

Bemidji State University Policies

Policy Name: Policies & Procedures for Grants & Sponsored Programs	Effective Date: 2/1/2016
Policy Owner: Vice President for Finance and Administration	Last Review: 2/1/2016
	Next Review: 2/1/2020

Policy Statement: The Policies & Procedures for Grants & Sponsored Programs were enacted to ensure that Bemidji State University meet the Federal requirements concerning the accountability associated with Federal awards.

Scope and Purpose of Policy: The purpose of these Policies & Procedures is to insure that grants and sponsored program funds follow the OMB “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (also known as “Uniform Guidance” or “2 CFR 200”) and other Federal requirements of the awarding agency concerning the accountability requirements associated with Federal awards. Also, these rules and regulation are to ensure that the Federal Government bear its fair share of the total costs in accordance with generally accepted accounting principles, except where restricted or prohibited by law. All federal awards made on or after December 26, 2014 are subject to the OMB Uniform Guidance. The Uniform Guidance replaces A-21, A-110 and A-133. Per the [OMB webpage](#) this guidance “will supersede requirements from OMB Circulars A-21, A-87, A-110, and A-122 (which have been placed in 2 C.F.R. Parts 220, 225, 215, and 230); Circulars A-89, A-102, and A-133; and the guidance in Circular A-50 on Single Audit Act follow-up.” In the cases where there was a substantial change in the guidance, existing awards before December 26, 2014, will remain subject to A-21 and A-110 (Higher Education Institutions). For the purpose of these “Policies and Procedures”, the records of Bemidji State University are referred to within this document as the University unless specifically noted.

Definitions

Cost Transfers: costs that are inadvertently charged to an incorrect cost center, an incorrect amount, or the costs are unallowable.

Unallowable costs: any cost which (whether stated to be unallowable or mutually agreed to be unallowable) under the provisions of any pertinent law, regulation, or sponsored agreement.

Procedures:

Cost Transfers

In accordance with OMB, it is necessary to explain and justify transfers of charges onto federally-funded sponsored awards, where the original charge was previously recorded elsewhere on the University's general ledger. Timeliness and completeness of the explanation of the transfer are important factors in supporting allowability and allocability in accordance with federal requirements.

1. When purchasing an item or when transferring a cost, the Principle Investigator (PI), Office & Admin Specialist, and the Grant Accountant should ensure the item/cost will directly benefit the project onto which the expenditure will be charged.
2. Unusual expenses are flagged and investigated by the PI, Office & Admin Specialist, or the Grant Accountant and that person will initiate a budget transaction form if the expense being charged is due to an error or unallowable cost.
3. The budget transaction form will be signed by the person initiating the form and the PI. The form is sent to the Business Office for approval and processing the cost transfer. Only the Business Office can process the cost transfer.
4. All cost transfers will be processed in a timely manner, if possible, within 90 days of the original entry.
5. The cost transfer will have the supporting documentation (original entry, receipt, etc.) and written justification for the transfer.
6. The cost transfer completed forms are retained and filed in the Accounts Payable department.

Unallowable Costs

Unallowable costs cannot be included in prices, cost reimbursements, or settlements under a government sponsored agreement to which it is allocable.

1. Reconciling accounts on a regular basis will help manage sponsored funds to ensure that expenditures and revenues are within appropriate limits and guidelines.
2. The PI, Office of Admin Specialist, and Grant Accounting Officer should be familiar with the complete list of unallowable costs for the Federal agency administering the award. The complete list of costs (the Uniform Guidance) is located at: [2 CFR 200, Uniform Guidance \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#), and can include other federal requirements from the awarding agency. A few examples of categories of unallowable costs:
 - a. Entertainment
 - b. Meals and Coffee Breaks
 - c. Alcoholic Beverages
3. At the end of each month, the PI, Office & Admin Specialist, and the Grant Accounting Officer examine the monthly reports and if unallowable costs are identified in the award, whether a direct or indirect cost, they are moved to the PI's cost center.

4. If there are unallowable indirect costs identified, the direct costs associated with those indirect costs are excluded from the indirect cost calculation.

Budget Revisions

Budget revisions, if they are necessary, will be in compliance with 2 CFR 215.25, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations, found at:

<https://www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars/a110/2cfr215-0.pdf>, and may include other federal requirements from the awarding agency.

1. Any budget revision (external or internal) will be initiated by the PI or the Grant Accounting Officer.
2. External budget revisions that require prior sponsor agency approval will be completed according to the awarding agency guidelines. Since each awarding agency has different policies regarding the need for a budget revision (i.e. no need for a budget revision if within 10% per budget line item), the PI and/or Grant Accounting Officer will review the awarding agency policies concerning budget revisions.
3. If there is a need requiring the sponsored agency approval for a budget revision, the PI or Grant Accounting Officer will initiate the request and the Grant Accounting Officer will make the request to the sponsoring agency using the required forms. When the sponsoring agency approves the request, the Grant Accounting Officer will make the budget revisions in the accounting system and file the form in the grant folder.
4. If there are insufficient funds noted in the processing of a purchase order, the PI or designee must notify the Grant Accounting Officer of the request for the transfer of funds based on grant regulations. The request will be made on the Budget Transaction Form or e-mail and sent to the Business Office for processing and filing. These adjustments will be kept electronically and/or hard copy.
5. The reasons for a budget revision to be denied internally would be the timing of the request, budget issues, or the budget request is for an unallowable cost.

Cost Principles

All expenditures will follow and be in compliance with the Uniform Guidance 2 CFR 200.402-200.405 found at: [2 CFR 200, Uniform Guidance \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#), and may include other federal requirements from the awarding agency.

1. All expenditures must follow the guidelines of the awarding agency and MnSCU Board Policies and Procedures found at: <http://www.mnscu.edu/board/policy/index.html>

2. The PI is responsible for compliance of respective grantor policies and regulations.
3. The PI or designee is responsible for all purchases made against the grant/contract cost center and must ensure correct coding. Also, the PI or designee is responsible for ensuring that expenditures are necessary, reasonable, allocable, and allowable under the applicable cost principles and the grantor's policies. Additionally, the grant expenditures must be within the budget parameters.
4. The accounts payable staff in the business office ensures the disbursements are recorded in Accounting on the Web in the correct period based on the documentation using established conventions for occurrence dates. These documents are matched with purchase orders, contracts and receipt of goods documents (if applicable).
5. The payment documents are filed in the Accounts Payable department.

Grant Reporting (Drawdown of Funds)

All drawdown of funds will follow and be in compliance with the Uniform Guidance 2 CFR 200.305 found at: [2 CFR 200, Uniform Guidance \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#), and may include other federal requirements from the awarding agency.

1. Payment methods must minimize the time elapsing between the transfer of funds from the awarding agency and the disbursement of those funds by the University.
2. Advances of grant funds will be receipted by the cashiers in the Business Office in the proper cost center.
3. Reimbursement requests will be calculated by the University's Business Office manager or the Grant Accounting Officer, if applicable, reviewed and approved by the Business Office manager. These are the steps to prepare the reimbursements:
 - a. Run a grant summary report (AC0570CP) for the expenditures to date
 - b. Run a general ledger monthly report (AC0542CP) for cash on hand
 - c. Enter the information on the spreadsheet for the selected awarding agency
 - d. If applicable, reviewed and approved by the Business Office manager
 - e. Order negative cash amount from the selected awarding agency
4. The University's Business Office staff (cashiers) will properly receipt reimbursement funds.
5. The receipt will go to the Grant s Accounting Officer for review and filing.

Effort Reporting

As a recipient of federal funding Bemidji State University is required to comply with the Office of Management and Budget Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance") and may include other federal requirements from the awarding agency for certifying effort expended on sponsored awards. The requirements for effort reporting (2 CFR 200.430) are located at: [2 CFR 200, Uniform Guidance \(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards\)](#)

1. The University requires all individuals who receive federal sponsored funding to comply with University policies and sponsoring agency regulations regarding the proposing, charging, and reporting of effort on those awards.
2. The University faculty and staff are expected to charge their time to sponsored awards commensurate with the committed effort expended on all activities they perform. Payroll charges to sponsored awards and cost sharing recorded for faculty and staff, serve as the initial data points for the University's effort reporting system.
3. The Uniform Guidance Subpart E §200.430 contains the federal regulatory requirements for internal controls over certifying time expended on sponsored projects. The University's practice is to utilize an after-the-fact effort reporting system to certify that salaries charged, or cost shared to sponsored awards, are reasonable and consistent with the work performed.
4. The individual's effort is first assigned to specific awards in the payroll system based on anticipated activities.
5. Actual effort expended on each project is certified by a responsible person with suitable means of verification that the work was performed, generally the principal investigator, at the end of specified reporting periods. The effort certification should be a reasonable estimate of how time was expended. Uniform Guidance Section §200.430(c) states, "It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs [Institutes of Higher Education], a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected."
6. All employees that work on and charge payroll cost to a Federal grant must complete one of the forms listed below:
 - a. Monthly Time & Effort After-the-Fact Activity Reporting Certification
 - b. Timesheet
 - c. Request for Faculty Extra Duty Days
7. All the activity for the period must be reported on one of the forms listed above. The document is signed by the employee and by the PI or a responsible official with first-hand knowledge of the work performed.
8. The document is forwarded to the Grant Accounting Officer and used as a basis to periodically adjust the salary cost if there is a significant variation from the original salary assignment.
9. The effort reporting document is filed in the grant file and kept in the Grants Accounting Office.

Rationale:

Policies and procedures will be in place to comply with the accountability guidelines set forth in the "Super Circular" and to satisfy the corrective action required by the National Science Foundation audit findings. Also, any individual working with and/or charging time to a grant will have guidelines in place to ensure that the costs incurred are necessary, reasonable, allocable, and allowable according to Federal guidelines.

Supporting References:

- OMB Circular A-21 Cost Principles for Educational Institutions – *superseded by Super Circular*
- OMB Circular A-110 *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations – superseded by Super Circular*
- OMB Circular A-133 *Audits of State, Local Governments, and Non-Profit Organizations- superseded by Super Circular*
- Office of Management and Budget Circular Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance")
- NSF Proposal and Award Policies and Procedures Guide

Policy:		
Formal Review Process	Date Submitted	Date Reviewed
MSUAASF	8/26/2015	
BSUFA	8/26/2015	
Classified Meet and Confer	8/27/2015	
BSUSA		
Provost/Vice President Recommendation	2/1/2016	Date
Presidents Approval	2/1/2016	Date