

## 13.0 GRANTS AND CONTRACTS POLICIES AND PROCEDURES

### 13.1 POLICY

All proposals and budgets must be reviewed by the Office of Grants and Contracts before submission. The Office of Grants and Contracts will review the proposal to ensure that all cost categories are allowable and approved according to the proposal guidelines, that budget amounts are sufficient to cover the cost of the proposal and that current rates have been used and calculated correctly for salaries, fringe benefits, indirect costs, and in-kind. Please submit the proposal with the budget and signature sheets and a copy of the Request for Proposal (RFP) to the Office of Grants and Contracts at least 5 working days before the proposal needs to be submitted.

Grant proposals requiring matching cash contributions from Alcorn State University must indicate the proposed funding source of the match. This includes Banner budget codes and approval by the Vice President for Fiscal Affairs. Grant proposal requiring in-kind contributions must indicate the funding sources, i.e. Banner budget codes, Letter of Commitments, Memorandums of Understanding (MOUs), space and/or services. Each source must have a monetary value assigned to it.

For Example:           \$Space = Square Foot x Cost per Square Foot

                              \$Service = Market Value x Hour

### 13.2 PROGRAM REQUIREMENTS AND INSTITUTIONAL CONTROL

The procedures governing the program requirements and institutional control of grant and contract activities are as follows:

- All externally-supported grant and contract activities at the University must be directly related to the University's mission, vision, goals and objectives.
- The continuity of support for the University's ongoing functions must not be endangered by the acquisition of research grants and contracts.
- All faculty efforts supported by external grants and contracts must be consistent with faculty roles as defined in the Faculty and Staff Handbook, and an appropriate balance between grant/contract activity and instruction must be preserved.
- Externally-supported grant and contract activity once approved and funded is considered to be a part of the faculty member's assignment for the duration of the grant/contract period. As such, the activity is supervised and evaluated in accordance with the policies set forth in the Faculty and Staff Handbook.
- Grants and contracts must be awarded for specified periods of time.
- In accepting funds from outside agencies, Alcorn State University assumes programmatic and financial responsibility for grant- and contract-supported activity conducted by faculty members. At the same time, the University ensures the investigator's freedom to

investigate and report results as guaranteed by the Statement on Academic Freedom in the Faculty and Staff Handbook.

### 13.3 PRE-AWARD PROCEDURES

The pre-award procedures are as follows:

- Any faculty member intending to apply for a grant or contract should meet with the department chair and dean to discuss the proposed project. Upon approval to proceed with the application, the faculty member should notify the Office of Sponsored Programs (OSP) of the intent to seek support. This will serve to eliminate any duplication of effort in the event another individual has already applied to the same grantor. This intent requires the name of the project, the name(s) of potential funders, and the anticipated grant or contract award amount.
- Once the application for the grant or contract has been completed, the faculty member attaches a Sign Off Sheet for Grant/Contract Proposal Approval. This must be approved by the department chair and the school dean.
- Office of Grants and Contracts will forward the reviewed and approved grant proposal to the Vice President for Fiscal Affairs.
- Office of Grants and Contracts will return grant proposal that contains error(s) to the department.
- Grant and contract proposals requiring matching cash contributions from the University must indicate the proposed funding source of the match. This includes Banner budget codes and prior approval by the Vice President for Fiscal Affairs. Grant proposal requiring in-kind contributions must indicate the funding sources, i.e. Banner budget codes, Letter of Commitments, Memorandums of Understanding (MOUs), space and or services. Each source of in-kind must have a monetary value assigned to it.

For Example:  $\$Space = Square\ Foot \times Cost\ Per\ Square\ Foot$   $\$Service = Rate \times Hour$

### 13.4 RATES

There are two separate rates for indirect costs recovery rates and fringe benefit costs:

- **Indirect Costs Recovery Rates:**  
The cognizant agency for federal grants and contracts is the U.S. Department of Health and Human Services. The current federal rate is contained in the **Colleges and Universities Rate Agreement**. The rate is applicable to state, local and private funded grants and contracts.
- **Fringe Benefit Costs:**
  - Salaried (full-time). The Administrative, Professional and Non-Professional (full-time) and Classified rate is contained in the **2013 Fringe Benefits & Percentages Table**.

- Wage (part-time). The Administrative, Professional and Non-Professional (full-time) and Classified rate is contained in the **Colleges and Universities Rate Agreement**.
- Federal and College Work Study rate. This rate equals zero.
- Graduate Assistant Wage rate. This rate equals zero.

### **13.5 RECEIPT OF A GRANT OR CONTRACT**

After a grant or contract has been received, the following procedures become effective:

- Grant/Contract Principal Investigators/Project Directors must forward a copy of their approved grant proposal, award notification, itemized budget and any additional information to the Office of Grants and Contracts at the time of the grant award or notification. The Office of Grants and Contracts is responsible for maintaining a complete grant/contract file for audit.
- The Office of Grants and Contracts will set up the account in Banner. The responsible person for this account will be the Principal Investigator/Project Director. The Office of Grants and Contracts will enter and monitor the budget on Banner.
- Principal Investigators/Project Directors will have online access to 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/Project Director must request Banner access and a Hierarchy of Approval for those entering and approving requisitions for purchases.
- The Office of Grants and Contracts will be responsible for all financial reporting to the grantor. The Office of Grants and Contracts, using a spread sheet listing each grant/contract and its budgets and expenses, will supervise reporting.
- The Office of Grants and Contracts will submit any reimbursement requests required by the grantor and will ensure that the reimbursements are deposited into the proper account. Any funds received by the Principal Investigator/Project Director will be sent directly to the Business Office within 24 hours of receipt of funds for deposit into the proper account.
- If an internal budget covers more than one fiscal year, any continuing balance will be carried forward from one fiscal year to the next.
- Unexpended funds at the close of a grant or contract will be disposed of according to the provisions of the grant or contract. If no provisions are made, the Principal Investigator/Project Director will contact the grantor to determine the proper disposition.

### **13.6 AUDIT OF GRANTS AND CONTRACTS**

An annual audit is done each year in accordance with OMB A133. The internal auditor upon request may audit grants and contracts. The Office of Grants and Contracts will maintain a completed file of financial documents for a period of 5 years. Principal Investigator/Project Directors must keep adequate documentation of activity related to their grant or contract for at least 5 years and are responsible for adhering to all terms of the grant or contract.

### **13.7 INDIRECT COSTS**

Alcorn State University requires that 100% of indirect costs received 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.

The overhead/indirect cost recovery schedule is 20% for the following areas: Campus (convocations, campus improvements); Academic Affairs (commencement costs); School (instructional or unit improvements); Department (faculty travel or equipment); and Principal Investigator (all items except salary).

### **13.8. PROCUREMENT OF GOODS, SUPPLIES, AND SERVICES**

All state of Mississippi and University policies for procurement must be adhered to for all grants and contracts procurement regardless of funding source. An exception only occurs when the grant or contract specifies in the original contract a specific source of materials or services required by the project.

### **13.9 SUB-AGREEMENTS/SUBCONTRACTS AND CONSULTANTS**

The procedures governing sub-agreement/ subcontracts and consultants are as follows:

- When preparing proposals for external funding that include a transfer of a portion of the research or substantive effort of the prime award to another institution or organization or in seeking professional advice or services from external sources, a determination must be made during the proposal development stage as to the appropriate mechanism for this transfer of effort, or outside consultation. The 2 mechanisms commonly used are the issuance of a sub-agreement or a consultant agreement.
- A sub-agreement is a document written under the authority of, and consistent with the terms and conditions of, a prime award (a grant, contract or cooperative agreement) that transfers a portion of the research or substantive effort of the prime award to another institution or organization.
- A consultant is an individual hired to give professional advice or service for a fee but not as an employee of the hiring party. The term “consultant” also includes a firm that provides paid professional advice or service. Recipients of federal funds are expected to have policies governing their use of consultants and to apply these policies consistently regardless of the source of support and are expected to justify the use of consultants instead of salaried employees.
- According to OMB A-21, employees may not consult for their own institution unless that consultation is cross-disciplinary.

### **13.10 OMB CIRCULAR A-21**

Here is information on the relevant sections of OMB Circular A-21:

- OMB Circular A-21, Cost Principles for Educational Institutions, establishes baselines for costing activities. These baselines now incorporate 4 of the Cost Accounting Standards (CAS). These standards address consistency in costing and reporting of costs. Adherence to the standards is mandatory, even for institutions that do not have to submit formal disclosure statements on such practices to their cognizant auditors. Institutionally approved baselines will be provided to faculty by the Office of Grants and Contracts.
- Section J.8 of OMB Circular A-21 specifies the regulations with regard to intra-University consulting (normally unallowable) and to salary remuneration (no additional salary beyond the academic year base salary) for participation in research activities during that academic year. The regulations explicitly prohibit salary augmentation from research, educational or scholarly endeavor funds during a period covered by the term of the faculty appointment (i.e., you cannot charge a higher rate on research, educational or scholarly endeavor grants than you normally receive from your institutional base salary). Similarly, the regulations prohibit reimbursement to faculty members for internal consulting during such a period. The only exception to the consulting statement is in clearly defined situations where the consulting is across college or departmental lines and/or a separate activity for which one is not regularly compensated. Of course, individuals may earn salary during the summer months (utilizing the same base rate calculation process). This calculation process consists of the base rate divided by the number of months of the term of the original base salary to arrive at a monthly salary. To alleviate difficulties, the institution requires consistency in costing.

### **13.11 CONFLICT OF INTEREST**

Conflicts of interest occur when an officer or employee or member of his or her immediate family has a personal interest in, or benefits or suffers from, his or her participation in a contract or transaction considered by the University.

No officer or employee of any governmental agency shall have a personal interest in a contract with the government agency of which he or she is an officer or employee, other than his or her own contract of employment.

### **13.12 CERTIFICATION OF TIME/EFFORT REPORTING**

The federal Office of Management and Budget's Circular A-21 requires the documentation of personal services charged to sponsored agreements. Circular A-21 requires after-the-fact reporting of the percentage of time each employee spent on all grants and contracts compared to total time (effort).

The reporting requires the signature of the employee. Principal Investigator, or responsible official(s) to confirm that the percentages allocated to each activity represent a reasonable estimate of the work performed. This process is commonly known as "Time and Effort Reporting (T&E)."

The purpose of the report is to confirm that the charge made to the payroll system “**reasonably reflects**” each employee’s activity. Significant deviations from payroll charges require an adjustment to the payroll.

The guidelines for time and effort reporting are as follows:

The Time and Effort Report would be generated and submitted to each department on a quarterly basis for verification by the 10<sup>th</sup> of the month after the end of quarter. The signed T&E should be submitted to the Office of Grants and Contracts on or before the last working day of the following 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 Department Head/Chairperson, Dean or the department’s responsible person will ensure that this form is completed in a timely manner and that the original form is forwarded to the Office of Grants and Contracts. The Office of Grants and Contracts is responsible for monitoring the Time and Effort Reporting and for taking appropriate action to ensure compliance.

The Time and Effort report requires one certification signature for each department. The Dean, Department Head or department’s responsible person should sign the certification for the whole department.

The Time and Effort report should reflect how a person spent his or her total time (effort), which would not necessarily agree with how the person is paid. The estimated percentage of time shown should be adjusted if it is significantly different from the actual time spent on a particular activity.

The Time and Effort report, duly completed, should be returned to the Office of Grants and Contracts, 1000 ASU Drive, #509.

### **13.13 COST SHARING AND/OR UNIVERSITY CONTRIBUTION**

Cost sharing is the portion of the total project costs of any sponsored agreement that is not provided by the sponsor. Cost sharing should be engaged in only when mandated by the sponsor; needed to accurately reflect the level of effort required to conduct the project; or necessary due to the competitive nature of the award.

All cost sharing must be documented and identified in the University’s accounting system. If the sponsor as a condition of the award accepts cost sharing, accurate accounting records must be maintained to verify that these funds have been provided. Cost sharing, whether voluntary or mandatory, must in all cases be justifiable on audit. To qualify as cost sharing, costs must be all of the following: verifiable through effort reports or other appropriate documentation; necessary and directly related to the project objectives; not included as contributions for any other federally assisted project or program in either the current or a prior period; and provided for in the approved project budget.

Further information on cost sharing and institution contributions may be found in OMB Circular A-21, Cost Principles for Educational Institutions, and OMB Circular A-110, Grants and Agreements with Institutions of Higher Education, Hospitals, Nonprofits.

### **13.14 FORMS AND DOCUMENTS**

The forms and documents relevant to the grants and contracts process include:

- Sign off sheet for grant/contract proposal approval
- **Chart of Accounts Form**
- **Policy on Extra Compensation**

### **13.15 HELPFUL WEB SITES**

There is a wide range of helpful information concerning grants and contracts on the Internet. These resources include:

OMB Circular A-21, Cost Principles for Educational Institutions

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

OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organization