



USAID
FROM THE AMERICAN PEOPLE

USAID SF-425 Federal Financial Report Process Guide

A Mandatory Reference for ADS Chapters 303, 308,
630, and 636

New Edition Date: 03/02/2016
Responsible Office: M/CFO
File Name: 636mab_032016

Contents

Executive Summary 1

Purpose..... 1

When and How to Submit the SF-425 1

 Report Frequency..... 2

 How Many SF-425s to Submit 2

 Supplemental Pages..... 2

 Cumulative Reporting 2

 Total Federal Funds Authorized..... 3

 Reporting with No Incurred Expenses 3

 Early Submission of an SF-425 3

 Delinquent Reporting 3

 Adjustments to Previously Submitted SF-425s 4

 Final SF-425 Reporting by Recipient 4

 Final SF-425 Reporting for Grants with Renewals/Supplements 5

 Final SF-425 Reporting by USAID..... 5

 Final Draw Down of Funds 5

 Where to File the SF-425 5

Completing the SF-425 6

 General Instructions..... 6

 Step-by-Step Instructions..... 6

Executive Summary

Effective January 1, 2010, the Office of Management and Budget (OMB) replaced the **Financial Status Report (FSR, or SF-269/SF-269A)** and the **Federal Cash Transaction Report (FCTR, or SF-270)** by combining them into the **Federal Financial Report (FFR or SF-425)**. This change was due to the implementation of the Automatic Standard Application for Payments (ASAP) system. The standard form SF-425 is a single, comprehensive financial reporting form that gives recipients of grants and cooperative agreements a standard format for reporting the financial status of their awards.

Recipients of USAID grant programs (known as grantees) are required to submit periodic Federal Financial Reports (SF-425) in accordance with the reporting frequency specified in their agreements. The report indicates how much cash has been received, what the funds were used for, and the remaining balance left at the end of the reporting period. Each report requires submittal of back-up documentation sufficient enough to show how the drawn down funds were allocated to the line items in the recipient's agreement's budget.

The SF-425 is a cumulative report which captures the financial status of an agreement at a specific point in time. Recipients use the form to report cumulative expenses (calculated by adding all expenses from the beginning of the award to the report date) incurred under each grant number. These expenses can be categorized as cash disbursed, or incurred but not yet paid (accrual basis). When a recipient share is required, incurred expenses are further divided into federal share and recipient share (local matching contributions). A recipient should refer to the award documentation to review federal and recipient share information.

Purpose

The purpose of this guide is to assist recipients of USAID grants and cooperative agreements with the reporting of their financial expenditures. It provides essential information for facilitating the completion and submission of the SF-425.

The guide conforms to and supplements OMB's Federal Financial Report instructions. In cases where this guide differs from guidance from other agencies or, most notably, ***The Essential NGO Guide to Managing Your USAID Award*** as published by the Capable Partners Program, recipients are required to follow this guide for USAID agreements. The intent is to have all recipients complete the SF-425 in one standardized format following the same line definitions worldwide for USAID grants worldwide.

NOTE: This guide focuses mainly on reports prepared on an accrual basis. For specific guidance related to reports prepared on a cash basis, see **OMB SF-425** instructions and **OMB 2 CFR 200 Sec. 200.34 Expenditures**.

When and How to Submit the SF-425

Report Frequency

The submission of interim SF-425s will be on a quarterly, semi-annual, or annual basis, as indicated in the award agreement. USAID typically requires quarterly reporting which will be the basis for this guide. A final SF-425 must be submitted at the completion of the award agreement. The following reporting period end dates must be used for interim reports: 3/31, 6/30, 9/30, or 12/31.

For final SF-425s, the reporting period end date is the end date of the project or grant agreement period.

Quarterly and semi-annual interim reports must be submitted no later than 30 days after the end of each reporting period. Annual reports must be submitted no later than 90 days after the end of each reporting period. Final reports must be submitted no later than 90 days after the project or grant period end date.

Reporting Quarter	SF-425 Due Date
January 1 – March 31	April 30
April 1 – June 30	July 30
July 1 – September 30	October 30
October 1 – December 31	January 30

How Many SF-425s to Submit

A recipient must submit one SF-425 per grant number every quarter. A grantee may have multiple supplemental or renewal awards under the same grant number, and all expenses incurred under that grant number must be reported in the same quarterly SF-425. If a recipient revises a report in the same quarter it is due, it must be marked “REVISED.” Please provide an explanation in Block 12, *Remarks*.

Supplemental Pages

If recipients need more space to support their reports, they should provide supplemental pages. These additional pages must indicate the following information at the top of each page: Federal grant or other identifying number, recipient organization, Data Universal Numbering System (DUNS) number, Employer Identification Number (EIN), and period covered by the report.

Cumulative Reporting

The SF-425 differs from the SF-269A by requiring cumulative reporting of obligations and expenditures. Cumulative reporting provides a sum of obligations and expenditures for the life of the grant. To arrive at a cumulative total, add all obligations and expenses incurred to date. Block 10(d), *Total Federal Funds Authorized*, Block 10(e), *Federal Share of Expenditures* and 10(j), *Recipient Share of Expenditures*, if applicable, will continue to grow with each successive SF-425 to show the total amount of obligations and expenditures to date. If a recipient finds that a reporting error has occurred and corrects the SF-425, the recipient is required to make a notation in Block 12, *Remarks*. See **Adjustments to Previously Reported SF-425s** below.

Total Federal Funds Authorized

Note that Block 10(d), *Total Federal Funds Authorized*, refers to the amounts obligated and not the Total Estimated USAID Amount (TEA) of the agreement. Often USAID will incrementally fund agreements up to the TEA as additional funding becomes available. Recipient expenditures are not authorized until funds are obligated by USAID.

Reporting with No Incurred Expenses

A recipient is required to submit an SF-425 for every reporting period, e.g. quarterly, regardless of whether expenses were incurred or not, once the project has begun. Even if expenses have not been incurred during the quarter, the recipient must report the cumulative amount of expenses to date. If expenses have not yet been incurred during the life of the grant, the recipient should report a zero cumulative total. Once a project has begun, a recipient will need to submit the most recent SF-425 before accessing funds.

Early Submission of an SF-425

There are two scenarios in which a recipient can submit an SF-425 prior to the reporting period end date:

- **Final Report:** A final report may be submitted no sooner than one quarter prior to the reporting period end date. For example, if the reporting period end date is December 31, 2014, a recipient could submit the final report as early as October 1, 2014.
- **Non-Final Report:** A non-final report may be submitted no sooner than 10 business days (or 14 calendar days) prior to the reporting period end date. For example, if the reporting period end date is December 31, 2014, a recipient could submit a non-final report as early as December 17, 2014.

Delinquent Reporting

A recipient is required to submit an SF-425 every reporting period, even if the recipient is delinquent in prior period reporting, once the project has begun or at least one report has been submitted. If the recipient is delinquent in reporting on multiple quarters, the grantee will be required to submit one SF-425 for each delinquent quarter.

For example:

If the current reporting period is for the quarter ending 09/30/2014, the grant is not yet expired, and the last quarterly report was submitted for the quarter ending on 12/31/2013, then the recipient must submit quarterly reports for the reporting periods ending:

- 03/31/2014
- 06/30/2014
- 09/30/2014

Recipients should report expenses in the appropriate quarter in which they were incurred and carry the cumulative totals forward to the next reporting quarter. Recipients under the Letter of Credit (LOC) payment method must submit their reports on time. If the Department of Health and Human Resources (DHHS) Payment Management System (PMS) does not receive the report by the due date, DHHS may place a temporary hold on the release of the funds until the report is completed. As deemed necessary, DHHS will consult with USAID.

Adjustments to Previously Submitted SF-425s

Adjustments to an SF-425 can only be made to the most recent report in the current quarter. For example, if the most recently submitted report is 12/31/2013, a recipient can adjust this report until 01/30/2014. After 01/31/2014, if an adjustment is necessary, a recipient should use the current SF-425 to reflect the appropriate expenditures. The recipient is required to remark in Block 12, *Remarks*, noting the revision and the reason for the revision.

For example:

If the quarter has passed, the appropriate way to adjust expenditures is as follows:

12/31/2013 SF-425

- Federal Share Cumulative Amount: \$100,000
- Recipient Share Cumulative Amount: \$25,000

On 04/05/2014, the recipient determines that, in actuality, only \$90,000 Federal Share and \$23,000 Local Share should have been reported on the 12/31/2013 report. The recipient is unable to adjust the 12/31/2013 report at this time. Also, the recipient determines that \$4,000 Federal Share and \$1,000 Recipient Share have been expended for the 01/01/2014 – 03/31/2014 reporting period.

03/31/2014 SF-425

- Federal Share Cumulative Amount: \$94,000 (\$90,000 + \$4,000)
- Recipient Share Cumulative Amount: \$24,000 (\$23,000 + \$1,000)
- Block 12, *Remarks*: "Adjustment for 03/31/2014 SF-425 to reflect actual expenditures for 12/31/2013 and 03/31/2014."

Final SF-425 Reporting by Recipient

A recipient is required to submit a final SF-425 no later than 90 days after the grantee has reported and expended its total allowable federal share for the grant number, or after the expiration date of the award. Additionally, after the 90 day period, the recipient is no longer eligible to draw down funds. A final SF-425 is indicated by checking "Final" in Block 6, *Report Type*.

Please note that the quarterly reporting due date still applies. Therefore, if a grant expires late in a reporting period, the recipient will need to submit the final SF-425 in accordance with the 30-day due date. This final SF-425 will be editable until 90 days after the grant has expired.

For example:

Grant Expires On	Final SF-425 Due Date	SF-425 Editable Until
01/31/2014	04/30/2014	04/30/2014
03/31/2014	04/30/2014	06/30/2014
05/31/2014	07/30/2014	08/31/2014
10/31/2014	01/30/2015	01/31/2015

Final SF-425 Reporting for Grants with Renewals/Supplements

If multiple supplements or renewals are issued under one grant number, the grantee would not submit a final SF-425 until the last supplement or renewal's allowable federal share is fully expended or the grant has expired. The final SF-425 is due no later than 90 days after the expiration date of the award or 30 days after the end of the reporting period, whichever comes first. After the 90-day period, the recipient is no longer eligible to draw down funds. A final SF-425 is indicated by checking "Final" in Block 6, *Report Type*.

Final SF-425 Reporting by USAID

USAID reserves the right to update an SF-425 to "Final" status if the recipient fails to submit an SF-425 marked "Final" within 90 days after the grant period end date. At that time, the recipient will forfeit the remaining eligible balance. The recipient is still required to meet the 30-day reporting requirement.

Final Draw Down of Funds

Recipients are required to submit a final SF-425 and draw down funds for allowable costs incurred within 90 days after the grant period end date. If remaining funds are not drawn down within 90 days after the grant period end date, the recipient will forfeit the remaining eligible balance. The grantee is still required to report those funds on the final SF-425.

Where to File the SF-425

Recipients must follow the instructions per their respective grant agreements.

Completing the SF-425

General Instructions

1. Each agreement/unique grant number requires a separate SF-425. Do not use one SF-425 to cover multiple agreements.
2. All lines must be completed. Enter “0.00” or “N/A” as applicable on lines with no data to report.

Step-by-Step Instructions

Block 1: Federal Agency and Organizational Element to Which Report is Submitted. USAID office that awarded the agreement, as identified in the grant agreement or as instructed by the Agency.

Block 2: Grant Number Assigned by USAID. The **USAID grant** agreement number. Do not report multiple agreements on a single SF-425.

Block 3: Recipient Organization. Recipient name and complete address including zip code.

Block 4a: DUNS. Recipient Data Universal Numbering System (DUNS) number.

Block 4b: EIN. Recipient Employer Identification Number (EIN).

Block 5: Recipient Account or Identifying Number. Recipient identifying account number or any other identifying number assigned by the recipient to the award (if any). This number is for the recipient’s use only and is not required by USAID. *Do not enter bank account information.*

Block 6: Report Type. Reporting frequency as specified in the agreement. The last report for the agreement (not individual projects/tasks) should be marked “Final.”

Block 7: Basis of Accounting. Recipient accounting method, **Cash** or **Accrual**. Cash basis refers to the accounting method in which expenses are recorded when they are paid. For accrual basis, expenses are recorded when incurred.

Block 8: Project/Grant Period (Month, Day, Year). Date agreement was awarded and date agreement expires (not to be confused with the reporting period end date). These dates are established in the award document. Note: Some agencies award multi-year grants for a project period that is funded in increments or budget periods (typically annual increments). Throughout the project period, agencies often require

cumulative reporting for consecutive budget periods. Under these circumstances, enter the beginning and ending dates of the project period not the budget period.

Block 9: Reporting Period End Date. The end date of the current reporting period. For quarterly or semi-annual reports, use the following period end dates: 3/31, 6/30, 9/30 or 12/31. For final reports, the reporting end date shall be the end date of the project or grant period.

Block 10: Transactions.

FEDERAL CASH: Enter cumulative amounts from the date of award through the end date of the current reporting period.

- a. **Cash Receipts** - Cumulative amount of actual cash received from the federal agency as of the reporting period end date.
- b. **Cash Disbursements** - Cumulative amount of federal fund disbursements by the recipient as of the reporting period end date (see OMB SF-425 instructions for further clarification).
- c. **Cash on Hand** - Line 10(a) minus 10(b) (see OMB SF-425 instructions on the treatment of negative balances if any). Use line 12, *Remarks*, to provide any information deemed necessary to support or explain *FFR* data.

FEDERAL EXPENDITURES AND UNOBLIGATED BALANCE:

- d. **Total federal funds authorized as of the reporting date** - Cumulative obligated amount of federal funds to include original obligation plus all modifications. Note that this is not the Total Estimated Amount. Funds are not authorized for expenditure until obligated.
- e. **Federal share of expenditures** - Cumulative federal dollars expended as of the reporting period end date (usually the same as line 10(b)).
- f. **Federal share of unliquidated obligations** - Refers to recipient outstanding amounts owed to sub-recipients, contractors or vendors (if any) but not yet invoiced to USAID as of the reporting period end date if there are no recipient obligations enter \$0.00. Note that obligations refer to recipient obligations and not the amounts obligated by USAID.
- g. **Total federal share** - Line 10(e) + line 10(f), total cumulative accrued expenditures.
- h. **Unobligated balance of federal funds** - Line 10(d) – line 10(g) = the amount of federal funds remaining unexpended by the recipient from the USAID obligated amount, or pipeline.

RECIPIENT SHARE:

This section must be completed only if there is a cost share or match **required** by the agreement. If there is no cost share or match **required**, lines (i), (j) and (k) should be marked "N/A". For all others:

- i. **Total recipient share required** - Total amount of non-federal funds required (for clarification on matching and cost sharing, see OMB SF-425 instructions).
- j. **Recipient share of expenditures** - Non-federal funds spent as of the reporting period end date. Recipient should be expending equal amounts of federal and non-federal dollars. For example, if the agreement requires a 50% match, line 10(j) should be approximately 50% of line 10(e) (for clarification on rebates, refunds, credits, third-party in-kind contributions, and recipient share of program income, see OMB SF-425 instructions).
- k. **Remaining recipient share to be provided** - Line 10(i) minus line 10(j).

PROGRAM INCOME:

This section must be completed if the recipient will generate any income as a result of work performed under the agreement. If no income will be generated, lines (l), (m), (n) and (o) should be marked N/A. For all others:

- l. **Total federal program income earned** - Amount of income earned as a result of this agreement (not to include income that is considered part of the recipient's share, line 10(i)).
- m. **Program income expended in accordance with the deduction alternative** - Refer to agreement and contact Agreement Officer for determination.
- n. **Program income expended in accordance with the addition alternative** - Refer to agreement and contact Agreement Officer for determination.
- o. **Unexpended program income** - Line 10(l) – line 10(m) or (n) as applicable.

Block 11: Indirect Expenses.

This section must be completed if recipient is charging indirect costs, otherwise mark "N/A".

- a. **Type of indirect cost rate:** Provisional, Predetermined, Final or Fixed.
- b. **Rate:** Indirect cost rate percentage (%) in effect during the reporting period.
- c. **Period from and period to:** Beginning and ending dates for the effective rate.
- d. **Base:** Amount of the base against which the rate was applied. Example: If the agreement provides for indirect costs and the rate negotiated was computed using salaries and wages only, then the rate may only be applied to the amount paid for salaries and wages (not to travel, equipment, or other direct costs, etc.).
- e. **Amount charged:** Multiply 11(b) x 11(d).
- f. **Federal share:** 11(f) = 11(e) unless charging the government less than the indirect costs incurred.
- g. **Totals:** Enter totals for columns 11(d), 11(e) and 11(f).

Block 12: Remarks.

Enter or attach any explanation or additional information the recipient believes should be included with the report or is required by the federal sponsoring agency, including an explanation for excess cash per line 10c. Include clarification for any prior report adjustments or corrections in this block.

Block 13: Certification.

Please make sure all information is legible.

- a. ***Typed or Printed Name and Title of Authorized Certifying Official:*** Recipient employee authorized to sign this document.
- b. ***Signature of Authorized Certifying Official:*** The authorized certifying official must sign here.
- c. ***Telephone Number:*** The person to contact for questions.
- d. ***Email Address:*** The person to contact for questions.
- e. ***Date Report Submitted:*** (Month, day, year); date submitted to USAID.

636mab_030216