POLICY & PROCEDURE DOCUMENT

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	2.2512
DIVISION:	Finance and Administration
	Research
TITLE:	Grants and Contracts Accounting - General Policies and Procedures
DATE:	June 30, 2014
REVISED:	May 16, 2016, May 3, 2021
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I. Purpose and Scope

The Grants and Contracts Accounting (GCA) policies & procedures (all 3.25xx, 3.26xx and 3.27xx policies) are designed as a post-award reference tool for all sponsored awards. A sponsored award must come from an external source (outside of Western Kentucky University). Sponsors typically require periodic financial reports and have strict guidelines regarding expenditures. The majority of awards are funded by a federal, state or private agency, either directly or as flow-through from another agency. The policies and procedures will serve as a guide to assist personnel who work with restricted funds. They may be superseded by specific award requirements.

II. Policy

WKU's objective is to allow the Principal Investigator (PI) or Principal Director (PD) to conduct the activity proposed while complying with the associated rules and regulations of the sponsor. Because the PI/PD has the overall responsibility for the technical and fiscal management of the project they should be thoroughly familiar with the agency regulations applicable to each project under their control.

Failure to comply with the terms and conditions of a grant or contract may be grounds for termination of the project by the agency.

A. Organizational Relationships

Once an award has been established and becomes operational, its success depends on the PI's ability to carry out the project and WKU's proper stewardship of the funds. GCA does

not act as a control unit, but rather as a support and oversight unit to the project and its PI/PD.

GCA reports to the Chief Financial Officer within the division of Strategy Operation and Finance, and is responsible to the University, WKU Research Foundation (WKURF), and to the funding agencies for the financial and regulatory administration of all restricted grants and contracts awarded to WKU/WKURF. The office strives to work closely with the individual PIs, their departments, and the Office of Sponsored Programs (OSP). Although OSP is primarily responsible for pre-award functions, the two offices remain actively involved until the project is closed out.

B. Responsibilities

GCA's objective is to ensure administrative and/or financial matters are completed according to WKU's policies and procedures as well as the sponsor's policies. The office's responsibilities, as related to the day-to-day management of a project's finances include, but are not limited to, the following tasks:

1. Establishing the new award index number and set-up in Banner, and notify the PI and support staff;
2. Establishing, communicating, and enforcing policies and procedures consistent with federal, state, sponsor, and University regulations;
3. Facilitating budgetary activities of restricted funds – including the approval of requisitions, payroll, inter accounts, procurement card expenses, travel and other feeds;
4. Preparing and submitting financial reports and invoices, as stipulated by the sponsor, in a timely manner;
5. Monitoring indexes to prevent overall or account code/pool over expenditure;
6. Following up with sponsors on delinquent payments;
7. Maintaining the federally mandated after-the-fact effort reporting system;
8. Performing Random audits of pro-card receipts;
9. Providing assistance, support, and guidance to PIs and their office personnel;
10. Closing out expired restricted projects, including submission of final financial reports and disposition of remaining balances
11. Assisting with year-end reporting, agency audits, and the financial external University audit.

Responsibilities of the PI/PD include, but are not limited to:

1. Ensuring that all expenditures for the sponsored award are reasonable, allowable, allocable, and timely;
2. Submitting adequate documentation with all requests for payment;
3. Ensuring compliance with required cost sharing commitments and providing timely documentation of all cost-sharing;
4. Establishing internal procedures to assure timely processing of all personnel actions, expenditures, travel, reimbursements, etc.;
5. Monitoring and maintaining the committed level of effort attributable to the restricted project;
6. Controlling the project's budget to prevent overages within budgeted account codes/pools and initiate any necessary transfers by working with OSP to request permission from the sponsor for budget transfers when necessary;

7. Performing periodic reviews of the charges to the project and promptly notify GCA of any discrepancies;
8. Providing assistance to the GCA staff as needed and requested;
9. Preventing conflict of interest and/or conflict of commitment.

Note: Delegating any duties related to the sponsored award to other personnel does not relieve the PI of their responsibilities.

C. Administrative Requirements, Cost Principles, and Audit Requirements

The Office of Management and Budget (OMB), has established uniform administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities at 2 CFR Part 200. This uniform guidance represents minimum requirements which WKU must adhere to in doing business with the federal government, (whether directly or as a pass-through entity. For consistency, 2 CFR Part 200 should be followed for all awards (including State, Local, Private, and International) as part of our university's policies and procedures.

III. Procedure

A. Timing of the Establishment of a Restricted Index

1. Each individual restricted project (sponsored grant/contract) is budgeted for and accounted for separately in WKU's financial system.

2. A grant index will not be created in the WKU General Ledger (GL) until the appropriate grant or contract notice has been fully executed, unless an advanced index is specifically approved by the Associate Provost for Research and Graduate Education , thus protecting the university from risk of losing funds should the contract not be awarded.

B. Control Procedures for Restricted Index

1. Each month the Assistant Director runs reports that have been written by Information Technology to monitor expenditures, revenues and claim on cash. The Assistant Director checks for the following:

   a. over expenditures
   b. revenue equal to expenses
   c. percent of expenditure to budget
   d. claim on cash
   e. cost share to make sure claim on cash is equal to budget balance
   f. F&A to make sure actual does not exceed budget

2. Questionable items are given to the grants staff member assigned to the award for follow up. Over expenditures are moved out of the restricted index and into the department connected to that grant.

IV. Reason for Revision

<u>May 2016</u>
Revised to reflect re-organization of the Office of Research and Creative Activity and amended for OMB 2 CFR Part 200.

<u>May 2021</u>
Updates to Sections II & III resulting from the fifth-year review in accordance with Policy 0.000V.

V. Related Policies

All 3.25xx, 3.26xx and 3.27xx policies