



Policy Directory

Responsible Division: Finance and Administrative Services
Responsible Office: Grants and Contracts
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13.0 GRANTS AND CONTRACTS POLICIES AND PROCEDURES

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13.2 BUDGET REVISIONS

Guidelines for revising the budget of a contract or grant are normally provided in the guidelines of the federal agency making the award. If the contract or grant is with the State of Mississippi or a private organization, the terms are normally stated in the award document. If there are no guidelines or regulations covering a particular situation, the principal investigator (PI)/project director (PD) will be responsible for providing or obtaining the applicable guidelines.

There are several major points to consider when revising a budget.

- Justify in detail on the budget revision form the reason for the revision.
- Anticipate budget needs and obtain prior approval rather than after the fact.
- Overhead should be adjusted as necessary and if allowable.
- Request for a budget revision must follow the University's established procedures for approval.

The principal Investigator/project director has the responsibility of reviewing and approving budget revisions for most agencies. In cases where agency approval is required to revise a budget, the principal investigator/project director will be responsible for obtaining the necessary approval.

Procedures: University Request for Budget Revision

The principal investigator/project director requesting a budget revision must complete the Request for Budget Revision form. The completed form should be forwarded to the Office of Grants and Contracts.

The grant accountant in the Office of Grants and Contracts will review the budget revision and if the agency's prior approval is not required or no additional information is needed, the budget request will be approved and entered into Banner.

If the accountant determines that the budget revision cannot be processed as submitted due to insufficient funds or another concern, the accountant will contact the requestor to try to resolve the issue.

If the issue is resolved, the revision will be entered into Banner. If the issue is not resolved, the Request for Budget Revision will be returned to the requestor.

Revisions requiring the agency's prior approval will be forwarded by the principal investigator/project director to obtain the sponsoring agency's approval.

13.3 BUDGETING AND ESTABLISHING A FUND

The Office of Gants and Contracts is responsible for assigning the **Fund, Organization, Program and Activity** codes (FOPA) in the Banner system for all sponsored programs received in the form of a grant, contract or cooperative agreement.

Fund Code

The Fund Type for all sponsored programs is “**30**”. Fund codes are assigned according to the funding agency as indicated below.

- 31XXXX – U.S. Department of Education
- 32XXXX – U.S. Department of Health and Human Services
- 33XXXX – U.S. Department of Agriculture (NIFA)
- 35XXXX – Other Direct and Pass Through Agencies
- 36XXXX – Federally Funded State Agencies
- 37XXXX – Private and Non-Federal Agencies

Organization Code

The Organization Codes is assigned based on the principal investigator's/project director's home school/department, with the last digit of the six-digit code being a "3". The "3" signifies a sponsored program.

Program Code

The Program Code is assigned based on the standard definitions developed by the National Association of College and University Business Officers (NACUBO) and the scope of work outlined in the approved award.

- 01 – Instruction
- 02 – Research
- 03 – Public Service
- 04 – Academic Support
- 05 – Student Services
- 06 – Institutional Support
- 07 – Operations and Maintenance of Plant
- 08 – Scholarship

Activity Code

The Activity Code is based on the type of work undertaken by each sponsored program. It is the responsibility of principal investigator/program director to inform the Office of Grants and Contracts of the nature of the work to be undertaken.

The Activity Code is mainly used for reporting data on the NSF Higher Education R&D Survey. Research and Development covers three activities, basic research, applied research, and experimental development with definition of each activity on the survey.

Basic research is experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts, without any particular application or use in view.

Applied research is original investigation undertaken in order to acquire new knowledge. It is directed primarily toward a specific, practical aim or objective.

Experimental development is systematic work drawing on knowledge gained from research and practical experience and producing additional knowledge, which is directed to producing new products or processes or to improving existing products or processes.

- A000 – Non-research
- B100 – Basic research
- A100 – Applied research
- E100 – Experimental development

13.4 CHARACTERISTICS OF GRANTS, CONTRACTS, AND COOPERATIVE AGREEMENTS

Terminology

The distinction between grants and contracts depends only on whether the sponsor or grantor designates the governing document as a "grant" or as a "contract."

General definitions:

Grants: Funds received from outside sources for the purpose of supporting the public service, research or instruction functions in a specific area of mutual interest to the institution and the grantor. The governing documents furnished by the grantor at the time of such grant awards usually designate the funds as "grants" and specify the degree of accounting and reporting obligations on such funds.

Contract: Funds received by the institution for specific services rendered to agencies, corporations, or others under negotiated contracts. These contracts are formal written documents that specify the rights and obligations of the parties involved.

Cooperative Agreements: The appropriate relationship between the federal government and a recipient when both of these conditions are satisfied: A.) The principle purpose of the relationship is to transfer money, property, services, or anything of value to the state or local government or other recipient to accomplish a public purpose. Such purpose may be categorized by support or stimulation authorized by federal statute, rather than acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the federal government; and B.) substantial involvement is anticipated between the executive agency, acting for the federal government, and the state or local government or other recipient during performance of the contemplated activity.

13.5 COMPLIANCE RESPONSIBILITY

The Office of Contracts & Grants, under the direction of the Associate Vice President for Finance and Administrative Services, is responsible for the financial and regulatory administration of all grants and contracts awarded to Alcorn State University (ASU). This responsibility includes but is not limited to:

Establish and communicate policies and procedures consistent with federal regulations.

Exercise budgetary control of Contracts & Grants fund.

Provide assistance and guidance to university faculty and staff for the financial management of grants and contracts.

Maintain an auditable effort-reporting system.

Prepare and submit financial reports and invoices.

Make timely deposits of grant and contract receipts from sponsors and follow up with sponsors on delinquent payments.

Submit final financial reports to funding agencies.

Review transactions for allowability and reasonableness of costs.

Assist in performing annual sub-recipient monitoring in accordance with Uniform Guidance (2 CRF 200).

Coordinate formal audits or financial reviews of grants and contracts by sponsoring agencies.

Authority

Guidance for the administration of Contracts & Grants is provided from several sources. The primary authorities are:

Federal Office of Management and Budget Uniform Guidance (UG) (2 CRF 200)

Individual regulations from various awarding agencies,

Periodic policy guidance from the State of Mississippi, and Alcorn State University Policies and Procedures

13.6 COST SHARING

This statement explains cost sharing, the different types of cost sharing and the proper documentation for each type. It also contains the procedures that are followed to verify that cost sharing commitments are being fulfilled and to periodically obtain cost sharing data from campus for financial reporting purposes. Also included in this statement are examples of costs that are not allowable as cost sharing.

Definitions

Cost sharing is the portion of total project costs not borne by the sponsor. Other terms also used to express more specific methods of cost sharing include matching, third-party and in-kind contributions.

Mandatory cost sharing is the term used when cost sharing is required by a sponsor.

Voluntary cost sharing is the term used when cost sharing is included in proposals but is not required by the sponsor. It is the University's policy not to volunteer cost sharing.

Once cost sharing has been included in a proposal and that proposal has been accepted by the sponsor, the University has an obligation to provide the cost sharing proposed, regardless of whether it was mandatory or voluntary. The terms required or committed cost sharing are used to describe this obligation.

Post-award situations that require cost sharing

Cost sharing may become a requirement through reductions in award amounts (as compared to what was requested in a proposal) unless comparable reductions are made in the scope or objective of the work. The reasons for reductions in award amounts should be clearly documented during negotiations with sponsors to avoid unplanned or unnecessary cost sharing. Examples of reasons for a reduction in an award amount include an original cost estimate being too high, the scope or objective of the proposal being reduced, or the sponsor wanting the University to bear more of the project cost.

Principal investigators and other University employees who spend significant time on sponsored projects that is not reimbursed by the sponsor must document this as cost sharing. This is true even if their time was not included in the proposal or award agreement as cost sharing. Federal regulations require that significant cost sharing, regardless of whether it was required by the sponsored agreement, be documented to ensure accurate financial reporting.

Cost sharing also may be required to maintain the committed level of effort on sponsored projects when re-budgeting results in significant decreases in salaries of the principal investigator or other personnel funded from the project that could impact the outcome of the work.

Applicable regulations

University cost sharing must meet these criteria to be allowable:

Cost sharing must be verifiable from University records.

Expenditures documented as cost sharing must be necessary and reasonable for the proper and efficient accomplishment of project objectives.

Expenditures documented as cost sharing must be allowable according to federal cost principles.

Cost sharing cannot be used or reported more than one time. If cost sharing benefits more than one project, it should be prorated in an equitable manner among the projects (e.g., based on the percentage of each project's cost total to the combined projects' costs).

Expenditures supported by a federal project may not be used as cost sharing for another federal project unless specifically approved by the awarding agency.

Mandatory cost sharing must be disclosed in approved budgets when required by the agency.

If the requested funding is reduced then there should be a corresponding reduction of the cost sharing on a pro-rata basis. This should occur during negotiations and before official acceptance of the award.

The following are unallowable as cost sharing:

Cost that are unallowable in accordance with federal cost principles identified in Uniform Guidance (2 CFR 200) (i.e. advertisement, entertainment, stipends and scholarships for research awards, etc.).

Documentation requirements for cost sharing

For documentation and reporting purposes, the University has classified cost sharing into the following categories:

Effort: The effort of University employees for whom the University will fund salaries and related fringe benefits for the time that they work on a sponsored project.

Non-salary matching total direct cost: This includes supplies, travel, equipment, tuition, and other total direct costs (except salaries and fringe benefits) that the University will fund.

Documentation such as purchase orders, vendor invoices, journal vouchers, payment authorizations, travel authorizations, and travel reimbursements should be maintained by the principal investigator/project director.

13.7 COST TRANSFER

In certain circumstances, a charge may be posted to an incorrect fund. When this happens, a correcting journal entry is required to move the cost to the correct fund. This policy explains how the need for a cost transfer arises, the requirements of a cost transfer journal entry, and the method for processing cost transfers through the accounting systems.

This policy is issued to assure the integrity of the University's charges for salaries, wages, goods and services on sponsored projects transferred to and/or from a sponsored project after an initial charge elsewhere in the University's accounting system. Additionally, this policy is issued to ensure compliance with sponsor terms and conditions, regulations and University policies.

Definition

A cost transfer is a transfer of expenditure from one project to another project after the expense was initially charged to another sponsored project or non-sponsored project, inclusive of reassignments of salary, wages and other direct costs. When the project receiving the charge is a sponsored grant or contract, special rules apply as discussed later in this guide.

In some instances, a cost transfer is unavoidable. The purpose of this cost transfer guide is to provide information to principal investigators, department administrators, project managers, departmental chairs, and deans concerning government cost transfer policies. Cost transfers should not be prepared or approved by departmental personnel if the requirements in this guide are not met.

Reason for concern

Transfers that are frequent, tardy or inadequately explained, particularly on grants with overruns or unexpended balances, raise questions about the propriety of the transfers and the reliability of the university's accounting system and internal controls.

Cost transfers between similar or related projects

The appropriate allocation of costs among similar or related projects should be made when a transaction is initiated in accordance with the University's Direct Cost. The cost transfer guidelines summarized in the first section of this document apply to cost transfers whether projects are related or not related. If a cost transfer is not allowable, the fact the projects are related cannot be used as a reason to make the transfer allowable absent written authorization from the appropriate federal funding agency(s).

Consequences if a cost transfer does not meet government requirements

As required by federal regulations, the University utilizes external auditors to conduct extensive reviews of federal grant and contract expenditures, which includes reviews of cost transfers. In the event that a cost transfer does not meet government requirements, the dollar amount of the transfer will be disallowed, and the area responsible for the grant will have to reimburse the grant for the amount of the disallowed cost transfer. If a significant number of cost transfers do not meet government requirements, the auditors may extrapolate the disallowances and recommend disallowing a percentage of all cost transfers for a particular department, college/school, or the entire University.

Procedures

All requests for cost transfer should be submitted directly to the Office of Grants and contracts.

Cost transfers must be prepared and submitted within 90 days from the end of the calendar month in which the transaction appears on the award. Cost transfers made after this period require prior approval by the Director of Grants and contracts and will be permitted only under extenuating circumstances.

All cost transfers must be accompanied by written documentation, including an adequate explanation of the specific nature of the error and/or any other reason for the cost transfer, the way in which the error occurred, the reason why the transfer was not processed in a timely manner if 90 days or more have passed since the original charge, and how the situation will be prevented going forward. The explanation must be sufficient for an independent reviewer (i.e., a federal auditor) to understand the transfer and conclude that it is appropriate. According to federal regulations, "An explanation which merely states that the transfer was made 'to correct error' or 'to transfer to correct project' is not sufficient." Thus, any cost transfer documentation containing such an explanation will be returned to the department.

Cost transfers to correct an error must be completed regardless of timeframe if the correction benefits the sponsor.

Transfers of costs to any sponsored project fund are allowable only where the direct benefit to the project account is charged. An overdraft or any direct cost item incurred in the conduct of one sponsored project may not be transferred to another sponsored project account merely for the sake of resolving a deficit or an allowability issue. Cost transfers should not be used as a means of managing awards.

All cost transfers must also contain the following certification statement, signed by the principal investigator: "I certify that the cost transferred is an appropriate expenditure for the sponsored grant/contract charged and that the expenditure complies with the terms and restrictions governing that sponsored grant or contract." The certification statement must be countersigned by the Dean before it can be processed in the accounting system.

Alcorn State University (ASU) expects that costs directly charged to federally sponsored awards received by the University will comply with the cost principles outlined in Office of Management and Budget Uniform Guidance (2 CRF 200).

Additional documentation requirements

Each cost transfer request must contain all documentation necessary for processing a routine journal entry within the accounting system. Such documentation should include fund number, account code, transaction description (both fields), transaction date, etc. Within the documentation, the expense to be transferred should be clearly identified.

Salary cost transfers must contain:

The name and employee identification number of the individual whose salary distribution is to be corrected,

The period of time covered by the correction, and

A copy of the Electronic Personnel Action Form (EPAF) or time sheet showing the original salary distribution for the time period covered by the request and the corrected salary distribution.

Inadequate documentation

Cost transfer requests will be returned to the principal investigator if:

The documentation required for the transfer, as described above, is missing;

The cost to be transferred was incurred outside the effective dates of the sponsored grant/contract receiving the charge;

The sole purpose of the transfer is to move deficit from one sponsored grant/contract to another;

The sole purpose of the transfer is to "use up" unspent funds from a sponsored grant or contract; or

The certification statement from the principal investigator and/or Dean is missing.

Supplementary information

The 90-day cost transfer time limit applies when transferring expenses to a sponsored grant or contract. No time limit exists for removing expenditures from a federally sponsored grant or contract. If inappropriate expenditures are discovered on federal projects, they must be removed without regard to time limits.

In certain circumstances, a transfer may be appropriate even though the 90-day deadline is not met. These transfers will be reviewed under scrutiny and may need justification

Summary of cost transfer guidelines

All cost transfers to sponsored projects should be made within 90 days of the original charge. Any cost transfer removing expenses from a sponsored grant or contract must be made without regard to this time limit. In certain unusual circumstances, a cost transfer may be appropriate after the 90-day deadline; such transfers will be subject to increased scrutiny and additional approvals.

The cost to be transferred must be shown to benefit and be allowable under the terms of the sponsored grant/contract receiving the charge.

Written justification and documentation must accompany the cost transfer request. See Section II for specific requirements

Cost transfers will be returned to the principal investigator if:

- Inadequate documentation is provided with the transfer request;
- The request for cost transfer does not meet the time deadline;
- The sole purpose of the transfer is to move a deficit from one sponsored grant/contract to another;
- The purpose of the transfer is to "use up" unspent funds from a sponsored grant or contract; or
- The dean's certification is missing.

13.8 DIRECT COSTS

The criteria for charging costs to federal grants and contracts is based on the following predetermined groups of allowable and unallowable costs as identified in Uniform Guidance (2 CFR 200 Subpart E). Expenses grouped in the allowable cost category may be charged to grants and contracts based on the policy restrictions of the awarding agency. Expenses grouped in the unallowable cost category may not be charged to grants and contracts unless the awarding agency provides specific approval.

The following guidelines are not all inclusive; in each case, the budget as approved by the sponsor in making an award, any policy restrictions of the sponsor, and applicable state regulations must be consulted.

Allowable expenses

Advertising and Public Relations

"Advertising" costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television programs, direct mail, exhibits, and the like.

"Public Relations" includes community relations and means those activities dedicated to maintaining the image of the institution or promoting understanding and favorable relations with the community or public at large or any segment of the public.

The only allowable advertising costs are those solely for (1) the recruitment of personnel required by the non-Federal entity for performance of a Federal award, (2) the procurement of goods and services for the performance of a sponsored agreement, (3) the disposal of scrap or surplus materials acquired in the performance sponsored agreement except when institutions are reimbursed for disposal costs at a predetermined amount, and (4) program outreach and other specific purposes necessary to meet the requirements of the sponsored agreement.

The only allowable public relations cost are: (1) costs specifically required by the sponsored agreements, (2) costs of communicating with the public and news media pertaining to specific activities or accomplishments that result from performance of sponsored agreements, or (3) the cost of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern such as notices of contract/grant awards, financial matters, etc.

Communications

Costs incurred for long distance telephone calls, telegrams, radiograms, postage, and the like.

Compensation for Personal Services

Compensation for personal services must be based on current or accrued salary of an employee rendering services during the period of performance. For academic personnel, charges for work performed on contracts or grants must be based on the individual's regular compensation in an academic year calendar.

Equipment

An article of non-expendable personal property having a useful life of more than one year and an acquisition cost equal to or greater than \$5,000. General purpose equipment expenditures are unallowable as direct cost except when approved in advance by the sponsoring agency. Special purpose equipment expenditures are allowable as direct costs provided that units with a cost of \$5,000 or more are approved in advance by the awarding agency.

Fringe Benefits

Employer contributions or expenses for retirement, Social Security, employee insurance, and worker's compensation insurance. Benefits must be granted in accordance with established policies for payroll and benefits.

Insurance and Indemnification

Costs of insurance required or approved pursuant to the contract or grant.

Maintenance and Repair

Costs incurred for necessary maintenance, repair or upkeep of property (including government property unless otherwise provided for) that neither add to the permanent value of the property nor appreciably prolong its intended life but keep it in operating condition.

Material and Supplies

Costs incurred for purchased materials, supplies, and fabricated parts directly related to the contract or grant.

Meetings and Conferences

Costs of meetings and conferences when the primary purpose is the dissemination of technical information. This includes the cost of meals, transportation, rental or facilities, and other items incidental to such meetings or conferences. Expenses must be within the approved contract or grant budget and follow established University procedures.

Patent Costs

Costs of preparing disclosures, reports, and other documents required by the contract or grant to the extent necessary to make such invention disclosures are allowable. In accordance with the clauses of the sponsored agreements relating to patents, costs of preparing documents and any other patent costs, in connection with the filing of a patent applicable where title is conveyed to the government, are allowable.

Printing and Binding

The costs of printing, production, reproduction, and binding of technical reports and deliverables.

Professional Services

Costs of professional services rendered by the members of a particular profession who are not employees of the institution are allowable if specified in the proposal budget and approved by the sponsoring agency. Costs of legal, accounting, and consulting services, and related costs incurred in

connection with the prosecution of claims against the federal government, are not allowable. In addition, the use of outside consultants for research activities is governed by Administrative Memorandum 104. Principal investigators must familiarize themselves with the restrictions governing outside consultants during the proposal budget preparation process.

Public Information Services

Costs of news releases pertaining to specific research or scientific accomplishments are allowable when they result from the performance of sponsored agreements.

Rearrangement and Alteration

Costs incurred for ordinary rearrangement and alteration of facilities. Special arrangement and alteration costs incurred specifically for the project are allowable when special work has been approved in advance by the sponsoring agency.

Rental Cost of Buildings and Equipment

These costs are allowable subject to approval by the awarding agency during the proposal process.

Scholarships and Student Aid

The cost of scholarships, fellowships, and other programs of student aid are allowable only when the purpose of the sponsored agreement is to provide selected participation and charges are approved by the sponsoring agency.

Specialized Service Facilities

The cost of University lab or recharge centers involving the use of highly complex or specialized facilities such as electronic computers, wind tunnels, and reactors are allowable if the Comptroller has approved the rates for specialized services charges and facilities.

Transportation

Costs incurred for freight express, postage, and other transportation services relating either to goods purchased, in process, or delivered.

Travel

Travel costs are the expenses for transportation lodging, subsistence, and related items incurred by employees who are in travel status on official contract or grant related business. Domestic travel costs are allowable when permitted by the sponsored agreement.

All travel must meet the requirements as established in the University Travel Policy for each trip.

Foreign travel is defined as any travel outside the United States, its territories and possessions, and Canada. Foreign travel costs are allowable only when the travel has received specific prior approval if required. In addition, the Office of Grants and Contracts must approve each foreign trip.

Unallowable costs

The following costs are considered unallowable charges to a contract or grant unless prior written approval is received from the sponsoring agency.

Advertising and Public Relations

All advertising and public relations costs other than those specified as allowable in the section above.

Costs of convocations or other events related to instruction or other institutional activities, including the cost of displays, demonstrations and exhibits, and the costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events;

Salaries and wages or employees engaged in setting up and displaying exhibits making demonstrations and providing briefings;

Costs of promotional items and memorabilia, including models, gifts, and souvenirs;

Costs of advertising and public relations designed solely to promote the institution.

Alcoholic Beverage

The cost of alcoholic beverages.

Alumni Activities

Costs incurred for or in support of alumni activities and other similar services.

Bad Debt

Any losses, whether actual or estimated, arising from non-collectable accounts and other claims, related collections costs, and related legal costs.

Commencement and Convocation

Costs incurred for commencements and convocations.

Contingency Provisions

Contributions to a contingent reserve or any similar provision made for events, the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening.

Entertainment Costs

The cost of entertainment, including amusements, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities are unallowable).

Fines and Penalties

Costs resulting from violations or failure of the University to comply with federal, state, and local laws and regulations are not allowable.

Office Equipment

Costs incurred for typewriters, file cabinets, desks, etc., computers are not allowable unless prior approval is received by the sponsoring agency.

Pre-agreement Costs

Costs incurred before the effective date of the sponsored agreement, whether or not they would have been allowable thereunder if incurred after such date, are not allowable unless approved by the sponsoring agency.

Student Activities

Costs incurred for intramural activities, student publications, student clubs, and other student activities are not allowable, unless specifically provided for in the sponsored agreement.

Procedures

It is the responsibility of each school and/or department to establish policies and internal controls that will assure compliance with the guidelines and the policy restrictions of the sponsoring agency.

13.9 EQUIPMENT ACQUISITION

This statement provides guidance in accounting for equipment purchased from sponsored awards.

Definitions

Equipment is nonexpendable, tangible, personal property having a useful life of more than one year and acquisition costs of \$5,000 or greater. This threshold is consistent with the definition of equipment referenced Uniform Guidance (2 CFR 200) and University's Accounting Procedures.

Supplies are expendable property having a useful life of one year or less or an acquisition cost of less than \$5,000.

Equipment Fabrication is the term used when multiple items that could be classified as supplies (some having acquisition costs of \$5,000 or less) are purchased to create/fabricate an integrated unit of equipment having a total value of \$5,000 or more. In these instances, the individual purchase should be budgeted and accounted for as equipment. Fabrication does not include the replacement or upgrading of existing equipment or components. These cost items are to be budgeted and charged as supplies.

Note that if an award does include the fabrication of equipment, the college, school, or unit is responsible for requesting a change from the standard equipment code to one for fabrication.

Acquisition guidelines

University's purchasing procedures

The principal investigator and/or assigned personnel assisting in the acquisition of the equipment must adhere to University purchasing procedures (See Purchasing Procedures).

Government-furnished property (equipment)

This category includes:

Equipment acquired under federal contracts governed in accordance with FAR 45.5, Government Property, and

Property furnished by the federal government to the University/principal investigator.

Equipment transferred to the University and governed according to FAR 45.5 must be recorded in the Capital Assets Management System. A copy of correspondence related to the transfer of government property to the campus is to be forwarded to the Office of Grants and contracts.

In most cases, title to federally owned property that is used by the University during the award period vests with the Government. Title and disposition of government property is to be administered in accordance with FAR 52.245-5 Alternate I. Disposition and final title vestment instructions are provided by the Office of Sponsored Programs.

Inventory control

The principal investigator and the appropriate support personnel are responsible for maintaining and updating records of equipment accountable under each award.

Disposal of equipment

Equipment purchased under a contract or grant may provide for title to vest with the University. The conditions or agreement cited in the award document must be reviewed to determine whether the government intends to retain title. For projects in which title to equipment vests with the University, normal University regulations related to trade, transfer or disposition must be followed.

For sponsored awards that provide for the title to remain with the government, prior written approval must be received from the appropriate funding agency before the trade, transfer or disposition of equipment.

Equipment not in approved proposal/budget

Formal approval is normally required from agencies (occasionally delegated to the Office of Grants and contracts) before purchasing equipment if not listed in the approved proposal/budget. The principal investigator may want to compile a list of all anticipated equipment for a one-time approval to reduce the paperwork and time involved in approving each piece of equipment separately.

Office of Naval Research (ONR)

Complete DD Form 1419 for equipment purchased from sponsored awards administered under the cognizance of ONR.

13.10 ESTABLISHING A GRANTS AND CONTRACTS FUND

The principal investigator/project director must forward a copy of the approved Notice of Award (NOA), Chart of Accounts (COA), and any other additional information to the Office of Grants and Contracts at the time of the grant award or notification.

The principal investigator/project director must forward a copy of the approved Notice of Award (NOA) to the Office of Sponsored Programs at the time of the grant award or notification.

Procedures (See 13.332-3)

The principal investigator/project director must forward a copy of the approved Notice of Award to the Office of Grants and Contracts.

The grant accountant will set up the account in Banner.

The grant accountant will notify the principal investigator/project director of the assigned grant and fund codes.

The responsible person for this account will be the principal investigator/project director.

The principal investigator/project director must have online access in Banner to monitor their budgets. Principal investigators/project directors will be responsible for ensuring that expenditures are appropriate for their grant or contract and that funds are available in their grant/contract budget.

Principal investigators/projector directors must submit a Hierarchy of Approval for those entering and approving requisitions for purchases.

Principal investigator/project director must ensure that individual(s) listed in the Hierarchy of Approval has/have had Banner training.

(NOTE): A start-up conference **should** be scheduled to include the principal investigator/project director, grant administrator and Grants and contracts accountant.

The conference should cover deadlines for submitting reports, the process for requesting budget revisions and extensions as well as any special terms and conditions.

13.11 ESTABLISHING AN ORIGINAL BUDGET

The detailed Chart of Accounts for a grant and contract account should reflect the expenditure account code breakdown as submitted and approved by the awarding agency and coincide, where feasible, with the University's Banner account code structure.

Procedures

The Office of Grants and contracts will input the original budget data from the Chart of Accounts into the banner financial system based on the approved notice of award, which includes the approved budget, and any negotiated budget changes.

Automatic budget reallocation used for grants and contracts

The current Banner system can provide for grants and contracts to be budgeted at the major account code level, i.e. 404000 with the exception of line items 611000, 612000, 613000, 623000 and 633000. Expenditures must be at the detailed level, such as 404020. Since the budget is at the major level, the expenditures are at the detailed level, and the Banner systems does not reallocate budgets as expenditures are made, the major level will have a positive balance and the detailed account codes will have negative balances.

13.12 EXPENDITURE CLASSIFICATIONS

Alcorn State University has a standard used for the coding and classification of expenditures. This listing is in the Chart of Accounts.

Procedures

Purchase requests should be coded using the account codes as outlined in the established budget. If there is a question about which object code should be used for a particular purchase, contact the Purchasing Department. If the object code identified is not in the established budget, an approved budget revision should be submitted to the Office of Grants & Contracts.

13.13 EXPENDITURE GUIDELINES

This section provides guidelines and procedures for allowable charges to grants and contracts.

General guidelines and applicable policies

Because of their nature, grant and contract expenditures must comply with the authorities detailed in this section.

The basic accounting principles for reimbursing institutions of higher education for costs associated with sponsored grants and contracts are specified in Uniform Guidance (2 CFR 200). These principles establish the two following cost groupings for the reimbursement of cost associated with grants and contracts and agreements: Direct costs include the salaries and wages of those working on the project, and expenses for equipment, materials and other related costs of the project. In summary, direct costs are those expenses particular to a sponsored project. The direct costs discussed on the "Direct Costs" page are considered allowable; however, these costs must be necessary and utilized in support of the sponsored project to which the costs are charged. It is always the responsibility of principal investigators/project directors to support and justify all direct costs charges to a contract or grant in the event of a state or federal audit.

Indirect costs are incurred for common or joint objectives and therefore cannot be readily identified with a particular sponsored project. These are defined in more detail on the "Indirect Costs" page. Virtually all nonfederal funding sources rely on the University to apply these basic principles to their agreements.

The criteria for charging expenses to federal grants and contracts is based on following predetermined groups of allowable and unallowable costs as identified in Uniform Guidance (2 CFR 200) Section C, "Cost Principles for Educational Institutions." The tests of allowability of costs under these principles

(Uniform Guidance (2 CFR 200)) are: They must be reasonable. A prudent person would have purchased the item and paid the price.

They must be allowable to sponsored agreements under the principles and methods provided therein.

They must be consistently treated. Expenses for similar purposes must be treated the same way under like circumstances.

They must be allowable. The expense must be allowable or not specifically excluded as specified by government regulations. Expenses grouped in the unallowable cost category may not be charged to grants and contracts unless the awarding agency provides specific approval. The aforementioned guidelines are not all inclusive. In each case, the budget as approved by the sponsor in making an award and policy restrictions of the sponsor must be consulted.

13.14 GRANT CLOSEOUT

Purpose

To formally notify the principal investigator/project director and grant administrator in writing that the award end date is within 30 days and identify processes to complete.

Policy

The principal investigator/project director is responsible for the following before the end date of an award to ensure a timely and successful grant closeout:

Providing the status of a no-cost extension if applicable

Preparing and submitting Human Resources actions terminating personnel or identifying another funding source

Reviewing completed time and effort reports for accuracy of payroll charges

Reviewing open encumbrances and verifying that all invoices are going to be paid before the end date

Verifying that all travel expenditures have been submitted, received, and reimbursed according to University policies

Terminating or identifying a new funding source for purchasing cards (P-Cards) related to the award

Verifying that sub-recipients have completed their scope of work and submitted all invoices to be paid, verifying that all invoices have been paid and that cost sharing has been properly documented

Reporting cost sharing to the Office of Grants and contracts

Reviewing and verifying the accuracy of charges.

Identifying and submitting in writing to the grant accountant expenditures to be moved and the funding source to charge

Submitting documentation for the final project report

Notifying appropriate parties of the project completion, including the Institutional Review Board if human subjects are involved, the Institutional Animal Care and Use Committee if animals are involved, and all personnel working on or assisting with the project.

Procedures

The principal investigator/project director and grant administrator will receive written notification via email or campus mail that the award will end within 30 days. The Pre-Closeout Checklist will be included.

The principal investigator is required to complete the Pre-Closeout Checklist

The completed form must be returned to the Grant Accountant within 10 days of receipt. Failure to return the forms will result in immediate notification to the supervisor, chairperson, and/or dean.

13.15 INDIRECT COSTS

Indirect costs are costs incurred by the University that are not readily assignable to a contract or grant. These costs include building and equipment use charges, utilities, general administration, sponsored programs administration, and departmental administration.

General guidelines and applicable policies

The requirements for including indirect costs on each contract, grant, or agreement and the application thereof is provided by the Department of Health & Human Services. A full or partial waiver of indirect costs can be made only when either of the two following circumstances exists and can be demonstrated in writing:

Statutory or administrative restrictions prohibit indirect costs claims.

Extraordinary circumstances exist that may jeopardize the university's best interests.

Procedures

All indirect costs awarded to the University will be budgeted and charged to each contract, grant and agreement. The Office of Grants and Contracts will not charge indirect costs in an amount that exceeds the budget unless there are excess direct costs funds available and approval of the awarding agency has been obtained. Further, indirect cost funds may not be used for direct costs unless such funds are available and approval has been given by the awarding agency.

All indirect costs awarded to the University will be distributed as following: ninety (90) percent of indirect costs recovered will be retained by the institutional fund in support of grant and contract administration costs and to conduct an enhancement of research and related requirements and ten (10) percent of indirect costs recovered will be allocated to the awarding department.

13.16 ORDER OF PRECEDENCE/CONFLICT IN REGULATIONS

State policies and procedures are the first set of regulations that we must adhere to. If the State of Mississippi has a regulation that prohibits an action, then that action is unallowable on a sponsored agreement.

Individual agency or program guidelines must be adhered to if there is a particular cost or action that is identified as unallowable. This applies even if the cost is allowable under state regulations and/or Uniform Guidance (2 CFR 200) guidelines.

Procedures

Principal investigators/project directors should be aware of University policies and procedures, federal regulations, and the terms and conditions applicable to their awards. If questions arise, the principal investigator/project director should consult the Office of Grants and Contracts.

The Office of Grants and Contracts use all available resources, which will include other support personnel as necessary, to provide an answer to the principal investigators/project directors.

13.17 OVERDRAFTS

Expenditures in excess of funds awarded are unallowable. Also, federal, state and private funding agencies do not allow transferring costs to other accounts to meet deficiencies caused by overruns, to avoid restrictions, or for other reasons of convenience. However, these transfers are allowable if the costs can be charged to an account that has the same technical goals and the costs have contributed to those goals.

Procedures

The school's designated administrative personnel and the principal investigator/project director are responsible for ensuring that over-expenditures do not occur or to transfer these costs if an account becomes overspent. Any account reflecting over-expenditures must be reconciled and the excess costs transferred within 30 days after the date of occurrence. If this transfer is not made within 30 days, the Office of Contracts & Grants will transfer the costs to the department's operating budget or discretionary fund.

In cases where a continuation award or additional funding is in process, the Office of Contracts & Grants will allow an over-expenditure if proof of additional funding is provided.

13.18 OVERTIME COMPENSATION ON SPONSORED PROGRAM FUNDS

Federal regulations require that recipients of federal funds adhere to certain cost accounting standards. Costs charged to federal funds must be allowable, allocable and consistently charged.

Charging overtime to federal funds for employees whose regular duties are related to and paid from state, university or other non-grants and contract funds is a violation of cost accounting standards. For some federal agencies, overtime is not an allowable cost under any circumstance.

General guidelines and applicable policies

The only allowable overtime charges to federal awards are for individuals whose regular salary and duties are related to and paid by that particular federal award (examples below).

Supervisors are responsible for identifying an allowable funding source before allowing the individual to work overtime.

Overtime payrolls that violate this policy will not be approved for payment until an allowable funding source is identified.

Examples

Janice is the project assistant for federal grant A. Her duties and salary are related to and paid 100% from federal grant A. She works two hours overtime. Janice's overtime would be an allowable charge to the federal grant if agency regulations allowed overtime.

Tammy is an administrative secretary in the Bioengineering Department. Her primary duties are related to and paid from state funds. Dr. Stephanie has a grant from NASA. She asks Tammy to work overtime to perform tasks for her grant. Tammy works overtime and the overtime payroll is submitted to charge the cost to the NASA grant. This is an unallowable cost to the federal grant. The employee has worked and must be paid. The cost will have to be paid from a non-federal funding source.

Sarah is working with Dr. Cathy on two research grants. Her duties and salary are 75% on grant A & 25% on grant B. Sarah works overtime during the week. The duties are related to grants A & B. Allowable overtime cost should be pro-rated 75% to grant A and 25% to grant B.

Dr. Cathy wants Sarah to continue her regular duties for grants A & B and to work overtime to perform tasks related to federal grant C. The overtime cost would be an unallowable cost for grants A, B & C. The overtime will have to be paid from a non-federal funding source.

13.19 PARTICIPANT SUPPORT COSTS

Participant support costs include stipends, subsistence, travel costs, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, and training projects. These costs are identified in the budgets at the time of proposal submission.

Procedures

Participant support costs should be specifically identified in the proposal and budget narrative.

Funding agency guidelines should be followed relative to requesting indirect costs on participant support costs.

Indirect costs are not charged on National Science Foundation participant support costs.

If any agency restricts the rebudgeting of participant support costs or indirect costs are not allowed, a separate Banner fund and budget must be established.

If agency prior approval is required to rebudget funds from participant support costs to other categories of costs, the principal investigator/project director is responsible for requesting approval from the awarding agency.

A copy of the agency's approval should be submitted to the Office of Grants and Contracts before the rebudgeting can be entered into the Banner system.

Expenditures for participant support costs follow normal University procedures based on the type of expenditure.

13.20 PAYING SALARIES FROM SPONSORED PROGRAMS

For an individual to be paid on a sponsored program, these conditions must be satisfied:

The individual or applicable position must be identified in the award.

The necessary payroll authorization forms must be submitted.

The period of employment must be within the award period.

The hiring of the individual must conform to state regulations as identified on the Human Resources website.

The level of effort for the individual should agree with the level of effort identified in the budget.

There must be sufficient funds in the budget.

If there is not an established position, the principal investigator/project director must submit a request to establish the position to Office of Human Resources (Follow the Office of Human Resources policies and procedures).

The form will be forwarded to the Office of Contracts & Grants for review and approval.

The Contracts & Grants accountant will approve the form and submit it for further processing.

If there is a problem with the form, the accountant will return the form with a transmittal letter identifying the concern.

Graduate students

Graduate students paid by the hour are charged to object code 623000.

The appropriate forms must be approved before the student begins work.

Time sheets and payroll form are submitted monthly to the Office of Contracts & Grants according to an approved schedule.

Time and effort certifications are not required for graduate students paid by the hour charged to account code 623000.

Undergraduate students

Undergraduate students are paid by the hour.

Students must sign daily time sheets.

Time sheets and payroll form are submitted monthly to the Office of Contracts & Grants according to an approved schedule.

Time sheets and payroll forms are required for undergraduate students paid on object code 623000.

Time and effort reports are not required.

13.21 PAYROLL AUTHORIZATION CUT-OFF DATES

The payroll authorization determines where an employee's salary will be officially charged for a specific period of time. The delay or the failure to submit payroll authorizations contributes to many problems relating to financial reporting and budgets on grant and contract funds. Timely processing of the payroll authorization is necessary to correctly code payroll charges to the proper accounts.

Cutoff dates have been established for payroll authorization processing (See Payroll Policies and Procedures).

13.22 RECORD RETENTION

Federal guidelines require that records related to sponsored programs be retained for three years after submission of the final financial report. If the project is engaged in an audit or litigation, records must be maintained for three years after resolution.

Principal investigators/Project Directors

Principal investigators/project directors are required to retain copies of these items and supporting documentation until submission and acceptance of the final financial report:

Purchase requisitions and supporting documentation

PC Card reconciliations

Travel reimbursements

Check requests

Inventory records

Salary authorizations

Timesheets

Other Human Resources information

Time and effort certifications

Cost sharing certification

Office of Sponsored Programs

Proposal documentation

Award documentation

Closeout documentation

Office of Grants and Contracts

Grants and contracts will retain copies of these items and supporting documentation until submission and acceptance of the final financial report:

Project files

Billings and invoicing

Required financial reports

Correspondence

13.23 RESIDUAL FUNDS ON FIXED-PRICE CONTRACTS

This policy provides guidelines to principal investigators and project directors for the expenditure of residual funds resulting from fixed-price contracts.

The existing account will remain open for funds remaining on fixed-price contracts.

The account will be utilized by the principal investigator/project director to benefit the program.

All funds should be expended in an 18-month period after the performance date has ended.

All expenditures from the existing account will be monitored by the Office of Contracts & Grants.

Any funds not expended in the 18-month period will revert to a general operating account.

13.24 REVIEW AND RECONCILIATION OF AWARD ACTIVITY

The principal investigator/project director is responsible for monitoring the project and all related expenditures. All expenditures must be made according to the approved plan and budget. Grants and contracts accountants are responsible for assisting the principal investigator/project director and/or designee of discrepancies and concerns.

Procedures

The principal investigator/project director or a designee will review the expenditures posted in Banner Finance monthly to determine the accuracy and status of transactions posted. Discrepancies should be reported to the assigned accountant in Grants and Contracts.

13.25 ROUTING OF PURCHASE AND TRAVEL REQUESTS

The principal investigator, project director or account manager is responsible for securing appropriate goods and services to satisfy the terms and conditions of the award, gift, or activity and that are within the award period.

Procedures

All purchases and travel must follow the State of Mississippi and University's guidelines (See Purchasing and Travel Policies and Procedures).

Purchasing

Request for goods and services must be entered through the Banner system purchasing module (FORM FPAREQN).

Approval queues are set up in the Banner system according to the Hierarchy of Approval submitted at the initial set up.

The requisition will be routed to each individual in the hierarchy, waiting their approval.

The Office of Grants and Contracts will approve or disapprove requisitions based the award, allowability of costs, and university policies and procedures and availability of funds.

Approved requisitions are automatically forwarded to the next level of approval.

Office of Grants and Contracts will entered an explanation in the comment section if requisitions are disapproved.

Disapproved requisitions are automatically rerouted through the Hierarchy.

Travel

The traveler is responsible for submitting a Travel Request form will all pertinent information to the principal investigator/project director.

It is the responsibility of the principal investigator/project director to submit only travel requests that are allowable for the award and are within the award period.

The principal investigator/project director or designee, is responsible for forwarding the Travel Request form to the Office of Grants and Contracts.

The Office of Grants and Contracts will approve or disapprove requisitions based the award, allowability of costs, and university policies and procedures and availability of funds.

The Office of Grants and Contracts will forward all approved Travel Request for the Travel Coordinator for processing.

Scholarship

Scholarship requests should be submitted directly through the Banner system purchasing module (405130) payable to the university.

Stipends

Stipends requests should be submitted directly through the Banner system purchasing module (405140) payable to the payee.

It is the responsibility of the principal investigator/project director to submit only request for goods and services that are allowable for the award and are within the award period.

Requests for goods and services, and travel that are found to be unallowable or outside the award period will be charged against the principal investigator/project director's departmental state fund budget if allowable or to other departmental funds.

Disallowed costs will be reported to the principal investigator/project director, department head, and dean.

13.26 SPECIAL PAYMENTS FROM SPONSORED PROGRAM

Each supplemental request is reviewed on a case- by -case basis to ensure the faculty/staff employed on the grant does not supplant the salary. However, (UG 2 CRF 200.430) does allow for supplementing salaries, but disallow supplanting salaries; meaning the PI's base salary cannot be increased. Employees

may be requested to provide consulting, extension, and/or other activities within the university that are considered to be in addition to their regularly assigned duties for which compensation in excess of institutional base salary may be paid. Compensation in excess of base salary is a temporary adjustment of total compensation, which must be specified and approved in writing prior to work commencing by the appropriate administrative channels, and is expressly conditioned on availability of funds.

Special payments are:

Activities that are considered additional responsibilities for which an employee may receive extra compensation: 1) special projects assigned by approved university administrators that are in addition to an employee's normal responsibilities; 2) intra-university consulting or other special services conducted for a university department or area other than the employee's department; 3) services beyond normal duties of the position held which cannot be reimbursed by compensatory (comp) time, including incidental activities on grants; and 4) increases in teaching load (overload) approved by the provost/Executive Vice President. I have heard employees discuss incentive pay. The University does not allow for incentive pay. (Incentive pay is bonuses paid based on specific performance as outlined in an employment agreement. An employee's Institutional Base Salary is not affected by incentive pay, and incentive pay is not paid from grant funds unless specifically allowed in the grant agreement. Incentive pay is not included in the calculation of effort but reported on the effort report.)

Procedures

The principal investigator/project director will prepare the appropriate payroll authorization indicating that it is a special payment. Written justification will be included with the authorization.

The Electronic Personnel Action form (EPAF) must be submitted (See Human Resources Policy and Procedures).

The completed form is automatically routed to each approval queue according to the Hierarchy for approvals, verification of funds and allowability of costs.

Authorizations not approved by Contracts & Grants are rerouted through the hierarchy with an explanation in the comment section.

13.27 SUBCONTRACTING

Subcontracting is the transfer of a significant portion of work on a sponsored agreement to a third party. Subcontracting requires agency approval and is usually identified in the proposal.

Procedures: Approved subcontractors

Approved subcontractors: Those identified in the budget of a funded sponsored program award.

Principal investigator/project director works with the Director of Sponsored Programs to develop a subcontract.

A subcontract is submitted to the awardee for approval.

A copy of the completely executed subcontract is submitted to the Office of Grants and Contracts for entry into the file.

The principal investigator/project director or designee enters a requisition through the purchasing module, attaching a copy of the executed subcontract, amount of the award charged to account code 405791, 405792 or 405793 to encumbrance the funds.

The awardee will submit invoices to the principal investigator/project director in accordance to the terms and conditions of the award for approval.

Invoices forwarded to principal investigators/project directors should be reviewed, approved and returned promptly to Accounts Payable for payment.

If there is a reason to withhold payment to a subcontractor, the principal investigator should notify the subcontractor, Office of Sponsored Programs and Accounts Payable.

If there are serious issues that need to be resolved before payment can be made, the matter will be discussed with the Director of Grants and Director of Sponsored Programs or a designee.

At no time should payment be withheld without sufficient discussion and documentation.

Procedures: Unapproved subcontractors

Unapproved subcontractors: Those not specifically identified in the approved award budgets.

Principal investigators/project directors must contact the Director of Sponsored Programs determine whether the request to work with or engage the services of a third party constitutes subcontracting.

If it is determined that the request is for subcontracting, the principal investigator/project director will submit a written request to the sponsoring agency for approval of the subcontractor.

If agency approval is received, the steps identified for approved subcontractors above will be followed.

13.28 TIME AND EFFORT REPORTING

Certification of Time/Effort Reporting

The federal Office of Management and Budget's *"Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (UG)*, 2 CFR 200.430(i) Compensation – Personal Services, Standards for Documentation of Personnel Services indicates that payroll systems must be based on records that accurately reflect the work performed, and be supported by a system of internal controls that provide reasonable assurance that charges to federal grants are accurate, allowable and reasonable, and properly allocated.

Alcorn State University (ASU) will adhere to the UG guidelines for documenting salary and wages charged to federal grants issued on or after December 26, 2014 by incorporating this Time and Effort (T&E) policy into its official records.

The Time and Effort report will reasonably reflect the employee's total activity, not include time that an employee is not compensated for, and cannot exceed 100% of total effort; encompass both Federally assisted and all other activities compensated on an integrated basis; comply with accounting policy and practices; and support distribution of salary and/or wages among specific activities or cost objective if an employee works on more than one award or activity.

It is also noted in the UG guidelines that budget estimates alone do not qualify as sufficient support for charges to federal awards. Estimates may be used for interim accounting purposes, provided that: budget estimates produce reasonable approximations of the activity actually performed; significant changes in the corresponding work activity are identified and entered into the payroll distribution system in a timely manner; the internal control system has processes to review the interim charges after the fact and make any needed adjustments.

Accordingly, when using budget estimates on an interim basis, periodic reviews must be performed to ensure the estimates reflect actual staff activity, and make adjustments to payroll records and grant charges when necessary. Therefore, the purpose of the T&E report is to certify that the charge made to the payroll system “reasonably reflects” each employee's activity.

Guidelines for Time and Effort Reporting

The Time and Effort Reports are generated and submitted to each department on a quarterly basis for certification by the 10th of the month following the end of the quarter.

The Time and Effort report requires one certification signature for each department. The Dean, Department Head or designee.

The signed T&E should be submitted back to the Office of Grants and Contracts on or before the last working day of the following the month after the end of quarter. (For Example: Pay Period 07/01/XXXX-09/30/XXXX should be submitted on or before 10/31/XXXX).

The Time and Effort report, duly completed, should be returned to the Office of Grants and Contracts by mail or electronically.

REFERENCES

OMB Part 200 – **Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards** www.grants.gov/web/grants/learn-grants/grant-policies/omb-uniform-guidance-2014.html

State of Mississippi, Department of Finance and Administration www.dfa.ms.gov

Alcorn State University, Policies and Procedures Manual www.alcorn.edu