



MOUNT SINAI
SCHOOL OF
MEDICINE

Post-Award

Finance

Grant Financial Management & Compliance

Post-Award Management Cycle

Overview



Post-award Management Cycle Includes:

- Receipt of Grant Award Letter and Budget,
- Creating Account/Budget for Revenue and Expense,
- Charging Direct Expenses (Salary & Non-salary),
- Providing Monthly Financial Reports,
- PI Monitoring Financial Activity According to School and Sponsor's Requirements,
- Financial Reporting According to Sponsor Requirements,
- Closing Grant Account.



Grant Financial Management & Compliance

Post-Award Management Cycle

Award Letter

- The Notice of Grant Award (NOA) letter, GCO forms and a budget are required before an account can be created.
- For NIH, GCO Receives NOA and Distributes to PI, Finance, and Dept. Administrators.
- Award letter and/or GCO forms include a Direct and Indirect Cost budget.
- PI should review NOA Carefully to Confirm:
 - ❖ Budget,
 - ❖ Grant-specific Regulations or Restrictions,
 - ❖ Any Changes in Scope or Re-Budgeting may require School and/or Sponsor approval.



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Post-Award Management Cycle

Subcontracts

- Finance Works with the PI to Issue Subcontracts.
- Subcontracts Must go through Finance
- The Primary Institution is Responsible for the Subcontractor's Performance on the Grant.
- Issuing Subcontracts as soon as possible Facilitates Smooth Financial Operations.



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Post-Award Management Cycle

Charging/Documenting Direct Costs

- All transactions must be properly approved and processed according to School policies.
- All Transactions must be adequately supported to withstand audit.

Processing Mode	Support Documentation
Salary & Wages	Personnel Actions/Time & Effort
Purchase Orders	Bidding/Price Quote/Sole Source Justification
Check Request	Original Invoices/Receipts
Petty Cash	Original Invoices/Receipts
Travel	Original Invoices/Receipts
Cost Transfer	Journal Entry Justification/Explanation

- Unallowable expenses according to sponsor guidelines cannot be charged to Federal grants.
- The PI and designee must be involved in the initiation, approval and review process for all salary and non-salary transactions.
- Selected transactions and re-budgeting greater than \$25,000 require prior approval of the School and/or Sponsor.



Grant Financial Management & Compliance Administration & Monitoring

- The financial activity for EVERY sponsored project should be reviewed monthly by the PI and designee.
- The monthly review should be guided by the School's Monthly Expenditure Review Checklist.
- The Financial Reports to guide the Monthly Review Process include:

Report

- 402V -- Fund Budget - Budget vs. Actual expense
- 185C -- Salary Projection - Salary and fringe benefit encumbrances
- 182Z -- Purchase Order Status - PO encumbrances
- 316C -- Account Detail Transaction Display - Detail of individual transactions charged to the account (a.k.a., the 'Ledger.')

Grant Financial Management & Compliance

Post-Award Management

Close-out Activities



- The PI, Departmental Administrator and Sponsored Projects Accounting work together to ensure that all financial and technical reporting are submitted to the Sponsor in a timely fashion.
- Financial Status Reports (FSR) required by Sponsors are prepared by Sponsored Projects Accounting.
- The PI's review and approval of the Financial Status Report is required.
- The approval attests to the completeness and accuracy of the Financial Status Report.



Grant Financial Management & Compliance

Post-Award Management Cycle

Internal Control/Compliance Issues

Time & Effort Reports

- Certify that the percentage of effort and resulting salary charge are reasonable in relation to the work performed.

Activities Certified:

- Research
 - Instruction
 - Hospital Duties
 - Other
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- Must be certified by employee and manager with first hand knowledge of employee's activities.
 - Represent paid effort.
 - Sponsor approval required for significant changes in effort.
 - Report should capture all activities and should add up to 100% (not based on 40-hour workweek).



Grant Financial Management & Compliance

Post-Award Management Cycle

Internal Control/Compliance Issues (con't)

Cost Transfers - required to move salary or non-salary charges either to or from a sponsored project to:

- Correct an error,
- Allocate costs benefiting more than one project,
- Transfer pre-award costs to a grant,
- Remove an unauthorized cost overrun during closeout, or,
- Remove unspent balance either returned to the sponsor or carried forward to continuation year.

All Cost Transfers must be:

- Properly documented by the PI and or designee,
- Reviewed, approved and processed by Sponsored Projects Accounting, and
- Processed within 90 days of the original charge.



Grant Financial Management & Compliance

Post-Award Management Cycle

Internal Control/Compliance Issues (con't)

Patient Care Costs – routine and ancillary services provided by Hospitals to participants in research programs including:

- diagnostic,
- therapeutic,
- rehabilitative,
- medical,
- psychiatric, and
- other professional health services.

➤ Issue: Should the third party payor *or* research grant be charged for patient care costs? Generally:

- Usual/routine patient care – charge third party payor
- Services solely related to research protocol – charge research grant
- Research Compliance Office



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Post-Award Management Cycle

Internal Control/Compliance Issues (con't)

Allocation of Costs for Closely-Related Work

- Costs benefiting two or more projects allocated based on proportional benefit.
- Closely related work may prevent easy determination of proportional benefit, so:
 - Use any reasonable allocation basis as long as costs are:
 - ❖ Allowable,
 - ❖ Allocable,
 - ❖ Reasonable.
- If these tests are met, allocate costs normally assignable to multiple projects to one of those projects.



Grant Financial Management & Compliance

Post-Award Management Cycle

Internal Control/Compliance Issues (con't)

Prior Approvals Required by School and/or Sponsor for:

- Equipment Purchases > \$25,000,
- Patient Care Costs (if not budgeted, or being re-budgeted),
- Travel – if not included in award or > \$5,000,
- Alterations & Renovations > 25% of award,
- Pre-award Costs,
- Carry-over of Unobligated Balances if not under expanded authorities or greater than 25% ,
- Change in Key Personnel (E.g. PI or anyone with scientific import to the project),
- Change in Scope,
- Others.



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Internal Control/Compliance Issues (con't)

Cost Sharing – Project Costs not funded by Sponsor:

- Cannot come from another Federal project,
- If proposed, must be performed,
- Unallowable costs cannot be claimed,
- Costs benefiting another project cannot be claimed,
- Must be documented.



Grant Financial Management & Compliance Post-Award Administration Facilitated By:

- Award Letter Received Prior to Start Date.
- Appropriate Personnel Assigned to Grant upon Start Date.
- Issue Subcontracts in a Timely Fashion.
- Spend Grant on a 1/12 basis.
- Rely on the School's Financial Reporting System.
- Review Financial Reports Monthly.
- Correct Any Errors Identified Immediately.
- Comply with Time & Effort Reporting Requirements (Effort Allocations = Salary Distribution.)
- Proper Documentation for Non-Salary Transactions.
- Review the Financial Report Before Submission to the Sponsor.
- Call us when you have Issues or Problems.



Grant Finance Compliance Program

- ❑ Training
 - Mandatory Grants Finance Training (✓)
 - Periodic “Refreshers”

- ❑ Tools
 - Pocket Compliance Guide (✓)
 - GCO & Finance Websites

- ❑ Monitoring
 - Transaction Review
 - FSR Preparation
 - Research Compliance Audits

- ❑ Corrective Action
 - PI/Department-specific plans to improve compliance
 - May include: Training/re-training, enhanced oversight/scrutiny, etc.