



Financial Monitoring of Sponsored Programs Guidelines

Purpose

To maintain appropriate financial management of sponsored programs and compliance with federal and funding agency rules and regulations and university policies. These guidelines are intended for all members of Northeastern University who are responsible for sponsored projects financial administration, including Principal Investigators, College Grant Managers, and College Financial Leadership. Following these guidelines will ensure accurate grant balances and avoid overspending or loss of funding.

Financial management of sponsored programs is a shared responsibility of the Principal Investigator, College Grant Manager, College Financial Leadership, and NU-RES. Each party has a fiscal and regulatory obligation to ensure all transactions are adequately documented for audits and are within the:

- Award's Budget and Project Period
- Scope of Work and Terms of the Award
- Sponsor's Regulations and Cost Principles
- Must be allowable, reasonable, allocable, and treated consistently

Role Summary

Principal Investigator: Responsible for overseeing all technical and financial aspects of the sponsored project, which includes regularly reviewing financial reports to identify discrepancies or errors, ensuring proper use of sponsor funds, and avoiding project overruns (deficits.) Monitor project for potential changes to scope, budget, project dates (e.g., no-cost extensions), or other actions requiring communication to NU-RES or sponsor, to include financial reporting deadlines and award closeout procedures. Attend college and university-wide training and meetings to stay current with changing policies and procedures for sponsored awards.

College Grant Manager: Review transactions to ensure they meet the cost principles (allowable, reasonable, allocable, and consistent treatment). Regularly review financial reports to identify inaccuracies, discrepancies, or errors and resolve them promptly. Meet with Principal Investigator to review retrospective and prospective adjustments and forecasting, ensure proper use of sponsor funds, and avoid project overruns (deficits.) Ensure that transactions are processed and posted as intended in the financial system.

College Financial Leadership: Perform a high-level review of the grant portfolio to address any overspending, unusual costs, and funding of cost-share accounts. Ensure College Grant Manager and Principal Investigators are reviewing reports and meeting periodically.

Research Finance: Develop policies, procedures, and guidelines to ensure fiscal management and compliance with federal and funding agency rules and requirements. Review terms and conditions of the award for financial deliverables, perform account setups, and load budgets in Banner as outlined during the award acceptance stage. Perform regular review of overspent accounts, cost-sharing, review of transactions, and external reporting of sponsored program activities, including financial reporting (e.g., FFR), invoicing/draws, and cash management.

For a more detailed view of roles and responsibilities, refer to the [Roles and Responsibilities](#) webpage.

4 Keys to Successful Financial Monitoring

1. Review Award Notice and Setup, including
 - a. Terms & Conditions of award (may have special conditions or restrictions)
 - b. Deliverables
 - c. Budget
2. Award Management
 - a. Set up costs (Pre-Award, PDC Allocations, Subcontracts)
 - b. Transaction Processing/Review
 - c. Periodic Financial Report Review
3. Regularly Scheduled PI/Admin Meetings
4. Award Closeout
 - a. Final Financial Reports & Invoices
 - b. Process Reconciling items

Review Award Notice and Setup

Know your sponsored award by reviewing the proposal, award notice, and setup in the systems. As your project transitions from proposal to award acceptance to award management, it is essential to review and make sure the project is set up as you need it to monitor your project and finances properly. Your college administrator and NU-RES can assist you with this process and discuss any needs you may have for your account configuration.

Award Terms & Deliverables

The award notice will include or provide reference to the terms and conditions. Read and understand the terms, specifically focusing on when prior approval is needed, budget and allowable costs restrictions, reporting and billing requirements, and deadlines. Review and ensure cost-sharing requirements are set up correctly.

Budget

For successful financial monitoring, be familiar with the proposed budget compared to the award budget and confirm system budget is accurate; send an updated budget to NU-RES as necessary, paying close attention to personnel effort, subcontracts, participant support costs, and equipment for potential prior approval requirements. Once the account is established, you will receive an email notification with the internal project identifier (grant number, or "G#") and Fund number (also referred to as "index number") for you to begin spending on your project. Review that your budget was loaded as you intended.

Award Management

Startup Costs

This initial review to correctly start the project will *save significant time* making and confirming corrections during the award and allow for a much clearer view of the award throughout its life. Ensure all pre-award costs are posted to the project, and personnel effort is accurately allocated at the outset. Review for proposed personnel effort and initiate PDCs. Review purchase orders for accuracy and completeness.

Transaction Review

Confirm that the correct account is being charged, it is properly documented, and the costs are allowable and within the budget for the specific award. Pay special attention to personnel costs and confirm effort aligns with the proposed effort.

Unacceptable costing practices include:

- Charging costs based on the largest remaining balance
- Charging costs solely to spend remaining funds before a project ends
- Rotating or “parking” costs among sponsored projects without establishing benefit to each project
- Using costs on a federal project to meet cost-share requirements on another federally financed program

Allowable costs are defined as:

- necessary and reasonable for the performance of the project and reflect what a prudent person might pay under the same circumstances
- Be allocable; the project that paid the expense directly benefits from it
- Conform to any limitations or exclusions set forth under Uniform Guidance, sponsor terms and conditions, the specific award agreement, or NU policy
- Be consistent; costs treated the same way in like circumstances regardless of the source of funding (i.e., federal vs. non-federal)
- Be adequately documented

Financial Report Review

Ideally, reports should be reviewed monthly to identify any significant issues, validate transactions that were processed and posted to the account as intended, and prepare for upcoming meetings with the PI. The report review should be both retrospective for posted transactions and prospective, based on spending trends. Reports are available in Priority, ePrint, and Cognos. Payroll costs (salary, benefits) are posted either semi-monthly or bi-weekly, depending on the employee class. Direct and indirect expenses are calculated and posted before each monthly financial close, typically on or about the 5th business day of the following month.

PI Grant Portfolio Review Meetings

Schedule a series of meetings with each PI on a monthly, bi-monthly, or no less than quarterly, depending on portfolio size and complexity. These meetings will allow you to become familiar with the PI’s grant portfolio and should include:

- Review to identify and correct this month’s erroneous or improper transactions
- Review of “tickler files” to ensure prior issues resolved
- Review of spending trends to address deficits or accelerated or delayed spending
- Review of upcoming closeouts or reporting deadlines
- Review of updated Policies, Guidelines, etc.
- Identify any prior approval needs

For each grant:

- Were previously identified action items completed correctly?
- Are salaries properly allocated?
 - Effort should be monitored throughout the year, while Annual Research Effort Certification is a brief review and confirmation
 - Missing personnel? Remove Personnel? Adjust %?
- Subcontracts
 - Funding used for purposes authorized? Scope of work on target?
 - Is project performance aligned with spending?
 - Is the subcontractor submitting timely invoices?

- Review Purchase Orders
 - Do you need to liquidate any POs that are no longer needed?
 - Do you need to create a PO to encumber expenses?
 - Have invoices been processed against open POs as anticipated?
- Non-salary costs meet allowable cost criteria for this project?
- Any changes to budget or scope of work?
- Were additional action items recorded and tasks assigned?

Review portfolio for spending trends:

Sponsors monitor expenditure rates for patterns of accelerated or delayed expenditures. Projects with accelerated spending, not aligned with project status, tend to result in overspending leaving insufficient funding to complete the project. A deficit report is sent out monthly to college grant administrators to resolve with the PI and College Financial Managers. On the other hand, projects with delayed spending may result in funding cuts by the Sponsor, more frequently seen when carryforward balances are greater than 25% of the funding for the budget period. At a minimum, delayed spending typically requires a detailed explanation to the sponsor. Diligent financial monitoring during the life of the award will help avoid serious concerns of overspending or questions stemming from delayed spending, which sponsors sometimes rely upon as an indicator of the progress of a project.

Project Closeout

Diligent financial monitoring during the life of award makes closeouts easier and avoids transactions that may cause “red flags” at the end of the project (increased cost transfers, PDCs, increased spending, etc.). The minimum monitoring at the end of the project includes:

- Identify projects which will benefit from a no-cost extension
 - submit [Transaction-form](#) to NU-RES@northeastern.edu
- Carefully review expenses posting at or after the project end date, considering and explaining how the costs benefit the project that is ending. Sponsors and auditors examine these costs for allowability
- Identify outstanding invoices and take action to process them before the project ends
- Follow up with any subcontracts for final invoices if it has not been received
- Identify employees to move to other non-research accounts and initiate PDCs, confirm results were as intended
- Ensure that all project expenditures are allocated in accordance with federal regulations, the funding agency and award’s terms and conditions and within university policies and business practices.
- Review final report or final invoice from Research Finance

Additional tools and documents:

[Financial Review Matrix Document](#)

[Roles and Responsibilities](#)

[Budget Forms & Templates](#)

[Transaction Form](#)

[Allowable Costs Guidelines](#)

[University Policies](#)

For questions related to this document, please contact your Research Finance Analyst.