

Federal Grants Post Award Procedures

On December 26, 2013, the White House Office of Management and Budget (OMB) issued final guidance entitled **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in the Federal Register**. Effective December 26, 2014, this “Uniform Guidance” (UG) replaced the administrative, accounting, audit rules and principles promulgated in eight OMB Circulars, including A-21, A-110, and A-133, and governs the administration of federal grants and cooperative agreements at all institutions of higher education.

This is a major reform of how the federal government provides assistance awards—including grants—with the goal of increasing accountability and transparency while reducing the administrative burden on non-federal entities receiving federal awards. These new federal regulations became effective for new federal awards and new funding for existing awards on December 26, 2014.

Account and Budget Creation

Once a proposal is awarded, the award letter or subcontract will be forwarded to the Director of Budgeting and Grants Administration (Director). The Director will review the grant and set up general ledger accounts. A spreadsheet which includes the new grant numbers and budgets will be provided to Principal Investigator (PI).

The Director will meet with the PI and Associate Director of Institutional Philanthropy, Sponsored Research (Associate Director) to review fiscal procedures and any special requirements of the grant. The PI will complete the Signature Authorization Form for the grant. The Director will forward a copy of the award, proposal, budget and signature authorization form to the Staff Accountant at the Office of Financial Services (OFS).

Budget Transfers

Unforeseeable circumstances may occur that require changes after the award is made. Some of these changes require prior sponsor approval and others do not. The Director, in consultation with the Associate Director, will determine whether the requested changes can be approved internally or if the sponsor’s approval is required. The PI shall request prior approval from the awarding agency if there is a change in scope or the objective of the project, a change in a key person specified in the application or award document, the disengagement of more than three months or a 25

percent reduction in time devoted to the project by the PI or reallocation of participant support costs to other categories of expense.

Cost Principles

In accepting a federally-sponsored grant or contract, the College agrees to abide by certain federal rules and regulations regarding the use of the funds. The UG sets forth the general criteria that educational institutions must follow in determining whether costs are allowable on federally-funded projects. Many federal agencies also publish additional cost guidelines specific to funds awarded by their agencies, and in certain cases, specific grants or contracts may contain additional allowability guidelines for a particular project. PIs must be familiar with these regulatory requirements in order to appropriately administer federally-funded sponsored projects.

All vendor discounts, credit memos, rebates and other cost adjustments must be applied to the cost of the project.

The following is a companion document to Subpart E of *2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. It does not contain the full language of Subpart E. The complete 2 CFR 200 can be found [here](#).

- **Allowability** - Costs must meet seven general criteria factors to be allowable under Federal awards, as follows: Costs must 1) be necessary and reasonable for the performance of the Federal award, 2) conform to any limitations or exclusions set forth in these principles or the Federal award as to the types or amount of cost items, 3) be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the institution, 4) be accorded consistent treatment, 5) be determined in accordance with generally accepted accounting principles (GAAP), 6) not already be included in a cost sharing or matching requirements of any other externally financed program, and 7) be adequately documented.
- **Reasonable** - A cost is reasonable if in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
- **Allocable** - A cost is allocable to a particular award or other cost objective if the goods or services involved are chargeable or assignable to that award or cost objective in accordance with relative benefits received.
- **Consistent** - Costs that are consistently treated in the same manner under the like circumstances and are either directly charged or included in Facilities & Administrative Expenses (F&A) recovery, not both.

Cost Transfers

A cost transfer is the reassignment of an expense to a federal grant. Cost transfers may be necessary to correct clerical errors, reallocate effort to reflect actual effort, or to allocate shared services that were previously charged elsewhere. Transfers involving federally sponsored project accounts are monitored, requiring that each request for a cost transfer be justified, documented and completed in a timely manner to support allowability and allocability. It is the responsibility of the PI to review expenditure activity and begin the cost transfer process by contacting the Director who will work closely with the PI to ensure all journal entries meet all requirements and are accomplished in a timely manner.

Budget and Expense Monitoring

Grant expenses may be made after the grant account has been established. All expenses must be approved by the PI and subsequently by the Director to ensure expenses are budgeted within the grant. Expenses will be reviewed for unallowable costs as well as compliance with the College's Reimbursement of Travel, Entertainment, and Other Business Expenses policy. Any expense determined by the Director to be unallowable will be returned to the PI for further justification. Justification will be reviewed by the Assistant Treasurer for final determination. A PI is responsible for monitoring expenses made to a grant through budget to actual reports available within the [Workday](#) financials system.

Invoice Processing

A "Supplier Invoice" is to be used for payment to vendors and an "Ad Hoc Payment Form" is used for reimbursements to employees or students.

An "Ad Hoc Payment Form" is to be used for travel expenses incurred on a grant by an employee.

Program Income

It is the responsibility of the PI to notify the Associate Director if any income will be generated during the course of a project. Federal Regulations define program income as "gross income earned by a recipient that is directly generated by a sponsored activity or earned as a result of the award." Program income will be accounted for in specific ways, depending on the sponsor's policies and any applicable regulations. Regardless of the method used, program income may be used only for allowable costs

in accordance with the applicable cost principles and the terms and conditions of the award.

Procurement

The federal government imposes a set of standards for the acquisition of supplies, equipment and real property purchased with federal funds. Procurement procedures must comply with the standards imposed by the UG. Guidelines for purchases include:

- The vendor or contractor that meets the required quality standards at the lowest cost should be selected. Regardless of the cost of acquisition, grant recipients are required to avoid purchasing unnecessary items.
- Capital Equipment is defined by the OMB as “tangible nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.” The acquisition cost includes installation charges and freight.

Purchasing Guidelines based on threshold:

- The threshold amounts refer to the total cost of the purchase. For example, purchasing three \$900 laptops is considered to be a \$2,700 purchase, not three separate items.
- Purchases under \$3,000 (“Micro-purchases”): Competitive quotations not required if the prices are reasonable. Selection based on quality and cost. To the extent practicable, purchases must be distributed equitably among qualified suppliers.
- Purchases over \$3,000: Written price or rate quotations must be obtained from an adequate number of qualified sources.

As allowed under the Federal Register dated May 17, 2017, the College has elected to delay implementation of the procurement standards outlined in 2 CFR 200.317 through 200.326 until new policies and procedures are fully developed, and will continue to comply with the procurement standards outlined in OMB Circular A-110 for Awards subject to the UG until July 1, 2018.

Capital Equipment Purchases

The College does not capitalize equipment with a value less than \$25,000. However, any single item purchased with federal grant funds over \$5,000 having a useful life of more than one year will be tagged and inventoried. A log of all equipment purchased

with federal grant funds will be kept by the Director who will conduct a biennial physical inventory in June.

Payment

The College utilizes the reimbursement payment method for the transfer of funds from the United States Treasury.

Financial Reports to Sponsoring Agencies

Financial reports are prepared per awarding agency specifications and due dates identified in the award document. Some agencies require monthly expense reports while others require quarterly financial status reports. The College's Staff Accountant at OFS is responsible for completing financial reports.

Time and Effort Reporting

The UG requires the documentation of personal services charged to federal grants. The College utilizes after-the-fact reporting whereby the time and effort report reflects the individual's total work time and identifies the portion of the time spent on federally-funded grants, contracts, and cooperative agreements.

Each faculty member and professional staff member whose time is committed to a federally-funded project shall complete and sign a time and effort report regardless of whether such time is paid by external funds or is an unpaid contribution. The report is prepared by the Director and sent to each PI for completion after each semester and summer term. This reporting requires the signature of the employee, PI, or responsible official(s) to confirm that the percentages allocated to each activity represent a reasonable estimate of the work performed.

Time and Effort Reporting forms do not need to be completed for non-exempt employees and students who utilize biweekly time sheets.

Subawards and Subrecipient Monitoring

A subaward is an agreement with a third-party organization performing a portion of a federally funded research project or program. The terms of the relationship are influenced by the prime agreement. The Assistant Director is responsible for creating the subaward in consultation with the PI.

The College is responsible for monitoring the programmatic and financial activities of its subrecipients in order to ensure proper stewardship of federally sponsored funds.

This includes monitoring the activities of the subrecipient to ensure the subrecipient agreement is used for authorized purposes in compliance with federal regulations. The UG requires the monitoring of subrecipients to include:

- Monitoring the receipt of technical reports and the review of these reports to ensure that the subaward performance goals are achieved and documenting the receipt and review of these reports.
- Reviewing subrecipient invoices to make sure the expenses follow the subrecipient approved budget and are reasonable relative to the work performed, and also documenting the review and approval of these invoices for payment. Monitoring subrecipient progress by performing periodic evaluations in the form of on-site visits, and/or regular communication and documenting the visits or communications in your files.
- Requesting "audits" if necessary.
- Follow up on any deficiencies identified through audits or on-site reviews.

The above list is not exhaustive. In addition to the items outlined above, there may be other sponsor or program imposed requirements that mandate collecting and documenting other assurances (e.g. use of lab animals, human subjects, biohazards, etc.) during the course of a project.

No-Cost Extensions

The existence of unexpended funds is not, by itself, justification for a request for a no-cost extension. A PI may request a no-cost extension if more time is required to complete a project and remaining funds are sufficient to support it. The PI should contact the Assistant Director to request an extension.

Close-out

The College's Staff Accountant at OFS is responsible for financial close out of the grant. The Director will communicate with the PI as the grant nears completion, reminding of the need to clear any advances and close out purchase orders.

Record Retention

Financial records will be retained for a minimum of three years after submission of the final expense report. Equipment records will be retained for three years after the final disposition.

Links:

Uniform Guidance

NSF Award and Administration Guide

NEH Grant Management

NIH Post Award Process