	The Johns Hopkins Health System Policy & Procedure	<i>Policy Number</i>	FIN028	
		<i>Effective Date</i>	01-01-08	
	<i>Subject</i>		<i>Page</i>	1 of 5
	GRANT ACCOUNTING		<i>Supersedes</i>	10-01-06

Revisions noted by vertical bar in right margin

POLICY

This policy applies to The Johns Hopkins Health System Corp. (JHHS) and the following affiliated entities: The Johns Hopkins Hospital (JHH), Johns Hopkins Bayview Medical Center (JHBMC), Howard County General Hospital (HCGH), Johns Hopkins Community Physicians (JHCP), Johns Hopkins Medical Services Corporation (JHMSC), Johns Hopkins Medicine International (JHMI), Ophthalmology Associates (OA), Johns Hopkins Employer Health Programs (EHP), Johns Hopkins Medical Management Corporation (JHMMC), Priority Partners (PP), Johns Hopkins Pharmaquip, Inc. (JHPQ), Johns Hopkins Home Health Services, Inc. (JHHHS), Johns Hopkins Pediatrics Home, Inc. (JHPAHI), Johns Hopkins HealthCare (JHHC), Johns Hopkins Home Care Group (JHHCG), Suburban Health Center (SHC), Broadway Acquisition and Development, and HCGH OB/GYN Associates Series, LLC (HCGH OBGYN).

Purpose

The purpose of this policy is to clarify the administrative and accounting control for grant funds at JHHS and its affiliates.

Definition


Grant: A grant is an award of money for a specified purpose from a government agency or a private organization. A grant requires interim and annual reporting of results of operations to the grantor. Grants are typically awarded for the support of patient care, advancement of health care technology or community benefit.

Department heads are responsible for identifying grant programs of potential benefit to JHHS and its affiliates. The completion and submission of grant applications will be the responsibility of department heads and/or grant administrators. However, department heads and/or Grant Administrators should seek the advice and assistance of the Grant Accountant in preparing grant applications. Prior to submission, the department head and/or administrator will evaluate the financial reasonableness of targeted programs and should not submit grant requests for which expenses grossly exceed revenue unless the benefits of the program serve a demonstrated community or healthcare need. Administrative approval is required for all grants, including those from government agencies.

JHHS and its affiliates recognize that the city of Baltimore and the State of Maryland establish their own indirect cost reimbursement rates which are well below the actual indirect cost rate incurred by JHHS. The Grant Accountant should ensure that each JHHS affiliate is receiving the maximum indirect cost rate allowed by the city, state and/or federal government.

Once the grant award is received, department heads and/or grant administrators will become responsible for the budgeting of expenses and revenues during the annual budget process. The program budget approved by the granting agency should be the same as the program budget included in the JHHS or affiliate budget.

The department head, grant administrator or designee has fiduciary responsibility for the reporting of all grant monies received. The reports specified in the contract will be the responsibility of the department head and/or grant administrator, prepared by the department head and/or grant administrator and reviewed by the JHHS Director of General Accounting or designee. The department head, the JHHS Grant Accountant, and the JHHS Director of General Accounting or designee should also ensure that accounting for all grants received by any JHHS affiliate is in complete compliance with all federal, state and city regulations, including Office of Management and Budget Circulars A-110, A-122, and A-133 (see references).

	The Johns Hopkins Health System Policy & Procedure	<i>Policy Number</i>	FIN028	
		<i>Effective Date</i>	01-01-08	
	<i>Subject</i>		<i>Page</i>	2 of 5
	GRANT ACCOUNTING		<i>Supersedes</i>	10-01-06

Revisions noted by vertical bar in right margin

JHHS and its affiliates will use grant funds to account for resources restricted by grantors for specific operating purposes. Grant awards will be recognized and recorded as revenue when the requirements for receipt of funds under the grant award are substantially met. Funds which are received prior to meeting requirements will be recorded as deferred revenue until grant requirements are met.

REFERENCE

JHHS Finance Policies and Procedures Manual

Policy No. FIN020 - Unrelated Business Income

Policy No. FIN093 - Determination of Other Operating Revenue


Office of Management and Budget (OMB) Circular A-110 - Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations.

OMB Circular A-122 - Cost Principles for Non-Profit Organizations.

OMB Circular A-133 - Audits of Institutions of Higher Education and Other Non-Profit Institutions.

RESPONSIBILITIES - ALL AFFILIATES

Vice President/Chief Financial Officer (CFO) and Treasurer, JHHS and JHH	Approve or deny special circumstance grants.
VP Operations (BMC), or CFO, JHCP	Approve or deny all grants (JHBMC and JHCP only).
Treasurer's Office	Record and deposit grant funds.
Department Heads and/or Grant Administrator	Prepare and submit any grant proposals to the Grant Accountant for financial review. Forward a copy of new grant awards to the Grant Accountant. Forward any grantors' checks to the Treasurer. Budget grant revenue and expenses during the budget process. Monitor performance of grant cost centers; ensure that grant revenue recorded matches expenses incurred. In addition, ensure that grant cost centers do not have operating losses. Monitor variances between actual indirect cost rate and rate allowed by each grant. Prepare and review fiduciary reports to grant agencies for completeness and accuracy.
Grant Accountant	Review departmental expenses for grant disallowed expenses. Submit grant reports in a timely manner.

 <p>JOHNS HOPKINS M E D I C I N E JOHNS HOPKINS H E A L T H S Y S T E M</p>	<p>The Johns Hopkins Health System Policy & Procedure</p>	<p><i>Policy Number</i> FIN028</p>
	<p><i>Subject</i></p>	<p><i>Effective Date</i> 01-01-08</p>
	<p>GRANT ACCOUNTING</p>	<p><i>Page</i> 3 of 5</p>
		<p><i>Supersedes</i> 10-01-06</p>

Revisions noted by vertical bar in right margin

Assist with budget portion of grant applications.

Set up a separate internal order for each new grant.

Monitor monthly revenue.

Monitor performance of grant cost centers; ensure that grant revenue recorded matches expenses incurred.

Ensure that grant cost centers do not have operating losses.

Monitor other revenue sources associated with grants to ensure that all revenue is recorded when earned.

Monitor indirect cost rate.

Reconcile grant fund liability and asset accounts.

Review fiduciary reports to granting agencies for completeness and accuracy.

Have the JHHS Director of Tax Compliance review the grant proposal for tax-sensitive issues.

Review fiduciary reports completed at the department level.

SPONSOR

Vice President of Finance/CFO, JHHS

REVIEW CYCLE

Three (3) years


APPROVAL

President, JHHS

Date

PROCEDURES - ALL AFFILIATES

1. Vice President of Finance/ CFO, JHHS and JHH
 - a. Approve special circumstance grants (those for which expenses exceed revenue) and approve cases which are adequately justified.

 <p>JOHNS HOPKINS M E D I C I N E JOHNS HOPKINS H E A L T H S Y S T E M</p>	<p>The Johns Hopkins Health System Policy & Procedure</p>	<p><i>Policy Number</i> FIN028</p>
	<p><i>Subject</i></p>	<p><i>Effective Date</i> 01-01-08</p>
	<p>GRANT ACCOUNTING</p>	<p><i>Page</i> 4 of 5</p>
		<p><i>Supersedes</i> 10-01-06</p>


Revisions noted by vertical bar in right margin

- 2. VP Operations (BMC), Chief Financial Officer (CFO), JHCP
 - a. Approve or deny all grants for JHBMC and JHCP.

- 3. Treasurer's Office
 - a. Record and deposit any grant funds received from directors, administrators or directly from grantors.

- 4. Department Heads and/or Grant Administrators
 - a. Prepare grant proposal with the assistance of the Grant Accountant.
 - b. Submit proposal to the Grant Accountant for review.
 - c. Submit an annual inventory of equipment purchased with grant funds.
 - d. Forward any grantor's checks or other funds received to the Treasurer for deposit and appropriate recording.
 - e. Notify Grant Accountant of new grant awards.
 - f. Provide budget by line item for grant revenues and expenses during JHHS's annual budget process.
 - g. Ensure that the budget loaded to JHHS's budget are the same as the program budget approved by the granting agency.
 - h. Monitor performance of grant cost centers; ensure that grant revenue recorded matches expenses incurred. In addition, ensure that grant cost centers do not have operating losses.
 - i. Monitor variances between actual indirect cost rate and rate allowed by each grant.
 - j. Prepare and review fiduciary reports to grant agencies for completeness and accuracy.
 - k. Assist functional units as they prepare grant proposals; review proposal prior to submission.

- 5. Grant Accountant
 - a. Assist departments as they prepare grant proposals.
 - b. Monitor performance of grant cost centers; ensure that grant revenue recorded matches expenses incurred. In addition, ensure that grant cost centers do not have operating losses.
 - c. Monitor patient revenue associated with grants to ensure that all revenue is recorded when earned.
 - d. Monitor indirect cost rate.

 <p>JOHNS HOPKINS M E D I C I N E JOHNS HOPKINS H E A L T H S Y S T E M</p>	The Johns Hopkins Health System Policy & Procedure	<i>Policy Number</i> FIN028
	<i>Subject</i> GRANT ACCOUNTING	<i>Effective Date</i> 01-01-08
		<i>Page</i> 5 of 5
		<i>Supersedes</i> 10-01-06

Revisions noted by vertical bar in right margin

- e. Set-up grant fund liability and revenue accounts and update monthly to reflect ongoing grant activity.
- f. Reconcile grant fund liability and asset accounts.
- g. Review fiduciary reports to granting agencies for completeness and accuracy.
- h. Forward the grant proposal to the JHHS Director of Tax Compliance for review of tax-sensitive issues.
- i. Set-up separate internal orders for each new grant award.
- j. Review fiduciary reports completed at the department level and ensure that annual as well as interim financial reports tie to the general ledger.
- k. Obtain concurrence from the JHHS Director of Tax Compliance that fiduciary reports are in compliance with IRS tax-exempt provisions.
- l. Ensure that an annual inventory is taken by each grant.
- m. Submit fiduciary reports to grantor by established due date.
- n. Monitor variances between actual indirect cost rate and rate allowed by each grant.