OFFICE OF THE CONTROLLER

Grants and Funds Management

Grant Management – GFOA Spring Conference

April 2024

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Overview of Session

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Grants and Funds Management Department

Grant and Funds Management Department (GFM):

- GFM is in a central office at USC
- GFM is a department within the University of South Carolina's Controller's Office
- GFM performs all post award activities for the University 1800 plus sponsored award.
- GFM is made up of 13 FTES: 2 FTE for award set up, 1 FTE for Accounts Receivable, 8 FTE for Post Award Accounting, Assistant Director and Senior Director

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Grants and Funds Management Department

GFM performs the following Post Award Activities:

- responsible for set up of all sponsored programs in PeopleSoft
- monitors all post award sponsored programs expense activities
- reviews expenses for compliance with grant terms and Uniform Guidance
- prepares and submits all invoices for sponsored programs, applies payments, and performs collections as necessary
- prepares all financial reporting and provides financial status information for sponsors
- responsible for close out of all sponsored program awards in PeopleSoft
- manages external sponsor audits and desk reviews

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Reviews Expenses for Compliance with Grant Terms and Uniform Guidance

Monitors All Sponsored Programs

443 current sponsors with the **top 2** being the National Institute of Health and the National Science Foundation

Averaged **988 new grants** annually, and **1,840** concurrently

Current portfolios averaged **307 projects** valued at **$108M**

Award Modification and Setups

Averaged over **194 Award Modifications** per month

Set up over **1000 new** projects in FY22 and **988 new** projects for FY23

Prepares and Submits Invoicing

Averaged **10,892 invoices** annually totaling **$18.9M** monthly

Invoiced over **180+** days totaling **$163k**

An average of **481 projects** are federal draw downs, totaling **$8.7M** in draws monthly

Financial Reporting and Reconciliation

Averaged **80 final financial reports** annually and **200 quarterly/annual** reports per year

Reconciled **33 different** federal draw system sub accounts monthly

Payment Application

Received and applied over **$576 million** to invoices generated including reconciling and drawing over **$345 million** annually of federal financial aid
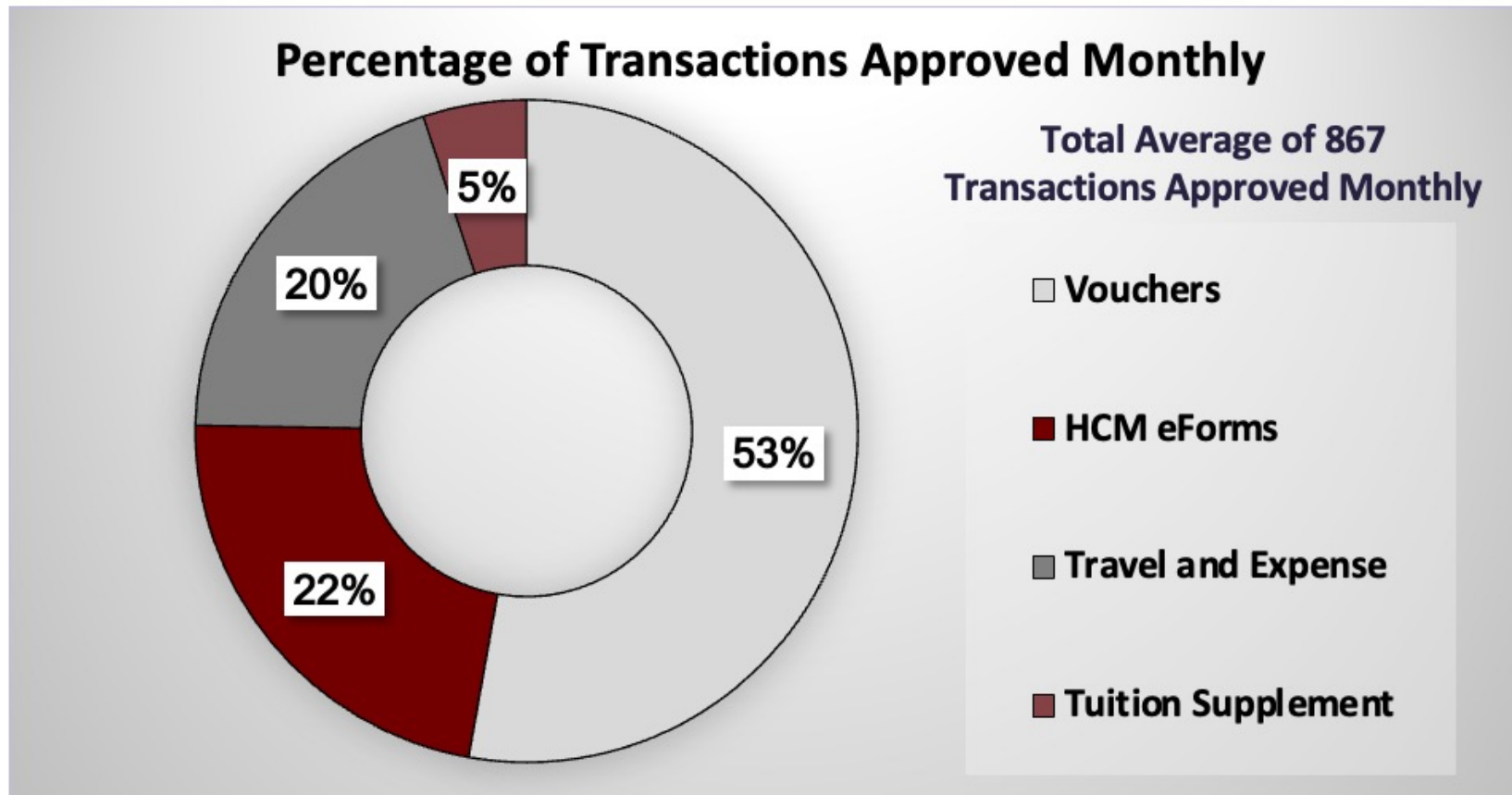
Project Closeouts

Currently averaging **82 closeouts** a month

Grants and Funds Management Department

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Grants and Funds Management Department

Transactions Reviewed and Approved Monthly with USCSP Funding

Grant Management

What is Grant Management?

Grants Management is the comprehensive process of overseeing all activities related to a grant.

The process includes managing the major steps of a grant lifecycle:

- Pre-Award Phase - Funding Opportunities and Application Review
- Award Phase - Award Decisions and Notifications
- ***Post Award*** - Implementation, Managing, Reporting, and Closeout

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What is Grant Management?

Pre-Award Phase: The pre-award phase represents the beginning of the grant lifecycle, which includes announcing opportunities, submitting applications, and reviewing applications.

What generally occurs during the pre-award phase?
- Funding Opportunity Announcement
- Application Review Process

What is Grant Management?

Award Phase: This is is the decisions and notifications phase.

When the review process has been completed, the funding agency notifies the applicants whether they have been awarded a grant. The agency also begins working with the award recipient to finalize the legal framework for the funding agreement. Following this, the funds are disbursed.

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What is Grant Management?

Post Award Phase: Post-Award administration is the term used for all grants management activities after an award is received. This includes the initial authority to spend the grant money through the fiscal closeout and final reports at the end of the grant period.

Post-Award functions typically include:

- Oversight and guidance for Post-Award on all sponsored projects

- New award set-up and kickoff meetings

- Management of award and budget

- Reporting requirements

- Fulfillment of contract terms and regulatory requirements

- Ensuring compliance with all applicable federal and state rules and regulations of sponsored projects

- Award closeout

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Roles & Responsibilities

Understanding Roles in Grant Management

- What is your role?

- Are you pre-award, award or Post-Award?

- As Finance Officers, we are responsible for Post Award:
  - ✓ Are you responsible for reviewing expenses at for grants funds?
  - ✓ Are you responsible for drawing down funds from a system or submitting an invoice?
  - ✓ Are you responsible for calculating and posting Indirect Cost?
  - ✓ Are you responsible for reporting?
  - ✓ Do you know who your programmatic contacts are?
  - ✓ Does your finance department have open lines of communication with the person in your organizations that writes grant or is responsible for grants?
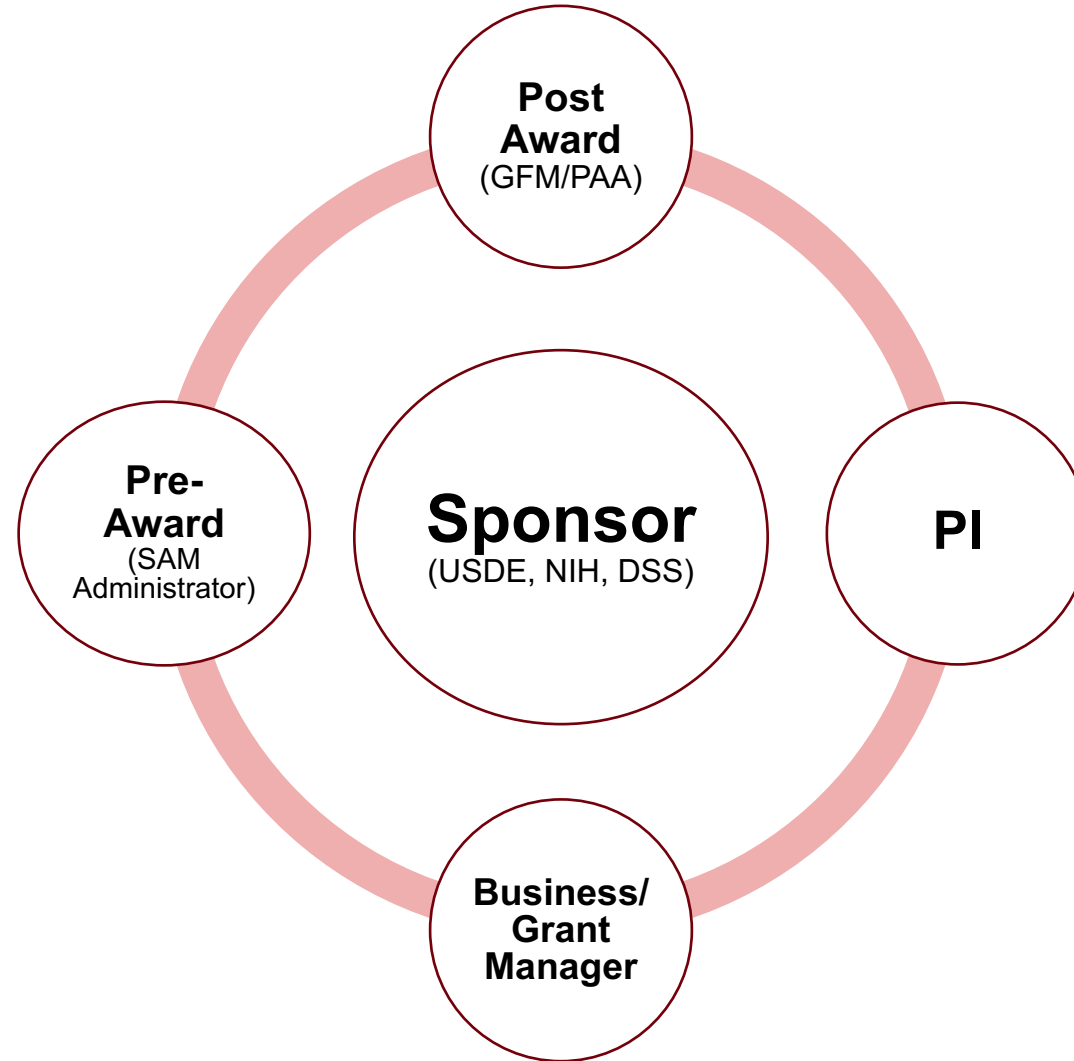
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Understanding Roles Grant Management

At USC - Effective management of sponsored projects is a shared responsibility among the Principal Investigator, Grants and Funds Management Post Award Accountant (PAA), departmental grant support, and the Office of Sponsored Programs (SAM).

Each party has specific responsibilities in ensuring that the work is conducted, and the funds are used in accordance with all sponsor and university requirements.

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Understanding Roles in Grant Management

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Understanding Roles Grant Management

| Post-Award	Responsibilities			
Activity	**Principal Investigator**	**GFM Post Award Accountant**	**Grant Support** (Department)	**SAM Office**
Award Start	**Step 1:** If needed, provide additional information about reporting and invoicing requirements. Begin spending according to the plan finalized at the proposal stage.	**Step 4:** The PAA becomes familiar with the Notice of Award (NOA).	**Step 2:** Needs to ensure payroll is set up, account change forms are completed, and cost share is activated.	**Step 3:** Make budget adjustments as needed.
Invoicing	**Step 2:** Provide the PAA with supporting documentation as requested.	**Step 1: ALL INVOICING IS COMPLETED BY GFM FOR ALL SPONSORED AWARDS.**	**Step 3:** Provide the PAA with supporting documentation as requested.	**Step 4:** Provide guidance with sponsor issues related to payment as requested.
Reporting	Provide the sponsor with Performance/Progress Reports and contact PAA if financial data is needed.	Complete all financial reporting and provide PI/Grant Support with financial data for the reports for which they are responsible.	Provide the PI and GFM documentation to support report completion.	Assist the PI with submitting Performance/Progress Reports.

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Understanding Roles Grant Management

Post-Award	Responsibilities			
Activity	**Principal Investigator**	**GFM Post Award Accountant**	**Grant Support** (Department)	**SAM Office**
Monitoring	Review previous months activity on the Grant Dashboard and HCM Distribution to verify accuracy.	Monitoring project activity to ensure compliance with Uniform Guidance, any sponsor requirements, and university policy.	Review the Grant Dashboard and HCM Distribution for the previous month for accuracy. Complete Account Change forms and Retro Funding Forms in a timely manner when needed.	Support support as needed to the PI and PAA.
Post Award Modifications	Request changes to grant account and agreement to meet evolving needs of project such as re-budgeting, no-cost extensions, carryforward, etc.	Provide information to PI and SAM as needed for re-budget requests. Update PeopleSoft account based on USCERA changes made.	Provide PI support for necessary account and agreement changes. Review current account balance and re-budget request information for accuracy.	Process post award requests, including obtaining prior sponsor approval and contract amendments as needed. Update USCERA account to reflect approved modifications.

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Understanding Roles Grant Management

- The process of managing sponsored projects is a shared responsibility, each role has unique areas of primary responsibility.

- All roles pay a vital part in the success of the award

- The roles and responsibilities of staff involved in grants **_complement_** one another and each contribute toward the overall impact that a grant makes. The collective effort among departments and working in coordination with one another can lead to effective management and a positive experience working with grants.
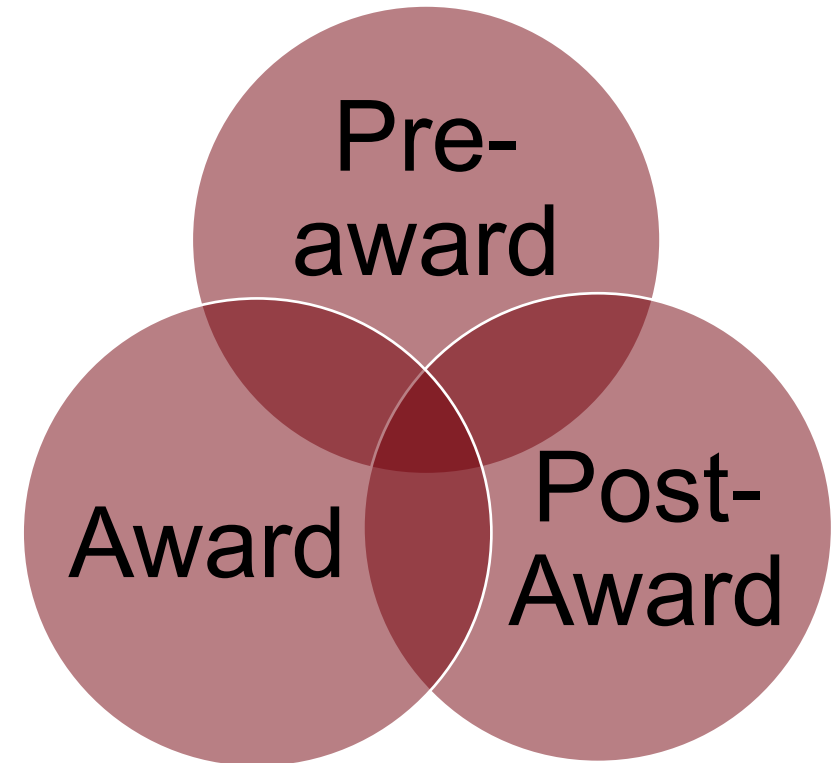
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Post-Award

Grant Post Award Financial Management

It's about effectively overseeing and managing your grant funds.

How is this accomplished:

- Ensuring compliance with all applicable federal and state rules and regulations of sponsored projects
- Monitor the award expenses and budget
- Fulfillment of contract terms and regulatory requirements
- Reporting requirements
- Timely close out

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Compliance

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Compliance: Terms and Conditions

If a grant is approved, the grantee will receive a binding legal document outlining the terms and conditions of the grant.

Regardless of your role - make sure to thoroughly review the grant agreement.
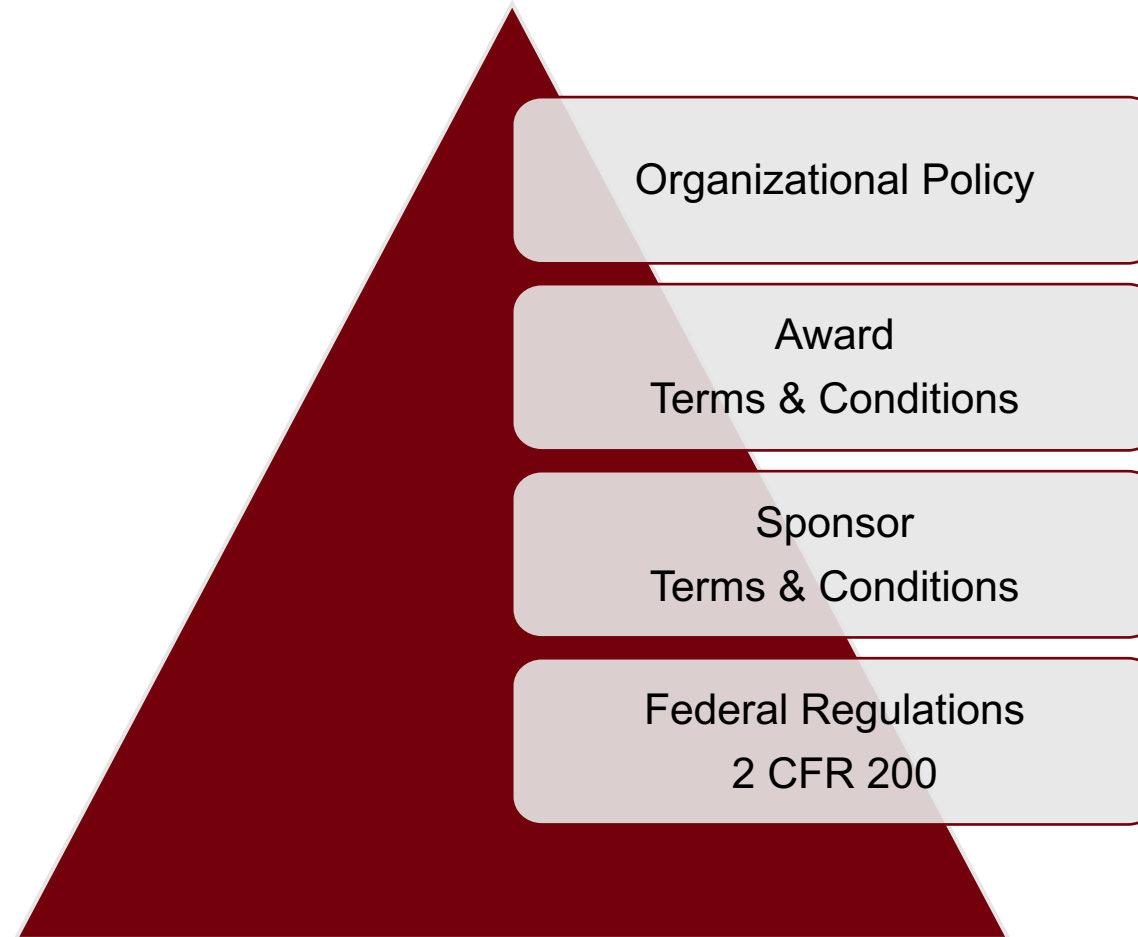

Terms & Conditions can be:
- Incorporated by reference
- Outlined in award document
- Reference a link to the grantor website

Regardless of how terms and conditions are conveyed, awardees are responsible for ensuring compliance.

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Compliance: Terms and Conditions

What is the most restrictive rule?

Organizational Policy

Award
Terms & Conditions

Sponsor
Terms & Conditions

Federal Regulations
2 CFR 200

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Compliance: Terms and Conditions

Why is it so important to understand the grant terms and condition?

- Grantors have the right to conduct audits to evaluate compliance, and significant findings of noncompliance could result in a grantor deciding not to provide future financing to the grantee or asking for additional reporting requirements, further depleting resources.

- Grantors also update their rules! It is important to continuously review your sponsor's grant rules!!
  - ✓For federal awards, Uniform Guidance (2 CFR 200) is undergoing changes.

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Compliance: Terms and Conditions

Uniform Guidance Updates:

- In 2024, OMB released an updated version of the Uniform Guidance

- The Office of Management and Budget is submitting the final guidance for publication in the Federal Register (FR).

- OMB released this pre-publication internet version on Thursday, April 4, 2024.

- The official version in a forthcoming FR publication, which will appear on the Government Printing Office's FDsys website (https://www.gpo.gov/fdsys/). It will also appear on Regulations.gov (https://www.regulations.gov/).

Compliance: Terms and Conditions

Updates to Uniform Guidance:

- Increase the Single Audit threshold to $1 million from $750,000, potentially reducing the number of single audits required each year.
- Increase the de minimis indirect cost rate percentage to 15% from 10%, potentially increasing the number of recipients using the de minimum indirect cost rate.
- Increase the threshold used to define a capital expenditure to $10,000 from $5,000, reducing the administrative requirements related to lesser-valued items.
- Increase the exclusion threshold of subawards to $50,000 from $25,000 under modified total direct costs.
- Removal of items currently included in the listing of prior written approval requirements. Items removed include real property, equipment, direct costs, entertainment costs, exchange rates, memberships, participant support costs, selling and marketing costs, and taxes.

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Grant Expense Monitoring

Grant Expense Monitoring

Be familiar with rules and regulations

- Including sponsor specific guidelines

Review expenditures **Monthly** to ensure they are:

Allowable – expense is in line with the terms and conditions of the award

Allocable – expense is a direct benefit to the award

Reasonable – prudence is exercised, and expense is reasonable

Necessary - Is the expense necessary for performance of the award

Maintain appropriate documentation.

Grant Expense Monitoring

Costs must meet the following general criteria to be allowable under Federal awards:

Term		Definition
Reasonable & Necessary	→	Be necessary and reasonable for the performance of the Federal award.
Conformance	→	Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
Consistent Treatment	→	Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity, and Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
No Duplicative Use	→	Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See § 200.306(b).
Adequately Documented	→	Be adequately documented. See also §§ 200.300 through 200.309 of this part.
Approved Period of Performance	→	Cost must be incurred during the approved budget period. The Federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to § 200.308(e)(3).
GAAP	→	Be determined in accordance with generally accepted accounting principles (GAAP).

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2 CFR 200.403 Factors affecting allowability of costs.

Grant Expense Monitoring

Does it pass the newspaper test?

"Contemplating any business act, an employee should ask himself whether he would be willing to see it immediately described by an informed and critical reporter on the front page of his local paper, there to be read by his spouse, children, and friends."

--- Warren E. Buffet

This test isn't just about transparency. It's also about consequences!

It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently.

--- Warren E. Buffet

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Grant Expense Monitoring

Internal Controls

Internal controls means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;

- Reliability of reporting for internal and external use; and

- Compliance with applicable laws and regulations.

Requirements (§200.303)

- Establish and maintain controls (example COSO standards)

- Comply with federal laws, rules, and award conditions

- Monitor compliance

- Take prompt action when non-compliance is identified

- Safeguard personally identifiable and sensitive information

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Grant Expense Monitoring

If you are not in compliance, Sponsors may:

- Disallow expenses and/or require repayment
- Require additional oversight of systems and controls
- Reduce or eliminate future funding
- Pursue other remedies legally available, including federal fines and penalties

Grant Expense Monitoring

Here is an example of noncompliance from Duke University (2018):

- NIH issued additional regulations and revoked their expanded authority after discovery of research misconduct. Misconduct included falsified research and embezzlement of research funds dating back to 2010.
- **$112.5 million paid back to the government**

Grant Reporting

Types of Reporting

Progress & Technical Reports

Progress on the project research performance, milestone achievements, and new technology or invention developments. These reports may be referred to by the sponsor as:

- RPPR (Research Performance Progress Report)
- Technical Report\
- Performance Report
- Project Report

These reports are considered deliverables under the terms of an award and should be submitted by the sponsor's deadlines.

Financial Reports

Examples of financial reports that may be required are:

- FFR
- SF425
- Quarterly Financial Disclosure
- Cumulative Invoices

The award terms and conditions detail the reporting specifics that are needed for the financial report submission. Typically, the final financial reports are submitted to the sponsor within 90 to 120 days of the end of the project period.

Equipment, Property Reports & Relinquishing Statements

Federal contracts and many grants require a final inventory of equipment purchased, fabricated or furnished by the sponsor during the period of the project. Non-federal sponsors may have other requirements, and the grantor is responsible for adhering to individual sponsors' reporting requirements.

The award terms and conditions detail the reporting specifics that are needed for reporting inventory.

Grant Close Out

Close Out

Closing out a grant can be complicated, but planning for closeout long before the deadline can help support a smooth and complete process for your team. **Consider these five principles from pre- to post-closeout:**

Pre-closeout: As your program approaches closeout, review the closeout terms and conditions listed in the Notice of Award you received at the time of funding.

Standardizing the process: When possible, standardize your closeout process across grant programs. Diverse programs will have different objectives and requirements, which can result in competing priorities and deadlines that strain staff and fiscal resources.

Starting grant program closeout: Begin your closeout process early and plan for adequate time to collect all programmatic, administrative, and fiscal documents and data ahead of the submission due date;120 calendar days after the end of the performance period.

Subrecipients' role in the grant program closeout process: Be sure to communicate with your subrecipients at least 90 days before the end of your performance period and continue to include them in the closeout timeline and submission process.

Post-closeout record retention: After you submit your final closeout documents, you must adhere to the record retention policy and retain documents as outlined in your state and federal guidelines.

Resources

Rules & Regulations to Know

- **Code of Federal Regulations – (2 CFR 200)** establishes Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards **(Uniform Guidance)** **https://www.ecfr.gov**

- Agency Specific Guidance (NIH, HHS, NSF, etc.)

- Non-federal grants commonly place references to Uniform Guidance in their agreements, making them subject to the same rules.

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Questions

THANK YOU!

Office of the Controller

Address:
1600 Hampton Street
Columbia, SC 29208

Contact Number:
Phone: 803-777-2602
Fax: 803-777-9586

Email Address:
controller@sc.edu

Alone, we can do so little; together, we can do so much.

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