



## MONTANA DNRC-FORESTRY DIVISION SUBAWARD PROGRAM

### FAQs ABOUT ACCESSING SUBAWARD FUNDS

#### ACCESSING SUBAWARD FUNDS — INITIAL CONSIDERATIONS:

Typically, DNRC disburses subaward funds on a **reimbursement** basis. This means that you first incur expenses in support of your project, pay the expenses, and then submit a request for reimbursement to DNRC.

As you put together your disbursement request, the following steps are essential:

- Make sure your spending is in alignment with the budget in your subaward agreement and activities outlined in your project proposal.
- Involve both your fiscal and project staff, so that the request is the result of combined knowledge — rather than simply the result of an accountant working alone in the office or a project manager compiling numbers from the field.
- Review your project reports to date and make sure that your expenses are supported by your reported accomplishments.

#### HOW DO I RECORD AND DOCUMENT MY EXPENSES IN THE DNRC DISBURSEMENT REQUEST FORMAT?

In most cases, the appendices of your subaward agreement include a form to use when requesting a reimbursement. You will need to display your expenses in the budget categories provided in this form. Note that the categories are the same as the ones in your subaward agreement budget.

Your subaward will also provide instruction about how to document expenses. In general, you will need to provide documentation to demonstrate that expenses have been both incurred and paid. "Incurred" means you are somehow obligated to pay the expense. Some examples of documentation that would demonstrate a cost was incurred are purchase orders, invoices, signed contracts, and employee timesheets.

When assembling your documentation, try to help us understand your expenses. Make clear links between the amounts on the request and your supporting documentation. If needed, highlight specific expenses or add notes, so that an independent person could look at your records and understand how you arrived at the amounts you are requesting.

Here is further description of how to record and document expenses by category:

The **Salaries/Wages/Benefits (s/w/b)** category represents the cost of your organization's staff time spent on the project — both the salaries or wages paid to employees and the employer's payroll costs for taxes and benefits. To document these expenses, provide payroll records that show the cost of an employee's time worked on the subaward project, including the dates that work was conducted and some indication of the type of activities performed. Also enclose a copy of a check stub, payroll report, or accounting statement to indicate that payment was made.

The **Operating Expenses** category includes such items as supplies, materials, utilities, travel, and training. To document these expenses, send source documentation to support individual transactions, such as copies of invoices (showing an expense was incurred) and transaction reports, receipts, or check stubs (showing a payment was made). If purchases are not itemized on an invoice or receipt, add a memo to clarify them. Travel expenses should be supported by mileage logs, per diem claims, or receipts.

The **Contracted Services** category covers the purchase of services — that is, an individual or business, acting as an independent contractor, is providing professional advice or services in exchange for compensation. Forestry services are commonly contracted during the course of a DNRC subaward: i.e. hazardous fuels mitigation, forest thinning, restoration, pest management, irrigation system set-up, and tree planting. Other contracted services may include consulting, legal, accounting, information technology, etc. To document these expenses, include both a copy of an invoice (expense incurred) and a receipt, transaction report, bank statement, or check stub (payment made).

The **Payments to Landowners** category comprises payments made directly to private landowners for work done on their properties. In this scenario, landowners are considered the “beneficiaries” of the grant program, not “contractors.” To document these payments, provide a copy of an invoice or landowner agreement (expense incurred); and a receipt, transaction report, bank statement, or check stub (payment made). Also include documentation to support that the landowner’s project was inspected and approved by a representative of your organization before payment was made. An inspection/approval document could take the form of an email; an official inspection sheet; or a simple, signed attestation by your project officer.

### **FOR HOW LONG DO I NEED TO RETAIN DOCUMENTS TO SUPPORT MY EXPENSES?**

The “Records and Audits” section of your subaward agreement requires you to retain documents to support your expenses for a minimum of three years after the expiration of your subaward.

### **HOW DO I AVOID DELAYS IN RECEIVING REIMBURSEMENT?**

Basically, anything that requires follow-up or further clarification may slow the processing of your payment. To reduce the possibility of delay, ensure the following:

- You are up-to-date on reporting requirements (quarterly, final, other).
- Your current insurance certification is on file with DNRC.
- You have clearly and adequately documented your expenses.
- You have categorized costs appropriately.
- Your expenses are in line with the project budget shown in your subaward agreement.

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