

# WHAT IS A GRANT?

## & Why it Matters

### DEFINITION



A **grant** is an award of external funds for a specific sponsored project. These accounts are administered by Sponsored Program Services.

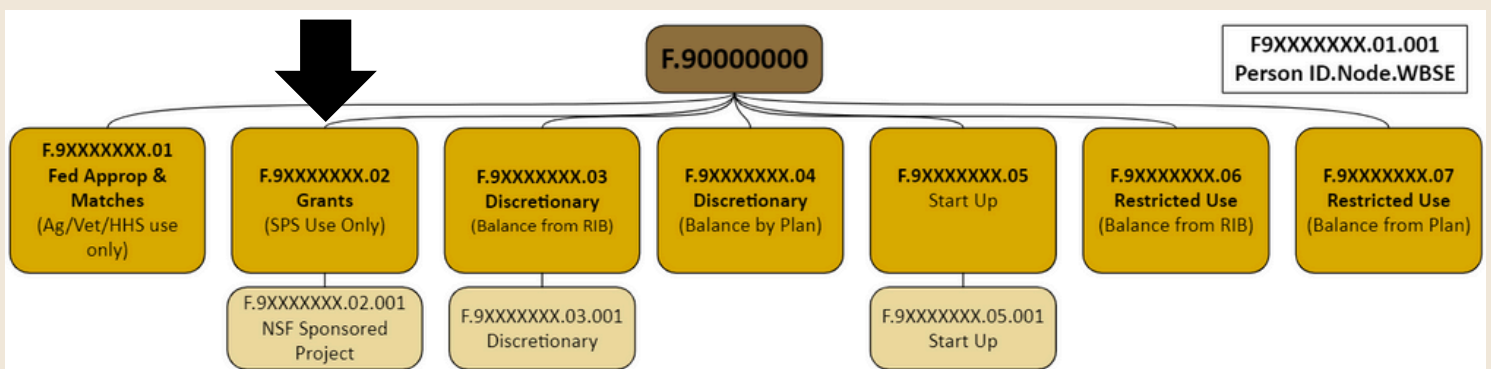
- Each grant has a Principal Investigator who is generally a faculty member that is responsible for carrying out the associated deliverables and expenditures on the grant.
- You may hear a grant referred to as a Contract or a Program.

### RECOGNIZING GRANTS

In the finance structure, a **grant** is set of master data elements that maintain the details of a sponsor's award such as:

- terms and conditions of funding
- financial conditions
- legal rules agreed upon by the sponsor and the University

A grant is an eight-digit number such as, 10000188. The grant accumulates expenses via Sponsored Programs or Work Breakdown Structure Elements (**WBSE**). The Sponsored Program or WBSE would normally show up on documents processing through one of Purdue's financial systems (SAP, ECP, Ariba, Concur, etc.).



WBSE's are set up with a series of nodes which depict different types of funds. Node 02 indicates the WBSE is for Grant funds. WBSE format F.XXXXXXXX.02.YYY.

### CONSIDERATIONS

If I am processing documents and notice that a grant fund is being used for a purchase or employment expense, what should I consider?



- Does the purchase seem reasonable?
- Do the prices and quantities requested seem reasonable under the circumstances?
- Does the method of purchase or item being purchased seem reasonable?
- Is it following the Purdue purchasing and payroll guidelines?
- Overpayments are not allowed.
- Some payroll activities are not appropriate on grants such as Overloads and Extra Duty. These types of payments do not receive certifications.

### IT MATTERS

Federal grant funds are managed based on an authoritative set of rules and regulations called **Uniform Guidance**. This is the guidebook designed to ensure both the sponsoring agencies and awardees follow the same set of rules and regulations.

Adherence to these guidelines is key to keeping the Purdue community in good standing with the federal government, which can affect our ability to apply for and receive further federal grant funds.



### RESULTS OF AUDIT FINDINGS

Grant related expenditures or transactions can be reviewed on audits and financial reviews such as the annual Single Audit. Issues with transactions can be noted as "Findings".



- Costs of disallowed charges must be covered from other funding sources
- Fines, penalties and interest
- Loss of funding
- Negative impact to Purdue brand and integrity
- Discredit to public image
- Loss of institutional delegations
- Increased audit scrutiny



**What should I do if I have a concern but don't know what to do?** Reach out to your supervisor or the Finance business office representative related to the purchase or expense.