSCHC Disallowance Summary workbook, one for cost-reimbursement grants and the other for fixed amount grants. A copy of the applicable NSCHC Disallowance Summary workbook will be saved to the prime grant recipient's Secure folder. Prime grant recipients may also access a copy of the workbooks at <https://americorps.gov/grantees-sponsors/history-check>.

2. For Cost-Reimbursement Grants, provide source documentation that supports the federal and/or match disallowance amounts reported for each individual, such as payroll records or other relevant accounting system reports that show the salary, wages, allowance, stipend etc. paid during the disallowance period to the individual with noncompliant NSCHC. Timesheets should also be provided if the organization's accounting system reports cannot separate salary/stipends from mileage and other reimbursements that are not disallowed. Timesheets should be used to determine the hours worked/served on the grant during the disallowance period. These hours should be multiplied by the individual's hourly pay rate (or estimated hourly pay rate, if not paid hourly).
3. For Fixed Amount Awards, provide documentation that supports the cost per member service year (MSY) and Slot Type for each applicable member with noncompliant NSCHC, such as a copy of a budget or information from eGrants.

If any disallowance has been resolved through offset or reduced payment, also complete the Disallowance Offsets tab of the of the NSCHC Disallowance Summary workbook to report the total amounts of offset disallowance and noncompliance issue totals for each subgrantee. Prime grantees do not need to provide additional documentation when reporting NSCHC disallowance resolved entirely through offset or reduced payment. However, prime grantees must maintain documentation of the disallowance and action taken in their grant records.

In addition to providing the information listed above to OADR, prime grant recipients must maintain within their grant records documentation of NSCHC noncompliance of a

subrecipient that resulted in cost-based disallowance and the corrective actions taken to remediate the noncompliance. For cost-reimbursement grants, the prime grantee must report any adjustments on the Federal Financial Report (FFR) if necessary. For fixed amount awards, prime grantees should note in their closeout submission that the amount earned was reduced because of offset including the amount of the reduction.

Upon OADR receiving the required information and supporting documents described above, OADR will confirm with the prime grant recipient the cost-based disallowance amount for repayment. If additional information is needed, OADR will email the prime grant recipient. Once OADR has received the NSCHC Disallowance Summary workbook and necessary supporting documentation, OADR will verify the cost-based disallowance and issue a Debt Collection Notification to the prime grant recipient for repayment of disallowed federal expenses. OADR's review process generally spans four to five weeks, although the timeframe can vary depending on the specifics of the case.

FAQs

1. Salary is identified as a disallowable cost category. Is the employee responsible for paying back salaries received and, if so, is this gross income or net income?

Under no circumstances are grant recipients permitted to require employees to reimburse the agency for any disallowed salaries. The prime grant recipient is responsible for paying disallowances to AmeriCorps for disallowed costs associated with staff salary, FICA, and living allowance/stipend payments to national service members or volunteers.

2. Are stipends paid out for holiday, vacation, or sick leave included in the disallowance?

Yes. All stipend funds within the period of noncompliance, regardless of type or purpose, that have been paid to an individual in an NSCHC-required program with noncompliant NSCHC records are to be disallowed. Note that meal or mileage reimbursements are not considered stipend payments and are not disallowable costs for NSCHC noncompliance.

3. Many of our staff positions are paid for, partly or completely, out of matching funds. How is disallowance handled in this situation? (Updated 6/23/2023)

The prime grant recipient should report the disallowed staff salaries, wages, and FICA that were paid for with federal and/or match funds to OADR. This information should be provided for each staff who is identified as having noncompliant NSCHC and should be uploaded into the prime grant recipient's Secure folder set up by OADR. When the disallowance includes match, the prime grant recipient should remove the amount disallowed from their match ledger or other financial record of match and the prime grant recipient should not report the match disallowance as part of their recipient share.

4. Can prime grant recipients offset or reduce payments to subrecipients when NSCHC noncompliance that results in cost-based disallowance is identified? (Updated 4/10/2024)

Yes, prime grant recipients may offset or reduce payments to subrecipients to enforce the cost-based disallowance if the impacted prime grant is open and all funding has not

been drawn from the Payment Management System (PMS). If the grantee has other eligible costs that it did not previously attribute in its ledger to the federal award, the grantee may substitute those other allowable costs for the disallowed federal costs. Prime grantees must maintain documentation of the disallowance and action taken in their grant records. Grantees should follow their own policies and procedures to perform adjustments and document any offset or reduced payment actions. For cost-reimbursement grants, the prime grantee must report any adjustments on the Federal Financial Report (FFR) if necessary. For fixed amount awards, prime grantees should note in their closeout submission that the amount earned was reduced as a result of offset including the amount of the reduction.

If the impacted grant has closed or all funding has been drawn from PMS, the cost-based disallowance must be repaid to AmeriCorps through the debt collection process, as described in the Debt Collection Notification issued to the prime grant recipient by the Office of Audit and Debt Resolution (OADR).

5. Why is information about subrecipient offsets reported to the Office of Audit and Debt Resolution (OADR) when the disallowance is already resolved? (Added 4/10/2024)

OADR is the designated office responsible for collecting and tracking data regarding prime grantees disallowance for their subrecipients. OADR serves as the central unit for having information on all disallowances.

6. Why must prime grantees submit supporting financial documentation to establish a debt? (Added 4/10/2024)

To establish a debt collection, AmeriCorps requires documentation to assure the accuracy of the disallowance amount. In addition to submitting the documentation for OADR review, grantees should adhere to 2 §CFR 200.302 to document the disallowance amount in their grant records and retain this information according to 2 §CFR 200.334.

7. We have a subrecipient disallowance requiring debt resolution that includes disallowance of matching costs. What additional information should we provide to the Office of Audit and Debt Resolution (OADR) to determine the amount of federal funds that may need to be repaid based on that reduction in? (Added 4/10/2024)

In addition to reporting the match disallowance amount in the NSCHC Disallowance Summary workbook, please provide the updated total dollar match amount that has been contributed to the program. You may provide this amount in an email to OADR (debtresolution@americorps.gov) or in a document uploaded to the Secure Folder.

8. When determining the period of NSCHC disallowance, how many days is six months? (Added 4/10/2024)

When the noncompliant period exceeds six months and only six months of costs will be disallowed, use 182 calendar days to calculate six months disallowance.

9. When NSCHC disallowance is resolved through offset, does this require the prime grantee to amend their budget? (Added 4/10/2024)

Prime grantees must revise their budget when the substitution results in any deviation requiring prior approval listed in the grant program terms and conditions.

10. We have identified a subrecipient disallowance period that spans the prior FFR reporting period and the next reporting period. The disallowance is resolved through offset of other allowable costs. The offset entries are all made in the current reporting period. How do we reflect this on our FFR? (Added 4/10/2024)

You should reflect the disallowance on the next (current) FFR that is due for your organization and use the comment section to note the adjustments. You do not need to go back and revise previously submitted FFRs.

If the expenditure level is adjusted on a previous period from the current FFR, you should adjust the previously reported amount in your next FFR and make a note in the FFR comments noting the reason for the adjustment. If the offset is for expenditures that incurred during the current reporting cycle, then the FFR would only report the current expenditures.

11. I am a prime grantee that detected noncompliance in a subrecipient very early. The subrecipient has agreed to not invoice for the costs associated with the disallowed period. How do we report this? (Added 4/10/2024)

This is an example of a reduced payment, a method to effectively offset the disallowed cost. You should follow the guidance in this document to report the noncompliance issues and disallowed amount as offset/reduced payments and maintain documentation of the enforcement action in your grant records.

Change Log

This table lists the changes made in the most recent revision of this document.

#	Date	Section	Change
1	6/23/23	Change Log	Change Log created
2	6/23/23	Cost Categories; Determining the Amount of Disallowance	Clarified calculations for fixed amount awards
3	6/23/23	Reporting NSCHC Disallowance of Subrecipients	Updated process, resources, and agency contact email
4	6/23/23	Enforcement of NSCHC Disallowance	Reports of subrecipient disallowance result in a Debt Collection Notification to the prime grant recipient for repayment
5	6/23/23	FAQs	FAQ 3 updated to clarify match disallowance details. Added FAQ 4
6	4/10/24	Throughout	References to "fixed price awards" changed to "fixed

			amount awards" to align with language of grant terms and conditions.
7	4/10/24	Reporting NSCHC Disallowance of Subrecipient Costs	Clarified two options for resolving disallowance (debt repayment or offset/reduced payment). Included instructions for reporting disallowance based on resolution method.
8	4/10/24	FAQs	FAQ 4 updated to clarify offsets/reduced payment are an option for resolving disallowance from NSCHC noncompliance. Added FAQs 5 through 11.