

## **PROCEDURE NO. 300.1**

**Area: General Administration**

*Original signature on file in  
Administration and Finance*

Certified By: \_\_\_\_\_

Cynthia Jackson-Hammond

President, Central State University

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**Subject: RESTRICTED FUND PROCEDURE**

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### **I. Restricted Fund Initialization**

- A. Prior to the creation of a restricted fund within the University automated financial system, official documentation must exist. Official documentation is evidenced by the following:
1. award notice from granting, contracting and/or donating entity;
  2. copy of check payable to Central State University with appropriate details evidencing purpose; or
  3. properly signed and authorized letter evidencing gift(s) and restrictions of how money may be expended.

Certain agencies require that the University sign an award document before the award can be effective. Only the University's authorized representative(s) may sign these documents and thereby legally bind the University to the agreement.

- B. Proposals for restricted funds must receive approval prior to submission. Approvals must include the following:
1. Applications for restricted monies must be reviewed and approved by the respective division head.  
  
Applications generated within an academic department must have prior approval of the applicable chairperson and dean.
  2. Applications for restricted monies must be reviewed by the Office of Sponsored Programs and Research (OSP&R) and approved by the Vice President for Administration and Chief Financial Officer or his/her designee.
- C. The establishment of each restricted fund is evidenced by the preparation and proper dissemination of a "Chart of Accounts Document". The funds are established in sponsored

project accounts so that they can be identified as having been received for externally sponsored activities. Costs to a project account cannot be incurred and/or paid prior to the effective date of the award unless there is a pre-award costing clause or unless the granting agency otherwise formally agrees to such an arrangement. The OSP&R, with the approval of the Vice President for Administration and Chief Financial Officer, will establish interim fund accounts in two instances:

1. If an agency has confirmed in writing to Central State University that an award is forthcoming and the receiving department guarantees reimbursement from its University budget for the expenditures if an award is not delivered; and
2. When the agency agrees to a pre-award costing clause.

The Principal Investigator (PI) or Project Director (PD) may make expenditures against an interim funded award pending receipt of formal award documents. A PI or PD who requires interim funding should, contact the Director of OSP&R.

## **II. Budget Requirements and Related Matters**

A. The establishment and maintenance of a restricted fund budget requires the following:

1. an award notice or a similar document, as previously noted must be on file with the OSP&R;
2. a copy of the current budget must be forwarded to the OSP&R. This relates to restricted funds whose monies may roll forward; and
3. any and all budget modification requests must be communicated to the OSP&R in writing.

B. Administration within Automated Financial System

1. All restricted funds will be loaded into the automated financial system.
2. Principal Investigators/Project Directors may review the status of their project budgets in the automated financial system.

C. It is the responsibility of the PI or PD to adhere to the budgetary restrictions of the restricted fund. This adherence includes:

1. proper recording and entering of all purchase requisitions, employment forms and related documents; and
2. detailed review of all budget and financial reports of the restricted fund and notification in writing to the OSP&R of any deviations or discrepancies.

#### D. Expenditure Approval Process

The Principal Investigator/Project Director is responsible for the technical direction of the sponsored project and for the initial authorization of all expenditures to be charged to that project. The Principal Investigator/Project Director is responsible for expending funds in compliance with agency, State and University rules and regulations, and for ensuring that project-specific costs are reasonable, allocable, and allowable on that project.

To aid the Principal Investigator/Project Director in meeting this responsibility, the OSP&R serves in a stewardship capacity over University sponsored projects by monitoring expenditures to assist with compliance of the regulations. In this capacity, all planned expenditure requests require review and approval by the OSP&R prior to processing. **No commitments or expenditures on sponsored programs will be processed without prior OSP&R approval.**

### III. Accounting Requirements and Related Matters

Accurate accounting records are required without exception. The recording of financial transactions for each restricted fund will adhere to the following:

1. All transactions will be recorded in accordance with generally accepted accounting principles.
2. All transactions will be in accordance with all University policies and procedures.
3. External funding agency regulations that differ from University policy must be expressly stated on each purchase requisition with the applicable regulations attached.

#### A. Allowable, Allocable, Reasonable, and Unallowable Costs

The concepts of allowability, allocability, and reasonableness of costs address directly the legitimacy of a cost charged against a specific sponsored account. A primary responsibility of the OSP&R is to ensure that all costs charged to sponsored projects are allowable, allocable, and reasonable. Determination of allowability, allocability, and reasonableness of a given expense is based on specific guidelines of the sponsor and according to Federal cost principles.

Allowability, allocability and reasonableness are defined and determined by the 2 CFR 200-Uniform Administrative Requirements, Cost Principles, And Audit Requirements for Federal Awards otherwise known as the Uniform Guidance, the sponsor's requirements and/or University policy. Each financial transaction charged against a sponsored research account is evaluated against these three concepts.

Allowability: Expenses charged to a sponsored account must meet the following allowability criteria:

1. The costs must be reasonable.
2. The costs must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances.
3. The costs must conform to any limitations or exclusions set forth in the sponsored agreement or in the Uniform Guidance Subpart E – Cost Principles.

### **Allowable Costs**

A cost is allowable when it serves the grant purpose (instruction, research, or public service) and is permitted under the Uniform Guidance, Federal regulations, and the University's policies. Allowable costs generally include:

- Salaries and fringe benefits of faculty, technicians, post docs, research assistants and other personnel directly engaged in performing the sponsored grant's scope of work.
- Laboratory supplies and materials necessary for performing sponsored grant's scope of work.
- Other costs such as travel, subcontracts, specialty equipment repairs and maintenance, and other directly related costs necessary for performing sponsored grant's specific scope of work.
- Capital equipment that is approved by the sponsor.
- Service/maintenance agreements on capital equipment approved by the sponsor.

**Allocability:** Once allowability criteria have been met, the cost must be evaluated against the criterion of allocability. That is, the cost has been incurred solely to support or advance the work of a specific sponsored research project.

**Reasonableness:** Costs must also be reasonable. That is, the cost must be able to withstand public scrutiny, i.e. objective individuals not affiliated with the institution would agree that a cost is appropriate on a sponsored project or as a component in its facilities and administrative costs proposal.

There are five overall principles applied to managing the financial transactions of restricted funds. Policies and procedures within the OSP&R support these principles. The five principles are:

1. **Consistency:** Transactions must be handled in a consistent manner. That is, policies and procedures have been established to address similar types of transactions in a routine manner.
2. **Timeliness:** Transactions must be handled within a reasonable period of time consistent with time frames outlined for funding agencies, a private sponsor, and Central State University.

3. Justification: There must be a reason for the transaction that supports the project's goals and adheres to guidelines outlined by Federal agencies, a private sponsor, and Central State University.
4. Documentation: Sufficient documentation to support the transaction must exist. The documentation must be retained, organized, and complete enough to stand up to an audit.
5. Certification: Transactions must be approved and carry all the correct authorizing signatures.

### **Unallowable Costs**

Unallowable costs on Federal awards include:

- Advertising for general promotion of the University, including printed materials, promotional items, memorabilia, gifts, and souvenirs
- Advertising for recruitment purposes that includes color or is excessive in size
- Alcoholic beverages
- Alumni or fund-raising activities
- Antiques
- Bad debt write-offs
- Donations or Contributions
- Commencement expenses
- Cost Overruns
- Costs on industry, foreign government or other non-government grants/contracts
- Decorative objects for private offices
- Entertainment
- Fine/original art
- Fines and penalties
- First-class/business-class air travel differentials
- Flowers
- Gifts, prizes, and awards
- Goods or services for personal use
- Lobbying
- Memberships in airline travel clubs
- Memberships in civic, social, community organizations, or country clubs
- Faculty and exempt staff salary in excess of base rates paid by the institution
- Selling or marketing products or services of the University
- Social events

Uniform Guidance 200.403 defines allowable costs to a federal award if the goods and services are necessary and reasonable to the performance of the award. Those costs that do not meet the criteria defined per Uniform Guidance and conflict with award terms and conditions along with CSU policies are unallowable costs. For guidance on specific cost type, refer to Uniform Guidance sections §200.420 through §200.475 in conjunction with the award document.

Neither an unallowable direct expense, nor the related indirect cost may be charged to a Federal award. Such an expense may be charged to department discretionary funds or to non-Federal funds if appropriate to the terms and conditions of the non-Federal project. If a particular item of cost is not mentioned in §200.420 through §200.475, the intent is not to imply that a particular item of cost is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment provided for similar or related items of cost. In case of a discrepancy between the provisions of a specific sponsored agreement and the information below, the agreement should govern and the sponsor should be consulted.

If the award has been paid final, then a refund payment may be required. If the Federal Award is charged for a cost that is initially paid and subsequently disallowed, then the Federal Award must be made whole by transferring that cost onto a more appropriate funding source.

## B. Equipment

Title to equipment acquired by a recipient with Federal funds shall vest in CSU. CSU shall not use equipment acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute, for as long as the Federal Government retains an interest in the equipment.

CSU shall use the equipment in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds and shall not encumber the property without approval of the Federal awarding agency. When no longer needed for the original project or program, the equipment must be used in connection with other Federally-sponsored activities, in the following order of priority: (i) activities sponsored by the Federal awarding agency which funded the original project, then (ii) activities sponsored by other Federal awarding agencies.

During the time that equipment is used on the project or program for which it was acquired, CSU shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the equipment was originally acquired. First preference for such other use shall be given to other projects or programs sponsored by the Federal awarding agency that financed the equipment; second preference shall be given to projects or programs sponsored by other Federal awarding agencies. If the equipment is owned by the Federal Government, use on other activities not sponsored by the Federal Government shall be permissible if authorized by the Federal awarding agency. User charges shall be treated as program income.

When acquiring replacement equipment, CSU may use the equipment to be replaced as trade-in or sell the equipment and use the proceeds to offset the costs of the replacement equipment subject to the approval of the Federal awarding agency.

CSU's property management standards for equipment acquired with Federal funds and Federally-owned equipment shall include all of the following:

1. Equipment records shall be maintained accurately and shall include the following information:
  - a. a description of the equipment;
  - b. manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.
  - c. source of the equipment, including the award number.
  - d. whether title vests in CSU or the Federal Government.
  - e. acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.
  - f. information needed to calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).
  - g. Location and condition of the equipment and the date the information was reported.
  - h. Unit acquisition cost.
  - i. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where CSU compensates the Federal awarding agency for its share.
2. Equipment owned by the Federal Government shall be identified to indicate Federal ownership.
3. A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. CSU shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.
4. A control system shall be in effect with adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the Federal Government, CSU shall promptly notify the Federal awarding agency.
5. Adequate maintenance procedures shall be implemented to keep the equipment in good condition.

6. Where CSU is authorized or required to sell the equipment, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.
7. *Disposition.* When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:
  - a. Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
  - b. Except as provided in §200.312 (Federally-owned and exempt property), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non-Federal entity or 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. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
8. The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.
9. In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions

### C. Supplies

Materials and supplies costs, including costs of computing devices (see also §200.453).

1. Title to supplies will vest in Central State University upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other Federal award, Central State University must retain the supplies for use on other activities or sell them, but must, in either case, compensate

the Federal Government for its share. The amount of compensation must be computed in the same manner as for equipment. See §200.313 Equipment, paragraph (e)(2) for the calculation methodology.

2. As long as the Federal Government retains an interest in the supplies Central State University must not use supplies acquired under a Federal award to provide services to other organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute.

#### Intangible property

1. Title to intangible property (see §200.59 Intangible property) acquired under a Federal award vests upon acquisition in Central State University. Central State University must use that property for the originally-authorized purpose, and must not encumber the property without approval of the Federal awarding agency. When no longer needed for the originally authorized purpose, disposition of the intangible property must occur in accordance with the provisions in §200.313 Equipment paragraph (e).
2. Central State University may copyright any work that is subject to copyright and was developed, or for which ownership was acquired, under a Federal award. The Federal awarding agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use the work for Federal purposes, and to authorize others to do so.
3. Central State University is subject to applicable regulations governing patents and inventions, including government wide regulations issued by the Department of Commerce at 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Awards, Contracts and Cooperative Agreements."
4. The Federal Government has the right to:
  - a. obtain, reproduce, publish, or otherwise use data produced under a Federal award; and
  - b. authorize others to receive, reproduce, publish, or otherwise use such data for Federal purposes.
5. Freedom of Information Act (FOIA)
  - a. In response to a Freedom of Information Act (FOIA) request for research data relating to published research findings produced under a Federal award that were used by the Federal Government in developing an agency action that has the force and effect of law, the Federal awarding agency must request, and Central State University must provide, within a reasonable time, the research

data so that they can be made available to the public through the procedures established under the FOIA. If the Federal awarding agency obtains the research data solely in response to a FOIA request, the Federal awarding agency may charge the requester a reasonable fee equaling the full incremental cost of obtaining the research data. This fee should reflect costs incurred by the Federal agency and Central State University. This fee is in addition to any fees the Federal awarding agency may assess under the FOIA (5 U.S.C. 552(a)(4)(A)).

b. “Published research findings” means:

- i. Research findings that are published in a peer-reviewed scientific or technical journal; or
- ii. A Federal agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law. “Used by the Federal Government in developing an agency action that has the force and effect of law” is defined as when an agency publicly and officially cites the research findings in support of an agency action that has the force and effect of law.

6. “Research data” means the recorded factual material commonly accepted in the scientific community as necessary to validate research findings, but not any of the following: preliminary analyses, drafts of scientific papers, plans for future research, peer reviews, or communications with colleagues. This “recorded” material excludes physical objects (e.g., laboratory samples). “Research data” also does not include:

- a. trade secrets, commercial information, materials necessary to be held confidential by a researcher until they are published, or similar information that is protected under law; and
- b. personnel and medical information and similar information, such as information that could be used to identify a particular person in a research study, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

#### D. Subawards

Sponsored projects are normally conducted by CSU employees on the premises of the University. On occasion, however, some of the work may need to be obtained from other institutions, companies, or organizations. The document which formalizes this third party relationship between CSU and another institution or commercial organization to perform a substantive piece of an award made to CSU is called a “subaward”. Subawards are prepared by the Office of Sponsored Programs and Research. A third party performing work under a subaward is called a “subrecipient”. A subrecipient is a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program. A subrecipient is not a third party that is a beneficiary of such

program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. A subrecipient, then, is an institution, company, or organization that receives, at any level, financial assistance that is passed down from the recipient of the prime sponsored agreement. The responsibility of a subrecipient is to help CSU meet the requirements of the prime award. The portion of work being performed by the subrecipient constitutes a significant component of the project, and the subrecipient is required to provide the resources necessary to conduct that portion of the work as compared to a vendor providing goods or services for CSU's program.

#### E. Facilities and Administrative Costs (also known as Indirect Costs)

Facilities and Administrative (F&A) costs, where applicable, will be charged on a transactional basis. Facilities and Administrative costs are those costs also referred to as overhead, overhead costs, administrative costs, or indirect costs. "Indirect (F&A) costs" means those costs incurred for a common or joint purpose benefitting more than one cost objective and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools must be distributed to benefit cost objectives on a basis that will produce an equitable result in consideration of relative benefits derived. The normal activities of the University that generate Facilities and Administrative costs include: general administration and general expenses, sponsored projects administrative expenses, operation and maintenance expenses, library expenses, departmental administrative expenses, and student administration and services. Facilities and Administrative costs are calculated using a negotiated rate of expense recovery based on the total cost of the sponsored research project, minus the Facilities and Administrative costs rate. Negotiated rates are to be used for all agreements with the Federal Government and for most non-Federal projects, as allowable. Information on current Facilities and Administrative costs rates is available from the OSP&R.

Once a budget has been approved and an account established for a project, the PI/PD will generally not have responsibilities related to the recovery of Facilities and Administrative costs. Facilities and Administrative costs recovery is managed by the OSP&R.

**Re-budgeting of Facilities and Administrative costs to direct cost requires the approval of the Director of OSP&R.**

#### F. Chargebacks

Chargebacks relative to CSU bookstore, printing, telephone, mailing, and other costs will be recorded via a monthly journal voucher by the Controller's Office.

#### G. Interest

Interest accrued on applicable funds will be recorded on a monthly basis. The interest, where required, will be transferred not only in the general ledger but also to the appropriate bank account. The determination of said entries is as follows:

1. On a monthly basis, a schedule of funds for which interest accrues will be given to the Controller's Office by the OSP&R. The Controller's Office will identify the interest earned and prepare the necessary journal voucher.
2. The Controller's Office will transfer the applicable interest to the appropriate account to correspond with the timing of the journal voucher.

#### H. Billings and Collections

The billing and collections of restricted funds will adhere to the following:

1. Billings and collections will be prepared on a monthly basis except where the funding agency requires a different schedule.
2. The official billings and collections will be prepared by the OSP&R. The invoices will be based upon the balances as indicated in the official University financial records, without exception. Amounts billed will be based upon expenditures. An accounts receivable will be recorded for all amounts billed. Advance billings will be based upon the immediate cash needs of the applicable project.
3. All checks or remittances that are received will be sent to the OSP&R. The check or remittance must identify the applicable fund number.

#### I. Cost Transfers

A cost transfer is a direct charge expense transferred from one fund to another after the charge has been posted in a financial accounting record. Since costs must be charged to accounts accurately and according to applicable rules and regulations, original transactions should not need correction. However, in certain circumstances, charges may have to be moved from one fund to another. Therefore, cost transfers are allowable with proper justification and approval by the Principal Investigator/Project Director as well as the PI/PD's department head. An adequate explanation for all cost transfer actions must be clearly stated on the accounting document.

A transfer of an expense to a sponsored account is allowed in order to link with the benefit it is providing. For example, if an employee changes his/her effort percentages from those reported on his/her original effort statement, a payroll cost transfer is the means of making the corresponding change in salary distribution. Cost transfers are not permitted merely to solve funding problems or for other reasons of convenience.

##### 1. Allowable Cost Transfers

To be acceptable, cost transfers must be timely, allocable to proper budget categories, allowable under sponsor and University policies, and properly documented and approved. Responsibility for allowability and proper justification lies with the Principal Investigator/Project Director and his or her department head.

All cost transfers will be reviewed by OSP&R. They may be approved in the following cases:

- a. Errors/Corrections: Cost transfers can be made to correct clerical or accounting errors such as a transposition of numbers. Such transfers must be documented with a full explanation of how the error occurred.
- b. Pending Award Expenses: If Principal Investigators/Project Director have expenses for proposed projects that are expected to be awarded and the sponsor allows pre-award expenditures, the OSP&R prefers that they request an account number to enable these expenditures to be incurred. As an alternative, expenses that have been charged to a departmental account in anticipation of an award can be transferred to the sponsored account if the charging document has been identified as a pre-award charge.
- c. Closely Related Projects (applicable to NIH grant awards only): The National Institutes of Health (NIH) allows cost transfers between closely related projects if the Principal Investigator/Project Director has requested and the NIH has approved the "closely related project" designation.

## 2. Unallowable Cost Transfers

- a. Accounts in Overrun Status: Transfer of charges from any account in overrun status to a Federal project is not allowed.
- b. Expiring Accounts with Unexpended Funds: Cost transfers to a project having unexpended funds and made in the last months of a project are not allowed.
- c. Salary Adjustments: Salary adjustments that do not coincide with certified effort are unallowable.
- d. Cost transfers that are not allowed by either the OSP&R or the sponsor must be absorbed by the originating department.

## 3. Cost Transfer Deadlines

All cost transfers must be made in a timely manner. Cost transfer requests made after the following deadlines must include a justification for the delay, be signed by the Principal Investigator/Project Director and approved by his or her department head and OSP&R.

Salaries: Transfers for salaries must be made before submission of an associated Time and Effort Report and, if a project is terminating, within 30 days after the project's end.

Non-salary Items: Transfers for non-salary items must be made within 60 days of the original charge and, if the project is terminating, no later than 30 days after the project's end.

#### 4. Completing a Cost Transfer on a Sponsored Account

Cost transfers for non-salary items are completed by a Journal Voucher that is prepared and submitted by the OSP&R. When requesting a cost transfer, all of the following supporting documentation must be provided:

- a. The date of the original charges.
- b. A description of the charges being transferred.
- c. Written justification - This explanation cannot merely state that the transfer was made "to correct error" or "to transfer to correct project." For instance, if the transfer is necessary because of an error, the justification must state how and why the error occurred. This information is needed to adequately support the validity of this expense on the project.

Requests for cost transfers that lack adequate justification will be returned to the originating department for documentation or justification. Cost transfer requests must be signed by the Principal Investigator/Project Director as well as his or her department head.

Once the Office of Sponsored Programs and Research approves the request, the Grants Manager will forward the documents to the Controller's Office for entry to the system. Any disapproved request will be returned to the Principal Investigator/Project Director. To assure accountability to Federal sponsors of research projects at Central State University, this policy must be adhered to by Principal Investigators/Project Director and will be monitored for compliance by OSP&R.

#### J. Cost-Sharing

Universities are often required to contribute funds or resources towards the costs of certain awards from Federal, State, or private agencies. This requirement is known as cost-sharing. Uniform Guidance §200.306 sets forth the criteria for cost-sharing. Shared costs:

1. are verifiable from CSU's records;
2. are not included as contributions for any other Federal award;
3. are necessary and reasonable for accomplishment of project or program objectives;
4. are allowable under Uniform Guidance Subpart E – Cost Principles of this part;
5. are not paid by the Federal Government under another Federal award, except where the Federal statute authoring a program specifically provides that Federal funds

made available for such program can be applied to matching or cost sharing requirements of other Federal programs;

6. are provided for in the approved budget when required by the Federal awarding agency; and
7. conform to other provisions of this part, as applicable.

Cost sharing requirements are commonly met through the contribution of time and effort during the academic year, usually by the PI/PD or Co-PI/PD. When cost-sharing is met by contributing time and effort, the University may, with written agency authorization, claim as cost sharing the fringe benefits and Facilities and Administrative costs that it would have collected had that time and effort been charged as a direct expense to the grant. Written authorization for cost sharing must be obtained from the applicable division head and the Director of Sponsored Programs and Research before submitting a proposal requiring this kind of commitment by the University.

#### K. Matching Funds

Some grants (generally for equipment acquisition) require the University to provide a substantial portion of the total costs of the acquisition. The OSP&R requires certification of availability of matching funds before accepting such awards.

#### L. Program Income

“Program income” is defined by Uniform Guidance §200.80 as income earned by CSU that is directly generated by a supported activity or earned as a result of the award during the period of performance except as provided in §200.307 paragraph (f). Program income includes, but is not limited to, income from fees for services performed, the use of property acquired under funded projects, the sale of commodities or items fabricated under an award, or license fees. Program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of these items. When program income is anticipated on sponsored projects, the sponsoring agency usually specifies in the award the terms and conditions governing how the program income is to be used; program income may be added to the funds committed to the project, deducted from the total project costs, or used as cost sharing. Regulations require that program income to be spent in support of the project before the University requests additional cash payments from the agency.

#### M. Fiscal & Other Reporting on Sponsored Projects

The OSP&R is responsible for all fiscal reporting functions on externally funded projects. These functions include preparing of invoices, ensuring proper charging of Facilities and Administrative costs, processing of journal entries, reporting of required cost sharing, and preparing of fiscal reports.

Fiscal reports are prepared in accordance with the terms and conditions of the award. There are times when the Principal Investigator/Project Director may have to provide copies of expenditure

documents, information to complete patent or invention statements, and documentation cost sharing. It is critical that this information/documentation is provided to the OSP&R in a timely fashion in order to meet agency-imposed deadlines for submission of the fiscal report.

When cost-sharing other than time and effort reporting is required on an award, the documentation is to be collected by the Principal Investigator's department and submitted monthly to the OSP&R where it will be reported to the agency with the required fiscal reports. Documentation must be identified as cost sharing for a specific award.

#### N. Property Management

The University is charged with records maintenance and control of all property purchased, fabricated or otherwise acquired. The University must also report to the sponsoring agency all equipment purchased with grant/contract funds. Principal Investigators/Project Directors share in this responsibility. In fulfilling these responsibilities, each Principal Investigator/Project Director must understand the following information:

1. Property is to be used only for the purpose for which it was acquired or furnished in accordance with the terms of the specific grant or contract.
2. The original copies of all equipment shipping documents are required by the Auxiliary Services upon their receipt so that they may submit the required reports.
3. Property that is purchased or otherwise acquired on grants or contracts, may not be loaned, sold, traded in, discarded, moved, or cannibalized without the prior approval of the OSP&R and Auxiliary Services.
4. All property is required to be inventoried biannually, or more frequently as designated by the University.
5. Losses, damage, and destruction of property must be reported to University as it occurs; return, turn-in, trade-in or sale of property must have the prior approval of the Business Services and Capital Development office.
6. All property must be adequately cared for, maintained, and safe guarded.
7. University property, including contract or grant property and items rented or leased by the University, may be removed from campus when necessary to conduct official business of the University. However, the written approval of the University is required prior to removing such property from campus. The employee removing such equipment from campus must assume financial responsibility for the property unless he/she is specifically relieved of such responsibility.
8. All reports pertaining to property accountability and inventories are prepared by the Business Services and Capital Development Office; therefore, all requests received

by faculty which are of such a nature should be forwarded to the Auxiliary Service office.

9. Upon termination, completion, or cancellation of a grant or contract, all property with title held by the sponsor must be returned immediately to the granting agency. To ensure that the University fulfills its responsibility in such cases, the Principal Investigator and Department Chairperson must cooperate with OSP&R. If a Principal Investigator is leaving Central State University and wishes to take any equipment acquired on a grant or contract to his/her new institution, the Principal Investigator should contact the OSP&R soon as possible to ascertain the ownership of title to the equipment. If the sponsoring agency retains title, the equipment will be transferred with the grantor contract or will be returned to the agency upon its request. If title is vested in the University, the equipment may be transferred to the new institution if the department and college agree. The department chair and college dean must write a memorandum on the Principal Investigator's behalf to the Administration and Finance office via the OSP&R. The memorandum must include:
  - a. a description of the equipment including tag number, fund number for original purchase, and estimated current value;
  - b. a statement certifying the equipment is surplus at that time to the needs of the department and college; and
  - c. a contact person and phone number, if known, for the institution to which the equipment is to be transferred.

The University is normally reimbursed for the fair market value of University purchased equipment and the Administration and Finance office will arrange the sale of such equipment with the new institution. Any person who attempts to transfer or sell equipment without proper authorization may be subject to punitive action.

#### **IV. Revision of Budget and Program Plans**

1. The approved budget for the award summarizes the financial aspects of the project or program as approved during the award process. It may include either the Federal and non-Federal share or only the Federal share, depending upon the Federal awarding agency's requirements. The budget must be related to performance for program evaluation purposes whenever appropriate.
2. CSU is required to report deviations from budget or project scope or objective, and request prior approvals from awarding agencies for budget and program plan revisions.
3. For non-construction awards, CSU must request prior approvals from awarding agencies for one or more of the following program or budget-related reasons:

- a. Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
  - b. Change in a key person specified in the application or the Federal award.
  - c. The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved Project Director or Principal Investigator.
  - d. The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E—Cost Principles of this part or 45 CFR part 75 Appendix IX, “Principles for Determining Costs Applicable to Research and Development under Awards and Contracts with Hospitals,” or 48 CFR part 31, “Contract Cost Principles and Procedures,” as applicable.
  - e. The transfer of funds budgeted for participant support costs as defined in Uniform Guidance §200.75 Participant support costs to other categories of expense.
  - f. Unless described in the application and funded in the approved Federal awards, the subawarding, transferring, or contracting out of any work under a Federal award, including fixed amount subawards as described in Uniform Guidance §200.332 Fixed amount subawards. This provision does not apply to the acquisition of supplies, material, equipment, or general support services.
  - g. Changes in the approved cost-sharing or matching provided by CSU.
  - h. The need arises for additional Federal funds to complete the project.
  - i. No other prior approval requirements for specific items may be imposed unless an exception has been approved by OMB. See also Uniform Guidance §200.102 Exceptions and §200.407 Prior written approval (prior approval).
4. Except for requirements listed in paragraph 3 of this section (above), the Federal awarding agency is authorized, at its option, to waive prior written approvals required by paragraph (c) of §200.308 (Revision of budget and program plans) this section. Such waivers may include authorizing CSU to do any one or more of the following:
- a. Incur project costs 90 calendar days before the Federal awarding agency makes the Federal award. Expenses more than 90 calendar days pre-award require prior approval of the Federal awarding agency. All costs incurred before the Federal awarding agency makes the Federal award are at the recipient's risk (i.e., the Federal awarding agency is under no obligation to reimburse such costs

if for any reason CSU does not receive a Federal award or if the Federal award is less than anticipated and inadequate to cover such costs). See also §200.458 Pre-award costs.

- b. Initiate a one-time extension of the period of performance by up to 12 months unless one or more of the conditions outlined in paragraphs §200.308(b)(i) through (iii) apply. For one-time extensions, CSU must notify the Federal awarding agency in writing with the supporting reasons and revised period of performance at least 10 calendar days before the end of the period of performance specified in the Federal award. This one-time extension may not be exercised merely for the purpose of using unobligated balances. Extensions require explicit prior Federal awarding agency approval when:
    - (i) The terms and conditions of the Federal award prohibit the extension.
    - (ii) The extension requires additional Federal funds.
    - (iii) The extension involves any change in the approved objectives or scope of the project.
  - c. Carry forward unobligated balances to subsequent periods of performance.
  - d. For Federal awards that support research, unless the Federal awarding agency provides otherwise in the Federal award or in the Federal awarding agency's regulations, the prior approval requirements described in paragraph 4 of this section (above) are automatically waived (i.e., CSU need not obtain such prior approvals) unless one of the conditions included in paragraph 4(b) (above) applies.
5. The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for Federal awards in which the Federal share of the project exceeds the “Simplified Acquisition Threshold” and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the Federal awarding agency. “Simplified Acquisition Threshold” means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods. The Federal awarding agency cannot permit a transfer that would cause any Federal appropriation to be used for purposes other than those consistent with the appropriation.
  6. All other changes to non-construction budgets, except for the changes described in paragraph 3 of this section (above), do not require prior approval (see also Uniform Guidance §200.407 Prior written approval (prior approval)).

7. For construction Federal awards, CSU must request prior written approval promptly from the Federal awarding agency for budget revisions whenever subparagraphs (a), (b), or (c) (below) of this section 7 apply.
  - a. The revision results from changes in the scope or the objective of the project or program.
  - b. The need arises for additional Federal funds to complete the project.
  - c. A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable Office of Management and Budget (OMB) cost principles listed in Subpart E—Cost Principles (§§200.400-475).
  - d. No other prior approval requirements for budget revisions may be imposed unless an exception has been approved by OMB.
  - e. When a Federal awarding agency makes a Federal award that provides support for construction and non-construction work, the Federal awarding agency may require CSU to obtain prior approval from the Federal awarding agency before making any fund or budget transfers between the two types of work supported.
8. When requesting approval for budget revisions, CSU must use the same format for budget information that was used in the application, unless the Federal awarding agency indicates a letter of request suffices.
9. Within 30 calendar days from the date of receipt of the request for budget revisions, the Federal awarding agency must review the request and notify CSU whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the Federal awarding agency must inform CSU in writing of the date when the University may expect the decision.

Specific agency revision plans are available at the websites below:

**National Institute of Food and Agriculture**

<https://nifa.usda.gov/terms-and-conditions>

**National Institutes of Health Grants Policy**

[http://grants.nih.gov/grants/policy/nihgps/HTML5/section\\_8/8\\_administrative\\_requirements.htm](http://grants.nih.gov/grants/policy/nihgps/HTML5/section_8/8_administrative_requirements.htm)

**U.S. Department of Education**

<http://www2.ed.gov/policy/fund/reg/edgarReg/edgar.pdf>

## **National Science Foundation**

1. If required in furtherance of the project, the grantee is authorized to transfer funds from one budget category to another for allowable expenditures. However, certain budget changes may require prior NSF approval.
2. When a change requires NSF approval, the request must be submitted electronically via the Notification and Request module in FastLane. The request must clearly state which budget items, if any, are to be changed and by what amounts and explain the reason(s) for the change(s).
3. Whenever the amount of Federal funds authorized by an NSF grant is expected to exceed the requirements of the project as outlined in the approved proposal by more than \$5,000 or 5 percent of the grant amount, whichever is greater, the grantee will promptly notify the NSF Program Officer.
4. The NSF Program Officer must be promptly notified if any of the following is contemplated or occurs:
  - a. Changes in Objectives, Scope or Methodology.
  - b. Changes in PI/PD, co-PI/co-PD or Person-Months Devoted to the Project.
  - c. Short-Term Absence of PI/PD or co-PI/co-PD.
  - d. Long-Term Absence of PI/PD or co-PI/co-PD.
  - e. Change in Person-Months Devoted to the Project.

For more information about NSF specific guidelines see  
[https://www.nsf.gov/pubs/policydocs/pappg18\\_1/index.jsp](https://www.nsf.gov/pubs/policydocs/pappg18_1/index.jsp).

Whenever a question arises, Grantees should contact OSP&R to determine the allowability of proposed changes.

### **Budget Modifications**

1. Transfers within a restricted fund will be requested in writing by the PI/PD. The OSP&R will complete the transfer after verifying the availability of funds and compliance with agency guidelines.
2. Transfers from one restricted fund to another are unallowable.
3. The “Transfer To” and “Transfer From” information must be completed in total, which means:

- a. Specify fund and organization number.
- b. Specify the correct account code.
- c. State the amount in whole dollars, i.e., \$35 rather than \$35.02.

**V. Personnel/Payroll Requirements**

A. It is necessary to have complete and consistent documentation of all payments for salaries and wages. The following documentation is required for individuals paid salaries and wages.

1. Strategic Position Review Questionnaire and Approval Form.
2. Personnel Action Form.

B. All individuals paid from restricted funds will be paid utilizing the following rules.

1. Payment will be based upon properly prepared and submitted payroll documents.
  - a. Time card, if applicable.
  - b. Personnel Action Form (PAF).
2. Hourly amount calculated must be based upon the individual's regular calculable rate. This is determined as follows:
  - a. Annual Salary divided by 2080 hours; or
  - b. Regular hourly rate; or
  - c. Individuals who were not previously paid from University operating funds will have a rate which is usual and customary for the position.
3. Faculty compensation will be consistent with the collective bargaining agreement. The prior approvals of the OSP&R and faculty member's direct supervisor are required when entering into the following arrangements.
  - a. Release time should be granted where possible. Restricted monies would be substituted for operating monies.
  - b. Payment for grants/contracts from Federal Award activities cannot exceed 1/3 of regular annual salary during non-academic portion of the year.
  - c. Faculty Overload & Salary Supplementation. Faculty members are allowed, with limitations, to conduct research during the academic year. The amount of

pay a faculty member receives for this research must be commensurate with the base salary rate and the work performed. In addition, total salaries and workload as supplemented are considered as the full activity of the individual and thus constitute 100 percent of reported effort. Please refer to the University Faculty Workload policy and to the collective bargaining agreement for the definition of a full teaching load and for limitations on the amount of research time.

d. Faculty Consulting on Sponsored Programs.

- (i) Allowable activities. Charges to Federal awards may include reasonable amounts for activities contributing and directly related to work under an agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animals, etc.), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences
- (ii) Incidental activities. Incidental activities for which supplemental compensation is allowable under written CSU policy (at a rate not to exceed institutional base salary (IBS)) need not be included in the records described in paragraph (i) of this section to directly charge payments of incidental activities. Such activities must either be specifically provided for in the Federal award budget or receive prior written approval by the Federal awarding agency.
- (iii) Salary basis. Charges for work performed on Federal awards by CSU faculty members during the academic year are allowable at the Individual Base Salary (IBS) rate. IBS is defined as the annual compensation paid by an Institution of Higher Education (IHE) for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income that an individual earns outside of duties performed for the IHE. Except as noted in paragraph (d)(i) of this section (above), in no event will charges to Federal awards, irrespective of the basis of computation, exceed the proportionate share of the IBS for that period. This principle applies to all CSU faculty members. Unless there is prior approval by the Federal awarding agency, charges of a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.
- (iv) Intra-Institution of Higher Education consulting. Intra-IHE consulting by faculty is assumed to be undertaken as an IHE obligation requiring no compensation in addition to IBS. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty member is in addition to

his or her regular responsibilities, charges for such work representing additional compensation above IBS are allowable provided that such consulting arrangements are specifically provided for in the Federal award or approved in writing by the Federal awarding agency.

- (v) Extra Service Pay normally represents overload compensation, subject to institutional compensation policies for services above and beyond IBS. Where extra service pay is a result of Intra-IHE consulting, it is subject to the same requirements of paragraph (d)(iii) above. Extra Service Pay is allowable if all of the following conditions are met:
  - (a) CSU establishes consistent written policies that apply uniformly to all faculty members, not just those working on Federal awards.
  - (b) CSU establishes a consistent written definition of work covered by IBS that is specific enough to determine conclusively when work beyond that level has occurred. This may be described in appointment letters or other documentations.
  - (c) The supplementation amount paid is commensurate with the IBS rate of pay and the amount of additional work performed. See paragraph (d)(iii) above.
  - (d) The salaries, as supplemented, fall within the salary structure and pay ranges established by and documented in writing or otherwise applicable to CSU.
  - (e) The total salaries charged to Federal awards, including extra service pay, are subject to the documentation requirements described in paragraph A of this section (above).
- (vi) Periods outside the academic year.
  - (a) Except as specified for teaching activity in paragraph (vi)(b) of this section (above), charges for work performed by faculty members on Federal awards during periods not included in the base salary period will be at a rate not in excess of the IBS.
  - (b) Charges for teaching activities performed by CSU faculty members on Federal awards during periods not included in IBS period will be based on the normal written policy of Central State governing compensation to faculty members for teaching assignments during such periods.
- (vii) Part-time faculty. Charges for work performed on Federal awards by faculty members having only part-time appointments will be determined at a rate not in excess of that regularly paid for part-time assignments.

(viii) Sabbatical leave costs. Rules for sabbatical leave are as follow:

- (a) Costs of leaves of absence by employees for performance of graduate work or sabbatical study, travel, or research are allowable provided Central State has a uniform written policy on sabbatical leave for persons engaged in instruction and persons engaged in research. The costs will be allocated on an equitable basis among all related activities of Central State.
- (b) Where sabbatical leave is included in fringe benefits for which a cost is determined for assessment as a direct charge, the aggregate amount of such assessments applicable to all work of the University during the base period must be reasonable in relation to Central State's actual experience under its sabbatical leave policy.

4. Non-Faculty Members

Non-faculty full-time professional personnel may also earn “extra service pay” in accordance with CSU's written policy.

**VI. Procurement Standards**

A. Purpose of Procurement Standards

Standards for the procurement of supplies and other expendable property, equipment, real property, and other services with Federal funds have been established to ensure that such materials and services are obtained in an effective manner and in compliance with the provisions of applicable Federal laws and executive orders. No additional procurement standards or requirements shall be imposed by the Federal awarding agencies upon recipients, unless specifically required by Federal law or executive order, or approved by OMB.

B. Recipient Responsibilities

CSU is the responsible authority, without recourse to the external agency, regarding the settlement and satisfaction of all contractual and administrative issues arising out of procurements entered into in support of an award or other agreement. This includes disputes, claims, protests of award, source evaluation or other matters of a contractual nature. Matters concerning violation of statute are to be referred to such Federal, State or local authority as may have proper jurisdiction.

C. Codes of Conduct

CSU shall maintain written standards of conduct governing the performance of its employees engaged in the award and administration of contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a contract supported by Federal funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the

employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The officers, employees, and agents of CSU shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, or parties to sub agreements, whether for personal gain, for the benefit of the University, or both. The standards of conduct shall provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the recipient.

#### D. Competition

1. All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Situations considered to be restrictive of competition include but are not limited to:
  - a. placing unreasonable requirements on firms in order for them to qualify to do business;
  - b. requiring unnecessary experience and excessive bonding;
  - c. noncompetitive pricing practices between firms or between affiliated companies;
  - d. noncompetitive contracts to consultants that are on retainer contracts;
  - e. organizational conflicts of interest;
  - f. specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and
  - g. any arbitrary action in the procurement process.
2. CSU must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed State, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable statutes expressly mandate or encourage geographic preference. Nothing in this section preempts State licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

3. CSU must have written procedures for procurement transactions. These procedures must ensure that all solicitations:
  - a. Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features that unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand that must be met by offers must be clearly stated; and
  - b. Identify all requirements that the officers must fulfill and all other factors to be used in evaluating bids or proposals.
4. CSU must ensure that all prequalified lists of persons, firms, or products that are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, CSU must not preclude potential bidders from qualifying during the solicitation period.

All procurement transactions shall be conducted in a manner to provide open and free competition to the maximum extent practical. CSU shall be alert to organizational conflicts of interest as well as noncompetitive practices among contractors that may restrict or eliminate competition or otherwise restrain trade. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and invitations for bids and/or requests for proposals shall be excluded from competing for such procurements. Awards shall be made to the bidder or offeror whose bid or offer is responsive to the solicitation and is most advantageous to CSU after price, quality, and other factors are considered. Solicitations shall clearly set forth all requirements that the bidder or offeror shall fulfill in order for the bid or offer to be evaluated by CSU. Any or all bids or offers may be rejected when it is in CSU's interest to do so.

#### E. Procurement Procedures

1. General Procurement Standards
  - a. CSU must use its own documented procurement procedures that reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.

- b. CSU must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- c. CSU must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or will receive a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of CSU may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts, whether for personal benefit or the benefit of the University, or both. However, CSU may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of CSU.
- d. If CSU has a parent, affiliate, or subsidiary organization that is not a State, local government, or Indian tribe, CSU must also maintain written standards of conduct covering organizational conflicts of interest. "Organizational conflicts of interest" means that because of relationships with a parent company, affiliate, or subsidiary organization, CSU is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.
- e. CSU's procedures must avoid acquisition of unnecessary or duplicative items. Consideration shall be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis of lease versus purchase alternatives, as well as any other relevant analyses will be made to determine the most economical approach.
- f. To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, CSU is encouraged to enter into State and local intergovernmental agreements or inter-entity agreements for procurement or use of common or shared goods and services.
- g. CSU is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

- h. CSU is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at an overall lower cost.
- i. CSU must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also Uniform Guidance §200.213 Suspension and debarment.
- j. CSU must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- k. CSU may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. “Time and materials type” contract means a contract whose cost to CSU is the sum of:
  - i. the actual cost of materials; and
  - ii. the direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, CSU’s award of such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

1. CSU alone is responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve CSU of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of CSU unless the matter is primarily a Federal concern. Violations of law will be referred to the local, State, or Federal authority having proper jurisdiction.
2. Methods of Procurement to be followed

CSU must use one of the following methods of procurement.

- a. Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services for which, the aggregate dollar amount does not exceed the micro-purchase threshold (Uniform Guidance §200.67 Micro-purchase). To the extent practicable, CSU must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if CSU considers the price to be reasonable.
- b. Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that does not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.
- c. Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid conforms to all the material terms and conditions of the invitation for bids and is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(i) of this section (below) apply.
  - (i) In order for sealed bidding to be feasible, the following conditions should be present:
    - (a) a complete, adequate, and realistic specification or purchase description is available;
    - (b) two or more responsible bidders are willing and able to compete effectively for the business; and
    - (c) the procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.
  - (ii) If sealed bids are used, the following requirements apply:
    - (a) Bids must be solicited from an adequate number of known suppliers. Sufficient response time prior to the date set for opening the bids must be provided to the known suppliers. Additionally, for local and tribal governments, the invitation for bids must be publically advertised;
    - (b) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services necessary for the bidder to respond properly;

- (c) All bids will be opened at the time and place prescribed in the invitation for bids, and, for local and tribal governments, the bids must be opened publicly;
  - (d) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation costs, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
  - (e) Any or all bids may be rejected if there is a sound documented reason.
- d. Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer and when either a fixed price or cost-reimbursement type contract is awarded. A competitive proposal is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:
- (i) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;
  - (ii) Proposals must be solicited from an adequate number of qualified sources;
  - (iii) CSU must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;
  - (iv) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
  - (v) CSU may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services even though A/E firms are a potential source to perform the proposed effort.

(vi) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (a) The item is available only from a single source;
- (b) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (c) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from CSU; or
- (d) After solicitation of a number of sources, competition is determined inadequate.

F. Contracting with Small and Minority Businesses, Women's Business Enterprises, and Labor Surplus Area Firms

- 1. CSU must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
- 2. Affirmative steps must include:
  - a. placing qualified small and minority businesses and women's business enterprises on solicitation lists;
  - b. assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;
  - c. dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
  - d. establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;
  - e. using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
  - f. requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (a) through (e) (above) of this section.

## G. Procurement of Recovered Materials

CSU and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in the guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

## H. Contract Cost and Price

1. CSU must perform a cost or price analysis in connection with every procurement action, including contract modification, in excess of the Simplified Acquisition Threshold. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, CSU must make independent estimates before receiving bids or proposals.
2. CSU must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of the contractor's past performance, and industry profit rates in the surrounding geographical area for similar work.
  3. Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for CSU under the Uniform Guidance Subpart E—Cost Principles (§§200.400-475). CSU may reference its own cost principles that comply with the Federal cost principles.
4. The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

## I. Federal Awarding Agency or Pass-Through Entity Review

1. CSU must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if CSU desires to have the review accomplished after a solicitation has been developed, the Federal awarding

agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

2. CSU must make procurement documents, such as requests for proposals or invitation for bids, or independent cost estimates, available for review by the Federal awarding agency or pass-through pre-procurement entity upon request when:
  - a. CSU's procurement procedures or operations fail to comply with the procurement standards under federal law;
  - b. The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition, or only one bid or offer is received in response to a solicitation;
  - c. The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;
  - d. The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
  - e. A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.
3. CSU is exempt from the pre-procurement review in paragraph (2) of this section (above) if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.
  - a. CSU may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third party contracts are awarded on a regular basis;
  - b. CSU may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from CSU that it is complying with these standards. CSU must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

## J. Bonding Requirements

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the

bonding policy and requirements of CSU provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements are

1. A bid guarantee from each bidder equivalent to five percent of the bid price. The “bid guarantee” must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.
2. A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is a bond executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.
3. A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

#### K. Contract Provisions

CSU's contracts must contain the applicable provisions described in Appendix II to Uniform Guidance Part 200—Contract Provisions for CSU Contracts under Federal Awards.

#### L. Contract Administration

1. CSU must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, CSU must make independent estimates before receiving bids or proposals.
2. CSU must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of the contractor's past performance, and industry profit rates in the surrounding geographical area for similar work.
3. Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for CSU under the Uniform Guidance Subpart E—Cost Principles. CSU may reference its own cost principles that comply with the Federal cost principles.

4. The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

## **VII. Other**

- A. Cost sharing should be kept to a minimum and must have prior approval of the OSP&R before submission of a proposal.
- B. A copy of all fiscal related correspondence should be forwarded to the OSP&R.
- C. Facilities and Administrative costs should be requested on all solicitations of restricted monies. Facilities and Administrative costs are calculated at the current official negotiated rate for the University. Exceptions may be made where deemed applicable by the Provost and Vice President for Academic Affairs and the Vice President for Administration and Chief Financial Officer.
- D. Technical Reporting

The Notice of Award package indicates any technical reports that are to be provided by the Principal Investigator/Project Director. These reports are exclusively the responsibility of the Principal Investigator/Project Director. 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 and Research.

### **E. Continuing the Project**

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

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

In many cases the terms of the award will determine which option is most appropriate. Each option also has financial implications for the project and for Central State University. These four options are described below:

**No Cost Extension:** No-cost extensions are requests to extend the termination date of a project without additional funds. A PI/PD 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/Project Director should initiate a no-cost extension by sending a request to the OSP&R 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 60 days before the scheduled expiration date.

After approving the request, the OSP&R will forward the no cost extension request to the sponsor. If a sponsor has granted expanded authority privileges to Central State University, the OSP&R may extend the expiration date of the project one time, for a period of up to 12 months. As the term 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/PD 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. Non-competing continuations imply that the sponsor recognizes the project as on-going and assumes that, as long as the project 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 is available from other sources, the project must be completed by the date indicated in the original Notice of Award.

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

## F. Financial Management Problems

**Overspent Projects:** Overspending on a project can reflect poorly on the PI/PD, the OSP&R, and Central State University. Because the implications of overspending are so serious, carefully monitoring the budget is a major responsibility shared by the PI/PD and the OSP&R. Accounts that are in danger of becoming over spent may be "frozen" by the OSP&R. This means that charges cannot be placed on "frozen" accounts without approval from the OSP&R.

If a project ends with a deficit, the PI's/PD'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.

## G. Unexpended Funds

This section outlines the alternatives 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 their project. The disposition of any balances remaining in a sponsored project 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: returning the funds to the sponsor, transferring the funds to a non-sponsored project account, or “rolling over” the unexpended funds into another related sponsored project 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:** OSP&R is 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 sponsor's guidelines.

**Funds Transferred to a Non-Sponsored Research Account:** Examples of this situation include foundations that convert unexpended funds into gifts to the University and 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 additional research. Unexpended funds that the sponsor allows Central State University to keep should be transferred to non-sponsored project accounts. Usually these accounts are those assigned to the PI's department or administrative area.

**Unexpended Balances Transferred to A 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 OSP&R's interpretation of the guidelines and subsequent communication with a sponsor. PIs are advised to contact their grants specialist and discuss the possible alternatives if any of the above situations seem to describe their particular financial situation at the time of completing a sponsored research project.

## H. Completing a Sponsored Research Project

As the official repository for all documentation related to sponsored activity at the University, the OSP&R 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 OSP&R; 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, the project is reviewed by the OSP&R 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 OSP&R staff and the technical reports are prepared and submitted to the sponsoring agency by the Principal Investigator. The PI/PD 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/PD can facilitate this process by working closely with the Department of Human Resources to assist 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 the staff's contributions to a successfully completed sponsored project.

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

#### I. 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 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 three years after project termination. After that date, the PI/PD must check with the OSP&R to ascertain whether longer retention is necessary.

#### J. 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 principles. Auditors typically test direct costs under general expenditure systems (e.g., Time and Effort Reporting, Prior Approval System, or Procurement System).

Program audits are coordinated by the OSP&R. If the audit team requires files, documentation, or discussion with other campus personnel, arrangements are made through the OSP&R. All questions regarding allowability of expenditures, contract modifications, etc. are to be directed to the OSP&R. If a University employee is contacted directly by an auditor, he or she should refer the auditor to the OSP&R. This is the best way to assure an accurate audit report.

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

#### K. Foreign Travel

The OSP&R 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 OSP&R should be contacted by the Principal Investigator/Project Director 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 OSP&R for co-signature and processing. Reimbursement should only be claimed 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.