

Office of Sponsored Programs
Budgetary and Cost Accounting Procedures

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1. Purpose and Services

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2. Definition of Terms

The following definitions are subdivided into three categories:

- A. Types of funding support
- B. Source of funding
- C. Commonly used terms in management of contracts and grants

A. Types of Funding Support

Contracts-- A contract is a legally binding agreement between one or more sponsor and the University. The terms of the agreement outline specific goals and requirements for goods and/or services to be provided to the sponsor by the University. It is routine for these goods or services to be provided on a specific schedule. The relationship between the sponsor and the University is one of procurement. This type of arrangement is not considered for public use but for the direct benefit of the sponsor.



pass thru from the Federal government.

Private --sponsored agreements funded by private entities such as foundations or corporations.

C. Commonly Used Terms in Management of Contracts & Grants

Allowable Cost-- For purposes of OMB 2 CFR 200.403 Uniform Guidance, an expense that can be necessary and reasonable, and allocable; conform to any limitations or exclusions set forth in the cost principles or the award; be consistent with policies and procedures afforded all activities of the organization; be accorded consistent treatment; be determined in accordance with GAAP; not be against the law; not already be included in a cost sharing or matching requirement; be net of applicable credits; be adequately documented.

Budget -- Project Director/Principal Investigator financial plan that lists the categories of expenditures and the estimated dollar amounts required to carry out a project's objectives. Originated by Project Director/Principal Investigator.

Budget Period -- An interval of time by which the project period is divided for budgetary purposes. This will be established in the award document of a beginning and ending dates.

Carryover (carry forward) -- The remaining available budget balance of a project that may be used to increase the budget of the next budget period. Carryovers are not automatic and are not always allowed by funding agencies.

Cost Accounting Standards - (CAS)

CAS requires consistency in estimating, accumulating and reporting costs. The University must comply with the following four CAS standards:

CAS 501-- Consistency in estimating, accumulating and reporting costs. The purposes of this standard are to (1) assure consistency in estimating, accumulating, and reporting costs as well as (2) provide a basis for comparison of such costs. The same practices should be



Principal Investigator / Project Administrator - (PI / PA) – The University of West Alabama employee that has direct responsibility for carrying out the requirements of a sponsored agreement for producing the final technical report and for providing the required deliverables.

Pre-Award is considered to be activity prior to official funding of a sponsored agreement. These activities are performed by the Office of Sponsored Programs and includes the following pre-award functions:

- Grant proposal development, coordination, and submission to funding agency;
- Identify funding sources
- Execution of award documents

After funding, the Office of Sponsored Programs will request agency prior approval for:

- Certain budget amendments;
- Program changes;
- No-cost extensions.

Post-Award activity begins with the official funding and continues until the award is closed. Post-award activities are performed by Office of Sponsored Programs in conjunction with the Office of the Comptroller which is detailed in Section 1 Purpose and Services.

Project-- The services, research, or activities, mutually agreed upon, that the sponsored funding recipient will provide for a specified period of time.

Sponsored Agreement/Award-- Any contract, grant, or other agreement where the use of funds is restricted by the funding agency and there is some action required by the University.

Supplies-- Expendable items having a purchase price of less than \$5,000 per unit that will be used for the performance of the

3. Budget Items

Original Budget

The original budget that was submitted and approved by the funding agency is established by the completed budgetary form <INSERT LINK > submitted to the Office of Comptroller and entered into the University's Ellucian financial software system by the Office of the Comptroller.

Revision of Budget and Program Plans

Section 2 CFR 200 Subpart D. 200.308 states "For non-construction awards, recipients shall request prior approvals from Federal awarding agencies for one or more of the following program or budget reasons.

1. Change in the scope or objective of the project or program (even if there is no associated budget revision requiring prior written approval).
2. Change in a key person specified in the application or the Federal award.
3. The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
4. The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E Cost Principles of this part or 45 CFR part 75

ct Cost Principles

5. The transfer of funds budgeted for participant support costs as defined in 200.75 Participant support costs to other categories of expense.
6. Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award, including fixed amounts subawards as described in 200.332 Fixed amount subawards. This provision does not apply to the acquisition of supplies, material, equipment or general support services.
7. Changes in the approved cost-sharing or matching provided by the non-Federal entity.
8. The need arises for additional Federal funds to complete the project.

All requests for budget revisions that require prior approval from the funding agency should be forwarded to the Office of Sponsored Programs. If and when the revision is approved by the agency, OSP will notify the appropriate PI/ PA and the Comptroller .

Any budget change must include an adequate explanation which answers the following questions:

- Why are funds available in the current line item?
- Why are funds needed in the new line item?

Note: Seldom can the University approve shifting of funds for tuition, stipends, or any type of participant funding without prior approval from the awarding agency.

4. Travel

Travel reimbursement on Federal and Federal pass-through sponsored agreements are



2. Capture voluntary cost sharing by indicating an excess percentage of effort as compared to the percentage of salary allocated on federal award budget.

This Effort Certification Policy is intended to meet Federal requirements.

C. After-the-Fact Reporting

The University of West Alabama uses an *After-the-Fact Activity* method to comply with the Federal Effort Certification Requirement. Under an *After-the-Fact* method, distribution of salaries and wages for employees working on externally-funded projects is supported by activity reports. *Charges (expended salaries)* are made initially on the basis of *estimates* provided before the services are performed. Activity reports reflect an *After-the-Fact* documentation of the actual percentage distribution of activity of employees. If significant (>10%) differences between the charges and actual distribution, the charges will be promptly adjusted to reflect actual activity.

D. Employee Effort Certification Reports

Employee Effort Certification Reports will reasonably reflect the percentage distribution of efforts expended by UWA faculty and professional staff involved in federally-funded grants, contracts, and cooperative agreements. The report will account for 100% of an actual effort for the given time period.

- *100% effort* is defined as the effort expended to accomplish the full set of activities encompassed by UWA appointments.
- 100% effort is not defined as a single, standard number of hours or days per week because it is different for each faculty/staff member and may vary during the year.
- The number of hours implicit in an individual faculty member's 100% must be reasonable and supportable to department, school, college and external reviewers if requested.

The employee should indicate the percent effort (number of hours worked on an individual activity divided by the total number of hours worked for UWA) for all federally-sponsored research and curricular (i.e., instruction, administration, public service) activities.

E. Cost Share

The employee should provide an account of all effort expended on a sponsored activity, even if the sponsor did not compensate the employee for that activity, which constitutes *cost sharing*. This can occur on a mandatory or voluntary basis. Mandatory cost sharing occurs when it is

required by the sponsor according to the grant guidelines. Voluntary cost sharing represents additional effort expended on a project that is not required by the sponsor. The Principal Investigator (PI) must record all effort expended on their projects regardless of the source of compensation. All university cost sharing should be tracked and reported separately.

F. Other Items of Note

1. When a PI is absent in excess of 90 days from his/her project, approval must be obtained from the sponsoring agency.
2. Changes in effort require approval from the appropriate Dean and the Sponsoring Agency and reported to the Office of Sponsored Programs.
3. Time spent in the preparation of proposals cannot be charged to the grant and/or the sponsoring agency. It is not allowable for an employee to be paid from sponsored accounting units to prepare



This section is intended to express some of the most significant requirements of 2 CFR 200 accounting practices the University follows in order to comply with them. The Federal government, and therefore the University, places the primary responsibility for meeting these requirements with the Principal Investigators (PI's)/Project Administrator (PA) of the sponsored project. The Office of Sponsored Programs will provide training, guidance and oversight to the PI/PA

of a manual log or analyzing the long distance phone bill and allocating costs.

2. Purchases for a specific sponsored agreement must identify the grant's account number on the requisition, purchase order, or other payment document.

- b) Documentation that links the cost incurred to the sponsored agreement activity should be done by someone who is in a position to know the sponsored agreement activity; e.g., the person who is making the long distance telephone call or the person designated by the principal investigator to purchase goods and services for that particular project.
- c) Documentation must be maintained for a period of three years following the date the final expenditure report is submitted to the sponsor. If any litigation, claim or audit is started before the expiration of the three year period, the records must be retained until all issues are resolved and final action taken.
- d) Only actual costs may be charged to the sponsored agreement.

3) Unacceptable Direct Costing Practices

The following direct costing practices are unacceptable because they do not meet standard for a "high degree of accuracy" in the assignment of costs to sponsored agreements:

- a) Rotation of charges among sponsored agreements by month without establishing that the rotation schedule credibly reflects the

and Assignment, and Rate Determination for Institutions of Higher Education (IHEs) paragraph C. I.I Major nonprofit organizations are those which receive more than \$10 million in direct Federal funding.

At the college and department level "salaries of administrative and clerical staff... (and) items such as office supplies, postage, local telephone cost, and memberships shall normally be treated as F&A costs"(indirect costs). (A-21, F.6.B) Costs incurred for the same purpose in like circumstances must be consistently treated by the University as either direct or indirect.

1) Charging Normally Indirect Costs to Sponsored Projects

OMB Circular does not absolutely prohibit costs identified by the institution as normally indirect from being charged directly to a sponsored agreement. However, strict criteria must be met.

Costs normally treated by the University as indirect may be charged to a sponsored project when **ALL** of the following conditions are met:

- a) The costs can be readily identified specifically with the project with a high degree of accuracy; and
- b) The costs are incurred for a different purpose or circumstance, as described in the section below titled "Special Purposes or Circumstances where Direct Charging of Costs Normally Treated as Indirect Costs May Be Appropriate".
- c) The cost is explicitly budgeted, with justification, and awarded:
 - 1) The cost is separately budgeted in the proposal budget (note that for certain fixed-price funding arrangements a detailed budget is not required by the sponsor, however, the internal budget should reflect the cost);
 - 2) The budgeted amount reflects a realistic estimate of the cost and, in the case of salary, the percent of effort;
 - 3) A reasonable justification is given for the cost. In the case of federal agency sponsors the "Budget Justification" section of the proposal should state that the costs are normally treated as indirect by the institution, but are being requested due to a special purpose or circumstance. A detailed explanation of the special purpose or circumstance must be clearly outlined in the "Budget Justification" section.
 - 4) The sponsor approves the item in the award. Since these items are specifically set forth in the proposal, it is assumed that the sponsoring agency has approved this exceptional treatment of administrative and clerical salaries or other costs normally treated as indirect if they accept the proposal, fund the project and do not prohibit the cost on the notice of award. It is the principal investigator's responsibility to notify the Office for Sponsored

postage should be charged as a direct cost of the project.

9. Projects Involving Extensive Reports -- Projects whose principle focus includes the preparation and production of manuals, large reports, books, (Excluding routine progress and technical reports), software and multimedia material.
10. Other Sponsored Activities