

Process for Financial Review of Grant & Contract Awards

The following explains the general process of how grant and contract awards are fiscally monitored by the Green River College Business Office.

An official grant/contract award notification must be received by the Grants & Contracts office. This serves as notification that the institution can proceed with activities for the grant as of the start date as identified in the notification. Once the notification has been received, an account code (or codes if more than one is required to track different grant activities) will be assigned by the Grants & Contracts office. Once the account code has been assigned, spending for the grant may commence.

The Accounting Director of Grants & Contracts will conduct quarterly reconciliations (at a minimum) of these accounts (January – March will be completed in April, April – June will be completed in July, July – September will be completed in October, and October – December will be completed in January). More frequent reconciliations (monthly) may be completed if required or requested. Please contact the accounting director.

The account reconciliation is completed in excel and will contain the following information:

- Recap/Summary: this will show the original awarded budget, the current period expenses, total expenditures to date (since the start), and the budget balance remaining
- Detailed expense information to include, but not limited to, the following expense categories:
 - Direct Costs – defined as expenses that can be identified with a particular cost objective:
 - Salary/wages and benefits – compensation of employees for the time spent and identified specifically to the performance of the grant award
 - Contracts/Consultant Services – contracts with entered into specifically for the purpose of the grant award
 - Goods & Services – cost of materials/services acquired, consumed, or expended specifically for the purpose of the grant award
 - Equipment/Capital – equipment and/or capital expenditures
 - Travel – travel expenses incurred specifically to carry out the goals/objectives of the grant award
 - Participant Support – cost of materials/services acquired, consumed, or expended for participants or trainees (but not employees) in connection with grant-sponsored conferences, meetings, training activities, workshops, educational opportunities.
 - For some educational projects, participants being trained may be employees – in such cases, costs must be classified as participant support and payment is made through a stipend.

Pay must be differentiated and identifiable between regular salary and stipend.

- Others, if needed
- Indirect costs (and how it was calculated) – more on this topic below.

Once the account reconciliation has been completed, it will be reviewed by the accounting director and emailed to the grant project manager for review. If the accounting director and the project manager have no questions/concerns for that reconciliation, the next step is for the accounting director to invoice or draw down the funds from the granting agency. However, if at the time of the review by the accounting director there are questions/concerns, the accounting director will address the issues in the email to the project manager for their review and response. The accounting director will follow up with the project manager to gain an understanding of the situation. If necessary, the accounting director will work closely with the project manager to resolve the issue.

Indirect Costs – (a.k.a. Facilities and Administrative Costs (F&A) for Colleges and Universities) indirect costs represent the expenses of doing business that are not readily identified with a specific grant, contract, project, or activity, but are necessary for the general operation of the institution. This includes, but is not limited to: heat, lighting, technology support, business office personnel (e.g. payroll, purchasing, accounts payable), campus safety, human resources, etc. Some grants allow for indirect costs to be charged to help cover these overhead expenses. Indirect cost rates allowed vary by funder and may be subject to limitations. Green River has a negotiated indirect cost agreement granted by the Department of Health and Human Services which allows us to charge a rate of 45% on direct salaries and wages (determined by A* or TA sub-subobjects). The indirect cost rate may not be charged to any other sub-subobjects, unless otherwise noted in the grant proposal guidelines or other grant-related correspondence.

Over Budget – if the concern is that there is a cost overrun causing an overspending situation, the accounting director will review the budget to determine if the overspending is within prescribed variance limits (e.g. SBCTC grants allow a 10% budget variation in expenditure levels by individual budget cells without prior approval, WDC contracts allow a 5% flexibility allowance on each budget line item without prior approval). If the overspending is greater than the variance allowed, one of two things can happen:

1. Budget revision – if this option is available and a review of the total grant/contract expense to date reveals that there is budget remaining, a formal budget revision can be submitted to the granting agency

2. Transfer of expense out of the grant/contract account to a different account that will accept the expense

The accounting director will work with the project manager to determine the best option.

Unallowable Costs – if the concern is related to an unallowable cost being expensed to a grant/contract, the accounting director will research the cost and pull the source backup documentation. The accounting director will work with the project manager to help him/her understand why the cost is considered unallowable. A different funding source will be identified to transfer the cost to as soon as possible: a general fund account, a different grant account (if available and applicable) or possibly a foundation account (if applicable). If the grant requires a drawdown of funds for reimbursement (e.g. Department of Education, National Science Foundation, etc.) funds will not be drawn for the unallowed cost.

Once issues are resolved and the grant/contract account is reviewed by both the project and accounting directors, the accounting director will invoice or draw down the funds from the granting agency.

The applicable Federal administrative standards that Federal grants (to include but are not limited to: Department of Education, National Science Foundation, Department of State, National Endowment for the Humanities) must follow are contained in 2 CFR § 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Monitoring of non-federal grants generally follow the same Federal administrative standards unless otherwise noted in the grant award agreement or other grant-related correspondence.

All grant awards must follow Green River policies and procedures unless otherwise noted in the grant award agreement or other grant-related correspondence.