

Financial Review Prep & Guidance

Description

For the financial management review portion of each site visit, we will examine backup documentation for invoices that have been reviewed, approved, and paid by DSU for executed agreements

Notification

Per language written in your grant agreement, DSU will provide prior notice of which invoice(s) will be reviewed. Subrecipient must provide backup documentation within 10 calendar days of written notice.

Purpose

- To confirm that the accounting in the backup documentation is equal to or greater than the value of the invoice total and/ or the line items within
- To confirm that the expenditures happened within the invoice billing period or a previous period if noted in the Other Direct Service Costs section
- To confirm that all expenditures invoiced are allowable within each grant agreement

Required Documentation Formatting

- All documentation must be separated into packets by invoice and include the invoice number in the electronic file name and/ or on the hardcopy. These packets can be submitted using zipped files or google docs. If using google docs, please make sure to give full permissions to your grant manager to download any documentation.
- For both hard and digital copies, use the invoice as the first page in the packet.
- Supporting documentation may be submitted in the following formats: Microsoft Word, Excel, Google Docs, Google Sheets, and/or PDF.
 - **PDFs:** Please make sure all pages are in an upright orientation. This is especially important with large PDF documents. Ensuring this eases our efforts and reduces our review time. When submitting PDFs, please organize them in billing categories (e.g., Salary/ payroll, materials, utilities).
 - **Excel/ Spreadsheets:** When sharing spreadsheets, it is better to submit them in their original format than in PDF format. If you submit it in PFD format, we export it into Excel, and it takes more time to adjust the formatting/ formulas. Submitting spreadsheets saves time and reduces errors.

Documentation Examples and Information:

We should be able to recreate your invoice(s) using the documents submitted. All submitted documents for each invoice must be provided digitally via email, and a hard copy must be provided for in-person site visits. If either is an issue, please inform your grant manager at least (3) business days before the site visit.

Invoice Expense Categories

Personnel /Salary

Please make sure that this information is clear to us in the documentation and/or let us know the following information with an explanation of how it is calculated/ documented:

- If multiple funding sources are used for salary/ hourly, you must provide calculation formulas or percentage per/ employee per/ funding source, if different than budget narrative
- If salaries are distributed across multiple funding sources/ grants, you must provide fringe benefits allocation formula

Payroll

- Pay stubs for each employee paid during specified invoice review period(s)
- Signed timesheets that correlate with each pay stub.
- Allocation of employee pay per grant if not indicated on pay stub.

Fringe Benefits

- Documentation of fringe benefits paid and calculation formulas, if not indicated on the pay stub
- Reports from the payroll company
- Payroll taxes, if applicable
- Employer contribution to health/ fringe benefits, with receipts for expense

Non-personnel Operating Costs

For all non-personal operating costs, you must provide backup documentation for all expenses listed. Bills must be submitted with proof of payment; a bill alone is not documentation of cost incurred unless the bill/ invoice includes a payment line. The payment line must include the payment date that aligns with the billing period and be greater than or equal to the invoiced amount for that bill.

- Utility and phone bills are rarely 100% direct cost, unless a specific cell phone bill covers only one program/ grant.
- When submitting receipts that are split between funding sources, indicate the allocation amounts on the receipt or in a supporting document.
 - **EXAMPLE:** Back-up documentation for a \$200 electric bill that is split evenly between SOR and Base might include a paid receipt from the electric company for the amount paid with a note (from the recovery center) stating that \$100 was charged to SOR /Grant 12345

*All items billed must include proof of payment. Below are additional documentation examples for each non-personnel operating cost category. Not all items listed will be applicable, these are examples:

Advertising:

- Receipts from advertisements
- Copy of paid invoice from advertising business
- Postage receipts for mailings/ shipping
- Social media advertising bills with proof of payment

Equipment

This would be a rare (if ever) utilized expense as it is only for expenses \$5000 or more. Please contact your Grant Manager prior to equipment expenses.

Materials/ Supplies

- Detailed receipts with notation indicating which items were charged to the grant invoice
- Expense reports that list purchased items

(Note: We cannot verify receipts if items purchased are in shorthand. The program Manager will attempt to research the shorthand and verify the item(s) purchased. If you provide a shorthand receipt, please also provide an expense report)

Meals (not allowed)

Medication (not allowed)

Rent/ Mortgage

- Copy of check or e-check from banking institution
- Invoice from bank or rental agent must include proof of payment

Sub-Contracts & Grants

- Copy of paid invoices/ bills
- Receipts for contracted services
- Stipend calculations and/ or copy of paystub or check

Telephone (if a direct service cost)

- Phone bill plus proof of payment (canceled check, receipt, or bank statement)
- Receipt for pay-as-you-go minutes – identify which portion or number of cards were purchased for each funding source

Training/ education

Note: Hotel and travel costs related to training should be billed under travel

- Paid invoice from training entity

Travel

- Gas receipts
- Hotel invoices
- Rental car receipts
- Mileage – provide employee name or ID and a copy of the paystub(s) showing reimbursement

Utilities

- Utility bills and allocation formula/ calculation plus proof of payment (canceled check, receipt, or bank statement)

ODSC (Other Direct Service Costs)

- Provide proof of expense and payment for all items listed on the ODSC section of the invoice.

Indirect Rate - No backup documentation is required.

Tips and Tools

- Bank Statements can be submitted as proof of expense if there are no other means of verification, and if the statement has enough details for verification
- Paper receipts from stores should be copied immediately to avoid fade and wear
- Backup documentation must add up to an amount equal to or greater than the expense on the invoice
- Bookkeeping ledgers and other accounting and bookkeeping tools are not proof of cost incurred