



The 7 Basics of Internal Control for Grant Management

There are seven basic controls that every grant manager should look for to reduce the risk of both grant mismanagement and fraud.

Identifying *all* the necessary internal controls can be difficult as each grant may have varied specifications and requirements.

However, understanding the basics will set you on the right track.

Take a minute to review the list and ask the related questions of your organization:

Control #1: Formal Written Policies and Procedures

- Has your organization formalized written policies and procedures such as who can approve grant spending, how labor is recorded and charged, and the procedures for procuring goods and services?
- Have you reviewed your grant terms and conditions for a list of policies that must be in writing, for example, drug-free workplace requirements and a process to minimize the time between requesting grant funds and paying supplier

Control #2: Adequate Monitoring

- Does your organization check to make sure the existing policies and procedures are actually followed?
- How are you ensuring that charges to the grant are reasonable, allocable, and not limited or excluded by Federal Cost Principles regulations?
- How do you make sure that organizational policies are applied to your grants uniformly and that spending is adequately documented? s?



Control #3: Reconciliations

- Are your account reconciliations current and updated in a timely manner?
- Do your property records for equipment purchased with grant funds match the accounting records?
- Have you taken a physical inventory of property purchased with federal funds recently?

Control #4: Secured, Safeguarded Assets

- How is property safeguarded from loss, damage, or theft?
- What is done to prevent misuse of credit cards and other assets?
- Is periodic training on grant requirements held for employees?
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Control #5: Separation of Duties

- How good is your separation of duties?
- Do you have different people recording transactions, authorizing transactions, and having custody of the assets?
- Or is this handled by one or two people?

Control #6: Supervisory Review and Approval

- What is the process of having supervisors approve spending on the grant?
- What reviews are done by supervisory personnel?
- How do you demonstrate the approval and reviews were done?(Are the documents signed and dated?)
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Control #7: Adequate Documentation

- Are receipts required for reimbursement of spending?
- Do the receipts have enough detail to determine if the costs are allowable to charge the grant? (i.e., itemized receipts)
- Do time cards show what grants and other activities the employee spent their time on?