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C. GRANTS AND AWARDS

The Carnegie Institution and its Departments (hereafter CIW) make use of grants and awards (i.e., federal, state, local, private, awards, fellowships, agreements, and contracts) for carrying out the scientific mission of the organization and its business operations. In general, grants and awards are made for particular purposes by funding entities. CIW's policies and procedures are intended to assure that these purposes, and all applicable requirements and regulations, are met in an effective and efficient manner.

This section outlines the policies and procedures for the administration of grants and awards by CIW and its departments including:

1. grant and award proposals;
2. grant and award administration;
3. expiration, close out, and record retention procedures; and
4. audit requirements

I. Grant and Award Proposals

Department Directors are authorized by CIW's President to approve applications and proposals for grants and contracts on behalf of his/her Department, as follows:

1. Directors may not delegate this general authority to others in his/her Department.
2. If a Director is away from the Department when an application or proposal is to be transmitted, the Department should arrange to submit, on a timely basis, the document to the Office of the Financial Manager – Grants Official for processing and approval by the Director of Administration and Finance.
3. Each Department is responsible for budget development and submission for each grant or contract. Any specific questions regarding proposal formulation are to be worked out between the Department and the awarding agency.
4. Any and all matching fund requirements are to be submitted to Office of the Financial Manager – Grants Accountant for review and approval by authorized P Street personnel before any proposal is submitted.
5. A Department's approved indirect cost rate is used and applied in each submission. Any exceptions must be submitted to Office of the Financial Manager – Grants Accountant for review and approval by authorized P

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Street personnel before a proposal or contract is submitted. The President or the Director, Administration and Finance, may approve waivers to approved IDC rates.

6. Departments shall submit all subcontracts to Office of the Financial Manager – Grants Accountant for review before signature and submission.
7. Applications and proposals shall be submitted by the required method of the awarding agency. Federal awards are submitted mostly using on-line procedures. P Street designates individuals that may approve submissions in these instances.
8. Award letters and documentation are generally sent directly to P Street. When the award letter is sent to P Street, Office of the Financial Manager – Grants Accountant notifies the Department’s Business Manager. If Departments receive notice directly from the funder, they should forward a copy of the award documentation to the attention of Office of the Financial Manager – Grants Official.
9. All grant reports and invoicing are developed and/or coordinated by the Office of the Financial Manager – Grants Accountant.

In addition to Director approval, all grant proposals that contain budgets must be cleared by the Business Office before submission. This is to ensure that benefits and indirect costs have been calculated correctly and that cost estimates are accurate based on prior experience or recent price quotes. Proposal writers, typically PIs, should work with their Business Offices, and as needed with P Street Staff, throughout the proposal development process to assure that external deadlines are met. Business Offices and P Street will conduct any required reviews promptly.

All budget justifications must reflect the following:

Fringe Benefits

Salaries are based on a full calendar year and include all leave taken. A fringe benefit rate has been established at __[as set by P Street]__ % and is applied to regular full-time employees which include Postdoctoral associates. The expense pools for this item include normal costs associated with employment such as FICA, Social Security, disability insurance, health insurance, and other required taxes.

Indirect Costs

Carnegie’s cognizant federal agency, The National Science Foundation, generally approves a new indirect cost rate for each department every year. Provisional

rates may be granted. The indirect rate is finalized after the Indirect Cost Proposal for the Institution is received and reviewed by NSF approximately six months after the close of the fiscal year. The final rate of the most recently closed year becomes the provisional rate for all future years, until a new rate is finalized. The Institution may charge less than the maximum rate established, but never more (the Business Office at your department should know what the maximum permissible rate for your department is, and what rate the department is using as a standard on proposal submissions). The indirect cost rate is applied to a base called "Total Modified Direct Costs" (TMDC). Total Modified Direct Costs are equal to Total Direct Costs minus EQUIPMENT, Participant Support Costs, and Subcontract costs in excess of \$25,000 for each subcontract.

The Director designates staff members as Principal Investigators as part of the process of submitting a proposal for funding. Postdoctoral Fellows, Postdoctoral Research Associates, and Emeritus staff may be listed as Principal Investigator(s) on grant proposals with prior Director approval. Principal Investigators have primary responsibility for administration of grant awards (see Section II). Predoctoral Fellows and Predoctoral Research Associates may not be listed as Principal Investigators on grant applications.

Once a grant has been awarded from the funding agency, the Office of the Financial Manager will create the appropriate account in the General Ledger.

II. Grant and Award Administration

General Requirements including Budget Information

Upon notification of a grant or award, the Office of the Financial Manager – Grants Official informs the Business Manager. The Department's Business office enters a budget into NAV. The Office of the Financial Manager reviews the budget and sets up the appropriate general ledger accounts so that charges may be made against the grant. CIW refers to an awarding agency's (governmental or private) approved grant budget terms and conditions for grant administration requirements. At a minimum, each Department must meet the following requirements:

1. Compliance with all applicable standards governing a grant or award, i.e. an awarding agency's terms and conditions, OMB Circulars A-110 and A-122.
2. Members of the scientific staff are familiar with the general provisions of his/her grants and awards and with the standards of the OMB Circulars A-110 and A-122.

3. Only authorized Department personnel may:
 - a) expend grant or award funds for necessary and reasonable costs that further the approved objectives and scope in the grant or award documents; and
 - b) use grant or award funded supplies or fixed assets only for the approved objectives and scope.
4. Periodic review and monitoring of grant or award performance.
5. Timely filing of interim and final technical reports, as required by awarding agency, with copies to Office of the Financial Manager – Grants Official.

The Principal Investigator (PI) is responsible for items 3, 4, and 5 above. In carrying out these responsibilities, the PI may delegate certain tasks to scientists and staff working on activities related to the grant.

The Department's Business Office will assist the PI, as appropriate, in meeting these responsibilities. In addition, the Department's Business Office is responsible for meeting all financial requirements at the Department level.

The Department's Director is responsible for implementing an overall grants program at the Department level that meets applicable requirements and helps to fulfill the scientific mission of the Department. The Director will review summary financial information related to the grants that are provided by the Business Manager on a monthly basis.

Budget Revisions

During the period of any grant, budget revisions may be required. Carnegie's overall policy under external grants is to transfer funds from one budget category to another only when advance approval is required and obtained from the granting agency. Approval must be obtained from the appropriate official in the granting organization. Carnegie will also comply with any specific granting agency requirements as well as any requirement included in a particular grant, including requirements set by federal agencies.

In general, when not required to seek advance approval from the funding agency, Carnegie's approach is not to make formal budget revisions within its accounting system, Serenic Navigator. Instead, Carnegie will report expenses against the original approved budget at the time of grant award. In some instances, this will mean that actual expenses in one category will exceed the original budget amount, while expenses in another category will be below the original budget amount. This approach is generally permitted by external funders. To the extent that any particular funder has a different requirement, Carnegie will follow that requirement.

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A requirement for a budget revision related to advance approval from a funding agency may be identified by a PI, staff in the business office, or Carnegie's Grants Accounting Staff at P Street. Carnegie will follow the procedures set forth by the funding agency in requesting and obtaining such approvals. If approval is not given, then Carnegie will not make the budget transfer.

Specifically with respect to federal grants, Carnegie will follow a specific agency's requirements for notification and advance approval, including any approval of budget transfers. The requirements from the National Science Foundation are provided in detail in the *Proposal and Award Policies and Procedures Guide* and generally summarized in Exhibit II-1 in that document. Note that NSF does not impose prior approval requirements for appropriate transfer between direct and indirect cost categories of the grant budget, and does not restrict the transfer of funds among direct cost categories for grants in which the Federal share exceeds \$100,000. Advance approval is required whenever there is:

- Contracting or transferring the project effort (subawards).
- Reallocation of funds budgeted for trainee or participant support costs.
- Adjustment to cost sharing commitments.
- Change in objective or scope.

Further, whenever the amount of Federal funds authorized by an NSF grant is expected to exceed the requirements of the project, as outlined in the approved proposal, by more than \$5,000 or 5 percent of the grant amount, whichever is greater, the NSF will promptly notify the NSF program officer.

Exhibit II-1 also specifies whether particular items should be addressed to the Program Officer or the Grants Office. Further, all notifications and requests for approval must be submitted electronically through the FastLane system. Carnegie's Director of Administration and Finance and its Financial Manager determine who has access to this system.

Federal Grants and Awards

CIW adheres to the applicable standards governing federal awards outlined in OMB Circular A-110, Uniform Administration Requirements for Grants Agreements with Other Non-Profit Organizations and OMB Circular A-122, Cost Principles for Non-Profit Organizations. Conflicts or discrepancies between an awarding agency's grant terms and conditions and the OMB Circulars A-110 and A-122 should be resolved by Departments and documented for the grant files maintained by the Office of the Financial Manager – Grants Official. When applicable, written verification from the awarding agency is obtained and a copy forwarded to the attention of the Office of the Financial Manager – Grants Official. At a minimum, CIW adheres to the standards set by the circulars unless the awarding agency's standards are higher.

From time to time CIW will issue guides to assist in achieving compliance with applicable OMB circulars. These guides are designed to be a quick reference and in no way replace the requirements in the circulars. For example, OMB Circular A-122 defines certain cost items as unequivocally unallowable or allowable with restrictions. Clarifying guides explain CIW's approaches to assure compliance with these restrictions.

Real Property Acquisition and Relocation Assistance

“The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (URA) provides for uniform and equitable treatment of persons displaced by federally-assisted programs from their home, businesses, or farms....Federal requirements govern the determination of payments for replacement housing assistance, rental assistance, and down payment assistance for individuals displaced by federally-funded projects.” CIW does not engage in any activities which would be covered by this section.

Pre-Award Spending

OMB Circular A-122, section 34 defines pre-award spending as costs incurred prior to the effective date of the award (not the time before the grant document arrives). This section further states these costs are allowable only with the written approval of the awarding agency. In general, however, agencies exercise the authority (granted by OMB Circular A-110, Section 25(e)1) to waive written prior approval for pre-award costs 90 calendar days before the effective date of the grant. Where agencies exercise such authority, prior written approval for pre-award spending on a particular grant is not required.

Departments may incur costs 90 days prior to the effective date of the grant award under the following conditions:

1. All costs are incurred at the Department's risk.
2. All costs must be allowable and allocable per OMB Circular A-122.
3. All costs must be necessary for the effective and economical conduct of the grant or award.
4. All costs are incurred after written approval by authorized Department personnel.

CIW charges all pre-award costs 90 days prior to the effective date to an endowment cost center. When the grant or award becomes effective (i.e., the project number is opened) costs are transferred to the project number.

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Each Department is responsible for ensuring the conditions of “allowable,” “necessary,” and “written” approval by authorized Department personnel are met and documented.

Pre-award costs that cross a year-end should be reviewed by the Departments, along with the Office of the Financial Manager – Grants Accountant, on a case-by-case basis.

Purchase of Personal Computers

As a general matter, departments are encouraged to provide staff with personal computers using endowment funds. Federal grant funds may be used for purchasing personal computers when necessary and in accordance with applicable rules and regulations. Grant proposals should specify any plans to purchase computers; this is generally done under supplies, depending on cost. Absent such specification, departments must follow Agency guidelines for any reallocation of funds in order to purchase such computers. If a budget reallocation is not required under Agency guidelines, departments must provide the Director, Administration and Finance, and the Senior Grants Accountant with a justification for the purchase when this intent was not previously stipulated in a proposal. The justification must indicate how the purchase supports the purpose of the grant.

American Recovery and Reinvestment Act (ARRA) Reporting

Carnegie complies with all requirements for additional reporting under the American Recovery and Reinvestment Act. Participants in the reporting process are: Federal Agency, Prime Recipient and Sub-Recipient. The intent is to provide accountability and transparency to the general public.

Carnegie reports: a) Total amount of funds received and how much has been spent; b) List of projects and activities funded including description, completion status, where project is conducted, and estimates of jobs created or retained; c) Details on sub-awards and other payments, including individual reporting on sub-awards and vendor payments over \$25,000 and aggregate reporting on lesser amounts.

The P Street Office of the Financial Manager will be responsible for reporting information on-line related to ARRA. Departments are required to provide all necessary information in a timely fashion to the P Street Office.

Grant Income

In accordance with NSF regulations, Carnegie will add any program income to the grant and spend it in accordance with the purposes of the grant. For Carnegie’s purposes, we define ‘Program Income,’ as specified in NSF regulation, to mean:

“gross income earned that is directly generated by a supported activity or earned as a result of the grant. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property

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acquired under the grant, the sale of commodities or items fabricated under the grant, license fees for, and royalties on, copyrights and interest on loans made with grant funds. Interest earned on advances of Federal funds is not program income. Program income does not include the receipt of principal on loans, rebates, credits, discounts, etc., or interest earned on any of them.”

Carnegie will not use income to offset costs under a federal grant. Departments should contact the Office of the Financial Manager for assistance in the treatment of any program income.

Cost Sharing (Matching)

Definition

Cost sharing or matching is the portion of total project costs related to an award that is not provided by the funder. The Federal Government through OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*, specifies the criteria under which all contributions, including cash and third party in-kind, will be accepted by Federal agencies as part of the recipient’s cost sharing or matching.

These requirements and standards will be followed regardless of the Federal funder unless that funder provides their own specific requirements.

Mandatory Cost Sharing is when the funder stipulates that cost sharing or matching funds are required as a condition of receiving an award. It is specifically pledged in the proposal budget or award. It must be identified for accounting purposes and must be reported to the funder in the financial report for that award.

Voluntary Cost Sharing is when the funder does not mandate cost sharing but the PI includes it in the proposal to enhance the prospect of it being awarded. If the award is granted with the inclusion of the cost share that cost share will be treated as mandatory.

Considering the administrative requirements inherent in the cost sharing commitment, PI’s are strongly encouraged to limit voluntary cost sharing commitments.

Allowable Cost Sharing

The allowability of specific costs as cost sharing is usually determined by the funder's specific award terms and conditions. These expenses must meet the same standards that apply to costs that are directly charged to an award.

The costs must be:

- 1) Allowable and allocable under the principles of OMB Circular A-122, *Cost Principles for Non-Profit Organizations*.
- 2) Verifiable in the accounting system.
- 3) Reasonable and necessary to accomplish the award objectives.
- 4) Identified in the approved award budget.
- 5) Comply with requirements in OMB Circular A-110.

Unallowable Cost Sharing

The following types of cost sharing are not permitted:

- 1) Federal to Federal – A Federal or Federal pass-through award may not be used as cost sharing for another Federal award.
- 2) Expenditures including in our indirect cost rate may not be used. This would include building and equipment depreciation, utilities, and administrative costs. These costs are already shared when we calculate IDC on personnel and other direct costs and, therefore, should not be counted twice.
- 3) Any cost may be counted only once toward cost sharing. If the cost is shared by more than one award it should be pro-rated among the awards.
- 4) Costs incurred before the start of the award period are not eligible for cost sharing unless permitted as a pre-award cost.
- 5) Costs not specifically related to the performance of the award cannot be cost shared.
- 6) Costs that are unallowable for direct charging to an award are also unallowable for cost sharing, e.g., alcohol.

Typical Expenses Used as Cost Sharing or Matching

- 1) Salaries, Allocated Leave and Allocated Benefits– Whenever possible, salaries to be used for cost share should be identified as such on the monthly effort report. If salaries are transferred as cost share at a later date the journal entry must contain a detailed explanation and contain the RECLASS reason code.
- 2) Direct Costs – Expenses such as travel, supplies and contract services are allowable and should be charged directly to cost sharing whenever possible.
- 3) Cost sharing equipment usage costs is discouraged. Equipment may be cost shared only if acquired with non-Federal funds. Accounting for cost shared equipment is complicated because depreciation is generally recovered through application of the indirect cost rate. The portion of equipment cost that will be cost shared must be segregated in the fixed asset ledger and excluded from the depreciation calculation. The department should work closely with the Financial Manager’s staff to set this up correctly.
- 4) Awards should be checked closely for the allowability of using indirect cost to meet cost sharing requirements. Not all agencies permit the use of IDC as cost share.
- 5) If you not sure the cost is allowable, check first with the Financial Manager’s staff.

Setting up the Cost Share/Matching Fund in NAV

- 1) Identify the source of the matching funds: private award, departmental fund (06509, 06809), President’s Contingency Fund or endowment (87000).
- 2) If the private award is being used exclusively for matching that information should be included in the description on the award card, e.g. Matching for Fund 10XXX), and a similar reference on the original award. There is no need to create a new award. A project code “1AAAAM” should be set up and used with all entries on the original and matching awards.
- 3) If monies from the departmental fund, the President’s Contingency Fund or the endowment are being used you will need to:
 - (a) Create a new proposal with a budget to reflect the committed cost share amounts by year,
 - (b) Use the same funder number as used for the source of those funds.
 - (c) Request the Grants Accountant create an award with number 7AAAA where AAAA is the last 4 digits of the award being matched.
 - (d) The award type should include the word “Match”.

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(e) The original award (the one requiring a match) and the new award reference each other either in the description or comment on the award cards.

(e) Set up a project code “1AAAAM” to be used with both the original award and the matching award entries.

These steps are also required if you are using only a portion of a private award.

4) You will need to enter a journal entry to move the money from the source fund to the new matching fund. The fund you are taking the money from should have a debit to g/l# 85120 Matching funds out. The credit should be to the new matching fund, g/l# 85110 Matching funds in.

5) If the source fund has a budget it should be reduced by the amount of matching funds being transferred to the new 7AAAA fund.

Reporting of Cost Sharing to Funders

The Grants Accounting Official at P St, in general, has the responsibility to provide information to the Federal or Pass-through funder which demonstrates that we have fulfilled out cost sharing requirements under a specific award. It is expected that the PI's and departments will cooperate with the Grants Official in gathering the required information in a timely manner. If the reporting requirement is less than annually all parties should still review cost sharing information as least once a year to be sure we are on track to meet our commitments.

Cash Management

In general, CIW requests grant funds on a reimbursement basis only. In some instances, a funder may provide funds upfront. The Office of the Financial Manager – Grants Accountant prepares requisitions by downloading information directly from the general ledger. In addition, the Office of the Financial Manager – Grants Accountant reviews the information for “period of availability” (request for reimbursement only includes those costs incurred during the grant or award period, including extensions).

Sub-awards

The intent to enter into subawards must be disclosed in any proposal submission from Carnegie. After an award is issued, if it becomes necessary to contract or transfer a significant part of the research or substantive effort, Carnegie must first obtain approval from the funding agency, as evidenced by a grant amendment executed by an appropriate officer. Federal agency grant conditions, including those from the National Science Foundation, identify which articles flow down to grantees and Carnegie's sub-awards shall, at a minimum, require full compliance with these flow-down terms and conditions.

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All grant documents that are sent to sub-recipients should be reviewed by the Business Office before they are sent.

Grant and award sub-recipients are provided funds on a reimbursement basis. No funds are advanced except in cases where prepayment is common business practice, (e.g., a standard percentage of total projected costs for construction of an expensive or unique piece of equipment).

CIW's policy concerning sub-awards is to monitor in a manner that assures compliance with federal requirements consistent with principles of cost effectiveness and risk analysis. At a minimum, all sub-award monitoring will include: verification that the OMB required A-133 audit reports have been completed by the subawardee and any relevant findings have been identified and resolved; review of invoices by Carnegie's business offices for reasonableness and consistency with anticipated expenditures; and financial, technical, and program interactions, including technical reports, with the Carnegie PI, as necessary, to assure that program objectives are being met. Such monitoring activities will typically take place prior to the award and/or periodically during the period of the award.

In addition to these overall activities, business offices, and as applicable staff at P Street, perform a risk analysis to evaluate the likelihood that a Subrecipient will fail to comply with the requirements of the subaward. This risk analysis occurs during the subaward issuance process and is monitored during the life of the subaward. The criteria used in evaluating risk include the Subrecipient's audit experience, the prior oversight and monitoring the Subrecipient has received, the nature and complexity of the proposed research project, and fiscal maturity of the Subrecipient.

1. Definition of Low Risk and High Risk Auditees

Low-risk Subrecipients (the vast majority of Carnegie's Subrecipients) include entities with current annual single audits containing "unqualified" opinions on their financial statements which have no reported material weaknesses in their internal controls. High-risk subrecipients are entities which have not completed annual single audits or whose audit results have demonstrated significant material weaknesses in administering Federal funding, a history of failing to adhere to applicable provisions of contracts and grant agreements, or weak internal control structures. High-risk subrecipients may also include start-up entities with limited resources or prior experience in performing research.

Business offices and P Street will not formally categorize and document each Subrecipient as low-risk or high-risk. Instead, when a high-risk Subrecipient is identified as part of the ongoing interactions with the Subrecipient, Carnegie will take actions as follows.

2. Special Actions for High-Risk Subrecipients

When a business office or P Street has categorized a Subrecipient as "high-risk," the relevant business staff person will work with the PI to ascertain whether or not a subaward should be issued, what special terms and conditions should be included in the subaward, as well as what additional oversight requirements will be necessary to adequately monitor the subaward. Some of these additional monitoring requirements (e.g, more frequent reporting, shorter periods of performance or smaller, more frequent funding allocations, more detailed invoices or backup documentation) may become the responsibility of the PI. Written agreements may be used to outline the responsibilities of the parties. The business office, and P Street where applicable, are responsible for ensuring that adequate arrangements are in place to mitigate the additional risk before issuing or continuing subawards with high-risk Subrecipients.

3. Subrecipient Site Visits and Site Audits

From time to time, business staff and/or the PI may elect to engage in a site visit to a Subrecipient to verify their programmatic, financial and technical fitness.

Carnegie's business offices and P Street accounting staff have responsibility for closing out sub-awards. Sub-award close out is the process by which Carnegie determines that all applicable administrative actions and all required work of the sub-award have been completed. Sub-awards will be financially closed based on the receipt of a final invoice that is clearly identified as final. Such invoices must be submitted by the sub-awardee in a timeframe that will permit Carnegie to comply with requirements for the close-out of the overall grant. Sub-awards are administratively closed after receipt of any required final technical reports are received by the PI and a determination that all administrative requirements in the sub-award have been met. Carnegie reserves the right to recover appropriate amounts resulting from any final audit conducted on a sub-award.

Excess Revenue on Fixed Priced Contracts

Fixed price contract receipts above total expenses that are unspent will be released from their restrictions and reclassified as unrestricted as follows:

1. The Office of the Financial Manager – Grants Accountant determines "excess funds" status and effective date.
2. After such determination, the Office of the Financial Manager – Grants Accountant requests the P Street Accounting Office to reclassify the funds; such funds should never be deferred. If the contract requires to be invoiced for the excess funds, the invoice for this remainder is separately billed by the Office of the Financial Manager. The request to reclassify the funds is made only after the funds are received. Fund 06812, Excess

Revenue from Fixed Price Contracts and Funder 3592 should be used to record these amounts. Department and PI codes are assigned as appropriate.

3. The Accounting Office will confirm to the Office of the Financial Manager – Grants Accountant, via e-mail, the amount of excess funds transferred to an unrestricted source. A copy of the e-mail will be filed in the grant file maintained by the Office of the Financial Manager – Grants Accountant.
4. After receiving confirmation of the amount reclassified by the Accounting Office, the Office of the Financial Manager – Grants Official informs the Business Manager of the amount available. The Business Manager should modify the original fund in AwardVision by decreasing the budget and then prepare and enter a budget using a Budget journal entry, not AwardVision, posting to Fund 06812. When the modification and new budget are complete, the Business Manager should notify the Office of the Financial Manager – Grants Accountant, so that copies of both can be added to the grant file.
5. Once the excess revenue is reclassified to Fund 06812, the original fund/award is blocked from further entry.

Participant Support Costs

Carnegie may use grant funds to provide for participant support costs. Various federal agencies, including the National Science Foundation and the Department of Energy, provide grants that may include participant support costs. Participant support costs must be accounted for and tracked separately. The following sets forth the treatment of these costs under any external grant.

Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants, trainees, graduate students, or interns (but generally not employees) in connection with meetings, conferences, symposia, or training projects. For some educational projects, where the purpose of the project is the education of students or interns for a period of limited duration, the students or interns may be compensated as employees.

Funds provided for participant support may not be used for other categories of expense without the prior written approval of the funding agency. For the National Science Foundation, approval is required by the cognizant Program Officer.

In general, stipends, allowances, and any salaries paid to interns or students under participant support may not receive any other compensation, either directly or indirectly, from any other source, including particularly under federal grants from any other federal

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source. In some cases, a Federal employee may receive participant support allowances from grant funds provided by another federal agency as long as there is no duplication of funding of items and no single item of participant cost is divided between his/her parent agency and the agency providing the federal grant.

Any stipend, per diem, or subsistence allowance paid to an individual participating in a conference or training activity must be reasonable and in conformance with applicable policies specified by funding agencies and/or included elsewhere in this document. Funding agency requirements take precedence. Per diem rules applicable to employees apply to participants receiving per diem, and in no instance shall local participants receive per diem. Local participants may participate in conference meals and coffee breaks.

Students and interns participating in education projects who receive a salary will be paid at prevailing salary levels.

Federal grants that provide for participant support costs may limit the amount of indirect costs, if any, that may be charged. Carnegie will comply with these requirements when making any grant submission for participant support costs.

Submission of Required Financial Reports and Requests for Payment

Carnegie meets all external funder requirements concerning the submission of financial reports and the request for payments. In particular, Carnegie meets all requirements set by individual federal agencies concerning financial reports and requests for payment. Except when specifically provided otherwise by the funder, Carnegie's policy is to request payments following the period during which the work was performed and the expenses were incurred. Typically this is done on a monthly or quarterly basis.

In order to meet requirements set by the funding agencies, Business office and P Street staff must first complete the various requirements for charging effort and project costs to the applicable grant. See the Accounting and Effort Reporting policies and procedures for a description of these requirements. Business Office and P Street staff are responsible for assuring that only allowable costs are charged to particular grants.

After this activity is completed for an appropriate period, the P Street Accounting Office staff (Grants) is responsible for consolidating the financial information and preparing financial reports, including federal financial reports, as well as the requests for payment either electronically or by paper. Carnegie's accounting system, Serenic Navigator (NAV) is used for this purpose. In consolidating and preparing the required information, the P Street Accounting Office (Grants) staff performs whatever reconciliations are required in cooperation with Business Offices. Submissions of financial reports and requests for payments are reviewed and approved by the Deputy Financial Manager and/or the Director of Administration and Finance. Paper submissions are approved in writing in advance, while some electronic submissions may be reviewed after completed.

Any corrections to completed actions resulting from a review will be made in the subsequent financial report/request for payment. On a case by case basis, the Director of Administration and Finance and/or the Financial Manager may designate that certain additional payment request or financial reporting functions be performed by the Business Managers in the respective departments.

Federal requirements for submissions of federal financial reports and payment requests are typically set forth in the respective policies of the federal agencies. Many require that such submissions be made electronically. From time to time a Federal agency may set different or additional requirements, such as the National Science Foundation's policies for *Special Payment Grantees*. Carnegie's Director of Administration and Finance and the Financial Manager are responsible for assuring that all different or additional requirements are also met.

III. Termination and Close-out Procedures

The Office of the Financial Manager – Grants Official and Business Managers conduct periodic reviews to ensure grant or award funds are spent within the period of performance. The Office of the Financial Manager – Grants Official and Business Managers will work together to monitor grant or award expiration dates.

Business Managers should review, no less frequently than monthly, all applicable reports within NAV concerning budgets, expenditures, and remaining balances to ensure the accuracy of information. Business Managers should inform the Office of the Financial Manager of any data problems that he or she cannot resolve, as well as the course of action to be taken to resolve the problem.

Courses of action related to grant expirations and available balances include (in all instances awarding agency's guidelines are followed):

1. Request an extension (if the principal investigator (hereafter PI) has requested the extension, a copy of his/her request should be attached or incorporated).
2. The remaining balance will be spent. If the remaining balance is encumbered, but not invoiced, the Office of the Financial Manager – Grants Official shall request an extension from the awarding agency (the final financial report should only include costs actually paid).
3. Request that the Office of the Financial Manager – Grants Official close the grant or award and, if applicable, report the unencumbered balance to the awarding agency.

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4. Request that the Office of the Financial Manager – Grants Official carry over the unencumbered balance (depending on the amount, a carry over request to the agency may be required).
5. Request revision of incorrect expiration date.

No Cost Extensions (Federal Grants or Awards)

OMB Circular A-110 and most agency guides allow a one time no cost extension for up to twelve months. The no cost extension applies to the end (last year in a multiple year grant or award) of a grant or award.

The following conditions should apply before a PI's request for an extension is submitted to the Office of the Financial Manager – Grants Official:

1. The extension may not be requested solely for the purpose of using unencumbered balances.
2. The grant or award terms and conditions do not prohibit the extension.
3. The extension does not require additional funding.
4. The extension does not involve any change in the approved objectives or scope of the project.

If these conditions are met, the Business Manager should submit (via e-mail) to the Office of the Financial Manager – Grants Official a request for a no cost extension at least five business days prior to the awarding agency's deadline.

The following should be included in a Department's no cost extension request:

1. grant or award cost center number
2. awarding agency grant or award number
3. current expiration date
4. new expiration date
5. PI explanation for extension

In those cases where the PI directly contacts the awarding agency, he/she should be aware of the conditions noted above. The PI should forward a copy of his/her communication to the awarding agency and the agency's reply to the Business Manager.

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The Business Manager should forward a copy of both documents to the Office of the Financial Manager – Grants Official.

Close-out Procedures

The Office of the Financial Manager – Grants Official and the Department’s Business Office communicate regarding the close-out of grants.

Close-out of a grant or award is performed by the Office of the Financial Manager – Grants Official in collaboration with P Street Accounting Office personnel following internal P Street procedures developed to ensure an accurate and timely closing of grants and awards.

Record Retention

As required by OMB Circular A-110, financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Federal awarding agency. The only exceptions are the following:

- (1) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
- (2) Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.
- (3) When records are transferred to or maintained by the Federal awarding agency, the 3-year retention requirement is not applicable to the recipient.
- (4) Indirect cost rate proposals and cost allocation plans are covered separately.

In addition, it should be noted that the Federal awarding agency, the Inspector General, the Comptroller General of the United States, or any of their duly authorized representatives, have the right of timely and unrestricted access to any books, documents, papers, or other records of recipients that are pertinent to the awards, in order to make audits, examinations, excerpts, transcripts and copies of such documents. The right also includes timely and reasonable access to a recipient’s personnel for the purpose of interview and discussion related to such documents. The rights of access are not limited to any required retention period, but shall last as long as the records are retained.

See the Institution’s record retention policy for additional requirements related to grants.

IV. Audit

As a recipient of more than \$500,000 in federal funds annually, CIW shall have a single, or program-specific if requested, audit conducted for that year in accordance with the provisions of OMB Circular A-133. Among other requirements, CIW's Office of the Financial Manager – Grants Official prepares a schedule of expenditures of Federal awards for the period covered by the Institution's financial statements; such information is included in the A-133 audit. In general, CIW contracts with an independent entity for the performance of this audit. Results of the annual audit are reported to the Audit Committee of the Board of Directors, management, and all applicable organizations and entities, including Carnegie's cognizant federal agency. This information is also shared with Carnegie's business offices. Management is responsible for follow-up actions required by all audits, and CIW reports the results of all follow-up actions to the Audit Committee of the Board of Directors and all other appropriate entities.

V. Other

Serenic Navigator

The Institution and its departments track all external grants using the AwardVision granule in Serenic Navigator. Departments may, but are not required, to enter proposals into Award Vision. All awards, without exceptions, must be entered into AwardVision. Departments are required to provide the data elements specified in AwardVision and to periodically review the accuracy of the information.

Reporting

As noted earlier, the Institution reports on the implementation of awards to funders and others as required. In addition, on a periodic basis the Director, Administration and Finance shall report to the President and to the Board of Trustees concerning the aggregate support provided by external funders.