

Fiscal Management Procedure	Procedure Number	11.2.2.4P
	Effective Date	November 28, 2017

1.0 PURPOSE

In accordance with Management and Oversight Authority Policy 11.1 and Sponsored Awards Policy 11.2, the purpose of this document is to provide procedures on the financial management of sponsored awards, including the financial reporting, accounting records, budget management, payment and cash management, and determination of cost allowability.

Federal funding agencies and the Uniform Grant Guidance (2 CFR Part 200) prescribe specific financial and cash management requirements that recipients of federal funding must follow. This responsibility is shared within the Institution by all persons who manage or oversee sponsored awards. All parties involved carry out specific processes to see that the terms of the award are observed and adhered to and that expenditures during a given period are not in excess of funds awarded.

The College has a responsibility to prevent and detect fraud, waste and abuse and to hold accountable those who engage in it. Furthermore, 2 CFR 200.303 stipulates that non-federal entities have in place “effective internal controls” to ensure that federal funds are managed in compliance with all federal statutes, regulations and terms and conditions of the award; comply with the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO); take reasonable measures to safeguard protected personally identifiable information; and take prompt action when instances are identified including noncompliance identified in audit findings. In addition, non-federal entities must adequately safeguard all assets and assure that they are used solely for authorized purposes. Internal controls flow through all policies and procedures.

2.0 REVISION HISTORY

Adopted on: 11/28/17

Revised on: 08/04/26

3.0 DEFINITIONS

- A. *Budget* – A budget identifies the types of costs and the estimated amounts needed to complete the project. The budget must be approved by the funding agency and College. The budget will be the basis for authorizing any expenditure on the project and the basis for seeking payment from the funding agency. Any variances from the approved budget (beyond those permitted by regulation) must be authorized by the funder and reviewed by the College.
- B. *Enterprise Resource Management (ERM) System*– An enterprise resource management system is the business process management software that the College uses to manage the business functions related to technology, services and human resources.
- C. *Federal Award* – Federal funding provided to the College through a variety of funding mechanisms, directly from a federal agency or through a non-federal entity.

- D. *Non-Federal Entity* – As defined in 2 CFR 200.69, a state, local government, Indian Tribe, institution of higher education, or nonprofit organization that carries out a federal award as a recipient or subrecipient.
- E. *Performance Period* – Every agreement will have specified beginning and ending dates. All expenditures must be incurred or encumbered during this period. If expenditures fall outside this period, they cannot be reimbursed or used as cost sharing. In some cases, pre-award costs may be pre-approved in writing by the awarding agency.
- F. *Project Budget Manager* – Individual designated by the College to manage the budget for the project (may be the same individual as the Project Manager/Principal Investigator).
- G. *Project Manager/Principal Investigator* – Individual designated by the College to manage the sponsored award.
- H. *Sponsored Award* – A sponsored award is the transfer of money or property from an external funder that requires performance of specific duties. The funding relationship usually reflects a joint partnership in setting/meeting project goals. Most governmental funding will be for the purpose of conducting a sponsored award. The funding mechanisms used to meet this purpose can include memoranda of understanding, grants, contracts, cooperative agreements, and other legally binding means of transfer.

4.0 PROCEDURES

- A. Fiscal Management of the Award
 - 1) During the Post-Award Approval and Acceptance process (see Procedure 11.2.2.1P), the Sponsored Awards Services Office will consult with the Project Manager/Principal Investigator (PM/PI) to review the budget and financial responsibilities. It is necessary for the PM/PI and project staff to be familiar with the fiscal reporting requirements and financial performance reporting requirements included, or referred to, in each award document.
- B. Budget Management
 - 1) Sponsored award budgets are very important to the sponsors as they are used not only as a cap on award expenditures, but also as a tool for monitoring and evaluating the awardee progress and results. Thus, the primary budget responsibility lies with the PM/PI. They must monitor expenditure levels and ensure that funds are being spent in a timely, reasonable and prudent manner, as well as ensure that reports and reimbursements or requests for payment are submitted to the sponsor on a timely basis.
 - 2) The PM/PI has signature authority (within internal purchasing thresholds) over all purchases and expenditures and is responsible, in consultation with the Sponsored Awards Services Office and the sponsor, for determining the allowability of the cost.
 - 3) The Sponsored Awards Services Office also monitors expenditure amounts on a monthly basis to ensure the project is staying within the budgetary constraints for each project. Spreadsheets and reports produced out of the College's ERM are reconciled each month to ensure compliance.
 - 4) Periodic updates are scheduled between the PM/PI and the Sponsored Awards Services Office (and others as necessary) to ensure all budgetary goals and reporting requirements are being met within the stated performance period.

C. Determining Cost Allowability

- 1) The determination of cost allowability must be scrutinized by the PM/PI and project staff. Generally speaking, costs cannot be considered allowable unless they:
 - a. are necessary, reasonable and allocable to the award.
 - b. comply with the limitations of the award agreement as well as other applicable sponsor requirements, federal and state laws and regulations.
 - c. are allocated to the award on a basis consistent with policies that apply to all activities of the College.
 - d. are accounted for consistently and in accordance with Generally Accepted Accounting Principles (GAAP).
 - e. have not been allocated to, included as a cost, or used to meet cost sharing or matching requirements of any other award in either the current or prior period, except when allowed by sponsor, law or regulation.
 - f. are adequately documented.
 - g. are net of all applicable credits.
- 2) The following questions are helpful to ask prior to approving the expenditure:
 - a. Is the cost needed for the proper and efficient performance of the program?
 - b. Is the cost identified in the application, approved budget, or approved amendments?
 - c. Is there a benefit associated with the cost?
 - d. Does the cost align with the identified needs based on results and findings from a needs assessment?
 - e. Does the cost address program goals and objectives and is the cost based on program data?
- 3) If a cost is not specifically mentioned in the award documentation or regulations, it does not mean that it is unallowable. The College may seek prior written approval from the awarding agency in advance of the incurrence of the special or unusual cost.
- 4) The College has also designated the Senior Sponsored Contracts and Grants Specialist to manage the fiscal oversight and perform the accounting functions of all awards. This individual is familiar with cost accounting principles, applicable award management rules, principles, and regulations. As such, the Senior Sponsored Contracts and Grants Specialist further scrutinizes the allowability of costs as they are submitted for payment. If the expense is not allowable, the Senior Sponsored Contracts and Grants Specialist works with the PM/PI and others to find a suitable budget in which to charge the expense.

D. Budget Amendments

- 1) When necessary, the Senior Sponsored Contracts and Grants Specialist, with the assistance of the PM/PI, will submit amendment applications to the awarding agency for approval. Circumstances that may require a budget amendment include, but are not limited to, the extension of an award performance period and carryover of funds, transfer of funds from one category to another, or a change in the scope and objectives of the program.
- 2) For federal awards, the Senior Sponsored Contracts and Grants Specialist submits an amendment request to the federal agency for approval if cumulative transfers among expenditure categories exceed allowable thresholds. The College is responsible for monitoring the cumulative level of fiscal change against applicable thresholds.

E. Payment and Cash Management for Non-Federal Awards

- 1) The College will follow the method required by the sponsor.

F. Payment and Cash Management of Federal Awards

- 1) There are three forms of payment to federal award recipients under the UGG: reimbursed, advanced, or fixed amount awards. The College follows the methodology as prescribed by each federal awarding agency. Generally speaking, however, most federal awards granted to the College utilize the reimbursement method.
- 2) Reimbursement Method
 - a. The Senior Sponsored Contracts and Grants Specialist will make reimbursement requests for individual awards using specific agency payment processes.
 - b. Only one reimbursement request per month (or quarter, depending upon the specific agency processes) may be submitted for an individual award.
 - c. The reimbursement will be only for expenditures that have already occurred.
 - d. The submission of a reimbursement request by the College constitutes a certification that it has previously made the appropriate expenditures or will make the expenditures within three (3) business days of receipt of funds.
 - e. The submission of a reimbursement request by the College constitutes a certification that the expenditures are allowable and appropriate to the cost objective(s) of the project.
 - f. The following statement must be denoted on annual and final fiscal reports or vouchers requesting payment and certified by an official authorized to legally bind the College, "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information or the omission of any material fact, may subject me to criminal civil or administrative penalties for fraud, false statements, false claims, or otherwise."
 - g. Excess funds are to be returned to the federal agency unless otherwise stipulated in the award documents.
- 3) Advanced Payment Method
 - a. This payment methodology is not used unless stipulated by the awarding agency. The College may be paid in advance by the federal awarding agency for expenditures only as long as the following conditions are met:
 - i. written procedures to minimize time elapsing between the transfer of funds and disbursement.
 - ii. financial management systems that meet the OMB's standards for fund control and accountability.
 - iii. electronic funds capability.
 - b. When eligible, the College limits the request to the minimum amount needed and the request is timed to meet only the actual, immediate cash requirement. The drawdown time to disbursement should be less than 24 hours.
 - c. The Senior Sponsored Contracts and Grants Specialist will complete a drawdown using the federal payment system applicable to the federal program providing the reimbursement.
 - d. The request shall be made in accordance with the appropriate federal agency cut-off time.
 - e. Advanced payments must be deposited and maintained in an interest-bearing account. Interest earned amounts up to \$500 per year may be retained by the College for administrative expenses. Any additional interest earned on federal advance payments must be remitted annually to the Department of Health and Human Services.
- 4) Fixed Amount Award
 - a. The awarding agency or pass-through entity provides a specific level of support without regard to actual costs incurred under the federal award. Accountability is based primarily on performance and results.

- b. Fixed amount awards are sent to the College at the beginning of the performance period of the award.