

Financial Management Systems

All subrecipients are required to establish and maintain grant accounting systems and financial records to accurately account for funds awarded to them. As a grant recipient, your agency must have a financial management system in place able to record and report on the receipt, obligation and expenditure of grant funds.

The subrecipient's accounting system must be able to provide accurate, current and complete disclosure of how funds were expended for each funding stream; must be able to identify the Catalog of Federal Domestic Assistance (CFDA) title and number for all federal funds received and must include the following:

- A separate accountability of receipts, expenditures, obligations, and balances for each funding stream.
- Itemized records supporting all grant receipts, expenditures and match contributions in sufficient detail to document the exact nature of fiscal activity.
- Data and information for each expenditure and match contribution with proper reference to a supporting voucher or bill properly approved.
- Maintain payroll authorizations and vouchers.
- Maintain a time and effort reporting system. Time and effort reports should do all of the following:
 - Describe work activity related to the project
 - Match the expenses submitted with the corresponding claims
 - Be signed and dated by both the employee and supervisor
 - Document eligible hours worked on grant activities, itemized by funding stream
 - Document match hours in the same manner as paid staff
- Maintain records supporting charges for fringe benefits.
- Maintain records supporting charges for equipment purchased, rented, donated, or destroyed. See [Chapter 12 Property and Equipment](#) for more information.
- Maintain billing records for consumable supplies (i.e. paper, printing) purchased. See [Chapter 10 Purchasing Procedures](#).
- Lease agreements, contracted services, and equipment purchases that adhere to established procurement processes. See [Chapter 14 Procurement of Goods and Services](#) and [Chapter 15 Procurement of Professional Services](#) for more information.
- Accounting records must also record program income. See [Chapter 4 Program Income Procedures](#) for more information.

