

PROCEDURE 300.6
Area: General Administration

Adopted: September 18, 1998

Certified by _____
Dr. Adolphus Andrews
Vice President
Administration and Finance

Revisions Approved:

SUBJECT: OTHER

- A. Cost sharing should be kept to a minimum and must have prior approval of the Grants Accounting Office before submission of a funding request.
 - B. A copy of all Fiscal related correspondence should be forwarded to the Grants Accounting office.
 - C. Indirect cost should be requested on all solicitations of restricted monies. Indirect costs are calculated at the current official negotiated rate for the university. Exceptions may be made where deemed applicable by the Vice President for Academic Affairs and the Vice President for Administration and Finance.
 - D. Technical Reporting
- The Notice of Award package indicates any technical reports that are to be provided by the Principal Investigator. These reports are exclusively the responsibility of the Principal Investigator. It is imperative that they are submitted on a timely basis. Failure to do so may jeopardize future funding for the University. A copy of any technical reports submitted to the sponsor should be forwarded to the Office of Sponsored Programs for the project file.
- E. Continuing the Project

A PI has the choice of four options for extending a sponsored research project beyond the original date stipulated in the Notice of Award. The four options are:

Page 2 of 8

- 1. Apply for a no cost extension
- 2. Apply for a non-competing continuation
- 3. Apply for a competing continuation
- 4. Apply for a supplement or extension

In many cases the sponsor or sponsor's terms of the award will determine which option is most appropriate. Each option also has financial implications for the

researcher's project and Central State University. These four options are described in the section following:

No Cost Extension: No-cost extensions are requests to extend the termination date of a project without additional funds. A PI must have prior approval before the project is allowed to continue past the termination date stated in the Notice of Award. In instances where additional time is required to complete the project, the Principal Investigator should initiate a no-cost extension by sending a brief to the GAO with an explanation of the work-related need for the time extension and how available funds will be used. The request should be submitted at least 30 days before the scheduled expiration date. As a general rule, no-cost extensions cannot be approved retroactive to the termination date stated in the Notice of Award.

After approving the request, the GAO will forward the no cost extension request to the sponsor. If a sponsor has granted expanded authority privileges to Central State University, the GAO may extend the expiration date of the project one time, for a period of up to 12 months. As its name implies, projects receiving no cost extensions do not receive additional funding from the sponsor. However, a granted no cost extension frequently requires minor alterations to the budget.

Non-Competing Continuation: If a project has been approved for funding for more than one year, the PI must complete a non-competing continuation application annually. This application usually includes a report on the work completed to-date, a financial report, plans for the next award cycle's work, and a budget plan. Noncompeting continuations imply that the sponsor recognizes the research as on-going and assumes that, as long as the research is going well and

funding is available, the project will be funded for multiple years. Non-competing continuation projects do not compete with new projects for a sponsor's funds. With a sponsor's approval, funds may also be carried over from project year to project year. Non-competing continuations imply additional funding will be added to the total project award.

Competing Continuation: A competing continuation requests additional funds from a sponsor to continue the work of a previously funded project. Competing continuations compete with new applications for a sponsor's funds. If funds are not awarded to continue the project, and no additional funding from other sources is available, the project must be completed by the date indicated in the original Notice of Award.

Supplements and Extensions: A PI may request additional funding in the form of a supplemental funding and an extension of the project's end date from a sponsor, for the purpose of finishing a project. The sponsor may ask for a new work plan and budget for the extension period. A PI is advised to allow sufficient time for a sponsor to consider the request. Requests for supplemental funding and extensions must flow through the GAO for signatory approval.

F. Financial Management Problems

Overspent Projects: Overspending on a project can reflect poorly on the PI, the GAO, and Central State University. It can indicate that the project was not planned carefully enough to support a request of sufficient funding to complete the project. It can also be seen as indication of haphazard internal financial management of a sponsor's funds. Because the implications of overspending are so serious, a major responsibility shared by the PI and the grants office is to carefully monitor the budget. Accounts that are in danger of becoming overspent may be "frozen" by the GAO. This means that charges cannot be placed on "frozen" accounts without approval from the GAO.

If a project ends with a deficit, the PI's department or administrative area is responsible for covering the remaining expenditures. For those accounts that end with a deficit, prompt cost-transfer requests must be submitted by the department or the administrative area. The cost-transfer will initiate the process of

moving remaining outstanding expenditures from the frozen sponsored research account to the appropriate departmental account.

Underspent Projects: While the financial implications of underspending on a project are not nearly as serious, severe underspending, 20% or more of a project's total direct costs, can also reflect poor project planning, haphazard internal financial management of a sponsor's funds, or that the goals of the project were not met.

There is little virtue in ending a sponsored research project with a large balance of funds. Rarely does the sponsor allow the institution to keep the money. Rather, it must be returned to the sponsor where it can create a fair amount of accounting inconvenience. Institutions that return large unused portions of sponsored research funds are not rewarded for their frugality.

This does not mean that there will never be instances when there are legitimate reasons for major underspending of a project. Nor does it mean that unbridled spending of remaining sponsored research funds should take place in the waning months of a project. Rather, careful planning, monitoring, ongoing communication with the sponsor, and revising of the workplan as needed should be the norm throughout the life of the project.

Unexpended Funds

This section outlines the alternative possible for handling unexpended balances that cannot be carried forward into future project years. That is, the project is not to be continued, but is truly completed, and the PI cannot justify extending the research. The disposition of any balances remaining in a sponsored research account is determined by the sponsor and is reflected in the nature of the original award. While it is true that most unexpended balances must be returned to the sponsor, there are cases where Central State University may keep the funds. Three situations exist regarding how unexpended balances are handled. They include returning the funds to the sponsor, transferring the funds to a non-sponsored research account, or 'rolling over' the unexpended funds into another related sponsored research account.

Request a No-Cost Extension: Principal Investigators, if they anticipate unexpended funds, may request a no-cost extension. That is, the project will continue past the initially proposed ending date. This could allow the PI additional time to extend the research, or complete specific tasks.

Returning the Funds to the Sponsor: Staff in the GAO are responsible for completing paperwork associated with returning unexpended funds. Procedures for this process differ based on Central State University's agreement with the sponsor and the sponsors guidelines.

Funds Transferred to a Non-Sponsored Research Account: Some examples of this situation include foundations that convert unexpended funds into gifts to the University. Another situation involves awards made for a specific set of tasks for a fixed price. Once those tasks are completed the sponsor and PI have no other contractual obligation to each other. Remaining unexpended funds may be used by the PI for further additional research. Unexpended funds that the sponsor allows Central State University to keep should be transferred to non-sponsored research accounts, usually these accounts are the PI's department or administrative area accounts.

Unexpended Balances Transferred to Another Related Research Account: Occasionally, a sponsor will allow a researcher with multiple related awards to move an unexpended balance from one project to another, exceptions to the guidelines always exist based upon a sponsor, PI, or the GAO's interpretation of the guidelines and subsequent communication with a sponsor. PIs are advised that if any of the above situations seem to describe their particular financial situation at the time of completing a sponsored research project, they contact their grants specialist and discuss the possible alternatives.

G. Completing a Sponsored Research Project

As the official repository for all documentation related to sponsored activity at the University, the GAO maintains a file for each sponsored project undertaken. The file includes a copy of the proposal, a signed copy of the award, all relevant financial information, including copies of payroll authorizations and all invoices and documents requiring approval by the GAO, any correspondence between the University and the sponsoring agency, and copies of all project-related technical and financial reports. As the end date of a sponsored project approaches, each project is reviewed by the GAO staff to ensure that all agency-specific and University requirements have been met and that all necessary records are in the project file.

Most funding agencies require final financial and technical reports. In general, the financial reports are prepared and submitted to the sponsoring agency by the GAO staff and the technical reports are prepared and submitted to the sponsoring agency by the Principal Investigator. The PI should arrange to move personnel paid on the project to an alternate funding source or advise them of pending layoff at least two months before the project ends. The PI can facilitate this process by working closely with the Department of Human Resources in assisting project staff in finding suitable future employment. While under no obligation to do so, assistance in this area is appreciated by project staff and reflects an institution's gratitude for staff contributions to a successfully completed sponsored research project.

The PI may also need to terminate maintenance agreements, remove telephones or change billing instructions, return leased equipment or take other action.

H. Records Retention

Regulations require the University to maintain for audit purposes all project-related records, both financial and technical (including technical reports, lab notes, and all institutional committee approvals such as human subject, animal care, radiation, etc.) for a minimum of three years (five years for Department of Education awards) AFTER the acceptance of the final financial and/audit report. Therefore, Principal Investigators, Project Directors should retain complete grant/contract files for a minimum of five years after project termination. After that date, check with the GAO to ascertain whether longer retention is necessary.

I. Audit

Periodically, sponsored project accounts are audited by external agencies. Audits can originate from the state or federal governments, private sponsors, or other oversight bodies, and can be conducted by agency or contract auditors. Audits occur to ensure that the University is operating in accordance with state and federal regulations and generally accepted accounting principals. Auditors typically test direct costs under general expenditure systems (e.g., Time and Effort Reporting, Prior Approval System, Procurement System),

Each audit is coordinated by the GAO. If the audit team requires files, documentation or discussion with other campus personnel, arrangements are made

through the GAO. All questions regarding allowability of expenditures, contract modifications, etc. are to be directed to the GAO. If you as an individual are contacted directly by an auditor, refer the auditor to the GAO. This is the best way to assure an accurate audit report.

During an audit it may be necessary for the GAO to contact departments or Principal Investigators to request information about a specific contract or grant. It is the responsibility of the Principal Investigator to keep accurate records supporting all costs and copies of progress reports, laboratory notes, documentation of the selection process used to hire contractors and of time and effort expended must be maintained for the same amount of time.

J. Foreign Travel

The GAO must approve requests for foreign travel on sponsored project funds before tickets can be issued. Because of special agency regulations for prior approval and the requirement by some agencies for utilization of U.S. flag carriers, the GAO should be contacted by the Principal Investigator as far in advance of such trips as possible. Usually two to three months are required by the agency for approval of foreign travel, particularly if such travel is

not already incorporated in the award budget. If the agency has more restrictive regulations, then the agency's regulations must be followed. For example, some federal agencies limit reimbursement for meals and lodging to the federal per diem rates. Only the contracting officer of the funding agency has the authority to allow any exceptions to agency policy. To secure this approval the Principal Investigator should write a letter requesting an exception, forwarding the letter to the GAO for co-signature and processing. Be sure reimbursement is claimed only for those places and for those dates for which agency prior approval was received. Travel to any other cities on any other dates is not reimbursable from grant and contract funds. Even though actual expenses may be claimed for foreign travel, the charge must be reasonable and logical and should be included in a daily itemization of expenses.