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Budget Management

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Tools for Budget Management

The Project Director should review the "Get Ready to Manage Your Grant Budget" guidelines, which provides initial instructions to get started.

Project Directors and Grant Administrators should monitor the grant expenditures and budget on a regular basis using Banner or WebSMART.

Please refer to various training documents under the Purchasing/General Services in the Downloads link of the SMCCCD District Portal for detailed Banner and WebSMART reports and instructions.

[Guidelines to Developing Your Budget](#) (includes commonly used account codes)

[Get Ready to Manage Your Grant Budget](#)

[Training and Reference Materials](#)

- [Websmart Training Document](#)
- [Banner 9 Navigation Basics](#)
- [Banner 9 Finance Training](#)
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Budgeting and Expenditure Monitoring

All grants require careful tracking of expenditures and monitoring of accounts to determine allowability of costs in accordance with federal regulation cost principles. The Accounting Department maintains detailed records, but it is the responsibility of the Project Director and Grant Administrator to ensure that the funds are spent in adherence to the specific Funding Terms and Conditions (FT&C's) for your program. And, if there are any changes to your FT&C's, it's important that you let the College Business Office (CBO) know of these changes to determine next steps.

Changes to Your Budget

Budgets represent your best projection of what your expenditures will be in the coming year. However, it is sometimes necessary to adjust your budget to accommodate the actual expenditure needs.

The procedure for changing your budget depends on two things. One is the Funding Terms and Conditions (FT&C's) of your grant and two, whether you are moving funds from one category to another. Some grants require the funder's approval or grant amendment if the change is over 10 percent of the total amount of the grant, some require approval if the change is over a certain percentage of the budget line item, and others do not require the funder's approval at all as long as the scope of the project has not changed. Check the FT&C's of the grant before making any changes. If approval from the funder is required you'll need to get written approval before submitting your budget change and before spending in the new category or above the budgeted limits.

Since grant proposals are basically projected work plans, and proposal budgets are projections of what will be needed to implement the plan, it is not unusual for things to change once work gets underway. Funding agencies understand this and allow grant recipients to make changes to varying degrees, without requesting their approval. Most grant contracts specify the types of changes that can be made with or without prior approval. Project Directors should make sure they know this at the onset of a grant.

If a PD wants to make a change that requires prior approval from the funding agency, he or she should notify the Dean and CBO and request approval. Upon receiving approval, the PD will contact the Program Officer at the agency to request the change and its purpose. The grant agreement normally provides detailed procedures to follow. It is important to follow the exact procedures since grant agreements are legal documents and cannot be altered without official written approval.

Agency personnel will deliberate and officially approve or disapprove changes in writing. **No program changes may be made until official written approval is obtained.** This may take some time, so it is important to make changes as early as possible. The original approval letter is to be sent to the District's Grants Analyst Office and CBO, and the PD is to maintain a copy in their project files.

Unallowable Cost Information

The information provided in this document is intended to assist the user to achieve and maintain compliance with the federal regulations within the scope of the grant.

Office of Management and Budget 2 CFR Part 200

OMB 2 CFR defines various activities and objects as either allowable or unallowable for reimbursement by the government. It describes the allowability of costs as follows: "(a) they must be reasonable; (b) they must be allocable to sponsored agreements under the principles and methods defined in OMB 2 CFR; (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items."

Costs defined as unallowable under OMB 2 CFR are not necessarily expenses that are prohibited. Some may be related to essential institutional functions; however, by identifying them as unallowable, the government has stated that federal funds may not be used to pay for these expenses. They may not be charged as direct or indirect costs, nor may they be counted as cost sharing on federally sponsored projects.

Below is a list of selected unallowable costs taken from Subpart E-Cost Principles of OMB 2 CFR. For more information, refer to the full text of the regulation available at [Subpart E-Cost Principles of OMB 2 CFR](#).

Common Unallowable Costs

- Advertising (200.421)
- Alcoholic beverages (200.423)
- Alumni activities (200.424)
- Bad debt expense (200.426)
- Commencement and convocation costs (200.429)
- Contingency provisions (200.433)
- Contributions and donations (200.434)
- Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements (200.435)
- Entertainment (200.438)
- Fines and penalties (200.441)
- Fund raising (200.442)
- Goods and services for personal use (200.445)
- Lobbying (200.450)
- Losses on other awards or contracts (200.451)
- Memberships, subscriptions and professional activity costs (200.454)
- Student activity costs (200.469)
- Travel costs that don't follow our internal travel procedures ([Domestic](#) / [International](#)) (200.474)

Remember this is a quick reference guide. There may well be reasonable exceptions to some of the unallowable costs listed here.

Examples of Unallowable vs. Allowable Expenses

A frequent source of confusion about the allowability of expenses stems from a failure to recognize the differences between business function expenses, which are allowable and entertainment expenses, which are not (unallowable). The examples below should help to clarify this important distinction.

Unallowable Entertainment Expenses

- An invited speaker is in town to present. While here, you take the speaker to dinner and a sporting event to show your appreciation.
- It is the end of the fiscal year and you have survived another year. You decide to have a year-end party for your department to lift morale. Catering delivers a luncheon in the conference room and everyone in the department gets together to socialize and unwind.

The above costs are for "amusement, diversion, and social activities" and any costs directly associated with such activities are considered unallowable. Here are more examples of unallowable expenses: tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities.

Allowable Business Function Expenses

- An invited speaker is on campus to present a seminar from 12:00-1:00pm. You have a luncheon, following the seminar, so that attendees can have the opportunity to meet and talk with the lecturer more closely about her research.

The cost of the luncheon is an allowable expense and should be classified as a business function. This is considered an extension of business and is therefore allowable (except for any alcohol that may be purchased).

Please refer to "[Frequently Asked Questions on Using Federal Funds](#)" for Conferences and Meetings – December 2014 for US Department of Ed grants. This information is usually included in the GAN.

Payments

SMCCCD requests payments from federal awarding agencies by the reimbursement method based on actual expenses incurred. The District Office will request electronic payments when required, or the PD will invoice the pass-through entity after review and approval by the college business office. Both methods are based on actual expenses incurred.

Conference Attendance and Travel

All travel must follow the District's conference and travel policies, and must be approved in advance.

- [Board Policy 8.55 Conference Attendance and Travel](#)
- [Administrative Procedure 8.55.1 Domestic Conference and Travel Expenses](#)
- [Administrative Procedure 8.55.2 International Conference and Travel Expenses](#)

Conference Forms

- [Conference Pre-approval/ Advance Form](#)

- [Statement of Conference Expenses Form](#)

Budget Year End Close Out

The following presentation provides guidance for the 2016-17 budget close out. Topics covered include: Mini Closing Review; Retroactive COLA(Cost of Living Increase); Budget Realignment; Useful Banner Forms for Monitoring Grants; and Budget Preparation for fiscal year 2017-18.

[2016-2017 Mini-Closing Grants & Categoricals](#)

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