D. GRANTS AND AWARDS

The Carnegie Institution for Science and its Departments (hereafter Carnegie Science/Carnegie) make use of grants and awards (e.g., federal, state, local and private awards, grants, fellowships, cooperative agreements, contracts, and other such agreements and hereafter referred to as grants and awards) 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 (sponsors). Carnegie’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 Carnegie and its departments including:

I. Grant and award proposals;

II. Grant and award administration;

III. Expiration, close out, and record retention procedures; and

IV. Audit requirements

V. Other

VI. Subaward monitoring

VII. Mandatory disclosures of violations of criminal law

VIII. Managing capital assets acquired with federal funding

IX. Allowable costs on sponsored programs

APPENDICES – forms, checklists and other tools

NOTICE: References to Director of Administration and Finance in all Carnegie Policies and Procedures should be superseded by Chief Operating Officer (COO). The COO may delegate authority to others based on roles and responsibilities.

NOTICE: The Office of Management and Budget (OMB) has issued the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200), referred to as the Uniform Guidance (UG). The new guidance consolidates, streamlines and supersedes eight existing OMB Circulars, including Circulars A-122, A-110 and A-133. The Uniform Guidance applies to new awards and existing awards receiving incremental funding or otherwise amended on or after December 26, 2014 as determined by Federal funding agencies.

I. Grant and Award Proposals

Department Directors are authorized by Carnegie’s President to approve applications and proposals for grants and contracts on behalf of his/her Department (for HQ Educational Programs the COO assumes the responsibilities of the Department Director and the HQ OSP assumes the responsibilities of the Business Manager and Business Office), 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 HQ Office of Sponsored Programs (HQ OSP) for processing and approval by the Chief Operating Officer (COO) or his designee.

3. Each Department is responsible for budget development and submission for each grant or contract. Any specific questions regarding proposal formulation should be worked out between the Department and the awarding agency with the assistance of HQ OSP as needed.

4. Any and all matching fund requirements are to be submitted to the HQ OSP for review and approval by authorized HQ personnel before any proposal is submitted.

5. Carnegie’s approved provisional indirect cost rate is used and applied in each submission. Any exceptions must be submitted HQ Office of Sponsored Programs for review and approval by authorized HQ personnel before a proposal or contract is submitted. The President or COO may approve waivers that reduce or forgo Carnegie’s cognizant agency approved IDC rates.

6. Departments shall submit all subawards/subcontracts to the HQ Office of Sponsored Programs 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 mainly using on-line procedures. The manager of HQ OSP designates individuals that may process submissions.

8. Award letters and documentation are generally sent directly to HQ. When the award letter is sent to HQ, the HQ Office of Sponsored Programs 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 HQ OSP.

9. All grant reports and invoicing are developed and/or coordinated by the HQ OSP.

In addition to Director approval, all grant proposals that contain budgets must be cleared by their respective 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 HQ OSP throughout the proposal development process to assure that external deadlines are met. Business Offices and HQ OSP will conduct any required reviews promptly.

From time to time, PIs may work with the Director of External Affairs and/or other Development Office personnel on writing proposals for private funding. All such proposals must follow the review and approval processes described in this policy including Director approvals, budget reviews and indirect cost rate waivers.
All budget justifications must reflect the following:

**Fringe Benefits**

Salaries are based on gross pay for a full calendar year or fraction thereof and include all leave. Fringe benefit rates are determined annually at HQ, one rate is applied to regular full-time non-postdoctoral employees, a separate rate is used for postdoctoral associates and a third rate is for fellows. The expense pools for this item include normal costs associated with employment such as FICA (Social Security and Medicare), disability insurance, health insurance, other required taxes and benefits.

**Indirect Costs**

Carnegie’s cognizant federal agency, Department of Energy, approves provisional indirect cost rates. Currently there are three (3) provisional rates: On-Campus Research Programs F&A Rate, Off-Campus Research Programs Rate, and HQ Education Program F&A Rate. The indirect rate is finalized after the Indirect Cost Proposal for the Institution is received and reviewed by DOE approximately six months after the close of the fiscal year. The Institution may charge less than the maximum rate established, but never more. The indirect cost rate is applied to the “Total Modified Direct Cost” (TMDC) base. Total Modified Direct Costs are equal to Total Direct Costs minus Capital Equipment, Participant Support Costs, Subcontract costs in excess of $25,000 for each subaward, and any other costs specified in the award terms and conditions.

Once final indirect billing rates are confirmed by DOE, HQ OSP adjusts all affected awards for any differences between the provisional and final rate. This may result in increased or decreased grant-to-date expenses. Money is returned to the Federal government as needed on closed awards.

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 HQ OSP will create the new fund number in the General Ledger.

**II. Grant and Award Administration**

**General Requirements including Budget Information**

Upon notification of a grant or award, the HQ OSP informs the Business Manager. The Department’s Business Office enters a budget into NAV. The HQ OSP reviews the budget and sets up the appropriate general ledger fund account code so that charges may be made against the grant. Carnegie 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 and/or 2 CFR 200, Uniform Guidance, as required.

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 and/or 2 CFR 200, Uniform Guidance, as required.

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 capital 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 HQ OSP.

The Principal Investigator (PI) is responsible for his/her grants and awards. In carrying out these responsibilities, the PI may delegate certain tasks to other 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 is 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.

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 HQ OSP. 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. Requirements may vary by funding agency. In general, advance approval is required for:

- 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.

Other cost items may also require advanced approval based on agency and/or terms and conditions.

In general, whenever the amount of Federal funds exceeds the budget in the approved proposal, by more than 10 percent (or the percentage designated by that agency) of the total grant amount the agency’s program officer should be notified. Be sure to use the correct threshold as specified by the awarding agency’s rules and terms and conditions.

All notifications and requests for approval must be submitted using approved methods, usually online systems. Carnegie’s COO and the manager of HQ OSP shall determine who has access to these systems.

Federal Grants and Awards

Carnegie 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 or 2 CFR 200 Uniform Guidance based on award date and/or changes to terms and conditions. Conflicts or discrepancies between an awarding agency’s grant terms and conditions and the OMB Circulars and/or Uniform Guidance should be resolved by Departments and documented for the grant files maintained by the HQ OSP. When applicable, written verification from the awarding agency is obtained and a copy forwarded to the HQ OSP. At a minimum, Carnegie adheres to the above standards unless the awarding agency’s standards are higher.

From time to time Carnegie may issue guidance to assist in achieving compliance with applicable OMB circulars and UG. This guidance is designed for quick reference and in no way replaces the requirements in the Circulars or UG.

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.” Carnegie does not engage in any activities which would be covered by this section.

**Pre-Award Spending**

OMB Circular A-122, section 34 and 2 CFR 200.458 define pre-award spending as costs incurred prior to the effective date of the award (not the time before the grant document arrives). Costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the awarding agency. In general, however, agencies exercise the authority 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 or UG.
3. All costs must be necessary for the effective and economical conduct of the grant or award.
4. All costs are incurred after obtaining written approval by the Department Director and the manager of HQ OSP.

Carnegie charges all pre-award costs 90 days prior to the effective date to a Carnegie fund cost center. When the grant or award becomes effective (i.e., the fund number is created) costs are transferred to the new fund.

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

Pre-award costs that cross a year-end should be reviewed by the Departments, along with the HQ OSP, on a case-by-case basis.

**Allowable Costs**

See Section IX. Allowable Costs on Sponsored Programs.

**Purchase of Personal Computers**

As a general matter, departments are encouraged to provide staff with personal computers using Carnegie Funds. Federal grant funds may be used for purchasing personal computers when necessary and in accordance with applicable rules and regulations, i.e., OMB Circulars or UG. Whenever possible, grant proposals should specify any plans to purchase computers. Computing devices costing less than $5,000 are treated as supplies. Absent such specification, departments must follow Agency guidelines for any reallocation of funds in order to purchase computing devices costing $5,000 or more. If a budget reallocation is not required under Agency guidelines, departments should document the 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 HQ OSP 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 OMB Circulars, UG, and/or agency 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 2 CFR 200.80, to mean:

Gross income earned that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance (§200.77) except as provided in §200.304 paragraph (f). Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under the grant, the sale of commodities or items fabricated under the grant, license fees and royalties on patents and copyrights, and principal and interest on loans made with grant funds.

Interest earned on advances of Federal funds is not program income. Program income does not, in general, rebates, credits, discounts, etc., or interest earned on any of them. For program income from license fees and royalties see §200.308 for additional guidance.

Departments should contact HQ OSP and/or the Assoc. Director of Finance/Controller for assistance in the proper treatment of any program income.

Cost Sharing (Matching)

Definition

Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity. Criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity. §200.306 (a)
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*, and UG §200.306(b) 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.

Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.

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 uncommitted cost sharing are expenses, such as staff scientist salaries, that are over and above that which is committed and budgeted for in the award proposal.

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* or UG 2 CFR 200 Subpart E.

2) Verifiable in the non-Federal entity’s records.

3) Are not included as contributions for any other Federal award.

4) Reasonable and necessary to accomplish the award objectives.

5) Identified in the approved award budget when required by the Federal awarding agency.

6) Are not paid by the Federal Government under another Federal award, except where the Federal state authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirement of
other Federal programs.

7) Comply with requirements in OMB Circular A-110 or §200.306.

**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 except as noted in (6) above.

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 used 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 (60X0X), President’s Contingency Fund (60101), A. Carnegie endowment (87000), or other approved funding source.

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 “1AAAAAAA” 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) Request the HQ OSP create an award with number 7AAAA where AAAA is the last 4 digits of the award being matched. (c) The award type should include the word “Match”.
   (d) 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) Request a project code “1AAAAA” 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 HQ OSP, 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 HQ OSP 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, Carnegie requests grant funds on a reimbursement basis only. In some instances, a funder may provide funds upfront.

Although the Federal government encourages non-Federal entities to be paid in advance, Carnegie has opted out under §200.305(b)(3) which permits the non-Federal entity to request payment by reimbursement. In cases where Carnegie has no choice but to accept payment of Federal funds in advance, it makes every effort to comply with the provisions of §200.305 including accrual and remittance (if required) of interest earned on the advance.

The HQ OSP prepares draw down (reimbursement) requisitions, on a monthly basis, based on information directly from the general ledger. These requests are submitted through appropriate on-line systems. In addition, the HQ OSP, to the extent possible, reviews the information for “period of availability” (request for reimbursement should only include those costs incurred during the grant or award period, including extensions). Business Offices should notify the HQ OSP when expenses have been recorded in advance of receiving goods or services.

**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 identify which articles in the terms and conditions flow down to grantees. Carnegie’s Federally funded sub-awards shall, at a minimum, require full compliance with these flow-down terms and conditions.

All grant documents that are sent to sub-recipients should be reviewed by the Departmental 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).
See Section VI Subaward Monitoring for additional requirements.

Subaward Monitoring

See Section VI

Subaward Closeout

Carnegie’s business offices and HQ OSP 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 HQ OSP determines “excess funds” status and effective date.

2. After such determination, the HQ OSP requests the P Street Accounting Office or the Department Business Office to reclassify the funds; such funds should never be deferred. If the contract requires an additional invoice for the excess funds, the invoice for this remainder is separately billed by either the Business Office or HQ OSP. 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 HQ OSP and the Department Business Office, 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 HQ OSP.

4. Upon notification/completion of the transfer, 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 HQ OSP, 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. Carnegie includes its fellows/fellowships as part of the participant support category. 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.

When a sponsored program includes participant support costs, the PI and Business Office staff who provide grants support are required to be familiar with the specific requirements as set forth by the sponsor, and to insure compliance with those requirements.

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 are employees 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 HQ 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 Offices at the various departments and HQ OSP for HQ Education Programs are responsible for assuring that only allowable costs are charged to particular grants.

After this activity is completed for an appropriate period, HQ OSP 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 HQ OSP 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 manager of HQ OSP, the Controller and/or the COO. 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, manager of HQ OSP, the Controller and/or the COO 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 manager of HQ OSP, Controller and/or the COO are responsible for assuring that all different or additional requirements are also met.

III. Termination and Close-out Procedures

The HQ OSP conducts periodic reviews to ensure grant or award funds are spent within the period of performance. The HQ OSP 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 HQ OSP 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 Business Office shall request an extension from the awarding agency (the final financial report should only include costs actually paid).

3. Request that the HQ OSP close the grant or award and, if applicable, report the unencumbered balance to the awarding agency.

4. Request that the HQ OSP 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, Uniform Guidance and most agency guides allow a one time automatic 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:

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 Office should submit 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.

The Business Manager should forward a copy of both documents to the HQ OSP.

Close-out Procedures
The HQ OSP and the Department’s Business Office communicate regarding the close-out of
grants. Close-out of a grant or award is performed by HQ OSP in collaboration with HQ
Accounting Office personnel following internal HQ procedures developed to ensure an accurate
and timely closing of grants and awards.

Record Retention

As required by OMB Circular A-110 and Uniform Guidance, 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 $750,000 in federal funds annually, Carnegie shall have a single, or program-specific if requested, audit conducted for that year in accordance with the provisions of Uniform Guidance. Among other requirements, HQ OSP prepares a schedule of expenditures of Federal awards for the period covered by the Institution’s financial statements; such information is included in the single audit. In general, Carnegie 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 Carnegie 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 Controller and/or the manager of HQ OSP shall report to the President and to the Board of Trustees concerning the aggregate support provided by external funders.
VI. Subaward Monitoring

This section includes the following:
1. Subrecipient Monitoring Policy
2. Subrecipient Monitoring Procedures
3. Subaward versus Contract/Professional Consulting
4. Financial Status Questionnaire for Commercial, Foreign and Other Subrecipients Without Single Audit
5. Carnegie Science Subrecipient Risk Assessment Matrix
6. Carnegie Science Subrecipient Monitoring Plan

Subrecipient Monitoring Policy

Responsible Official:
Manager of HQ Office of Sponsored Programs

Effective Date:
October 31, 2010

Revision Date:
March 7, 2016

IMPORTANT: For federal awards/subawards issued to Carnegie with a start date prior to December 26, 2014, 2 CFR Parts 215 and 220 (OMB Circulars A-122 and A-110) apply. For all new funds (new awards and new monies, such as continuation awards, supplements, etc.) received for existing awards with a start date on or after December 26, 2014, these new funds are subject to 2 CFR Part 200 (OMB Circular A-81, commonly referred to as Uniform Guidance but hereinafter referred to as “2 CFR Part 200”).

Due to the change in federal regulations the language in this Policy specific to the new regulations, 2 CFR Part 200, is highlighted in red font below.

Policy Sections
- Pre-Qualification of Subrecipients
- Subrecipient Monitoring

Scope

This document applies to all federally funded subawards issued under sponsored awards by Carnegie Institution of Washington (Carnegie). For privately funded subawards, some policies and procedures are required, as noted, and others are strongly recommended.

This policy does not apply to professional services and consultant agreements which is covered under separate policy(ies) for the procurement of goods or services from vendors.

Policy Statement
A Carnegie relationship with a subrecipient is documented in an agreement negotiated with the authorized representative of the subrecipient organization.

Carnegie evaluates and monitors the financial and programmatic performance of Subrecipients and assesses their capacity to properly manage a Subaward. The key objectives of monitoring are:

- Proper stewardship of sponsor’s funds;
- Performance goals (scope of work or specific aims) are achieved; and
- Compliance with applicable laws, regulations and the prime award terms and conditions incorporated in the subrecipient agreement.

Carnegie may impose specific controls, as needed, for certain Subrecipients based on relevant risk factors.

**Note:** If a Carnegie Principal Investigator has a significant financial interest in the subrecipient entity, it shall be disclosed to the Department Director and/or COO and, when appropriate, managed by HQ Human Resources or other appropriate authority.

**Reason for the Policy**

OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR §200) ("Uniform Guidance"), specifically sections §200.330 and §200.331, requires prime recipients of federal funds to monitor subawards and to ensure subrecipients meet the audit requirements in Subpart F and use funds in accordance with applicable laws, regulations and terms of the award. As a condition of an award made to Carnegie, the Institution is obligated to comply with applicable federal, state, and local regulations. When Carnegie assigns responsibility to a subrecipient for conducting a substantive portion of the work under a Carnegie award, the institution remains responsible to the sponsor for the management of funds and meeting performance goals. Carnegie undertakes certain activities to monitor Subrecipients, including but not limited to Subrecipient pre-qualification, reporting, site visits, regular contact and other means to provide reasonable assurance that the Subrecipients are complying.

This policy applies to all federally funded subawards issued under sponsored awards by Carnegie Institution of Washington (Carnegie). For privately funded subawards, some policies and procedures are required, as noted, and others are strongly recommended.

**Definitions**

**Subaward** (also referred to as a subgrant or subcontract) is an award of financial support from a prime awardee (e.g., Carnegie) to a qualified organization for the performance of a substantive portion of the programmatic effort under the prime award. The term also includes awards made by a subrecipient to a lower tier subrecipient. It does not include procurement of goods and services purchased under an award, as the providers of these goods and services have no programmatic responsibility.
Section 200.92: Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Subrecipient is the legal entity (also referred to as a subawardee or subcontractor) to which a subaward is issued and is accountable to Carnegie for the use of the funds to conduct a portion of Carnegie’s programmatic effort under a sponsored project. Typical subrecipients of Carnegie include institutions of higher education, for-profit corporations, not for profit entities, and foreign or international organizations.

Section 200.93: Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Subrecipient Monitoring includes those activities undertaken by Carnegie to review and monitor the subrecipient’s completion of the scope of work as well as its financial stewardship of the funds the subrecipient received under the subaward. This activity is intended to mitigate any financial and programmatic risk.

Policy Elements

Determination Subrecipient versus Contractor

Carnegie must make a case-by-case determination whether each agreement it makes for the disbursement of federal or non-federal program funds casts the party receiving the funds in the role of a Subrecipient or a Contractor. The Check List for Subaward vs Contract/Professional Consulting Determination form should be used to document this determination. Subrecipients follow different rules and regulations than Contractors. This policy only applies to Subrecipients. This determination is required for all agreements whether or not funds are coming from a federal program.

Pre-Qualification of Subrecipients

Carnegie assesses the financial status and internal controls of subrecipients by evaluating the responses to the Carnegie Science Subrecipient Risk Assessment Matrix form and, when appropriate, the Financial Status Questionnaire for Commercial, Foreign and Other Subrecipient who do not have a Current Single-Audit. This assessment is mandatory when the subaward is federally-funded. Based on this evaluation and the funding source, Carnegie determines the appropriate monitoring strategy which is reflected in the terms and conditions of the subrecipient agreement. The strategy is consistent with the level of risk determined by Carnegie.
If subrecipient is otherwise qualified, i.e., not debarred or suspended, conflict of interest can be mitigated, and financial management and accounting systems are adequate, AND absent other concerns regarding risk, a low risk level may be automatically assigned when, under a federally sponsored program, the subaward is $25,000 or less. If subsequent modifications cause the Federally-funded subaward to pass these threshold amounts, the risk assessment tools must be completed at that time.

When the subaward is from privately sponsored funds, the following steps must be completed: (1) check subrecipient for suspension and debarment and (2) determined that any conflict of interest can be mitigate. The threshold for automatic low risk for privately sponsored awards is subawards of $50,000 or less.

**Carnegie Requirements**

For subawards under a federally funded prime award, Carnegie must ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information, as required by 2 CFR Part 200.331. At the time of the subaward, if any of these data elements change, the changes must be included in the subsequent subaward modification. If any of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required data elements include:

**Federal Award Identification, including:**

- Subrecipient names (must match registered name in DUNS)
- Subrecipient’s DUNS number
- Federal Award Identification Number (FAIN)
- Federal Award Date
- Subaward Period of Performance Start and End Date
- Amount of Federal Funds obligated by this action
- Total Amount of Federal Funds obligated to the subrecipient
- Total Amount of the federal award
- Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA)
- Name of Federal award agency, pass-through entity, and contact information for awarding official
- CFDA number and name
- Identification of whether the award is R&D
- Indirect cost rate for the Federal award (including the 10% MTDC de minimus rate for subrecipients without a federally negotiated rate.)

**Subrecipient Monitoring**

Carnegie shall perform the following stewardship activities with regard to subrecipients of its
sponsored awards. These activities apply to all subawards regardless of funding source or size unless otherwise noted below.

1. Identify and recommend the means to eliminate or manage any conflict of interest arising from a proposed subaward by Carnegie to an entity in which Carnegie or a Carnegie staff member has a financial interest or fiduciary relationship.
2. Advise subrecipients of requirements (including but not limited to financial and non-financial reporting) imposed on them by federal laws, regulations of the flow-down provisions of the prime grant agreement, and any supplemental requirements imposed by the institution and depending on the level of risk determined by Carnegie.
3. Monitor the costs and activities of subrecipient as appropriate, to confirm that Funding provided to the subrecipient is used for purposes authorized by the executed agreement and that the performance goals (scope of work or specific aims) are achieved.
4. Where the subaward is from federal funds, confirm that subrecipients expending $500,000 (for fiscal years ending prior to December 26, 2014)/$750,000 (applicable for fiscal years ending after December 26, 2014) or more in federal awards during the subrecipient’s fiscal year are compliant with OMB Circular A-133 and 2 CFR 200 Subpart F - Audit Requirements audit requirements. Identify any material weaknesses or reportable conditions that result from a single audit.
5. Upon receipt of an unfavorable audit report from a subrecipient, Carnegie will confirm that the subrecipient has taken appropriate and timely corrective action. If a material weakness or other reportable condition exists, monitoring of the subrecipient will be more frequent and management actions will be taken as appropriate.
6. Require each subrecipient to permit Carnegie’s sponsor and/or Carnegie and/or its auditors/representatives to have access to the subrecipient’s pertinent records and financial statements, as necessary. Where it is not possible to obtain this access, alternate solutions may be considered but generally would require the approval of the prime sponsor.
7. Consider whether the results of the Subrecipient’s audits, on-site reviews, or other monitoring activities necessitate adjustment of Carnegie’s records, such as budget modifications or reallocation of resources, repayment from the Subrecipient, or other measures. Consider taking enforcement action against noncompliant subrecipients.
8. For federally sponsored programs, prior to issuing a significant Subaward modification and at least once every 12 months reassess risk by completing the Carnegie Science Subrecipient Risk Assessment Matrix form and, when appropriate, the Financial Status Questionnaire for Commercial, Foreign and Other Subrecipient who do not have a Current Single-Audit. Adjust monitoring program accordingly. For subawards under privately sponsored programs, use reasonable judgement to determine in assessment/reassessment if prudent.

Related information

Financial Conflict of Interest Policy
Subrecipient Risk Assessment Procedure
Subaward vs Contract/Professional Consulting Determination Procedure

Roles and Responsibilities/Contact Information

Initiating a subaward: Business Manager

Subaward negotiation/modification: HQ - Sponsored Programs staff

Authorized subaward signatory: COO or other officer of Carnegie Institution

Subrecipient performance: Business Manager and Primary Investigator

Subcontractor payment collection: Department Accounts Payable

Conflict of Interest: HQ Human Resources

Subrecipient Monitoring Procedures

Overview

This procedure outlines the business activities to be executed in monitoring subrecipient activity associated with Sponsored Programs. All Carnegie departments, offices, Primary Investigators, staff, and administrative personnel who are involved in the conduct of sponsored research wherein a subrecipient is conducting a portion of the research activity should follow these procedures. These procedures apply regardless of source of prime funding.

Reason for the Procedure

This procedure delineates specific business activities that should be performed in managing subrecipients of sponsored awards. The procedure documentation further articulates the general roles and responsibilities for subrecipient monitoring across the Institution. This procedure is intended to establish effective stewardship of sponsor funds related to sponsored project activity subawarded to other entities.

Definitions

Subrecipient: Subrecipient means the legal entity to which a subaward is made and which is accountable to Carnegie for the use of the funds provided in carrying out a portion of the Institution’s programmatic effort under a sponsored project. The term may include institutions of higher education, for-profit corporations, not-for-profit entities and foreign or international organizations.

Annual Subrecipient Monitoring: Annual subrecipient monitoring includes those activities
undertaken to review the financial status and management controls of a subrecipient to mitigate the risk of contracting with a subrecipient organization.

**Pre-award Subrecipient Review**: Pre-award subrecipient review includes those activities undertaken prior to officially subcontracting with a third-party organization. Such activities may include reviewing organizational, financial or other information to identify potential risks.

**Post-award Subrecipient Monitoring**: Post-award subrecipient monitoring refers to those day-to-day activities undertaken to monitor billings and scientific progress of an active subaward.

**Subaward**: A subaward is an award of financial support from a prime awardee to a qualified organization for the performance of a substantive portion of the program funded under the prime award. The term also includes awards made by a subrecipient to a lower-tier subrecipient. It does not include procurement of goods and services funded by a prime award (i.e., vendors are not considered subrecipients).

**Procedure**

**A. Determination of Subrecipient Status**

Carnegie must make a case-by-case determination whether each agreement it makes for the disbursement of federal or non-federal program funds casts the party receiving the funds in the role of a Subrecipient or a Contractor. The *Check List for Subaward vs Contract/Professional Consulting Determination* (see Appendix A-1) form should be used to document this determination. A copy of the checklist should be kept in Grant’s folder at the Department and at HQ.

The following procedures only apply to Subawards/Subrecipients.

**B. Pre-award Subrecipient Review/Risk Assessment**

When using federal funds, before executing a subrecipient agreement, Carnegie will conduct an assessment using the *Subrecipient Risk Assessment Matrix* (see Appendix A-3) to identify risks and document the process. A subrecipient risk assessment shall take into account several factors, including but not limited to:

- whether the potential subrecipient is subject to an A-133 audit (single audit under Uniform Guidance) or other federal financial review;
- degree of external oversight by auditors or sponsor agencies;
- evidence of effective financial controls within the subrecipient’s systems and administrative operations through review of the organization’s audit reports, management letter, or other acceptable documentation;
- size of the subrecipient;
- size of the subrecipient award;
  - As a guideline, large awards may receive substantial and frequent monitoring;
midsized awards may receive proportionately less substantial and less frequent monitoring; smaller awards may receive general review and the least frequent oversight.

- award complexity, sensitivity of the work, and/or extensiveness of the governing regulations;
- prior experience with the subrecipient (e.g. Pre-award negotiations, financial/operational reporting accuracy and timeliness, response to requests, etc.);
- subrecipient location (i.e., remoteness from Carnegie might require more oversight);
- type of subrecipient organization (for-profit / not-for-profit / small business / corporation / foreign / domestic); and
- organizational and individual conflict of interest.

In addition, when the subrecipient is not subject to an A-133 audit (single-audit under Uniform Guidance) the FINANCIAL STATUS QUESTIONNAIRE FOR COMMERCIAL, FOREIGN and OTHER SUBRECIPIENTS WHO DO NOT HAVE A CURRENT SINGLE- AUDIT or PROGRAM SPECIFIC AUDIT (formerly A-133 Audit) Form (see Appendix A-2) shall be completed and sent with the draft Subaward Agreement to the HQ Office of Sponsored Programs.

If subrecipient is otherwise qualified, i.e., not debarred or suspended, conflict of interest can be mitigated, and financial management and accounting systems are adequate, AND absent other concerns regarding risk, a low risk level may be automatically assigned when, under a federally sponsored program, the subaward is $25,000 or less. If subsequent modifications cause the Federally-funded subaward to pass these threshold amounts, the risk assessment tools must be completed at that time.

Upon completion of the Matrix and, in necessary, the Questionnaire, the Department Business Office in consultation with the PI shall propose an initial risk mitigation strategy by selecting appropriate actions on the Subrecipient Monitoring Worksheet (see Appendix A-4). The Worksheet and Risk Assessment tools will be reviewed by the HQ Office of Sponsored Programs for completeness and appropriateness of the monitoring plan based on overall risk. If necessary, the Department will be contacted with recommendations for modifying the monitoring plan. Copies of all worksheets, tools and other relevant information shall be maintained in the Subaward file.

A subrecipient unwilling or unable to provide required audit reports for review or other information to complete the assessment tools will be evaluated by the COO and appropriate actions will be taken to manage risk.

For subawards made from privately sponsored funds, the PI and Business Office should discuss the level of pre-award subrecipient review and/or risk assessment needed to exercise adequate oversight of the sponsors funds. At a minimum, a low risk monitoring plan should be implemented.
C. Negotiating and Executing Subrecipient Relationships

Standard Terms in Subrecipient Agreements

Carnegie subrecipient agreements generally will include the following, as appropriate:

- terms that specifically address the implementation of any appropriate and necessary risk mitigation strategies;
- for subrecipients subject to A-133 (single audit under Uniform Guidance), a requirement to report any problem related to the subaward identified in their annual audits and to submit corrective action plans for review by Carnegie;
- mandatory flow-down provisions from the prime award, such as the requirements of certain federal laws and regulations as applicable;
- financial terms and conditions including but not limited to: fixed price or cost, term and termination, billing requirements, and payment terms;
- ownership of intellectual property and data;
- a requirement to permit the sponsor and or Carnegie and their auditors to have access to the records and financial statements as necessary for Carnegie to conduct a review if deemed appropriate and to cooperate with Carnegie in resolving problems;
- terms indicating that subrecipient submission of an invoice constitutes certification that the items included on the invoice represent reasonable, allocable, and allowable costs associated with performing the project defined in the agreement;
- for federal awards, each subrecipient will be informed of the Catalog of Federal Domestic Assistance (“CFDA”) title and number, award (name, number, and year), whether the award is Research & Development (“R&D”), and the name of the federal agency sponsoring the award. When some of this information is unavailable, Carnegie Institution shall provide the best information available to describe the federal award.

D. Post-award Subrecipient Monitoring

Department Monitoring of Ongoing Activities

Carnegie has the responsibility, on an ongoing basis, over the life of the award to monitor activities of subrecipients in accordance with the governing agreement, to assure that awarded funds are used for authorized purposes in compliance with the provisions of the agreement, and to ensure that performance goals are achieved. A “risk-based” approach to subrecipient monitoring is required with the frequency and intensity of monitoring driven by (1) the sponsored award funding source, (2) the terms of the grant award as specified by the sponsor and (3) the criteria identified in the section of this procedure titled “Pre-award Subrecipient Review.”

Progress Monitoring, Technical Reports, and Deliverables: PIs are responsible for monitoring the progress of subrecipient work scope, using a variety of means based on risk level. Such review should generally take place at least quarterly. The PI might receive informal progress reports via phone conversations, e-mail communications, or face-to-face discussions, or more formal technical reports or other deliverables might be required and due on specific dates. If
formal technical reports are required, they should be filed with the grant files in the
department with a copy to HQ Office of Sponsored Programs and retained in the same
manner as other grant documents. PI’s must also document informal reports including, at a
minimum:
• date
• names of participants
• means of review, e.g., phone conversation, face-to-face discussion
• brief synopsis of discussion
These memos should also be filed with the grants files in the department with a copy to HQ
Office of Sponsored Programs.

Technical progress reviews by the PI are documented by that PI’s signature on invoices.
Subrecipient invoices submitted to a department must contain a minimum level of
information including but not limited to:
• name of subrecipient;
• date of invoice;
• invoice number;
• period of performance covered by invoice;
• description of services reflected by billings (e.g., major expenditure categories);
• current period costs, including cost sharing (in sufficient detail to enable comparison
to project budget);
• cumulative project costs, including cost sharing, as compared to the project budget;
• subrecipient contact person with respect to the invoice;
• certification on each invoice as to the truth and accuracy of the invoice.

The PI must submit invoices for payment within 30 days of the invoice date unless there
are extenuating circumstances that have been approved by the Business Manager. The PI’s
signature on the invoice indicates that review has taken place and that the invoice adheres
to budget.

**Resolving Invoice Issues**

If, after review of the invoice, a concern with subrecipient performance is identified, the PI
and/or Business Manager should request clarification from the subrecipient PI. If the PI
and/or Business Manager identifies any unusual, miscellaneous, apparently excessive, or
potentially unallowable charges invoiced by a subrecipient, and if the explanations from the
subrecipient are insufficient to render a prudent judgment on the allowability of the cost, the
matter shall be forwarded to the HQ Office of Sponsored Programs for resolution with the subrecipient’s
institutional authorities. When HQ Office of Sponsored Programs is satisfied that the issues
are resolved, they will notify the PI to proceed with approval for payment. Invoices should not
be approved for payment until all issues or concerns have been resolved.
Department Business Office Monitoring of Ongoing Activities

The Department Business Office will provide a review of all subrecipient invoices submitted for payment. The review will, at a minimum, include:

• appropriate invoice format and level of detail;
• signature of the PI;
• certification or signature by authorized subrecipient representative(s).

Department Business Office may disallow invoice charges determined to be unreasonable, unallowable, or unallocable. The Department Business Office will work with the PI to document the reason for the disallowance and contact the subrecipient organization to request a revised invoice.

E. Annual Subrecipient Monitoring

Risk Monitoring

For federally sponsored awards, before any significant Subaward modification and at least once every 12 months, the Department Business Office will gather updated information and documentation on subrecipient organizations’ financial stability, financial processes, and controls. Pertinent information will be accumulated, reviewed, and analyzed as follows:

• Confirm that subrecipients expending $500,000 (for fiscal years ending prior to December 26, 2014)/$750,000 (applicable for fiscal years ending after December 26, 2014) or more in federal awards during the subrecipient’s fiscal year are compliant with OMB Circular A-133 and 2 CFR 200 Subpart F - Audit Requirements audit requirements. Subrecipients excluded from A-133 Audit Requirements or 2 CFR 200 Subpart F - Audit Requirements shall provide annual financial statements and/or completed the FINANCIAL STATUS QUESTIONNAIRE FOR COMMERCIAL, FOREIGN and OTHER SUBRECIPIENTS WHO DO NOT HAVE A CURRENT SINGLE-AUDIT or PROGRAM SPECIFIC AUDIT (formerly A-133 Audit) Form

• Document all actions taken based on the Risk Monitoring worksheet which may include:
  • desk audits of a sample of subrecipients;
  • site visits to review processes, systems, and controls;
  • other procedures deemed appropriate.

• Review and update the Subrecipient Risk Assessment Matrix. Any revisions or other changes should be noted on the bottom of the form. If the risk level changes, prepare a new the Risk Monitoring worksheet.

• Similar to Pre-award risk assessments, the annual subrecipient financial monitoring activities should be driven by several factors discussed in the section of this procedure titled “Pre-award Subrecipient Review”. Upon receipt of an
unfavorable audit report from a subrecipient, Carnegie will confirm that the subrecipient has taken appropriate and timely corrective action.

- These steps are also required for privately sponsored subawards over $50,000 or smaller subawards not deemed low risk. For smaller subawards under privately sponsored programs, use reasonable judgement to determine in reassessment if prudent.

F. Closeout of Subrecipient Awards

The Department Business Manager, in collaboration with the PI, should begin subaward closeout actions immediately following conclusion of the subaward period of performance.

Where possible, subrecipient awards should be processed for closeout and formally closed within a 60-day time period, unless HQ Office of Sponsored Programs grants an extended time period to close out the subrecipient award. A subrecipient award may not be formally closed until all of the applicable closeout requirements have been accomplished.

Subrecipient award closeout requirements must include:
- receipt of final invoice;
- collection of all required deliverables (e.g., technical/progress reports, patent/invention documentation, equipment reports, etc.) to be provided by the subrecipient and final verification of technical completion by the PI, indicated by the PI’s signature and date on the final invoice;
- completion of any necessary final review of costs charged to Carnegie by the subrecipient and final closeout of all commitments, accrued costs, or payables.

The requirements of the prime award, under which a subrecipient award is issued, will be considered during the closeout process. In general, a subaward is closed when it has expired and/or when final technical deliverables are received and financial matters are concluded.

Roles and Responsibilities

Principal Investigator
- Initiate subaward process
- Monitor and document technical reports
- Monitor progress
- Approve deliverables
- Approve invoices for payment

Business Manager or Department Sponsored Programs Accountant
- Complete or assist PI with completing Subrecipient Risk Assessment Matrix
- Complete or assist PI with completing FINANCIAL STATUS QUESTIONNAIRE FOR COMMERCIAL, FOREIGN and OTHER SUBRECIPIENTS WHO DO NOT HAVE A CURRENT
SINGLE-AUDIT or PROGRAM SPECIFIC AUDIT (formerly A-133 Audit)

- Complete or assist PI with completing Subrecipient Monitoring Worksheet
- Assign risk level
- Work with PI to monitor and document the monitoring of the subrecipient
- Process invoices for payment
- Close out subaward in a timely manner

HQ Office of Sponsored Programs

- Review assessment and monitoring tools and make recommendations if needed
- Negotiate subaward agreement with subrecipient institution
- Review subaward agreements for accuracy and completeness
- Work with PI and Business Office to resolve any subaward/subrecipient problems
- Verify completion of monitoring activities
- Verify subaward closeout

COO or other authorized official of Carnegie Institution for Science

- Sign subaward agreements and modifications
- Approve exceptions to procedures

VII. Mandatory Disclosures of Violations of Criminal Law

Responsible Official:
Chief Operating Officer

Effective Date:
July 1, 2015

Revision Date:

Policy Statement

Per 2 CFR Part 200, §200.113 (see full text below), the Carnegie Institution of Washington is obligated to disclose, in a timely manner, any violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting Federal or pass-through awards.

Any employee or fellow of the Carnegie Institution who knows about or suspects such violation shall notify the Chief Operating Officer (COO) in a timely manner.

The COO shall notify, in a timely manner, in writing the Federal awarding agency or pass-through entity, regarding any violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting a Federal award. Remedies for noncompliance may include suspension or debarment.

In addition, any employee or fellow of the Carnegie Institution who knows about or suspects such violation potentially affecting non-Federal awards shall notify the Chief Operating Officer (COO) in a timely manner.
§200.113 Mandatory Disclosures
The non-Federal entity or applicant for a Federal award must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Non-Federal entities that have received a Federal award including the term and condition outlined in Appendix XII—Award Term and Condition for Recipient Integrity and Performance Matters are required to report certain civil, criminal, or administrative proceedings to SAM. Failure to make required disclosures can result in any of the remedies described in §200.338 Remedies for noncompliance, including suspension or debarment. (See also 2 CFR part 180, 31 U.S.C. 3321, and 41 U.S.C. 2313.) [80 FR 43308, July 22, 2015]

Definitions

**Award** is any funding agreement or contract, oral or written, with a third party including grants, fellowships, co-operative agreements, contracts and other such instruments.

**Non-Federal Award** shall be understood to include instruments defined as an award as well as the use of Carnegie Funds.

Roles and Responsibilities/Contact Information

**Office of the Chief Operating Office:** Tim Doyle, 202-939-1156, tdoyle@carnegiescience.edu

**Manager of HQ Office of Sponsored Programs:** Jessica Moore, Assoc. Dir. of Financial Planning and Budgeting, 202-939-1125, jmoore@carnegiescience.edu

VIII. Policy for Managing Equipment and Other Capital Assets Acquired with Federal Funding

GENERAL FIXED ASSET/CAPITAL ASSET POLICIES AND PROCEDURES THAT APPLY TO ALL SUCH ASSETS ARE IN THE ACCOUNTING AND FINANCIAL MANAGEMENT SECTION OF THE POLICIES AND PROCEDURES MANUAL

**Responsible Official:**

Assoc. Director of Finance/Controller

**Effective Date:**

Feb. 1, 2016

**Revision Date:**

Scope

This policy is applicable to Carnegie Institution of Washington (Carnegie Science) equipment and other capital assets acquired with Federal or Federal pass-through funding. Equipment and other capital assets can be acquired through purchase, fabrication, donation or transfer from
another institution.

**Policy Statement**

It is the policy of the Carnegie Science to safeguard and maintain effective internal controls to manage its capital assets including equipment, and to maintain proper records regarding the use and disposition of those assets. This policy applies to Equipment and other capital assets acquired with funding originating from the Federal government. This policy does not apply to real property such as land and buildings.

**Reason for the Policy**

It is necessary for Carnegie to safeguard and maintain its capital Assets in order to receive the maximum benefit from those assets, to comply with Carnegie and Federal requirements regarding the use and disposition of capital assets especially equipment, and to properly record and account for its capital assets for financial accounting purposes. As a recipient of Federal support under sponsored programs, the Institution must also comply with the Office of Management and Budget’s (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR §200) and for funding effective before December 26, 2014, OMB Circular A-110, which sets forth the requirements for managing and safeguarding capital assets, and OMB Circular A-133, which establishes program audit standards and requirements, collectively referred to as Federal Guidelines. In addition, Federal Acquisition Regulation (FAR), Part 45 – Government Property prescribes the minimum requirements that Carnegie Institution must meet as a Federal contractor in establishing and maintaining control over Government Property.

**Definitions**

**Capital Asset:** Tangible or intangible assets used in operations having a useful life of more than one year which are capitalized in accordance with GAAP. Capital assets include land, building (facilities), equipment and intellectual property (including software) whether acquired by purchase construction, manufacture, lease-purchase, exchange, or through capital leases and additions, improvements, modifications and other alterations that increase their value or useful life (not ordinary repairs and maintenance). See 200.12 in the Uniform Guidance for a complete definition.

**Computing Devices:** Machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information. A computing device is a supply if the acquisition cost is less than $5,000, regardless of the length of its useful life.
Dispose: The sale, transfer of ownership, or final disposal of any capital asset.

Equipment: Tangible personal property (including information technology systems) that equals or exceeds a unit cost or gift value of $5,000 and has a useful life of more than one year, including items fabricated from individual components. Examples of equipment are furniture, fixtures, research/lab equipment, computer equipment, office equipment, machinery and vehicles. The following costs are applied towards the $5,000 minimum acquisition cost and should be capitalized with the equipment: (a) any initial modifications, attachments, accessories, or auxiliary apparatus that are necessary to make an item usable for its acquired purpose; (b) shipping, taxes, in-transit insurance, and installation charges; and (c) upgrades (betterments), modifications, or enhancements that increase the useful life by one year or more or add additional functionality.

Fabrication: Under certain circumstances it may be necessary to fabricate a capital asset from separate components, some or all of which may have a unit cost of less than $5,000. The fabricated unit consists of items or assemblies of parts that are interconnected and interdependent so as to become a new functional entity for a special purpose.

Federal/Government Equipment: Equipment either furnished by the Federal government or acquired/fabricated through Federal grants, contracts, cooperative agreements, or similar agreements. Equipment purchased with Federal funds with title vested to the Federal government is considered “government-titled equipment.” When equipment is purchased in whole or in part with Federal funds and title vests to Carnegie that title is conditional and is subject to Federal use and disposition restrictions.

General Purpose Equipment: Equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, telephone networks, information technology systems, HVAC equipment and motor vehicles.

Information Technology Systems: Computing devices, ancillary equipment, software, firmware, and similar services (including support services), and related resources are included in information technology systems.

Intangible Property: Property having no physical existence, such as trademarks, copyrights, patents and patent applications and property, such as loans, notes and other debt instruments, lease agreements, stock and other instruments of property ownership (whether the property is tangible or intangible).
Special Purpose Equipment: Equipment which is used ONLY for research, medical, scientific, or other technical activities. Examples include microscopes and spectrometers.

Policy Elements

Acquisition

All acquisitions of Federal funded capital assets including equipment require prior approval by the sponsoring agency unless expressly waived. This approval may be incorporated in the award agreement or obtained subsequent to receiving the award.

Capital assets may be acquired through purchase or fabrication. All capital assets should be purchased on a purchase order regardless of payment mechanism, e.g., credit card, wire, check, and recorded in NAV.

To initiate a fabrication, funded in whole or part with Federal funds, the principal investigator should, as a best practice, document the request by providing a short, descriptive name for the fabrication, a brief description of the asset to be fabricated, a total cost estimate, a useful life estimate, and a final completion date estimate. A copy of this document should be sent to the Department Business Manager and HQ Financial Accounting. A copy should also be placed in the Department and HQ grant files. The document may also be attached electronically to the NAV Award card.

All general procurement policies must be followed.

Identification, Tagging and Records Maintenance

All capital assets/equipment, including fabrications when placed in service, are assigned a “Fixed Asset” (FA) number for tracking in the accounting/financial system. The Department Business Office shall create a Fixed Asset (FA) Card in Navision with a unique FA number within that Department’s capital asset number range. Every asset should be tagged with a unique identifier except were the capital assets are too small or otherwise impossible to tag. The tag should include the FA number which can be used as the tag number. If a separate tag number is used, be sure to record it on the FA card in the Asset Tag Number field.

Procedures for managing equipment paid for in whole or part under a federal award must meet the following requirements:

- Property records must be maintained that include:
  - Description of the property
  - Serial number or other ID number (FA number, serial number if available and Asset Tag Number if different from FA number)
• Source of funding for the property (Funder code)
• FAIN – Federal Award Identification Number
• Who holds title (note if Federal government is keeping title)
• Acquisition Date and cost of property
• Percentage of Fed participation in project costs for the Fed award under which the property was acquired*
• Physical Location (Location code)
• Use and condition*
• Disposition data

* These are new requirements under Uniform Guidance; see 2 CFT 200.313(d).

In addition, the FA card should list the Responsible Employee code.

For data items elements not included in the main sections of the Fixed Asset card, use Extended Fields.

In cases where items cannot be physically tagged but are assigned a FA number you should print a copy of the FA card and affix the tag to that document. The Department should maintain a file of “untaggable” items to facilitate the physical inventory.

The Department shall maintain a file for each capital asset that includes the manufacturer’s name, the product number and description, the initial physical location and condition, the asset tag number, the original cost, and the acquisition date, as well as any other information that is needed to establish and maintain control, protect, preserve and maintain all Government Property in compliance with Federal Guidelines and the FAR, Part 45 as applicable. Records for capital assets/equipment acquired with Federal funds shall be retained for 3 years after final disposition. All records necessary for accounting and audit purposes are prepared and maintained in accordance with accounting principles generally accepted in the United States of America.

**Maintenance and Insurance**

2 CFR 200.313(d)(4) requires that adequate maintenance procedures must be developed to keep the property in good condition.

2 CFR 200.310 states Carnegie must maintain equivalent insurance to that which is maintained for the awardee’s own real property and equipment when acquired or improved with Federal funds. Federally-owned property need not be insured unless required by the terms and conditions of the Federal award.

**Physical Inventories**

The purpose of the physical inventory is to verify the existence and activity status, location, and condition of capital assets in order to validate the accuracy of Carnegie’s accounting records.
The Departments and HQ conduct the inventories of all capital assets whether acquired by purchase, fabrication and/or gift and regardless of where title is vested. Physical inventories of capital assets are conducted at least once every two years to comply with Federal regulations unless a shorter period is mandated by a particular sponsor or Carnegie policy. Carnegie’s current practice is to conduct a physical inventory near the end of each fiscal year. The inventory report is based on a list of capital assets downloaded from the financial accounting system. The individual(s) taking inventory should verify the existence of the asset, its location, condition and whether it is actively used. Care should be taken to locate and count all “untaggable” items and to identify any capital assets not properly recorded in the financial accounting system. Capital assets at off-site locations need to be included in the inventory and their existence and condition should be verified. The person responsible for recording capital assets in the financial accounting system should not conduct the inventory alone. The Department reports any material unresolved differences to the Assoc. Director of Finance/Controller for resolution. The final inventory report should be approved by the Department Director or the COO for HQ, or their designee who is independent of the Business Office. Reports are forwarded to the Assoc. Director of Finance/Controller for audit purposes.

Ownership of Equipment Purchased with Federal Funding

Generally, the title of ownership for equipment purchased or fabricated in whole or in part with Federal funds rests with Carnegie. However, this title is conditional (2 CFR 200.313) and is subject to Federal use and disposition restrictions.

Equipment acquired directly by the Federal government and made available to Carnegie Institution under a grant or agreement is government-furnished property. Title is vested with the government.

Equipment purchased with Federal funds where the government retains title should be specifically identified in the sponsor agreement. Government-titled equipment may not be disposed or removed from service without approval from the sponsoring agency. It should not be removed from Carnegie property without notifying the Business Manager or his/her designee.

Use and Disposition of Equipment Purchased with Federal Funds and Conditional Title

2 CFR 200.313 (portion in italics is taken directly from the Uniform Guidance)

(c) Use

1. Equipment must be used in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal
award. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:

(i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then

(ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.

2. During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-Federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

3. Notwithstanding the encouragement in §200.307 Program income to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.

4. When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

(e) Disposition

When equipment acquired under a Federal award is no longer needed for the original project or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal regulations or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

(1) Items of equipment with a current per unit fair market value of $5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.

(2) Except as provided in §200.312, or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of $5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current
market value or proceeds from sale by the Federal awarding agency’s percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share $500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

(3) The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.

(4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

Documenting Disposition

The PI or other responsible person wishing to dispose of equipment funded in whole or in part by the Federal government must notify the Business Office before taking any action. The Department Business Office completes a Carnegie Capital Asset Disposition Form to request authorization for disposal or other disposition of any Federally funded Carnegie capital asset, and/or to report any lost or stolen equipment.

Carnegie Capital Asset Disposition Form must be forwarded to HQ Office of Sponsored Programs which notifies the Federal agency as required and authorizes disposal of the item.

Sale of Federally funded equipment, in addition to any Federal requirements, requires the approval of the COO. The Department will work with the HQ Office of Sponsored Programs to return proceeds from the sale as required by regulations and/or the sponsoring agency. The COO may direct the use of any sales proceeds received and retained by Carnegie.

When title to equipment is vested in the Federal government, the sponsoring agency must be contacted by HQ Office of Sponsored Programs for disposal instructions.

Once disposition is complete, the NAV FA Card should be updated to reflect disposal date and other relevant information. The disposition should be noted in the quarterly capital asset reconciliation so that it is properly reflected in the accounting records.

Reporting Loss or Theft of Capital Assets

A PI must report to the Department Business Manager and HQ Office of Sponsored Programs any loss, damage or theft of equipment or other capital assets acquired with Federal funding. Losses of $25,000 or more based on acquisition price shall also be reported to the Department Director and the COO. If an electronic capital asset contains regulated or confidential information, the Department Head of Information Technology and the Chief Information Officer must also be notified in accordance with the Information Security Policy.
Real Property and Intangible Property

Property acquired or improved with a Federal award must be held in trust by the non-Federal entity as trustee for the beneficiaries of the project or program for which it was acquired.

The awarding agency may require the awardee to record liens or notice of record to indicate that personal or real property has be acquired or improved with Federal funds and that use and disposition instructions apply. 2 CRF 200.315 and 200.316 address Intangible Property and will be covered in the Carnegie Science Intangible Property Policy.

Related Information

Procurement Policy
Capital Asset Procedures for Federal and non-Federal Funded Assets (forthcoming)
Carnegie Capital Asset Disposition Form
Information Systems Policies and Procedures
Intangible Property Policy (forthcoming)

Roles and Responsibilities/Contact Information

PI
Identifying capital asset acquisitions in Federal and pass-through proposal and proposal budgets
Maintain and safeguarding capital assets
Reporting theft or loss
Requesting disposition

Business Office/Business Manager
Maintain individual Capital Asset files
Maintain FA cards in NAV
Conduct physical inventory
Request approval for disposition, including sales, of Federal funded equipment by completing the Carnegie Equipment Disposition Form

Assoc. Director of Finance/Controller
Coordinates physical inventory of capital assets for external audit

HQ Office of Sponsored Programs
Liaison with sponsoring agency on equipment acquisition/fabrication
Liaison with sponsoring agency for equipment disposition
Liaison with sponsoring agency in case of loss or theft
Complete agency inventory requests for information

COO

Approve sales of Federal funded capital assets and use of proceeds
Manages significant losses or thefts

IX. Allowable Costs on Sponsored Programs

Responsible Official:
Manager of HQ Office of Sponsored Programs (currently Assoc. Dir. Financial Planning and Budgeting)

Effective Date:
July 1, 2015

Revision Date:

Scope

This policy applies to all sponsored programs at Carnegie, however, costs identified as “unallowable” on federally-funded programs may be directly charged to a non-federal program if permitted by both Carnegie policy and the non-federal sponsor’s award documents, applicable policies, terms and conditions, and/or written approval.

Policy Statement

It is the Carnegie Institution of Washington’s (Carnegie Science/Carnegie) policy to charge costs to federal and non-federal sponsored program activities in accordance with applicable laws, regulations, sponsor policies and other requirements. For federal sponsors, the Office of Management and Budget’s (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR §200) or, for funding effective before December 26, 2014, OMB Circular A-122, Cost Principles for Non-Profit Organizations and/or OMB Circular A-110, collectively referred to as Federal Guidance, establishes principles for determining costs applicable to grants, contracts and other agreements with non-profit institutions, including federal pass-through programs.

OMB’s Federal Guidance also identifies costs that are generally unallowable as charges to federally-sponsored programs including federal pass-through programs. These costs are termed “unallowable” costs and may not be charged to federally-sponsored projects as either direct costs or as indirect or facilities and administrative (F&A) costs. Carnegie employees who are responsible for administering federally funded sponsored projects should be familiar with the categories of costs that are generally unallowable.
Reason for the Policy

This policy implements and makes the Carnegie community aware of the laws, regulations and cost accounting principles that apply in charging only costs that are allowable to sponsored programs.

Definitions

Direct Cost: Direct costs (§200.413(a)) are those costs that can be identified specifically with a 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.

Indirect Cost: For major nonprofit organization indirect costs(§200.101(a)) must be classified within two broad categories: “Facilities” and “Administration”. “Facilities” is defined as depreciation on building, equipment and capital improvements, interest on debt associated with certain building, equipment and capital improvements, and operations and maintenance expenses. “Administration” is defined as general administration and general expenses such as the director’s office, accounting personnel and all other types of expenditures not listed specifically under one of the subcategories of “Facilities”. For nonprofits, library expenses are included in the “Administration” category.

Policy Elements

General

Carnegie is required to follow OMB’s Federal Guidance when determining whether to charge a cost to any grant, contract, or other agreement between the institution and the federal government or federal pass-through entity (federally-sponsored programs). OMB’s Uniform Guidance (2 CFR §200) requires Carnegie to identify unallowable costs and exclude them from any application, proposal, billing, or claim related to a federally sponsored program. In addition, the guidance provides principles and standards for determining the costs applicable to research and other work performed by Carnegie under federally-sponsored programs.

The Uniform Guidance Subpart E – Cost Principles provides standards for select items of costs to be applied in establishing both allowable and unallowable costs on federally-sponsored projects (see §200.420 – 475 for specific costs and contact your Business Office or HQ OSP with any questions regarding allowability). These standards apply regardless of whether a particular cost is treated as a direct cost or an indirect cost. Unallowable costs are segregated in Carnegie’s accounting system using general ledger account numbers, activity codes, and/or fund codes so that they can be easily distinguished from allowable costs charged to the sponsored program.

Allowable Costs

In addition to meeting the specific standards for allowability under the Uniform Guidance Subpart E – Cost Principles, costs must meet certain general criteria to be allowable for federally-sponsored projects.
Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP).

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.

(g) Be adequately documented.

**Reasonable Cost Test**

A cost may be considered reasonable if the nature and amount of the cost reflect actions that a prudent person would have taken under circumstances prevailing at the time the decision was made to incur the cost. Among other factors, a reasonable cost is one generally recognized as ordinary and necessary for the operation of the institution or the efficient performance of the sponsored program and is consistent with established Carnegie policies and practices applicable to the work of the institution generally, including sponsored projects.

** Allocable Cost Test**

Among other factors, a cost is allocable to a sponsored program if it: (1) is incurred specifically to b the sponsored program; (2) benefits both the sponsored program and other work of and can be distributed in proportions that may be approximated using reasonable methods and (3) it is necessary to the overall operation of Carnegie and, in light of the principles provided in the Federal Guidance, specifically Uniform Guidance Subpart E – Cost Principles, is deemed to be assignable in part to sponsored programs.

**Unallowable Costs**

An unallowable cost is any cost which, under the provisions of any pertinent law, regulation, or sponsored program, cannot be included in prices, cost reimbursements, or settlements under the
federally-sponsored program to which it is allocable. A cost may be either expressly unallowable or directly associated with unallowable activities.

“Expressly unallowable” applies to any type of cost which, under the express provisions of an applicable law, regulation, or sponsored project is specifically named and stated to be unallowable. The following are common examples:

- General costs of advertising media and public relations
- Alcoholic beverages
- Bad debt
- Contributions and donations
- Defense and prosecution of criminal and civil proceedings, claims, appeals, and patent infringements
- Fines, penalties, damages and other settlements
- Goods or services for personal use (e.g., toiletries, clothing, personal use of Carnegie vehicle)
- Losses on other awards or contracts. Includes transferring/reclassing expenses from one award to another award due to lack of funds, because the original grantor didn’t pay, etc.
- Dues for civic/community organizations and non-business memberships such as social/country clubs

Examples of “unallowable activities” include:

- Fundraising
- Investment management
- Lobbying including general support of political candidate or direct dealings with government.

Appendix B-1, Reference Guide for Allowable Costs, provides additional guidance on allowability and classifying costs as direct allowable, allowable as indirect, and unallowable. This guide is NOT all inclusive and the reader should refer to 2 CFR 200.400 through 200.475 for additional guidance and to Carnegie’s policies and procedures.

Carnegie Reimbursement Policy and Federal Regulations

A cost determined to be appropriate under Carnegie policies to be incurred directly or otherwise reimbursed may be unallowable as a direct or indirect charge to a federally or non-federally sponsored program. While the federal government or non-federal sponsor will not reimburse these costs, they may be an entirely appropriate, permissible and reimbursable Carnegie activity or cost and may be charge to direct Carnegie funds.

Related Information

Roles and Responsibilities/Contact Information
APPENDIX A-1
Carnegie Institution for Science
Check List for SubAward vs Contract/Professional Consulting Determination

The following criteria should be analyzed to determine whether a subrecipient or contractor/vendor/professional consultant relationship exists. It is important to consider the substance of the relationship rather than the form of the agreement when determining whether a subrecipient or contractor/consultant/vendor relationship exists. The terms “vendor”, “contractor”, “consultant” are used interchangeably and include similar relationships.

In the Uniform Guidance, subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A contractor, a.k.a. vendor or consultant, receives a contract defined as for the purpose of obtaining goods and services for the non-Federal entity’s own use and creates a procurement relationship with the contractor.

Check all that apply:

Subawardee/subrecipient:
___ Has its performance measured against meeting the program objectives
___ Has authority to make administrative and programmatic decision and to control the method and results of work
___ Has responsibility to adhere to applicable Federal program compliance requirements
___ Uses Federal funds to carry out a program of Carnegie rather than supply goods or services
___ Works collaboratively with the Carnegie PI as a co-investigator at another entity to which funds are being passed
___ Services are complex and require a scope of work and budget, billing requirements, and a deliverable schedule
___ Its work may result in intellectual property and/or may lead to publications
___ Has responsibility for the end results of the research effort

Contractor/Vendor/Consultant:
___ Provides similar goods or services within its normal business operations
___ Provides similar goods or services to many different purchasers
___ Competes with comparable entities to provide the same goods and/or services
___ Goods and services are secondary to the operation of the program
___ Is not subject to sponsor compliance regulations
___ Is not responsible for designing or developing the research
___ Goods and services are billed according to the vendor’s established rates or the consultant receives a fee for their services and not a salary
___ Not responsible for the overall outcome of the project
___ Either no scope of work or Carnegie designs the scope of work

If the determination of status as subrecipient or contractor is not clear from the answers to the checklist then judgement may be used. Again, the substance of the relationship is more important than the form of the agreement. Calling the document a “contract” or a “subaward” does not necessarily make it one.

Based on your analysis of the above checklist results and definitions, the entity is determined to be a (check one):
Subrecipient: __________ Contractor: __________

________________________________________________________________________
Principle Investigator __________________________ Date __________

________________________________________________________________________
Business Manager __________________________ Date __________

If you have any questions, call the Sponsored Program staff at HQ.

Keep a copy of this form for your grant files and return the original to HQ for inclusion in the master grant file.
CARNEGIE INSTITUTION FOR SCIENCE
FINANCIAL STATUS QUESTIONNAIRE FOR COMMERCIAL, FOREIGN and OTHER
SUBRECIPIENTS WHO DO NOT HAVE A CURRENT SINGLE-AUDIT or PROGRAM SPECIFIC
AUDIT (formerly A-133 Audit)

Sub-recipient Name: _______________________________________

Your organization is not required to have or has not had a recent single/program-specific audit per
Uniform Guidance (formerly Circular A-133 audit) performed. Please answer the following question so that we
can document your awareness and understanding of the accounting and Federal guidelines associated with our
sub-award to you.

<table>
<thead>
<tr>
<th>Question</th>
<th>YES</th>
<th>NO</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is your organization incorporated or legally registered within the country of operations? If no, please explain. If yes, please provide a copy of your registration certificate with this questionnaire.</td>
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<tr>
<td>Does your organization have an existing standard financial record keeping system to be used for accounting for grant/contract funds?</td>
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<tr>
<td>Is there proper segregation of duties so that no one individual has complete authority over an entire financial transaction?</td>
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<tr>
<td>Have your financial statements been audited by an independent public accounting firm within the past two years? If so, please enclose a copy of your most recent audited financial report.</td>
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<tr>
<td>Are all disbursements properly documented with evidence of receipt of goods or performance of services?</td>
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<tr>
<td>Are all bank accounts reconciled monthly?</td>
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<tr>
<td>Are payroll charges checked against grant/contract budgets?</td>
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<td></td>
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<tr>
<td>Does your organization have a system to track time paid?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are all payroll taxes and deductions properly calculated, withheld, and recorded in accordance with local employment and labor laws and regulations?</td>
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</tr>
<tr>
<td>Does your organization a personnel manual with clear and comprehensive policies and procedures?</td>
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</tr>
<tr>
<td>Does your organization accrue expenditures to match costs to their proper accounting period?</td>
<td></td>
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</tr>
<tr>
<td>Does the organization have formal, written policies and procedures for procurement of goods and services?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the organization have formal, written policies and procedures for travel expenditures?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Does the organization have formal, written policies and procedures for procuring, safeguarding and disposing of capital assets? | Yes | No | Comment |
---|---|---|---|
Are cost-share or matching funds properly accounted for, recorded and documented? | | |
Does the organization ensure that all costs charged to grants/contracts are legitimate and appropriate? | | |
If applicable, are conversions of currencies properly calculated and fully documented? | | |
Are financial, program and other relevant reports prepared, reviewed, and approved properly and submitted in accordance with the prime’s prescribed timetable? | | |
Are requests for advances/reimbursements prepared, reviewed, and approved properly and submitted in accordance with the prime’s requirements? | | |

Signature ____________________________________________
Date __________________________

An e-mail of the completed and certified form is acceptable. Should you have any questions, please contact June Napoco-Soriente at jnapoco-soriente@carnegiescience.edu or Dina Freydin at dfreydin@carnegiescience.edu of the Carnegie Institution for Science. Thank you for your cooperation in this matter.
Carnegie Science Subrecipient Risk Assessment Matrix

Carnegie Science Risk Assessment Matrix is a tool designed to assess a subrecipient’s risk and help determine the level of monitoring required. Complete before issuing any subaward, for each substantial modification after award date.

Threshold Questions: A subaward cannot be issued if the agreement meets any of the following requirements:

- The subrecipient is debarred or suspended
- The subrecipient is under a government investigation
- The subrecipient has a conflict of interest that cannot be mitigated
- Financial management and accounting systems are inadequate to account for federal funds in accordance with federal requirements

Federally funded subawards of $25,000 or less may be rated as low risk barring special considerations that may require higher level of monitoring. The examples in the matrix are intended as guidance. A complete risk assessment should consider the subrecipient and subaward on a case-by-case basis. The weighted score will determine actions required.

Assign an assessment rating (1, 2 or 3) for each criteria listed below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Low Risk</th>
<th>Medium Risk</th>
<th>High Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign vs. Domestic</td>
<td>U.S. based</td>
<td>Foreign location with stable government and financial systems</td>
<td>Foreign location with unstable or restricted location and/or inadequate financial systems</td>
</tr>
<tr>
<td>Maturity of Organization</td>
<td>Mature (more than 7 years)</td>
<td>Mature, but not research oriented</td>
<td>Start-up, &lt; 7 years or unknown</td>
</tr>
<tr>
<td>Subrecipient Organization Type</td>
<td>University or non-profit subject to single</td>
<td>Non-profit not subject to single audit</td>
<td>Industry or other for-profit organization not subject to single audit, government audit</td>
</tr>
<tr>
<td>Subrecipient’s prior experience with similar subawards or awarding agency</td>
<td>Subrecipient has prior experience with the same/similar subawards; Subrecipient has received awards directly for awarding agency</td>
<td>Subrecipient does not have prior experience with this type of award; does not receive direct federal awards or is unfamiliar with awarding agency’s systems</td>
<td>Subrecipient does not have prior experience with the type of research or programmatic deliverables required by subawards</td>
</tr>
<tr>
<td>Carnegie prior experience with Subrecipient</td>
<td>Previous positive experience as Carnegie Science subrecipient</td>
<td>New subrecipient or previous negative experience</td>
<td></td>
</tr>
<tr>
<td>Negotiated Indirect Cost Rate Agreement</td>
<td>Yes</td>
<td>No or delinquent more than 4 years or accepting de minimis rate of 10%</td>
<td></td>
</tr>
<tr>
<td>Audit Results</td>
<td>Single audit with minor material findings, unqualified opinion</td>
<td>Single audit with major findings &amp;/or qualified or adverse audit</td>
<td></td>
</tr>
<tr>
<td>No Single Audit</td>
<td>Financial Management Questionnaire completed satisfactorily including adequate accounting system, procurement systems</td>
<td>Financial Management questionnaire completed but minimal concerns exist</td>
<td>Financial Management questionnaire completed but with moderate or severe concerns</td>
</tr>
<tr>
<td>Amount/Percentage Passed-through</td>
<td>Lower funding levels (&lt;15%) or percentage of total fund allocated to subrecipient</td>
<td>Funding allocated to subrecipient is a larger percentage of the total award (15% to 79%)</td>
<td>Funding level more than 75% of total award</td>
</tr>
<tr>
<td>Scope/Complexity of Work &amp; Project Deliverables</td>
<td>Easily met objectives (e.g., reports, Progress based on milestones or observable outcomes. Deliverables are not essential to success of project)</td>
<td>Risk of Subrecipient not meeting deliverables that results in a change in project scope or relationship</td>
<td>Deliverables necessary in order to achieve project success; No change in project scope or relationship</td>
</tr>
<tr>
<td>Relationship Between Carnegie Science PI and Subrecipient</td>
<td>Subrecipient PI is a familiar collaborator with no prior direct relationship</td>
<td>Subrecipient PI is an established researcher, but has no prior relationship</td>
<td>No previous collaboration or relationship</td>
</tr>
<tr>
<td>Clearance received on behalf of interest</td>
<td>No conflicts identified</td>
<td>Conflicts exist but can be mitigated</td>
<td></td>
</tr>
<tr>
<td>Compliance/Additional Approvals</td>
<td>No compliance issues involved</td>
<td>Subrecipient has protocols in place but subrecipient does not have protocols approved or</td>
<td>Compliance requirements are in place but subrecipient does not have protocols approved or</td>
</tr>
</tbody>
</table>

Special Considerations: If any other factors not included above, you may increase the risk score by adding up to 8 points or, for risk mitigating factors, reduce the score by deducting up to 4 points. Document reason for addition or reduction.

<table>
<thead>
<tr>
<th>Subrecipient Name:</th>
<th>Prime Sponsor:</th>
<th>Amount of Subawards:</th>
<th>Sub-award #:</th>
<th>Signature and Date:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

INITIAL RISK LEVEL: HIGH

RECORD OF REVIEWS: Debarred/Suspended

<table>
<thead>
<tr>
<th>Date checked and result</th>
<th>Revised Risk Score</th>
<th>Revised Risk Level</th>
<th>Reviewed signature/Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Risk Level Assigned:

- HIGH (40-72) – The risk associated with engaging the subrecipient could compromise the project’s goals, objectives, or compliance with the terms and conditions of the award.
- MEDIUM (12-40) – The risk associated with engaging the subrecipient could result in Carnegie Institution operating inefficiently and/or expending unplanned resources to meet the project’s goals and objectives.
- LOW (0-11) – The risk associated with engaging the subrecipient has no anticipated measurable effect on the achievement of the project’s goals and objectives.
# Carnegie Science Subrecipient Monitoring Plan

After you have completed the Risk Assessment Matrix and know the risk level of the subrecipient/subaward, use this worksheet to select the actions to include in the monitoring plan and how frequently you do the activity. If as subrecipient’s risk level changes, either up or down, a new plan should be created. You may use the comment section to record outcomes of monitoring and/or attach additional documentation. Data entry is permitted in all of the blue fields.

<table>
<thead>
<tr>
<th>Risk level assessment:</th>
<th>Yes</th>
<th>Frequency</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>X</td>
<td>annual</td>
<td>Review audit reports and evaluate any findings; Review subrecipient invoices; Ensure work is performed within the period of performance</td>
</tr>
<tr>
<td>Plan is to bill quarterly</td>
<td>X each invoice</td>
<td>invoice is complete and accurate; Expenditures are allowable; Subrecipient is complying with terms and conditions; PI approves the invoice as acceptable to issue payment</td>
<td></td>
</tr>
<tr>
<td>Medium</td>
<td></td>
<td></td>
<td>Determine how material the audit findings are in the audit report and whether they pose increased risk to the subrecipient’s ability to be in compliance and carry out the scope of work; Request expenditure detail as supporting documentation on a monthly or quarterly basis; Review documentation received for sufficiency; Request and review financial reports more frequently, if possible; Request annual update from PI to verify that programmatic expectations are being met and document in subaward file</td>
</tr>
<tr>
<td>High</td>
<td></td>
<td></td>
<td>All requirements listed for low and medium risk; Request expenditure details as supporting documentation for all invoices; If possible, request more frequent invoicing, e.g., monthly instead of quarterly; Maintain regular, e.g., quarterly, contact with PI to ensure subrecipient is meeting programmatic expectations and document communication in subaward file; Exercise option to audit or consider performing a site visit or desk review; Review backup documentation to support invoiced expenditures; Review operations and project performance for deliverable requirements; Withhold payments to subrecipients if deemed necessary until deficiencies are corrected</td>
</tr>
</tbody>
</table>

** COMMENTS:** Include responsible person, date, action and outcome, attach documentation as needed.
"In case of a discrepancy between the provisions of a specified sponsored agreement and the provisions below, the agreement should govern."

<table>
<thead>
<tr>
<th>Uniform Guidance</th>
<th>Allowable as F&amp;A</th>
<th>Allowable as a Direct Cost</th>
<th>No special approvals needed to be allowable direct cost</th>
<th>Sponsor Approval Needed (1)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reference</strong></td>
<td><strong>Description</strong></td>
<td><strong>Unallowable Cost</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.421</td>
<td>Advertising and public relations</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General costs of advertising media and public relations</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Advertising or Public Relation costs necessary to meet specific requirements of the award</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Recruitment of personnel on awards (see 200.463)</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Procurement of goods and services for the performance of award</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Disposal of materials acquired in performance of award</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.423</td>
<td>Alcoholic beverages</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.425</td>
<td>Audit services</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General Business requirements</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If special audit/services required by sponsor in addition to the above</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.426</td>
<td>Bad debts</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.430</td>
<td>Compensation - personal service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Administrative - general office and clerical</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PI and other individuals directly working on award (e.g., post-docs, lab techs)</td>
<td></td>
<td>x (see note)</td>
<td></td>
<td>The allowable compensation for certain employees is subject to a ceiling in accordance with statute or agency requirements.</td>
</tr>
<tr>
<td></td>
<td>Administrative - excessive, unusual and beyond normal responsibilities</td>
<td></td>
<td>x (see note)</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal use of institutional furnished vehicles.</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reference: Guide for Allowable Costs (not all inclusive, refer to 2 CFR 200.400 through 200.475 for additional information and cost categories not included below.)
"In case of a discrepancy between the provisions of a specified sponsored agreement and the provisions below, the agreement should govern."

<table>
<thead>
<tr>
<th>Uniform Guidance</th>
<th>Reference Description</th>
<th>Unallowable Cost as F&amp;A</th>
<th>Allowable as F&amp;A</th>
<th>Allowable as Direct Cost</th>
<th>No special approvals needed</th>
<th>Special provisions needed to be allowable direct cost</th>
<th>Sponsor Approval Needed (1)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>200.431</td>
<td>Compensation - fringe benefits</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Administrative - general office and clerical</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>PI and other individuals directly working on award (e.g., post-docs, lab techs)</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Administrative - excessive, unusual and beyond normal responsibility</td>
<td></td>
<td></td>
<td></td>
<td>X (see note)</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Personal use of institutional furnished vehicles.</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.432</td>
<td>Conferences</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Related to sponsored award and the primary purpose is dissemination of technical information</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>See Section 200.474 for Travel Costs and 200.438 for Entertainment Costs</td>
</tr>
<tr>
<td></td>
<td>Attendance of others working with PI directly on award</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>See Section 200.474 for Travel Costs and 200.438 for Entertainment Costs</td>
</tr>
<tr>
<td>200.434</td>
<td>Contributions and donations</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Note: donations and contributions received may qualify for cost-sharing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Defense and prosecution of criminal and civil proceedings, claims, appeals, and patent infringements</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Patent infringement litigation costs - specifically provided for in agreement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>200.436</td>
<td>Depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;$5,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>200.438</td>
<td>Entertainment costs</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.439</td>
<td>Equipment and other capital expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General purpose equipment, office and administrative (&lt;$5,000)</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td>Will generally be classified as non-capital equipment or supplies.</td>
</tr>
<tr>
<td></td>
<td>General purpose equipment, office and administrative (&gt;=$5,000) - recovered by depreciation, see 200.436</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>Capitalized</td>
</tr>
<tr>
<td></td>
<td>Special purpose (research) equipment directly used on award (&gt;=$5,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>
"In case of a discrepancy between the provisions of a specified sponsored agreement and the provisions below, the agreement should govern."

<table>
<thead>
<tr>
<th>Uniform Guidance Section Reference</th>
<th>Description</th>
<th>Unallowable as Cost</th>
<th>Allowable as F&amp;A</th>
<th>Allowable as a Direct Cost</th>
<th>No special approvals needed</th>
<th>Sponsor Approval Needed (1)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>200.440</td>
<td>Exchange rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increases for fluctuations in exchange rates</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Subject to availability of funding</td>
</tr>
<tr>
<td>200.441</td>
<td>Fines, penalties, damages and other settlements</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.442</td>
<td>Fund raising and investment management costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fund raising costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Physical custody and control of monies and securities (e.g., Brinks services)</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.445</td>
<td>Goods or services for personal use (e.g., toiletries, clothing)</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Items used by employees that are project specific such as bug spray in South America and medical shots required for international travel are allowable.</td>
</tr>
<tr>
<td>200.447</td>
<td>Insurance and indemnification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General conduct of business activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Specifically required pursuant to the sponsored award (e.g., biohazard materials)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>200.448</td>
<td>Intellectual property</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Costs not required by the award</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Disclosures, reports, filings, professional services, required by the sponsored award.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.450</td>
<td>Lobbying</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General support of political candidate or direct dealings with government.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Technical and factual presentations on topics directly related to the performance of award. Included in scope of work and objectives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
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<thead>
<tr>
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<th>Allowable as a Direct Cost</th>
<th>No special approvals needed to be allowable direct cost</th>
<th>Sponsor Approval Needed (1)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>200.451</td>
<td>Losses on other awards or contracts. Includes transferring/reclassing expenses from one award to another award due to lack of funds, because the original grantor didn't pay, etc.</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>200.452</td>
<td>Maintenance and repair costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General equipment, office and administrative</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Specifically related to equipment purchased for the award. (See Equipment, 200.439 above.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>200.453</td>
<td>Materials and supply costs, including costs of computing devices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General office and administrative supplies. (e.g. paper, pens, toner cartridges, etc.)</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>General office and administrative supplies - excessive and unusual</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Research materials and supplies (e.g. lab supplies and notebooks)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>supplies (e.g. materials to compile and mail brochure, survey)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>200.454</td>
<td>Memberships, subscriptions, and professional activity costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Civic/community organizations and non-business memberships such as social/country clubs.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Institutional professional membership and subscriptions.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Required and necessary for sponsored award - allocation of institutional membership or personal membership if no institutional membership exists.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>200.456</td>
<td>Participant support costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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<tr>
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<th>Reference Guide for Allowable Costs (not all inclusive, refer to 2 CFR 200.400 through 200.475 for additional information and cost categories not included below.</th>
<th>Allowable as a Direct Cost</th>
<th>Allowable as a F&amp;A Cost</th>
<th>No special approvals needed to be allowable direct cost</th>
<th>Sponsor Approval Needed (1)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.</td>
<td>200.458 Pre-award costs</td>
<td>General</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>If necessary for the award and approved by sponsor. (e.g. lag time to order equipment necessary for research)</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General consulting and external services</td>
<td>200.459 Professional Service costs</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specialized consulting services required by sponsored award.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Honorariums - directly related to award</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Costs to prepare a non-competitive renewal</td>
<td>200.46 Proposal costs</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Costs of preparing proposals or applications for a potential project.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>General activities</td>
<td>200.461 Publication and printing costs</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Specific to technical research, such as reporting, journal publications.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Recruiting costs for general personnel services and others not directly working on awards</td>
<td>200.463 Recruiting costs</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reasonable costs for recruiting personnel directly working on sponsored award. Examples include: advertising, travel, and relocation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Relocation costs of employees</td>
<td>200.464 Relocation costs of employees</td>
<td></td>
<td></td>
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</tr>
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<th>Allowable as Direct Cost</th>
<th>No special approvals needed</th>
<th>SPECIAL provisions needed to be allowable direct cost</th>
<th>Sponsor Approval Needed (1)</th>
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</tr>
</thead>
<tbody>
<tr>
<td>200.465</td>
<td>Rental costs of real property and equipment</td>
<td></td>
<td></td>
<td>X (see note)</td>
<td></td>
<td></td>
<td></td>
<td>refer to UG Section 200.464 for limitations on allowability</td>
</tr>
<tr>
<td>200.465</td>
<td>General administrative</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>200.465</td>
<td>Rental costs specifically required for sponsored award.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>200.467</td>
<td>Selling and marketing</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Unless allowed under section 200.421, as allowable as public relations costs or under section 200.460 as allowable proposal costs.</td>
</tr>
<tr>
<td>200.470</td>
<td>Tax</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>200.470</td>
<td>General business activity</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>200.470</td>
<td>If taxes incurred are based on activity directly related to the award.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>200.471</td>
<td>Termination costs</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>200.471</td>
<td>Those which would not be incurred had the sponsored award not ended.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>200.471</td>
<td>Termination, settlement, and claims of subawards.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>X</td>
<td></td>
</tr>
<tr>
<td>200.471</td>
<td>Cancellation of rental costs for unexpired leases necessary for the sponsored award.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>200.472</td>
<td>Training and education costs</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>200.472</td>
<td>sponsored award. Amount should be reasonable and proportional to effort. (see 200.430 above)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>200.473</td>
<td>Transportation costs</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>200.473</td>
<td>Costs related to direct costs of equipment, materials and supplies.</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>X</td>
<td></td>
</tr>
<tr>
<td>200.474</td>
<td>Travel costs</td>
<td></td>
<td></td>
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<td>Reasonable costs in accordance with Carnegie Science policies and necessary for the sponsored award.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference Guide for Allowable Costs (not all inclusive, refer to 2 CFR 200.400 through 200.475 for additional information and cost categories not included below.)</td>
<td>Excessive and costs beyond normal policy in special circumstances. (e.g., first class air fare)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Reference Guide for Allowable Costs (not all inclusive, refer to 2 CFR 200.400 through 200.475 for additional information and cost categories not included below.)</td>
<td>See Carnegie Science Travel Policy for additional information on allowability of travel, meals, lodging, etc.</td>
<td></td>
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</tr>
<tr>
<td>200.475 Trustees</td>
<td>Board of Trustees - reasonable costs for travel and other subsistence.</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Strongly recommend this is documented in the budget and approved by the sponsor in the agreements.