TRINITY VALLEY COMMUNITY COLLEGE

GRANTS ACCOUNTING POLICY AND PROCEDURES 2020

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I.   Overview

The Trinity Valley Community College Grants Accounting Office processes the financial transactions of grants and contracts that have been awarded. The funds are sometimes referred to as "Restricted Fund" accounts because they have been awarded for a specific purpose, with a restricted budget. They are governed by a variety of laws, regulations, and local guidelines by TVCC and other state agencies, which are responsible for the operation of this institution.

In addition, sponsoring agencies develop their own rules and regulations. These regulations range from zero governance by certain private sponsors to very complex regulations such as those described in the U.S. Office of Management and Budget Uniform Guidance Title 2 CFR 200 which are implemented according to the dictates of the several federal granting agencies.

II.   Project Startup

Grant applications and contracts will be reviewed and approved using the Acceptance of Grant Form by the Grant Project Director, Senior Accountant - Grants, Grants Writer, Vice President, and Purchasing and Contracts Manager before the application or contract is given to the College President for signature.

All approved/awarded grants must be forwarded to the Grants Accounting Office. The Senior Accountant - Grants will need the following documents:

- Copy of Notice of Award
- Copy of Grant Application
- Any other relevant information

Upon approval/award the Grants Accounting Office will take the following steps:

- Review the grant documents to determine funding source, start and end date of grant, amount of funding, cost share requirement, indirect costs %, etc.
- Coordinate an initial meeting with Project Director and related parties to review financial requirements of the grant and establish the operational budget
- Request department and object codes from Controller
- Submit signed TVCC Budget Adjustment Form to Senior Business Analyst for entry into Iseries
- TVCC Budget Adjustment form must be signed by Project Director and Vice President
    - Co-mingling of funds is prohibited.
    - College funds cannot be transferred to the grant to increase the grant budget.
    - The same applies; grant funds may not be transferred to the college's budget.
- President's signature is required for salary increases, if funds are transferred to or from President's Contingency Funds, or if required by grant.

III.   Contracted Services

A contracted service arrangement occurs when an independent third party vendor, such as a consultant, is used to perform grant-funded work. Contracted services do not include the use of part-time or full-time TVCC employees. In order to utilize a contracted service, the following procedures should be followed:

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Procedures:

- Persons requesting services should contact Purchasing and Contracts Manager
- Submit contract for review to Purchasing and Contracts Manager
- A purchase order must be issued and approved before the contractor may start work.
- Contractor must submit invoices for payment
- Contractor invoices are paid through Accounts Payable

IV.   Purchasing/Procurement

All purchases will adhere to TVCC purchasing policies. This includes, but is not limited to, a required purchase order, with appropriate signatures for all purchases over $200. All purchases will be subject to the allowable, allocable, reasonable and necessary requirements. TVCC will adhere to all grant specific requirements as they relate to purchasing and procurement. Where one or more policies can be applied, the more stringent of policies will prevail. TVCC's purchasing policy and procedures require compliance with regulatory and contractual requirements for federally funded programs.

Asset Control Procedures:

Asset Control is a department assigned to Transportation & Logistics that also includes both the Transportation and Central Receiving departments. The Transportation & Logistics Department is under the daily operations management of the Transportation and Logistics Director. Assets are documented in the Asset Database. Fixed Assets > $499.99 are captured and tracked by Asset Control. A copy of all purchase orders are sent via email to Asset Control by Accounts Receivable. Asset Control is authorized to utilize Colleague (TVCC's Enterprise Resource Planning system), having direct access to purchase order information. Through Colleague, Asset Control is authorized to review invoicing and utilize this information to determine asset status for inventory purposes. College fixed assets > $499.99 are "tagged" and entered into the Asset Control Database which consists of identifying the asset as "Property of Trinity Valley Community College" with a numerical unique identifier via a barcode which must be able to withstand warehousing temperatures and humidity. If the asset material will not accept tagging, the asset is to be marked in ink or marker with the asset assigned tag number. Assets are tracked in the Asset Control Database. The Asset data capture process is TVCC site specific.

Capital assets include real or personal property that has a value equal to or greater than the capitalization threshold for the particular classification of the asset and has an estimated life of greater than one year. Capitalization records the value of a capital item or the costs incurred to build or acquire the item as a capital asset. Capital assets that have a cost of $5,000 or more and have an estimated useful life greater than one year are capitalized. Major building repairs and maintenance of at least $100,000 or that significantly extend the building's useful life also are capitalized.

TVCC asset control policy and procedures ensure compliance with statutory and regulatory requirements of a federally funded program, including disposal of equipment purchased with federal funds. Note that for Perkins assets > $5,000 being disposed require completion of the following form.
https://reportcenter.highered.texas.gov/agency-publication/blank-forms-templates/aqw-inventory-disposition-request-form/

Assets not subject to depreciation: land; museums and art collections; construction in progress.

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Assets subject to depreciation: infrastructure; buildings and real estate improvements (buildings, building improvements, permanent structures, permanently attached fixtures or machinery which cannot be removed without impairing the use of the building); land improvements; leasehold improvements; library books; and, equipment.

V. Travel

Travel expenses using federal funded programs are more restrictive than TVCC's general Travel policy. This is due to Federal guidelines being more stringent on allowable/unallowable expenses than the general Travel policy. Note that tipping is not a covered expense for federally funded grants. This applies to in-state and out-of-state travel. If you should have any questions, please contact the grant program administrator.

VI. Program Income

Program income is revenue related to the project financed in whole or in part with federal or state funds. In order to determine which method to follow refer to the awarding agency regulation or OMB 2 CFR 200.80.

If the method is not specified by the awarding agency, the addition method will automatically apply (except when specified by the program).

- Addition Method-Revenue generated is added to federal funds committed to the project and used to further eligible project/program objectives.
- Subtraction Method- The amount of program income revenues generated to reduce the amount of federal funds. Must be spent in accordance with the original approved budget.
- Other Method- Revenues are used to finance the non-federal share of the project/program.

VII. Debarment and Suspension

All vendors, contractors and sub awardees who receive grant funds for goods and services must be in good standing with Federal Agency regulations, Debarment and Suspension.

Section 200.213 of the Office of Management and Budget (OMB) 2 CFR 200.213 requires federal awarding agencies and recipients to comply with Federal agency regulations. Under those regulations, certain parties who are debarred, suspended or otherwise excluded may not be participants or principals in Federal assistance awards and sub awards, and in certain contracts under those awards and sub awards.

Procedures:

The Purchasing and Contracts Manager will verify vendors, contractors and sub awardees using the Excluded Parties List System https://www.epls.gov. Verification will be initiated when the Purchasing and Contracts Manager receives a purchase order requesting goods or services to be purchased with grant funds.

If, the vendor is included in the Excluded Parties List System, the Purchasing and Contracts Manager will notify the grant Program Director.

VIII. Cost Sharing

Cost-Share and matching funds are contributions made to an award from other funds. The contributions must be for expenses that are necessary and reasonable to support the objectives of the award. Cost share may be from non-federal funds, must be allowable by federal regulations, cannot be used by more than one project, and must be auditable.

Cost-share and matching expenses that are included in proposals become "required" cost-share/matching and must be tracked and verified. All cost share must occur during the project period.

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Documenting cost share is an effort that involves both the Project Director and Senior Accountant - Grants. The Project Director will provide the necessary information so the accountant can document the cost share as necessary, if requested by the awarding agency or auditors.

The main authority for cost sharing is OMB 2 CFR 200, section 200.306.

IX.   Supplementing Versus Supplanting

Grant awards made under programs that prohibit supplanting by law must ensure grant funds supplement (increase the level of services) and not supplant (take the place of) federal, state, and local funds. Federal funds cannot be used to pay for services, staff, programs, or materials that would otherwise be paid with state or local funds.

Each year during the college operating budget process each vice president submits departmental budget requests to the Chief Financial Officer (CFO) for supplies, equipment and payroll expenses. The CFO and President of TVCC work together to determine the best use of college funds based on historical data and budget requests for the upcoming fiscal year. When grant budgets are prepared the college operating budget is taken into account to ensure grant funds are not being used for items budgeted in the college's operating budget.

During the fiscal year, the Senior Accountant –Grants performs reconciliations of the general ledger reports with the grant financial/budget reports to ensure accurate reporting. Reconciliations are prepared and reviewed when grant financial reports are due. The grant financial reports are normally completed on a monthly, quarterly, or annual basis. If an expense is disallowed due to supplanting in error, a journal entry is processed to remove the expense from the grant general ledger accounts and included in the appropriate college institutional account.

Procedures:

If a program or activity cost was funded with non-federal funds in one year and with federal or state grant funds the next year, an auditor would most likely make a presumption of supplanting. For a decision to allocate grant funds in this way, you must have two types of documented evidence that supports its action:

> 1. Evidence of an actual reduction in state and/or local support and/or other non-federal support. Examples of such evidence are state appropriation language or a communication from the Coordinating Board regarding a reduction in state funding. There may be similar examples relating to reduced funding from local or private sources.

> 2. Proof that the activity/program would be discontinued without the benefit of grant funds. Examples of this type of evidence might be minutes from a meeting called by the college president or minutes from a faculty meeting. The Awarded Applicant should have proper evidence in place before taking this kind of action.

Specific Grant Requirements:

Carl Perkins Grant - Any program or activity required by State law, Coordinating Board rules, or local board policy may not be paid with Carl Perkins funds. State or local funds may not be decreased or diverted for other uses merely because of the availability of Perkins funds.

Funds expended through the Carl Perkins grant program must be used for the purposes described in the program description, purpose, goals and application requirements of Carl Perkins Grant.

The two types of documented evidence as stated in the procedures must be submitted to the Coordinating Board by the Senior Accountant – Grants for review and approval by Coordinating Board before action is taken by TVCC to pay expenditures with Carl Perkins grant funds.

X.   Indirect Costs
Also known as Facilities and Administrative costs (F&A costs.)

Actual costs incurred to conduct normal business activities of an organization that cannot be identified with or directly charged to a specific project or activity. Indirect cost rates are used to partially recover the indirect cost of a sponsored project.

Trinity Valley Community College's indirect costs are developed under the requirement of the US office of Management and Budget Management and 2 CFR 200, section 200.56.

TVCC negotiates indirect rates with the college's cognizant federal agency, The Department of Health and Human Services (HHS) under 2 CFR 200. Negotiated, approved rates are to be used for all agreements with the Federal government and for most nonfederal projects. The rate agreement is periodically renegotiated (usually every three years) so rates will vary.

In the case of an indirect rate being nonnegotiable with the Department of Health and Human Services (HHS), some granting agencies allow for an alternative allocation method. The alternative allocation method must be approved by the granting agencies.

Some granting agencies allow for a lower indirect cost rate than the TVCC negotiated rate, thereby allowing more dollars for program use. If so, this must be identified in the approved contract, narrative, or budget.

Indirect costs are recovered by applying the applicable indirect costs rate to the direct cost expenditures incurred on each project.

The calculated indirect cost amount is charged to each project by the Grant Accountant.

XI.   Payroll
The Senior Accountant - Grants function in the payroll process is to verify valid start and end dates and ensure salaries are an allowable cost to the grant.   All grant salaries are contingent upon grant funding.

The Project Director is responsible for contacting Human Resources and the Senior Accountant - Grants regarding any new hires and reassigned employees. A reassigned employee is an existing employee to be paid by a grant.   The employee's salary and related benefits should be charged to the grant account. This requires a payroll change. Please contact Human Resources to request any changes in payroll.

Procedures:

Full Time Salaried Employees:

- Grant payroll worksheet is given each month, by the 15th, to payroll by the Senior Accountant - Grants. The worksheet allocates employees' salaries that are paid with multiple accounts (college and grants). The worksheet is located at Business Office Share Drive, Grants Folder, and then Grant Salary Allocations.

Part Time Employees:

- Employees submit timesheets to the payroll office monthly. The timesheets must be signed by supervisor with corresponding grant account specified.

Student Workers:

- Complete and submit timesheets to payroll office monthly. The timesheets must be signed by supervisor with corresponding grant account specified.

XII. Effort Reporting
Federal Grants

Purpose:

OMB 2 CFR 200.430 requires documentation of time and effort that reasonably reflects the employees total activity, represents all Federal and other activities compensated, supports the distribution of salary or wages among specific activities or cost objectives if employee works on more than one award or activity, or are contributing effort to be designated as cost share. To ensure compliance with the federal requirements, reports that reflect activities of employees' compensation by grants and contracts must be reviewed and authorized by individuals who have firsthand knowledge or a suitable means of verification of the work performed.

Policy:

Federal regulations require all staff, faculty and student employees of the college district working on federally funded grants to report and certify their effort. Faculty, staff and student employees receiving salaries and wages from, or contributing effort as cost share to, a grant/contract are required to document effort.

Exceptions:

Carl D. Perkins grant indirect administrative cost funds do not require effort documentation.

Carl D. Perkins work study and student tutor time sheets will be considered adequate time and effort documentation and certification provided all activities are workforce related, or are delineated between workforce and academic activities.

Procedures:

Effort documentation records the percentage of effort reported for the period to substantiate the salaries and wages charged to federal grants.

Employees and student workers of the college district are required to report time and effort if his/her wages are charged to federal grants.

Effort Reporting Policy and Procedure for federal funded grants will apply to federal pass through grants/contracts that are state administered grants/contracts.

Effort documentation is based on 100% of activities and not a 40 hour work week. Effort must be reported even if not paid for by the funding agency. Grant funded effort must be activities that are allowable for the grant.

Documentation forms must be completed and signed by the employee. The form must also be signed by a responsible officer having firsthand knowledge of work performed (typically the Project Director).

Effort reports are to be prepared each month by employees. The Senior Accountant - Grants will compare actual payroll costs to effort reports each month and promptly adjust significant differences at least quarterly. If

budget and actual costs are 2% or greater, adjustments will be calculated and recorded. A best practice in is to have several categories of routine work, tasks, activities, and responsibilities that are completed daily/monthly in Time & Effort reporting. Further, the time noted on reports should reflect the actual time dedicated to Workforce Education (students, meetings, projects, etc.). When noting comments/activities the detail should include "workforce education."

Procedures to Certify Effort:

The Project Director is responsible and accountable for compliance with federal regulations associated with the grant awarded.

1. Grant Accountant will inform the Project Director of all employees charged directly to his/her accounts.
2. The Project Director is responsible for forwarding appropriate form to employees.
3. Each employee is responsible for certification of his/her own effort.
4. Complete top portion of effort form (name, name of grant, time period, etc.).
5. Effort forms are to be completed monthly. One effort form for each month (ex: Jan 1-Jan 31).
6. Individual verifies actual effort worked for each grant.
7. List broad categories of activities performed during the period for grant.
8. Make sure the % of effort equals 100%.
9. Confirm your effort by signing the report.
10. Forward to the Project Director (or supervisor if the Project Director is completing the form as a staff employee).
11. Project Director (or supervisor if the Project Director is completing the form as a staff employee) will certify based on firsthand knowledge that the information reported is correct by signing the form. The Project Director is responsible for ensuring accuracy of the report.
12. All completed original signed effort forms will be returned to the Senior Accountant - Grants office within 7 working days after the end of the month.

State, Private or Local Grants

If effort documentation is a requirement of state, private or local funded grants, the Effort Reporting Policy and Procedure for federal funded grants will apply.

XIII.   Fringe Benefits
Fringe benefits are the employer and employee portion of Social Security and Medicare taxes, Workman's Compensation, retirement and health insurance. Fringe benefits are charged in accordance to 2 CFR 200.431 and to the respective grant by the Senior Accountant - Grants via journal entry. The entries are calculated using payroll distribution reports, and applicable rates and percentages applied against the salary or wage amounts charged to the grant.

XIV.   Cost Transfers for Grants
Costs transfers are reassignments of costs involving a grant account. All transfers must be in compliance with the requirements contained in federal regulations and sponsoring entity guidelines.

The Project Director on any grant/contract is responsible to ensure that only allowable, allocable, reasonable and necessary costs are charged to his/her grant/contract. Costs should be charged to the appropriate grant when first incurred. However, there may be circumstances that require transferring expenditures to a grant/contract subsequent to the initial recording of the expense.

Revised 11/04/2020

Transfer of costs either into or out of a grant account require monitoring for compliance with TVCC guidelines, federal regulations, grant specific guidelines and the cost principles that underlie fiscal activities on grants.

To promptly identify costs that have been erroneously posted to a sponsored account, the Project Director or designated support staff should review expenses at least on a monthly basis. Timely review of expenditures will help to correct errors and limit the number of cost transfers.

Cost transfers should be requested within 90 days after the month in which the cost was originally posted to TVCC's financial accounting system. Any request received after the 90 day period will require review and approval by the Controller and may not be allowed.

If an unallowable expenditure is discovered on any grant it must be removed regardless of time limit.

Cost transfers must be completed no later than 30 days after the grant terminates. This is necessary to promptly charge the grant and not delay submission of final financial reports. Transfer requests on terminated grants will be reviewed by Senior Accountant - Grants on a case-by-case basis and may not be approved.

Transfers to reduce overruns, to spend unused balances or for other reasons of convenience are prohibited.

Retroactive payroll adjustments may affect previously submitted effort reports and will require re-certification and submission of a new effort report reflecting the change.

Procedures:

1. Project Director to submit request to the Senior Accountant - Grants for review.
2. Request must contain explanation and supporting documents to justify cost transfer.
3. Senior Accountant - Grants will review request from Project Director.
4. If further justification is needed or the request is denied the Senior Accountant - Grants will notify the Project Director.
5. If approved:
    i. Senior Accountant - Grants will prepare journal entry for approval by Project Director and Controller.
    ii. Controller will review and approve journal entry. Then, give the journal entry to the Senior Accountant – Financial Reporting for entry into the electronic accounting system.
6. Senior Accountant - Grants will maintain copies of journal entry and supporting documentation in grant binders.

XV.   Reconciliation of Grant Accounts

Reconciliations of the general ledger reports to the grant financial reports are necessary to ensure accurate reporting. Reconciliations are to be done when grant financial reports are due. The grant financial reports are normally due monthly, quarterly or annually.

Procedures:

1. Review the Notice of Grant Award (NOGA). The NOGA provides the report due dates for each grant.
2. Review the expense general ledger report to ensure the budget matches the grant.   All budget adjustments must be approved using a Budget Adjustment Form. A copy of the budget adjustment form must be kept in the grant binder. Make budget changes as necessary.
3. Review the expense report to ensure the expenses are allowable, allocable, reasonable and necessary (AARN) for the grant.
    a. If any expense is a concern for AARN, review the invoice. Paid invoices are located in the Accounts Payable department. If an expense is disallowed, a journal entry must be processed to

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remove the expense from the grant general ledger accounts and included in to the college accounts.
- The Project Director must approve all journal entries
4. Once the reconciliation is complete, report the expenses to the Grantor for reimbursement or reporting purposes.
   a. Each Grantor has different reporting procedures; refer to the grant contract.

XVI. Reporting

Financial Reporting

Senior Accountant - Grants is responsible for submitting invoices to and filing the various financial reports to the grantor. These reports vary according to the grantor requirements.

Reporting due dates also vary according to grantor requirements: monthly, quarterly, semi-annually, or annually.

Invoices

Some grants require reports detailing expenditures as some require summary information.

Payment is also varied from the grantor: some are reimbursed by electronic fund transfer (EFT), some by wire transfers and others by check.

It is the Senior Accountant - Grants responsibility to ensure revenue is received and properly recorded to correct accounts receivable account.

Payment

The time elapsing between the transfer of funds from the grantor and the issuance of funds to recipients shall be minimal. Payment methods shall be consistent with Cash Management Improvement Act (CMIA).

Programmatic Reporting

It is the Project Director's responsibility to complete and file required program reports.

A copy of the report must be maintained by the Project Director.

Refunds to Sponsor

Funds remaining at the end of a cost-reimbursement project need to be returned to the sponsor, unless otherwise directed by sponsor.

Inventory

Inventory of supplies and equipment must be taken and the results reconciled at least every two years (except when required more frequently by individual grant policy). Review the grant contract as requirements vary according to the grantor requirements. The Project Director is responsible for coordinating the inventory effort with TVCC's Director of Transportation and Logistics.

When equipment is not needed for the original project or program, equipment may be used in connection with other federally sponsored activities with a priority for those activities sponsored by the federal awarding agency that funded the original project. Use of equipment purchased with federal funds on other projects or programs that are not federally funded is permissible as long as it will not interfere with work on a project or program under which the equipment originally was acquired.

A copy of the inventory report must be maintained by the Project Director and a copy forwarded to the Senior Accountant – Grants.

XVII.   Project Completion

The closeout of the grant is important in the overall management of the grant project. It is imperative the Project Director arrange a meeting with the Senior Accountant – Grants 90 days prior to the end of the project to discuss close out procedures. The close out guidelines below should help facilitate the process. However, please refer to the grant contract for close out procedures as instructions may vary according to grantor requirements.

Procedures:

Project Director:

- Schedule meeting with Senior Accountant – Grants 90 days prior to the end of grant.
- Review account activity and encumbrances for closeout. Contact Accounts Payable to liquidate encumbrances, if necessary.
- All goods and services must be received/completed prior to the end of the grant date.
- Complete termination paperwork for staff and/or payroll changes for staff assigned to other cost centers or grant accounts.
- Take inventory of all equipment and review disposition instructions.
- Prepare and submit final program report.
- Review and file all documentation pertaining to the grant. Records will need to be stored for a specific time period as noted in the grant agreement and local TVCC policies.

Senior Accountant – Grants:

- Run reports for review.
- Review activity after grant end date for compliance and prepare needed closing adjustments.
- Assess final indirect costs.
- Review equipment dispositions instructions and take necessary action.
- Return unexpended funds to grant if needed. Refer to grant contract for instructions.
- Prepare and submit final financial report. Forward a copy to Project Director.
- Review folder for all documents related to the grant.

XVIII.   Frequently Asked Questions

What percentage rate do I use when budgeting for benefits?

- Full time employees 36.5%
- Part time employees 14%

What do I do if something is coded incorrectly?

You should notify the Senior Accountant – Grants. The Senior Accountant – Grants will need to prepare a correcting cost transfer via journal entry.   Send an email stating what happened, and also include the following information:

- Correct department number and incorrect department number (if the account number was coded incorrectly)

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- Correct object code and incorrect object code (if the object code was coded incorrectly)
- PO # or vendor name
- Dollar amount

The Senior Accountant – Grants will attach the email requesting the cost transfer, and any necessary documentation to support the cost transfer. A copy of the journal entry and all documentation will be maintained in the grant binder.

What is indirect cost? And do I have to calculate indirect costs?

Indirect costs are those costs that are incurred from common objectives and therefore cannot be identified specifically with a particular program or activity.

No, you do not have to calculate indirect costs as that calculation is taken care of by your Senior Accountant – Grants.

Also see indirect cost.

What if I need to buy something that is not in my budget?

Call or email the Senior Accountant – Grants. Some grant entities will allow you to spend outside your original line item budget; others require prior approval. Your Grants Accountant can tell you the program guidelines for your granting entity, and will work with you if prior approval needs to be obtained.

What if I overspend?

Your budget is only approved for the amount funded per your signed contract or agreement. Any overage will need to be moved to a college account and requires VP approval.

How do I know how much I've spent? And how much is available?

The information is available in the Iseries or you can request a general ledger department report from your Senior Accountant – Grants.

Does TVCC need to be in receipt of the grantors funds before I can spend?

No. However, in order to spend your funds you must have a restricted department account established for your grant program. Schedule a meeting with the Senior Accountant – Grants and provide a copy of the award notification prior to the meeting. After the meeting, when the Senior Accountant – Grants receives notice from the Controller that the restricted accounts are set up, an email will be sent to notify the Project Director of the department number and object codes and you may begin spending.

What is the difference between cash match and in-kind dollars?

Cash match is actual cash outlays from the Institution's operation budget to support the program. In-kind match is non-cash contributions including such items as, but not limited to, donated supplies, equipment, facility use, land, buildings, and time provided by either the Institution or a third party in support of the program.

How do I know what grants are available and how do I apply for them?

Contact the Grants Writer.

Do I have to monitor my account?

Yes, the Project Director is responsible for managing both the financial and programmatic aspects of the project.

Revised 11/04/2020