

### Objectives for Financial Control over Grant Programs

- I. Cash management of grant funds is monitored for appropriate timing of receipts and disbursements of grant funds. (*Cash Management*)
- II. Procedures and controls exist to provide reasonable assurance that only eligible individuals receive assistance under Federal award programs. (*Eligibility*)
- III. Controls exist to provide reasonable assurance that Federal funds are used only during the authorized period of availability. (*Period of Availability of Federal Funds*)
- IV. Controls exist to ensure that costs charged to grants are in compliance with grant agreements. (*Allowable Costs/Costs Principles*)
- V. All contracts that are charged to grants are properly authorized and competitively bid when required. (*Procurement and Suspension and Debarment*)
- VI. All staff involved with grants are knowledgeable about compliance requirements. (*General Control*)
- VII. Complex operations, programs, or projects within grant funding are identified and appropriately monitored. (*General Control*)
- VIII. Procedures are in place to implement changes in laws, regulations, guidance, and funding agreements affecting Federal awards, as well as changes to grant program operations and procedures. (*Activities Allowed or Unallowed*)
- IX. Procedures are in place to account for all equipment and real property acquired with Federal awards. (*Equipment and Real Property Management*)
- X. Procedures are in place to ensure that program income is correctly earned, recorded, and used in accordance with program requirements. (*Program Income*)
- XI. Procedures and controls exist to ensure that all program and/or financial reports are accurate and compliant. (*Reporting*)
- XII. Procedures and controls exist to reduce the risk of both erroneous and inappropriate actions. When functions cannot be separated, a detailed supervisory review of the activities is required as a compensating control. (*Separation of Duties*)

### **Procedures for Financial Control over Grant Programs**

***Cash management of grant funds is monitored for appropriate timing of receipts and disbursements of grant funds.***

#### Procedures:

1. Each grant fund is assigned a cash control account in the general ledger that is reconciled monthly by a designated individual or Fiscal Analyst before the drawdown of funds is requested. If the drawdown of funds takes place outside of accounting, the PI for the grant must maintain all supporting detailed transactions to support the reimbursement request. The reimbursement request must be reviewed and approved by an individual other than the preparer before the reimbursement request is submitted.
2. All other grant funds that are not received through the drawdown process are monitored regularly by a designated accountant to ensure timeliness of spending of these funds.
3. A designated accountant or individual has security authorization to draw down any Federal funds on a cost reimbursement basis.
4. The draw down is periodically requested and the tool used is the current monthly financial record for each fund.
5. Any applicable indirect cost is calculated and added to the prior month expenditures and that total is requested from the granting agency in the following month.

***Procedures and controls exist to provide reasonable assurance that only eligible individuals receive assistance under Federal award programs.***

#### Procedures:

1. Procedures for determining student eligibility and disbursements to award recipients are clearly communicated to employees at the beginning of the grant period by the Grant Office and realistic performance targets are established.
2. The Project Manager will ensure that participants meet all eligibility and certification requirements and will appropriately document these requirements with each participant within a centralized file system.
3. All eligibility documentation is kept in a safeguarded area and access is limited to appropriate employees.
4. Responsibility for authorizing disbursement for tuition, scholarships, or stipends is completed by the Project Manager who is independent of the disbursing role (Accounts Payable).
5. Eligibility records are periodically audited by an accountant to determine compliance

***Controls exist to provide reasonable assurance that Federal funds are used only during the authorized period of availability.***

Procedures:

1. The grant award notification and grant agreement are forwarded to the accounting office for account setup in the financial system, who sets up the project beginning and end dates.
2. Any extensions must be requested in writing and approved by the funding agency.
3. A designated Accountant or Fiscal Analyst performs projections on expenditures to ensure that the grant funds available are being used efficiently and periodically reports to the appropriate level of management regarding unliquidated balances.
4. A designated Accountant will review each grant fund during the closeout period and will ensure the appropriate action is taken to return any excess funds if required by the agency, or to carry forward any excess funds if that is allowable.

***Controls exist to ensure that costs charged to grants are in compliance with grant agreements and with cost principles.***

Procedures:

1. Each Project Manager is aware that all costs charged to grants must be in accordance with "VU Cost Policy Statement" along with other specific guidance specified in the grant contract. Refer to "VU Cost Charging Guidance".
2. A copy of unallowable costs specific to the grant agreement is provided to the Project Manager and/or Program Director and discussed at the initial grant meeting.
3. Project Managers are provided with a line item budget approved by the granting agency indicating direct and indirect costs.
4. All budget transfers are approved by the accounting office to ensure the transfers are within the budget line item flexibility per the grant agreement.
5. All budget changes that are required to be communicated to the granting agency are performed in a timely manner and properly approved.
6. Budget to actual reports are generated by the system and sent to the project managers on a monthly basis. The project managers can also access the system for up-to-date information for the period of the grant.
7. All payroll charges to grants are supported by authorized Employee Hire Forms and Time and Effort certifications when necessary. Any change in the amount of salary and benefits charged to a grant must be supported by a Change in Status form from payroll and must be approved within the grant budget. A time study may be utilized to substantiate the allocation of hours between grants.
8. All costs charged to grants are periodically reviewed by the Accounting Office to ensure that they meet requirements under VU's cost accounting policy.

***All contracts that are charged to grants are properly authorized and competitively bid when required.***

Procedure:

Refer to the Policies and Procedures on the VU Website for Purchasing. Additional procedures for contracts issued with federal awards are as follows:

1. Where appropriate, an analysis shall be made of lease and purchase alternatives to determine which would be the most economical and practical procurement under the federal grant. Procurement standards under 2 CFR 200 must be followed. See separate procedure to follow under this standard.
2. Employee's procurement duties and responsibilities under their specific federal contracts are communicated during an initial meeting with the Grant Office and the specific written procedures for procurement are provided to the Project Manager (see "VU Guidelines for Procurement under Federal Grants").
3. All RFP's will contain the terms and conditions taken from VU's Standard Contract that has been created specifically for federal grants. Refer to "VU Standard Contract for Federal Grants".
4. VU's Standard Contract for Subcontractors will be used for all University contracts issued under Federal grant agreements.
5. A copy of the signed and dated copy of contracts issued with federal grant awards must be kept in accounting's files, in addition to the required documentation for the procurement process.
6. All requests for payment from vendors for federal contract expenditures are reviewed for compliance with the contract provisions. The Project Manager will review contractor performance regularly and will document if it is in accordance with the terms, conditions, and specifications of the contract.

***Procedures exist to monitor compliance with grant requirements.***

Procedures:

1. A compliance checklist is provided to the Project Manager at the beginning of each grant period that lists the performance report due dates and applicable laws and regulations. Refer to “VU Grant Compliance Checklist”.
2. All sponsored agreements that require monthly, quarterly, and final financial reporting, including any cost sharing or matching information are prepared by the Fiscal Analyst and reviewed by either the accounting office or the Project Manager before final submission. In the case where there is not a Fiscal Analyst position, the accounting office will prepare the reports and the Director of Accounting will review them.
3. The Project Manager performs performance reporting and the appropriate management reviews this report before submittal.
4. The accounting office may provide monitoring on federal grants and documents this accordingly.

***All staff involved with grants are knowledgeable about compliance requirements.***

1. Once the grant award notification has been received, the Grant Office will conduct an initial meeting with the grant staff to discuss internal controls specific to the grant agreement along with the Uniform Guidance compliancy requirements and will discuss procedures for reporting noncompliance as well as fraud awareness.
2. The accounting office may hold update meetings with each Project Manager to discuss the progress of the grant and to ensure grant activities are compliant with the grant agreement.
3. All required and necessary trainings by the granting agency are completed by the appropriate grant staff and documented.

***Complex operations, programs, or projects within grant funding are identified and appropriately monitored.***

1. The accounting office reviews all new grant agreements and will design any needed monitoring based on the requirements of the granting agency.

***Procedures are in place to implement changes in laws, regulations, guidance, and funding agreements affecting Federal awards, as well as changes to grant program operations and procedures.***

1. Any proposed change in the scope of work from the original technical proposal submitted to the granting agency will be communicated to the Grant Office and the appropriate procedures will be put into place to adjust for this change.
2. The Grant Office receives regular trainings related to sponsored programs and subscribes to various technical publications.
3. Any correspondence from the granting agency will be immediately addressed and all appropriate grant personnel will be notified.

***Procedures are in place to account for all equipment and real property acquired with Federal awards.***

1. Refer to VU Policy on Fixed Assets on the Controller website.
2. All property records contain description, source, who holds title, acquisition date/cost, percentage of federal participation, location, condition, and disposition data.
3. The grant close-out process requires the grant staff to review all property purchased with Federal funds for the proper future use or disposition after the grant period has ended.

***Procedures are in place to ensure that program income is correctly earned, recorded, and used in accordance with program requirements.***

1. Program income is under the same controls as regular receipts (see Policy I).
2. The Fiscal Analyst or Accountant reviews all program income quarterly and appropriately reports program income on quarterly financial reports in accordance with grantee requirements.
3. Regular budget to actual reviews of program income are prepared by the Fiscal Analyst or Accountant and analyzed by the Project Manager.
4. The accounting office reviews the grant funds periodically for any possible program income and advises the Project Manager's regarding the use of the program income.

***Procedures and controls exist to ensure that all program and/or financial reports are accurate and compliant.***

1. The appropriate management over grant activities will review and sign off on all quarterly performance and progress reports before submitting to the granting agency.
2. A compliance checklist that states the due dates of all required reports is provided to the Project Manager at the beginning of the grant period.
3. All journal entries made for any quarterly financial reporting for grant funds are reviewed by the accounting office for accuracy, proper cutoff, and classification.