

OFFICE OF RESEARCH AND PROJECTS

POST AWARD GRANTS MANAGEMENT

General Information and Office Contacts

Congratulations on receiving your award. You may have some questions about what happens next – especially if this is your first funded external grant. The information contained at this website will address procedures for various actions and tasks that are required once your project has been awarded. If you have any questions and need assistance, please feel free to call any of the Office of Research and Projects staff.

OFFICE OF RESEARCH AND PROJECTS POST AWARD AND FISCAL MANAGEMENT STAFF Campus Box 1007

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Grants and Contract Commonly Used Terms

COMMONLY USED GRANT TERMS IN POST AWARD PROCESSES

AWARD INSTRUMENT	FACILITIES AND ADMINISTRATION COSTS
AWARD PERIOD	FAR - Federal Acquisition Regulations
CFDA	FEDERAL FUNDS AUTHORIZED
CFDA and Executive Order 12372	FEDERAL SHARE
CLOSEOUT	FIXED AMOUNT AWARD
COGNIZANT AGENCY	GRANT
CONTRACT	GRANTEE
COOPERATIVE AGREEMENT	INDIRECT COST RATES
COST REIMBURSEMENT	IN-KIND CONTRIBUTION
COST SHARING	INTANGIBLE PROPERTY
DEBARMENT	LOBBYING
DIRECT COSTS	MATCHING
DISALLOWED COSTS	MISCONDUCT
EQUIPMENT (Federal Definition)	NO COST TIME EXTENSION
EXEMPT PROPERTY	OBLIGATIONS
EXPANDED AUTHORITIES	OMB CIRCULAR A-21
EXPENDITURES	OMB CIRCULAR A-110

OMB CIRCULAR A-133
PERRFORMANCE REPORT
PERSONNEL ACTIVITY REPORTS
PRINCIPAL INVESTIGATOR
PROJECT DIRECTOR
PRIOR APPROVAL
PROGRAM INCOME
PROGRAM SPECIFIC AUDIT
PROJECT COSTS
PROJECT PERIOD
PROJECT REPORT
RATE BASIS
RECORDS
RETENTION
SUB-AWARDS
SUBRECIPIENT
SUSPENSION
TERMINATION
THIRD PARTY IN-KIND CONTRIBUTIONS
UNLIQUIDATED OBLIGATIONS
UNOBLIGATED BALANCE
UNRECOVERED F&A COSTS

AWARD INSTRUMENT - The award instrument generally comprises of a combination of one of more of the following:

- a. Award letter/Notification of Grant Award (including any amendments and/or special provisions)
- b. The approved budget
- c. The proposal
- d. The conditions applicable to the award
- e. Signed contract

AWARD PERIOD - The dates established in the award document during which grant and/or contract support begins and ends. All project costs must be incurred (encumbered) within this period. Some awards may stipulate that all funds must be expended by the award end date. In instances where funds may be encumbered, there is generally a period of 45 to 90 days after the award end date that all obligations against the project must be liquidated.

CFDA – Catalogue of Federal Domestic Assistance – Listing of all federal programs by title and number. Audits require that the University identify all federal awards received and expended and the federal program under which they were received. The CFDA program number is listed in program announcements and award documents.

CFDA and Executive Order 12372/” Intergovernmental Review of Federal Programs” – Allows for state and local government input into federal funding decisions.

CLOSE-OUT - All administrative and fiscal actions and work have been completed on a grant/contract.

COGNIZANT AGENCY

Audit Cognizance - The federal agency that provides oversight on federal expenditures and audits for the university. Federal agency assigned to the university is the U.S. Department of Education and its cognizance is based on highest level of Federal award dollars expended within a fiscal year.

F&A Cognizance - There are two F&A cognizant agencies: ONR (Office of Naval Research) and DHHS (Department of Health and Human Services) SIUE’s cognizant F&A agency is DHHS.

CONTRACT - Acquisition of property or service for a direct benefit or use of the government or when the government determines that procurement contract is appropriate.

COOPERATIVE AGREEMENT - Transfer of funds to a recipient to accomplish a public purpose. Substantial involvement in the conduct and performance of work between the government and the recipient is anticipated

COST REIMBURSEMENT – A type of award where payment is recovered for actual project costs posted to the grant account.

COST SHARING - The sharing of project costs by the institution. Cost sharing is normally on grants and not on contracts. Cost share should be proportionate and should not only be indirect cost. Academic year time and effort, cash and indirect costs are allowable methods of cost sharing. Cost sharing should be verifiable and must not include funds from other federally sponsored programs.

DEBARMENT - The ineligibility of a grantee to receive funds from the federal government, indefinitely or for a specified period of time.

DIRECT COSTS - Costs that are clearly identified as directly related to the support of a specific research or sponsored project. Direct costs can be assigned directly to a sponsored activity with relative ease and a high degree of accuracy.

DISALLOWED COSTS – Expenses determined unallowable in accordance with cost principals or terms and conditions of an award.

EQUIPMENT – Tangible non-expendable personal property including exempt property with a cost of \$5,000 (federal) or \$500 (state) and a useful life of greater than one year.

EXEMPT PROPERTY – Tangible personal property acquired in whole or part by federal agency funds.

EXPANDED AUTHORITIES – Authority granted to the recipient of federal funds (university via ORP) for certain financial and administrative actions on grants and contracts without seeking prior agency approval.

EXPENDITURES – Charges made either on a cost or accrual basis.

FACILITIES AND ADMINISTRATION COSTS/INDIRECT COST - Costs not clearly identified and cannot be clearly accounted for on an individual project. Indirect costs are incurred for common or joint objectives. The government has renamed indirect costs to F&A costs and it is comprised of two components:

1. Facility Related Components -building use charges; equipment depreciation; operations and maintenance expense and library.
2. Administrative Components - general administration, departmental administration, sponsored project administration and student administration and services.

Three types of F&A Rates:

Provisional - rate is estimated and is used until actual rate is determined

Predetermined - Rate is established for a period-no carry forward provision.(Note: this is usually S&W)

Fixed - Rate is established for a period. Recovery adjustments are made during the next negotiation

FEDERAL FUNDS AUTHORIZED – Total grants dollars obligated by the Government

FEDERAL SHARE – Amount or percent of cost paid by the federal agency for grant expenditures

FIXED AMOUNT AWARD - An award, which has a predetermined amount without regard to the actual costs of the project.

FUNDING PERIOD – Period of time funding is available.

GRANT - Is a transfer to a recipient of either money, property, services or anything of value to accomplish a public purpose. A grant can also be described as a legal instrument that provides financial assistance in the form of money or property to a recipient. No substantial involvement should be anticipated between the government and the recipient during the performance of activity.

GRANTEE - The agency/institution to which a grant is awarded and which is accountable for the use of the funds.

INDIRECT COST RATES: (see Facilities and Administration Costs).

IN-KIND CONTRIBUTION - Non cash contributions provided by a third party. This may be in the form of property, equipment and the value of goods and services that benefit and can be identified directly with the project.

INTANGIBLE PROPERTY – Copyrights, patents, lease agreements, trademarks.

LOBBYING – Lobbying activities are considered to be any oral, written or electronic communication with executive or legislative officials with regard to legislation, federal rule, regulation, policy, federal programs (e.g. contracts, grants, loans, etc.). The University is required to provide certification to the federal government that no lobbying is conducted utilizing federal funds and also to disclose any lobbying activities

MATCHING - Generally is one-third to one-half of total project costs. Requires major institution commitment to the sponsored project. Cash is generally the allowable method.

MISCONDUCT – Falsification, fabrication, plagiarism or other practices that seriously deviate from those that are commonly accepted within the scientific community for proposing, conducting, reviewing or reporting research and results from activities sponsored by federal funds.

NO COST TIME EXTENSION - Many funding agencies allow a one time extension of the expiration date of the award up to one year. A request for the extension should be submitted in writing to the Director of Research & Projects noting supporting reasons for the extension and revised expiration date.

OBLIGATIONS – Orders placed, goods and services received that require payments.

OMB Circular A-21 – Cost Principles for Institutions of Higher Education – Government regulations that establishes the principles for determining costs applicable to grants, contracts and other agreements for educational institutions.

OMB Circular A-110 – Grants and Other Agreements with Institutions of Higher Education – Government regulations that establishes the uniform administrative requirements of grants and contracts at institutions of higher education.

OMB Circular A-133 – Audits of States, Local Governments and Non Profit Organizations – Government regulations on the audit that cover the financial and compliance requirements on federal and federal flow through grants and contracts received by the university.

PERSONNEL ACTIVITY REPORTS: Federally sponsored programs require that personnel activity reports reflecting time and effort on organized research, instruction and departmental research and departmental admin. be maintained and certified. These reports reflect the percentage of time of personnel devoted to the federally sponsored program as well as the percentage of time devoted to academic and departmental activities. The principal investigator/project director along with personnel sign and certify these reports.

PRINCIPAL INVESTIGATOR/PROJECT DIRECTOR: the person who is designated by the university and approved by the funding agency, who will be responsible for the scientific or technical direction of the project. The term Principal Investigator is used in research projects and the term Project Director are used in training, education and other projects.

PRIOR APPROVAL – Written authorization evidencing prior consent

PROGRAM INCOME – Income generated or earned as a result of the award

PROGRAM SPECIFIC AUDIT: When an agency determines that an audit of the project funded is required, an independent auditor must be contracted to review and prepare a financial and compliance audit of the project. The cost of this type of audit should be paid by the funding agency and must be included in the project budget. ORP will prepare the necessary documents to contract with and secure the independent auditor. The cost of the audit should not exceed two percent (2%) of the total direct costs of the project.

PROJECT COSTS – Allowable costs in accordance with Federal Cost Principles

PROJECT PERIOD – Period when award begins and ends.

PROJECT REPORT/PERFORMANCE REPORT – The principal investigator's/project director's written narrative report to the funding agency on the status and performance of the project funded. This type of report is generally required during the middle of the project period. A final project/performance report will be required anywhere from 45 to 90 days after the project period ends.

RATE BASIS - There are three types of rate basis:

Total Direct Costs (TDC) - All direct costs associated with the project or research.

Modified Total Direct Costs (MTDC) - All direct costs associated with project or research less:

- o Equipment - over \$5,000.00
- o Each Subcontract in excess of \$25,000
- o Capital expenditures
- o Charges for patient care
- o Tuition remission
- o Rental costs of off-site facilities

o Scholarships and Fellowships

Salaries & Wages (S&W) - This rate is based on Salaries and Wages

RECORDS - Financial records, supporting documents, statistical records, and all other records pertinent to an award. All other records include all records that were produced in connection with the grant – laboratory records and primary data. Access to records must be made available to sponsor at their discretion.

RETENTION – All data (as defined under “Records”) should be maintained as follows:

Federal Requirements– for three years from the date of submission of final expenditure/program reports*.

State Requirements– for five years from the date of submission of final expenditure/program reports.

*As a State of Illinois Institution, all records must be maintained for the five year period.

SUB-AWARDS - Types of Sub-Awards:

- o **Subcontract/Subgrant/Subagreement** - A written agreement with a third party for the acquiring of property or services or the conduct of a defined statement of work under an award.
- o **Consortium Agreement** - A collaborative agreement with/between two or more parties.
- o **Consulting Agreement** - A subcontract for services that are either urgent, temporary or highly technical and cannot be provided by existing university staff. Consultants are independent contractors.
- o **Purchase Order** - An agreement issued to enter into a legally binding commitment with an outside vendor for the acquiring of goods and/or services. The University Purchasing Dept. is responsible for purchasing, securing and negotiating goods or services.

SUBRECIPIENT - The agency/institution to which a sub grant (sub award) is awarded and which is accountable to the grantee (or primary recipient of the award) for the use of the funds provided.

SUSPENSION - The suspension of a grant is a temporary cancellation of sponsorship. A suspension occurs when the recipient has not complied with certain terms and conditions of the grant. Pending corrective action by the grant recipient, the sponsor removes all authority from the grantee and no funds may be incurred or expended against the grant. Suspension also causes the organization and/or individual (project director, etc.) to be ineligible to receive further assistance and benefits from the funding source pending investigation and legal proceedings. This action leads to debarment of the grantee.

TERMINATION – Cancellation of sponsorship in whole or part prior to completion date.

THIRD PARTY IN KIND CONTRIBUTIONS – Value of non-cash contributions by non-federal third parties

UNLIQUIDATED OBLIGATIONS – Commitments made and not yet paid.

UNOBLIGATED BALANCE – Funds not committed

UNRECOVERED F&A COSTS – Difference in the awarded amount and what could have been awarded according to approved F&A cost rate.

OMB Circulars

A-21 Cost Principles for Educational Institutions

A-110 Uniform Administrative Requirements for Grants & Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations

A-133 Audits of States, Local Governments, and Non-Profit Organizations

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ORP – POST AWARD STAFF LISTING

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INTRODUCTION

Research projects and other activities performed under grants and contracts are supported through funds external to SIUE. Grant funds are awarded to SIUE by way of a proposal or application for funding submitted to an external agency by the Board of Trustees of Southern Illinois University on behalf of a faculty or staff member.

When a proposal is approved and the project funded by an external agency, official notification is usually received from the sponsoring agency by the Chancellor or the Principal Investigator/Project Director. If the Principal Investigator/Project Director is directly notified, he/she must **immediately contact the Office of Research and Projects** for specific guidance and appropriate university procedures. Grant and contract awards are officially made to the University, not to the individual.

ACCEPTING A GRANT/CONTRACT AWARD

The first step in officially accepting the award from the sponsoring agency is for the principal investigator/project director to complete the **SIUE Grant/Contract Acceptance Routing Form**. All pertinent data must be recorded on this form. If cost sharing has been committed (either in proposal narrative or budget), it must be recorded on the “routing form”. The dollar amount and source (account name and account number) of the cost share must also be recorded on the form. The official award instrument (award letter, contract) should be attached to the “routing” form and forwarded to the Office of Research and Projects. Any and all official actions required to fully accept and/or negotiate the grant/contract award will be performed by ORP.

When an award is made by a funding agency, it is awarded to the institution on behalf of the project director, the person who is primarily responsible for carrying out the requirements of the award. Before the University officially accepts an award, the following must approve the document:

1. Principal Investigator/Project Director
2. Chairman or Supervisor
3. School Dean or Director
4. Office of Research and Projects
5. Office of Research and Projects Fiscal Management
6. Office of Legal Counsel (for contracts only)
7. Other clearances as necessary, which may included and are not limited to: Office of Research and Projects for Institutional Review Board related to **Animal Care**, **Human Subjects**, Environmental Health and Safety for Hazardous Materials/**Bio-safety**, Vice Chancellor and Provost, Vice Chancellor for Administration, Vice Chancellor for Student Affairs.
8. Graduate Dean who is the University’s authorized institutional representative for externally sponsored programs

After the award has been cleared, the Office of Research and Projects will present the document to the Chancellor through the Vice Chancellor and Provost, with recommendation for acceptance of the award. The Dean of Graduate Studies and Research on behalf of the Chancellor is the final signatory on all grant and contract documents. The Office of Research and Projects will be the responsible agent in the University for transmittal and notification of awards, and will also be the Office of Record for all extramural grants and contracts.

The award agreement commits the sponsor to fund the project to a certain level, and it commits SIUE to carry out the activities specified in the proposal over a specific project period. When cost sharing is involved and is a condition of the award, SIUE is also committed to fund the project at a certain level. Sponsored agreements often require negotiation and/or subcontract agreements, these activities are also handled in the Office of Research and Projects. ORP will assist you with the administrative requirements and will provide fiscal management and perform financial reporting to the sponsor throughout the post award phase of the funded project.

SUPPORT FOR GRANTS AND CONTRACTS

The main objectives of the Office of Research and Projects with regard to grants and contracts post award management are to provide supportive services to achieve and facilitate sponsored research and education project objectives.

When the University accepts funds from an external agency, it does so under the conditions imposed by the funding agency. The Office of Research and Projects and Research and Projects Fiscal Management seeks to protect the fiscal integrity of the University.

Satisfactory fiscal performance of an award is conditioned primarily on an accurate and adequate proposed budget that has subsequently been accepted by the funding agency. Also, clear indication of the source of funds for the University's share of the total project costs and the proper inclusion of facilities and administration (F&A/Indirect) costs to the extent allowable by the funding agency is required.

Once the University is authorized to expend funds based on fully executed agreements or a grant award has been accepted by the Chancellor, the Office of Research and Projects Fiscal Management:

1. Prepares the **Request for New Account Form** for signature by the designated fiscal officer (usually the principal investigator/project director).
2. Establishes the budget entries for submittal to the **Administrative Accounting** office. Administrative Accounting will then enter the budget into the University's financial system for the grant account.
3. Reviews all requisitions, vouchers and appointments for conformity to agency and University policies.
4. Reviews other expenditures of awarded funds.
5. Prepares all financial reports to funding agency.
6. Advises fiscal officer periodically of expenditure status.
7. Prepares entries for the withdrawal of indirect costs, if applicable.
8. Provides funding for the project or program.
 - a. Requests payments from the funding agency.
 - b. Withdraw funds on letters of credit (most federal grants)
 - c. Maintains adequate cash balance to cover the deficit balances of all other grants and contract accounts.

TYPES OF SPONSORED PROGRAMS AND FORMAL AGREEMENTS

GRANT (Provides assistance with a few restrictions)

A grant is a legal instrument that provides financial assistance in the form of money, property, services or anything of value in order to carry out approved activities. (*Approved activities are those activities described in the grant application or document that has been approved for funding*). There is no substantial involvement between the funding source and the recipient during the performance period of grant activity. This is because the funding agency anticipates that the recipient's performance will adhere to the proposed project plan that was awarded for funding. Grants require that the recipient provide financial accounting via reports submitted on monthly, quarterly or annual basis. Grants also require that the project director/principal investigator submit interim and/or final progress reports on the activity of the funded project. Granting agency terms and conditions are generally attached to the award document.

COOPERATIVE GRANT AGREEMENT (Provides assistance with substantial involvement between parties.)

A Cooperative Agreement is also a grant. It is used when the principal purpose is to transfer funds to a recipient to accomplish a public purpose. Substantial involvement by the funding agency should be anticipated. The funding agency is involved in the programmatic aspects of this type of grant as well as the performance. The terms and conditions are generally attached to the award document or are referenced on the document as to which Code of Federal Regulations (CFR's) is applicable.

CONTRACT (Procure tangible goods and services)

A contract is used for the delivery of service or work for hire. A contract can also mean the procurement of service via a sub-grant (subcontract). The terms and conditions are incorporated in the contract via articles and clauses. A contract with a federal sponsor (i.e. collaborative agreement/cooperative agreement) is subject to substantial involvement by the sponsor as to the direction and scope of activities.

FIXED PRICE AGREEMENTS (are contracts and purchase order)

A fixed price contract or purchase order is when the awarding agency gives a lump sum of money. The amount is predetermined without regard for the actual costs of the project. Generally there is no program specific audit and there is a greater amount of flexibility. Fixed price agreements are generally tied into deliverables. This means that either reports or products have a delivery due date that is sometimes tied into a payment schedule. If, at the conclusion of the performance period, funds remain in the 6-ledger grant account, the Project Director/Fiscal Officer may utilize those funds after the performance end date. The funds must be used, however for items or activities that is closely related to the project for which the agency granted the award.

ADVANCED PAYMENT/AUTO-PAYMENTS/SCHEDULED PAYMENTS (generally on contracts with a few exceptions for grants)

These types of grants and contracts are also considered a form of a cost reimbursable grant or contract. The difference is that the granting agency may either choose to pay all grant money up front, or payments are based on a schedule and made in increments. Agencies are invoiced either on a monthly, quarterly or predetermined billing schedule. Any unexpended funds remaining at the end of the grant period is returned to the granting agency.

COST REIMBURSABLE AGREEMENTS (Can be grants or contracts)

Cost reimbursable are grants and contracts where the university can only be reimbursed for actual expenditures incurred up to the time of requesting reimbursement. All expenses must meet the agency and A-21 allowability criteria. Cost reimbursable grants and contracts are restrictive. They require detailed record keeping and have to adhere to the approved budget. Payment is based on the submission of invoices or financial reports.

All cost reimbursable grants and contracts are audited under the Single Audit Act (agency wide audit). The Single Audit Act requires an annual financial and compliance audit on all grants and contracts. A cost reimbursable contract may additionally require the submission of a program specific audit depending on contract requirements and the dollar amount of the award and sponsoring agency type.

KEY ELEMENTS IN THE PRE-AWARD PHASE THAT ARE CRITICAL TO POST AWARD MANAGEMENT OF THE AWARD:

BUDGET CONSTRUCTION

The following elements should be considered when constructing a budget for direct cost support from a funding agency:

1. Salaries and Wages
 - a) Institutional policy on academic year salary recovery
 - b) Summer Salary
 - c) Graduate Students (salaries or stipends?)
 - d) Technical Support
 - e) Clerical Support
 - f) Undergraduate Students
 - g) Postdoctoral research associates
 - h) Use of percent of effort
 - i) Increases for COLA (cost of living allowance) and merit-based
2. Fringe Benefits
 - a) Use correct rates; if multi-rates, are they applied correctly?
3. Equipment
 - a) Be aware of potential differences between equipment definitions (sponsor/institution)
 - b) Capitalization policy. SIUE's capitalization on equipment is \$500.00 versus federal of \$5,000.00
4. Expendable supplies and materials
5. Travel
 - a) Adhere to SIUE's policy and the funding agency guidelines
 - b) Distinguish between foreign and domestic travel
 - c) If foreign travel is required and is to be funded by a federal grant, federal international per diem rates should be used.
6. Subcontracts and consultants
 - a) Ensure that proposed costs are reasonable and allowable and that the authorized subcontract representative/consultant has signed the proposal or a confirmatory letter
7. Other
 - a) Communications
 - b) Publications
 - c) ***Animal Care Costs***
 - d) ***Human Subjects Costs***
 - e) Maintenance/service contracts
 - f) Computer Costs
 - g) Graphic Arts/photographic services
 - h) Rental/lease of facilities
 - i) Construction/renovation/remodeling costs

Inflationary adjustments should be considered, especially for multi-year grants.

TIPS:

*Include both Direct and F&A Costs

*Budget should be detailed

*Include only allowable costs

*If necessary, include matching or cost-sharing (if cost sharing is proposed it should be proportional between direct and F&A costs)

*Be consistent with funding agency policies and requirements

AWARD & NEGOTIATION - ITEMS FOR REVIEW

PROGRAMMATIC

1. Statement of Work
2. Technical and other non-fiscal reporting
3. Period of Performance

BUSINESS

1. Compensation (is overload allowed?)
2. Assignment (is effort reasonable)
3. Equipment Title (who retains title, SIUE or agency?)
4. Indemnification (SIUE cannot indemnify the sponsor)
5. Hiring restrictions
6. Restrictions on working with other sponsors
7. Publicity
8. Data Ownership
9. **Proprietary information**
10. **Intellectual Property**
11. Publication Restrictions
12. Termination
13. Use of Name
14. Warranties and Guarantees
15. Subcontractor status with sponsoring agency (**debarred** or **suspended?**)

FINANCIAL

1. Understand the Financial Reporting Requirements of your Grant
 - Can the university accounting system accommodate your needs for keeping track of your expenditures or should you develop your own method of recording (e.g. - spreadsheet program)?
 - Cost sharing or matching - are they real dollars or in-kind? what documentation should be maintained? how do you prepare a cost share report?
2. Rebudgeting
 - o Try to get the maximum flexibility
 - o Know whether your granting agency has instituted an **institutional administrative authority** policy or if prior approval is required.
3. Method of Reimbursement
 - o Letter or credit, cash reimbursement - monthly, quarterly, etc.
4. Withholding Payments
 - o Payment from funding agency should not be tied to deliverance, but should be based on best effort.
6. Travel Policy (usually travel policy is defaulted to University Policy).
7. Conflicts with state laws - are there conflicts - who supercedes who?
8. Transfers - what is allowable ? How are transfers handled and processed?

FISCAL OFFICER RESPONSIBILITIES

Fiscal Officer Management of Grant/Contract

The principal investigator/project director of a grant usually serves as fiscal officer of the project. The principal investigator/project director must be familiar with institutional procedures and the granting agency requirements applicable to the specific grant. Responsibility for the expenditure of grants and contract funds rests with the fiscal officer. Over or improper expenditures of funds could result in embarrassment to the fiscal officer and the University. The Office of Research and Projects Fiscal Management works closely with the principal investigator/project director regarding expenditure of grant or contract funds.

The Office of the Research and Projects arranges for a new account and assumes responsibility for the administration of sponsored grant funds and assists the principal investigator in assuring that grant funds are expended in accordance with State, Federal and other regulations. ORP reports on the financial status of the account to the funding agency and copies are forwarded to the principal investigator/project director.

The principal investigator/project director has primary responsibility for the performance of the research/project in accordance with the proposal submitted. Because all factors affecting the project cannot be anticipated, changes in project procedures or objectives may be necessary. The requirements for reporting or obtaining approval for changes are usually specified in grants, contract documents, or other administrative information provided by the sponsoring agencies. Requests for changes in either the proposed project or budget must be approved in advanced by the Office of Research and Projects.

Most funding agencies require the submission of regular narrative/performance reports in addition to the regular financial reports during and/or after the completion of a project. The principal investigator/project director has the responsibility of completing the narrative/performance reports and for filing them prior to the agency's deadline. A copy of each report must be sent to the Office of Research and Projects prior to its submission to the agency.

ESTABLISHING GRANT/CONTRACT ACCOUNT NUMBER

A grant/contract 6-ledger account is established when an award has been fully executed between the funding agency and the university. ORP will secure the appropriate 6-ledger account number from the Administrative Accounting Office and an AIS **Request for Chart of Accounts/Accounting Flex field Values** form will be generated and forwarded to the fiscal officer of the grant/contract account for signature. The dean and/or director of the fiscal officer's unit must also sign the request form. A new fiscal officer will also be required to sign a **Fiscal Officer Attestation Form**. By signing the attestation form, the fiscal officer certifies that he/she will be responsible for fiscal and financial matters with regard to the account being established and any subsequent accounts that may be established under his/her name in the future. The fiscal officer is also assuring the university that he/she will comply with all policies, procedures and regulations of the university, State of Illinois and the funding agency. The required attestation form is to be signed and submitted once. The Forms are maintained on file by SIUE's administrative financial units, and any subsequent new accounts established will only require that a Request for Chart of Accounts/Accounting Flex field Values be completed.

The signed Request for Chart of Accounts/Accounting Flex field Values should be returned to ORP. Approval signatures of the Director for ORP and the Provost/Vice Chancellor for Academic Affairs are also secured and the form is forwarded to Administrative Accounting for account establishment and activation.

From the date that ORP receives the signed request form back from the fiscal officer, it will normally take seven (7) to ten (10) working days for the account to be activated in the Financial Accounting System. You will not receive an official notice that the account is activated from either Administrative Accounting or ORP, but please feel free to call us if you need to check on the status of the activation of your account

PERSONNEL COMPENSATION FROM A GRANT OR CONTRACT

The grant/contract fiscal officer is responsible for hiring personnel for the funded project. The following University forms are utilized for personnel who are to receive compensation from a sponsored grant/contract:

[Application for Appointment](#)

[Change of Assignment, Title or Conditions of Assignment](#)

[Assistantship Appointments](#)

[Summer Appointments](#)

[Request for Civil Service Personnel](#)

[Request for Change of Status for Civil Service Personnel](#)

If any personnel, other than student wages, are approved on a grant or contract, the following administrative procedures apply:

1. If a full-time employee of the University will be fully or partially assigned to the project, a [Change of Assignment](#) form must be completed.
2. If a new faculty, staff or civil service position is created, the proper hiring procedures and paperwork must be completed.
 - a. Professional personnel should be hired on a faculty/staff term appointment. Salaries to be paid from the grant/contract must be in line with current University Salary Schedules.
 - b. Secretarial and clerical personnel should be hired as Civil Service employees through the [SIUE Office of Human Resources](#). Once informed about the specific help needed, the Office of Human Resources will send available applicants for interviews with the principal investigator/project director. When a suitable applicant has been found, the principal investigator/project director informs the human resources officer, who then completes the hiring procedure.
3. [Graduate/Research Assistants](#). The qualifications for hiring and retaining graduate assistants should conform to the current requirements of the [Graduate School](#). Conditions of appointments of students to assistantships in restricted (i.e., other than state appropriated accounts) accounts and in cooperative research units should conform to all other students in this category. Graduate students employed by non-state funds receive tuition waivers from the University. The papers for such appointments are first processed in the department and then routed through the offices of the appropriate academic dean, the Graduate School, the Office of Research and Projects, and the
4. Student Workers. All student workers must be hired through the [Student Employment Office](#). Qualified applicants will be sent to the principal investigator/project director for interviews. When the desired student is found, the Student Employment Office must be notified and they will require the selected student worker to complete any necessary forms in the Student Employment Office. The completed forms are taken to the fiscal officer of the grant/project for signature and returned to the Student Employment Office for processing. The principal investigator/project director is responsible for insuring that timecards for students hired on their grant/contract are completed accurately and submitted on time every two weeks.

Upon completing any of the employment forms for faculty and professional staff hired or to be compensated by a grant or contract, the following is required:

The percentage (FTE) and dollar amount of compensation are recorded and should follow your approved budget outline. Faculty should seek assistance for facilitating this process from their school or college dean's office.

These “employment” forms must be signed and dated by the employee and fiscal officer. The dean and/or department chair must also sign. The completed form(s) must be forwarded to the Office of Research & Projects with any accompanying documentation. The data is recorded by ORP and then forwarded to the Office of the Provost/Vice Chancellor for Academic Affairs for review and approval. The Office of the Provost/Vice Chancellor for Academic Affairs will then forward the information/paperwork to the personnel and payroll departments for further processing.

Federal grants and awards allow for a maximum of 100% effort. Therefore, if you are charging more than one federally sponsored grant (or any grant from which the sponsoring agency is utilizing federal funds) for one employee’s salary, the total percentage charged to all federal grants from which the individual is compensated cannot exceed 100%. This means that overload compensation cannot be charged to federally sponsored grants, contracts and subcontracts.

The Office of Human Resources payroll department will generate and forward to you payroll certifications on a monthly or semi-monthly basis. These reports reflect the payroll period, percent of compensation, total gross salary and applicable fringe benefits for each employee paid via the grant/contract and for which the grant/contract will be charged. These reports should be verified and signed by the fiscal officer and returned to the payroll department. Any discrepancies should be reported to the payroll department.

If there are any civil service employees who will receive compensation from a grant, the [Change of Civil Service Status](#) form must be utilized. The compensation to these employees who are paid hourly will be reflected on a Labor Distribution Report, which you will receive on a bi-weekly basis.

Please note that verification must be made that salary payments charged to grants/contracts are based on actual efforts. For hourly non-exempt/employees, actual effort is documented through use of time sheets and the Labor Distribution Report. For exempt employees, actual effort is documented through payroll certification reports.

All of the above mentioned forms can be secured from you’re the [Office of Human Resources web site](#). Federal and state tax withholding forms that are required for the Application for Appointment can be secured from the Payroll Office.

Posting of Graduate Assistantships positions are handled through the Office of Graduate Studies and Research. Please contact Cindy Fulton at extension 3164 with any questions you may have.

TIME AND EFFORT REPORTING

All Sponsored Projects at educational institutions are subject to the “Cost Principles” established by the federal **Office of Management and Budget in OMB Circular A-21 (Cost Principles for Educational Institutions)**. A significant part of OMB Circular A-21 addresses reporting and documenting the time and effort devoted to sponsored projects (grants/contracts). **The time you and your associates spend on grants or contracts, whether the sponsor pays for the time or the cost is shared by SIUE, must be documented.**

Effort reporting is a method of documenting the work time devoted to an externally sponsored grant or contract activity and is expressed as a percentage of professional activity devoted to an account. All individuals who devote effort to sponsored activities, whether or not they are paid, are subject to effort reporting. The total amount of effort expended to accomplish the professional activities of SIUE faculty, staff, and students, regardless of the actual number of hours expended on those activities, is equal to 100% for each activity report. This normally includes all effort expended on SIUE-compensated sponsored research, administration, teaching, non-sponsored scholarly activity, and other activity. The number of hours implicit in an individual’s 100% effort must be reasonable and supportable to department, school, university and external reviewers and is also subject to audit review. The effort percentages on the Activity/Effort Certification Form must total 100% which means that the total of the individual effort categories cannot be greater than 100% for each activity report.

The grant or contract for which you received an award was based on commitments made by you, your associates and co-investigators to spend specific amounts of time on the project. The government considers this commitment a legal obligation. Failure to abide by this commitment or to properly document the committed effort could be viewed as a failure to perform under the terms and conditions of the agreement with the granting agency. If this should happen, auditors may disallow salaries charged to the project and the funding agency and federal government could declare the contract/grant void and seek recovery from SIUE.

When a budget is sent to a potential sponsoring agency as part of a proposal, the effort presented in the budget and the proposal narrative is established as a standard against which auditors measure performance, even if the sponsor awards less than what was requested. The initially proposed level of effort will bind the University unless the sponsoring agency is contacted and the level of effort identified in the budget is amended. This amendment must be in writing and part of the award notification documentation

The SIUE **Office of Institutional Research** disseminates, on a semester basis, effort verification and effort distribution reports (Faculty, Professional Staff and Administrator Activity Report). These reports allow the university to manage and document the effort charged to each account for all professional activity for faculty, staff and graduate students, including sponsored grants/contracts. It is therefore important that these reports accurately reflect time and effort devoted to sponsored grants/contracts. It is also important that the project director/fiscal officer of the grant/contract ensure that the committed effort that is being reported to the Office of Institutional Research is regularly reviewed. Additionally, faculty, professional staff, administrators and civil service employees paid via sponsored grant/contract funds will receive Compensated Activity Reports along with a copy of the monthly and/or bi-monthly payroll certification with a special notation from the Office of Research and Projects on a monthly basis. The special notation on these reports reads as follows: **I confirm that I have first hand knowledge of all the work performed by the above employee(s) and that the above distribution of activities represents a reasonable estimate of work performed for the period indicated.** The signature of the supervisor and/or individual who has first hand knowledge of the effort performed on the sponsored project along with their title and the date is required. These reports are to be certified by signature of the fiscal officer and by the employee(s) receiving compensation from the grant/contract and returned to ORP. You will also receive payroll certifications (for either bi-monthly or monthly payrolls) from the University’s Payroll Office. These certifications also require your review for accuracy and must be signed and returned to the Payroll department.

Without this certification, we are not eligible for reimbursement of your salary and benefits from the sponsoring agency. Failure to complete the effort report means disallowance of salary and fringe costs on sponsored agreements.

Reporting Periods

Civil Service - Monthly

Faculty, Professional Staff and Administrators - Semesters

1. January – May : June
2. June – August: September
3. Sept. – December: January

Categories of Effort (comprehensive descriptions of categories can be found on the reverse side of the Faculty, Professional Staff and Administrator Activity Report .)

Direct Teaching

Includes all direct instruction effort.

Indirect Teaching

Includes all activity closely related to degree-credit teaching but not included in “Direct Teaching.” (e.g. curriculum development, academic advisement)

Departmental Research

Includes un-sponsored scholarly and research activities. Departmental research is performed with the support of a department, school or instructional program. Departmental research is all research and development activities that are not separately budgeted and accounted for.

Creative Activities

Includes those activities associated with the visual and performing arts.

Organized Research/Sponsored Research Definition:

Effort expended on all externally funded sponsored projects.

Intra-University Committees

Assigned activities performed as a member of committees established to address institution or campus-wide issues or needs.

Other Committees

Committee activities associated with department or schools.

Administrative Definition:

Time spent on university administrative duties not related to sponsored research.

Public Service:

Assigned activities performed for non-university groups.

Correcting the effort reported

Examples that require correction and/or adjustments:

If the report indicates that you are being paid from a sponsored agreement and your effort is less than what you are being paid; a payroll adjustment must be made.

Salary paid from a federal grant/contract is reduced. Percent effort reported is greater than percent salary

Salary paid from a federal grant/contract is increased. Percent effort reported varies downward from salary by five percentage points or less.

Salary paid from a federal grant/contract is increased. Percent effort reported varies downward from salary by more than five percentage points.

If the report indicates that you are being paid from a sponsored agreement and your effort is greater than what you are being paid. If the effort is from a departmental account, no payroll adjustment will need to be made. If the effort is from a non-departmental account; a payroll adjustment must be made.

Payroll data is used to generate the **Faculty, Professional Staff and Administrator Activity Report**. Payroll activity and accounting adjustments are reviewed to determine retroactive salary adjustments for staff members covered by the Activity Reporting System. An adjustment may require that a new report be generated.

REMEMBER

- 100% Effort = Total University-compensated effort. Includes teaching, research, public service, administrative, and other University-related activities. *100% effort does not equate to any set number of hours.* Expense associated with effort is based on institutional base salary.
- Institutional Base Salary = The salary paid to the employee in either 1/12th increments for the 12 months of the fiscal year or 1/9th increments (for faculty on 9 month appointments) for the 12 months of the fiscal year.
- Every employee has an institutional base salary that supports 100% of their University compensated time.
- The effort reporting system identifies the portion of that 100% that was contributed to a grant.
- That portion of time, multiplied by the institutional base salary, determines the allowable charge to the grant.
- Our effort certification forms are based on a semester reporting period. If the percentage of effort changes during the semester, the effort certification form will show an average percentage for the semester period.
- Effort certification form indicates the Semester average percentage from the payroll records. This is the “plan” as defined by A-21.
- The employee certifies the percentage in the certify column. This is the “confirmation” as defined by A-21.
- The total percentage of either column should be 100%.
- 100 per cent effort is not defined as a single, standard number of hours or days per week, since it will likely be different for each person and may vary during the year.
- OMB Circular A-21 mandates that the completed form be signed by “...the employee, principal investigator, responsible official, ...or a person having direct knowledge of the work, using suitable means of verification that the work was performed.”
- Effort committed as cost share should be accounted for on the cost share effort/activity certification form.

Please call the Office of Institutional Research with any questions you have regarding the Faculty, Professional Staff and Administrator Activity Reports at Campus Phone 3415. Any questions you have regarding the Compensated Activity reports can be directed to the Office of Research and Projects

COST SHARING

Cost Sharing means that SIUE and/or a third party is contributing support to your project. Cost sharing is usually on grants and not on contracts. The Grant/Contract Acceptance Routing Form has two columns under the heading Proposed Budget. The first column records the sponsor (funding agency) share of the cost of the project. The second column records the SIUE share of the cost of the project. The Grant/Contract Acceptance Routing form also records the sources of the cost share dollars (School or Department) and cost share account number.

Cost Sharing has three categories as outlined by the following Office of Management and Budget Circular which govern regulatory compliance of grants and contracts at institutions of higher education:

1. **Mandatory Cost Share** - The amount required by the sponsoring agency. This cost sharing is proposed by the grantee and is reflected in the award document or approved budget from the granting agency. Documentation to support cost share is required. The cost share is reportable to the funding agency and is subject to audit.
2. **Voluntary Committed Cost Share** - The amount proposed by the grantee, but not required via terms and conditions of the awarding agency. Once cost share has been proposed, it is considered committed and is auditable. Documentation to support cost share level is required. While this type of cost share is treated the same as mandatory cost share, reporting it to the funding agency is optional.
3. **Voluntary Cost Share** - Any over expenditures of a sponsored program for which the costs cannot be charged directly to the sponsor are considered voluntary cost share. The costs can be identified with relative ease as being associated with the program. These over expenditures are charged against unrestricted accounts and are tracked via "cost transfer" documents.

Please note that the National Science Foundation has a mandatory cost share of at least 1% of the total direct costs of a grant. NSF may require greater cost share, but if not stipulated in the award document, an institution must match at least 1% of the total award amount. (See *NSF Grant Policy Guidelines*). .

When a proposal is submitted to a funding agency and university cost sharing has been committed to the project, fiscal officers must be aware that the level of cost sharing committed in the proposal must be met at the time the grant has been awarded. Regardless of whether cost sharing is required/mandatory or voluntary, if the proposal that was awarded for funding reflects cost share in the budget, proposal narrative and proposal routing and award acceptance form, then the level of cost sharing must be met. There are various methods of cost sharing, these are:

1. Salaries and Benefits
2. Equipment
3. University Non-Salary Expenses
E.g. Tuition Waivers
4. Cash Match
5. Voluntary and/or In-Kind Services/Contributions
6. Unrecovered F&A (indirect costs)*

* Unrecovered F&A costs maybe utilized as cost share when the federally negotiated Facilities and Administration (indirect cost) rate is either not covered (paid) by the granting institution.

Under the Office of Management and Budget Circular A-21 and Cost Accounting Standards (CAS), any cost sharing is subject to audit and is reportable to the funding agency. Fiscal officers are required to submit a signed certification of university cost share or a memorandum to the Office of Research and Projects prepared not more frequently than quarterly.

The Cost Share Certification will identify and document the source of funds, transaction dates, brief description, dollar amount, account name and account number actually charged for the cost sharing. The dean or department heads from which the cost share dollars are being derived must also sign the certification. **Cost Share Certification** forms may be obtained from ORP.

Cost sharing of time and effort must be recorded through quarterly activity reports submitted to the Office of Institutional Research (see *Effort Reporting*). Percentage of effort, grant account number and grant title must be recorded in the appropriate areas on the activity report.

Always maintain documentation of cost share. Documentation includes copies of payroll certifications and personnel activity reports; invoice vouchers and accompanying documentation; internal charge records (fast copy, p-card purchases, post office charges, etc.) Remember Cost Sharing is subject to audit. Auditors will ask for documentation so make sure you maintain adequate records and that you do prepare certifications.

PURCHASE REQUISITIONS

Purchasing Procedures:

Purchase of equipment and other current expenses (O.C.E.) are handled with purchase requisitions. The standard requisition is filled out by the principal investigator/project director and sent to the Office of Research and Projects, where it is reviewed and if approved, signed. It is then sent to the **Purchasing Department**, where a Purchase Order is prepared and sent to the vendor. On receipt of the item or service requested, an Invoice Voucher is prepared and submitted to Accounts Payable and payment is made from the proper grant/contract account.

Requisitions are also used to request payment over some length of time for contractual services. Such applications must be made in advance of such services and usually cover payments extended over several months or a year. Consultant's services require a completed Consultant Agreement Form and a Independent Contractor Analysis Form to be attached to the requisition. Payment is ordinarily made on a regular basis (e.g. monthly, although payments need not be the same amount) upon receipt by Accounts Payable of an invoice from the vendor. Regular requisition forms are used in application, however, this type of requisition should clearly identify that the services are for a consultant, the period of performance: from _____ to _____, total payment amount not to exceed \$ _____. The source vendor should be listed on the form with their FEIN (federal employment identification number) or Social Security Number.

Confirming Requisitions are not allowable. Confirming requisitions are defined as payments after the fact, e.g. payments for services already rendered or for items already received. Only the Purchasing Officer and his/her assistants are authorized to commit the University for goods and services, when and as directed by their administrative supervisors. Commitments by any other member of faculty and staff are not legally binding on the University and may result in personal liability for the debt that is created.

All requisitions require that the grant account number and name be recorded in the appropriate fields provided. Only one source of supply may be used per requisition.

INVOICE VOUCHERS

Based on the purchase requisition and issuance of a purchase order, payments for goods received and services rendered are made through the use of an invoice voucher. During the course of standard purchase this form is prepared by **Accounts Payable**. However, on various occasions the standard procedure can be bypassed and an invoice voucher can be typed for direct payment to the vendor.

Invoice vouchers and purchase requisitions must be forwarded to the ORP office. ORP reviews the vouchers and requisitions. Those requiring additional approvals will be forwarded to the appropriate office prior to being sent to purchasing and accounts payable for processing. Please make sure that all vouchers and requisitions clearly have the name and account number of the grant in the appropriate area and are signed and dated by the fiscal officer.

TRAVEL EXPENSE VOUCHERS

According to the Travel Regulations issued by the Accounts Payable Office, "Only those incurred expenses relative to the transaction of official University business will be reimbursed, subject to applicable statutes, regulations, specific terms or restrictions in relation to externally sponsored grants and contracts, availability of funds, reasonableness, and prudence. All travel of any individual subject to these travel regulations shall be authorized and approved by the appropriate administrative officer prior to the beginning of the travel."

Preparation and Submission of the Travel Expense Voucher

Preparation

Travel Expense Vouchers are to be used to request reimbursement for the following expenses related to travel:

- automobile mileage
- meals or per diem
- telephone calls
- tipping (portage)
- transportation and related costs
- lodging (if not directly billed to the University)
- registration fees less than \$50.00 in amount

No requests for reimbursement should be made for expenses that are billed directly to the University. However, these items must be itemized on the Travel Expense Voucher and noted as “billed directly to the University – not included in amount to be reimbursed.” In all cases, receipts are required to be submitted with the voucher for any transportation, lodging, or miscellaneous expense that individually exceed \$10.00. Additionally, in direct billing cases, copies of the billing must also be attached to the voucher.

If a registration fee is charged, a receipt or descriptive material with detail must be submitted highlighting what expenses are included. Meal expenses included in a registration fee will be deducted from the per diem allowance.

*** The electronic forms listed above are available at www.siu.edu/AIS**

Submission - The Travel Expense Voucher should be submitted within 10 days from the date of travel, or at the end of the month in which the travel occurred. All vouchers require Fiscal Officer signature and traveler signature before submitting the voucher to the Office of Research and for further processing. A case in which the Fiscal Officer is the traveler, additional departmental approval is needed before submission. Late travel vouchers require approval by the Office of the Provost.

Once ORP receives the Travel Expense Voucher, the dollar amount requested along with the purpose of travel are compared to the terms of the grant or contract for allowability. As long as the travel is within the guidelines of the granting agency and budgeted dollars remain, ORP will sign the voucher for propriety approval and forward the voucher to Accounts Payable for disbursement.

TRAVEL USING FEDERALLY SPONSORED GRANT FUNDS



To assure that federal funds are expended to the benefit of American companies, recipients and sub recipients of federal grants and contract must utilize U.S. flag carriers to transport personnel and property when these costs are directly charged to the grant or contract. This is inclusive of travel to, from, between or within a country other than the United States, even if the cost of a foreign flag carrier is less and/or more convenient. The exception to this rule is if a U.S. carrier does not serve the point of origin, interchange or destination. In such cases, a foreign flag carrier may be utilized only to the nearest interchange point on a usually traveled route to connect with a U.S. flag carrier and/or if a U.S. flag carrier involuntarily reroutes a traveler via a foreign flag carrier and there is no availability of a U.S. carrier. Other exceptions, in general, may include travel to and from the United States, travel between points outside the U.S. and short distance travel whereby travel hours would be extended anywhere from 3 to 24 hours and/or would eliminate two or more aircraft changes while en route. Additionally, first class air fare is unallowable.

Vouchers and requisitions sent directly to purchasing and accounts payable will be re-routed to ORP for approval and may delay the turnaround time for processing

WHAT ARE F&A COSTS?

The F&A (indirect) costs of a project are those costs not readily identified with the project itself, but are incurred by the University, such as administrative expenses, utilities and library costs. The F&A cost rate is a ratio between the total indirect expenses and some direct cost bases, presently that base is Modified Total Direct Costs (MTDC).

The Office of Research and Projects Fiscal Management is required to negotiate for the University with the U.S. Department of Health and Human Services a pre-determined rate for each fiscal year that is binding upon all other Federal agencies and is recognized by most other funding agencies. In general, full recovery of F&A costs is provided on all federally sponsored research grants and on all National Science Foundation training grants. Public Service/Instructional and Training grants from other federal agencies may not allow full recovery and may be limited by a pre-determined rate based on total direct costs (TDC) or MTDC. Often times that rate is 8%.

FINANCIAL ACCOUNTING ON GRANTS AND CONTRACTS

AIS (Administrative Information System) Reports Versus FAS (Financial Accounting System) Reports

The implementation of AIS (Oracle Financials) has changed many of the business processes at SIUE. Currently all ledger accounts have been converted to the AIS system including Ledger 6 accounts (Grants and Contracts). These AIS ledger accounts use BP (Budget Purpose) numbers that start with the number 7 along with a string of other numbers that define the function and fund of the account. The report currently generated by AIS to fiscal officers is called the Funds Available Report. As fiscal officer of a grant, through the AIS system, you will be able to secure AIS Funds Available Report during the performance of your grant. When your new account is established you will receive a budget purpose number and a Ledger 6-account number. Ledger 6-account numbers can only be used for P-card transactions and payroll forms and transactions. Do not use the 6-ledger numbers assigned to your grant or contract for processing any and all of the following forms:

1. Invoice Vouchers
2. Travel Vouchers
3. Purchase Requisitions

Because of the AIS, the only form and process that has significantly changed for grants is the *establishment of a new grant* account. Once this form is generated and the Administrative Accounting office establishes the account, the BP number assigned will be reflected on the form. Your 6-ledger account number will be noted on the top right hand corner of the form. **Please use and reference the 6-ledger account number for the processing of requests and any account inquiries related to payroll, internal billing charges and p-card charges/transactions.**

Fiscal officers should be aware of treatment of costs as they apply to externally sponsored programs. The following information should be considered for all costs associated with the grant/contract.

***OMB CIRCULAR A-21* COST PRINCIPLES OF EDUCATIONAL INSTITUTIONS
BASIC CONSIDERATIONS**

This is a brief outline of basic consideration for the treatment of costs for grants and contracts as reflected in the Office of Management and Budget Circular A-21. **Please be aware that external auditors closely follow the guidance of the OMB Circulars.**

1. Basic Consideration (Section C)

A. Cost charged to external grants and contracts must be **REASONABLE**

1. The nature and the amount reflect the action that a prudent person would have taken under the circumstances prevailing at the time of the decision to incur the cost.
 - a. Is the cost generally recognized as necessary for the performance of the grant activities?
 - b. Was the individual acting with good intentions and judgement considering their responsibilities to the University, the State and Federal government, and public at large?
 - c. Were actions taken with respect to the incurrence of the cost consistent with established institutional policies applicable to the entire institution including sponsored agreements/grants/contracts?

B. Cost charged to external grants and contracts must be **ALLOCABLE**

1. A cost is allocable if it is incurred solely to advance the work under the sponsored agreement/grant/contract.
2. A cost is allocable if it benefits both the sponsored agreement/grant/contract and other work at the university provided that a reasonable allocation method is used. *Exception Provision:* If equipment is specifically authorized under a sponsored project, then the full amount is assignable to the sponsored project regardless of the use that may be subsequently made.
3. Any costs allocable to activities sponsored by Industry (private sector), foreign governments or other sponsors may not be shifted to federally sponsored agreements.
4. Any costs allocable to a particular sponsored project may not be shifted to other sponsored projects in order to meet deficiencies caused by overruns or other financial considerations, to avoid restrictions imposed by law or by terms of the sponsored project, or for other reasons of convenience.

C. Cost charged to external grants and contracts must be **CONSISTENT**

1. Like costs must be treated the same in like circumstances.

D. Cost charged to external grants and contracts may have **LIMITATIONS ON ALLOWANCE OF COSTS**

1. Sponsored projects are often subject to statutory ceilings on the allowance of costs. When expenditures exceed the limit, the excess may not be recoverable under other sponsored projects.

**ALLOWABLE AND UNALLOWABLE COSTS
OR
WHAT YOU CAN OR CANNOT CHARGE TO YOUR GRANT**

Allowable costs are costs that are eligible for reimbursement by the sponsoring agency. Allowable costs also have to be permissible by the university and permitted by the terms and conditions of the sponsoring agency.

Unallowable costs are those costs that are not eligible for reimbursement by the sponsoring agency.

Costs must meet certain criteria to be considered allowable for reimbursement by a sponsoring agency. The Office of Management and Budget Circular A-21 states that costs should be (1) Reasonable; (2) Allocable and (3) Consistently treated. The costs charged to a sponsored project must also be allowable by the university via its policies and administrative procedures and by the sponsoring agency.

The following is a list of direct costs and activities that are **allowable** for reimbursement for sponsored agreements.

1. Advertising and Public Relations: if directly related to and necessary for the performance of the project;
2. Communications: local and long distance service and postage;
3. Personnel Compensation; must be reasonable and properly accounted for;
4. Equipment and other capital expenditures;
5. Insurance and Indemnification: those costs required for the sponsored agreement;
6. Labor Relations: employee publications;
7. Maintenance, Upkeep and Repair;
8. Materials/Supplies;
9. Memberships, subscriptions and professional activities; business or technical related;
10. Professional services: Consulting;
11. Reconversion costs: Restoration of facilities;
12. Recruitment costs: must be reasonable;
13. Rental of building and equipment: must be necessary for program operation;
14. Royalties and other costs for patents: unless patent is invalid or has expired;
15. Sabbatical leave costs; must follow university policy;
16. Severance pay;
17. Specialized Service Facilities: computer centers, etc.
18. Taxes: allowable only if university has to pay;
19. Transportation Costs: freight, postage, etc.;
20. Travel Costs: must be lowest commercial airfare;
21. Termination Costs Applicable to Sponsored Agreement: cost of unexpired leases; subcontract claims, etc.)

The following is a list of activities and costs that are **unallowable** for reimbursement for sponsored agreements.

1. Organized fund raising;
2. Lobbying;
3. Commencement and convocation;
4. General public relations and alumni activities;
5. Student Activities;
6. Advertising: not directly related to sponsored project;
7. Alcoholic Beverages;
8. Entertainment;
9. Fines and Penalties;
10. Memorabilia and promotional materials; allowable only if used for employee morale;
11. Moving costs if employee resigns within twelve (12) months;
12. First class travel costs;
13. Certain recruitment costs;
14. Cash donations to other parties;
15. Interest (some exceptions may apply);
16. Membership in social, dining and country clubs;
17. Communication costs associated with line charges;
18. Housing and personal living expenses;
19. Pre-agreement costs: unallowable unless pre-approved;
20. Scholarships and student aid;
21. Managing Investments Solely to Enhance Income;
22. Prosecuting Claims Against the Federal Government;

The nature and source of the award may stipulate other activities or costs that are unallowable.

POST AWARD REQUIREMENTS

COST TRANSFERS

During the performance of the sponsored project, it may be necessary to transfer costs to the grant from another source. Costs may be reassigned to a grant from another source if the transfer is to correct an error, the charge benefits more than one sponsored project and can be distributed based on the benefits received and, the sponsored project involved in the transfers are closely related.

Cost transfers are not permitted to reduce overruns from one sponsored project to another and cannot be made between unrelated grant/contract projects. Transfers cannot be made from restricted accounts with unexpended allocations to unrestricted accounts; and if the charges are unallowable by the terms and conditions of the receiving sponsored project. Most importantly, transfers are not allowable for mere convenience.

To request a transfer of costs, please notify ORP and we will forward you a Request for Transfer/Correction Form. Written justification and/or documentation supporting the transfer request should be attached to the form and returned to Research and Projects Fiscal Management. Transfers should be made in a timely manner following the original charge and will only be approved by ORP if they are processed within four months of the original posting charges.

Transfers that are unallowable and heavily scrutinized by auditors are:

1. Transfers of expenditures between two or more unrelated grant accounts;
2. Transfers of expenditures from a 2-ledger account to a grant account;
3. Transfer of expenditures to a grant account, which eliminates an overdraft in a ledger 2 or 4 account.

Steps to prevent the need for cost transfers on grant accounts:

1. *Spend the grant budget first.*

If department funds are anticipated to cover a portion of the project (i.e. cost sharing), charge all expenditures to the grant account first. Use departmental funds only when the grant has been fully expended.

2. *Directly charge all expenditures.*

Any expenditure, which relates to the grant project, should be charged directly to the grant account.

For example, OIT phone charges should be directly hitting the grant account instead of being transferred from a 4-ledger account.

Start accumulating project expenditures in a grant account as soon as possible. If expenditures are incurred prior to the award execution, ask for a pre-award account to be established.

PREAWARD COSTS

Pre-award Costs are costs incurred prior to the start date of the grant/contract project as stated in the award notification. Pre-award costs must be “necessary and for the economical benefit” of the project. Pre-award costs must also be allowable under the terms and conditions of the award.

Pre-award costs may or may not be allowed on grants. Please refer to the “Special Terms and Conditions” in your grant application package, or give our office a call and we will look up the particular terms from your awarding agency. If there is no mention made in the terms and conditions for the grant, we will assume that prior agency approval will be required in order for pre-award costs to be allowable. Please be aware that all agency approval requests must be generated from the Office of Research and Projects. Should this action be required, please notify us and we will prepare the correspondence to the funding agency to seek this approval on your behalf.

Requesting a Pre-Award Account (Rush Procedure)

This step is advisable only if you have received written notification from the granting agency that your proposal has been awarded and/or you have received an award notification prior to the performance start date and the agency will allow pre-award costs. It will also be necessary for you to identify an unrestricted (4-ledger) account number to which costs can be transferred should, for some reason, the award not materialize.

TYPES OF PREAWARD COSTS AND PROCEDURES

Generally, if allowed, pre-award costs are expended within 90 (ninety) days prior to official award start date. These costs must be approved prior to actual spending. Pre-award costs must be documented in accordance with normal university policies.

- a. When requesting a pre-award account number, please specify, in writing, that pre-award costs are expected to be incurred. Include approximate amount of expense, the cost categories (i.e. – supplies, equipment, etc.) and why pre-award costs are necessary for the project.
- b. The Office of Research & Projects will review and notify the agency within 10 days of receipt of the request for pre-award cost approval.

Pre-award costs prior to 90 (ninety) days of the official award start date must be approved by the funding agency in writing prior to the incurrence of the costs. The Project Director/Principal Investigator should write a memorandum requesting approval to the Office of Research and Projects. The Office of Research and Projects will prepare a formal letter to the agency. We may require co-signature of the Project Director/Principal Investigator. The memorandum to ORP should include the following:

- a. Approximate costs
- b. Categories of costs
- c. Earliest date of expected pre-award costs
- d. Why pre-award costs are necessary (how they will benefit the project)

POTENTIAL IMPACT ON GRANTS

Pre-award costs may affect the begin and end date on grants from certain agencies. When pre-award costs are incurred, the new start date may become the date the earliest pre-award cost was incurred. When a project is less than 5 (years), there is no impact on the grant, however when the project is five years, the end date will be determined as five years after the earliest pre-award cost was incurred.

FINANCIAL REPORTING TO FUNDING AGENCY

ORP prepares, monthly, quarterly and annual reporting on as required your grant and/or contract. When establishing the new account and setting up your grant records, ORP maintains a schedule on the due dates of your financial reports.

Copies of all financial reports submitted to funding agencies by ORP are copied to the fiscal officer of the grant.

NO COST TIME EXTENSION

Many funding agencies allow a one time extension of the expiration date of the award up to one year. A request for the extension should be submitted in writing to the Director of Research & Projects noting supporting reasons for the extension and revised expiration date. This one time extension **may not** be used if the following conditions exist:

- a. To use unobligated balances remaining at the end of the grant period;
- b. The terms and conditions of the award prohibit the extension;
- c. The extension requires additional funds;
- d. Extension involves any changes in the approved objectives of scope of the project.

TRANSACTIONS AND CONTROLS

When accepting an award from a granting agency, the university certifies the following:

- a. That we are requesting reimbursement for actual, allowable expenses for that particular project.
- b. That we have accounting procedures and controls in place to prevent unallowable expenses from being charged to the project.
- c. That we are not knowingly charging unallowable expenses to the project.

ORP Fiscal Management performs all requests for reimbursement from granting agencies. This is done either through invoicing agencies or performing letter of credit draw down procedures. ORP uses the expense data supplied through the university's FAS (Financial Accounting System) AMO reports. Fiscal Officers on grants and contracts receive a copy of this report on their 6-ledger grant account every month.

In order for ORP to determine the allowability of costs charged against grant accounts, all invoice vouchers, purchase requisitions and employment assignments are first forwarded to our office for proprietary approval. This assist us in determining allowable and unallowable costs prior to transactions entering the 6-ledger grant account. This also reduces the need for cost transfers.

Because propriety approvals cannot be performed on p-card purchases, it is incumbent upon the Fiscal Officer of the grant account to insure that purchases made with p-card are allowable and meet the criteria established under the grant award.

Should any unallowable cost enter the system and reimbursement is requested for those costs, we must refund the amount of unallowable expenses to the granting agency. We would also be required to pay interest on those funds to the granting agency. As soon as it is determined that an unallowable cost has been posted to the grant account, a transfer of those costs to an appropriate account should be made as soon as possible.

EQUIPMENT

The Office of Management and Budget OMB Circular A-21 defines equipment as follows:

1. Equipment is tangible, nonexpendable personal property;
2. Equipment has a useful life of more than two (2) years;
3. **Equipment has an acquisition costs of \$5,000.00 or more;**
4. Equipment acquisition costs can include modifications or accessories that make it useful for the purpose it was intended;
5. Equipment can include protective insurance, freight, and installation if the university's policy is to include it.

SIUE's definition of equipment as of July 1, 1999

1. Equipment is tangible, nonexpendable personal property;
2. Equipment has a useful life of more than two (2) years;
3. **Equipment has an acquisition costs of \$500.00 or more;**
4. Equipment acquisition costs can include modifications or accessories that make it useful for the purpose it was intended;
5. Equipment can include freight, and installation.

Effects of the A-21 threshold on grants awarded based on the university's \$500.00 equipment threshold:

1. Because of the university threshold, all equipment items purchased at \$500.00 and above will be categorized as equipment on financial reports to the granting agency.
2. The F&A (indirect cost) will be less on grants with modified total direct costs (direct costs less equipment, each subcontracts over \$25,000.00, stipends and fees)

Unless there is an equipment line and amount reflected in your awarded budget, equipment cannot be purchased under the grant without prior approval. Prior granting agency approval may be required for the purchase of equipment not in the approved budget. Allowances can be made for some items, with prior agency approval, because of the difference between the A-21 and university threshold for equipment. There are a few federal agencies that allow for the rebudgeting of other line items to the equipment line. Most state grants will not allow for the purchasing of equipment, unless it was initially proposed and appears in the approved budget. Please check with ORP if you require a modification and approval to your budget for the purchase of equipment.

If the purchase of equipment is allowable under your grant/contract, purchase the equipment at the beginning of your grant. Equipment purchases may be disallowed if purchased during the last few months of the grant period. Equipment purchased within the last 3-4 months of the grant period are considered questioned cost by auditors since equipment purchased with grant funds should be used or required for the performance of the activity conducted by the sponsored program.

SUBCONTRACTING VS. CONSULTING

The difference between a subcontractor and a consultant is outlined below. This outline should assist you in determining what vehicle to use to secure services under either of these categories.

SUBCONTRACT

VS

CONSULTING

WHEN TO USE

When an individual who is independent of the University is performing a **significant** part of the project or collaborating on the project.

When an individual who is independent of the University is performing a **small** part of the project.

AGENCY APPROVAL

In many cases agency approval is required. Check the “Special Terms and Conditions” of the Grant or contact ORP for determination.

In many cases agency approval is required. The “Special Terms and Conditions” for the Grant will indicate allowability or contact ORP for determination.

WHEN AGREEMENTS ARE INITIATED (AGREEMENTS APPROVED IN THE BUDGET)

When the proposal was originally submitted to the funding agency, any subcontractor or individual who is to provide a substantial portion of the work on the project should have been identified. A subcontract will be prepared by ORP to the subcontractor and ORP will negotiate the terms and conditions of the subcontract. Call Jo Barnes for any subcontracting actions at ext. 5199.

When the award has been received from granting agency, please contact ORP for assistance in preparing and initiating the appropriate documents to secure services of the individual. Call Jo Barnes at ext. 5199.

WHEN AGREEMENTS ARE INITIATED (AGREEMENTS NOT IN THE APPROVED BUDGET)

The principal investigator/project director should contact ORP to initiate the subcontract. ORP will determine if agency approval is needed.

The principal investigator/project director can initiate a **consulting agreement** in cases where agency approval is not necessary. All agreements should be reviewed and approved by ORP and will be forward to Office of the Provost for signature approval.

SUBCONTRACTING VS. CONSULTING (cont'd)

SUBCONTRACT

Based on the terms and conditions in the sub-contract, the subcontractor will submit invoices either monthly or quarterly to ORP. ORP will review the invoices and forward to the project director for review and approval. An initial purchase requisition will be generated for the full dollar amount. Upon receipt of each invoice from the subcontractor, the project director will prepare an invoice voucher, using the purchase order number assigned by the Purchasing Department. These documents should be forwarded to ORP for propriety signature. ORP will forward to the appropriate departments for processing and payment.

CONSULTING

PAYMENT PROCESS

Once the consultant agreement has been approved and signed . A purchase requisition will be generated and the consultant agreement will be attached. If the consultant is to receive payment in a lump sum, an invoice voucher can be generated at the same time and attached to purchase requisition and consultant agreement. These documents should be forwarded to ORP, who will then forward to the appropriate departments for processing and payment

Important Considerations

1. Never have a consultant/independent contractor perform services prior to a consultant agreement being issued and approved.
2. If a significant or small portion of the work requires that specific expertise is to be provided by an outside consultant or agency, make sure to identify the individual/agency in your proposal by name. If not identified, the State of Illinois Procurement code will require that the work to be done will have to be subject to the bidding process and cannot be sole sourced.
3. All subcontract agreements must be prepared by the Office of Research and Projects

BUDGET REVISIONS/MODIFICATIONS

Budget revisions or modifications may be either performed internally, approved by the Office of Research and Projects or externally, approved by the Granting Agency.

Some agencies are flexible about re-budgeting and some have limitations on the percentage of the budget that can be revised. Whenever you anticipate a deviation from your approved budget, please give ORP a call. We will check the regulations and assist you in preparing your budget revision. Do not overspend in categories without first securing approval on your budget revision

Please Contact ORP For The Type of Approval Required For Your Specific Rebudgeting Request

Internal Budget Revisions

The project director/principal investigator submitting a memorandum or a budget revision form (if supplied by granting agency) to ORP generally implements internal budget revisions. The memorandum or form should reflect the date of the request, what budget lines require modification and justification for the budget revision. The budget revision request should be addressed to the Director of Research and Projects and forwarded to ORP (campus box 1007). The revision is reviewed by ORP for the accuracy of the budget changes and the reasonableness of the justification. ORP will cite, on the submitted revision request, the appropriate agency expanded authority regulations on rebudgeting actions. The revision is approved by signature of the Director of Research and Projects. The approved original will be returned to the project director/principal investigator. Copies of the approved revision will be maintained in the ORP grant folder of the project and updated in the University FAS system.

External Budget Revisions

An external budget revision is mailed to the granting agency for prior approval. The project director/principal investigator submitting a memorandum or a budget revision form (if supplied by granting agency) to ORP/ORP implements the budget revision. The revision is reviewed by ORP for the accuracy of the budget changes and the reasonableness of the justification. A letter is prepared and sent via the Director of Research and Projects to the granting agency requesting the budget revision. Upon receipt of notification of the status of the request from the agency, ORP will forward such notification to the project director/principal investigator.

All budget revisions should include the following:

The budget categories that are affected should be listed with dollar amounts. The total amount of increases to budget categories must equal the total amount of decreases. Be aware that if the budget revision affects one of the following cost categories, then the indirect cost budget may need to be changed.

- Salaries and wages*
- Stipends (normally, this budget line cannot be revised on federal grants)
- Tuition and Fees
- Equipment
- Rent of Buildings

*Budget revision under the salaries and wages category are carefully scrutinized with regard to any decrease in the level of effort by the principal investigator/project director or any key personnel identified in the project who are receiving compensation through the grant.

A justification is required explaining how and why the revision is needed. The justification should include:

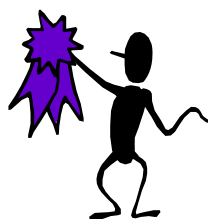
- a. Reasons for the additional expenditures in the cost categories that are being increased.
- b. Reasons for the savings in the cost categories being decreased.

ALL BUDGET REVISIONS MUST BE APPROVED PRIOR TO SPENDING

HELPFUL TIPS FOR MANAGING YOUR GRANT OR CONTRACT



- Get prior approval on any budget revisions or modifications;
- Keep track of expenses – maintain all documents;
- Don't purchase equipment towards the end of the performance period of your grant;
- Don't send SIUE financial documents to your granting agency (i.e. FAS reports, payroll certifications, etc.)
- Don't sign contracts or agreements;
- Don't spend grant/contract funds after the termination date of your agreement;
- Encumber funds well in advance of the grant/contract termination date;
- Don't end your grant with a deficit balance;
- If cost sharing is anticipated to cover a portion of the project, spend your grant budget first. Charge all expenditures to the grant first, then begin using cost share;
- Submit cost share certifications to ORP at least on a quarterly basis; Keep supporting documentation on cost share file for potential audit review;
- Make sure you record time and effort correctly on quarterly Activity Reports;
- Make sure time and effort committed to the grant is met;
- Prepare personnel contracts (application for appointments, change of assignments, etc.) as soon as you receive your new FAS grant account number;
- Avoid transfers of costs as much as possible. Directly charged expenditures to your grant;
- Review your FAS reports every month;
- Call ORP for assistance with any post-award financial or non-financial matters;
- Use your department's P-card to purchase supplies and have charges billed directly to the grant account. Always consider cost principals and allowable cost issues when making purchases to the P-card. If you are unsure, call ORP.
- Do not prepare or submit financial reports to your funding agency. Please call ORP if there are any special considerations in this regard.



SAMPLE DOCUMENTS