

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES
REHABILITATION SERVICES ADMINISTRATION
WASHINGTON, DC 20202

POLICY DIRECTIVE

RSA-PD-10-03

DATE: December 22, 2009

ADDRESSEES: STATE VOCATIONAL REHABILITATION AGENCIES

SUBJECT: Federal Financial Report (FFR) - Standard Form 425

POLICY
STATEMENT:

The Office of Management and Budget (OMB) has replaced the short form of the Financial Status Report (SF-269) required for reporting financial data related to the Vocational Rehabilitation (VR) State Grants Program with the new OMB-approved Federal Financial Report (SF-425). OMB is requiring that grantees use the new SF-425 to report financial data for new and continuation grants that were awarded on or after October 1, 2009. Through this Policy Directive (PD), the Rehabilitation Services Administration (RSA) is transmitting a copy of the SF-425 and instructions for completing the form for the VR program.

RSA will use the SF-425 data, as it did the SF-269, to monitor the financial status of the VR program and to assess grantee compliance with the fiscal requirements contained in the Rehabilitation Act of 1973, as amended. Therefore, the reports must be accurate and submitted timely.

All State VR agencies must submit completed SF-425 forms on a quarterly basis. The quarterly reporting period end dates for each fiscal year are 12/31, 3/31, 6/30, and 9/30. For the final SF-425 form for each grant award, the reporting period end date will be the quarter in which all grant funds are liquidated or, at the latest, the end date of the grant period.

Quarterly reports must be submitted no later than 30 days after the end of each reporting period (e.g., 1/30, 4/30, 7/30, and 10/30). Final reports must be submitted no later than 90 days after the end of the grant period. Forms must be submitted electronically through the RSA Management Information System (MIS).

Electronic Submission

To enter this form online, visit <http://rsamis.ed.gov>. If you do not have a user ID, click *Info for new users* for instructions. For technical support, click *technical support* at that Web site. To enter data, individuals must obtain a user ID and submit a signed form to RSA. These procedures are located in the "Getting Started" section of the RSA MIS User Guide found at the following address:

http://www.ed.gov/rschstat/eval/rehab/rsamis/rsamis_help.html

If you have any questions about completing the SF-425 form, please contact the RSA Fiscal Unit staff contact person for your state.

CITATIONS
IN LAW:

Sections 3(b), 19, 107(a)(2)(H), 107(a)(2)(I), and 108 of the Rehabilitation Act of 1973, as amended.

CITATIONS IN
REGULATIONS:

34 CFR 76.702 and 76.707; 34 CFR 77.1; 34 CFR 80.3, 80.20, 80.22, 80.23, 80.24, 80.25, 80.41(b), and 80.50; 34 CFR 361.40, 361.60(b), 361.63, and 361.64.

EFFECTIVE
DATE OF
POLICY:

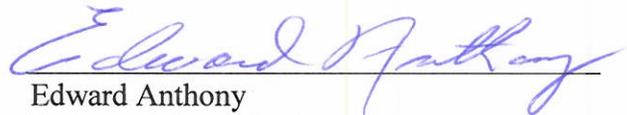
Immediately Upon Issuance

EXPIRATION
DATE:

Until Retired

INQUIRIES
TO:

RSA Fiscal Unit Staff



Edward Anthony
Delegated the authority to
Perform the functions of
Commissioner for Rehabilitation
Services Administration

Attachment

cc: Council of State Administrators of Vocational Rehabilitation
National Council of State Agencies for the Blind

FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element				2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)			Page 1	Of	Pages	
3. Recipient Organization (Name and complete address including ZIP code)										
4a. DUNS Number		4b. EIN		5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)			6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final		7. Basis of Accounting <input type="checkbox"/> Cash <input type="checkbox"/> Accrual	
8. Project/Grant Period From: (Month, Day, Year)				To: (Month, Day, Year)			9. Reporting Period End Date (Month/Day/Year)			
10. Transactions							Cumulative			
<i>(Use lines a-c for single or multiple grant reporting)</i>										
Federal Cash (To report multiple grants, also use FFR Attachment):										
a. Cash Receipts										
b. Cash Disbursements										
c. Cash on Hand (line a minus b)										
<i>(Use lines d-o for single grant reporting)</i>										
Federal Expenditures and Unobligated Balance:										
d. Total Federal Funds Authorized										
e. Federal Share of Expenditures										
f. Federal Share of Unliquidated Obligations										
g. Total Federal Share (sum of lines e and f)										
h. Unobligated Balance of Federal Funds (line d minus g)										
Recipient Share:										
i. Total Recipient Share Required										
j. Recipient Share of Expenditures										
k. Remaining Recipient Share to Be Provided (line i minus j)										
Program Income:										
l. Total Federal Program Income Earned										
m. Program Income Expended in Accordance with the Deduction Alternative										
n. Program Income Expended in Accordance with the Addition Alternative										
o. Unexpended Program Income (line l minus line m or line n)										
11. Indirect Expense		a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share		
					g. Totals:					
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:										
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)										
a. Typed or Printed Name and Title of Authorized Certifying Official				c. Telephone (Area code, number and extension):						
				d. Email Address:						
b. Signature of Authorized Certifying Official				e. Date Report Submitted (Month, Day, Year):						
							14. Agency use only:			
							Standard Form 425			
							OMB Approval Number: 0348-0061			
							Expiration Date: 10/31/2011			
Paperwork Burden Statement According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0060), Washington, DC 20503.										

SF-425 Form: VR State Grants Program Reporting Instructions

While the SF-425 is designed for single grant and multiple grant award reporting, the U.S. Department of Education's (ED) policy is that multiple grant award reporting is not permitted for ED grants. The SF-425 attachment (SF-425A), which is to be used for reporting multiple grants, is not to be used for ED grants and is not included with this PD. As such, references to multiple grant reporting and to the SF-425A in items 2, 5 and 10 of the SF-425 are not applicable to ED grantees. ED requires grantees to complete items 10a through 10o for each grant it receives.

1. Federal Agency and Organizational Element to Which Report is Submitted:
Data entry is not required for this field. RSA is the default entry.
2. Federal Grant or Other Identifying Number Assigned by Federal Agency:
Data entry is not required for this field. The program's grant award number is the default entry. This is the Award Number listed in Box 5 of the Grant Award Notice (GAN).
3. Recipient Organization:
Data entry is not required for this field. The organization's name and address associated with the grant will be the default entry. This is the organization information listed in Box 1 of the GAN.
- 4a. DUNS Number:
Data entry is not required for this field. The Grantee Data Universal Numbering System (DUNS) number associated with the grant will be the default entry. This is the DUNS number listed in Box 8 of the GAN.
- 4b. EIN:
Data entry is not required for this field. The Employer Identification Number (EIN) associated with the grantee will be the default entry. This number is also known as the Tax Identification Number (TIN).
5. Recipient Account Number or Identifying Number:
This is an optional data element. Enter an account number or any other identifying number assigned by the grantee to the award. This number is for the GRANTEE'S USE ONLY and is NOT required by RSA. Data entry is limited to 30 characters.
6. Report Type:
Select quarterly or final. A report can be marked as final prior to the end of the grant award period if the grantee has liquidated available funds and no additional reporting is required for the grant award.
7. Basis of Accounting (Cash/Accrual):
Specify whether a cash or accrual basis was used for recording transactions related to the grant award and for preparing the SF-425. For cash basis accounting, expenses are recorded when they are paid without regard to the reporting quarter in which the costs are incurred. Accrual basis of accounting refers to the accounting method where expenses are reported when incurred. Accrued expenditures are recorded when goods or services are received, regardless of when cash is received or paid. It is permissible for an agency to use a modified-accrual basis for reporting program expenditures. If using a modified-accrual basis, select accrual in this field. To report accrual information such as unliquidated obligations, the State agency is not required to convert its accounting system to the accrual basis, but shall develop such accrual information through an analysis of the documentation on hand (34 CFR 80.3 and 80.41(b)(2)).

Note: A grantee can report using either a cash or accrual basis of accounting. However, if a grantee changes from one basis to another, the grantee should inform RSA of the change.

8. Project/Grant Period (From/To):
Data entry is not required for this field. The grant period will be entered by default and will be the same as Box 6 on the GAN that documents when Federal sponsorship begins and ends. The time period represents the year in which the funds were allocated. The grant period is one year in accordance with 34 CFR 77.1. However, Federal funds which remain unobligated at the end of the year of appropriation may be carried over for obligation in the succeeding fiscal year only to the extent that the agency complied with the matching requirement applicable to the VR State Grants Program for the fiscal year for which the funds were appropriated in accordance with 34 CFR 361.64(b).

9. Reporting Period End Date:
Data entry is not required for this field. The reporting period end date will be entered by default and will correspond with the required reporting period (12/31, 3/31, 6/30, and 9/30). The period covered is always the beginning date of the grant through the end of the reporting quarter. For example, if the report is for the third quarter of FY 2010, the period covered is October 1, 2009 through June 30, 2010. When submitting the final SF-425 form for any grant award, the reporting period end date shall be the quarter in which all grant funds are expended and all obligations are liquidated or, at the latest, the end of the succeeding fiscal year following the year Federal funds were allocated.

10. **Transactions**

10a. Federal Cash Receipts:
Enter the cumulative amount of grant funds drawn down from the beginning of the grant period to the reporting period end date. **Funds should be reported when they are received or drawn down by the payee or grantee, not when the drawdown is requested.** If a drawdown is requested but not received by the end of the reporting period, the funds should be reported in the subsequent quarterly report.

10b. Federal Cash Disbursements:
Enter the cumulative amount of actual disbursements made from Federal funds drawn down as of the reporting period end date. Disbursements are the sum of actual cash expenditures made for direct charges for goods and services and the amount of indirect expenses charged to the award.

10c. Federal Cash on Hand (10a minus 10b equals 10c):
Data entry is not required for this field. This data element is calculated automatically by the RSA-MIS system. If more than three business days of cash are on hand, RSA may require an explanation on Line 12, Remarks, explaining why the drawdown was made prematurely or other reasons for the excess cash. States must minimize the time elapsing between drawdown of Federal funds and disbursement by the grantee in accordance with Treasury regulations at 31 CFR part 205 (34 CFR 80.21(b)).

10d. Total Federal Funds Authorized:
Data entry is not required for this field. This data element is updated automatically through the RSA-MIS system and represents the total amount of Federal funds awarded to the grantee as of the end of the reporting period.

10e. Federal Share of Expenditures:
Enter the cumulative amount of actual disbursements made from Federal funds as of the reporting period end date. This amount is for expenditures that are the sum of cash disbursements for direct charges for goods and services and the amount of indirect expenses charged. For the VR program, the amount entered on lines 10b and 10e will be the same. Do not include program income received by the grantee on line 10e.

10f. Federal Share of Unliquidated Obligations:

Enter the Federal portion of unliquidated obligations incurred by the grantee. Unliquidated obligations include direct and indirect expenses for goods and services incurred by the grantee, but not yet paid or charged to the VR grant award.

Do not include the following amounts on line 10f:

1. Expenditures reported on line 10e.
2. Future commitments for funds for which an obligation or expense has not been incurred pursuant to 34 CFR 76.707.

Note: Grantees have 90 days from the end of the grant period, including the carryover year if applicable pursuant to 34 CFR 361.64(b), to liquidate Federal obligations (34 CFR 80.23(b)). This 90-day liquidation period applies regardless of whether the VR grantee uses a cash or accrual basis of accounting. If the final report shows unliquidated obligations remaining on the grantee's accounts, the grantee must submit a request for late liquidation to RSA, within 30 days before the end of the 90-day liquidation period, in order to allow additional time to liquidate the cost in accordance with ED's policy on late liquidations dated June 5, 2007.

10g. Total Federal Share (Sum of 10e and 10f equals 10g):

Data entry is not required for this field. This data element is calculated automatically by the RSA-MIS system.

10h. Unobligated Balance of Federal Funds (10d minus 10g equals 10h):

Data entry is not required for this field. This data element is calculated automatically by the RSA-MIS system. For the final report, this represents the amount of Federal funds awarded that the grantee did not request or drawdown. If this amount includes any cash on hand, the grantee must return the funds.

10i. Total Recipient Share Required:

Enter the total of the grantee's required non-Federal share of the amount of Federal VR funds drawn down, as reported on line 10a. Only include the actual non-Federal share amount required (21.3 percent) of the amount reported on line 10a. This amount is calculated using the following formula: (line 10a divided by .787) times (.213). Do not include any excess non-Federal share amounts provided by the grantee on line 10i. Excess non-Federal share provided will be captured in the amount reported on line 10j.

10j. Recipient Share of Expenditures:

Enter the grantee's total amount of non-Federal expenditures as of the end of the reporting period. This amount must include the grantee's non-Federal share of actual cash disbursements or outlays (less any rebates, refunds, or other credits), including payments to contractors, AND the grantee's non-Federal share of unliquidated obligations. The amount reported on line 10j does not include program income earned by the grantee.

Beginning with the fourth quarter report and all subsequent reports, the amount reported on line 10j should be equal to or greater than the amount reported on 10i (required non-Federal share amount). In other words, the grantee must have provided, at a minimum, the requisite non-Federal share (21.3 percent) of the Federal VR funds drawn down, as reported on line 10a.

The grantee must report the non-Federal amount of unliquidated obligations, included on line 10j, separately on line 12d, Remarks.

10k. Remaining Recipient Share to Be Provided (10i minus 10j equals 10k):

Data entry is not required for this field. This data element is calculated automatically by the RSA-MIS system. If the amount entered is a positive number, this figure represents the amount of non-Federal share the grantee is required to provide by the end of the fourth quarter of the year in which the Federal funds were awarded. If the amount entered is a negative number, this figure represents the amount of excess non-Federal share provided by the grantee.

Example 1: State A has drawn down \$1 million of VR Federal funds (line 10a). State A's required match for those funds is \$270,648 (line 10i). At the end of the second quarter of the grant period, State A has only provided a total of \$200,000 in non-Federal expenditures (line 10j). This means that State A still must provide \$70,648 in non-Federal expenditures or unliquidated obligations by the end of the fourth quarter of the fiscal year in which the grant was awarded (line 10k equals line 10i minus line 10j).

Example 2: State B has drawn down \$1 million of VR Federal funds (line 10a). State B's required match for those funds is \$270,648 (line 10i). At the end of the second quarter of the grant period, State B has provided a total of \$280,000 in non-Federal expenditures (line 10j). This means that State B has provided an excess of \$9,352 in non-Federal expenditures to date and no additional non-Federal expenditures are required to match the amount drawn down to date. The amount entered on line 10k, for this example, would be: \$9,352 (line 10k equals line 10i minus line 10j).

10l. Total Federal Program Income Earned:

Enter the total amount of Federal program income earned or received by the grantee as of the end of the reporting period. **Program income is considered earned in the fiscal year in which the funds are actually received by the grantee** (34 CFR 361.63). Therefore, the amount reported on line 10l should not change after the grantee submits its fourth quarter report for any fiscal year.

Program income means gross income received by the grantee that is directly generated by an activity supported under the VR State Grants Program. Sources of program income include, but are not limited to: payments from the Social Security Administration for assisting Social Security beneficiaries and recipients to achieve employment outcomes, payments received from workers' compensation funds, fees for services to defray part or all of the costs of services provided to particular individuals, income generated by a State-operated community rehabilitation program, consumer financial contributions resulting from financial means tests, and payments or reimbursement from insurers for consumer services.

Note: The State may choose to use Social Security reimbursements earned by the VR program for other formula grant programs funded under the Rehabilitation Act of 1973, as amended (Act) (34 CFR 361.63(c)(2)). Therefore, each program earning or receiving for its use the Social Security reimbursements must report the funds earned or received as program income on line 10l. For example, if the VR program earns \$100,000 in Social Security reimbursements and keeps it for its own program use, the VR grantee must include the \$100,000 on line 10l. However, if the VR program earns \$100,000 in Social Security reimbursements, but transfers the entire amount to the Title VII State Independent Living (IL) Program, both the VR and IL programs must report the \$100,000 on line 10l of their respective SF-425s. In addition, in this example, the IL program would make a note on line 12, Remarks, to document that the program income was not actually "earned" by the receiving program (IL), and the VR program would report the transfer of program income to the IL program on line 12e.

10m. Program Income Expended in Accordance with the Deduction Alternative:

For those grantees using the deduction alternative, enter the amount of program income that was used to reduce the Federal share of the total VR program costs. This reporting alternative is available to a State agency even though the use of the addition alternative is also authorized in the VR State Grants Program regulations (34 CFR 361.63(c)(3)). The grantee must expend program income funds in accordance with the same standards of allocability and allowability in OMB Circular A-87 that are applicable to Federal funds (Section 108 of the Act, 34 CFR 361.63(c)(3), 34 CFR 80.22, and 34 CFR 80.25(g)(2)). Be advised that if an agency utilizes this section, the amount of funds entered will reduce the Federal share, which will result in the return of these funds to RSA.

10n. Program Income Expended in Accordance with the Addition Alternative:

For those grantees using the addition alternative, enter the amount of program income that was used to supplement the Federal share of the total program costs. The amount reported on line 10n represents actual disbursements, i.e., outlays, of program income by the grantee. The outlay of all program income funds must meet the same standards of allocability and allowability in OMB Circular A-87 that are applicable to Federal funds (Section 108 of the Act, 34 CFR 361.63(c)(3), 34 CFR 80.22, and 34 CFR 80.25(g)(2)).

10o. Unexpended Program Income (10l minus 10m or 10n equals 10o):

Data entry is not required for this field. This data element is calculated automatically by the RSA-MIS system.

Note: In accordance with 34 CFR 80.21(f)(2), “grantees...shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such *before* requesting additional cash payments” (emphasis added).

11. **Indirect Expense:**

Indirect costs are generally charged to Federal awards via an indirect cost rate. The rate is simply the percentage relationship of indirect costs to direct costs and is substantiated by a standardized set of work papers referred to as the indirect cost proposal. Any grantee that wishes to claim indirect costs under Federal grants must prepare an indirect cost proposal and submit it to the cognizant Federal agency for approval (OMB Circular A-87, Attachment A, Paragraphs B and F).

Note: Grantees claiming indirect expense based on an approved cost allocation plan, rather than an indirect cost rate, should leave lines 11a, 11b, and 11c blank, but should enter the total amount of indirect expense claimed during the reporting period on line 11d and complete 11e, 11f, and 11g.

11a. Type of Rate(s):

Select whether the approved indirect cost rate is Provisional, Predetermined, Final, or Fixed.

11b. Rate:

Enter the approved indirect cost rate(s) in effect during the reporting period.

11c. Period From; Period To:

Enter the beginning and ending effective dates for the approved indirect cost rate(s).

11d. Base:

Enter the amount of the base against which the approved indirect cost rate(s) was applied. The base includes allowable expenditures to which the approved indirect cost rate may be applied.

- 11e. Amount Charged (11b multiplied by 11d equals 11e):
Enter the amount of indirect costs charged during the time period specified. This amount is calculated by multiplying the approved indirect cost rate (line 11b) by the amount of the base against which the approved indirect cost rate was applied (line 11d).
- 11f. Federal Share:
Enter the Federal share of the amount in 11e.
- 11g. Totals:
Enter the totals for each of the columns on lines 11d, 11e, and 11f. Line 11g will contain three amounts, representing one total for each of lines 11d, 11e, and 11f.

12. Remarks:

This area is used to report data elements unique to the VR program that are necessary to ensure compliance with program requirements. This area can also be used to clarify and explain amounts reported, such as sources of matching funds, changes from amounts previously reported, and transfers of Social Security reimbursement funds to eligible programs. In addition, on the fourth quarter SF-425 and each quarter thereafter, note the amount of non-Federal (third-party) match that has restrictions as to its use under the VR State Grants Program. Grantees expending funds for the establishment of a community rehabilitation program or the construction of a rehabilitation facility should also report total expenditures, Federal share and non-Federal share, for these projects in this area (e.g., cooperative programs, donations, establishment, construction, etc.).¹

- 12a. Innovation and Expansion Amount for VR State Grants Program:
Enter the cumulative expenditures, including obligations, for innovation and expansion activities under the VR program.
- 12b. Administrative Cost for SEP Only:
Enter the cumulative administrative costs for the Supported Employment Program (SEP).
- 12c. In-Service Training for VR State Grants Program:
Enter the cumulative amount of VR State Grants Program funds expended for in-service training activities. For purposes of this calculation, VR State Grants Program funds include Federal Title I VR funds, State matching funds for the VR program, and VR program income.
- 12d. Recipient Share of Unliquidated Obligations:
Enter that portion of unpaid obligations to be paid with non-Federal funds meeting the requirements in 34 CFR 361.60(b).

¹ For the purposes of this reporting requirement, third parties include all entities external to the State VR agency, e.g., other State agencies, local government agencies, private organizations and individuals. The amount reported would include expenditures from funds earmarked by a contributor for the purpose of establishing or constructing a facility for a community rehabilitation program; expenditures under a cooperative arrangement (34 CFR 361.28) with a local government or other State agency; and expenditures from funds donated by an individual that are earmarked for any permissible purpose under the VR State Grants Program.

However, do not include, for example, any expenditures made on behalf of the State VR agency from a central fund account maintained by the State's Department of Treasury which is used to pay expenses common to all State agencies such as fringe benefits, indirect costs, etc. Also, do not include any expenditures made from any set-aside funds under the Randolph-Sheppard program or any other State VR agency-supervised business enterprise program.

12e. Program Income Transferred:

Enter the name of the program receiving the transfer of program income from the VR agency, if applicable. See instructions for line 101 for further guidance.

13. **Certification:**

By signing this report, the grantee certifies that it is true, complete, and accurate to the best of their knowledge. Additionally, any false, fictitious, or fraudulent information may subject the grantee to criminal, civil, or administrative penalties (U.S. Code, Title 18, Section 1001).

13a. Typed or Printed Name and Title of Authorized Certifying Official:

Enter name and title of authorized certifying official.

13b. Signature of Authorized Certifying Official:

The authorized certifying official must sign here.

13c. Telephone (Area Code, Number and Extension):

Enter the telephone number (including area code and extension) of the individual listed in line 13a.

13d. E-mail address:

Enter the email address of the individual listed in line 13a.

13e. Date Report Submitted:

Data entry is not required for this field. This date is automatically entered when the report is submitted.