

## FINANCIAL MANAGEMENT OF FEDERAL GRANT FUNDS

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### I. PURPOSE

The purpose of this policy is to ensure correct financial management of federal and federal flow through grant funds. Through administration of this policy, the university ensures its financial management system provides for the proper expending and accounting for federal grant funds.

### II. POLICY STATEMENT

The financial management of federal grant funds are subject to 2 CFR 200.302, which establishes the requirements for financial systems for non-federal entities. This requirement is part of the “Uniform Guidance - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” This applies to all federal agreements (grants and cooperative agreements), including federal funds received by the university from other organizations and state agencies (federal flow-through funds).

### III. DEFINITIONS

- Federal Awarding Agency: Federal agency that provides a federal award directly to a non-federal entity.
- Federal Program:
  - a) All federal awards which are assigned a single number in the CFDA.
  - b) When no CFDA number is assigned, all federal awards to non-federal entities from the same agency made for the same purpose must be combined and considered one program.
- Non-federal Entity: State, local government, Indian tribe, institution of higher education (IHE), or not for profit organization that carries out a federal award as a recipient or sub-recipient.
- Pass-through Entity: Non-federal entity that provides a sub-award to a sub-recipient to carry out part of a federal program.

### IV. AUDIENCE

This policy applies to any employee who develops, submits, reviews, approves, or otherwise assists in the creation and receipt of grant applications and funds.

### V. COMPLIANCE

Failure to comply with this policy and related Federal or State laws, regulations, or University policies may result in consequences, including but not limited to, loss of current and future awards.

### VI. Roles and Responsibilities

Office of Research, Grants, and Sponsored Programs: ORGSP is responsible for providing the supportive infrastructure needed to ensure correct financial management of federal and federal flow through grant funds. Finance Office: ensures payments on federal

grant awards are prompt with minimal time elapsing between transfer of funds (from United States Treasury or pass-through entity) and the distribution of the funds. Primary Investigator and/or Co-Investigator: Makes award expenditures in accordance with both the grantor's and University's policies and procedures.

## VII. APPLICABLE STATUTES, REGULATIONS, AND RELATED POLICIES

2 CFR part 200.302 Financial Management (of Subpart D Post Federal Award Requirements): [https://www.ecfr.gov/cgi-bin/text-idx?SID=a32963af34d3c94b854882a21e8d77e9&mc=true&node=se2.1.200\\_1302&rgn=div8](https://www.ecfr.gov/cgi-bin/text-idx?SID=a32963af34d3c94b854882a21e8d77e9&mc=true&node=se2.1.200_1302&rgn=div8)

2 CFR part 200.328 Financial Reporting (of Subpart D Post Federal Award Requirements): <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR36520e4111dce32>

2 CFR Part 200 Subpart E Cost Principles: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E>

2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>

## VIII. PROCEDURES

### 1. Identification

The university will identify, in its financial system, all federal grant awards received and expended, and the federal programs under which they were received (CFDA title and number, award identification and year, name of federal agency and name of pass-through entity if applicable).

### 2. Reporting and Records

The university will provide accurate, current, and complete disclosure of financial results of each federal grant award or program in accordance with 2 CFR 200.327. Reports will be made in a timely manner and as indicated by the federal awarding agency. The university shall monitor and report program performance to the federal awarding agency as required.

The source and application of federal grant funds will be recorded and will contain information on authorizations, obligations, unobligated assets and expenditures as well as any income or interest if applicable. The Office of Research, Grants and Sponsored Programs will maintain these records and support documentation.

### 3. Internal Controls

\*Control Environment: The Office of Research, Grants, and Sponsored Programs at Lincoln Memorial University is committed to an environment focused on transparency and ethical reporting. The office does this through ensuring that every employee is aware of and has acknowledged the ORGSP handbook that outlines the office's internal structure and responsibilities. Staff are also encouraged and required to undergo formal training to give each employee a better understanding of their responsibilities and campus-wide expectations. ORGSP

is additionally subject to financial audits performed by an independent auditor at the discretion of each granting agency. This serves as a check that management and personnel are acting in accordance with all applicable laws and regulations. Furthermore, ORGSP staff work closely with the finance department, as well as with grantors and grantees, creating a system of checks and balances within the financial realm of recordkeeping.

\* Risk Assessment: ORGSP is susceptible to specific reporting requirements that vary between grants. Personnel within the office are aware of these deadlines and follow protocol to ensure reporting requirements have been fulfilled. Accurate and timely financial reporting is ensured and supported through consistent and detailed tracking performed within the office. There is always the risk of fraudulent activity, which our office does understand. The office handles this risk by ensuring that internal controls are in place and that proper approvals must be given before transactions take place. The movement of most tracking and awarding to computer systems has had a positive impact on our office. Via shared documentation and open record access, a continuous process of monitoring takes place within each grant.

\*Control Activities: ORGSP maintains open communication with others who are involved in activities through the office. Document sharing is highly encouraged, however, ORGSP maintains the control to edit documents when needed. The office also reconciles its balances with finance and each grantee periodically.

To show control and accountability for all funds, property and other assets related to federal grant awards, the university will manage each federal award in compliance with federal statutes, regulations and terms of the federal awarding agency. The Office of Research, Grants, and Sponsored Programs will compare expenditures with budget amounts for each federal award on a routine schedule.

The Finance Office will ensure payments on federal grant awards are prompt with minimal time elapsing between transfer of funds (from United States Treasury or pass-through entity) and the distribution of the funds. The Office of Research, Grants and Sponsored Programs has written procedures for this process that meet requirements of 2.CFR.200.305.

As prescribed in Subpart E – Cost Principles under 2 CFR Part 200, for a given cost to be charged to a federal award the cost must be allowable, reasonable and allocable. Procedures for determining these requirements are in LMU Policy on Costing Principles for Sponsored Projects.

\* Information and Communication: The ORGSP office tracks grant activity across Lincoln Memorial University's campus. They use relevant information provided by grantees and grantors to ensure that accurate data is presented. The office uses this compilation of data to track balances for each grant and shares the information with the grantee and the finance department. The office also shares this information with the grantors through reporting requirements and for audits when applicable.

The university will take reasonable measures to safeguard protected personally identifiable information and other information the federal awarding agency or pass-through entity designates

as sensitive (consistent with applicable federal, state and local laws regarding privacy and obligations of confidentiality).

\* **Monitoring Activities:** ORGSP is always looking for ways to improve its structure and functioning. The office is always in the process of auditing itself through cross functional collaboration with the finance department, as well as staying in compliance with reporting requirements from each grantor. When deficiencies are noted, the department takes immediate action to handle the situation efficiently.

Should any issues of noncompliance arise, such as those identified in audit findings, the university will take prompt action to investigate and manage.

#### **IX. CONTACT INFORMATION**

For more information regarding this policy, please contact the Office of Research, Grants, and Sponsored Programs.

#### **X. DOCUMENT HISTORY**

Effective: August 16, 2023

The LMU Policy on Financial Management of Federal Grant Funds is effective as of August 16, 2023, and shall remain effective until amended or terminated by the President.

- Forms and/or other related documents, if applicable, should follow sequentially.