

ADMINISTRATIVE PRACTICE LETTER

SUBJECT: COMPLIANCE MONITORING

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Purpose of Guidelines

This document explains strategies and plans for maintaining compliance with government and other regulations related to the administration of federally-funded projects.

Policy

The University of Maine System shall convene a Sponsored Programs Compliance Review group to meet not less than once a year to review, strengthen, and when appropriate, propose new administrative practice letters for the purpose of maintaining compliance with regulations governing federally-funded projects.

Second, the Sponsored Programs Compliance Review group shall develop means for the University of Maine System and the Universities to periodically monitor and test for compliance with regulations governing federally-funded projects. When indicated, results shall be used to take corrective action, to strengthen or revise policies and procedures, and improve instruction and training.

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Who is Responsible

Responsibility for following compliance monitoring guidelines lies primarily with the University Sponsored Programs Office, or other responsible department, responsible for providing general guidance and technical assistance to Principal Investigators or Project Directors, their Department Chairs or other direct supervisors, and unit-level fiscal personnel with the general guidance and oversight of the colleges, schools and divisions.

The University of Maine System administration is responsible for providing guidance through leadership of the Sponsored Programs Compliance Review group, administrative practice letters, assistance to Universities in preparing appropriate compliance tests, and periodic internal and external audits.

Definitions and Terms

Department of Health & Human Services (HHS) Office of Inspector General (OIG) Work Plan: HHS' annual OIG Work Plan lists compliance areas various Federal audit units will focus on during a particular fiscal year. The plan "identifies vulnerabilities of Department of Health & Human Services' (HHS) programs and activities, and promotes improvement in their efficiency and effectiveness."

Procedures

APL Review: Annual review by the Sponsored Programs Compliance Review group shall include draft and approved APL's listed in Section VIII Sponsored Programs of the Finance and Treasurer's Administrative Practice Letters (APL's). The group may also propose new Sponsored Programs APL's.

Compliance Monitoring: Compliance monitoring shall focus primarily on selected high-risk areas including:

- Cost Sharing
- Restricted Expendable Funds Guidelines
- Direct Charging of Expenses
- Subrecipient Monitoring
- Effort Certification
- Service Centers
- Program Income
- Revision of Budget and Program Plans
- Financial Reporting
- Cost Transfers
- Closeout Procedures

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The HHS Office of Inspector General Work Plan will be reviewed when determining areas to monitor or test. Other resources may include internal and external audit findings, requests from campuses, OMB Circulars A-110, A-21, A-133, Federal Sentencing guidelines, NIH Grants Policy statement, NSF Grants Policy manual, and False Claims Act reports.

Examples of Compliance Areas to Test:

Cost Sharing:

- Compare budgeted committed voluntary cost share to amount in notice of grant award.
- Compare budgeted committed voluntary cost share to actual recorded.
- Review cost share account codes for appropriate recording of restricted and unrestricted cost share funds.
- Review cost share funds for negative budget variances to verify pledged cost sharing commitment is being met.

Restricted Expendable Funds Guidelines:

- Review project end dates against project status to locate federally-funded projects that are open and more than 90 days past their end dates.
- Verify final reports of expenditures have been received on grants and contracts projects that are supported by letter of credit.

Direct Charging of Expenses:

- Review projects with telephone expenses. Verify allowability.
- Review projects for catering services and verify allowability.
- Review projects with administrative and clerical salaries and wages and verify allowability.

Subrecipient Monitoring:

- Review subrecipient monitoring procedures to ensure subrecipients report equipment purchases that cost \$5,000 or more.
- Review subrecipient monitoring procedures to ensure travel costs of subrecipients are reimbursed at rates that do not exceed Federal travel regulations.
- Review procedures for monitoring subrecipient activity to ensure required A-133 audits are completed.

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Effort Certification:

- Select several large awards and compare certified commitment % to certified effort %.
- Review effort certification activity reports for signatures and timeliness of completion.
- Compare salaries on sponsor funds to salaries on cost share funds to locate possible issues regarding direct charging of cost share salaries.
- Review Labor Distribution Adjustments (LDA's) to locate high-level processors and verify legitimacy.
- Review faculty salary distribution to identify anyone with 100% charged to sponsored funds to review for compliance with regulations regarding time for proposal preparation and administration.

Program Income:

- Identify all projects with program income to verify treatment is consistent with method indicated in the award.
- Verify adjustments have been made for projects using Deductive Method program income.

Revision of Budget and Program Plans:

- Identify account codes with no budget and actual expenditures.
- Review open projects for end dates that are missing or have passed.
- Review projects for missing Principal Investigator.
- Review projects for unbalanced budgets.
- Review projects for appropriate resource account codes.

Service Centers:

- Review Service Centers with a high volume of direct charges to Federal grants to identify high risk areas.
- Determine rates justify direct charges.
- Determine grants are billed based on actual usage.
- Determine rates do not discriminate against Federal projects.

General:

- Verify a CFDA number is entered for each federally-funded project.
- Locate projects with F&A charges that exceed budget and F&A budgets without charges. Review allocation rules on these projects.
- Review cost share funds for presence of F&A account code budget or charges.

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Responsibilities

University of Maine System Administration:

- Coordinates discussion items for the Sponsored Programs Compliance Review group
- Establishes members and functions of the Sponsored Programs Compliance Review group
- Convenes the Sponsored Programs Compliance Review group at least once a year
- Assists in developing basic queries or other tools and training for Sponsored Programs Offices, or other responsible departments.

University Vice President for Finance/Administration and/or their reporting units:

- Participates on the Sponsored Programs Compliance Review group, when appropriate.

Office of Research, or other responsible department:

- Participates on the Sponsored Programs Compliance Review group, when appropriate.

Sponsored Programs Office, or other responsible department:

- Participates on the Sponsored Programs Compliance Review group.
- Conducts tests, using tools developed by the Sponsored Programs Compliance group, and analyzes results to monitor compliance with Federal requirements.
- Takes corrective action indicated by results of the monitoring tests. Develops or revises Sponsored Programs Office procedures as appropriate based on results of the monitoring tests.
- Recommends revisions in the Administrative Practice Letters, as needed.
- Communicates procedures and revisions to Principal Investigators or Project Managers and associated financial staff.

Principal Investigator or Project Managers, their department chairs or other direct supervisors, and unit-level fiscal personnel with general guidance and oversight of the colleges, schools and divisions:

- Notifies the Sponsored Programs Office, or other responsible department, of changes it recommends to Sponsored Programs Administrative Practice Letters or other sponsored programs policies and procedures.
- Participates on the Sponsored Programs Compliance Review group, when appropriate.

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Related Documents

[“Accounting for Grants and Contracts”](#) business process document located in the Financial Processes section of PeopleSoft Finance in the Office of Finance and Treasurer.

[APL VIII-B Restricted Expendable Funds Guidelines](#)

APPROVED:

Chief Financial Officer and Treasurer