



# MOREHOUSE COLLEGE

## Grants Policies and Procedures Manual

## Grants Policies and Procedures Manual Table of Contents

• Accounts Receivable Policy.....	3
• Cash Management Policy.....	5
• Direct and Indirect Cost Charging Policy.....	8
• Award Closeout Policy.....	26
• Cost Sharing Policy and Procedures.....	30
• Dissemination of Audit Results Policy.....	41
• Budget Revisions Policy.....	43
• Cost Transfer Policy.....	44
• Financial Status Reporting Policy.....	49
• Invoicing and Letter of Credit Policy.....	51
• Personnel Issues.....	54
• Prior Approval Policy.....	56
• Program & Interest Income Policy.....	61
• Residual Funds Policy.....	64
• Sponsored Program Accounting Adjustment Policy.....	69
• Sponsored Program Equipment Management Policy.....	71
• Sponsored Program Purchasing Policy.....	74
• Sponsored Programs Internal Controls Policy.....	76
• Sponsored Programs Records Retention Policy.....	84
• Student Stipends and Tuition Reimbursement Policy.....	87
• Subcontract Execution and Approval Policy.....	91
• Subrecipient Invoice Review Policy.....	98
• Subrecipient Monitoring Policy.....	102
• Codes of conduct (Conflicts of interest).....	108

## Accounts Receivable Policy

Policy Number: 100.01 Effective Date: 4/20/12

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance

Responsible Offices: Office of Business and Finance/Accounting Services and Grants and Contracts Accounting

### Purpose

To monitor accounts receivables (AIR) for sponsored program invoices at Morehouse College and all related entities, business units, subsidiaries and affiliated organizations referred to collectively as "Morehouse College") to ensure timely and accurate payment and minimize write-offs.

### Policy

Morehouse College monitors *AIR* to ensure timely and accurate payment by external sponsors. Grants and Contracts Accounting (GCA) is responsible for monitoring *AIR* and, as necessary, resolving outstanding invoices.

### Business Process Description:

A payment due to Morehouse College from a sponsored program is considered *AIR* (see Invoicing Policy for further guidance on invoicing). On a periodic basis, no less frequently than monthly, GCA generates a report of all invoices that have not been paid in full. The follow-up is prioritized by the number of outstanding days (i.e. follow-up begins with oldest invoice). However, other criteria for prioritization are considered, such as the invoice amount (i.e., greater priority to high dollar invoices) and sponsor (i.e., follow-up with sponsors who have a history of delinquent payment should start early).

GCA is responsible for sponsor follow-up regarding payment and for documenting the progress toward resolution. Since sponsor payments are not submitted to collection agencies, GCA is responsible for discussing a payment schedule directly with the sponsor.

The following milestones provide the necessary and appropriate measures to address delinquencies. Invoices 3 Months Past Due: The responsible Accountant contacts the sponsor regarding the status of the outstanding payment(s). Following this initial contact, the Accountant follows-up with the sponsor on a bi-weekly basis until payment is received.

Invoices 6 Months Past Due: The Manager of GCA (Grants and Contracts Accounting Manager) contacts the sponsor regarding the status of the outstanding payment(s) over 6 months past due. The Manager aids the sponsor in developing a payment plan for the outstanding payment. The payment plan is then presented to the Controller for approval.

Invoices 1 Year Past Due: The Manager of GCA reports delinquencies with accounts over 1 year past due to the Controller. The report to the Controller outlines an action plan for addressing the delinquent accounts. After a review of the files and Accounts Receivable documentation related to the follow-up conducted thus far. The Controller is responsible for discussing the status of the receivable with the Vice President for Business and Finance and recommending the next steps.

#### Write-off for Bad Debt

Bad debt is defined as "payment for actual costs incurred on any given sponsored award that is deemed uncollectible." Morehouse College recognizes bad debts arising from sponsored award NR after all appropriate collection efforts have proven unsuccessful. GCA is responsible for collecting payments on all awards, recommending the status and continuation of sponsored programs where payment receipt is doubtful, and recording the appropriate write-off accounting entries for bad debt.

- If nonpayment is due to performance on the part of Morehouse College (e.g., technical report not completed), the Grants Accounting Manager contacts the PI/PD to resolve the performance problem. If the problem continues and payment is not received, the Grants Accounting Manager works with the Controller, the PI/PD and Dean to address the issue and to identify the account to which the write-off can be applied.
- If nonpayment is due to refusal or inability of the sponsor to pay, the Grants Accounting Manager contacts the Controller to assist in the collections efforts as described in the Collections section above. If Morehouse College still does not receive payment, the Grants Accounting Manager forwards a request for a write-off, to the Controller or his/her designee for approval to write-off the unpaid expenses.
- The Vice President for business and finance approves all write-offs. After write-offs are reviewed and approved, the Controller directs Accounting Manager to perform the appropriate journal entry to record the write-off in the general ledger system.

#### Roles and Responsibilities:

##### Grants and Contracts Accounting (GCA)

**Grants Accounting Manager:** The Grant Accounting Manager is responsible for creating all *AIR* reports relating to sponsored projects, monitoring invoice payments, and sending late payment notification letters to sponsors with outstanding invoices. The Grants Accounting Manager is

also responsible for collections that are 90 days delinquent and conducts an investigation to determine why the sponsor did not pay the invoice.

**Grant Accountants:** The Grant Accountants maintain an Accounts Receivable Aging Report and coordinate the accounts receivable collection of outstanding invoices older than 60 days.

**Controller:** The Controller has primary responsibility for monitoring and managing the *AIR* process with respect to sponsored programs and coordinates with OSP/GCA and the Office of the General Counsel to determine the best approach to obtain payment from sponsors for old outstanding *AIR*. He/she reports delinquencies on accounts over one year past due to the Vice president for Business and Finance and provides recommended action plans for collection. He/she also coordinates the bad debt write-off process and follows up with the Accounting Manager to record the write-off in the general ledger.

Office of the Vice President for Business and Finance/Chief Financial Officer

**Vice President for Business and Finance:** The Vice President for Business and Finance is responsible for reviewing and approving all requests for write-offs.

**Accounting Manager:** Upon receipt of write-off documentation, the Accounting Manager performs the appropriate journal entry to record the write-off in the general ledger system.

Academic Department

**Principal Investigator/Project Director (PI/PD):** The PI/PD works closely with GCA to collect payments for their sponsored program awards. In addition, PI/PDs are required to meet sponsor requirements and award agreement terms and conditions (i.e. submits timely technical reports) to ensure timely payments are made to Morehouse College.

#### Related Processes/Events:

Invoicing Policy

Records Retention Policy Accounts Receivable Procedure

#### **Cash Management Policy**

Policy Number: BF I 00.04 Effective Date: April 20, 2012

Last Updated: April 21, 2016

Issuing Authority: Vice President for Business and Finance

Responsible Offices: Vice President for Business and Finance/Accounting Services and Grant and Contracts Accounting

**Purpose:**

To provide timely and accurate application of remittances for sponsored programs made to Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College").

**Policy:**

Grant and Contract Accounting (GCA) is responsible for overseeing all payments for sponsored programs. This

includes electronic payments (e.g., letter of credit draws) as well as payments of invoices sent to Morehouse's sponsors.

**Business Process Description:**

Payments for sponsored programs are received after:

- GCA submits an invoice in an electronic (e.g., letter of credit (LOC) or paper form to the sponsor,
- GCA or the PI/PD notifies the sponsor or, for fixed price sponsored program, submits a deliverable (e.g., the terms and conditions provide for \$10,000 payment upon receipt of a designated report from the PI/PD), or
- Program income is earned on a sponsored project (e.g., on a conference grant, participants may pay a fee to attend the conference, which is considered program income earned by the sponsored project).

**Electronic Payments**

When GCA completes the LOC draw or other electronic payment request (see Invoicing Policy), documentation is sent to the Cashier's Office stating which sponsored project accounts the payment should be applied to when it is received. Upon receipt of the electronic payment, the Cashier's Office applies the payment to the appropriate sponsored projects in the College accounting system.

**Payments received by mail**

Sponsor payments may be received in the mail by the Office of Business and Finance, the Controller's Office and the Cashier's Office and are to be forwarded to Grants and Contracts

Accounting. In GCA, the Accountant identifies the sponsored program to which the payment applies and then forwards all necessary information and support to the Morehouse College Cashier's Office who applies the payment accordingly. Checks received directly by the Morehouse College Cashier's Office are deposited in an "Un-Cleared Collections" account with a copy sent to GCA to determine which account to apply the payment. As necessary, GCA coordinates with OSP, PI/PD, and/or the sponsor.

All payments should be routed according to the process outlined in this policy. In the event that the Accountant cannot determine to which account the payment should be applied, the payment is applied to the Un-Cleared Collections account until a clear designation can be made for the payment. GCA is responsible for reviewing the Un-Cleared Collections account and ensuring timely application of payments to sponsored programs.

### Roles and Responsibilities:

#### Grant Contract Accounting (GCA)

- Grants Accounting Manager: Is responsible for overseeing this process including review of the un-Cleared collections account to ensure timely application of payments to sponsored programs.
- Accountant (assigned to letter of credit): When GCA completes the LOC draw or other electronic payment request (see Invoicing Policy ), documentation is sent to the Cashier's Office stating to which sponsored project accounts the payment should be applied when it is received.
- Accountant: When a payment is received by mail for a sponsored project, the Accountant is responsible for the following:
  - Determining to which account in the College's accounting system the payment should be applied;
  - Determining the corresponding account number;
  - Maintaining a check log to track information about each processed check, and;
  - Forwarding the check, account number, and any necessary document to the Morehouse College Cashier's Office.

If the Accountant is not able to determine where the payment should be applied, the Accountant contacts OSP, the PI/PD, and/or the sponsor for additional information. If it is still not possible to determine the correct sponsored program, the Accountant forwards the payment to the Morehouse College Cashier and requests that it be deposited in the "Un-cleared Collections" account.

## Office of Research and Sponsored Programs (OSP)

- Research Administrator (RA): As requested by GCA, the OSP assists in determining the correct sponsored program to which payments should be applied.

## Academic Department

- Principal Investigator/Project Director (PI/PD): As requested by GCA, the PI/PD assists in determining the correct sponsored program to which payments should be applied.

## Morehouse College Cashier's Office-

### Electronic Payments

Upon receipt of the electronic payment, the Cashier's Office applies the payment to the appropriate sponsored projects in the College's accounting system based on documentation received from GCA. The Morehouse College Cashier's Office occasionally receives checks from sponsors. In this event, the check is deposited in the "Un-cleared Collections" account and a copy of all information received is sent to GCA for a determination as to the correct payment application. For payments received or routed to GCA, the account to which the payment is applied is determined by GCA. The Morehouse College Cashier's Office receives the payment from GCA with the account number to which it should be applied. The check is then applied accordingly.

### Related Processes/Events:

- Invoicing Policy

## **Direct and Indirect Cost Charging Policy**

Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance

**Responsible Office:** Office of the Vice President for Business and Finance/CFO, Office of the Controller and Grants and Contracts Accounting

### **Purpose:**

To define how expenses are budgeted and charged to sponsored projects at Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College"). This policy provides a foundation for good stewardship of funds given to Morehouse College and for compliance standards outlined by



external guidelines, including the federal guidelines in *OMB Circular A-21, Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions* (the *Circular*). As a recipient of federal awards, Morehouse College is required to meet the criteria outlined in this circular.

Adherence to the *Circular* is necessary to prevent cost disallowances and penalties by the federal government and other sponsoring agencies. Subpart C (2) of the *Circular* states:

"The tests of allowability of costs under these principles are: (a) they must be reasonable; (b) they must be allocable to sponsored agreements under the principles and methods provided herein; (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items." Additionally, the *Circular* provides guidance on the difference between direct and indirect costs as follows:

"(1) In developing the College's administration cost pool, special care should be exercised to ensure that costs incurred for the same purpose in like circumstances are treated consistently as either direct or F&A costs. For example, salaries of technical staff, laboratory supplies (e.g., chemicals), telephone toll charges, animals, animal care costs, computer costs, travel costs, and specialized shop costs shall be treated as direct cost wherever identifiable to a particular cost objective. Direct charging of these costs may be accomplished through specific identification of individual costs to benefiting cost objectives, or through recharge centers or specialized service facilities, as appropriate under the circumstances. (2) The salaries of administrative and clerical staff should normally be treated as F&A costs. Direct charging of these costs may be appropriate where a major project or activity explicitly budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity. 'Major project' is defined as a project that requires an extensive amount of administrative or clerical support, which is significantly greater than the routine level of such services provided by academic departments. Some examples of major projects are described in Exhibit C. (3) Items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as F&A costs."

All charges to sponsored research must be consistent with criteria established in this Direct and Indirect Cost Charging Policy, other applicable Morehouse College policies, and sponsor guidelines. All charges must be properly documented.

In addition, all costs charged to a sponsored project must comply with terms and conditions or restrictions of the Notice of Grant Award (NGA) or other award documentation. Examples include:

- Cost must be incurred during the defined budget period

- Cost must be within the budget requirements/limits of the award
- Some costs may require prior written approval from the sponsor.
- All cost transfers must occur within 90 days of the initial posting to the accounting system. If a transfer occurs after 90 days, additional documentation justifying the transfer is required.

Policy:

It is the policy of Morehouse College to comply with all Federal and Non-Federal guidelines and the terms and conditions of sponsored agreements 1 in allocating direct and indirect costs.

The terms and conditions of awards may vary greatly depending on the nature of the work performed, the sponsoring agency and other factors. Even within the sphere of federal awards, certain terms and conditions may vary (e.g., different per diem rates or policies may apply or other aspects of an award may differ from sponsor to sponsor). In all cases, Morehouse College complies with sponsor guidelines and terms and conditions unless Morehouse College's policies are more restrictive, in which case Morehouse College's policies apply.

Business Process Description:

The Direct and Indirect Cost Charging Policy outlines how sponsored research expenses are budgeted and charged to projects at Morehouse College. Morehouse College personnel (i.e. Principal Investigators/Project Directors (PI/PD), Deans, Department Chairs, Budget administrators and department staff) should use this policy as a guideline when budgeting and charging direct and indirect costs to sponsored research. When determining allowability of costs charged directly to a project and/or charged to an appropriate department account, Morehouse personnel, PI's/PDs and department staff are responsible for understanding this policy and relevant external regulations.

*Principal Investigator/Project Director (PUPD) and department staff* prepares the budget for sponsored research proposals consistent with sponsor guidelines and Morehouse College policy. PI/PD ensures costs are allowable and chargeable directly to the award. Additionally, the PI/PD and department staffs are responsible for retaining documentation of transactions that includes justification for all direct costs. This documentation should include an explanation of the benefit of each cost to the sponsored project and when applicable, an explanation of how the cost was allocated between multiple projects.

*Deans and Department Chairs* review the PI/PD's proposal and the associated Application to seek off-campus funds. As part of this review, they EITHER assure that Morehouse's full F&A rate has been incorporated accurately in the proposal's budget OR they recommend a waiver from that full F&A rate. In the latter case, the Chief Financial Officer (CFO)) must approve the

waiver. CFO may require, at his/her discretion, that a departmental or school account be designated to cover the amount of the waived F&A costs (see below).

*The Office of Sponsored Programs (OSP)* reviews the proposal budget for compliance with Morehouse College and sponsor guidelines before submitting the proposal to the sponsor. As part of this review, the OSP assures that the appropriate F&A rate has been used in calculating the proposal's budget. For awarded projects, the OSP also indicates in the award set-up document what F&A rate should be applied to costs as they are incurred.

*The Chief Financial Officer (CFO)* must approve any waiver of F&A costs. The CFO may require, at his/her discretion, that a departmental or school account be designated to cover the amount of the waived F&A costs.

*Office of Financial Planning Analysis and Budgets (FPAB)* reviews all costs that are directly charged to sponsored projects in order to monitor consistency with external regulations and Morehouse College policies. If FPAB determines that a cost is not consistent with regulation or policy, they will inform the *PVPD* and ensure that the cost is not charged to the sponsor.

*Grants and Contracts Accounting (GCA)* also reviews all pre-award proposals to assure that the correct F&A rates are included in the award set-up documentation received from OSP before the award is submitted to Vice President for Business and Finance/CFO for his/her approval. This ensures that the correct F&A rate is applied to post-award expenses.

#### Cost Allocation Guidance and Definitions:

This section defines key concepts and guidance on how specific types of expenses are charged for sponsored projects.

*Sponsored Program/Project* is defined by Morehouse College as any project for which external funds are provided in support of research, instruction, or training. A sponsored project should incorporate at least one of the following criteria, but, typically, sponsored awards incorporate several:

1. An agreement with the sponsor binding Morehouse College to a specific line of scholarly or scientific inquiry as detailed in a work statement or by stipulation of requirements for orderly testing or validation of particular approaches, or by the designation of performance targets. Excluded from this criterion are advances and contracts for publications involving scholarly writing and/or artistic creation.
2. A specific commitment regarding the level of personnel effort, items, output, or the achievement of specific performance targets as a condition of obtaining sponsorship.
3. Cost-sharing as a condition of obtaining sponsorship.
4. A line item budget detailing or limiting expenditures by activity function and project period to which adherence is a condition of funding.

5. The requirement that a detailed fiscal or activity report be submitted or that an external audit at intervals during the course of the work and/or at the end of the project period be conducted.
6. Overhead or F&A costs as a line item of the budget.
7. A requirement to return unexpended funds to the sponsor at the end of the project period.
8. The use or involvement of human subjects, laboratory animals, radiological hazards, biohazards, or recombinant DNA.
9. An agreement that Morehouse College provide space/facilities beyond those that would otherwise be available to the investigator(s). In instances of government agency involvement, the requirement for Morehouse College to construct, alter, or renovate, or acquire equipment or facilities.
10. An agreement with the sponsor that Morehouse College dispose of tangible properties (e.g., equipment, records, supplies, technical reports, theses, dissertations) or intangible properties (e.g., rights in data, copyrights, patents, inventions) resulting from the research activity.

*Project Costs* are divided into two categories: (1) Direct costs and (2) Indirect costs (or facilities and administrative (F&A) costs). F&A costs are not easily identifiable to a particular cost objective (e.g., a sponsored project) and include such things as heating and lighting, building maintenance, department and college administration, libraries, and depreciation.

#### DIRECT COSTS

Direct Costs are costs that are clearly allocated to a project. These costs are typically itemized in the project budget. Direct costs include, but are not limited to, the following:

- Personnel (faculty, staff, postdoctoral fellows, graduate students, undergraduate students, etc.)
- Fringe benefits
- Consultants
- Stipends and Tuition
- Travel
- Equipment
- Materials and supplies
- Animal costs
- Subcontracts (and associated subrecipient F&A costs)
- Patient care costs

- Publication costs

*Personnel costs* are costs incurred for the personnel that expend time and effort on sponsored projects. If allowable, funds to cover the cost of time spent on a project are requested from the sponsor. If the sponsor does not allow these funds, the time can be contributed or cost-shared. PI's/PDs and department staff should review and understand sponsor policies regarding allowable costs prior to spending. Personnel may be appointed to and paid from projects by either a release-time appointment (committed effort) or a direct-project appointment (persons hired specifically for the project).

### Significant Personnel Appointments Associated with Sponsored Projects

*Principal Investigator/Project Director (PI/PD):* The PI/PD has overall responsibility for the project.

The PI's/PD's effort/time commitment is clearly defined in the proposal.

*Co-Principal Investigator and collaborator:* These are other investigators associated with the project. The percent of the project handled by the co-principal investigators and collaborators should be defined in the grant or contract proposal.

*Graduate assistant(s) (GA):* Masters and doctoral students may be appointed as graduate assistants on a sponsored project. Some points to consider when budgeting for graduate assistants include the following:

- Fixed departmental stipends should be used.
- Graduate assistants generally have 50 percent appointments (0.5 FTE)

*Other technical staff:* This category includes research assistants, technicians, computer programmers, evaluators, as well as undergraduate assistants. When charging technical staff to an award, in the budget identify the title, name (if known), percent effort, and responsibilities just as would be done for the investigator or co-investigator.

*Secretarial/clerical administrative/support staff:* Typically, federal cost principles do not allow secretarial, administrative, or clerical support to be charged directly on research awards because these costs are included in the College's F&A cost base. However, a very small number of large or complex projects may require a significant amount of clerical assistance such that an administrator or clerk is appointed directly to the project. The allocation of such direct costs requires compelling justification and the sponsor's explicit approval.

*Fringe benefits:* Fringe benefits are non-salary/non-wage compensation received by employees of Morehouse College as part of their total compensation package. Fringe benefits, like F&A costs, are determined as the result of a negotiation with the federal government. This negotiation yields a set of rates used for different categories of employees. Based on these rates, a percentage of salary/wage compensation is included to cover fringe benefits each time personnel cost are requested on a sponsored activity. Fringe benefits are listed as a separate budget category. Costs

associated with providing fringe benefits to research personnel are charged by multiplying the rates by the direct salary charges to sponsored research projects. Contact FPAB for help in calculating the fringe benefit or determining the appropriate rate.

Examples of fringe benefits costs include: FICA

Retirement

Disability Insurance Life Insurance Tuition Remission

Employee Recognition

TIAA/CREF

Workers' Compensation

Unemployment and Health Insurance

Consultant/Collaborator Costs: Consultants are not Morehouse College employees and are listed separately from the personnel salary category. Each consultant is listed by his or her name, their location, and the expertise provided to the project. Expenses for consultants may include fees to be paid (either hourly or daily rates) as well as expenses (e.g., travel and lodging). Contact Accounting Services to obtain regulations on per diem cost limitations for consultants. Refer to Consultant Services policy for further guidance.

Note: Morehouse College faculty and staff are not paid as consultants on sponsored projects. Faculty and staff are listed as project personnel for a percentage of their overall time. The consultant is an independent contractor and the employee/employer relationship must not exist. Refer to Subcontract Execution and Approval policy for further guidance. Consultants must be in good standing with the federal government (i.e., not debarred from doing work for the federal government). The individual's status can be determined by searching the Excluded Parties Listing System at <http://www.epls.gov/>. Refer to the Subcontract Execution and Approval policy for consultant subcontract guidance.

Morehouse College uses the following criteria for consultant approval:

The nature and scope of the consultant's service advance the project's scope of work.

The consultant is not an employee of Morehouse College.

If there is a conflict of interest with the individual providing the services, it is required that (any conflict of interest, should be disclosed by the PI/PD and/or other investigator(s) on the Conflict of Interest Form and submitted to OSP).

Morehouse College's current resources should be considered to determine if the consultant is a necessary service.

Consideration is given to the reasonableness of the consultant's costs in relation to customary fees charged, other independent contractors, sponsor guidelines, and industry standards.

An assessment is made regarding whether the service can be performed more economically by direct employment or through other means.

The qualifications and credentials of the individual are consistent with the requirements of the scope of work.

The contractual agreement is adequate for the services provided (e.g., description of the service, estimate of time required, rate of compensation, indemnification of Morehouse College and termination provisions).

The Accounts Payable and Employee versus Independent Contractor forms are complete and are supported with appropriate documentation.

If the consultant is an immediate family member of key personnel on the award, a conflict of interest exists and must be disclosed on the Conflicts of Interest Form. The use of the consultant must be approved by the Office of Sponsored Programs Manager.

Consultants should not have an affiliation with another institution that conducts research having a bearing on the specific Morehouse College research project they are supporting. If they do, they are a subcontractor and there should be a subcontract between Morehouse College and the institution under the prime award.

*Stipends and Tuition:* Stipend and tuition costs are allowable direct charges allocated to a project at the rate defined in the approved budget and within sponsor guidelines. Stipend levels for NIH training grants are published each year on the NIH website (<http://grantsl.nih.gov/training/nrsa.htm> - *inst*). Other sponsors have similar limits for stipend levels and these should be reviewed during the preparation of the project's budget. Any changes in stipend and/or tuition rates require sponsor approval.

*Travel:* Travel costs include transportation, lodging, and per diem rates. These costs must meet the criteria established in Morehouse College's Travel policies (<http://morehouse.edu/Travel>). The type and extent of travel, both international and domestic, and its role in the project, is specified in the budget. Destinations are specifically identified. Subsistence expenses (lodging and meals) are also included. Most federal agencies require specific travel information such as, the number of days, the number of people per trip, the destination, a per diem breakdown, as well as the registration costs for technical or professional conferences.

Domestic travel is travel within the continental United States. All other travel is foreign travel. Sponsors often require a heightened level of justification for foreign travel as compared to domestic travel. Foreign travel for a conference or meeting should provide specific details of the trip including the name, dates, and location of the conference or meeting. If the foreign travel involves anything other than attendance at a professional meeting, a detailed justification for the travel should also be provided.

Additionally, travel guidelines or requirements listed in the sponsored project award document are followed. Examples include:

Travel costs (except per diem and mileage) are charged on an actual basis.

First class airfare is not reimbursable except in extraordinary circumstances and must always be pre- approved by Accounting Services and often by the sponsor.

Airfare is coach class, unless otherwise directed by a physician for medical reasons.

Generally, costs incurred in connection with travel must meet two conditions to qualify for reimbursement:

1. Expenditures are approved using the Request for Travel authorization. The approving authority has the option of approving the total estimated cost for a trip or approving costs with a ceiling on the total authorized expenditures. If the total estimated expenditure is approved, the traveler is entitled to reimbursement for all legitimate expenditures as defined in this policy and by applicable regulation. However, if the actual expenditures are not reasonable when compared to the estimated costs, additional approvals for the excess expenditures are required before the traveler receives full reimbursement of expenditures.

Note: All related and estimated expenditures for individual travel must be included on the Request for Travel Authorization form. This includes transportation and registration fees. Service Request and Purchase Request forms are not used in connection with any travel for which a Request for Travel Authorization form is required.

2. Validated receipts are required for expenditures. Only original receipts are acceptable, copies are not honored unless there are verifiable extenuating circumstances.

Travel expenses that meet these guidelines, are included in the awarded budget, and are in accordance with award terms and conditions do not require further approval. These expenses can be directly charged to a sponsored project. If travel costs exceed the budgeted amount or if travel was not included in the awarded budget, refer to the specific sponsor guidelines regarding the allowability of travel. Some sponsors require prior approval in order to reimburse travel expenses. For more specific information on allowable travel expenditures, see section below on "Determining Allowable and Unallowable Costs."

*Meals & Entertainment:* Meals and entertainment expenses apply to all sponsored projects. Research staff and PI's/PDs must adhere to the sponsor's travel, meals, and entertainment guidelines. If the sponsor's website does not contain their policy regarding meals and entertainment reimbursement, the sponsor should be contacted in order to determine if there is an applicable policy. Many sponsors have guidelines or regulations that are stricter than those of Morehouse College. In this event, the sponsor guidelines are followed. Conversely, even if the sponsor allows a larger amount to be expended than Morehouse College's travel policies allow, Morehouse College's restrictions apply.

Examples of items not allowable as Meals and Entertainment Expenses are listed below: Alcohol



Magazines/Newspapers

Movies Flowers

Gifts souvenirs

Concerts/Events Balloons

Spa treatment

For more specific information on allowable expenditures, see section below on "Determining Allowable and Unallowable Costs."

*Equipment:* Equipment is segmented as either Capital Equipment or non-Capital Equipment. Capital Equipment is defined in terms of the minimum acquisition cost and the minimum useful life of the equipment. Morehouse College's guidelines for capital equipment are established by the Vice President for Business and Finance/CFO. Sponsors may have different definitions of capital equipment for reporting purchases. Morehouse College's guidelines must be used internally to capture depreciation appropriately; sponsor guidelines must be used for reporting to the sponsor and complying with relevant terms and conditions of the award. Equipment is itemized and described in the budget with the purpose of the equipment identified in the proposal. If equipment was specified in the awarded budget, further approval is generally not required. However, if the approved budget did not include the desired equipment, most agencies require prior approval.

In submitting a request to the sponsor for prior approval (or including equipment in a proposal), provide as much detail and justification as possible and submit the request through OSP. Large purchase requests should include copies of written bids, quotes, catalog prices, and prior purchase documentation, where available. Generally, equipment expenses are allowable only in instances in which the equipment is not available or accessible at the College. Freight and installation costs should be included in the purchase price. Equipment maintenance costs, such as leases and rentals should be budgeted as "other direct costs."

*Note:* In accordance with OMB Circular A-21, except where approved in advance by the sponsoring agency, equipment used for general purposes is not allowable as a direct cost to federally sponsored projects.

*Consumable Materials:* Consumable materials include glassware, chemicals, and lab supplies. A list of the types and cost estimates for consumable materials and supplies that are directly related to the project are included in the proposed budget with enough detail for the reviewers to determine whether these costs are appropriate for the project. If the list is extensive, provide a detailed list as an addendum to the budget page.

Supplies directly related to the project, such as Technical or Scientific Supplies, are allowable if they are purchased to benefit the project directly. Other supply charges, such as Clerical and Office Supplies, are allowable in circumstances in which they are necessary to complete the project and will not be used on another project. In general, Clerical and Office Supplies are

examples of charges that are included in the College's F&A rate and are often unallowable as direct charges (see F&A Rate section below).

*Subcontracts (Consortium/Contractual Costs):* Subcontracts occur if personnel at institution A conduct a key part of proposed work for institution B (referred to as the prime institution) that was awarded the funds from the sponsor. The funds that pay for the research being conducted are transferred to institution A by means of a subcontract or subaward agreement. Subcontracts, like contracts and grants, are always awarded to an institution or organization, not an individual. If an individual not affiliated with another organization is doing part of the work, that individual must be paid as a consultant. (Refer to Consultant Cost section above)

Morehouse College project personnel cannot have a financial interest in any organization receiving a subcontract under a prime award with which they are working. (See Morehouse College's Conflict of Interest Policy).

When completing the budget justification, list the subcontractor's total cost as a single item, including the subcontractor's fringe benefits and F&A costs, if applicable. This total becomes part of Morehouse College's direct cost base (except on NIH modular grants). A detailed description of what is included in the total also should be provided, as few sponsors or auditors will accept a quote without an explanation of how the figure was derived.

A detailed budget is submitted by a potential subcontractor and signed by an authorized institutional official from the subcontracting institution to indicate that all institutional conditions have been satisfied. When a *PVPD* is being included in another organization's proposal (in which Morehouse College is the subcontractor), the *PVPD*'s budget and work plan should be approved as usual by his/her department head and dean, and then processed through OSP, the Vice President for Academic Affairs and the Vice President for Business and Finance/CFO offices, where an official letter of collaboration will be provided to the other institution.

**Note:** If the proposal is funded, a subcontract document is initiated by Morehouse College to the subrecipient. If the primary award is from a federal agency, certain regulations may dictate the items that must appear in the subcontract; specifically whether the agency requires the subcontractor to accept "flow down" clauses from the prime contract. The Office of the General Counsel is the only office authorized to construct subcontracts for the sponsored project. For more information on Subcontracts refer to the Subcontract Execution and Approval policy located on the OSP website [http:// Morehouse.edu/OSP](http://Morehouse.edu/OSP).

Subcontracts are appropriate only for third parties conducting a portion of Morehouse College prime sponsored research. Subcontracts should not be used to purchase "services." The proper paperwork for "service" expenses is a purchase request. List such expenses in the budget under "other direct costs" and provide an explanation of the services to be purchased.

Subcontract agreements specified in the awarded budget are allowable direct charges to a sponsored project. If a subcontract is not in the awarded budget, refer to the sponsor guidelines for their specific requirements. Please refer to the Subcontract Execution and Approval, and the Proposal Development and Submission policies.

## **INDIRECT COSTS or FACILITIES AND ADMINISTRATIVE (F&A) COSTS:**

Section E (1) of the *Circular* defines Facilities and Administrative (F&A) as costs "incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity." F&A costs are commonly referred to as "indirect costs" or "overhead".

Examples OF&A costs include:

Salaries, wages, and fringe benefits for clerical and administrative staff

Office supplies (basic supplies) Subscriptions

Library books Periodicals Memberships

Office and general equipment (e.g., desks, chairs, computers) Photocopying

Postage

Repair and maintenance (e.g., equipment, remodeling)

Telephone and internet (e.g., monthly bills, installation, maintenance) Utilities

Proposal development costs

*Note:* See the Exceptions- Charging F&A-type Costs as Direct Costs section of this document for special circumstances where it is appropriate to charge costs listed above directly to a sponsored project. To simplify the process of F&A cost recovery, every few years Morehouse College performs an analysis of F&A costs associated with the sponsored programs activities over the preceding few years. This amount is expressed as a percentage of the costs directly allocable to the same activities. The College and the U.S. Department of Health and Human Services (Morehouse College's cognizant audit agency) conduct a negotiation process that culminates in the approval of a set of F&A costs rates for the next several years (generally 3 to 4 years).

Generally, F&A costs are computed based on a percentage of "modified total direct costs". The rate that applies to any specific proposal or award depends on the type of project and where the sponsored program activity is conducted (on-campus or off-campus).

On-campus projects are defined as having 50% or more of the effort performed in an on-campus location. The federal government limits F&A rate recovery for off-campus projects to the "administrative" component of the F&A rate.

Off-campus projects are defined as projects having more than 50% of the effort performed in an off-campus location.

The appropriate rate must be used in computing the budgeted costs for projects. F&A rates can be found at <http://morehouse.edu>.

Always use the appropriate federal F&A rate for each proposal and award unless a waiver of the full rate has been approved by the CFO.

### *Federal:*

The official published Morehouse College F&A rate (see above) should be used. Exceptions are provided for federal programs that publish a lower rate. Training grants, career awards, certain RFP's or RFA's are examples of exceptions. Different rates will apply; depending on where the research is taking place (on-campus or off-campus) (see above).

### *Non-Federal:*

Many non-federal sponsors, such as foundations, limit the percentage of F&A that they will pay. In these cases, it is Morehouse College's policy to charge the maximum amount allowed by the sponsor. If the rates are published, the published rate will be charged. If the rate is not published, OSP will directly negotiate with the sponsor to determine a mutually agreeable rate. An F&A cost waiver is required if the negotiated federal rate is not applied.

### *Subcontracts:*

It is important to determine the original source of funding on any "sub-in" or "sub-out" agreement, because the source may be federal (federal "pass-thru") or non-federal. When calculating F&A on modified total direct costs (MTDC) for a federal award, for instance, the prime awardee is allowed to charge F&A on an initial portion of the total amount given to each sub-recipient for the entire project period. Based on the source of the subcontract, the appropriate F&A criteria listed above should be utilized in determining the rate. For further guidance, please review the Sub-recipient Invoice Review and Sub-recipient Monitoring policies located on the [morehouse.edu/OSP](http://morehouse.edu/OSP) website.

### *Charging Facilities and Administrative Rates*

**Federal Sponsors:** The full federally negotiated rate will always be charged when permitted by the federal government. A lower rate requires a waiver.

**Foreign Government:** Foreign governments will always be charged the full federally negotiated rate on all research and sponsored programs/projects. A lower rate requires a waiver.

**Industry:** The full federally negotiated rate will always be charged on all industry-sponsored research. A lower rate requires a waiver.

**Nonprofit Sponsors:** Morehouse College accepts lower F&A rates from non-profit sponsors once their rates are published and applied consistently to all Morehouse College grant recipients. F&A cost waivers are required for non-profit foundations/voluntary health organizations/corporations if the negotiated federal rate is not applied.

**State and Local Governments:** Morehouse College treats all State and Local Government grant awards in the same manner as the Federal awards. The full federal rate will be charged unless the agency has an explicit published policy requiring a different rate. A waiver of the full federally negotiated rate is required for State and Local Governments.

**Note:** The CFO must approve any waivers of F&A rates. (The imposition of an overall ceiling on the total amount of an award by an agency is not considered adequate justification for a waiver)

of F&A costs. If the direct funds available are not sufficient to conduct the project, the scope of work for the project should be reduced to match the funding available from the agency.)

#### Exceptions - Charging F&A-type Costs as Direct Costs

Indirect costs at Morehouse College are charged to a grant by means of the F&A rate (see Facilities and

Administrative Rate section of this document). Therefore, charging an F&A cost as a direct cost is unallowable as Morehouse College would be charging a sponsor twice for the same expense. However, there are times when it is allowable to charge costs directly to a grant that are normally considered F&A costs. Justification for these types of charges must be well documented by the person incurring the cost. Examples of circumstances where direct charging of costs normally considered F&A costs are appropriate include:

- Projects that require extensive data collection, accumulation, analysis, and/or cataloging
- Projects that require preparation and production of manuals, large reports, and books to meet the objectives of a specific sponsored project
- Projects designated as off-campus and are charged the off-campus F&A Cost rate; for example, off-campus projects are allowed to have rent and utilities directly charged

#### Examples OF&A Exceptions on Direct Costs: Postage/Photocopies:

These expenses are only allowable direct charges to a sponsored project if it is documented that there is a direct benefit to the project (e.g., if a survey is being conducted as part of a project, the photocopy and mailing expenses are allowable direct charges).

#### Office Supplies:

These expenses only are allowable direct charges to a sponsored project if it is documented that there is a significantly greater amount required for a project (e.g., if a large number of compact discs need to be purchased to store data).

#### Meetings and Conferences:

Cost of meetings and conferences, whose primary purpose is the dissemination of technical information, are allowable charges to a sponsored project, if it is detailed in the proposal as well as provided for in the awarded budget and directly benefits the project.

#### Telecommunications:

In general, only the telecommunications costs associated with a specific project are charged directly to the relevant sponsored project (e.g., long distance charges can be direct charges to a sponsored project if the call was a direct benefit to the project). Records should document the appropriateness of these charges in all instances. If a telephone has been installed for the sole use of a particular grant or contract activity (e.g. if conducting a phone survey is an objective of the project) and it will be removed when the project terminates, monthly service, message service, and non-toll expenses can be charged to the sponsored project. Cell phones, pagers, personal

digital assistants (e.g., Palm Pilots, etc.), and home Internet Service Provider charges are only allowable if explicit approval from the sponsor is received, programmatic necessity can be documented, and these services are used exclusively for the sponsored project(s). No other telecommunication expenses should be charged as direct costs to a sponsored project.

The following examples illustrate exceptional circumstances where direct charges to sponsored accounts may be appropriate:

- Professor A has a grant that requires a large mail survey. He/she charges the grant directly for the cost of postage and paper related to the survey.
- Professor B charges the cost of a dedicated telephone line directly to his/her grant. The phone line is dedicated to communicating with current and prospective clients related directly to the scope of the research project.

When exceptional circumstances exist, the PI/PD should request a Cost Accounting Standards (CAS) exception from GCA. If GCA determines that the circumstances are significantly different from the assumptions used to develop the College's F&A rate, it will recommend that the Controller or the CFO approve the CAS exception. ALL of the following conditions must be met to justify a CAS exception.

1. The project has a special need for the item or service beyond the level of services that are normally provided by academic departments.
2. The cost can be specifically identified to the work conducted under the project and is appropriately documented.
3. The cost is specified in the proposed budget of the sponsored agreement, and the special circumstances requiring direct charging are justified in the proposal OR the Grants Accounting Management Specialist or Contracting Officer has given prior written approval for the cost as a direct charge item.
4. The sponsoring agency accepts the cost as part of the project's direct cost budget (i.e., does not specifically disapprove the cost in the award or other notification to the College).

If the cost meets the conditions in 1 and 2 above yet was not included in the approved budget of the sponsored agreement, the cost may be charged directly to the agreement if Morehouse College has re-budgeting authority under Federal regulations or the terms of the sponsored agreement, and the charge is justified and approved by GCA. The justification must be in writing and provide the same information that would have been provided to the sponsoring agency in the proposed project budget. The justification must also explain why the cost was not in the original budget. Approval of these requests as a CAS exception will be provided if GCA and OSPIRA

are both satisfied that the sponsoring agency would have approved the cost had it been in the original budget.

#### Determining Allowable and Unallowable Costs:

Allowable costs must meet the terms and conditions of the award and the test of reasonableness. It is the responsibility of each PI/PD to monitor the award budget and ensure that purchases are made in a timely manner. It is important to consider the total time it could take for 1) Morehouse College to process a purchase requisition and create a Purchase Order, 2) the vendor to process and ship an order and, 3) to consume the products purchased. Costly and multiple purchases made towards the end of a budget period (i.e., a large number of standard lab supplies purchased during the last week of an award), where it is not reasonable to expect the products purchased can be used by the end date of the project, are considered unallowable. Purchasing any item to "use up" available funds is prohibited by federal regulation. All costs charged to a project must specifically benefit the project they are charged.

Certain costs are not allowable charges to a sponsored project, either directly or indirectly. Morehouse College reviews costs based on the guidelines in OMB Circular A-21 ([http://www.whitehouse.gov/omb/circulars/a021/a21\\_2004.html#j](http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html#j)).

#### Unacceptable Direct Charging Practices:

The following practices are inappropriate for charging direct costs to a sponsored project:

- Shifting costs to other sponsored projects in order to meet budget or funding deficiencies
- Shifting costs to other sponsored projects to avoid sponsor restrictions
- Assigning costs to projects based on remaining balance, such as: Assigning large equipment expenditures at the end of a project
- Increasing salary expenses on a project with an available balance when it is not consistent with the actual effort expended
- Charging costs incurred for multiple projects or functions to several sponsored projects when there is difficulty determining the relative benefit of the cost to each sponsored project (see Charging Costs to Multiple Projects below)
- Charging an expense exclusively to one award when the expense was used for other project activities (see Charging Costs to Multiple Projects below)
- Rotating charges among projects without establishing that the rotation schedule accurately reflects the relative benefit to each project during that specified period
- Charging the budgeted amount (in contrast to charging an amount based on actual costs)
- Assigning charges to an award before the cost is incurred (with the exception of deposits)

- Assigning charges that are part of the normal administrative support for awards (e.g. proposal preparation, accounting, payroll)

### **Charging Cost to Multiple Projects**

Some direct costs may benefit multiple projects (e.g., copying/publishing costs, bulk lab supplies). Such costs may be allocated to projects in proportion to the benefit each project derives from them.

**Allocation of costs to multiple projects may not be performed merely for convenience or because of differences in the projects' available fund balances.**

The NIH Grants Policy Statement says:

"When salaries or other activities are supported by two or more sources, issues arise as to how the direct costs should be allocated among the sources of support. **In general, a cost that benefits two or more projects or activities in proportions that can be determined without undue effort or cost should be allocated to the projects based on the proportional benefit.** A cost that benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved may be allocated or transferred to the benefiting projects on any **reasonable** basis." (Emphasis provided)

The method for allocating direct costs to multiple projects must be identified in advance of the allocation and documented so a person unfamiliar with research administration would understand it. PI/PDs should seek guidance from GCA in determining the allocation methodology to be used on their awards. Documentation to split costs for purchase requisitions should be included in departmental records. Documentation for allocation of special check requests through Accounts Payable should be documented in the comment sections of the request. The allocation method must be consistently applied to all sponsored projects in a defined group (e.g., department, PI, etc.). **Changing allocation methods over the life of the award is not acceptable.**

This can be a complex matter with significant implications for the College's compliance with financial regulations. **All questions should be directed to GCA.**

Some reasonable methods to allocate costs to multiple projects include allocating costs based on:  
Number of lab personnel working on each project

Number of activities performed, e.g. project A has 20 experiments and project B has 40 experiments therefore 1/3 of the costs will be allocated to project A and 2/3 of the costs will be allocated to project B

Rates established by service center or other lab that highly correlates with the cost being allocated, e.g. animal facility charges

An inventory tracking sheet

Cost methods that should **NOT** be used to allocate costs to multiple projects include allocating costs based on:



Budget amount

Remaining unspent funds Rotating costs between projects

### **Periodic audits will be performed**

Roles and Responsibilities: Academic Departments

Principal Investigator/Project Director (PI/PD) and department administrator: It is the responsibility of each PI/PD to use funds in a manner consistent with sponsor regulations and Morehouse College policies. This includes understanding what costs are allowable on sponsored projects, and determining if expenses are charged directly to a sponsored project or charged to a non-sponsored project. PI's/PDs and department administrators are responsible for understanding and following sponsor, Morehouse College, and Federal guidelines in order to ensure that costs are appropriately and consistently budgeted and properly applied to sponsored projects. PI's/PDs and department administrators are responsible for documenting transactions in compliance with this policy.

Deans and Department Chairs: It is the responsibility of the appropriate Dean and/or Department Chair to review the PI/PD's proposal and the associated Application to Seek Off-Campus Funds. As part of this review, they EITHER assure that Morehouse's full F&A rate has been incorporated accurately in the proposal's budget OR they approve a waiver from that full F&A rate. In the latter case, the Chief Financial Officer must approve the waiver. The CFO may require, at his/her discretion, that a departmental or school account be designated to cover the amount of the waived F&A costs (see below).

Office of the Vice President for Business and Finance/CFO

CFO: The CFO may require, at his/her discretion, that a departmental or school account be designated to cover the amount of the waived F&A costs. Additionally, the CFO must approve any waiver of F&A costs. Also, the CFO may require that a departmental or school account be designated to cover the amount of the waived F&A costs.

Office of Sponsored Programs (OSP)

(OSP): OSP conduct a complete review of proposed budgets, other Morehouse College policies, and sponsor requirements for compliance measures. OSP is also a resource for PI's/PDs and department administrators in providing clarification (when needed) for budgeting costs on sponsored projects.

Financial Planning Analysis and Budgets (FPAB):

Budget Analysts: The Budget Analysts reviews costs that are directly charged to a sponsored project for consistency with sponsor and Morehouse College guidelines. The Analyst is also a resource for Pi's and department administrators in providing clarification (when needed) for charging costs on sponsored projects.

Grants and Contracts Accounting (GCA):

Grants and Contracts Accountant:, the Grants and Contracts Accountants ensure that the F&A rate included in the pre-award proposal is correct. This gives management assurance that the rates used for award set-up documentation received from OSP is applied to post-award expenses. The Accountants in GCA responsible for overseeing the College's F&A rate are also responsible for approving CAS exceptions.

Related Policies and Procedures:

Cost Transfer/Procurement Card Policy Internal Controls Policy

Subrecipient Invoice Review Policy

Subrecipient Monitoring Policy

Stipend and Tuition Reimbursement Policy Cost Sharing Policy

Invoicing Policy Cost Transfer Policy

Forms and Links:

Budget Justification form

Facilities & Administration Cost Waiver Agreement Service Request form

Accounts Payable form

W9

Employee vs. Independent Contractor form Statement of Consultant Services

Budget template

### **Award Closeout Policy**

Policy Number: BF 100.02 Effective Date: April 20, 2010 Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance

Responsible Offices: Office of Business and finance/Accounting Services and Grants and Contracts Accounting

Purpose:

To ensure the prudent and compliant management of sponsored programs at Morehouse College and all related entities (hereinafter referred to collectively as "Morehouse College") by providing for the accurate and timely closeout of sponsored awards including, but not limited to, the filing of reports, account reconciliation, and deactivation of the accounts in the accounting system.

## Policy:

It is the policy of Morehouse College to ensure that there is prudent and compliant management of sponsored programs. This policy outlines the award closeout process to be followed when a sponsored program is scheduled to end in order to ensure that Morehouse College meets all of the sponsor's requirements. This policy includes guidance on:

- Final expenditures entered into the College's accounting system prior to the final invoice and financial report being submitted to the sponsor;
- Completing all sponsor requirements (e.g., technical report, financial report, etc.);
- Reconciling receipts with final expenses and the final report (Cash Receipts= Expenses= Final Report); and
- Deactivating sponsored program accounts to avoid after-the-award expenditure postings.

## Business Process Description:

Reporting and closeouts are functions that are tested as part of the annual OMB A-133 audit and are monitored by numerous awarding agencies. Tight controls over reporting and award closeouts are pertinent to maintaining a compliant culture, as well as to ensure Morehouse College's sponsors that the College is appropriately accounting for sponsored program funds. As such, the preparation for closeout begins upon receipt of an award. The notice of award includes terms and conditions that must be reviewed to ensure the accuracy and compliance of required reports.

## *Final Invoice & Financial Report*

Federal agencies subject to OMB A-11 0 have a deadline for submission of final documents no later than 90 days after the end date of the project. This allows for a 60-day adjustment period. Thus, the 90-day deadline is a default deadline used by Morehouse College. If specific sponsor requirements differ from the default deadline of 90 days, the Grant Accountant must make a notation at the time that the award is set-up in the accounting system (see Award Set-up Policy) to ensure compliance. For awards that require final documents to be submitted earlier than 90 days following the end date of the period of performance, GCA will notify the PI/PD, by email (as a reminder). If a sponsor did not indicate a due date for the final financial report, the financial report due date will be assigned as 60 days after the expiration date of the project. In this case, the adjustment period is 30 days.

GCA completes the following activities in preparation of the final invoice and financial report and works with the PI/PD to coordinate the closeout:

*Prior to the end of the award's period of performance, the Grant Accountant completes the following, if applicable:*

- Approximately 90 days prior to the end of the period of performance, send a form letter to the PI/PD notifying him/her that the award is currently scheduled for closeout and the possible action that may be required.

- Approximately 15 days prior to the end date of the period of performance, cross-check the project end date listed in the College accounting system with the information in the award file or sponsor's online system (e.g., NIH Commons) for accuracy.
- After confirming the end date of the period of performance, GCA contacts the PI/PD to coordinate a time for a meeting (either in person or by phone) to review final closeout issues (see bulleted list below for meeting agenda topics).

*After the end of the award's period of performance, the GCA Accountant meets with the PI/PD to identify the following, if applicable:*

- Possible outstanding no-cost extension or supplemental funding requests;
- All outstanding reports that will need to be completed to meet sponsor requirements:
- Financial reports
- Non-financial reports -Invention/s
- Technical report/s
- Equipment inventories
- Unmet cost sharing;
- Termination of salary allocations to the sponsored award (ensuring that all personnel appointments have not extended beyond the end of the period of performance);
- Sponsored program appointments that will have salary moved to another budget period/sponsored program/unit;
- Encumbrances that have not been fully liquidated (e.g., subcontracts, purchase orders, etc.);

#### *Reconciling Expenditures*

Two weeks before the final report is due, the GCA Accountant generates a draft report based on the information listed in the accounting system. This draft is sent to the PI/PD to verify that the amount listed on the draft report should be reported to the sponsor.

- Include the residual funds credit balance or the residual deficit balance of funds in the letter so that the PI/DPD is aware of any funds that may need to be refunded or possibly retained, or deficit funds that may require a transfer of funds from the PI/PD's unit or other guarantor fund (see Residual Fund Policy).
- If the PI/DPD has no issues with the draft report, he/she will notify the Accountant to proceed with the submission of the final report. If no response is received within 5 business days, the report will be submitted to the sponsor (see financial reporting and invoicing policies).
- If the PI/DPD identifies any changes or additions to incorporate into the draft report, the Grant Accountant and the PI/PD will work together to reconcile the remaining issues before the final report is sent to the sponsor.

### *Fiscal Monitoring of Sponsored Programs*

Following the submission of the final invoice and report to the sponsor, the Grants Accountant will review sponsored program accounts in the financial system on a monthly basis to determine whether the final payment, if required, has been made. If the sponsored funds are not received timely, the Accountant investigates and follows up with the College Cashier, the PI/JP, or the sponsor to identify any cause for a delay in payment. Examples of follow-up items include, but are not limited to:

- The technical reports are not submitted
- The sponsor disallowed certain charges
- The sponsor never received the final report/invoice

Once GCA collects all funds from the sponsor and confirms the final residual funds or deficit balance on the account, the Grants Accountant contacts the PI/JP to inform them of any changes to the original residual balance. (See the Residual Funds Policy for further details).

When all accounts receivable are collected on the sponsored program and the account is balanced (Cash

Receipts = Expenses = Final Report), the Grants Accountant sends an email to the Grants Accounting Manager to deactivate the sponsored program account in the College's accounting system. When the account is deactivated, notification is sent to the PI/JP and OSP.

The Grants Accounting Manager reviews all sponsored programs that need to be closed on a monthly basis and completes the Closeout Checklist for each sponsored program. This includes verifying the following:

- All Technical Reports are sent to the sponsor
- All financial reports are sent to the sponsor
- All uncollected Accounts Receivable have been collected
- Account was deactivated in the College's accounting system

GCA conducts a monthly review of sponsored programs that are scheduled to end the next subsequent month. This report is distributed to the OSP Director and the PI/JP for review to ensure that sponsored programs are appropriately closed out and that all the sponsored program requirements are met in a timely manner.

### Roles and Responsibilities: Office of Sponsored Programs

Director of Sponsored Programs: The Director of Sponsored Programs works with the Grants Accounting Manager and the PI/JP on the tasks necessary for closeout of the award.

Academic Department

Principal Investigator/Project Director (PI/PD): The Principal Investigator/Project Director is responsible for communicating any expense related, management related, or budget related issues to the Grants Accounting Manager before the end date of an award. When the award has ended, the PI/PD is responsible for submitting the necessary technical reports and meeting any other technical/programmatic requirements of the award agreement.

#### Grants and Contracts Accounting (GCA)

Grants Accounting Manager: The Grants Accounting Manager deactivates the project in the accounting system once the sponsored program is officially closed and oversees the responsibilities of the Grants Accountant.

Grants Accountant: The Grants Accountant is responsible for coordinating the closeout of the award with the PI/PD. The Accountant provides notification to the PI/PD and OSP 90 days before the scheduled end date of the award with a list of items to consider as the end of the period of performance draws near. Fifteen days prior to the end of the performance period, the Accountant initiates a meeting with the OSP and the PI/PD to address specific closeout issues. As necessary, the Accountant provides guidance and assistance to the PI/PD in order to resolve any outstanding items. The Accountant is responsible for preparing and submitting all invoices and financial reports before the sponsor's deadline. After the final report and invoice are submitted, the Accountant ensures that all remaining cash is collected.

Related Processes/Events: Financial Status Reports Policy Award Closeout Procedure GCA Closeout Checklist Accounts Receivable Policy Residual Funds Policy

### **Cost Sharing Policy and Procedures**

Policy Number: BF 100.05 Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance/Chief Financial Officer

Responsible Office: Accounting Services/Grants and Contracts Accounting; Office of Financial Analysis and Budget

Purpose:

The purpose of this policy is to:

- 1) Provide detailed instruction on the allowable forms of cost sharing permitted by Morehouse College and all related entities, business units, subsidiaries and affiliated organization (herein after referred to collectively as "Morehouse College") including the nature of services, expenditures, or assets;

- 2) Provide information to Morehouse College sponsored program community pertaining to the contractual, financial, and administrative implications that result from cost sharing commitments;
- 3) Establish procedures to account for cost sharing commitments that Morehouse College has fulfilled as a condition of obtaining external sponsorship; and
- 4) Institute procedures for documenting cost-shared expenditures within Morehouse College's accounting system in order to isolate cost sharing for inclusion in Morehouse College's research portion of the "Organized Research" MTDC base

#### Policy:

This document establishes Morehouse College's policy on and procedures for accounting for cost-sharing on sponsored awards. Morehouse College will commit to cost sharing only when required by the sponsoring agency or by the competitive nature of the award, and then only to the extent necessary to meet the requirements stipulated by the sponsoring agency.

Morehouse College's procedures for accounting for cost sharing and reporting such commitments to sponsoring agencies will be in accordance with the Office of Management and Budget (OMB) Circulars A- 110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations" and A-21, "Cost Principles for Educational Institutions."

#### Definitions:

##### Cost Sharing

OMB Circular A-110 defines cost sharing or matching as "that portion of the project or program costs not borne by the federal government." Accordingly, Morehouse College defines cost sharing, also known as Cost Sharing Policy and Procedures matching, as that portion of total project costs contributed that are not borne by the sponsor. These costs represent an implied or explicit agreement on the part of Morehouse College to assure that non-sponsor resources are contributed to a project, either from sources internally or externally.

There are four (4) categories of cost sharing: Committed, Mandatory-Committed, Voluntary-Committed, and Voluntary-Uncommitted.

- (1) Committed Cost Sharing represents quantified institutional commitments within an application, proposal budget or budget justification which become trackable and reportable to the Federal Government. Costs used for committed cost sharing must follow sponsor guidelines for allowability (i.e., be allowable, reasonable, allocable and consistently treated), be verifiable and not used for cost sharing elsewhere, be incurred within the project period and provide a direct benefit to the project.
- (2) Mandatory-Committed Cost Sharing applies to those projects in which the cost sharing commitments are eligibility requirements that are explicitly stated in the solicitations, announcements, or in the terms of the funded awards or contracts.

- (3) Voluntary-Committed Cost Sharing is cost sharing that is proposed by Morehouse College, and when accepted and included in the terms of the award by the sponsor, becomes mandatory and must be documented by project.
- (4) Voluntary-Uncommitted Cost Sharing is not proposed by Morehouse College and not formally accepted and included in the terms of the award by the sponsor, but is "voluntarily" incurred by Morehouse College. Voluntary-uncommitted cost sharing need not be documented. Morehouse College discourages the use of this type of cost sharing.

### Cash Contributions

Cash contributions are actual funds from internal or external sources. Cost sharing from Morehouse College's resources is generally considered "cash" cost sharing, because a precise dollar amount of expenses can be shown in its accounting system.

### Direct Costs

Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or facilities and administrative costs. (See Direct and Indirect Cost Charging Policy.)

### Facilities and Administrative (F&A) Costs

F&A costs are those that are incurred for common or joint activities and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity or any other institutional activity.

### Effort Cost Sharing Policy and Procedures

Effort represents time spent by a Principal Investigator/Project Director (PI/PD) or employee on a sponsored project or program. (See Effort Reporting Policy.)

### In-Kind Contributions

In-kind contributions are non-cash contributions generally from outside Morehouse College, such as volunteer services or donations of equipment or supplies. Since these resources are not under the control of Morehouse College, much care must be exercised before entering into



agreements promising such contributions. Once the project is funded, in-kind contributions are monitored on an on-going basis to assure that the cost sharing agreement will be fulfilled. Failure to meet, or adequately document in-kind contributions could result in a portion of Morehouse College incurred costs being disallowed and create a financial liability for the department and Morehouse College.

### Third-Party Cost Sharing

Third-party cost sharing is cost sharing that is provided by an organization other than Morehouse College or primary sponsoring agency. Third-party cost sharing is not included in the F&A base as part of overall sponsored project costs, since these costs are not borne by Morehouse College. Third-party cost sharing is required to be tracked when it is funding the mandatory cost sharing committed or voluntary committed in an award and/or when the sponsor requires these costs to be reported in the financial reports. These costs are tracked by Morehouse College when a sub-award is involved, by requiring the costs to be itemized on the invoice that the third-party submits or in a separate letter of certification provided by the third-party when no sub-award exists.

### Cost Sharing in Sponsored Program Proposals and Awards:

Cost sharing should be limited only to those situations where it is mandated by a sponsor or Morehouse College has determined that such a contribution is necessary to ensure the success of a competitive award. Where cost sharing is not required by the sponsor or necessary to ensure the competitiveness of a proposal, PI/PDs and departments should refrain from making such commitments voluntarily. In all situations, the use of cost sharing should be kept to a reasonable level because of the burden that cost sharing places on Morehouse College resources.

Once awarded, all explicit commitments of effort referenced in a proposal become mandatory cost sharing and must be accounted for as a cost of the project. These costs must be separately identified and reported and, if effort, certified in the Effort Reporting System.

Since not all proposals get funded, it is possible to include commitments of more than 100% of total effort taking into consideration existing workload requirements and all outstanding proposals. However, in preparing proposals, PI/PDs must be careful not to over-commit themselves or others.

It is important to realize that whether cost sharing is required by the sponsor or is offered by Morehouse College voluntarily, once an award is made all cost sharing commitments are considered to be mandatory and, as such, represent binding obligations for Morehouse College. Committed cost sharing must be tracked and accounted for separately from other expenditures of Morehouse College funds because it must be included in the "Organized Research" base -the denominator of the fraction which defines our indirect cost rate. Cost Sharing Policy and

Procedures Morehouse College must also be able to document that its cost sharing expenses are allowable and comply with all the requirements of OMB Circular A-21.

### Establishing Cost-Shared Effort

In order to fulfill Morehouse College's responsibility to sponsors, sponsored projects generally include some PI/PD or other key personnel effort that is directly charged or explicitly cost-shared with the agency, excluding time spent on administrative or instructional activities, unless directly related to the project's objectives. This effort must be quantified in the proposal. The amount of effort must be realistic (i.e., neither overstated nor understated), and should be determined on a project-by-project basis. Generally, a PI/PD should expect to spend a minimum of one day per month for the management of the research project, or 5% of his or her effort, whether direct-charged or not. The total of one's effort, including other Morehouse College duties, cannot exceed 100%.

In determining the appropriate level of cost-shared effort, PI/PDs should consider the following requirements for cost-sharing:

- The percentage of time spent on other projects;
- The amount of effort devoted to other functions, such as, teaching, administration, etc.; and
- Whether the project involves Co-PI/PDs, (in these cases, a minimum cost-shared amount lower than 5% for each Co-PI/PD may be reasonable);
- Obtain Dean or Department Chair approval.

### Realistic Cost-Sharing Commitment

Prior to a proposal submission, OSP will contact the department or the PI/PD with any concerns it has relative to Morehouse College's cost-sharing commitment. At the time of the award acceptance, OSP will notify GCA and the department of the cost-sharing requirements.

Once the award is accepted, failure to comply with the cost-sharing commitment may result in a loss or return of project funds. Tracking of cost-sharing should be done periodically by the department (e.g., when monthly transaction statements are reconciled) to prevent an over or under contribution. Over-contribution prevents use of those costs for meeting commitments on other projects; under-contributing may result in a corresponding reduction in the award or other consequences for Morehouse College.

### Sources of Cost Sharing

OMB Circular A-110, section 23(a) states that cost sharing may be met from the following sources:

- a. The Morehouse College's funds provided for the benefit of the specific project (i.e., department, college accounts, etc.)
- b. F&A costs (overhead) on direct expenses identified as cost sharing.

c. Unfunded or waived F&A costs. Waived F&A costs are indirect costs that are otherwise available to be recovered, but Morehouse College has agreed to accept less than the full amount. The difference between the indirect costs accepted by Morehouse College and the amount that would have been provided at the full rate may be used as cost sharing, if approved by the sponsor.

d. Another sponsored project account. This is rare and allowable only if approved by both sponsors. (Note that Federal funds **may not** be used as cost sharing on other Federally funded projects).

e. All contributions, including cash and third-party in-kind. (This is support from a non-Morehouse College source).

f. Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. These costs may be counted as cost sharing if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work at Morehouse College. In those instances in which the required skills are not found in Morehouse College, rates shall be consistent with those paid for similar work in the labor market. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

g. Donated supplies, which include such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to donated supplies shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.

h. Third-party in-kind contributions. The supporting records for in-kind contribution from third parties must meet the following requirements:

- 1) Volunteer services shall be documented, and to the extent feasible, supported by the same methods used by Morehouse College for its own employees.
- 2) The basis for determining the valuation for personal service, material, equipment, buildings and land shall be documented.

#### Criteria for Cost Sharing

All contributions, including cash and third-party in-kind, shall be accepted as part of Morehouse College's cost sharing when such contributions meet all of the following criteria:

- a. Are identifiable, verifiable and documented in Morehouse College's records.
- b. Are not included as contributions for any other project or program.
- c. Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- d. Are allowable under OMB Circular A-21.

- e. Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
- f. Are provided for in the approved budget when required by the Federal awarding agency.
- g. Are incurred during the effective dates of the grant or contract.

### Acceptable Cost Sharing Expenditures

In general, costs normally treated as direct costs and allowable under OMB Circular A-21 on sponsored projects may be used to meet a cost sharing obligation; costs normally treated as indirect on sponsored projects may not be used as direct costs to meet cost sharing obligations. Examples of expenditures which can be used as cost sharing include:

#### Cash Contributions

- Salaries (faculty, staff or students and applicable fringe benefits)
- Supplies
- Tuition, fees, stipends related to work performed by graduate students on sponsored agreements
- Equipment, only if Morehouse College has title and purchased with non-Federal funds during the period of the award
- Travel
- Costs incurred by subcontractors or other third parties, including third party in-kind contribution, not otherwise reimbursed
- Unrecovered F&A, if approved by sponsor
- Waived or reduced indirect costs (i.e., the difference between the value of a third-party in-kind contribution must be established. When the contribution is in the form of personal services, the contributor must certify that the amount cost-shared is comparable to the individual's regular rate of compensation. When contributions are other than personal services, the provider must state the fair market value of the item.

Indirect costs may be included as part of cost-sharing Federal awards only if they are specifically identified in the accepted proposal, or with specific approval of the awarding agency.

Salary up to and including the NIH salary cap may be charged to a federal award in proportion to the effort applied by the staff member to the project. The portion of the staff member's compensation associated with that effort, but corresponding to the staff member's compensation above the salary cap, may neither be charged to the grant nor cost shared. It must be charged to a College's account.

The negotiated indirect cost rate and the amount of indirect costs awarded by the sponsor) When direct expenses are cost-shared, the applicable indirect costs are automatically cost-shared.

#### In-Kind Contributions

- Volunteer employee services
- Volunteer professional, technical or consulting services
- Donated supplies
- Donated equipment, property or space

The following expenses may not be used as cost sharing on a Federal award in accordance with OMB Circular A-21 and other agency criteria:

Expressly unallowable costs identified by OMB Circular A-21 or identified by the sponsor in the agreement.

Administrative and clerical salaries or any other costs properly classified as indirect costs. Salary dollars in excess of the NIH rate cap.

Construction or renovation costs, except those required by contract, as these costs are typically recovered as F&A costs and can result in disputes of ownership and disposal of the assets involved. Travel on foreign air carriers.

#### Accounting for Cost Sharing:

All cost-shared expenditures of a sponsored project must be properly recorded and reported in Morehouse College's accounting system. At the time of proposal submission, OSP and GCA must be informed of cost-sharing and its source of funding must be indicated.

Cost sharing accounts are funded at the inception of the project. Final determination of funding to support cost sharing is the responsibility of the Department Chair and is based on the responsibilities of the PI/PD and the availability of funds. A *Grant Recommendation* form is prepared including the applicable cost sharing budget section and submitted to GCA for processing. If cost sharing is required, the source of cost sharing must be identified and approved in the project's operating budget prior to submission to GCA. The account funding the cost sharing must be clearly displayed on the face of the recommendation.

In completing the *Grant Recommendation* form, the following information must be provided where cost sharing is applicable:

- Faculty and/or graduate assistant name, Morehouse College position number, percentage of effort and the cost shared salary/wages
- Fringe benefits that are attributable to direct salary/wages
- Supplies and expenses
- Equipment

- Indirect costs

The department(s) providing funding for the cost-sharing must approve the *Grant Recommendation* and the *Cost Sharing Authorization* form, shown as Exhibit 1. The latter form provides verification that the account number provided for cost sharing is valid and guarantees that funds are available to cost share on the referenced project.

Cost sharing will be recorded in dedicated cost-sharing accounts. Budgets will be established based on approved budget recommendations and all cost-sharing expenses will be recorded in these accounts. The amount of cost sharing actually reported in the accounting system must be consistent with the amount committed in the award documents.

#### Third-Party Cost Sharing

The College may offer as cost sharing: (a) time and effort, (b) goods and services, and (c) facilities, contributed by third parties, such as, a sub awardee. The PI/PD is responsible for securing records of and reporting such third party cost sharing.

If a potential sub-grantee or subcontractor makes a cost sharing commitment which appears in the budget of the proposal, the sub-grantee or subcontractor is required to maintain records and report the cost sharing in its financial reports to Morehouse College. This requirement will be part of the terms and conditions on any sub- award agreement or subcontract issued by Morehouse College.

If cost sharing is provided by a third party who is not a sub-grantee or subcontractor, the PI/PD must obtain documentation proving the value of the contributions if other than cash.

#### Documentation

During the term of the project, the PI/PD and the department must maintain sufficient supporting documentation to substantiate the actual cost-sharing contributions to the project. This documentation may be required by sponsors, auditors, and/or GCA. (See Record Retention Policy.)

#### Effort Reporting and Certification

The Morehouse College's effort distribution system and certification process requires that all effort directly associated with a project be classified consistently, even if salaries are not charged to the sponsor. All effort (whether charged to the sponsor or included as cost-sharing in the proposal), should be charged to accounts with the same functional classification. When there is a significant change from the employee's planned effort, including the cost-shared amount, a change in the employee's payroll effort distribution should be processed. Effort, including the cost-shared amount, must be confirmed after the fact as part of the certification process.

If effort is required by the sponsoring agency, and there is a significant decrease in the level of effort devoted to the project, the sponsor should be notified.

## Roles and Responsibilities Academic Department

**Principal Investigator/Project Director (PI/PD):** The PI/PD is the individual designated by the sponsoring agency who is responsible and accountable for the proper conduct and direction of the project or activity. The PI/PD has ultimate project and financial responsibilities for his/her project(s) and must:

Determine the cost sharing requirements of the project by clearly identifying the cost sharing commitment in the budget or budget justification;

Evaluate the workload implications of proposed cost-sharing commitments; Ensure that the total of all effort for an individual does not exceed 100%;

Identify the cost-sharing source account and ensure that funds are available to meet the obligation;

Obtain approval for cost sharing from the Dean/Department Chair;

Notify Grant Contract Accounting (GCA) of the cost sharing commitments by sub codes and by fiscal year;

Certify all labor-related cost sharing through Morehouse College's effort certification system; Review and certify all non-labor-related cost sharing through Morehouse College's financial system; Determine, justify and properly document any special circumstances surrounding the project in accordance with Morehouse College's policies, agency guidelines and Federal regulations;

Assist in obtaining documentation of third-party cost sharing as needed;

Work with GCA to submit cost-sharing reports that comply with the sponsor's reporting requirements; and ensure that cost-sharing commitments are met and properly recorded.

**Department Chair:** The Department Chair is the individual designated by the Dean of the school who is responsible for the general financial and administrative oversight of grant and contract activities conducted within the respective School. The Department Chair must:

Ensure that faculty time commitments on grants and contracts do not conflict with other departmental or Morehouse College responsibilities;

Establish departmental procedures for the financial administration of grants and contracts;

Approve detailed proposals and budgets for grant awards on a consistent basis; Provide coordinated support for grants administration within the department; and assist the PI/PD in resolving any budgetary, overrun, disallowance or grant dispute issues with the sponsor.

- **Dean:** The Dean is the individual who provides oversight by (1) establishing effective processes and controls that will ensure compliance with the cost sharing policy and procedures and its associated documents and guidelines; (2) evaluating the workload implications of proposed cost

sharing to ensure that a PI/PD's total effort does not exceed 100 percent and approve a PI/PD's cost sharing commitments at the time of proposal submission.

#### Office of Financial Analysis and Budget

The Office of Financial Analysis and Budget will establish ledger (Morehouse College) dedicated cost sharing accounts upon request by Grant Contract Accounting (GCA). The budget in any ledger account committed by the PI/PD for cost sharing will be transferred to a dedicated ledger account.

#### Office of the Controller

The Office of the Comptroller has responsibility for interpreting and revising Morehouse College's cost sharing policy and procedures.

#### Office of Sponsored Programs

The Office of Sponsored Programs/Research Administration (OSPRA) will (1) review grant/contract applications and proposals for adequate justification and description of cost sharing committed; (2) assist PI/PD and their staff in interpreting sponsor regulations and guidelines related to cost sharing; (3) provide guidance as to how cost sharing can be reduced or eliminated in order to benefit Morehouse College; (4) ensure the appropriate unit level approval has been provided for the committed cost sharing; (5) review for and approve any overlap between projects relating to cost sharing and approve cost sharing from other sponsored funds; (6) endorse Morehouse College's cost sharing commitment by providing institutional approval; (7) notify Grant Contract Accounting (GCA) and departments of cost sharing requirements at time of award, and (8) be involved with any changes in an award's budget and associated cost share commitment that may occur.

Additionally, OSP will ensure that proposal requirements are satisfied for each participating unit, notify departments of reporting requirements (if applicable) and monitor and advise participating departments of cost-sharing commitments, as well as ensure that the department/PI/PD complies with various regulatory requirements of the sponsor and Morehouse College.

#### Grant Contract Accounting (GCA)

Grant Contract Accounting will (1) review cost-sharing requirements and commitments upon receipt of award notification from OSP/RA; (2) work with departmental administrators to determine fulfillment of appropriate reporting requirements; (3) monitor cost-sharing requirements; (4) establish separate dedicated cost-sharing accounts and (5) report cost sharing commitments and fulfillment as necessary. Grant Contract Accounting (GCA) will setup dedicated ledger cost sharing accounts and work with the Office of Financial Analysis and



Budget to ensure that ledger accounts are established. The cost-sharing committed by the PI/PD and other project staff will be recorded into these Restricted Fund Accounting accounts.

#### Third-Parties

These are organizations other than Morehouse College that are participating in the costs of the project, such as, a sub-awardee that is also required to make a cost sharing contribution to the project. They will have to provide proof of fulfillment of their commitments.

#### Related Policies:

Direct and Indirect Cost Charging Policy Internal Controls Policy

Effort Reporting Policy Closeout Policy

Record Retention Policy

Cost Transfer Policy

- *Cost Sharing Authorization Form*

#### **Dissemination of Audit Results Policy**

Policy Number: BF 100.08 Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance/CFO

Responsible Offices: Office of Business and Finance/CFO and Office of the Controller

#### **Purpose:**

To ensure information related to audits, site visits, and/or other external evaluations are communicated to all relevant and appropriate parties at Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College").

#### **Policy:**

Morehouse College must ensure that audits/site visits are appropriately managed and that the results of such audits/site visits are efficiently disseminated to the relevant personnel and Morehouse College administration. Any individual notified of the intent of a sponsor, or other external entity, to conduct an audit, site visit, or other evaluation related to one or more sponsored programs must contact the Office of the Vice President for Business and Finance/CFO

and the Controller's Office. The Controller coordinates all visit-related correspondence and site visits by the sponsor or outside entity.

### **Business Process Description:**

Morehouse College's financial and operational units are subject to audits/site visits of their sponsored program activities in accordance with OMB Circular A-133, federal regulations, and sponsor requirements. All audit requests and scheduled audits are reported to the Controller for coordination. The Controller notifies the Office of the Internal Auditor, the PI/PD, and any administrative units of the audit/site visit. The Controller then coordinates closely with all parties throughout the preparation and the actual audit to ensure that all relevant materials and documents are obtained in a timely and efficient manner. In the event of a site visit by the sponsor or external entity, the Controller assigns to the appropriate personnel the responsibility of participating in the audit/site visit. Such a team should be comprised of representatives from Grant/Contract Accounting, Principal investigators/Program Directors, and Research Administrators. All communication to the auditor or external entity is coordinated by the Controller.

All audit and site visit reports are directed to the Controller who coordinates the review of the reports with the Office of the Internal Auditor. The Office of the Internal Auditor reviews the reports and distributes to Morehouse College administration and personnel, as appropriate. In response to the audit report, the Vice President for Business and Finance coordinates the implementation of corrective action or other follow-up measures. The Office of the Internal Auditor evaluates the results of any such implementation.

### **Roles and Responsibilities:**

Office of Vice President for Business and Finance/CFO

**CFO:** The CFO facilitates and manages all sponsored program audits/site visits. The CFO, with the assistance of the Controller's Office, also coordinates the review of the audit/site visit results with the Office of the Internal Auditor who disseminates the results to the appropriate personnel. The CFO coordinates the implementation of corrective action and/or follow-up measures.

Office of the Internal Auditor

**Internal Auditor:** The Internal Auditor conducts internal audits of sponsored program departments to assess compliance with applicable rules, regulations, and Morehouse College policy as well as to verify that deficiencies are corrected from external audit report findings. Additionally, the Internal Auditor coordinates with the CFO to review the results of external audits/site visits and distributes these results to the appropriate individuals and departments. The Internal Auditor works closely with the CFO to evaluate the results of corrective action or follow-up measures from site visits and audit reports.

## **Budget Revisions Policy**

Policy Number: BF 100.03

Effective Date: April 21, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance

Responsible Offices: Office of Financial Planning Analysis and Budgets, Accounting Services and Grant and Contract Accounting (GCA)

Purpose:

To provide guidance on the process for revising budgets on sponsored programs at Morehouse College and all related entities (hereinafter referred to collectively as "Morehouse College").

Policy:

In order to minimize the administrative burden associated with a revised budget, most sponsors provide the

award recipient with the flexibility to adapt their award spending patterns to match the changing circumstances of the research project. In other circumstances, pre-approval from the sponsor is required for certain budget revisions. It is the policy of Morehouse College to comply with sponsor requirements related to budget revisions and, in instances in which no prior approval is required, to monitor budget revisions in order to respect the flexibility provided by the sponsor.

Business Process Description:

The Principal Investigator/Program Director (PI/PD) submits all requests for budget revisions in writing (e.g., email) to the Office of Financial Planning Analysis and Budgets (FPAB). Budget requests should include the amount of the requested budget adjustment and the expense categories the budgeted amounts should be moved "To" and "From". The PI/PD is responsible for knowing the terms and conditions of the award and should only make budget requests consistent with these requirements. Many sponsors place restrictions on budget categories (e.g., travel and equipment) and limit the amount that can be moved between budget categories. If sponsor notification is required, the PI/PD should include justification for the budget revisions in writing to the Budget Analyst.

The Director of Financial Planning Analysis and Budgets (FPAB) reviews the request and, if sponsor approval is required, requests any additional information from the PI/PD. The Director of FPAB makes the request to the sponsor. Director of FPAB also reviews the budget revision for consistency with the terms and conditions of the agreement and sponsor requirements. Requests for Budget Revisions should be made and approved prior to spending. When the budget request is approved by the Director of FPAB, it is forwarded to the assigned Budget Analyst who

then makes the adjustment in the College accounting system and notifies the PI/PD of the budget adjustment.

### **Roles and Responsibilities: Academic Department**

**Principal Investigator/Project Director (PI/PD):** The PI/PD is responsible for submitting budget requests along with the appropriate documentation to the Office of Budgets and Planning. It is the PI/PD's responsibility to make budget requests that are consistent with the terms and conditions of the award and sponsor requirements.

### **The Office of Financial Analysis Planning and Budgets (FPAB)**

**Director of FPAB:** The Director of FPAB reviews budget revision requests and documentation received from the PI/PD for consistency with the terms and conditions of the award and sponsor requirements. If sponsor approval for the budget revision is required, the Director reviews the documentation and requests any additional information needed from the PI. When the documentation is obtained, the Director contacts the sponsor and requests the budget revision. When the budget revisions have been approved, by the Director of FPAB and the sponsor (if required in by the agreement); the assigned Budget Analyst forwards a copy of the approved budget request, and all relevant correspondence, to the PI/PD. The Office of FPAB retains a copy the correspondence for its files.

### **Budget Analyst**

**Budget Analyst:** When an approved budget revision is received from the Director of FPAB, the assigned Budget Analyst updates the Morehouse College accounting system. When this update is complete, the Analyst notifies the PI/PD by email.

### **Related Processes/Events:**

Proposal Development and Submission Policy Award Acceptance & Set-Up Policy

### **Cost Transfers Policy**

Policy Number: BF 100.06 Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance

Responsible Offices: Vice President for Business and Finance/CFO, Accounting Services and Grant and Contract Accounting

**Purpose:**

To establish guidelines for the timing and appropriateness of cost transfers and to identify the mechanism for transferring allowable personnel and non-personnel costs.

**Adherence to this policy is necessary because inappropriate or poorly documented cost transfers can result in the sponsor denying reimbursement of these expenses or the imposition of sanctions on Morehouse College, such as fines or loss of certain authorities.**

**Policy:**

It is the policy of Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College") to comply with all sponsor guidelines related to cost transfers between a sponsored award account and another account. Morehouse College seeks to limit cost transfers as much as is practicable and, where necessary, to transfer costs in a timely fashion. (This policy does not apply to cost transfers made between expense accounts on the same sponsored program.)

**Business Process Description:**

*Definition:* A cost transfer is any adjustment of expenditures to a sponsored program in order to align costs with the actual benefit received by the sponsored program.

The Principal Investigator/Project Director (PI/PD) is responsible for ensuring that all transactions are charged accurately and appropriately to the correct project, based on the benefit to the project and in a manner that is consistent with Federal regulations including:

*OMB Circular A-21, Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions, Section (C)(4)(b) states:*

"Any costs allocable to a particular sponsored agreement under the standards provided in this Circular 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."

Morehouse College does not allow the types of cost transfers outlined in the Circular A-21 statement above. However, it is recognized that there are certain circumstances in which cost transfers must be conducted in order to correct charges in sponsored program accounting.

The PI/PD is also responsible for ensuring that cost transfers are conducted in a timely manner. Several government agencies have outlined their requirements for cost transfer timeliness.

The Department of Health and Human Services (HHS) *Grants Policy Statement (10/06)* states the following with respect to the timing of cost transfers:

"Permissible cost transfers should be made promptly after the error occurs but no later than 90 days following occurrence unless a longer period is approved in advance by the GMO [Grants Management Officer]."

*NIH Grants Policy Statement (12103) states the following with respect to the timing for cost transfers:* "Cost transfers to NIH grants by grantees, consortium participants, or contractors under grants that represent corrections of clerical or bookkeeping errors should be accomplished within 90 days of when the error was discovered."

Both policy statements state that "the transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official ... An explanation merely stating that the transfer was made 'to correct error' or 'to transfer to correct project' is not sufficient."

Morehouse College requires that cost transfers be completed within 90 days from the original expenditure date with the exception of cost transfers necessitated by an effort certification, which must be accomplished within 90 days of the certification date. In all cases, the 90-day time period is subject to other deadlines (e.g., the filing of a Financial Status Report), and therefore may be shorter in any given case.

All reference to days in this policy is to calendar days unless otherwise specified.

At Morehouse College, revenue and expenses for sponsored programs are tracked as separate accounts and are assigned an account number in the College's accounting system. Sponsored projects are received by Morehouse College for a specific purpose and may be spent only in accordance with the guidelines of the sponsoring agency. Sponsored projects are defined in the Sponsored Program vs. Gift Policy and include any grant, contract, or other agreement between Morehouse College and the federal government or other grantor agency.

All cost transfers fall into one of two categories: personnel (for salary related cost transfers) and non-personnel (for anything other than salary related cost transfers). The process for initiating both types of cost transfer is essentially the same; any differences have been clearly noted below.

To initiate a request to transfer a cost on a sponsored program, the requester completes a *Cost Transfer Form* ensuring that requests:

- Are signed and submitted to GCA within 90 days of the date the transaction occurred. (An exception to this rule relates to cost transfers necessitated by an effort certification, which must be accomplished within 90 days of the certification date.)
- Identify a specific time period and percent of time to be transferred (for personnel costs) or expense (for non-personnel costs) and verify that any costs being transferred to a sponsored program are compliant with the Direct and Indirect Cost Charging Policy.
- Include appropriate justification.

If GCA requires additional information, the requester must provide such information within 10 business days unless another time period is designated by GCA.

For personnel costs, the only acceptable reason for transferring to and from sponsored programs is to align the costs with the actual effort devoted to the project and the effort certification. During the Effort Certification Process, the salary charged to a sponsored program is reviewed for accuracy. If the actual effort committed for the period differs from the report, the report is updated and signed. It is at this point that a *Cost Transfer Form* should be completed and submitted in accordance with this Policy. Once effort has been certified and the appropriate transfers have been completed (if necessary), no additional cost transfers should be processed relating to the certified effort period. Any exceptions require the approval of the Controller and a revised effort certification is required. Personnel cost transfers are not permitted simply to relieve a deficit on a sponsored program or to spend a remaining balance of a sponsored program.

The completed *Cost Transfer Form* is sent to GCA for processing. GCA reviews all cost transfer requests for consistency with sponsor guidelines and Morehouse College policies. If the cost transfer is not approved, the Form is returned to the requester indicating the reason for disapproval and, if applicable, what additional information is necessary for approval. If approved, the salary transfer is processed.

The following section illustrates acceptable and unacceptable reasons to request a non-personnel cost transfer.

#### Acceptable Reasons for a Cost Transfer

- To correct a clerical or bookkeeping error in the original transaction such as a transposition of numbers.
- To clear costs disallowed by the sponsor or an audit.
- To clear cost overruns on a sponsored program by transferring them to a non-sponsored program account (e.g., a Departmental discretionary account).

**Note: In addition to the reasons above, the explanation provided must include additional detail that specifically relates to the cost transfer in question.**

## Unacceptable Reasons for a Cost Transfer

- To transfer costs from a sponsored program in deficit to another sponsored program (without adequate justification and approval from the Controller).
- To transfer costs to a sponsored program to spend that program's remaining funds.

Since the federal regulations assume that cost transfers are exceptions, it is imperative to justify in writing (1) the reason the cost was not originally charged to the correct project and (2) how the transferred cost benefits the project to be charged. This justification should be documented on the *Cost Transfer Form* and serves as an audit source document.

The following are examples of inappropriate justifications:

- Simply stating, "To correct an error."
- That a specific sponsored program was charged for a bulk purchase and the costs are now being moved to the appropriate sponsored programs.
- That another sponsored program was charged in anticipation of future funding for the correct sponsored program.
- To move costs to a sponsored program with available budget funds from another sponsored program. Cost transfer requests made after an award has terminated are to be received by GCA before the 45th day after the date the award ends, which may be less than the normal 90-day period. These transfers should be processed and uploaded in the College's accounting system within 15 days (by the 60th day after the award ends). Final financial reports and final invoices are sent to sponsors by the 90th day after an award ends and the cost transfers must be posted to the College's accounting system before the final financial statements are sent (see Closeout Policy).

In extremely rare circumstances, an expense may have been charged to the incorrect sponsored program and the error was not identified within the requisite 90 days. In these cases, adequate additional justification on the *Cost Transfer Form* must be completed and signed by the Controller. The justification must include a detailed explanation of why the error was not corrected in a timely manner. In addition to the requestor's signature on the Form, a Department Chairperson's signature is also required. All late cost transfers as well as any exceptions to the procedures defined above must be approved by the Controller.

If a cost transfer is not approved, and it cannot remain on the original account, the cost will be transferred to a department discretionary account, or other designated account to be determined by the Dean of the respective School.

### **Roles and Responsibilities: Academic Department**

**Principal Investigator/Project Director (PI/PD):** The PI/PD is responsible for correctly charging costs to the appropriate projects and requesting cost transfers in a timely fashion (consistent with this policy). If a cost transfer is necessary, the PI/PD completes the *Cost Transfer Form* and submits it to GCA for processing.



**Department Chair:** The Department Chair is responsible for reviewing and signing late cost transfers for accuracy and appropriateness as well as determining the discretionary account to receive costs from unapproved cost transfers that cannot remain on the original account.

**Grant and Contract Accounting:**

**Accountant:** The Accountant reviews and approves all cost transfers. The Accountant and GCA provides guidance to the research community for interpreting and complying with this policy.

**Grants and Contracts Accounting Manager:** The Grants and Contracts Accounting Manager is responsible for reviewing and signing all cost transfer requests for appropriateness and completeness.

**Controller:** The Controller is responsible for reviewing and signing all late cost transfer requests. The Controller is also responsible for reviewing and approving all exceptional cost transfer requests.

**Related Policies:**

Direct and Indirect Cost Charging Policy Personnel Issues Policy

Internal Controls Policy Effort Reporting Policy

Closeout Policy

Advance Account/Pre-award Spending Policy

**Forms and Links:**

OMB Circular A-110, *"Uniform Administrative Requirements for Grants and Agreements with Higher*

*Education, Hospitals, and Other Non-Profit Organizations"*

OMB Memorandum M-01-06 (January 5, 2001), *"Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs"*

NIH Grants Policy Statement

HHS Grants Policy Statement

**Financial Status Reporting Policy**

**Policy Number:** BF 100.09 **Effective Date:** April 20, 2012

**Last Updated:** May 15, 2015

**Issuing Authority:** Vice President for Business and Finance/CFO

**Responsible Offices:** Controller's Office and Grants and Contracts Accounting

**Purpose:**

To provide guidance for the preparation of financial reports for sponsored programs. These types of reports are frequently referred to as a Financial Status Report (FSR).

**Policy:**

It is the policy of Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College") to provide timely and accurate financial reports, consistent with agreed upon terms and conditions, to sponsors who provide support for sponsored programs. Only institutional officials with authority delegated by Morehouse College are authorized to sign financial reports.

**Business Process Description:**

During the process of establishing a sponsored program account (see Award Acceptance and Set-up Policy), Grants and Contracts Accounting (GCA) is responsible for entering the financial reporting requirements into the College's accounting system based on the terms and conditions of the agreement. Financial reports are typically submitted to the sponsor 90 days after the end of a specified period (e.g., annually, at the end of the award, etc.) If necessary, GCA contacts the sponsor to verify sponsored program reporting requirements.

NOTE: Federal sponsors (e.g., NIH) require financial reports to be submitted using SF269 (called Financial Status Report or "FSR"). Additionally, a quarterly *Cash Transactions Report* must be completed using SF272 if required. If the sponsor does not specify a specific format for the financial report, the Morehouse College template is used.

**It is the responsibility of the Principal Investigator/Project Director (PI/PD) to ensure that all expenses are posted to the account and that the expenditures are appropriate and properly recorded.** FSRs are prepared based on the expenses entered into the College's accounting system. In addition to the information taken from College's accounting system, the responsible accountant calculates F&A Costs and Fringe Benefit reconciliations prior to submitting the financial report. Each month, GCA runs a report in the College's accounting system to determine which FSRs are due and prepares the FSRs.

Interim financial reports are submitted to the sponsor and copies of the reports are retained in Grants and Contracts Accounting. Final financial reports are sent to the PI/PD. If any problems are identified with the reports, GCA is notified immediately. If no response is received from the PI/PD within 5 business days, or when the PI/PD provides a positive response, the report is submitted to the sponsor. If appropriate documentation or justification for a disputed item cannot be obtained prior to the financial report deadline, GCA excludes the expense(s) from the financial report and invoice (if applicable).

## **Roles and Responsibilities:**

### **Grants and Contracts Accounting (GCA):**

**Accountant:** Each month, the Accountant prepares a list of all awards that require a financial report. Accountant reviews the financial reporting requirement in the terms and conditions of the award and prepares the financial report. If the Accountant determines that any expenses require additional justification or documentation, he/she contacts the PI/PD and excludes the expense(s) from the financial report until the additional information is received.

**Vice President for Business and Finance/CFO:** The CFO has been delegated signature authority for financial reports. The CFO reviews and signs all financial reports prior to submission to the sponsor.

### **Academic Department:**

**Principal Investigator/Project Director (PI/PD):** The PI/PD is responsible for charging all expenses in the College's accounting system in a timely manner. The PI/PD reviews "Final" financial reports for accuracy prior to submission by GCA.

### **Related Policies:**

Direct and Indirect Cost Charging Policy

Award Acceptance & Set-up Policy Invoicing Policy

Cost Sharing Policy

### **Invoicing and Letter of Credit Policy**

Policy Number: BF 100.10 Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance Responsible Offices: Grant Contract Accounting

### **Purpose:**

To complete timely, accurate, and compliant invoicing (or online payment requests) for sponsored projects at Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College").

## Policy:

It is the policy of Morehouse College to provide timely and accurate invoices (or online payment requests), consistent with agreed upon terms and conditions, to sponsors who provide support for sponsored programs.

## Business Process Description:

Once a sponsored program account is established (see Award Acceptance and Set-up Policy, the Principal Investigator/Project Director (PI/PD) may charge incurred expenses in the College's accounting system that relate to the sponsored program. During the account set-up process, Grant Contract Accounting (GCA) is responsible for entering the type (e.g., expense reimbursable, fixed price, etc.) and frequency (e.g., monthly, quarterly, etc.) of invoices into the College's accounting system based on the terms and conditions of the agreement. GCA also enters the invoicing method requested by the sponsor (e.g., paper invoice, Letter of Credit, etc.) into the College accounting system.

Most federal sponsors, in addition to a number of other sponsors, require Morehouse College to submit payment request online as an alternative to receiving a paper invoice. The most frequent online payment requests submitted by Morehouse College are 1) Letter of Credit (LOC) and 2) Automated Standard Application for Payments (ASAP):

-Letter of Credit (LOC)- [http://www.dpm.psc.gov/access\\_pms/system\\_status.aspx](http://www.dpm.psc.gov/access_pms/system_status.aspx)

Sponsors include: Department of Interior

The National Institutes of Health (NIH)

National Aeronautics and Space Administration (NASA)

Department of Education (DED) National Science Foundation (NSF) Department of State

-Automated Standard Application for Payments (ASAP)- [www.asap.gov](http://www.asap.gov)

Sponsors include:

The Environmental Protection Agency

National Oceanic and Atmospheric Administration Department of Energy

Each month, GCA runs a report to determine which invoices and payment requests (such as Letter of Credit) are due to the sponsor. These invoices and payment requests are prepared based on the expenses entered into the College's accounting system by the PI/PD. When preparing the invoices and payment requests, GCA contacts the PI/PD for additional information or documentation if necessary. The PI/PD is responsible for providing the additional documentation or clarification required. This may include written justification for expenses, copies of deliverables, or other information to ensure accurate and compliant invoicing that is consistent with the Direct and Indirect Charging Policy and sponsor requirements, including those listed in

the terms and conditions of the agreement. If appropriate justification cannot be provided or an expense is not consistent with all applicable requirements, the expense is not included in the amount invoiced (or online payment request). In these circumstances, GCA provides written communication, such as an email, to the PI/PD, Department Chair, and Dean notifying that the expense could not be invoiced (or submitted for online payment request) and requesting that the expense be moved to an appropriate account. If notified, the PI/PD is responsible for completing this adjustment by performing an appropriate cost transfer in a timely manner, not to exceed 10 business days. (See Cost Transfer Policy).

#### Roles and Responsibilities: Academic Department

**Principal Investigator/Project Manager (PI/PD):** The PI/PD is responsible for appropriately charging costs to the sponsored program account and doing so in a timely manner. If notified by GCA that an expense cannot be included in the amount invoiced (or online payment request), the PI/PD is responsible for completing a cost transfer to move the expense to an appropriate account within 10 business days.

**Controller:** The Controller supervises the invoicing and online payment request (including Letter of Credit) process, including review and approval of all invoices and payment requests prior to submission to the sponsor.

**Grants and Contracts Accounting Manager:** The Grants and Accounting Manager enters the type and frequency of invoices into the College's accounting system based on the terms and conditions of the agreement. This includes information specifying the invoicing method requested by the sponsor (e.g., paper invoice, Letter of Credit, etc.) Each month the Grants and Contracts Accountants prepare all paper invoices for their assigned departments. During this process, the Accountants review the expenses for consistency with the terms and conditions of the agreement, as well as the Direct and Indirect Charging Policy. If expenses cannot be charged or additional documentation is required, the Accountants send written notification, such as an email, to notify the PI/PD. If it is determined that the expense cannot be invoiced, an email is sent to the PI/PD with a copy to his/her Department Chair and Dean requesting an account to charge for these expenses.

**Accountant (as assigned):** Each month the Accountant assigned to preparing the LOC draw (or other online payment request) is responsible for running the Federal Draw queries in the College's accounting system, exporting them to excel, and confirming the amount of the drawdown. The Accountant is responsible for obtaining official approval for the draw from the Manager of GCA, and performing the drawdown. The Accountant is also responsible for creating and maintaining documentation for each draw and applying payments to the correct sponsored program accounts in the College's accounting system when they are received (see the Accounts Receivable Policy).

Related Processes/Events:

Award Acceptance & Set-up Policy

Direct and Indirect Charging Policy

Cost Transfers Policy Prior Approvals Policy Award Closeout Policy

Accounts Receivable Policy

### **Personnel Issues - Sponsored Program Hiring Policy**

Policy Number: BF 100.12

Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance Responsible Offices: Human Resources Management

Purpose:

To streamline the process for hiring candidates to work on sponsored program activities.

Policy:

It is the policy of Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College") to hire candidates to work on sponsored program activities as efficiently as possible. Hiring for sponsored programs must adhere to Morehouse College Human Resource Management (HRM) policies and is subject to all policies and procedures related to Morehouse College's employment. Personnel hired for sponsored program activity receive employee benefits consistent with their terms of employment and College policy.

#### **Business Process Description:**

When an awarded proposal is received by Morehouse College that includes a vacant position(s) the recruitment/hiring process is initiated. This includes three steps: 1) posting sponsored program positions, 2) interviewing potential candidates, and 3) hiring personnel.

#### **Posting Sponsored Program Positions**

When a proposal is awarded, the Office of Sponsored Programs (OSP) notifies the Principal Investigator/Program Director (PI/PD). IF the award includes funding for a vacant position, The PI initiates the hiring process. Consistent with HRM policy, Human Resource Management (HRM) determines whether the position requires posting:

- When the proposal names the person for the position, the position does not need to be posted.
- When the proposal indicates the designated position as TBA, the position must be posted for a minimum of 3 days. • When the PI/PD has not identified someone for the position, a request can be made to HRM to post the position.

If HRM determines that the position requires posting, the PI selects an appropriate job description from its repository of position descriptions, or HRM assists the PI/PD in developing the *Position Description*.

If the position does not need posting, the HRM helps the PI/PD to complete the hiring process. The PI submits the prepared *Position Description* to HR where the position is classified if it is new. HRM assigns an appropriate job code to the position and posts the position on the Morehouse College Human Resources website and other appropriate recruiting websites and publications. All positions require posting for a minimum of three days. HRM collects applications for the position, responds to potential candidate questions and submits the certified applications to the PI/PD.

#### Interviewing Potential Candidates

The PI/PD is responsible for interviewing candidates and identifying a candidate for the position. Once the PI/PD identifies a candidate for the position, the HRM is contacted to initiate and complete the necessary steps for hiring.

#### Hiring Personnel

When the PI/PD selects the candidate and notifies HRM. HRM completes an offer letter for the new employee, including the job description, period of the appointment, and the proposed salary for the position. If the candidate accepts the position, HRM creates a job identification number in the College's personnel system for the position. If the candidate does not accept the position, the PI/PD chooses another candidate from the resume/ interview pool or decides to post the position again to gather more candidates.

Hiring of wage employees follows a similar process with the exception of the posting of the position.

#### Roles and Responsibilities:

Human Resource Management (HRM)

HRM: HRM works in conjunction with the PI in facilitating the hiring of personnel for sponsored programs. HRM classifies all positions and verifies appropriate job responsibilities and compensation levels. HRM is responsible for posting the position on the Morehouse College website and other appropriate recruiting websites and publications. The HRM is also responsible for processing the candidate's information in the College's personnel system. The HRM presents the Offer Letter and the New Hire Packet to the candidate.

Academic Department

- Principal Investigator/Project Director (PI/PD): The PI/PD is responsible for informing HRM of any intention to hire for a grant funded position. The PI/PD is responsible for completing the *hiring request*. The PI/PD is responsible for selecting and interviewing candidates.

Processes/Events:

Award Acceptance & Set-Up Policy

Personnel Issues - Sponsored Program Hiring Procedure

Proposal Development and Submission Policy

Forms and Links:

OSP Website <http://morehouse.edu/OSP>

Request to Fill a Position Form

Personnel Recommendation Form

Requisition Personnel Recommendation Form

Application to Seek Off-Campus Funds form

### **Prior Approval Policy**

Policy Number: BF 100.13 Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance/CFO

Responsible Offices: Office of the Controller, Grants and Contracts Accounting (GCA),  
Financial Planning Analysis and Budgets (FPAB)



#### Purpose:

To ensure that Morehouse College and all related entities, business units, subsidiaries and affiliated organizations hereinafter referred to collectively as "Morehouse College") obtain and document prior approval when required by the terms and conditions of a sponsored program award or by sponsor requirements.

#### Policy:

It is the responsibility of the Principal Investigator/Program Director (PI/PD) to adhere to the conditions of the sponsored award. Occasionally, the PI/PD identifies a need to change or deviate from the sponsor- approved proposal. In some instances, these changes require prior approval of an authorized official at the sponsor's office. In other cases, prior approval from the Office of Sponsored Programs is sufficient. The level at which approval may be granted depends upon the type of grant or contract and the sponsor's specific policies for that type of grant or contract.

When the sponsor requires prior approval, such requests are to be put in writing and submitted to OSP in advance of the change for OSP's submission to the authorized official at the sponsor for a decision. Requests for retroactive approval are to be avoided. An authorized official from the Office of Sponsored Programs must sign all requests to sponsors. If "internal" approval is sufficient, a brief memo requesting approval of the change and signed by the PI/PD only, should be sent to OSP. After a decision is made by OSP concerning the request, this memo will be kept with the grant as an internal documentation.

#### Business Process Description:

For changes that may affect the technical or scientific work of the project, the PI/PD should have preliminary discussions with his/her technical counterpart at the sponsor (i.e., the Project Officer or other similar individual). This technical counterpart is rarely the individual who can make an official decision on behalf of the sponsor, but the person's recommendation is often given significant weight by the official decision-maker.

*When Approval from the Sponsor is required:* The PI/PD is responsible for preparing and submitting all requests in writing to OSP for approval before they are submitted by OSP to the authorized official at the sponsor's office.

*When Morehouse College has Expanded Authority:* When the sponsor has given Morehouse College expanded authority, the PI/PD is responsible for preparing and submitting all requests to OSP for a decision. Once approval has been granted, OSP maintains a copy of the sponsor's

written approval (email, letter, etc.) and processes the approved documents. A copy of this document should also be forwarded to GCA and FPAB for their records.

Some of the most common reasons for which prior approval is required include:

*Re-budgeting:* Re-budgeting is the process by which the PI/PD produces a revised plan for spending the awarded funds. It may be necessary to produce a new budget if there is a change in project scope, a need for supplemental funding, or the generation of unexpected program income. Most sponsors place restrictions on budget revisions, including limits on moving funds from one category to another.

Significant changes to the budget almost always require prior approval by the authorized official of the sponsor. (See Budget Revision Policy.)

*Project Relatedness:* When the same person serves as PI/PD on two or more federal awards, or when two or more projects with different PI/PD's involve interrelated theoretical approaches, or study the same phenomena, the PI/PD(s) may request that "relatedness" be established. If two or more projects are determined to be "related", they may be treated as a program for purposes of allocating costs. A cost that is allocable to the program may be charged to any one of the awards that make up the program, in any proportion. To establish "relatedness", a written request from OSP must be approved by authorized officials of the sponsors funding the projects in question.

*Change in Scope/Effort:* In general most sponsors require that they be informed of any changes that may affect the scope of the actual research being performed. These often involve a change in the objective or emphasis of the study, but may also involve the absence or change of a PI/PD (see below), a change of the grantee institution, a change in the approved use of animals or human subjects, or other factor. Usually a significant change (decrease) in the percentage effort devoted by the key project personnel to the project is considered to affect the scope of the research and will require approval from the authorized official of the sponsor. (See Effort Reporting Policy.)

*Absence or Change of Key Personnel:* The prior approval of the authorized official of the sponsor is generally required for any absence of the PI/PD lasting three months or more. Change of other key personnel on the project also requires prior approval. The Dean and Department Chair must approve all PI/PD personnel changes before OSP is asked to approach the authorized official at the sponsor for approval.

*Equipment:* Subject to the terms and conditions of the award, the PI/PD may often approve the acquisition of items of equipment not listed in the approved grant budget, provided that the cost of each item is less than the sponsor's threshold for prior approval. Any items costing more than

the sponsor's threshold require the prior approval of the authorized official at the sponsor's office. Some sponsors prohibit the purchase of equipment within the last six months of the project period, so a deviation from this restriction will also require prior approval from the authorized official at the sponsor's office. (See Sponsored Program Equipment Management Policy and the Direct and Indirect Cost Charging Policy.)

*International Travel:* The sponsor's terms and conditions must also be followed with regard to international travel. Requests for international travel should first be submitted with a detailed justification to OSP for submission in turn to the authorized official at the sponsor. Requests for international travel should be made at least 30 days in advance of the anticipated travel date. If the sponsor approves the request for international travel, OSP will forward the request to the Vice President for Academic Affairs/Provost, whose decision is final. (See Direct and Indirect Cost Charging Policy)

*Use of Unobligated Balance:* Unless otherwise determined by the terms and conditions of the award, the authorized official at the sponsor will determine whether or not a balance at the end of one funded project segment can be carried forward to a new budget period. Prior written approval from the authorized official at the sponsor is required in these instances.

*Change in Stipends and Tuition Remission:* Any changes in the proposed stipend and/or in tuition remission usually require written approval by the authorized official at the sponsor's office. Requests for changes must be submitted to OSP with justification and approval of the appropriate dean. (See Student Stipends and Tuition Reimbursement Policy)

*Approval of Subcontract and Sub-agreements not included in Proposal:* Subcontracts and sub-agreements that were not included in the proposal may require approval from the authorized official at the sponsor before executing a formal agreement and commencing work. The choice of a particular subcontractor must be documented with regard to the subcontractor's qualifications to perform the work and the project's need for such services. (See Subcontract Execution and Approval Policy)

**Roles and Responsibilities: Office of Sponsored Programs:**

**Director of the Office of Sponsored Programs:** The Director is responsible for coordinating prior approval requests with the sponsor. This is typically supported by a memorandum from the PI/PD. When approval is obtained, the Director retains written documentation of the sponsor approval.

## Financial Planning Analysis and Budgets:

**Assigned Analyst FPAB:** The assigned Analyst is responsible for coordinating prior approval requests with OSP when a request for re-budgeting is received by FPAB. This is typically supported by a memorandum from the PI/PD. When approval is obtained, the Analyst retains written documentation of the sponsor approval.

**Director:** The Director of FPAB oversight for prior approval requests by monitoring the work completed by the assigned Analyst.

## Academic Departments

**Principal Investigator/Project Director (PI/PD):** The PI/PD is responsible for following prior approval guidelines outlined by the sponsoring agency. Each PI/PD is responsible for submitting documentation, typically a memorandum, to OSPA for prior approval requests. For changes that may affect the technical or scientific work of the project, the PI/PD should have preliminary discussions with his/her technical counterpart at the sponsor.

## Office of the Provost

**Provost of Morehouse College:** The Provost must approve all international travel in advance.

## Related Policies:

Budget Revisions Policy

Effort Reporting Policy

Sponsored Program Equipment Management Policy

Direct and Indirect Cost Charging Policy

Student Stipends and Tuition Reimbursement Policy

Subcontract Execution and Approval Policy

## Forms and Links:

- Office of Management and Budget (OMB) Circulars: A-21, "Cost Principles for Institutions of Higher Education"

<http://www.whitehouse.gov/omb/query.html?col=omb&qt=a-21>

- Office of Management and Budget (OMB) A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Institutions"

<http://www.whitehouse.gov/omb/query.html?col=omb&qt=a-111>

OSP Website <http://www.morehouse.edu/administration/sponsoredprograms/index.html>

## **Program & Interest Income Policy**

Policy Number: BF 100.14 Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance Responsible Offices: Grants and Contracts Accounting

### **Purpose:**

To ensure that sponsored program income and the interest earned from sponsored programs is accurately accounted for, tracked, and reported at Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College").

### **Policy:**

It is the policy of Morehouse College to accurately account for, track, and report all sponsored program income and interest. Grants and Contracts Accounting (GCA) is responsible for reporting the total program and interest income received on the appropriate federal financial report form (e.g., SF269 or SF270). Income posted to program income budgets must be in compliance with the terms and conditions of the designated parent award. OMB Circular A-110 defines program income as "gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award." Examples of program income include but are not limited to:

- Income from fees for services performed such as laboratory tests
- Money generated from the use, sale, or rental of equipment purchased with sponsor funds (this could occur both during and after the project period)
- Proceeds from the sale of supplies or equipment purchased or fabricated with sponsor funds

- Proceeds from the sale of software, tapes, or publications
- Income from the sale of research materials such as animal models Fees from participants at conferences or symposia
- Sales of products with an accompanying material transfer agreement

Note: all transfer of information and technology must be consistent with federal laws and regulations related to export controls and embargoes (see Export Controls Policy).

Program income does not include:

- Interest earned on advances of federal funds
- Receipt of principal on loans, credits, discounts, etc. or interest earned on them
- Taxes, special assessments, levy, and fines raised by government recipients.

Unless specified in the award terms and conditions, non-federal awards are not required to account for program income. The terms and conditions must be carefully reviewed to determine the requirements regarding the reporting and disposition of program income.

Business Process Description:

Program Income

GCA manages the income earned from sponsored programs in accordance with sponsor requirements and award terms and conditions. All program income is deposited into a revenue account for that particular sponsored program, which is established by GCA and expended in accordance with Morehouse College policy. Unless the awarding agency states otherwise, program income earned from license fees and royalties for copyright material, patents, patent applications, trademarks, and inventions are under no obligation to the federal government.

Interest Income

Unless prohibited by sponsor requirements, the interest earned on non-federal award income is retained by Morehouse College. Interest income earned on federal awards is managed in accordance with OMB Circular A-110 and all other applicable requirements. Earned interest income is used to fund additional sponsored program activities.

When program income is earned during the sponsored program period GCA determines the appropriate method to account for it using the sponsor's requirements and/or terms and conditions of the award. Typical methods include:

Additive Method: Program income funds are added to funds that have been committed to the sponsored program by the federal awarding agency and Morehouse College. This increases the amount available to accomplish program objectives.

Cost Sharing Method: Program income is used to finance the non-federal share of the sponsored program, such as an offset for cost sharing or matching. Program income is used for costs during the performance period unless the sponsor authorizes a deferral of those funds to a later period.

Deduction Method: Total funds available to the sponsored program remain the same and the funds generated through program income are deducted from the financial commitment of the sponsor to offset the sponsor's costs. Residual program income over a sponsor's designated limit is treated using the Deduction method. Unless the federal awarding agency guidelines or the award's terms and conditions provide otherwise, the program income earned after the performance period is under no obligation to the federal government.

For non-federal sponsored program awards, unless the awarding agency indicates a different method or Morehouse College is subject to special award conditions, the default method is the Additive Method.

#### How Program Income is treated

The following provides guidance on program income requirements for specific funding agencies:

##### National Institutes of Health (NIH)

Expanded Authorities - may use the additional costs alternative for the use of general program income unless regulations or the Notice of Grant Award specify another alternative or a combination of alternatives.

- Special Provisions for Research Grants
- General Treatment of Program Income

##### Non-Expanded Authorities under Research Grants

- The first \$25,000 of program income is to be used in accordance with the Additional Costs Alternative (Additive Method described above) and shall be reported on lines 1Or and 1Os of the FSR (Long Form). Amounts in excess of \$25,000 are to be used in accordance with the Deduction Alternative, unless another alternative is specified on the NGA, and shall be reported on lines 1Oc and 1Oq of the FSR (Long Form). Check the website for more detail.

##### National Science Foundation (NSF)

Standard treatment-unless otherwise specified in the grant, program income received or accruing to the grantee during the period of the grant is to be retained by the grantee, added to the funds committed to the sponsored program by NSF, and thus used to further sponsored program objectives. See section 750 of the website for more detail.

## NASA

Treatment of program income is not specified but circular A-110 is included in the grants terms and conditions. Refer to Circular No. A-110: Program Income for directions.

## Department of Energy (DoE)

None specified; however, circular A-110 is included in the terms and conditions. Refer to Circular No. A-110: Program Income for directions.

## Office of Naval Research (ONR)

Treatment of program income not specified but circular A-110 is included in the grants terms and conditions. See websites below for more detail.

- Research Grant Basic T & C's
- OMB A-110: Program Income

## US Air Force (USAF):

Unless the requirements of the award specify otherwise, the Additive method shall be used for disposal of program income. See general terms and conditions on website for detail.

## Defense Advanced Research Projects Agency (DARPA):

Program income earned during the sponsored program period shall be retained by the grantee and shall be deducted from the total sponsored program allowable cost in determining the net allowable cost on which the Government's share of costs is based. See Section 8 of website for more detail.

## **Residual Funds Policy**

Policy Number: BF 100.15

Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and finance

Responsible Offices: Grant Contract Accounting (GCA)



#### Purpose:

To provide guidance to confirm that there has been a proper accounting and closeout of sponsored program accounts after the project has concluded and that the terms and conditions have been met (i.e., all reports and deliverables required by the agreement have been provided to the sponsor) and to ensure the proper allocation and/or distribution of residual funds remaining after these tasks have been completed.

#### Policy:

It is the policy of Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College") that residual balances remaining at the end of a fixed price agreement in which Morehouse College does not have to return the balance to the sponsor will be transferred to the Dean of the Principal Investigator/Program Director (PI/PD)'s college/school less F&A costs. Prior to transferring any remaining balance for these types of agreements, Grant Contract Accounting (GCA) confirms with the PI/PD that all allocable expenses have been charged to the project and all deliverables have been submitted to the sponsor. Residual balances greater than or equal to \$10,000, or greater than 15% of the total award amount, require written justification of the PI/PD and the approval of the Office of Vice President for Business and Finance prior to transfer.

#### Business Process Description:

Most sponsored programs require Morehouse College to return unspent funds at the end of the project; these are cost reimbursed agreements, some agreements permit Morehouse College to retain funds remaining at the end of the project; these are fixed price agreements. There may be variations on these basic agreement types. The type of arrangement should be documented in the written agreement between Morehouse College and the sponsor.

Morehouse College assumes that sponsored programs are cost reimbursed unless there is documentation that states otherwise. This documentation can be found in the award notice, the written agreement between Morehouse College and the sponsor, an amendment to the written agreement, or written clarification provided by the sponsor. If there is uncertainty regarding the type of agreement, or the agreement is unclear as drafted, the Office of Sponsored Projects (OSP) requests written clarification from the sponsor in the form of an amendment, a letter, or an email from an individual authorized to provide such a determination. If there is any doubt as to what type of documentation should be used, a formal written amendment to the agreement is used as a default.

If there are residual balances remaining on a fixed price agreement, the Grants Accounting Manager contacts the PI/PD to verify by email 1) that all allocable expenses have been charged to the project and there are no outstanding invoices/obligations (e.g., subcontract invoices,

purchase orders, etc.) and 2) all deliverables and other programmatic requirements have been satisfied. The Grants Accounting Manager copies the Office of Sponsored Programs and the Departmental Chair on the email and solicit their assistance in reviewing the project to determine if there are any outstanding issues that need to be addressed prior to transfer of the residual.

It is the responsibility of the PI/PD to ensure that all appropriate expenses are charged to the project and that all required deliverables, except for financial reports and invoices that are completed by GCA, are submitted to the sponsor. Once verified, residual balances on a cost reimbursed project are returned to the sponsor and residual balances on a fixed price project are transferred to the Dean of the PI/PD's school or, in the case of multiple PI/PDs or Co-PI/PDs, the residual balance is distributed to the schools involved in the same proportion as the respective schools' aggregate F&A recoveries are distributed.

If the residual funds balance is greater than or equal to \$10,000 or greater than 15% of the total amount awarded, the PI/PD must provide a written justification to the Accountant, preferably by email, as to why the remaining balance is substantial. The Accountant forwards this justification to the OSP Director and the Vice President for Business and Finance for their consideration when making a decision on the transfer of residual funds to the school(s).

If there are deficits in another one of the PI/PD's sponsored program accounts (or in an account of one of the multiple PI/PDs/Co-PI/PDs, if these exist, and the respective school is eligible for receipt of some or all of the residual balance), the Accountant asks the Controller for a determination of whether the residual should be transferred to the deficit account(s) rather than to the PI/PD's school(s). If the Controller requests that the residual funds (or a portion thereof) be transferred to satisfy the deficit(s), the Accountant will notify the PI/PD(s) of that determination.

Before residual funds are transferred to the PI/PDs' school(s), the Facilities & Administrative Costs (F&A) rate in the agreement is calculated on the total award amount and deducted from the residual funds.

#### Example I (Single PI/PD)

A \$1,500 (direct and F&A) residual balance remains at the end of a fixed price project and all deliverables have been met. The total amount awarded for the project was \$15,000. The F&A rate agreed to by the sponsor was 10%. Thus, 10% will be multiplied by the direct cost amount and deducted from the residual balance; the remainder is transferred to the school.

CALCULATION: \$1,500 (\$1,380 in direct costs and \$150.00 in indirect costs) - \$150.00 (10% of the direct costs)= \$1,380.00 which is transferred to the PI/PD's school.

#### Example II (Multiple PI/PDs or Co-PI/PDs)

A \$25,160 residual balance remains at the end of a fixed price project and all deliverables have been met. The total amount of the award was \$300,000. The OSP Director and the Vice President for Business have both approved the transfer of the residual balance. Morehouse College's F&A rate on the award was 48%. The aggregate school portions were split on a 60/40 basis between School A accounts and School B accounts.

**CALCULATION:**

Residual Balance= Direct Costs+ Indirect Costs (F&A)

\$25,160 = \$17,000 + \$8,160

Paid to F&A account= \$8,160 (not to be distributed) Amount for Distribution= \$17,000

Amount to School A Dean= \$10,200 (60%)

Amount to School B Dean= \$6,800 (40%)

GCA provides written notification to the school(s). If there are any restrictions on the use of the residual funds, the Dean is responsible for spending residual funds in accordance with the sponsor's policy and restrictions noted by GCA.

The Dean is responsible for ensuring that residual funds transferred to the Dean's college/school are spent in accordance with the mission of Morehouse College. Residual funds may not be used for the personal benefit of the PI/PD or any other individual(s).

**Roles and Responsibilities: Academic Department**

Principal Investigator/Program Director (PI/PD): Upon notification from the Accountant that the project has residual funds, the PI/PD determines if there are additional expenditures that have not been paid and notifies the Accountant by email. Once all expenditures have been paid, the PI/PD certifies that all terms of the agreement have been met before residual funds are transferred to the appropriate academic school. If the residual funds balance is greater than or equal to \$10,000 or greater than 15% of the total amount awarded, the PI/PD must provide a written justification to the Accountant, preferably by email, as to why the remaining balance is substantial.

Dean: The Dean is responsible for ensuring that the residual funds received from a sponsored program are spent in a manner that is consistent with the Morehouse College mission (e.g., to supplement deficits on other programs, do not inure to the PI/PD, etc.) and that does not conflict with any applicable terms and conditions of the award.

## Office of Sponsored Programs (OSP)

**Director of Sponsored Programs:** In the event that there is a question regarding the type of agreement, the Director of Sponsored Programs requests written clarification from the sponsor. Upon receipt of the email to the PI/PD from the Accountant, the Director reviews the file to determine if there are any outstanding issues to be addressed prior to the transfer of the residual balance. The Director coordinates any issues with the PI/PD and the Accountant as necessary. The Director along with the Vice President for Business and Finance reviews the e-mail justification for residual balances greater than or equal to \$10,000 or greater than 15% of the total award provided by the PI/PD and forwarded from the Accountant. The Director also makes a recommendation to the Vice President for Business and Finance whether to approve/disapprove the residual fund transfer to the PI/PD's school (or to multiple schools in the case of multiple PI/PDs or Co-PI/PDs).

## Grant Contract Accounting (GCA)

**Accountant:** The Accountant emails the PI/PD (with copy to the Director of OSP) to confirm whether all project/program-related expenditures have been paid and charged to the project's account. Upon notification that all expenses have been paid, the Accountant determines whether the agreement is a fixed or cost reimbursed project. If the agreement is cost reimbursed (or fixed with an obligation to return residual funds), the Accountant refunds the residual amount to the sponsor. If the agreement is fixed, then the Accountant transfers any residual balance to an account in the PI/PD's school designated by the Dean. If there is a residual balance greater than \$10,000.00 or greater than 15% of the project/program amount, the Accountant requests justification from the PI/PD for the high residual and forwards this justification to the OSP Director and the Vice President for Business and Finance's consideration when making a decision on the transfer of residual funds to the school. If the PI/PD has deficit balances in other accounts, the Accountant asks the Controller for a determination of whether the residual should be transferred to the deficit account rather than to the PI/PD's school. Once the proper transfer has taken place, the Accountant deactivates the sponsored program account in the College's accounting system.

## Office of the Controller:

**Controller:** The Controller will make a recommendation to the CFO, after reviewing any request to transfer residual funds to a school, whether he/she feels the funds should be transferred to cover another of the PI/PD accounts that are in deficit, (if applicable), or transferred to the school.

## **Office of Vice President for Business and Finance/CFO:**

**CFO:** The CFO makes the final decision regarding whether to transfer residual funds to another of the

PI/PD's accounts that is in deficit or to the transfer residual funds to the PI/PD's school.

**Related Processes/Events:** Financial Reporting Policy Cost Sharing Policy  
Proposal Development & Submission Policy

**Forms and Links:**

OSP Website [http:// http://www.morehouse.edu/administration/sponsoredprograms/index.html](http://www.morehouse.edu/administration/sponsoredprograms/index.html)

**Sponsored Program Accounting Adjustment Policy**

Policy Number: BF 100.16 Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance

Responsible Offices: Grant and Contract Accounting

**Purpose:**

To provide guidance for accounting adjustments for sponsored programs conducted by Grant Contract Accounting (GCA). While accounting adjustments should not be conducted frequently, they fulfill an important function in maintaining accurate financial reporting by facilitating adjustments.

**Policy:**

It is the policy of Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College") to use accounting adjustments only for transactions that cannot be made in the accounting system using another mechanism. For example, expenses that can be adjusted by completing a cost transfer should be completed using that mechanism. (See Cost Transfer Policy)

The Manager of Grants and contracts Accounting must approval all sponsored program accounting adjustments under \$500. The Controller must approve all sponsored program accounting adjustments over \$500.

### Business Process Description

When a sponsored program accounting adjustment is necessary and cannot be made by processing a cost transfer or other adjustment, GCA initiates the adjustment by completing an *Accounting Adjustment Form* (TO BE DEVELOPED AS PART OF IMPLEMENTATION OF POLICY). Examples of adjustments that may need to be processed using an *Accounting Adjustment Form* include, but are not limited to:

- i. Write-off for uncollectible accounts receivable
- j. Adjustment for system rounding
- k. Interest adjustment
- l. Receipt of program income

For accounting adjustments over \$500, the *Accounting Adjustment Form* and any supporting documentation are submitted to the Controller for approval. For accounting adjustments under \$500, the *Accounting Adjustment Form* and supporting documentation are submitted to the Assistant Director of GCA for approval. Once the necessary approval is obtained, the accounting adjustment is completed by GCA.

#### Roles and Responsibilities:

**Grant Contract Accounting (GCA) Accountant:** The Accountant completes the Accounting Adjustment Form to initiate the adjustment. The Accounting Adjustment Form is submitted to the Manager of GCA for review and approval (if under \$500), or review before submission to the Controller for approval (if \$500 or greater). Once approved, the Accountant is responsible for completing the accounting adjustment in the College's accounting system and maintaining a file to document the adjustment. Accounting adjustment documentation, including the Accounting Adjustment Form, must be placed in the file of the account for which the adjustment is being made.

**Office of Accounting Services:** The Controller reviews all Accounting Adjustment Forms for GCA and approves accounting adjustments of \$500 or greater.

#### Related Processes/Events:

Cost Transfer Policy

Forms and Links:

OSP Website [http:// www.morehouse.edu/administration/sponsoredprograms/index.html](http://www.morehouse.edu/administration/sponsoredprograms/index.html)

## **Sponsored Program Equipment Management Policy**

Policy Number: BF 100.16

Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance Responsible Offices: Office of Accounting Services

Purpose:

To ensure equipment used for sponsored programs at Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College") is managed in accordance with sponsor or donor requirements and in a manner that maximizes its benefit.

Policy:

All equipment at Morehouse College is managed in accordance with the Accounting Services Department's Property and Equipment Management Policy. However, it is recognized that equipment used for sponsored programs may have additional requirements imposed by the sponsor. Morehouse College must ensure compliance with sponsored program requirements relative to equipment used for sponsored programs. Moreover, in instances where Morehouse College policies differ from sponsor requirements, sponsor requirements prevail if they are more restrictive. However, it should be noted that it is College policy to assign a tag number to all equipment purchased and to conduct an equipment inventory on a Bi-annual basis, (every two years), regardless of the source of the funds used for equipment purchase. Additionally, the College will reconcile the physical inventory listing to its master equipment list on a Bi-annual basis and will inform sponsors of any missing or obsolete equipment.

Capital equipment is defined as equipment with an acquisition cost and life expectancy in excess of the thresholds established in the Accounting Services Department's Property and Equipment Management Policy.

All equipment purchases charged to sponsored projects must be consistent with the Direct and Indirect Charging Policy.

Equipment used in sponsored programs may also include special reporting requirements. The Office of Accounting Services completes and submits any award specific equipment reports,

prior to sponsor deadlines. Accounting Services coordinates with the PI/PD, sponsor, or other related parties to obtain the necessary documentation.

#### Business Process Description:

Upon receipt of a new sponsored award, the Office of Sponsored Programs (OSP) sends notification to Grants and Contracts Accounting (GCA). GCA reviews and tracks all post award financial reporting requirements (e.g., equipment, invoices, financial reports) to ensure that reports are submitted to the sponsor as required. For equipment reports required for sponsored programs, GCA coordinates closely with the PI/PD. These reports may include, but are not limited to:

- DOD Contracts, DOD Property in the Custody of Contractors DD Form 1662
- DOD Grants, Grant Inventory List
- NASA Contracts, NASA Property in the Custody of Contractors NASA Form 1018 and NASA FORM 1018 Supplemental Data -Depreciation
- NASA Grants, Grant Inventory List

The College delegates authority to the PI/PD's to exercise control of sponsor-funded equipment provided under the terms of the sponsored agreement. PI/PD's may delegate control to administrative personnel. However, the accountability ultimately rests with the PI/PD.

PI/PD's are responsible for ensuring that sponsored program equipment is used in accordance with Morehouse College policy and applicable sponsor requirements. For federal sponsors, this includes:

OMB Circular A-110 GRANTS AND AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION <http://www.whitehouse.gov/omb/circulars/a110/a110.html>, specifically sections 34

"The recipient 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. (c) The recipient 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 recipient shall use the equipment in connection with its other federally-sponsored activities ... 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. "

#### Roles and Responsibilities: Academic Departments

Principal Investigator/Project Director: PI/PD's are responsible for using equipment or property consistent with sponsor requirements and Morehouse College policies.

#### Accounting Services

Accounting Services: All equipment at Morehouse College is managed in accordance with the Accounting Services Property and Equipment Management policy.

#### Office of Grants and Contracts Accounting (GCA)

GCA: The assigned Accountant prepares all sponsor-related Property and Equipment Reports on behalf of Morehouse College and coordinating as necessary with Accounting Services and the PI/PD in the preparation of equipment reports required for individual sponsored programs.

Grants and Contracts Manager: The Manager approves all sponsor-related Property and Equipment Reports on behalf of Morehouse College and delegates the preparation of equipment reports required for individual sponsored programs, coordinating as necessary with Accounting Services and the PI/PD.

#### Related Processes/Events:

Property and Equipment Management, Purchasing Manual

<http://www.morehouse.edu/administration/provost/materialsmanagement/bfppmanual/propequipmanagement.asp>

PI/PD Transfer Policy

Direct and Indirect Charging Policy

Program and Interest Income Policy

#### Forms and Links:

OSP Website <http://www.morehouse.edu/administration/sponsoredprograms/index.html>

## **Sponsored Program Purchasing Policy**

Policy Number: BF 100.17

Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance

Responsible Offices: Academic Departments and Purchasing Department

Purpose:

To acquire the goods and services necessary to conduct sponsored programs at Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College").

Policy:

All purchasing and procurement at Morehouse College is managed in accordance with the Accounting Services Department's Property and Equipment Management Policy. However, it is recognized that purchases related to sponsored programs may have additional requirements imposed by the sponsor. Morehouse College must ensure compliance with sponsored program requirements relative to purchase for sponsored programs. Moreover, in instances where Morehouse College policies differ from sponsor requirements, sponsor requirements prevail if they are more restrictive.

All Purchase Orders are issued by Morehouse College's Purchasing Department. The primary mechanism for making purchases for sponsored programs: Online Purchasing (using the Morehouse College Banner System).

Online purchasing (using Banner):

All procurement of supplies and materials must be requested online in Banner. Sponsored programs may have specific requirements or restrictions. For example, equipment for sponsored program activity generally should not be purchased in the last six months of the project. If the Principal Investigator/Program Director (PI/PD) determines that new equipment is necessary for the last six months of a sponsored program, the Office of Grants and contracts Accounting (GCA) is contacted for approval. When contacted, GCA reviews the terms and conditions of the award and may contact the sponsor for approval.

### Business Process Description:

All purchases must be made in accordance with sponsor regulations, sponsored program terms and conditions, and applicable Morehouse College purchasing policies.

### Online purchasing (using Banner):

The PI/PD is responsible for completing the online purchase request in Banner in its entirety and obtaining required approvals.

This includes:

- A detailed description of the commodities being purchased
- Quantity
- Estimated cost
- Account number
- Expense code (if funds are not available in the proper expense code, a budget transfer is required to place funds into the proper code)
- Complete delivery address o Suggested vendors

In the event that there is only one vendor that can provide the goods or services requested by the PI/PD, a sole source justification for procurement of goods or services is required. In the event that there is more than one source that sells the goods or services, yet the PI/PD negotiated a preferential price with a particular vendor, then justification is needed indicating why it is in the best interest of the College to use the specific source indicated in the purchase request.

When the terms and conditions of the agreement require advance approval from the sponsor (large items of equipment almost invariably require such prior approval), the Office of Grants and Contracts Accounting can assist in obtaining that approval, but it is the PI/PD's responsibility to initiate the request. Morehouse College does not commit to the purchase until the requisite sponsor approval is received.

After the online purchase request is submitted, and reviewed for both appropriateness and the availability of funds, the Purchasing Department processes the request (e.g., to solicit bids, select vendors, determine terms, conditions, price and to ascertain delivery date). Purchasing issues the Purchase Order.

### Roles and Responsibilities:

Principal Investigator (PI/PD): PI/PD's are responsible for submitting the online purchase requests using the College's financial system.

Accounts Payable Department: The Accounts Payable Department is responsible for payment of vendor invoices.

Purchasing Department: The Purchasing Department processes all purchase requisitions originated in the College's Banner system and issues purchase orders to approved vendors.

Office of Financial Planning Analysis and Budgets (FPAB):

FPAB: FPAB assists in obtaining approval when the terms and conditions of the agreement require advance approval from the sponsor (large items of equipment almost invariably require such prior approval).

Office of Grants and Contracts Accounting

GCA): GCA contacts the sponsor for any purchase requiring prior approval from the sponsor. In the event that the PI/PD determines that an equipment purchase is necessary during the last six months of the sponsored program activity, the GCA reviews the terms and conditions of the award and, if necessary, contacts the sponsor for approval.

Related Processes/Events:

Direct & Indirect Charging Policy Prior Approval Policy

Forms and Links:

OSP Website <http://www.morehouse.edu/administration/sponsoredprograms/index.html>  
Request for Purchase Form

## **Sponsored Programs Internal Controls Policy**

Policy Number: BF 100.18

Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance

Responsible Office: Grant and Contract Accounting

Purpose

To assist the management of Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College") to evaluate and assess internal controls (defined below) for sponsored programs. Internal controls for sponsored programs are incorporated into policy and procedure documents that guide College's operations and are used by management in their respective units. This policy is a guide for how internal controls for sponsored programs can be reviewed on a periodic basis and is one part of the larger framework of internal controls at Morehouse College. The assessment and maintenance of the internal controls for sponsored programs is a continual process in which the Office of Sponsored Programs (OSP), Office of Accounting Services, Morehouse College leadership, and the Office of the Internal Auditor (Internal Audit) assess the effectiveness of internal controls in these units.

## Policy

It is the policy of Morehouse College to establish and maintain effective internal controls in order to govern and direct the fiscal oversight and management of the sponsored programs occurring at the institution. Morehouse College is committed to fostering an environment in which the processes and tasks of internal controls are embraced and continually monitored in order to promote good stewardship of the funding awarded to Morehouse College. Internal controls also assist Morehouse College in meeting its obligations to comply with the terms and conditions of sponsored agreements and grant awards. This policy is a part of the Morehouse College internal controls environment and is intended to address solely the internal controls in sponsored programs. While each of the areas highlighted in this policy has a separate policy, with its own internal controls designated therein, this policy provides the framework and principles of the internal controls policy and practices for sponsored programs at Morehouse College.

## Policy Principles and Definitions

The commonly accepted definition of internal control is one that was created by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO's definition was approved and is used by the five major professional accounting standards boards, the American Institute of Certified Public Accountants (AICPA), the American Accounting Association (AAA), the Financial Executives Institute (FEI), the Institute of Internal Auditors (IIA), and the Institute of Management Accountants (IMA). According to the COSO, internal controls promote efficiency, reduce risk of asset loss, and help ensure the reliability of financial statements and compliance with laws and regulations.

Internal control is defined as "a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations." These three objectives should be represented in the institution's assessment of its internal controls and can be further illustrated as follows:

Effectiveness and efficiency of operations. This objective represents general business objectives, and the economical and efficient use of, and the safeguarding of institutional resources.

Financial reporting. This objective represents the accurate deliverance of external financial statements and reports, including interim and condensed financial data.

Compliance with laws and regulations. This objective represents the institution's commitment to compliance with the required laws that govern the institution's business.

Additionally, the COSO identified five separate, but interrelated, components that comprise a system of internal controls. The five components are:

The control environment Risk assessment

Control activities

Information and communication Monitoring

This document identifies how Morehouse College monitors its performance related to these objectives for sponsored programs.

Internal Control Assessment for Research Administration:

Internal Audit, with the assistance of the Office of Sponsored Programs (OSP) and the Grant Contract

Accounting office (GCA), periodically conducts assessments of the risk areas inherent in the sponsored program enterprise and prioritize these risk areas for monitoring. The assessments include the risks areas identified by internal and external audits and other sources. Research administrative offices, such as the OSP, the College's Compliance Office, and GCA, continually monitors and assesses the sponsored program administration procedures and performance measures. On a periodic basis, Internal Audit conducts reviews of specific sponsored program administration processes and provides independent and objective analyses of the control

activities as well as insight into potential financial and compliance risk. Internal Audit will communicate its findings to the Vice President for Business and Finance, Compliance, and to others deemed appropriate by the Internal Auditor.

A review of internal controls typically assesses a combination of quantitative or qualitative metrics.

#### Quantitative Assessment Measures

The Management Reporting Policy lists several reports designed to provide management with metrics that may signal compliance and financial risks. These metrics assist Internal Audit when performing risk assessments. Examples of reports that may help provide insight into management's internal control over sponsored program procedures are listed below. This list is illustrative of the types of internal controls monitored through the auditing process. It is not necessary for each metric to be audited or reviewed annually, nor is the list exhaustive of the measures that can be reviewed. This list is provided as an example of metrics that may be measured or reviewed on a periodic basis. Additionally, management may decide to use a metric, or a combination of metrics, listed below to set internal performance goals.

#### Pre-Award Reporting Measures:

- Average number of days between the receipt of the PI/PD's proposal in final form and the submission date of the proposal.

- Number of proposals submitted to OSP by receipt date (e.g., prior to 7 day deadline, 5 days, etc.)

#### Post-Award Reporting Measures:

- Percentage of effort reports completed in a designated timeframe.

- Percentage of sub-recipient A-133 audit certifications completed in a designated timeframe.

- Average number of days to set-up an award.

- Total number of cost transfers per month.

- Average number of days to execute a subcontract agreement.

- Number of active projects past their expected end dates.

- Number of late financial reports.

- Number of revised financial reports.

- Average accounts receivable balances for sponsored projects.

- Average number of days for outstanding accounts receivable.
- Number of technical reports submitted by the respective due dates.
- Number and amount of budget overruns (could be presented by expense category, PI, department, etc.).
- Number of revised letter of credit reports.

Note: In addition to the measurements listed above, other performance metrics in addition to those listed in the Management Reporting Policy may also be used to assess internal controls.

OSP and GCA may use these reports to assess the performance of and adherence to standard operating procedures (SOPs) and to determine their office's as well as the policies' effectiveness. Internal Audit may use these reports during a review to gauge management's responsiveness to control activities.

#### Qualitative Assessment Measures:

Internal Audit also reviews qualitative measures in order to assess the internal controls. The qualitative assessment may be performed to identify more specific areas of compliance risk. Typically, these more detailed measures are not quantified into a data/numeric format. As such, a reasonable sample may be taken from a total population for the measures developed and, then, reviewed on a case-by-case basis.

Examples of qualitative assessment measures are listed below:

- Records Retention: The federal government has strict guidelines regarding the retention of sponsored program records. OMB Circular A-110 states that sponsored program records must be maintained for at least 3 years from the date that the final financial report is submitted to the sponsoring agency (see Records Retention Policy for details). In order to assess compliance with this requirement, a sample of files may be selected from a listing of sponsored projects that have been closed for between two and three years. The sample may be tested for the presence of the award file, effort reports, purchase requisitions, the project file located in GCA, and any other award documentation needed to reconstruct the award.

Research Expenditure Review: The federal government has specific regulations outlining allowable and unallowable expenses that are chargeable to a grant. OMB Circular A-21 and Morehouse College Policy for Direct and Indirect Charging outline the requirements of these regulations. In order to perform the review, a sample of awards may be gathered and several expenses from these awards may be selected in order to test for compliance with OMB Circular A-21 and the Policy for Direct and Indirect Cost Charging. GCA maintains or has direct access copies of expense transactions, as well as receipts, and should be able to produce supporting documentation for the expenses in order to perform an adequate review. The review may allow the assessor to determine if the Policy for Direct and Indirect Cost Charging is being followed



when approving expenditures, and to determine if adequate supporting documentation is retained pursuant to the Records Retention Policy.

**Cost Transfer Signature/Documentation:** A large number of cost transfers or cost transfers not being completed in a timely manner may indicate a weakness in internal controls. Cost transfers require supporting documentation and a certification from the requestor that justifies the appropriateness of the transfer. The NIH Grants Policy Statement (12/03) states that "the transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official of the grantee, consortium participant, or contractor. An explanation merely stating that the transfer was made 'to correct an error' or 'to transfer to correct project' is not sufficient." In addition to requiring sufficient documentation (e.g., specific account numbers, dates and description of the expenditures, and dollar amounts of the expenditures), Morehouse College requires cost transfers to be authorized by the GCA Manager before they can be processed. Based on the total number of cost transfers, a reasonable sample may be selected and the certification, documentation, and signature approval may be reviewed for compliance.

**-Cost Transfer Timeliness:** OMB A-21 and the NIH Grants Policy Statement establish the regulations to account for sponsored awards. Because cost transfers can signal a breakdown in business processes or inadequate financial systems, it is desirable for cost transfers to be reviewed on a timely basis. As such, the NIH Grants Policy Statement requires that cost transfers be processed within 90 days from the date the error was discovered. Morehouse College requires cost transfers to be completed within 90 days of the date the expenditure was originally incurred. The processing of the cost transfer should be completed in a timely fashion because sponsored programs require continual financial oversight and late cost transfers are a potential indicator that adequate financial oversight is not being performed. As such, cost transfer forms may be reviewed for the approval dates, the posting date, and the original expenditure date to assess if transfers are completed within 90 days of the expenditure date (and may require a review of supporting documentation).

**Cost Sharing Agreements:** Cost sharing is defined as the portion of the project or program costs not borne by the sponsor. Once the application or proposal is funded by a sponsoring agency, Morehouse College is required to provide the cost sharing resources outlined in the proposal, whether mandatory or voluntary, as well as the same financial accounting and fiduciary oversight for the cost sharing resources as it does for the sponsoring agency's funds. The Vice President for Business and Finance, where applicable, is required to approve all cost sharing agreements. Documentation of such approval should be maintained in the award file. Cost sharing accounts will be set up by GCA to account for the shared funds. At the end of the award, the cost sharing component must be fulfilled and accounted for in the appropriate cost sharing accounts. In order to test for compliance, a reasonable sample of on-going or terminated awards where a cost

sharing arrangement was established may be selected. The selected awards may be reviewed for 1) the appropriate cost sharing approval documentation, 2) a determination that the cost sharing account was being used, and 3) verification that the cost share obligation was met by Morehouse College.

**Effort Reporting:** Employees must certify the amount of time spent on each sponsored program as a percentage of their total expenditure of effort each semester, all faculty members and professional staff must certify that his or her salary charges have been distributed to the appropriate account; GCA administers the effort reporting process. A reasonable sample of awards may be selected and the effort reports submitted by the employees with salary charges to the project may be reviewed. The effort reports may be reviewed for a signature by the employee (and/or an employee's supervisor) and the employee's actual salary (as evidenced by the employee's official appointment document in the employee's human resources file) may be compared to the payroll information for the time period, and any changes in effort may be reviewed to ensure that the effort report matched the payroll data. Once the actual effort charged is determined, the award file may be reviewed to determine if the project's proposed effort was materially different from the actual effort provided. A material difference is a change from the proposed effort of greater than 25%.

**Subrecipient A-133 Certification Letters:** For subcontracts that include any federal funding, Morehouse College requires a review of its own files and information that is filed with the Federal Clearinghouse to determine if there are audit findings associated with the sub-recipient institutions. For organizations that are subject to OMB Circular A-133, Morehouse College assesses the sub-recipient institution's compliance with A-133 audits and addresses any A-133 audit deficiencies that are identified. For organizations that are not subject to OMB Circular A-133, Morehouse College assesses the organization's annual audit report and addresses any audit deficiencies that are identified. See Morehouse College Subrecipient Monitoring Policy for more detail. See also OMB Circular A-133. For any A-133 deficiencies that are identified, documentation of the resolution is maintained by Morehouse College. Based on the total number of awards with subcontract agreements, a reasonable sample is reviewed to verify that the A-133 audit certification requirements were met.

**Signed Conflict of Interest Forms:** The PI/PD and all key personnel must complete a Disclosure of Financial Conflict of Interest Form for all sponsored projects before the award is set up and before expenses are incurred. In addition, many sponsors, including the National Institutes of Health, may require documentation of financial conflict of interest review before an award is given. For multi-year projects, the disclosure forms must be recertified on an annual basis for the duration of the project period. Using a reasonable sample based on the total number of awards at Morehouse College, awards may be reviewed for confirmation that the Conflict of Interest forms were signed, that the forms are being maintained in the award files, and that recertification is documented where appropriate.

#### Suspected Theft, Fraud, Misuse of Assets, or Misconduct:

On occasions, Internal Audit performs investigations of fraudulent activities at Morehouse College. All employees at Morehouse College should report actual or suspected theft, fraud, misuse, and/or misconduct to the appropriate authority, which may include their supervisor, the Research Compliance Officer, the Chief of Campus Security, the Office of the General Counsel, or the Internal Auditor. All claims will be handled in a confidential manner and information will not be made available to the general campus community unless sanctioned by the College General Counsel. Financial misconduct is a serious infraction and all actual or suspected cases of theft, fraud, misuse of assets, and/or misconduct should be reported.

#### Roles and Responsibilities:

**Internal Audit:** Internal Audit has the authority to perform internal control assessments of any business unit at Morehouse College, and other organizations that receive Morehouse College funds or manage sponsored programs that are the responsibility of Morehouse College. Internal Audit may conduct an assessment of the OSP, and GCA business units to determine if sponsored programs are being administered properly and to confirm that management has implemented adequate internal controls through its SOPs.

#### Office of Sponsored Programs:

**OSP:** RCO will work with Internal Audit to review and monitor research compliance, which may include leading and/or supporting specific audit/compliance initiatives. As necessary, OSP may assist in investigating and addressing issues of non-compliance.

#### Grant Contract Accounting (GCA):

GCA is responsible for the financial accounting and reporting of sponsored programs. RFA-OSP/GCA management obtains performance information about their business processes using the Internal Controls Policy, as well as, reports generated using the Management Reporting Policy and its own internal management measures to continually monitor the efficiency and potential risk of their enterprise.

#### Office of the Vice President for Business and Finance/CFO:

CFO is responsible for facilitating sponsored program related transactions (e.g., hiring, purchasing, accounts payable, and travel). CFO management obtains performance information about their business processes using the Internal Controls Policy, as well as reports generated using the Management Reporting Policy and its own internal management measures to continually monitor the efficiency and potential risk of their enterprise.

Office of Institutional Compliance:

The Compliance Office is responsible for providing training to the Morehouse College research community. This office is an important part of the sponsored program internal controls process because much of the training is focused on compliance.

Related Policies:

Financial and Management Reporting

Records Retention Policy

Direct and Indirect Cost Charging Policy Sub-recipient Monitoring Policy

Effort Reporting Policy

Cost Sharing Policy

Cost Transfer Policy Faculty Workload Policy

**Sponsored Programs Records Retention Policy**

Policy Number: BF 100.19

Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance

Responsible Offices: Office of Sponsored Programs/Research Administration, Grants and Contracts Accounting and Human Resources

Purpose:

To provide guidance for the maintenance of sponsored program records and data by Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College").

Policy:

Subject to any additional requirements from Morehouse College's general records retention policy, it is the policy of Morehouse College to comply with the federal requirements regarding sponsored program record retention. Each office is responsible for maintaining the documents relating to their scope of responsibilities. In instances of shared responsibilities (e.g., sub-recipient invoice review), all offices maintain documents related to these shared responsibilities.

OMB Circular A-110 Subpart C.53 outlines the record retention requirements as well as the access guidelines for universities, hospitals, and other not-for-profits receiving grants from the federal government. Subpart C.53 (b) states:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Federal awarding agency. The only exceptions are the following:

- If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
- Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.
- When records are transferred to or maintained by the Federal awarding agency, the 3-year retention requirement is not applicable to the recipient.
- Indirect cost rate proposals, cost allocations plans, etc." specified as follows:
  - If the recipient submits to the Federal awarding agency or the sub-recipient submits to the recipient the proposal, plan, or other computation to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts on the date of such submission.
  - If the recipient is not required to submit to the Federal awarding agency or the sub-recipient is not required to submit to the recipient the proposal, plan, or other computation for negotiation purposes, then the 3-year retention period for the proposal, plan, or other computation and its supporting records starts at the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation

The individual/unit responsible for a specific area (e.g., cost sharing, advance accounts, etc.), as defined by the Morehouse College policy, is responsible for maintaining appropriate documentation relative to this area of responsibility.

Many of these records are maintained at the academic units, Office of Sponsored Programs (OSP), Grants and Contracts Accounting (GCA), and Human Resources. Whenever possible, the records that are maintained are the originals.

The sponsor, the Office of the Inspector General of the United States, or any other "duly authorized" representative has the right to "timely and unrestricted access" to records relating to sponsored programs. Additionally, OMB Circular A-110 requires Morehouse College to produce personnel for interviews on a timely basis if requested by the Inspector General or the Comptroller General of the United States. In addition, a sponsor's right to access records does not expire with the end of the three-year record retention period, but will last as long as records are retained (See generally, OMB Circular A-110, Subpart C.53).

#### Roles and Responsibilities: Academic Department

**Principal Investigator/Project Director (PI/PD):** The PI/PD maintains any and all documents related to his/her areas of responsibility. These documents include, but are not necessarily limited to, all technical documents related to the sponsored program (e.g., documentation involving the methods used to conduct research, results of the research, and progress/performance reports).

**Office of Sponsored Programs/Research Administration (OSPIRA) -** The OSP Office maintains any and all documents related to the Office's area of responsibility. OSP retains sponsored program records in compliance with sponsor requirements and this policy. These documents include, but are not necessarily limited to, pre-award materials and the award files for each sponsored program (e.g., proposal, notice of grant award or sponsor agreement, correspondence with the sponsor, sub-recipient monitoring).

**Grants and Contracts Accounting (GCA) -** GCA maintains any and all documents related to OSP/GCA's area of responsibility. These documents include, but are not necessarily limited to, financial documents relating to the sponsored programs (e.g., budget information, financial reports, invoices, copies of checks, and miscellaneous financial information related to sponsored programs).

**Human Resources (HR) -** Human Resources maintains any and all documents related to HR's area of responsibility. These documents include, but are not necessarily limited to, all personnel and payroll records for individuals hired to work on sponsored programs as well as all appointment information relating to sponsored programs.

**Controller's Office -** The Controller's Office maintains any and all documents related to the Controller's area of responsibility.

#### Related Processes/Events:

Proposal Development & Submission Policy Award Acceptance & Set-up Policy

Effort Reporting Policy Subrecipient Monitoring Policy Invoicing  
Morehouse College Records Retention Policy (general)

Forms and Links:

OSP Website <http://www.morehouse.edu/administration/sponsoredprograms/index.html>

## **Student Stipends and Tuition Reimbursement Policy**

Policy Number: BF 100.20 Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance

Responsible Offices: Office of Sponsored Programs; Office of financial Planning Analysis and Budgets; Office of Financial Aid; Office of Accounting Services (AP)

Purpose:

To ensure that Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College") properly accounts for and allocates student stipends and tuition reimbursement derived from sponsored awards. Funds for stipends and tuition reimbursement are often made available through sponsored training awards.

Policy:

It is the policy of Morehouse College to allocate and account for student stipend and tuition funds properly. Morehouse College may grant student stipends and/or tuition reimbursements to students assisting with sponsored projects and enrolled at Morehouse College. Student stipends are granted only to Morehouse College students, unless the stipend funds for non-Morehouse College students are required and supported by the sponsor (e.g. student assisting with a Morehouse College sponsored project enrolled at the another AUC Institution. In cases of student stipends for non-Morehouse College students, the Principal Investigator/Project Director (PI/PD) must confirm compliance with three requirements:

- The sponsor provides the funding for the non-Morehouse College stipends and requires them as part of the award

- Students receiving the stipends participate in activities beneficial to the sponsored project
- Students meet the eligibility criteria for the stipend established by the sponsored award, Morehouse College, and the relevant academic department

#### Business Process Description:

The PI/PD determines whether the sponsored project includes funds for student stipends or tuition reimbursement and identifies eligible student recipients. If the PI/PD has questions concerning the terms and conditions of the training award, the Office of Sponsored Program (OSP) is contacted. Complete documentation related to this process should be retained by the PI/PD.

#### Student Stipends

The meaning of "stipend" within this policy is strictly related to a payment intended to help the stipend recipient defray living or other expenses but not intended as compensation for services rendered. Each agency or sponsor may have its own specific definition of "stipend" and that definition should be applied to awards from the respective sponsors. The National Institute of Health's (NIH) Grant Policy Statement (GPS) provides guidance that will be helpful in many cases. According to the NIHGPS, a stipend is "a payment made to an individual under a fellowship or training grant in accordance with pre-established levels to provide for the individual's living expenses during the period of training. A stipend is not considered compensation for the services expected of an employee." Students must be academically associated with the activities of the sponsored project to receive a stipend. Stipend recipients may work on the activities associated with the award, in pursuit of their academic goals, but are not required to perform services for the project in exchange for the stipend.

Note: If the term "stipend" is used elsewhere in the college with another meaning that does create an employment relationship, this policy does not apply. Such situations, including but not limited to research assistantships and pre- and/or post-baccalaureate positions, are governed by human resources employment policies. (See Personnel Issues in Hiring for Sponsored Programs as well as general Morehouse College human resources policies.)

The PI/PD determines if a student meets the eligibility requirements for a stipend based on the terms and conditions of the agreement (e.g., a specific grant may require the recipient to be a U.S. citizen enrolled in a specific major, etc.). It is the responsibility of the PI/PD to maintain documentation of this verification.

PI/PD completes and submits the following information to Financial Planning Analysis and Budgets (FPAB)

A purchase requisition with a list of student stipend recipients including:



- Names
- Amounts
- Payment terms - The payment terms should address how the stipend will be issued and for what periods. (For example: The PI/PD may decide to have the stipend paid in a lump sum or paid a week at a time for a specific number of weeks.)
- An indication of the sponsored award and the associated account to which the stipends should be charged
- A complete set of W-9 Forms for each stipend recipient on the list. W-9 Form can be downloaded from the IRS web site. (The form requires the individual's name, address and SSN and must be signed and dated for AP to process the stipend request. Students should be advised to check the box for individual.)
- As necessary, international students should coordinate with International Student Services to obtain requisite approval in order to proceed.
- The PI confirms that the student stipend payment is consistent with the terms and conditions of the award, prepares a purchase requisition to charge the funds to the sponsored award, forwards the original forms to FPAB and maintains a copy with all supporting documentation. (See the Roles and Responsibilities section for approval authorities.)
- AP pays the stipend according to the payment schedule. (Student stipends are typically paid every two weeks.)
- The sponsored award's account is charged as stipends are disbursed. Tuition Reimbursement. Tuition reimbursement is provided to assist students participating in the activities associated with a sponsored project to defray the cost of higher education.
- The PI/PD determines if a student meets the eligibility requirements for tuition reimbursement based on the terms and conditions of the award. It is the responsibility of the PI/PD to maintain documentation of this verification.
- The PI/PD completes the Purchase Requisition Form with all required signatures and submits it to FPAB. After reviewing the documentation from the PVPD, FPAB encumbers funds in the financial system against the sponsored award's account, forwards the form to the Office of Financial Aid, and maintains copies of all supporting documentation.

- The Office of Financial Aid, reviews the tuition reimbursement to determine how it affects the student's overall financial aid package.
- The tuition reimbursement is paid directly to the Morehouse College student account from the sponsored award's account. This payment is made using the funds encumbered above.

### **Roles and Responsibilities: Academic Department:**

Principal Investigator/Project Director (PI/PD): The PI/PD is responsible for completing the required documentation package for student stipends and the Purchase Requisition Form (for tuition reimbursement) and submitting them to FPAB for processing. The PI/PD is also responsible for certifying the student's eligibility for either a student stipend or tuition reimbursement, and justifies stipends for non-Morehouse College students. The PI/PD is responsible for maintaining complete documentation related to participants, eligibility decisions, and any other term or condition of the award.

Student: The student is responsible for maintaining his/her eligibility for stipends/tuition reimbursement by being enrolled at Morehouse College or, for non-Morehouse College students, at an applicable institution. The student is responsible for completing and submitting the required documentation and forms to the appropriate department.

The Office of Sponsored Programs (OSP):

Director of Sponsored Programs: The RA is responsible for confirming Morehouse College's current tuition rate and anticipating a tuition rate increase on proposals. In the event there is an award made and the submitted tuition rate on the proposal is not the current tuition rate, the Director coordinates with the sponsor to obtain approval and funds for the current tuition rate. The Director also interprets the terms and conditions of the award.

Financial Planning Analysis and Budgets (FPAB)

Assigned Analyst: After reviewing the documentation from the PI/PD, the FPAB Analyst encumbers funds in the financial system against the sponsored award's account, forwards the form to the Office of Financial Aid, and maintains copies of all supporting documentation.

Office of Financial Aid:

Counselor: The Counselor reviews the Financial Aid Requisition form(s) and determines how the payment will affect the student's financial aid package.

Accounts Payable:

Assigned Personnel: Pays the approved stipend according to the established payment terms.

Related Policies & Procedures Direct and Indirect Charging Policy Cost Sharing Policy

Hiring Students Procedure

Personnel Issues - Sponsored Program Hiring Policy

Forms and Links

- OSP Website <http://www.morehouse.edu/administration/sponsoredprograms/index.html>
- Application to Seek Off Campus Funds
- Purchase Requisition Form
- Time & Attendance Form

### **Subcontract Execution and Approval Policy**

Policy Number: BF 100.21

Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance

Responsible Office: Office of Sponsored Programs, Grants/Contracts Accounting, Purchasing and Office of the General Counsel

Purpose

To ensure that the interests of Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College") are protected in the negotiation and execution of sponsored research subcontracts.

Policy

It is the policy of Morehouse College to ensure that there are written subcontract arrangements in place for sponsored research in which Morehouse College is the sub-recipient of a sponsored award or in which Morehouse College is the award recipient and is subcontracting part of the award to another entity. These agreements take a variety of forms and must be documented.

Additionally, these arrangements are to be reviewed by the proper department (e.g., OSP, OGC, Purchasing, PI/PD) to ensure that they are complete, clear, and protect the interests of Morehouse College.

## Policy Definitions

Pass-through Entity means a non-Federal entity that provides a Federal or non-Federal award to a sub-recipient to carry out a portion of a sponsored program.

Subrecipient/Subcontractor means a non-Federal entity that expends Federal or non-Federal awards received from a pass-through entity to carry out a sponsored program, but does not include an individual that is a beneficiary of such program. A sub-recipient may also be a recipient of other Federal or non-Federal awards directly from a Federal or non-Federal awarding agency.

Vendor/Consultant means a dealer, distributor, merchant, or other seller providing goods or services that are required for the conduct of a Federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the Federal program.

## Distinguishing between a Subrecipient and a Vendor/consultant

It may be necessary to distinguish between a sub-recipient of a Morehouse College-awarded sponsored project and a vendor/consultant of a Morehouse College-awarded project. Toward that end, OMB Circular A-133 has outlined characteristics that are indicative of an award received by a sub-recipient and that of an award received by a vendor/consultant. These characteristics are as follows:

### Subrecipient

The Subrecipient determines who is eligible to receive what Federal financial assistance;

The subrecipient has its performance measured against whether the objectives of the Federal program are met;

The subrecipient has responsibility for programmatic decision-making;

The subrecipient has responsibility for adherence to applicable Federal program compliance requirements; and

The subrecipient uses Federal funds to carry out a program of the organization as compared to providing goods and services for a program of the pass-through entity.

### Vendor/consultant

The vendor/consultant provides the goods and services within normal business operations;

The vendor/consultant provides similar goods and services to many different purchasers;

The vendor/consultant operates in a competitive environment;

The vendor/consultant provides goods and services that are ancillary to the operation of the Federal program; and

The vendor/consultant is not subject to compliance requirements of the Federal program.

(Source: OMB Circular A-133, B §210 Subrecipient and vendor determinations)

#### Business Process Description:

##### Morehouse College as Pass-through Entity with Subrecipient or Vendor/consultant (Sub-Out)

In instances in which Morehouse College is the award recipient and elects to engage a subrecipient to carry out a portion of the sponsored award or a vendor/consultant to provide goods or services related to the award, Morehouse College drafts the subcontract agreement based on the following: the statement of work outlining the work that the Subrecipient is being engaged to complete, the proposed budget for the subrecipient's work, and the justification for use of the subrecipient as well as the anticipated expenditures. Vendor/consultant agreements are also drafted by Morehouse College and should also include specific detail of the work to be performed (or the goods to be provided) by the vendor/consultant and the pricing of the goods and/or services. If a vendor/consultant is used, the Human Resources Director reviews the College's policy to determine if a contract or other documentation is needed.

A high-level workflow process for Morehouse College as the Pass-through Entity is as follows:

The Principal Investigator/Project Director (PI/PD)'s proposal to the awarding agency identifies the need for a subcontractor/vendor/consultant.

The Notice of Grant Award or sponsor contract is received from the awarding agency or sponsor and the assigned Budget Analyst is aware that the award includes funding for the subcontractor/vendor/consultant.

The assigned Analyst initiates the setup and processing of the prime grant budget in the College's financial system.

The assigned Analyst contacts the PI/PD to confirm the use of the subcontractor, the statement of work, and the proposed budget.

The PI/PD confirms the use of the contractor, the statement of work, and the proposed budget or submits changes.

The assigned Analyst verifies available budget in the financial system, then the RA drafts the sub-agreement/ according to the OGC template1 (incorporating the subcontractor's statement of work and proposed budget) and sends an electronic copy to OGC for review and approval.

In addition to protecting the interests of Morehouse College and the Principal Investigator/Project Director, the OGC template includes terms and conditions necessary to meet OMB circular requirements such as the inclusion of the Catalog of Federal Domestic Assistance (CFDA) number and permission for sponsor and/or Morehouse College auditors to have access to the records and financial statements.

The initial draft of the subcontract is reviewed by OGC. If there are no changes, OGC sends an approving email or memorandum to OSP/RA.

If there are changes, OGC sends a track-changed contract to the RA.

Upon receipt of OGC's approval, the RA sends the subcontract to either the VPRC/CFO for signature.

The partially executed subcontract is returned to the RA who sends it to the subrecipient requesting signature (along with the Subrecipient Audit Compliance Certification Form addressed in more detail in the Subrecipient Monitoring Policy #OSP 600-014).

The PI/PD generates a Purchasing Requisition in the College's financial system to pre-encumber the funds to pay the subcontractor.

The Purchasing Requisition is electronically routed to GCA for review and approval.

Once GCA approves the Purchasing Requisition, a Purchase Order is required to encumber the funds. The Materials Management Department (MMD) will process the Purchase Order upon receipt of a copy of the fully- executed subcontract agreement from OSPIRA.

If the Subrecipient does not sign and has changes, the RA negotiates the proposed changes and submits (via email) an electronic track-changed copy of the complete subcontract (i.e., with all related attachments), as well as a memo to the OGC with summary of the negotiation conducted by the RA.

If the OGC approves the negotiated changes, an approval email is sent to the RA to proceed with ratification of the agreement.

If OGC does not approve the changes, a track-changed copy of the subcontract is sent to the RA to further negotiate with the subrecipient until there is agreement.

If the negotiations between the RA and the subrecipient reach an impasse, the RA notifies OGC and provides the name of the subrecipient's contact to finalize negotiations.

Once negotiations have been resolved and the fully executed subcontract is returned to the RA (with the signed Subrecipient Audit Compliance Certification Form), the original subcontract is sent to GCA, copies of the subcontract are sent to MMD, Accounts Payable, the PI/PD, OSP/PASU and the OSPIRA file. If the subcontract is returned without the completed Subrecipient Audit Compliance Certification Form, the subrecipient is notified that the subcontract will not be processed unless the Subrecipient Audit Compliance Certification Form is completed, signed, and returned.

#### Morehouse College as Subrecipient (Sub-In)

For instances in which Morehouse College is the subrecipient of a sponsored award, Morehouse College reviews the subcontract agreement sent from the pass-through entity. The contract is reviewed with a view towards two particular issues: the protection of the institution, and the assurance that the institution has the capacity to perform the required tasks for the budgeted amount. When Morehouse College is the subrecipient, the award document from the pass-through entity is treated as any other award document. All pertinent policies related to award processing apply (see Award Acceptance & Set-up Policy #OSP-006 for guidance). A high-level workflow process for Morehouse College as the subrecipient is as follows:

The sponsored subcontract agreement is sent to Morehouse College or the PI/PD.

The subcontract is forwarded to OSPIRA where the subcontract is delivered to the responsible RA.

The RA ensures that an approved Application to Seek Off-Campus Funds is on file for this project and contacts the PI/PD to confirm acceptance of the award, the statement of work, and the proposed budget.

The PI/PD confirms acceptance of the award, the statement of work, and the proposed budget or submits changes.

The RA reviews the subcontract terms and conditions. If the terms and conditions are unacceptable, the RA negotiates changes with the pass-through entity.

The subcontract (and any negotiated changes complete with an illustrative memo) is sent to OGC for review and approval.

If there are any changes after OGC's review, the RA negotiates these changes with the pass-through entity. If negotiations between the RA and the contact at the pass-through entity reach an impasse, the subcontract is referred to OGC with the contact information for the personnel at the pass-through entity for OGC to finalize the negotiations.

Once there is an approved subcontract, the RA submits the subcontract to either the VPRC/CFO for signature.

The subcontract is returned to the RA who submits to the pass-through entity for signature (if unsigned copy was originally sent).

The original fully executed subcontract is forwarded to GCA to set up the award (see Award, Acceptance, and Set-up Policy #OSP 600-006) with copies to the PI/PD and OSPIRA file.

#### Roles and Responsibilities (Morehouse College as Pass-through Entity):

**Principal Investigator/Project Director (PI/PD):** The PI/PD is responsible for determining if a subrecipient or vendor/consultant is necessary in the fulfillment of the sponsored award and whether it is a subrecipient or a vendor/consultant that is required. If a subrecipient or vendor/consultant is deemed necessary, the PI/PD (or his/her designee) includes this in his/her initial proposal to the awarding agency, complete with a statement of work, a proposed budget for the subrecipient's work and a justification for the budget, as well as the consortium letter from the subrecipient entity, if required. In the event that the sponsor contract or Notice of Grant Award (NOGA) is sent to the PI/PD, the PI/PD submits the contract/NOGA to OSPIRA along with the supporting documentation (e.g., statement of work, budget, and justification of expenditures). In the event that there are any subsequent updates, the PI/PD submits supporting documents to the OSP

#### Office of Sponsored Programs:

**Research Administrator:** Upon receipt of an award with a subcontract, the OSP employee assigned to the award is responsible for preparation of the subcontract using the standard template provided by the Office of the General Counsel (OGC). OSP submits the subcontract to the OGC for review. Two copies of the subcontract are sent to the CFO for signature. The partially executed agreement is returned to OSP who sends both signed agreements to the subrecipient/vendor/consultant for signature. If the subcontractor is a subrecipient, OSP reviews the Federal Audit Clearinghouse for a copy of the subrecipient's most recent audit. If the subrecipient is not in the Federal Audit Clearinghouse, ODP includes a copy of the Subrecipient Audit Compliance Certification Form

(See Subrecipient Monitoring Policy) with the partially executed agreement. If the subcontract is returned with changes, OSP negotiates with the subrecipient regarding the requested changes. OSP submits an electronic track-changed version of the subcontract, along with a memo outlining the negotiation, to OGC for approval. If OGC does not accept all of the changes, OSP further negotiates with the subrecipient. If the negotiations reach an impasse, OSP submits the subrecipient's contact information to OGC to finalize the negotiations. The fully executed subcontracts are returned to OSP. The original fully executed subcontract, and all supporting documentation, is forwarded to GCA with copies to FPAB and the PI/PD,

#### Office of the General Counsel (OGC):

**Office of General Counsel (OGC):** OGC reviews the subcontract before it is executed. If there are changes, OGC returns a track-changed version of the subcontract to the RA for processing. If



the subcontractor has changes, a track-changed version of the subcontract, along with an explanatory memo, is reviewed by OGC for approval. If additional changes are needed, OGC provides the changes in a track-changed version of the subcontract to the RA. If an impasse is reached in the negotiations, OGC attempts to finalize the subcontract. If the attempts to finalize the subcontract are unsuccessful, OGC notifies OSP to initiate the next steps.

#### Grant and Contract Accounting (GCA):

GCA Accountant: The GCA Accountant approves the Purchasing Requisition to pre-encumber funds for the subrecipient's budget. The GCA Accountant maintains the original subcontract agreement with the other award documents.

#### Office of Senior Vice President, Chief Financial Officer and Treasurer:

Chief Financial Officer (CFO): When appropriate, the CFO reviews and signs the subcontract on behalf of Morehouse College and returns the partially executed agreement to OSPIRA.

Office of the General Counsel (OGC): OGC reviews the subcontract before it is executed. If there are no changes, the subcontract is returned to the RA for processing. If there are changes, OGC submits proposed changes to the RA for further negotiation with the pass-through entity. If an impasse is reached in the negotiation, OGC finalizes the negotiations with the pass-through entity. If the attempts to finalize the subcontract are unsuccessful, OGC notifies OSP to initiate the next steps.

#### Contract and Accounting (GCA):

GCA Accountant: The GCA Accountant receives the original fully executed subcontract award from OSPIRA and finalizes the set-up of the award in the College's financial system.

#### Related Processes/Events:

- Award Set-Up, Acceptance and Negotiation Procedure
- Subrecipient Monitoring Procedure

#### Related Policies:

- Subrecipient Monitoring Policy

#### Forms and Links:

OSP Website [http:// http://www.morehouse.edu/administration/sponsoredprograms/index.html](http://www.morehouse.edu/administration/sponsoredprograms/index.html)

## **Subrecipient Invoice Review Policy**

Policy Number: BF 100.23 Effective Date: April20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and finance

Responsible Offices: Office of Financial Planning Analysis, Principal Investigator/Project Director (PI/PD) and Accounts Payable

Purpose:

To provide guidance to Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College") in order to ensure that project costs incurred by subrecipients are reasonable, allocable, and allowable. Morehouse College is required by the federal government to monitor expenses of awarded federal funds subcontracted to another organization (subrecipient). Requirements include:

Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133). A-133 Subpart D (A-133.400 (d)(1-7)) includes the following sub-recipient monitoring requirement:

"Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and provisions of contracts or grants agreements and that performance goals are achieved."

The policy statement to the Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations (OMB Circular A-110) states:

"Recipients shall apply the provisions of this Circular to subrecipients performing substantive work under grants and agreements that are passed through or awarded by the primary recipient" Principles for Determining Costs Applicable to Grants, Contracts, and other Agreements with Educational Institutions Subpart A.3 (OMB Circular A-21) states:

"These principles shall be used in determining the allowable costs of work performed by colleges and universities under sponsored agreements. The principles shall also be used in determining the costs of work performed by such institutions under subgrants, cost-reimbursement subcontracts, and other awards made to them under sponsored agreements. "

## Policy

It is the policy of Morehouse College to provide the monitoring required by the federal regulations and to ensure good stewardship of sponsored projects. Morehouse College reviews of all subrecipient invoices for allowability and proper compliance. Prior to the payment of subrecipient invoices, a review is conducted and an approval is obtained from both the Principal Investigator/Project Director (PI/PD) and the assigned Budget Analyst.

## Business Process Description

The Principal Investigator/Project Director (PI/PD) receives all subrecipient invoices. The PI/PD reviews the invoice, prepares the payment requisition and forwards the payment request to the Office of Financial Analysis Planning and Budgets (FPAB). Before AP distributes a payment to the subrecipient, approval from both the PI/PD and the assigned Budget Analyst is required.

Upon receipt of the invoice from the PI/PD the assigned Analyst conducts a review of the invoice for allowability, compliance with the agreement's terms and conditions, and the following fiscal requirements:

- The invoice clearly states the date range or time period for the expenses (e.g., Invoice for 10/1/06- 10/31/06, October 2006, etc.).
- The requested payment falls within the approved date range or time period.
- The current invoice, when added to the cumulative amount invoiced, does not exceed the budgeted amount in the subcontract agreement.
- The invoiced expenses are consistent with the subrecipient's budget (e.g., invoiced expenses are within the expected budget categories and the amounts do not deviate significantly).
- The calculations for the fringe benefit and the subrecipient's facilities and administrative (F&A) charged on the invoice, if any, are verified for accuracy with the terms of the approved subaward budget and F&A cost rate agreement.
- The charges are deemed allowable based on the terms and conditions of the agreement (e.g., no equipment allowed) and/or applicable regulations (e.g., OMB Circular A-21).

Explanations and/or additional supporting documentation are provided for any unusual, miscellaneous, apparently excessive, or other potentially problematic charges invoiced by the subrecipient. Documentation should be provided by the subcontractor to enable the FPAB Analyst and the PI/PD to render a determination based on prudent judgment as to whether the charges are consistent with sponsor requirements and the agreement's terms and conditions. For subrecipients deemed high risk (i.e. significant finding on the A-133 Report), documentation and justification for all expenses will be required. Examples of documentation include, but are not limited to:

#### Payroll records/data

- Copies of paid invoices reflecting the cost of items purchased and vendor justification forms, if required
- Descriptions of services rendered by consultants including hourly rates and time reports
- Details of incurred travel charges including the purpose of the travel, airfare, meals, ground transportation, etc.

The invoice is reasonable based on the agreement's terms (e.g., no invoicing of the entire amount of a one year agreement in the first monthly invoice, invoicing is significantly behind schedule, etc.). As necessary, the FPAB Analyst may contact the Morehouse College PI/PD for additional information.

In the event that the subrecipient does not use the Morehouse College invoice template, the subrecipient invoice must provide all necessary information. If not, the assigned Budget Analyst contacts the subrecipient to obtain the necessary information and encourages the subrecipient to utilize the Morehouse College template for future invoicing.

If expenses are not compliant with the above, the assigned Budget Analyst determines that the expense is unallowable or unreasonable and the expense is not paid. FPAB provides notification to the subrecipient if expenses will not be paid by Morehouse College. Documentation of this decision and notification provided to the subrecipient is retained by FPAB. (THE PROCEDURE DOCUMENT WILL ELABORATE ON WHAT THE DOCUMENTATION SHOULD INCLUDE AND WHERE IT WILL BE FILED)

When FPAB determines that the invoice is properly prepared and deemed acceptable, the assigned Budget Analyst authorizes the payment request and forwards it to AP for payment. For

final invoices, FPAB contacts the PI/PD and requests notification by email or letter that all of the terms and conditions of the agreement have been met. If necessary, payment of the final invoice is withheld until all deliverables, reports, etc. are received from the subrecipient.

The PI/PD is responsible for confirming that the invoice is consistent with the budget and is reasonable based on the technical progress being made by the subcontractor. This review includes:

- A determination that all expenses are consistent with the scope of work performed by the subrecipient.
- An evaluation that all required information and deliverables, such as technical reports, have been received from the subcontractor and are consistent with requirements.
- A review of the invoice for consistency with sponsor requirements and the terms and conditions of the agreement.

The PI/PD is responsible for notifying the Subrecipient if additional documentation or justification is desired.

Concerns with the subrecipient, such as non-compliance with reporting requirements or dissatisfaction with technical progress, should be reported immediately to FPAB. Invoice payment will not be made until invoice approval has been obtained from the PI/PD, or other appropriate individual (such as the PI's department chairperson).

Upon receipt of the approved payment request, AP processes payment for the invoice.

#### Roles and Responsibilities:

##### Office of the Associate Vice President and Controller

Accounts Payable (AP): When an invoice approved by both the PI/PD and FPAB is received, AP processes payment for the invoice in accordance with the accounting distribution provided by the FPAB Budget Analyst.

##### Office of Financial Planning Analysis and Budgets (FPAB)

Budget Analyst: When a subrecipient invoice is received, the FPAB conducts a full review of the subrecipient invoice for: errors, compliance with the terms and conditions of the subcontract; and compliance with applicable federal regulations. Once the review is complete, the document is signed by the Analyst and forwarded to AP for processing. The Budget Analyst and the Grants and Contracts Accountant are the primary resources to help PI/PDs with any questions during this process.

Financial Planning analysis and Budgets Director (Director): The Director oversees the Subrecipient Invoicing Review process by providing assistance, guidance, and performing an evaluation of payment documents as necessary. The FPAB Director has approval authority for invoices up to \$25,000 and completes a Quality Assurance review for all invoices between \$10,000 and \$25,000.

#### Academic Department

Principal Investigator/Program Director (PI/PD): The PI/PD is responsible for confirming that invoices are accurate and the expenses comply with the (Direct and Indirect Cost Charging Policy #BF IOO.XX). The PI/PD monitors progress reports for compliance with technical requirements of the statement of work assigned to the subrecipient. In addition, the PI/PD notifies the FPAB of any problems that occur during the process or any changes that take place in the award.

#### Related Processes/Events:

Subrecipient Monitoring Policy

Subcontracts Execution and Approval Policy Direct and Indirect Charging Policy

### **Subrecipient Monitoring Policy**

Policy Number: BF 100.24 Effective Date: April 20, 2012

Last Updated: May 15, 2015

Issuing Authority: Vice President for Business and Finance Responsible Office: Office of Grants and Contracts Accounting

#### Purpose

To document the policy of Morehouse College and all related entities, business units, subsidiaries and affiliated organizations (hereinafter referred to collectively as "Morehouse College") governing the collection of A-133 audit certification forms and, as necessary, the making of any subsequent management decisions related to the information disclosed during the certification; the determination of whether this information requires an adjustment to Morehouse College financial records; and the ongoing monitoring of the subrecipients. Additionally, this document identifies roles and responsibilities for Principal Investigators/Project Directors (PI/PD) and Grant and Contract Accounting (GCA) related to ongoing subrecipient monitoring.

OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations sets forth standards for obtaining consistency and uniformity in organizations expending Federal awards. In instances in which the award recipient subcontracts with another organization to perform duties required or necessitated by the research award, the award recipient is considered a pass-through entity. As a pass-through entity, the award recipient has monitoring obligations to ensure that the subrecipient uses the award for authorized purposes and that the goals of the award are achieved.

A subrecipient is any organization that receives a subcontract from Morehouse College for a portion of a sponsored project. (For more detail about the definition of a subrecipient, refer to Subcontract Execution and Approval Policy #BF 100.21). As a pass-through entity, Morehouse College is required to follow guidelines outlined in OMB Circular A-133 regarding the monitoring of subrecipients, including:

- Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements outlined in OMB Circular A-133 for that fiscal year.
- Issuing a management decision within six months of receipt of a subrecipient's audit report containing audit findings and ensuring that the subrecipient takes appropriate and timely corrective action.
- Considering whether the subrecipient's audit findings necessitate adjustment of Morehouse College's financial records.

## Policy

It is the policy of Morehouse College to comply with its obligations as a pass-through entity. To meet these requirements, The Office of the Controller requires either that an affirmative determination be made that the subrecipient has no audit findings from the Federal Audit

Clearinghouse or that a Subrecipient Audit Compliance Certification Form (Certification Form) be signed by an authorized official at the subrecipient institution before forwarding the executed subcontract agreement for set-up in the Morehouse College accounting system. This internal control prevents any subrecipient invoices from being paid until this certification has been obtained by Grants and Contracts Accounting (GCA) or GCA has determined that it is not required. As necessary, GCA follows-up with subrecipients to obtain outstanding certifications

and is responsible for maintaining all documentation related to subrecipient A-133 audit certification. If an audit finding or other concern is disclosed by a subrecipient as part of the certification process, or found by checking the Federal Audit Clearinghouse, the Associate Vice President for Accounting Services/Controller makes a management decision regarding whether Morehouse College should continue with the agreement or if additional monitoring is required. The Associate Vice President and Controller (AVP Controller) is responsible for determining if the information disclosed requires an adjustment to Morehouse College financial records. Finally, the PI/PD and GCA share responsibility for the ongoing monitoring of the subrecipient during the award. The PI/PD has ultimate responsibility for this ongoing monitoring. If any performance issues are identified, the PI/PD should immediately bring them to the attention of the GCA.

#### Business Process Description:

GCA is responsible for verifying whether each subrecipient has had audit findings either by checking the Federal Audit Clearinghouse or, if the subrecipient is not found on the Federal Audit Clearinghouse, by ensuring that the subrecipient completes a Certification Form (DRAFT WILL BE INCLUDED AS APPENDIX TO PROCEDURE DOCUMENT). When the Certification Form is required, GCA sends the Certification Form to the subrecipient with the subcontract/subcontract modification and requests that it be signed and returned with the agreement. If the Certification Form is not received at the time the executed agreement is received, GCA contacts the subrecipient to inform the subrecipient that the subcontract will not be forwarded for internal processing until the signed Certification Form is received by GCA. The GCA Manager maintains a Subrecipient Log (EXAMPLE LOG WILL BE INCLUDED AS APPENDIX TO PROCEDURE DOCUMENT) to document Federal Audit Clearinghouse verification and/or the receipt and follow-up completed to ensure that Certification Forms are obtained for subcontracts in the portfolio. As necessary, GCA follows-up with subrecipients to obtain outstanding Certification Forms.

Upon checking the Federal Audit Clearinghouse or upon receipt of the Certification Form, GCA reviews it for any audit findings, issues, or concerns and the Subrecipient Log is updated. If no concerns/issues are present, GCA files the Certification Form consistent with GCA procedures. FYI-THE PROCEDURE WILL DETAIL HOW THE DOCUMENTATION WILL BE FILED IN GCA If issues/concerns are identified (e.g., audit findings are present), the assigned Accountant contacts the GCA Manager for discussion and direction regarding next steps. The GCA Manager directs the Accountant in the proper course of action to address the concerns (e.g., seeking a copy of the subrecipient's corrective action plan). Upon receipt of any and all necessary documentation, the GCA Manager presents the information to the AVP/Controller who determines what type of corrective action, if any, is required. The PI/PD, AVP Controller, and other Morehouse College leadership are consulted as necessary. It is the responsibility of the AVP/Controller to issue a management decision regarding the audit findings and corrective action within six months of notice to Morehouse College that a subrecipient had audit findings.



The AVP Controller determines whether the subrecipient's audit findings require adjustment to Morehouse College's financial records.

GCA retains all documentation related to A-133 certification and management decisions made by the AVP Controller. The AVP Controller is responsible for maintaining all documentation related to the decisions made to determine whether subrecipient audit findings require an adjustment to Morehouse College financial records. In addition to checking the Federal Audit Clearinghouse and/or obtaining the Certification Form, Morehouse College is responsible for monitoring the activities of the subrecipient throughout the award period.

The PI/PD has ultimate responsibility for monitoring subrecipients. The nature and form of the monitoring is dependent on a number of factors. Some factors to consider in determining the nature and degree of the monitoring are the complexity of the award, the percentage of the award passed through to the subrecipient, the amount of the award passed through to the subrecipient, past history with this subrecipient, and the extent of the subrecipient's risk. Some examples of monitoring throughout the award period are regular contact with the subrecipient regarding their progress on the specific statement of work and budget; review of deliverables/reports for accuracy and progress; ensuring that deliverables are received in a timely fashion; reaching out to the subrecipient to address any potential problems; review of invoices (See Subrecipient Invoice Review Policy #BF 100.23); and site visits. While the PI/PD has ultimate responsibility for this monitoring, GCA is also involved. For example, GCA and the PI/PD must approve subrecipient invoices; and GCA and the PI/PD may all be involved in aspects of A-133 monitoring plans. Additionally, GCA is primarily responsible for managing changes that occur over the life of the award such as key personnel changes, the amount of allocation of funds, and the revision of agreements.

#### Roles and Responsibilities: Academic Department

**Principal Investigator/Project Director (PI/PD):** The PI/PD monitors the ongoing activity of the subrecipient to ensure that the statement of work is being satisfactorily completed within the budget. The nature and degree of the monitoring is dependent on a variety of factors including, but not limited, to the complexity of the program, the percentage of the award passed through to the subrecipient, the amount of the award passed through to the subrecipient, the amount of risk undertaken by the subrecipient as compared to the overall project, and any previous audit findings. The PI/PD is responsible for review and approval of all subrecipient invoices (See Subrecipient Invoice Review Policy #BF 100.23), reports, and deliverables. In the event that deliverables are not received in a timely manner, the PI/PD should reach out to the subrecipient, as this could indicate a potential problem that should be addressed quickly. In addition to the review of documents, the PI/PD may initiate regularly scheduled conference calls with the subrecipient to monitor progress of the sub-award and may schedule a periodic or random site visit. Any changes in the award affecting the subrecipient that require monitoring or management by GCA should be promptly communicated to the Manager of GCA responsible for the award.

**Office of Grants and Contracts Accounting (GCA) Manager:**

Grants and Contracts Accounting Manager: The GCA Manager checks the Federal Audit Clearinghouse for the status of the subrecipient with respect to audit findings. Upon receipt of the completed Certification Form and/or upon checking the Federal Audit Clearinghouse, the GCA Manager reviews the information with respect to audit findings and notifies the AVP/Controller if an issue or concern is identified. At the direction of the AVP/Controller, the GCA Manager obtains from the subrecipient documentation of their corrective action plan and any actions taken toward its implementation. The GCA Manager is responsible for updating his/her Subrecipient Log to track the status of Federal Audit Clearinghouse checks, receipt of the Certification Form and to follow-up with the subrecipient regarding any outstanding Certification Forms. The GCA Manager is also responsible for reviewing the Subrecipient Log on a regular basis (at least quarterly) and for contacting the subrecipients that have failed to submit the Certification Form, if required.

Office of Sponsored Programs (OSP): After receipt of the executed subcontract from the Business Office, (See Subcontract Execution and Approval Policy), the OSP submits the Certification Form, if required, with the subcontract, along with a cover letter to the subrecipient requesting execution of the subcontract and completion of the Certification Form. The OSP Director also provides Subrecipient monitoring during the award. Additionally, the OSP manages/monitors changes that may arise with respect to certain aspects of the responsibilities of the subrecipient such as changes in key personnel, revision of Subrecipient budgets, and revisions to the subcontract.

Grants and Contracts Accounting Manager: The GCA Manager checks the Federal Audit Clearinghouse for the status of the subrecipient with respect to audit findings. The GCA Manager provides oversight to the Subrecipient monitoring responsibilities completed by the assigned Accountant. At the direction of the Controller, the GCA Manager obtains from the subrecipient documentation of their corrective action plan and any actions taken toward its implementation. The GCA Manager is responsible for updating his/her Subrecipient Log to track the status of Federal Audit Clearinghouse checks, receipt of the Certification Form and to follow-up with the subrecipient regarding any outstanding Certification Forms. Additionally, if a Subrecipient reports an audit finding, the GCA Manager is responsible for coordinating the collection of documentation and notifying the AVP/Controller of such findings.

Financial Analysis Planning and Budgets Director: The FPAB Director provides oversight to the subrecipient monitoring responsibilities completed by the FPAB assigned Analyst.

FPAB assigned Analyst: The FPAB assigned Analyst provides Subrecipient monitoring during the award. The FPAB assigned Analyst reviews and approves all subrecipient invoices under \$10,000.00. The FPAB Director reviews and approves all Subrecipient invoices over \$10,000.00 but not greater than \$25,000.00.

Office of the Associate Vice President for Business and Finance/Controller

Associate Vice President for Business and Finance/Controller: When audit findings exist, or other concerns are identified through the A-133 certification process, the Controller makes a

Management decision regarding whether Morehouse College should continue with the agreement or if additional monitoring is required. This includes reviewing the sufficiency of the subrecipient's corrective action plan and steps taken by the subrecipient to implement such plan. When a management decision is made, the Controller works with GCA to develop the appropriate documentation and to provide notification to the subrecipient. Additionally, the Controller determines whether an adjustment to Morehouse College financial records is necessary.

### Monitoring

In accordance with the OMB Circular A-133, in addition to any programmatic eligibility criteria, Morehouse College will determine whether an applicant for a subaward has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its subaward application or, if not, before award.

### System for Award Management (previously Central Contractor) Registration)

For ARRA subawards, Morehouse College will ensure that the subrecipient maintains a current registration in the System for Award Management (SAM) (<http://sam.gov>) at all times during which it has an active subaward(s) funded with ARRA funds (2 CFR section 176.50(c))

### Monitoring Activities

Monitoring activities will occur throughout the year and may take various forms, such as:

- Reporting – Reviewing financial and performance reports submitted by the subrecipient.
- Site Visits – Performing site visits at the subrecipient to review financial and programmatic records and observe operations.
- Regular Contact – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

### Audit Compliance

Morehouse College will ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

### Suspension and Debarment

The College will ensure that the subrecipients are not debarred, suspended, or otherwise excluded from business transactions with the Federal Government.

Related Processes/Events:

Subrecipient Monitoring Attachment 1-Audit Compliance Certification Form

Subrecipient Monitoring Attachment II - Subrecipient Log Instructions

Subrecipient Monitoring Attachment III - Subrecipient Log

Subcontract Monitoring Invoicing Internal Procedure

Related Policies:

Subcontract Execution and Approval

Subrecipient Invoice Review

**Codes of conduct (Conflicts of interest)**

Morehouse relies on the integrity and undivided loyalty of its employees, officers and directors to maintain the highest level of objectivity in performing their duties. Each employee, officer and director is expected to avoid engaging in activities that conflict with the best interests of the College, or which interfere with them performing their job duties or fulfilling responsibilities at the College. Employees are expected to avoid situations in which judgment in making decisions or taking actions on behalf of Morehouse may be adversely affected by personal consideration or situations in which job performance, loyalty or stewardship to the College is compromised. Any personal activities or interests of an employee, officer or director that could undermine their commitment or influence his or her judgment, decisions, or actions, with respect to the interests of Morehouse, must be disclosed in writing for further evaluation to determine if a conflict of interest exists. If it is determined that a conflict of interest existed and was not disclosed, disciplinary actions will be enforced.

Furthermore, No employee, officer, or agent of the college should 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 for the college, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the college must neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.

Morehouse College prohibits engagement in any contractual relationship with a parent, affiliate or subsidiary organization that is not a state government, local government, or Indian Tribe, if there is evidence or appearance of the conflict of interest that may appear to be impartial in conducting a procurement action involving the related organization.

In accordance with OMB § 215.42 “Codes of conduct” Morehouse College will require that the sub-recipient provide a copy of their conflict of interest policy to ensure no conflicts of interest exist. The respective policy should include elements to ensure employees, officers, or agents that participate in the selection, award, or administration of a contract supported by Federal funds do not have a real or apparent conflict of interest.

All subrecipients, employees of the College and all Individuals associated with the Grant administration directly or indirectly, must initiate any communication of disclosures and all employees are required to provide a disclosure of situations or relationships that create or have the appearance of creating a conflict of interest or commitment upon their initial employment and annually thereafter. Updated disclosures must also be provided throughout the year if changes in circumstances arise that either (a) create a new conflict of interest or commitment; or (b) change or eliminate a conflict of interest or commitment previously disclosed.

Failure to disclose conflicts of interest Any faculty member, member of the Board of Trustees or any committee of the Board and any Influential Person as that term is defined in this Policy who fails to file a complete and accurate disclosure statement or to update a disclosure statement upon a change in the individual’s circumstances may become ineligible for summer employment by the College and for approval of and reimbursement for business travel, as well as suspension of pay. In addition, to the corrective compliance procedures that apply to all employees, any exempt employee participating in federally sponsored research who fails to file a complete and accurate disclosure statement may be suspended without pay.

## Training

Each Investigator must complete training on this policy, investigator’s disclosure responsibilities and the Federal regulations prior to engaging in Research funded by PHS, and at least every four years thereafter. Investigators must also complete training within a reasonable period of time as determined by the Compliance Officer or its designee in the event that this policy is substantively amended in a manner that affects the requirements of Investigators, or if it is determined that the Investigator has not complied with this policy or with a management plan related to their activities.

The training is required immediately if the College revises its FCOI policy that affects requirements of Investigators, An Investigator is new to the College or if an Investigator is not in compliance with the policy or management plan.