AuditCon

by ACUA

New Orleans, Louisiana | September 27 - October 1, 2026

ACUA

Grant Management Best Practices



Introduction



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Purpose of Grant Management Audits



- Review of current grant management processes at colleges
- Identify areas of non-compliance with:
  - Uniform Grant Guidance (2 CFR 200)
  - State Procurement Manuals
  - State Fiscal Rules
  - Board Policies and Procedures
- Find opportunities to improve and streamline grant processes

Learning Objectives

- Explain the process that higher education institutions should use to properly vet potential grant opportunities to ensure that grant benefits outweigh the cost of administering the grant.
- Understand the importance of maintaining an updated grant inventory in a centralized location and the key elements that should be included in a grant inventory listing.
- Identify key elements of Initial grant training that should be provided to new Principal Investigators and Grant Managers.
- Recognize the importance of performing a suspension and debarment check for vendors used for Federal grant purchases of over $25,000 and the documentation that must be retained as evidence of the check.
- Summarize the key elements that should be included in a grant close-out checklist and the importance of the checklist.

Compliance Supplement

- Formerly the OMB Circular A-133, the Compliance Supplement is now Appendix XI to the UGG. This document serves to identify existing important compliance requirements that the Federal Government expects to be considered as part of an audit

- The Compliance Supplement provides guidance to assist auditors in determining compliance requirements relevant to the audit, audit objectives, and suggested audit procedures



Testing Performed

- Internal Audit performed a design effectiveness review of grant management processes, which was performed through the following:
  - Walkthroughs
  - Inquiry
  - Observation
  - Inspection

- No substantive testing was performed of individual grants.



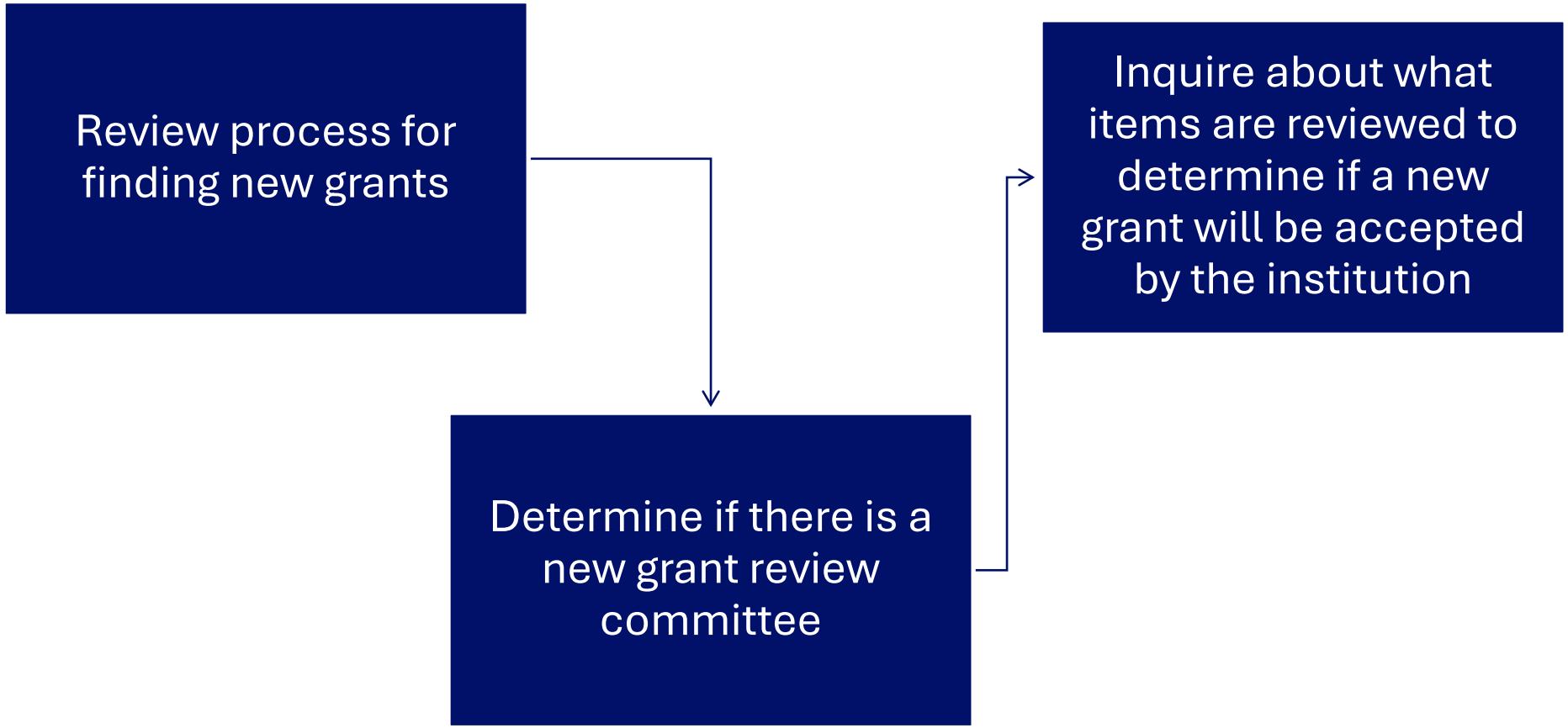
Grant Management Audit Scope

- Grant Seeking
- Grant Set Up
- Allowable Costs
- Procurement, Suspension, and Debarment
- Cash Management
- Equipment and Real Property Management
- Reporting
- Grant Close-Out

Grant Seeking



Grant Seeking – Scope of Review



Grant Seeking – Best Practices

1. Formal Grant Request Form to document the request for all grant applications.
   - Form includes key grant information, such as:
     - Grant title
     - Principal Investigator / Project Lead
     - Amount of grant funds requested
     - Duration of grant
     - How the grant funding will be used
     - Alignment of grant with college strategic plan
     - Sustainability of project / initiative after grant has ended
2. Implementing a dollar threshold for all grants.
3. Executive Management Committee should review all grants requests and document approval or denial of grant application.

Grant Seeking – Common Findings

Some college employees were not aware of the internal grant application process.

- Proper communication and training on the grant application process should be provided to all college employees.



Grant Set Up


feb
mar
apr
may
jun
jul
aug
sep
oct
nov
dec
124,500
125,000
154,000
95,000
95,054
97,511

Grant Set Up – Scope of Review



Obtain and review all documented processes that the institution has for managing grants after they have been awarded.



Determine the individuals that are responsible for grant management at the institution.

Inquire about the types and frequency of grant training that is provided to employees.

Review examples of training for completeness and accuracy.



Obtain and document an understanding of how the institution keeps track of their grant inventory.

Grant Set Up – Best Practices

Grant set-up processes are documented

Grant roles and responsibilities are clearly defined

Initial grants set up training is provided by the college and should include:

- Uniform Grant Guidance (CFR Part 200) requirements
- Grant management roles and responsibilities
- Time and effort reporting requirements
- Allowable costs
- Procurement, Suspension and Debarment
- Budget to actual process
- Fixed asset criteria and process, including disposal of fixed assets
- Cash management
- Grant reporting
- Record retention process

A detailed grant inventory tracking spreadsheet is maintained in a central location and regularly updated.

Grant Set Up - Common Findings

- Grant roles and responsibilities are not clearly defined
- Grant Managers need more frequent and robust training
- Incomplete or outdated grant process documentation
- Maintaining more than one grant inventory listing and having inconsistencies between the listings
- Grant Management is decentralized and lacks standard processes



Allowable Costs



Allowable Costs – Scope of Review



Obtain an understanding of how the college determines what expenses are allowable and unallowable for each grant



Determine and document the process that the college uses to track time and effort for grants

Allowable Costs – Best Practices

- The Principal Investigator and Grant Manager or Controller are reviewing all grant expenditures to ensure allowability

- Time and effort reporting
  - Employees receive training on how to properly track their time for grants
  - Time and effort reporting is based on actual hours worked not budgeted hours
  - Timesheets are documented and maintained centrally
  - Timesheets have documented approval
  - Timesheets clearly indicate time that should be allocated to specific grants



Allowable Costs – Common Findings

- Time and effort reporting is not completed timely or accurately

- Time and effort reporting process is inconsistent between grants



Procurement, Suspension, and Debarment



Procurement, Suspension, and Debarment - Scope of Review

- Obtain an understanding of the documentation that the college maintains for grant purchases.
  - Perform inquiry to determine if the college maintains the following supporting documentation for expenditures made with grant funds:
    - Documented justification of why the purchase is an allowable use of grant funding
    - Purchase requisition with documented approval
    - Purchase order
    - Invoice
    - Receiving documentation
- Ensure that the college is verifying that a vendor is not suspended or debarred
  - Inquire about how the college is checking the www.sam.gov website for Federal grant purchases over $25,000
- Verify that the college retains supporting documentation that suspension and debarment was reviewed.



Procurement, Suspension, and Debarment - Best Practices

- Only allowable items that have been approved in the grant budget are purchased with grant funds
- Purchase requisitions are reviewed and approved by Grant Managers prior to purchase
- All State purchasing and fiscal rules are followed for grant purchases
- Items purchased with grant funds must be purchased within the grant period
- The college retains supporting documentation that suspension and debarment was reviewed at the Sam.gov website
- Purchase documentation is maintained in accordance with document retention processes

Procurement, Suspension and Debarment - Common Findings

The college is unaware of suspension and debarment requirements

Documentation was not retained to show the vendor was not suspended or debarred

Cash Management



Cash Management – Scope of Review



Obtain an understanding of the college's grant cash drawdown or invoicing process



Review cash management process documentation



Determine if the college has both reimbursement and advanced payment grants

Cash Management - Best Practices

- The college has detailed documentation to support the amount of the grant drawdown or invoice
- The appropriate documented approvals are obtained for grant cash drawdowns or invoices
- The college is performing regular reconciliations to ensure that grant expenses match accounts receivable
- Cash withdrawals are made after expenses have been incurred for reimbursement grants



Cash Management – Common Findings

- Budget to actual reports and grant draws were not performed timely

- The internal budgeting process was not consistent between grants



Equipment and Real Property



Equipment and Real Property Management - Scope of Review



Obtain an understanding of the college's equipment and real property processes



Review grant process documentation for equipment and real property

Equipment and Real Property Management - Best Practices

- All purchase requisitions are reviewed to determine if a purchase meets the threshold to qualify as a capital asset
- Equipment purchases are tagged and tracked upon receipt
- The college performs an annual physical inventory count for all equipment, including grant funded purchases
- Federally funded asset disposals follow the State surplus property process and have proper approval before disposal



Equipment and Real Property Management – Common Findings



- No documented process for disposal of assets purchased using grant funds
- Insufficient tracking of equipment purchased with grant funds
- Equipment not used as intended

Reporting



Reporting – Scope of Review

- Determine who is responsible for performing grant financial and performance reporting
- Identify the financial and performance reporting requirements for grants reviewed
- Determine who is reviewing the final reporting for each grant



Reporting – Best Practices



The college is reviewing grant guidance to determine financial and performance reporting requirements



Detailed support used to prepare reporting is maintained



There is a documented, independent review and approval of grant reporting prior to submission

Reporting – Common Findings

- Supporting documentation is not retained for financial and performance reports
- Lack of management review of reports
- Inaccurate reporting



Grant Close Out



Grant Close Out – Scope of Review

- Determine who is responsible for performing grant close out and what activities are performed during close out

- Obtain an understanding of the college's record retention process for grant supporting documentation
  - Determine who is responsible for maintaining grant supporting documentation
  - Determine how long documents are retained
  - Verify that the college has a documented record retention process



Grant Close Out – Best Practices

- Implement a standard grant close out checklist that includes the following:
  - Review final programmatic report template
  - Review current budget and prepare final expenditures
  - Equipment and supply disposition
  - Review time and effort documentation
  - Review match/cost-sharing documentation required under the award
  - Review lessons learned
- Create a documented record retention process that includes grant record retention requirements
  - Provide record retention training to Principal Investigators and Grant Managers

Grant Close Out – Common Findings



College does not have a documented grant close out process



Grant was not spent down

Questions

