# Policies and Procedures

## 1.1. PROPOSAL APPROVAL

In order to track MMU's grant activity and avoid unnecessary and perhaps costly duplication, it is important that you obtain approval from *authorized personnel* before you begin the application process. Authorized personnel may include the President, Provost, Vice President or Department Chair.

Please fill out the following "Funding Proposal Approval and Coordination Form" and obtain necessary signatures. Once finished, send a copy to Office of Walter Chien / Development and Alumni Relations / Warde 516 or scan a copy and email it to: wchien@mtmercy.edu.

Once your request has been approved and filed with the office of Grants Administration, you can begin preparing a proposal for submission.

If there is some reason that your request is denied—such as a concern for the financial feasibility of the project, required match, or the availability of staff to implement it—we encourage you to reach out to the Grants Administrator for more information.

Please refer to *Grant Terminology*, *Policies and Procedures*, and *Roles and Responsibilities* found on the MMU *Grants Administration Website* for more detailed explanations of terms.

If you have any questions about this or anything else related to grants, please contact Walter Chien in Grants Administration at ext. 1362 / Warde 516.

*-Guide-*
**MMU GRANTS ADMINISTRATION**
**Funding Proposal Approval & Coordination Form**

| Enter a descriptive name for your project | Start / finish dates of project |
|---|---|
| Project name | Project dates |
| Complete name e.g. "Roy J. Carver Charitable Trust" | Best guess if it is not known |
| Funder name | Amount requested |
| How does the funder identify the fund? | Is there a match or "cost sharing" requirement? |
| Name of opportunity or # | Match requirement |
| When will funding start and end? | When is the application due, including time of day. |
| Funding period | Due date |

**Authorization:**

| Name of Dept. Chair / Provost / VP / President who has authorized this funding request | | |
|---|---|---|
| | Title | Date |
| Name and title of person completing this form. | | |
| Your signature | Title | Date |

**Coordination:**

1. Name of the person to whom the funder should contact for questions about the proposal

| Primary Contact | email |
|---|---|

2. Name of the person to whom the funder should contact for questions about the project

| Project Director / Principal Investigator / Co-PI | email |
|---|---|

3. Name of the person responsible for writing the narrative of the proposal

| Lead Writer |
|---|

4. Name of the person responsible for putting the proposal together for submission

| Grant Coordinator |
|---|

5. Name of the person responsible for assisting with developing project budget projections

| Budget Coordination |
|---|

6. Other persons assisting with proposal

| Other coordination staff |
|---|

7. Name of person not connected to project who can provide feedback and general proofreading

| Reviewer |
|---|

**Purpose of funding request:**

Give a summary of project including justification for funding request, target population, projected cost and projected outcomes.

**MMU GRANTS ADMINISTRATION**
**Funding Proposal Approval & Coordination Form**

| | |
|---|---|
| Project name | Project dates (start / finish) |
| Funder name | Amount requested |
| Name of opportunity or # | Match requirement |
| Funding period (start / finish) | Due date |

## Authorization:

| | | |
|---|---|---|
| Signature | Title | Date |
| Your signature | Title | Date |

## Coordination:

1. 
   Primary Contact        email
2. 
   Project Director / Principal Investigator / Co-PI        email
3. 
   Lead Writer
4. 
   Grant Coordinator
5. 
   Budget Coordination
6. 
   Other coordination staff
7. 
   Reviewer

## Purpose of funding request:

## 1.2. OBTAINING ADMINISTRATIVE ACCEPTANCE OF AN AWARD

A Letter of Agreement, also called a Notice of Award (NoA) or Award Agreement or Award Letter, is a legally binding document or contract that has to be signed by someone with legal authority to bind the University to its provisions.  This is critical because we need to know what our obligations are and who is responsible for what.  Once it has been formally accepted, an account can be created with the Business Office so that funds can be expended and the project implemented.

If the letter of agreement was sent to someone who does not have the legal authority to accept it, it should be sent to the Grants Administrator. If the request for funding has been denied, the letter should also be sent to Grants Administrator for processing and filing.

The following outlines the procedures involved in getting your award accepted so that you can start expending funds.

- **What do we need to do to get the funding?**  The Letter of Agreement must first be accepted (signed) by someone with legal authority to bind the University such as the President, the Provost, a Vice President, or a Department Chair.

- **What do I need to know about getting grant-related contracts or subgrants?**  If your grant involves a contract or subgrant, Grants Administration will review the contract or subgrant and help arrange for approvals and signatures.  Subcontracts and subgrants can take some time to develop and get approvals from participating organizations so it is advisable to begin developing them as soon as funding has been approved. Contracts and subgrants are not approved until all signatures are obtained.

- **My grant includes several pages of terms and conditions, certifications, and assurances.  Do I need to include them in the subgrants with other institutions?**  Yes.  Subgrantees are bound by the same terms and conditions, certifications and assurances that we are, so it is very important to include this information in their subgrant so they know about and agree to follow to them.

## 1.3. NEGOTIATING AWARDS WITH FUNDING SOURCES

Program Officers (official contacts with foundations and other granting agencies) may ask questions specific to the proposal as part of the funding decision-making process. These questions may involve clarifications, revisions and amendments to grants.

The Contact Person (listed on the Proposal Approval form) is generally given a week or two to prepare written responses to these questions.

The following are common scenarios when negotiating awards.

- **When should I contact the Grants Administration?** Before you initiate contact with the funding source or if you are contacted by the funding source, you should contact Grants Administration. Grants Administration has experience in working with a variety of programs and funding sources that may be helpful in your efforts to negotiate a new agreement.

  Further, both Grants Administration and Business Office need to have copies of any written materials received or submitted to the funding source as all correspondence then becomes part of the new contract.

- **What does the contact person need to know and do?** If the award is less than what was requested, you will need to determine how any reductions will affect your ability to accomplish the proposed scope, goals, and objectives of the project. Therefore, negotiators should review both the proposal and the Letter of Agreement and be familiar with their stated provisions ahead of time. When the Program Officer calls, be sure to clarify comments and concerns and make notes on that feedback. This information may be helpful in determining where to make reductions. All partners and project team members should be consulted before significant changes are made.

  Most Program Officers allow more time for the response when the award is less than 98% of the amount requested (including indirect costs). It is important to provide the requested information by the agreed upon deadline.

- **Can I negotiate away the indirect costs?**  No, you cannot.  These funds are for pre- and post-award grants services such as grant writing, financial recordkeeping, reporting, audit, technical, and other general services that are not covered by the direct costs. Indirect costs are usually a percentage of total wages, or in some cases, a percent of total direct costs; so the amount used for indirect costs may be reduced if the totals on which it is based are reduced.

- **What do we do if the funding award is drastically reduced?**  In most cases, the reductions are relatively minor and can be accommodated.  If the recommended award amount is a significant reduction, you should discuss reducing the scope or objectives of the project correspondingly.  This is negotiable provided it complies with the program and federal guidelines if applicable.

  In <u>extremely rare</u> instances, the funding amount may be so drastically reduced that the institution can no longer undertake the project and should make the decision to decline the award.

## 1.4. MATCHING FUNDS OR COST SHARING

**Definition:** Many funders will only provide grants for a portion of the total cost of a program of project. The remaining costs are referred to as "matching funds" or "cost sharing" and are requirements from many funders. Most often, this is because they want to see some "buy in" from the organization applying for funding.  In most cases, the funder specifies a minimum match (e.g. 25% or 50% of the total project cost or sometimes represented as a ratio e.g. 1:1, 2:1 etc.).

In other instances, a match may only be encouraged but not required. But again, any financial (or in-kind) contribution tells the funder that the organization is serious about the program and willing to support it financially.

In addition, applying for funding is always very competitive so your match needs to compare favorably with match dollars offered by other applicants. Proposals that include a significant match are perceived by the funders as more competitive and are therefore more likely to be funded.

**What determines an "appropriate" match?**

- If it demonstrates institutional commitment that goes beyond just conducting a program. The funder wants an indication of institutional support for the program and some likelihood that there are resources to continue the program after the funding ends.
- If it provides a more accurate picture of the ***actual cost*** of delivering a program. The funder also wants to know the actual cost of replicating the program elsewhere.
- If it reduces the amount of money required of the funder, thereby allowing additional projects to be funded in other locations.

Frequently, however, the grant application will indicate the types of match that are acceptable for a particular program.  Generally speaking, a match is allowable for the same cost categories that are allowable from grant funds. To qualify, the match dollars must be used to meet the objectives of the proposed project and may come from either the institution or a third party, *but NOT from other grants i.e. federal grants cannot be used as match for other federal grants. This is called "supplanting" and it is illegal.*

**There are two types of match:**

1. Cash Contributions are cash outlays from operational accounts or a non-Federal third party to support the program. Examples of a cash contribution include a portion of the Project Director's salary that is being paid by the institution or a cash contribution to match federal dollars for the purchase of instructional equipment.

2. In-kind Contributions are the "value" of non-cash contributions provided by the institution or a non-Federal third party. They may be in the form of charges for real property and non-expendable personal property, and the value of goods and services directly benefiting and specifically identifiable with the project or program. Examples include the value of space, equipment, volunteers, and supplies for the program; supervision; and in some cases, any unreimbursed portion of the negotiated indirect cost rate.

For example, the National Science Foundation awards funding to purchase laboratory equipment for projects that enhance the teaching of science. This program requires a minimum 50% or 1:1 match. NSF will pay for half of the equipment cost and the college must demonstrate that it will pay for the other half through cash or in-kind contributions.

During the proposal preparation process, grant writers review the matching requirements contained in the grant application. Grant writers generally discuss a match with Program Officers to find out the match amounts offered by proposals that were funded the prior year, unless stated in the guidelines. This information helps a grants writer to arrive at a match amount that will be competitive without being excessive.

**A few examples of matching costs which people tend to forget about:**

- When consultants charge a lower rate since you are an educational institution, you can use the difference from the normal rate to the educational discount rate as in-kind dollars. The documentation required is a letter provided from the consultant including the normal rate charged and the educational discount rate, at the time of purchase.
- If an Advisory Committee participates, charge this time as if the company was billing them for time. Keep detailed meeting minutes showing who attended, the times they were there, and travel time for each attendee.
- In-Kind match can also come from technical assistance, mentoring, job fairs, tutoring, field trips and presentations. Keep a log which states the

name, phone number, position, and hours spent traveling and at the actual visit/meeting.
- Educational Discounts on software, equipment and supplies. This can be used on most grants but not all.

**Policy and procedure:** Prior approval in writing from the Offices' of the Provost and the President is required for all matching grants before a proposal can be submitted.  Failure to acquire approval may result in declining the grant should one be awarded.

Contact Grants Administration website for a "Proposal Approval" form, fill it out, get required signatures and return to the GA office (516 Warde) before you begin writing your proposal.

Prior approval is required because all cash commitments that have not already been allocated in the budget and approved by the Board of Trustees, need to be accounted for in order to avoid budget deficits.  However, in-kind contributions such as salaries (see above) may also be used to meet your match, thus avoiding the need for cash.  If you need help determining where to find your match, contact the Grants Administrator for assistance.

If you are awarded a matching grant, immediately send a copy of the letter of agreement (contract) to the Grants Administrator for processing. The Grants Administrator will then work with you to assign roles and responsibilities for managing the grant until the funding period ends.

## 1.5. SETTING UP THE GRANT BUDGET

Once your grant is officially accepted and on file, the Project Director should work with the Business Office to set up a project budget. The Business Office person assigned to your project will process, track and document all project expenditures and should be informed of all fiscal transactions related to your project. The Project Director will also work with the accountant to compile fiscal information for required reporting. In some cases, Grants Administration will also help with reporting, especially for federal grants.

All assigned roles and responsibilities should be explained in the proposal and verified once the award is accepted.

- **Can I have funding from more than one source in the same grant budget account?** No. Both MMU Grants Administration policy and funding source guidelines prohibit co-mingling of funds.

- **Is any training available for new grants and new directors?** Yes. The Grants Administrator and the assigned accountant can schedule an orientation meeting with project administrators.

  Topics typically discussed at these orientations include budget issues and documentation of match, project scope and objectives, special requirements, recordkeeping, budget management, project reporting and evaluation requirements, process and requirements for budget revisions, and other grants management issues.

  The Project Director will need to acquaint himself/herself with funding source and federal guidelines for expenditures and with Grants Administration policies related to purchasing, travel, etc.

- **Who is responsible for approving grant expenditures and documentation of all expenditures and matching for the project?** Project staff may assist with maintaining documentation and creating requisitions, but the ultimate responsibility for administering the funds and documenting its use rests with the Project Director who will work in coordination the Business Office and Grants Administrator.

## 1.6. MANAGING PROJECT BUDGETS

Project Directors must pay close attention to both the financial and programmatic aspects of their projects.  Both require careful monitoring if the project is to be successful.

This section addresses some of the commonly asked questions about managing grant funds.

- **How do I know what's available in my budget?** Your budget is administered through the University's Business Office and they can generate a monthly budget expenditure report so that you can monitor your budget. You should carefully review the first grant budget report to check the accuracy of the account object codes for line items and amounts.

    Subsequent budget reports should be reviewed line item by line item to be certain that charges are correctly posted to your account. Try not to exceed the budget allowed for each object code. If any modifications have been made to your original budget, the revised budget should reflect those changes.

- **Can't someone else manage the budget?  I'm only interested in the program aspects of the project.** Sorry.  Managing the financial resources is one of the important responsibilities involved in managing a funded project.  Every award has both budget and programmatic requirements with which you, as Project Director or Principal Investigator, will need to comply with.  The initial budget and any approved revisions are your spending plan for accomplishing the objectives of the project.

- **What about carryover monies?** Naturally, you are not supposed to spend more money than you have.  At the same time, funding sources do not like under-spending and carryover of large amounts of unobligated grant funds into a new grant year.  This raises Program Officer concerns about whether the project is being properly implemented. The Program Officer may wonder whether the costs were exaggerated and may be less generous with your next request for funding. Even if allowed, Program Officers are restricting how carry forward funds can be used.

A frequent cause of substantial under-spending is due to delays in the hiring processes and filling vacancies.  These processes need to be expedited as soon as possible since the lack of available staff means services are not being provided.  Review expenditures on a monthly basis to be sure that all charges are appropriate and to avoid possible unnecessary return of unexpended funds to the funding source.  Midway through the year and as you begin the last quarter of the year, it is wise to review your budget situation with the Business Office and Grants Administration.

Your goal is to expend all grant funds as requested each grant year.  Some funders now indicate that no cost extensions will be allowed or that projects may not be allowed to keep what they regard as excess carry-forward.

- **Is it okay to use grant funds to replace funds that were previously obtained from the University's operational budget?**  No! It's called "supplanting" and it is illegal. A grant is not the same thing as money.  In other words, you cannot use the funds for anything other than what you proposed and then agreed upon in the contract. Awards are placed in separate, restricted fund accounts so that all expenditures can be individually scrutinized to ensure that they are part of the approved grant budget.

- **What are matching funds?**  Matching funds are cash or "in-kind" support beyond the grant that is contributed by the grantee and /or partners to complete the project. (see: 1.4. Match policy).

- **How do you document match?**  If a portion of an individual's time is being used as matching funds, the time used for the grant needs to be recorded in a *Time and Effort Report* (see: Grants Administration website).  Auditors will look for such records to document effort spent on a project.

- **Who is responsible for collecting and documenting match?** At the beginning of the grant, the Project Director should meet with the Accountant to discuss procedures to document match and other budget-related issues. Even though Support Staff may process the actual records, the Project Director is responsible for keeping track of and documenting the match monies. Always maintain adequate backup documentation to support expenditures (both grant and match). You also need to know what accounts your match is coming from or, at least, which salaries are contributing to the match so that you can provide that information to the Accountant.

- **Can I buy a lot of supplies at the end of the grant period to use up the funds?** No, you should not buy a bunch of supplies at the end of the grant period just to use up the funds. Doing so, may alert the funder that funds are not being expended in compliance with the contract compelling an audit.

- **I don't want to have to oversee more than one budget. Can I just combine all my project money into my operational budget and transfer expenses at the end?** No. Co-mingling is not allowed. A separate account needs to be set up for each grant and expenses should be charged directly to the proper account to avoid time-consuming transfers later. If it isn't billed properly, the funding agency may not reimburse the expenses.

- **I have a "shadow" accounting system but it does not agree with the University's accounting.** Shadow systems can be helpful in keeping track of expenditures in some grants, but your shadow system is NOT the official system. The University's financial reporting system used for preparing financial reports and for audits is the official system. But you can use your shadow system as an unofficial, non-specific reference tool.

- **How can I determine how my project is doing fiscally?** To analyze how your project is doing fiscally, periodically request a budget report from the Business Office comparing the percentage of budget that has been expended to the percentage of grant that has expired. If all is going well, the funds expended should generally match the project timeline. If, however, 80% of the grant period has expired, but only 30% of the money has been spent, there is a risk of not completing the project on time and not expending all the funds.

Nevertheless, there may be justifiable reasons for a discrepancy between the two such as a major equipment purchase or the timing and cost of major grant activities.  More commonly, however, major discrepancies indicate that the program is either not being implemented on schedule or expenditures are being charged to the wrong account.  Be sure that you are not charging grant expenses to your regular operational budget instead.  This causes the operational budget expenses to be higher than planned and leaves the grant budget looking like no activities occurred.

Failing to spend the project budget also gives the funder the impression that the University really did not need the money.  This negative impression may make it harder for the University to receive funding the next time around.

- **What are indirect costs and why can't I spend those monies?**  Indirect costs are those costs that cannot be identified directly with a particular program, project, or activity. These costs are incurred for several purposes that are necessary to the operation of the institution.  Examples include: library resources, general administration, and building maintenance.

  The Business Office will transfer indirect costs at the end of a grant period based on a percent of total as shown in the approved budget.  Historically, many education grants have been limited to 8% of total direct costs. However, some funding sources, such as the National Science Foundation, allow negotiated indirect costs based on total salary and wages instead. As of 2014, Mount Mercy did not have a negotiated indirect cost rate.

## 1.7. PROJECT MANAGEMENT AND EVALUATION

Grant proposals should contain a project management plan which can be very helpful in identifying the key tasks that need to be accomplished each year of the grant.  If your proposal does not contain a project management plan, you are strongly encouraged to develop one to guide funded activities, develop deliverables, attain objectives, and complete reports.  Close attention should also be paid to the data and other information that will need to be captured for programmatic or evaluation reasons.

Performance reporting and project evaluation are among the most critical aspects of project implementation and are responsibilities of the Project Director.  The success of your project will ultimately be judged by the project outcomes as demonstrated in the project evaluation.  Comprehensive projects frequently require the establishment of tracking cohorts or other data collection activities. Proposals typically include detailed evaluation plans and management plans which are used to identify the data elements that must be collected and the methods used to measure results.  Some federal agencies are starting to require a quasi-scientific research model that requires a comparison of program participants with a similar non-participating group.

The Project Director or Evaluator may identify additional data or information that needs to be collected in order to demonstrate the progress and success of the project.  In the case of federal agencies, all grants funded by a particular program may be required to provide the same data elements in order to prepare a national program report to determine effectiveness and report to Congress.

**Formative evaluation** is the type of evaluation that is conducted throughout the implementation of the project activities.  The results are used to assess progress, identify potential or actual problems, and formulate and implement corrective action.  The Project Director should establish accurate baseline data and comprehensive assessment instruments at the beginning of the grant.  For most multi-year government grants, formative evaluations are submitted in annual progress reports and continuation applications.

**Summative evaluation** is completed at the conclusion of the entire grant period and is particularly concerned with project outcomes.  These reports are required in order for funding to continue.

Evaluation reporting dates are normally specified in the formal award notification and <u>should not be missed</u>. Project Directors must find out the required content and format of reports and their due dates at the beginning of the project so that the appropriate information needed for the reports is collected throughout the project.

Many funding sources now require that evaluation and progress reports be submitted electronically.  Grants Administration can provide assistance with this process.

- **I thought evaluation occurred at the end of a grant period.   Why should we be worrying about it at the beginning before we've even started our project activities?**  Because the evaluation includes the entire program from beginning to end.  Therefore, all data gathered during the course of your project will be analyzed to determine whether you are meeting the project objectives.

- **How do I know what data to collect?**  Most grant proposals include an evaluation plan that outlines the methods and standards used to measure the success of the project.  The evaluation plan should include a description of what is being evaluated, instruments to be utilized for measurement, the name or title of the person doing the evaluation, and the data to be compiled and analyzed to determine the success of the project and to take corrective action.

  The Project Director may also want to speak to the Office of Institutional Research to set up the appropriate data collection and tracking needed for the grant evaluation. The Project Director should convene a meeting with the external evaluator, if one has been identified, as well as the Institutional Researcher.

  The Institutional Researcher may have been the source of baseline data that was utilized in the proposal and should have working papers that show how the data was produced.  The Institutional Researcher can also be helpful in obtaining and updating student and other data that shows the effect of intervention changes.

- **What do I do if the grant proposal specifies use of an external evaluator but did not designate one by name?**  If your proposal specifies the use of an external evaluator, but did not identify one by name, it is important to identify one as soon as possible.  Many projects prefer an evaluator who is familiar with the field of study and the type of program to be evaluated. Depending on the estimated cost of the evaluation, you may be required to seek bids.  You will need to complete a *Professional Services Contract* to contract for evaluation services.

- **The funding source did not provide any guidelines for the performance report.  What should I do?**  If no specific direction about format or content is provided, the performance report should address, at a minimum, the project's progress in meeting the measurable objectives included in the original proposal.  Performance reports should emphasize results or outcomes, not processes.  Outcomes focus on the measurable results of the project activities, whereas, processes describe the activities that were implemented. Be sure to follow the description contained in the project narrative.

## 1.8. RECORDKEEPING, PROGRAM REVIEWS, AND AUDITS

Documentation of project activities, services, results, expenditures and matching funds are an essential ingredient of good grants management practices. Accurate and complete records are critical for demonstrating performance and project success, completing project reports and evaluations, managing project activities and resources, identifying areas needing improvement and taking corrective action, and successfully preparing for monitoring visits and "clean" financial audits.

The records you keep will need to answer questions such as the following:

- What did the project do?
- When and how well was it done?
- What are the outcomes?
- Did you accomplish project objectives? If not, what are you going to do to correct the situation?
- How much money have you spent and on what was it spent?
- How have you documented time and effort and are you meeting commitments made in the proposal?
- If your program involves a cohort, how are you tracking student progress?

### Payroll and Effort Documentation

Effort records must be maintained so that salary charges to an award can be adequately documented. Payroll and project records need to document the individuals who worked on the project, the time each spent on the project, the amount they were paid, and the activities and services they performed. Effort documentation forms must be completed and signed by each staff member and signed by a responsible official having first-hand knowledge of the work performed, which is typically the Project Director.

- **How do we document Effort?** The percentage of effort reported for the period serves to substantiate the salaries and wages charged to federal grants. Two different forms are being used for effort documentation—one for non-faculty and one for faculty with a regular workload.

- **What documentation do we need for employees who are working on more than one grant or part-time on a grant and part-time on other college duties?** An employee on more than one grant or who splits his/her time between a grant and other college duties must maintain records that show the amount of time charged to each. Maintaining this information through use of a calendar and the

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Monthly Grant Time Record will provide the necessary documentation.  A separate effort documentation form must be completed for each grant.

- **How do you determine effort?**  Effort is not based on a 40 hour work week.  Instead, it is based on 100% of activities, excluding extended contracts for work beyond regular assignment.    Effort may include activities from more than one grant as well as from non-sponsored program activities such as regularly assigned MMU-funded duties.  <u>Effort must be reported even if not paid for by the funding agency (e.g. salary cost share) and must be an allowable activity in the grant.  Extended (special services) contracts for work in excess of regular work load are not included in the 100% effort.  Work performed through Special Services Contracts must be certified separately from the regular workload.</u>

## Documenting Match

The Project Director is responsible for assuring that cost share commitments are met. The match must be necessary and reasonable for proper and efficient accomplishment of the project objectives and cannot be charged as a direct or indirect cost to the Federal Government.

The Project Director needs to provide the necessary information so that the Business Office and / or Grants Administration can document the cost share as necessary (i.e. time and effort reports, departmental accounts/amounts that are to be included, etc.).

Funds for one Federal project cannot be used as match or cost share for another Federal project.  If required cost share is not met during the project period, the granting agency can request a refund for the unmet cost share or withhold future funding for the project.

Salaries used for matching funds need to be recorded on the Effort Documentation as in the case of actual grant paid employees.  Most administrators can document their time spent on a project with the help of their calendar since much of their time spent on grant projects occurs in meetings that are already recorded on their calendars.  Supervising administrators need to document their time spent on a project right from the beginning since a considerable amount of their time is devoted to project startup, handling the administrative details, initiating employment processes, etc.

- **Who can I talk to about methods to document match?** Grants Administration can help with ideas and examples of how to document match.

- **Do I have to collect match information from partners?** If your proposal and/or budget indicate that your partners will contribute match then you also need to set up a system to collect match information. This can sometimes be challenging. If you are encountering difficulties, discuss them with Grants Administration.

- **How does the match get reported to the funding source?** Match funds are usually reported to the funding source periodically by Grants Administration and need to be available for audit purposes. Adequate backup documentation needs to be maintained by project personnel to support both grant and in-kind/match expenditures. If the private funding source involves a match, for a project involving program support, the award was made to MMU and the project is not in the accounting system, in-kind/match documentation needs to be maintained by the responsible Development Officer and reported to the VP of Development and Alumni Relations.

## Program Reviews and Audits

MMU may conduct its own internal investigation. The Business Office or Grants Administration, for example, may question expenses that appear to be out-of-line with the scope of the budget or disallowable. Grants Administration or another resource development officer may be asked to research a given situation to determine if a problem exists and provide technical assistance to help resolve the problem. (Project Directors sometimes may initiate these requests for assistance or another administrator may ask for technical assistance.)

The most common external audit is the Single Audit that is required by federal law and by OMB Circular A-133 and conducted annually by the State Auditor General's Office. Single audits are always conducted in a compressed time frame. Therefore, information and answers to questions are needed very quickly. Questions about a transaction may come up eighteen months after the transaction occurred. Written documentation helps answer auditor questions.

Funding agencies also maintain the right to audit grant project records. Program reviews of performance examine whether you completed the project's stated objectives. Obviously, if the fund has been spent and there is no or little evidence of where it was spent, there will be serious consequences.

Agents of the US Office of Inspector General conduct the last type of external audit, and the most challenging. This can be triggered by anything from an anonymous complaint to following up on negative information they saw in a report or in a newspaper. They can appear unannounced and may look at both programmatic and fiscal matters. No advance notice is required.

Audit problems in one program affect not only the reputation of your department but also the reputation of the entire University. So be proactive and careful in the management of your grant and in the recordkeeping that documents what your project has done and how it has expended grant funds.

As Project Director or Administrator, you may also be called upon to respond or help others respond in writing to written questions from reviewers or auditors. Any written questions you receive should immediately be shared with Grants Administration as responses should be discussed, developed, and reviewed collaboratively.

- **What happens if there are disallowed costs?** Part of the funds may need to be repaid to the funding source. Even if the University does not have to repay any of the funds, serious damage to its reputation will result. Audit findings of disallowed costs have a way of making news headlines locally and sometimes nationally. Unfortunately, the resolution of disallowed costs to the satisfaction of auditors never makes the news. And funding sources have very long memories, especially now that so much information is being retained electronically.

- **What do we need to do to prepare for a programmatic review or audit?** Make sure that the files contain backup documentation showing the University achieved each objective. If the scope of the project changed after the initial negotiation, be sure that you have written documentation approving the changes available. This documentation should also be provided to Grants Administration. Use the grant work, management, or evaluation plans as an easy way to organize the documentation. Auditors usually study the work plans prior to a visit.

- **What happens if an objective has not been completed?** Obviously you aim to achieve every objective. However, unexpected events can prevent objectives from being met (i.e. the loss of a key faculty member, changing needs of the target population, changes in technology causing a delay, or disappearing commitment of a private sector partner or community partner due to an unforeseen

event).  Be sure that the files contain a written explanation from the Project Director describing the circumstances.  This same written explanation should appear in the project's final report to the Funding Agency.

- **Our project ended over a year ago, the former Project Director is no longer with the University, and now we've been notified that our project is being audited.  What should we do?**  You should still have the Project Records since they are supposed to be retained for several more years.  Hopefully the Project staff left them well organized and in good shape.  In addition, Grants Administration will have access to many fiscal reports and backup documentation and are experienced in working with external auditors.

  Be sure to notify Grants Administration of the visit and send them copies of whatever correspondence you have received from the auditor.  If you can't find what you need in the preserved records, you may have to contact the former staff and get their assistance in locating the information needed.  Getting information and documents after project staff leave can be extremely challenging, so it really pays for project staff to do a thorough job in the closing out of the grant award.

- **As a Project Director, how do I avoid problems with auditors?**  Your first line of defense as a Project Director or Administrator is to make sure that you don't authorize use of grant funds for prohibited expenditures.  Secondly, you need to review your budget each month and if you find expenditures charged erroneously to your account, you need to work with the Business Office to get them removed.  If a prohibited expenditure remains charged to the account, it serves as evidence against those responsible for the project.

- **I am confused.  What qualifies as equipment?**  Both the federal government and the University are currently classifying non-consumable items that are $5,000 or more as equipment.  Other sources of funding, however, may have a lower threshold.  If the funding source considers equipment to be a non-consumable item of $1,000 or more and forbids equipment purchases, you will not be able to purchase computer equipment costing more than $1,000 with grant funds. The University must comply with funding source, state and college policies and regulations so when there are differences, the most restrictive definitions and procedures must prevail.

- **Do auditors look at matching funds?** They certainly do. One of the stickiest problems in a financial audit is fully documenting the matching contributions of the College and the private sector partner. Auditors are particularly sensitive to the issue of "supplanting".

- **Could you give me a couple of examples of supplanting?** If the tutoring center has an annual budget to hire tutors of $30,000 and your grant is going to provide an additional $10,000 and the University's operational budget for tutoring decreases to $20,000, you have just used grant funding to supplant rather than supplement the budget.

  Or, if an administrator is supposed to be devoting 25% of his or her time on the project, but hasn't been relieved of or shifted 25% of his or her regular duties, this is supplanting. In other words, you are using the grant to pay 25% of his regular salary instead of ADDING 25% to his workload. However, there may be instances where the work of the grant is so integral to what the administrator's position responsibilities are anyway that no redistribution of work is needed but this should be discussed upfront with the Program Officer.

  Top administrators do not always understand what supplanting is so if you are feeling pressured, contact Grants Administration for assistance.

## 1.9. COMMUNICATING WITH THE FUNDER

Although mandatory communication with the funder is typically confined to annual and final project reports, it is a good idea to maintain open lines of communication with the Program Officer throughout the funding period.  The Program Officer is there to help you stay in compliance with your contract but is also interested in your progress and wants to hear your success stories.

Nevertheless, there is always the risk of a miscommunication or misunderstanding which should be avoided. For example, an unplanned, perhaps spontaneous, phone call can increase the chance that your question is ill-advised.

Therefore, you should only communicate with the funder when you are absolutely sure that you do not have and cannot find the answer to your question or predicament without their help. This is not to suggest that Program Officers are unwilling to help, just that their time, like yours, is valuable.  The best rule of thumb is to be prepared and productive BEFORE you communicate with the funder.

- **How to maintain effective communication with the funder.**
  We encourage Project Directors to contact the Grants Administrator before contacting your Program Officer about an issue or a question that you may have. If a call or email is necessary, allow the Grants Administrator to help you frame the question properly so that the Program Officer understands what is being asked.

  In the case of more complex issues, Project Directors and other administrators may find it necessary to set up a pre-arranged conference call with the Program Officer. The Grants Administrator should also attend these conference calls because s/he can help clarify what the Program Officers say.

  Program Officers may also prefer to communicate via email with their Project Directors since it provides a written record and eliminates the "telephone tag" problem.  As in the case of planned phone calls, the Grants Administrator can provide helpful suggestions and feedback before written messages are actually sent.

## 1.10. SITE VISITS

A site visit is a scheduled visit to your institution from the Program Officer.  In some cases, the visit is a requirement and is stipulated in the award agreement.  In other cases, the Program Officer may notify the Project Director that s/he would like to visit the institution for a face-to-face visit to discuss the project and get a first-hand look at your institution.

Site visits should be considered a great opportunity (as opposed to an audit) to share the project's progress, success, as well as the potential for future funding from the funder for this and other projects.  In some cases, a site visit is necessary to obtain approval for continued funding in a multi-year project.

1.  **What if contact is made for a visit?** If contact is made for a site visit, the Project Director should contact the Office of Development and Alumni Relations to begin the planning and preparation process.  The agenda will then be submitted to the university President for approval.

    Program Officers typically have some preferences in terms of scheduling and with whom they would like to meet during the visit.  Sometimes an out-of-state Program Officer will plan to visit more than one program in the state or metropolitan area during their visit and you should be prepared to accommodate their schedule.

2.  **Will the Program Officer want to see any documentation?**  The Project Director must also be prepared to present documentation regarding the project's accomplishments and objectives, as well as financial documentation.  If there is time, it is a good idea to put together a notebook of program highlights for the Program Officer.

3.  **We have an Evaluation Team coming.  What do we need to do to prepare for that?**  This is similar to a site visit but more complex.  The Evaluation Team will be more direct about what they want to see, the topics for discussion, and with whom they want to meet.  Their focus is going to be on progress made in attaining project objectives, impact and outcomes, and deliverables.  They may also be concerned with relationships of your partners and synergy with other projects.

    Like a site visit, an agenda will need to be developed, and the visit will need to be coordinated by the Project Director.  The Office of Development and Alumni Relations should be included in the planning of this visit.

Frequently, one or more internal meetings are held prior to the Evaluation Team visit to be sure that everything is in order. Preparations could include the required submission of a performance report prior to the visit or preparation and presentation of a PowerPoint presentation, with hardcopy backup document, during the visit.

## 1.11. REPORTING

**Meeting report deadline dates is critical.** Every grant project requires project performance/evaluation reporting and fiscal reporting. The records you have kept and documentation of performance, match dollars, and expenditures are used to prepare progress and final reports and fiscal reports. Failure to meet deadlines can have a serious impact on future funding possibilities and in some cases may hold up the awards of new grants.

**Therefore, significant changes in the project have to be in consultation with the funding source.** Funding sources generally have guidelines or terms and conditions specifying the types of changes that require prior approval and the role played by funding source contacts. In the case of governmental grants, this may include a change in project scope, objectives, key personnel, or budget.

*Whoever authorized the project as well as the Grants Administrator must be informed of the proposed changes in advance and give their approval before changes are initiated with the funding source. Grants Administration must also be contacted about proposed changes of this nature before contact is made with the Funding Agency.*

4.  **Who prepares grant reports?** The Project Director is responsible for compiling information and preparing the project narrative reports. The Project Director is also responsible for responding to performance data requests from the funding source. The Business Office prepares and submits the fiscal reports. Project Directors are encouraged to contact Grants Administration a few weeks before a report or evaluation is due to review before submission.

5.  **How do I find out when my project's reports are due?** Funding sources inform awardees about project due dates in a variety of ways. Many federal agencies, for example, indicate in their policies and procedures manuals when reports are due. Multi-year awards, may require annual reports to be submitted at least 90 days before the end of the grant year. This type of report will be used by the Program Officer to determine whether your project will be funded for the subsequent year. Some funding sources, such as the National Science Foundation, also post due dates for projects they fund on their website. Report due dates may also be included in documents that accompany an award. In addition, Program Officers can impose new reporting requirements or specify earlier due dates. Program Officers normally notify Project Directors about these types of new requirements directly.

## 1.12. FINANCIAL DISCLOSURE TO AVOID CONFLICT OF INTEREST

Grant funded research projects contribute to the general body of knowledge in both academic and non-academic disciplines and create and expand upon best practices within those disciplines.  Therefore, protecting the design, conduct, and reporting of these publicly funded projects from potential bias due to conflicting financial interests is critical.

Unfortunately, conflicts of interest continue to bias research.  For this reason, funding agencies such as the National Science Foundation and the National Institute of Health require principal investigators, project directors, and co-principal investigators to "*disclose their significant financial interests and require institutions to maintain an appropriate written, enforced policy on conflict of interest*" in keeping with agency regulations.

A conflict of interest exists if project personnel have a professional or personal obligation or personal financial interest that is in "conflict" with the contractual obligations and expectations of a funded program.

**MMU Conflict of Interest Requirements**

**MOUNT MERCY UNIVERSITY** requires MMU employees to acknowledge their understanding of conflicts of interest restrictions and, if applicable, disclose their financial interests in a business, firm or organization that may have business dealings with MMU.  This disclosure also applies to dealings that may conflict with the proper execution of grants and contracts.

Human Resources will review this information to determine appropriate action when needed to address conflict of interest issues.

**MMU UNIVERSITY-WIDE POLICIES, VOLUME III (OCTOBER 2013)**

**3.5.5  Conflict of Interest**: The policy requires that the personal interests of an individual do not unduly influence their primary obligation to the University and any of its funded programs.

**MMU GOVERNANCE and ADMINISTRATION POLICIES, VOLUME I (NOVEMBER 2013)** describe board of trustee and executive administration policies for conflict of interest including the following:

**1.3.3 Conflict of Interest Policy for Trustees, Officers and Other Key Employees**

### 1.3.3.1  Scope

The following statement of policy applies to each member of the Board and to all senior officers of Mount Mercy University.  Further, it is intended to serve for the guidance of all persons employed by the institution, regardless of position.

### 1.3.3.2 Fiduciary Responsibility

Members of the Board, officers, and staff serve a public-interest role and thus have a clear obligation to conduct all affairs of the institution in a manner consistent with this concept.  All decisions of the Board and officers or administrators of the University are to be made solely on the basis of a desire to promote the best interests of the institution and the public good.

### 1.3.3.3 Disclosure

The policy of the Board of Trustees of Mount Mercy University requires that in the event the Board or officers must consider any transaction for the institution which also involves  a) a member of the Board or any officer of the institution or a member of that person's family (which shall be a spouse, parents, siblings, children and any other relative) or b) an organization with which a member of the Board or any officer of the institution is affiliated, such Trustee or officer, at the first knowledge of the transaction, shall disclose fully the precise nature of the interest or involvement.

Disclosure is further required of Board members and officers of the institution concerning all relationships and business affiliations that reasonably could give rise to a conflict of interest involving the institution.  This disclosure shall be continuously reported and kept current, as set forth below.  For the purpose of this policy, affiliation is understood to prevail if the Trustee or officer, or a member of the family:

    A.  is an officer, director, trustee, partner, employee or agent of such organization; or

    B.  is either the actual or beneficial owner of more than five percent (5%) of the voting stock or control interest of such an organization; or

    C.  has any other direct or indirect dealings with such organization from which the person is materially benefited (e.g., through receipt directly or indirectly of cash or other property in excess of $1,000 a year – exclusive of dividends or interest).

All disclosures required under this policy must be directed in writing to the Secretary of the Board who, together with the University counsel, shall be responsible for the administration of this policy. Matters under this policy concerning Trustees shall be reported initially to the Chair of the Board for appropriate action; those concerning staff will be referred initially to the President. Information disclosed to the Secretary or President shall be held in confidence except when the best interest of the institution would be served by disclosing the information to the Board in executive session.

### 1.3.3.4  Restraint on Participation

Trustees or officers who have declared or been found to have conflict of interest in any matter before the administration or the Board shall refrain from participating in consideration of the proposed transaction, unless for special reasons the Board or administration requests information or interpretation from the person or persons involved. The person or persons involved should not vote on such matters and should not be present at the time of vote.

Any Board member, who is uncertain about possible conflict of interest in any matter, may request the Board to determine whether a possible conflict prevails; the Board shall resolve the question by majority vote. When possible, the question of potential conflict should be referred to counsel for an opinion prior to the Board's vote.

## 1.13. COMPLETING AND CLOSING OUT THE PROJECT

Ending a funded project is just as important as starting one. In many cases, the way in which closeout procedures are handled, such as timely submission of final reports and the quality of these reports, can have a direct impact on the chances for future funding.  A poorly assembled final report or one demonstrating inadequate results may hamper prospects for new awards.

Therefore, during the last three months of your grant, the Project Director should work with Grants Administration and Business Office to ensure that processes and procedures are followed and all required data are collected and reported per the funder's instructions.

**Common Questions Include the Following:**

- **When is the final programmatic report due and what should it contain?**  Review the program guidelines and /or the contract (award agreement) to determine final reporting requirements.  In preparing the final report, the Project Director should review any programmatic reports previously submitted, compile final project data, results, and progress, and draft a final, summative programmatic report. If you do not know what should be included, contact Grants Administration.

  Final reports are usually due up to three months (90 days) after the grant ends. But it is recommended that the final report is largely completed by the end of the grant period.

- **Do I need to utilize an external evaluator?**  Most grants do not require an external evaluator unless it is specified in the original proposal.  In this case, an external evaluation is conducted when required by the approved project activities and funds for this purpose are included in the budget.

- **Does anyone else need to review the final report before I submit it to the funding source?**  Yes, other individuals who have played a major role in implementing the project should have an opportunity to review and provide input into all reports, including the final report.

  Co-Principal Investigators, advisory councils, project management teams and Grants Administration should also have access to the final report before it is submitted. The President and Vice Presidents—or other administrators who supervise the Project Director—may also want to review the report before submission.

- **Why do so many people need to review the final evaluation?** These reviews are important because final reports must be complete, in keeping with program requirements and of the highest quality. The quality and outcomes reflected in the final report influence the institution's qualifications for future grants. This is also an opportunity to share what your grant has accomplished with key college administrators.

- **Who prepares the final fiscal report?** MMU Business Office will prepare and (if authorized) submit the final fiscal report. A few months prior to the end of the grant, you should review the balance of your budget and develop a final spending plan to ensure that all grant funds will be expended completely and appropriately.

- **Do we need to do anything about matching and effort documentation?** Throughout the project, copies of project matching and effort documentation need to be periodically provided to Grants Administration. As the project draws to a close, the remaining documentation should be provided to Grants Administration who will need to review and confirm that matching and time and effort documentation satisfies project requirements.

- **How long do we need to retain grant records?** The terms of the grant stipulate the length of time that project records must be retained. The average length of time required for maintaining all records for auditing purposes is three to five years from the closing date of a grant, or until a final audit is completed. If an audit has been scheduled or if audit findings are unresolved at the end of the agency's record retention required length of time, all records should be retained until the audit is complete and all related activity has been resolved.

- **How should records be stored?** Electronic and paper records need to be stored in a secure location. Review program records to eliminate duplicate documents. Organize and label boxes to store project records. Documents of similar purpose and content should be grouped together, preferably in the same box. All boxes should be clearly labeled on the outside of the box with a box number (e.g. 1 of 6, 2 of 6 etc.), funding source and program title (e.g. National Science Foundation, ATE), project title (e.g. Student Success in the Sciences), grant year and budget period of documents (e.g. Year 2, 10/01/00 – 9/30/01), and a destruction date.

- **Do I need to develop a list of what is in the boxes?** Yes. An inventory list of boxes and their contents plus the exact physical location of the boxes should be provided to Grants Administration.

During the closeout of a grant (or when a piece of equipment is no longer needed), the disposition of equipment should be discussed with the Business Office. In a closeout situation, the equipment may remain and continue to be used for the activities that it was used for during the life of the grant. Equipment (or property) may be used for other activities currently or previously supported with federal funds.

In some situations in which this is not feasible, arrangements may need to be made to transfer it to another program that can make use of the equipment. Agency regulations need to be consulted to determine whether special permission is required before a transfer can occur. Both Grants Administration and the Business Office need to be consulted, informed, and paperwork completed before equipment or computers are moved to another location or department.

Examples of necessary procedures may include:

- Secure record retention of electronic and paper files.
- Review encumbrances and liquidate those no longer needed.
- Complete termination paperwork for all staff and, if required, payroll changes for staff members transferred to other cost centers or to the new grant number assigned to a continuing grant.
- Make sure that all goods and services have been received prior to the end of the grant although payment may occur soon after the end of the grant. Large purchases at the end of the grant are usually not appropriate and will be questioned by an auditor.
- Report final outcomes in a final programmatic report to be submitted to the funding agency. This report may have to be submitted electronically through the funding source grant site.
- Make sure that all publications funded by the project credit the funding source before approving the printing of the document.
- Do not make unusual expenditures at the end of the project. Purchases of supplies or equipment may be disallowed by auditors if they occur too late in the program to be legitimately needed by the project.
- Arrange for appropriate storage of grant files if the project is not a continuing one or if a logical responsible party to the files is not on the horizon.