

Managing a Federal Grant-Funded Program at SMCCCD

Upon receiving a federal grant, you, the Project Director (PD) should first review the Grant Award Notification (GAN) or award letter for accuracy. If there is information that is incorrect, please notify the program officer of the federal awarding agency to request an updated GAN.

Budgeting and Expenditure Monitoring

All grants require careful tracking of expenditures and monitoring of accounts to determine allowability of costs in accordance with federal regulation cost principles. The Accounting Department maintains detailed records, but **it is the responsibility of the PD and Grant Administrator to ensure that the funds are spent in adherence to the specific Funding Terms and Conditions (FT&C's) for your program.** And, if there are any changes to your FT&C's, it's important that you let the College Business Office (CBO) know of these changes to determine next steps.

PD and Grant Administrators should monitor the grant expenditures and budget on a regular basis using Banner or WebSMART. Please refer to various [training documents](#) under Purchasing/General Services in the Downloads link of the SMCCCD District Portal for detailed Banner and WebSMART reports and instructions.

Changes to your Budget

Budgets represent your best projection of what your expenditures will be in the coming year. However, it is sometimes necessary to adjust your budget to accommodate the actual expenditure needs.

The procedure for changing your budget depends on two things. One is the Funding Terms and Conditions (FT&C's) of your grant and two, whether you are moving funds from one category to another. Some grants require the funder's approval or grant amendment if the change is over 10 percent of the total amount of the grant, some require approval if the change is over a certain percentage of the budget line item, and others do not require the funder's approval at all as long as the scope of the project has not changed. Check the FT&C's of the grant before making any changes. If approval from the funder is required you'll need to get written approval before submitting your budget change and before spending in the new category or above the budgeted limits.

Since grant proposals are basically projected work plans, and proposal budgets are projections of what will be needed to implement the plan, it is not unusual for things to change once work gets underway. Funding agencies understand this and allow grant recipients to make changes to varying degrees, without requesting their approval. Most grant contracts specify the types of changes that can be made with or without prior approval. Project Directors should make sure they know this at the onset of a grant.

If a PD wants to make a change that requires prior approval from the funding agency, he or she should notify the Dean and CBO and request approval. Upon receiving approval, the PD will contact the Program Officer at the agency to request the change and its purpose. The grant agreement normally

provides detailed procedures to follow. It is important to follow the exact procedures since grant agreements are legal documents and cannot be altered without official written approval.

Agency personnel will deliberate and officially approve or disapprove changes in writing. **No program changes may be made until official written approval is obtained.** This may take some time, so it is important to make changes as early as possible. The original approval letter is to be sent to the District's Grants Analyst Office and CBO, and the PD is to maintain a copy in their project files.

Expenditures and Authorizations

When the PD begins to spend grant funds for hiring personnel, they must follow the SMCCCD Board Policies and Procedures. For hiring faculty, follow [Board Procedures 3.15](#). Definition of classified employees can be found in [Board Procedures 4.05](#) and hiring procedures can be found in [Board Procedures 4.15](#) and for employees that are not part of the Classified Service, i.e., student assistants, classified substitutes, short term, non-continuing and other temporary employees, follow [Board Procedures 4.25](#). Forms and additional information can be found at the [Human Resources](#) link in the Downloads in the SMCCCD Portal.

Any changes in effort that require adjustments in labor distribution must be processed with a Personnel Action Form (PAF). Labor distribution on permanent personnel is reviewed at least three times per year. It is reviewed during budget development in the spring, fall and spring semester after census by Grant Administrator. If assignments change at any other time during the year, a PAF must be submitted ASAP to indicate that effort change.

For other expenditures, follow the [Purchasing Procedures](#). This provides a brief synopsis of the District's purchasing policies, procedures and contracts requirements. When using a procurement card (procard) to make purchases, please follow the [Procard User's Guide](#) under the Downloads in the SMCCCD Portal. Use these documents for guidance in processing requisitions, payments to vendors and procard purchases. A requisition is an on-line form and goes through an on-line approval process originating from the requestor, through the Grant Administrator and College Business Office (CBO).

If you have insufficient funds to cover your purchase, initiate a Budget Transfer prior to initiating the requisition or purchase. This may require advance approval as noted above.

Prior approval is required by Grant Administrator or CBO for personal expenditures for the grant over \$300 that will be reimbursed. For purchases with a procard exceeding \$300, prior approval is required and an [Expenditure Request Form](#) should be used. Attach quote(s) as required. This approval should be scanned with your monthly procard receipt packet for audit purposes or submitted with the Request for Reimbursement Form.

The District established a College Internal Audit Group (CIAG) for review and audit of procurement card purchases. The review and audit process can be found on Part B, [Procard Document Management Procedures](#).

The PD must maintain effective control over, and accountability for all funds, property (Refer to [§200.94](#) for definition of tangible personal property - For SMCCCD, this includes all non-inventoried equipment and furniture purchased and charged to account 4511 and 4512) and assets (Items charged to account 64XX. Assure that they are used solely for authorized purposes. See [§200.302 Financial Management and §200.303 Internal Controls](#). SMCCCD maintains a “Fixed Asset System” and a physical inventory of all assets and reconciliation with property records must occur every two years. See [SMCCCD Purchasing Procedures Fixed Assets](#)).

Unallowable Cost Information

The information provided in this document is intended to assist the user to achieve and maintain compliance with the federal regulations within the scope of the grant.

UNALLOWABLE COST INFORMATION Office of Management and Budget 2 CFR Part 200

OMB 2 CFR defines various activities and objects as either allowable or unallowable for reimbursement by the government. It describes the allowability of costs as follows: “(a) they must be reasonable; (b) they must be allocable to sponsored agreements under the principles and methods defined in OMB 2 CFR; (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items.”

Costs defined as unallowable under OMB 2 CFR are not necessarily expenses that are prohibited. Some may be related to essential institutional functions; however, by identifying them as unallowable, the government has stated that federal funds may not be used to pay for these expenses. They may not be charged as direct or indirect costs, nor may they be counted as cost sharing on federally sponsored projects.

Below is a list of selected unallowable costs taken from Subpart E-Cost Principles of OMB 2 CFR. For more information, refer to the full text of the regulation available at [Subpart E-Cost Principles of OMB 2 CFR](#).

Common Unallowable Costs

- Advertising (200.421)
- Alcoholic beverages (200.423)
- Alumni activities (200.424)
- Bad debt expense (200.426)
- Commencement and convocation costs (200.429)
- Contingency provisions (200.433)
- Contributions and donations (200.434)
- Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements (200.435)
- Entertainment (200.438)

- Fines and penalties (200.441)
 - Fund raising (200.442)
 - Goods and services for personal use (200.445)
 - Lobbying (200.450)
 - Losses on other awards or contracts (200.451)
 - Memberships, subscriptions and professional activity costs (200.454)
 - Student activity costs (200.469)
 - Travel costs that don't follow our [internal travel procedures](#) (200.474)
- **Remember this is a quick reference guide. There may well be reasonable exceptions to some of the unallowable costs listed here.**

Examples of Unallowable vs. Allowable Expenses

A frequent source of confusion about the allowability of expenses stems from a failure to recognize the differences between business function expenses, which are allowable and entertainment expenses, which are not (unallowable). The examples below should help to clarify this important distinction.

Unallowable Entertainment Expenses

- (1) An invited speaker is in town to present a seminar. While here, you take him to dinner and a sporting event to show your appreciation.
- (2) It is the end of the fiscal year and you have survived another one. You decide to have a year-end party for your department to lift morale. Catering delivers a luncheon in the conference room and everyone in the department gets together to socialize and unwind.

The above costs are for “amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities)” and therefore are examples of unallowable entertainment costs.

Allowable Business Function Expenses

An invited speaker is on campus to present a seminar from 12:00-1:00pm. You have a luncheon, following the seminar, so that attendees can have the opportunity to meet and talk with the lecturer more closely about her research.

The cost of the luncheon is an allowable expense and should be classified as a business function. This is considered an extension of business and is therefore allowable (except for any alcohol that may be purchased).

Please refer to “[Frequently Asked Questions on Using Federal Funds](#) for Conferences and Meetings – December 2014 for US Department of Ed grants. This information is usually included in the GAN.

Sub-awards

A sub-award means an award provided by a pass-through entity to a sub-recipient for the sub recipient to carry out part of a Federal award. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A sub-award may be provided through any form of a legal agreement. (SMCCCD would be the pass-through entity.) Sub-recipients may also be a recipient of other Federal awards directly from a Federal awarding agency. All sub-award agreements must include the following:

- Federal award number
- Federal awarding agency
- Award date
- DUNS number of sub-recipient
- Sub-recipient name and it must match registered name in DUNS
- Sub-award period of performance start and end date
- Amount of federal funds obligated by the sub-award
- Total amount of federal award
- Project description
- Scope of work by sub-recipient
- Contact information for awarding official
- CFDA (Catalog of Federal Domestic Agency) number and name
- Federal Negotiated Indirect Cost Rate
- All statutes, regulations and the terms and conditions of the federal award
- Financial and performance report requirements
- Permission to access sub-recipient's records and financial statements as necessary during the performance period to meet audit requirements
- Sub-award close out terms and conditions
- Debarment statement

All agreements and sub-award agreements must follow the contract, insurance and board approval requirements as listed in SMCCCD [Purchasing Procedures](#) and [Conflict of Interest Board Policy 2.45](#) and [Procedures](#). See [2 CFR §200.318 \(c\)\(1\)](#) for additional details.

Risk Assessment

The pass thru entity (District/College) must evaluate sub-recipient's risk of noncompliance. This could be done thru review of previous audits. If there were findings, review and evaluate that actions taken were timely and appropriate to eliminate the findings. In addition, a review must be done of the sub-recipient's Exclusion Records in the [System for Award Management \(SAM\)](#) website to ensure no risk. Risk assessment should be completed prior to a commitment.

All invoices and reports must include the certification, "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative

penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729–3730 and 3801–3812).”

Reporting

The Federal awarding agency must require the recipient to use OMB-approved government wide standard data elements for collecting information for financial and performance reports. Periodic reports are required for each Federal award. It is the responsibility of the PD to ensure all reports are accurate, certified and submitted in a timely manner in accordance with the federal awarding agency and [OMB 2 CFR, Part 200](#).

Payments

SMCCCD requests payments from federal awarding agencies by the reimbursement method based on actual expenses incurred. The District Office will request electronic payments when required, or the PD will invoice the pass-through entity after review and approval by the college business office. Both methods are based on actual expenses incurred.

Q&As

Additional information from the Department of Education can be found at [Questions and Answers Regarding 2 CFR Part 200](#).