

Procedures and Guidelines for External Grants and Sponsored Programs

Definitions:

1. **Grant and Contract Financial Administration Office (Grants Office):** The office within the Accounting Operations Area responsible for supervising the post-award accounting, receipting, and dispersing of sponsored program funds.
2. **Office of Sponsored Programs and Research (OSPR):** The University office primarily responsible for assisting faculty with the pre-award processes required to secure a grant.
3. **Project Director (PD):** (Also known as Principal Investigator) The faculty member or staff person responsible for overseeing the programmatic and financial aspects of a sponsored program. The term Project Director (or PD) will be used throughout this document, although it means the same as Principal Investigator.
4. **Sponsor:** An organization or individual, outside of the University, that provides funding for projects or programs at the University.
5. **Sponsored Program:** A sponsored program, usually a grant, contract, or cooperative agreement, is an award from an outside source (a "sponsor") for a specific purpose that warrants University custodial responsibility and administrative accountability.

Routing and Approval Process for Proposals for External Funding

1. All proposals, pre-proposals, and other documents to external agencies requesting funds and/or committing University resources (e.g. personnel, space, funds, equipment, etc.) must be reviewed, approved, and signed by an authorized University official prior to submission.
2. The Proposal Approval Form (PAF) is the official document for securing administrative approvals and University endorsement.
3. The University requires a completed and signed PAF for each proposal submission to a sponsor for a new program or for the continuation or renewal of an existing program when additional funds and activities are involved.
4. As part of the internal review process, the Project Director must secure signature commitments from his/her Department Chair, Dean and/or other individual authorized to commit resources in support of the project on the PAF.
5. The Project Director is responsible for the preparation and submittal of the PAF to the OSPR not less than **10 working days** prior to the sponsor deadline.
6. OSPR will circulate the PAF and final grant copies for the remaining required signatures.
7. Proposals for projects involving human subjects must be reviewed and approved by the University's Institutional Review Board (IRB). IRB approval must be obtained prior to

the release of grant funds or initiation of any research that falls under the purview of the IRB. More information and proposal submission forms are available at <http://www.longwood.edu/psychology/7366.htm>.

8. Animal Research. Longwood is not approved to do animal research. Any projects proposing research in animals must contact OSPR.
9. Conflict of Interest. Federal sponsoring agencies require certification that faculty and staff members seeking funding support do not have financial interests and/or investments that are related to, or benefit from, the proposed projects. The University policy governing conflicts of interest in sponsored programs is available at <http://www.longwood.edu/sponsoredprograms/45374.htm>.

Budget Preparation and Policies

OSPR encourages the Project Director to seek assistance in developing the budget. All budgets will be checked for accuracy and for appropriate salary levels, fringe benefit percentages, and eligible expenditures. The proposal will not be approved until the budget and any University commitment is accurate and in accord with University policy.

1. Cost Share. Cost sharing (or cash match) is only allowed on a sponsored project if the sponsor's program announcement or solicitation requires cost sharing as a condition of funding and will only be permitted by the University up to the amounts required by the granting organization. All cost share commitments must be approved in advance by the Vice President for Administration and Finance.
2. Subaward/Consortium Agreements. Subawards must be approved by the sponsoring agency in advance. If a subaward or subcontract will be included as part of a request for sponsored funding, OSPR will need to review details of the subcontract including the subcontractor scope of work, budget and budget justification for the sub-award. To be included in a proposal submission, a sub-recipient must also provide a signed letter of commitment from an authorized official at the sub-recipients' organization. The OSPR reviews proposal submissions to assure sub-award and consultant arrangements are appropriately budgeted in the prime award budget and the appropriate representations, certifications and assurances are in place.
3. Facilities & Administrative Costs (F&A). All proposals to external sponsors must include facilities and administrative (F&A) costs, also known as indirect costs. F&A costs are sponsored project-related costs that cannot be directly and accurately associated with individual projects (e.g., the costs of heat and air conditioning, electricity, building maintenance, security, libraries, administrative services, etc.) The University applies a standard rate, negotiated with the Department of Health and Human Services, for all sponsored projects regardless of funding source, to allow for recovery of F&A costs unless the sponsor restricts the amount of indirect costs recovered. Please refer to the following link for the current indirect costs rate:
http://www.longwood.edu/assets/sponsoredprograms/2013_FA_Rate_Agreement.pdf
4. The Commonwealth of Virginia requires that 30% of indirect costs received will be transferred to education and general revenue ("E&G") in support of grant and contract

administration costs. The remaining 70% of indirect costs may be retained by the institution to fund the conduct and enhancement of research and related requirements.

Final Review and Proposal Submission

1. Final Review. Prior to submission OSPR will review the entire proposal for conformance with University requirements and solicit any additional institutional approvals.
2. Once the grant application has been reviewed and any concerns are addressed, OSPR will transmit the proposal and all supplementary forms and information to the agency via the sponsor's preferred method (paper or electronic). Some agency electronic submission systems are occasionally unstable and overloaded as deadlines approach. The OSPR strongly recommends allowing additional time to process electronic proposals so that there is sufficient time to resolve any technical issues. Proposals received less than 2 working days before a sponsor's deadline are at risk of rejection by the electronic submission process caused by technical glitches or formatting issues.

Unauthorized Proposal Submissions

1. The OSPR Director is the organizational representative authorized by the University to submit proposals for sponsored funding. Proposals may not be submitted directly to the funding agency without the prior authorization of the OSPR.
2. Any award granted as a result of an unauthorized proposal submission is subject to rejection by the University.

Award Acceptance and Administration

1. The University accepts all awards for sponsored projects on behalf of the PD, placing the legal liability on the institution.
2. Award notices and all accompanying documents should be directed to the OSPR for processing and review.
3. The OSPR will review award notices to ensure the University can abide by the terms and conditions stated. If there are terms and conditions to which the University cannot agree the OSPR will attempt negotiations with the sponsoring agency to come to an agreement. If and when an agreement cannot be reached with the sponsoring agency, the OSPR will contact the Attorney General's Office to assist in negotiations.
4. If the award notice states that funding will be at a lower level than requested, the OSPR will meet with the PD to determine the necessary budget revisions.
5. Subcontract or sub-grant documents must be approved by the sponsor agency prior to finalization of an agreement. During any programmatic discussions with potential subcontractors or sub-grantees, financial commitments or arrangements must be coordinated with and approved by the OSPR.
6. Once the award has been approved, the OSPR will gather the required signatures and return the award notice, along with appropriate documents, to the sponsoring agency for

their approval by the required deadline. In addition, the OSPR will forward a copy of the approved proposal, award notification and itemized budget to the Grants Office.

7. The Vice President for Administration and Finance is the designated University official authorized to accept grants and contracts on behalf of the University. This formal acceptance must occur before any project activities can begin. The PD, department chairpersons, and deans are not authorized to sign award documents on behalf of the University.

Post-Award Procedures

1. Once the OSPR has received and examined the award to make sure all the conditions for acceptance have been met, it will release the award for account set-up. The Grants Office will assign a Banner index code, create a fund account, enter the approved budget into Banner and provide the PD with the index number to use for all grant expenses.
2. The Grants Office will also establish a project file that will consist of the proposal, guidelines, initial award document, and any amendments to the initial award document, prior approval requests, correspondence, compliance approval, and documentation of actions taken from the initiation to final closeout of the project. The project folder is a representation of the complete history of the project

Financial Management

1. The Grants Office has responsibility for processing all expenditures related to grants, preparing and submitting all financial reports, billing sponsored agencies, drawing down funds from federal grants, processing cash receipts for sponsored projects, and closing out grant and contract accounts after final reports have been submitted. Costs are reviewed for compliance with cost accounting standards and other rules and regulations. All charges must be reasonable, allowable, and allocable and treated consistently.
2. PDs are responsible for making prudent use of funds awarded for a sponsored project to ensure that expenditures are appropriate and directly relate to the budget and intent of the award and comply with applicable University, state, federal, and agency directives.
3. If a sub-agreement/sub-recipient is involved in the grants process, the PD is responsible for verifying all sub-recipient's certified invoices and should not approve invoices if the appropriate technical progress has not been made.
4. The PD is responsible for the timely submission of all reports in accordance with the terms of the grant. The PD should refer to the award letter or agreement on reporting requirements specific to the funding agency or program. Generally, annual progress and financial reports will be required. In addition, a final narrative or technical and financial report will be required. Unless otherwise specified in the grant terms, final reports are typically due within 90 days of the termination of the grant.
5. The Grants Office monitors expenditures to ensure compliance with applicable rules, regulations, and directives. Grant expenditures will be supervised by the Grants Office

using a spreadsheet listing each grant/contract and its budgets and expenses. Expenditure statements for sponsored programs and cost sharing accounts will be emailed to the PD each month that expenses are incurred. It is the responsibility of the PD to monitor account activity on a regular basis and to work with the Grants Office to resolve any errors or omissions. Any questionable charges or anticipated overruns must be brought promptly by the PD to the attention of the Grants Office and, if needed, corrected by an appropriate transfer.

6. The Grants Office will review all compensation status change forms, all eVa orders, and all manual purchase orders for budget balance and appropriateness.
7. The Grants Office will submit any reimbursement requests required by the grantor and will deposit those reimbursements into the proper accounts. If an internal budget covers more than one fiscal year, any continuing balance will be carried forward.
8. It is the PD's responsibility to ensure financial transactions are timely and accurate. It is the responsibility of the Grants Office to maintain detailed financial records of all such transactions (i.e., receipts, invoices, purchase orders, etc.) and other grants documentation for three years.
9. PDs must also access Banner to monitor their budget and ensure that funds are available and expenditures are appropriate for their grant and in accordance with the policies and procedures of Longwood University and the Commonwealth of Virginia.
10. The Banner Finance System is the official record of project expenses and the basis for cost reimbursement to Longwood University.

Expenditure Guidelines and Exceptions

1. The PD is responsible for ensuring that all expenditures are reasonable, allocable and allowable under the terms of the award and sponsor regulations. Allowability, allocability and reasonableness are defined and determined by the Office of Management and Budget (OMB), and the sponsor's requirements and/or policy. The regulation establishing principles for determining costs applicable to grants, contracts, and other agreements is located in 2 CFR Part 220 entitled *Cost Principles for Educational Institutions* (formally OMB Circular A-21). http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr&tpl=/ecfrbrowse/Title02/2cfr220_main_02.tpl
2. Each financial transaction charged against a sponsored research account is evaluated for allowability of costs: (a) they must be reasonable; (b) they must be allocable to sponsored agreements under the principles and methods provided under 2 CFR 220; (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 the Federal Cost Principles (2 CFR 220) or in the sponsored agreement as to types or amounts of cost items.
3. The Grants Office can provide further assistance in determining whether a cost is allowable or unallowable.

Financial Reporting Issues

1. A cost transfer involves moving an expense from one account to another. There can be several situations necessitating creation of a cost transfer, such as a determination of an expense that benefitted a project other than the one to which it was initially charged, aligning labor charges with effort expended or correcting a keypunch error. The federal guidelines for cost transfers state, "Any cost allowable to a particular research agreement may not be shifted to other research agreements in order to meet deficiencies caused by overruns, to avoid restrictions, or for other reasons of convenience." (2 CFR 220). A cost transfer made within 60 days after the posting date of the transaction requiring a transfer will be considered timely. All cost transfers require a description/justification of why the transfer is needed. Approval/disapproval of the cost transfer by the Grants Office will be assessed once all documentation and justification has been received.
2. Whenever an expense is moved to or between sponsored accounts, the PD must ensure that the project which ultimately pays the expense is the project which benefited from the expense, and that there is adequate documentation to support the appropriateness of the transaction. Cost transfers made simply to utilize unspent funds available at the end of a project are not allowable.

Payment and Cash Management

1. The Grants Office will submit any reimbursement requests required by the grantor and will deposit those reimbursements into the proper account.
2. Any funds received by the Project Director will be sent directly to the Grants Office within 24 hours for deposit into the proper account.
3. Most awards are cost-reimbursable. However, under some circumstances, a fixed-price contract may be negotiated. In those cases where an agreement is a fixed-price contract, provisions must be made by the Project Director to cover any overdrafts or excess funds.

Procurement of Goods and Services

1. Goods and services funded by sponsored projects shall be acquired in accordance with established University and Commonwealth of Virginia policies regardless of funding source. An exception only occurs when the grant/contract specifies a specific source of materials or services required by the project.
2. Personnel assigned to sponsored projects, like all other personnel must be interviewed, hired and compensated in accordance with the laws of the Commonwealth of Virginia and University personnel policies.

Time and Effort Reporting

1. A time and effort report is required for all professorial, professional, or support staff, whose salary is charged, whole or in part, to federal sponsored agreements. OMB 2 CRF Part 220 requires that the payroll distribution system (time and effort reporting) will (i) be incorporated into the official records of the institution, (ii) reasonably reflect the activity

for which the employee is compensated by the institution, and (iii) encompass both sponsored and all other activities on an integrated basis.

2. The Grants Office is responsible for distributing, collecting, reviewing, and maintaining the official file of time and effort reports. The percentages reflected on the time and effort reports are based upon the amounts charged to contract and grant accounts in the University payroll system, which may not reflect actual effort expended. The percentages must be changed to reflect the actual activity expended before they are certified.
3. Work on sponsored programs must be consistent with and will be evaluated in accordance with the recognized division of faculty workload as defined by the University and individual departments.
4. Certification of the effort requires that the person signing the time and effort report, whether it is the principal investigator, department chair, or dean, have first-hand knowledge of all the employee's activities during the reporting period. The information certified by the departments for pay periods reflects the actual activity of each employee as well as it can be measured. A certified time and effort form is a certified legal document.

Rates

1. Salaries and wages are allowable as a direct cost to the extent that they are reasonable and conform to established University salary and wage policy. All personnel involved in a sponsored program effort must be paid in accordance with University and state guidelines. Funds requested in proposals for salary cannot exceed the individuals' established salary rates paid by the University, regardless of the source of funding.
2. The salary rate requested from proceeds of grants and/or contracts during the academic year must not exceed the established salary rate for the individual faculty member regardless of the funding source. The salary rate is determined by dividing the annual salary by the length of term of the faculty member's contract (i.e., nine or twelve months). For federally sponsored grants/contracts, faculty members should refer to Section J.8 of OMB 2 CFR Part 220 "Cost Principles for Educational Institutions." For state or locally sponsored grants/ contracts, faculty members shall be limited by the rules and guidelines of the sponsoring agency.
3. The salary rate from proceeds of grants and/or contracts during the summer months shall be limited by the rules and guidelines of the sponsoring agency of the grant or contract (i.e. federal guidelines on compensation apply to federally funded grants/contracts). If the sponsoring agency does not specify guidelines, faculty members should use the salary rate for the academic year.
4. Fringe benefits are a pooled cost containing required costs for employment at Longwood, such as FICA (Social Security). Fringe benefits for employees are not waived in grant proposals where they are an allowable cost.

- a. Salaried (full-time), Administrative and Professional (A&P)(full-time), and Classified rate is 40% of total salaries.
 - b. Wage (part-time), Administrative and Professional (part-time), and general rate is 7.65% of wages.
 - c. Federal and College Work study rate is zero.
 - d. Graduate Assistant wage is 7.65% of wages.
5. All employees that are hired as part of a grant are restricted employees and are not eligible for employee benefits.
 6. Proposed consultant charges are subject to particular scrutiny by a sponsor. The federal government permits such charges if budgeted in advance and if it can be documented that such services are essential and will be obtained from the most qualified person at reasonable and normal rates. All consulting services are to be obtained in concurrence with established University policy.

Account Close-Out

1. The PD is responsible for preparing and submitting the final technical report to the sponsor in a timely manner, according to the schedule outlined in the award. If additional time is needed, the Project Director should contact the OSPR in advance of the project expiration date to discuss requesting an extension of the project. Extension requests must be made for programmatic reasons, not financial reasons.
2. The Grants Office is responsible for the preparation and submission of final financial reports and invoices in accordance with sponsor requirements.
3. Funds may not be obligated after the termination date of the sponsored agreement. The PD is responsible for ensuring that any purchase orders for equipment, supplies, or other materials or services are executed prior to the close of business on the final day of the award performance period (budget period) and that they are authorized, allowable, and necessary for the completion of the project.
4. Unexpended funds at the close of a grant must be disposed of according to the provisions of the grant. If no provisions are made, contact the grantor to determine the proper disposition. When the grant is completed, the Grants Office will then close the account on Banner.

Project Audit

1. All grants and contracts will be audited as needed by the Auditor of Public Accounts.
2. The Grants Office and will maintain a complete file of financial documents for a period of three years.

The above procedures reflect best practices as outlined in:

Sponsored Project Administration: A Guide to Effective Strategies and Recommended Practices
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Managing Federal Grants © 2008, compiled by the National Council of College Research Administrators (NCCRA) and National Association of Colleges and Universities Business Officers (NACUBO)