



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

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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.*

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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	Volunteer Stipend
AmeriCorps State and National Operational Grant	✓*	✓*	✓	✓	
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	✓	✓			

\* Staff on fixed-amount grants are not required to obtain NSCHC. Disallowance of staff salaries and FICA only applies to cost-reimbursement ASN operational grants.

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

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.

## 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 specified by monitoring staff. In situations where calculations are being used to determine the disallowance amount, totals reported must be supported by calculations.

## Reporting Enforcement of NSCHC Disallowance at Subrecipient Sites

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. This notification may take place after the prime grant recipient has completed the process of corrective action and determined the disallowance amount for the subrecipient(s). Please note that discoveries of ineligible staff or participants require immediate notification to AmeriCorps, for awareness.

Prime grantees may submit findings as they are processed or at the completion of a monitoring cycle involving multiple subrecipient grants. When AmeriCorps receives multiple debt referrals from the same prime at once, the debt collection notice is typically consolidated into one debt letter.

AmeriCorps has provided tools to support the submission of findings of noncompliant NSCHC records at a subrecipient site that result in cost-based disallowance. These tools are described below and are available on <https://americorps.gov/grantees-sponsors/history-check>.

To inform AmeriCorps of disallowance enforcement actions with subrecipients, prime grant recipients will submit the following to ([GrantsDebtCollection@cns.gov](mailto:GrantsDebtCollection@cns.gov)), with a copy to the assigned Portfolio Manager and the Office of Monitoring ([monitoring@cns.gov](mailto:monitoring@cns.gov)):

1. A roster indicating the noncompliant individuals, the specific reason for noncompliance, and the disallowance amount per individual. In many cases, this information is included in a prime grantee's monitoring report. It is important to ensure the specific nature of NSCHC noncompliance is identified for each record. Refer to the [NSCHC Manual](#) for details on the potential nature of noncompliance related to NSCHC. Use of the following tools is optional:
  - The "NSCHC Simple Log" identifies specific reasons for noncompliance and may be used to document the noncompliant records and disallowance amount for each.
  - The "Individual NSCHC Disallowance Form" may be used to document the details of a single noncompliant record and corresponding disallowance.
  - The "NSCHC Quick Disallowance Calculator" or "Debt Establishment Request Form" may be used to calculate the total disallowance amount.
2. Documentation to support the disallowance amounts or calculations for each individual, such as financial expenditure reports, payroll records, timesheets, etc. This includes documentation of matching funds, where applicable, as matching funds are held to the same requirements as federal funds. Any disallowed match may not be used to support a statutory match requirement.

3. (Recommended) Debt Establishment Request Form. Use of this form is optional but recommended by AmeriCorps. It may be used to calculate the total disallowance amount for the package as well as record a summary of key details, such as grant and subrecipient information, match vs. federal amounts, and how the noncompliance was discovered (origin of debt).

When prime grant recipients identify disallowance on a subrecipient level, documentation must be maintained within the grant records that demonstrates implementation of the enforcement action. 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.

## 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 grant recipient organization is responsible for paying disallowances to AmeriCorps for 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?**

It is the expectation that grant recipients consistently apply the enforcement of disallowance to the AmeriCorps award, including matching funds that may have been paid for noncompliant NSCHC records for individuals working or serving in NSCHC-required programs. Where costs were paid with matching funds, the disallowance of those matching costs may also result in disallowance of the related Federal funds. Reported enforcement of disallowance by prime grantees to AmeriCorps should clearly identify the Federal and non-Federal share of expenditures within the estimated amount of disallowance. 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.