

	GCA-716
	Grant Internal Processes and Approvals
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Purpose

The purpose for the Policy is to provide guidance to Principal Investigators (“PIs”) and others responsible for the administration of sponsored projects on the internal procedures that speak to roles, responsibilities, controls, and approvals for Grants and Contracts Accounting, as well as Research Administrative Services.

Policy

This policy defines the workflow and responsible staff for ensuring completeness of review for salary reallocations, cost transfers, federal cash drawdowns, and other post award financial requests.

Cost transfers, salary reallocations, and cash drawdowns all require explicit approval from a member of the Research Administration Services and/or Grant and Contract Accounting department. Approval (whether electronic or via physical signature) must be performed by a person different from the person who initiated the transaction.

Definitions

Senior Director of Grant Contract and Accounting/Research Administration Services: The Senior Director oversees the financial functions and related compliance for all research related expenses at The University. The Senior Director supervises all staff within the Grant and Contract Accounting and Research Administration Services Departments. The Senior Director provides review and signature where needed.

Associate Director of Grant and Contract Accounting: Serves as a knowledge expert in grants accounting and assists the Senior Director with grant financial accounting, cash management, and federal draw downs. Works with Senior and Grants Accountants to ensure accuracy and timely turnaround and advises the Senior Director.

Associate Director of Research Administration Services: Serves as a knowledge expert in grants administration and assists the Senior Director with ongoing grant project activity review such as Effort Reporting, PI budget and salary review, and other active grant compliance measures. Works with Senior and Research Administrators to ensure accuracy and timely turnaround and advises the Senior Director.

Senior Grant Accountant: The Senior Grant Accountant manages day to day financial activities similar to the grant accountant, with additional skilled review.

Grant Accountant: Processes the daily post award financial activities such as cost transfers, new funds, salary reallocations, cost transfers, and other reimbursements.

Senior Research Administrator: The Senior Research Administrator manages day to day financial activities and processing similar to the research administrator, with additional skilled review.

Research Administrator: Work with PI to review active grant budgets and assist in completing Effort, cost transfers, salary reallocations, and other grant finance related transactions.

PI (Principal Investigator): Faculty member and primary responsible researcher for a grant.

Banner: The financial system chart of accounts used by the university.

Journal Entry: The mechanism to transfer budget or expenses within the university's financial system, Banner.

Draw Downs: The process of access to federal financial portals and drawing down cash on grants that have expenses already incurred.

Salary Reallocations: The function to move salary expenses between specific university funds.

Pay Authorization Form: The form used to engage an employee in payment on particular university funds.

Expenses/Travel Reimbursement: The form used to identify and clarify the need to reimburse university employees for out of pocket expenses related to travel or university business.

Invoices: The mechanism by which the university bills outside agencies for expenses incurred on contracts or grants.

Cost Transfers:

A cost transfer is an expense that is transferred from one account to another after the expense was initially recorded in the financial accounting system.

Allowability: Legitimate and permissible allowance of grant activity and related costs.

Allocability: Grant costs are distributed in an equitable manner as to align with the direct involvement of a project.

Reasonableness: Using sound judgement with a fair and sensible approach for reviewing and approving grant financial activity.

Procedures

With many financial transactions occurring through the daily mechanisms of invoicing, cash reconciliation, journal entries, salary reallocations, and other numerous financial forms there is a need for segregation of duties and review. Below is the overview for preparing, certifying, and submission for the various financial forms related to grants research and finance at IIT:

- **Journal Entries:** Journal Entries (JE) related to grants are entered into the Banner system by the GCA team. JE requests come to GCA via RAS, department staff, or PI's. Data and documentation is gathered and reconciled and submitted for review to the approver. Once the approver reviews the reconciled backup documentation, an electronic approval is granted in the Banner system and the entry is executed. All journal entries are approved by a different member of their respective department.
- **Cash Draw Downs:** Grant expenditure reports, related reconciliations, and agency portal draw down details are prepared by the Associate Director of GCA. Cash draws are prepared, submitted, and certified by the Associate Director of GCA in their related agency financial portals. The Senior Director reviews and signs all prepared cash draw documents. When drawn cash is received, a GCA member prepares the JE and a separate team member reviews and approves the entry.
- **Salary Reallocations:** Salary reallocations are determined as necessary by the PI. The PI and their assigned RAS staff member work together to complete the salary reallocation form. Once the form is completed and signed by the PI, it is then submitted to GCA. The GCA accountant reviews the form, initiates the salary reallocation process in Banner, and then submits all related documentation to the Associate or Senior Director for review, signature, and approval. Once signed, the salary reallocation is executed in Banner.
- **Payroll Authorizations:** Payroll authorizations are prepared by the relevant department administrator and supervisor, and signed by the supervisor and their V.P./Dean. Once the 'Pay Auth' is complete, if grant related, it is submitted to GCA accountants for review against budget. Once approved by the grant accountant, the Pay Auth is forwarded to HR/Payroll for final review and completion.
- **Expense/Travel Reimbursements:** Business related expenses paid for out of pocket by university employees is reimbursed through the expense/travel reimbursement form. The form is emailed to purchasing for initial review, and forwarded to a GCA accountant when a grant is involved. The accountant reviews and acknowledges completeness to the purchasing department and the reimbursement is then finalized by purchasing staff.
- **Cost Transfers:** When expenses need to be transferred from one grant FOAP to another, the Cost Transfer Form is used to make such a request. The form provides criteria for explaining and justifying why the expense was not already on the correct grant FOAP and asks for written clarification on requests being made over 90 days from the time of transaction. Once the form is completed, and signed by the submitter (typically a PI or administrator with working knowledge of the grant), GCA staff accounts review and enter the journal for processing. A separate GCA staff member reviews and approves the JE.
- **Invoices:** Invoices to reimburse incurred grant expenses (where drawdowns are not possible) are reconciled, prepared, and formed by a GCA accountant. When fully prepared, a GCA team member reviews the invoice and related back up documentation, signs, and advises the accountant to forward the invoice for processing.

- Procurement: Expenses processed through the various procurement methods at IIT all have a mechanism of review by either RAS or GCA prior to execution of the purchase. The level of approval from RAS/GCA staff members ensures the federal cost concepts of reasonable, allocable, and allowable are applied.
- Agency Requested Financial Reports: Grant specific financial reports are either prepared by GCA or RAS staff depending upon the type of report. Once the report is prepared, the report and related back up documentation are reviewed by the Senior Director and signed. Where appropriate, the staff member submits the report. When needed, the Senior Director submits the finalized report.

Guidelines

The University recognizes FASB accounting standards. Uniform Guidance provides specific oversight regarding internal controls under §200.61 and §200.62

All procedures set forth in this policy, as well as on their relevant internal process forms, are to be followed for all grant related financial transactions.

References

Uniform Guidance: [§200.61](#) & [§200.62](#)

FASB: http://files.fasab.gov/pdf/2019_fasab-handbook.pdf

Responsibilities

PI: Person responsible for the allocable, allowable, appropriate, and necessary expenses and activities on their grant. Must corroborate and commit to the need for transactions through signature, email acknowledgement, or system approval dependent upon the needed transaction.

Senior Director GCA/RAS: Reviews transactions and approves and submits where needed.

Grant and Contract Accounting: May reconcile, prepare, initiate, and enter data for grant financial transactions to the Senior Director for approval.

Research Administration Services: Works with PI to reconcile and prepare data and related entries for the GCA staff member.

Department Administrator: The assigned administrator within a department or college that may assist the PI, RAS, or GCA staff with identifying the need and potential clarification for financial transactions.

Recommended Forms

Please see the controller's website with all forms and related weblinks to this policy:

<https://web.iit.edu/controller/forms>

<https://web.iit.edu/gca/forms>

<https://web.iit.edu/research-administration-services/resources>