

*Collin County Community College District*  
Business Administrative Services Procedures Manual  
Section 11 – Grant Monitoring and Reporting

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**Revision Log:**

<b>Sub Section</b>	<b>Revision Date</b>	<b>Summary of Change</b>

## **11.1 Introduction**

Grant Accounting performs all post-award accounting and financial administrative functions related to grants and contracts. The staff is responsible for all financial matters associated with project administration including budgetary assistance and ensuring compliance with direct and indirect costing directives of the sponsoring agency. Grant Accounting maintains the following files: interim and final financial statements filed with the agency, copies of the original budget and any budget revisions, prior approval notices from the agency where applicable and any other correspondence relative to the fiscal management of the grant.

The Grants Management Handbook (Exhibit 11.1) provides more detailed information about grant accounting procedures.

The District complies with all applicable federal, state, and local laws, regulations and policies. The District also complies with the specifics of the award agreement and the guidelines associated with the award.

## **11.2 Responsibility of the Principal Investigator**

The Principal Investigator has primary responsibility for achieving program objectives, while also complying with the financial and administrative policies and regulations associated with the award. Functions provided by Grant Accounting do not relieve the Principal Investigator of his/her responsibilities concerning the financial aspects of a grant or contract.

The Principal Investigator must maintain detailed program and financial records for the project. These records are to be utilized when reviewing the District's monthly financial reports, and when performing any other required administrative duty.

The Principal Investigator is responsible for monitoring amounts passed through to sub-recipients. This active monitoring is accomplished through review of reports and correspondence from the recipient, obtaining copies of their audit reports, site visits and other available information.

The Principal Investigator is responsible for the timely submission of all required documentation during the grant period, for example, Cost Sharing and Matching Funds.

The Principal Investigator is required to handle any problems associated with the grant within thirty to forty-five days of termination. The Grant and Contract Accounting Department assists in any way possible, but the main responsibility for internal problem solving resides with the Principal Investigator.

## **11.3 Expenditure Guidelines**

Most federal and non-federal agencies or organizations issue their own policy guidelines and directives defining acceptable costs for purposes of their program. Despite a great deal of commonality as to content, there are sufficient variations in policies to make it impractical to issue and maintain one hard and fast policy.

Individual agency or organizational directives must be consulted for authoritative guidance. Federal Administrative Requirements for Institutions of Higher Education may be found at OMB A-110 (2 CFR, Part 215). Federal Cost Principles for Institutions of Higher Education may be found at OMB A-21 (2 CFR, Part 220).

Below are several cost principals with clarification or additional guidance:

- Alcoholic Beverages – Costs of alcoholic beverages are unallowable.
- Books and Periodicals – Customarily, such items are allowable as a direct cost when required for the conduct of a project. A brief justification on the requisition will likely preclude questions of relevancy and necessity.
- Consultant Services – Proposed consultant charges are subject to particular scrutiny by a sponsor. The federal government permits such charges if budgeted in advance or if it can be documented the services are essential and will be obtained from the most qualified person at reasonable and normal rates. All consulting services are to be obtained in concurrence with established District policy. Some of the established and more significant policy elements are as follows:

Full-time employees are not authorized to be paid consultant fees by the District.

This also applies to corporations and partnerships in which an employee serves as either a Principal or employee.

Payments to former District employees for consultant services will be closely scrutinized and may require additional documentation to verify status as an independent contractor.

- Consultant Travel - Both professional fees and travel expenses should be combined in one payment to consultants. However, all professional and consultant arrangements on contracts and grants must separately detail the amounts paid for fees and for travel and subsistence. This is necessary to demonstrate sponsor agency limitations on daily consulting rates have not been exceeded. Combining everything into one is the preferred method of handling such payments, providing the sponsor agency permits the processing of such payments in this manner and providing the travel allowance and associated allowances can be reasonably estimated. It should be noted airfare authorized is based on coach or economy class.
- Encumbrances Near Termination Date – Orders for supplies and equipment should be placed no later than sixty to ninety days prior to the account expiration date to ensure delivery and utilization. There are exceptions to this timing limitation depending on the agency. Items not received and/or utilized during the award period are routinely disallowed on an audit. If

additional time is needed to complete the project, the Principal Investigator should submit an official request for a no-cost date extension to the sponsor. Otherwise, the District will automatically cancel outstanding encumbrances.

- Entertainment – Costs of amusements, social activities, and entertainment and incidental costs are not allowed.
- Equipment – Grant Accounting is responsible for maintaining accountability for equipment acquired under grants and contracts in accordance with sponsoring agency directives and District policy. Capital equipment is defined as non-expendable property costing \$5000 or more (including installation charges and freight) and has a useful life of more than a year. Sponsor definitions of non-expendable equipment may vary as to the acquisition cost threshold. Most federal sponsors will utilize the definition contained in OMB Circular A-21, i.e., an acquisition cost of \$5000 or more per unit with a useful life greater than one year. Purchases of specialized equipment are normally allowable with advance approval from the sponsoring agency. When practical, equipment already in possession of the District will be utilized. Project funds are normally used to pay for only authorized equipment acquired sufficiently in advance of the ending date of the project period to be effectively used on the project. The Principal Investigator verifies equipment received is as ordered and in good condition. Any discrepancies or damage should be immediately reported to the Purchasing Department. Responsibility for maintaining physical control of all equipment acquired under an award and safeguarding it against loss, damage, or unauthorized use, rests with the Principal Investigator. Property standards for federal equipment and supplies must be followed as outlined in OMB Guidelines 2CFR 215.30-37 (Exhibit 11.2). District procedures for equipment are located in section 8 of the Business Administrative Services Procedures Manual.
- Fringe Benefits – Salaries and wages are subject to employer-paid fringe benefits such as retirement, medical insurance, dental insurance and unemployment compensation. The fringe benefit amount charged is on an actual basis and may not remain the same in future years. Fringe benefits are not a part of salaries and wages and therefore, budgeted separately.
- Participant Support Costs– Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances and registration fees paid to or on behalf of participants or trainees (but not for employees of the District) in connection with meetings, conferences or training projects.
- Pre-Award Costs – Incurrence of project costs prior to the effective date of an award must be avoided. Such charges will be permitted only in exceptional cases and must be approved in advance.

- Salaries and Wages – Salaries and wages are allowable as a direct cost to the extent they are reasonable and conform to the established District salary and wage policy. All personnel involved in a project's effort must be paid in accordance with District guidelines. The salary and wage categories and job classification on projects must be congruent with those established for all other employees of the District. Salary and wage rates contained in a proposal, including projected increases, are budgetary figures. All personnel commitments are handled in conformity with established District salary and wage policies. Budgetary data does not supersede such policies.
- Subcontract and Sub-grant Effort – Some projects require the District to collaborate with other institutions or contractors. Such effort must be defined in the proposal and approved by the sponsor agency in advance.
- Supplies – Generally, grant and contract funds may be used to purchase supplies delivered on or after the beginning date of the project. Purchases made during the latter part of a project are subject to audit scrutiny and therefore must be sustainable from the viewpoints of relevance and usefulness to the project. Refer to the grant award documentation for any special treatment of supplies remaining at the close-out of a grant award.
- Travel – Travel expenses are allowable if authorized and in direct support of the project. District employee reimbursements are subject to District travel policies except in those few instances where more restrictive policies and limitations may be imposed by a specific award.

#### **11.4 Monitoring Budgets and Expenditures**

The District's Banner Finance System allows for budgeting to specific expenditure accounts based on the restrictions of the sponsor. Grant Accounting monitors the budget availability and the allowability of actual expenditures incurred for each grant fund. However, primary responsibility for following District and sponsor policies when incurring costs on a project resides with the Principal Investigator. If budget modification becomes necessary, approval to rebudget should be obtained prior to incurring the expenditure. Individual sponsors vary considerably in the amount of budgetary flexibility allowed. Some modifications require written approval of the sponsor. Information concerning sponsor restrictions is normally available in the sponsor's guidelines.

Budget availability as well as the allowability of actual expenditures incurred for each grant fund is monitored monthly. All requisitions, check requests, invoices, professional leave and local travel forms, etc., are reviewed by Grant Accounting staff and the Associate Vice President/Controller for the following:

- Allowability of the expenditure
- Authorized signatures
- Budget availability

- Required documentation

Reimbursements of expenditures to recipients of Federal grants and contracts are governed by a set of cost principles currently identified as OMB Circular A-21 “Cost Principles for Educational Institutions” (2 CFR, Part 220). These cost principles serve three primary purposes:

- They distinguish allowable from unallowable costs
- They describe the methods for calculating an indirect cost rate and allocating indirect costs, and
- They establish accountability requirements for supporting charges to Federal grants and contracts

### **11.5 Budget Entries**

Based on the budget provided with the award notification, budget detail is entered into the Banner Finance system by fund, organization, account and program (FOAP). The board-approved budget will be entered as the current year’s Original Budget Amount. If the award involves a multi-year grant and it crosses fiscal years, the amount entered as Original Budget would be the current year’s award (BD01) and the prior year unspent dollars carried forward would be entered as Adjusted Budget (BD02). Typically, the budget detail is submitted to the Grant Accounting Staff by the Fund Manager. This detail is reviewed to ensure the FOAP accounts agree with the awarded budget detail. This is entered into Banner Finance by the Grant Accountant and approved electronically by the Controller.

Mid-year grant budget adjustments are approved in February by the Board of Trustees. These adjustments include new grants received since the original budget was approved by the board and financial adjustments between existing grant accounts.

### **11.6 Financial Reporting**

With few exceptions, agencies or organizations sponsoring projects require some form of financial reporting. Reporting requirements vary in frequency, format, due dates and detail. Grant Accounting Staff must comply with all financial reporting requirements once a grant or contract is accepted.

Some sponsors require interim reports, such as monthly or quarterly, for purposes of tracking the financial status of the project and for handling reimbursements due the District. Grant Accounting Staff normally prepares these interim reports without requiring input from the Principal Investigator or department unless matching is involved. The terms of the agreement will govern how frequently matching information must be gathered.

The District is required to submit a final report of expenditures generally 60 to 90 days after the termination date of an award. All authorized expenditures and

outstanding obligations must be determined and resolved prior to preparation of this report. Accurate, timely and complete input from the Principal Investigator and department is essential to complete this report. Below is more detail on the financial reports and reimbursement request/drawdowns for several agencies:

#### **11.6.1 Department of Education**

Funds are requested using G-5.gov. The Grant Accountants are authorized to request funds and issue refunds in G-5.

#### **11.6.2 Department of Labor / TAACCCT Grant**

Drawdowns for Department of Labor(DOL)/TAACCT grant are reimbursements only. Expenses are drawn down monthly following the close and reconciliation process. The amount of drawdowns for co-grantee colleges are equal to the amount of the check mailed to the co-grantee as payment for their monthly expenses reported on their Request for Reimbursement / Invoice. If an additional fund request is needed during the month, the same process is followed.

The Quarterly Accruals, Obligations and Leveraged Resource report is prepared at the end of each quarter by the District and each co-grantee college. The reports submitted by each co-grantee are signed by the preparer and authorized signer for co-grantee. Upon receipt of the quarterly reports, the DOL Accountant reviews and assimilates into the TAACCCT NISGTC overall Quarterly Accruals, Obligations and Leveraged Resource Report. After approval, The DOL Accountant accesses [www.eta-reports.doleta.gov](http://www.eta-reports.doleta.gov) for online reporting and completes the report. The Associate Vice President/Controller then accesses the website and reviews and certifies the report.

Administrative costs to be reported to DOL are determined by the following procedures for each category of expense.

- Personnel – Administrative personnel expense will be determined by time and effort reports.
- Fringe Benefits – Same as personnel.
- Travel – Administrative travel will be determined individually for each trip based on the reason for the travel and information acquired while in attendance. Expenses will be allocated based on the amount of time spent attending the event in an administrative capacity.
- Equipment – All equipment purchased with DOL grant will be program expense. There will be no administrative equipment purchased.
- Supplies – Administrative supplies will be determined based on the intended and actual use of the items. Expenses such as copier usage will be allocated according to a predetermined percentage deemed to be a fair representation by the DOL Accountant and Program Administrative Assistant. All copier usage, from both the Preston

Ridge Campus and Collin Higher Education Center, is charged to the same account and cannot be identified separately by copier or job.

- Contractual – The majority of contractual will be for program expenses. If there is any administrative cost within contractual, it will be determined by the type of work provided by the contractor and allocated based on the amount of time spent providing any administrative services.
- Construction – N/A for DOL grant.
- Other – Administrative expenses will be determined by the intended and actual use of the services/items involved. Postage is considered an administrative item of business and will be charged to administrative.

The DOL-TAACCT grant award requirements in Part IV- Special Conditions requires prior approval from the DOL/ETA Grant Officer for the purchase and/or lease of any equipment with a per unit acquisition cost of \$5,000 or more, and a useful life of more than one year. Please see the Special Conditions section of the award document for additional special requirements.

The District reserves the right to conduct monitoring and evaluations of the performance and fiscal records of the Consortium Partners or any subcontractor per Section V Audit (b) section of the Memo of Understanding (MOU).

Debt collection policy for any unallowed expenditures for co-grantees is addressed in Section V Audit (d) section of the MOU.

### **11.6.3 National Science Foundation Drawdowns**

Access to the National Science Foundation's website at <http://www.research.gov> is granted by Preston Ridge Campus Vice President/Provost. All submissions or requests regarding National Science Foundation awards are submitted through the website. Funds may be requested as often as needed. The District only requests funds on a reimbursement basis after the month end and reconciliation process. Funds are requested using the Award Cash Management Service (ACMS) found at <http://www.research.gov>. The monthly reconciliation and drawdown is reviewed and approved by the Grant Accounting Manager and Associate Vice President/Controller.

### **11.6.4 Skills Development Grants**

Skills Development Grants are reconciled monthly. Throughout the month, the department coordinator for the grant will provide sequentially numbered vouchers (specific to this particular grant) to the Grant Accounting Staff for processing. The vouchers are delivered to the Grant Accountant by email. The Grant Accountant should print a copy and date-stamped upon receipt.



After reviewing for accuracy, the voucher is initialed by the Grant Accountant and delivered to the Bursar's office for processing.

A monthly on-line expenditure report is completed and is due by the 20th of the following month. The report is accessed at <https://services.twc.state.tx.us/CASHDRAW/dispatcher>. Cash drawdown is completed after the monthly close and reconciliation is complete. The monthly reconciliation and drawdown is reviewed and approved by the Grant Accounting Manager and Associate Vice President/Controller.

#### **11.6.5 Small Business Development Center**

The Small Business Development Center funds are reconciled monthly. A quarterly report is created summarizing the data by federal, matching, state and program income. The report is due within fifteen days of the end of each quarter (01/15, 04/15, 07/15 and 10/15). A copy is submitted to the District Director of SBDC for review. If no adjustments are required, the report is signed by the Associate Vice President /Controller and mailed to the Bill J. Priest Institute along with the summary of program income.

#### **11.6.6 Texas Higher Education Coordinating Board Grants (THECB)**

THECB grants are reconciled monthly and reported online to the THECB (<http://www.thecb.state.tx.us/CTC/perkins>). Access to the THECB website is provided by the Principle Investigator. To submit all financial reports and amendments, a Financial Identification Number is required and has been provided to a designated financial individual at the college. Cumulative financial data is submitted monthly. Funds should be requested no more than once per month and no less than once per quarter. The data submitted is reviewed by the Grant Accounting Manager and the Associate Vice President/Controller.

#### **11.7 Indirect Cost (IDC)**

Items of costs such as salaries of administrative and clerical staff, office supplies, postage and local telephone (including monthly service charges) are normally treated as indirect costs. However, for special purposes and circumstances, costs normally indirect may be directly charged. The following are examples of when an indirect cost can be charged as a direct cost.

- Office Supplies – General office supplies, including paper, pencils, pens, tablets, file folders, binders or staples are allowable as a direct charge when they can be shown to be used only for a specific grant.
- Postage – Costs of mailing correspondence pertaining to a project is a direct cost when it can be shown to be used for a specific grant. An example of a project for which postage may be allowable as a direct cost is survey research requiring mailing a large quantity of questionnaires to accomplish the goals of the project. Shipping costs not classified as ordinary postage are acceptable direct costs (i.e., FedEx, Airborne, etc.).

- Printing - Costs should be charged directly to a project if, for example, there is a requirement to produce bound manuals or print project-related large reports.
- Telephone Charges – May be appropriate to charge basic telephone charges as direct costs if a dedicated line is necessary solely for the performance of a project and it will be removed at the conclusion of the project.

Each time a new rate is negotiated between the District and the Department of Health and Human Services (DHHS), a letter is received advising the District of the agreed-upon rate as well as the due date for the next proposal. The IDC rate is normally in place for 3 to 4 years before being renegotiated. The current IDC agreement's effective date is from 2012-2016 and is based on using the modified total direct costs method. The current agreement is found in Exhibit 11.3.

### **11.8 New Fund Set Up**

For most grants and contracts, the date to begin activity is after the receipt of the official notification of award from the sponsor. No charges are to be made against existing accounts except permanent charges. Furthermore, Pre-Award Costs cannot be incurred in advance of the effective date of the award unless the exception is specifically recognized, defined and authorized by the award agreement. The official notification is in the form of electronic notification or a mailed or faxed officially signed document. Upon receipt of a formal notice of award the Grant Accounting reviews the details of the award and assigns a Banner FOAP accounting code to the Award.

The Fund code is a six digit number in the 2XXXXXX series. Fund codes starting with 21XXXX designate a federal award, 26XXXX state award, and 29XXXX is private or other award. The last 4 digits are unique to the grant award. Grants are always assigned 700000 for the Organization code except for Federal Work Study which is an 110010 Organization code.

The Principal Investigator is notified via e-mail of the FOAP account code and other pertinent information. If not already provided, a budget breakdown in the District's FOAP accounting code format is requested from the Principal Investigator. The budget is entered into Banner by the Grant Accountant and approved electronically by the Associate Vice President/Controller. The Grant Accountant will send a copy of the Grant Management Handbook (Exhibit 11.1) to the Principal Investigator and review with them and their staff if needed.

### **11.9 Time and Effort Reporting**

Office of Management and Budget Circular A-21 (2 CFR, Part 220) requires effort certification for all payroll charges to Federal contracts and grants of professional or support staff. These time and effort reports account for 100% of each individual's effort even if he/she is part-time. These reports should reasonably reflect the activity for which employees are compensated and encompass all activities. The Grant Accountant is responsible for collecting, reviewing and maintaining the official

file of Time and Effort Reports. The District has elected to use a system of after-the-fact activity confirmation reports for all employees paid partially or in full by one or more awards, grants or contracts. The percentages reflected on the reports are based upon the amounts charged to grant and contract Funds in the district payroll system, which may, or may not, reflect actual effort expended.

A Time and Effort Report form (Personnel Activity Report) is generated each month by the Grant Accounting Staff for each employee being paid with grant funds. The forms are distributed to the employee's supervisor to have the employee complete. The employee should indicate all of their activities during the pay period (i.e., project, general and administrative, etc.), thereby accounting for 100% of their time. If employee's actual percentage of time is different from the percentage on the Time and Effort Report form, the employee should change the percentage before signing the report. Certification of the effort requires the supervisor approving and signing the form have first-hand knowledge of all the employee's activities during the reporting period. The information reflects the actual activity as well as it can be measured, not the budgeted activity.

An after-the-fact Time and Effort Report form (Personnel Activity Report) is prepared for professorial and professional staff whose work is split between more than one grant and/or institutional work on a Fiscal Year quarterly basis (Sept-Nov, Dec-Feb, Mar-May, June-Aug). All other employees will certify on an after-the-fact monthly basis.

The reports confirm, on a best-judgment basis, the percentage distribution of effort for the period reported produce an equitable distribution of charges for employee's activities and serve to substantiate the distribution of costs on a consistent basis. If actual time and effort differs significantly from the paid distribution (5 percent or more of total effort), an adjustment must be made. Temporary changes, however, do not need to be completed if they result in less than a 5 percent change in total effort measured over the entire academic semester. The completed reports with signatures are returned to the Grant Accounting Department within ten days of the date listed on the report.

#### **11.10 Accrued Liabilities**

The District makes every attempt to account for and record all obligations incurred for federal, state and local grants. Any obligations presented after the final report of expenditures has been filed must be paid from a source other than grant or contract funds unless approved by the granting agency.

#### **11.11 Award Close Out**

Approximately 60 days prior to the termination date of a grant or contract the Grant Accountant performs a review of the award status with the Principal Investigator to determine if a request for a No Cost Extension should be, or has been, filed.

All grant agency requirements and OMB requirements (2 CFR 215.34-35) for equipment and supplies purchased with the agency fund are reviewed by Grant Accounting prior to close-out. Specific grant agency close out requirements are

reviewed along with the detailed close-out information provided in the Grant Management Handbook.

All expenditures must be finalized for the budget period and any reconciling items associated with the grant must be corrected so the final report of expenditures may be completed with minimum complication.

Confirm the date all final paperwork is due and prepare final summary reports as required by the grant or contract.

#### **11.12 Fiscal Year End Audit**

The Grants Accounting Manager is responsible for preparing the *Schedule of Expenditure of Federal Awards and Notes* and the *Schedule of Expenditures of State Awards and notes* for the District's Comprehensive Annual Financial Report (CAFR) and providing any data or reports requested from the external auditors.