



GRANT PROCEDURE MANUAL

Business Services

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Introduction

Each funding source, including grants and state allocations, have requirements that are unique to that particular program and funding agency, such as the U.S. Department of Education's EDGAR and the NSF Proposal and Award Policies and Procedures Guide. The Federal Government also has the Office of Management and Budget Uniform Grant Guidance (UGG), also referred to as the Moni-Circular, the Supercircular, or 2 CFR 200, which affects the management of all Federal grants. The UGG replaced the prior OMB Circulars (A-110, A-21, A-133 etc) on December 26, 2014.

Note to the Project Director

It is critical for the Project Director to become very familiar with the contents of the grant proposal, especially if you did not write the proposal, as well as all of the grant requirements referenced in the project's award documents. The grant document is a legal and binding agreement. Failure to comply with the grant requirements could result in disallowable expenses during a program audit or non-renewal of future awards, just to name a few.

In the case of multi-year grants, it is also important to review the continuing award documents carefully each year for new terms and conditions or requirements that may not have been included in the original award documents. It is also not uncommon for Program Officers to send additional information only to the Project Directors concerning new requirements or changes. The Project Director must review these very carefully and provide a copy to the Institutional Grants office and assigned Grant Accountant in Business Services.

Structural Components

There are four main structural components to facilitating a grant project as described below.

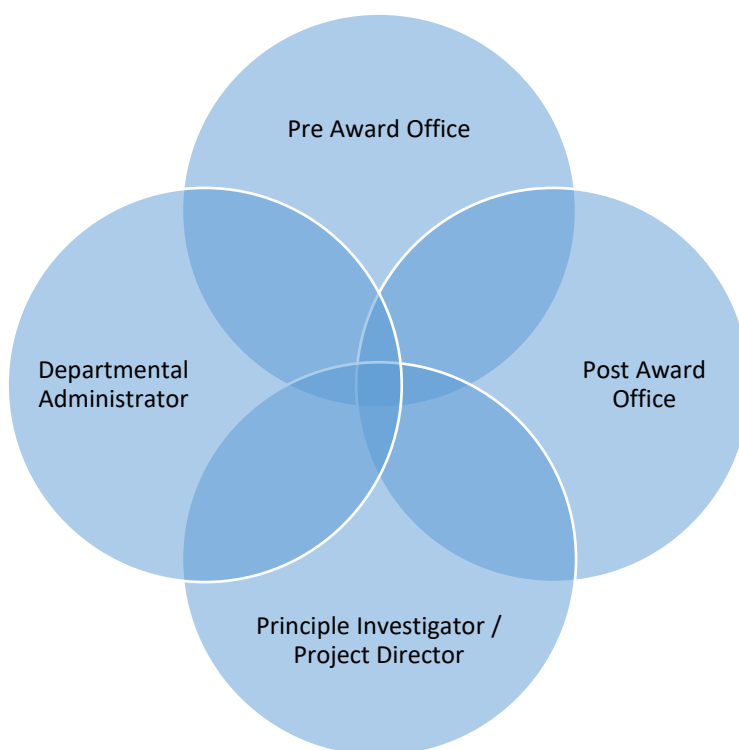


Figure 1 Shared Responsibility

Principle Investigator / Project Director

- Responsible for all aspects of scientific and technical aspect of the sponsored project
- A member of the college team responsible for ensuring compliance with the financial and administrative aspects of the award
- Determine allocability of expenditures (working collaboratively with technical and administrative teams)
- Responsible for sub-recipient monitoring
- Responsible for technical reports to sponsor

Departmental Administrator

- Determines allowability and reasonableness, compliance with Uniform Guidance (UG), award terms and conditions and college policies
- Documents expenditure, including factors determining allowability
- Reconciles sponsored awards to ensure expenses have been appropriately allocated, compares spending to budget and project encumbrances to manage award in collaboration with the PI

Pre-Award Office (Institutional Grants)

- Reviews proposal, including budget and supporting documentation to ensure that submission complies with institutional and sponsor regulations
- Ensures proper institutional approvals on proposal routing and submission
- Negotiates agreements in accordance with institutional policies and procedures and sponsor regulations
- Liaison between PI, department and sponsor

Post Award Office (Business Services / Grant Accountant)

- Provides training for and oversight of award activity, ensures adherence to the allowability criteria, award terms and conditions and institutional policies and procedures
- Performs pre and post transaction monitoring as dictated by institution's risk assessment
- Prepares and submits financial reports in conjunction with the Project Manager
- Prepares and requests invoices, cash draws, and payable activity
- Participates in project audits
- Ensures proper closeout of award

Financial Management

Budget

When an application for a grant is sent in to a grantor agency, there are a series of approvals to be acquired before the application is submitted. Business Services reviews the proposed budget and sends forward for subsequent approvals as needed. A copy of the grant application, including the budget, is retained in Business Services should the funding be awarded to the college.

In the case of allocations that are received from California Community College Chancellor's Office (CCCCO), the budget is set up for 95% of the previous funding period.

During the course of the year the CCCCCO will publish their Advanced Allocation, P1, P2 and Revised Final certified allocations which are periodically monitored in Business Services for revisions and updates. Forward any allocation revision notices to the Grant Accountant for updating the system and placing the notifications in the grant file.

Once your grant is officially accepted through approval of a Board Action Item and confirmation received through GAN, your assigned Grants Accountant in the District Business Office will set up your budget account in the financial system using the approved budget. A grant notification email, which will include the new program number as well as the start and end dates, the amount of the award, and other pertinent information will then be sent to the Project Director and others. The Grant Accountant who sends you this information will be handling the fiscal activity, reporting and audit aspects for your project. The Grant Accountant will also answer fiscal questions about your budget.

If the grant award notice is for a different amount than what was requested, contact the Institutional Grants office for the revised information. Should an amendment be received during the course of the grant period, the original is to be forwarded to Business Services to the accountant who handles that particular program. Once that is received, the program revenue and expenditure budgets will be increased or decreased in consultation with Institutional Grants to match the new award amount.

As modifications to the project budget are approved by the project monitor/awarding agency, as the Project Director, it is your responsibility to provide a copy to the Grant Accountant to ensure complete and accurate records are maintained in the business office.

The budget code is comprised of a unique identification number and description, which will reference the award name. All supporting documentation related to the award is kept by the Grant Accountant, such as the award letter, CFDA and Title (*program title under which the Federal award was funded in the CFDA*), award identification, awarding agency and pass through entity and corresponding number.

Matching Funds

Each grant has its own set of requirements for matching funds. Review the proposal to understand the requirements.

General Requirements:

- Ability to verify records
- Funds can only be committed one time to one grant
- Funding source generally comes from another entity, unless otherwise stated
- If positions are institutionalized over the course of the grant, the portion paid from institutional funds may be claimed as matching funds

Costs Associated with the Grant Project

Direct Costs

Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity; or that can be directly assigned to such activities relatively easily with a high degree of accuracy.



Figure 2 Direct Costs

Indirect Costs (Facilities & Administration / Overhead)

Those costs incurred for a common or joint purpose benefiting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved.



Figure 3 Indirect Costs

Costs that are not allowable

The following expenses are never allowed to be paid from grant funds:

- Use of federal grant funds for services that the institution is required by law to provide under other federal, state or local laws.
- To provide services the college previously paid for with state or local funds in the prior year – considered supplanting
- Alcohol
- Entertainment costs for amusement, diversion, and social activities
- Lobbying and public relations are generally not allowable
- The purchase of goods or services from relatives or friends – conflict of interest
- In addition, **knowingly** submitting or causing another to submit **false claims** for payment of government funds is a violation of the False Claims Act and can result in criminal or civil penalties.

All approved costs must be supported by source documentation; depending on the nature of expense, specific requirements are listed through-out the manual.

Procurement

Prior to spending funds, refer to the grant award notice, contract and/or RFP to confirm the scope of the project and allowable expenses.

Refer to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

SAM.GOV

In accordance with 2 CFR 200: §200.22, §200.318, and Appendix II (H), prior to making a purchase or entering into a contract with federal grant funds, a SAM.GOV verification must be made. At a minimum, the information in the Federal Awardee Performance and Integrity Information System for a prior Federal award recipient must demonstrate a satisfactory record of executing programs or activities under Federal grants, cooperative agreements or procurement awards; and integrity and business ethics.

The SAM.GOV report is included as supporting documentation for all expenditures.

Purchasing

Purchases will be assigned a pre-numbered Purchase Order issued through Business Services. The primary reasons behind the process are to obtain prior approval (i.e. SAM's verification, cost and allowability) and encumber the funds (i.e. ensure funds are available at the time of payment). Purchases made outside of a Purchase Order are not allowable. If you have questions, contact Business Services.

Grant funding can be used to supplement existing services when it is in accordance with the project plan. If it is unclear whether an expenditure is allowable, consult with your Grant Accountant before the purchase is made.

Purchases with grant funding will follow all applicable guidelines as outlined in the granting agency's letter of award.

Purchasing materials, supplies, requesting services or work to be done are subject to dollar thresholds. Refer to the Purchasing Policy BP/AP 6330, Purchasing and Contract Guide, Bids and Contracts Policy BP/AP 6340, Purchasing and Contract Guide.

Supplies

Supplies are items of expendable nature that are consumed or worn out, deteriorate in use, or are easily broken, damaged or lost. Examples include paper, pencils, cleaning materials, nails, scissors, test tubes and keys. Items that have a relatively short service life (less than one year) such as rubber stamps, brooms, and tools are charged as supplies.

Equipment Purchases, Transfers and Off-Premise Use

Equipment is classified as expenditures for the purchase of tangible property with a useful life of more than one year. Equipment with a value of \$5,000 or higher at the time of acquisition, are tracked through an inventory system that contains the description, name, identification number, original cost, date of acquisition, location and time and mode of disposal.

All anticipated equipment purchases must be itemized in the proposal budget agreement. Prior written approval must be requested and obtained from the funding agency for any equipment acquisition not itemized. Before purchasing equipment, check with your Grant Accountant to identify restrictions and speak with the Purchasing Supervisor in Business Services to determine whether the equipment can be acquired through a state contract or other cooperative arrangement to achieve significant savings.

Proposed purchases must be justified in term of benefit to the project, therefore large, last minute purchases at the end of the program are generally unallowable (*otherwise known*

as budget dumping). Equipment not used during the project can be disallowed and the funding agency may require reimbursement from the district.

The purchased equipment is to be delivered to the shipping & receiving department at which time it will be received in the financial system, and if over \$5,000, the serial number will be recorded and affixed with a fixed asset tag before being delivered to the end use location. It is also recommended to affix a separate tag to specifically identify the equipment as “Grant Equipment”. This may prevent someone from later moving it to another location in the college without realizing that it was purchased with grant funding. The project director will maintain an equipment log, which is helpful to quickly identify the location of equipment during the audit process.

Approval is required before computers and other equipment can be taken off district premises. To check out equipment, the user/lendee must complete a property loan agreement form, which must be approved by the Project Director.

At the end of the project, a determination will need to be made by the project director and awarding agency as to whether equipment will be transferred to another project or remain in use by the district in support of ongoing programming. Prior to the disposal of grant purchased equipment, the awarding agency must be contacted to obtain approval and to confirm whether proceeds from the sale are to be returned to the awarding entity, applied towards the grant, or applied to the district.

Service Agreements, Independent Contractor Agreements and Hiring Project Personnel

Work started before a contract or assignment is in place and approved by an authorized district signer will be considered an unallowable expense and can result in audit findings and potential loss of funding. Allow ample time to route the contract (minimum of 5 business days) and/or PAR/NE (time varies; position must be board approved) through the approval process to ensure approvals are obtained prior to work starting.

Service Agreements and Independent Contractor Agreements

The Service Agreement and Independent Contractor Agreement can be found through the doc/forms library along with instructions. The applicable form and supporting documentation must be completed by the Project Director and signed by the consultant before submission to Business Services to obtain an authorized district signature. In signing the contract, the contractor certifies that it is an independent contractor, provides services to other customers, maintains insurance, sets its own priorities on time and hours of work, provides its own supplies and determines the means for delivering services. If

competitive quotes are included to meet purchasing requirements, they must also be attached to the requisition and marked as such.

Please note that you cannot hire a district employee or a former employee who has worked for the district in the past six months as an independent contractor or under a service agreement. Reference myHancock/Employee Resources/Business Services/Contracts.

Hiring Project Personnel

Most proposals include a section on “key personnel”. Regular board-approved employees may be included in the grant proposal with plans for their reassignment to the new project. There may also be positions identified contingent upon continued funding. Grant funded position descriptions may be included in the proposal as a statement indicating that the position will be filled in accordance with district policy. All grant-funded positions must be filled using Allan Hancock College policies and procedures for hiring employees. College and project administrators responsible for filling positions must pay close attention to how the grant describes the responsibilities and qualifications of the positions and any special requirements. The budget for both salaries and benefits is verified by the budget analyst to ensure sufficient funding is budgeted for the positions to be filled. Procedures and policies are modified periodically; therefore, it is best to check with the Human Resources department for the current procedures.

Once positions are filled, it is important to notify Institutional Grants and the Grant Accountant assigned to the project of any key vacancies or leaves of absence. Many awarding agencies have specific requirements for informing them about vacancies or leaves and have specific requirements as to how the college will continue implementation during the vacancy, including the approval of interim positions.

Personnel Costs

When a grant application is sent in to the grantor agency, a listing of personnel required to run the grant is included in the budget itemization. When a grant award notice is received, a Personnel Authorization form is prepared, approved by several administrators and the accountant in Business Services. The accountant will verify funds and forward to the Vice President in charge of the discipline for approval.

The Grant Administrator/Coordinator is charged with reviewing the monthly expenses and alerting the accountant of any discrepancies that may need to be reviewed. Should an error have been made, a journal entry to move the expense to the correct program will be initiated.

Federal regulations require that all employees working on federally sponsored projects (Grants) report and certify their effort as outlined in 2 CFR 200 §200.430. With federal funds, the District acknowledges this responsibility as a condition of accepting the award. All board-approved faculty and staff receiving salaries and wages from or contributing effort as cost share to a grant/contract are required to document their effort. Other types of awards and allocations may have varying time and effort reporting requirements, therefore carefully review the award document.

The project director is responsible and accountable for compliance with all federal regulations associated with the grant award. Effort documentation records the percentage of effort reported for the period to substantiate the salaries and wages charged to federal grants.

- Project Director to Certify:
 - All activities for which the employee is compensated by the institution (100% effort)
 - Institutional Base Salary
 - Incidental work/supplemental compensation
- Look out for:
 - Hours vs % effort
 - Multiple pay sources
 - Consistency between the way that effort is proposed vs. effort included in the effort certification
 - Reductions of 25% or more from committed effort
 - Effort committed vs. salary charged vs after the fact cost sharing
- Potential Risk Areas:
 - 100% effort on federal awards
 - NIH salary cap
 - Salary cost transfers after certification
 - Must certify time and effort before costs are transferred
 - Cost sharing
 - Mandatory and voluntary commitments are required to document time and effort reporting

Erroneously certifying effort can be viewed as fraud. Recent noncompliance audit findings have resulted in multimillion-dollar fines for colleges. It is extremely important to certify effort based on the actual time spent on the grant, regardless of whether it differs from what was budgeted.

Forms: Time and Effort – Standard; Time and Effort – Hourly

Travel

The district maintains a travel policy on local and out-of-state travel and reimbursements. The policies and procedure manual can be accessed through the myHancock/Employee Resources/Business Services/Travel. The regulations contained in the travel policy apply to expenses paid from any source of funds. In the case of a grant that has restrictive standards related to travel, the provisions of the grant are followed. Any international travel under federal grants must comply with the Fly America Act.

Fly America Act

U.S. Flag Air Carriers. Under the Fly America Act published in [Federal Travel Regulation §301-10.13](#) by the General Services Administration (GSA), only U.S. air carriers⁵ shall be used for **all** travel reimbursed from federal grants and contracts, including [NIH grants](#)⁶. However, there are exceptions to using only [U.S. air carrier](#) services under the Fly America Act, depending on the scenarios shown below:

- Generally, U.S. air carrier services that provide nonstop or direct service from the origin to the destination must be used, **unless** such use would extend travel time, including delay at origin, by 24 hours or more;
- Generally, U.S. air carrier services that do not offer nonstop or direct service between origin and destination must be used on every portion of the route where it provides service, **unless** when compared to using a foreign air carrier, such use would:
 - Increase the number of aircraft changes outside the U.S. by two or more; or
 - Extend travel time by at least 6 hours or more; or
 - Require a connecting time of 4 hours or more at an overseas interchange point.
- When the costs of transportation are reimbursed in full by a third party, such as a foreign government or an international agency, U.S. air carriers do **not** have to be used.
- Open Skies Agreements. “[Open Skies Agreements](#)” are bilateral or multilateral air transportation agreements to which the U.S. and the government of a foreign country are parties. Under the Open Skies Agreements, the U.S. government entered into several air transport agreements that allow federally funded transportation services for travel and cargo movements to use foreign air carriers **under certain circumstances**. The [Department of State’s website](#) contains a list of countries the U.S. government has Open Skies Agreements with, including policy information contained in the various Open Skies Agreements. Transportation is

allowed between a point in the United States and any point in a member state or between two points outside the U.S. subject to certain restrictions.

Travelers funded by federal grants and contracts should review [Federal Travel Regulation](#) §301-10.106 published by the GSA for any City-Pair requirements, and §301-10.135 for any Open Skies requirements. The GSA issued [Guidance](#) on October 6, 2010 for the [Amendment](#) of the U.S.-EU Open Skies Agreement effective June 24, 2010. Federal contractors and grantees who are not U.S. Government employees should consult this guidance to determine if they need to be concerned about City-Pair contract fares. Contractors and grantees should also check with the airline to ensure that the airline is covered by the U.S.-EU Open Skies agreement, which may change periodically.

Reimbursement of travel on a foreign air carrier may be denied in the absence of such justification.

Business Meals and Light Refreshments

Federal or local government contract and grant funds may be used for entertainment expenses only as specifically authorized in the contract or grant budget or by agency policy, and only to the extent and for the purpose so authorized. When there is a conflict between agency and district policy, the more restrictive of the two shall apply. No alcoholic beverage or tobacco product purchases may be charged to federal funds.

Subrecipient Monitoring

A subrecipient is typically another organization which will assist in carrying out a portion of the proposal's scope of work. The other organization will have its own project director or principle investigator. Most often, subrecipients are other colleges and universities. The subrecipients budget is included in the proposal budget.

In conjunction with the following 2 CFR 200, where Allan Hancock College is the primary grant recipient:

- §200.205 AHC will review the risk posed by subrecipient applicants prior to identifying subrecipient.
- §200.330 AHC will distinguish the difference between a subrecipient and contractor.
- §200.331 AHC will conduct due diligence to effectively monitor subrecipient performance:
 - Review financial and performance reports

- Ensure subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award
- Issue a management decision for audit findings

The subrecipient is required to submit their reports to AHC prior to office reporting deadlines. The Grant Accountant and prime Principle Investigator (PI) will work together to establish the reporting deadlines to ensure final reporting deadlines are met. The prime PI will review and approve the subrecipient reports.

Award Administration (Period of Performance)

When applying for grants, it will be the responsibility of the Institutional Grants Office to supply the Grant Accountant with either the link and/or documentation such as the request for application, legal terms and conditions, as well as all other information necessary to monitor and report on grants. The legal terms and conditions provide information as to the allowable uses of the funds on the grant/allocation, reporting dates, as well as monitor information necessary to manage the funds.

Expenses will be supported by sufficient documentation in support the following criteria:

- Allowability (§200.403)
- Direct benefit/reasonableness (§200.404)
- Source documentation (§200.403g)
- Itemized receipts with enough detail to support the charge
- Written explanation of how the expense benefited the project

It is considered a best business practice for the PI to review expenses on a monthly basis by account code to ensure expenses have been coded correctly and to promptly address corrections. The PI should reconcile institutional reports to the departmental grant records as part of the monthly review process. As errors are identified (ex. unknown expenses or corrections to the Fund, Account, Organization or Program code), the PI is responsible to notify the Grant Accountant. The Grant Accountant will review such charges, report back to the PI what they are and make adjustments as needed. Once all charges have been verified, the Grant Accountant will calculate and post any indirect earned as needed. An internal report is then created for posting the fiscal information into a format that complies with the funding agency's reporting system.

The PI, Institutional Grants, and Grant Accountant will meet quarterly (or a minimum of every 6 months) to review grant expenditures, performance with respect to budget projections and discuss red flags, including the following to ensure reporting requirements and deadlines are met:

- Review expenditures recorded the beginning and end of the period and determine they were incurred within the period of performance
- Review amounts accrued during the period and determine they were liquidated during the allowed time-period.

Financial Reporting

The grant accountant works with the project director on making sure all required reporting information has been entered into the funding agency's reporting system, and that information is then sent out for internal administrative review prior to the report being certified with the funding agency by the reporting deadline. Normally 24 hours are given for review. The Grant Accountant will route the report and supporting documentation to the Director, Business Services for review. Administrators should respond whether they approve or do not approve the report before it is certified.

Cash Management

Request for payments on various grants are completed on a reimbursement basis allowing Allan Hancock College to be in compliance with CFR §200.305. Depending on the grant, reimbursement requests are done quarterly or monthly as needed. The Grant Accountant calculates the amount and requests the funds via a memo to the accounting services technician (accounts receivable) whom then records the receivable in Banner. Some funding agencies require the submission of their own invoices. In such cases, the Grant Accountant will also need to follow the necessary procedures of the funding agency when requesting reimbursement for expenses the college has incurred. These necessary steps will take place as part of the reporting process.

Funds are deposited with the Santa Barbara County Treasurer's office.

Training and Access to the Financial System

Financial system trainings are provided on a regular basis. If you do not see a class offered, please contact the Purchasing Supervisor to make arrangements. Training and reference materials can be accessed through myHancock/Banner HR/FIN/PAY

References

BP/AP 2710 Conflict of Interest, BP/AP 6330 Purchasing, BP/AP 6340 Contracts - Electronic, BP/AP 6360 Contracts – Personal Services

Purchasing Guide

Banner Finance, HR, and Payroll myHancock portal page – training videos, training environments, training materials and links to production environments

Independent Contractor/Professional Services Agreement and supporting documentation

2 CFR 200 Uniform Administrative Requirements. Cost Principles and Audit Requirements for Federal Awards