

RG:06

Internal Control Policy

I. PURPOSE

This policy is set in place to document the internal controls in the Office of Research, Grants, and Sponsored Programs.

II. POLICY STATEMENT

Control Environment

The Office of Research, Grants, and Sponsored Programs at Lincoln Memorial University is committed to an environment focused on transparency and ethical reporting. The Office does this through ensuring that every employee is aware of and has acknowledged the ORGSP Handbook that outlines the office's internal structure and responsibilities. Staff are also encouraged and required to undergo formal training to give each employee a better understanding of their responsibilities and campus-wide expectations. The ORGSP is additionally subject to financial audits performed by an independent auditor at the discretion of each granting agency. This serves as a check that management and personnel are acting in accordance with all applicable laws and regulations. Furthermore, the ORGSP staff works closely with the Finance Department, grantors and grantees, creating a system of checks and balances within the financial realm of record keeping.

Risk Assessment

The ORGSP is susceptible to specific reporting requirements that vary between grants. Personnel within the office are aware of these deadlines and follow protocol to ensure reporting requirements have been fulfilled. Accurate and timely financial reporting is ensured and supported through consistent and detailed tracking performed within the Office. There is always the risk of fraudulent activity, which the Office does understand. The Office handles this risk by ensuring that internal controls are in place and that proper approvals must be given before transactions take place. The movement of most tracking and awarding to computer systems has had a positive impact upon the Office. Via shared documentation and open record access, a continuous process of monitoring takes place within each grant.

Control Activities

As discussed before, the ORGSP maintains open communication with others who are involved in activities through the office. Document sharing is highly encouraged, however, the ORGSP maintains the control to edit documents when needed. The Office also reconciles its balances with finance and each grantee periodically.

To show control and accountability for all funds, property and other assets related to federal grant awards, the University will manage each federal award in

compliance with federal statutes, regulations and terms of the federal awarding agency. The Office of Research, Grants, and Sponsored Programs will compare expenditures with budget amounts for each federal award on a routine schedule.

The Finance Office will ensure payments on federal grant awards are prompt with minimal time elapsing between transfer of funds (from United States Treasury or pass-through entity) and the distribution of the funds. The Office of Research, Grants and Sponsored Programs has written procedures for this process that meet requirements of 2.CFR.200.305.

As prescribed in Subpart E – Cost Principles under 2 CFR Part 200, for a given cost to be charged to a federal award the cost must be allowable, reasonable, and allocable. Procedures for determining these requirements are in LMU Policy on Costing Principles for Sponsored Projects.

Information and Communication

The ORGSP office tracks grant activity across the University's campus. It uses relevant information provided by grantees and grantors to ensure that accurate data is presented. The office uses this compilation of data to track balances for each grant and shares the information with the grantee and the finance department. The Office also shares this information with the grantors through reporting requirements and for audits when applicable.

The University will take reasonable measures to safeguard protected personally identifiable information and other information the federal awarding agency or pass-through entity designates as sensitive (consistent with applicable federal, state and local laws regarding privacy and obligations of confidentiality).

Monitoring Activities

The ORGSP is always looking for ways to improve its structure and functioning. The office is always auditing itself through cross-functional collaboration with the finance department and staying in compliance with reporting requirements from each grantor. When deficiencies are noted, the department takes immediate action to handle the situation efficiently.

Should any issues of noncompliance arise, such as those identified in audit findings, the university will take prompt action to investigate and manage.

IV. AUDIENCE

This policy applies to all employees of the ORGSP and other offices involved in the financial management of grant funds.

V. COMPLIANCE

Failure to comply with this policy will put the University at significant risk for internal control deficiencies.

VI. ROLES AND RESPONSIBILITIES

Executive Director of ORGSP: Complies with policy and actively participates in the segregation of duties within the Office.

Post-Award Manager: Complies with policy and actively participates in the segregation of duties within the Office.

VII. STANDARDS
2 CFR 200

VIII. PROCEDURE

Post-Award Grant Manager	Executive Director
<ul style="list-style-type: none">- Approves purchasing documentation related to grants- Requests appropriate restricted budget transfers from grant accounts- Prepares bank deposits- Creates invoices- Creates internal ORGSP purchasing documentation- Assists in development of final financial reports	<ul style="list-style-type: none">- Opens mail- Approves restricted budget transfers from grant accounts- Approves internal ORGSP purchasing documentation- Approves final financial reports

Narrative:

The ORGSP maintains appropriate segregation of duties within its office. No one person is responsible for initiating transactions, approving transactions, recording transactions, reconciling balances, handling assets, and reviewing reports. Adequate segregation of duties reduces the likelihood that errors will remain undetected by providing for separate processing by different individuals at various stages of a transaction. Regarding reporting, the Post-Award Grant Manager will assist with the creation of the final financial report to ensure its accuracy. Once created and verified by the Post-Award Grant Manager, the Executive Director will also review and certify the financial report barring no misstatements are found. Within the ORGSP, the Post-Award Grant Manager and Executive Director properly segregate all responsibilities. Outside of the ORGSP and related to its restricted accounts, the ORGSP works with finance and Primary Investigator/Project Director and/or Department heads to appropriately segregate all matters related to the financial management of grants and sponsored projects.

Procedure for Receiving Funds and Handling Checks

Segregation of Duties Chart:

Process	Post-Award Grant Manager	Executive Director
Receives check/mail	X	
Opens documentation		X
Posts to Colleague / Creates Deposit	X	
Reviews, Seals, & Initials Deposit		X
Scan documentation	X	
Delivers Deposit to Cashier's		X
Reconciles Account	X	

Narrative:

When funds are received in the ORGSP, the Post-Award Manager receives the mail/check. It is then taken to the executive director to open the mail / review the documentation. Once opened and reviewed, the Post-Award Manager posts the receipt of funds into the Colleague system and creates the deposit. After this step, the Executive Director will review, initial, and seal the deposit. The Post-Award Manager then scans this documentation and immediately returns it to the Executive Director. The Executive Director delivers all sealed documentation to DAR to be deposited. Finally, the Post-Award Manager will reconcile the restricted account the funds were to be posted to and ensure that it accurately reflects funds received.

IX. CONTACT INFORMATION

For more information regarding this policy, please contact the Office of Research, Grants, and Sponsored Programs.

X. DOCUMENT HISTORY

Effective Date: 04-24-2024