



GRANTS AND CONTRACTS

(FINANCIAL GRANTS MANAGEMENT)

Policies & Procedures

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DEFINITIONS

Advance - means a payment made by Treasury check or other appropriate payment mechanism to a recipient upon its request either before outlays are made by the recipient or through the use of predetermined payment schedules.

Active Grant - Restricted Grants designated as active (A) in the Grant Maintenance Form (FRAGRNT) are grants that have authorization to spend funds and have project end dates that have not ended. These grants are allowed to have activity on their projects through the end date of their grants.

Allocability - In general, a cost is allocable to a particular sponsored project if it fulfills one of the following conditions: it is incurred solely to advance the work under the sponsored agreement; or it benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods; or it is necessary to the overall operation of the institution and, in light of the principles provided in OMB Circular A-21, is deemed to be assignable in part to sponsored projects. Additionally, uniform guidance states if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefited projects on any reasonable basis.

In the rare instances in which a proper cost allocation cannot ultimately be determined using any reasonable methods, the cost may be charged to a single sponsored project. Where the purchase of equipment or other capital items is specifically authorized under a sponsored agreement, the amounts thus authorized for such purchases are assignable to the sponsored agreement regardless of the use that may subsequently be made of the equipment or other capital items involved. Any costs allocable to a particular sponsored agreement under the standards provided in OMB Circular A-21 and uniform guidance may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience. Any costs allocable to activities sponsored by industry, foreign governments, or other sponsors may not be shifted to federally sponsored agreements.

Allowable Costs - All costs must be allowable under federal regulations and sponsor terms and conditions, including program-specific requirements and University policy. To be allowable, costs must:

- be reasonable and necessary;
- be allocable to federally sponsored projects under the principles and methods provided in OMB Circular A-21 *or as identified within the new Uniform Guidance regulations*;
- be given consistent treatment; and
- conform to any limits or exclusions as set forth in A-21, *the new Uniform Guidance regulations*, or the terms and conditions of the award.

Award - means financial assistance that provides support or stimulation to accomplish a public purpose. Awards include grants and other agreements in the form of money or property in lieu of money, by the Federal Government to an eligible recipient. The term does not include: technical assistance, which provides services instead of money; other assistance in the form of loans, loan guarantees, interest subsidies, or insurance; direct payments of any kind to individuals; and, contracts which are required to be entered into and administered under procurement laws and regulations.

Closed Grant - Restricted Grants designated as closed (C) in the Grant Maintenance Form (FRAGRNT) are grants that have ended and have no receivable balances—no further activity should be allowed on this project. The accountants are responsible for ensuring the commitments are canceled and funds unused are de-obligated before grant is terminated in the system. The accountants are also responsible for monitoring these grants until they are terminated in the Banner System.

Cognizant Agency - The cognizant agency reviews and approves the University's indirect cost rates. Approved rates must be accepted by other agencies, unless specific program regulations restrict the recovery of indirect costs. The University cognizant agency is the United States Department of Health and Human Services.

Contract - means a procurement contract under an award or sub-award, and a procurement subcontract under a recipient's or sub-recipient's contract.

Cost sharing or matching - means that portion of project or program costs not borne by the Federal Government.

Date of completion - means the date on which all work under an award is completed or the date on the award document, or any supplement or amendment thereto, on which Federal sponsorship ends.

Equipment - means tangible nonexpendable personal property including exempt property charged directly to the award having a useful life of more than one year and an acquisition cost of \$5000 or more per unit. However, consistent with recipient policy, lower limits may be established.

Federal awarding agency - means the Federal agency that provides an award to the recipient.

Funding period - means the period of time when Federal funding is available for obligation by the recipient.

Inactive Grant - Inactive accounts (I) are those accounts that have ended, but still have receivable balances. No further expenditures can be incurred on these projects. PIs are responsible for all expenditures that have posted to their projects regardless of the end date, and follow up with them should be initiated to correct those expenditures.

Obligations - means the amounts of orders placed, contracts and grants awarded, services received and similar transactions during a given period that require payment by the recipient during the same or a future period.

OMB Circular A-21 - establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions.

OMB Circular A-110 - sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.

OMB Circular A-133 - sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards.

Outlays or expenditures - means charges made to the project or program. They may be reported on a cash or accrual basis. For reports prepared on a cash basis, outlays are the sum of cash disbursements for direct charges for goods and services, the amount of indirect expense charged, the value of third party in-kind contributions applied and the amount of cash advances and payments made to sub-recipients. For reports prepared on an accrual basis, outlays are the sum of cash disbursements for direct charges for goods and services, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received, for services performed by employees, contractors, sub-recipients and other payees and other amounts becoming owed under programs for which no current services or performance are required.

PI -Principal Investigator

Reasonable Cost - OMB Circular A-21 and the new uniform guidance regulation defines a cost as reasonable if the nature of the goods or services acquired or applied, and the amount involved, reflect the action that a *prudent person* would have taken under the prevailing circumstances at the time the decision to incur the cost was made. Important considerations in determining the reasonableness of costs are:

1. Is the cost of a type generally recognized as necessary for the operation of the institution or the performance of the sponsored project?
2. Have the restraints or requirements imposed by such factors as federal and state laws and regulations, sponsored agreement terms and conditions, and arm's-length bargaining been satisfied?
3. Have the individuals concerned acted with due prudence in the circumstances, considering their responsibilities of the institution, its employees, its students, the government, and the public at large?
4. Is the extent of the actions taken with respect to the incurrence of the costs (i.e., hiring decision, choice of goods or services, determination of salary or price, vendor selection, etc.) consistent with established institutional policies and practices applicable to the work of the institution generally, including sponsored projects?

Recipient - means an organization receiving financial assistance directly from Federal awarding agencies to carry out a project or program. The term includes public and private institutions of higher education, public and private hospitals, and other quasi-public and private non-profit organizations such as, but not

limited to, community action agencies, research institutes, educational associations, and health centers. The term may include commercial organizations, foreign or international organizations (such as agencies of the United Nations) which are recipients, sub-recipients, or contractors or subcontractors of recipients or sub-recipients at the discretion of the Federal awarding agency. The term does not include government-owned contractor-operated facilities or research centers providing continued support for mission-oriented, large-scale programs that are government-owned or controlled, or are designated as federally-funded research and development centers.

Schedule of Expenditures of Federal Awards (SEFA) - A schedule of expenditures of Federal awards must be prepared in conjunction with the preparation of University financial statements for auditing purposes. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a sub-recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

Single Audit - The University is required to have an annual single audit conducted. In the United States, the Single Audit, also known as the OMB A-133 audit, is a rigorous, organization wide audit or examination of an entity that expends \$750,000.00 or more of federal assistance (commonly known as Federal funds, Federal grants, or Federal awards) received for its operations.

Sub-recipient - means the legal entity to which a sub-award is made and which is accountable to the recipient for the use of the funds provided. The term may include foreign or international organizations (such as agencies of the United Nations) at the discretion of the Federal awarding agency.

Uniform Guidance 2 CFR Part 200 - sets forth guidance to streamline Administration requirements, cost principles, and audit requirements for federal awards to all types of non-Federal entities.

GRANTS POLICIES & PROCEDURES

8.00 Policy Statement

This policy is designed to outline the University with a foundation for the effective administration of the financial operations for the Unit of Grants and Contracts. It also service as a guide for Unit employees in the performance of their duties and responsibilities. The financial operations of the Unit of Grants and Contracts involve monitoring budget expenditures and transactions for approved sponsored projects, maintaining the restricted fund general ledger, and preparing and submitting the necessary fiscal forms and financial reports.

8.02 EMPLOYEE ADHERENCE

Employees are expected to adhere to these guidelines. Willful disregard of this policy shall be considered non-compliance and may result in a formal reprimand up to and including termination. The information stated in this policy pertains and applies to applicable employees, departments and funding sources of the University.

8.04 DISCLAIMER

Jackson State University may amend this policy without notice upon departmental review and recommendation by upper level management. It is intended to provide guidance regarding the administration of Grants and Contracts at Jackson State University in accordance with State and Federal laws and does not give rise to any contractual rights. Should there be a conflict between the content of this policy and state or federal statute, statute shall subjugate, having full precedence.

8.06 UNIT OF GRANTS AND CONTRACTS

Vice President for Research and Federal Relations
Associate Vice President for Research Administration
Director of Grants and Contracts

8.08 AUTHORITY/RESPONSIBILITY

The Unit of Grants and Contracts is responsible for financial administration of all external grants and contracts. Specific responsibilities include, but not inclusive of:

- Serving as contact point with agencies for fiscal matters;
- Assisting Principal Investigators/Program Directors in fiscal post-award administration;
- Ensuring consistent application of federal policies related to fiscal matters;
- Review grant setup after fiscal review of award documentation;
- Informing Principal Investigators/Program Directors of program expenditures and encumbrances on a routine basis;

- Billing of expenditures and submitting fiscal reports;
- Ensuring that all documented cost-sharing is reported to the sponsor;
- Calculating and recovering all legitimate indirect costs; and
- Closing out accounts.

This Unit also ensures that all fiscal operations are executed as defined by the University policies and procedures as well as conducted within all applicable standards defined by the United States government in the following Office of Management and Budget circulars. The fiscal operation of the Unit of Grants and Contracts will be handled in such a manner as to conform to all established University fiscal policies and procedures

Circulars for Grants and Contracts:

[OBM Circular A-21](#) - Cost Principles for Educational Institutions

[OMB Circular A-110](#) - Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations

[OBM Circular A-133](#) - Audits of Institutions of Higher Education and Other Non-profit Institutions

Uniform Guidance Regulations in 2 CFR Part 200 *Effective 12/26/14*

8.10 COST SHARING AND MATCH

Cost sharing or matching contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.

- (1) Are verifiable from the recipient's records.
- (2) Are not included as contributions for any other federally-assisted project or program.
- (3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- (4) Are allowable under the applicable cost principles.
- (5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
- (6) Are provided for in the approved budget when required by the Federal awarding agency.
- (7) Conform to other provisions of this Circular, as applicable.

8.12 BUDGET REVISIONS

Any deviations from the approved budget and program plans must be requested and approved by the funding agency as well as the Department of Sponsored Programs.

8.14 DEBARMENT AND SUSPENSION

No contract shall be made to parties listed on the General Services Administration's List of Parties Excluded from Federal Procurement or Non-procurement Programs in accordance with E.O.s 12549 and 12689, "Debarment and Suspension." This list contains the names of parties debarred, suspended, or otherwise excluded by agencies, and contractors declared ineligible under statutory or regulatory authority other than E.O. 12549. Contractors with awards that exceed the small purchase threshold shall provide the required certification regarding its exclusion status and that of its principal employees.

8.16 REMISSION OF FEES

Remission of fees is a fringe benefit used to reimburse the University for employees' education up to two classes per semester. It is a portion of the overall fringe benefit given to staff by the director at the beginning of fiscal year. The Department of Human Resources will provide the remission of fees documentation each semester to the Department of Grants and Contracts. The system does not automatically capture remission of fees, so the calculation must be done manually by grants staff. Remission of fees is posted at the end of each fiscal year or when the last draw or invoice is done on a particular grant award.

8.18 INDIRECT COST MONITORING AND VERIFICATION

The Unit of Grants and Contracts sets up the approved budget via the Banner System as authorized by the Department of Sponsored Programs. During initial setup, the unit ensures that costs which are exempt from indirect cost assessment have been clearly identified upon establishing the approved budget from the sponsor and the Unit of Sponsored Programs.

Upon establishing the budget and assigning it a grant fund, Grants and Contracts prepares and initiates monthly billing and drawdown purposes. Once expenditures are incurred, the appropriate grant accountant reviews the assessed indirect cost calculation for the given period and ensures that this calculation is accurate. The grant accountant's signature on the reimbursement/drawdown requests validates that the indirect cost calculation is correct. Also for drawdown purposes, an indirect cost reconciliation report is attached as additional verification.

8.20 EQUIPMENT ACQUISITION

The acquisition of equipment should be initiated generally at the inception of any sponsored project. Should there be any determination to acquire equipment within the last 90 days of the award period, immediate notification and justification will be communicated from the PI to the VP of Research and Federal Relations. The VP must provide written approval to waive this restriction to ensure compliance and the purchase(s) must be deemed extenuating circumstances. The justification should also be attached to those items incurred. Otherwise, no equipment purchases will be approved within the final 90 days of the award period.

8.22 EXPENDITURE MONITORING

Departments are only permitted to expend the authorized award amount as stipulated in the grant or contract during the award performance period. The Unit of Grants and Contracts provides monthly invoices and supporting documentation for PI review and reconciliation.

No new expenditures will be allowed within the last 30 days of an award period unless there are extenuating circumstances. Extenuating circumstances warrant written approval by the VP of Research and Federal Relations. The approval should also be attached to those items incurred and will serve as additional supporting documentation.

If the expenses exceed the authorized budget or are disallowed due to non-compliance within the scope of the project, the excess or disallowed amounts will be removed from the project in the following manner.

1. Determine the specific expenses that have exceeded or are unallowable based on the authorized budget.
2. The grant accountant will contact and provide relevant information to Principal Investigator and inform them that their designated/departmental account will be charged those expenses. The recovery of indirect cost for the department will be reduced accordingly by the amount in excess or disallowed.