THE NONPROFIT
ASSOCIATION OF
OREGON

Fiscal Compliance and Reporting

NAO Workshop
May 10, 2023

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Today's Presenter

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Spot CFO

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Agenda

- How to determine your compliance requirements
- Compliance policies
- Allowable and unallowable expenses
- Finance system compliance requirements

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It may seem simple, but it's often forgotten…

Read the Grant from beginning to end!

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Your Grant May Include:

- general federal compliance requirements
- additional requirements specific to the grant activity
- requirements imposed by your funder, if the funds are granted to you through as a pass-through

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Unsure about your grant compliance requirements?

Grant Agreement

Read the grant agreement from beginning to end. Did I already say that? Yes, but it is worth saying again!

Funder

Contact your funder with specific questions.

Funders often have pre-submission and/or post-award information sessions.

Auditor

Send a copy of your agreement to your auditor and outline what you think is required

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Do you need to follow compliance requirements if:

- you are a small organization
- you received a small grant
- your federal funding was granted to you through the state, county, or other organization

- Hint: Yes!

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Examples of important compliance policies:

- Whistleblower Policy
- Conflict of Interest Policy
- Procurement Policy
- Record Retention Policy
- Written fiscal policies and procedures

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Examples of unallowable expenses:

- fundraising activities
- lobbying activities
- alcohol
- tobacco
- fines, penalties, bad debts

Note: Grants often have other specific expenses that are unallowable, ex: travel, professional services. They should be referenced in your grant agreement.

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What is an allowable expense?

Necessary

Is the item or service needed to conduct the activities outlined in your grant?

Reasonable

Apply common sense here, both to the need of the expenditure as well as the price.

In short: Can you justify the expense?

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Finance Systems and Tracking

- ❖ GAAP (generally accepted accounting principles) compliant
- ❖ Be able to track and report grant expenditures on an accrual basis
- ❖ Track staff hours according to program/grant
- ❖ Have adequate internal controls

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- ▪ Accrual accounting – revenue and expenses are recorded when a transaction occurs rather than when payment is received or made.

  Fund accounting – tracking revenue and expenses to specific activities

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Federal Audit

- $750k or more in federal <u>expenditures</u> in your fiscal year
- Often referred to as a Single Audit
- In addition to regular financial audit
- Verifies that an organization complies with their policies and procedures as well as federal requirements
- Tests internal controls

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Where are the general federal grant compliance requirements outlined?

- 2 CFR Part 200
- CFR – Code of Federal Regulations
- Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
- https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200

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Financial Reporting

Have systems in place
- Make sure that you have adequate tracking systems in place
- Keep up to date on transactions and reconciliations
- Use reporting functions available to you
- Avoid redundant systems
- Avoid hand-tracking

Follow the grant
- Review the reporting requirements as outlined in your grant
- Use their templates when requested
- Always turn your reports in on time
- Make it easy for the reviewer to understand your reporting

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Thank You!

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Thank you

Thank you for attending!

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