

## MEMORANDUM

**TO: GRANTEES**

**FROM: MARYLAND HISTORICAL TRUST/  
MARYLAND HERITAGE AREAS AUTHORITY**

**RE: GRANTEE RESPONSIBILITIES FOR FINANCIAL REPORTING**

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It is important to remember that all grants administered through the Maryland Historical Trust (MHT) and the Maryland Heritage Areas Authority (MHAA) exist for mutual benefit in a partnership framework for the public good. Your grant application and our grant award, together with our subsequent Grant Agreement, spell out the partnership aspects. It is the philosophy of shepherding assets for the public benefit within the framework of the grant agreement (including the project budget) which determines most of the responsibilities and regulatory guidelines of good grant management.

Grantees are expected to run cost efficient operations, to make public funds go as far as possible. Also, Grantees should be able to defend before any public scrutiny, by well-documented records, the products, the costs and the policies adopted in the expenditure of the public funds entrusted to them under the grant award.

Following are guidelines to assist you in knowing what sort of records and documentation MHT will expect you to be able to provide to back up your financial reporting to us, as well as some suggestions to help make capturing these costs as the project progresses easier.

Unless written approval is obtained from MHT, Grantees shall use and expend the Grant only in accordance with the Project Budget outlined in the Grant Agreement, and shall not expend more than the amount allocated for any category in the Project Budget without the prior written consent of the Trust. However, Grantees are permitted to make minor transfers in the Project Budget of up to 10% of total awarded MHT/MHAA grant funds from one budget line item to another budget line item without the prior written consent of the Trust.

When requesting a disbursement of funds, all Grantees shall submit a narrative Report and a Disbursement Request Form with a detailed list of expenditures as they compare to line items established in the project budget. (Program-specific Report Forms and Disbursement Request Forms are available via the online grants system.)

Grantee Contribution (“Match”) Requirements: The amount of funds required to be contributed to the Project by the Grantee is detailed in the Project Budget. All costs for MHT/MHAA Grant funds and required Grantee contribution shown in the Project Budget must be accounted for in your financial reporting. The Grantee may contribute additional funds over the minimum amount required by MHT/MHAA. Other project costs beyond the required Grantee contribution to the Project do **not need to be accounted for in your financial documentation, but should be noted on your disbursement request form, if applicable.** You can find sample staff and volunteer timesheets on the MHT [Grants web page](#), which may be useful in recording time contributed/donated to your project. You may substitute similar forms or spreadsheets of your own design, so long as they document the same general information.

## DISBURSEMENT REQUESTS

Now that your Grant Agreement is in effect, you are free to request disbursement of Grant funds in accordance with the reporting requirements and schedule detailed in your Grant Agreement.

To request a disbursement, you must:

- Log into the online grants system (go to “My Grant Applications” button and access your account)
- Complete the appropriate report form in your “Requirements” tab. As a part of this report, you will download and complete a Disbursement Request form summarizing expenditures of grant funds and the Grantee contribution (both cash and in-kind). The form will include the original amounts awarded in each budget category, and the expenditures to date in each category. The budget on the form must match the approved budget in your grant agreement. Once it is complete, the form must be signed by your authorized representative in the section headed "CERTIFICATION" and uploaded back into the system for processing.

If you are submitting the **final** disbursement request for a MHAA grant, or **any** disbursement request for a Certified Local Government program grant, you must also include:

- **Proof of all expenditures made.** Copies of your paid invoices, supporting the cost breakdown summarized in Item 1 above. For donated services or materials (such as paint, photography, architectural fees, etc.), vouchers or other official documentation, signed by the appropriate person, to verify that the goods or services being claimed were received by the Grantee and have been valued according to reasonable market rate costs previously approved in the Project Budget. In-kind and/or volunteer time contributions must also be documented by a time sheet signed by the person contributing time and you, as the Grantee's Project Monitor, as well as documentation supporting the value claimed for the time such as copies of payroll stubs or other proof of their salary rate. The value of unpaid volunteer time can be valued at the current rate of volunteer time for Maryland set by the organization Independent Sector ([http://independentsector.org/volunteer\\_time](http://independentsector.org/volunteer_time)).
- **Proof of payment for all bills incurred.** This normally means copies of payment receipts, canceled checks, both sides, or bank statements showing payment. (NOTE: If you are a government agency, you may substitute accounting system reports, if the grant is assigned to a dedicated account.) This

should be accompanied by the purchase orders, receiving reports, requisitions, or internal memoranda from which the posting to the account was made.

When reviewing your disbursement requests, we will ask the following questions, based on the above:

1. Is the cost eligible? Has it been incurred in the grant period? Is it related to the approved scope of work? And, has it been approved in the Project Budget? (See your Grant Agreement for approved project scope and budget.)
2. Is the cost necessary? – If there were no grant funds involved, would the cost have had to be incurred, or incurred at the amount stated?
3. Is the cost reasonable? – Has it been competitively procured, or competitively priced with known costs for the same item or service in the area?

(Reasonable and necessary often go hand in hand, but you always ask if it is necessary before you ask whether it is reasonable.)

4. Is the cost verifiable? – Do original source documents exist for the costs incurred that identify it as a grant charge, approves it as a grant charge and proves it has been paid as a grant charge?

#### **A FEW NOTES ON CAPTURING GRANT COSTS**

The safest way to capture costs is to get them documented at the point of origin. This means timesheets should be filled in daily, mileage recorded daily, store receipts saved (especially for items which may later be billed against a Purchase Order or come on a monthly bill), cash register receipts (even if you have to write on them what was purchased), photocopy logs which state who did the copying, how many copies and date (what was copied is helpful if the number of copies is significant.) Encourage your grant personnel to ask for receipts. The Post Office and Libraries will give you receipts if you request them.

A signed point-of-origin receipt solves many problems, which become more difficult the further along you are in the payments process or from when a donation was made. It solves who authorized or created the charge, identifies what was purchased or contributed, dates the charge and establishes the amount.

If you work back from a dedicated account ledger or printout and you didn't keep copies of what you sent through the system for payment or recording, it may be difficult to identify the charge if the ledger gives you summary payments. Depending on the size of the system, it may be difficult to retrieve original documentation. Remember a ledger shows only where a cost was coded for payment, not whether it was eligible to be charged there. Recreating charges takes a lot of time and certification of expenses.

Proof of payment is sometimes a creative endeavor if canceled checks and their endorsements are not readily available. You should view every charge to the grant as if you were claiming it as a deduction on

your income tax and the IRS has questioned it. What can you produce to show them you are entitled to that deduction, that you really made that contribution? If it doesn't exist, and you cannot establish it, don't claim it.

Your MHT Project Monitor and MHT's Grants Manager will be more than happy to answer any questions you may have with regard to your financial reporting requirements.