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Grant Reporting and Account Structure

2024 WHSFMA Conference



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CLA – Wisconsin

- CLA Wisconsin includes teams focused exclusively on Local Governments. Teams are located across the state and collectively provide financial and single audit services for 35+ counties. We also provide various non-audit services to both audit and non-audit clients.



Bridget Van Laanen

- 17 years' experience
- Schenck merged into CLA in 2019
- Audited full-time from 2006-2012
- Moved into Human Services consulting in 2012.



Human Services Consulting

- **Accounting and reporting**
- **Chart of accounts**
- Cost allocations
- Internal controls
- Individualized guidance



Why Does This Matter?

- The code of Federal Regulations CFR 200.302 includes the requirement that all Federal Awards expended must be identified in the accounts of the financial management system.
 - <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E>
- A few county Human Services departments receive direct Federal grants, all receive some kind of Federal funding as a sub-grantee passed through state departments; it may be mixed with state funding for some grants.
 - Many state grant program contracts refer to the Federal guidance, even if they aren't funded by any Federal dollars.



What Should Happen

- Counties need an updated account structure to reflect current programs and reporting needs, as well as to maintain compliance with State and Federal regulations.
 - Monthly grant reports – SPARC, GEARS, etc.
 - Annual program reports – B3, CST, CLTS
 - Annual summary reports – HSRR & 942
 - WIMCR
 - Account structures should enable not just grant reporting, but also managerial needs for Director and Board. They should be able to see what is being claimed and the current revenues from all sources in each program, including grants, billing, and tax levy.



What Should Happen

- Counties should design and implement an account structure that allows monthly reporting to be completed with a minimal amount of worksheets/data manipulation.
- Ideally, account segments can be used to identify each grant's reporting line and the full amount to report can be pulled direct from a GL report. (More about this later).
- A second person reviews all worksheets, reports and reconciliation for errors and completeness.



Why hasn't this happened?

- Many counties have antiquated account structures designed for the programs that existed 40 years ago. Overhauling the sprawling account structure in a Human Services department is daunting.
 - Large number of programs and employees
 - Multiple locations
 - Many types of costs
 - Costs that can have multiple funding sources.



Why hasn't this happened?

- Staffing challenges
 - Turnover in HS
 - Lack of technical program knowledge
 - Lack of general accounting skills
 - Lack of an involved or staffed county Finance department
 - No time for anything beyond the day-to-day
- Challenging General Ledger Systems
 - Old and lacking features and reporting options
 - New and not fully/ideally set up.



Monthly Reporting Best Practices

- If the county cannot pull reporting amounts directly from the GL, worksheets will have to be used.
- Worksheets should be clear about what is and is not being included from any given account/cost center. They should also include as many check figures and comparisons as reasonable, along with detailed instructions.
- Worksheet information should be forwarded to a complete reconciliation document to ensure it balances before submission.



Monthly Reporting Best Practices - Reconciliation

- Example Reconciliation
- Expenditure reconciliations are required by general Federal and State rules and also specifically by grant contracts.
- Reconcile total fund, not divisions or units individually – too easy to double up or miss something
- Start with expenditures per the GL
- Subtract off any deductible revenues – collections, billings
- Add in any reported costs paid for by other funds – CHIPS
- Subtract any PY expenditures



How to Account for AMSO

- All costs should be recorded in the applicable cost pools.
- A journal entry should be made to record the allocation of AMSO and cost pools.
- Like payroll, all original costs should remain in their original accounts; offset accounts can be used to show a cost center nets to zero as an internal control.
- There should be no “AMSO” lines on the reconciliation unless the county has chosen not to report some
- AMSO reported for IM-RMS does not “count” on reconciliations



How to Account for Indirect Costs

- A few counties “charge” actual costs between the General Fund and Human Services on the GL – this makes the General Fund “Whole” if Human Service is receiving grant revenues from claiming those costs.
- Many counties use a combination of offsetting accounts to add indirect costs to the Human Service general ledger so they can be allocated.
- The full amount of indirect costs are typically a reconciling item on the monthly expenditure reconciliation unless charged between funds on the GL.



Monthly Reporting Best Practices - Reconciliation

- Special Programs Reminders
 - CST – county must remove 20% required match before reporting – should be shown as a subtraction on the reconciliation
 - TSSF – 100% of costs should be reported – this was a change in the past
 - CLTS – amounts billed to the TPA paid for by the county need to be subtracted off – foster care, items purchased from retailers, etc.
 - Any non-grant programs should be shown as a subtraction



Monthly Reporting Best Practices - Reconciliation

- Compare adjusted expenditures to the amounts claimed
- If differences, compared each cost center/worksheet to each amount entered on the reconciliation
- Determine if they need to be corrected or if they are a timing difference that will resolve in the future
- Document differences and make sure the difference +/- any known differences is zero or close to it



Recent changes to Grant Reporting/Reconciliations

- TSSF
- ?



942/HSRR

- Requires the county to balance expenditures with revenues by client category and SPC code (expenditures) or type
- Counties should consider allocating BCA and tax levy revenues to specific program cost centers and NOT leaving it in one lump sum on the GL. Besides these reports, allocating the revenue so cost centers net to zero easily demonstrates to anyone which programs are covering costs with external revenue and which ones rely on taxes.
- If you have to split expenditure accounts into different types of costs for these reports, you may need more accounts.



Account Structure – Reference

- Wisconsin Chart of Accounts for Counties
 - <https://www.revenue.wi.gov/DORReports/ucacty.pdf>
 - Not required, but some counties are patterned after it.
 - Corresponds to a county-wide state financial report form required annual by May 15th (County Finance)
 - Can be a helpful jumping off point but hasn't been updated for a long time.
 - Common Revenue Coding
 - 43250 Direct Federal Human Services grant revenue
 - 43550 State Human Services grant revenue
 - 45100 Fines
 - 46530 Public Charges for MH Services
 - 46600 Public Charges for Human Services
 - 48100 Interest
 - 48200 Rent



Account Structure – Reference

- Wisconsin Chart of Accounts for Counties
 - Common Expenditure Coding
 - 54210 Nursing Home
 - 54300 Mental Health Services
 - 54410 Income Maintenance Administration
 - 54500 Social Services
 - 54600 Aging
 - 54900 Other HHS



Account Structure

- Have each segment mean something!
 - Having defined meanings across more segments and digits allows for greater flexibility to add and remove accounts/programs in the future without losing the logic of the structure.
 - Some systems allow for 6+ account segments – most counties have 5 segments, which can be structured to support monthly grant reporting, monthly financial reporting, and year end reporting, such as the 942/HSRR.
 - In counties where there is limited flexibility to change or a desire for fewer segments, each digit in a segment could mean something.



Account Structure

- Example
 - Org/Cost Center number
 - 545X0 - 4th digit can represent a Division/Unit
 - 5453X – 5th digit can represent a classification from the 942/HSRR and be helpful for budgetary and financial reporting.
 - Separate segment of four digits can represent programs.
 - 1st digit can represent reporting platform.
 - Other digits can represent line number or federal/state ID number.
 - 3306 Safe and Stable Families - SPARC
 - 2876 CLTS Admin - CARS
 - 4076 IM - Lead County



Account Structure

- Design account structure to support what you do the most - ongoing monthly reporting and financial management.
 - Annual reporting can also be considered but is of less importance if there's limited numbering options.
- Account numbers are free!
 - If more are needed for accurate, efficient reporting, create more!



Account Structure – What if you can't change it?

- Sometimes there's limitations by people or systems
 - Alternative – redefine what old accounts are used for, add a few more if needed and create a crosswalk for reporting. Download your trial balance and use lookup formulas with the definition table and sumif formulas and/or pivot tables to calculate reportable amounts.
 - Alternative – consider using account names to help with reporting; there's usually fewer limitations and can be easier to change account names than numbers. Add reporting platform and program name to the title and use text-to-columns, filters, sorting and subtotals or pivot tables to calculate reportable amounts.
 - Automate as much as possible! Manual entry = Manual errors



What to Do Right Away

- Review current reporting – see if it is logical and reflects the current situation
 - Federal and state guidelines focus on reasonability – if an allocation isn't logical or doesn't make sense, it may be incorrect, even if it's been done that way for years.
 - Create a list of issues with the process itself; if more than a few small things, the entire process may need to be redesigned.
- Create a list of funding sources
 - Who is the grantor, federal or state funded, what line/system they are reported on, what types of costs are currently incurred and claimed.
 - You may need to review grant contracts, grantor websites and talk to program supervisors and employees to get an accurate picture of all funding, including billing.



What to Do Right Away

- Identify any known or suspect issues in your account structure and reporting process
 - Verify the proper treatment.
 - Create a solution within your current structure and processes that can be implemented immediately – it may take more time/work temporarily.
 - Track any changes you've made so more efficient, permanent solutions can be implemented later.



What to Do Right Away

- Share this information
 - Review with the Department Director and other Managers as needed.
 - Review with the County Finance Director if applicable.
 - If there are issues that require more than small corrections, come up with a plan and timeline to do a larger project.
- Advocate for the department's accounting and reporting needs
 - Human Service Financial Managers and Directors are responsible to grantors, county management and taxpayers.
 - Get help when needed
 - Grantors
 - Consortiums
 - State agencies
 - User and work groups
 - Consultants



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