BUSINESS AND FINANCE DEPARTMENT
Grants Accounting

Effective Date: 8/1/2026

CONTROLS FOR SUPPORTING DOCUMENTATION POLICY

Policy Number	550-01
Approval Authority	Chief Financial Officer
Responsible Administrator	Controller
Responsible Office	Business and Finance
Policy Contact	Director of Grants Accounting

1.0 POLICY STATEMENT

Tennessee State University is committed to the responsible stewardship of sponsored award funds and to maintaining financial practices that ensure compliance, accountability, and transparency in the administration of sponsored awards.

The University will establish and maintain effective administrative, financial, and internal control systems to ensure that sufficient and appropriate supporting documentation is retained for all federally and non-federally sponsored awards, in accordance with Uniform Guidance (2 CFR Part 200) and applicable internal and external policies and procedures issued by governing bodies.

Tennessee State University will maintain effective internal controls over federal awards that provide reasonable assurance that: federal awards are managed in compliance with applicable federal statutes, regulations, and award terms and conditions; financial records are accurate, complete, and supported by sufficient documentation; costs charged to sponsored awards are allowable, allocable, reasonable, and properly documented; records are retained in accordance with federal retention requirements; and documentation is readily accessible for audit, monitoring, and other oversight activities. No expenditure will be charged to a federal award without adequate supporting documentation.

All expenditures, financial transactions, programmatic activities, and compliance requirements must be fully supported by adequate documentation and maintained in a manner that ensures accessibility for review, audit, and monitoring purposes.

2.0 IMPORTANCE AND REASON FOR THE POLICY

The purpose of this policy is to establish a comprehensive framework for the consistent and compliant administration of sponsored awards at Tennessee State University. This policy reinforces the University's commitment to sound financial management, regulatory compliance, and effective internal controls in alignment with Uniform Guidance (2 CFR Part 200) and other applicable federal, state, and sponsor requirements.

Adherence to this policy is critical to mitigating financial risk, preventing disallowed costs, ensuring the accuracy and reliability of financial reporting, and maintaining the University's eligibility to receive and manage sponsored funding. It also supports transparency, accountability, and audit readiness by ensuring that all transactions and activities related to sponsored awards are properly documented, reviewed, and retained.

This policy applies to all departments and administrative units of the University, including Principal Investigators (PIs), Project Directors, and all employees responsible for the financial, administrative, or programmatic management of sponsored awards. It governs all federally funded grants, cooperative agreements, and contracts, and may also apply to non-federal awards where sponsor terms impose similar requirements.

3.0 DEFINITIONS

Allocable Cost: A cost that benefits the award charged and can be assigned to that award in proportion to the benefit received.

Allowable Cost: A cost that complies with federal regulations, sponsor requirements, award terms and conditions, and University policies.

Adequate Supporting Documentation: Records that sufficiently substantiate the nature, purpose, allowability, and accuracy of a transaction. Examples include invoices, receipts, contracts, payroll records, effort certifications, travel authorizations, and approvals.

Audit and Monitoring: Processes conducted by internal or external parties to evaluate compliance, accuracy, and effectiveness of financial and administrative practices.

Cost Transfer: An accounting entry used to move an expenditure from one funding source, account, or award to another.

Documentation Accessibility: The requirement that all supporting documentation be organized, retrievable, and available for review by auditors, sponsors, and oversight entities upon request.

Documented Exception: A written explanation, approved by the Responsible Administrator or designee, which describes the reason for an exception, the amount involved, the award affected, the corrective action required, and the expected resolution date.

Effort Certification: The process of verifying that salaries and wages charged to a sponsored award accurately reflect the work performed.

Financial Transaction: Any activity that impacts the financial records of a sponsored award, including expenditures, cost transfers, journal entries, drawdowns, and revenue recognition.

Internal Controls: Processes and procedures designed to provide reasonable assurance regarding the achievement of objectives related to compliance, financial reporting, and operational effectiveness.

Period of Performance: The time during which sponsored award funds are authorized for obligation and expenditure, as defined by the sponsor.

Personnel Action Request Form (PARF): An official University document used to initiate and approve personnel-related actions, including hiring, changes in compensation, or funding sources.

Principal Investigator (PI) / Project Director: The individual responsible for the overall management, execution, and compliance of a sponsored award, including financial and programmatic oversight.

Reasonable Cost: A cost that does not exceed what a prudent person would incur under similar circumstances and is consistent with the nature of the goods or services received.

Record Retention: The requirement to maintain financial and programmatic records for a specified period in accordance with sponsor and regulatory requirements.

Restricted Funds: Funds received from external sponsors (e.g., federal, state, private) that must be used in accordance with specific terms, conditions, and regulatory requirements.

Responsible/Department Administrator: The University official responsible for oversight, interpretation, implementation, and exception approval for sponsored award drawdown and cash management requirements, or the official designee.

Subrecipient: A non-federal entity that receives a subaward from the University to carry out a portion of a sponsored program.

Unallowable Costs: Costs that cannot be charged to a sponsored award based on federal regulations, sponsor restrictions, or University policy.

4.0 POLICIES AND PROCEDURES

The following procedures and control requirements govern the University's preparation, review, approval, reconciliation, documentation, and ongoing monitoring of sponsored awards at Tennessee State University. These requirements establish the minimum standards for adequate supporting documentation, internal controls, and record retention in accordance with Uniform Guidance (2 CFR Part 200) and applicable sponsor terms and conditions.

All activities related to sponsored awards must be performed in a manner that ensures financial accuracy, regulatory compliance, and the availability of complete and verifiable supporting documentation for audit, monitoring, and oversight purposes.

A. Required Supporting Documentation

The University requires that all financial, administrative, and programmatic activities related to sponsored awards be supported by complete, accurate, and verifiable documentation. Documentation must clearly demonstrate the nature, purpose, allowability, allocability, and reasonableness of each transaction and must be maintained in accordance with institutional and sponsor requirements.

1. Financial Transactions

All charges to sponsored awards must be supported by adequate documentation that substantiates the transaction and demonstrates a clear benefit to the specific project.

Documentation must include, as applicable:

- Original invoices, receipts, and itemized billing statements
- Purchase requisitions, purchase orders, and procurement records in accordance with institutional procurement policies
- Executed contracts, agreements, and subaward documentation
- Travel authorizations, expense reports, and supporting receipts
- Payroll records, including salary distributions and certified effort reports
- Cost transfer documentation, including detailed justification and approvals
- Equipment purchase and inventory records, including asset tagging and location tracking
- Written justification demonstrating the direct benefit to the sponsored project
- Evidence supporting the allowability, allocability, and reasonableness of the cost
- Documentation of required approvals obtained prior to, or in accordance with, institutional procedures

All documentation must be complete, legible, and maintained in a manner that allows for independent verification by internal and external reviewers.

2. Payroll and Effort Reporting

The University will maintain a compliant system for documenting personnel expenses charged to sponsored awards in accordance with §200.430 (Compensation—Personal Services).

Payroll and effort reporting must accurately reflect the work performed and the distribution of effort across funding sources, be supported by appropriate records of time and effort, including after-the-fact confirmation, be reviewed and certified by the employee, Principal Investigator, or responsible official with suitable means of verification, be incorporated into the University's official records and reconciled to

payroll charges, and be completed in a timely manner in accordance with institutional deadlines.

Effort certifications must reasonably reflect total institutional effort and align with actual activities performed.

3. Subrecipient Monitoring

The University will maintain sufficient documentation to support the monitoring and oversight of all subrecipients to ensure compliance with applicable federal requirements.

Required documentation includes subrecipient risk assessments and determination (subrecipient vs. contractor classification), fully executed subaward agreements and any amendments, documentation of monitoring activities, including correspondence and site visit reports, when applicable, review and approval of subrecipient financial and programmatic reports, verification of invoiced costs, including allowability and alignment with approved budgets, and documentation of audit review and follow-up actions for subrecipients subject to audit requirements.

Subrecipient monitoring must be risk-based and performed throughout the life of the subaward.

4. Cost Transfers

Cost transfers to sponsored awards must be properly controlled to ensure accuracy and compliance.

All cost transfers must be completed within established institutional deadlines, include detailed written justification explaining the reason for the transfer, clearly demonstrate how the cost directly benefits the receiving sponsored project, include supporting documentation for both the original charge and the corrected entry, and be reviewed and approved by appropriate administrative and financial officials.

Late, frequent, or unsupported cost transfers are indicators of weak internal controls and will be subject to heightened scrutiny and additional review.

5. Personnel Action Request Forms (PARF)

Grants Accounting Office will electronically approve applicable documents and route them to the appropriate offices for further processing. The following personnel-related documents are reviewed and approved by Grants Accounting when funding involves restricted funds include:

- University Position Requisition Form (Hiring Proposal request)
- Personnel Action Request Form (PARF)
- Appointment Recommendation Form
- Notice of Summer Appointment
- Overtime Authorization Form

- Request for Work-Aid Student or Graduate Assistance Services Form
- Extra Service Pay Form

Supporting Documentation and Controls should include detailed justification for the personnel action, clearly tied to the sponsored project scope of work, verification of budget availability and alignment with the approved grant budget, effort commitment documentation consistent with certified effort and payroll distribution, confirmation that salary charges are allowable, allocable, and reasonable per sponsor guidelines, documentation of appropriate approvals (Principal Investigator, Department Head, and other required approvers), review to ensure the transaction falls within the project period of performance, and retention of documentation in accordance with record retention requirements and audit standards.

6. Other Documents Requiring Grants Accounting Office Approval

Financial and administrative documents that are also subject to review and approval by the Grants Accounting Office include:

- Transfer Voucher
- Authorization to Credit Student Account (Scholarship)
- Travel Requisition Form
- Catering Service Request

Supporting Documentation and Controls should include:

- Clear business purpose and justification directly related to the sponsored project
- Supporting documentation for cost allowability (e.g., invoices, receipts, award terms, or sponsor guidelines)
- For Transfer Vouchers:
    - Detailed explanation for the transfer, including timeliness and justification for any cost transfer
    - Evidence that the expense is allocable to the receiving fund
- For Authorization to Credit Student Accounts:
    - Documentation supporting student eligibility and alignment with grant or scholarship requirements
- For Travel Requisitions:
    - Travel justification demonstrating direct benefit to the project
    - Estimated costs, agenda (if applicable), and compliance with sponsor and University travel policies
- Verification that all transactions occur within the grant period and within approved budget limits
- Evidence of required approvals prior to submission

After approval, documents are routed as follows: **Transfer Vouchers to** General Accounting; **Authorization to Credit Student Accounts** to Financial Aid; **Travel Requisitions** to Procurement Office; and Catering Service Request according to SciQuest.

Unsupported requests will be returned for corrective action. This review and approval process, supported by adequate documentation and internal controls, ensures compliance with federal regulations, sponsor requirements, and University policies, while promoting transparency, accountability, and proper stewardship of sponsored funds.

B. Internal Control Requirements

In accordance with §200.303, Tennessee State University will establish and maintain effective internal controls over sponsored awards to provide reasonable assurance of compliance and financial integrity.

Internal controls will include, but are not limited to:

Segregation of Duties: Separation of responsibilities for authorization, processing, and reconciliation of transactions, where feasible.

Review and Approval Controls: Documented supervisory review and approval of expenditures prior to posting or within established timelines.

Reconciliations: Monthly or periodic reconciliations of grant accounts to ensure accuracy, completeness, and timely correction of discrepancies.

Monitoring and Compliance Reviews: Ongoing internal monitoring, including periodic compliance reviews and documentation assessments.

Training Requirements: Mandatory training for Principal Investigators, department administrators, and staff involved in sponsored award management.

Standardized Processes: Use of standardized documentation checklists and procedures for award setup, financial management, and closeout.

Failure to comply with documentation and internal control requirements may result in disallowance of costs, removal or restriction of spending authority, increased monitoring and oversight, or disciplinary action in accordance with University policy.

C. Record Retention

All financial and programmatic records related to sponsored awards must be retained in accordance with federal and sponsor requirements.

Records must be retained for a minimum of **three (3) years** from the date of submission of the final expenditure report, unless a longer retention period is required by the sponsor, audit findings remain unresolved, and litigation, claims, or investigations are pending.

Records must be stored in a secure and controlled environment, protected from unauthorized access, alteration, or destruction, and organized and readily accessible for audit, monitoring, and review purposes.

Electronic records must meet the same standards for accessibility, reliability, and integrity as paper records.

D. Roles and Responsibilities

Clear assignment of roles and responsibilities is essential to maintaining effective internal controls and compliance.

Principal Investigators (PIs) / Project Directors: Ensure all expenditures are appropriate, allowable, and properly documented, review financial reports regularly to monitor budget and spending, maintain programmatic records that support project activities and outcomes, and certify effort and ensure alignment between work performed and charges to the award.

Department Administrators: Verify completeness and accuracy of documentation prior to processing transactions, maintain organized and complete grant files, perform monthly reconciliations and promptly address discrepancies, and support PIs in ensuring compliance with sponsor and institutional requirements.

Office of Research and Sponsored Programs (RSP): Provide oversight of sponsored awards, including compliance monitoring, conduct periodic reviews of supporting documentation and internal controls, review and approve awards prior to setup, and provide guidance on sponsor requirements and regulatory compliance.

Office of Business and Finance & Grants Accounting Office: Ensure financial systems and processes align with Uniform Guidance, maintain official accounting records for sponsored awards, perform financial reporting, reconciliations, and closeout activities, and support audit preparation, documentation requests, and response efforts.

E. Monitoring and Enforcement

Compliance with this policy will be monitored through periodic internal audits, reviews, and ongoing oversight activities.

Identified deficiencies must be addressed through corrective action plans with defined timelines and accountability, where feasible. Follow-up reviews will be conducted to ensure remediation is completed effectively.

Repeated or material noncompliance may result in restricted or revoked spending authority, increased monitoring or additional approvals, escalation to senior leadership, or sponsor notification, if required.

5.0 AUTHORITY AND REFERENCES

This policy is administered in accordance with applicable federal, sponsor, and University requirements governing sponsored award drawdowns, federal cash management, sponsored award financial administration, cost allowability, award-level documentation, and internal controls, including but not limited to:

a. 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;

b. 2 CFR § 200.302, Financial Management

c. 2 CFR § 200.303, Internal Controls

d. 2 CFR § 200.305, Federal Payment

e. 2 CFR § 200.403, Factors Affecting Allowability of Costs

f. 2 CFR § 200.405, Allocable Costs

g. Applicable sponsor terms and conditions

h. University policies and procedures governing sponsored awards, grants accounting, cost transfers, records retention, and financial management.

i. Applicable grant, contract, cooperative agreement, or award documents

6.0 HISTORY

N/A