

Grant Fund Management Policy Template

Policy Title:

Grant Fund Management Policy

Policy Number:

[Insert Policy Number]

Effective Date:

[Insert Effective Date]

Revision Date:

[Insert Revision Date]

Approved By:

[Insert Approval Authority]

1. Purpose

The purpose of this policy is to establish guidelines for managing grant funds, including budgeting, allowable and unallowable costs, record-keeping, segregation of duties, and financial reporting, in accordance with the requirements outlined in 2 CFR 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards). This policy ensures that grant funds are used appropriately, transparently, and in compliance with federal regulations.

2. Scope

This policy applies to all employees, contractors, and agents of [Organization Name] involved in the management, administration, and reporting of grant funds.

3. Definitions

- **Grant Funds:** Financial resources provided by a grantor to support a specific project or program.
- **Budgeting:** The process of allocating grant funds to specific categories of expenses within a project or program.
- **Allowable Costs:** Costs that are permissible under the terms of the grant agreement and federal regulations.
- **Unallowable Costs:** Costs that are not permissible under the terms of the grant agreement and federal regulations.

- **Record-Keeping:** The systematic documentation and storage of financial transactions and related activities.
- **Segregation of Duties:** The division of responsibilities among different individuals to reduce the risk of error or fraud.
- **Financial Reporting:** The process of providing financial statements and reports to grantors, management, and auditors.

4. Policy Statements

4.1 Budgeting

- A detailed budget must be prepared for each grant award, outlining the allocation of funds to specific expense categories (e.g., personnel, supplies, travel).
- Budgets must align with the approved project scope, objectives, and timeline.
- Budget modifications must be documented and approved by the grantor, as required by the grant agreement.

4.2 Allowable and Unallowable Costs

- **Allowable Costs:** Expenses must be necessary, reasonable, and allocable to the grant project. Costs must comply with the specific terms and conditions of the grant agreement and the guidelines outlined in 2 CFR 200 Subpart E (Cost Principles).
- **Unallowable Costs:** Expenses that are expressly prohibited by the grant agreement or federal regulations, including but not limited to:
 - Entertainment expenses
 - Lobbying activities
 - Alcoholic beverages
 - Costs incurred before the grant start date or after the grant end date

4.3 Record-Keeping

- All financial transactions related to grant funds must be accurately documented and recorded in the organization's accounting system.
- Records must include supporting documentation, such as invoices, receipts, timesheets, and contracts.
- Financial records must be retained for a minimum of three years after the final financial report is submitted, or as specified by the grant agreement.

4.4 Segregation of Duties

- Responsibilities for authorizing transactions, processing payments, and reconciling accounts must be assigned to different individuals to prevent conflicts of interest and reduce the risk of fraud.
- A system of checks and balances must be in place to ensure that no single individual has control over all aspects of any significant financial transaction.

4.5 Financial Reporting

- Financial reports must be prepared in accordance with the requirements outlined in the grant agreement and submitted to the grantor on time.
- Reports must include an accurate accounting of all grant funds received, expended, and remaining.
- Any discrepancies or deviations from the approved budget must be documented and explained in the financial report.

5. Compliance and Monitoring

- The [Organization Name] Grant Compliance Officer (or equivalent position) is responsible for monitoring compliance with this policy and federal regulations.
- Regular audits of grant-funded programs will be conducted to ensure adherence to financial management guidelines and detect any potential issues.
- Non-compliance with this policy may result in corrective actions, including the repayment of funds, disciplinary action, and potential legal consequences.

6. Policy Review

- This policy will be reviewed annually and updated as necessary to reflect changes in federal regulations or organizational procedures.

7. References

- 2 CFR 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)
- [Organization Name] Financial Management Manual

Approved by:

[Name and Title of Approving Authority]

Date:

[Date of Approval]

This template provides a comprehensive framework for managing grant funds in compliance with federal regulations and organizational best practices. Adjustments can be made to tailor it to the specific needs and structure of your organization.