

PROCEDURE MANUAL



PROCEDURE: FN_110
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Title: Federal Grants Management

I. Financial Management of Federal Grant Funds

Under the direction of the Vice Chancellor for Finance and Administration policies are reviewed and updated, as needed. Per the Federal Register Vol.78 No. 248, Part III, OMB 2CFR Chpt I, Chpt II, Part 200-Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart D-Post Federal Award Requirements Standards for Financial and Program Management, LDCC has implemented the following:

- A. In regards to **200.302-Financial Management (a)** Federal awards are identified by Fund, Org, and Account in the LDCC Accounting System in order to adequately produce reports to show that such funds have been used according to the Federal award terms.
- B. In regards to **200.302(b)** and **200.333-Retention Requirements for Records** LDCC Retention Policy for Financial Records and supporting documents is 5 years, monitored by the Senior Accountant, and includes Federal Grant Funds.
- C. In regards to **200.302 (b) (1)** Federal awards are assigned a **unique Fund number** and associated with the Federal program under which they were received. Federal award information, such as CFDA title and number, name of the Federal agency, name of the pass-through entity, and an award ID number and year are entered and a report can be produced to list all active or closed awards.
- D. In regards to **200.302 (b) (2)** LDCC provides **accurate and complete disclosure** of the financial results of each Federal award in accordance with the reporting requirements set forth in **200.327-Financial Reporting** and **200.328-Monitoring and Reporting Program Performance**. The Grants Accounting staff maintains grant award files with all transaction detail, reimbursement requests, and reconciliation documents, and files reimbursement requests and other required reports to the Federal Awarding Agency or the Pass-Through Entity as specified by each Federal Grant Agreement. The Grant Administrators monitor and report the program performance as specified by each Federal Grant Agreement.
- E. In regards to **200.302 (b) (3)** LDCC records **identify the source and application of funds** for all Federal Grant activity, including the Federal Grant Award Authorizations (budget), obligations (encumbrances), unobligated balances, assets(tagged purchased property), expenditures, and

income. Budgets are entered by the approved authorizations and LDCC's financial system tracks all transactions to the Federal award with a unique fund number.

- F. In regards to **200.302 (b) (4)** LDCC has **effective internal controls** in place for expending Federal Funds per 200.303. The Grant Administrator and those assigned to request expenditures on the funds, the Grants Accountant, Comptroller and VC of Finance are set up for the Department and Finance purchasing and approvals processes. Any property purchased is tagged and tracked for appropriate usage. By limiting access for expenditure approvals to those who are knowledgeable of the Federal award agreements, LDCC assures that appropriate monitoring of compliance to each specific award's terms is performed. Any employee requesting or monitoring Federal grant funds should read and adhere to the LDCC Federal Grant Management Policy, the LDCC Purchasing Policies and Procedures, as well as the State of LA Travel Policy and LDCC CBA Policy.
- G. In regards to **200.302 (b) (5)** The Budget Status Report from LDCC's Accounting System can be run at any given time to reflect a current comparison of expenditures with budget amounts by each Federal award fund.
- H. In regards to **200.302 (b) (6) written procedures** to implement the requirements of 200.305 **Payment:** Other than Federal Financial aid, where cash payment is requested and disbursed within three days of receipt from the Federal entity, LDCC's Federal grant awards are reimbursement based, whether requesting directly from the Federal awarding agency or the pass-through entity for goods and services received and for which payment has been made.
- I. In regards to **200.302 (b) (7) Written Procedures** for in accordance with Subpart E—Cost Principles of this Part and the terms and conditions of the Federal award: See Section II. Parts B and C.
- J. In regards to **200.307 Program Income:** This policy defines the conditions under which program income is earned, expended, and accounted for at project-end. It is the policy of Louisiana Delta Community College to use program income to support the program which produced the income (in compliance with 2 CFR 200). Expenditure of program income will be for costs that further the objectives of the project for which the award was made and which are in accordance with the financial policies and procedures of Louisiana Delta Community College. A separate Fund will be established for processing the receipts and disbursements of program income for each sponsored project which has program income. Except for royalty income, program income is not to be mixed with other Louisiana Delta Community College funds.

APPLICABILITY-This policy applies to Principal Investigators (PI) and departments responsible for the sponsored award that generates the income. It also applies to the Office of Sponsored Programs for identification and proper treatment and Contracts and Grants Accounting for financial reporting to sponsors.

Principal Investigator (PI) or his/her responsible department:

- Develop a plan for program income and a budget that incorporates all costs, including the Facilities & Administrative (F&A) costs at the appropriate rate, if applicable. Budgets should be developed using the same costing standards used for sponsored award budgets.
- Notify Contracts and Grants Accounting of any special reporting requirements.

- Ensure program income funds are used for appropriate project-related costs, in accordance with Federal guidelines, sponsor restrictions, and Louisiana Delta Community College policies.
- Work with Contracts and Grants Accounting to properly record program income receipts and load budget.
- Reconcile monthly financial reports to make sure all expenditures and deposits have been posted.
- Address any residual balances at project end.

Office of Sponsored Programs:

- Review proposals and awards to identify program income.
- Work with Contracts and Grants Accounting to determine proper treatment of program income.
- Request program income fund with award setup or where appropriate post-award.

Contracts and Grants Accounting:

- Verify program income is recorded correctly and budget is loaded appropriately.
- Prepare and submit reports to sponsors regarding the receipt and use of program income funds, based on transactions processed on program income Fund.
- Determine proper treatment of any residual balances at project end.

TREATMENT OF PROGRAM INCOME

Program income earned during the project period shall be retained by the recipient (in other words, not immediately remitted to the awarding agency) and, in accordance with federal awarding agency regulations or the terms and conditions of the award, shall be used in one or more of the following ways:

1. **Additive.** Added to funds committed to the project by the federal awarding agency and recipient and used to further eligible project or program objectives.
2. **Deductive.** Deducted from the total project or program allowable cost in determining the net allowable costs on which the federal share of costs is based.
3. **Cost Sharing or Matching.** Used to finance the non-federal share of the project or program; the use of program income in this manner requires prior approval of the federal awarding agency.

For Federal awards, the **additive** method automatically applies unless the agency specifies otherwise.

For program income generated under non-federal awards the **additive** method applies unless the agency specifies otherwise.

Additional Provisions of Uniform Guidance

If Deductive: "Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project." Project directors

should keep this in mind when disbursing funds throughout the award period. If unused funds remain in the program income account when final reporting is submitted for the grant, this money may be used to reduce the federal share of project costs.

If Additive: Program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award.

Income after the period of performance: There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. The Federal awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process.

Income earned from license fees and royalties: Unless the Federal statute, regulations, or terms and conditions for the Federal award provide otherwise, the non-Federal entity has no obligation to the Federal awarding agency with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions made under a Federal award to which 37 CFR part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements" is applicable.

GENERAL PROCEDURES

1. Information on the type of program income and the proposed treatment of the income should be submitted to the Contract and Grants Accounting Office. Grants Accounting will initiate a request for a Fund number. Budget will be loaded by Contracts and Grants Accounting as projected by Project Manager.

2. **For non-federal projects only:** If the **ADDITIVE** treatment has been approved by the sponsor and funds of 10% or less of the collected income remains, the residual funds could *possibly* be retained by Louisiana Delta Community College. If the Principal Investigator (PI) wishes to retain these funds, he or she must write a letter to the sponsor requesting the use of remaining funds. The letter must explicitly state that the funds were *earned during the project period and will be used after the end date*. It must also include a plan for the use of the residual funds. The letter must be sent to the Office of Sponsored Programs for approval and submission to the sponsor.

- a. If the sponsor approves *in writing* the use of the residual program income balance after the end date, the remaining balance of 10% or less of the collected income will be transferred to a college level revenue FOAP.
- b. If more than 10% of the collected income remains, all of the remaining income will be used to reduce the sponsor's share of project costs.

****Please note that every effort should be made to spend program income before sponsor funds are spent and special care should be taken when developing program income budgets. Budgets should be developed in the same manner as the sponsored award and should adhere to cost principles in the Uniform Guidance. Louisiana Delta Community College is a non-profit institution and program income should not be viewed as a revenue source; instead, it is intended to help cover the costs of the sponsored program.**

3. Some program income is necessary to cover expenses that would not normally be allowed on the sponsored funds, such as the costs of meals for a workshop. For guidance on budgeting, please contact the Office of Sponsored Programs or Contracts and Grants Accounting.

COLLECTION PROCEDURES

Program income funds are deposited and the budget increased as follows:

The department sends the checks to Contracts and Grants Accounting to deposit along with a manual deposit form equal to the total of the checks. Contracts and Grants Accounting will deposit the checks and request a budget setup form to load budget for the additional revenue.

Definition: Residual balance - an unobligated, unspent balance remaining in a program income Fund at the end of the sponsored award which generated the program income. A residual balance occurs when the program income collected exceeds the expenses recorded. *Program income fees charged and collected should be based on the actual costs of performing the work.*

SANCTIONS

If program income balances are not properly handled at the end of the project, a sponsor may require a proportionate reduction in the granting agency's share. To provide the approved split of costs, a portion of project costs may be transferred from the sponsored FOAP to the program income FOAP.

EXCLUSIONS

This policy applies to all sponsored agreements. Any exceptions shall be reviewed by the offices of the Vice Chancellor for Finance and Administration, Director of Contracts and Grants Accounting, or other designee and may be granted on a case-by-case basis.

INTERPRETATION

The offices of the Vice Chancellor for Finance and Administration, Contracts and Grants Accounting, or other designee will determine appropriate application for each contract, grant or cooperative agreement involved

- K. In regards to **200.309 Period of Performance**: LDCC establishes the Start and End dates of each Federal Grant award and charges only allowable costs incurred during that time frame (period of performance). Costs may be incurred before the Federal awarding agency or pass-through entity makes the Federal award, but only if those costs were authorized by the Federal awarding agency or pass-through entity.

II. Cost Principles for Federal Grant Funds

Per the Federal Register Vol.78 No. 248, Part III, OMB 2CFR ChptI, Chpt II, Part 200-Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, SubPart E- Cost Principles LDCC has implemented the following:

- A. Per **200.402 Composition of costs**: The total cost of a Federal award is defined as the sum of the **allowable direct** and **allocable indirect** costs less any **applicable credits**.
- B. In regards to **200.403 Factors affecting allowability of costs**: As part of the Grant Development and Budget process by the various Grant Administrators it is determined that all costs meet the following criteria to be **allowable** under a Federal award:
 - a. Be necessary and reasonable for the performance of the Federal award and have the ability to be allocated to the grant.
 - b. Conform to any limitations or exclusions set forth in the Federal award.
 - c. Be consistent with policies and procedures that LDCC uses across all funds.
 - d. Be accorded consistent treatment in that a cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - e. Be determined in accordance with generally accepted accounting principles (GAAP).
 - f. NOT be included as a cost of any other federally-funded program, or used to meet cost sharing or matching requirements of any other federally-funded program in either the current or a prior period.
 - g. Be adequately documented. (See I, A-K above)
- C. In regards to **200.404 Reasonable costs**: The cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. As part of the Grant Development and Budget process by the various Grant Administrators it is determined that each cost is **reasonable** under the Federal award by the following criteria:
 - a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
 - b. The restraints or requirements imposed by such factors as: sound business practices; Federal, state and other laws and regulations; and terms and conditions of the Federal award.
 - c. Market prices for comparable goods or services for the geographic area. Proof of research should be documented if bidding process is necessary.
 - d. LDCC Purchasing procedures should be followed for all Federal award purchase requests, restricted further by any award restrictions.
- D. In regards to **204.405 Allocable costs**: A cost is defined as **allocable** to a particular Federal award if the goods or services involved are chargeable or assignable to that Federal award in accordance with relative benefits received. As part of the Grant Development and Budget process by the various Grant Administrators consideration is given to the allocability of each expense associated with the grant application.

- E. In regards to **204.406 Applicable credits**: Applicable credits refer to those receipts or reduction-of-expenditure-type transactions that offset or reduce expense items allocable to the Federal award as direct or indirect costs. In the case of purchase returns or discounts, rebates, insurance refunds, adjustments of overpayments or erroneous charges related to allocable expenses of the Federal award, they must be credited to the Federal award as a cost reduction.
- F. In regards to **200.413 Direct Costs**: As part of the Grant Development and Budget process by the various Grant Administrators specific costs tied to the purpose of the Federal award are proposed and approved as Direct Costs.
- G. In regards to **200.414 Indirect Costs**: As part of the Grant Development and Budget process by the various Grant Administrators Indirect Cost categories may be defined within the Federal grant award agreement. When they are not defined, the Grants Accountant determines which expenses to include in the Indirect Cost and obtains approval of the VC of Finance and Administration to apply those costs against the Indirect Cost Recovery produced by those Federal awards within the fiscal year in which the Indirect Cost was recorded. LDCC currently uses an Indirect Cost Rate determined by the pass-thru entities from which the grants are awarded. All Indirect Costs applied are from either Facilities Expense (Operations and Maintenance) or Administration Expense (Salaries and Benefits of Administrative Staff).
- H. In regards to **200.474 Travel Costs**: As part of the Grant Development and Budget process by the various Grant Administrators specific Travel is outlined as necessary to the Federal award. LDCC follows the State of LA Travel policy and is further restricted by LDCC CBA policy, both available on the LDCC website, which includes a travel authorization form to be approved prior to any travel arrangements being made for both out-of-state and in-state travel. Conference agendas should be included in the backup for travel reimbursement requests, as well as hotel, baggage, cab, parking, and other receipts to confirm the expenses claimed.
- I. In regards to **200.420-200.475 General Provisions for Selected Items of Cost**: As part of the Grant Development and Budget process by the various Grant Administrators these guidelines should be reviewed in conjunction with the grant application guidelines in determining that the costs chosen and associated with each grant are necessary, reasonable, and allocable to the grant.

III. Purchasing Policy for Federal Grants

LDCC Purchasing Policy is used for all LDCC purchases including Federal award purchases. Per 200.318 (a) LDCC policy follows the State of LA Procurement Code, Executive Orders, Code of Ethics and generally accepted purchasing policy and procedures. Per 200.318 (b) LDCC Purchasing processes ensure that contractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders. In addition, Federal Grant funds may be further restricted by the rules and regulations set forth in the Federal Register.

Per the Federal Register Vol.78 No. 248, Part III, OMB 2CFR Chpt I, Chpt II, Part 200-Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards, SubPart D- Post Federal Award Requirements LDCC has implemented the following:

A. Regarding Property Standards:

- a. Per **200.313 (c) (1) Equipment** must be used in the program for which it was acquired as long as needed, whether or not the program continues to be supported by the Federal award, and LDCC must not encumber the property without prior approval of the Federal awarding agency. (In the Grants Development process equipment purchases are outlined within the grant proposal, and when purchased backed up with the approved award budget and equipment list.) When no longer needed for the original program, the equipment may be used in other activities supported by the Federal awarding agency, in the following order or priority:
 - 1) Activities under a Federal award from the Federal awarding agency which funded the original program, then
 - 2) Activities under Federal awards from other Federal awarding agencies.
- b. Per **200.313 (c) (2)** During the time that equipment is used in a program for which it was acquired, LDCC must also make equipment available for use in other programs currently or previously supported by Federal funds, provided that such use will not interfere with the work on program for which it was originally acquired. Priority for other program use as noted in prior paragraph.
- c. Per **200.313 (c) (3)** Equipment acquired with a Federal award must not be used to provide services for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute or if service is offered as a non-professional service, meaning a student is performing the service.
- d. Per **200.313 (c) (4)** When **acquiring replacement equipment**, LDCC may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.
- e. Per **200.313 (d)** Management requirements for Equipment purchased with Federal funds, until disposition takes place, LDCC procedure includes the following:
 - 1) Property records are maintained that include a description of the property, a serial number or id #, the source of funding, location of equipment, the acquisition date and the cost of the property.
 - 2) A physical inventory of the property is taken annually and reconciled with the property records.
 - 3) Controls are in place to ensure adequate safeguards to prevent loss, damage or theft of the property, and any loss, damage, or theft is investigated.
 - 4) Equipment is maintained to keep it in good condition.
- f. Per **200.313 (e) Disposition**: When original or replacement equipment acquired under a Federal award is no longer needed for the original program or other activities currently or previously supported by a Federal awarding agency, LDCC may proceed with disposition according to LDCC Property Disposition Procedures, unless the Federal awarding agency

requires in its terms and conditions specific treatment of the disposition. If items with a fair-market value in excess of \$5,000 are sold, the Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. The Federal awarding agency may permit us to deduct and retain from the Federal share \$500 or 10% of the proceeds, whichever is less, as a selling and handling expense.

B. Regarding Procurement Standards:

- a. Per **200.318 General Procurement Standards(c) (1)** LDCC maintains written standards of conduct covering conflicts of interest and employee engagement in the purchasing process. See LDCC Purchasing Policies and Procedures page 3-Contractual Authority and Purchasing Authority, page 25-Violations-Penalties and pages 26 -28 regarding Ethics.
- b. Per **200.318 General Procurement Standards (d)** as part of the Grant Development and Budget process by the various Grant Administrators, consideration must be given to avoid acquisition of duplicative items. Analysis of lease versus purchase alternatives should be used, where appropriate, and any other analysis to determine the most economical approach.
- c. Per **200.319 Competition** LDCC's Purchasing policy allows for full and open competition. The written Purchasing procedures include what information is needed to provide vendors with clear and complete descriptions and requirements. See LDCC Purchasing Policies and Procedures, pages 4-14.
- d. Per **200.320-Methods of Procurement and 200.321-Contracting with Small Businesses--** LDCC's Purchasing policy identifies the categories differently than 200.320, but the methods are the same. See LDCC Purchase Policies and Procedures, pages, 6-9, with exceptions listed on pages 10-14.
 - 1) Purchases \$5,000 or less are considered micro-purchases, which can be made without soliciting competitive quotations if LDCC considers the price to be reasonable.
 - 2) Purchases over \$5,000 up to \$15,000 are considered small purchases, which need price quotations from three qualified vendors, at least one shall be a certified small and emerging business or a small entrepreneurship. See LDCC Purchasing Policy page 7 for exceptions.
 - 3) Purchases exceeding \$15,000 not exceeding \$25,000 are still considered small purchases, but require five price quotations from qualified vendors, at least two shall be certified a small and emerging business or a small entrepreneurship.
 - 4) Purchases over \$25,000 shall be made by competitive sealed bid. See LDCC Purchasing procedure page 9 for more details.
- e. Per **200.326-Contract Provisions** LDCC's Purchasing department is aware of and includes in LDCC Purchase Orders, as appropriate, the applicable provisions as described in Appendix II to Part 200-Contract Provisions for non-Federal Entity Contracts Under Federal Awards.

IV. Time and Effort Reporting

As a recipient of federal funds, Louisiana Delta must comply with the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”) as well as other federal requirements for certifying effort expended on sponsored awards. Louisiana Delta Community College requires all individuals who receive federal sponsored funding to comply with institutional policies and sponsoring agency regulations regarding the proposing, charging, and reporting of effort on those awards.

Louisiana Delta faculty and staff are expected to charge their time to sponsored awards commensurate with the committed effort expended on all activities they perform. All individuals who receive any compensation from a federal award or a non-federal award where the non-federal sponsor requires effort reporting (“Sponsored Projects”) are required to certify their effort. This process ensures that salaries and wages are properly expended and that actual effort is consistent with the committed and budgeted effort.

Subpart E §200.430 of the Uniform Guidance includes the federal regulatory requirements for compensation for personal services. This includes but is not limited to the specified Standards for Documentation for Personnel Expenses. Louisiana Delta Community College’s Effort Reporting policy and procedures are intended to meet these requirements.

A. Policy Statement

1. Time and effort reports shall reasonably reflect the percentage distribution of effort expended by Louisiana Delta Community College employees involved in Sponsored Projects. The Time and Effort report must represent, in percentages totaling 100%, a reasonable estimate of an employee’s effort for the period being reported. These reports shall reasonably reflect the activity for which the employee is compensated and shall encompass all activities on an integrated basis. “Effort” includes all research, teaching, administration, service, and any other activity for which an individual received compensation from the College. *Note: Section 200.430(c) states, “It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs [Institutions of Higher Education], a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.”*
2. Louisiana Delta Community College may contribute certain “Cost Sharing” resources in sponsored proposals when appropriate. All Cost Sharing must be pre-approved. These resources may include but are not limited to matching funds, facilities, and/or faculty or staff time. When Cost Sharing resources are committed and budgeted for in a proposal or sponsored agreement, external sponsors consider the proposed cost sharing to be institutional commitments if such proposals are funded. As such, any voluntary cost sharing commitment should only be made when there are perceived advantages to the institution in receiving the award.
3. Each employee whose time is partially or fully committed to a federally Sponsored Project shall complete Time and Effort reports as required. Reporting is required regardless of whether such

time is paid by the sponsor, or is an unpaid contribution, i.e. cost share match. Committed cost sharing must be included in effort reports.

4. Louisiana Delta Community College uses an “after-the-fact” effort reporting system to certify that salaries charged or cost-shared to Sponsored Projects are reasonable and consistent with the work performed. This indicates that the distribution of salaries and wages will be supported by activity reports signed by the employee and certified by a responsible person with suitable means of verification that the work was performed, generally the Principal Investigator (PI), at the end of the specified reporting periods. Time and Effort reports shall be incorporated into the records of the College and retained in accordance with the sponsor regulations and/or the College’s Records Retention schedule.
5. The federal government can impose severe penalties and funding disallowances as a result of missing, inaccurate, incomplete, or untimely effort reporting. Louisiana Delta Community College expects that PIs will complete time and effort reports completely and in a timely manner. Consequences to not doing so may include, at the discretion of the administration, withholding submission of a new grant proposal and/or or withholding compensation on effort expended. Louisiana Delta Community College also reserves the right to charge cost disallowances on Sponsored Projects resulting from the PI’s failure to submit appropriate time and effort reports to the departmental operating account.

B. Responsibilities

Effort reporting is a federal compliance requirement. There are many individuals involved in this process and each one has a role in ensuring that certifications are accurate and completed on time.

a. Principal Investigators (PIs)/Faculty Members

- Understand their own as well as their staff members’ (non-faculty personnel) levels of effort committed, charged and reported on all applicable awards
- Review, initiate corrections if necessary, and certify their individual Annual Faculty Effort Certification (AFEC) and their Quarterly Project Effort Certification(s) (QPEC)
- Communicate significant effort changes to the department/local-level effort coordinators
- If applicable, formally request, via the Request for Proxy Authority form, that the certification responsibility be delegated to another individual who has sufficient technical knowledge and/or is in a position that provides for suitable means of verification that the work was performed
- Review salary charges on awards on a monthly basis with grant manager and identify any effort-related changes and communicate with administrators to post corrections if needed
- Recertify and electronically sign if effort changes are made after a statement has been certified

b. Department/Local-level Effort Coordinators (Primary Effort Coordinators, Secondary Effort Coordinators and Grant Managers)

- Monitor effort commitments, salary charges, and cost sharing on all applicable awards
- Communicate to the central sponsored programs office (OSP) any changes that require sponsor notification and/or approval
- Review salary charges with PI/faculty member and post any salary distribution updates and/or corrections in a timely manner
- Check effort certifications for accuracy during the review period
- Monitor that effort certifications are completed within 30 calendar days after release to the PI

c. Office Sponsored Programs (Compliance)

- Communicate significant changes in effort to sponsors
- Update effort commitments to reflect new effort commitment when changes in effort are approved by sponsors
- Monitor school-level implementation of, and compliance with, the College Effort Reporting Policy
- Review and approve or reject PI proxy requests received from PIs/Faculty for alternate signers on Annual Effort Certifications
- Provide effort reporting training, guidance on requirements, and oversee College-wide compliance with the College Effort Reporting Policy

V. Participant Support Costs Guidance

This guidance addresses fundamental concepts related to participant support costs and offers some examples. Please contact Sponsored Programs (SP) with questions. Participant support costs are allowed by a number of Federal agencies and other sponsors. Participant support costs are defined by the Uniform Guidance in §200.75:

Participant support costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

Participant support costs are typically incurred for projects that include an education or outreach component. These types of costs are most commonly included in National Science Foundation (NSF) grants, such as the Research Experience for Undergraduates (REU) or Research Experiences for Teachers (RET) program. National Institute of Health (NIH) indicates that participant support costs are allowable only if specified in the Funding Opportunity Announcement.

Funds provided for participant support costs that are not spent cannot be re-budgeted for use in other categories unless prior written approval has been obtained from the sponsor.

Participant support costs are budgeted in a separate category in the application budget and must be accounted for separately. Participant support costs are excluded from the LDCC base when calculating F&A costs. Finance sets up a separate project under the award to isolate participant support costs and to ensure that F&A is not applied against these costs.

Questions and Answers regarding Participant Support Costs

1. What are participant support costs?

Participant support costs are costs to support individuals who are receiving a training opportunity as part of a workshop, conference, seminar, symposium or other short-term instructional or information sharing activity funded by a sponsored award. Costs may include stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants (not employees). Also see #3 and #4 below.

A participant does not perform work or service for the project or program. The participant is not required to deliver anything or provide any service to the university in return for these support costs.

2. What types of sponsored projects may include participant support costs?

Projects with an educational or outreach component may include participant support costs. For example, a project may be in support of professional development and continuing education activities for secondary school teachers/educational professionals. Participant support costs for this project may include registration fees for the event, transportation to/from and lodging during the event, as well as a per diem allowance to cover meals and incidental expenses.

3. What costs can be included in participant support costs?

- **Stipend:** A stipend is a set amount of money paid by LDCC directly to the participant.
- **Subsistence Allowance:** The cost of a participant's housing and per diem expenses necessary for the individual to participate in the project are generally allowed, provided these costs are reasonable and limited to the days of attendance. Participants who live in the local area are not entitled to subsistence payments, although they may participate in meals and breaks provided at the meeting or conference.
- **Travel:** Travel includes the costs of transportation and associated travel-related expenses and must follow sponsor guidelines, as well as LDCC policies and guidelines. The sole purpose of the trip must be to participate in the project activity.

- **Fees:** The fees paid by or on behalf of a participant in connection with meetings, conferences, symposia, or training projects are generally allowable costs. Additionally, these fees may include laboratory fees, passport or visa fees for foreign participants, and registration fees.
- **Other:** Certain other costs in support of the participant's involvement may be allowable, including training materials or laboratory supplies. Check the funding solicitation for guidance and contact SP with questions.

4. What costs cannot be included as participant support costs?

Participant support costs do NOT include the following types of payments:

- Travel for project PI or staff
- Travel for a consultant providing services to the college, project, or program
- Honoraria paid to a guest speaker or lecturer
- Conference support costs such as facility rental or media equipment rental
- Agreement with a provider for multiple training events (i.e., an ongoing contract with specific terms and conditions)
- Travel to bring collaborators together to meet and discuss the project
- Incentive payments to an individual who agrees to participate as a human subject in a research project

5. What are some examples of what might or might not be considered participant support costs?

Some examples that would be considered participant support costs:

- An NSF project has been awarded an REU supplement. The REU supplement will enable 5 undergraduate students from around the country to participate in a summer research project with an LDCC PI. The students will be paid a stipend and provided room and board over an 8-week period. The stipends and room/board would be considered participant support costs.
- The LDCC is awarded a grant from a Federal agency to host an educational workshop in Washington, DC. Individuals (the audience is primarily fellows from around the country) will apply for financial support to attend the conference. The financial support will cover the costs

to travel to and attend the workshop. Travel costs, as well as lodging/meals during the event, would be considered participant support costs.

- The LDCC receives an award from the NSF that includes an REU component. The REU component allows the PI's lab to support undergraduate student positions during the academic year over the course of the three-year grant. The students will be mentored and will assist with various research projects, e.g., media preparation, plant tissue culture, cloning, and mutant analysis. The student support would be considered participant support costs.
- NSF provides an award to LDCC that includes an RET activity. The PI will host a teacher over the course of the summer who will gain research experience, and then use that knowledge to develop educational materials and activities. The teacher will pilot the activities with students and present the materials at regional conferences with fellow teachers. The teacher's summer stipend, supplies for the activities, and travel to regional conferences would be considered participant support costs.

Some examples that would not be considered participant support costs:

- The LDCC is part of a collaboration involving PIs from five different institutions. The LDCC PI hosts a meeting with her Co-PIs and other faculty and or scientists to discuss project progress. Collaborators must travel to Monroe to attend the meeting. The costs for this meeting of grant collaborators to discuss the project would not be considered participant support costs.
- As part of a conference grant, a LDCC PI invites an expert in the field to talk about her recent discoveries that were featured in a prominent scientific journal. In order to support the expert's attendance, the grant provides an honorarium of \$2,000. The honorarium for the speaker would not be considered a participant support cost.

6. When are participant support costs allowed?

Participant support costs are allowable with prior sponsor approval, per the Uniform Guidance. In addition, individual agencies may have specific policies restricting the use and allowability of participant support costs. NSF has historically allowed participant support costs, for instance, in the REU and RET programs. NIH only allows participant support costs if they are explicitly identified in the Funding Opportunity Announcement. Other Federal and non-Federal sponsors may allow participant support costs under some circumstances. Review the funding solicitation for specific instructions and contact SP with any questions prior to proposal submission.

7. Should participant support costs be identified in the budget/budget justification?

Yes, participant support costs must be explicitly identified in the budget and budget justification. For instance, the NSF budget form has a section specifically for participant support

costs. If the budget form you are using does not have such a section, but you plan to include participant support costs, please explicitly identify any participant support costs in the budget and budget justification. Participant support costs are excluded from the LDCC base when calculating F&A costs. Identifying participant support costs will help ensure prior sponsor approval is requested and, if awarded, that SP sets up a separate project with appropriate F&A.

8. Can I re-budget participant support costs into another budget category after an award has been received?

Maybe. Generally, it is not allowable to re-budget from the participant support costs category into other budget categories unless prior written approval has been obtained from the sponsor. If approval is obtained from the sponsor and funds are moved from participant support costs into other budget categories, F&A costs will be applied to the re-budgeted funds as appropriate.

9. If participant support costs were not included in the original award, can I add a participant support component to my project?

Maybe. Adding a participant support component to the project will need prior approval from the sponsor.

With the sponsor's approval, one option to fund this new component would be to re-budget unused funds into participant support costs. SP can assist with submitting a prior approval request to re-budget funds for this purpose. The other option would be for the PI to request a supplement for participant support costs. A supplemental proposal would need to be submitted.

If approval were obtained for participant support costs, RSP would set up a new project under the award in order to separately account for these costs and apply a 0% F&A rate as required by the Uniform Guidance.

10. What kind of documentation should a department keep on file for participant support costs?

Similar to other award-related expenses, a department must maintain back-up documentation for all participant support costs. This would include a list of program participants and evidence of attendance of participants, such as a daily log or similar documentation.

11. Are participant support costs treated differently in the Uniform Guidance than they were in OMB Circular A-21?

Yes. Previously, in A-21, the definition of MTDC did not address participant support costs. In the Uniform Guidance, the definition of Modified Total Direct Costs addresses participant support costs. This means, for awards from any agency that are made under the Uniform Guidance, participant support costs (similar to equipment) should be excluded from the base used to calculate F&A costs.

12. How should stipends be paid to participants?

Stipend payments to participants should be sent to Grants Accounting by a check request. A W9 for each participant should accompany the check request for each participant in order to set them up for payment. The expense account code to be used is 7105-Training (Non-Conference).

13. Are payments to research subjects/participants considered participant support costs?

No. A payment to an individual who agrees to participate as a human subject in a research project is not a participant support cost and should be budgeted as Other Direct Costs in the project proposal.

14. Are costs to support pre- or post-doc trainees in a training grant considered to be participant support costs?

The answer depends on the sponsor. Generally, costs for training grant programs are not considered participant support costs. Training grant programs are not typically short-term experiences and are not consistent with the types of experiences considered to be participant support activities. Trainees are also actively engaged in the scope of work, where participants do not perform work or service for the project or program.

15. What if a sponsoring agency representative requests that I move student hourly employee costs to the participant support costs budget section?

It depends. If LDCC has determined that student hourly employee is the appropriate role, then a compelling justification should be sent to the sponsoring agency representative about why that determination was made. Guidance from the National Science Foundation is that the institution determines whether a student hourly employee or participant is appropriate for the project.

VI. Definitions

Program Income - According to 2 CFR 200 *program income* means income earned during the project period by the recipient that is directly generated by a supported activity or earned as a result of the award. Program income includes, but is not limited to:

- income from fees for services performed
- income from conference registration fees
- the use or rental of real or personal property acquired under federally-funded projects
- the sale of commodities or items fabricated under an award
- and, under certain circumstances, license fees and royalties on patents and copyrights.

Federal Project - a project which is funded by the federal government. If federal funds are passed through any other entity before arriving at LDCC, it is still considered a federal project.

FOAP is the Fund, Organization, Account, and Program code used to record financial transactions in Banner

Non-federal Project - a project which is not funded by the federal government

Institutional Base Salary (IBS): Pay for the employee's primary job responsibilities. The amount of an employee's Institutional Base Salary shall be described in their appointment letter, and thereafter in annual salary letters or amendments to such letters.

Committed Effort: The amount of effort promised to the project in the proposal or included in the award documentation.

Principal Investigator (PI): the primary individual responsible for the preparation, conduct, and administration of a research grant, cooperative agreement, training or public service project, contract, or other Sponsored Project in compliance with applicable laws and regulations and institutional policy governing the conduct of sponsored research.

Key Personnel – The program director/principal investigator and other individuals who contribute to the development or execution of a project in a substantive, measurable way, whether or not they request salaries or compensation.

Academic Year – For effort reporting purposes, an academic year is the period of a faculty member's appointment. LDCC faculty are generally appointed for either 9 or 12 months. 9-month appointments can relate to either a specific 9 month period or 9 months' work spread over the fiscal year and 12-month appointments include all months during a fiscal year.

Account- For effort reporting purposes, account is the unique combination of fund, organization and account codes as set up in Banner and charged in the general ledger.

Certification – The assertion by a PI/faculty or proxy/designee that the salaries charged to sponsored projects as direct charges or cost sharing reasonably reflect the effort expended and work performed during the period of work performed/reporting period.

Certification Period – The monthly time interval based on 2 consecutive pay periods for PIs, proxies or designees to certify annual effort or that of the individuals who work on their projects.

Cost Sharing – Any project costs that are not borne by the sponsor. Cost sharing of effort is the provision of faculty and/or staff time and related fringe benefits that were committed and provided in support of a project but are paid for by other sources of funding. Cost-shared effort in excess of the commitment made in the proposal does not have to be identified or certified.

Designee – Authorized delegation of certification responsibilities on a specific sponsored project to another individual (other than the PI) for the Quarterly Project Effort Certifications.

Effort Reporting – The mechanism used to provide assurance to federal or other external sponsors that salaries charged or cost shared to sponsored awards are reasonable in relation to the work performed. Effort reports are also referred to as “certifications” or “statements.”

Period of Work Performed (PWP) – The academic year or fiscal quarter during which an employee performs effort. The period of work performed for annual faculty certifications is a fiscal year, July 1st to June 30th. The period of work performed for quarterly project certifications are the fiscal quarters, July-September (Q1), October-December (Q2), January-March (Q3), and April-June (Q4). The period of work performed includes salary journals that are posted outside the academic year or fiscal quarter but relate to time and effort expended during the academic year or fiscal quarter. The period of work performed may also be referred to as the reporting period.

PI/Faculty Effort – The proportion of time spent by an academic appointee on any University activity expressed as a percentage of time. 100% effort is the total time spent on college work within the scope of their academic appointment period (9 or 12 months), regardless of how many or how few hours an individual worked in the reporting period. The total effort reported for a PI/faculty member will always equal 100%, even if he/she is less than 1.0 FTE. Total academic period effort includes sponsored projects and non-sponsored activities that are funded by the University including work performed outside of normal work hours and work performed off-campus.

Proxy – Authorized delegation of certification responsibilities for the PI/faculty member’s individual Annual Faculty Effort Certification statement.

Supplemental/Summer Salary - Faculty compensated for 9-month academic appointments are permitted to earn up to an additional three months of supplemental/summer paid compensation on one or more sponsored and/or non-sponsored activities. Individuals can earn up to the equivalent of three months of additional salary for that effort, subject to school and sponsor policies (e.g., NSF’s limitation of no more than two months of an individual’s salary charged to all NSF projects) and the appropriate school level approval. If a faculty member has administrative or other non-sponsor related

responsibilities (including vacations) during the period for which they are requesting supplemental salary, they are precluded from devoting the maximum allowable 95% effort to sponsored projects and cannot request the full 95% of 3 months of salary from sponsored projects.