Grant Financial Management & Compliance

Post-Award Management Cycle Overview

Post-award Management Cycle Includes:

- Receipt of Grant Award Letter and Budget,
- Creating Account/Budget for Revenue and Expense,
- Charging Direct Expenses (Salary & Non-salary),
- Providing Monthly Financial Reports,
- PI Monitoring Financial Activity According to School and Sponsor's Requirements,
- Financial Reporting According to Sponsor Requirements,
- Closing Grant Account.
• The Notice of Grant Award (NOA) letter, GCO forms and a budget are required before an account can be created.

• For NIH, GCO Receives NOA and Distributes to PI, Finance, and Dept. Administrators.

• Award letter and/or GCO forms include a Direct and Indirect Cost budget.

• PI should review NOA Carefully to Confirm:
  ❖ Budget,
  ❖ Grant-specific Regulations or Restrictions,
  ❖ Any Changes in Scope or Re-Budgeting may require School and/or Sponsor approval.
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Post-Award Management Cycle

Subcontracts

- Finance Works with the PI to Issue Subcontracts.
- Subcontracts Must go through Finance
- The Primary Institution is Responsible for the Subcontractor’s Performance on the Grant.
- Issuing Subcontracts as soon as possible Facilitates Smooth Financial Operations.
All transactions must be properly approved and processed according to School policies.

All Transactions must be adequately supported to withstand audit.

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<th>Processing Mode</th>
<th>Support Documentation</th>
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<td>Salary &amp; Wages</td>
<td>Personnel Actions/Time &amp; Effort</td>
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<td>Purchase Orders</td>
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<td>Check Request</td>
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<td>Travel</td>
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</tr>
<tr>
<td>Cost Transfer</td>
<td>Journal Entry Justification/Explanation</td>
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Unallowable expenses according to sponsor guidelines cannot be charged to Federal grants.

The PI and designee must be involved in the initiation, approval and review process for all salary and non-salary transactions.

Selected transactions and re-budgeting greater than $25,000 require prior approval of the School and/or Sponsor.
Grant Financial Management & Compliance
Administration & Monitoring

● The financial activity for EVERY sponsored project should be reviewed monthly by the PI and designee.
● The monthly review should be guided by the School's Monthly Expenditure Review Checklist.
● The Financial Reports to guide the Monthly Review Process include:

  Report #
  • 402V -- Fund Budget - Budget vs. Actual expense
  • 185C -- Salary Projection - Salary and fringe benefit encumbrances
  • 182Z -- Purchase Order Status - PO encumbrances
  • 316C -- Account Detail Transaction Display - Detail of individual transactions charged to the account (a.k.a., the 'Ledger.')
The PI, Departmental Administrator and Sponsored Projects Accounting work together to ensure that all financial and technical reporting are submitted to the Sponsor in a timely fashion.

Financial Status Reports (FSR) required by Sponsors are prepared by Sponsored Projects Accounting.

The PI's review and approval of the Financial Status Report is required.

The approval attests to the completeness and accuracy of the Financial Status Report.
Time & Effort Reports

- Certify that the percentage of effort and resulting salary charge are reasonable in relation to the work performed.

Activities Certified:

- Research
- Instruction
- Hospital Duties
- Other

- Must be certified by employee and manager with first hand knowledge of employee’s activities.
- Represent paid effort.
- Sponsor approval required for significant changes in effort.
- Report should capture all activities and should add up to 100% (not based on 40-hour workweek).
Cost Transfers - required to move salary or non-salary charges either to or from a sponsored project to:

- Correct an error,
- Allocate costs benefiting more than one project,
- Transfer pre-award costs to a grant,
- Remove an unauthorized cost overrun during closeout, or,
- Remove unspent balance either returned to the sponsor or carried forward to continuation year.

All Cost Transfers must be:

- Properly documented by the PI and or designee,
- Reviewed, approved and processed by Sponsored Projects Accounting, and
- Processed within 90 days of the original charge.
Patient Care Costs – routine and ancillary services provided by Hospitals to participants in research programs including:

- diagnostic,
- therapeutic,
- rehabilitative,
- medical,
- psychiatric, and
- other professional health services.

➢ Issue: Should the third party payor or research grant be charged for patient care costs? Generally:
- Usual/routine patient care – charge third party payor
- Services solely related to research protocol – charge research grant
- Research Compliance Office
Allocation of Costs for Closely-Related Work

• Costs benefiting two or more projects allocated based on proportional benefit.

• Closely related work may prevent easy determination of proportional benefit, so:
  • Use any reasonable allocation basis as long as costs are:
    ❖ Allowable,
    ❖ Allocable,
    ❖ Reasonable.

• If these tests are met, allocate costs normally assignable to multiple projects to one of those projects.
Prior Approvals Required by School and/or Sponsor for:

- Equipment Purchases > $25,000,
- Patient Care Costs (if not budgeted, or being re-budgeted),
- Travel – if not included in award or > $5,000,
- Alterations & Renovations > 25% of award,
- Pre-award Costs,
- Carry-over of Unobligated Balances if not under expanded authorities or greater than 25%,
- Change in Key Personnel (E.g. PI or anyone with scientific import to the project),
- Change in Scope,
- Others.
Cost Sharing – Project Costs not funded by Sponsor:

- Cannot come from another Federal project,
- If proposed, must be performed,
- Unallowable costs cannot be claimed,
- Costs benefiting another project cannot be claimed,
- Must be documented.
Grant Financial Management & Compliance
Post-Award Administration Facilitated By:

- Award Letter Received Prior to Start Date.
- Appropriate Personnel Assigned to Grant upon Start Date.
- Issue Subcontracts in a Timely Fashion.
- Spend Grant on a 1/12 basis.
- Rely on the School’s Financial Reporting System.
- Correct Any Errors Identified Immediately.
- Comply with Time & Effort Reporting Requirements (Effort Allocations = Salary Distribution.)
- Proper Documentation for Non-Salary Transactions.
- Call us when you have Issues or Problems.
Grant Finance Compliance Program

- **Training**
  - Mandatory Grants Finance Training (√)
  - Periodic “Refreshers”

- **Tools**
  - Pocket Compliance Guide (√)
  - GCO & Finance Websites

- **Monitoring**
  - Transaction Review
  - FSR Preparation
  - Research Compliance Audits

- **Corrective Action**
  - PI/Department-specific plans to improve compliance
  - May include: Training/re-training, enhanced oversight/scrutiny, etc.