



Policy

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Title	Financial Management
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ACTIVITIES ALLOWED/UNALLOWED AND ALLOWABLE COSTS/COST PRINCIPLES

In order to provide reasonable assurance that funds received for the above Grants are expended only for allowable activities and that the costs of goods and services charged to the grant are allowable and in accordance with applicable cost principles, MURC has employed the following control procedures.

The awarding agency gives guidance on the method that the expenditures should be tracked in the program's budget. The detailed budget is established using Banner account codes and expenditures are tracked through these accounts. The budget is then posted as a journal entry into the Finance module of Banner and the system rolls the budget at year-end.

All purchase requests are approved by the Grant Financial Compliance (GFC) staff as well as the Project Director (Principal Investigator) or support staff of the grant from which the expense is requested. When an item is submitted for approval, the purchase request which includes a description of the item to be purchased and the terms to the purchase is entered into Banner. The Project Director has awareness of what is allowable based on the budget for the grant and their prior experience and knowledge of the requirements. In addition to the grant agreement, proposal and budget, MURC has an allowable cost policy that can be used as a reference for departments. The Compliance Staff has an understanding of the requirements and what are allowable and unallowable expenditures. The resources cited by the Compliance Staff as a source for determining allowable expenditures includes the grant proposal, the grant document, MURC policy, agency specific guidelines and 2 CFR 200 (Uniform Guidance). The grant agreements are maintained by the Grant Administration Office and copies are sent to the respective departments when the award is set up in banner.

For all expenditures that appear to be questionable, the GFC team will contact the department and individual that processed the expenditure and determine whether or not the expenditure is allowable within the agency agreement. If GFC is unable to determine cost allowability via the resources cited above, they will reach out to the sponsoring agency for approval. If the expenditure is not allowable, the GFC team notifies the department that the expenditure must be transferred (charged to an alternative funding source) or it is charged directly to the department cost recovery account.

CASH MANAGEMENT

In order to provide reasonable assurance that the drawdown of Federal cash is only for immediate needs, MURC has employed the following control procedures.

The Chief Financial Officer (CFO) and Senior Accountant (SA) prepare the cash drawdowns monthly or quarterly depending on the grant. Draw down of federal funds is initiated electronically using the relevant system, whereas non-federal drawdowns are primarily initiated manually. The main systems used by MURC are:

- GAPS - the Grants Administration Payment System, administered by the Federal government
- PMS – Payment Management System
- SF270 – Standard Form 270
- Smartlink
- PAPRS
- NSF Fastlane - National Science Foundation

MURC has been given a password to access each system. Based upon MURC's ID#, all the Grants awarded to them are listed with the award amount, available balance, and last date to draw funds. The draw down account has been set-up to only allow funds to flow to MURC's account; no other account can be substituted.

In order to change the account in which the draw down is deposited, a request, approved by the CFO and the Executive Director, must be sent to both GAPS and the Bank, and then the Bank will send the information to GAPS. This ensures MURC is the only party able to receive the funds. The CFO or SA determines the amount of funds spent in the fund by using the Budget Status Report, which details by fund, the current month's activity. The CFO reviews all draw-downs at a high level, looking for obvious errors, as well as looking at cash flows, and determining if draw-downs need to occur in order to maintain cash flows.

MURC operates under a cash reimbursement basis and therefore does not request draw-downs on PO's or until the cash expense has been paid. However, funds are usually requested a day before cash is disbursed for large construction invoices.

On a monthly basis, formal reports are created in which budget is compared to actual expenditures and the remaining funds available are shown. These reports are sent to the Project Director by the CFO. This is an important control in ensuring the cash management is appropriately controlled as well as a secondary control to the application of expenditures to the appropriate grant.

Sub-recipient requests for funds are evaluated and requested to minimize the time elapsing between drawdown and disbursement.

EQUIPMENT AND REAL PROPERTY MANAGEMENT

In order to provide reasonable assurance that proper records are maintained for equipment acquired with Federal awards, equipment is adequately safeguarded and maintained, disposition or encumbrance of

any equipment or real property is in accordance with Federal requirements, and the Federal awarding agency is appropriately compensated for its share of any property sold or converted to non-Federal use, MURC has employed the following procedures.

MURC is committed to providing proper stewardship for property acquired with Federal awards. All property purchases follow the same control procedures outlined for expenditures below.

All assets are received by the Marshall University receiving department. This process is documented in detail in the Marshall University audit work papers. When the assets are received the receiving department will contact MURC and provide MURC with the relevant receiving documentation. This use of a central department improves the control and safeguarding of these assets.

All assets are tagged and recorded in Banner using a unique fund account number which allows MURC to track assets purchased using Federal funds.

Every 2 years MURC has a physical inventory of all fixed assets. The Project Director must inform MURC if there are any assets disposed or if there is a change in their use to one not related to their fund, although this is very rare. The Project Director informs MURC by completing a Property Status Form. These procedures help to safeguard the assets purchased using federal funds.

Assets are usually used for their entire useful economic life at MURC. Assets are usually scrapped or annually sold at the University's "Yard sale" for minimal receipts. In the event significant assets are sold, MURC or the Principal Investigator will obtain approval from the relevant agency to dispose of the assets and receive instructions as to the amount of proportion, if any, to remit to the Federal agency.

MATCHING, LEVEL OF EFFORT, EARMARKING

To provide reasonable assurance that matching, level of effort, or earmarking requirements are met using only allowable funds or costs which are properly calculated and valued, the following procedures are followed: (Note: Generally, matching contributions must be from a non-Federal source and may not involve Federal funding or be used for another federally-assisted program.)

➤ Earmarking. TRIO Programs

The full participant eligibility requirements and procedures for meeting those requirements for the TRIO programs can be found in each programs respective award documents. To summarize, the TRIO programs each have an application that is used to determine eligibility status. In addition to the application, certain verifying documentation is required (i.e tax information, recommendations, transcript, first generation status, disability verification, etc). Furthermore, to determine income eligibility, the US Department of Education Federal TRIO Programs Low-Income Levels (<https://www2.ed.gov/about/offices/list/ope/trio/incomelevels.html>) are used. The participants served and all eligibility determination documentation is tracked in the Blumen Database to ensure that each program meets its required participants served target and 2/3 eligibility criteria.

- Matching – all grant details, including any matching requirements are input into the Grants Access database by the GA Office staff. This staff has detailed knowledge of all grants and is aware in particular of matching requirements.
- Lead accountant monitors matching funds in conjunction with expenditures tracked by MURC Grants Compliance personnel.
- Lead Accountant also sends MURC Matching Form to effected department (i.e. – grant recipient) for completion, which is then kept on file at MURC.

MURC ensures that all matching funds did not originate from other Federal Funds, unless explicitly allowed, by requiring that the funds originate from an unrestricted Banner code or that they receive appropriate documentation of the source of the funds from MU department. For local sources (i.e. non-MU) MURC obtains a letter certifying that the source of the funds was not from a restricted federal award or other unsuitable source depending on the grant agreement.

PERIOD OF AVAILABILITY

Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of the subsequent funding period.

In order to provide reasonable assurance that Federal funds are used only during the authorized period of availability, MURC has employed the following procedures.

Budgets are established based on annual expenditures and revenues. A unique fund number is established each project period, to ensure that expenditures being applied to the appropriate fund year unless automatic carryover of funds is identified as allowable in the grant award document. Expenditures are also reviewed to determine that the expenditure is being applied to the appropriate fund year. Since each period has a unique fund, reporting received from the system compares the budget and actual for the fund's fiscal year. In addition, the Compliance Staff reviews all expenditures for reasonableness which includes considering whether the grant year/project is close to its conclusion.

In addition, the monthly reports include a running total of the remaining balance on the grant to allow the Project Director to ensure that all spending occurs within the period of availability of that particular grant.

PROCUREMENT AND SUSPENSION DEBARMENT

In order to provide reasonable assurance that procurement of goods and services are made in compliance with provisions of the 2 CFR 200 (Uniform Guidance), as applicable, and that no sub-award, contract, or agreement for purchases of goods or services is made with any debarred or suspended party, MURC has employed the following procedures.

MURC will perform monthly checks by selecting a sample of 10 vendors paid from federal grants and verifying them against the Federal Excluded Parties List. In addition, for all orders over \$25,000, GFC will check the vendor against the EPLS before approving the electronic requisition in the banner system.

MURC has established controls surrounding the purchase of goods and services using federal funds. These are detailed at <http://www.marshall.edu/murc/files/Purchasing-and-Receiving-Guidelines.pdf> and demonstrate MURC's commitment.

PROGRAM INCOME (R&D only)

To provide reasonable assurance that program income is correctly earned, recorded, and used in accordance with program requirements MURC uses the following control procedures:

Unless stated otherwise in the award agreement, the addition method is used to account for program income. Program income funds are added to award funds, thus increasing the amount available to accomplish the objectives of the sponsored project. To accomplish this, program income is deposited into the award account under the program income account code, 70515 – Program Income – Expense Reduction. It is then used as an offset to allowable grant expenses. This ensures that the program income is used entirely during the term of the award and also solely for allowable grant expenses.

REPORTING

2 CFR 200 (Uniform Guidance) requires that Financial Status Reports be filed within 90 days of the end of a budget period and/or within 90 days of the end of the grant award period. If quarterly reports are required by the grant agreement they must be submitted within 30 days of the end of the quarter.

In order to provide reasonable assurance that reports of Federal awards submitted to the Federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements, MURC has employed the following procedures:

When a grant is set up in Access or a change order or continuation is processed any reporting requirements are entered in the 'important dates to remember' section which is included in every grant file. The responsibility for completing the reports is also assigned to the appropriate individual who is often the Project Director. Database tracks report/invoice due dates and completion status.

In addition, all reports are pulled from a combination of Banner and the Access databases which are reliable sources.

SUB-RECIPIENT MONITORING

Objective

To provide reasonable assurance that Federal award information and compliance requirements are identified to subrecipients, subrecipient activities are monitored, subrecipient audit findings are resolved, and the impact of any subrecipient noncompliance on the pass-through entity is evaluated. Also, the pass-through entity should perform procedures to provide reasonable assurance that the subrecipient obtained required audits and takes appropriate corrective action on audit findings.

To meet this objective MURC employs the following activities:

The sub-recipient confirms annually that they are in compliance with 2 CFR 200 (Uniform Guidance) in the form of a representation letter or a signed audit report from the sub-recipient's independent auditor.

The PI completes the PI Payment and Performance Certification form for each invoice submitted to MURC for payment. Subrecipient invoices are processed by the CFO. Generally, the invoices are for fairly standard amounts such as payroll costs relating to the sub-award. This allows MURC to monitor the expenditure of the costs.