Session 6:
Financial Management II
Post-Award – Procedures

Grants and Contracts Accounting
March 20, 2014
RAC Agenda

I. Introduction
II. Establishment of a grant account
III. Monthly processes
IV. Financial Reporting
V. Time & Effort
VI. Year End Close
VII. Audits
VIII. Grant Account Close-out
IX. Q & A?
Training Goals

- To enhance skills sets of Faculty and Staff involved with sponsored grants
- To promote operational efficiencies
- To better understand shared responsibilities
## Pre-Award
- Locates funding opportunity
- Develops/Finalizes Proposal
- Submits Proposal
- Receives NOGA / NOA
- Negotiate/Accepts Award
- Issues project brief along with all appropriate set-up documentation to GCA

## Project Setup
- Establish Budget
- E-mail notification to PI
- Start-up meeting

## Month End Close Process
- 90-Day Notice
- Review/Post Journal Entry
- Cost Transfer
- Monthly Reconciliation
- Budget Modification

## Invoice Sponsor
- Schedule
- Collection Efforts
- Apply funds received to award
- Time & Effort

## Close Out
- Notify PI of end of award
- Prep award for close out

## Post-Award
- Prep award for close out
- Inactivate Project Acct. in Sys
- Record Retention

## Compliance
- Pre
- Award
- Post
- Award
<table>
<thead>
<tr>
<th>Pre-Award</th>
<th>Post-Award</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project Setup</strong></td>
<td><strong>Month End Close Process</strong></td>
</tr>
<tr>
<td>Locate funding opportunity</td>
<td>Invoice Sponsor</td>
</tr>
<tr>
<td>Submits Proposal</td>
<td>Collection Efforts</td>
</tr>
<tr>
<td>Receives NOGA / NOA</td>
<td>Apply funds received to award</td>
</tr>
<tr>
<td>Negotiate/Accepts Award</td>
<td>Time &amp; Effort</td>
</tr>
<tr>
<td>Issues project brief along with all appropriate set-up documentation to GCA</td>
<td><strong>Audits</strong></td>
</tr>
<tr>
<td></td>
<td>Year-End Close</td>
</tr>
<tr>
<td></td>
<td>Schedule Rpt.</td>
</tr>
<tr>
<td></td>
<td>Accruals</td>
</tr>
<tr>
<td></td>
<td><strong>Close Out</strong></td>
</tr>
<tr>
<td></td>
<td>Notify PI of end of award</td>
</tr>
<tr>
<td></td>
<td>Prep award for close out</td>
</tr>
<tr>
<td></td>
<td><strong>Final Report</strong></td>
</tr>
<tr>
<td></td>
<td>Final Invoice</td>
</tr>
<tr>
<td></td>
<td><strong>Inactivate Project Acct. in Sys</strong></td>
</tr>
<tr>
<td></td>
<td>Record Retention</td>
</tr>
</tbody>
</table>

**Compliance**

- Audits
- Year-End Close
- Schedule Rpt.
- Accruals
- Close Out
- Notify PI of end of award
- Prep award for close out
- Final Report
- Final Invoice
- Inactivate Project Acct. in Sys
- Record Retention
Project Set Up

• GCA receives the grant account from OSP

• There is a review and approval within GCA

**Items such as the CFDA#, award period, financial reporting, cost share, and any international component are important**
**Project Brief #:** 1

**University Acc. #:** -

**Sponsor Type:** Private, Non-Profit

**Co-Principal Investigator(s):** Dr. Contracts Accountants

**Project Title:** Guidance to the new "UG" circular by OMB

**Cost Share Provided by this Action:** 1,205.00

**Total Project Costs to Date:** 2,410.00

**Total awarded to date:**

$1,205.00

**Significant International Component?**

No

**Sub-Contractors/Sub-Recipients:**

**FUNDING SOURCE**

**Funding Source:** Private, Non-Profit

**AWARD TYPE:** Grant

**PROJECT LOCATION:** Off Campus

**PAYMENT TYPE(S):**

- 

**PAYMENT TERMS:**

- Invoicing

**INDIRECT RATE:** Off Campus 19%

**Other Rate:**

**Is there a cost share commitment in this proposal?** Yes

**Amount:** 1,205.00

**Please indicate if this cost share commitment is mandatory or voluntary.** Mandatory Cost Share

**If both, please explain.**
Establishing the Budget in Datatel

- GCA establishes the grant account and budget in Datatel upon receiving the project from OSP and the sign-off approval of the Assistant Director of GCA

- GCA ensures the correct **fringe** and **overhead** rates are applied as well as making sure that AU’s budget aligns as close as possible to the awarding agencies budget
# Budget Action Form

**University Acc. #:** 11-xxxxx

**Principal Investigator:**

**Project Title:**

**Reason for budget action:**

<table>
<thead>
<tr>
<th>DIRECT COSTS</th>
<th>This Action</th>
<th>Previous Budget</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Professional Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Direct Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Direct Costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INDIRECT COSTS</th>
<th>This Action</th>
<th>Previous Budget</th>
<th>Revised Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applicable Rate (50650)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sponsor Indirect</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect CS AU Direct CS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect CS Sponsor Direct</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Indirect Costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
E-mail Notification and Start-up Meeting

Good morning / afternoon (PI’s name):

The following project account has been established in Datatel with the approved budget for your use. Please take this time to gather any expenditure that is related to this grant award prior to the setup of this project account but within the grant period.

XXXXX will be your point-of-contact (POC) for this award within GCA (Grants & Contracts Accounting) for financial post award matters (financial reporting, cost transfer journal entry processing, invoicing/billing (cost reimbursement/installments/payment in advance, the grant award and close-out of the award).

XXXXXX will be your point-of contact (POC) for this award within OSP (Office of Sponsored Programs) for non-financial post award matters (sub-contracts, budget modifications, no-cost extensions). Additionally, please check with OIT to make sure that all access (or updated access) to Datatel, Business Intelligence (BI Tool) are granted to the appropriate project staff members. Furthermore, please work with your department’s budget coordinator to ensure the following items are completed:

• position numbers are set,
• faculty funding forms are submitted, and
• new hire paperwork on the sponsored project is submitted.

A start up meeting may be requested at this time by contacting [INSERT NAMES of OSP and GCA POC ABOVE]. If one is requested, please include representatives from the Department (Dean’s office), the PI and if necessary the PI’s staff assistant in the communication. The primary goal of the meeting is to outline the PI’s post award grant management responsibilities, and the award’s terms and conditions, reporting requirements including audit, timelines, AU policies as they pertain to the award, and any other relevant issues that are pertinent to the award. We encourage you to request a start up meeting if the PI/project staff members are new to the award, and if the award is a federal award.

If I can be of further assistance to you please let me know at your earliest convenience.

Project Account (PA) #: XXXXX
Sponsor: XXXX
GCA Point of Contact: XXXX, ext. XXXX
OSP Point of Contact: XXXX, ext. XXXX

Thank you,
GCA Personnel
Address
PROJECT START-UP CHECKLIST

Project Acct. #:________ Title:_____________ PI:_______

- _____ Project Briefs & Budgets
- _____ Cost Share
- _____ Cost Restrictions (Allowable vs. Unallowable)
- _____ Sub-agreement & Contracts
- _____ Time & Effort
- _____ Financial Reporting
- _____ Record Retention (e.g. receipts to sponsor)
- _____ Dpt./Dean’s Office Approval of Expenditures
- _____ Monitoring Expenditures (Ellucian & BI Tool)
- _____ Travel, Per Diem, Purchasing (federal, sponsor terms & conditions)
- _____ AU Policies & PI Handbook
Allowable Expenditures on Sponsor Awards

For illustration purposes:

Grant Award Period: 3/1/13 – 2/28/14

Sponsor: Federal (NASA) or Private (FORD FOUNDATION)

Pre-award Costs (If allowed)

Allowable expenditures within funding or award period

Close-out Period
30-60-90 Days after term date

Final Reports to Sponsor (Financial, Progress, Property, Invoice and etc.)

Award Start: 3/1/13
Award End: 2/28/14

No New Expenses after 3/1/14

No New Expenses after 3/1/14
Pre-Award

Locates funding opportunity
Develops/Finalizes Proposal
Submits Proposal
Receives NOGA / NOA
Negotiate/Accepts Award
Issues project brief along with all appropriate set-up documentation to GCA

Project Setup
Establish Budget
E-mail notification to PI
Start-up meeting

Month End Close Process
90-Day Notice
Review/Post Journal Entry
Cost Transfer
Monthly Reconciliation
Budget Modification

Invoice Sponsor
Collection Efforts
Apply funds received to award
Time & Effort

Audits
Year-End Close
Schedule
Accruals
Close Out
Notify PI of end of award
Prep award for close out

Post-Award

Inactivate Project Acct. in Sys
Record Retention

Compliance

American University
Month End Close Process

Fringe rates are as follows:

<table>
<thead>
<tr>
<th>Object</th>
<th>Description</th>
<th>Rate Before 5/1/09</th>
<th>Rate After 5/1/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>51101</td>
<td>F/T Administration - Faculty</td>
<td>25.5%</td>
<td>25.3%</td>
</tr>
<tr>
<td>51102</td>
<td>F/T Faculty</td>
<td>25.5%</td>
<td>25.3%</td>
</tr>
<tr>
<td>51103</td>
<td>F/T Professional</td>
<td>25.5%</td>
<td>25.3%</td>
</tr>
<tr>
<td>51104</td>
<td>F/T Staff</td>
<td>25.5%</td>
<td>25.3%</td>
</tr>
<tr>
<td>51105</td>
<td>F/T Temp Faculty</td>
<td>25.5%</td>
<td>25.3%</td>
</tr>
<tr>
<td>51301</td>
<td>Hourly Wages</td>
<td>8.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>51302</td>
<td>Non-Hourly Wages</td>
<td>8.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>51401</td>
<td>F/T Faculty</td>
<td>8.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>51402</td>
<td>P/T Instructional</td>
<td>8.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>51401</td>
<td>Faculty Summer Session</td>
<td>8.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>51201</td>
<td>Overtime Wages</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>51203</td>
<td>Student Wages</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>51204</td>
<td>TOPS</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

- Fringe and OH are recalculated at this time
- Month end close calendar can be found at: [http://www.american.edu/finance/controller/index.cfm](http://www.american.edu/finance/controller/index.cfm)
- Upon completion, a month end closing email notification is sent out by GCA. At this point you may utilize any report in the system for that particular month end.
90 Day Notice

• Your project account(s) listed below will be ending within the next 90 days or less (depending on the contractual agreement entered).

• A final financial report will need to be prepared for all projects listed by our office (Grants & Contracts Accounting (GCA)). Please take the opportunity to review the financial records for these projects at your earliest convenience.

• For projects ending within a shorter time frame, please review your notice of award, agreement and/or your project brief for the specific details on the reports and/or any forms that are required at grant closeout.

• Some key items to consider:
  1. If additional time is needed to complete the project, please contact the Office of Sponsored Programs (OSP). OSP can advise whether a No-Cost Extension (NCE) request can be submitted per the guidelines from the sponsor, as well as advise whether the sponsor requires specific information to be included in the NCE request.
  2. Authorized Budget - The available balance of your budget should be expended for items necessary to complete the project by the end date of the grant period.
  3. Payroll - No personnel charges may be incurred or held temporarily after the expiration date (grant end date) of the grant. There will be no exceptions.
  4. Travel - Any travel expenses after the expiration date will be disallowed. Submit all requests for expenditures reimbursement as soon as possible.
  5. A copy of the final technical report must be sent to OSP.
  6. It is imperative that all cost share documentation be provided in a timely manner to your assigned GCA accountant in order to be in compliance with the financial reporting requirements of the grant award or agreement.
90 Day Notice

Please contact your assigned GCA grant accountant (gca@american.edu) for all post award (grant accounting) matters or OSP (osp@american.edu) for specific questions or concerns.

If you are expecting funding beyond the current year for one or more of the projects shown below, please make sure to file all necessary reports on time. Please contact OSP with any questions about steps necessary to secure funding for the next grant year.

36440 Domestic Issues in America (End Date - 03/31/14) ending in 19 days
36800 The Update Sample (End Date - 04/01/14) ending in 20 days
36904 The New Allocation (End Date - 03/31/14) ending in 19 days

*Note: Please keep in mind that project account(s) will continue to be shown on this report even though you may have requested an NCE. ONLY a funding agency's written approval notice of the accepted NCE can change this term date and remove it from this report notice.

**Note: Please do NOT respond to this auto-generated email. If you have questions, contact GCA or OSP at the email address shown above.

Thank you,

Jesús A. Adame
Asst. Director, Grants & Contracts Accounting
Tel: 202.885.8873
E-mail: gca@american.edu
Review/Post Journal Entry

A Journal Entry should have the following:

• General Ledger account numbers affected

• Supporting documentary evidence attached (such as memos, invoices, receipts, general ledger report)

• Description of the transaction

• Printed name and Signatures or initials of both the preparer and approver along with a date (the preparer and approver cannot be the same individual)

• If applicable it must contain an email from the PI approving expenditure allocation

• Submit for processing to grantje@american.edu

Journal Entry and other forms:
https://myau.american.edu/finances/Controller/Pages/default.aspx
University Policy: Cost Transfers

Policy Category: Grants and Contracts Policies

Subject: Cost transfers procedures in connection with sponsored research projects conducted by the University.

Office Responsible for Review of this Policy: CFO, Vice-President and Treasurer


Related University Policies: OSP: Principal Investigator’s Handbook (PDF) and Controller’s Accounting Manual

I. SCOPE

This policy sets forth the University’s procedures regarding cost transfers, including the transfer of payroll and other direct costs associated with sponsored grants and contracts.

II. POLICY STATEMENT

The purpose of this policy is to assure the integrity of the University’s charges for salaries, wages, goods, and services on sponsored projects transferred to and/or from a sponsored project after an initial charge elsewhere in the University’s accounting system; and to ensure compliance with sponsor terms and conditions, regulations, and other University policies.

III. DEFINITIONS

Cost Transfer: A cost transfer is the reassignment of an expense to a sponsored project after the expense was initially charged to another sponsored project or non-sponsored project. Cost transfers include reassignments of salary, wages, and other direct costs.

IV. POLICY
Monthly Reconciliations

- Grant Accountants are required to complete a monthly reconciliation for each of his/her assigned projects.

- At this time you may be contacted in the event an account is overspent, or if the burn rate is of concern.

- Any expenditure allocated after the grant account end date will be analyzed during this time (additional documentation may be requested).
Budget Modification

Should significant funds need to be transferred from one object code to another, the project brief will need to be revised. The principal investigator must request such action from OSP in writing. If sponsor approval is required, OSP will obtain the approval before revising the project brief.
Financial Reports/Invoices
Collection and Application of Funds

• GCA prepares and submits financial reports and invoices based upon the guidelines provided by the sponsor

• Invoices must reflect what is shown in the accounts general ledger and should not be modified

• GCA is the only office to apply funds to the grant account

*All checks should go directly to GCA and not the department or PI
Financial Reports/Invoices

### Financial Status Report (Final)

**Itemized Expenditures From October 1, 2013 to November 30, 2013**

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget</th>
<th>Cumulative Expenditures</th>
<th>Unobligated Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$2,315.00</td>
<td>$2,315.00</td>
<td>$-</td>
</tr>
<tr>
<td>Fringe Benefits</td>
<td>185.00</td>
<td>185.00</td>
<td>-</td>
</tr>
<tr>
<td>Other Professional Costs</td>
<td>25,000.00</td>
<td>25,000.00</td>
<td>-</td>
</tr>
<tr>
<td>Other Direct Costs</td>
<td>2,500.00</td>
<td>2,500.00</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$30,000.00</strong></td>
<td><strong>$30,000.00</strong></td>
<td><strong>$-</strong></td>
</tr>
</tbody>
</table>

**Cumulative Expenditures**

| Payment Received            | $30,000.00 |
| Amount Due to AU            | **$-**     |

I certify that all expenditures reported are for appropriate purposes and in accordance with the agreements set forth in the application and award documents.

Mrs. Leslie Enriquez, Senior Accountant
Tel: 202-885-2843

**** Please send wire transfer to:
CAPITAL ONE BANK
Nat for Profit Banking
600 14th Street, NW Suite 750
Washington, DC 20005
ABA#225071981
For credit to account 500407389,
American University Operating
Time and Effort Certification

Note: In FY 2012, the A-133 auditors have recommended further action be in place by the Controller's - Grants and Contracts Accounting Office (GCA) to ensure timely compliance of this requirement mandated by federal regulation (OMB circular A-21). The following steps have been instituted to ensure proper follow-ups are taking place and properly documented for the semester based T&E certification process at American University. In the event that a form has not been submitted by the due date, a notification alert will be sent out to the respective Deans Office along with the remaining out of compliance forms needing to be completed.

As mentioned above, T&E certification forms are issued on a semester basis in order to adhere to best practices;
1) Fall: September 1, 2013 thru December 31, 2013 - scheduled for February 2014 and

A Friendly Reminder: Please be mindful when completing the forms to include any and all salary expenditure movements your office has initiated after the reporting period of December 31st, but incurred within the reporting period in question (eg. September 01, 2013 thru December 31, 2013).
# Time and Effort Certification

## Principal Investigators

**FY 14**: 09/01/13 to 12/31/13

## All Federal Projects

<table>
<thead>
<tr>
<th>#</th>
<th>ID No.</th>
<th>Faculty Name</th>
<th>School</th>
<th>Object Code</th>
<th>Project #</th>
<th>% Effort</th>
<th>Dollar amount</th>
<th>Initial Request</th>
<th>2nd notification level (Dean)</th>
<th>3rd notification level (VPGSR &amp; Dean)</th>
<th>Date Completed</th>
<th>Form Received</th>
<th>Initial Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>123456</td>
<td>Doe, John</td>
<td>CAS - Biology</td>
<td>31102</td>
<td>31245</td>
<td>$</td>
<td>14,353.14</td>
<td>2/10/2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>654321</td>
<td>Smith, John</td>
<td>CAS - Chemistry</td>
<td>31105</td>
<td>31152</td>
<td>$</td>
<td>25,666.68</td>
<td>2/10/2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Pre-Award

Locates funding opportunity
Develops/Finalizes Proposal
Submits Proposal
Receives NOGA / NOA
Negotiate/Accepts Award
Issues project brief along with all appropriate set-up documentation to GCA

Project Setup
Establish Budget
E-mail notification to PI
Start-up meeting

Month End Close Process
90-Day Notice
Review/Post Journal Entry
Cost Transfer
Monthly Reconciliation
Budget Modification

Invoice Sponsor
Collection Efforts
Apply funds received to award
Time & Effort

Invoice

Year-End Close
Schedule
Accruals
Audits

Post-Award

Consolidated

Close Out
Notify PI of end of award
Prep award for close out

Year-End Close Report
Final Invoice
Inactivate Project Acct. in Sys
Record Retention

Compliance
Fiscal Year 2014 Cut-off Dates

John Smiell, Controller
To: All Faculty and Staff 03/04/2014 01:15 PM
To: American University Community
From: John Smiell, Controller
Date: March 4, 2014

Subject: Fiscal Year 2014 Cut-off Dates

To facilitate the fiscal year-end closing for April 30, 2014, please see the attached Year End Timetable. These dates are posted on the General Accounting Website. Please remember, for expenditures to be reflected in the FY2014 budget, the goods or services ordered must be received on campus on or before April 30, 2014.

All invoices / payment requests received by the May 5, 2014 cut-off time will be included on the April 2014 General Ledgers.
If you have questions or need additional information, please contact the Controller’s Office at x2840.

FY14 Accrued Expenses and General Guidance.docx
FY14 Year End Timetable.docx
• FY2014 Audit Timetable

  • March 3, 2014
  • March 12, 2014
  • April 7, 2014
  • April 11, 2014
  • April 11, 2014
  • April 18, 2014
  • April 25, 2014

  • Closing Memo to Departments
  • Open PO Letter to Departments
  • Preliminary Audit Field Work Begins
  • Last Day to Submit Online FY2014 Purchase Requisitions
  • Last Day to Purchase items from WB Mason & World Travel
  • Preliminary Audit Field Work Ends
  • Cut-off for FY2014 P-Card Expenses

  • NOTE: the transaction must be POSTED on your P-Card statement to be expensed in FY2014 – all transactions which are still pending or not processed on your P-Card statement as of the 25th will be expensed in FY2015

• April 30, 2014

• Fiscal Year Ends
  • May 5, 2014
  • May 5, 2014
  • May 8, 2014

  • Last Day to Submit Invoices / Payment Requests to AP through WebNow (accountspayable@american.edu)
  • Last Day to Deposit Cash Receipts at Capital One
  • Requisitions for FY2015 can be entered into Datatel

  • NOTE: Purchase orders will start May 12th if all required documentation (quotations, proposals, etc) is received by PCD

• May 8, 2014
• May 8, 2014
• May 12, 2014
• May 14, 2014
• May 16, 2014
• May 19, 2014
• May 21, 2014
• June 2, 2014
• June 30, 2014
• July 25, 2014
• August 1, 2014
• August 2014

  • Last Day to Submit to Development FY2014 Gifts
  • JE Corrections Due
  • Last Check Run for FY2014
  • First Closing
  • Run Internal Reports
  • Final JE Corrections & Accruals are Due
  • Second Closing
  • Run Internal Reports
  • Audit Field Work Begins
  • Draft Financial Statements
  • Financial Ratios Review
  • Audit Sign-off
  • Audit Committee Review
**FY2014 Accrued Expenses and General Guidance**

**Accrued Expenses** are obligations to pay for goods and services that have been received or supplied but not yet invoiced to the University. A typical example would be professional services which are not billed until the following month but can be readily estimated. Our purpose is to accurately reflect in the University’s financial statements all expense applicable to Fiscal Year 2014.

Accrued expense requests including documentation must be submitted by May 8, 2014 for First Closing and May 16, 2014 for the final close to:

- **General Budgeted Accounts** – Robert Lancaster, Director of Accounts Payable  (rlancast@american.edu)
- **Grants & Contracts Accounts** – Jesús Adame, Asst. Director of Grants & Contracts Accounting  (adame@american.edu)
- **Construction Contracts** – Mike MacArthur, Director of Capital Accounting and Reporting  (macarthu@american.edu)

**General Guidance for 2014 Fiscal Year Closing**

<table>
<thead>
<tr>
<th>TYPE</th>
<th>APPLICABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accrued Expenses</strong></td>
<td>Goods or services received or provided to American University in FY2014 for which an invoice will not be received until after April 30, 2014. All such invoices must bear a valid American University Purchase Order Number.</td>
</tr>
<tr>
<td><strong>Accrued Income</strong></td>
<td>Goods or services provided by American University in FY2014 for which payment will not be received until FY2015. If actual billings will not occur until after closing, make a reasonable estimate. Accrued income requests must be submitted with documentation by May 8, 2014 to Claudia Lazo, Senior Accountant (<a href="mailto:clazo@american.edu">clazo@american.edu</a>).</td>
</tr>
<tr>
<td><strong>Pre-Paid Expenses</strong></td>
<td>Goods or services paid in FY2014 that relates to FY2015. Examples include prepaid rent and insurance. Prepaid expense requests must be submitted with documentation by May 8, 2014 to Robert Lancaster, Director of Accounts Payable (<a href="mailto:rlancast@american.edu">rlancast@american.edu</a>).</td>
</tr>
<tr>
<td><strong>Deferred Revenue</strong></td>
<td>Income received in FY2014 that relates to FY2015 activities or services. Examples include deferred subscription revenue for publications to be issued in FY2015. Deferred Revenue requests must be submitted with documentation by May 8, 2014 to Claudia Lazo, Senior Accountant (<a href="mailto:clazo@american.edu">clazo@american.edu</a>).</td>
</tr>
</tbody>
</table>
A-133 Audit

The most common audit in federal grants is the organization wide or single audit under OMB Circular A-133.

Entities that expend $500,000 or more each year in federal financial assistance are required to have an A-133 audit. The A-133 audit entails both a financial audit and an audit to determine if the grantee is meeting applicable programmatic requirements.
SOX at American University

• Under the guidance of the Audit Committee, the University undertook an extensive Sarbanes-Oxley review of its internal control environment.

• While not required for non-public companies, the University Audit Committee adopted a SOX program to show the public the University’s management was dedicated to quality and accuracy around financial reporting.

• This review is conducted every two years by the internal audit team Protiviti, Inc., using best practices developed during similar reviews at their corporate and other not-for-profit clients.
Sarbanes-Oxley Act of 2002

• In 2002, the Sarbanes-Oxley Act (or “SOX”) was made a United States federal law which set new or enhanced standards to monitor the internal control structure of an organization.

• The bill was enacted as a reaction to a number of major corporate and accounting scandals including those affecting Enron and WorldCom.
How SOX Will Impact You

• AU and Protiviti worked together to prepare a flowchart for each of the processes within the University.

• On an annual basis, Protiviti tests the controls within each of the processes to ensure they are designed appropriately and working effectively.

• As an employee of the University, you may be asked to provide evidence of a controls operations throughout the fiscal year.
How SOX Will Impact You

• AU and Protiviti worked together to prepare a flowchart for each of the processes within the University.

• On an annual basis, Protiviti tests the controls within each of the processes to ensure they are designed appropriately and working effectively.

• As an employee of the University, you may be asked to provide evidence of a controls operations throughout the fiscal year.
What is a Grant Closeout?

A Grant closeout includes all of the final steps in completing a grant agreement.

A Grant closeout occurs when the awarding agency determines that all applicable administrative actions and work under the grant have been completed. The recipients must submit all required financial, performance and other reports, and refund any balances of unobligated cash that the awarding agency approved.
GRANT CLOSEOUT CHECKLIST

Project Acct. #: _________ Title: ________________ PI: ____________________

Personnel
1. No payroll charges are pending for substitutions or additional earnings
2. All payroll charges are in the system
3. Full-time personnel hired on grants should be given:
   □ 30 days written notice about position termination due to the cessation of the funding source
   □ information about the accrued leave policy usage on sponsored programs
   □ personnel termination paperwork should be filed with Human Resources

Consultants and Subcontracts
1. Ensure any reports or work products have been received from consultants and subcontractors
2. Verify that the reports or products are acceptable
3. Ensure that final payments have been processed for consultants and subcontractors

Purchase Orders
1. Cancel any blanket purchase orders or encumbrances
2. Verify that everything for each purchase order has been received
3. Verify that all invoices for purchase orders have been paid

Other Expenses
1. Verify that all internal expenses have been posted. (printing, telecommunications, copying, etc.)
2. Verify that all reimbursements and disbursement requests are in the system before the grant end date

Records and Reports
1. Records retention responsibility
2. Send OSP a copy of the final technical report
3. Confirm that any additional required reports have been submitted
Allowable Expenditures on Sponsor Awards

For illustration purposes:

Grant Award Period: 3/1/12 – 2/28/13

Sponsor: Federal (NASA) or Private (FORD FOUNDATION)

- Pre-award Costs (If allowed)
- Allowable expenditures within funding or award period
- Close-out Period 30-60-90 Days after term date
- Final Reports to Sponsor (Financial, Progress, Property, Invoice and etc.)

Award Start: 3/1/12
Award End: 2/28/13
No New Expenses after 3/1/13
Pre-Award

Locates funding opportunity
Develops/Finalizes Proposal
Submits Proposal
Receives NOGA / NOA
Negotiate/Accepts Award
Issues project brief along with all appropriate set-up documentation to GCA

Post-Award

Project Setup
-
Establish Budget
-
E-mail notification to PI
-
Start-up meeting

Month End Close Process
-
90-Day Notice
-
Review/Post Journal Entry
-
Cost Transfer
-
Monthly Reconciliation
-
Budget Modification

Invoice Sponsor
-
-
Collection Efforts
-
Apply funds received to award
-
Time & Effort

Audits
-
Year-End Close
-
Schedule
-
Accruals
-
Close Out
-
Notify PI of end of award
-
Prep award for close out

Final Report
-
Final Invoice
-
Inactivate Project Acct. in Sys
-
Record Retention

Compliance
Final Report/Invoice / Inactivation / Record Retention

- GCA prepares and submits final invoice subject to sponsor guidelines
- After final invoice is submitted and all funds are received, GCA will inactivate the grant account in Datatel
- American Universities Record Retention Policy is 7 years
Q & A
Technical Support for you

A one point contact:

GCA is now on i-Support through OIT

Please direct your questions and comments through askaccounting@american.edu or via an e-mail to gca@american.edu

or you can reach us at our main office phone number ext. 3875