Title: Financial Management of Grants

Prepared by: Sponsored Programs Accounting (SPA)

Administrator: Sponsored Programs Accounting

Updated: April 21, 2016

Purpose

To provide an overview of the financial management system at the University as it pertains to grants.

Policy Statement

Financial management of awards is a responsibility assumed by PI's and the University that is inherent in all projects. PI's and all who support the projects must adhere to the University's policies and procedures as well as any additional requirements stipulated by sponsors.

The University has established systems of internal control for the financial management of awards. PI's are responsible for regular financial oversight including documenting approval of costs to awards and review of monthly budget to actual financial reports. Federal awards to the University are subjected to OMB Circular A-133 and Uniform Guidance audit tests and occasionally to additional financial reviews by sponsors.

Internal Control and Procedures

Structure of financial records

BANNER is WPI's computerized Financial Accounting and Information Management System. Account numbers assigned to awards are called FOAPALS, an acronym that represents the six elements of the BANNER accounting structure: Fund, Organization, Account, Program, Activity and Location. Sponsored projects are separately accounted for using the BANNER Fund, Org and Account and Program (FOAP).

The sponsored programs fund structure:

20XXXX-National Science Foundation (NSF)
210XXX- Department of Health & Human Services (DHHS)
213XXX-NASA
214XXX-215XXX-Department of Defense (DOD)
216XXX-Department of Education (DOEd)
217XXX-Department of Agriculture (USDA)

218XXX-Department of Energy (DOE)
219XXX-Other Federal Agencies
220XXX-State and Local Agencies
221XXX-225XXX Industry Sponsored
227XXX- Foundation
228XXX- IPAs
229XXX- Other Sponsored Agencies

FOAPAL's

The FOAPAL is the backbone of the Banner Finance Account structure. The FOAPAL is made up of six distinct components. These components are:

Fund – The fund code designates the source of funding.

      Example: 200XXX is NSF funding, 11001 is WPI Operations funding

Organization – The organization designates the department.

      Example: 244010 is ME Dept. Sponsored Programs, 244000 is Mechanical Eng. Department,

Account – The account code is the line item (expense or revenue)

      Example: 7117 is lab supplies, 6110 is faculty salary

Program – The program code is used for financial reporting purposes and defaults based on fund or org.

Activity – This optional field can be used to gather transaction data by an activity.

Location – This optional field can be used to gather transaction data by location.

Establishing a Research Fund in Banner

Upon notification from OSP, SPA establishes a fund when the award is fully executed. SPA assigns a fund number, establishes Banner security for the PI, Co-PI, Department Head and departmental assistant and informs all of the above of the fund number. Once the fund number is established, the budget is created on various account (expense) lines as approved by the funding agency. Expenditures are charged to the fund by the PI or authorized individual.

Access to Banner

Banner Finance Self Service can be used to retrieve and/or download summary and detail activity for sponsored funds. PI's, Co-PI's, Department Heads and Departmental Assistants can receive access to WPI's Banner Finance Self Service system.

The Banner Finance system is used to record the budget and expenses on the grant. The PI will be granted access to the Banner Finance system upon receipt of a sponsored project. PI's should reference the Banner Finance Web Page for additional information.

Budget & Expenditure Monitoring

The Principal Investigator (PI) is responsible for carrying out a project as proposed. WPI expects the PI to use all reasonable "best efforts" to comply with the terms, conditions, and policies of both the sponsor and WPI. This includes routine monitoring of the administrative and financial aspects of his/her awards, timely submission of all required reports and processing of internal transactions.

Sponsored Programs Accounting reviews awards for inappropriate charges, post-term expenses, and overruns. This is done during the preparation of invoices/drawdowns, preparation of financial reports, and during monthly expenditure and account review.

PI's can view sponsored spending using BannerWeb queries (Instructions) or Argos reports (Instructions). SPA also sends PI's monthly transaction and balance reports.

The following Argos reports are available for sponsored awards:
- Summary by Dept or PI (one line per grant)
- Grant Status by Account Line Item
- Grant Status by Account Line Item Rollup (into sponsor budget categories)
- Grant Transaction Detail (includes payroll details)
- Billing Status

Budget Revisions

The Principal Investigator (PI) and the University are responsible for adhering to the conditions of the sponsored agreement and obtaining required approvals should budget revisions be necessary. Budget amendments are generally needed when the following situations occur depending upon grantor restrictions:

(i) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

(ii) Change in a key person specified in the application or the Federal award.

(iii) The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

(iv) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E—Cost Principles (eg. purchasing capital equipment not in approved budget)

(v) The transfer of funds budgeted for participant support costs to other categories of expense.

(vi) Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award, including fixed amount subawards.

(vii) Changes in the approved cost-sharing or matching provided by the non-Federal entity.

(viii) The need arises for additional Federal funds to complete the project.

If a budget revision is needed, the PI should contact SPA. SPA will review the terms and conditions of the specific award to assist in determining if the revision can be approved internally under OMB's Expanded Authorities or if sponsor approval is required.

If the budget can be approved internally, SPA will work with the PI to determine what changes should be made to the budget. These adjustments will be noted in the file and the corresponding account changes will be made in Banner, if needed.

If sponsor approval is needed, The Office of Sponsored Programs (OSP) will work with the PI to submit the proposed revision to the sponsor. Once the sponsor approves the revision, OSP will update the award file. SPA will revise the budget in Banner and issue a Notice of Award change. At this time, the PI can proceed with spending in accordance with the new budget.

Pre Award Costs

WPI discourages establishing a project fund number before an award is received, since expenditures incurred before award receipt are made at the Institute's risk. However, if effective and economical conduct of the project necessitates incurring expenditures prior to receipt of the award, the policy is as follows:

Principal Investigators should complete and submit an Institute Prior Approval System (IPAS) form signed by their department head to the Office of Sponsored Programs (OSP) to request an advance fund. OSP will approve such request after having verified the anticipated award amount and the performance period with the sponsor.

Deficits

It is the responsibility of the Principal Investigator (PI) to control expenditures within the limits of each award. All overruns or deficits must be authorized and absorbed promptly within existing budgets of department or college funds. Expenditure deficits may not be transferred from one award to another award simply because funds are available in the other award.

Financial Reporting

Internal - OSP and SPA will provide periodic reports to university administration on grants applied for, grants received, expenditures per PI/Dept, and IDC received. These report will be used as a managerial tool to ensure that funds are being spent timely.

External Financial- SPA is responsible for preparing and submitting all interim and final financial reports set forth by the requirements and regulations of the grant award or contract to the appropriate funding agencies.

External Performance - The PI is responsible for preparing and submitting interim and final performance reports set forth by the requirements and regulations of the grant award or contract to the appropriate funding agencies. The PI is responsible for determining if the grant or contract has met the scope or objectives and has complied with all terms and conditions. After the final performance report is finalized and submitted, a copy will be provided to the OSP office.

Closeout

After the final financial and performance reports have been reviewed and authorized, SPA will proceed in requesting a final payment, and once received financially close out the award. All equipment purchased with grant or contract funds become the property of WPI at the end of the grant period unless otherwise indicated by the funding agency. All subsequent costs, such as maintenance contracts, will become the responsibility of the University.