ADOA – General Accounting Office

QUICK REFERENCE GUIDE:
MONTHLY FINANCIAL REVIEW - GRANTS

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Monthly Financial Review - Grants

Overview

The purpose of this quick reference guide (QRG) is to recommend to agency grant managers the critical verification and review processes that agencies should establish as a monthly practice, with suggestions for using reports and researching issues.

- This guide provides a general overview of the verification and review objectives and where in AZ360 Financial and infoAdvantage the user would conduct these activities.

  - To understand how to run reports, reference the "Opening and Running a Report" section of the **AZ360 Manual - Interactive Reporting** available at https://gao.az.gov/resources/training/gao-training-resources.

- The following State of Arizona Accounting Manual (SAAM) topics have additional relevant information to the monthly financial review process:

  - SAAM 0510 Internal Controls by Process.

  - SAAM 0525 Monthly Financial Review and Verification.

  - SAAM 1510 Cost Accounting Structures Certain Uses and Reconciliation.

Objectives

Monthly review for grants should meet the following objectives:

- Reconcile to Federal Financial Report.

- Verify recorded grant revenue matches to federal amount drawn (federal system).

- Verify expenditures and revenues are not greater than the award.

- Facilitate close out of grant.

- Sub-awards are monitored.

- Indirect costs charged to federal grants are appropriate and accurate.

Review and Reconciliation of Grant Financial Activity

Overview

The statewide infoAdvantage report **FIN-AZ-GL-N463** *Rev, Exp and Enc* can be used to pull details to help with the review and reconciliation of grant financial activity. The report contains a variety of AZ360 Chart of Account (COA) elements as prompts and input controls. Department, Fiscal Year, Accounting Period, and Closing Classification are the required prompts. All other prompts are optional, allowing users to customize the information included in the report to fit their needs.

This is a powerful report that provides detailed information, but users must know the COA used to track their grant (e.g. Major Program, Program(s), Program Period(s), etc.).

FIN-AZ-GL-N463 Report Generation

Launch infoAdvantage from within the AZ360 application.

1. From the AZ360 homepage, click on the **Business Intelligence icon** under the **Navigation Menu** on the left side of the screen.

2. Click **Reports and Dashboards** and then click **Business Intelligence**.

3. Navigate to the **FIN-AZ-GL-N463** report.

FIN-AZ-GL-N463 Report Prompts

- Fiscal year is a required prompt. Grant performance periods do not tie to fiscal years. Make sure to include all fiscal years where grant activity occurred in the prompts. For example, if reporting on the entire revenue and expenditure history of a grant with a period of activity from October 1, 2020 to December 31, 2022, fiscal years 2021, 2022 and 2023 will need to be selected as a prompt.
- Accounting Period is a required prompt. It is recommended to always include Accounting Periods 1 through 13 as prompts.
- Program is an optional prompt. Agencies that track individual grants by separate Programs associated to a single Major Program should enter the appropriate Program(s) for tracking their desired grant as a prompt.
- Program Period is an optional prompt. Agencies that track individual grants or grant budget years with separate Program Periods associated to a single Major Program should enter the appropriate Program Period(s) for tracking the desired grant as a prompt.
- It is recommended to run the report for a single Major Program or a small group of related Major Programs, one grant at a time. Reports pulling a large volume of data affect infoAdvantage system efficiency and can be too large to save as an Excel workbook.
    - Prompts should be narrow enough to reduce the record count to under 250,000 records. The record count equals the total rows pulled on the tab named Query and Filters, under Query Properties. An "sEntry parameter" error will be encountered when trying to save a report as Excel when there are too many records.
- Scheduling a report for each grant on a recurring basis is recommended. Another option to run reports quicker when manually entering prompts is to keep a text file containing the prompts required for each grant, to be copied/pasted into infoAdvantage. Remember to separate prompt values with semicolons when a prompt requires multiple values.
    - Information on scheduling reports can be found in the QRG **Scheduling Reports in infoAdvantage** available at https://gao.az.gov/resources/training/gao-training-resources.
- Running the report as a Web Intelligence report is recommended. The Web Intelligence version of the report contains input controls that allow the user to dynamically filter the report data. The COA by Closing Classification tab includes a different set of input controls that allows users to 'pivot' their transaction details to obtain summary totals for revenues, encumbrances and expenditures. The input controls cannot be used if Acrobat PDF or Excel spreadsheet is selected as the report output format.
    - See the next section for information and suggestions for using the input controls on the COA by Closing Classification tab.

- After running the report, users can find extensive COA details on transactions in the Details tab.

FIN-AZ-GL-N463 Report Suggested Input Controls:

- The Web Intelligence version of this report contains a tab called COA by Closing Classification, which includes input control options. COA can be selected as input controls in order to dynamically 'pivot' the detailed transactions into revenue, encumbrance, and expenditure totals based on the COA combination selected as input controls. An extensive list of COA are available as input controls, and up to seven different COA can be selected.
- Selecting COA will create a line on the COA by Closing Classification tab for each combination of COA that have transactions included in the report. The columns on the right hand side of the tab provide transaction totals for the selected COA based on closing classification (e.g. collected revenues, accrued expenditures, cash expenditures, etc.). There is a column for each closing classification selected as a prompt when the report was run.
- The following COA are the most useful COA to use as input controls for obtaining revenue and expenditure information for grants on the COA by Closing Classification tab:
    - Major Program – Highest level of the cost structure and is always recommended as an input control for grants.
    - Major Program Category (and Program Category) – Used to identify the source of the funding being tracked by the cost structure.
        - Below are the options for rollups under the Major Program Category:
            - 01-Federal Grant- Direct from Federal Government
            - 02-State Grant- Non-Federal from Another State Agency
            - 03-Local Grant- From a Local Government
            - 04-Private Grant- From a Non-Governmental Entity
            - 05-Federal Pass-Thru Grant- From another State Agency from a Federal Agency
            - 07-Federal Fee for Service Contracts
            - 08-Private Pass-Thru Grant-From another State Agency from a non-Governmental Entity
            - 09-Capitated Payments
            - 10-Federal Pass-Thru Grant-From Non-State Governmental Organization
            - 11-ARRA Federal Stimulus Awards-Directly from Federal Government
            - 12-ARRA Pass-Thru-From another State Agency from Federal Government
            - 13-ARRA non-1512 Reporting-Not Subject to 1512 Reporting
            - 14-CARES Act Direct from Federal Agency
            - 15-CARES Act Pass-Thru from another State Agency
            - 16-COVID Private Entity Donation
            - 17-CARES Act Pass-Thru from Non-State Government Organization
            - 18-ARPA Direct Federal Government
            - 19-ARPA Pass-Thru from State Agency
            - 20-ARPA Pass-Thru from Non-State Government Organization
    - Program – Recommended as an in input control in all cases. It is required when individual grants are being tracked with different Programs within a single cost structure, or when an agency tracks different types of funding within a cost structure by using multiple Programs.

- Program Category – Recommended when a cost structure has multiple Programs that track funding from different sources. An example would be a cost structure that has Programs that track matching expenditures funded by the recipient separately from the grant funded expenditures.
- Program Period – Should be used as an input control for agencies that track individual grants or grant budgets with separate Program Periods on a single cost structure.
- Assistance Listing Number (ALN, formerly CFDA) – Identifies the Assistance Listing of the federal program that has been included on the cost structure that the revenues and expenditures are posted to. This is a useful selection when reporting or pulling information on financial activity for federal grant programs.

Agencies use cost structures in AZ360 to track their grants in different ways. Some agencies may not find all of these COA useful when summarizing the financial activity of every grant.

Agencies may want to include other COA as input controls, depending on how they track their grant or project funding. For example, an agency that posts program expenditures paid from grant funding and program expenditures paid using required matching contributions within the same cost structure may want to include other COA that helps them differentiate the expenditures, such as Fund.

After input controls that are appropriate to how the grant is tracked have been applied, revenue and expenditure totals for the COA combinations are totaled in the columns on the right side of the COA by Closing Classification tab. These figures can be used to validate grant revenue and expenditure figures, including:

- Reconciling to Federal Financial Report.

- Verifying recorded grant revenue matches to federal amount drawn (federal system).

- Verifying expenditures and revenues are not greater than the award.

The report can be saved as a PDF or Excel spreadsheet after input controls have been applied. Report instances are available in infoAdvantage for seven days after a report has been run. Input controls can be applied and Excel or PDF versions can be saved during this period. The user may need to run multiple reports to capture all the revenues and expenditures.

Grant award information is programmatic and not available in this financial report, however the Grant Lifecycle Management Summary page (GRNTSUM) in AZ360 includes the awarded amount for a grant award identified and tied to the cost structure by Grant ID. This information is only as reliable as the information entered in eCivis. If there is a discrepancy and the expenditures or revenues exceed the amount awarded, the agency should review the details in eCivis for accuracy and make corrections in eCivis if needed.

The **Grant Tracking within a Cost Structure** Reference Document is a helpful resource and is available at https://gao.az.gov/federalcost-accounting.

Facilitate Closeouts of Grants

For grants that are at end of an award period, facilitate the closeout of the grant by completing the following steps:

1. Review grant closeout procedures for grants approaching end of award.

2. Provide reconciliation and reports as needed to complete closeout.

3. For more information on grant close-outs refer to SAAM 7035, Close-outs and Records Retention When the State is the Grant Recipient and Title 2 Code of Federal Regulations Part 200 200.344, Closeout. For information on how to process a grant close-out transaction in AZ360, review the QRG **Process a Grant Close - Out Transaction (GTCO)** available at https://gao.az.gov/resources/training/gao-training-resources.

Sub Awards are Monitored

As a pass through grantor, subrecipient monitoring is required. Refer to SAAM 7010, Sub-recipient and Contractor Determinations and Title 2 Code of Federal Regulations Part 200.332, Requirements for pass-through entities. Agency management is responsible for ensuring compliance with the requirements. Some tips for success:

- Ensure policies and procedures are created and maintained in a shared location.

- Utilize a written process to document the review.

- Document any deviation from the established process.

- Review should at a minimum include:

  o Financial and performance reports.

  o Follow up on subrecipient findings.

  o Issuing a management decision for applicable audit findings.

Indirect Costs Charged to Grants are Appropriate and Accurate

Indirect costs may in some cases be charged to Federal grants. This can vary from grant to grant. It is agency management's responsibility to ensure compliance with the regulations and allowability of charges. Refer to SAAM 7040, *Indirect Cost Rates*; Title 2 Code of Federal Regulations Part 200.414, *Indirect (F&A) Costs*; Title 2 Code of Federal Regulations Part 200.416, *Cost Allocation Plans and Indirect Cost Proposals*; Title 2 Code of Federal Regulations Part 200.417, *Interagency Service*; grant agreement; indirect cost plan; and Federal grantor guidance as applicable. Note indirect costs are typically within the awarded amount, not in addition to it.

A state agency may prepare a negotiated indirect cost rate or charge the de minimis indirect cost rate. Costs must be consistently charged as either indirect or direct costs, but may not be double charged or inconsistently charged as both. An agency should have policies and procedures created and maintained in a shared location documenting indirect costs processes. There should be a documented review and approval to ensure that indirect costs charged are in line with the established procedures.