

Principal Investigator/Project Director Grant Post Award Procedures & Compliance Information St. Olaf College

Good fiscal management results from a joint effort by the Principal Investigator/Project Director, College Administrators, the Business Office, and the Office of Government, Foundation and Corporate Relations.

PURPOSE OF GRANT POST AWARD PROCEDURES & COMPLIANCE INFORMATION

- Make Principal Investigator/Project Director (PI/PD) aware of internal, government and/or granting agency's policies and regulations governing their sponsored project(s).
- Provide PI/PD's with tools and guidance in exercising grant oversight.

The material presented may not cover every situation or grant's particular set of regulations; however, the materials is applicable to most Federal and other research grants.

PROCEDURES AND COMPLIANCE OUTLINE

- I. [Role of the Principal Investigator/Project Director \(PI/PD\)](#)
- II. [Responsibilities of the Business Office and/or Government, Foundation and Corporate Relations Office](#)
- III. [What Every PI/PD Needs to Know](#)
- IV. [PI/PD Basic Tasks](#)
- V. [Key Points](#)
- VI. [Potential Compliance Issues](#)
- VII. [Contact Information](#)
- VIII. [External Resources](#)

I. Role of the Principal Investigator/Project Director (PI/PD)

The PI/PD is responsible for all aspects of conducting the project. The PI/PD must:

- Know the sponsor's requirements
- submit all original award documentation for grants to the Government, Foundation and Corporate Relations Office (GFCR)
- Ensure that those who need access to a granting agency's on-line system have been granted access
- submit any checks received to the Grants Accountant in the Business Office (Tomson 129)
- ensure that the project stays within the scope and objectives of the original proposal
- Know whether adequate resources exist for the performance and the completion of the required scope of work
- monitor monthly expenses for compliance to the grant and STO requirements and limit expenditures to the total dollar amount awarded
- submit all required reports on time
- make sure that expenditures get charged to the proper fund, cost center, account, project, task, etc
- submit time and effort reporting in order to have wages and benefits charged to the grant, and monitor them for accuracy
- certify and document Participant eligibility
- provide the GFCR with copies of all narrative reports and grant-related correspondence
- comply with all terms and conditions of the grant
- request approval from the GFCR and/or the Grants Accountant, for any changes to approved budgets or other terms of the grant outside of those allowable by the granting institution
- follow all College policies (financial and academic) as well as the policies of the sponsoring agency
- Federal grants are governed under 2 CFR 200 (CFR=code of federal regulations). It is the PI/PD's responsibility to make sure that these rules and regulations are adhered to.

II. Responsibilities of the Business Office and/or Government, Foundation and Corporate Relations Office

The Grants Accountant in the Business Office is responsible for the overall financial administration of all grants to the College and follows standard accounting practices and strictly adheres to all College policies and federal regulations. Specific responsibilities include:

- setup of grant in the accounting system (Oracle)
- preparing various financial reports
- preparing reimbursement requests from sponsoring agencies for grant-funded expenses (including federal drawdowns and subcontract reimbursements)
- certifying compliance with all grant-related federal regulations
- assisting the PI/PD with compliance and other grant related procedures or questions
- assisting with close of the grant at the end of the grant period
- distribute quarterly Budget to Actual reports, which includes all transactions against the grant, and archive PI/PD's response to variances

Contact

Grants Accountant: Greta Anderson tel: 507-786-3604, email: andersog@stolaf.edu

Grant Set-Up

The Government, Foundation and Corporate Relations Office must receive documentation of an award before a grant will be set up in the accounting system. Normally this documentation consists of,

- a copy of the original grant award letter
- a copy of the signed grant agreement, if applicable
- a copy of any grant guidelines issued by the grantor
- a copy of the Request for Proposal (RFP), if applicable
- a copy of the approved grant proposal and budget

PI/PD and Grants Accountant Meeting/Training: The PI/PD will meet with the Grants Accountant to ensure that all aspects of the grant are properly set up and both the PI/PD and the Grants Accountant are aware of the specific requirements set forth in the grant. The PI/PD will receive grant compliance training at that time. Upon completion the PI/PD will then receive the Accounting Project and Award Numbers (see below) to which all grant expenses are to be charged.

Accounting Unit Set-up: Each Grant is set up with its own unique Project Number (G-XXXXX) in Oracle where G=Grant. For grants funded with federal, state and/or local gov't dollars the Project and award number will begin with a "5". Grants not funded with federal, state or local dollars will start with a "4" designating it as a restricted unit. Additional units may be necessary if the grant has specific reporting requirements, such as participant costs or match requirements. The Grants Accountant will also set up any applicable indirect cost or interest allocations associated with the grant.

III. What Every PI/PD Needs to Know

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| A. Financial Conflicts of Interest | I. Time & Effort Certification (fed. Grants only) |
| B. Understand Allowable/Unallowable Costs | J. Cost Transfers |
| C. Understand Direct Costs vs Indirect Costs | K. Revision of Budget and/or Change of Scope |
| D. Paying STO Employees/Students on a Grant | L. No Cost Extensions |
| E. Procurement Policies & Procedures | M. Acknowledgements |
| F. Equipment Purchases | N. Cash Management |
| G. Purchases > \$10,000 (for federal grants) | O. Roles & Responsibilities |
| H. Travel | |

A. Financial Conflict of Interest (FCOI)

The PI/PD is responsible for ensuring that they and those they employ on their research project are following the St. Olaf ["Conflict of Financial Interest Policy for Employees"](#) and the ["Financial Conflict of Interest for Grant-Funded Research or Other Academic Projects"](#). The PI/PD is also responsible for ensuring that the requirements of their funder are met. Note: NIH & PHS FCOI requirements are a stricter than NSF.

B. Allowable/Unallowable Costs

The PI/PD is the sole "budget administrator" for the grant and authorizes all expenditures posted to the grant. All expenses charged to a grant must be **necessary** to achieve the objectives of the approved grant, **allocable** to that particular project, and **allowable** under the terms of the grant. Most grant expenses include but are not limited to:

- Salaries, Wages and Fringe Benefits (subject to Time & Effort Reporting for federally funded grants)
- Travel Costs
- Equipment, Supplies, and Professional Services

Unallowable Costs: "Unallowable costs" is a federal term denoting costs not reimbursable under Federal grants and cost reimbursable contracts. In most cases these are not allowed under State, City and or Foundation grants either. Routine office expenses (supplies, postage, telephone, photocopies, etc.) cannot be charged to grants unless they are specifically included in the awarded budget. Grant expenditures must be within the scope of the College policies and the guidelines of the grant, if not, they are not allowable. Grants may deem certain items unallowable; it is up to the PI/PD to know what these are.

- Federal regulations (as well as State and most other grants) prohibit certain costs, most common being:
 - Entertainment
 - Alcoholic beverages
 - Air/rail fare in excess of lowest available
 - General office supplies and furniture (in most cases)
 - Clerical & administrative support (in most cases)
 - Gifts of any kind
 - Telephone line charges and other utilities
 - Construction (unless authorized in the grant)
 - Equipment over \$5000 unless specifically authorized in the grant

If a cost is allowable under federal regulations but the St. Olaf prohibits it, St. Olaf rules applies. See [Policy Reminders Cheat Sheet](#) as a quick guide to STO Allowable vs Unallowable costs.

C. Direct Costs vs Indirect Costs

I. Direct Costs:

- Costs must be related to the project charges. Direct attribution (linkage between cost and purpose of the project) must be established and demonstrated through supporting documentation. A readily identifiable cause-benefit relationship must exist between costs and the project. Example: Test tubes were purchased for a wet lab experiment involving fluid analysis (providing the project involved a wet lab).
- Costs must be reasonable - the prudent person test.
- Costs related to multiple programs must be allocated based on:
 1. Proportional benefit, where possible.
 2. Any reasonable basis, where necessary.(Document basis for proportional decision.)
- Costs may not be assigned on fund availability, award expiration date or other inappropriate criteria.

II. Indirect Costs aka Facilities & Administration Costs:

The Grants Accountant is responsible for recording, as grant expenses, the approved Facilities and Administration (F&A) costs (Indirect Costs). F&A charges are calculated based on the specifics of the grant

budget approved by the funding source and are posted on a monthly basis. The F&A costs are typically calculated as a percentage of a specific expense category. The PI/PD is responsible for reviewing the F&A costs charged to the grant for accuracy.

D. Paying STO Employees/Students on a Grant

When paying part of a STO employee's wages or employing students to work on a grant all actions relating to their employment must be coordinated with the Human Resources Department, the Dean of Faculty in the case of faculty, or CURI in the case of summer research students and handled in the same manner as for other employees. Salaries and wages are determined by Human Resources (or Dean of Faculty) based on the job description, current student wage rates, etc. Annual increases are based on the same method as other employees. **Wages, salaries and/or annual increases are NOT determined by the amount in the approved grant budget or because the grant can afford more.**

In some cases, stipends are budgeted on a grant. Please note that only faculty are eligible for stipends. Full time exempt staff, non-exempt staff and students are **NOT** eligible for stipends (the latter two must be paid via timecards at their hourly rate.) Exempt staff that are less than 1.0FTE maybe eligible but it must be approved by the Division Vice President in advance. Stipends are paid at the completion of the work being done or, if the work is over a long period, may be paid at the completion of a pre-set milestone. Stipends are to be submitted and approved using the [online Faculty Stipend Request Form](#).

E. Procurement Policies & Procedures

- Grant purchases/expenditures are processed as any other College expenditures through the Oracle system which automatically routes the expenditure through the approval cycle. The purchase of goods/services on grants that are funded with federal dollars are subject to the [Federal Grant Procurement Guidelines](#). Purchases funded with federal dollars in excess of \$10,000 require advance approval from a supervisor (see item "F" below for more details.)

(Because St. Olaf does not use a formal purchase order system and centralized receiving, the following procedures have been accepted by NSF as adequate mitigating controls).

- Vendors are chosen based on quality, reasonable pricing and product specifications.
- Consortium buying power is used whenever possible.
- PIs recuse themselves from purchasing decisions when a conflict of interest exists.
- Goods and service purchases >\$10,000 require a minimum of 2 quotes, preferably 3 or if single sourced justification needs to be provided and attached to the Purchase Approval Form for purchases > \$10,000 <http://wp.stolaf.edu/gfcr/grantmanagement/>
- The [System for Award Management \(SAM\)](#) is checked before a purchase or group of purchases totaling \$25,000 or more is made from a new supplier to ensure the vendor is not on the Federal Government Suspension and Debarment list.

Routine office expenses (supplies, postage, telephone, photocopies, etc.) cannot be charged to grants unless they are specifically included in the awarded budget.

Grant expenditures must be within the scopes of the College policies and the guidelines of the grant. **Note: Where the purchase requirements of the granting agency and St. Olaf differ the stricter of the two requirements is applied.**

Some specific St. Olaf policies and other information that may relate to the expenditures of the grant are,

- [Procedures for Purchasing](#)
- [Federal Grant Procurement Guidelines](#)
- [Procedures for Pledging of College Assets](#)
- [Purchasing](#)
- [Travel and Business Expense Policy](#)
- [Procedure for Department Card Procedures](#)
- [Procedures for Fixed Asset Management](#)
- [Procedure for Department Cash Management](#)
- [Accounting Policies and Procedures](#)

Purchasing methods for grant expenses are the same as other purchases at St. Olaf with the grant unit being used. These methods, include,

- College Purchase card –[Purchase Card Program Overview](#) Click on “Menu” for more options
- Purchase requisitions - turning in a signed invoice or an [Accounts Payable Payment Request](#) to the Accounts Payable Office
- Charges for College services (bookstore, print center, etc.) receipts must be kept.
- Or purchased directly using the employee's own resources then requesting reimbursement using the Expense Report section of the Oracle system. Purchases are to be assigned the correct fund, cost center, project, task, expenditure type and organization, award/contract and funder. See [Most Frequently Used Accounts List](#)

F. Equipment Purchases

- St. Olaf Definition of Capital Equipment: \$5,000 and useful life of 1+ years.
- Purchases during the last 90 days of a grant may be problematic.
- St. Olaf tracks and capitalizes equipment. All purchases of capital equipment on grants is coded to the grant unit and account 83000 and not to a capital unit. Accounting will capitalize the purchases.
- Planned equipment dispositions and moves must be reported to the Controller.
- Equipment purchased with Federal Funds must be recorded and tagged by the Grants Accountant
Reference: [Procedures for Fixed Asset Management](#)

- **Purchases between \$10,000 and \$250,000 on Federal Grants**

When purchasing good and/or services with funds provided through a federally funded grant, whether directly or indirectly the “Small Purchase Procedures” in 2 CFR 200.320 must be adhered to. At a minimum, quotes for the goods/service must be received from at least 2 but preferably 3 suppliers. A [STO Purchase Approval Form](#) Must be completed and sent to the Grants Accountant prior to purchase.

G. Travel Expenses

- Must comply with St. Olaf Travel Policy and Procedures. <http://www.stolaf.edu/treasurer/travel/>

Foreign Travel on federal grants must be specified in the submitted proposal and budget. If foreign travel becomes necessary and is not in the submitted budget the PI/PD must receive written permission from their Program Officer prior to committing to any foreign travel.

Any federally funded foreign travel must comply with Fly America Act which designates which airlines can be used for foreign travel.

<https://www.gsa.gov/policy-regulations/policy/travel-management-policy/fly-america-act>

H. Time and Effort Certification

- Time and Effort reports are prepared by the Grants Accountant 3 times a year.
- Employee effort certifications are signed by the Principal Investigator for grant employees and by the Dept. Chair and/or Associate Dean for the PI.
- The PI/PD certifies how time was actually spent, not how salary and wage costs were distributed although the two are generally related.
- For federal grants, federal approval is required for changes in effort of 25% or more of the budget.
- See [Time and Effort Reporting](#) on the STO website.

I. Cost Transfers

- Used to correct, reassign, or redistribute costs between accounts
- Project funds are **not** interchangeable
- Should be the exception, not routine
- Must be done on a timely basis, (no later than 120 days after incurrence and before final financial report is filed)
- Large number of cost transfers might suggest lack of internal controls, especially at end of grant
- Transfers must be supported by documentation that contains a full explanation of how the error occurred and a certification of the correctness of the new charge.
- An explanation that merely states “to correct error” or “to transfer to correct project” is not sufficient.

- Any cost allocable to a particular Federal grant may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. [2CFR 200.405 3 c]

[Transfer requests](#) are made via on the STO website. Or contact the Grants Accountant.

J. Revision of Budget and/or Change of Scope

Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from Federal awarding agencies for budget and program plan revisions, in accordance with [2 CFR 200.308].

Under no circumstances should funds be utilized for purposes other than those covered in the grant scope of work.

In addition, written approval from the Sponsor's Contracting Office is required in situations that are subject to interpretation.

Unless waived by the awarding agency, **prior written approval** is also required for any of the following:

- Change in the key person (PI/PD).
- An absence for more than three months of the project director or the PI/PD
- A 25% reduction in time devoted to the project.
- Transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa.
- Certain budget transfers.
- The inclusion of costs that require prior approval in accordance with 2 CFR 200.
- Unless described in the application and award, the sub-award, transfer or contracting out of any work under the award.
- Supervisor approval for goods and services in excess of \$5,000 (agreed by NSF for St. Olaf internal controls)

K. No-Cost Extensions

Some sponsoring agencies allow the grant termination date to be extended if more time is needed to finish the project. Many federal grants allow the College to authorize these "no-cost extensions." In all cases, such extensions must be requested 45 days in advance of the approved termination date. Contact the Government, Foundation and Corporate Relations Office for the appropriate procedures.

L. Acknowledgements

Most granting agencies require acknowledgement in all materials publicizing or resulting from activities funded by the grant. These can be but are not limited to, flyers, event programs, papers for publications, etc. Check your grant's requirements to see what is required. In many cases there are links to the wording and/or logo(s) to be used. Some of the agency links at the end of this document give these details.

M. Cash Management

Federal grants are managed on a cash reimbursement basis. On a monthly basis, the Grants Accountant prepares a request for reimbursement which is reviewed and submitted by the Senior Accountant.

For reference [Grant Financial Management website](#) under the St. Olaf GFCR or Business Office websites.

N. Roles and Responsibilities

- PI/PD should know the responsibilities of:
 - Principal Investigator
 - Office of Government, Foundation and Corporate Relations <http://wp.stolaf.edu/gfcr/>
 - Business Office <http://www.stolaf.edu/treasurer/business-office/>

IV. PI/PD Basic Tasks (this is not a comprehensive list)

- A. Quarterly Reconciliation of Accounting Reports, provided by Grants Accountant Review and Approve Effort Certification Reports
- B. Certification and documentation of Participant Eligibility.
- C. Reporting to Sponsor

A. Quarterly Reconciliation of Budget to Actual Reports - provided by Grants Accountant

- Review monthly to ensure that expenditures are allowable and charged to the appropriate grant.
- Review and analyze financial information monthly to aid in making personnel and other related decisions regarding the fulfillment of the requirements on the sponsored project.
- Review quarterly Budget to Actual reports to evaluate variances and prevent overspending. These are to be signed and returned to the Grants Accountant

B. Review and Approve Effort Certification Reports

- Review Time and Effort Certification Reports on a quarterly basis to ensure that salaries and wages charged to sponsored programs fairly reflect the effort expended on these programs.
- Your signature conveys personal and institutional obligations and should not be taken lightly. Your signature attests that the effort reported is true and accurate.
- If information provided on the reports is correct, sign the Effort Certification Reports and forward to your designated school Effort Report Coordinator.
- If salary or wage information provided on the reports is incorrect, make the necessary adjustments on the effort report, sign and return the report.
- If corrections affect salary or wage amounts, have Human Resource forms initiated to make Payroll corrections.

C. Certification and documentation of Participant Eligibility

Some programs have participant eligibility requirements, e.g., citizenship, income, first generation status, etc., it is the PI/PD's responsibility to ensure eligibility requirements are met and documented.

D. Reporting to Sponsor

The Grants Accountant prepares all financial reports required by the sponsoring agency. Do not provide any financial information to a sponsor without verification by the Grants Accountant. Most financial reports require the signature on someone with "signing authority" at the college.

The PI/PD is responsible for all progress and/or technical reports as well as preparing invention statements (if needed) and inventory and document any project related equipment. Many sponsoring agencies require annual progress reports; check the specific grant terms and conditions. Copies of all reports and correspondence related to a grant is to be cc: or forwarded to the Government, Foundation and Corporate Relations Office

V. Key Points:

- Grant expenditures should be charged directly to the grant, never "parked" in another account. This practice distorts the true grant expenditures reported to the sponsor.
- If spending needs to begin before the award is granted, consult with the Grants Accountant, never charge expenses to a departmental or gift account.
- As a general rule we request reimbursement from the sponsor based upon expenditures. If the expenditure is not in the grant account, it will not be billed or reimbursed. This has a negative effect on St. Olaf cash.
- Ensure that costs reflect the work performed on the project.

VI. Potential Compliance Issues

- Unauthorized or inappropriate charges
- Unallowable costs
- Overruns or large unexpended balances
- Assignment of costs based on fund availability or project expiration

- Cost transfers (frequent, delinquent, poorly documented, etc.)
- Equipment purchases near end of project
- Undocumented In-Kind cost share
- Eligibility criteria not met
- Violation or inaccurate Time and Effort reporting

Non-Compliance... What's at Risk?

- Withholding of future awards
- Audit findings/cost disallowances
- Criminal/civil/administrative penalties
- Loss of administrative flexibility (exceptional status: rigorous oversight)
- Damage to reputation of college, individuals
- Risk of extrapolation of audit finding to all Federally Sponsored Awards

Two Compliance Questions:

1. Have I lived up to my fiscal stewardship responsibilities through diligent oversight of my sponsored project?
2. How would this transaction be perceived if it were reported in the newspaper?

VII. Contact Information

If you are not sure about the applicability of a particular provision to your project, check with your department chair, the Office of Government, Foundation and Corporate Relations or the Grants Accountant.

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VIII. External Resources

For more details on information presented in this module, please refer to the Government and Foundation Relations website, Grant Financial Management, <http://www.stolaf.edu/gfcr/grantmanagement>.

The material presented may not cover every situation or every granting agency's particular set of regulations; however, the materials are generally applicable to most Federal research grants and many other Federal and non-Federal awards. For more information, please see Title 2 of the US Code of Federal Regulation (CFR) and/or a specific federal agency's requirements. Below are links to some of the most used sites:

- **Code of Federal Regulations Title 2 –**
Part 200: Uniform Administrative Requirements, Cost Principles, and Audit Regulations for Federal Awards
Subpart B: General Provisions
Subpart D : Post Federal Award Requirements
Subpart E: Cost Principles
Subpart F: Audit Requirements
- NSF: <https://www.nsf.gov/awards> (NSF's Manage your award site)
- NEH: <https://www.neh.gov/grants/manage> (select Individuals or Organizations depending on grant awarded)
- NIH—<https://grants.nih.gov/grants/post-award-monitoring-and-reporting.htm>
- USDOE (Edgar): <https://www2.ed.gov/policy/fund/reg/edgarReg/edgar.html>
- MN State Grants <https://mn.gov/admin/government/grants/policies-statutes-forms/>
- MN Historical Society: <https://www.mnhs.org/preservation/legacy-grants/manage>