



**Federal Grant Management Technical Assistance Training**  
**Session 04: Financial Management – Frequently Asked Questions (FAQ)**

**Q1. Would an internal report from a subrecipient be considered adequate support for audit for expense?**

A1. Great question. An internal report—by itself—may not be sufficient supporting documentation for audit purposes under the Uniform Guidance. Auditors and pass-through entities require source documentation (e.g., invoices, receipts, payroll, time and effort records, canceled checks, etc.) that tie to each expense to the actual transaction.

[2 CFR 200.302\(b\)\(3\)](#) requires that "all records must be supported by source documentation" showing the amount, source and expenditure of federal funds—internal reports alone may not meet that standard. [2 CFR 200.508\(d\)](#) also requires auditees to "provide the auditor access to... books, records, supporting documentation, and any other information needed for... the audit." If an expense lacks "adequate documentation to support compliance," it may become a questioned cost under [2 CFR 200.1](#).

In practice, use your internal report as a guide, but confirm that source documentation is available. Without supporting documentation, certifying costs as reasonable, allowable, and allocable may be challenging.

**Note:** If you are managing revenue loss projects under Category 6.1, the U.S. Treasury confirms there are no subrecipients. As the recipient, you do not need to collect invoices from other entities. However, you must still be prepared to support your revenue loss calculation with source documentation, such as bank statements.

**Q2. Does the allowability of costs also consider whether the expenditures are incurred within the period of performance of the grant?**

A2. Yes, that is correct. For the State Fiscal Recovery Fund, allowable costs must be incurred and expended within the grant's period of performance, which is from March 3, 2021, through December 31, 2026.

Additionally, Treasury requires that all funds be obligated by December 31, 2024. The November 2023 Obligation Interim Final Rule [clarified](#) that an "obligation" means a legally binding commitment to pay for goods or services. This means that: 1) Cost must be obligated no later than December 31, 2024, and 2) Cost must be incurred and expended no later than December 31, 2026. Expenses outside this timeframe are deemed ineligible unless they fall under a specific allowable exception provided by the U.S. Treasury.

Links embedded in the document:

- [https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/section-200.302#p-200.302\(b\)\(3\)](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/section-200.302#p-200.302(b)(3))
- [https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-F/subject-group-ECFRc3bd6ae97de5a40/section-200.508#p-200.508\(d\)](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-F/subject-group-ECFRc3bd6ae97de5a40/section-200.508#p-200.508(d))
- <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-A/subject-group-ECFR2a6a0087862fd2c/section-200.1>
- [https://home.treasury.gov/system/files/136/Obligation\\_Interim\\_Final\\_Rule\\_Quick\\_Reference\\_Guide\\_2023.pdf](https://home.treasury.gov/system/files/136/Obligation_Interim_Final_Rule_Quick_Reference_Guide_2023.pdf)