FINANCIAL MANAGEMENT BEST PRACTICES

Compliance Toolkit for Recipients and Subrecipients

February 12, 2025

COMPLIANCE IS A PATHWAY

There are many ways to get there

COMPLIANCE

- Good faith effort
- Ask for help
- Create action plan

FINANCIAL MANAGEMENT

Focus Areas for Compliance

TIMESHEETS

FINANCIAL SYSTEMS

PROJECT PARTNER ROLES

INVOICING

PAYMENTS

REPORTING

TIMESHEETS
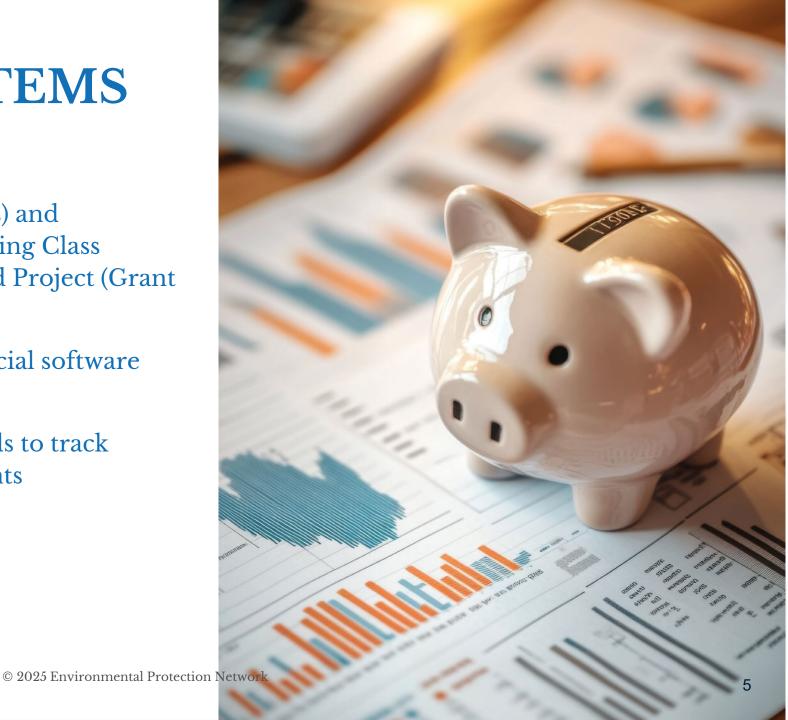## How to Track and Report on Staff Time

❖ Most budgets include staff time which needs to be tracked

❖ Online timesheet systems enable organizations to easily document staff time by grant number and project and run reports

  ○ [Time tracking for those who value insight | Harvest](#)

  ○ [QuickBooks®: Official Site | Smart Tools. Better Business](#)

  ○ [Time Tracking & Resource Management Software | ClickTime](#)

❖ Staff time billed to EPA must reflect actual time and salary paid to staff

FINANCIAL SYSTEMS

Tracking Time on Grants

❖ Financial system (e.g., QuickBooks) and timesheets need to differentiate using Class (Program), Customer (Funder), and Project (Grant number)

❖ Many options for simplified financial software geared for nonprofits

❖ Whatever system you choose needs to track expenditures and proof of payments

PROJECT PARTNER ROLES
Easy Ways to Distinguish These Roles

❖ Create table on project partner roles

❖ Subrecipients are generally not-for-profit entities: government agencies, universities, nonprofits

❖ Contractors typically provide goods and services at commercial rates

❖ Things to consider:

  o Does organization make decisions on project?

  o Is their role to implement project?

INVOICES AND REIMBURSEMENTS

Important Points to Remember

❖ Create agreed-upon plan to document grant related expenses with project partners

❖ Create a "pay as you go" system – collect/send documentation on costs as incurred and include budget tracking and financial reports

❖ Grantees collect invoices with backup documentation from subawardees

    o Staff time – project hours reports, payroll documentation

    o Invoices, purchase orders, contractor or supplier agreements

    o Proof of payment – confirmation of expenses paid

❖ Contractors need to provide invoices and supporting documentation on grant related costs

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PAYMENTS

Options for Payment – How to Handle EPA Funds

❖ Recipients can receive EPA funds via:

- ○ Working capital advance basis – requires EPA approval
- ○ Automated Standard Application for Payments (ASAP)
- ○ Reimbursement

❖ ASAP is online payment system

- ○ Requires separate ID verification
- ○ Takes a few weeks to set up
- ○ Payments received in 24-48 hours

❖ Recipients must pay project partners within 5 business days of EPA payment and provide documentation of costs upon request by EPA or auditors

REPORTING

Program and Financial Reports

❖ Submit reports (SF-425) following EPA template if provided by PO

❖ Reports due 30 days after end of project period

❖ Reports should provide a summary of project activities:

- o What occurred during this project period

- o Challenges – what did not get done

- o Propose solutions or seek guidance from EPA

- o What is planned for next project period

- o Press releases, media events

- o Data collection – progress towards project outputs or outcomes

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SET UP GRANT PROJECT FILE

Items to Include in Grant Project File

Grant Project File – hard copy or electronic repository of program and financial information related to your grant

- ❖ Financial records

- ❖ Grant application, work plan, grant agreement

- ❖ Federal financial reports and progress reports

- ❖ Payment requests with supporting documentation

- ❖ Changes to award agreement, written approvals, emails with EPA

- ❖ Purchase records for equipment, supplies, materials or services

- ❖ Contracts, subawards, payments

RESOURCES

❖ Utilize Technical Assistance Resources

    o [Inquire Here – Environmental Protection Network](#)

    o [epa-support@TRCcompanies.com](#)

    o [Fund Protection Legal Guidance Request – Lawyers for Good Government](#)

❖ [Join EPN for Office Hour Opportunities – Environmental Protection Network](#)

❖ Consult [EPA Uniform Grants Guidance](#)

❖ Consult EPN Resources by Program: [CCG](#), [Community Air Monitoring](#), [EJ TCGM](#), [SFA](#)

❖ [Financial Management Books](#)

RESOURCES
Recommended Financial and Accounting Books

❖ Financial Management Books: Finance & Accounting - Candid - OverDrive

❖ High Rock Accounting: The Basics of Tracking Restricted Grants https://highrock.co/2022/01/the-basics-of-tracking-restricted-grants/

❖ Streetsmart Financial Basics: Streetsmart Financial Basics for Nonprofit Managers, Thomas A. McLaughlin

QUESTIONS?

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