CHAPTER XV GRANTS AND CONTRACTS

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Introduction

Restricted funds arise from grants and gifts which are expendable for operating purposes but are restricted for specific use by the donor or sponsoring agency.

Funds received for grants, contracts, and other restricted purposes are separately accounted for in accordance with generally accepted fund accounting principles specified by the Industry Audit Guide of the American Institute of Certified Public Accountants (AICPA) entitled Audits of Colleges and Universities, by the National Association of College and University Business Officers' publication, College University Business Administration and by the AICPA Industry Audit Guide entitled Audits of State and Local Governments.
XV.2 __ Grants Administration

Primary responsibilities for the processing, controlling, and reporting of grants and contracts are divided between (the Grants Office), and the Office of Financial Services. Grants and contracts proposals are primarily reviewed by the following offices: Academic Affairs, Grants Fiscal Management, and Office of Financial Services.

XV.21 __ Director of Grants

The Director of Grants oversees all research related activities and is responsible for identifying funding sources for those research activities with which the College is involved. The Director also works closely with the faculty to prepare and review grants and contracts proposals and budget estimates as part of the pre-award activities.

When an award letter is received, the Director of the Grants Office is responsible for forwarding a copy of the award letter to the Project Director(s), and Grants Fiscal Management. The Director also reviews and verifies that award continuations are applied for on a timely basis.
XV.22 Project Director

The Project Director of the sponsored project has the primary fiscal responsibility for managing the project and verifying that expenditures are proper and in accordance with the terms and conditions of the grant or contract.

XV.23 Grants Fiscal Management

Grants Fiscal Management is responsible for reviewing all grants and contracts with respect to budget, indirect cost rate and other pertinent details. Additionally, have the responsibility to:

- Create restricted fund accounts for sponsored projects
- Process and control revisions or modifications to original budget
- Maintain documentation on post-award activities (extensions, revisions, or modifications to original terms and conditions)
- Review awards for expirations and notify Project Director(s) of the impending expiration of grant or contract
• Produce copies of expenditure reports for Project Director(s)

• Determine that expenditures do not exceed budget

• Determine amount to be billed to sponsoring agencies

• Prepare Federal Electronic Transfers and cash drawdowns

• Prepare expenditure reports for sponsoring agencies

XV.24 _ General Accounting

General Accounting upon request from Grants Fiscal Management (Refer, Appendix A) actually assigns the cost center numbers and process the budgetary entry (Refer, Appendix B) in the Financial Accounting System.
XV.3 Retention of Records

Records pertaining to restricted fund transactions must be retained in accordance with reporting requirements as specified by the sponsoring agency, organization, or individual.

The Grants Office retains copies of all proposals, contracts, and award letters. Grants Fiscal Management maintains copies of all award letters, expenditure, and accounting transaction documents.

Records for expired grants and contracts are maintained by the Grants Fiscal Management for five years after the grant or contract expiration date. Thereafter, all records are archived with the College's central record archives.
XV.4 Processin\^d Guidelines

This section describes the processing steps for grants and contracts. Grant awards are obtained from various governmental and private agencies for restricted purposes. The restrictions on grants may vary; some may be very specific (e.g., funds may only be used for a definite or exact purpose) whereas others may be general (e.g., the College allocates funds to specific projects).

XV.41 Grant Application and Budgeting Estimates

Applications for grants and contracts are controlled by the Grants Office. All applications and proposals for awards are filed in this office.

Grant and contract proposals and budget estimates are prepared through the cooperative efforts of prospective Project Director(s), Faculty members, Deans, and the Grants Office. Budget estimate should reflect indirect cost rates, overhead costs, and payroll allocations.

When a grant application has been prepared, a copy of the application should be forwarded to the Grants Fiscal Management for review of the proposed budget estimate details.
After multiple reviews by the Academic Affairs Office, the Grants Office coordinates the submission of grant or contract application to the donor, grantor, or sponsoring agency.

XV.42 Grant Award or Rejection Notice

When a grant award or rejection notice is received, a copy is distributed to the Grants Fiscal Management where the following activities are performed:

a. Set up an active award file if an award is received

b. Close out proposal file if a rejection notice is received

c. Prepare account/cost center entries.

The accounts/cost centers created are forwarded to the General Accounting Department for Financial Accounting System processing. Changes to the account assignments are processed and recorded in the Account Number Log by the General Accounting Department.

The Notice of Grant Award document informs the Project Director(s) and Accounts Payable, Purchasing, Payroll, Revenue/Student Accounting, and Personnel of the existence
of the account, the account number to be used, and other relevant information. Also, if a grant is split into several subprojects, the individual account numbers are specified on this form.

The Notice of Grant Award and Payroll Distribution notifies the Payroll Department of that salaries of individuals listed on the grant application are to be charged to the appropriate grant account on the payroll and serves as a basis for preparing an original entry.

XV.43 Budgeting for Grants and Contracts

Each grant and contract award must have a budget which has been negotiated with and approved by the sponsoring agency and a properly executed award notice. The budget must contain the appropriate indirect cost rate as reflected in the most recent negotiation agreement.

XV.44 Grant Processing in Financial Accounting System

General Accounting

Grants Fiscal Management is responsible for performing the following procedures:

- Preparing new Grants/Cost Center accounts
o Preparing budget entries for the total amount of the award

o Preparing transfers between objects/accounts
XV.5_ Grants Administration

This section presents general policies and procedures that affect grant and contract processing.

XV.51_ Changes to the Original Budget

Budgets are reviewed periodically by the Project Directors) for each grant and contract. When a change in plan results in a change in the budget, budget modifications are forwarded to Grants Fiscal Management. Modifications must be approved by the Project Director(s), the Grants Fiscal Management, and/or the Director of Financial Services in writing. Once the budget revision or reallocation is approved, it is processed by General Accounting.

Requests by the Project Director(s) to reallocate or modify funds in restricted categories may require approval by the awarding agency. Grants Fiscal Management and the Project Director(s) are responsible for ascertaining the sponsoring agencies policies regarding budget modifications. In general, most sponsoring agencies allow for modifications/transfers between line items within a five-percent tolerance. All budget increases where specified must be approved by the sponsoring agency. In all cases where external approval is necessary, the sponsoring agency must notify the Director of
Grants on the appropriate "Notice of Award Form" before the budget modification is processed.

XV.52 __Requisitions and Expenditures

All purchase requisitions, internal Work Order Requisitions, and Requests for Travel Authorization/Advance charged to grant and contract accounts must be within the established budget, to assure that proposed expenditures are consistent with the grant requirements. All acceptances are reviewed and resolved by Grants Fiscal Management.

Expenditures of restricted funds are processed in accordance with procedures stated in the Payment Authorization, Payroll and General Accounting sections of this manual.

XV.53 __Billing Sponsoring Agencies

Contracts and certain grants from government agencies require a periodic reporting or billing of expenditures before funds are remitted. These reports may be submitted monthly, quarterly or at the completion of the project, depending on the grant or contract stipulations.

Information for billing is obtained from the detail transactions reports for the respective accounts. Reports are
generally prepared on forms provided by the contracting or granting agency by the Grants Fiscal Management. Bills will be prepared and sent by the Grants Fiscal Management.

XV.54 _ Receipt of Funds

A cash receipt entry is processed when cash is drawn down or when Restricted Cash is received for a sponsored project. Grants Fiscal Management cash receipts are processed in accordance with the procedures outlined in Chapter VII Cash Receipts.

When a drawdown is made on a Federal Grant, the appropriate request for funds form is prepared and telephoned to the sponsoring agency. The processing agency electronically wires Kean College's bank the requested amount after three (3) business days (see specific section XV.633). The bank then, credits The College's bank account.

Grants Fiscal Management prepares a Cash Transmittal Distribution remittance advice, and forwards to the Student Accounting Office for further processing. For direct payments, checks are deposited through the Cash Receipts Module of the Financial Accounting System.
A detailed monthly review of each restricted account is the responsibility of the respective Project Director(s). To help accomplish this, General Accounting causes the distribution of bi-weekly budgetary Account Availability Reports. Grants Fiscal Management, however, still has the responsibility to verify that:

- Expenditures are not made against over-expended budgets
- Cost transfers and adjustments are proper

Procedures for Expired Grants and Contracts

Periodically, Grants Fiscal Management reviews grants which have expired, are to expire, or are to be continued under a new account number. It is the responsibility of the Director of Grants to inform the Grants Fiscal Management for extensions of Grants to expire. Having determined these Grants and Contracts Grants Fiscal Management performs the following:

- Prepares a list of terminating grant numbers with new continuation number, if applicable, and distributes list to General Accounting five (5) working days prior
to the month end to notify the office of the change in account number

- Prepares and distributes an Account Close Out Notice to Project Director, Dean, and other offices directly processing charges to the individual Grant account.

- Reviews balances of accounts for expired grants or for grants to expire in coming month; takes appropriate action to clear any encumbrances which will result in over expending; this action may involve:
  
  a. Transferring encumbrances to another restricted account with approval of Project Director(s)

  b. Cancelling old encumbrances

  c. Transferring encumbrances to an unrestricted account

- Notifies appropriate units and individuals external to the Accounting Department about new account numbers for continued grants, and updates grant files as to new expiration dates

Carries forward (to the continuation account number)
the outstanding encumbrances and respective budgets of grants which have expired and for which a continuation has been awarded

XV.57 Closing Grant and Contract Accounts

When a final report on expenditure has been issued and all transactions have been processed against an account, the following is performed:

1. Process closing entries

   o If an account is over expended, the overage must be charged against the department's regular (unrestricted) budget. If the department's budget balance available is insufficient, alternative unrestricted funding sources must be identified.

2. Prepare and distribute an Account Close Out Notice.

3. Write Final Expenditure Report.

4. Invoice Sponsoring Agency for uncollected amount.
5. Send check for unexpended amount to Sponsoring Agency.
XV.6 __ Accounting for Grants and Contracts

The following section describes the accounting methodology for grants and contracts.

XV.61 __ Accounting Cycle

The accounting cycle for grants, contracts and private gifts, restricted for specific purposes, involves the following types of transactions:

1. Account create

2. Budget

3. Expenditure accounting

4. Mechanical entries

5. Cash receipt accounting

6. Account close-outs

A grant's or contract's funding method determines the way in which financial activity is recorded in the Financial Accounting System. The funding methods are:
o Federal Electronic Wire Transfer

o Cost Reimbursement

o Advances

**XV.62  Accounting for Grants**

1. **Account Create**

When an award is received, an account create is prepared by Grants Fiscal Management and assigned by General Accounting. The account create process involves creating the general ledger (G/L) accounts. A funding method must be identified along with other information concerning the nature of the grant.

2. **Budget**

The budget for the grant is set up by the Grants Fiscal Management following the guidelines specified in the proposal. As spending against the grant budget occurs, it is recorded in the Accounts Payable module which in turn updates the General Ledger.
3. **Journal Entries**

Journal Entries are processed to account for indirect cost recovery, fund balance additions and deductions and to set up award receivables when money is drawn down. At year-end for example:

When cash is drawn, a receivable is set up for the Grant Money. The Journal Entry is:

- **Dr.: Grants Receivable**
- **Cr.: Fund Additions**

When the Cash is received, the second Journal Entry is:

- **Dr.: Cash**
- **Cr.: Grants Receivable**

4. **Cash Receipt Accounting**

Direct payments are recorded through the Cash Receipts Module of Financial Accounting System. The Grants Fiscal Management Accounting prepares a Cash Transmittal Form complete with the correct account numbers for the Student
Accounting Office where the amount is entered into the system and the check is deposited.

5. **Closing Entries**

Approximately two months after the grant has expired, Grants Fiscal Management Accounting sends written notification to General Accounting and Purchasing indicating that no further transactions may be processed against that account. General Accounting deletes the closed grant account at the end of the Fiscal Year.
1. Establishment Of Award Budgets

General Accounting's processing cycle begins with the establishment of cost center budgets for each individual award program. The budget is based on the U.S. Department of Education Official Notice of Funding and agrees with authorization levels established in the ED payments system and as reported in monthly PMS 272 reports.

During the fiscal year, the budgets are adjusted as authorization levels change, especially as related to the PELL program.

2. Budgetary Control Prior To Disbursement

The College considers federal funds as disbursed when awards are posted to student accounts [34CFR668.165(B)].
Prior to this disbursement, a summary page of the proposed financial aid transmittal is forwarded to the Grants Fiscal Management of General Accounting section by Student Accounting.

Grants Fiscal Management reviews summary information to assure funds availability, taking into account current budgeted authorization levels and all previous expenditures for the fiscal year.

There are several system reports and inquiries which are available to monitor available funds. The Account Balances - FA transmittals inquiry [Exhibit - S] is a preferred method because it consolidates expenditure accounts for federal ED programs and state awards on one report. Individual programs can be viewed using the more generalized account balances - cost center inquiry [Exhibit - T]. Summary and detail budget reports are also available.

Once it has been determined that authorization funds are available, Student Accounting is authorized to proceed with the transmittal.

3. Budgetary Control - Disbursement

After the financial aid transmittal is posted, the summary page of actual disbursement transaction is forwarded by Student Accounting to Grants Fiscal Management.
Grants Fiscal Management reviews the document for changes and forwards it to the cash control section of General Accounting.

4. **Posting of Transmittal To General Ledger**

Within one working day of posting a financial aid transmittal to student accounts, Student Accounting initiates the posting of summary transmittal information to the general ledger. After posting to the general ledger postings file, Student Accounting runs a report to confirm the transaction. This report serves as a receipt to certify the posting and becomes part of the transmittal's permanent record.

5. **Draw down Of Fund**

It is College policy that federal funds are never drawn down in advance and that federal cash is never maintained or held in College accounts.

Instead of drawing funds in advance, the College reimburses itself within two (2) working days of the financial aid disbursement transmittal. Federal funds are received as early as three (3) days after the disbursement posting and before any cash refunds of net proceeds are released to students.

The draw down of federal funds is based on the approved transmittal and
supported by financial information in the general ledger. The posting of a transmittal can be confirmed by running standard posting reports (KNJ.GL.POST) out of the GL. POSTINGS file, or by running various reports and inquiries out of the general ledger module.

After all postings are completed, the federal ED payment draw down status inquiry report (ICNJ.GL.CASH.FED, Exhibit-U) can be run which compares total program expenditures (disbursements to students) to program revenue (previous federal cash receipts) and calculates the net amount to be drawn down. The calculation also considers matching transfers in the formula for FSEOG and FWS.

The amount to be drawn down must never be greater than the excess of expenditures (disbursements) over revenue (cash receipts).

The report also displays the program budget or, authorization level. This information confirms to the person drawing down federal funds that budgetary control procedures (see paragraph 2 and 3) have not been violated. This re-confines that program expenditures do not exceed the authorization level.

The cash control section draws down funds through the federal EDPMS system, confirms the cash transfer with the College's bank and initiates a
cash receipt transaction through Student Accounting to record the receipt of federal cash in the general ledger.

6. **Fund Accounting**

The College maintains its general ledger accounts and prepares its financial statements in accordance with generally accepted accounting principles as put forth in the AICPA's audit guide "Audits of College's and Universities."

Financial records are maintained under the principles of fund accounting. Federal programs are generally part of the restricted fund group, with the exception of the Direct Lending and FFEL programs which are maintained in the agency fund group. Within these fund groups, federal programs are maintained in separate self-balancing funds, which clearly segregate federal transaction accounting from all other activity at the College.

7. **Direct Lending - Special Considerations**

The College became a participating institution in the Direct Lending program for fiscal year 1996. Generally, Direct Lending procedures follow the flow as outlined in this section except for procedures which monitor authorization levels.
It is College policy that direct loan cash is drawn down as disbursements are posted to student accounts, as with any other federal program.

For fiscal year 1997, this policy was modified for direct loans as follows:

1. Direct loan disbursements must be recorded in student accounts and;

2. Direct loan disbursements must be recorded in the federal EDExpress system and acknowledgments must be obtained from the servicer accepting the disbursement transactions.

The above noted EDExpress transactions and file transfers are the responsibility of the Financial Aid Office. Reports documenting completion of these steps are submitted by the Financial Aid Office to General Accounting prior to the draw down of federal funds.

8. FFEL Program - Special Considerations

The College became a participating institution in the FFEL program for fiscal year 1997.

The General Accounting Department is involved in the cash management part
of the program as follows:

A. Weekly wire transfers of funds are monitored and confirmed with the College's bank for actual receipt.

B. If funds need to be returned to the lending institution because students are ineligible for the loan proceeds, cash management initiates a wire transfer back to the lending institution.

The Educaid processing report [Exhibit - V] confirms the amount of the incoming wire transfer (total processing amount) and the amount unprocessed which needs to be returned. The amount unprocessed is posted via a standard cash receipts entry by Student Accounting into a liability to the lending institution general ledger account (91-66190-2890). The liability is cleared when cash management processes the wire transfer out to the lending institution.
The following section describes in detail the accounting methodology for Federal Student Assistance Grants relating to the U.S. Department of Education.

**XV.631 Budget**

Receive from the U.S. Department of Education, Official Notice of Funding, authorizing maximum level of funding for the fiscal year.

Calculate required college match/portion, based on federal government's award notification, i.e.

1. College Work Study Program (CWS)
   30%

2. Supplemental Educational Opportunity Grant Program (SEOG)
   15%

3. Pell Grant Program (Pell) -0-%

Prepare Budget entries for the above programs establishing the total expenditure level (Federal authorization plus required
1. CWS:

<table>
<thead>
<tr>
<th>FUND</th>
<th>COST CENTER NUMBER</th>
<th>OBJECT</th>
<th>REQUESTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>81001</td>
<td>5117</td>
<td>INCREASE</td>
</tr>
<tr>
<td>21</td>
<td>81001</td>
<td>4510</td>
<td>DECREASE</td>
</tr>
</tbody>
</table>

To establish CWS award of $207,713 per initial award document dated 3/15/91.

2. SEOG:

<table>
<thead>
<tr>
<th>FUND</th>
<th>COST CENTER NUMBER</th>
<th>OBJECT</th>
<th>REQUESTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>81002</td>
<td>5320</td>
<td>INCREASE</td>
</tr>
<tr>
<td>21</td>
<td>81002</td>
<td>4510</td>
<td>DECREASE</td>
</tr>
</tbody>
</table>

To establish SEOG award of $168,039 per initial award document dated 3/15/91.

3. Pell:

<table>
<thead>
<tr>
<th>FUND</th>
<th>COST CENTER NUMBER</th>
<th>OBJECT</th>
<th>REQUESTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>81003</td>
<td>5320</td>
<td>INCREASE</td>
</tr>
<tr>
<td>21</td>
<td>81003</td>
<td>4510</td>
<td>DECREASE</td>
</tr>
</tbody>
</table>

To establish PELL award of $1,277,140 per initial award document dated 7/1/91.

Note: Periodic adjustment notices are received from the federal government, increasing or decreasing the initial funding levels as a...
result of our Financial Aid Office's reporting process. The applicable budget entry is prepared adjusting the appropriate program authorized funding level.

Notification, via memo is forwarded to the Associate Vice President, Finance & Administration, advising of the required college match, based on the maximum individual program utilization. (Refer, Appendix C)

XV.632 General Ledger – Current Unrestricted Fund & Restricted Fund

A budget entry in response to the Associate Vice President's notification, is prepared by the budget section to provide funds within the Unrestricted Fund, from college estimated expense (i.e. appropriate program college match) to their mandatory transfer accounts, e.g.

<table>
<thead>
<tr>
<th>COST CENTER</th>
<th>REQUESTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND NUMBER</td>
<td>OBJECT</td>
</tr>
<tr>
<td>11 09900</td>
<td>9995</td>
</tr>
<tr>
<td>11 81001</td>
<td>6221</td>
</tr>
<tr>
<td>11 81002</td>
<td>6321</td>
</tr>
</tbody>
</table>

To establish matching funds for federal award programs. (Refer, Appendix D)

100% of the applicable program expenses are charged & accumulated in the Restricted Fund, i.e. (1) CWS (21-81001-5117) via the payroll process and (2) S.E.O.G. (21-81002-
XV.633 Federal Cash Draw-Down

Upon notification, via a summary of applicable financial aid program charges received from Student Accounting charges are posted to a manual subsidiary ledger (each federal grant/program identified by its own page) and are the basis of the federal cash draw-down process. Date and gross amounts of expenditures are recorded, net draw-down amounts are calculated (gross times applicable rates, i.e. (1) 70% for CWS and (2) 85% for SEOG) along with draw-down date requested.

On summary sheets where internal draw-down control numbers are sequentially assigned, identifying the applicable individual grant/program of the particular draw-down by date and cross referenced back to its own individual grant/program page. Request is made in accordance with the U.S. Department of Education's Electronic Fund system via the telephone. An internal ACH/EFT Voucher Request Record is completed, cross referenced to the draw-down control summary and filed to verify draw-down request. (Refer, Appendix E)

Notify U.J.B. of expected electronic transfer & request them to advise use of receipt. (There are no advise of credits generated by the federal electronic transfer system.)
Cash control in general accounting is advised of the draw-down amount (for planning) and to expect the amount to become available in approximately three (3) business days.

After the federal cash has been confirmed received by U.J.B. into the college's general operating account, an internal wire transfer form is completed and routed to the Revenue Section. Debiting the Restricted Funds cash account (i.e. 21-00000-1110) and crediting the individual grant/program revenue accounts (i.e. 21-81001-4510 for CWS, 21-81002-4510 for SEOG and 21-81003-4510 for PELL). A photo copy is forwarded to cash control. (Refer, Appendix F)

Enter the receipt date on the summary draw-down and individual grant/program pages. Prepare a journal entry moving the applicable college mandatory match (30% for CWS and 15% for SEOG) from the transfer accounts in the Unrestricted Fund and crediting the transfer accounts in the Restricted Fund (along with the Due To, Due From, contra accounts) to reimburse applicable program expense charged via the payroll or financial aid process, e.g.
1. CWS:

<table>
<thead>
<tr>
<th>FUND</th>
<th>COST CENTER</th>
<th>OBJECT</th>
<th>DEBIT AMOUNT</th>
<th>CREDIT AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>81001</td>
<td>6221</td>
<td>$28,581</td>
<td>$28,581</td>
</tr>
<tr>
<td>11</td>
<td>08900</td>
<td>2921</td>
<td>$28,581</td>
<td>$28,581</td>
</tr>
<tr>
<td>21</td>
<td>08900</td>
<td>1911</td>
<td>$28,581</td>
<td>28,581</td>
</tr>
<tr>
<td>21</td>
<td>81001</td>
<td>6211</td>
<td>$28,581</td>
<td></td>
</tr>
</tbody>
</table>

To charge 11 fund with college's CWS 30% match for draw-down receipt through 11/29/91 and reimburse 21 fund where charges are accumulated via the payroll process. (30% of $95,271)

2. SEOG:

<table>
<thead>
<tr>
<th>FUND</th>
<th>COST CENTER</th>
<th>OBJECT</th>
<th>DEBIT AMOUNT</th>
<th>CREDIT AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>81002</td>
<td>6321</td>
<td>$ 4,800</td>
<td>$ 4,800</td>
</tr>
<tr>
<td>11</td>
<td>08900</td>
<td>2921</td>
<td>$ 4,800</td>
<td>$ 4,800</td>
</tr>
<tr>
<td>21</td>
<td>08900</td>
<td>1911</td>
<td>$ 4,800</td>
<td>$ 4,800</td>
</tr>
<tr>
<td>21</td>
<td>81002</td>
<td>6311</td>
<td>$ 4,800</td>
<td>$ 4,800</td>
</tr>
</tbody>
</table>

To charge 11 fund with college's SEOG 15% match for draw-down receipt through 12/18/91 and reimburse 21 fund where charges are accumulated via the financial aid process. (15% of $32,000)

XV.634 General Ledger - Restricted Fund

As a result of the payroll, financial aid, federal cash draw-down and journalizing the mandatory transfer requirements, the program accounts upon completion of a particular transaction will look as follows:
<table>
<thead>
<tr>
<th></th>
<th>DEBIT AMOUNT</th>
<th>CREDIT AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWS 21-81001-5117 (100% EXP.)</td>
<td>$ 95,271</td>
<td>$ 66,690</td>
</tr>
<tr>
<td>-4510 (70% FED. CASH)</td>
<td></td>
<td>28,581</td>
</tr>
<tr>
<td>-6211 (30% KEAN MATCH)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTALS</td>
<td>1.2161</td>
<td>95,271</td>
</tr>
</tbody>
</table>

| SEOG 21-81002-5320 (100% EXP.) | $ 32,000 | $ 27,200 |
| -4510 (85% FED. CASH) | | 4,800 |
| -6321 (15% KEAN MATCH) | | |
| TOTALS | $32,300 | 32,000 |

**XV.635 Federal Cash Transactions Report, PMS 272**

Report current quarter and accumulated quarter to date for individually identified program expenses.

Manual subsidiary ledger pages are referred to, identifying the source components of the PMS 272 reported amounts.
FEDERAL STUDENT FINANCIAL ASSISTANCE PROGRAMS

MAJOR FUNCTIONS - FLOW CHART

AWARD

BUDGET
1. Record fed. conr. into prog. a/c
2. Record College match into prog. a/c

UNRESTRICTED FUND
1. Record college prog. match exp.
2. Move college match into individual mandatory transf. a/c's
3. Transfer College Match
   A. CWS 30%
   B. SEOG 15%

RESTRICTED FUND
1. Record 100% prog. charges
   A. P/R (CWS)
   B. Fin. Aid (SEOG)
2. Request federal draw-down applicable % of total exp.
   A. CWS 70%
   B. SEOG 85%
3. Rec. federal draw-down A. Record > B. " 
XV.64 Accounting For New Jersey State Agency Grants

XV.641 Budget

Receive official notice of funding/contract from an applicable state agency i.e. Department of Higher Education, Education, Health, Labor, etc. (Refer, Appendix G)

Prepare budget entries for applicable program/project establishing the approved line object/accounts and total expenditure levels in both: (1) Unrestricted Fund, for Kean's committed contribution/match, if applicable and; (2) Restricted Fund, for amount of award. (Refer, Appendix H)

Sample:

<table>
<thead>
<tr>
<th>FUND</th>
<th>COST CENTER NUMBER</th>
<th>OBJECT NUMBER</th>
<th>REQUESTED INCREASE</th>
<th>DECREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(State designation)</td>
<td>(Program Name)</td>
<td>(Per chart of A/C's)</td>
<td>(Authorized Amounts)</td>
<td>Anticipated Revenues</td>
</tr>
<tr>
<td>22</td>
<td>13610</td>
<td>5112</td>
<td>$331,999</td>
<td>8,050</td>
</tr>
<tr>
<td>5023</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5036</td>
<td></td>
<td></td>
<td>$359,205</td>
<td>5,056</td>
</tr>
<tr>
<td>Totals</td>
<td>4520</td>
<td></td>
<td>$359,205</td>
<td>$359,205</td>
</tr>
</tbody>
</table>

To establish Article IV Program Support budget in accordance with DHE/EOF contract summary 9/1/92. (Refer, Appendix I)

Notification via memo, the project director, that the project's budget has 36
been set-up to accommodate doing business. Copies are forwarded to applicable college departments affected, i.e: Purchasing, Administrative Services, Personnel, Payroll, Grants Officer and next higher responsible, are e.g. dean, vice president, etc. (Refer, Appendix J)

Maintenance/Administration is performed to ensure that expenditures do not exceed budgetary authorizations. Project director's budget request reallocations of expenditure allocations is processed, if within the grant limitation not requiring prior written permission from the grantor. (Refer, Appendix K). If the reallocation is over the limit, permission must be obtained from the grantor, by either; (1) the project director or; (2) the grants director, Dr. Lender (Refer, Appendix L) before transfers are processed.

Bi-weekly, Budget Account Availability (line summary and detailed) reports, produced by the Machine Accounting section of General Accounting are forwarded to the project director's to help facilitate their control, planning, audit and management skill.

XV.642 General Ledger – Cash Receipts

Regardless of what the revenue represents, i.e. total funds advanced (relatively small dollar amount of awards) initial or periodic advances, balances due or entire expenditure value due (again, small awards), all
revenues received are by State of New Jersey, Department of Treasury checks. After the state checks are received, a Transmittal of Cash Receipts form is completed attached to the check and routed to the Revenue Section. Debiting the Restricted Fund cash account (i.e. 21-00000-1110) and crediting the individual grant/program revenue account (e.g. 22-13610-7610 for the EOF Program). (Refer, Appendix M)

Cash control in general accounting is advised of the cash deposit for their planning process

**XV_643 Expenditure Reports**

After required interim and/or final reports are drafted from general ledger figures, they are reviewed for accuracy with the respective project directors. This process is particularly helpful for determining Kean's expended actual contribution/match. College committed resource information is available only in the budget narration/notes accompanying approved budget. A budget provision provides for College resources in the Unrestricted Fund only in the EOF program. (Other grants do not have a separate Unrestricted Fund accounting mechanism). Reports show the actual, verses, the budget expenditures by line items. (Refer, Appendix N)

A copy of the reviewed report and letter of transmittal to the grantor, is forwarded to: (1) project director; (2) grants director and; (3) file
XV.644 Program Close-Out

Recognize revenue to the extent of expenditures. Prepare journal entry debiting additions to Fund Balance object 7610 (where revenue was credited and cash debited when received) and credit Recognition of State Revenue object 4520. (Refer, Appendix 0)

Any over expenditures are not recognized and therefore written-off to the Unrestricted Fund. Prepare a journal entry moving any non-chargeable expense out of the grant/program cost center by crediting the Restricted Fund and charge the Unrestricted Fund, going through the Due To, Due From, contra accounts. (Refer, Appendix P) First in order of priority, where any unexpended balance remains, is the cost center/project director's academic department, next, their school's Dean's office and finally, the office of the Academic Vice-President.

Any unexpended funds are returned to the grantor via check. A check request is prepared (Refer, Appendix Q) authorizing preparation by general accounting. After preparation, the check is forwarded to this office to accompany the final fiscal report (Refer, Appendix R) and letter of transmittal. (Refer, Appendix S)

Any balance due Kean at June 30th, the Fiscal Year-End is set-up as an account receivable. Prepare journal entry debiting object 1330 Accounts
Receivable State Programs and crediting object 4520 **State Grant Revenue** Recognition. (Refer, Appendix T)
NEW JERSEY STATE AGENCY GRANT/CONTRACT AWARDS

MAJOR FUNCTIONS - FLOW CHART

AWARD

BUDGET

. Record 100% State award into prog. a/c
. Record College match (if applicable) into prog. a/c

UNRESTRICTED FUND

1. Record college prog. match exp.
2. File required periodic interim fiscal reports.
3. File final fiscal reports.

RESTRICTED FUND

1. Record 100% prog. charges.
2. Deposit advance & or progress receipts, if applicable.
3. File required periodic interim fiscal reports.
4. File final fiscal reports.
5. Return any unexpended funds.
6. Request any balances due Kean.
7. Deposit receipt of these balances.
8. Close out program a/c.
XV.7 REPORTING

Reports are necessary for the College's internal control and monitoring of active grants and contracts. Donors, grantors, and sponsoring agencies also require reports on expenditures and progress for awarded grants.

XV.71 Preparation of Reports

In addition to detailed Report of Expenditures (ROE) required at the expiration of the budget or grant period, summary reports may be periodically required by various funding agencies. Grants Fiscal Management is responsible for preparing the summary expense reports. The summary expense reports are prepared according to the agency instructions.

Grants Fiscal Management is also responsible for preparing reports on grants that must be reported to the grantor or sponsoring agency. Reports are normally prepared to grantors' or sponsoring agency's specifications and usually of forms provided by them.

XV.72 Distribution of Reports

The Grants Fiscal Management is responsible for submitting and coordinating the disbursement of all reports associated with grant or contract accounts. All reports which are forwarded to the grantor, donor, or sponsoring agency are
sent to the Project Director(s) and the Director of Research and Sponsored Programs.

All reports are maintained in their respective grant or contract file in the Grants Fiscal Management.

On a monthly basis, Grants Fiscal Management updates a Status Grant Reporting Schedule and make available to management.

XV.73 Special Reports

The College is responsible for providing the following special reports: EDPMS -- Department of Education

HHS -- Department of Health and Human Services

OTHER -- As specified

XV.74 Indirect Cost Reports

- Reviewed by the Director of Financial Services
- Signed by Authorized Person (as specified by agency)
- Mailed to appropriate agency by the Grants Fiscal Management
1. Establishment Of Award Budgets

General Accounting's processing cycle begins with the establishment of cost center budgets for each individual award program. The budget is based on the initial awards listed on the pre-disbursement roster. During the fiscal year, the budgets are adjusted as awards change, on each roster.

2. Budgetary Control Prior To Disbursement

The University considers state funds as disbursed when awards are posted to student accounts.

Prior to this disbursement, a summary page of the proposed financial aid transmittal is forwarded to the Grants Fiscal Management of General Accounting section by Student Accounting.

Grants Fiscal Management reviews summary information to assure funds availability, taking into account current budgeted authorization levels and all previous expenditures for the fiscal year.

There are several system reports and inquiries, which are available to monitor available funds. The Account Balances – FA transmittals inquiry [Exhibit - S] is a preferred method because it consolidates expenditure accounts for federal ED programs and state awards on one report. Individual programs can be viewed using the more generalized account balances – cost center inquiry [Exhibit – T]. Summary and
detail budget reports are also available.

Once it has been determined that authorization funds are available, Student Accounting is authorized to proceed with the transmittal.

3. **Budgetary Control — Disbursement**

After the financial aid transmittal is posted, the summary page of actual disbursement transaction is forward by Student Accounting to Grants Fiscal Management.

Grants Fiscal Management reviews the document for changes and forwards it to the cash control section of General Accounting.

4. **Posting of Transmittal To General Ledger**

Within one working day of posting a financial aid transmittal to student accounts, Student Accounting initiates the posting of summary transmittal information to the general ledger. After posting to the general ledger postings file, Student Accounting runs a report to confirm the transaction. This report serves as a receipt to certify the posting and becomes part of the transmittal’s permanent record.

5. **Fund Accounting**

The University maintains its general ledger accounts and prepares its financial statements in accordance with generally accepted accounting principles as put forth in the AICPA's audit guide "Audits of College's and Universities."

Financial records are maintained under the principles of fund accounting. State programs are generally part of the restricted fund group, with the exception of the Direct Lending and FFEL programs.
which are maintained in the agency fund group. Within these fund
groups state programs are maintained in separate self-balancing funds,
which clearly segregate state transaction accounting from all other
activity at the University.
COST CENTER ASSIGNMENT REQUEST

TO:

FROM:

DATE:

Coat Center Name
(Short Title 20 Characters)

Grant No. (if any)

Budget Manager

1. ____________________ 2. ____________________

Local Address

Department/School

Source of Funds

Fund No.

Project Period

Current FY Budget (eat)

Program Class

Object Accounts

Requested by
Cost Center # Assigned ________________ Assigned by ___________

Approved by, Date
# WIRE TRANSFER

**I. RECEIPT DATE**

On the above date, a wire transfer banking transaction was completed as follows:

<table>
<thead>
<tr>
<th>CHECK ONE:</th>
<th>CASH CODE/OTHER PAYMENT CODE</th>
<th>RECEIPT DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>WI1 W/T TO WACHOVIA FROM TREASURY W/T TO WACHOVIA FICA</td>
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</tr>
<tr>
<td></td>
<td>WT2</td>
<td>W/T TO WACHOVIA FROM UNIVERSITY/CMA</td>
</tr>
<tr>
<td></td>
<td>WT3</td>
<td>W/T TO P/R FROM GEN. OP.</td>
</tr>
<tr>
<td></td>
<td>WT4</td>
<td>WTO(ZERO)</td>
</tr>
</tbody>
</table>

2b. FOR WTO CODE ONLY:

- **ENTER CASH (DEBIT) GL ACCOUNT NO.**

- **ENTER CREDIT .L ACCOUNT NO.**

3. **AMOUNT**

4. **PAYER**

5. **CONTROL NO.**

6. **CASH RECEIPT NO. (ASSIGNED BY CR SYSTEM)**

**GEN. ACCT.. OFFICE APPROVAL**

**DATE**

**KEYED BY**

**DATE**
The attached cash or check(s) are to be deposited and recorded as cash receipts as follows:

<table>
<thead>
<tr>
<th>CHECK NO(S)</th>
<th>CASH CODE</th>
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<tbody>
<tr>
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</table>

CASH CODE

(Use fund of credit GL account below)

<table>
<thead>
<tr>
<th>RECEIPT DESCRIPTION</th>
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</tbody>
</table>

**ENTER CASH GL ACCOUNT NO.**

00000  1110

**ENTER CREDIT GL ACCOUNT NO.**

(Fund) (Cost Center) (Object)

**AMOUNT**

CIRCLE ONE:  CASH  CHECK  OTHER

**PAYER**

(Maker of check)

**CASH RECEIPT NO.** (Assigned by CR system)

Prepared by ___________________________ Date __________

Student Accounting Approval __________________ Date __________

OFS-CR-9 (9-99)
COST CENTER ASSIGNMENT REQUEST

TO:

FROM:

DATE:

Coat Center Name
(Short Title 20 Characters)

Grant No. (if any) Budget

Manager

1. ______________ 2. ______________

Local Address

Depastnt!DM/School

Source of Fund

Fua4. No,

Project Period

Current FY Budget (eat)

Program Class

Object Accounts Requested

by

Assigned by

by


Cost Center # Assigned Approved by, Date
COST CENTER NAME:

<table>
<thead>
<tr>
<th>FUND</th>
<th>COST CENTER NUMBER</th>
<th>OBJECT</th>
<th>REQUESTED INCREASE</th>
<th>REQUESTED DECREASE</th>
</tr>
</thead>
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</tr>
</tbody>
</table>

(COLUMN TOTALS MUST AGREE)

JUSTIFICATION (USE SEPARATE SHEET IF NECESSARY)

__________________________________________________________

REQUESTED BY  
(COST CENTER MANAGER)  

APPROVED BY  
(SCHOOL/DIVISION)  

ADMINISTRATION AND FINANCE APPROVAL

BUDGET OFFICER-OFS  

ASSOCIATE VICE PRESIDENT  

VICE PRESIDENT  

DATE

DATE

DATE
### Journal Entry - General Ledger

<table>
<thead>
<tr>
<th>FUND</th>
<th>COST CENTER</th>
<th>OBJECT</th>
<th>DEBIT</th>
<th>CREDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>22</td>
<td>32191</td>
<td>5112</td>
<td>8,526.98</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>32280</td>
<td>5112</td>
<td></td>
<td>8,526.98</td>
</tr>
</tbody>
</table>

**Description:**

To transfer payroll expense to correct cost center.

**Requested by:** PP  
**Date:** 06/30/10

**Approved by:**

**Date:**

**General Accounting**

Attach supporting documentation.