



Post-Award Grant Policy

Rationale

The purpose of this policy is to ensure that grant funds follow the OMB “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (also known as “Uniform Guidance” or “2 CFR 200”) and other federal requirements of the awarding agency and accountability requirements associated with federal awards. Also, these rules and regulations are to ensure that the federal government bears its fair share of the total costs in accordance with generally accepted accounting principles, except where restricted or prohibited by law. The procedures addressed in this policy must comply with the accountability guidelines set forth by OMB Uniform Guidance, Minnesota State policy or any additional guidelines established by the specific funding agency. Any individual working with and/or charging time to a grant will have guidelines in place to ensure that the costs incurred are necessary, reasonable, allocable, and allowable according to federal guidelines.

Policy

The Grant Services Policy was enacted to ensure Minnesota North College meets the compliance requirements concerning the accountability of federally funded awards.

Term and Definitions

Cost Transfers: costs that are inadvertently charged to an incorrect work tag, an incorrect amount, or the costs are unallowable.

Unallowable costs: any cost which (whether stated to be unallowable or mutually agreed to be unallowable) under the provisions of any pertinent law, regulation, or sponsored agreement.

Participant Support Costs: direct costs for items such as stipend or subsistence allowance, travel allowances, supplies and equipment that participants can keep, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

Procedures:

Cost Transfers

In accordance with OMB, it is necessary to explain and justify transfers of charges onto federally funded sponsored awards, where the original charge was previously recorded

elsewhere on the college's general ledger. Timeliness and completeness of the explanation of the transfer are important factors in supporting allowability and allocability in accordance with federal requirements.

1. When purchasing an item or when transferring a cost, the Principal Investigator (PI), Grant Services Director, and the Business Services Manager should ensure the item/cost will directly benefit the project onto which the expenditure will be charged and that the item/cost is allowed by the granting agency.
2. Unusual expenses are flagged and investigated by the PI, Grant Services Director, or the Business Services Manager. Business Services will initiate an adjusting entry transaction if the expense being charged is due to an error or unallowable cost.
3. All adjusting entries are accompanied by written approval/documentation from business services, grant services, or the project PI. Only the Business Services Office can process the cost transfer.
4. All cost transfers will be processed in a timely manner, if possible, within 90 days of the original entry.
5. The cost transfer documentation is included on the adjusting entry in Workday.

Unallowable Costs

Unallowable costs cannot be included in prices, cost reimbursements, or settlements under a government sponsored agreement to which it is allocable.

1. Reconciling accounts on a regular basis will help manage sponsored funds to ensure that expenditures and revenues are within appropriate limits and guidelines.
2. The PI, Grant Services Director, and the Business Services Manager should be familiar with the complete list of unallowable costs for the Federal agency administering the award. The complete list of costs (the Uniform Guidance) is located at: [2 CFR 200, Uniform Guidance \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#), and can include other federal requirements from the awarding agency. A few examples of categories of unallowable costs:
 - a. Entertainment
 - b. Meals and Coffee Breaks
 - c. Alcoholic Beverages
3. At the end of each month, the PI, Grant Services Director, and the Business Services Manager examine the monthly reports and if unallowable costs are identified in the award, whether it is a direct or indirect cost, they are moved to another appropriate account separate from grant expenditures.
4. If there are unallowable indirect costs identified, the direct costs associated with those indirect costs are excluded from the indirect cost calculation.

Budget Revisions

Budget revisions, if they are necessary, will be in compliance with 2 CFR 215.25, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations, found at: <https://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a110/2cfr215-0.pdf>, and may include other federal requirements from the awarding agency.

1. The PI or the Business Services Manager will initiate any budget revision (external or internal).
2. External budget revisions that require prior funding agency approval will be completed according to the awarding agency guidelines. Since each awarding agency has different policies regarding the need for a budget revision (i.e., budget revision is typically not required if within 10% per budget line item), the PI and/or Business Services Manager will review the awarding agency policies concerning budget revisions.
3. If there is a need requiring the sponsored agency approval for a budget revision, the PI or Business Services Manager will initiate the request and the Business Services Manager will make the request to the sponsoring agency using the required forms. When the sponsoring agency approves the request, the Business Services Manager will make budget revisions in the accounting system and file the form in the grant folder.
4. If there are insufficient funds noted in the processing of a purchase order, the PI or designee must notify the Business Services Manager of the request for the transfer of funds based on grant regulations. The request will be made on the Budget Transaction Form and sent to the Business Services Office for processing and filing. These adjustments will be kept electronically and/or hard copy.
5. The reasons for a budget revision to be denied internally would be the timing of the request or the budget revision does not meet the approved budget or budget requirements for the grant.

Cost Principles

All expenditures will follow and be in compliance with the Uniform Guidance 2 CFR 200.402 - 200.405 found at: [2 CFR 200, Uniform Guidance \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#), and may include other federal requirements from the awarding agency.

1. All expenditures must follow the guidelines of the awarding agency and Minnesota State Colleges and Universities Board Policies and Procedures found at: <https://www.minnstate.edu/board/policy/>
2. The PI is responsible for compliance of respective grantor policies and regulations.
3. The PI or designee is responsible for all purchases made against the

grant/contract work tag and must ensure correct coding. Also, the PI or designee is responsible for ensuring that expenditures are necessary, reasonable, allocable, and allowable under the applicable cost principles and the grantor's policies. Additionally, the grant expenditures must be within the budget parameters.

4. The accounts payable staff in the business services office ensure the disbursements are recorded in WorkDay in the correct period based on the documentation using established conventions for occurrence dates. These documents are matched with purchase orders, contracts and receipt of goods documents (if applicable).
5. The payment documents are filed with Accounts Payable.

Participant Support Costs

Participant support costs will comply with the Uniform Guidance 2 CFR 200.75 and 2 CFR 200.456 found at [2 CFR 200, Uniform Guidance \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#), and may include other federal requirements from the awarding agency.

1. Participant support costs will have an identifiable sub-account from other budget items within the project budget account that separates those costs in the accounting system.
2. Participant support costs are allowable with prior approval from the federal awarding agency.
3. Participant support costs may not be rotated to different budget categories without an approved budget modification from the awarding agency.
4. Participant support costs are not included in the calculation of the indirect cost rate.
5. Employees may not be participants.
6. Participants attending workshops, symposia, conferences, etc., should document travel expenses and retain receipts and other proof of purchase documents for proper recording in the grant sub-account. Participants should also retain documents for proof of attendance such as agendas, programs, educational materials, etc.

Grant Reporting (Drawdown of Funds)

All drawdown of funds will comply with the Uniform Guidance 2 CFR 200.305 found at: [2 CFR 200, Uniform Guidance \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#), and may include other federal requirements from the awarding agency.

1. Payment methods must minimize the time elapsing between the transfer of funds from the awarding agency and the disbursement of those funds by the college. The cashiers in the Business Services Office will receipt advances of grant funds in the proper driver tag within WorkDay.
2. Reimbursement requests will be calculated by the college's Business Services Manager, if applicable, and reviewed and approved by the VP of Finance and

Facilities or designee. These are the steps to prepare the reimbursements:

- a. Run an award/program budget to actuals report for the expenditures to date
 - b. Run a general ledger monthly report for cash on hand
 - c. Enter the information on the specific spreadsheet/form for the selected awarding agency
 - d. If applicable, reviewed and approved by the Business Services Manager
 - e. Order negative cash amount from the selected awarding agency
3. The college's business services staff will properly receipt reimbursement funds.
 4. The receipt will go to the business services manager for review and filing.

Effort Reporting

As a recipient of federal funding, Minnesota North College is required to comply with the Office of Management and Budget Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") and may include other federal requirements from the awarding agency for certifying effort expended on sponsored awards.

The requirements for effort reporting (2 CFR 200.430) are located at: [2 CFR 200, Uniform Guidance \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#)

1. The college requires all individuals who receive federal sponsored funding to comply with college policies and the funding agency regulations regarding the proposing, charging, and reporting of effort on those awards.
2. The college faculty and staff are expected to charge their time to sponsored awards commensurate with the committed effort expended on all activities they perform. Payroll charges to sponsored awards and cost sharing recorded for faculty and staff, serve as the initial data points for the college's effort reporting system.
3. The Uniform Guidance Subpart E §200.430 contains the federal regulatory requirements for internal controls over certifying time expended on sponsored projects. The college's practice is to utilize an after-the-fact effort reporting system to certify that salaries charged, or cost shared to sponsored awards, are reasonable and consistent with the work performed.
4. The individual's effort is first assigned to specific awards in the payroll system based on anticipated activities.
5. Actual effort expended on each project is certified by a responsible person with suitable means of verification that the work was performed, generally the principal investigator, at the end of specified reporting periods. The effort certification should be a reasonable estimate of how time was expended. Uniform Guidance Section §200.430(c) states, "It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for institutions of higher

education, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected."

6. All employees that work on and charge payroll expenses to a federal grant must complete the forms listed below:
 - a. Quarterly Time & Effort After-the-Fact Activity Reporting Certification
 - b. Timesheet
7. All the activity for the period must be reported on one of the forms listed above. The document is signed by the employee and by the PI or a responsible official with first-hand knowledge of the work performed.
8. The document is forwarded to the Business Services Manager and used as a basis to periodically adjust the salary cost if there is a significant variation from the original salary assignment.
9. The effort reporting document is electronically filed in a grant folder within the Grant Services Office.