

MEMORANDUM

TO: FY 2020 CENSUS GRANTEES

FROM: MARYLAND DEPARTMENT OF PLANNING / MARYLAND HISTORICAL TRUST

RE: GRANTEE RESPONSIBILITIES FOR FINANCIAL REPORTING

Congratulations on your grant award! We are excited to work with you on your project and want to ensure that you understand your responsibilities as stewards of State money as you begin work.

All grants administered through the Maryland Department of Planning (MDP) and the Maryland Historical Trust (MHT) represent a partnership between your organization and the State of Maryland to support projects that benefit Maryland taxpayers. The details of that partnership are described not only in the grant guidelines and your grant application, but also in the grant agreement. These documents include your responsibilities as the grantee, as well as the regulatory guidelines of the grant program, and grant management best practices. It is important that you and your colleagues review and understand these documents, particularly the grant agreement, to ensure you understand the terms of your grant.

This memo specifically discusses your financial responsibilities as a State grantee. As a grantee, you are expected to run cost efficient operations and to ensure that grant funds are spent only on necessary goods and services that are fairly and reasonably priced. Your documentation of expenditures and products developed throughout the grant project should allow you to defend your use of the public funds entrusted to you and must stand up to public scrutiny.

The following guidelines will help you understand the types of records MHT expects you to retain and provide upon request to document your grant expenditures, as well as some suggestions to help make the documentation process easier as the project progresses.

Approved Scope of Work

Unless written approval is obtained from MHT, you must use the grant funds and grantee's contribution (matching funds) as detailed in the approved project scope of work in the grant agreement. If you wish to add or remove items from your scope of work, you must obtain approval from MHT.

Grantee Contribution ("Match") Requirements

The amount of support your organization is required to contribute to the project is detailed in the grant agreement. Your matching contribution must be documented in the same way as your expenditure of grant funds. You can find a sample staff / volunteer timesheet on [the MDP Census Grants web page \(https://planning.maryland.gov/MSDC/Pages/census/census-grant-2020.aspx\)](https://planning.maryland.gov/MSDC/Pages/census/census-grant-2020.aspx), which may be useful in recording time contributed/donated to your project. You may substitute similar forms or spreadsheets of your own design, so long as they document the same general information.

Requests for Disbursement

Once your grant agreement has been signed by a designee of the Secretary of MDP and is in effect, grant disbursements will be made as the project progresses, according to the disbursement schedule established in the grant agreement. Disbursement will occur based upon requests for disbursement submitted by the grantee in a form satisfactory to MHT and upon fulfillment of the other requirements of the grant agreement, which include:

1. A satisfactory, program-specific report, and
2. A completed Request for Disbursement form, including:
 - a. An accounting of total actual expenditures to date, according to scope items in the "Project Summary" in **Exhibit A – Project Requirements**.

MHT reserves the right to withhold disbursement of grant funds if you have not incurred sufficient project costs by the date of the Request for Disbursement.

When reviewing your request for disbursement, we will ask the following questions:

1. Is the cost eligible? Has it been incurred in the grant period? Is it related to the approved scope of work? And, has it been approved in the project budget? (See your grant agreement for approved grant period, project scope and budget.)
2. Is the cost necessary? – If there were no grant funds involved, would the cost have had to be incurred, or incurred at the amount stated?
3. Is the cost reasonable? – Has it been competitively procured, or competitively priced with known costs for the same item or service in the area?
(Reasonable and necessary often go hand in hand, but you always ask if it is necessary before you ask whether it is reasonable.)
4. Is the cost verifiable? – Do original source documents exist for the costs incurred that identify it as a grant charge, approves it as a grant charge and proves it has been paid as a grant charge?

Documentation of Expenditures

You **must** retain the following records, and provide them upon request:

- **Proof of grant expenses, both grant-funded and grantee contributed.**
 - For cash expenditures, retain copies of your paid invoices, receipts, timesheets (if using staff time as cash match) and/or contracts supporting the cost breakdown in your approved grant budget. Documentation should show what was purchased or funded, when it was purchased, or when the work was completed, and how much it cost. Quickbooks and other accounting system printouts are not sufficient documentation, unless your organization is a government agency using a government agency system print-out.
 - For donated services or materials, vouchers or other official documentation must be provided to verify that the goods or services being claimed were received by the Grantee and have been valued according to reasonable market rate costs previously approved in the Project Budget. Staff and/or volunteer time contributions must also be documented by a time sheet or spreadsheet that includes the rate used to calculate the value. The value of unpaid volunteer time can be valued at the current rate of volunteer time for Maryland set by the organization Independent Sector (http://independentsector.org/volunteer_time).
- **Proof of payment for all bills incurred.** This normally means copies of payment receipts, canceled checks (both sides) or bank statements showing payment. (NOTE: If you are a government agency, you may substitute accounting system reports, if the grant is assigned to a dedicated account.) This should be accompanied by the purchase orders, receiving reports, requisitions, or internal memoranda from which the posting to the account was made. The proof of payment should align with the documentation of your expenditures, and with the approved grant budget.

A Few Notes on Documenting Grant Expenditures

The easiest way to document grant expenditures is to record them when they are incurred. This means timesheets should be filled in daily, mileage recorded daily, and receipts saved (especially for items which may later be billed against a purchase order or recorded on a monthly bill), including cash register receipts (even if you must write on them what was purchased).

A receipt solves many problems, which become more difficult the further along you are in the payments process. It solves who authorized or created the charge, identifies what was purchased or contributed, dates the charge, and establishes the amount.

If you work back from a dedicated account ledger or printout and you didn't keep copies of what you sent through the system for payment or recording, it may be difficult to identify the charge if the ledger gives you summary payments. Depending on the size of the system, it may be difficult to retrieve original documentation. Remember that a ledger shows only where a cost was coded for payment, not

whether it was eligible to be charged there. Recreating charges after the fact is difficult and takes a lot of time.

Submitting Proof of Expenditure

All FY 2020 Census grantees are subject to a spot-check, and will be randomly selected to provide full financial documentation of their expenditures. This spot-check will be conducted on 5% of grantees. If your project is randomly selected, you will be notified prior to submission of your final report that you must include, in addition to your Request for Disbursement form, all proof of grant and grantee contribution expenditures.

Regardless of whether or not you are selected to submit proof of expenditure, you still must retain these records, as your files are subject to audit and must be retained for five years from the project completion date.

Failure to submit documentation could result in recapture of your grant funds and cancellation of your grant. It is critical that you retain these records.

Your MHT Project Monitor will be more than happy to answer any questions you may have regarding your financial reporting requirements.