



Grantee Fiscal Guidance

Questions & Answers

Fiscal policies, invoicing, personnel costs, documentation, and prior approval

Purpose

This reference documents and organizes questions and responses from the DEC grantee fiscal training September 10, 2026. Answers provided in this Q&A supersede verbal responses provided live during the training. Specific requirements may vary by funding source and grant agreement. When a response directs a grantee to its DEC Program Officer or to specific grant terms, those requirements should be followed.

Topics at a glance

- Personnel, Salaries, FTE, and Fringe Benefits
- Invoicing, Reimbursement, and Documentation
- Allowable Costs and Prior Authorization
- Indirect Costs, CODB, and Funding Rules
- DEC Fiscal Resources



• 1. Personnel, Salaries, FTE, and Fringe Benefits

Can you explain why DEC should have input and approval power over what we pay our staff? If it fits within our budget, why does the funder have a say in internal employment salaries?

DEC guidance

DEC does not control the specific salary amount for grantee staff; however, DEC must ensure the distribution of funds across grant budget lines is sufficient to support the outcomes of the grant awarded. As with most nonprofit funding, most grant expenditures go towards personnel and fringe benefits. As stewards of the grants DEC provides, we must ensure that the funds are used equitably, effectively and in ways that maximize benefit to the children and families served while ensuring staff are supported. DEC must also follow the City and/or state and federal rules that govern specific grant dollars.

Assistance with calculating FTE in the budget would be helpful. Organizations may have different classes of Full-Time Employees per their employee handbook (e.g., 30-40 hours per week), which can make budgeting more complicated in the templates. And when there are part-time employees, or split funding the budget and actuals become challenging to line up to the DEC templates. More support here, and if possible, a user group to help align templates would be awesome.

DEC guidance

Salary/wage for each employee should be consistent across grants and must match payroll documents. Likewise, the pay rate and total working hours for a staff member are expected to be the same across DEC grants/funding sources. For staff covered by multiple funding sources, the different amounts allocated should reflect the share of the Full-Time Equivalency (FTE) that a given funding source covers. If a staff member's FTE is less than 40 hours per week, notify DEC so that timesheet/payroll documents are reviewed accurately.

Example, Jane Doe is 1.0FTE and works 35 hours per week. Jane makes \$100,000 per year across all funding sources. She spends .50 FTE (50%) on her DEC funded FRC grant activities and .25 FTE (25%) on her DEC funded Cross Sector activities. DEC would then expect the budgeted amount to be \$50,000 annually in the FRC budget and \$25,000 in the Cross Sector budget. If the fringe rate is 30%, DEC would expect \$15,000 in the FRC budget and \$7,500 in Cross Sector for fringe benefits.

Thank you for the suggestion regarding creating a user group for templates. All grantees with questions regarding how to complete their budgets given their specific FTE circumstances should be in touch with their program officer.



For the FTE billed, are you saying it can't fluctuate month-to-month? Meaning, the budget is based on an annual FTE of 0.4, but in some months it is 0.5, some months it is 0.4, and others it's 0.3?

DEC guidance

The amount invoiced for a staff member should be based on actual direct time spent in service of the grant during the invoiced month; it must match the functional timesheet for shared resources and be consistent with program officer expectations.

If the FTE has changed permanently or is a result of staffing structure changes, prior approval from DEC is required. Monthly fluctuations in FTE should be documented in the CMS notes.

If our negotiated fringe rate is 23% and our actuals range from 6% to 35%, do we need prior approval for actuals above 23%? a. Are we allowed to bill the indirect at the negotiated rate? b. Can the indirect amount approved in the budget be billed 1/12th? Or does it need to be based on the negotiated rate multiplied by the current month's direct expenses?

DEC guidance

Fringe Benefits

DEC recognizes that actual fringe expenses may fluctuate throughout the year and may sometimes exceed the budgeted fringe rate. Fluctuations will be approved so long as the invoiced amount matches actual costs incurred and the total annual expense does not exceed the latest approved budget.

There are two ways grantees may invoice fringe benefits:

A) **Fringe Benefit Reconciliation Methodology:** Grantees with an approved budgeted fringe benefit rate can bill monthly using that approved rate, based on actual monthly salaries and wages as the base. Under this method, reconciliation from fringe rate to actual grantee fringe costs is required quarterly per the instructions in the DEC Fringe Benefit Form. Total fringe invoiced for the year may not exceed the budgeted amount for the year. The employee payroll register must be provided to back up mandatory fringe. A detailed general ledger (GL) that clearly supports the organizational salary base, employer-paid fringe cost pool, and DEC salary charges is acceptable as the initial quarterly reconciliation support. DEC may request additional payroll records, benefit-provider statements, tax records, proof of payment, allocation schedules, written policies, or other supporting documentation when amounts do not reconcile, change materially, appear inconsistent or unreasonable, or otherwise require clarification. Grantees remain responsible for maintaining sufficient underlying records even when the GL is accepted as the initial submission.

B) **Monthly Actual Fringe Benefit Costs:** Grantees may utilize their General Ledger to invoice actual fringe costs, which must match employee payroll records. DEC recognizes this may result in month-to-month fluctuation.

Regardless of methodology, at the end of the fiscal year, all fringe benefits expenses invoiced to DEC must be based on actual expenditures and fit within the line item's budget.

Indirect/Admin Invoicing.

DEC's indirect/admin rate follows OMB Guidelines and allows for a 15% de minimis rate (subcontracts/third party agreements exceeding \$50k and direct client pass-through are not allowable towards the indirect cost calculation). Admin must be invoiced based on the negotiated/budgeted rate and actual allowable direct costs and cannot exceed the annual budgeted amount or negotiated/budgeted rate by year end. Indirect/admin rates up to the de minimis rate do not require backup documentation, however, total admin recovered should not exceed actual administrative costs. For specific questions, please contact your program officer.



Would accrued vacation/PTO leave be considered a fringe benefit for invoicing purposes? Since PTO accrual represents a significant portion of personnel costs, even though it isn't legally required, we'd like to confirm whether we can appropriately classify and include it as an allowable fringe benefit cost.

DEC guidance

Accrued vacation/PTO is not an allowable expense in DEC grants. Vacation/PTO leave costs are eligible for reimbursement when the leave is taken and paid. However, payout for unused staff vacation time earned while working on the program (for time earned in the current grant year) is an eligible fringe expense. If the grantee uses a cash basis for accounting, please contact your program officer.

How long will it take to approve a personnel/fringe approval request? 24 hours or 48 hours?

DEC guidance

For all grantee requests, response and approval times are dependent on the specific situation and completeness of information provided with the initial request. DEC aims to respond to all emails within 24-48 hours to acknowledge receipt and will strive to provide an estimated time for requests.

If the change in staffed employees does not alter the staffing plan (FTE or budget) then the grantee must only notify DEC; the change does not require prior approval.

Regarding changes in salary/fringe that require prior approval. Does this include, for example, an annual pay increase that staff receive for things like COLA?

DEC guidance

Yes, regardless of reason, pay raises must be pre-approved by DEC to be billed against the grant. As with permanent changes in any budgeted line-item, increases in salary will alter the overall distribution of grant funds across budget categories in the long run. Predictable salary increases, e.g., annual COLA, should be built into the original budget, which serves as prior approval. Changes in staffing structure must also be pre-approved by DEC regardless of change in pay rate.

In most instances, annual CODB amounts may be put towards pay increases; grantees should check with their program officer for their specific grant when allocating CODB.



• 2. Invoicing, Reimbursement, and Documentation

Regarding proof-of-payment requirements, do expenses need to be paid before submitting the invoice to DEC? For example, if a vendor provides services in July and we submit our July invoice on Aug. 15, must we pay the vendor's invoice by Aug. 15 to include it in the July billing? If so, this would require us to accelerate vendor payments to meet both requirements: 1. Billing expenses in the month incurred and 2. Submitting Proof of Payment. Also, how does this apply to subcontractor invoices, since we typically pay subcontractors after DEC reviews their costs and reimburses us? In short, can we invoice DEC for the expenses before we pay our vendor (e.g., net 30 or 45)?

DEC guidance

All CBO contracts are paid on a reimbursement basis. Invoices are due to DEC 30 days following close of the invoiced month to provide grantees with time to more fully close their books and to comply with the requirement that expenses invoiced to DEC are all paid costs from the month being invoiced.

The methodology for subcontractor/third party payment described here would be considered advance payment, which is not permissible under the invoice policy. Subcontractors, like all other expenses in the invoice, are also reimbursement based. Grantees should pay subcontractors and then charge DEC for reimbursement. Likewise, subcontractors should be seeking reimbursement from the grantee and not receiving advances.

DEC gets 15 days to respond to the documentation, but we need to turn around your requests in 3 days? Can you explain why?

DEC guidance

The documents DEC requests from grantees to back-up invoices are predictable and should be readily available given that they have already been utilized to generate a DEC invoice. Therefore, the documents requested by DEC should have already been reviewed, approved and clearly organized in an easily accessible manner by the grantee's internal processes.

When grantees request documents or approvals from DEC, they are ad hoc and go through multiple reviews where time requirements depend on the thoroughness of the request and related documentation as well as the impact to the grant. DEC strives to provide decisions as soon as possible after receipt of the full documentation needed. Often, the delays are compounded when DEC's questions or requests for more documentation are not responded to promptly or are incomplete.

If our Network Leaders provide peer support by phone, would a screenshot count as documentation, or would a brief description be sufficient?

DEC guidance

Written documentation is required in addition to screenshots. The written documentation can be a one-page document created by the grantee that is filled out during or after the call, and should contain the following information: provider name, date, time, client name or initials, short description of support provided, and provider's signature. The screenshot does not require cameras to be on for participants, and participants may use their initials in lieu of names, as preferred.

When does the invoice documentation submission policy go into effect?



DEC guidance

The documentation submission policy has been in effect since July 1, 2025. This training is meant to provide updates and to underscore important considerations and best practices.

• 3. Allowable Costs and Prior Authorization

Regarding slide 31, Catering/Food Purchases: If we are doing a program event for families in a public park and need to provide water, can we buy jugs of water for folks to fill their own bottles? Is this considered bottled water? If so, what do you recommend as an approved way to provide access to hydration for children/families/program participants?

DEC guidance

Do not use public funds to purchase single-serve bottled water or sugar sweetened beverages. Plastic bottled water 21 oz. or less is prohibited by City Ordinance No. 28-14 (Click here for the full ordinance. <https://www.sfenvironment.org/policy/chapter-24-bottled-drinking-water>). Bottled waters on receipts will be flagged for review, so be sure that the receipt indicates the bottle size is greater than 21 oz.

Grantees may also use bottleless hydration systems (this could be too big for a local event) or portable beverage dispensers at large events (these have been used at City sponsored events).

If we were to give gift cards, the proper documentation would it be a picture of us handing them the gift card?

DEC guidance

Use of Gift Cards requires a detailed end-to-end process which is delineated in the Gift Card Acknowledgement form. The form includes details regarding proper documentation for distribution, which would be a signature or other proof of receipt. The Gift Card Acknowledgement form **MUST** be completed and signed prior to purchase or distribution of Gift Cards. If the grant includes gift cards, please reach out to the program officer. The gift card acknowledgement form can be found in the Financial Reporting Section of the Partner Hub <https://partnerhub.sfdec.org/financial-reporting/>



Regarding prior approval for training, is this only required when the registration fee is higher and/or travel is required? What about local registration fees, such as FSA Alliance trainings that are \$20 per person?

DEC guidance

This depends on the grant and the situation and thus grantees should check with their program officer. International conferences/travel and non-grant related training are not allowed. All expenses related to training must be for the benefit of the grant and can only cover direct staff funded by the grant. For FRC staff, FSA Alliance (SF Family Support Network) training does not need pre-approval.

We've completed our CMS setup, which included submitting a detailed budget with a list of all the events, workshops, etc. planned for the year. Using the prior approval guideline that was discussed, is this not enough if we just follow what we wrote during negotiation and CMS setup?

DEC guidance

If a list of events, workshops, or meetings with details and estimated costs are provided during budget negotiations, then this would be considered prior approval. Grantees should use the DEC prior authorization form for conferences, trainings, travel, equipment purchases, etc. during budget negotiations, so that required information can be filed with their approved budget.

How long does it take to receive approval for a prior approval form?

DEC guidance

Up to 15 days.

• 4. Indirect Costs, CODB, and Funding Rules

Will you be increasing the indirect rates for this additional fiscal staff?

DEC guidance

DEC follows the federal de minimis rate of 15%. If a grantee has a different negotiated federal rate, they should discuss this with the DEC program officer.

The mayor's office has approved a 2.4% CODB for the government contract. We already got a funding letter from another department confirming the interest. When will DEC adjust the CODB for our contract?

DEC guidance

DEC strives to provide CODB as soon as possible when the amounts are confirmed. CODB increases are dependent on source and availability of funds. DEC is not a General Fund department and thus does not receive funding increases for its primary funding sources, nor does DEC influence CODB decisions from other departments who may fund all or part of a DEC grant. It is DEC policy, when funding is available, to match the City's CODB percentage for DEC's portion of grant funds. Final CODB amounts will be communicated to grantees when all funding sources finalize their contribution to CODB. This may result



in grantees receiving confirmation at different times for different grants even if both are with DEC. State and federal awards are subject to the specifics of that award.

Can you share which requirements are specific to DEC vs. those from the Controller's Office?

DEC guidance

DEC is a department of the City and County of San Francisco. The requirements issued by DEC are aligned with the Controller's Office.

Will these changes be retroactive to July 1, 2026? Specifically, tipping is new and we need to monitor and incorporate to monitor and change internal policy.

DEC guidance

Yes, this policy is retroactive to July 1, 2026.

• 5. DEC Resources, Terminology, and Follow-Up

Can we get a "cheat sheet" for all the names DEC has used for the same thing? Like Celebration of Young Child (I think it's referred to a few names) and the Partner Hub (also known as the provider portal?). Thank you!

DEC guidance

The Partner Hub is new and content and structure is evolving. The Celebrating Young Child Fund is FRC specific and has the acronym CYCF.

Is there an opportunity to create a user group that includes members from the grantee organizations and the grantor to collaborate on billing, budgeting, and process improvement? Lots of great updates here, and they deserve a conversation to provide feedback and improve even more.

DEC guidance

DEC will take this suggestion into advisement. Please note that our policies are in alignment with the Controller's Office. The Controller's Office does offer opportunities for nonprofits to provide feedback. Check their website for more information. <https://www.sf.gov/departments--controllers-office>.

Could you send us a copy of these slides?

DEC guidance

They will be sent out and uploaded to the DEC Partner Hub <https://partnerhub.sfdec.org/>



When you send the follow-up, please include the full name and location of the guidance (outside the grant agreements).

DEC guidance

All fiscal-related DEC materials, including the Invoice Policy, Cost Categorization Policy, and the Prior Authorization forms can be found in the Financial Reporting Section of the Partner Hub

<https://partnerhub.sfdec.org/financial-reporting/>

DEC Fiscal Resources

DEC grantees are directed to the DEC Partner Hub for fiscal guidance and forms, including the Invoice Policy, Cost Categorization Policy, and Prior Authorization forms.

DEC Partner Hub: <https://partnerhub.sfdec.org/>

Financial Reporting: <https://partnerhub.sfdec.org/financial-reporting/>

San Francisco Environment - Bottled Drinking Water:

<https://www.sfenvironment.org/policy/chapter-24-bottled-drinking-water>

San Francisco Controller's Office: <https://www.sf.gov/departments--controllers-office>

