

Federal Grants Financial Procedures

Budgets

Budget Review for Proposal Submissions

The Director of Budgeting and Grants Administration (Director) should be consulted during the budget development process for all grant proposals. The Director must review all budgets and budget narratives prior to submission to the Director of Sponsored Research (DSR).

The budget review process includes verification that costs, including salaries, fringe benefits, and indirect costs, are realistically estimated and follow Claremont McKenna College (College) and granting agency policies. It also includes review of cost-share and matching expenses included in the proposal that, if awarded, must be shown to be allowable and reasonable for accomplishment of the project, and be separately tracked and verified.

Budget Transfers

The Principal Investigator (PI) should contact the Director if the grant budget requires adjusting. The PI will submit a budget revision for review and approval, optimally prior to the expense of grant funds. The [Budget Transfer Request](#) form will be completed and sent to the Director for input into the general ledger. The PI shall request prior approval from the awarding agency if there is a change in scope or the objective of the project, a change in a key person specified in the application or award document, or the absence of more than three months or a 25 percent reduction in time devoted to the project by the PI.

Cost Principles

All charges to federal grants must be reasonable, allowable, and allocable to the project per Office of Management and Budget Circular A-21, Cost Principles for Educational Institutions (Circular A-21); in accordance with program proposals and objectives; clearly required for the project; consistent with the budget and justification established for the project; incurred within the project time period; and in accordance with federal, sponsor, state and College regulations and policies. Any deviations from the above require justification and/or additional sponsor approval.

Cost Transfers

A cost transfer is the reassignment of an expense to a federal grant. Typically, a transfer should only occur when an error has occurred or the grant has been over expended. Circular A-21, as well as many federal agencies, has conditions and limitations on cost transfers. In most cases, a cost transfer to federal grant is allowable if the expense is allowable in accordance with the terms and conditions of the award document, supported by documentation justifying the transfer, certified by the PI as to the correctness of the charge, and made in a timely manner.

Cost Transfer Process

A [Journal Voucher](#) form is used to transfer an expense from one account to another. Requests for a transfer must be supported by documentation justifying the transfer. This justification should include an explanation of the transfer and how the expense is related to the sponsored project, an explanation of why the original expense was charged where it was charged, and, if over 90 days after the original transaction, why the error was not detected earlier.

Fiscal Management

Account and Budget Creation

Once a proposal is awarded, the award letter or subcontract will be forwarded to the Director. The Director will review the grant and set up general ledger accounts. A spreadsheet which includes the new grant numbers and budgets will be emailed to PI.

The Director will meet with the PI to review fiscal procedures and any special requirements of the grant. The PI will complete the Signature Authorization Form for the grant.

The Director will forward a copy of the award, proposal, budget and signature authorization form to the Staff Accountant at the Office of Financial Services (OFS).

Budget and Expense Monitoring

Grant expenses may be made after the grant account has been established. All expenses must be approved in writing by the PI and subsequently by the Director to ensure expenses are budgeted within the grant. Expenses will be reviewed for unallowable costs in accordance with Circular A-21 as well as compliance with the College's [Reimbursement of Travel, Entertainment, and Other Business Expenses policy](#). Any expense determined by the Director to be unallowable will be returned to the PI for further justification. Justification will be reviewed by the Assistant Vice-President for Finance and Assistant Treasurer for final determination.

Solicitation of goods and services will provide for all items listed in Office of Management and Budget Circular A-110 Uniform Administrative Requirements for Grants & Agreements Subpart C.44.(a).(3) (Circular A-110).

Each PI is assigned login access to [CUConnect](#) upon grant account setup. A quarterly accounting report generated from Datatel will be sent by the Director to the PI. It is the responsibility of the PI to review the report for accuracy and request a cost transfer if an error is detected.

Invoice Processing

A [Request for Check](#) is to be used for payment to vendors and for reimbursement.

A [Travel Report](#) is to be used for travel expenses incurred on a grant by an employee.

Equipment Purchases

CMC does not capitalize equipment with a value less than \$25,000. However, any single item purchased with federal grant funds over \$5,000 having a useful life of more than one year is considered to be equipment under Circular A-21 Subpart J.18.a(2). A log of all equipment purchased with federal grant funds will be kept by the Director who will conduct a physical inventory in June of each fiscal year.

An [Information Technology Services Purchase Requisition](#) form is to be used to request the purchase of computer hardware and software.

Computing equipment, of any value, should be purchased through Information Technology Services (ITS) so it can a) be tagged on arrival and b) installed in accordance with College ITS policy.

Payment

The College utilizes the reimbursement payment method for the transfer of funds from the United States Treasury.

Financial Reports to Sponsoring Agencies

Financial reports are prepared per awarding agency specifications and due dates identified in the award document. Some agencies require monthly expense reports while others require quarterly financial status reports. The College's Staff Accountant at OFS is responsible for completing financial reports.

Time and Effort Reporting

Circular A-21 requires the documentation of personal services charged to federal grants. The College utilizes after-the-fact reporting of the percentage of time each employee spent on grants.

This reporting requires the signature of the employee, PI, or responsible official(s) to confirm that the percentages allocated to each activity represent a reasonable estimate of the work performed.

The purpose of the report is to confirm that the charge made to the payroll system "reasonably reflects" each employee's activity. Significant deviations from payroll charges require an adjustment to the payroll. The report is prepared by the Director and sent to each PI for completion after each semester and summer term.

Time and Effort Reporting forms do not need to be completed for non-exempt employees and students who utilize biweekly time sheets.

Performance Reporting

The PI will send copies of all performance reports to the Director for inclusion in the grant file.

Subcontracts

Subcontracts are negotiated by the DSR. Subrecipient monitoring is required by federal regulation Circular A-110, Subpart C.51. The PI is required to monitor the activities of each agency to ensure the scope of work is being completed appropriately, and is also required to approve each invoice for payment.

Subrecipients receiving more than \$500,000 of federal funding each year are required to complete an OMB A-133 Compliance audit each year. Letters are prepared and sent by the Director to confirm that required audits have been performed and to determine if any audit findings pertain to College grants.

No-Cost Extensions

The existence of unexpended funds is not, by itself, justification for a request for a no-cost extension. A PI may request a no-cost extension if more time is required to complete a project and remaining funds are sufficient to support it. The PI should contact the DSR to request an extension.

Close-out

The College's Staff Accountant at OFS is responsible for financial close out of the grant.

The Staff Accountant will send an email notice to the PI three months prior to the end of the grant, reminding of the need to clear any advances and close out purchase orders.

Record Retention

Financial records will be retained for a minimum of three years after submission of the final expense report. Equipment records will be retained for three years after the final disposition.

Links:

[OMB Circular A-21](#)

[OMB Circular A-110](#)

[OMB Circular A-133](#)

[NSF Award and Administration Guide](#)

NEH Grant Management

NIH Post Award Process