

**GRANT
MANAGEMENT
HANDBOOK**

**Santa Monica College
Santa Monica Community College District
Santa Monica College Foundation**

(Revised May 2016)

Introduction

Congratulations on receiving your grant and assuming the role of Grant Manager for this project! If you were involved in the writing of the grant application, this is a much deserved reward for all of the effort you put in during the development and writing of the grant application. If you are new to the grant, and possibly new to the college, you will spend the first few months catching up, but please know that there are numerous resources on campus that you may access for assistance.

The purpose of this guide is to assist both seasoned and new Grant Managers in the administration of your grant or contract. This handbook covers all grants administered by College faculty, staff, and administrators for the benefit of SMC students, programs, and personnel, regardless if they were awarded to Santa Monica College, Santa Monica Community College District, or the Santa Monica College Foundation. While a separate non-profit entity, the role of the Santa Monica College Foundation is to pursue private funding to support the College's mission. As such many private grants are awarded to the Foundation for implementation by College personnel and programs. As such, the process for managing these awards is the same as the process for managing awards granted to the College, with a few exceptions depending on the specific award.

Our goal in giving you this handbook is to minimize the amount of time you redirect from project development and implementation and allocate toward project management, compliance, and audit readiness. While these are necessary tasks, you as the Grant Manager are not solely responsible for ensuring that the grant is compliant with federal, state, and institutional rules, regulations, and procedures.

For any questions not answered in this handbook, you may receive additional assistance from:

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ROLES AND RESPONSIBILITIES – KEY PEOPLE

Before you get started, it is helpful to identify the key people involved in the grant development and implementation process. This process involves a number of people and office who will continue to serve as resources throughout the life of the grant. If you are new to the College, you may want to review the College's current organizational chart to learn more about how the College is structured and the people currently filling these positions. The College's organizational charts are available at:

<http://www.smc.edu/ACG/Documents/Org%20Charts/2016%20Org%20Charts%203-2016.pdf>

External Grant Team

Program Officer: The Program Officer has been identified by the funding source as the person responsible for ensuring that the grant is implemented according to plan and within budget. The Program Officer is the College's primary point of contact with the funding source.

Internal Grant Development and Management Team

Grant Writer: The Grant Writer is the principal author of the proposal. In most instances, the Grant Writer is a member of the Grants Office; however, in some situations, grants are written by other members of the college community. The Grant Writer works closely with the individuals who will be responsible for implementing the grant award agreement, including the Grant Administrator and other impacted offices and programs. The Grant Writer is responsible for working with the Grants Office to develop, review, edit, and submit the grant application

Grants Office: The Grants Office oversees all pre- and post-award grant activity at Santa Monica College and is directly responsible for grant writing, proposal development and application submission, unless otherwise discussed. The Grants Office provides technical assistance to Grant Managers throughout the life of the grant and will assist with the development of continuation applications and/or applications for new funding as needed.

Grant Administrator: The Grant Administrator is the lead administrator responsible for overseeing the Grant Manager and assuring that grant activities are completed on time and within budget. While the Grant Manager is responsible for overseeing the day to day operations of the grant, managing the budget, and approving expenditures, the Grant Administrator is responsible for connecting with the Grant Manager and confirming that the grant is progressing as planned.

Grant Accountant: The Grant Accountant is responsible for reviewing and processing all grant expenditures submitted by the Grant Manager. The Grant Accountant will also make changes to the grant budget at the written direction of the Grant Manager. The Grant Accountant is responsible for assuring that the grant remains compliant with internal and external audit requirements, and as such, may request additional documentation prior to processing expenditures.

Superintendent/President (or designee): The Superintendent/President is the College's Authorized Organizational Representative (AOR) and is responsible for authorizing new grant applications and signing grant award agreements. The Superintendent/President also approves and signs all subcontract agreements and any other formal grant documents. The Superintendent may delegate these responsibilities to the Executive Vice President or a Division Vice President. (NOTE: The Executive Director of the Santa Monica College Foundation, who is also Dean, Institutional Advancement, at Santa Monica College, serves this role for grants made to the Foundation.)

Last, but most importantly

Grant Manager

The Grant Manager, also known as the Project Director, Principal Investigator, and Project Manager, is the most important person on the grant. The Grant Manager may be an administrator (often hired as a project manager specifically to manage the grant but may also be an existing administrator who has taken on a new responsibility) or a member of the faculty (particularly on grants funded by national STEM organizations). The Grant Manager is the College's primary liaison with the funding source and is usually identified in the Grant Award Agreement. The Grant Manager is responsible for:

- 1) Initiating and approving all changes to the grant or contract—no expenses should be charged to the grant budget without the authorization of the Grant Manager. In addition, no changes should be made to grant activities without the authorization of the Grant Manager. This includes changes made by the Grant Administrator (the supervisor of the Grant Manager).
- 2) Reviewing monthly expenditure reports from Fiscal Services to determine the accuracy and allowability of all charges. The grant budget is similar to a bank account opened in your name. The Grant Manager may draw funds from it for approved expenses during the life of the grant project. The Grant Manager is responsible for the account and in assuring that there are sufficient funds to cover project-related activities.
- 3) Being familiar with and understanding the special circumstances of the grant award. Although all grants must adhere to relevant state, federal, and institutional rules and regulations, many grants have additional policies and procedures that grant staff must follow. The Grant Manager is responsible for attending grant-related workshops and conferences and other meetings attended by the Program Officers to identify the specific conditions of the grant. The Grant Manager must attend the new grant orientation meetings that many funding sources offer at the beginning of each new award period, either in person or through webinars. **Ultimately, it is your responsibility to read, understand, and implement all information and instructions sent to you from the funding source, SMC's Grants Office, and SMC's Fiscal Services.**

The following pages outline the specific duties of the Grant Manager as they relate to Program, Fiscal, Personnel, and Funding Source responsibilities.

Please review this guide thoroughly, ask questions when you don't know the answer, and share new information as you receive it with the Grants Office.

GETTING STARTED

The first few months of a new grant are both hectic and critical. The grant contract is negotiated with the funder and accepted by the Board of Trustees. The grant award is forwarded to Fiscal Services, which then sets up the budget and identifies one or more account codes. The process for hiring personnel is initiated, and key internal and external collaborators come together for an initial planning meeting.

Ideally, the grant management team is in place as this is happening, but often the grant begins without the Grant Manager in place. That is ok, as there are many people and offices at Santa Monica College who are responsible for getting a grant off to a good start. This is critical, as a grant that begins well, often ends well. Delays in getting board approval, budget set up, personnel hired, and goods and services purchased can cause problems throughout the duration of the grant. Problems or delays in the hiring process can have a particularly detrimental impact on reaching grant objectives on time, in the manner planned, and in accordance with the grant budget.

The time between the grant award and the actual start date will vary. Although costs for activities and personnel cannot be charged to the grant before the authorized start date, it is possible to advertise positions and interview, select, and orient key personnel before the grant starts. This is also a good time to convene internal and external partners and review the grant application, particularly the work plan, to ensure that proposed grant activities and outcomes are still relevant. Grant applications are often submitted six months to a year before their start date, and circumstances can and will change, particularly if your grant includes technology

The project team also needs to review and confirm the grant management structure. Grant oversight and monitoring, as well as support for grant-related activities, will vary by project and administrative unit. The supervisor of the official Grant Manager is responsible for grant paperwork and activities until the Grant Manager is hired, although the Grants Office is available to provide this leadership and oversight upon request. Formalizing the grant management structure before the grant begins will help establish lines of authority and reporting.

The following page provides a Getting Started Checklist to be considered as you begin your project. Whether you were involved in the grant development process, start on day one, or begin four months after the start date, please use this list to confirm that all essential grant tasks are underway.

GETTING STARTED CHECKLIST

- Read the Grant Application and Grant Award Agreement
- Identify the source of funding (private/public, federal/state/county/city), the grantee (Santa Monica College or Santa Monica College Foundation) and all relevant policies, procedures, and compliance requirements
- Respond in a timely manner and/or as required to all follow-up requests by the funding source (as outlined in the Grant Award Agreement and/or subsequent communications)
- Inform Grant Administrator and Grants Office of any key changes to grant plan
- Inform Program Office of key changes to grant plan after consultation with Grant Administrator and Grants Office
- Identify and connect with your Grant Accountant
- Submit detailed budget to Grant Accountant
- Establish grant account codes (Grant Accountant will do this)
- Review personnel plan
- Initiate hiring process for all new positions (Division Vice Presidents initiate this process with Senior Staff based on input from grant leadership team)
- Identify faculty and/or other existing staff who will work on project
- Determine payment structure for all existing faculty/staff, if applicable
- Inform internal and external grant partners, as applicable
- Convene meeting of grant partners, if applicable
- Initiate Purchase Order process for collaborative partners – all subcontracts and consultant contracts follow SMC’s Purchasing process and are approved by the Board of Trustees.
- Review grant goals, objectives, and outcomes and the evaluation plan
- Contact Office of Institutional Research if the grant evaluation plan involves the Office of Institutional Research – it is very important to formalize the evaluation plan at the start

GRANT IMPLEMENTATION

The Grant Manager has two basic responsibilities, including

- **Program Responsibilities** – The Grant Manager is responsible for the development and implementation of the grant award agreement and assuring that project goals, objectives, and outcomes are achieved on time. In this capacity, the Grant Manager is responsible for working with many different groups on and off campus, communicating project goals and outcomes, and securing institutional support.
- **Fiscal Responsibilities** – The Grant Manager is responsible for fiscal accountability, meaning that you must ensure that grant funds are expended according to the grant agreement. The Grant Manager should review all expenses for accuracy and ensure that they are allowable, allocable, and reasonable.

PROGRAM RESPONSIBILITIES

Carrying Out the Grant Agreement

A grant is an award of funds from a funding source to the college to provide specific services or products within a limited time frame, often for a specific target population, and for an agreed upon amount of money. The proposal, negotiated budget, program regulations, and notice of award set the parameters of the project. By requesting money from the funding source, the college is committing to specific outcomes. **IT IS A CONTRACT.** If there is a breach in contract, the college can be held accountable by the funding source.

For this reason, the Grant Manager must be familiar with six essential documents, including:

- 1) Original grant proposal, specifically the project goals, objectives, outcomes, and activities. These are often listed in table format. This is the grant's plan of action.
- 2) Negotiated budget. The budget is a key component of the contract.
- 3) Program policies, procedures, and requirements, including federal regulations, statutory provisions, and the legislation that initiated the grant, if funded with federal funding. Grant Managers of both public and private funding must comply with institutional regulations, as well as program requirements. Grant Managers of public funds must also comply with the appropriate government regulations, including federal, state, and city/county policies. Some grants funded through the state are supported by federal funds and thus it is essential that you know the source of funding.
- 4) Notice of award, which includes the project's award number, the Program Officer, and other essential information.
- 5) Board Action Item or Administrative Acceptance of the Grant: All grants must be approved and accepted by the Board of Trustees. This should occur prior to hiring of the Grant Manager. However, you should contact the Grant Administrator or the Grants Office to ensure that this has occurred.
- 6) SMC operational budget for the project as approved by the Board of Trustees and Fiscal Services: Each grant has two budget plans, including the plan that was submitted to the funding source using the funding source's budget forms and classifications, and the budget submitted to Fiscal Services, using the College's budget forms and classifications. While the numbers are the same (particularly the totals), how they are classified within budget line items may vary. It is important to have both budgets and understand how they are similar and why they are different.

Depending on when the college hires the Grant Manager, Fiscal Services may not have received the internal budget forms yet. You should contact the Grant Administrator and/or Fiscal Services to ensure that the grant has an operational budget. If the grant does not yet have an operational budget, the Grant Manager will need to complete the Budget Template included in the Forms section of this handbook.

As you familiarize yourself with these documents, you should be able to answer the following questions:

Proposal Review Questions

- What are the start and end dates of the grant award? Do they coincide with the timeline included in the proposal? They may not, as it is often unclear during the pre-award process when funds will be available. If the dates do not coincide, you will need to revise the work plan as necessary.
- What college need generated the proposal? What is being done now to address that need? It can be up to a year between the time a proposal is written and the time it is funded. During this period, many things can change. Most grants are flexible enough to accommodate minor changes due to institutional changes that have occurred since the proposal was submitted. However, if these changes are substantial, you may need to contact your Program Officer.
- Who is responsible for achieving grant objectives? Is it you and grant-funded project staff? Or will you be working within other departments on campus? If so, who are the key contact people and how will they come together?
- What results have been promised to the funding agency? How will you demonstrate that these results have been achieved? These are generally not negotiable, except with a solid rationale, and prior approval from the Program Officer.
- What special populations will the project serve, such as ethnic minorities, women, individuals with disabilities, unemployed, or economically disadvantaged? How will the college pick participants? Are there any populations that cannot be served? What are the requirements for receiving services? These are very important questions because there are some grants that will not allow you to spend money on ineligible participants. If you do, the college may need to return money.
- What personnel are authorized in the grant? What are their responsibilities? Will you need to hire new staff or reassign existing staff? It can take significant time to hire new staff, so you will need to begin this process as soon as possible.
- Does the grant proposal state that you will work with external partners or collaborators? If so, do these relationships exist? If not, what will you need to do to establish these relationships? Do these partners know that the grant was funded? Will these partners receive grant funds? If so, is there a subcontract agreement in place? Many grants require partners because the funding source knows that the grant will not be successful if the grantee does not partner.
- Do you understand all of the technical jargon or special language used in the proposal? If not, refer to the funding regulations, the Grants Office, the Grant Writer, and/or other key institutional resources?

Negotiated Budget Review Questions

- Is the negotiated budget the same as the budget proposed in the initial grant application? If not, has a revised budget been sent to the funding source? The funding source has the discretion to reduce the size of our award. If they do, we may be able to negotiate a

change in scope, outcomes, or activities to accommodate the reduced funding. However, do not contact the funding source without first speaking with the Grants Office and/or the Grant Administrator.

- Does the grant require an institutional match? Where will the matching funds come from? How will the college document the match? Please refer to the Match Section of this handbook for more information.
- Have activity timelines or objectives changes? Will this impact the budget?
- If the grant is already underway, have there been any expenditures? How do these expenditures align with the proposed and negotiated budgets?

Regulation Review Questions

As the Grant Manager, it is your responsibility to know the dos and don'ts of your grant. All grants are different, so you cannot expect the Grants Office or Fiscal Services to know the specific details of your grant. It is very important that you understand the state and federal regulations that apply to your project. These may be written in the Federal Register announcement, the authorizing legislation that approved the grant, the Request for Proposals, and department-specific rules and regulations, including the U.S. Department of Education's General Administrative Regulations (EDGAR) or the National Science Foundation's Grant Policy Manual. In addition, sometimes, grant regulations are attached to the award letter, particularly for state and local grants. Additional information is also distributed during new grantee meetings conducted by the funding source.

- Do you have a copy of the department-specific rules governing your grant?
- What are the eligibility criteria for participation in this program?
- What activities are allowable and disallowable?
- What costs are allowable and disallowable?
- Is travel authorized? Are there any limitations on out-of-state travel?
- Can the grant fund equipment? Are there any restrictions on equipment? Who owns the equipment?
- Are there any special guidelines to follow in procurement?

Notice of Award Review Questions: The award notice authorizes the expenditure of grant funds. Without an award notice, Fiscal Services will not set up an account code, and you will not be able to spend money. In most cases, however, the college will receive the award notice prior to hiring a Grant Manager. You should have a copy of the award notice in your files. The award notice may include a separate contract that outlines the responsibilities of the grantee and the grantor. If the award notice does not include a separate contract, then the initial grant proposal is the contract of performance. Other items to remember:

- What is the grant number? (You will need to include this number on all communications with the Program Officer.)
- Did the notice and attachments contain any limitations on the grant or reporting requirements?
- What is the name and phone number of the Program Officer?

REMEMBER: The Grant Manager is the institution's expert for this grant. While the Grants Office and Fiscal Services are available to assist, it is your responsibility to know the details of your grant and to ensure compliance with federal, state, local, and institutional rules, regulations, and requirements.

Achieving Project Goals and Outcomes

The initial grant proposal is the college's contract with the funding source. It is what the college committed to doing in exchange for the money. For this reason, significant revisions in the direction of the project are generally unallowable without prior approval from the funding source. These changes in project scope include:

- 1) Changes in grant goals or objectives; and
- 2) Changes in grant outcomes.

If you and the project team determine that the college cannot achieve grant goals as written or if achieving the grant objectives is no longer part of the vision of the College and/or the impacted program(s), you must first ask permission from the funding source to do this. However, prior to contacting the Program Officer, the Grant Manager should discuss these changes with his/her supervisor, the Grants Office, and the Grants Accountant.

In cooperation with the Grants Office, the Grant Manager will then contact the Program Officer at the funding agency to determine the procedure for requesting changes in the scope of the grant and discuss the plausibility of getting approval for the change.

The Grant Team cannot make changes to the project work plan that alter the scope or outcomes of the project until the college receives official written approval from the funding source. Likewise, grant funds should not be obligated for outcomes that are not yet approved by the funding source.

It is becoming increasingly harder to negotiate changes in the scope of work once the grant is funded. Therefore, it is imperative that the Grant Manager, with support from the project team and the Grants Office, is able to articulate the reasoning behind the change. It is insufficient to say that the objective is unattainable. If you do so, the Program Officer might very well say, "then, why was it written as such? Your institution received funding based on the assumption that you could produce this outcome. If you can't produce, then please return the money."

As a new Grant Manager, it is quite likely that you were not involved in the writing of the initial grant application. It is also quite likely that you have more expertise than the individuals who wrote the grant. For this reason, it is important that you review your goals, objectives, and outcomes and work with the Grant Administrator and/or the Grants Office as soon as you have concerns that a goal or outcome may not be achievable. The institution will not hold you accountable if your concerns are justified.

Changes in Activities and/or Budget Distribution

Although changes in grant goals and outcomes are generally not allowable without prior approval, most grants will allow you to change the manner in which you will achieve your goals and outcomes. Changes in activities and subsequent changes in budget are generally allowable

without prior approval as long as these changes do not alter the overall scope of the grant. There are exceptions to this rule, so it is important to know the specific limitations of your grant.

Notable Exceptions that Apply to Many Grants

- 1) In almost all cases, it is unallowable to expend funds in a line item that was not allocated funding in the initial grant budget. If you want to expend money in an otherwise unfunded category, such as travel, the Grant Manager must contact the funding source for prior approval. NOTE: when considering this change, the budget that matters is the budget submitted to the funding source, not the internal College operating budget.
- 2) For grant-funded projects that provide training stipends to project participants, it is generally not allowable to move money from this category to another category without prior approval.
- 3) If the need arises to purchase a piece of equipment with a unit cost of more than \$5,000 that was not initially planned for in the grant, the Grant Manager must request prior approval from the Program Officer. In addition, changes to the proposed equipment purchases must also be pre-approved by the Program Officer. For example, if the initial grant application indicated that the College would buy a 3D printer and then decided to purchase a high-end camera instead, the change must be approved by the Program Officer.
- 4) Prior to moving additional funds to the contractual line item, the Grant Manager must request prior approval from the Program Officer.

Much of the initial correspondence with the Program Officer can be made via email. However, if the Program Officer indicates that a formal request must be made to the funding source, this request must come in writing.

Evaluating the Project

Many grants require that the college provide both output and outcome data as part of a comprehensive evaluation plan. Therefore, it is important that the Grant Manager develops a plan for collecting, assessing, and reporting this information as the project team implements the grant. It is very difficult to gather evaluation materials after the fact.

If you are managing a grant that requires an external evaluator and the evaluator is not identified in the grant application, the Grant Manager will need to work with the Grant Administrator, the Office of Institutional Research, the Grants Office, and/or the Purchasing Office to identify this person. Once an evaluator is identified, the Grant Manager will work with Purchasing to complete the contracting process. This process is governed by Board Policy 6250, Contracts for Services and Materials, which can be found in the Board Policy Manual on the web at:

http://www.smc.edu/ACG/Documents/Board_Policy_Manual/BP%206000%20Bus%20Serv-Fac.pdf.

Additional information regarding contracting with a consultant can be found on the Purchasing Office website at:

http://www.smc.edu/BusinessServices/PurchasingHome/Pages/01_All-About-Contracts.aspx

However, depending on the grant funding source, other regulations may apply, and as such you should carefully read your award agreement.

If the evaluation plan will cost less than the current bid threshold, the Grant Manager will not need to conduct a competitive bid process. However, you may want to request verbal or written quotations from several different potential evaluators to ensure that you select the most qualified evaluator at the best price. One of the best resources for finding qualified evaluators locally, regionally, or nationally is the Evaluation Center at Western Michigan University (<http://ec.wmich.edu/evaldir/index.html>). You will also want to get references from other project directors on campus and within the grant community. Once you identify a suitable evaluator, you will need to complete the Purchasing process, including obtaining approval from the Board of Trustees. The process for hiring a consultant is outlined on the Purchasing Office's website.

If the evaluation plan will cost more than current state or federal bid threshold (which is unlikely), the Grant Manager will need to conduct a competitive bid process and award a contract to "the lowest responsible bidder" who commits to carrying out the goals of the project.

If your grant does not specify that the college will hire an external consultant, you will need to conduct an internal evaluation and report the results of this assessment to the funding source as requested.

If you have any concerns regarding the grant's evaluation plan, you should contact the Grants Office and/or the Office of Institutional Research as soon as possible.

Communicating Grant Successes

One of the most important tasks of the Grant Manager is reporting to internal and external constituents the successes and challenges of the grant project in meeting its goals and objectives. The funding source will outline its reporting requirements in the award letter, the attached contract, and/or in follow-up correspondence. *It is the Grant Manager's responsibility to complete and submit these reports on time.*

The Grants Office is available to assist with the completion of these reports and will edit reports upon request. Most reports should be signed by the President/Superintendent, so the Grant Manager should complete the reports two or three days prior to the deadline date to allow time for executive review and approval.

Many mid-year, year-end, and final reports require a financial report as well as a narrative report. The Grants Accountant will help the Grant Manager with the required fiscal reports. The Grant Manager should make two copies of both the fiscal and narrative reports, one for his/her files and one for the Grants Office.

In addition to informing the funding source of the successes and challenges of the grant-funded project, the Grant Manager should develop a plan for involving the campus community and individuals and organizations from throughout the district, if appropriate. Effective methods of doing this include:

- Program web site;
- Newsletter;
- Campus-wide project announcements;
- Project advisory boards or steering committees; and
- Articles in the local newspaper.

For campus-wide project announcements and all activities involving the local media, please contact SMC's Public Information Officer.

Primary Liaison with the Funding Source

As Grant Manager, you are the primary liaison with the funding source, and it is very important that the funding source considers you their primary liaison.

For this reason, you are the only person who should be initiating contact with the funding source, unless you are unavailable and an issue must be immediately addressed. However, you should inform your supervisor, the Grants Office, and/or your Grant Accountant of any discussions that you have with the funding source that may positively or negatively impact the grant-funded project and/or the institution.

It is important to establish a relationship with your Program Officer as soon as possible after you begin the grant to facilitate future contacts with this individual. Therefore, one of the first tasks you should do after starting as Grant Manager is to call or email your Program Officer, telling him or her that you are now directing the project and serving as the college's primary liaison. Some grants will require that you send a copy of your resume to the Program Officer to let him or her know that you are indeed qualified to serve as Grant Manager.

While it is considered a best practice to communicate frequently with your Program Officer, you should not necessarily contact your Program Officer every time you have a question.

FISCAL RESPONSIBILITIES

Account Set-Up

Each grant awarded the college has its own SMC operational budget in Fiscal Services set up in accordance with both institutional policy and funding agency guidelines which prohibit the commingling of funds and facilitates audit review and compliance. When the Board of Trustees receives the request to accept the grant award, there is an operational budget page attached to the action item which outlines the grant budget by SMC object code. This is the budget that the college's Grant Accountant will use to set up your project budget as soon as it is approved by the Board.

This budget must be set up before personnel paperwork and other expenditures can be processed. As such, it is highly likely that Fiscal Services will have already identified at least one account code and project budget prior to the hiring of the Grant Manager. *However, one of the first tasks that the Grant Manager must do is meet with Fiscal Services and determine if the budget is accurate and that sufficient funding is allocated to the correct object codes.*

Before you meet with Fiscal Services, here is some basic information about account codes:

SMC's account codes have 30 digits with each set of digits serving as an identifier for an essential piece of information. For example:

01.X-00000.0-22245-00003-xxxx-1234567

- | | |
|----------------|--|
| 01.X | Identifies the type of funding, specifically whether the funds are restricted or unrestricted. All grant funding is identified as restricted, or categorical, funding, meaning that it is not part of the state allocation based on enrollment and that it has specific uses and reporting requirements. All restricted funds begin with 01.3. Accounts funding by state allocation begin with 01.0. |
| 00000.0 | Resource number—this number is almost always 0 |
| 22215 | This is the CATYR—the last two digits identifies the fiscal year in which funds will end (<u>2015</u>). The first three digits will change depending on project. |
| 00003 | This is the location code to identify where your project is housed on campus. For example, grants managed in the Earth Sciences are location code 00070 while International Education is 00021. |
| xxxx | This set of numbers is known as the object code and it varies depending on the type of expense, such as salaries, benefits, supplies, equipment, travel, etc. A complete list of account codes is available from your Grant Accountant and/or the Grants Office. |

1234567 This number identifies your grant from the other grants and notes the type of activity to be carried out by your grant, i.e., instruction, student services, administrative, etc. If you have more than one account for your grant, it means that you are providing more than one type of activity. In most cases, this activity code is assigned by Fiscal Services prior to the start of the grant. However, you may want to meet with your Grant Accountant to discuss the project with him/her and ensure that the activity codes are correct and necessary.

Some grants may require more than one account code, particularly if the Grant Manager wants to track more than one budget, such as the budget of a subcontractor or if there are two or more activities outlined in the grant, such as in Title III and Title V. In addition, some grants require that we track direct and administrative costs separately and/or that administrative costs are kept to a certain percentage of direct costs. In these situations, more than one account code, as distinguished in the last seven digits will facilitate fiscal monitoring and reporting. In many cases, if there are to be more than one account code, there is more than one budget displayed in the grant application.

Once there is an approved account code or codes, the Grant Manager must develop a grant budget that is in sync with Santa Monica College's budget categories. Often, particularly for federally funded grants, the budget outlined in the grant proposal will not align with Santa Monica College's budget line items. *For this reason, the Grant Manager will need to develop two budgets for each account code—one that adheres to the line items identified by the funding source and another that follows the institutional format.*

As you transform your grant budget, you must be aware that any significant revisions to the Board-approved budget must be approved by the Board, while any significant revisions to the funding source budget must be approved by the Program Officer. You will want to work with your Grant Accountant to determine if your changes require board-approved amendments and with the Grant Administrator and Grants Office to determine if your changes require Program Officer approval.

It is essential that you understand the differences between the budget that is included in the grant application and reported out to the Program Officer and the budget that is submitted to the College's Fiscal Services Office and included in the College's annual operating budget and that you monitor both budgets.

General Maintenance of Grant Account

It is the responsibility of the Grant Manager to work closely with Fiscal Services to ensure that the grant budget is regularly monitored for accuracy and completeness. Fiscal Services maintains a record of all grant expenses and the documentation to support those expenses. However, the Grant Manager should also keep a record of all expenses and the documentation to support those expenses. Although this may appear to be a duplication of effort, the two separate tracking systems provide a check and balance in case of errors. The Grant Manager should maintain a record of the following:

- 1) Time and effort reports for all staff who work on the project, including salaried employees, hourly assistance, student workers, and in-kind volunteer support;
- 2) Copies of all requisitions, purchase orders, and invoices as they are received;
- 3) Copies of all travel requests and requests for travel reimbursement;
- 4) Copies of all Professional Services Agreements;
- 5) Copies of all grant reports, including both programmatic reports and fiscal reports (and the documents used to develop those reports); and
- 6) Correspondence that further documents the need for and purpose of the item purchased.

The most effective method of tracking grant expenditures is to develop a “checkbook” for noting encumbered and actual costs. The line items for this internal budget should mirror the line items set up by the funding source. Although this will create some discrepancies between the monthly financial reports distributed by Fiscal Services and the grant budget, this will facilitate the completion of the financial report to the funding source. NOTE: State grants use the same object codes as the College and therefore there will be no differences between budgets.

At the end of each month, the Grant Manager should compare the actual charges with the encumbered charges to ensure that all charges to the grant are accurate. At times, expenses are erroneously charged to the wrong account, and it is the Grant Manager’s responsibility to identify these costs, both those that are charged to the grant in error and allowable grant expenses that are charged to other accounts in error. During this monthly review, the Grant Manager should pay particular attention to the following and contact his/her Grant Accountant to resolve any discrepancies:

- An encumbered expense that is significantly more or less than the actual expense;
- An encumbered expense that is never charged to the grant;
- An actual expense that was not approved by the Grant Manager; and
- Salary expenses that seem too high or too low.

A monthly audit of all expenditures is the best method of ensuring that the budget is spent accurately and in a timely manner.

It is essential that the Grant Manager contact his/her Grant Accountant to receive the monthly financial management statements.

The Grant Manager must remember that the Grant Accountant may not do an in depth review of whether or not an item is allowable, but only whether the math is correct. It is the Grant Manager's responsibility to ensure that the charges are accurate, reasonable, and allocable.

If something doesn't seem right, ask your Grant Accountant.

Expending Funds

Purchasing: People, Supplies, Equipment, and Travel

Once the grant team decides how it is going to achieve its goals and objectives, the Grant Manager must authorize the purchase of resources necessary to implement these activities.

Human Resources

In nearly all grant budgets, the largest line item is Personnel. Subsequently, most Grant Managers often carry forward funds from one year to the next on multi-year grants because they do not hire grant personnel in a timely manner. For this reason, it is very important that the Grant Manager work closely with the Grant Administrator and the Human Resources Office to identify staffing needs and hire new employees as soon as possible.

Administrative Exempt Positions: For the most part, grant-funded projects will only hire one specific administrative exempt position, the Project Manager. While this position requires executive authorization to hire, approval is generally granted because the position is considered temporary. Once the grant ends, the position is usually eliminated. Grants can hire a Project Manager to serve as Grant Manager or to oversee a key component of the grant. For example, a large multi-year grant hired a Project Manager to develop a new program under the direction and leadership of the Grant Manager and/or the impacted department. Grants seldom fund new permanent administrative positions, although an existing administrative may be released to work on a grant for a portion of his/her time.

Faculty: Many grants will set aside funds for stipends, release time, or other forms of extracontractual pay to reimburse full- and part-time faculty for their time on the project. This work may be instructional or non-instructional depending on the focus of the grant. Some funding sources, such as the National Science Foundation, do not allow faculty to work more than 100% of their contract, and thus release time or summer and winter session work are required. Please consult with the Grants Office and/or the Grant Administrator for more information and to obtain the forms necessary for processing faculty stipends and/or release time.

Classified Staff: SMC's Personnel Commission oversees the recruitment and hiring of all classified staff positions, including project secretaries, administrative assistants, student services personnel, and other support positions. For many positions, the Personnel Commission maintains a list of qualified applicants from which a Grant Manager may interview and select the most appropriate candidate. However, prior to the interview process, the following steps must occur:

- 1) The Grant Manager completes an Employment Request form and obtains authorizing signatures from the Department Chair, area Vice-President, Accounting, and Human Resources;
- 2) Human Resources posts the position for transfer for a period of 10 days;

- 3) The Personnel Commission distributes the request to the Blue/Red Team, which audits the position to verify duties and determines existence of an Eligibility List;
- 4) If an eligibility list exists, the Personnel Commission will poll and certify the top three available ranks to HR department for Final Interview;
- 5) If an eligibility list does not exist, the Personnel Commission must approve the position on the Exam Schedule and identify recruitment and testing strategies; and
- 6) The Personnel Commission will then recruit and test all eligible applicants, create an eligibility list from these applicants, and then poll and certify the top three available ranks to Human Resources for Final Interview.

This process can take three to six months or longer depending on the position and other hiring priorities. For this reason, this process must begin as soon as a need for classified assistance is identified.

NOTE: Classified positions are considered permanent positions, so the majority of grant applications do not include the hiring of classified staff because the College will not have a need for the position or the funds to support the position once the grant ends. If you are managing a multi-year grant and/or a grant with long-term renewable funding, it may be possible to hire a Classified staff person. Please consult with your Grant Administrator.

Student Workers: A grant-funded project may want to hire student workers to provide assistance with the project, while offering the student hands-on learning and resume experience. Grants may hire federal work-study student workers or student help student workers. The difference is that federal work-study student workers do not cost the grant as much money because the college uses federal work study dollars to offset the cost of the student help. However, not all students qualify for federal work study, so there are limitations in who the grant can hire. To hire a student worker, contact Career Services at ext. 4337.

Supplies and Equipment

All Supplies and Equipment must be ordered via a purchase requisition utilizing the process established by Santa Monica College's Purchasing Office. All purchases must include an account code and the authorizing signature of the Grant Manager, as well as the Grant Administrator. The requisition must then be sent to the Grant Accountant overseeing the project, who will make sure that there are funds to cover the expense. The Grant Accountant will then forward the requisition to Purchasing, who will process the requisition, create a Purchase Order, and order the materials. A copy of the Purchase Order will be sent to the Grant Manager, who will keep this copy on file as documentation of the purchase. When the item arrives, Purchasing will send the Grant Manager the receiving invoice, which must be signed and returned to Fiscal Services. You must keep a copy of the invoice as proof of purchase and receipt.

Information about how to fill out a Purchase Requisition is available on the Purchasing Office website at:

http://www.smc.edu/BusinessServices/PurchasingHome/Pages/01_Purchase-Requisition-Form-Help.aspx

Travel

Prior to authorizing grant-funded travel, the Grant Manager must ensure that the grant allows travel and that there is funding set aside for travel. Most grants do not allow international travel, including travel to Canada and Mexico, without prior approval from the Program Officer. All travel must be related to the goals, objectives, and outcomes of your project. If your grant allows for a lot of travel, such as for professional development, you may want to develop a form that travelers will complete that indicates how the travel is related to the goals of the grant.

If travel is an allowable cost in your grant, you must follow the following steps prior to traveling:

- 1) Complete SMC's Conference or Meeting Authorization Request Form, which requires you to estimate the costs of attending the conference, to identify an account code for the travel, and to obtain authorization from your Department Chair or Manager and/or Vice President (this form is available on the Fiscal Services website at: <http://www.smc.edu/BusinessServices/accounts-payable/Pages/For-Faculty-Staff.aspx>; and
- 2) Send the completed travel request to the President's Office, who will then forward it to Accounts Payable.

Once you have received authorization to travel, you will need to arrange your own travel plans, including airfare, hotel, and other travel needs. Be sure to keep copies of all of your receipts, including airfare, hotel, taxi, food, and parking receipts, as the college will reimburse you for what you spend.

You may request the college to pay for your conference registration fees, if there are any; however, you must make sure that the request is received in Accounts Payable at least 10 working days prior to the event. If the college is not able to pay the conference registration fee in time, you will need to pay these fees and keep a copy of your receipt for reimbursement later.

When you return from your trip, you will need to complete a Conference Reimbursement Claim Form, attaching copies of your receipts. This form is also available on the Fiscal Services website. Please note that you should not exceed the maximum approved amount noted on the initial Conference or Meeting Authorization Request Form. If you have unexpected costs that are allowable by the grant and the College that requires that you exceed the authorized amount, you will need to submit a revised Conference or Meeting Authorization Request Form. Once submitted, you will receive reimbursement within two weeks.

Local Travel

It is likely that you and others in your project will take local trips in your own vehicles for grant-related business. You can receive mileage reimbursement for these trips by completing the Mileage Report Claim (also available on the Fiscal Services site at: <http://www.smc.edu/BusinessServices/accounts-payable/Pages/For-Faculty-Staff.aspx>.) The mileage reimbursement rate varies from year to year. The current rate is available from your

Grant Accountant. If you travel on a monthly basis, you should submit the Mileage Report Claim on a monthly basis as well. However, if you travel infrequently, you may want to submit the Mileage Report Claim after each trip.

Subcontracting, including Independent Consultants

In the course of a grant-funded project, it is often necessary to involve parties outside the institution to assist in the technical and programmatic aspects of the project, such as evaluation, training, workshop facilitation, etc. Normally the need for outside assistance is known during the proposal preparation process and included in the proposal to the funding source as both an activity and a budget item. The method for formalizing the arrangement with a third party provider is through a subcontract or Professional Services Agreement.

Subcontractor: A subcontractor is an individual or other entity outside the college that will perform a portion of the grant's actual scope of work. The subcontractor relationship implies that the subcontractor is an integral part of the project and accepts responsibility for a portion of the project effort, such as the evaluation component. Subcontractors are usually in the original proposal as collaborating partners.

Consultant: A consultant is an individual or other entity outside the college that possesses specialized expertise and who is engaged by the college to give professional advice, make recommendations, or address a specific problem, such as a workshop presenter. The consultant has little or no responsibility for the overall project effort and are usually retained on a short-term basis. Consultants are hired via Personal Services Agreements.

Both of these relationships require a formal written agreement before work may begin. The process for hiring a subcontractor or consultant is governed by Board Policy 6250, Contracts for Services and Materials, which was revised in 2009. This policy states:

To the full extent authorized by law, the Board shall from time to time (but not less than every four years) by written resolution or resolutions delegate to one or more administrators or managers of the District the authority to purchase supplies, materials, apparatus, equipment and services, subject to any restrictions and requirements of Education Code Sections 81656 and 88003.1 and Public Contract Code Sections 20650-20660.

Such purchases shall be at the lowest reasonable available competitive price consistent with the highest quality and highest level of service desired and written District specifications, and in the best interest of the District.

Such purchases shall be subject to the following limitations:

- a. No officer or employees are authorized to make any purchase involving expenditure by the District in excess of the amount specified by section 20651 of the Public Contract Code. The amount set forth in subdivision (a) of section 20651 of the Public Contract Code shall be the amount as is*

annually adjusted by the Board of Governors of the California Community Colleges.

- b. The delegation shall prescribe the limits of the delegation as to time, money and subject matter.*
- c. All transactions entered into by the officer or employee shall be in writing, and shall be reviewed by the Board within ninety days, or as otherwise provided by law.*
- d. In the event of malfeasance in office, the District officer or employee who entered into the contract shall be personally liable for any and all monies that the District paid out as a result of his or her malfeasance.*

Reference: Education Code Section 81656 & 88003.1; Public Contract Code Sections 20650-20660

The Grant Manager will need to work with the Purchasing Office to purchase these services. If the total cost of the agreement exceeds the current threshold for a non-competitive bid process, the Purchasing Office will lead efforts to establish a bid process, recruit potential subcontractors, and select the lowest qualifying bid. Generally, a contract must be open for bidding for three weeks.

If a competitive bid process is unnecessary, the Grant Manager will need to identify an individual or organization to carry out the proposed activities. Once the Grant Manager identifies a consultant or a subcontractor for a particular project, he/she will work with submit a Purchase Requisition to Purchasing Office. Once a contract is in place, the item will be sent forth to the Board of Trustees for approval. The following checklist outlines the steps necessary for hiring a consultant:

Agreements for Professional Services
Checklist

- _____ Obtain proposal or information for agreement (following the bid process, if necessary)
- _____ Submit agenda item. Agenda item to include:
 - _____ Name of individual or company
 - _____ Beginning & ending date of contract
 - _____ \$ amount of contract
 - _____ Funding source
 - _____ Complete description of services
- _____ AFTER Board approves the agreement, prepare two (2) copies of agreement:
 - _____ Name, address, phone, fax
 - _____ Dates of contract
 - _____ Description of services, which at the least, should match agenda item, although more detail can be added by attaching a proposal
 - _____ Amount to be paid
 - _____ Date of agreement (usually should be day after Board approval)
 - _____ Board approval date
 - _____ Account number (will not be processed without acct. #)
- _____ Mail agreement and tax forms to consultant; ask them to fill in tax ID # and return all documents to your office (if they forget tax ID # you can copy it from tax forms)
- _____ Make copy of agenda item from minutes available in Board of Trustees folder on Outlook
- _____ After signed by consultant, send forms to President or designee for signature
- _____ After signed by Executive Administrator, send one original agreement, tax forms and copy of agenda item to Accounts Payable
- _____ Send one original to consultant; keep file copy

Annual Budget Development for Multi-Year Grants (including Carry-Over Funding)

Many grants are multi-year grants for which the College receives more than one year funding. Sometimes these grants are awarded in one lump sum; in other instances, subsequent year funding is conditional based on satisfactory progress and the completion and submission of an annual report. It is important for the Grant Manager to complete all reporting requirements as outlined in the grant award agreement, so as not to miss crucial year-end dates and risk subsequent year funding.

If your grant award is a multi-year award, you will need to complete the College's annual budget process each year. While the original grant application may outline the budget for each year of the grant, the College's budgeting process is for a single year only. Therefore, each year, the Grant Manager will need to align the budget outlined in the grant application with the College's budget requirements. Each grant year will have a separate account code with the primary change being the CATYR, which will help delineate each year of the grant.

There are two phases to the College's budget process:

- 1) In March of each year, the Fiscal Services Office sends out information regarding the process for submitting the next year's proposed budget. Each individual responsible for one or more account codes must complete this process. The proposed budget is based on the next year award total as outlined in the grant award agreement and any subsequent grant modifications. The Grant Manager should work with his/her Grant Accountant to set up this budget. When the proposed institutional budget is ready, it is presented to the Board of Trustees and if approved, allows grant staff to continue to expend money as the new fiscal year begins on July 1.
- 2) In August of each year, the College undergoes the same process to establish the adopted budget. In many cases, for new grant awards, the adopted budget will mirror the proposed budget, unless changes/modifications are made between March and August. Again, the Fiscal Services Office will inform the College community of the process and timelines via email. Failure to submit these documents may jeopardize your ability to spend grant funds.

Carry-Over Funding

In an ideal world, all grant-funded projects would be started on time, implemented according to the timeline outlined in the application, and cost exactly as budgeted. However, this ideal rarely exists. As such, it is important for the Grant Manager to be flexible and creative in his/her implementation and budgeting plan.

Despite the best planning, it may be impossible to spend all of the awarded grant funds in the fiscal year for which they are allocated. If this occurs, the Grant Manager may be able to carry-over unexpended funds into the next fiscal year. The ease in which the Grant Manager may do this depends heavily on the funding source.

In most cases, federal grants will allow the College to carry-over unexpended funds as long as there are legitimate circumstances which prevented the College from spending all of the funds in the given fiscal year. Common examples include a delay in hiring the Grant Manager and the inability to purchase a large piece of equipment within the year it is budgeted.

Private, as well as publicly-funded state and local grants, may allow the College to carry-over unexpended funds as well; however, these requests are granted less frequently than for federal grants. If you are concerned that you will not be able to complete the grant goals and/or expend all of the grant funds during the award period, you will need to share these concerns with your Grant Administrator, the Grants Office, the Grant Accountant, and the funding source and determine an appropriate course of action.

If you receive written approval from the funding source to carry-over unexpended funds, the Grant Manager will need to work with the Grant Accountant and follow the budget process outlined on the previous page. Key differences in the process for carry-over funds include:

- In the proposed budget, the Grant Manager will need to consider all expenditures to date coupled with proposed expenditures through June 30 to estimate the total amount of funds to be carried over. This estimate is then used to prepare the proposed budget.
- For the adopted budget, the Grant Manager uses the total amount of unexpended funds as reported on the June Final budget report.

For grant agreements that award the entire grant in one lump sum, despite a multi-year timeline for grant implementation, Fiscal Services may elect to establish one budget for the full award, which will then require carry-over budgets in subsequent years. This decision is made during discussions with Fiscal Services, the Grants Office, the Grant Administrator, and the Grant Manager (if hired).

Project Extensions

As with carry-over funds, it may be necessary to request a no-cost extension as your grant comes to an end. A no-cost extension occurs when the grant end date is extended beyond the original grant end date but no additional funding is granted. This is often necessary when the College has been unable to complete key project tasks on time, there is an under-expenditure of grant funds, or the College is still collecting evaluation data and needs additional time to prepare the final report. It should be noted that a no-cost extension should not be requested simply to spend down remaining grant funds. If all project goals have been completed and there are funds remaining, it may be of benefit to return funds unexpended. The Grant Manager should consult with the Grant Administrator and the Grants Office.

As with changes in the scope of the program, the Grant Manager will likely need to make a formal request for a no-cost extension, although some federal granting agencies automatically grant no-cost extensions without a formal request. Extensions should be requested at least 90 days before the grant expires. Adequate notice must be given to the college's administration, via the Grants Office and/or the Grants Accountant, and the funding agency since it is illegal to expend funds after an official grant termination date.

As with the carry-over of funds, private, as well as publicly supported state and local grants, may also grant no-cost extensions upon request.

Supplanting vs. Supplementing

In nearly all circumstances, grant funds cannot supplant existing resources, meaning that you cannot use grant funds to pay for existing costs that would otherwise be paid by the College.

Grants cannot underwrite the costs of current operations!

(The exception to this rule is private grantmaking for operating costs, although generally the College has indicated a need for additional funding to maintain the program.)

While supplanting is prohibited, grant funds can be used to provide supplemental—or additional—services or activities to existing institutional programs and services. In cases where it appears that ongoing, operational costs have been shifted to federal funds, auditors will look at the use of the “freed” or “displaced” institutional money to determine whether or not supplanting has occurred. All displaced institutional monies must be used to support costs directly related to the successful implementation of the project—“freed” dollars cannot be absorbed back into the general fund and used elsewhere.

Most common charges of supplanting have involved personnel costs. For example, the College receives a grant award to support an existing program and a portion of the grant award will pay the lead administrator to manage the grant. Or the College receives funding to provide counseling services for a program that already provides counseling services, but uses grant funds to support the existing counseling services rather than assign additional counseling services.

Therefore, *can personnel who currently are paid with institutional funds be assigned to work on project activities and be paid with grant funds?*

YES, provided that –

- 1) You document that the college replaces the individual who is reassigned to work on grant activities and uses institutional dollars to pay the replacement;

AND/OR

- 2) You clearly document that the college uses the displaced college dollars to pay costs directly associated with the successful implementation of the grant project and achievement of grant objectives, including non-personnel costs. This documentation should be included in grant files.

The College may be able to make the case, particularly during times of economic crisis, that it does not have sufficient funding to support the program and that the new grant award is allowing the College to maintain existing services. This is a concern that should be addressed by the Grant Administrator and the responsible Vice President in consult with Fiscal Services and/or the Grants Office.

If the college can show that a budget cut or reduction in funds in the operating budget would result in the elimination of positions, grant funds may be used to support existing costs. However, this should be clearly documented in the grant files by Senior Administration.

It is very important that you, as the Grant Manager, understand the importance of the supplanting vs. supplementing concept. In most cases, you are the gatekeeper for grant funds, and it is your responsibility to remind other college staff, including at times, your supervisor, of the prohibition against supplanting. This is particularly important during times of fiscal constraints when all existing resources are being carefully reviewed and utilized.

On the next page is a form that you may use to document the use of displaced funds.

**If you have a supplanting concern,
please contact your Grant Accountant or the Grants Office.**

DOCUMENTATION OF NON-SUPPLANTING		
Existing Staff Member Reassigned to Grant	Role in Grant	Use of Displaced College Funds
Project Year One (2006-2007)*		
Jane Doe, Associate Dean (50% Release Time = \$50,000)	Project Director	Rental of community space for project outreach (relates to grant objective 1); and Development of computer lab for use by project participants (relates to grant object 2)
John Doer, Faculty Member (20% Release Time = \$20,000)	Activity Director/Faculty Lead	Hire part-time faculty person to replace instructor in the classroom; remainder of funds to Business Office for expanded hours of Grant Accountant.

- Necessary only if it is a multi-year grant.

Matching/Cost Sharing

Many grant-funded projects require that the college contribute to some extent to the total cost of the project. Cost sharing or matching (the terms may be used interchangeably) represents the use of institutional and community funds to supplement project costs not supported by the grant award, but essential for the achievement of grant goals and outcomes.

The policy of Santa Monica College is to make a cost sharing commitment only when required by the funding source or by the competitive nature of the award and then to cost share only to the extent necessary to meet the specific requirements of the grant program. This policy recognizes that the College is responsible for documenting all match funds and ensuring that it fulfills its obligations as outlined in the grant application. Given that it can be difficult to obtain and document match funding, the College's policy is to commit only what is necessary. The cost sharing commitment must be approved by the college's executive administration and the SMC Board of Trustees prior to submitting the grant application.

Cost Sharing Obligation

There are several points in the proposal and award process at which the college may incur a cost sharing obligation.

- 1) Cost sharing may be committed in the grant application for one of two reasons: 1) the funding source requires cost sharing as a condition of applying for an award; and 2) the college makes a commitment of cost sharing for competitive purposes, meaning that the college's proposal will read more favorably with the reviewers if cost sharing is included. In both of these situations, cost sharing is quantified in the proposal budget and becomes the basis for the grant award. ***If an application includes cost sharing in its official proposal budget, the college must obtain and document this match regardless of any future actions or changes in grant scope.***

- 2) Cost sharing not quantified in the original grant proposal budget may be contributed by the college during the implementation of the grant award if available grant funding is insufficient to perform the agreed upon scope of work. Examples of this type of cost sharing obligation include: 1) the funding source does not fund the project at the level requested in the proposal and the full amount is needed to accomplish the project's scope of work; and 2) an overrun occurs on a grant-funded account, and the college must utilize institutional resources to cover the expense. ***Although this is not considered a required match, the Grant Manager should document these expenses and report these contributions in any required reports to the funding source.***

Sources of Match

Cost sharing may be met from the following sources:

- 1) College funds provided for the benefit of the specific project, such as a percentage of salary and benefit costs allocated to a grant-funded project for staff who will work part-time on a project or equipment and supplies purchased by the college for the benefit of the project. ***If a piece of equipment or set of supplies will benefit more than one project, then only a percentage of the cost can be used as match, based on the actual percent that each project uses the equipment or supplies.***

Personnel costs and equipment and supply purchases that directly benefit the grant are the best sources of institutional match and are the easiest to document. If at all possible, these sources should be pursued first.

- 2) Unfunded or Waived Indirect Costs: Waived indirect costs are indirect costs that the college could otherwise recover from the funding source, but has agreed to accept less than the full amount. The difference between the indirect costs accepted and the amount that would have been provided at the full rate may be used as cost sharing if approved by the funding source. ***However, if indirect costs are not an allowable cost of the grant award, then the college can not use indirect costs as match, unless approved in writing by the funding source.*** In addition, in some circumstances, the funding source does not reimburse indirect costs at the full rate, such as U.S. Department of Education Discretionary Grants which typically have an 8 percent allowed indirect cost rate. ***The difference between the approved rate and the college's federally negotiated indirect rate cannot be used as match, unless approved in writing by the funding source.***

PLEASE NOTE: At this time, the college does not have a federally approved indirect rate, and as such, unfunded or waived indirect costs cannot be used as match. However, since the college does not have an indirect rate, costs that are traditionally included in the indirect rate, such as facility use, accounting and payroll services, marketing services, etc., can be used as match if approved by the funding source, directly benefit the grant project, and are documented.

- 3) Activities funded by another grant program: However, this is rare and allowable only if approved by both funding sources. ***With few exceptions, federal funds cannot be used as cost sharing on other federally funded projects.*** The only known exception is the U.S. Department of Education Migrant Education Even Start Program.
- 4) Third party contributions: This is support from non-college sources, including cash, but also in-kind contributions, such as space, materials, equipment, and staffing. Volunteer time may also be used as match, although many grants have limitations for using volunteer time for match. For this reason, it is very important to read the Terms and Conditions of your grant award, as well as the Request for Proposals document, and any special considerations outlined in other communications. ***All third party contributions must be valued fairly and reasonably and be similar to what they would have cost had the college paid for the items or services itself.*** The following chart provides additional information regarding specific types of third-party in-kind contributions:

Volunteer Services	Services provided by volunteers are valued at rates consistent with those paid by the college to its employees performing similar work. If the college does not have employees performing similar work, these services are valued at the same rates as those paid by other employers for similar work in the labor market in which the college competes. In either case, paid fringe benefits that are reasonable, allowable, and allocable may also be considered as match.
Employees of Other Organizations	When an employer other than the college provides the services of an employee, these services are valued at the employee's regular pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided they are in the same line of work for which the employee is normally paid. If these services are in a different line of work, then the rules for volunteer services apply.
Donated Supplies and Loaned Equipment or Space	If a third party donates supplies, the contributions should not be valued in excess of the market value of the supplies at the time of the donation. If a third party donates the use of equipment or space in a building, but retains title, the contribution is valued at the fair market rental value of the equipment or space.
Donated Equipment	If a project receives donated equipment, the donation should be handled by the Santa Monica College Foundation. Since the donor will usually take a tax deduction for the contribution, he or she must substantiate to the IRS the value of the contribution. The Foundation will ask the donor for a letter or other documentation which states the value of the contribution and provide this information to the Grant Manager.

A few examples of matching costs which people tend to forget:

- 1) When consultants charge a lower rate for services rendered because the college is an educational institution, the college can use the difference between the standard rate and the educational discount as an inkind contribution, if it is properly documented. To document this contribution, the consultant must provide a letter that clearly states

- he has provided an educational discount, indicating both the regular rate and the discounted rate.
- 2) If the project requires an Advisory Committee or a Steering Taskforce, the Grant Manager can count this time as inkind contributions for volunteers and cash contributions for individuals who are paid to attend by their employer. The value of this effort is based on each participant's actual rate of pay, as if his or her employer was billing for his/her time. To document this effort, the Grant Manager must keep detailed meeting minutes that outline who attended, the dates and times of when each member participated, and the travel time for each attendee to and from the meeting.
 - 3) Match (as cash, volunteer, or inkind donations) can also include technical assistance, mentoring, job fairs, tutoring, field trips, and presentations. To document these activities, the Grant Manager must maintain an activity log that states the name, phone number, position, and hours spent working on the project, including travel time to and from the activity site.
 - 4) Educational discounts on software, equipment, and supplies may also be counted as a third party cash contribution, although some funding agencies do not allow this.

Tracking Match

Grant Managers must track their grant's match as they would actual expenditures. When the Grant Manager provides Fiscal Services with a detailed budget with line item breakdown, he/she must also provide a detailed match budget, identifying the items that will serve as match, particularly personnel costs, if they are known. The account number for this match will be similar to the account code for the grant, with the exception that the match will come from Fund 01.0 instead of 01.3. As such, all grant-related match budgets will begin with 01.0.

Some expenses may not be tracked by Fiscal Services, such as facility space and volunteer services. These costs must be documented by grant staff and monitored by the Grant Manager. Because the match is auditable, supporting documentation is required and should be kept in the grant files.

For additional assistance with match, contact your Grant Accountant or the Grants Office.

Audit Readiness

Audit readiness occurs at several levels at Santa Monica College.

The College's Annual Single Audit

First and foremost, as a recipient of federal funding, the College must conduct an annual independent internal audit each year. As part of this process, the College contracts with a third party auditor that reviews its financial statements on an annual basis and determines if the College is in compliance with federal, state, and local requirements. This audit includes a review of the College's grant funded programs, particularly the federal grants.

These annual audits are always conducted within a tight timeframe, and Grant Managers are expected to be available to answer questions and provide documentation if necessary. The Fiscal Services Office alerts Grant Managers of the dates of the annual audit so that personnel can plan accordingly. The Grant Manager should be prepared to answer questions about your project for both the current year as well as any charges that may have carried over from previous years. Written documentation will not only refresh your memory but help answer the auditor's questions.

The annual independent auditor will not review all grants each year, and will instead select one or more for review. Grants that are often reviewed annually include large, multi-year federal awards; however, smaller grants may also be reviewed. The audit includes both a financial review and a program review. The program review will examine the degree to which the project has completed its stated objectives, particularly the number served. If the project is not meeting its program outputs and outcomes, but is expending the funding, then the College may be at risk of returning funds to the funding source. On the financial side, the audit may uncover disallowed costs or other internal control lapses that will require institutional redress.

Funding Source Audits

In addition to the single audit, grant-funded programs are also often reviewed and evaluated by the funding source as well. The most stringent of these reviews is a formal audit conducted by the funding source often triggered by concerns that the project is not progressing as planned. More common, however, are site visits by the Program Officer, conducted either in person or through webinar, in which the Program Officer reviews the project status, institutional controls for managing the funds, and other compliance requirements. These site visits usually include a review of programmatic activity and outcomes, as well as fiscal monitoring and reporting.

As such, the Grant Manager is responsible for ensuring that his/her grant is audit ready at all times. On the programmatic side, the Grant Manager can accomplish this by ensuring that the grant files contain documentation demonstrating that the College has achieved each objective. If the scope of the project has changed since the initial negotiation, you should ensure that you have written documentation approving the change(s) in the file. The Grant Manager should use the grant work plans, which generally outline key outcomes and the strategies by which the College will achieve

those outcomes, as an easy way of organize documentation. Auditors will usually study these work plans prior to their campus visit, and thus it is essential that the grant team is adhering to these plans.

If an objective is not completed on time, the Grant Manager should be able to explain the lack of activity and progress and include this information in the annual grant report. There are several completely legitimate reasons why objectives are not completed on time, including:

- Delay in hiring key staff to carry out the objective;
- Loss of key staff on the project team;
- Changes in the needs of the targeted population;
- Changes in technology that lead to a delay;
- External commitments did not materialize as planned; or
- Changes in baseline evaluation tools.

Preparing for a financial audit can be more difficult because in addition to the grant application, the Grant Manager must assure that grant expenditures and required documentation meet the terms and conditions of the funding source as outlined in all grant compliance documents. The Grant Manager must ensure that you did not authorize the use of grant funds for prohibited expenditures. If the Grant Manager finds unallowable expenditures charged to the grant, you must address this immediately with the Grant Accountant before the auditors arrive. If a prohibited expenditure remains charged to the grant, it can serve as prima facia evidence against the College, as well as those involved.

The area of greatest concern and risk is in the area of matching contributions from the College and other entities in support of the grant. As such, the College policy is to include match in a grant application only when it is necessary. Auditors are particularly sensitive to the issue of supplanting, and thus it is crucial that the Grant Manager ensure that all match personnel costs are supported with Time and Effort Reports.

For both the grant budget and the match budget, the Grant Manager must be prepared to verify that all expenditures were expended and tracked in accordance with the compliance documents. Unfortunately not all grants are bound by the same compliance requirements.

Federal Grants

In years past, the federal Office of Management and Budget maintained multiple circulars that outlined how the institution should spend federal funds. If you have managed grants before, you may remember these circulars, including:

- [OMB Circular A-21](#) - Cost Principles for Educational Institutions
- [OMB Circular A-110](#) - Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations
- **OMB Circular A-133** - Audits of States, Local Governments, and Non-Profit Organizations (06/24/1997, includes revisions published in *Federal Register* 06/27/03) [HTML](#) or [PDF](#) (127k)

However, in 2014, the federal government developed one super circular that encompasses all of these previous documents and reduced some of the duplication and confusion between institutions and systems. This super circular known as Title 2, Part 200, Uniform Administrative Requirements, Cost Principles, and Audits for Federal Awards provides guidance to institutions as they implement their federal grant awards. This document is relevant to many state-funded grants as well, as many are funded with federal funds.

Each of the federal agencies has incorporated Part 200 into their existing policy and procedures manuals, including:

- EDGAR for the U.S. Department of Education
- Proposal and Award Policies and Procedures Guide for the National Science Foundation

The Grant Manager should identify the grant award guidebook for the grant you are managing and use this guidebook to help direct costs. It is important that Grant Managers are familiar with these documents and adhere to the principles and requirements outlined in each. In doing so, Grant Managers will help ensure audit readiness.

These are lengthy documents. However, the following includes important highlights from Part 200 that have been adapted by each federal agency:

- Part 200.415: Required Certification - An official authorized to legally bind the non-federal entity must certify on annual and final fiscal reports or vouchers requesting payment:

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete and accurate and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information or the omission of any material fact, may subject me to criminal civil or administrative penalties for fraud, false statements, false claims, or otherwise.”

This is an important reminder to Grant Managers that they cannot sign off on their annual reports. These reports must be approved via signature by an Authorized Organizational Representative, specifically the Superintendent/President, or designee.

- Part 200.403: Factors Affecting Allowability of Costs - All costs must be:
 - Necessary, Reasonable and Allocable
 - Conform with federal law and grant terms
 - Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity
 - In accordance with Generally Accepted Accounting Principles
 - Not included as match
 - Adequately documented

More information regarding Part 200: Uniform Administrative Requirements, Cost Principles, and Audits for Federal Awards may be obtained from the Grants Office.

Non-Federal Grants

Non-federal grants may also have specific compliance requirements as outlined in Conditions of Award documents. These are usually outlined in the Grant Award Agreement or included in the Request for Proposals. The Grant manager must be familiar with these documents and use them as a resource when making fiscal decisions.

Time and Effort Reporting

One of the most important things that the Grant Manager can do to assure that the project is audit ready is to maintain accurate time and effort report forms for all staff. Simply stated, time and effort reports document the amount of time that each staff person spends working on a particular project and compare this time allocation with the amount of time stated in the individual's contract and billed to the funding source.

As a recipient of state and federal funds, Santa Monica College must comply with the Time and Effort Reporting Requirements as outlined in Part 200: Uniform Administrative Requirements, Cost Principles, and Audits for Federal Awards. Part 200:430 (I)(1) and (I)(4) indicate that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed and adequately demonstrates that the employee worked on that specific federal program cost objective. These records must be maintained for all employees whose salaries are:

- Paid in whole or in part with federal funds
- Used to meet a match/cost share requirement
- NOT contractors

These records **MUST**:

1. Be supported by a system of internal controls which provides reasonable assurance charges are accurate, allowable and properly allocated;
2. Be incorporated into official records;
3. Reasonably reflect total activity for which employee is compensated, while not exceeding 100% of the employee's time.
4. Encompass all activities (federal and non-federal);
5. Comply with established accounting policies and practices; and
6. Support distribution among specific activities or cost objectives.

Budget estimates alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes if they:

- Produce reasonable approximations
- Identify significant changes to the corresponding work activity in a timely manner
- Include internal controls in place to review after-the-fact interim charges based on budget estimates

For records which meet the federal standards, the College is not required to provide additional support or documentation for the work performed. These records include Classified Staff payroll records. However, for faculty and administrators who work part-time on a grant project, additional time and effort reporting is required as outlined in the following policy statement.

Time and Effort Reporting Policy Statement

1. Time and effort reporting shall reasonably reflect the percentage distribution of effort expended by Santa Monica College employees involved in externally funded grants, contracts, and cooperative agreements, and shall be incorporated into the records of the College. These reports shall reasonably reflect the activity for which the employee is compensated and shall encompass all activities on an integrated basis.
2. Each employee whose time is committed to an externally sponsored project shall complete a time and effort report. This report is required regardless of whether such time is paid by a federally sponsored agreement, a private foundation, or is an unpaid contribution, i.e. cost share match. Committed cost sharing, either voluntary or mandatory, must be included in time and effort reports.
3. Santa Monica College uses an “after-the-fact effort” reporting system. This indicates that the distribution of salaries and wages will be supported by activity reports signed by the Project Director/Manager and/or Project Supervisor.
4. The Business Office is responsible for the distribution, collection, and retention of all employee time and effort reports. Individually reported data will be made available only to authorized auditors. Project Directors/Managers are strongly encouraged to keep copies of all Time and Effort Reports associated with their grant projects.
5. The Time and Effort report must represent, in percentages totaling 100%, a reasonable estimate of an employee’s effort for the period being reported. Compensated effort includes all research, teaching, administration, service, and any other activity for which an individual received compensation from the College. *Note: It is recognized that research, instruction, and service are often inextricably intertwined and estimates will be necessary in most cases.*
6. Effort and payroll distributions are NOT the same. The time and effort reporting process is a method for confirming salary charges made to all sponsored awards. Payroll distributions are estimates of how effort is anticipated to be expended.
7. The federal government can impose severe penalties and funding disallowances as a result of missing, inaccurate, incomplete, or untimely time and effort reporting. Santa Monica College expects that Grant Managers will complete time and effort reports completely and in a timely manner. Further, at the discretion of the administration, payment for effort expended on the grant may be withheld if time and effort reports are not complete. Santa Monica College also reserves the right to charge cost disallowances on sponsored projects resulting from the Grant Manager’s/Director’s failure to submit appropriate time and effort reports to the departmental operating account.

Time and Effort Reporting Procedures

1. When Santa Monica College receives an award from an external sponsor, the assigned Project Supervisor will identify and hire the necessary staff and prepare a projected distribution of effort for the fiscal year. This will be based on the budget proposed to the sponsor and will be provided to the Grant Accountant in the required format.
2. Based on the projected distribution of effort through the life of the grant, the frequency of reporting required and the time and effort report forms to be utilized will be determined by the Grant Accountant and the Grant Manager. All individuals working on externally funded activities will submit time and effort reports at least once per semester.
3. The Grant Manager will be responsible for distributing and collecting Time and Effort Reports for all externally funded personnel.
4. Each employee receiving a Time and Effort Report shall provide the actual percentage worked for the reporting period. S/he will sign the time and effort report to verify and obtain appropriate signatures.
5. Time and Effort Reporting Forms must be signed by the faculty or staff member reporting and must be confirmed by a person having firsthand knowledge of the employee's activities. In many situations, this will be the Grant Manager. However, for some projects, the person supervising the grant-funded work will not be Grant Manager. In these situations, the employee's supervisor will confirm that the employee worked the reported hours. The Time and Effort Report will then be sent to the Grant Manager who will review the report and confirm the work. Confirmation is indicated by a countersignature on the form. Original signatures are required; rubber stamped or electronically produced signatures are not acceptable.
6. The Grant Manager must review and verify all Time and Effort Reports associated with his/her sponsored project(s) using suitable means of verification that the reported work was performed. If the Grant Manager is the employee completing the Time and Effort Report, the report must also be reviewed and signed by the Project Supervisor.
7. Grant Managers are required to return appropriately completed and signed Time and Effort Reports to the Grant Accountant by the 10th day of the following month.
8. The Grant Accountant will review the time and effort report and confirm appropriate verification.
9. Any salary reallocations or adjustments resulting from Time and Effort Reports will be made as determined by the Grant Accountant and the Project Director/Manager.

Time and Effort Reporting Forms

The following outlines the forms to be used for Time and Effort Reporting:

1. Most employees conducting work on an externally funded project will utilize the College's Time and Effort Report available from the Grant Accountant or the Grants Office. If an employee works on multiple activities or account codes within the externally funded project or on other institutional activities or account codes external to the project, a distribution of the employee's salary and wages to account code must be supported. Instances of multiple activities or account codes for which Time and Effort Reporting is required include:

If an employee works on –

- More than one Federal award.
- A Federal award and a non-Federal award.
- An indirect cost activity and a direct cost activity.
- A grant-funded project and teaches one or more classes.
- Two or more indirect activities that are allocated using different allocation bases.
- An unallowable activity and a direct or indirect cost activity.

The Time and Effort Report must –

- Reflect an after-the-fact percentage of time allocated to each project.
- Account for the total activity for which each employee is compensated.
- Identify all account codes that support the employee's time.
- Be prepared at least monthly and coincide with one or more pay periods.
- Be signed by the employee.

Time and Effort Reporting Exceptions

1. Any staff member who completes a time sheet in order to generate pay, including hourly clerical staff and student workers, does not need to complete the Time and Effort Report Form. However, these employees should make a copy of each signed time sheet and submit that to the Grant Manager for time and effort report documentation.
2. Faculty, both full-time and adjunct faculty, who receive an activity-specific time-limited extracontractual stipend based on hours worked do not need to complete the Time and Effort Report Form. However, the faculty member must track the hours worked on the project and submit these hours to the Grant Manager prior to receiving payment. NOTE: Faculty who receive a semester-long extracontractual stipend or release time must complete the Time and Effort Report Form.

Special Considerations

- If the staff person is a faculty member receiving release time to work on a grant-funded project, he must still document that he is working the number of hours for which he is released. The simplest method of doing this is to complete the timesheet included in the forms section of this handbook. PLEASE NOTE: If a faculty person is released from one third of his teaching assignment, the amount of time charged to the grant is the amount of time he is supposed to spend both in and out of the classroom to support that assignment. Generally, the release is two hours for every one in class.
- Many grant-funded employees are supported by more than one account code, e.g. Jane works half-time for Grant A and half-time for Grant B. The staff person must report the percentage of time spent on both grants. As such, the staff person does not need to work the same number of hours on each project every day, but over a month's time, the percentage should average out to the percentage charged to the grant.
- If a staff person is funded by multiple account codes, she will need to know the account codes that support her time and the percent of time allocated to each account code. The Grant Manager needs to be sure that each grant-funded employee and his/her supervisor (if not the Grant Manager) are aware of the allocation, the account code, and the responsibilities of this position. It is the Grant Manager's responsibility that this information is correct. All grant-funded staff should have a job description that clearly outlines the role and responsibilities of the grant-funded position. A contract can sometimes be used instead of an official job description.
- Often, grant-funded staff are employed by the grant and by another state-funded budget, such as faculty who receive release time or counselors who divide their time between a specific project and the general student body. Although a staff person may be funded by an account code that does not require time and effort reporting, the college must be able to account for all of his time. The reason for this is that many grant budgets are written with a percentage of each staff person's time allocated to the grant, such as 40 percent or 50 percent of full-time. The college must be able to demonstrate to the funding source that it is billing only for the percent of time stated in the grant application.
- In addition, the college can not use federal funds to support more than 100 percent of a person's time, unless it is for an approved extracontractual agreement, such as a stipend to develop a course or project. For example, an employee can not be a full-time instructor and a part-time Grant Manager funded with federal funds.

REMEMBER: The most important aspect of time and effort reporting is to demonstrate that the College is billing the funding source for the actual number of hours worked. If grant staff determine that they are working more, or less, than the allocation approved by the funding source, the staff person and/or the Grant Manager need to talk to the Grant Administrator or the Grants Office as soon as possible. The sooner the college identifies a potential audit problem, the sooner it can remedy the problem and prevent the potential for reimbursing funds to the funding source.

Budget Changes

Grant Managers may expend funds only in the line item categories identified and for the amounts listed in the approved budget. The approved budget, whether negotiated with the funding source or accepted as written in the proposal, constitutes part of the college's legal contract with the funding source.

However, for the most part, budgetary changes are allowable. However, you cannot assume that changes to the budget are allowable, and as such, you must request authorization from the Grant Administrator and Grant Accountant prior to redirecting any funding. You may also need to request approval from your Program Officer and/or SMC's Board of Trustees at one of their monthly meetings. The Grants Office can help facilitate this process.

Minor Changes to the Budget

Federal and state guidelines are usually flexible enough to allow minor changes to the budget—less than 10 percent of the total budget and/or a single line item—without prior approval from the funding source. In addition, the Department of Education's Expanded Authorities Act allows grantees to move money within the budget as necessary without prior approval to accomplish the goals and objectives of the project. There are limitations to this Act, particularly with regard to the purchase of equipment, moving funding from salaries to contractual, and using training stipends for any purpose other than training stipends. If you want to make budgetary changes that will involve any of these changes, you should consult with the Grants Office and/or your Program Officer prior to spending any money.

If you make minor changes, you will still need to inform Fiscal Services by completing a Request for Action/Revision Form and obtaining all of the appropriate signatures. Your Grant Accountant will tell you if the Board of Trustees must approve the changes as well.

Major Changes to the Budget

If a larger change to the budget is anticipated or desired, you should discuss these changes with the Grants Office and the Grant Accountant. In cooperation with the Grants Office, you will need to contact the Program Officer at the funding source to determine if such a change is possible and the procedure for making the change.

Once the process is identified, the Grant Manager must use the appropriate forms or format as outlined by the funding source to request a change to the budget. This request must be approved by the Grant Administrator and respective Vice President and then sent to the granting agency. No budget changes may be made until official written approval is received from the funding source. This may take several weeks, so it is important to make changes as early as possible. The Grant Manager will need to send copies of the approval letter to the Grants Office and the Grant Accountant.

Equipment Inventory and Disposition

Equipment Definition

The federal definition of equipment is any tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$5000 or more per unit. (Part 200.33)

However, SMC's definition of equipment is more restrictive in that equipment is any tangible, nonexpendable, personal property having a useful life of more than one year and an acquisition cost of \$250 or more per unit. This includes computer software.

Equipment Inventory (Part 200.313(D))

The Grant Manager must maintain an inventory of all equipment purchased with grant funds until disposition of that equipment occurs. This inventory record must include:

- Description of the item;
- A serial number or other identification number;
- Funding source of the item (name of funding title/grant);
- Name of holder of title;
- Acquisition date;
- Acquisition cost;
- Percentage of federal participation in the cost of the item;
- Location of the item;
- Use and condition of the item, and;
- Any ultimate disposition data including date of disposal and the sale price of the item.

A physical inventory and reconciliation with records is at least every two years. Also, an inventory control system and equipment maintenance procedures must be implemented.

Disposition of Equipment (Part 200.313(E))

Unless otherwise required by the terms of the grant, the College may dispose of grant-purchased equipment with no obligation to the federal government, if ALL of the following criteria are met:

- Equipment is no longer needed in the current program.
- Equipment is not needed in other programs currently or previously funded by a federal agency.
- Equipment item has a current per-unit fair market value of less than \$5000.

If SMC disposes of equipment with a fair market value of less than \$5000, the proceeds must be used to support the program for which the equipment was purchased. If the fair market value is more than \$5000, the Grant Manager must contact the funding source for disposition instructions.

While it is generally unnecessary to dispose of supplies in a formal manner, if there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other federal award, the College must compensate the federal government for its share (Part 200.314).

Equipment Records Retention

Records for equipment acquired with grant funds must be retained for three years from the date the college submits the final expenditure report for the funding period. If there is an audit exception, SMC must keep the records for three years from the resolution of that audit.

Again, congratulations on your new assignment!

Grants are a great opportunity to carry out activities that the College would otherwise not be able to do. While there are often many project requirements and tasks associated with grant implementation that can be tedious and stressful, grants also offer many opportunities for creativity and flexibility.

Please remember to contact the Grants Office or any of the other offices mentioned throughout this handbook as questions arise.

We look forward to working with you on this project!