



Grants and Contracts Accounting Policies Manual

For assistance with researching funders, writing grants applications or proposals and/or with Northern Oklahoma College's grant process, or questions on this manual, please feel free to contact:

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Northern Oklahoma College
Grants and Contracts Accounting Policy Manual

SECTION 000 GENERAL COLLEGE POLICY OVERVIEW	1
SECTION 100 and 101 Authorized Representatives and Principle Investigators	2
SECTION 102 Federal Regulations, Principles, Standards & Policies	3
SECTION 103 Cost Accounting Standard Guidelines (CAS)	4
SECTION 104 PARTNERING WITH INSTITUTIONS AND/OR ORGANIZATIONS	5
SECTION 105 PROPOSALS & AWARDS – General INFORMATION.....	6
Section 106 Award Approval, ADMINISTRATION & Account setup.....	7
SECTION 107 TIME AND EFFORT REQUIREMENTS.....	8
Section 108 NOC Resources, Research Integrity & Publication Policies	9
SECTION 109 CONFLICT OF INTEREST	10
SECTION 110 PRIOR APPROVALS & PRE-AWARD COSTS	11
SECTION 112 ALLOWABLE & UNALLOWABLE COSTS.....	15
SECTION 113 DIRECT COSTS.....	16
SECTION 114 INDIRECT COSTS (F&A Costs)	17
Section 115 Cost Sharing	18
SECTION 116 Subaward vs Subrecipient vs Vendor.....	19
SECTION 117 State Supported Agreements.....	20
SECTION 118 Gift vs. Grant Policy.....	21
SECTION 119 BUDGET MODIFICATIONS	22
SECTION 120 Clerical and Administrative Salaries on Grants	23
SECTION 121 Leave and Compensation on Grants	24
SECTION 122 Equipment & EQUIPMENT CLOSEOUT.....	25
SECTION 123 DOMESTIC Travel	26
SECTION 124 Foreign Travel, FLY AMERICA ACT, TRAVEL VISAS & VACCINATIONS	27
SECTION 125 OMB Circular subpart f Audits	28
SECTION 126 Audit Disallowance.....	29
SECTION 127 Temporary Termination of Grant or Contract Funds.....	30
SECTION 128 Over Expenditures.....	31
SECTION 129 Closeout PROCEDURES.....	32
SECTION 130 Sponsored ProGRAMS Revenues	33
SECTION 131 Closing Fixed PRICE AGREEMENTS.....	34
SECTION 132 Record Retention	35
HISTORY OF REVISIONS.....	37

SECTION 000 GENERAL COLLEGE POLICY OVERVIEW

External funding is an integral part of today's academic environment. Northern Oklahoma College (NOC) encourages faculty and staff members to seek external funding for programs and scholarship that supports NOC's Strategic Plan, mission, and vision. The ultimate responsibility for managing these projects belongs to the PI assisted by the Grants Coordinator, Grants Accountant, and departmental chair. All applications, proposals, and awards are made in the name of NOC. The Board of Regents has empowered a select number of officials to request and accept grants, contracts, and other related agreements on behalf of the College. Thus, only those officials designated by the Board of Regents of NOC may bind the College.

NOC is required to comply with applicable U.S. Office of Management and Budget (OMB), 2 CFR Chapter I and Chapter II Parts 200, 215, 220 and 230, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." and other regulations, guidelines and instructions in the notice of grant award or award letter when receiving federal funds. In the use of non-federal funds, the College must comply with the award agreement, College policies and State of Oklahoma guidelines.

As such, this manual will reference the OMB "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," 2 CFR Chapter 1 and Chapter 11 Parts 200, 215, 220 and 230, the State of Oklahoma Office of the Comptroller Statewide Accounting Manual, the NOC Employee Handbook and the Grants and Contracts Policies and Procedures Manual throughout this manual. Whichever policy is the most restrictive is the policy that will be used for the federal grants, contracts and cooperative agreements unless specifically allowed by the agency.

SECTION 100 AND 101 AUTHORIZED REPRESENTATIVES AND PRINCIPLE INVESTIGATORS

SECTION 100 AUTHORIZED REPRESENTATIVES

1. Authorized Representatives for grant proposals and related grant award issues rests with the President. Grants may require a variety of institutional signatures in order to be accepted by the sponsor. Appropriate signatures must be obtained prior to submission of proposals and acceptance of awards.
2. The Authorized Business Official for all grant and contract financial activity is the **Vice President for Financial Affairs**. All financial reports requiring an authorized official's certification must be signed by the Vice President of Financial Affairs.

SECTION 101 PRINCIPLE INVESTIGATORS

Principle Investigator (PI): Indicates the individual or individuals responsible for managing the grant. To be designated a Principle Investigator, one must be:

1. An individual must be a full-time faculty member or staff member in order to be able to apply for external funding at NOC. Part-time (Adjunct) Faculty must receive prior approval from Division Chair/Department Supervisor upon recommendation by the Vice President of Academic Affairs or appropriate Vice President of the Department before applying for external funding. Members of the College's professional staff may act as Principle Investigator only with the approval of the Department Supervisor and/or Dean or the appropriate Vice President, as appropriate.
2. Students, adjunct or visiting faculty who are not College employees, and temporary employees, may serve as co-PIs as sponsor/program guidelines encourage or permit. In such cases an eligible PI must be assigned to supervise the co-PI's role within the project.

In developing a proposal and administering an award, the PI represents the College and is responsible for upholding the highest standards of NOC.

PI responsibilities and expectations can be found in the Grants & Contracts Policies and Procedures Manual.

SECTION 102 FEDERAL REGULATIONS, PRINCIPLES, STANDARDS & POLICIES

Federal Regulations, Principles, Standards & Policies

- **OMB, Uniform Guidance, 2 CFR Chapter I and Chapter II Part §200** (downloadable)

The Uniform Guidance establishes administrative requirements, cost principles, and audit requirements for Federal awards to non-Federal entities. Federal awarding agencies must not impose additional or inconsistent requirements, except as provided in Exceptions or Information sections in a Federal award or unless specifically required by Federal Statute, regulation, or Executive Order.

The Uniform Guidance establishes cost principles for determining the allowable costs incurred by non-Federal entities under Federal awards. The principles are for the subject of cost determination, and are not intended to identify the circumstances or dictate the extent of agency and institutional participation in the financing of a particular project. The principles are designed to provide that the Federal Government bear its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law.

Audit requirements of this circular is issued pursuant to the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, P.L. 104-156. It sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of states, local governments, and non-profit organizations expending Federal awards. These provisions also provide the policies and procedures for Federal awarding agencies and pass-through entities when using the results of these audits.

- **Federal Acquisition Regulations (FAR)** (eFAR searchable/available for download)
The Federal Acquisition Regulations system is established for the codification and publication of uniform policies and procedures for acquisition by all executive agencies. FAR applies to contracts.
- **NOC Grants and Contract Accounting Policy Manual**
The NOC Grants and Contracts Accounting Policy Manual provides the user with policies and procedures applicable to accounting-related transactions at the College. The fiscal policies and procedures apply to all college departments.

SECTION 103 COST ACCOUNTING STANDARD GUIDELINES (CAS)

The Cost Accounting Standards Board (CASB) was created by Congress to establish accounting rules and regulations.

CAS applies to persons in NOC departments who work with financial aspects of grant projects – PI's, project directors, accountants, and others.

48 CFR 9905.501 – Consistency in Estimating, Accumulating, and Reporting Costs by Educational Institutions.

This standard requires that cost accounting practices used for estimating costs in proposals be consistent with the cost accounting practices used in accumulating (recording) and reporting costs. The standard is designed to provide a basis to compare proposal cost estimates with the actual costs. In its simplest terms, the standard requires that if costs are included in the project proposal, they must be accounted for as project costs; this includes cost sharing. When salaries are charged, effort reports must tie with accounting records (including any cost transfers), with proposal budgets, and with all progress reports to the sponsor.

48 CFR 9905.502 – Consistency in Allocating Costs Incurred for the same Purpose by Educational Institutions.

This standard deals with consistency in accumulating like costs incurred for the same purpose. It requires that each type of cost be allocated only once, and on only one basis to any contract or other cost objective. The institution must identify which costs are charged (1) only as direct, (2) only as indirect, or (3) both as direct and indirect. In its simplest terms, the standard requires that cost coding must consistently identify like costs in like circumstances as always direct or always indirect. If a contract is charged directly for a cost, the same type of costs should not be in the F&A rate, and vice versa.

48 CFR 9905.505 – Accounting for Unallowable Costs – Educational Institutions.

This standard contains guidelines on consistency in identifying unallowable costs and how they are treated within the cost accounting system. The standard does not provide additional guidance on what is unallowable; educational institutions will still follow 2 CFR Chapter I and Chapter II Part §200, Subpart E. In its simplest terms, the standard requires that costs expressly unallowable under 2 CFR Chapter I and Chapter II Part §200, Subpart E or mutually agreed to be unallowable under terms of the agreement must be identified and excluded from any billing, claim, application, or proposal applicable to a sponsored agreement. Detailed records should establish and maintain visibility of identified unallowables, including allocation and cost accounting treatments.

48 CFR 9905.506 – Cost Accounting Period – Educational Institutions.

This standard requires that the cost accounting period and all costing information (both direct and indirect) is based on the same period as the institution's fiscal year. For NOC that period is July 1 to June 30.

SECTION 104 PARTNERING WITH INSTITUTIONS AND/OR ORGANIZATIONS

Partnering with other institutions, organizations or industry is encouraged and may be the way to obtaining grant funding. These are just some reminders about partnering with others. The key is to communicate all needs to the grants coordinator or grants accountant before committing to something without realizing what NOC is being committed to do.

1. Cooperating with Institutions and Organizations

Formal consortium/partnership agreements are executed when any substantial portion of a project is to be performed by another institution. Early in negotiations with any cooperating institution or subawardee, contact the Grants Accountant for assistance in acquiring the necessary documentation for the comprehensive proposal budget.

2. Partnering with Industry

College-Industry partnerships for the purpose of seeking funding cooperative research initiatives, such as Small Business Innovative Research (SBIR) programs, may require formal agreements between the parties. In these cases, the Grants Accountant should be involved, coordinating with the President, so that such partnerships can be fully developed.

SECTION 105 PROPOSALS & AWARDS – GENERAL INFORMATION

All applications for external funding to the College or the NOC Foundation require review and approval by the President and the Grants Committee prior to submission. All proposed projects or requests for funding, including initial letters of interest/inquiry, sub award agreements or full proposals, must be approved.

The deadline and timeline for submission of the grant proposal must be carefully considered. Please keep the internal approval and review in mind when planning grant proposal submission. No member of the NOC community should use the name of the College or present themselves as representing the College in securing financial or in-kind support without prior approval designated through a signed Proposal Planning Sheet by the President, VP of Academic Affairs, VP of Financial Affairs, VP for Development & Community Relations, Division Chair, & Grants Coordinator.

PROPOSALS

All NOC employees seeking external funds for research, other sponsored activity, instructional enhancement, buildings or renovations should follow the proposal process as outlined in the Grants and Contracts Policies and Procedures Manual, Grant Process Procedure Plan: How to Get Started.

1. All proposals submitted to external agencies must be reviewed and approved by the responsible parties PRIOR to the submission of the proposals. In cases where match or cost share funds are required, the Vice President for Financial Affairs approval is also required.
2. The Grants Coordinator and Grants Accountant require a minimum of 3 Business days (College in session) to process a proposal.

AWARDS

Please refer to the Grants and Contracts Policies and Procedures Manual, Managing the Grant regarding awards of a grant, contract or cooperative agreement. All agreements must be reviewed by the Comptroller or Vice President of Financial Affairs and both Grants Accountant & Grants Coordinator prior to their execution.

All checks should be mailed to:

Attn: Comptroller, Office of Financial Affairs
Northern Oklahoma College
P.O. Box 310
Tonkawa, OK 74653-0310

If a check is mistakenly sent to a department instead of the Office of Financial Affairs, the check should be delivered as soon as possible to the Office of Financial Affairs for deposit. All information received with the check should be attached.

SECTION 106 AWARD APPROVAL, ADMINISTRATION & ACCOUNT SETUP

If an award is received by an individual or an office other than the President's Office, it should immediately be forwarded to the President's Office, the Vice President for Financial Affairs, the Grants Coordinator or Grants Accountant's office for proper review. Any negotiation and acceptance on behalf of NOC will come from the President. Only the President **has the authority** to approve or sign any agreement committing NOC facilities or staff for sponsored activities.

Award Administration during Award Period

1. Grants Accountant & PI

- Upon receipt of award or amendment, reviews the agreement for all special restrictions, start date and end date, cost sharing agreements, and non-financial reporting requirements. Follows all award conditions.
- Initiates payroll forms.
- Initiates all payment documents.
- Ensures that recording of actual costs are consistent with the proposal budget.
- Balances expenditures on each fund monthly
- Compares actual costs with proposal budget for consistency.
- Completes all interim and progress reports or other deliverables to ensure NOC receives funds to recover project expenditures.

2. Grants Accountant

- Monitors recording of actual costs for consistency with the proposal budget.
- Processes NOC cost sharing expenses on individual cost sharing fund(s).
- Reviews direct costs charged to grants and contracts to ensure that such costs are not already included in the indirect cost rate.
- Reviews specified purchases for agreement allowability, sponsor, and NOC regulations.
- Assists accounting staff and PI with questions concerning contract regulations and cost allowability.
- Prepares and mails required invoices to sponsors.
- Receives and deposits sponsor payments.
- Maintains accounts receivable.
- Prepares required monthly, quarterly, semi-annual, and annual financial reports.

3. Account Setup

- Once the original notice of grant award, award letter or fully executed contract has been received by the Grants Accountant an account will be established. Without a tangible notice of award, an account cannot be established.
- If an award is made for a different amount than the proposed budget, a revised budget for the new amount is required and should be forwarded to the Grants Accountant as soon as possible to avoid a delay in setting up an account.

SECTION 107 TIME AND EFFORT REQUIREMENTS

Grant funds may be used, if provided for in the grant agreement, to pay all or part of the salaries and allowable fringe benefits of personnel who are directly working on the grant project. Grantees must maintain records to describe the duties and pay of each grant-funded position.

All employees to be directly charged to the grant must be budgeted and approved in the Personnel section of the grant application. Grantees may charge the grant program only for the actual number of days worked and the actual percentage of time worked on the grant program based on Time & Effort. For grantees who must comply with the Uniform Guidance, all charges to payroll for grant-funded personnel must be based on one of the following: (1) certification; (2) time and effort records.

1. **Certification** – for employees who are 100% funded from the grant

Employees who work under a single grant program or who work under a single cost objective are not required to maintain time and effort records. However, each employee must certify in writing, at least semi-annually that he/she worked solely on that program or cost objective for the period covered by the certification. The certification must be signed by the employee and the Division Chair/Department Supervisor having firsthand knowledge of the work performed. Charges to the grant must be supported by these semi-annual certifications.

2. **Time and Effort Records** – for employees who are partially funded from the grant.

Employees who work under multiple grant programs or who work under multiple cost objectives (i.e., whose salaries are prorated between or among different funding sources) must prepare time and effort reports, at least quarterly, to coincide with pay periods. Such reports must reflect an after-the-fact distribution of 100 percent of the employee's actual time and must be signed by the employee. This requirement applies to all projects, regardless of funding source, unless otherwise specified. For federally funded projects, time and effort records must be in accordance with the requirements in the OMB, Uniform Guidance, 2 CFR Chapter I and Chapter II Part §200.

3. **State Funded Grants**

For state-funded grants, time and effort records must be maintained for those personnel whose salaries are prorated between or among different funding sources (and when not working under a single cost objective) to ensure state-funded grants bear their fair share of costs.

For example, for budget planning purposes, the percentage of time that an employee works under a particular funding source may be estimated. During the actual performance of that work the employee must keep ongoing, contemporaneous documentation of the time spent working under that funding source. Samples of appropriate documentation would be calendars, time and effort reporting forms, etc.

SECTION 108 NOC RESOURCES, RESEARCH INTEGRITY & PUBLICATION POLICIES

A. NOC Resources

NOC employees may not use College resources (including any person, money, or property) under their official control or direction or in their custody, for personal benefit or gain, or for the benefit or gain of any other individuals or outside organizations.

B. Research Integrity

NOC personnel are expected to adhere to the highest ethical standards for all research and scholarly work. It is the responsibility of every PI to maintain the integrity of research projects by keeping accurate, permanent, and auditable records of all experimental protocols, data, and findings, and to charge other contributors with the same standards. Misconduct in research and other unscholarly activities is incompatible with the standards of NOC and all allegations of such behavior in accordance with College policy.

C. Publication Policy

Uniform Guidance §200.211 Public access to Federal award information. In accordance with statutory requirements for Federal spending transparency (e.g., FFATA), except as noted in this section, for applicable Federal awards the Federal awarding agency must announce all Federal awards publicly and publish the required information on a publicly available OMB-designated government wide Web site.

Publication of new knowledge is a right and an obligation that is fundamental to an academic institution. NOC retains the right to publish all work derived as a result of its faculty and staff's efforts in support of research and scholarship through grants, contracts and cooperative agreements. Reasonable publication delays may be negotiated prior to submission to allow the sponsor to review a publication for the inadvertent disclosure of sponsor's confidential information, permit review for possible premature disclosure of patent application information, or to allow for the filing of a patent application.

SECTION 109 CONFLICT OF INTEREST

NOC employees should conduct their affairs so as to avoid or minimize real or apparent conflicts of interest, including financial conflicts of interest and conflicts of commitment. NOC's Outside Employment and Activities Policy 4.2.6 in the Employee Handbook describes the College's regulations for conflict of interest. This Policy is intended to serve as a primer for faculty and staff members in structuring their relationships with business entities in view of their primary academic responsibilities to NOC.

In addition to NOC's policy, federal agencies, including the Public Health Service and National Science Foundation, have additional conflict-of-interest regulations that are applicable to sponsored research. These regulations require universities and/or colleges applying for grants to ensure that there is no reasonable expectation the design, conduct, and reporting of research will be biased by any significant financial interest of an investigator responsible for the design, conduct, or reporting of that research.

The National Science Foundation requires that any "Institutions that apply for financial assistance for science, engineering research or education should include a plan in their grant proposals for appropriate training." NOC has an implementation plan and requirements for **Responsible Conduct of Research (RCR)** located on the Institutional Research webpage.

Also, a **General Grant Program Policy on Disclosure of Affiliation and/or Financial Interest** will need to be completed with any proposal whether state, federal, foundation or private. The intent of this policy is to identify any affiliation clearly so that peer reviewers and committee members may have full awareness of the facts in order to form their own judgements. This form must be completed by all PI's.

SECTION 110 PRIOR APPROVALS & PRE-AWARD COSTS

All applications for external funding to the College or the NOC Foundation require review and approval by the President and the Grants Committee before submission. All proposed projects or requests for funding, including initial letters of interest/inquiry, subaward agreements or full proposals, must be pre-approved including the President, Vice President for Financial Affairs, Vice President of Development & Community Relations, Vice President of Academic Affairs, Grants Coordinator and/or Grants Accountant.

For grants and contracts requiring the sponsor's prior approval, correspondence with the sponsor requesting such changes must be reviewed and co-signed by the Grants Coordinator and Grants Accountant on behalf of NOC. Once a written approval is received from the sponsor, the PI and the Grants Coordinator and Grants Accountant will receive notification that changes can be formalized.

Pre-Award Costs - Definition

Normally, goods or services must be received during the period of performance if they are to be considered allowable. The period of performance of a Federal award usually starts at execution or within a few weeks of execution. Some awards include approval of pre-award costs; these include assistance awards incorporating expanded authorities or specific authorization.

In cases where a PI is expecting an award and desires to begin hiring or ordering equipment/supplies, a very few federal awards allow a 90-day window for expenditures to be taken at the risk of the awardee.

NOC does **not** allow pre-award costs without prior approval from the agency.

Expenditures made pending receipt of a sponsored award should never be charged to another sponsored project fund in the interim.

Allowable costs incurred during an authorized 90-day pre-award time period that must be transferred to a grant fund must be presented to the Grants Coordinator and the Grants Accountant:

- In a timely manner (within 30 days of the department's receipt of notification of receipt of the award); and
- a written statement from the PI stating that the transactions are allowable, allocable and reasonable charges to the Grant as defined by Cost Accounting Standards (see section 103).

SECTION 111 Purchasing Regulations

As stated in the NOC employee handbook, 3.17.1 Purchase Requisitions, “all purchases must be made in accordance with the Purchasing Policies and Procedures”. These are located on the NOC website on *myNOC* at www.noc.edu. “All purchases must be approved prior to the actual expenditure through written requisitions by appropriate officials. Purchases are not authorized except by this procedure”.

NOC Purchasing Requirements on Federal Grants

- NOC must avoid acquisition of unnecessary or duplicative items.
- Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase.
- Where appropriate lease-purchase analysis should be conducted.
- NOC is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or share goods and services.
- NOC is encouraged use Federal excess and surplus property in lieu of new equipment or property.
- NOC employees are encouraged to use value engineering clauses in construction contracts of sufficient size.
- Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.
- NOC must award contracts only to responsible contractors possessing the ability to perform Successfully.
- Consideration will be given successfully to contractor integrity, compliance with public policy, past performance and financial and technical resources.
- NOC Purchasing must maintain records sufficient to document the rational for the following, but not limited to:

**Procurement method,
Selection of contract type,
Contractor selection or rejection, and
Basis for contract price.**

Procurements without competition:

- **Micro-purchases, \$3,000 or less, do not require competition or a cost/price analysis, but must be distributed equitability among qualified suppliers (to the extent practicable).**
- **\$2,000 for construction awards are subject to the Davis-Bacon Act**
- **Micro-purchases may be awarded without soliciting if the non-Federal entity considers the price to be reasonable.**

Federal Procurements requiring competition or cost-price analysis:

- **Small purchase, \$3,000-\$149,999**, Simplified Acquisition Threshold, price and rate quotes must be obtained from an adequate number of qualified sources. Note: no cost/price analysis required.
- **Large purchase, >\$149,999**, price and rate quotes must be obtained from an adequate number of qualified sources. Cost/price analysis required.

NOC Purchasing Levels and Approvals

Dollar Levels of Purchases

Does not exceed \$200.00

Approval Requirements

Small Order requisition does not require prior approval by the Vice President for Financial Affairs. (not valid for professional or personal service, postage or travel reimbursements).

\$200.01 - \$9,999.99

Requisition form prepared and forwarded to the Vice President for Financial Affairs for approval before ordering. Approval date must be before or concurrent with the order date.

\$10,000.00 - \$24,999.99

Requisition form plus quotation sheet (minimum of three quotes) unless State contract or consortium contract pricing.

\$25,000.00 and above

Competitive bid by Purchasing unless at or below State or consortium contract pricing. Purchase also must be reported to the Northern Oklahoma College Board of Regents at their monthly meeting.

Over \$100,000.00

Requires prior approval by the Northern Oklahoma College Board of Regents.

Professional or personal service contracts are required for speakers, honorarium and other personal service items.

Oklahoma is governed by public use law that disallows the use of public monies for personal items and other items not directly related to the mission of the College.

Please contact the Vice President for Financial Affairs at extension 6237, or the Director of Purchasing/Accounts Payable at extension 6233 if you have any questions or need additional information.

Accounts Payable Procedure:

According to 2 CFR 200, subpart E, federal guideline §200.404(b) Reasonable Costs (arms-length), the purchase should be made as a third-party transaction.

- NOC is not allowed to pre-pay an invoice except in very specific conditions that have been designated in state guidelines. For more information, please refer to the statewide accounting manual: https://www.ok.gov/OSF/Comptroller/Statewide_Accounting_Manual/
- An invoice needs to have an invoice number, date, payee and payee address, itemized and detailed description of service or items purchased with prices for each and a total. It must be signed by the purchaser verifying item(s) or service(s) have been received and turned into Accounts Payable.
- Accounts Payable will code the invoice for payment and give the paperwork to the responsible Accountant or Vice President of Financial Affairs for approval or audit.
- **Meals/Food**- can only be paid if certain conditions are met. Detailed and itemized description of the meal provided (e.g. cheddar broccoli soup & side salad) including name of person(s) who received the food. Signatures are required on student activity advances.
- **Equipment**- requires an inventory form so the equipment is included in NOC's inventory or returned to the agency, at their request.

SECTION 112 ALLOWABLE & UNALLOWABLE COSTS

- All encumbrances shall occur on or between the beginning and ending dates of the contract.
- All goods must be received and services rendered and subsequently liquidated (recorded as an expenditure or accounts payable) within the award dates.
- Obligations that are liquidated and recognized as expenditures must meet the allowable cost principles in U.S. OMB, 2 CFR Chapter I and Chapter II Parts 200, 215, 220 and 230, “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.” and program rules, regulations, and guidelines contained elsewhere.

Allowable Costs

Some major costs that may be allowable to the grant include, but are not limited to:

- Equipment and furniture with a per-unit acquisition cost of \$5,000 or more. “Equipment” is defined as an article of non-expendable, tangible personal property having a useful life of more than one year and a per-unit acquisition cost of \$5,000 or more. The acquisition cost includes the cost of the asset and the cost to put it in place. This will include the invoice price of the equipment and modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired.
- Amounts authorized for maximum recovery for travel and per diem costs against any state or federal funding source. In all cases, reimbursements for traveling must be at a consistent rate, regardless of the source of funds. The grantee must follow all travel rules for employees as specified in the employee manual at 3.17.2 Travel. Out-of-state travel may not exceed the federal government rate for the locale; and
- Improvements that materially increase the value or useful life of equipment or other assets with an acquisition cost of \$5,000 or more. An “improvement” is defined as betterment to an existing asset that results in increased productivity, better service, or longer life.

Unallowable Costs

An **unallowable cost** is any cost that cannot be charged to the grant regardless of whether the cost is treated as direct or indirect. Costs listed as allowable under an OMB Circular may not be allowable under the terms and conditions of a grant program.

Grant programs are for specified purposes. Costs may be allowable provided that they are necessary and reasonable to the success of the grant program. If a cost is identified as “allowable” in the cost principles, this does not always guarantee that the funders’ guidelines will support the use of funds for a particular program. NOC’s Grants Coordinator and/or Grants Accountant will review, per guidelines to determine the cost as “allowable” or not. Therefore, certain costs that might ordinarily be allowable may be negotiated out of the application. Be sure to read the grant agreement thoroughly to verify allowable costs.

SECTION 113 DIRECT COSTS

OMB 2 CFR Chapter I and Chapter II Part §200, Section §200.413

- “Direct costs are those costs that can be identified specifically with particular final cost objective, such as a Federal award, or other internally or externally funded 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 indirect (F&A) costs.”

Four key characteristics apply to all direct costs:

1. ALLOWABLE

- Costs must be allocable to sponsored agreements.
- Costs must be reasonable.
- Costs 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.
- Costs must be given consistent treatment through application of the generally accepted accounting principles appropriate to the circumstances.

2. ALLOCABLE

- An allowable cost incurred for the benefit of only one project which can be readily assigned to multiple projects which directly benefit from the cost, or is necessary to the operation of the institution.
- Relative benefits received.
- Approximated through use of reasonable methods.
- Without undue effort or cost.

3. REASONABLE

- Reflect the actions that a “prudent person” would take.
- Allocable and necessary for performance of the agreement.
- Consistent with ethical business practices and applicable laws.
- Consistent with University policies and sponsor rules.

4. CONSISTENT

- Cost Accounting Standards.
- “Similar costs incurred in like circumstances”.

SECTION 114 INDIRECT COSTS (F&A COSTS)

Indirect Costs are costs incurred that are common by nature and benefit more than one grant program or project.

Indirect Costs include:

- Costs of operating and maintaining facilities;
- General administration and general expenditures, such as budgeting, accounting, human resources, legal, and purchasing.
- Centralized services, such as transportation and information systems; and
- Personnel and accounting administration.

Reimbursement of indirect costs under federal awards is determined by an entity's indirect cost rate, which recipients negotiate with their cognizant agency. The indirect costs are computed using a NOC-approved restricted indirect cost rate. The indirect cost rates change annually and are effective from July 1 of the current year to June 30 of the following year. Computation of indirect cost is subject to audit. Federally funded grant programs may claim indirect costs provided that an indirect cost rate has been established and approved.

Costs Normally Treated as Indirect Costs (F&A)

- Administrative and Clerical Salaries
- Audit costs
- Bid and proposal costs
- Depreciation or Use Allowances
- Dues and Memberships
- General Purpose Equipment: Non-research equipment, which may be used for general office purposes such as desktop computers, laptop computers, printers, fax machines, copy machines, and office furniture.
- General computer services, networking costs, or other Information Technology services
- Hazardous Waste Disposal
- Insurance
- Interest
- Legal Services
- Office Supplies
- Postage Including U.S. Postal Service, Federal Express, UPS
- Sabbatical Leave Costs
- Staff Recruitment and Relocation
- Subscriptions, Books, Journals and Periodicals
- Telecommunications--Local Telephone Service Including phone equipment such as telephones, cell phones, pagers, fax machines, and line charges

SECTION 115 COST SHARING

Occasionally, sponsors may require NOC share part of the costs of the proposed project. NOC strictly discourages unnecessary cost sharing or voluntary cost sharing, and will only provide cost sharing in cases where the sponsor's written guidelines state cost sharing is required of all applicants. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards §200.306 Under Federal research proposals, voluntary committed cost sharing is not expected.

All proposal documents must be carefully written and reviewed to avoid non-essential cost sharing and any financial repercussion to the department or NOC. Cost sharing should only be included in a proposal as NOC's contribution toward a project only when required to do so by the sponsor.

Cost sharing is the portion of the cost of a grant paid by a source other than the sponsor, for example the college and/or other outside sources. Cost sharing can be direct costs, the associated indirect costs (F&A) costs, and/or when permitted by the sponsor the portion of indirect costs not paid by the sponsor (unrecovered indirect) costs. It is important to realize that whether cost sharing is required by the sponsor or is offered by the college on a voluntary basis, once an award is made, all cost sharing commitments included in a proposal and/or the award document become binding obligations of the college and must be documented. The level of voluntary cost sharing should be reasonable and prudent, considering the PI's other commitments of time and the college's intent to recover the full cost of a grant. Excessive cost sharing can also have the effect of reducing the college's indirect cost rate.

Cost sharing requirements are described in the U.S. OMB, 2 CFR Chapter I and Chapter II Parts 200, 215, 220 and 230, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."

Although this regulation only pertains to federal awards, federal policy also states NOC must treat similar costs in a similar manner; thus NOC's general practice is to handle cost sharing consistently for both federal and non-federal sponsored programs. Failure to properly document cost sharing may result in audit findings that could result in disallowances that have to be refunded to the sponsor.

When working on a proposal that requires cost sharing, please contact the Grants Coordinator or Grants Accountant prior to preparation of the proposal.

SECTION 116 SUBAWARD VS SUBRECIPIENT VS VENDOR

Subaward

A subaward involves a written agreement whereby a portion of the project work is transferred to another organization under a Contract, Grant or Cooperative agreement.

Subrecipient

An entity that expends awards received from a pass-through entity to carry out a project. As defined by OMB Circular A-133, a subrecipient relationship exists when funding from a pass-through entity is provided to perform a portion of the scope of work or objectives of the pass-through entity's award agreement with the awarding agency. A pass-through entity is an entity that provides an award to a subrecipient to carry out a project.

Responsibilities of Subrecipient

- Be aware of all award terms and conditions; the Uniform Guidance, and A-133 are the guides for flow down from a federal assistance award. Commercial sub-recipients also need to be aware of Federal Acquisition Regulations subpart 31.2 –Contracts with Commercial Organizations.
- Submit invoices with signed certification, detailed by budget line item, to the College no more frequently than monthly, but at least quarterly.
- Maintain acceptable financial systems and accurate records that identify the award's expenditures.
- Maintain effective control over and accountability for all funds, property, and other assets.
- Maintain consistency with applicable cost principles.
- Communicate with the PI at NOC.
- Ensure all reporting requirements are met.
- Submit final invoice and closeout documentation after award termination date or as otherwise noted in agreement.
- Comply with record and retention requirements.
- Provide backup documentation, when requested, for all costs.

Vendor

A vendor is generally a dealer, distributor or other seller that provides, for example, supplies, expendable materials, or data processing services in support of the project activities.

SECTION 117 STATE SUPPORTED AGREEMENTS

When a grant or contract is received from a non-federal entity, the Office of Financial Affairs will make a determination about the actual source of the funding provided by the entity. If the entity is using federal money to support the project, the College must account for the funds as if they were federal funds. This is called Federal Flow-Thru funds. The College must adhere to all federal guidelines and restrictions of the federal agency supporting the project as if it were receiving the funds directly from the federal agency. Because federal policy also states NOC must treat similar costs in a similar manner, all state supported agreements will be treated in the same manner as the federal agreements. This consistency will also follow CAS rulings.

Time and Effort Certification

For state-funded grants, time and effort records must be maintained for those personnel whose salaries are prorated between or among different funding sources (and when not working under a single cost objective) to ensure state-funded grants bear their fair share of costs.

For example, for budget planning purposes, the percentage of time that an employee works under a particular funding source may be estimated. Samples of appropriate documentation would be calendars, time sheets, time and effort reporting forms, etc.

SECTION 118 GIFT VS. GRANT POLICY

In general, most financial support from any external agency will be classified as a grant or contract if any of the following criteria are met:

1. Any written document has been executed regarding the specific use of the funds beyond a broad programmatic designation, or
2. Any technical reports are required by the sponsoring agency, or
3. A financial report is required by the supporting agency, or
4. The work being done has the possibility of producing intellectual property, i.e., patents and copyrights

In general, financial support not meeting any of these criteria may be classified as a gift (with the exception of the NOC Foundation). Gifts will be classified as either restricted or unrestricted.

Procedure

NOC's handling of gifts to the College policy 3.28 in the Employee Handbook describes the College's collaboration with the NOC Foundation and the procedure to follow in handling all gifts.

Gifts should be delivered to the following address:

Northern Oklahoma College Foundation, Inc.
PO Box 310
1220 East Grand Avenue
Tonkawa, Oklahoma 74653-0310

SECTION 119 BUDGET MODIFICATIONS

Once an award has been made to the College, the Principle Investigator with the assistance of the Grants Accountant must monitor expenses to assure that all costs charged to the sponsored project are allowable, allocable and reasonable when costs are being incurred. The general rule is the sponsoring agency needs to be contacted in writing for permission to modify funds. The sponsor will be concerned about the scope of the project and whether goals can be met with the changes requested. Costs are not allowed to be incurred on a project until written permission is granted.

Some agencies allow a specific small percentage variance in expenses from the original budget without requesting permission. If expenses will be going over the variance, a budget modification needs to be requested from the agency in writing. Requests for budget modifications need to occur before the end of the project.

Budget Modifications are used throughout the year to revise the original budget established at the beginning of the fiscal year. It is necessary to process a budget modification when (1) adjusting income or expenditures in a "budgeted" account or (2) when transferring funds to or from a "budgeted" account. A budget modification may also be warranted when an adjustment to the approved Scope of Work (SOW) is needed to ensure a successful outcome for the program

Justification for budget modification requests

For audit purposes, the principle investigator must document the request for budget modification by explaining the reason for the reallocation of funds.

To request a budget modification of funds on a grant or contract:

- Determine if the sponsor of the grant or contract allows budget modification and whether prior approval is required or not. (Note: If the sponsor requires prior approval for a budget modification that exceeds a certain percentage of the budget, care must be taken to ensure this limit is not exceeded when multiple budget modification events occur in a single budget period.)
- *If sponsor approval is required:*
Contact the Grants Accountant about the proposed budget modification. The Grants Accountant will send the budget modification request to the sponsoring agency
- *If the sponsor does not require prior approval for budget modifications:*
Contact the Grants Accountant about the proposed budget modification. The Grants Accountant will revise the budget and provide an updated spending plan.

SECTION 120 CLERICAL AND ADMINISTRATIVE SALARIES ON GRANTS

Salaries of administrative and clerical staff should normally be treated as indirect costs. With the changes of the Uniform Guidance changes have been made in the direct charging of administrative and clerical staff on to sponsored awards. Direct charging of administrative and clerical staff may be appropriate only if all of the following conditions are met:

- (1) Administrative or clerical services are integral to a project or activity;
- (2) Individuals involved can be specifically identified with the project or activity;
- (3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- (4) The costs are not also recovered as indirect costs.

If any of the above criteria are true, clerical and administrative salaries may be included in the proposal submitted to the Grants Coordinator and Grants Accountant. In addition, a copy of the position description should be kept on file by the responsible department as evidence that the position is in direct support of program objectives and meets the above criteria.

- A. The PI must write a justification statement regarding the duties that will be performed and why they fit the above criteria.
- B. The salary must be specifically identified in the budget.
- C. The salary/budget must be approved by the Human Resources Department, in advance, before proposal is submitted to the sponsor.

SECTION 121 LEAVE AND COMPENSATION ON GRANTS

Vacation Leave Pay-Out

Only vacation leave that was “earned” on the award may be charged to the grant or contract. Vacation leave time should be taken within the life of the award if it is expected that the project will cover the cost of such leave. It is up to the individual and supervisor or unit head to arrange for leave at an appropriate time. If there are exceptional circumstances that prevent the employee from taking the leave, a request in advance of the pay-out, must be made to and approved by the Vice President of Financial Affairs **before** charging the award. The department/unit will need to cover the costs of any vacation leave pay-out not approved by the Office of Financial Affairs.

Overload Compensation

Overload compensation is NOT allowed on grants and contracts. Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations – OMB 2 CFR Chapter I and Chapter II Part §200 states that salary will be based on the individual faculty member’s regular compensation, which constitutes the basis of his salary. Compensation is only allowed at the base salary rate.

SECTION 122 EQUIPMENT & EQUIPMENT CLOSEOUT

Equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000.

Equipment acquired from a research sponsor or purchased with sponsored research funds is accountable to the grant or contract for which it was obtained. Contract authority must exist for the acquisition of facilities, special test equipment and other equipment on sponsored research funds.

Purchasing Equipment from NOC Surplus Property

Surplus property normally cannot be purchased on grants and contracts. The reason is that the Office of Financial Affairs is unable to verify what funding source originally purchased the property. However, the non-federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs. The Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and other Nonprofit Organizations – OMB 2 CFR Chapter I and Chapter II Part §200 and FAR state that property that was originally purchased with federal funds cannot be re-purchased with federal funds. Because of the CAS principal of consistency, this policy is applied to all sponsored projects. The exception is when the surplus property did not come from NOC.

Guidelines for Ownership, i.e., title, of Sponsor Funded Equipment

(a) *Title.* Subject to the obligations and conditions set forth in this section, title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further obligation to the Federal government, and the Federal agency elects to do so, the title must be a conditional title. Title must vest in the non-Federal entity subject to the following conditions:

(1) Use the equipment for the authorized purposes of the project until funding for the project ceases, or until the property is no longer needed for the purposes of the project.

(2) Not encumber the property without approval of the Federal awarding agency or pass-through entity.

(3) Use and dispose of the property in accordance with paragraphs (b), (c) and (e) of this section.

(b) A state must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures. Other non-Federal entities must follow paragraphs (c) through (e) of this section.

SECTION 123 DOMESTIC TRAVEL

All domestic travel will follow the State of Oklahoma guidelines as identified in the Statewide Accounting Manual. The Outside the Continental United States (OCOUS) rates are identified yearly by GSA and the mileage rates are identified yearly by the IRS. Changes in the mileage amounts are posted annually on the NOC portal. Any questions regarding travel expenses will be referred back to these sources.

In addition, if these costs are charged directly to the Federal award documentation must justify that:

- (1) Participation of the individual is necessary to the Federal award; and
- (2) The costs are reasonable and consistent with the non-Federal entity's established travel policy.
 - (c)(1) Temporary dependent care costs (as dependent is defined in 26 U.S.C. 152) above and beyond regular dependent care that directly results from travel to conferences is allowable provided that:
 - (i) The costs are a direct result of the individual's travel for the Federal award;
 - (ii) The costs are consistent with the non-Federal entity's documented travel policy for all entity travel; and
 - (iii) Are only temporary during the travel period.
 - (2) Travel Costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the Federal awarding agency.

Before making any travel arrangements on grant and contract funds, a request to travel form must be completed for each traveler and submitted to the Office of Financial Affairs for approval prior to traveling. This form is required for all domestic and international travel and applies to anyone traveling, including but not limited to, employees, non-employees and students. All required travel forms can also be found on the NOC portal under "Travel Forms." Please make sure to fill out the proper forms prior to travel and upon return from travel.

Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

- (I) Require circuitous routing;
- (II) Require Travel during unreasonable hours;
- (III) Excessively prolong travel;
- (IV) Result in additional costs that would offset the transportation savings; or
- (V) Offer accommodations not reasonably adequate for the traveler's medical needs. The non-Federal entity must justify and document these conditions on a case-by-case basis in order for the use of first-class airfare to be allowable in such cases.

Travel is more specifically addressed in the employee handbook, 3.17.2 Travel. The employee handbook may be found on the NOC portal.

SECTION 124 FOREIGN TRAVEL, FLY AMERICA ACT, TRAVEL VISAS & VACCINATIONS

The definition of foreign travel may vary by sponsor; therefore, the individual award should be reviewed for the definition as well as for sponsor prior approval requirements. All foreign travel will follow the State of Oklahoma guidelines as identified in the Statewide Accounting Manual for the State of Oklahoma. The OCONUS rates for lodging are identified yearly by the General Services Administration and the mileage rates are identified yearly by the IRS. Changes in the mileage amounts are posted annually on the NOC portal. Any questions regarding allowable travel expenses will be referred back to these sources.

Before making any foreign travel arrangements on restricted funds, a request to travel form must be completed for each traveler and submitted to the Office of Financial Affairs for approval prior to traveling. This form is required for all domestic and international travel and applies to anyone traveling, including but not limited to, employees, non-employees and students.

Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

- (I) Require circuitous routing;
- (II) Require Travel during unreasonable hours;
- (III) Excessively prolong travel;
- (IV) Result in additional costs that would offset the transportation savings; or
- (V) Offer accommodations not reasonably adequate for the traveler's medical needs. The non-Federal entity must justify and document these conditions on a case-by-case basis in order for the use of first-class airfare to be allowable in such cases.

Fly America Act (Federally Funded Air Travel)

The Fly America Act requires that all travelers and others performing **U.S. Government-financed air travel** use U.S. flag carriers to the extent such carriers are available, even if their use would cost more. Even when the entire trip cannot be made on U.S. flag carriers to the extent possible they should be used to the farthest interchange point on a usually traveled route. 301-3.6 (b)(4)(ii). Chartered flights are also subject to the requirements.

Travel Visas (Passport and Visa Fees)

Only passport and visa fees are allowed to be paid on grant funds and are for those directly connected with the sponsored award. **This does not include recruitment costs, which are not reimbursable by most federal agencies.** This includes only the passport/visa fee, and not any travel or expedited processing fees associated with obtaining the passport/visa. The cost of obtaining a photo for the passport is allowable.

Vaccinations

Expenses for required vaccinations related to the sponsored award are allowable expenses.

SECTION 125 OMB CIRCULAR SUBPART F AUDITS

Subpart F – Audit Requirements

The Subpart F Audit single audit is intended to provide a cost-effective audit. Efficiencies can be considerable when an organization-wide audit, or single audit, is conducted in lieu of multiple audits of individual Federal programs. Any Non-Federal Entity that expends \$750,000 or more in Federal awards in its fiscal year is required to have a single audit.

1. Non-Federal Entities subject to audit must:
 - A. Arrange for a timely audit,
 - B. Prepare appropriate financial statements and a schedule of expenditures of Federal awards,
 - C. Ensure the audit is properly completed,
 - D. Submit the audit report when due, and
 - E. Take corrective action on audit findings.

NOC is responsible for submitting a report that meets the requirements of the Uniform Guidance.

If the auditee is a subrecipient, it must also forward a copy of a report containing audit findings to affected pass-through entities. If the report contains no findings, the subrecipient is only required to provide the affected pass-through entities with a notification that the audit was completed.

The auditee is responsible for preparing a corrective action plan, taking corrective actions on audit findings, and reporting the status of corrective actions in subsequent reports.

An audit finding may include questioned program costs. If any of the questioned costs are disallowed by the management decision, the auditee may have to refund the disallowed amount.

Most audit reports are a matter of public record. Information is provided on the results of the audit that is entered into a database maintained by the Federal Audit Clearinghouse. The Federal Audit Clearinghouse serves as the central collection point, repository, and distribution center for audit reports.

Occasionally, the Grants Coordinator and/or Grants Accountant may contact departments to submit documentation to help assist in the audit process. Some of those areas might be student timecards, technical reports, etc. If the Department or PI receives notification that a sponsor is coming for a site visit or audit, the Grants Coordinator and/or Grants Accountant should be contacted so the appropriate personnel can be included in these activities.

SECTION 126 AUDIT DISALLOWANCE

For this policy only, refer to “costs disallowed by audit” and do not include costs disallowed for any other reason such as costs being outside of the project’s time period.

NOC is required to provide funding organizations the necessary proof that provided funds were expended for ordinary and necessary project expenses. Normally, the proof will be made available for the funding organization's review for three years after the project is terminated.

NOC will refund to funding organizations project costs that have been found to be unallowable charges against the projects by the sponsoring agency. The PI’s home department will participate in the repayment of disallowed charges. If there is any dispute in applying this policy, the Vice President for Financial Affairs will dictate compliance.

Procedures

The costs in this fund are all considered College cost sharing because the cost was incurred for the purpose of completing the sponsored activity.

The award which incurred the disallowance is analyzed. The percent of the disallowance charged to the department will vary with the indirect cost rate charged to the award.

SECTION 127 TEMPORARY TERMINATION OF GRANT OR CONTRACT FUNDS

Accounts for grants and contracts may be closed to further activity during the project period for various reasons.

Procedure

If it is necessary to close a project to further activity, both the account and fund will be terminated. The department will be responsible for removing any personnel/payroll that have been established on that account until such time that the account can be reopened. Any continuing research is recorded as unsponsored department research and expenses should be charged to a departmental account.

Examples for temporary terminations:

- The award budget is overspent without documentation of further funding from the sponsor within the next 30 days.
- Dispute with the sponsor over progress of the research
- Contractual default by either party
- Mismanagement of funds
- Sponsor issues a stop work order
- Default on scheduled progress payments by sponsor

Temporary termination of a grant or contract due to a deficit balance may be avoided if the department submits a guarantee letter to the Office of Financial Affairs.

The guarantee letter must provide an account number that will be responsible for the deficit balance if the sponsored award does not receive additional funding. Division Chair/Department Supervisor signatures are required. Expenditures will be allowed up to the amount guaranteed. If expenditures exceed the amount guaranteed, a revised guarantee letter must be submitted or the temporary terminations policy will apply.

SECTION 128 OVER EXPENDITURES

Principle Investigators (PI) are only permitted to spend up to the authorized award amount as stipulated in the agreement during the award period. The PI's department will be liable for all excess spending. Failure to comply with the terms of the award may result in the award being temporarily terminated.

Procedure

Available balances on an award should be reviewed on a monthly basis by the PI and Grants Accountant. The authorized award amount may not be exceeded at any time during the award period.

- Awards that have multiple year funding may be budgeted in different ways depending on the award document.
- If the agency commits funding for the entire project period, the award budget will be entered for the entire authorized amount of the award.
- If the agency commits funding incrementally, the award budget will be entered for that increment's authorized amount only.
- It is never appropriate to spend increments before they are awarded by the agency or before the start date of the budget period.
- If the agency allows pre-award costs, the PI may request approval to spend before the start date. The department head must guarantee that the costs will be covered by the department if the award or increment does not arrive.
- If an award has a negative available balance greater than \$1,000 at any time during the project period, the Office of Financial Affairs will be responsible for communicating with the PI to ascertain the status of future funding or resolution of the deficit. If necessary, the Office of Financial Affairs may contact the sponsor.
- If additional funding is going to be committed within 90 days of the start of the next budget period, the procedures above for pre-award costs will apply.
- If additional funding is going to be committed more than 90 days in the future, prior approval to spend the increment must be obtained from the agency. Failure to obtain written commitment from the sponsor may result in temporary termination of the grant fund. See Policy: *Temporary Terminations of Grants and Contracts*.
- If the sponsor does not provide written verification for a commitment of additional funds, the project will be closed to further activity and the closeout process will begin. Any over expenditure of project costs will be charged to the department as a cost overrun.
- The Grants Accountant will send out an over expenditure email when it is determined that the account is overspent. This email notice includes the clause that any over expenditure remaining at project closeout will be charged as a cost overrun.

SECTION 129 CLOSEOUT PROCEDURES

In order to comply with the regulatory standards and properly account for these costs, the Office of Financial Affairs will transfer such expenditures (items not allowed by the sponsored award or costs greater than the award) to a departmental-funded account. This will be accomplished when completing the final financial reports to the sponsoring agency. In most cases, the final reports are due within 45 to 90 days following the end date of the agreement.

Standard 90 Day Closeout

The cost overrun will be processed after closing of the accounting period following 60 days after the end date without further notification.

60 Day Closeout

The cost overrun will be processed after closing the accounting period following 30 days after the end date, without further notification.

Less Than 60 Day Closeout

Documentation of corrections must be completed immediately. This includes copies of payroll forms with amounts, invoice and journal entry document numbers. A cost overrun will be processed without further notification.

Costs may not be transferred after the cost overrun has been completed. The cost overrun may not be transferred to another account.

SECTION 130 SPONSORED PROGRAMS REVENUES

Proceeds from any activity sponsored by NOC, evidenced in part by the use of NOC letterhead, and/or using state resources such as employee time and effort, state facilities, state vehicles, etc., are deemed to be State of Oklahoma revenue and **must be deposited into a NOC fund**. (e.g. proceeds of short course workshops, testing services, and sales of products generated from College instruction or research projects.)

State revenue must not be diverted to foundations (except NOC Foundation) or any other non-state entity. To divert state revenue into a non-state fund is the same as directing state revenue into a personal bank account. Unauthorized bank accounts must not be used for College activities. Such an action not only jeopardizes the tax deductibility of gifts, but also can cause serious liability problems for those administering the funds.

Program Income

The only miscellaneous revenue that may be deposited into a grant or contract is program income. Program income is revenue that is directly generated by a supported activity or earned as a result of the award. Program income includes, but is not limited to:

- Income from fees or services performed
- The sale of commodities or items fabricated under an award
- Workshop fees paid by participants of a funded workshop
- Sale of residual goods that were originally purchased on the award.

Depositing Revenue as a Reduction of Expense

Revenue deposited as a reduction of expense is very limited under State of Oklahoma rules. If the vendor was overpaid and a refund was received, the refund is to be credited to the account code to which the purchase was charged. An overpayment may be the result of returning prepayments, the return of defective merchandise, or credit for early payment.

Electronic Receipt of Grant Funds

Several federal agencies have granted permission to the college and NOC Foundation to electronically request funds in payment for expenditures made on grants and cooperative agreements. This allows for prompt reimbursement (typically the next day after the request is submitted). Only selected individuals in the Office of Financial Affairs and NOC Foundation are given authority to make these draws, and considerable password security has been established.

SECTION 131 CLOSING FIXED PRICE AGREEMENTS

Closeout Date

The period that all final documents must be processed and sent to the sponsor. For example, if the documentation specifies 90 days, there will be 90 days until closing of the period following 60 days after the end date to make corrections. To allow for processing time the department should process all corrections 30 days prior to the contractual due date of reports. Remember that this information will be noted on the Award Information Sheet of the original award only. It will not be noted on the Award Information Sheet of future amendments.

Procedure

A fixed price agreement is invoiced for a flat amount for the task or scope of work and the expenses are not subject to detailed reporting. NOC is under Cost Accounting Standards that state costs will be estimated (the proposal) and incurred in the same manner. Therefore, if there is salary in a fixed price budget, it is expected that salary will be expended on the index set up for the award.

When NOC receives a fixed-price award, the funding entity intends that it be spent for a specific project. Once that project is completed, unless restricted by the award document, it is NOC's policy to allow the department to retain the remaining cash for their use toward the support of departmental research. After ensuring that all appropriate expenditures have been posted, the remaining cash is considered by NOC to be a restricted gift. Cash balances exceeding 20% of total award will require agency approval. The cash is transferred to a departmental restricted fund less appropriate indirect costs, if award allows indirect costs. The Office of Financial Affairs must be informed in writing that the fixed-price project is completed so the appropriate transfer can be made. The appropriate account should be included in the request.

The **end date** of the fixed price agreement means the same as the end date of a cost reimbursable agreement. This date is when the project is to be completed and the technical reports (deliverables) submitted to the sponsor. Whether NOC is allowed to bill in total or is required to invoice in detail has no bearing on the technical project.

If the project is not complete by the end date shown on the award, then a no-cost extension should be requested by the PI to the sponsor. The sponsor needs to know how the research is progressing and when it can expect the deliverables. If the sponsor does not require a formal amendment, the no-cost extension request can contain an agency approval signature-line. Once signed the approval should be forwarded to the Office of Post Award Administration for input.

Assuming that the project is completed within the end date these funds should close in the same timely manner as cost reimbursable funds.

SECTION 132 RECORD RETENTION

Record retention is to provide a record of the establishment and administration of individually sponsored awards on restricted funds. Document compliance with fiscal reporting requirements, including billing information for accounts receivable to sponsoring agencies. Awards may be federal, state, commercial, or non-profit. This may include but is not limited to: proposal; project summaries; grant authorizations; contract documents; project budget modifications; invoices; cashier's receipts; equipment purchase orders; subcontracts; institution billings; balance sheets; final financial reports; property reports; equipment disposition reports; and related documentation and correspondence.

Procedure

1. Grants Coordinator
 - A. Retains Record Copy
 - Retention Period:
 - 3 years after final financial report is submitted and the account is closed, or for awards that are renewed quarterly or annually, 3 years after quarterly or annual financial report is submitted unless specified as longer by the terms of the contract. Including certain documents or particular types of information and data to be collected and analyzed that the grant specifies.
2. Grants Accountant
 - A. Retains Record Copy
 - Record Retention:
 - Retains all invoices, ledgers, reconciliation statements, etc.
 - Should keep any correspondence with the sponsor and all technical reports and deliverables for the 3-year retention period
 - 3 years after final financial report is submitted and the account is closed, or for awards that are renewed quarterly or annually, 3 years after quarterly or annual financial report is submitted unless specified as longer by the terms of the contract.
3. PI/ Department
 - A. Retains Copy of Record
 - Record Retention:
 - 3 years after final financial report is submitted and the account is closed, or
 - for awards that are renewed quarterly or annually, 3 years after quarterly or annual financial report is submitted unless specified as longer by the terms of the contract, or 3 years after audit, whichever is longer.
 - Required to keep **Time card backup for all students and persons paid on hourly wage. These must be kept for the entire duration of the award and 3 years after the award termination date.** If these are not separated out by funding source, it is recommended keeping these for 8 years.
 - Should keep any correspondence with the sponsor and all technical reports and deliverables for the 3-year retention period.

4. Database

A. Retains Copy of Record

Record Retention:

- Perpetual inventory of grant and contract records for review since creation of database in 2015.

HISTORY OF REVISIONS

Summary of Revisions completed on **September 1, 2016** included:

- Grammatical changes and clarifications
- Titles of NOC Personnel changes for consistency
- Clarified person(s) having authority to approve/review grants for NOC
- Revised wording to clarify procedures

Substantial Changes

- Section 105 timing for proposal review changed from 72 hours to Business/College days
- Section 111 NOC Purchasing Levels & Approvals updated per Regents
- Section 111 Added Accounts Payable Procedure
- Section 121 Removed Sabbatical Leave per NOC policy
- Section 125 Revised A-133 to Subpart F per OMB guidelines