



**Dollars and Sense: The Art of Financial
Tracking and Reporting**

2024 Hub Summit

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Introductions

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Agenda

- \$ Overview of Grant Financial Tracking
- \$ Federal Requirements Governing Allowability of Costs to Federal Awards
 - \$ Reasonable Costs
 - \$ Allocable
 - \$ Reasonable and Necessary
- \$ Tracking Costs to Federal Awards
- \$ Financial Reporting
- \$ Federal Funding Accountability and Transparency Act (FFATA)

Overview of Grant Financial Tracking

Financial tracking is a critical aspect of ensuring the success and sustainability of grant-funded projects.

Importance of Financial Tracking in Grant-funded Projects

Transparency

Accurate financial tracking **demonstrates to grantors that awarded funds are being utilized as intended.**

Compliance

Thorough financial tracking ensures adherence to stringent grant requirements, **reducing the risk of misuse of funds and potential legal consequences.**

Performance Assessment

Effective grant financial tracking & budgeting allows organizations to assess the financial performance of grant-funded projects, informing **future budgeting and strategic planning.**

Identifying Federal Requirements Governing **Allowability of Costs to Federal Awards**



Allowable Costs – To be allowable under Federal awards, costs must meet the following general criteria (2 CFR 200.403).

- Be necessary and reasonable for proper and efficient performance and administration of Federal awards;
- Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit; and
- Be allocable to the grant
- **Be treated consistently**
- Adequately documented
- Cost incurred during the approved budget period

Typical Unallowable Costs

- Alcoholic beverages 
- Interest on borrowed funds 
- Entertainment costs 
- Fines and penalties 
- Lobbying 
- Legal costs 

Reasonable Costs

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

- Be generally recognized as ordinary and necessary for operations and performance
- Have restraints or requirements that are in place (e.g., internal control)
- Market prices for comparable goods or services for the geographic area
- Indicate that the individuals acted with prudence for the circumstances
- Do not significantly deviate from established practices and policies

Resource: [2 CFR 200.404](#)



Unreasonable Costs Examples

\$ Excessive Labor Rates

\$ Inflated Material Costs

\$ Unjustified Overtime Expenses

\$ Unnecessary Premium Services

\$ Unsubstantiated Travel Expenses

Allocable Costs

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved provide direct benefit to the project and can be specifically tied to the project.

Allocable costs must:

- Be incurred specifically for the Federal award
- Benefit both the Federal award and other work of the organization and be distributed fairly using reasonable methods.
- Be necessary to the overall operation of the organization and is assignable in part to the Federal award.
- Be adequately documented.

Source: 2 CFR 200.405

Tracking Costs to Federal Awards

Tracking costs to federal awards is a crucial aspect of financial management for organizations that receive federal funding. It involves monitoring and documenting how every dollar of the award is spent to ensure compliance with federal regulations and to maintain transparency.

Detailed Accounting Records

- Chart of Account
- General Ledger

Documentation

- Separate tracking of Federal expenditure
- Adequate source documentation (i.e. invoices, receipt of purchase).

Source: 2 CFR 200.302 - 305

Tracking Costs to Federal Awards Continued...



Policies and Procedures & Internal Controls

- **Must** have written policies/procedures

Records Retention

- Retain records for 3-years after final financial report (non-construction) and Outlay Report/Request for Reimbursement for Construction*

Source: 2 CFR 200.302 - 305

Financial Reporting

- Federal Financial Report (FFR) i.e., SF – 425
 - Follow documented procedures for developing and submitting SF-425
 - Reconcile amount on SF-425 to the financial systems
 - Review and approve report prior to submission

View Burden Statement		Federal Financial Report (Follow form Instructions)		OMB Number: 4040-0014 Expiration Date: 02/28/2025	
1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)			
[Redacted]		[Redacted]			
3. Recipient Organization (Name and complete address)		1. Federal Agency and Organizational Element to Which Report is Submitted			
Recipient Organization Name:		[Redacted]			
Street1:		[Redacted]			
Street2:		[Redacted]			
City:		County:			
State:		Province:			
Country:		ZIP / Postal Code:		[Redacted]	
4a. UEI	4b. EIN	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)			
[Redacted]	[Redacted]	[Redacted]			
6. Report Type	7. Basis of Accounting	8. Project/Grant Period		9. Reporting Period End Date	
<input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final	<input type="checkbox"/> Cash <input type="checkbox"/> Accrual	From: [Redacted] To: [Redacted]		[Redacted]	
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)					0.00
<i>(Use lines d-o for single grant reporting)</i>					

Federal Funding Accountability and Transparency Act (FFATA)

FFATA legislation requires information on federal awards (including federal financial assistance and expenditures) to be made available to the public via a single, searchable website. This website is **USAspending.gov**.

Reporting Requirements

- Federal prime awardees report subaward and executive compensation data regarding first-tier subawards
 - Prime contractors
 - Prime grant recipients

Increased Reporting Requirement

- Title 2 of the Code of Federal Regulations has been updated, increasing the subaward reporting requirement for grants from \$25,000 to \$30,000.

Questions?





Thank you