

DEC All Grantee Fiscal Training

September 10, 2026



Welcome DEC Partners!

In the chat, please remember to
sign in by adding your name,
title, agency name, and email



Questions?

Please hold all questions until the end of the presentation or add them to the **Q&A section**.

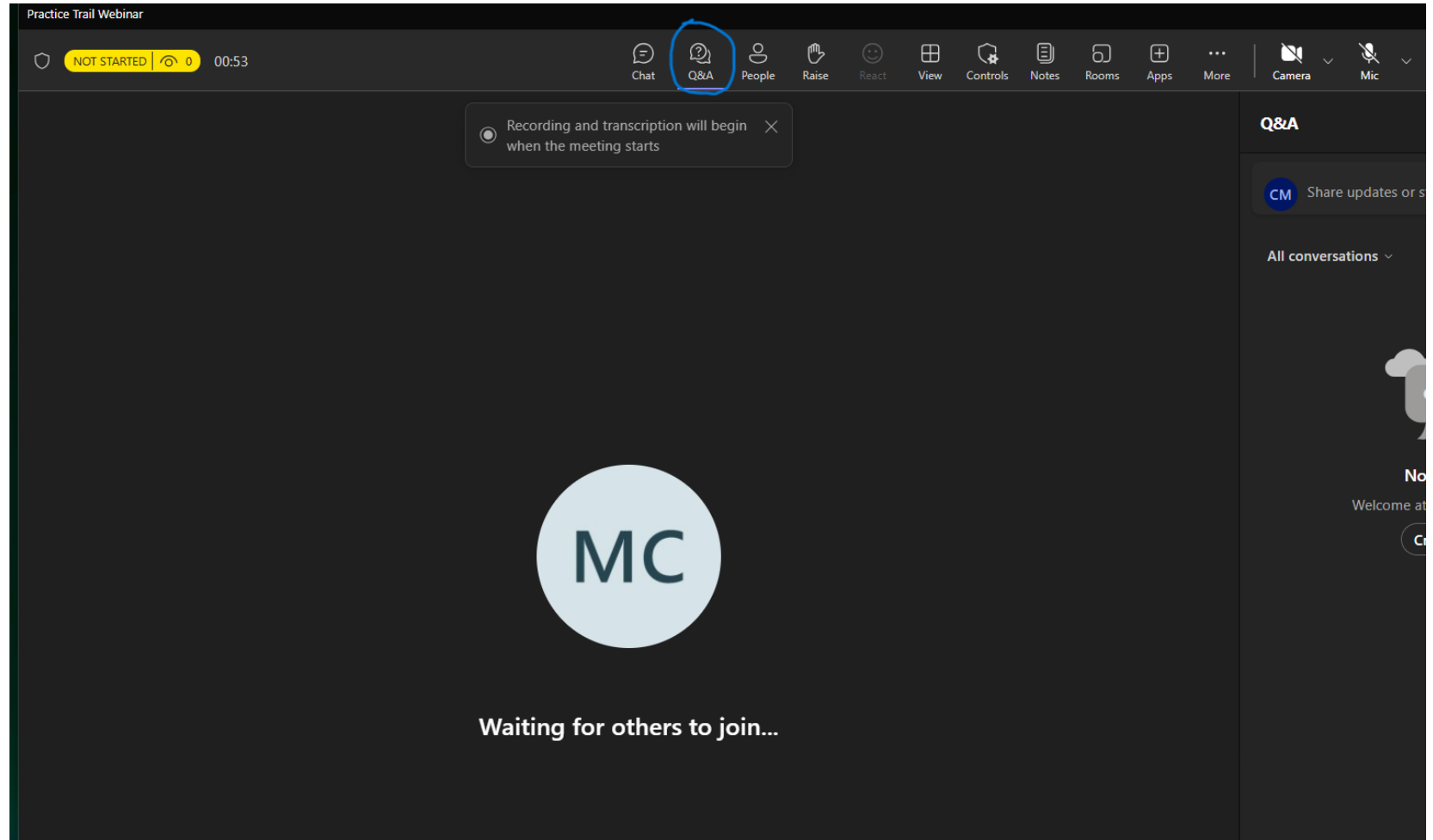
We will not answer questions in the chat, only in the Q&A.



How to use the Q&A

Please click on the Q&A Button to ask your questions.

The photo has an example of where the Q&A is located



Age

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The TL;DR : Working with DEC in 5 Steps

1. Work with your DEC Program Officer (PO) to develop your annual budget:
 - Read through the DEC Cost Categorization policy, follow any specific instructions from your PO regarding your specific funding guidelines, and submit your budget using the provided DEC budget form.
2. Set up your internal invoicing process in preparation for your CMS/Carbon invoices
 - Read through the DEC Invoice Policy guide & this presentation and ensure relevant staff know about needed prior authorizations and how they should report, document, and store incurred DEC funded expenses. Ensure staff know about and follow your internal cost allocation and other fiscal policies such as time sheets/studies.
 - Develop and implement a process for documenting and storing the methodology of how you calculated the amounts you invoiced DEC.
3. Once your PO indicates CMS/Carbon is ready for invoicing, utilize the CMS/Carbon and other DEC provided tools for tracking your budget, uploading documentation, and providing any required notation.
4. Notify your PO of any potential changes affecting your budget and follow instructions for making budget revisions.
5. Respond promptly to PO requests for documents and submit invoices and budget revisions on or prior to their due dates as delineated in the Invoice Policy to avoid unnecessary delays.



Purpose and Goals of this Session

Continue to strengthen and support our
important partnerships with each of
you!



Our Goal: Every child
in San Francisco has
the best start in life
and our City is a
great place to raise a
family



Purpose and Cadence of Fiscal Reviews

Objective 1: San Francisco **children and families receive the benefits** of the funds we issue to grantees.

Objective 2: Both DEC and our grantees are **good stewards of public dollars** by acting in accordance with City and DEC fiscal policies and procedures.

Which means?



Purpose and Cadence of Fiscal Reviews Cont.

This Means:

- At least **two months' full invoice review** – depending on the results of the review, we may ask for an additional period of backup documentation.
- Programmatic: **Monthly** invoice reviews
 - Controller office change – requiring grantees to provide documentation each month – mid-year or next FY
- Annual city-wide **joint fiscal monitoring**

Your G-100 Grant Agreement



Key Articles in the G-100

- **Article 5.2: Use of Grant Funds**
Defines eligible expenses and requires grantee to use funds in accordance with the budget; clarifies that prior approval is required to transfer expenditures from one line to another.
- **Article 5.3: Disbursement Procedures**
Establishes deadlines for invoice submission and that all expenses must be deemed eligible to require invoice payment.
- **Article 6.5: Books and Records**
Requires grantees and their subcontractors to keep and maintain accurate accounting records with related backup documentation for expenses.
- **Article 6.6: Inspection and Audit**
Requires grantees make books and records available to the City upon request.

Article 5.2: Use of Grant Funds

5.2.1 **Eligible Expenses.** Grantee shall **use the Grant Funds only for Eligible Expenses** as set forth in Appendix A (“Definition of Eligible Expenses”) and for no other purpose. Grantee shall expend the Grant Funds in accordance with the Budget and **shall obtain the prior approval of City before transferring expenditures** from one line item to another within the Budget.

Article 5.3: Disbursement Procedures

5.3.1 Grantee shall timely submit to the Department for approval, in the manner specified for notices pursuant to Article 15 (“Notices and Other Communications”), a document (a “Funding Request”) substantially in the format prescribed in Appendix C (“Form of Funding Request”). **All items listed in the Funding Request must be Eligible Expenses. All Funding Requests shall be submitted no later than the date established by the Department.** If any such rejection relates only to a portion of Eligible Expenses itemized in a Funding Request, the **Department shall have no obligation to disburse any Grant Funds for any other Eligible Expenses itemized in such Funding Request unless and until Grantee submits a Funding Request that is in all respects acceptable to the Department.**



Article 6.5: Books and Records

Grantee shall establish and maintain **and instruct subcontractors** and subgrantees to **establish and maintain** as appropriate, **accurate files and records of all aspects of the Grant Plan and the matters funded in whole or in part with Grant Funds during the term of this Agreement.** Without limiting the scope of the foregoing, Grantee shall establish and maintain and instruct subcontractors and subgrantees to establish and maintain as appropriate, **accurate financial books and accounting records relating to Eligible Expenses incurred and Grant Funds received and expended under this Agreement, together with all invoices, documents, payrolls, time records and other data related to the matters covered by this Agreement, whether funded in whole or in part with Grant Funds.** Grantee shall maintain and instruct subcontractors and subgrantees to establish and maintain as appropriate, all of the files, records, books, invoices, documents, payrolls and other data required to be maintained under this Section **in a readily accessible location and condition** for a period of **not less than five (5) years after final payment under this Agreement or until any final audit has been fully completed, whichever is later.**

Article 6.6: Inspection and Audit

Grantee shall make available to City, its employees and authorized representatives, during regular business hours all files, records, books, invoices, documents, payrolls and other data required to be established and maintained by Grantee under Section 6.5 (“Books and Records”). Grantee shall permit City, its employees and authorized representatives to inspect, audit, examine and make copies from any of the foregoing. The rights of City pursuant to this Section shall remain in effect so long as Grantee has the obligation to maintain such files, records, books, invoices, documents, payrolls and other data under this Article 6.

Cost Categorization Policy: Common Mistakes to Avoid

Is the cost allowable, approved,
categorized, and allocated correctly?



Personnel and Fringe

Personnel

Definition: Salaries of all program staff, supervisory staff, and support/clerical staff that **work directly on programs**.

- All personnel must be approved by your Program Officer (budget justification may include documentation of salary and benefits and total FTEs across all funding sources).
- All staff in the personnel category allocated to more than one grant/funding source must have a program/project-based **timesheet/time study** (guidance from the Controller: [Timesheet and Time Study Guidance](#))

Fringe Benefits

Definition: Benefits such as FICA, SUI, health and medical benefits, retirement benefits- including legal holidays, administrative leave, and sick leave.

- Understand what is distinguished between salary, fringe, and program expenses: e.g., **staff cell phones should not be billed through personnel but belong in Program Expenses**.

****Prior-approval needed****

- New/additional staff added to personnel (direct program work)
- Changes to position/title
- Changes to FTE allocation
- Changes to salary and/or fringe benefits

Contractual Services and Subcontracts

Definitions

- **Contractual Services/Professional Services/Consultants/Vendors:** Services provided to program participants or nonprofit by consultants, independent contractors, or other non-staff individuals/entities
- **Subcontracts/Community Partners:** Provide direct service towards the objectives outlined in the grant scope of work

DEC Budget Treatment

- All expenses must be on a reimbursement basis. **No prepayment for either type of service.** If you have a challenge with this guideline for any reason, contact your Program Officer
- DEC must have **copies of your MOUs/contracts** with these providers in addition to approval of **subcontractor budgets**
- All are subject to the CON limit of \$50k towards admin/indirect

Program Expenses and Indirect/Admin

- **Program Expenses:** Direct expenses for the specific benefit and purpose of the grant
 - Follow the cost categorization matrix and approved budget
 - Make sure costs are included in the right grant – in particular, if you have shared staff
 - **Retain proof of payment** – RECEIPT, CREDIT CARD, BANK STATEMENT.
 - Note: GENERAL LEDGER acceptable for Fringe but usually not for most other expenses
- **Admin/Indirect:** Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.
 - Unless otherwise notified by your program officer, up to **15.00%** of your grant total can be budgeted towards indirect/admin
 - Up to 15.00% of your actual direct costs may be invoiced to indirect/admin (this may be less than the budgeted indirect/admin amount).
 - Invoiced amounts must still be **based on actuals and cost allocated appropriately**

Common Cost Categorization Challenges



Before invoicing, make sure you:

- **Use the correct cost category** — charge the expense based on what it actually is and how it benefits the grant.
- **Include only approved expenses** — just because the cost categorization matrix says the cost is allowed does not mean it is approved for your grant. An allowable cost still must align with the approved budget, scope, and funding source.
- **Obtain required supplemental approval** — certain costs require DEC approval even before they are placed in the budget and/or before they are incurred.
- **Treat similar costs consistently** — costs incurred for the same purpose in like circumstances should be treated consistently as direct or indirect.
- **Review costs to ensure they do not include unallowable costs**, such as sugary beverages, bottled water, or staff food in amounts billed to DEC — **clearly separate and exclude costs that are not eligible for reimbursement if on the same receipt as allowable costs.**
- **Allocate based on grant benefit received, not based on budget availability** — shared costs must be distributed to programs or cost objectives that specifically benefit the grant and must use a reasonable, **consistent methodology as stipulated in your agency's cost allocation plan.**

When in doubt, **confirm the proposed expenditure category** with your Program Officer before budgeting, spending, and/or invoicing.



Prior Authorization: Plan Before You Spend

Budgeted does not automatically
mean authorized / get written
approval when required

Planning Ahead

Obtain required DEC approval at least 15 days before incurring a prior-authorized cost or before invoicing an expense/change requiring approval.

Submit approval documentation with the invoice when the expense is billed

Use the DEC Prior Authorization Forms to be¹ located in the [Provider Portal](#) for these items:

- Conference, training & travel
- Equipment, furniture & capital/facility costs
- Gift cards², incentives, events & participant food
- Consultants, professional services & subcontractors
- Personnel & fringe changes
- Invoice exceptions: prior-month, retroactive or future expenses

1. Forms will be posted within the month of September
2. A signed gift card acknowledgment is also required prior to purchase



Invoice Policy Reminders and Key Changes

Invoicing Reminders

- All expenses submitted must be based on the **actual expenditures**:
 - Do not bill 1/12th – invoiced expenses need to match actuals
 - Do not bill using a negotiated rate (i.e., 30% fringe)
 - Do not bill estimated/projected/future costs
- Shared expenses with other programs must use your agency's **Cost Allocation Policy** and the documentation must demonstrate this.
- Only **charge for expenses incurred in the month for which you are invoicing**: any prior month or future billing (e.g., program services) of any amount for any reason must have prior-approval
- Expenses incurred must be **for the benefit/usage of staff or participants funded by the grant** under which you are invoicing
- **Expenditures should always be applied to the line item in which they are categorized in the month occurred**, no exceptions. Do not put things in the wrong category or they may be denied even if may have been approved otherwise. If your budget does not include the expense for whatever reason, seek guidance from your Program Officer as this may result in a budget revision/modification.

Invoice Policy Changes

- Clarified thresholds for **prior-approvals**
- Added **line-item thresholds** – i.e., when and how much an annual budget line can be exceeded and if/when approval or justification is needed for annual or monthly expenditures
- **Clarified tipping** – customary tipping for approved expenses is permissible as a direct expense – like tipping food delivery persons – tips cannot exceed the GSA per diem- **not to exceed 15%** (so, if you tip 20%, you can only seek reimbursement for 15%)
- **Personnel/fringe**: pre-approvals needed for changes
- **Invoice holds** –criteria on which we hold or reject and process for resolution
- New/additional terms and **definitions**

Quick Guide & FAQ of the changes: [Click Here](#)

Invoice Review Challenges

What are Some Common Issues Found
During DEC Invoice Reviews That Created
Delays and Denials in Payments?

Common Issues Causing Payment Delays and Denials



General:

- Backup doc for program expenses could not be tied directly to the program
- Backup doc did not add up to the invoiced amount and/or the cost allocation methodology was not documented

Personnel/Fringe:

- Billed FTE didn't match grant budget
- Payroll didn't match salary charged
- Benefits charged in wrong category
- Wrong staff invoiced in the grant and no notice to DEC given
- Fringe charged at budget not by actuals

Program Expenses:

- Items that needed pre-approval had not received it – for example, capital expenses
- Documentation was difficult to understand and not easily understood

NOTE: DEC provided substantive TA this past year, grantees will now be expected to adhere to the invoice and cost categorization policies, and payments may be denied or delayed if these policies are not followed.

CMS and Documentation Expectations

How to invoice in CMS? What documents
are expected from CMS/Carbon users?



CMS Invoicing Tips

(Carbon users should continue to follow the Carbon protocols.)

- Utilize the **Details** section for each month and the downloaded **CMS Invoice Detail report** to help you monitor your budget spending. Always check to make sure that all amounts are accurate between all these sections and your records.
- DEC receives the invoice only when your signatory **hits submit**. Marking final does not submit. Also, always hit the save button. CMS does not automatically save.
- **Form 4** in your workplan details your budget and is what the expenditures section uses to create line items. Be sure to **clearly label line items** – for example: if you have two case manager lines – label them to be clear which case manager it is that you are invoicing for. Do not use names in these titles.
- Changes to budgets occur at time of **budget revisions** – your PO will answer questions about budget changes; most grants only offer a single budget revision opportunity mid-year unless extenuating circumstances

CMS/Carbon Notes

Providing good justification/notes along with clear communication with your Program Officer regarding prior-approvals or other expenditure questions often avoids further DEC inquiry/invoicing delays

At minimum, these are notes we expect to see in **both CMS and Carbon**:

- Non-recurring expense over \$1,000
- Single recurring expense exceeds 20% of line-item budget
- Whenever prior authorization was required – note date of the prior authorization
- YTD expenditures greater than 110.00% of the budget amount

Other: Enhanced scrutiny on unexpected large June/Q4 expenditures. Additionally, your program may stipulate when and for what certain expense lines may be used. For example, the FRCs are expected to expend about 25% of their basic needs/barrier removal budget each quarter.

Best practice: speak to your program office in advance if your invoice will have out of the ordinary expenditures/amounts or if you have any questions

DOCUMENTATION

Send so that even these kids could understand what was purchased, what it was for, and what calculations were used to determine the amount expensed.

General guidance:

- Provide proof of **payment** – receipts, not invoices
- **Date of Purchase** and **Vendor Information**
- **Who, what, when, where, why** (Purpose/who benefited, specifically what was purchased, for what activity, when will be used)
- Clearly articulates **allocation methodology** and which charges were/were not included in the CMS invoice

DEC will be providing you with a secure folder to upload documents rather than using emails



Documentation – Specific Categories

Salary— send actual payroll records, not Excel spreadsheets. Example: ADP records.

Fringe: You can use your General Ledger for fringe.

Catering/Food Purchases: Write on receipts and attach a document with what it is for and the date and title of the event. Remember: NO alcohol, sugary beverages or bottled water. Amounts on the receipt should match the invoice.

Events/Meetings – in addition to receipts, sign in sheet/list of attendees, agenda or flyer showing purpose of meeting/event.

Best practices



Prepare in advance to be able to submit all documentation every month – and for some, that's coming in the near future



Organize supporting documents in the month you invoice – documents should match exactly to invoice.

Use Excel to list receipts, expense amounts, and demonstrate calculations you used to determine how they add up to the amount invoiced

Label the computer file for each month with the scanned receipts grouped by budget category, then by budget line.

Keep these folders in an easily accessible place.



Ensure your fiscal staff have back up staff who know where to look for the above, well-labeled documentation



Work with your subcontractors, read their documentation – we can and do ask for this, and with the same expectations



Use the DEC provided templates and tools:

Prior auth forms

Reconciliation template (optional unless requested by your PO)

Two Types of Grant Budget Changes

- Budget Revisions

- For grant budgets where the total award for the fiscal year doesn't change.
- Completed through a form reviewed by program and fiscal staff and then manually updated in CMS or CARBON.
- Common example - Shifting allowable available funds from one line item to another.

- Budget Modifications

- For grant budgets where the total award for the fiscal year has changed.
- Triggered by the DEC Fiscal Department, who has verified and confirmed a monetary increase/decrease to a grantee's fiscal year budget.
- Completed through the same form as a budget revision, reviewed by program and fiscal staff, and then manually updated in CMS or CARBON by DEC staff.
- Common example – Adding CODB or MCO to the grantee's current fiscal year budget.

Your organization will receive written instructions from your Program Officer detailing the specific process for these.



Timeline/ Deadlines

- **3 Days for documentation requests** – should not be an issue if your agency has adequate record-keeping and backup for fiscal staff who are out.
- **Invoices are due** by the 30th of the following month except June, which are due by July 15th so DEC can meet City year end deadlines.
- **Budget revisions/modifications** are due March 31st; processes usually start in January. Be on the lookout for instructions from your program officer.
- **Quarterly reports** – must be submitted in accordance with your grant or invoices may be delayed.



Controller Office Policy Updates

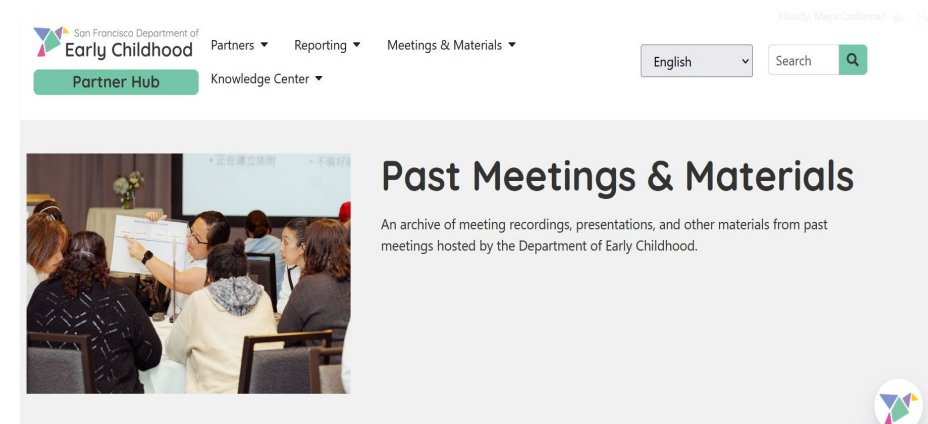


Where can I find all this information?

THE DEC PARTNER HUB!

For policies, guidance docs, and forms:
partnerhub.sfdec.org/financial-reporting/

For the slides and recording of this training:
<https://partnerhub.sfdec.org/past-meeting/>





Thank you!

Questions and Answers



San Francisco Department of
Early Childhood