**Grant Accounting**

**University of Central Arkansas**

**Principal Investigator’s Project Fiscal Management Responsibilities**

The University delegates considerable authority and responsibility for fiscal compliance to principal investigators (PIs) and departments. This requires the development of significant expertise at the department level and relies heavily on PIs and departmental staff to comply with University policies and various sponsor rules and regulations, and terms and conditions of an award. This includes ensuring that [costs are correctly charged](https://www.umt.edu/research/ORSP/guidelines/costdetermination.php) to the restricted account according to the sponsor-approved project budget and the terms and conditions of the award.

Each expense charged to the account must be directly related to the project, must be allowable under the terms and conditions of the award, and must be included in the sponsor-approved budget. Any questions concerning the allowability of costs should be directed to Grant Accounting (GA) prior to incurring the cost as GA staff can assist the PI in determining if the cost is allowable under the current budget or if a budget revision is required.

Departmental administrative staff assist PIs in managing their accounts, but the PI is ultimately responsible for all costs charged to their accounts. The GA staff monitor expenditures against restricted accounts for compliance with University, federal, state, and sponsor guidelines to ensure policies are consistently applied, but only the PI can verify that each individual expense is appropriate to the grant/account.

Ultimately, the PI and the PI’s unit are responsible for any over-expenditures or any costs that are determined to be [unallowable](https://www.umt.edu/research/ORSP/awardmgmt/unallowable.php) by Grant Accounting or auditors. It is therefore incumbent upon the PI to carefully monitor all expenditures charged to his/her restricted accounts and to implement whatever procedures are necessary to ensure compliance with the terms and conditions of the award. To accomplish this, the PI can require that all project-related expenses be approved in advance by him/her or his/her designee.

* **Personnel Costs**

The major expenses in most restricted accounts are personnel costs. To comply with federal regulations, the University has implemented an after-the-fact payroll confirmation system to verify that all personnel costs charged to restricted accounts are appropriate based on the award notice. The purpose of the payroll confirmation is to verify that payroll is distributed correctly to grant accounts.

The PI must prepare and submit, or directly supervise the preparation and submission of, a cost transfer form to Grant Accounting to correct any errors or variances related to payroll distribution.

* **Cost Transfers**

If the PI determines that costs were charged to the account in error, he/she must prepare, or directly supervise the preparation of, a [cost transfer request form](https://www.umt.edu/research/ORSP/forms/default.php). The cost transfer request must specify why the expense is an appropriate cost against the account to which it is being transferred and why it was not charged correctly initially.

According to university policy, all cost transfers must be submitted to Grant Accounting for approval within ninety (90) days of incurring the cost. If GA staff see a pattern of inappropriate charges necessitating large numbers of cost transfers, they will contact the PI to discuss modifications to the PI’s procedures to ensure expenses are charged appropriately at the time of expenditure.

* **Monitoring Sub-awards**

If the project includes subawardees, the PI is responsible for reviewing all invoices submitted by the subawardee and determining that all costs are appropriate and allowable. Payment of subawardee invoices is tied to the subawardee’s performance in meeting the goals outlined in their scope of work. Once the PI has determined the charges are appropriate and the work has been completed as required, and approves the invoice, the invoice will be sent to Accounts Payable for payment. The PI must review all such invoices in a timely manner so that the University can meet its responsibility to pay the subawardee in a timely manner.

* **Cost Sharing**

It is the PI’s responsibility to document all [cost sharing](https://www.umt.edu/research/ORSP/propdev/costshare.php) associated with the project. This includes timely submission of [payroll](https://www.umt.edu/research/ORSP/guidelines/timeandeffort.php) confirmation reports, if the cost sharing includes staff payroll. If the cost sharing includes contributions from third parties, such as school districts, non-profit agencies, state agencies, and/or private individuals, the PI must obtain written documentation and submit it to Grant Accounting. Cost sharing must be documented as it occurs–the PI should not wait until the project is ending to start documenting cost sharing.

* **Budget Revisions**

Because the budget approved by the sponsor was an estimate based on the PI’s knowledge at the time of the application, it is not uncommon for PIs to later determine that the budget needs to be modified to reflect changed circumstances. The PI should contact Grant Accounting as soon as he/she determines modifications of the sponsor-approved budget are needed.

In many cases, sponsors have granted the University the ability to approve some budget changes through the University’s internal process. In other cases, a budget revision will require approval by the sponsor. All requests to sponsors for budget revisions must be reviewed and approved by Grant Accounting prior to submission to the sponsor.

# **End of Grant - Project Close-out**

Close-out requirements are detailed in the terms and conditions of the award. The time allowed for close-out may vary from sponsor to sponsor. Federal sponsors, for example, typically allow 90 days for close-out after the end of the grant.  Some allow as few as 30 days.

As the project end date approaches, GA staff will notify the PI and department of close-out requirements and deadlines via an End of Grant Notification memo.

Grant Accounting must submit final billing within the time allowed or risk forfeiting payment.  Additionally, the sponsor will not release final payment until all requirements are met, such as receipt of the PI's [technical/project/progress report(s)](https://www.umt.edu/research/ORSP/projectreports.php) and the final financial report (submitted by Grant Accounting).  Failure to comply jeopardizes future funding for the University and may also result in fines or penalties.

The department is responsible for any payments that cannot be collected and related unreimbursed expenses due to inadequate time allowed for GA processing or PI oversight.

#### Costs incurred after close-out

Costs incurred after the end date of a project will need to be paid from an index other than the grant index. This will usually be the departmental index for the PI responsible for the project.

#### Cost transfers

In order for Grant Accounting to submit the final financial report on time, the PI must ensure that cost transfers are processed within the timeframe provided in the GA End of Grant Notification.

#### Cost sharing

Carefully review the project and any cost sharing requirements, and contact Grant Accounting with questions or concerns.

#### Excess budget

If excess budget funds are anticipated, contact Sponsored Programs to discuss requesting a time extension or carryforward.  In many cases, sponsors have delegated expanded authority to the University to grant a one-time, no-cost extension. If not, SPO will make the request with PI involvement.

#### Departmental charges

The grant index code cannot be used for charges after close-out.  Notify departments accordingly and provide them a different funding source for services such as:

* Campus Mail
* Office of Community Engagement
* ARAMARK
* Postage
* Printing
* Telephone
* Other

**Personnel**

Prepare a new Personnel Action Form (PAF) for each employee paid from the grant index code.  Identify a new funding source and provide an appropriate start date.

#### Record retention

Records will be retained per the State guidelines of five years from the current fiscal year-end (June 30, 20XX).

**Grant Accounting Responsibilities**

**Grant Setup**

Grant Accounting staff will set up the project budget in Banner once the award notice is received from Sponsored Programs, and will notify the Principal Investigator (PI) of the new grant index(es) and, if applicable, matching index(es).

**Grant Administration**

GA staff are responsible for monitoring spending by reviewing requisitions to ensure expenditures are allowable, allocable, and reasonable. They will also review PAFs to ensure the requested salaries/wages match approved award amounts, and will review each index once the first payroll is charged to ensure it was paid properly and that no salary reallocations are needed due to a late PAF.

GA reviews Student Hiring Authorization forms and Grant Stipend forms to ensure funds are available, then submits the forms to Financial Aid.

GA enters Grant Budget Transfers, and reviews P-Card Reallocations before submitting to Financial Accounting for posting.

GA monitors matching indexes to ensure matching funds have been transferred from the appropriate departments and that appropriate PAFs have been received.

GA prepares invoices and submits to the funding agency(ies) after PI approval.

At grant closeout, if the PI has not contacted GA, GA will notify the PI of encumbrances remaining at the end of the grant, and inquire as to whether or not a no-cost extension is needed.

Once all funds have been expended, GA prepares final invoices and any financial reports needed.

After final payment has been received, GA closes out the grant in Banner.

**Also Provided by the Grant Accounting Office**

Annual workshops

Monthly newsletter that covers updates and recurring issues

One-on-one meetings with new Principal Investigators to ensure they are aware of all PI financial responsibilities and Grant Accounting services

Open Door Policy: Grant Accounting encourages one-on-one meetings for all PIs or Administrative Assistants needing clarification or help with any post-award financial issues.

**If Unresolved Issues Arise**

We are aware that issues arise, but they should never be left unresolved.

If the unresolved issue is between the PI and the State/Private Grant Account, contact the Senior Grant Accountant/Grant Accounting Manager.

If the unresolved issue is between the PI and the Federal Grant Account/Senior Grant Accountant/Grant Accounting Manager, please contact the Controller.

**Questions and Training**

If you have any questions about the above guidelines during the pre-award or post-award process, please contact Grant Accounting staff. We are available year-round to answer questions and assist with any issues. Please also take advantage of training sessions that are offered by the Grant Accounting office. We offer “Beginner” and “Advanced” sessions in the spring annually, and will also gladly schedule one-on-one training with any individual or department that requires it.

**Grant Accounting Contact Info**

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