Grants – Financial Policy
(Post Award)
v. 2.0
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PURPOSE

This policy outlines Northern Virginia Community College’s (NVCC, or the College) principles and procedures for administering grant projects / programs during the post-award process.

Failure to follow the practices detailed in this policy could lead to the termination or misuse of funding, resulting in fines / penalties, damage to the College’s reputation, legal sanctions, and/or suspension / debarment from federal procurements.

APPLICABILITY

This policy applies to grants processing related to the following sources of funds:

- Federal Grants
- State Grants
- Local Grants
- Private Grants
- Association Funding

KEY ROLES AND RESPONSIBILITIES

Vice President, Finance

The Vice President, Finance is responsible for the financial oversight of awarded grants. In this capacity, the Vice President, Finance must verify that appropriate personnel are in place to process, monitor, and report grant-related transactions throughout the life of the project / program. If required by the terms of the grant, the Vice President, Finance must approve financial reports on a periodic basis, verifying that information in the report is accurate and that the Grantor Agency’s funds have been used for the intended purpose of the grant.

Director of Grants and Special Projects

The Director of Grants and Special Projects (Director of Grants) is responsible for oversight of the grant throughout the life of the project / program. These duties may include approving reports, expenditures, and other financial transactions related to the grant, as well as coordinating with the Grantor Agency to verify compliance with the terms of the contract. In addition, the Director of Grants is responsible for collaborating with the principals engaged with grants design, procurement, and execution at the College.

Principal Investigator / Project Director

The Principal Investigator / Project Director (PI/PD) is responsible for executing, managing, and monitoring the financial and narrative / programmatic activity related to a project / program, and approving financial reports required by the Grantor Agency and other applicable regulations. The PI/PD is also responsible for tracking restricted funds, cost transfers, cost sharing, and grant sub-awards, and seeking assistance from the Office of Grants and Special Projects and Budget Office to determine compliance with
applicable terms and regulations.

**Budget Director**

The Budget Director is responsible for the accounting, monitoring, and financial reporting of the College’s funds throughout the life of a grant. The Budget Director must verify that practices are in place to ensure authorized use of grant funds, accurate and timely receipt of funding to support ongoing projects / programs, and compliant financial reporting in accordance with the terms of the grant.

**Senior Budget Analyst / Grants Accountant**

The Senior Budget Analyst and Grants Accountant are responsible for the daily accounting and financial record keeping of all transactions related to grants. Duties may include setup of the grant / budget in NVCC’s accounting system, expenditure monitoring, reimbursement requests, federal drawdowns, cost transfer processing, forecasting, and financial reporting. The Grants Accountant is generally responsible for the preparation involved in performing such duties while the Senior Budget Analyst provides oversight and review, as necessary.

**POLICY OVERVIEW**

**Post-Award Financial Transactions**

**Grant Setup:**

In order to set up the grant, the award notification must be forwarded to the Budget Office for processing. To establish the grant, appropriate personnel in the Budget Office request a department code for the new grant from VCCS that is used to create a budget and record expenditures in the Administrative Information System (AIS), NVCC’s accounting software. The budget must be established based on the terms specified in the grant award documentation, and identification of the award in AIS should reflect commonly accepted nomenclature understood by the principals involved with the grant.

**Pre-Award Costs:**

If the Grantor Agency allows NVCC to incur costs prior to the start date of the award, NVCC personnel must coordinate with the Grantor Agency to identify acceptable pre-award costs. Failure to do so may lead to a lack of reimbursement for the pre-award expenditures.

**Non-Payroll Expenditures:**

Grant expenditures follow applicable procedures and guidelines outlined in the Accounts Payable and Cash Disbursements Policy and Procedures. Additional oversight is provided by Budget Office and Project personnel with information unique to the grant to verify that grant expenditures are properly recorded.

All grant expenditures must be reviewed to ensure they are in compliance with applicable federal, state, local, and Grantor Agency guidelines. Approved expenditures must be incurred on behalf of the project / program and chargeable to the grant under the terms and conditions specified in the contract.

PI/PDs are responsible for monitoring expenditures to verify that spending remains in line with approved project / program budgets. Other potential
issues related to grant expenditures are mitigated through additional review and follow-up by appropriate personnel, as described below.

Sub-Contracts / Sub-Grants / Sub-Awards / Sub-Recipients:
PI/PDs, along with personnel in the Office of Grants and Special Projects, are responsible for the management of any sub-contract, sub-grant, sub-award, or sub-recipient* related to a grant. Whether the College is the beneficiary or benefactor of such an award, the PI/PD must verify compliance with the terms and conditions stated in the original agreement as well as applicable laws and regulations. The PI/PD must monitor all activity, which may be performed by NVCC personnel or reported to the College by the associated entity depending on the nature of the agreement, on a periodic basis. Any issues must be investigated and resolved in a timely manner to ensure continued compliance, as determined by the award documents.

*NVCC may enter other distinct relationships with an external organization, but those listed are defined as the following:

- Sub-contractor: An entity that is legally contracted by the recipient of an award for the purpose of providing goods and/or services
- Sub-grantee: An entity that receives a transfer of money or property from a primary grantee to accomplish a public purpose of support or stimulation through the grant, as authorized under statute
- Sub-awardee: A secondary entity receiving financial assistance through the primary entity (i.e. grant recipient / fiscal agent) under the terms of a grant.
- Sub-recipient: An entity that receives a sub-award from a primary recipient; by assuming responsibility for programmatic decision making and adherence to applicable compliance requirements, the sub-recipient is held accountable for the use of all funds provided by the sub-award

Cost Transfers:
Cost transfers are required when expenditures must be recorded to a fund, department, campus, and/or account other than the account coding that was originally charged. Cost transfers may also be used to properly record funding when multiple sources support the same project / program. Cost transfers must be initiated and approved by the PI/PD to verify that the cost is charged to appropriate account coding per terms of the grant and NVCC policy. The journal entry to prepare the cost transfer must be created and reviewed / posted by segregated personnel to verify accuracy of the transaction.

Cost Sharing:
Cost sharing represents the portion of project / program costs, goods, or services that the College, or another pre-determined entity, will contribute toward the total value of the grant. Such costs, goods, or services may be provided in the form of matching funds, leveraged resources, or in-kind contributions. All cost sharing must be (i) specified in the terms of the contract, (ii) verifiable from the College’s records, (iii) necessary for the successful completion of the project / program, (iv) incurred during the effective dates of the project / program, and (v) permissible under all NVCC and governmental regulations. The PI/PD is responsible for verifying that the total commitment to the Grantor Agency is fulfilled and accurately reported.
The Budget Office, in conjunction with the Office of Grants and Special Projects, may assist in ascribing value to any form of cost sharing. The basis for determining the valuation of in-kind contributions must be documented, and services performed by non-grantee personnel must be supported, to the extent possible, by the same methods used by the College for its own employees.

**Indirect Cost Recovery Rate:**

Every three years, or prior to expiration of NVCC’s current indirect cost recovery rate, the Budget Director negotiates a new rate with NVCC’s Cognizant Agency, the Department of Health and Human Services (DHHS). When the final indirect cost recovery rate is approved, DHHS personnel notify the Budget Director, who in turn provides the information to personnel in the Budget Office and Office of Grants and Special Projects. If permissible by a potential Grantor Agency, the rate is used by personnel in the Office of Grants and Special Projects in proposals submitted throughout the year, so long as there are adequate funds available in the budget proposal. This rate serves as a maximum, however the actual rate used is determined on a per proposal basis by the Office of Grants and Special Projects, Director of Grants, and PI/PD. The Grantor Agency may also approve a rate lower than the rate submitted in the proposal. Budget Office personnel must use the approved rate from the grant contract to calculate the indirect costs for each grant on a monthly and/or quarterly basis.

**Reimbursements / Drawdowns:**

NVCC receives funding for projects / programs using various methods. When the reimbursable funding method is used, reimbursement requests are prepared by appropriate personnel in the Budget Office based on expenditures related to the grant. These expenditures must be reviewed by appropriate Project personnel to verify that they may be charged to the grant. The request is sent to the Grantor Agency, which provides the funds or coordinates with applicable NVCC personnel to determine the appropriate reimbursement amount. Funds may be provided by check or electronic funds transfer (EFT), and are provided to the Accounts Receivable group in the Office of the Controller for processing.

Other grants rely on federal funds drawn down from an online payment management system to finance a project / program. To determine a total drawdown amount that will provide NVCC enough cash on hand to manage such grants, personnel in the Budget Office review a list of expenditures charged to the grant, as well as prior cash balances and a forecast of disbursements expected within the following three days, as promulgated in the Commonwealth Accounting Policies and Procedures (CAPP) manual topic 20605 – Federal Grants Management. Drawdowns must be made in accordance with the Cash Management Improvement Act (CMIA) of 1990 as prescribed in the annual CMIA Treasury-State Agreement (TSA) and the federal CMIA regulations (31 CFR Part 205). NVCC receives drawdown payments via EFT from applicable federal web portals, including the Payment Management System (PMS), Automated Standard Application for Payment system (ASAP), and the U.S. Department of Education’s G5 system, among others. Personnel in the Accounts Receivable group confirm receipt of the payment into one of NVCC’s state bank accounts so that the College may account for such funds in an accurate and timely manner. NVCC must coordinate with respective federal grantor agencies to verify that federal funds are received in the state bank account within one banking day after the
federal agency receives a request to draw down the funds, unless otherwise specified in the CMIA TSA.

**Changes to the Project / Program:**
Potential changes to a project / program including but not limited to the timing of deliverables, project / program length, budget adjustments, or personnel changes must be reviewed to confirm they are permissible under the terms of the grant. If a change requires approval, the PI/PD or personnel in the Office of Grants and Special Projects must contact the Grantor Agency in order to receive approval through the proper channels. Changes made without proper approval may lead to the disallowance of expenditures at a later time.

If the Grantor Agency modifies an agreement to reflect changes to the project / program end date, funding, or terms and conditions, applicable modifications must be processed by the Budget Office and Office of Grants and Special Projects, and records must be updated accordingly.

**Reporting**
Throughout the life of the project / program, the Grantor Agency requires timely submission of fiscal and technical reports. The specific requirements for a grant can be found in the grant award documentation.

**Technical / Narrative / Programmatic Reporting:**
The PI/PD is responsible for the preparation, certification, and submittal of all technical, narrative, and/or programmatic reports. Prior to final submission to the Grantor Agency, these reports must be reviewed and approved by the Director of Grants.

**Financial Reporting:**
The primary responsibility for the financial management of the grant lies with the PI/PD. Financial reports are prepared for both internal and external use through the combined efforts of the Budget Office and PI/PD. Additional assistance may be provided by the Director of Grants, the division dean, Vice President, Finance, Provost, or others as needed. The submission of financial reports to the Grantor Agency is the responsibility of the Budget Office and may not be submitted without proper approval from the PI/PD, and other personnel required by the terms of the grant.

**Time and Effort Reporting:**
Effort certification provides the Grantor Agency assurance that the salary charged is commensurate with the effort being given. The Budget Office monitors certification status and provides applicable information to ensure compliance with reporting standards. The PI/PD is responsible for reviewing and certifying reports for all work contributed to a project / program. In doing so, the PI/PD must monitor the status of the project / program and determine whether it is on schedule to meet its completion time. If an extension is required and permitted by the Grantor Agency, the PI/PD must coordinate with Project personnel to determine the recommended completion date and submit necessary documentation to request the extension. Failure to meet expected completion dates and submit certification requirements could lead to program non-compliance.

**Fiscal Close Out**
Close out procedures required by the Grantor Agency are specified in the original contract award documentation. The PI/PD generally begins the close
out process 60-90 days before the end of the project / program. Close out procedures include final submission of all technical, financial, and programmatic reports to the Grantor Agency within the specified time frame. During close out, NVCC personnel must resolve any issues related to outstanding payments or uncollected funds. It is incumbent on the PI/PD to coordinate with the Director of Grants and Senior Budget Analyst / Grants Accountant in sufficient time prior to the submission of the final report to ensure that all requirements under the terms of the grant have been fulfilled and that any outstanding issues (programmatic or fiscal) are addressed. The reputation of the College and its capacity to continue receipt of these awards are contingent on the proper closing out of grants.

NVCC is not required to transfer the title of equipment that has been purchased during the course of the project / program so long as the College remains in compliance with § 215.34 Equipment of OMB Circular A–110, which states:

“The recipient shall use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds and shall not encumber the property without approval of the Federal awarding agency. When no longer needed for the original project or program, the recipient shall use the equipment in connection with its other federally-sponsored activities.”

If NVCC uses the equipment for purposes other than stated above, or must sell the equipment, proper procedures must be followed in accordance with § 215.34 Equipment to verify that the title of the equipment is transferred accordingly and the appropriate entity receives adequate compensation.

**NVCC Obligations**

**Conflicts of Interest:**

Conflicts of interest exist when outside commitments made by faculty or staff members threaten to interfere with their ability to fulfill the responsibilities of their position at the College. All parties involved with a project / program must take the necessary steps to ensure that no conflicts of interest exist. If a conflict of interest is identified, appropriate personnel must be notified immediately and corrective action taken as necessary to resolve the problem.

**Copyrights / Patents:**

The College established ASPM 29 – Copyright and Intellectual Property to detail potential issues with copyrights and patents. Additional guidance is found in VCCS Policy Manual Section 12 – Intellectual Property. All personnel involved with a project / program must review these policies in any matters related to copyrights or patents. In addition, certain grants may include policies regarding ownership of products detailed within the terms and conditions.

**Misconduct:**

NVCC is committed to providing an environment where all grants are executed in a proper manner. In the event of misconduct, NVCC personnel must take the steps necessary to investigate and remediate any such problems.

**Record Retention**

Financial and accounting records related to all grants are maintained by the Budget Office. Accurate records must be maintained so that any necessary federal or state audits can be performed in an accurate and timely manner.
Failure to maintain the proper documentation could lead to audit findings and the return of project / program funds. In addition, technical records must be retained by the PI/PD and faculty, and in compliance with the requirements of the Grantor Agency, College policy, and applicable governmental regulations.

DEFINITIONS

- **Cost leveraging** – Financing, or, in-kind goods or services, which may be drawn from federal or other sources to serve the objectives of the program specified under the award.

- **Cost matching** – Financial contributions from the grant recipient, or other entities, towards the objectives specified under the award.

- **Cost sharing** – The process in which project / program costs, goods, or services are shared among entities. Cost sharing can take the form of matching funds, leveraged resources, or in-kind contributions.

- **Cost transfer** – A transfer of expenses (non-payroll expenditures or salary / benefit disbursements) to alternative account coding for a previously recorded charge.

- **Direct Costs** – Expenses directly associated with the management and execution of a project / program under a grant. Direct costs may include salaries and wages, fringe benefits, materials and supplies, and capital equipment, among others.

- **Federal Grant** – An award of financial assistance, including cooperative agreements, in the form of money, or property in lieu of money, by the federal government to an eligible grantee.

- **Indirect Costs** – Costs that cannot be identified specifically with a particular program, project, or activity. They are costs that are incurred for several purposes which are necessary to the operation of the institution or agency. If not otherwise provided under the terms of the grant, indirect costs may include library resources, building maintenance, and general administration, consisting of financial management, accounting, and auditing costs.

- **In-kind** – Costs paid in the form of non-monetary contributions such as material, equipment, buildings, land, and services provided by the fiscal agent in the form of volunteers or other non-grantee personnel.

- **Local Grant** – An award by a local authority (generally city or county) in which NVCC operates.

- **Pass-through Grant** – An award received by a State agency or institution for subsequent transfer of funding to other state agencies or institutions to carry out the program’s purpose.

- **Private / Foundation Grant** – An award from a private foundation, association, corporation or corporate foundation, private trust, or
individual.

- **State Grant** – An award made by a state agency.

- **Sub-awardee** – A secondary entity receiving financial assistance through the primary entity (i.e. grant recipient / fiscal agent) under the terms of a grant.

- **Sub-contractor**: An entity that is legally contracted by the recipient of an award for the purpose of providing goods and/or services.

- **Sub-grantee**: An entity that receives a transfer of money or property from a primary grantee to accomplish a public purpose of support or stimulation through the grant, as authorized under statute.

- **Sub-recipient**: An entity that receives a sub-award from a primary recipient; by assuming responsibility for programmatic decision making and adherence to applicable compliance requirements, the sub-recipient is held accountable for the use of all funds provided by the sub-award.

**POLICY REVIEW**

This policy must be reviewed annually, commencing on the first anniversary of the policy's effective date.

**OTHER/REFERENCES**

Commonwealth Accounting Policies and Procedures Manual, sections:

- 20605 - Federal Grants Management - Federal Grants Management

VCCS Policy Manual

- Virginia Community College System Policy Manual Section 4 – Administration and Finance

- Virginia Community College System Policy Manual Section 11 – Sponsored Programs

- Virginia Community College System Policy Manual Section 12 – Intellectual Property

Circulars: Educational and Non-Profit Institutions Documents

- OMB Circular A-21 – Cost Principles for Educational Institutions (relocated to 2 CFR Part 220)

- OMB Circular A-110 - Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education,
Hospitals, and Other Non-Profit Organizations (relocated to 2 CFR, Part 215)

- **OMB Circular A-133 - Audits of States, Local Governments, and Non-Profit Organizations**

Virginia State Code:

- **Chapter 31 – State and Local Governments Conflict of Interests Act**

Miscellaneous:

- **Federal Acquisition Regulation (FAR): Subpart 30.201-4(E), Subpart 31.104, Subpart 52.230-5**

Relevant NVCC Forms:

- **105-085: Faculty Reassigned Time**
- **105–093: Collection Voucher**
- **105-094: Classified/Hourly Employee Employment Request**
- **105-111: Check Request Form (available via request only)**
- **105-126: Budget Transfers and Adjustments**
- **105-133: Request for Payment for Guest Speakers or Visiting Faculty/Individual Services**

Federal Government Forms:

- **Standard Form 270 – Request for Advance Reimbursement**
- **Standard Form 424 – Application for Federal Assistance**
- **Standard Form 424a – Budget Information**
- **Standard Form 425 – Federal Financial Report**

Relevant Policies and Procedures:

- Grants – Financial Procedures (Post-Award)
- Accounts Payable and Cash Disbursements Policy and Procedures
- Accounts Receivable and Cash Receipts Policy and Procedures
- **AiS Web Training Documents** *(Note: Access to the training material is restricted; see the Controller, Associate Controller, or Accounting Manager for username and password)*
Relevant Administrative Services Procedures Manual (ASPM) Sections:

- **Section 8: Gifts, Grants, and Contracts**
- **Section 10: Purchasing**
- **Section 29: Copyright and Intellectual Property**