

	<b>GCA-716</b>
	<b>Grant Internal Processes and Approvals</b>
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	Effective Date: 01/01/2025

### **Purpose**

The purpose for this Policy is to provide guidance to Principal Investigators (“PIs”) and others responsible for the administration of sponsored projects on the internal procedures regarding roles, responsibilities, controls, and approvals for Grants and Contracts Accounting.

### **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**

**Director of Grant Contract and Accounting (GCA):** The GCA Director oversees the financial functions and related compliance for all research related expenses at The University. The Director supervises all staff within the Grant and Contract Accounting department. The Director provides review and signature where needed.

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

**Senior Grant Accountant:** The Senior Grant Accountant manages day to day financial activities similar to the grant accountant, with additional skilled review. Also responsible for fund setups and award amendments, salary reallocations, cost transfers and approval of grant-related Personnel Action forms.

**Grant Accountant:** Prepares and submits monthly/quarterly invoices, processes subrecipient invoices for payment and also performs regular subrecipient monitoring. Also follows up with sponsors regarding delinquent invoice payments, as needed.

**Principal Investigator (PI):** 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.

**Drawdowns:** The process of access to federal financial portals and drawing down cash on grants for previously incurred expenses.

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

**Payroll Authorization Form:** The form used to initiate payment to employees on specific university funds.

**Expense/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 external agencies for expenses incurred on contracts or grants.

**Cost Transfer:** The mechanism used to transfer is an expense 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 processes, there is a need for segregation of duties and review. Below is the overview for preparing, certifying, and submitting the various financial forms related to grants research and finance at Illinois Tech:

- **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 PIs. 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 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, College/ Department Admin and Research Administrative Services. 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 Director or 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 Payroll Authorization is complete, if grant related, it is submitted to GCA accountants for review against budget. Once approved by the grant accountant, the Payroll Authorization 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 process. The request is entered in Buylt and assigned to GCA when a grant is involved. The Grant Accountant reviews and approves the request in Buylt and it is then finalized by Procurement.
- **Cost Transfers:** When expenses need to be transferred from one grant FOAP to another, the Cost Transfer Form is used to initiate the request. The form provides criteria for explaining and justifying why the expense was not already posted to 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 Accountants review and enter the journal for processing. A separate GCA staff member reviews and approves the JE.
- **Invoices:** Invoices to request reimbursement for incurred grant expenses (where drawdowns are not possible) are reconciled, prepared, and submitted by a GCA accountant. 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 reasonableness, allocability, and allowability are applied.
- **Agency Requested Financial Reports:** Grant specific financial reports are prepared by GCA staff. Once the report is prepared, the report and related back up documentation are reviewed and signed by the Director. Where appropriate, the staff member submits the report. When needed, the 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-](http://files.fasab.gov/pdf/2019_fasab-handbook.pdf)

[handbook.pdf](http://files.fasab.gov/pdf/2019_fasab-handbook.pdf)

### Responsibilities

**Principal Investigator (PI):** Person responsible for the allocable, allowable, appropriate, and necessary expenses and activities on their sponsored project. Must corroborate and commit to the need for transactions through signature, email acknowledgement or system approval, depending upon the needed transaction.

**Director GCA:** Reviews and approves transactions. Submits documents where needed.

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

**Research Administrative 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>