

GENERAL INFORMATION - QUESTIONS AND ANSWERS

I wish to submit a proposal. What are some of the considerations of which I need to be aware?

Any proposal that seeks funding from outside the University must be approved by the Vice President for Research before it is submitted to an outside agency.

You must send a copy of the proposal along with a *Cover Form for Extramural Programs* to be routed to the offices that are noted on the form.

Some financial points that must be carefully covered in the proposal and/or in any final agreement are: the project budget, the award amount, the beginning and ending dates of the project, whether payment is on a fixed-price or cost-reimbursement basis, and the method of obtaining payment from the sponsor.

If cost sharing is involved, clearly identify the proposed cost sharing amount, the source of cost sharing funds, and the method of cost sharing. This may include cash, in-kind, third party, or indirect costs. Keep in mind that any cost sharing identified in the proposal, whether mandatory or non-mandatory, has to be verifiable and auditable. Any direct costs to be provided by Auburn University must be charged to a cost sharing FOP.

Are there restrictions on the types of costs I can include in the budget for a sponsored project?

Yes. OMB Circular A-21.J. specifies types of costs which can and cannot be charged directly to sponsored project FOPs. A-21.C.12. adopts Cost Accounting Standard 9905.505 (**CAS 505**), which states that unallowable costs ". . . shall be identified and excluded from any billing, claim, application or proposal applicable to a sponsored agreement."

Some of the restrictions depend on the purpose and circumstances of the products and/or services. A-21.C.11 adopts Cost Accounting Standard 9905.502 (**CAS 502**).

Another A-21 reference is A-21. F.6.b. These regulations say that costs incurred for the same purpose, in like circumstances, are either direct costs only or indirect costs only. This applies to all funding sources, restricted and unrestricted.

A-21.f.6.b. states that the following should *normally* be treated as Indirect Costs. This means that they *normally cannot be charged to contract/grant FOPs, cost share FOPs, or internal A.U. grant FOPs*.

1. Salaries of administrative and clerical staff
2. Office supplies
3. Postage
4. Local telephone costs
5. Memberships
6. Other costs of this general type.

Unless these costs can be justified as being uniquely beneficial to the sponsored project in circumstances unlike those for which these costs are normally incurred, they cannot be charged to the type of FOPs noted above. For example, salaries for administrative and clerical staff cannot be prorated among sponsored projects just to support routine positions. Also, office supplies, postage and local telephone costs of a routine nature cannot be prorated among sponsored projects.

None of these types of costs should be included in proposal budgets unless they can be justified as having a direct benefit to the sponsored project in circumstances unlike those in which these services/products are normally purchased. The Office of Sponsored Programs and Contracts and Grants Accounting can provide an interpretation of this regulation by the Office of Management and Budget (OMB) regarding situations where administrative and clerical salaries would be allowable on contracts and grants. Also, a form is available for obtaining approval for administrative/clerical salaries on contracts and grants. Please see the Business Office Forms located on the Finance tab of AUAccess for an example of this form.

We have received a contract or a grant. How is the financial paperwork handled?

Setting Up a FOP

In order to spend money from a contract or a grant, you will need to set up a separate FOP. You must request a FOP through the Office of Sponsored Programs of the Vice President for Research. This will be your "charge account" that pays for project costs.

To set up a FOP, you need to send a copy of the award document along with a completed Cover Form for Extramural Programs to the Office of Sponsored Programs. Information needed to complete the "Field of Science" and "Type of Research" codes can be found in Contracts and Grants General Information.

Note: *It is important that the project director's last name and two initials be typed on the cover form.*

Once the Office of Sponsored Programs has accepted the award documents on behalf of the University, they will send a copy of the documents to the Contracts and Grants Accounting office to create the FOP.

The Contracts and Grants Accounting office will notify the dean and department of the new FOP number by E-mail. This FOP number should be viewed on Banner forms FTMFUND and FRIGITD to identify the related contract or grant project.

After you have received a FOP number for the grant, you may begin charging project costs to the FOP. Only approved personnel who are ***actually working on the sponsored project*** should be paid from the contract/grant FOP or the cost sharing FOP. It is important that salaries and wages be charged to the appropriate FOPs on a current basis.

If the University is providing cost sharing funds to the project, you must also include the FOP number that is providing the cost share funds. Once the CS FOP has been established, you must do a Budget Transfer to load budget on the Cost Share FOP.

We have received a verbal commitment, but have not received the award documents. Should we do any financial paperwork for the proposed project?

In some circumstances, the department head and dean may approve beginning work on a sponsored project before a fully-executed contract or grant document has been received from the sponsor. This is an option that has been approved by the University.

However, if you are going to spend money on a project, a FOP must be created specifically for that project. It is **extremely important** that you request a contract/grant FOP and not borrow any project money from your departmental FOP, another contract/grant FOP, or any other FOP.

If a project must be started (or continued) before all award documents have been finalized, you will need to follow the same basic procedures used in Setting Up a FOP. However, the dean or department head must also send a memorandum along with the Cover Form for Extramural Funding which states that in the event the award is not received, the department, school or college will assume responsibility for any expenditures or obligations which have been incurred. This extra step will ensure that the department head and/or dean recognize that funds have not yet been formally obligated for this specific award.

After review and approval, the Vice President for Research will forward the request to Contracts and Grants Accounting for normal processing.

When the project director or department head receives the award document, it is important that the document be immediately sent, through proper channels, to the Vice President for Research. It will then be sent to Contracts and Grants Accounting, who will then make any necessary adjustments to the FOP.

Since the University cannot normally request reimbursement until an award has been received and processed, proper follow-up at all levels is imperative. The Office of Sponsored Programs (844-4438) can provide you with additional information.

Changes have been made in our grant or contract. What needs to be done to inform the University of those changes?

When an award amount is revised or other changes are made, the amendment must be processed like a new award. Before making a commitment to the sponsoring agency for any changes, obtain the approval of the Office of Sponsored Programs. Upon receipt of the modified contract or grant, a Cover Form and award document will need to be processed. If additional money is awarded, a Budget JV Form will also be required.

What responsibilities do we have for financial reporting or monitoring during the grant itself?

Normal billing and financial reporting to the sponsors are handled by Contracts and Grants Accounting, with some variability from grant to grant or contract to contract. It is important that you carefully monitor the FOP each month to make sure that bills charged against the FOP are being recorded correctly and that the project is being carried out within its approved budget.

What do I need to do to finish up a grant or contract project?

Different agencies have different deadlines for completing financial paperwork. You will need to make sure that all project-related bills are paid within the time frame set by the funding agency. It is recommended that you carefully review the FOP about two months prior to the expiration date.

You will also need to inform the Contracts and Grants Accounting office when all bills are paid and all project paperwork has been completed.

I have overexpended my project budget. What do I do?

General University funds are not available to cover over-expenditures, audit disallowances, or any other costs that are not paid by the outside funding agency. These costs must be covered by the department, school or college responsible for the project. In such cases, expenditure transfers will be needed.
