



Compliance & Reporting: Navigating Federal Grant Requirements with Confidence Confidence

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Welcome to Your Compliance Journey

This workshop simplifies federal grant compliance for nonprofit professionals. This is your roadmap to confident grant funding management.

Why Compliance Is Your Strategic Advantage



Think of compliance not as a burden, but as your organization's foundation for sustainable growth. Strong compliance practices create a powerful cycle of trust and opportunity.

→ **Protects Your Funding Stream**

Prevents costly disallowed expenses and potential funding clawbacks

→ **Builds Institutional Credibility**

Demonstrates your organization's professionalism and reliability

→ **Increases Future Opportunities**

Strong compliance history opens doors to larger grants and partnerships

→ **Avoids Penalties and Risks**

Protects against audit findings and regulatory sanctions



Quick Check-In

"Which area of compliance feels most overwhelming to your organization right now?"

i **A. Financial Rules & Documentation**

Tracking allowable costs, maintaining proper records

⚠ **B. Reporting Requirements**

Meeting deadlines, writing compelling narratives

✓ **C. Internal Systems & Accountability**

Building processes, training staff, board oversight

Understanding your biggest challenges helps us focus on what matters most to your daily work. Let's tackle these concerns together with practical solutions you can implement you can implement immediately.

Section 1

Financial Compliance Fundamentals

Building Your Foundation for Success



The Four Pillars of Federal Financial Compliance

Every federal grant expense must meet these four fundamental criteria. Think of them as your daily decision-making framework, when evaluating any expenditure, ask yourself these questions:

Allowable

Is this expense permitted under federal regulations and your grant agreement? Check both general rules and program-specific restrictions.

Allocable

Can you directly link this cost to your grant activities? If shared across programs, do you have a reasonable allocation method?

Reasonable

Would a prudent nonprofit manager spend this amount for similar services? Consider local market rates and organizational needs.

Consistently Applied

Do you treat similar expenses the same way across all funding sources? Consistency in your accounting methods is crucial.

Understanding Direct Costs

Properly categorizing direct costs is fundamental to grant compliance. Knowing what qualifies as a direct expense can prevent misclassification and audit findings.



Personnel Costs

Salaries and benefits for staff directly working on grant-funded activities and serving beneficiaries.



Program Supplies & Materials

Consumables, educational tools, or specific items essential for carrying out grant objectives.



Grant-Specific Travel

Travel expenses directly related to program implementation, site visits, or required training for the grant.



Equipment Purchases

Specific equipment acquired and utilized solely for the grant program's operations and activities.

Understanding Indirect Costs

These are expenses that benefit multiple programs and can't be easily identified with specific grant activities. Understanding indirect costs is crucial for proper cost allocation and maximizing your organization's recovery of shared expenses.



Administrative Personnel

Salaries and benefits for staff supporting the entire organization, such as executive directors, finance, and HR.



Facility Costs

Expenses for shared office space, including rent, utilities, and maintenance, benefiting all programs.



General Office Resources

Common supplies like paper, pens, and basic equipment used across various departments.



Professional Services

Organization-wide audit and legal support, essential for overall compliance and operations.

Most organizations can recover indirect costs through either a negotiated indirect cost rate or the 10% de minimis rate allowed by federal regulations.

Uniform Guidance: Your Federal Grant Playbook

The Office of Management and Budget's Uniform Guidance (2 CFR 200) serves as the comprehensive rulebook for federal grants. While it may seem daunting at 400+ pages, focus on these essential areas that impact daily operations:

Cost Documentation Standards

Standards

Every expense must be supported by adequate documentation. This means invoices, receipts, timesheets, and clear explanations of how costs relate to grant objectives.

Time and Effort Reporting

Staff working on federal grants must document their time allocation. Semi-annual annual certifications or detailed timesheets are required, depending on your organization's approach.

Procurement Requirements

Purchases over certain thresholds require competitive bidding. Small purchases need price comparisons. Know your limits and document your process.

Pro Tip: Bookmark the key sections rather than trying to memorize everything. The Uniform Guidance is your reference tool, not a test to pass.
pass.

Common Financial Compliance Pitfalls

Learn from others' mistakes. These four issues account for the majority of audit findings in nonprofit federal grants. The good news? They're all preventable with all preventable with proper systems and awareness.

1

Double-Charging Expenses

Accidentally billing the same cost to multiple grants or charging both direct and indirect portions. **Solution:** Implement expense coding systems and regular reviews.

2

Inadequate Documentation

Missing receipts, unclear expense descriptions, or insufficient backup for personnel costs. **Solution:** Create documentation checklists and train all staff.

3

Late Financial Reports

Missing quarterly or annual reporting deadlines, which can trigger funding trigger funding holds. **Solution:** Use calendar reminders and start reports start reports early.

4

Budget Deviation Issues

Spending outside approved budget categories without proper authorization. **Solution:** Monitor budgets monthly and request modifications when needed.

Real-World Case Study: The \$5,000 Mistake



The Situation

A respected nonprofit, received a \$150,000. During their second year, staff attended a critical conference in conference in Washington DC related to their project work.

The Problem

The organization charged \$5,000 in conference travel expenses to their grant. However, they had already allocated this cost to their state funding for the same project period, creating a double-charge violation.

The Consequence

During the annual audit, this double-billing was discovered. The federal agency required immediate repayment of repayment of \$5,000, plus additional administrative costs. More significantly, the organization was flagged for flagged for enhanced monitoring on future grants.

The Lesson

A simple expense tracking system could have prevented this costly mistake. The financial impact was manageable, was manageable, but the reputational damage and increased oversight lasted for years.

Essential Tools for Financial Success

Compliance doesn't require expensive software or complex systems. These practical tools can be implemented immediately and scaled as your organization grows:



1. Budget Tracking & Spreadsheets

Maintain detailed spreadsheets for all grant expenses. This allows for real-time tracking against your approved budget, highlighting any potential overages or discrepancies before they become an issue.



2. Accurate Time Tracking

Implement a clear system for staff to log hours dedicated to specific grant activities. Timesheets provide verifiable documentation for personnel costs, a common area for audit findings.



3. Defined Review Processes

Establish a multi-step review and approval workflow for all expenditures and reports. A checklist ensures all compliance requirements are met before submission, preventing costly errors like double-billing.

Implementation Tip: Start with one tool and perfect it before adding others. Consistency matters more than sophistication in federal grant compliance.

Section 2

Performance & Reporting Excellence

Demonstrating Impact That Resonates

Outputs vs. Outcomes: The Foundation of Strong Reporting

Outputs: What You Do



Activities, services, and products your organization delivers:

- Number of workshops conducted
- People served or trained
- Materials distributed
- Acres of land restored
- Meetings facilitated

Think: Countable, measurable activities that demonstrate your productivity and reach.

Outcomes: What Changes



The changes or benefits that result from your outputs:

- Increased knowledge or skills
- Behavior changes
- Environmental improvements
- Policy changes implemented
- Community capacity built

Think: The lasting impact and transformation your work creates in communities or environments.

SMART Metrics: Your Blueprint for Measurable Success

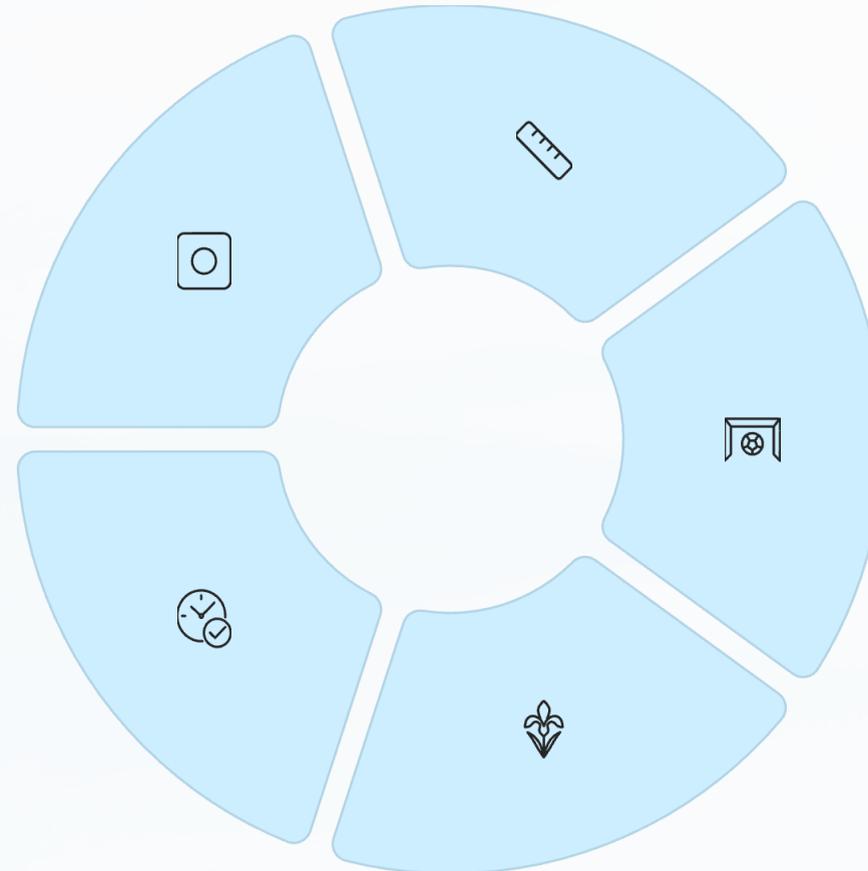
SMART criteria ensure your performance metrics are meaningful, achievable, and clearly communicate your impact to federal funders. Well-designed metrics make reporting easier and more compelling.

Specific

Clearly defined activities and beneficiaries. Instead of "improve water quality," specify "reduce phosphorus levels in Miller Creek."

Time-bound

Clear deadlines and milestones. Specify when you'll achieve targets and how you'll track progress over time.



Measurable

Quantifiable indicators you can track. Use numbers, percentages, or observable changes that demonstrate progress.

Achievable

Realistic targets based on your capacity, resources, and timeline. Ambitious but attainable within grant period.

Relevant

Directly connected to grant objectives and your organization's mission. Aligns with funder priorities and community needs.

✔ **Example:** Output: Train 100 community volunteers in shoreline restoration techniques by December 2025. Outcome: Achieve 20% reduction in visible litter along 5 miles of Lake Superior shoreline within 6 months of training completion.

Federal Reporting Schedule: Stay Ahead of Deadlines

Federal grants typically require multiple types of reports throughout the grant period. Missing deadlines can trigger funding holds, so build these into your these into your organizational calendar from day one.

Quarterly Reports (Every 3 Months)

Financial: Federal Financial Report (FFR) showing expenditures by budget category

Performance: Progress on outputs, outcomes, and milestones with milestones with brief narrative

Due: 30 days after quarter ends

Final Close-Out Report

Project summary: Complete assessment of outcomes achieved, and impact created

Financial reconciliation: Final accounting of all grant expenditures expenditures and any remaining funds

Due: 90 days after grant period ends

1

2

3

Annual Reports (Each Year)

Comprehensive narrative: Detailed progress on all objectives, challenges faced, and lessons learned

Performance metrics: Complete data on all agreed-upon indicators indicators and targets

Due: 90 days after project year ends

Four Keys to Outstanding Grant Reports

Transform your reporting from compliance burden to strategic communication. These practices help you build stronger relationships.



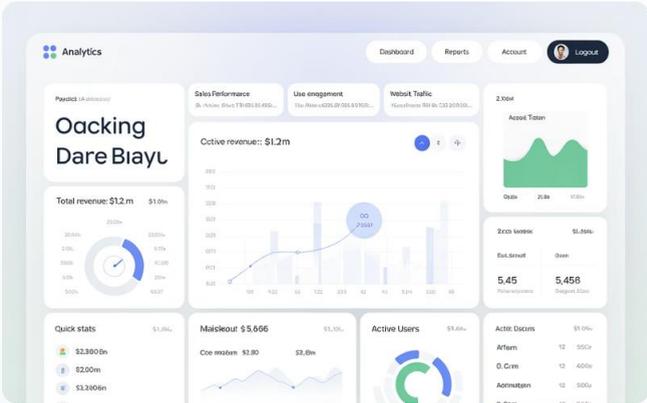
Align Narrative with Data

Your stories should support your numbers, and your numbers should validate your stories. Bring data to life with real-world examples and compelling quotes.



Promise Realistically

Set achievable goals to consistently exceed expectations. Build in reasonable buffers to account for unforeseen challenges and ensure success.



Utilize Progress Dashboards

Proactively track metrics monthly, not just for reporting. Visual dashboards help identify issues early, enabling timely mid-course corrections.



Maintain Grant Alignment

Ensure reports consistently reflect the language, objectives, and logic model of your original proposal, maintaining a clear and unified focus.

Hands-On Learning

Grant in Action Case Study

Small Group Problem-Solving Exercise • 20 Minutes

Case Study: The Shoreline Challenge

Your Organization's Situation

Your nonprofit, Great Lakes Stewards, has received a prestigious \$250,000 EPA shoreline restoration grant. You're six months into the two-year project when several compliance issues emerge during an internal review.

Issue #1: Undocumented Time

Your project coordinator has been working 30 hours per week on the grant but hasn't completed required timesheets. Three months of time allocation is missing documentation.

Issue #2: Budget Overspending

Field equipment purchases exceeded the approved budget by \$8,000. The items were necessary for project success but weren't included in the original procurement plan.

Issue #3: Reporting Delays

Your quarterly performance report is three weeks overdue. The data exists but hasn't been compiled, and outcome measurements are incomplete.

Your Problem-Solving Mission

Working in groups of 3-6 people, you have 15 minutes to develop practical solutions. Focus on immediate actions and long-term prevention strategies.

01

Identify Compliance Risks

What are the potential consequences of each issue? Which problems pose the greatest risk to your grant funding?

02

Recommend Corrective Actions

What immediate steps would you take to address each problem? Be specific about who does what by when.

03

Propose Prevention Strategies

How would you restructure systems to prevent these issues from recurring? Think about about policies, procedures, and accountability accountability measures.



Group Debrief: Learning from Solutions

Risk Assessment Discussion

"What were the biggest compliance red flags in our case study? How do these compare to challenges you face in your own grants?"

Prevention Focus

"How could these problems have been prevented through better systems? What early warning signs should organizations watch for?"

Trust Building

"What system changes would build stronger trust with funders while making your daily work easier and more efficient?"

Key Insight: Most compliance problems stem from system gaps, not individual mistakes. The best solutions address root causes rather than just symptoms.

Case Study Solutions: Addressing the Shoreline Challenge

1

Issue #1: Undocumented Time

Immediate Actions:

- Reconstruct missing timesheets using calendars, emails, and project records
- Have supervisor certify reconstructed time allocations
- Submit corrective documentation to EPA immediately

Prevention Strategies:

- Implement weekly timesheet reminders and monthly supervisor reviews
- Use digital time tracking tools with automatic notifications
- Create backup documentation systems

2

Issue #2: Budget Overspending

Immediate Actions:

- Submit formal budget modification request to EPA
- Document necessity and project impact of equipment purchases
- Identify alternative funding sources if modification is denied

Prevention Strategies:

- Establish monthly budget monitoring with 80% spending alerts
- Require pre-approval for purchases over \$1,000
- Create contingency budget categories for unexpected needs

3

Issue #3: Reporting Delays

Immediate Actions:

- Contact EPA program officer to explain delay and provide timeline
- Prioritize outcome data collection and analysis
- Submit report with explanation of corrective measures

Prevention Strategies:

- Create reporting calendar with 30-day advance preparation
- Assign backup staff for critical reporting functions
- Implement quarterly data collection reviews

 **Key Takeaway:** Proactive systems prevent reactive crisis management. Invest in prevention to protect both funding and reputation.

Section 3

Building Systems of Accountability

Creating Sustainable Compliance Culture

Essential Internal Controls for Grant Management

Internal controls aren't just about preventing fraud, they're about creating systems that make compliance easier, more consistent, and sustainable as your organization grows. Think of them as your organizational operating system.



Clear Policies & Approval Processes

Develop written policies for expense approvals, procurement thresholds, and budget modifications. Include specific dollar amounts, required signatures, and documentation standards. Update policies annually and train all staff.



Robust Documentation Standards

Create templates and checklists for common transactions. Require specific information on all expense reports: purpose, grant connection, participants, and outcomes. Digital storage with backup backup systems protects against loss.



Separation of Duties

No single person should control all aspects of financial transactions. Separate check preparation from signing, expense approval from processing, and grant reporting from financial management where possible.

Small organizations can achieve separation of duties through board involvement, external review, or rotating responsibilities among qualified staff.

Board and Leadership: Your Compliance Champions



Your board and senior leadership play a crucial role in creating a culture of compliance.

Board Oversight Responsibilities

- **Review compliance policies** annually and approve updates
- **Monitor grant performance** through quarterly dashboard reports
- **Approve budget modifications** over established thresholds
- **Ensure adequate resources** for compliance activities

Leadership's Daily Role

- **Model compliance behavior** in all organizational activities
- **Provide regular training** and professional development
- **Address compliance issues** quickly and transparently
- **Celebrate compliance successes** and recognize strong performance

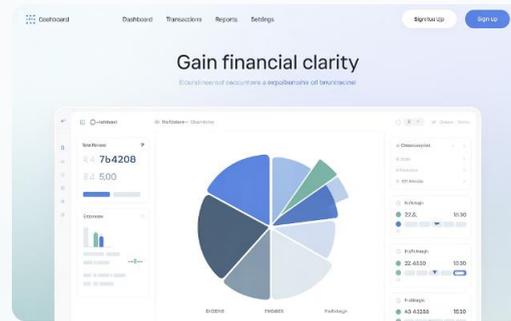
Technology Solutions That Scale With You

You don't need expensive systems to achieve strong compliance. Start with basics and add sophistication as your grant portfolio grows. The key is choosing tools that integrate well and grow with your needs.



Grant Management Systems

From simple **Excel templates** to advanced platforms like AmpliFund or WiseHive, choose tools that scale with your grant portfolio.



Cloud-Based Accounting

Utilize popular options like **QuickBooks Online** or **Xero** for multi-fund tracking, automated categorization, and mobile access.



Dashboard Reporting Tools

Start with **Google Sheets** for simple charts, then move to professional tools like Tableau or Power BI for comprehensive insights.

What You Accomplished Today!



Financial Compliance

Obtained a better understanding of federal financial requirements to avoid costly mistakes and protect your funding.



Meeting Expectations

Can better align your reporting with funder expectations and clearly demonstrate your real impact.



Build Accountability Systems

Create or continue to create robust internal controls to ensure consistent compliance across your entire organization.



Strengthen Stakeholder Trust

Enhance credibility with donors, communities, and federal partners through transparent practices.



Thank you

Let's Connect!



Dr. Marvin Whitfield