

Federal Grant Management Policy

University Policy 4200

Section 1. Purpose

This policy establishes principles for management of federal grants to the University.

Section 2. Policy

It is the policy of the University to adhere to Office of Management and Budget 2 CFR Chapter I, Chapter II, Parts 200, 215, 220, 225, and 230 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB 2 CFR), except as otherwise stated in the grant agreement, as it relates to grant management.

[Retention Requirements for Records](#)

Financial records, supporting documents, statistical records, and all other University records pertinent to a Federal award are retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a sub-recipient.

[Request for Transfer of Records](#)

The Federal awarding agency must request transfer of certain records to its custody from the University when it determines that the records possess long-term retention value. However, in order to avoid duplicate recordkeeping, the Federal awarding agency may make arrangements for the University to retain any records that are continuously needed for joint use.

[Methods for Collection, Transmission and Storage of Information](#)

Certain records are electronic and cannot be altered. Other records are paper and are subject to periodic quality control reviews, safeguarded against alteration, and readable.

[Access to Records](#)

The awarding agency has the right of access to any documents, papers, or other records which are pertinent to the award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to University personnel for the purpose of interview and discussion related to such documents.

Restrictions on Public Access to Records

No Federal awarding agency may place restrictions on the University that limit public access to the records of the University pertinent to a Federal award, except for protected personally identifiable information (PII) or when the Federal awarding agency can demonstrate that such records will be kept confidential and would have been exempted from disclosure pursuant to the Freedom of Information Act (5 U.S.C. 552) or controlled unclassified information pursuant to Executive Order 13556 if the records had belonged to the Federal awarding agency. The Freedom of Information Act (5 U.S.C. 552) (FOIA) does not apply to those records that remain under the University's control except as required under § 200.315 Intangible property. Unless required by Federal, state, or local statute, the University is not required to permit public access to their records. The University's records provided to a Federal agency generally will be subject to FOIA and applicable exemptions.

Project Administration

The Program Director has primary responsibility for execution of the project, while complying with financial and administrative policies and regulations. For administrative matters, consult Financial Management staff for any actions such as re-budgeting, prior approvals, and no-cost time extensions.

Pre-award Costs

Sometimes the Program Officer at the sponsoring agency will inform the University that a project has been recommended for funding. If it is important to order equipment or begin a personnel-recruiting process prior to official notification from the sponsoring agency, there are procedures that may allow an account to be established. There is always an element of risk in starting project work prior to formal award notification; contact Financial Management before you make any financial commitments to determine what pre-award approval process is available.

Account Setup

When the University receives the final, fully executed award document, a unique cost center will be assigned to the project. The Grant Accountant will email the award notice (outlining the funding amount, project period, and other pertinent accounting information) to the Program Director and department or college. Questions about the sponsor's policies on financial and administrative management should be discussed with Financial Management.

Personnel

University policy applies to all personnel actions, including those funded by external sponsors. Human Resources can assist with personnel actions.

Hiring

The Program Director or designee is responsible for initiating all hiring and payroll actions, as well as supervision of sponsored project personnel. All personnel must be paid in accordance with University guidelines. Salary rates, job classifications, and regulations for personnel employed on sponsored projects are the same as those established for all other employees of the University.

Salaries and Wages

Payroll costs for employees working on a sponsored project should be reflected on the project's account code at the level of effort actually performed. This provides the most accurate financial information and documents the project's allowable costs. Any salary adjustment must be consistent with institutional procedures. If a University wide salary increase is not authorized, employees working on sponsored projects will not receive a pay increase even though funds may have been budgeted to cover the additional costs.

Fringe Benefits

Personnel paid from a sponsored project account are subject to the same benefit policies as personnel paid from other University funds. Contact the Benefits Representative in Human Resources for information on policies and procedures, or refer to the Human Resources Policies/Procedures Manual. Only actual costs are charged to the account; however, variances from budgeted amounts sometimes occur depending on projected versus actual benefit increases.

Annual and Sick Leave Accruals

All benefits-eligible staff employed on sponsored projects accrue annual and sick leave time.

Supplemental Pay

Federal sponsor regulations generally restrict payment of supplemental pay for full-time faculty. Additional information is provided by the union contracts.

Time and Effort Reporting

The federal government requires effort certification. Compliance is necessary to assure continued federal funding. Program Directors will receive Time and Effort Reports for

certification. These reports reflect the percentage of pay received from the sponsored project, as well as pay from all other University sources. The employee can agree with or correct the percent of time to reflect the actual level of effort. All persons who receive pay from a sponsored project must certify that they spent the time proportionate to the amount paid. It is the Program Director's responsibility to make sure the actual level of effort corresponds to the reported level of effort, whether paid or contributed.

Purchasing

Purchase of goods and services for sponsored projects must comply with both the overall intent and specific detail of the sponsor's regulations, as well as with University policies. It is important to become familiar with the terms and conditions governing expenditures to ensure that all expenditures are allowable and are adequately documented to demonstrate how expenditures benefit the project. The University is audited regularly. Therefore, it should be evident to an outside reviewer that any purchases advance the project goals and are allowable expenditures.

Purchasing Procedures

Procedures for purchasing on sponsored projects are the same as for other University projects. Departments may already have someone who handles purchasing; if not, contact the Purchasing Department or refer to the Purchasing Department Policies and Procedures Manual for assistance. Some issues specifically related to purchasing on sponsored accounts include:

Outside Expertise

Subcontracts are the purchase of services or program-related tasks. In order to subcontract a portion of the work on a sponsored project to another organization or individual, provision must have been stated in the funded proposal or in subsequent written approval from the sponsor. Contact Financial Management for assistance before any discussions with a potential subcontractor. Financial Management will assist in the preparation and negotiation of the subcontract, utilizing a scope of work and budget developed by the Program Director. Once an agreement is negotiated and signed by the University's authorizing official, subcontractors submit invoices directly to Financial Management.

Consultants are independent contractors (individuals or organizations) who are non-State employees who provide services for the University. Many sponsors may require specific prior approval for each consultant or may limit the daily rate or number of days for consultant services.

Equipment

Ideally, all equipment purchases are itemized and approved in the original proposal. Prior approval may be needed from the sponsor to buy equipment not previously authorized. This approval may take several weeks. Some federal sponsors have delegated this prior approval

authority to the University for their grants. Other sponsors require specific prior approval of certain types of equipment, e.g., automated data processing equipment, and/or formal screening for equipment availability prior to purchase even if the equipment is listed in the approved budget. The Program Director is responsible for obtaining that approval in writing prior to submitting any purchasing or payment requests.

Purchases near Project Termination Date

Items not received during the project period are not considered by an agency to be of benefit to the project and may be disallowed. Therefore, orders for supplies and equipment should be placed well in advance of the account expiration date to ensure delivery and use before the project terminates.

Travel

University travel policies and procedures apply to travel on sponsored accounts unless the sponsor's regulations are more restrictive. Travel may be limited in terms of dollars or specific trips or both. To be allowable, travel must directly benefit the project rather than enhance the reputation of the University. Overspending the travel budget category (including domestic and international travel) often requires prior approval from the sponsor. University travel rates are used for reimbursement of costs associated with travel.

International travel usually requires specific prior approval. Most sponsors require written approval for each international trip, sometimes even if the travel was itemized in the proposal and included in the award budget. Many federal sponsors require 60 to 90 days advance notice.

Financial Management

Program Director's Responsibilities

The Program Director is ultimately responsible for accomplishing the goals of the project and also for fiscal management in accordance with all sponsor and University regulations. Financial Management provides advice, assistance, and training to facilitate compliance with the regulations.

Program Director's fiscal responsibilities include:

- Understanding the sponsor's general policies and specific terms and conditions covering the agreement;
- Authorizing only those expenditures that are reasonable and necessary to accomplish the project goals and are consistent with the sponsor's terms and conditions;
- Spending no more than the amount authorized by the sponsor for the project period;
- Adhering to sponsor limitations on the amount of money that may be spent in any single budget category;
- Incurring costs only for goods or services that will be used or received during the project period;

- Charging project costs directly to the appropriate project account;
- Avoiding cost transfers because they are highly suspect during audit;
- Documenting cost share commitments.

Re-budgeting

Sponsors have different budget flexibility policies. Financial Management can help determine whether the award agreement and sponsor permit reallocation among budget categories. A written request to the sponsor may be required. Any rebudgeting request to the sponsor must detail how this request will assist in accomplishing project design and goals.

Expenditure Corrections

Occasionally expenditures might be charged to the wrong account. Review budget account statements regularly and notify Financial Management regarding errors.

Deficits

If the project's expenditures exceed the sponsor's award and/or payment upon completion of the project, the guarantor cost center will cover the cost overrun or uncollected accounts receivable.

Invoicing and Reporting

Financial Status

Monthly financial reports are generated and distributed from the University's accounting system. The Program Director is responsible for reviewing the reports to verify that the expenditures and commitments are correct and charged to the right account. The reports also can be used to do projections based on intended spending.

Invoicing and Financial Reporting

Financial Management will prepare and submit financial reports and invoices to the sponsor. The office also operates in an accounts receivable capacity and pursues prompt payment of sponsor commitments.

Project Reports

The Program Director is responsible for project reports. One copy of each project report should be provided to Financial Management for the official files. The Program Director should make every effort possible to submit the progress report in a timely manner.

Overdue Project Reports

The procedure in place for overdue reports is as follows: The funding agency emails Financial Management and the Program Director notification of an overdue report. Financial Management responds directly to the Program Director with the following statement: Per agency guidelines, failure to submit timely reports may delay review and processing of pending proposals for all identified Program Directors on the award. It may also delay processing of administrative actions including, but not limited to, no cost extensions. In the case of continuing grants, failure to submit timely reports may delay processing of funding increments. Further action regarding overdue reports is at the discretion of the Provost.

Indirect Costs

Indirect costs are costs incurred by the University that cannot be readily identified or associated with a single sponsored project or institutional function. Examples are utilities, public safety, building and equipment use and maintenance, libraries, student administrative services, personnel, payroll, academic and sponsored administration, and purchasing.

Determination

The U.S. Office of Management and Budget has established procedures for institutions of higher education to determine universities' indirect costs. Ratios are developed that relate these indirect costs to the direct costs of the primary functions of the institution, such as instruction, organized research, and other activities. The resulting rates are then reviewed by the University's federal cognizant agency (Department of Health and Human Services), final rates are negotiated, and a formal rate agreement is signed. The established rates then apply to all agreements with the University unless other mandatory stipulations apply.

Calculation

The applicable indirect cost rate classification and percentage for an agreement is identified in the award process. Indirect cost is charged to the account each month based on the agreed upon rate. Indirect costs on Federal grants are charged at the negotiated rate on salary and fringe for project or research conducted on campus and for projects or research conducted off campus. Indirect costs on local, state, corporate, or foundation awards and subcontracts are charged at the negotiated rate of the total direct cost. Any grant or contract involving the University resources which does not include a line for indirect cost recovery will have indirect costs charged to the budget of the grant or contract at the negotiated rate on all costs for a non-Federal grant or the negotiated indirect rate on salaries and benefits for a Federal Grant.

Distribution of Recovered Indirect Costs

Indirect cost recovery partially reimburses the University for costs incurred by conducting sponsored projects. The recovered indirect costs are distributed to the following: the division or

college generating the activity; to Library Services for research support and resources; and to Financial Management for post-award support.

Property Management

Acquisition of Property for Sponsored Projects

Property is considered capital equipment if the unit cost is \$10,000 and has a life expectancy of more than two years. Any planned property purchases on a sponsored project should be itemized in the proposal budget and agreement. However, some sponsors and agreements still require specific prior approval on certain types of property even if listed in the approved budget.

Management of Sponsored Property

Sponsors require property purchased with their funds to be used only for the reason for which it was intended during the project period. Some sponsored property will remain the property of the sponsor and should not be integrated with the University's property if it will lose its identity. Sponsor-owned property must be managed with strict control. Financial Management is responsible for the property system, inventory, and audit at the University. The University maintains a three-year perpetual physical inventory cycle, tags University and sponsored property, and maintains inventory records.

Ethical Conduct in Research

The University is committed to maintaining integrity and truthfulness in research and scholarship through the responsible and ethical conduct of its faculty, staff, and students. Consistency of rule interpretation, application, and appropriateness of any proposed corrective action are ensured through consultations among the Provost and the appropriate deans and chairs.

Conflict of Interest

University faculty and staff engaging in outside employment or activities should be familiar with University policy and state law regarding conflict of interest. Program Directors should keep their chair and dean or supervisors fully informed of potential conflict of interest situations.

Intellectual Property

For any potentially patentable or marketable invention or discovery, contact the Provost. If at any time during the course of a sponsored project it is determined that there may be a potentially patentable invention or discovery, it is important to contact Financial Management. Many sponsored program agreements require submission of an invention disclosure report

within a relatively short, defined time frame, as well as a patent and inventions report annually and/or at the close of the program.

Project Extension and Termination

No-cost Time Extensions

If it is necessary to extend the project period (without requesting additional funds) in order to complete the project, such requests must occur prior to the termination date. Procedures for requesting an extension vary according to the type of award and sponsor. Many federal agencies allow one no-cost time extension per project to be approved internally through Financial Management. To request additional time, contact the office and describe why the additional time is needed to accomplish project goals. If an extension is needed and cannot be granted internally, Financial Management will request approval from the sponsor jointly with the Program Director. The Program Director needs to write a letter to the sponsor and forward it to the office. The letter needs to request the extension, describe why additional time is needed, how much time is needed, and how the remaining funds will be spent. Additional information may be necessary depending on sponsor requirements. Extension requests should be sent to the sponsor at least 30 days prior to the scheduled termination date (time period may vary depending on the sponsor's requirements).

Project Termination

The Program Director should arrange to move personnel paid on the project to an alternate funding source or advise them of pending layoff at least two weeks before the project ends. The Program Director may also need to terminate maintenance agreements, remove telephones or change billing instructions, return leased equipment, or take other action. Final progress reports are usually due up to 90 days after termination.

Disposition of Property

Contact Financial Management for procedures for disposal of inoperable or unwanted property. In some cases, prior approval from the sponsor may be necessary. Never trade or dispose of property purchased with sponsored funds without approval from Financial Management.

Allowable Costs Defined

Allowable costs as those that are:

1. reasonable
2. allocable to the project
3. given consistent treatment by use of generally accepted accounting principles
4. in conformance with any limitations or exclusions set forth by the sponsored agreement or OMB CFR 2.

Unallowable Costs Defined

Unallowable costs as those that are:

1. Costs of entertainment, amusement, diversion and social activities, and any costs directly associated with such activities (such as tickets to shows or sporting events, meals, lodging, rentals, transportation and gratuities) are unallowable. Travel, meal and hotel expenses of grantee employees who are not on travel status are unallowable.
2. No funds may be requested for meals or coffee breaks for intramural meetings of an organization or any of its components, including, but not limited to, laboratories, departments and centers. Meal expenses of grantee employees who are not on travel status are unallowable.
3. Costs of alcoholic beverages are unallowable.
4. Costs of firearms are unallowable.
5. Defined through 2 CFR 200-Subpart E as unallowable.

Section 3. Authority

This policy is issued pursuant to the authority granted to the President under Minnesota State Board of Trustees Policy 1A.1, "Minnesota State Administration and Organization," Part 3, Subpart E, and Part 6, Subpart G.

Section 4. Effective Date

This University policy shall become effective upon signature by the President, and shall remain in effect until modified or expressly revoked.

Section 5. Responsibility

The Vice President for Finance and Operations and Chief Financial Officer or his/her designee is responsible for implementation of this policy.

Section 6. Implementation

No further implementation is required as the University adopted Office of Management and Budget 2 CFR Chapter I, Chapter II, Parts 200, 215, 220, 225, and 230 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards prior to the effective date of this policy.

Section 7. Review

This policy shall be reviewed on a biennial basis or as needed.

Section 8. Signature

Issued on June 30, 2018.

Virginia "Ginny" Arthur, JD
President