University of North Carolina at Pembroke

Contracts and Grants

Monitoring Plan

June 2022

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Introduction:

There are three phases in the life cycle of a grant, the pre-award phase, the award phase, and the post award phase. Monitoring is a system of education, reviewing, tracking, and reporting on the use of grant funds. Monitoring begins in the award phase and continues throughout all three phases in the life cycle of a grant. Monitoring activities are designed to assure the public funds are spent in compliance with applicable rules and statutes, and that performance expectations are being achieved. This plan is designed to provide the level of oversight and monitoring for grants that will allow UNCP to provide accurate data on grants performance throughout the life of the grant.

Stakeholders:

The target users of this document include the following units:

1. Pre-Award/Office of Sponsored Research and Programs (OSRP) – typically plays a critical role prior to and during the receipt of an award.
2. Post-Award/Contracts and Grants Office – typically plays a critical role once the award has been received.
3. Principal Investigator (PI)/Project Director (PD) – has absolute responsibility for the overall conduct of the sponsored project, including all technical, programmatic, financials, compliance, and administrative aspects.
4. Colleges/Departments/Awarding Units – typically serve as a resource and the first line of support for the Principal Investigator/Project Director.

Key Terms:

Throughout this document, the following key terms may be used interchangeably:

1. "Sponsored Project", "Award" and "Grant"
2. "Sponsoring Agency," "Sponsor," and "Agency"
3. "Award Number" and "Award ID" (these terms reference the identification given the award by the sponsoring agency)
4. "Account Number" and "Fund Number" (these terms reference the identification given the award in the financial accounting system)
5. "Sub-recipient" and "Sub-contractor" (the party with which the University enters a sub-award)

It should also be noted the Post-Award function is referred to as the "Contracts and Grants Office" or "Grant Accountant" throughout this document, although these terms may also be used interchangeably. The Pre-Award function may also be referred to as Office of Sponsored Research and Programs (OSRP).

Programs Covered:

This Monitoring Plan is applicable for all state, federal and local grants awarded to UNCP. All awards/grants will be monitored in a consistent manner including awards subject to federal, state, and local government administrative requirements, cost principles, and audit requirements.

Technical Assistance/Education:

The Office of Sponsored Research and Programs website offers a library of resources to employees including Sponsored Programs 101 - which walks an employee through the grant process, information on proposal development, proposal submission checklists, award acceptance process, grant vs. gift guidelines and checklist and institutional approval requirements. In addition, this library of resources also includes research compliance regulations related to programmatic aspects of contract and grants.

The Controller page of UNCP's website includes a section titled Grants Financial Management. Under the Grants Financial Management Link, additional resources are available for Principal Investigators/Project Directors. These resources include, but not limited to, information regarding Time and Effort, Roles and Responsibilities Matrix, and UNCP Monitoring Plan.

When an award is received, OSRP reviews and records the award in the system and schedules an award meeting with the PI/PD, and the Grant Accountant. This meeting is usually conducted via WebEx and all aspects of the grant are addressed in this meeting, including, but not limited to budget, hiring and Human Resources role, purchasing, and any other questions that the PI/PD may have at that time.   The PI/PD is also informed of the resources available on-line and is encouraged to contact either the grants accountant or OSRP if they have any questions or need any assistance concerning their project. All PI/PD are required to become familiar with and follow the UNCP Conflicts of Interest and commitment Policy. The PI/PD must disclose any conflict of interest/commitment annually, prior to award setup, or within 30 days of discovering a new reportable financial interest or activity.

The Grant Accountant and employees of OSRP are encouraged to attend continuing education courses as deemed necessary to their specific areas of their job duties.

Risk Assessment:

Prior to the issuance of the sub-award a risk assessment is conducted by the Pre-Award office to determine the appropriate level of monitoring and to ensure monitoring and reporting requirements are incorporated into the sub-award document. The assessment is conducted from the perspective of the subrecipient organizations and is conducted annually unless circumstances warrant a more frequent assessment.

High Risk Subrecipients are identified through the annual risk assessment and review of the state single audit. Other key factors include:

1. Financial Stability
2. Quality of Management Systems
3. History of Performance
4. Reports and findings from audits

Risk can be based on the subrecipient profile (i.e., novice, non-traditional or known to have audit findings), characteristics of the prime award (i.e., complexity of new as a sponsor to the University), or if the work is on a highly visible project or other factors. The assessment may also include, but not limited to, review of the Federal Audit Clearing House for most recent audit or subrecipient audited financial statements,

turnover of key personnel, significant changes in operations or operating systems and the extent of the sponsor's monitoring efforts. A higher level of risk may warrant more robust monitoring plans including training and technical assistance and/or on-site reviews, or a sampling method for subaward monitoring may be used.

Risk assessment tools or instruments that inform decision-making and document the data elements considered are used to determine the appropriate monitoring plan for individual subawards or for subrecipient entities. Documentation of the assessment is maintained within the files of the unit responsible for the assessment function. The University's model of risk assessment tools includes a Risk Assessment Tool with Numerical Weights and a Subrecipient Check List.

Monitoring Procedures:

Grant Management Responsibilities are established with the receipt of an award. Once the formal award documents are received and processed by the Grants Accountant and the fund number is provided to the PI/PD all parties involved with the award are aware of grant monitoring duties for which they are responsible. A roles and responsibilities matrix is utilized for internal assignments of duties as well as other departments and is available on the Controller's website under Grant Financial Management. This matrix is periodically reviewed.

The Grants Accountant monitors expenditures to verify compliance with applicable rules, regulations, and directives. Many types of expenditures related to sponsored projects are handled in the same manner as expenditures for other fund sources and are subject to the same routine processing, reviews, approvals, and other controls, including departmental review and approval. A detailed review of expenditures is conducted monthly to determine that expenditures are spent according to the agency budget and reconciled to the University's financial system (Banner). High risk transactions are reviewed such as:

i. Salaries and Wages
ii. Contracted Services
iii. New Sub- Awards
iv. Foreign Travel
v. Food
vi. Scholarships, stipends, and tuition
vii. Equipment acquisitions
viii. Cost transfers
ix. Research incentives

Personnel charges are reviewed monthly to ensure that the charges align with the budget that has been allocated by the agency. Any discrepancies noted are investigated and If an error has occurred, the Grants Accountant works with Payroll to correct. Time & effort is captured on a semesterly basis, fall, spring, and summer.

The PI/PD is responsible to ensure that the percentage of their time corresponds with the amount of time they have dedicated towards the project. If it is correct, they certify their time in the time & effort system, if it is not correct then the Grants Accountant works with the PI/PD to correct any errors.

If the PI/PD is approved for re-assigned time in the project budget, the Grants Accountant will work with payroll to process these redistributions in the financial system. OSRP is responsible for letting the Grants Accountant know of the re-assigned time during the award meeting.

The Grants Accountant reviews all expenses posted to the fund each month for unallowable expenses. Allowability of expenditures is determined by the state and federal regulations as well as sponsor terms and conditions. Expenditures must be deemed reasonable and allocable to the specific project. If an unallowable expense has been charged to the grant, the PI/PD is responsible for providing a different fund to the Grants Accountant to transfer the expense.

The Grants Accountant works with OSRP along with the PI/PD to capture any cost sharing that must be reported in accordance with the grant. The PI/PD is ultimately responsible for verifying that any cost sharing commitments are met, and that all necessary documentation is provided in a timely manner. If any of the PI/PD's time is cost shared it must be captured in a manual time and effort form which is provided by the Grants Accountant.

Cost share contributions can be accepted as part of the recipient's cost sharing when such contributions meet all the following criteria:

1. Are verifiable from the records of the PI/PD and Institution
2. Are not being included as contributions for any other federally assisted project or program.
3. Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. Are allowable under the applicable cost principles.
5. Are not paid by the Federal government or sponsor under another award, except where authorized by Federal statute to be used for cost sharing or matching.
6. Are provided for in the approved budget when required by the Federal awarding agency or sponsor.

The Grants Accountant obtains and keeps the PI/PD certified cost share statement and supporting documentation.

The award budget is the financial expression of the project or program. Re-budgeting of these funds is subject to appropriate institutional review and approval process. Sponsors often require prior approval for budget changes involving key personnel, contractual actions, and equipment. OSRP works with the PI/PD and the agency to request in writing any budget revisions that require prior approval for the project. If the budget revision is approved all documentation must be maintained in the electronic grant file and must be made in advance of affected expenditures.

Written justification must be provided for any transfer of an expense if the expense was initially placed against another source of funds and the charge is to be transferred to or from a federally funded or other externally sponsored project. Cost transfers may be appropriate if the transfer represents the timely correction of a simple error or for transfers between sponsored projects provided the projects involve closely related work, and the expense is a proper charge to either project. Cost transfers must be made within 90 days of originally incurring of the expense. The request must include sufficient justification and

necessary supporting documentation. Cost transfers are never allowable simply because there is funding available in one project and not in another.

If a grant incurs expenses more than the total amount awarded or within an unchangeable line item, the expenses must be moved to another financial fund through a cost transfer. If expenses are moved via a cost transfer, the expenses must be moved to another fund to which they would be allocable. If no alternative fund is available, the administrative unit (department, college, etc.) is liable for the excess and disallowed expenses.

Prior written approvals are required under Federal awards for allowability, allocability and/or reasonableness in each of the following circumstances:

1. Change in scope or objective of the project.
2. Change in a key person specified in the Award.
3. No activity on the project for more than 3 months, or a 25% reduction in time devoted to the project.
4. The transfer of funds budgeted for participant support cost to other categories of expense.
5. The sub-award transferring or contracting out of any work, unless approved by the Federal award.
6. Changes in the amount of cost-sharing or matching provided by the non-federal entity.
7. The inclusion of individual items of cost that require prior approval.
8. Administrative and clerical staff salaries must be explicitly included in project budgets.
9. The incurrence of supplemental pay for incidental activities must be specifically provided in the award budget.
10. Entertainment costs and any associated costs that have a programmatic purpose are to be approved in the budget or require approval from the granting agency.
11. Equipment
12. Fixed amount subawards
13. Other items of cost as listed in Section 200.407 of the Uniform Guidance.

During account setup, the billing type (drawdown, advance invoice, or reimbursement invoice) and frequency (monthly, quarterly, other) is established. Invoices and drawdowns for the current billing cycle are prepared using this data.

A. Reimbursement invoicing –
    i. The Grant Accountant runs the project to date expense report from the University's financial system. The expense report is reviewed and project to date is compared against billed to date information and the difference represents the current amount to be invoiced or drawn down. Some agencies have a specific template to be used while others only require the standard invoice implemented by the University.

    ii. Supporting documentation is obtained and included with the invoice as required by the sponsor.

      iii.   The university cashier is provided with a record of invoices submitted to ensure payments received are receipted to sponsored projects accurately and timely.

B. Drawdowns
      i.   Drawdowns are requested in accordance with sponsored directed guidelines. At least once a month the project to date expense report is run for accounts that have drawdown payment terms. This report is compared to receipts to date for these funds to determine the amount of drawdown required.

      ii.   Supporting documentation is obtained for the drawdown and retained/or submitted as required by the agency.

      iii.   After issuing the drawdown request, a copy of the drawdown confirmation is maintained for review or audit.

      iv.   The time elapsed between the receipt of funds requested via drawdown and disbursement of the funds received must be dispersed within 72 hours of receipt. Any amounts drawn in advance should be limited to the minimum amount needed and be timed in accordance with the actual, immediate cash requirements.

      v.   The university cashier is provided with a record of drawdown submitted to ensure payments received are receipted to sponsored projects accurately and timely.

      vi.   In the case of drawdowns for financial aid functions, the Grants Accountant and the Financial Aid office has established coordinated communication at critical points including request to draw funds, receipt of funds, disbursement of funds and reconciling adjustments. Establishing communication process should minimize instances of unsubstantiated cash against the various financial aid awards.

In the monthly grant management files, an aging report is compiled in an excel spreadsheet from information derived from Banner. The report reflects receivables that are 30, 60, 90, and 120 days overdue. Documentation is maintained to include working notes and correspondence regarding accounts receivable management and follow up. The guidance for collection of past due receivables and write offs follow the same guidelines as the University for aging receivables.

The reporting function is intended to verify that necessary reports are submitted as required by the sponsor, whether it is a federal, state, local, or private institution. Though these requirements vary depending on the sponsor, most federal agencies have similar reporting requirements and often use a standard form. The Grants Accountant handles the preparation and submission of financial reports. Preparation of programmatic reports, including technical and invention reports as required by the

sponsor, is normally the responsibility of the PI/PD. OSRP may confirm submission of the final technical report. Meeting such sponsors reporting requirements is critical since it can affect sponsor decision about payments and the university's accounts receivable and future awards. Reporting requirements vary in frequency, format, due dates, and detail. Coordination and communication among the Grants Accountant, OSRP and the PI/PD is critical.

OSRP and the Grants Accountant maintain required sponsored project documents for three years after the final financial report is submitted or after settlement of any legal claim or audit, whichever is longer, and in a manner consistent with the institution's records retention schedule. These documents are organized into an electronic folder that includes at a minimum:

    i.   Award document
    ii.   Full proposal, submitted budget and any subsequent budget revisions
    iii.   Space for approvals, notes and emails
    iv.   Award set-up documents
    v.   Billing/reporting
    vi.   Other materials as specific to the project

Sub-Recipient Monitoring:

Based on the risk assessment conducted for the subrecipient entity, an individual subaward or sampling technique is conducted by the Grants Accountant to conduct monitoring activities, based on the level of risk identified in the assessment. Monitoring activities include review of the entity's filing with the Federal Audit Clearing house or other financial statement information by Pre-Award. A desk review, sampling of transactions and contact with the agency are be performed annually. OSRP follows up on reported material findings to determine if the findings are relevant to the sub-award and if the corrective plan of action is adequate. The PI/PD must always sign off on all invoices that are received from subrecipients. They must keep up with the progress of the subrecipient to make sure that all required guidelines are being met according to the sub award. For multi-year projects, OSRP conducts a brief review of active subawards prior to issuing an increment. PI/PD and Grants Accountant will inform OSRP of any programmatic and/or financial issues that need to be addressed before a new subaward is issued.

Non-Compliance Procedures:

All grants are subject to federal, state, and local government administrative requirements, cost principals, and audit requirements. Minor issues of non-compliance such as unallowable expenses or overspending of funds are addressed in the section above under Monitoring Procedures.

Upon discovery of evidence of management deficiencies or criminal activity leading to the misuse of funds, UNCP shall notify the appropriate agency and the Office of State Budget and Management and take the appropriate action or actions, such as:

    1)   Suspend payments until the matter has been fully investigated and corrective action has been taken.

2) Terminate the contract and take action to retrieve unexpended funds or unauthorized expenditures.

3) Report possible violations of criminal statutes involving misuse of State property to the State Bureau of Investigation, in accordance with G.S. 143B-920.

Upon determination of noncompliance with requirements of the contract that are not indicative of management deficiencies or criminal activity, the University shall give the recipient or subrecipient 60 days written notice to take corrective action. If the recipient or subrecipient has not taken the appropriate corrective action after the 60-day period, the disbursing agency shall notify the Office of State Budget and Management and take the appropriate action or actions, such as:

1) Suspend payments pending negotiation of a plan of corrective action.

2) Terminate the contract and take action to retrieve unexpended funds or unauthorized expenditures.

3) Offset future payments with any amounts improperly spent.

Closeout of Award Procedures:

Specific closeout procedures for awards are typically established by the sponsoring agency in the award document. Federal regulations require all reports be submitted within 90 days after the date of completion of the award, including the final drawdown. The Grants Accountant reviews the account to verify that all significant actions are completed by the deadline including closeout of related sub- awards, submission and payment of the final invoice/drawdown and inactivation of the fund in the financial system. This review begins no later than 90 days prior to the end date of the sponsored project. During this review, the Grants Accountant sends communication to the PI/PD alerting them of their responsibilities as it relates to the close out of the project when the project reaches 90, 60, and 30 days to the end date. After award end date, the final expenditures and cost share are confirmed and final acceptance of subrecipient work and final invoice are confirmed with the PI/PD to produce the final invoice or submit the final drawdown. The agency is immediately notified if there are any unspent award money, and the funds are returned as soon as possible to the Agency as directed. The award closeout checklist is completed to verify that all closeout procedures are followed. Revenue, billings, and expenditures are reconciled, including comparison of the F&A recovered, budgeted, and the specific rate and base. After all, activities are completed, the financial fund is inactivated in the Banner financial system. All sponsored project files are archived and retained based on the University's record retention policy.