



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

Effective January 26, 2022

Updated June 23, 2023

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.

Contents

Introduction.....	3
Cost Categories.....	3
Determining the Amount of Disallowance.....	4
<i>Cost Reimbursement Awards</i>	4
<i>Fixed Price Awards</i>	4
Documenting Disallowance	5
<i>Reporting NSCHC Disallowance of Subrecipients</i>	5
<i>Enforcement of NSCHC Disallowance</i>	7
FAQs.....	7
Change Log	8

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 Price					✓	
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 Price 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 182.5 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 price 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. 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 the Office of Audit and Debt Resolution (OADR) at debtresolution@cns.gov and 'cc' their Portfolio Manager and the Office of Monitoring at monitoring@cns.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 and should identify if the grant is a fixed or cost-reimbursement grant. Upon being notified, OADR will email the prime grant recipient instructions to upload to a Secure Folder the required additional information listed below. Please note, the 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:

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-price 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 Priced Awards, provide documentation that supports the cost per member service year (MSY) and Slot Type for each applicable member with noncompliant NSCHC.

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.

Enforcement of NSCHC Disallowance

Upon OADR receiving the required information and supporting documents described above, OADR will confirm with the prime grant recipient the cost-based disallowance amount. If additional information is needed, OADR will email the prime grant recipient. Once the cost-based disallowance is verified, OADR will issue a Debt Collection Notification to the prime grant recipient for repayment of disallowed federal expenses.

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 off-set or reduce payments to subrecipients when NSCHC noncompliance that results in cost-based disallowance is identified? (Added 6/23/2023)

No. Prime grant recipients may not off-set or reduce payments to subrecipients to enforce the cost-based disallowance. The cost-based disallowance must be repaid to AmeriCorps as described in the Debt Collection Notification issued to the prime grant recipient by the Office of Audit and Debt Resolution.

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-price 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