San Francisco Department of
Early Childhood

Invoice Policy Guide

Dear Partners,

The Department of Early Childhood (DEC) is solely dedicated to ensuring San Francisco's youngest residents have a strong start in life. As we coordinate and evolve local systems and resources to support young children and their caregivers, your role in our mission is essential. We value your commitment to young children and appreciate your partnership in this vital work.

As stewards of local, state, and federal tax dollars, DEC is obligated to ensure its work is compliant with all local, state and federal rules. As the City enhances oversight of grantee expenditures, DEC is committed to supporting our partners in successfully navigating evolving compliance and reporting requirements. I am excited to introduce DEC's new Invoice Policy Guide. The guide is designed to enhance operational efficiency and clarify fiscal requirements, ensuring everyone is on the same page regarding expectations, timelines, procedures, and documentation. Our goal is to make invoicing straightforward, consistent, and transparent so we can concentrate on serving the children in our community.

We understand that financial reporting can pose challenges, and we aim to provide clear instructions and support to help you manage your funding and program expenditures. The Invoice Policy Guide details the information necessary for submitting invoices, including required documentation, submission processes and timelines, tips and best practices, and contact information for any questions. We believe these guidelines will simplify the invoice process and strengthen our partnership.

To maintain high-quality programs, timely funding is crucial. Complete and accurate invoice submissions will minimize delays and help us process payments promptly. This, in turn, will allow you to utilize funds effectively. This collaboration ensures that we meet regulatory requirements and uphold the standards for nurturing young learners. Your efforts directly shape our communities, fostering an environment where every child can thrive.

DEC is dedicated to open communications and encourages you to review the guide thoroughly and reach out if you need assistance. Don't hesitate to contact your program officer if you encounter challenges or have questions about the new policy. Your insight is invaluable, and we are here to support you.

Thank you for your dedication and collaboration. We look forward to continuing a productive relationship. Together we can ensure our youngest residents receive the best care, education and support.

Sincerely,

Tracy Fong

Tracy Fong
Deputy Director of Finance and Operations
San Francisco Department of Early Childhood

San Francisco Department of Early Childhood Invoice Policy Guide

The San Francisco Department of Early Childhood (DEC) is committed to supporting our community partners in the invoice process by providing clear direction that sets grantees up for success. This guide establishes expectations for invoice submission, documentation requirements, and timing necessary for approval and reimbursement. The policies and procedures outlined in this guide are subject to state, federal, and City & County of San Francisco laws, policies, and formal guidance. This policy guide may change to comply with updates to applicable laws, policies, and guidance governing the information contained within this document. Grantees will be provided with timely updates from DEC regarding any changes to this guide.

General Guidelines

DEC grants are generally administered on a cost-reimbursement basis, meaning that grantees must first incur and invoice for program costs before being paid, rather than receiving all or part of the award at the start of the grant term. All invoices are submitted by grantees and reviewed and approved by Program Officers in one of DEC's electronic, web-based contract management systems ("CMS"). Payment is then issued electronically, typically one to two weeks after DEC approval of the invoice. Payments may be significantly delayed when invoices are submitted incorrectly, late, without appropriate documentation, or by not responding promptly to Program Officer invoice-related communications. DEC grantees administering direct client pass-through funding may receive advanced funding. Per DEC's Policy for Advance Payments, those grantees must still follow the invoice submission guidelines below.

Invoice Policy and Grant Agreement [G-100]

The grantee agrees to follow all DEC guidelines and invoicing policies. Anything diverging from DEC's invoice policy must be negotiated and requires written approval from the DEC Program Officer prior to contract execution. An executed G-100 may supersede the guidelines outlined in this document; for questions, please consult with your DEC Program Officer. If this policy conflicts with state and/or federal guidelines DEC will adopt the more conservative policy. Should a disagreement arise between the Grantee and the DEC Program Officer regarding any of the policies iterated herein, the DEC Deputy Director of Finance and Operations is the final arbiter.

Definitions

The following list defines some key terms frequently used by the Department of Early Childhood and referenced in the OMB Uniform Guidance- 2 CFR part 200. This list is not comprehensive, and definitions found in specific funding sources or executed grant agreements that apply to specific programs may take precedence over the following definitions. Grantees may review OMB guidance for complete definitions, as applicable. For purposes of this document, the following definitions apply:

Advance Payment - A payment DEC provides a grantee prior to the grantee incurring expenses.

Audit Finding - Deficiencies that an auditor is required to report in the schedule of findings and questioned costs.

Capital Expenditures - Expenditures to acquire capital assets or to make additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations, or alterations to capital assets that materially increase their value or useful life.

Cost Allocation - The process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives.

Computing Devices - Machines that acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting, and receiving or storing electronic information. See also the definitions of *supplies* and *information technology systems* in this section.

Cost Objective - A program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, and capital projects. A cost objective may be a major function of the recipient or subrecipient, a particular service or project, or an indirect cost activity.

Direct Client Pass-through - Expenses incurred by a grantee and paid to a qualifying entity that are the direct expenses of the funder and unrelated to the cost of administering the grant.

Disallowed Cost - Charges to an award that DEC determines to be unallowable by applicable statutes, regulations, the provisions in this document, or the terms and conditions of the award.

Eligible Expenses - Please refer to Appendix A of the G-100 for a general list of eligible expenses. Eligible expenses are those in an approved budget incurred and paid by the Grantee during the term of the Agreement in implementing the Grant Plan. The Department will determine if eligible expenses are allowable, reasonable, allocable, and are invoiced based on the proportional benefit received prior to reimbursement. The Department has adopted a modified version of the Controller’s Guidelines for Cost Categorization for Nonprofit Grants. These guidelines are not comprehensive and only list general eligible expenses.

Please refer to the most current Department version of these guidelines for a detailed list of all eligible and ineligible expenses. ***Please check with your Program Officer for further clarification or if an expense is not listed*** in Appendix A.

Equipment - Tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes, or $10,000.

Fringe Benefits - Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick or military), employee insurance, pensions, and unemployment benefit plans.

Generally Accepted Accounting Principles (GAAP) – Accounting standards outlined in the Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

Indirect Cost - Those costs incurred for a common or joint purpose benefitting more than one cost objective and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Establishing multiple pools of indirect costs may be necessary to facilitate equitable distribution of indirect expenses to the cost objectives served. Indirect cost pools must be distributed to benefitted cost objectives that will produce an equitable result considering the relative benefits derived.

Information Technology Systems - Computing devices, ancillary equipment, software, firmware, and related procedures, services (including support services), and resources. See also the definitions of computing devices and equipment in this section.

Internal Control - Processes designed and implemented by recipients and subrecipients to provide reasonable assurance regarding the achievement of objectives in the following categories:

(1) Effectiveness and efficiency of operations;

(2) Reliability of reporting for internal and external use; and

(3) Compliance with applicable laws and regulations.

Participant - Generally an individual participating in or attending program activities, such as training or conferences but who is not responsible for the implementation of the grant. Individuals committing effort to developing or delivering program activities under an award (such as consultants, project personnel, or staff members of a recipient or subrecipient) are not participants. Examples of participants may include community members participating in a community outreach program, members of the public whose perspectives or input are sought as part of a program, students, or conference attendees.

Prior Authorization - The written approval obtained in advance of an expenditure by an authorized official of DEC of certain costs or programmatic decisions.

Real Property - Land, including land improvements, structures, and appurtenances thereto, and legal interests in land, including fee interest, licenses, rights of way, and easements. Real property excludes moveable machinery and equipment.

Recipient - An entity that receives a grant award directly from DEC. The term recipient does not include subrecipients or individuals who are participants or beneficiaries of the award.

Subaward - An award provided by a pass-through entity to a subrecipient for the subrecipient to contribute to the goals and objectives of the project by carrying out part of a grant received by the pass-through entity.

It does not include payments to a contractor, beneficiary, or participant. A sub-award may be provided through any legal agreement consistent with the criteria outlined in Title 2 CFR subsection § 200.331, including an agreement the pass-through entity considers a contract.

Subrecipient - An entity that receives a subaward from a pass-through entity to carry out part of an award. The term subrecipient does not include a beneficiary or participant. A subrecipient may also receive other awards directly from a City department.

Supplies - All tangible personal property other than those described in the equipment definition. A computing device is a supply if the acquisition cost is below the lesser of the capitalization level established by the recipient or subrecipient for financial statement purposes or $10,000, regardless of the length of its useful life. See this section's definitions of computing devices and equipment.

Telecommunications costs - The cost of using communication technologies such as mobile phones, landlines, and the internet.

Invoice Deadlines and Frequency

Grantees are required to submit monthly invoices, in the designated DEC financial reporting system, for each month of the grant term, including when the invoiced amount is $0.

- Deadlines: Invoices are due 30 days after the close of the month for all months July through May, except as otherwise delineated in the G-100 agreement or by written permission of the Program Officer. June invoices are requested to be submitted no later than July 15th so that DEC can close out the fiscal year by the City's deadline.
    - After July 31st, reimbursement for unbilled expenses may be considered on a case-by-case basis; however, DEC is not obligated to make any additional payments for these late/delayed requests, and any fund balances may revert to DEC. Please follow the guidance of your Program Officer.
- Timely Invoice Submission: Grantees must submit invoices before the deadlines outlined in the grant agreement so that DEC can manage and issue payment in a timely manner. Persistent failure to submit invoices on time could have multiple impacts, including reimbursement delays, financial penalties, placement of the Grantee

on a corrective action plan, and, in serious cases, "default" per Section 11.1 of the Grant Agreement.

- Grantee invoicing performance will be noted in DEC's Year End Reports and persistent issues and/or non-compliance will be considered by DEC in any future Grantee funding requests.

Invoice Submission Requirements

- Submitting for Accrued Expenses: Grantees are expected to submit invoices for expenses accrued during the month being invoiced. Grantees are not allowed to include prior months' expenses without the Program Officer's approval.
- Grantees must receive prior authorization to include any future expenses in an invoice (e.g. field trips, travel, special events, etc.).
- Invoiced expenses must be based on actual expenditures and not estimates, such as simply billing 1/12th of the line-item budget or a benchmarked rate such as the fringe benefit rate.
- Invoices & Program Budgets: Invoiced expenses must match the budgeted expense types to be eligible for reimbursement. Program Officers will review invoices for accuracy and eligibility of expenses before approval. Some expenses require prior authorization from your designated Program Officer even when included in the Grantee's approved budget. These specific expense types are listed in this document.
- Program Narrative and Progress Reports: A grant may require the Grantee to submit a Narrative or Progress Report detailing the services and activities during the monthly or quarterly reporting period as determined by DEC and included in the Appendix B and G-100 agreement. Failure to submit Program Reports, Narratives or other Programmatic Requirements as delineated in the G-100 Agreement/Appendix B may result in delayed or denied payment. A report is considered submitted on the date it is uploaded to CARBON or uploaded and signed in CMS.
- Participant & Activity Data: Grantees are required to demonstrate that the program is meeting the established performance measures based on the required reporting timeline. Reporting must be supported by identified and approved data sources and/or regularly entered participant and activity data in the DEC reporting system to verify services are occurring as agreed upon. Unless the program is on a scheduled break or as specified in writing by the Grantee's Program Officer, DEC reserves the right to delay the processing of invoices if Grantee has not entered the required performance measures and/or participant activity data.
- Grantees should provide written justification in CMS notes section for any invoiced expenses in the following circumstances:
  - A non-recurring expense of over $1,000
  - A recurring monthly expense greater than 20% of the line-item's annual budget
  - Total cumulative amount invoiced exceeds the line-item's annual budget

DEC Invoice Review Process

- Once the grantee has submitted an invoice, Program Officers will review the information submitted prior to approval. The Program Officer will approve the invoice within two weeks from the date of submission if the invoiced expenses meet DEC's fiscal requirements, are aligned to the approved budget, and prior months' invoices have been submitted and approved. Should the invoiced expenses not meet DEC requirements, the invoice will be rejected and returned to the grantee for revisions or additional documentation.
- Once approved, DEC's Accounting team will process payment. In most cases, funds are electronically deposited into your account. Assuming no delays, processing time is approximately five to ten business days.

  Payment may be delayed if DEC needs additional information. Typical reasons for delays include but are not limited to the expiration of insurance coverage, delinquent State charity registration, inaccurate amounts on invoices, insufficient program or fiscal data, or questions about narrative responses.

Review Of Supporting Documentation for Invoiced Expenses

When submitting invoices through DEC's Reporting System, Grantees are generally not required to provide supporting documentation for general expenses, excluding advances for pass-through funds. However, DEC does require supporting documents on certain occasions during the fiscal year and for specific program expenses. This documentation helps DEC to confirm that the expenses presented for reimbursement are accurate and allowable.

Regardless of whether DEC requests backup documentation, Grantees must maintain all records of expenditures in a manner consistent with applicable laws, standard accounting practices, grant agreement, and the Grantee's fiscal policies.

Frequency for the Provision of Supporting Documentation

- Fiscal & Compliance Monitoring: During DEC's participation in the Citywide Nonprofit Fiscal & Compliance Monitoring process, Grantees are required to provide supporting documentation for at least two months which will be selected by the department. Any concerns observed will be discussed and resolved as part of the monitoring process. Discrepancies or questions on submitted material may lead DEC to request supporting documentation for additional invoices on any DEC grant with the Grantee.

- Annual Invoice Review: DEC may conduct an annual invoice review for any grantee regardless of whether they are selected through the Fiscal & Compliance Monitoring process. Per the Office of the Controller to comply with Executive Directive 20-04 all grantees receiving $200,000 or more from DEC, are required to receive an invoice review of two months. DEC will follow a similar process and guidelines used by the Citywide Nonprofit Fiscal & Compliance Monitoring for this invoice review.

- Monthly Invoice Review: Grantees with significant issues as observed through Citywide Nonprofit Fiscal & Compliance Monitoring and/or through the monthly and annual invoice review process, may be placed on a Corrective Action Plan which may include submitting supporting documentation to their Program Officer each month for all or portions of submitted invoices. This requirement will stay in place until the following year's fiscal visit, or when the Program Officer has determined that the Grantee has satisfactorily resolved their invoicing issues.
- Upon DEC Request: DEC reserves the right to request supporting documentation for any items invoiced during the grant cycle. Grantees must be able to produce backup documentation within 72 hours, or three business days of a request from DEC, including a clear methodology for shared costs reflecting the share expensed to DEC.
- DEC Grantees Receiving State or Federal Funding: Grantees funded by Federal or State dollars may be required to submit supporting documentation for submitted expenses during the grant period in accordance with the terms of the grant.

Required Supporting Documentation for Funding Advances

Grantees approved for advanced funding must follow the documentation requirements delineated above. Approved invoice amounts will be deducted from the advanced funding as expenses are incurred. Invoices will be noted as" Paid by Advance" and no additional payment will be issued unless/until expenditures exceed the advanced amount.

All required backup documentation regarding distribution of passthrough funds must accompany each invoice, as delineated by your agreement and Program Officer. Failure to submit appropriate documentation will cause delays in approving invoices and future funding advances.

Incurred Expense Documentation & Submission Guidelines

Grantees are expected to store and submit the information in a well-organized, clearly labeled and secure manner. DEC's expectation is to receive all requested documentation within three business days of the initial request. Records should be copies of original records, invoices, and/or receipts and clearly indicate the following:

- Dates of purchase and receipt of goods/services, as applicable
- The specific materials or services received
- The amount charged to the grant and the budget line-item(s) for which the expense was charged and clear indication of any portions not charged to the grant (such as sugary beverages, alcohol, tips/gratuity)
- The cost allocation methodology used to determine amount of expense charged
- Authorizations for payment, as required by Grantee's fiscal policies

- The total calculation used to determine final invoice amount for the line item(s) in question (in other words, Grantees must ensure the total amount of submitted records matches what has been invoiced)

The table below indicates the following:

- The frequency expected for submission of documentation
- Specific items required to have prior authorization from the DEC Program Officer, even if the expense is listed in the Grantee's budget. Grantees should provide proof of prior authorization when supporting documentation is required or requested.
- The types of documentation expected.
- Grantees may receive additional instructions for required documentation depending on funding source requirements or programmatic needs.

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INVOICE DOCUMENTATION MATRIX			
Expense Category *See Cost Categorization Matrix for descriptions and allowable/ unallowable expenses*	**Documentation Submission Frequency and Required Prior Authorizations**		**Required Documentation**
	Minimum Frequency	**Prior Authorization Required** *Record of prior authorization must be submitted to DEC for any month with these expense types.*	
Salaries/Payroll	Annually	Changes to negotiated FTE or rates	Payroll records provided by a payroll service. Records should match corresponding timesheets indicating the hours and salary paid, including withholdings for mandated payroll taxes. Timesheets are required for all staff including all exempt or salaried staff. If staff members are paid by more than one funding source, functional timesheets or time studies are required.
Fringe Benefits	Annually	Changes to or a request to repurpose fringe benefits or negotiated rates	Mandated payroll taxes (FICA, SUI)- Payroll records from Grantee's payroll service. Worker's Compensation may require proof of the organization's rate. Health benefits and other pre-approved fringe benefit expenses may require proof of payment, invoices, or other statements from the benefit provider (e.g. health, retirement). Taxes and other withholdings must have been withheld from wages during the term of the grant to be allowable.
Stipends	Annually		Signed acknowledgment of receipt of stipend by participant and/or canceled check. Records should match a corresponding timesheet or other signed record of reason and calculation for stipend.
Subcontractors	Consultants: Monthly Subcontractors Annually	Consultants, Professional Services, & Subcontractors	Signed contract or MOU containing rate and scope of services provided upon request. Invoice detailing the work performed, hours worked, and rate are required and must include proof of payment.

San Francisco Department of Early Childhood

INVOICE DOCUMENTATION MATRIX			
Expense Category *See Cost Categorization Matrix for descriptions and allowable/ unallowable expenses*	**Documentation Submission Frequency and Required Prior Authorizations**		**Required Documentation**
	Minimum Frequency	**Prior Authorization Required** *Record of prior authorization must be submitted to DEC for any month with these expense types.*	
Materials & Supplies	Upon Request		Must include invoice/receipt and proof of payment
Facilities/ Occupancy	Upon Request	Non-recurring building/office maintenance expenses	A lease/mortgage must be in place for any rented space and be made available upon request. Ongoing documentation of proof of payment must be maintained. If applicable, monthly invoices clearly stating the address, rate, and month of invoice must be provided
Utilities	Upon Request		Must include invoice/receipts and proof of payment (PG&E, SFPUC, Recology. Parking and moving violations are unallowable.
Equipment/ Furniture	Upon Request	Electronics Equipment Furniture	Must include invoice/receipts and proof of payment
Transportation/ Travel	Upon Request	Travel expenses outside of the Bay Area Vehicle expenses of any type	Local travel should include mileage log, amount paid per mile, signed documentation of staff receiving Clipper Cards, BART tickets, or Muni Tokens. Must include invoice/receipts and proof of payment
Training	Upon Request	Training and staff development	Invoice must include staff attending, cost per staff, receipts and proof of payment
Events and Food	Upon Request		Must include invoice/receipts and proof of payment and sign-in sheet for all attendees

INVOICE DOCUMENTATION MATRIX			
Expense Category *See Cost Categorization Matrix for descriptions and allowable/ unallowable expenses*	**Documentation Submission Frequency and Required Prior Authorizations**		**Required Documentation**
	Minimum Frequency	**Prior Authorization Required** *Record of prior authorization must be submitted to DEC for any month with these expense types.*	
Incentives	Upon Request		Documentation of participant eligibility and participation in relevant program. If the incentive is a gift card, grantee must be prepared to provide any and all backup documentation as listed in the executed MOU with DEC.
Telecommunications	Upon Request		Must include invoice/receipts and proof of payment
Capital and Mortgage	Upon Request	All capital expenses	Must include invoice/receipts and proof of payment
Professional Licenses, Recruitment and Background Checks	Upon Request		Must include invoice/receipts and proof of payment
Basic Needs	Upon Request		Must include invoice/receipts and proof of payment
Barrier Removal	Upon Request		Must include invoice/receipts and proof of payment
Contractual Services/Temp Staff	Upon Request		Must include invoice/receipts and proof of payment
Bank Fees	Upon Request		A bank statement showing fees associated with the Grantee's account.
Insurance	Upon Request		Must include invoice/receipts and proof of payment
Miscellaneous Expense	Upon Request	Generally, not allowable, requires pre-approval	Must include invoice/receipts and proof of payment. Detailed explanations are required for each miscellaneous expense and how the costs are related to the contract's deliverables.