Sponsored Projects
Administrative Guide
PreAward & PostAward

2015
Purpose

This handbook has been created to acquaint investigators with services offered by Sponsored Research Services (SRS) and to serve as a reference guide to the basic processes involved in obtaining and administering external funding.

Although WTAMU has two offices involved with external funding all federally sponsored projects and most other faculty or staff initiated sponsored projects will be submitted through Sponsored Research Services. The Office of Institutional Advancement, the other office involved with external funding, has the specific mission of helping the university community identify, establish, and coordinate private support to advance the mission of the university and address its strategic priorities. If there is any confusion as to which office you should submit your proposal through please call SRS at 651-3554 and we will assist in making the appropriate determination.

We hope this handbook will be a useful guide for you and we welcome your comments and suggestions for changes. Please send your suggestions to srs@wtamu.edu

Key Areas of Responsibility for SRS

SRS is WTAMU’s sponsored projects support office for both PreAward and PostAward activities. The SRS office should always be consulted concerning questions of sponsoring agency policies or procedures.

The key PreAward functions SRS provides are:

★ Assist in identifying funding opportunities
★ Review and interpret sponsor guidelines
★ Prepare Budgets and Budget Justifications with assistance from Principal Investigator (PI) or Program Director (PD)
★ Review proposals for compliance with funding guidelines and institutional policies
★ Edit proposals for grammar / make suggestions for strengthening the proposal (if requested)
★ Prepare representations and certifications
★ Maestro assistance and training
★ Submit proposals to the funding agency
★ Serve as liaison between WTAMU / PI or PD and sponsor
★ Read / review terms and conditions of incoming awards and summarize within Maestro for easier award administration
★ Negotiate unacceptable award terms
★ Prepare and negotiate subagreements to outside entities
★ Assist with routine requests to sponsor (e.g., no cost extensions, rebudgeting requests)
★ Assist PI / PD with transfers of active sponsored projects to or from another institution
★ Facilitate the President’s Undergraduate Summer Research Program and the Killgore Grant for faculty and graduate students
★ Assist with day-to-day administration of the Export Control and Financial Conflict of Interest
The key PostAward functions SRS provides are:

★ Account set up
★ Account monitoring and determination of allowable costs
★ Invoicing
★ Financial Reporting / internal and external
★ Account Close Out
★ Time & Effort Monitoring

PreAward Table of Contents

Identifying Funding Opportunities
Sponsor Guidelines and Proposal Forms
Federal Sponsors
Non-federal Sponsors
Preparing a Proposal
Budget
F&A Waivers that may be accepted
F&A Waivers that normally will be denied
Applicability and duration of waived F&A
Compliance
  ♦ Export Control Regulations
  ♦ Financial Conflict of Interest in Sponsored Research
Submitting the Proposal
Proposal Revision and Resubmission
Types of Sponsored Projects
Award Negotiation and Acceptance

Related Documents for Reference

Appendix A Letter of Intent
Appendix B Supplemental Pay
ADMINISTRATIVE GUIDE

PRE-AWARD

Email: srs@wtamu.edu
Identifying funding opportunities

SRS maintains a list of current funding opportunities for all disciplines on our website. The link is titled, “New Grant Opportunities” and is updated weekly. Researchers may also enter keywords into Maestro and receive suggested funding opportunities based on the keywords.

Additionally, your Grant Specialist can conduct a manual search of funding opportunities. Each day SRS Grant Specialists review numerous funding publications and will forward any information relevant to your interests.

WTAMU offers several opportunities for funding from University sources. Information can be obtained by visiting the Research web page at wtamu.edu/research.

Sponsor Guidelines and Proposal Forms

Once you have identified a sponsor that may be interested in your project, SRS can assist in completing the required proposal forms, and interpretation of the sponsor guidelines. The first step is to submit a Notice of Intent (NOI) to SRS which alerts your Grant Specialist and Department Head of your intent to submit a proposal and the funding opportunity you are interested in. Your Grant Specialist will then meet with you to initiate a work plan by establishing a time line, assigning responsibilities and answering questions. The NOI form can be found on the SRS website, wtamu.edu/srs or in Appendix A.

Federal Sponsors

Federal sponsors are those from any branch of the U.S. Government. All funding from federal sponsors are subject to applicable federal regulations with respect to administration as well as WTAMU procedures and the following of system policies/regulations. SRS will assist you in ensuring your proposal and budget meet these requirements.

System Policy 15.01.01 Administration of Sponsored Agreements—Research and Other
System Policy 15.01.02 Federal Procurement Integrity Act
System Policy 15.01.03 Financial Conflicts of Interest in Sponsored Research
System Policy 15.02 Export Controls
System Policy 15.99.01 Use of Human Participants in Research
System Policy 15.99.02 Classified Information
System Policy 15.99.03 Ethics in Research, Scholarship and Creative Work
System Policy 15.99.05 Research Compliance

All proposals to federal sponsors are submitted through Sponsored Research Services. Most government agencies require electronic submission of proposals with an official institutional electronic signature. This electronic signature is only available through SRS.
Non-Federal Sponsors

WTAMU also receives funding from non-federal sponsors who may have their own terms and requirements related to their sponsored project funding. WTAMU procedures and system policies and regulations also apply to this source of funding. Once again, SRS will assist you in ensuring your proposal and budget meet these requirements and in interpreting the sponsor guidelines.

Preparing the Proposal

Preparing the proposal is the most important step in the grant process. Taking a systematic and methodological approach will result in a concise, well-written proposal that has a better chance of success. The proposal requirements are determined by the sponsor and can be found in the sponsor’s funding guidelines. Some sponsors are very specific requiring a certain number of pages, margin width, and font size. SRS will help ensure your proposal meets those sponsor requirements by assisting with the interpretation of the sponsor’s guidelines and reviewing the proposal against those guidelines and other applicable Federal, System and Institutional requirements.

Budget

Budgets should be an accurate reflection of the necessary expenses associated with a sponsored project including the applicable overhead (i.e., indirect costs (IDC) or facilities & administrative costs (F&A)). The budget is developed in conjunction with your Grant Specialist following the sponsor’s guidelines as well as the University, the System and Federal requirements. SRS Grant Specialists work closely with the SRS Post-Award team when questions arise during the development of the proposal budget to ensure budgeted costs are allowable, reasonable and allocable to the project.

Allowable costs are those categories of costs that can be charged to a sponsored project. Certain types of costs (ex: liquor) are not allowable and may not be charged at any time, others may be restricted by the sponsor.

Costs are considered reasonable if a prudent person would have taken the same action given the circumstances.

Allocable costs are those that actually benefit the sponsored project to which they are being charged.

System Policy 15.01.01, Administration of Sponsored Agreements—Research and Other  OMB Circular A-21, Cost Principles for Educational Institution 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

Compensation during periods outside of the academic year, such as summer, cannot exceed the employee’s Institutional Based Salary (IBS) as stated in your appointment letter. IBS includes compensation for instruction, public service, research, and other normal job activities but DOES NOT include fringe benefits, supplemental compensation nor any income earned outside of WTAMU duties.
System Policy 15.01.01 Administration of Sponsored Agreements—Research and Other, section 8.2 & 8.3 specifically directs WTAMU to establish procedures to recover all F&A costs based on the rates negotiated with DHHS. The exception to this directive is if a sponsor has a written policy of paying a specific F&A rate for all similar agreements regardless of which institution or site is the recipient of the funding. To approve this exception a copy of the sponsor’s written policy is required.

WTAMU’s most recent F&A rate agreement may be found at wtamu.edu/srs.

Any request to waive or reduce F&A on projects is considered a type of cost share and must be captured within the accounting system. To be captured there must be an alternate account to charge the expense to and must receive internal approvals prior to submitting the budget to the sponsoring agency.

Waiving of F&A costs results in two undesirable consequences.
1. The F&A costs incurred by WTAMU are not recovered for the particular project activity.
2. It imposes an undesirable impact when future F&A rates are negotiated. Unrecovered F&A costs cannot be included in future negotiations of the F&A cost recovery rate.

**F&A waivers that may be accepted (a F&A Waiver Form is required)**

- Start-up/pilot project in which WTAMU is willing to share costs in anticipation of future growth in external funding. This will be limited to a specific time period after which full recovery is expected.
- New faculty transferring grants to WTAMU from another institution at the prior institution’s rate. This will be limited to a specific time period after which full recovery is expected.
- Important outreach activities, including projects that WTAMU would otherwise fund using its own resources.
- Collaborative arrangements in which WTAMU is receiving benefit other than cash in support of the project. Such benefit will require documentation from the provider of the benefit. The documentation must be sufficient to meet audit requirements.

**F&A waivers that normally will be denied**

- Waivers requested solely because an award does not provide adequate direct costs for completion of the full scope of the project (e.g., total award is capped).
- Waivers based solely on precedent.
- Waivers that will not provide equitable treatment to all WTAMU researchers applying to the same sponsor.
- Waivers for awards under which intellectual property rights do not remain with WTAMU.
- Waivers for the purpose of meeting cost share requirements without a corresponding commitment from the researcher’s Department for a proportional direct cost commitment.

**Applicability and duration of waived F&A**

A F&A waiver will apply to the project and for the proposed amount of the waiver for the non-competing period of the project provided there is no material change in the project that affects the basis on which the waiver was approved.

The F&A Waiver Form may be found at wtamu.edu/srs, or ask your Grant Specialist.
Compliance

Funding agencies and WTAMU require institutional approval for projects that will involve human subjects, vertebrate animals, or hazardous biological chemicals, or radiological substances. Obtaining compliance approvals is the responsibility of the PI / PD. Financial Conflict of Interest disclosures must be current and Export Control procedures must also be considered for each project. Additional instructions for acquiring the required approvals can be found on the research web page [http://www.wtamu.edu/academics/wtamu-research.aspx](http://www.wtamu.edu/academics/wtamu-research.aspx). In all cases, the sponsored project cannot begin nor will access to grant funds be allowed without the necessary compliance approvals in place.

Export Control Regulations

It is the responsibility of the project PI / PD to be aware of this policy and to notify SRS of potential export control issues.

Export control regulations are federal laws that prohibit the unlicensed export of certain commodities or information for reasons of national security or protections of trade. For most research universities, the greatest concern centers on the “deemed export” of information, data, materials, items, and services having combined civilian and military uses, so-called “dual uses”. Controlled information, data, materials, items, and services may be “deemed” to be “exported” in two ways, both of which are common activities at research universities:

- **Inside the U.S.**: Oral or visual communications with non-U.S. citizens through collaborative research, teaching or training, lab tours and related activities.
- **Outside the U.S.**: Unauthorized presentation of a controlled article, data, etc. or simply carrying such information electronically to and inside a restricted country.

Most sponsored project activity is excluded from export controls because of the general exception for “fundamental research” under the export control regulations. The National Security Decision Directive 189 provides the following definition of “fundamental research”:

**FUNDAMENTAL RESEARCH**

“Basic and applied research in science and engineering, the results of which ordinarily are published and shared broadly within the scientific community, as distinguished from proprietary research and from industrial development, design, production, and product utilization, the results of which ordinarily are restricted for proprietary or national security.

Export regulations apply whether an external sponsored project is involved or not. Penalties are severe for non-compliance, including monetary and criminal punishment. The following link provides additional information: [http://www.wtamu.edu/environmental_safety/faculty-sop.aspx#Export_Control](http://www.wtamu.edu/environmental_safety/faculty-sop.aspx#Export_Control)

WTAMU adheres to principles of openness in research based on our mission of education, research and public service. By not accepting sponsor restrictions on publication of scientific and technical information or foreign nationals, WTAMU protects the fundamental research exemption.

System Policy 15.02, Export Controls  
WTAMU SOP 24.01.01.W1.36AR, Export Controls
Financial Conflict of Interest in Sponsored Research

The “Financial Conflict of Interest (FCOI) in Sponsored Research” TAMUS policy was designed to promote objectivity in research by establishing standards that provide a reasonable expectation that the design, conduct, and reporting of research, regardless of the funding source, will be free from bias resulting from principal investigator/project director financial conflicts of interest. It applies to the principal investigator (PI), project director (PD) and any other person, regardless of title or position, who is responsible for the design, conduct or reporting of research or research activities. This policy is not applicable to students unless a student receives compensation from the project for their research efforts (e.g., scholarship, salary or tuition reimbursement). FCOI disclosure is required on an annual basis and within 30 days after acquiring a new significant financial interest. The disclosure requirement extends to covered family members as well. If this is the first time you will be completing the FCOI disclosure you will be required to complete the FCOI training module first. The Disclosures are completed through the Maestro system. Contact your Grant Specialist if you require assistance with the disclosure or understanding the requirements.

See System Policy 15.01.03 Financial Conflicts of Interest in Sponsored Research and WTAMU SOP 24.01.01.W1.35AR Conflict of Interest in the Design, Conduct and Reporting of Sponsored Research and Educational Activities for additional information.

This policy is distinct from and in addition to the general “Faculty Consulting, External Employment and Conflicts of Interest” Rule #31.05.01.W1 which applies to consulting and external professional employment by faculty members that is directly related to their academic and professional discipline.

Submitting the Proposal

The PI / PD must have a current Financial Conflict of Interest Disclosure on file with SRS before a proposal will be submitted to the funding agency. All proposals and/or applications for external support must be reviewed by SRS prior to being submitted to the sponsor.

The review process applies to all grant and contract proposals. It also applies to pre-proposals or other preliminary grant applications, such as concept papers, if they involve budget figures or a commitment of institutional resources.

Only the Vice President for Research & Compliance or a designee has institutional signature authority* for sponsored project proposals. Even when a funding agency’s electronic system gives the PI / PD authority to submit their own proposals they must be routed through SRS for review first. Likewise, proposals that do not require an institutional signature must still be routed through SRS before being submitted to the funding agency.

* No PI / PD is authorized to sign on behalf of WTAMU
Adherence to the suggested proposal submission date of 5 days prior to the agency due date is strongly encouraged. Proposals need time to be reviewed by SRS, captured into Maestro (the TAMU System’s on-line research administration portal.) for electronic routing to and approval by your Department Head and Dean.

⇒ SRS will review the proposal for compliance with sponsor guidelines
⇒ SRS has the fiduciary responsibility to ensure all University, Sponsor, State and Federal regulations, laws, policies and rules are met

Meeting the suggested lead time may also provide SRS the opportunity to submit the proposal early; thus, avoiding any last minute unforeseen problems during electronic submissions.

For the occasional situation when you are unable to meet the 5 day lead time, please contact your Grant Specialist as soon as possible. SRS does not want to discourage proposal submissions, we will work with you on meeting the submission deadline.

**PLEASE NOTE:** For proposals that are either sent to a sponsoring agency without being reviewed by SRS, or which have been provided to SRS with less than 24 hours to review, WTAMU reserves the right to:

⇒ withdraw the proposal
⇒ not accept the award if funded
⇒ renegotiate the terms and conditions, budget, resources, etc., before accepting the award

**Proposal Revision and Resubmission**

If your proposal is turned down, request the reviewers comments and seek feedback from the Program Officer. If the comments are encouraging about resubmission, your changes of success on a resubmission are enhanced.

★ Respond specifically to the reviewers comments in the narrative of the revised proposal.
★ For most funding agencies pointing out changes made to strengthen the proposal in the areas judged to be weak, and clarify information that may have been misinterpreted in the initial review will enhance your chances of funding.
★ Work closely with the program officer and be willing to rethink aspects of the project based on the feedback.

Your Grant Specialist can assist with crafting the resubmission to address the reviewers’ comments.

Consider helping a colleague by allowing SRS to share the reviewers comments with other PI / PDs within WTAMU. Having insight into what the reviewers are looking for in a proposal is invaluable toward writing a strong and competitive proposal. SRS is willing to redact information you may consider confidential. Or better yet, consider mentoring a less experienced grant writer. SRS can help coordinate this.
Types of Sponsored Projects

Sponsored projects are established when funds are awarded to WTAMU by external sources in support of research, instruction, training, service or other scholarly activities. They are typically in the form of grants, contracts, or cooperative agreements. WTAMU accepts the written award and by doing so assumes the obligation to provide a deliverable in exchange for a sponsors’ funding. Sponsored projects require separate accountability for the funds received.

**Grants** generally have fewer conditions than other sponsored projects. They are awarded to support projects described in proposals and the PI / PD controls the direction of the project. Ordinarily, grants do not include commitments to provide specific deliverables other than a final report.

**Cooperative Agreements** are similar to grants but typically involve a significant level of sponsor participation in the administration and direction of the project.

**Contracts** are most often awarded based on proposals submitted in response to a Request for Proposal (RFP) call from the sponsor. A contract typically includes commitments to provide specific deliverables such as data analysis, surveys, or testing of a product. Because contracts normally include restrictive terms and require deliverables, the office of SRS will review the RFP closely for possible problematic terms and conditions before the proposal is submitted. Exception letters will often accompany the proposal if unacceptable terms or conditions are identified in the RFP.

**Award Negotiation and Acceptance**

Award notices are usually forwarded to SRS; however, if you receive a notice from the funding agency, please contact the Grant Specialist who worked with you on the proposal to be sure SRS has also received a copy. All award notices are reviewed and, if necessary, negotiated by SRS to ensure the terms and conditions are acceptable and institutional signature is acquired when necessary. The fully executed award document and the proposal is then distributed to the PI / PD and the SRS PostAward team who will establish an account for the project. As a PI / PD you are not authorized to accept an award on behalf of the institution.

*Remember that before the project can begin you must have received institutional approvals if the project will involve human subjects, vertebrate animals, hazardous biological, chemical or radiological substances.*

During the project period SRS serves as a liaison between the funding agency and the PI / PD. We handle any necessary subagreements and facilitate actions requiring agency approval/notification such as budget reallocations, changes of scope of work and time extensions. Please refer to the section in this publication on WTAMU Post-Award Accounting Procedures on Sponsored Agreements—Grants & Contracts for guidance in the financial administration of your award. Be sure to frequently consult the following PostAward financial section during the project period. Contact the SRS Grant Specialist assigned to your project with any questions you have about the overall administration of your project.
Related Documents for Reference

OMB Uniform Guidance 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

OMB Circular A-21, Cost Principles for Educational Institutions

OMB Circular A110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations

System Policy 15.01.01 Administration of Sponsored Agreements—Research and Other

System Policy 15.01.02 Federal Procurement Integrity Act

System Policy 15.01.03 Financial Conflicts of Interest in Sponsored Research

System Policy 15.02 Export Controls

System Policy 15.99.01 Use of Human Participants in Research

System Policy 15.99.02 Classified Information

System Policy 15.99.03 Ethics in Research, Scholarship and Creative Work

System Policy 15.99.05 Research Compliance

WTAMU Post-Award Accounting Procedures on Sponsored Agreements (Grants and Contracts)

WTAMU SOP 24.01.01.W1.35AR Conflict of Interest in the Design, Conduct and Reporting of Sponsored Research and Educational Activities

WTAMU SOP 24.01.01.W1.36AR Export Controls

Appendix A - Notice of Intent (NOI)

Appendix B - Supplemental Pay
ADMINISTRATIVE GUIDE

POST-AWARD

Email: srs@wtamu.edu
**NOTE:** Federally sponsored agreements issued prior to December 26, 2014 are subject to administration under OMB Circulars A-21, A-110 and A-133. Federally sponsored agreements issued December 26, 2014 and later are subject to OMB Uniform Guidance 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. A federal sponsor may require adoption of Uniform Guidance on awards made prior to December 26, 2014, in which case Uniform Guidance principles will be applied.

The administrative procedures included in this document must be observed for all sponsored agreements and related cost share accounts. These procedures are in accordance with and provide supplemental interpretation of federal regulations contained in the Office of Management and Budget (OMB) Circulars **A-21** (*Cost Principles for Educational Institutions*), **A-110** (*Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*), **A-133** (*Audits of States, Local Governments, and Non-Profit Organizations*), **2 CFR 200** (*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*) as well as Texas A&M University System policies and provide guidance to reduce the likelihood of improperly managed sponsored activities.

**Definition of Sponsored Agreements:**
Sponsored agreements are projects and activities, such as research and instruction, that are supported (in whole or in part) with funds, materials, or other resources provided by sources outside of the university.

**Types of Sponsored Agreements** typical for WTAMU fall into the following categories:
- Cost-Reimbursement Contract
- Fixed Price Contract
- Grant
- Cooperative Agreement

(For further details on definitions and other types of sponsored agreements, see Section 2 of the *A&M System Administration of Sponsored Agreements 15.01.01*.)

Note all sponsored projects must follow WTAMU procedures and A&M System policies. However, not all WTAMU and A&M System spending policies and procedures are allowable for sponsored projects. In these cases, the cost should be charged to a faculty or departmental discretionary account.
Table of Contents

Definition and Types of Sponsored Agreements

General Procedures and Responsibilities

Account Set-Up

Determination of Allowable Costs
  Unallowable Costs
  Direct v. Indirect Costs
  Business Meals
  Miscellaneous

Required Documentation for Costs

Account Monitoring

Payroll/Time and Effort
  Time and Effort Purpose and Explanation
  Time and Effort Electronic System
  Summer Salary

Cost Share or Matching
  Types of Cost Share
  Criteria for Cost Share
  Allowable Forms of Cost Share
  Cost Share Accounts
  Documentation

Account Close-Out

Definitions
General Procedures and Responsibilities

In accepting sponsored agreements, university members are obligated to fulfill the purposes, and to meet the requirements, of the sponsored agreement. Expenditures of funds or use of resources provided by the sponsor or cost shared by the university member are governed by the sponsored agreement, WTAMU procedures, and System policies and regulations. Federally sponsored agreements are also subject to OMB Circulars A-21, A-110, A-133 and 2 CFR 200.

The university is entrusted with the use of public funds, facilities, and other property for the welfare of the public. Such funds or facilities cannot be diverted, nor personnel assigned, to serve the specific interests of a private firm or individual unless the costs for such use of facilities and personnel are reimbursed under the terms of a specific sponsored agreement. Each faculty and staff member who participates in sponsored research or other sponsored agreements are responsible for ensuring that any research or other activity undertaken or recommended for approval is clearly consistent with this procedures document and the A&M System regulation.

(Section 1.4 of the A&M System Administration of Sponsored Agreements, 15.01.01.)

Account Set-Up Procedures

In order to set up an account for a sponsored project, the following criteria must be met:

- The contract or agreement must be signed by all parties. (In special circumstances, exceptions can be made with written approval from the granting agency.)
- An initial meeting for each sponsored agreement must take place between the PI, the PostAward Grant Accountant and the PreAward Grant Specialist to discuss project goals, procedures, timelines, budgets, etc. Monthly, quarterly, or annual meetings may be helpful to ensure proper financial management of the project.
- If the sponsored agreement has required cost share or matching, a matching/cost share account will be set up.
- An unrestricted account must be provided. In the event that unallowable expenses need to be moved or the account is in deficit, this account will be used. This will only occur after prior communication has taken place in an attempt to resolve the issue.
Determination of Allowable Costs on Sponsored Agreements

Regardless of whether they are treated as direct costs or F&A costs, the allowability of costs on sponsored agreements with federal agencies awarded prior to December 26, 2014, are governed by the cost accounting principles prescribed by OMB Circular A-21. Federal awards with an effective date of December 26, 2014, and later are governed by OMB Uniform Guidance, 2 CFR 200. A federal sponsor may require adoption of Uniform Guidance on awards made prior to December 26, 2014, in which case those guidelines will be applied. These same cost principles are used in determining the cost of work performed by educational institutional subrecipients under federally sponsored agreements.

Allowability of Costs

The tests of allowability of costs under these principles are: (a) they must be reasonable; (b) they must be allocable to sponsored agreements under the principles and methods provided herein; (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items (OMB Circular A-21 Section C.2; 2 CFR 200.403-405).

Unallowable Costs

Unallowable costs on all funds associated with sponsored agreements (grant accounts, cost share, indirect cost) are determined according to the federal guidelines in OMB A-21 and 2 CFR 200. Listed below is a partial list. See OMB Circular A-21 Section J and 2 CFR 200, Sub-part E, Sections 200.420-200.475 for an exhaustive list and specific details as to what constitutes each item below. *Note: Exceptions may apply if specifically stated in the award document.

- Advertising and public relations costs to promote the institution
- Alcoholic beverages
- Bad debts
- Contingency provisions (see 2 CFR 200.433 for exceptions)
- Defense and prosecution of criminal and civil proceedings, claims, appeals, and patent infringements
- Donations and contributions
- General purpose equipment and other capital expenditures (see OMB A-21(J)(18) and 2 CFR 200.453 for exceptions)
- Fines and penalties
- Goods or services for personal use (see 2 CFR 200.445(b) for exceptions)
- Housing and personal living expenses for a university officer
- Insurance and indemnification costs
- Fund raising and investment costs (see OMB A-21(J)(20) for exceptions)
- Lobbying
- Losses on other sponsored agreements or contracts
- Membership costs in any civic, community, country club, social/dining club or organization
- Pre-award costs
- Selling and marketing
- Student activity costs (intramural activities, clubs, publications)
Direct vs. Indirect Costs

Some costs are allowable only as F&A (indirect) costs, such as office supplies, postage, membership, or administrative salary unless the project falls under special circumstances criteria. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or F&A (indirect) costs. Where an institution treats a particular type of cost as a direct cost of a sponsored agreement, all costs incurred for the same purpose in like circumstances shall be treated as direct costs of all activities of the Institution. (e.g., grant and cost share accounts).

Below are definitions and examples of common direct and indirect costs.

**Indirect Costs:** Indirect Costs (F&A Costs) are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. (For further explanation of F&A (indirect) costs, please see OMB Circular A-21 Section F and 2 CFR 200.414)

**Direct Costs:** Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities with relative ease and with a high degree of accuracy.

<table>
<thead>
<tr>
<th>Normally a Direct Cost</th>
<th>Normally a F&amp;A (Overhead/Indirect) Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compensation &amp; Employee Benefits</strong></td>
<td><strong>Compensation &amp; Employee Benefits</strong></td>
</tr>
<tr>
<td>Faculty, technicians, research associates and assistants, including graduate research assistants and other students performing scientific or technical work, post doctoral associates and other technical and programmatic personnel necessary to meet the goals of the project.</td>
<td>Administrative or clerical positions such as administrative assistants, accountants, office personnel, purchasing agents, executive assistants, and other administrators. Faculty on non-sabbatical/triennial leave. (Administrative support may be allowable as a special circumstance under A-21 or must meet criteria in 2 CFR 200.413 / 200.430).</td>
</tr>
<tr>
<td><strong>Travel &amp; Meals</strong></td>
<td><strong>Travel &amp; Meals</strong></td>
</tr>
<tr>
<td>That which is required to carry out the objectives of the sponsored project including travel to scientific sites.</td>
<td>That which is related to administrative activities, food &amp; drink during a lab meeting, entertainment (unallowable in the F&amp;A rate as well), alcoholic beverages (unallowable in the F&amp;A rate as well).</td>
</tr>
<tr>
<td>Normally a Direct Cost</td>
<td>Normally a F&amp;A (Overhead/Indirect) Cost</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Supplies</strong></td>
<td><strong>Supplies</strong></td>
</tr>
<tr>
<td>Laboratory and scientific supplies, including laboratory notebooks, glassware, chemicals, field supplies, compressed gases and liquids, radioactive material, software, animals. Parts and supplies related to scientific and technical equipment.</td>
<td>Office supplies, custodial supplies, parts and supplies associated with repair and maintenance of general purpose equipment and facilities, paper, forms, personal stationery, pads, pens, pencils, markers, printer and fax paper toner, and ink cartridges. (Some general purpose office supplies may be allowable as a special circumstance under A-21).</td>
</tr>
<tr>
<td><strong>Books &amp; Subscriptions</strong></td>
<td><strong>Books &amp; Subscriptions</strong></td>
</tr>
<tr>
<td>Books and subscriptions not available in University or departmental library.</td>
<td>Books and subscriptions available in University or departmental library and general purpose books and reference materials.</td>
</tr>
<tr>
<td><strong>External &amp; Internal Copying</strong></td>
<td><strong>External &amp; Internal Copying</strong></td>
</tr>
<tr>
<td>Copying of progress reports.</td>
<td>Copying of new grant proposals, purchasing documentation and timesheets, library copy cards.</td>
</tr>
<tr>
<td><strong>Animals &amp; Hazardous Materials</strong></td>
<td><strong>Animals &amp; Hazardous Materials</strong></td>
</tr>
<tr>
<td>Hazardous materials, animal purchases, animal per diems.</td>
<td>Radioactive waste</td>
</tr>
<tr>
<td><strong>Communications</strong></td>
<td><strong>Communications</strong></td>
</tr>
<tr>
<td>Documented long distance calls</td>
<td>Local calls, telephone equipment purchases and installation/repair, cell phones and use, pagers, network charges (unless dedicated lines are required for large data transmissions with collaborators.)</td>
</tr>
<tr>
<td><strong>Printing, Publications &amp; Illustration Charges</strong></td>
<td><strong>Printing, Publications &amp; Illustration Charges</strong></td>
</tr>
<tr>
<td>Reprints of manuscripts supported by award, scientific illustrative work and research subject recruitment.</td>
<td>Printing of proposals, advertising (dependent upon award).</td>
</tr>
<tr>
<td>Normally a Direct Cost</td>
<td>Normally a F&amp;A (Overhead/Indirect) Cost</td>
</tr>
<tr>
<td>-----------------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td><strong>Postage &amp; Mailing</strong></td>
<td>Express service for project specific samples or in \direct support of the project.</td>
</tr>
<tr>
<td><strong>Express service of proposals and progress reports, local postage costs (depending upon award), international postage, bulk mail services (depending upon award) and University mail services.</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Professional Services</strong></td>
<td>Accounting services, legal, or audit services (unless specified in award).</td>
</tr>
<tr>
<td>Lecture fee (not on research awards and depending upon training award) and consultant services.</td>
<td>Accounting services, legal, or audit services (unless specified in award).</td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td>General purpose equipment (unless used specifically and exclusively for scientific purposes).</td>
</tr>
<tr>
<td>Scientific equipment (and maintenance contract). For projects under the Uniform Guidance Computing Devices under $5,000 are allowable if just-</td>
<td>General purpose equipment (unless used specifically and exclusively for scientific purposes).</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>Dues and memberships, parking fines (unallowable in the F&amp;A rate as well), taxes-non -payroll, and spouse/dependent tuition benefit.</td>
</tr>
<tr>
<td>Human subject payments and subrecipient costs.</td>
<td>Dues and memberships, parking fines (unallowable in the F&amp;A rate as well), taxes-non -payroll, and spouse/dependent tuition benefit.</td>
</tr>
</tbody>
</table>

**Note:** This matrix indicates when a particular cost is normally charged directly to a sponsored project or as an F&A cost. This listing of costs is not all inclusive but provides examples of those most commonly associated with sponsored projects.
Business Meals and Working Lunches

The cost of purchased meals while not on travel status will normally not be allowed as a direct charge to a Federal or State grant because the WTAMU employee is not "traveling" and the cost is normally considered a personal expense.

However, when a food or beverage cost meets the following three criteria, and the PI / PD provides written justification of the business purpose of the expenditures and how they relate to the specific sponsored project, (including purpose of the meeting, list of attendees, beginning and end times, a business meal/working lunch form, and an itemized meal receipt), a meal cost may be charged to a sponsored project. Alcohol is NEVER an allowable expense.

The applicable criteria are:

1. The cost must be **allowable** under both the provisions of [OMB A-21](https://www.grants.gov/content/grants/guidance/omb-a-21) or [2 CFR 200](https://www.acf.hhs.gov/programs/ofa/grants/guidance/2-cfr-200) AND under the terms of the specific award. The food and beverages must not be directly related to a social event.
2. The cost must be **allocable**, that is, the project which pays the expense must benefit from it. More specifically, the food and beverage must be integral to a project-related event.
3. The cost must be **reasonable**, that is the cost reflects what a "prudent person" would pay in a similar circumstance.

Examples of **allowable** food charges:

- Lunch and refreshments provided for periodic all-day meeting of collaborators on a program project (with formal agenda and participants from different locations).
- A post-doc being recruited to fill an open position on a research grant travels to WTAMU. Her/his meal may be charged to the grant since she/he is on travel status, but the PI's meal may not.

Examples of **unallowable** food charges:

- Lab personnel meet weekly to discuss progress on the grant.
- PI has lunch/dinner with a colleague and discusses research.

**REMEMBER**

Tips are NEVER allowed on Federal or State sponsored agreements. They are also not allowable on TEES indirect cost accounts, or cost sharing accounts.
Miscellaneous

Equipment

Equipment is defined as “an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the institution for financial statement purposes, or $5000.” (OMB Circular A-21, J.18 and 2 CFR 200.33)

Equipment purchases must be approved by the granting agency explicitly and in writing, either in the agreement or sometime prior to the purchase. The Grant Accountant must have a copy of this written approval (e.g., copied on the e-mail).

With a few exceptions, equipment should be purchased on sponsored agreement accounts within the first three months of the project period or three months after the account set-up. (When equipment is included on a sponsored agreement project, it is normally assumed that the equipment is necessary to perform the work outlined in the agreement.)

Equipment purchases must follow all state, A&M System, and WTAMU policies and procedures. This includes going through the bid process (OMB Circular A-110, 46, and 2 CFR 200.313(b)).

Scholarships

When charging scholarships to a sponsored agreement account, the semester or term the scholarship is covering must be completed before the expiration of the grant. (e.g., scholarships for fall 2015 could not be posted to a grant that expires before 12/31/2015).

Travel

Sponsored agreement funds cannot be used for fees or services that a prudent person would consider unnecessary or excessive for the purpose of the travel. Since WTAMU is a public institution of the state of Texas, State guidelines must also be followed according to normal WTAMU procedures and A&M System policies. (OMB Circular A-21, J.53, and 2 CFR 200.474)

These charges, for example, would not be considered allowable on a sponsored agreement.
- Early boarding fees
- Valet parking charges (self-park is available for less thus the most prudent use of funds)
- Internet (internet services are never allowable on grant funds because no documentation can be provided proving that the internet service was used exclusively for the sponsored agreement’s purpose)
- Tips on meals are still never allowable on federal or state sponsored agreements, even in travel status

Foreign travel must be approved by the granting agency in writing, either specifically in the contract or sometimes prior to the travel. The Grant Accountant must have a copy of this written approval (e.g., copied on the e-mail).
Required Documentation of Costs

All costs on sponsored agreement projects, including grant accounts, indirect cost, and cost-share, must be adequately documented. Normally the standard documentation accepted under WTAMU procedures is considered adequate for sponsored projects.

However, the following exceptions apply:

**Pro-Card**

For all purchases, fees, and refunds made on a pro-card, the following documentation is required:

- An itemized, readable receipt (**supplemental/missing documentation forms** are **only** allowable for refunds or international transaction fees for which no other documentation was provided by the vendor)
- A detailed description on the allocation log
- Examples of **sufficient** descriptions:
  - Kernels to feed maize weevils for sorghum resistance research, storage containers
  - Rodents to feed lure owl for capturing Swainson’s hawks
  - Disinfection supplies for Ogallala spray tests
  - AWEA (American Wind Energy Association) Windpower conference registration
  - Books: Innovation Generation and Imagine
  - Refund for damaged item (camera)
- Examples of **insufficient** or **unallowable** descriptions:
  - Lab supplies
  - Misc. supplies for research
  - Registration
  - Books
- For business meals, a **business meal/working lunch form** is required.
- For international purchases where the receipt amount is in a foreign currency, the vendor’s currency and the equivalent U.S. dollar amount should be written on the receipt.
In-Kind Cost Share

For cost-share that has been labeled “in-kind”, such as facility, equipment or vehicle use, documentation must be provided. You must be able to document that the amount claimed as cost-share is the equivalent of an actual or reasonable expense.

For example, to claim in-kind cost share for facility use where the facility normally charges rental fees, the amount claimed must be the actual amount charged for renting the facility. So, in order to claim $2,000 in cost share to host a 4-hour conference, documentation must be provided showing that the facility normally charges $500/hour for facility rental.

If the in-kind cost share is only a representation of the actual cost, then a memorandum can be drafted and signed by the PI / PD describing how the figure was determined. The in-kind cost must prove to represent fair market value (OMB Circular A-110, 23.C(2) and 2 CFR 200.306). For example, if a facility is being used for a sponsored agreement at no cost that is not normally rented to outside vendors, research must be done to determine the rental cost of a facility of similar size and amenities. The memorandum would then use that cost as a basis for the amount of cost share.

Account Monitoring

Active monitoring of sponsored agreements is required under federal guidelines. Recipients are responsible for being able to identify all Federal awards; have accurate, current and complete financial records as well as effective control over and accountability for all funds, property and other assets. (2 CFR 200.302) Furthermore, recipients of Federal awards are required to monitor the activities of subrecipients to ensure that Federal awards are used for authorized purposes under OMB Circular A-110 and OMB Uniform Guidance.

The following is a partial list of responsibilities of both the PI / PD and the Grant Accountant

**Principal Investigator / Program Director:**
- Awareness of his/her sponsored agreement’s guidelines and budget restrictions
- Allocate costs to the correct sponsored agreement accounts
- Aware of and approve all expenses
- Comply with Funding Agency, WTAMU, System, State and Federal procedures
- Certification of time and effort

**Grant Accountant:**
- Invoice and collect payments on sponsored projects
- Prepare and submit financial reports
- Audit expenses for project against, WTAMU, System, State, and/or Federal guidelines
- Calculate and Invoice for Indirect Cost (F&A)
- Notify PI of posted/billed expenses with Budget Reports
- Notify PI of the expiration date of a sponsored agreement (this is automated through the Maestro system)
Payroll & Time and Effort Reporting

Effort reporting is a process mandated by the federal government to verify that direct labor charges (salaries and wages) to federally sponsored projects are reasonable and reflect actual work performed. (*OMB Circular A-21, J.10, and 2 CFR 200.430*)

Effort reporting is considered a high risk area for many institutions. Failure to verify time and effort within the certification period or improper allocation of an employee's time according to a sponsored agreement can lead to breach of the agreement, loss of future awards, financial audit disallowances, and adverse publicity. Criminal charges may be brought against an individual who certifies a falsified report (*Federal False Claims Act*). Therefore, each system member and individual certifiers are required to document 100% of the effort for individuals paid or providing cost shared effort on Federal, State and some privately sponsored projects. *Variance between what is reported and actual time spent cannot exceed plus or minus 10%.*

Purpose and Explanation of Time & Effort

A&M System policies require effort reporting when an individual is compensated by, or has agreed to contribute time to, a sponsored agreement project. This includes both effort directly compensated by a sponsored project and cost shared effort. While compensation from sponsored agreements determines eligibility for effort reporting, all sources of compensation (with few exceptions, see below) are used to calculate 100% an individual’s effort.

Its purpose is to provide a reasonable basis for distributing salary charges among direct activities (e.g., sponsored research, instruction, other sponsored activities, and cost sharing) and indirect activities (e.g., general administration, departmental administration, sponsored projects administration, academic dean’s office, operations and maintenance, and library operations).

The A&M System has put into place an electronic time and effort reporting system designed to effectively monitor sponsored research projects. The system allows users to view effort and submit certifications electronically.

Total effort must equal 100% and includes all duties of the faculty or staff member, or student worker. These duties can include teaching, research, service, and administration. Estimates should reasonably reflect the activities for which the employee is compensated. (*OMB Circular A-21, J.10 and 2 CFR 200.430*)

As an example: If a faculty member states in a proposal that they are going to spend 20% of their time working on the grant, 20% of their salary will be paid out of the grant and 80% will be paid from other university funds. If that same faculty member has some administrative duties that take up an estimated 10% of their time, 20% would be paid from the grant, 70% would be paid from a departmental account and 10% will be paid from other university sources.
Effort for graduate students, non-exempt staff, and student workers working on sponsored agreement projects, allocation of time is often determined by the PI and/or director of the sponsored project. The PI is required to certify the time and effort of these students and/or staff in the Time and Effort Electronic System.

100% Effort is calculated using the Institutional Based Salary (IBS) and excludes bonuses, allowances, and other incidental compensation.

- IBS includes compensation for instruction, public service, research, and/or other normal job activities.
- IBS excludes fringe benefit payments; reimbursed expenses; temporary or supplemental compensation for incidental work; income earned outside of duties to the institution; and any portion of compensation deemed to be at-risk.

IBS is used to compute salaries charged to sponsored projects unless further limited by the specific sponsored agreement. *(OMB Circular A-21, J.10.d(1) and 2 CFR 200.430)*

**Time & Effort Electronic Certification System**

The electronic Time and Effort certification system is available through the Single Sign-On (SSO) menu. Anyone who has been designated as a PI / PD on a sponsored project will be assigned time and effort training in TrainTraq. If training is not completed within the allotted 90 days of being assigned, as per university procedures computer access will be terminated.

Any faculty being paid from, or contributing time to, a sponsored project will be responsible for certifying their own time and effort and that of any staff or students on the project. For situations where the PI / PD is not available to certify the report it may be certified by a person, such as a supervisor, having direct knowledge of the work performed.

Once the reports are made available in the system, the PI / PD will be notified and has 45 days to complete the certification. If the certification is not completed within the 45 days, a system generated e-mail reminder is sent to the PI / PD and the their departmental head to encourage that the effort certification and/or any necessary payroll correction be completed. If the certification is still not completed after 60 days, another system generated e-mail reminder is sent to the PI / PD, their department head and the dean stating that the certification is now out of compliance and must be completed immediately. On or about the 60 day point the PI / PD, their department head and dean will receive an email from SRS informing the PI / PD that the payroll will be moved to an unrestricted account of the Grant Accountant’s choice if the certification is not completed within the next two (2) business days.

**Summer Salary**

Compensation during periods outside the academic year (summer or other period not included in the employee’s base salary period) cannot exceed the rate used to compute an employee’s IBS (Institutional Based Salary). *(OMB Circular A-21, J.10.d(2) and 2 CFR 200.430(h)(2))*

**Supplemental Pay**

Only faculty qualify and work must meet the criteria outlined in Appendix B.
Cost Share or Matching

Cost sharing is the portion of the total project costs that is not paid by the sponsor (i.e., not charged to the sponsored project account). Cost sharing occurs when WTAMU is required or has volunteered to participate in sharing either as direct or F&A costs of a sponsored agreement. *(System regulation 15.01.15)*

Under Federal research proposals, voluntary committed cost sharing is not expected. Nor can it be used as a factor during the merit review of proposals unless it is specified in the funding notice. *(2 CFR 200.306(a))*

Cost sharing is strongly discouraged because it represents unreimbursed institutional resources and involves unique and at times cumbersome accounting procedures. Cost share arrangements also necessitate increased monitoring and reporting to ensure compliance.

All committed cost share expenses will be captured in a cost share account established for the sponsored project. The same cost share expenses may NOT be used for multiple projects.

Types of Cost Share

Mandatory Committed Cost Sharing: A cost contribution explicitly required by the sponsor’s policies and incorporated into the proposal as a condition of the award. These costs must be captured in the payroll and accounting records of the institution.

Voluntary Committed Cost Sharing: A cost contribution not required by the sponsor but voluntarily offered in the proposal as a condition of the award. Cost sharing not quantified in the original proposal may subsequently be voluntarily contributed because sponsor funds are not sufficient to perform the agreed upon scope of the work. These costs must be captured in the payroll and accounting records of the institution.

Examples of post-award cost sharing obligations include:

- The sponsor does not fund the project at the level of work requested in the proposal and the full amount is needed to accomplish the scope of the work. If system resources are committed to the project, then cost sharing has occurred.
- An overrun occurs on a sponsored agreement account. If the overrun is covered by system resources, it must be identified as cost sharing.

Voluntary Uncommitted Cost Sharing: These are direct costs or effort above the agreed-upon commitment in the sponsored agreement. Since they were not proposed and constitute ‘additional’ time or materials, such effort or other direct costs are not considered part of a binding agreement and are not required to be tracked.
Criteria for Cost Sharing

To qualify as cost sharing, costs must be all of the following:
- allowable and allocable under OMB Circular A-21 or 2 CFR 200 and the terms of the related sponsored project
- verifiable through effort reports or other appropriate documentation
- necessary and reasonable for the accomplishment of the project or program objectives

The costs must not be:
- Included as contributions for any other project; or
- paid by the sponsor under another award (federal funds cannot be used as cost sharing on another federal project without prior approval).

Allowable Forms of Cost Share Expenses

The projects’ direct costs and associated F&A (indirect) costs may be used to meet a cost sharing obligation.

The following is a partial list of allowable forms of cost sharing:
- Effort of the PI and/or employees committed to sponsored projects, including their associated benefits costs
- Tuition, fees, and stipends related to work performed by graduate students on sponsored projects
- Cost of equipment purchases when the purchase of equipment is necessary for, and dedicated to, the successful completion of the project Note: Existing equipment made available for, but not dedicated to, the performance of sponsored agreements is not considered cost sharing.
- Supplies and other direct costs
- Travel
- F&A (Indirect) Cost associated with the direct cost expenditures

Waived or unrecovered F&A costs may be used as cost share only with prior approval from the funding agency. Unrecovered is defined as the difference between the amount charged to the award and the amount which could have been charged under WTAMU’s Federally negotiated indirect cost rate agreement. (2 CFR 200.306(c))

Examples of expenditures which are unallowable as cost sharing:
- Expenditures normally treated as F&A (indirect), such as administrative salaries and office supplies
- Unallowable costs, such as alcoholic beverages, entertainment, etc.

All required or intended cost sharing should be identified in the proposal budget. It MUST have received all required internal approvals before submitting the proposal or the budget to the funding agency.
Cost Share Accounts

If cost sharing is accepted by the sponsor as a condition of the award, accurate records must be maintained to verify that these funds have been provided. Cost sharing, whether voluntary or mandatory, will be accounted for by separate accounts, which will be set up in conjunction with the sponsored project account. The sponsored project cannot begin nor will access to grant funds be allowed without the necessary cost share account number being provided to SRS. In no instance may the same dollars be used as cost share for more than one project.

Documentation

All types of cost sharing must be documented and identifiable in the accounting system, with the exception being waived F&A rates. The costs charged to those accounts will be documented in the same way as costs charged to sponsored agreements. For example, if the cost sharing is in the form of a salary contribution, the contribution will be documented by the time and effort certification system. If the contribution is in the form of travel costs, the costs will be documented in the same form as costs to travel (i.e., travel expense reports including airline and hotel receipts).

For further information regarding cost share, please see OMB Circular A-110, 23 or (2 CFR 200.306).

Account Close-Out

The Maestro system will send a reminder to the PI / PD 90 days prior to the ending date of the sponsored project to allow sufficient time to initiate a no cost extension if necessary.

Under Federal awards the university’s ability to draw funds down for reimbursement ends 90 calendar days after the end date of the period of performance. This is also the date that all financial and performance reports must be submitted. To ensure WTAMU is able to meet the draw down deadline the PI / PD is requested to follow the below close out checklist.

CHECKLIST:

- Complete all Procard purchases in sufficient time for them to post to the account before the ending date. Remember there is a lag time for Procard purchase to post. (e.g., purchases made in May will post in June)
- Complete all requisitions far enough in advance to allow for processing before the expiration date
- Close out all encumbrances
- Notify the appropriate department for all recurring charges what account the charges should go to at the end of the project period
- Submit payroll change forms for yourself and others (grad students, student workers, etc.) prior to the end of the project period

All project documentation is required to be retained for a minimum of three (3) years after the final payment is received.
Residual Funds under Fixed Price Agreements

Some sponsoring agencies provide funding for research projects via a fixed price agreement. Under this type of agreement, the University provides certain agreed upon goods, services or milestones and is paid a fixed dollar amount by the sponsor. Similar to other sponsored agreements, the actual costs incurred by the University to provide the goods, services or milestones must be charged to the related sponsored account. Upon the completion of the project the PI / PD, or his/her designee, must review the fund and compare the payments received under the agreement to actual expenditures incurred.

Following are the procedures for the close out of Fixed Price projects:

**Total Payment received exceeds the expenses incurred:**

The PI / PD may retain the residual balance. It is the PI / PD responsibility to request transferring the unexpended balance to a residual/local account. The request requires the approval of his/her respective Department Head. Address the following points in the request.

1. All terms and requirements of the contract have been satisfied (i.e., deliverables, milestones, software/hardware and all technical reports)
2. All project expenses were allocated to the project account
3. Document what projected expenses were not incurred resulting in the unexpended balance
4. How the residual balance will be utilized to support his/her research program or other University activities and the anticipated time period for the use

Any residual balances are considered institutional funds and MUST be utilized to support the University's mission, in accordance with institutional and/or school policies. The funds shall not be used for personal or private (i.e., not related to University business) expenses.

Simultaneously with the transfer of the residual balance to the local account the Grant Accountant will retain the F&A associated with the residual balance.

**Expenses incurred exceed the total payments received:**

This deficit is considered cost sharing for the project and must be absorbed by an unrestricted account. The PI / PD or their designee must identify the expenses that equal the deficit amount and provide the account to transfer the expenditures to. After all expenses have been moved the Grant Accountant will close the account.

**Expenses incurred equal the total payments received:**

This zero residual balance deems the project as complete. The PI / PD or their designee should inform the Grant Accountant that all deliverables have been met and the account may be closed.
Definitions

Cost Sharing or Matching: Project costs not born by the sponsor. Cost sharing funds may come from an outside source in the form of cash contributions, volunteer services, or donated property; from the entity’s own funds; or from shared resources or facilities. If the award is federal, only acceptable non-federal costs qualify as cost sharing.

Direct Costs: Those costs that can be identified specifically with a particular sponsored project, or that can be directly assigned to such activity relatively easily and with a high degree of accuracy.

Effort: The amount of time spent on any activity expressed as a percentage of total institutional activities for which an individual is compensated.

Effort Certification: A method of confirming that the effort supported or paid by the funding source has been performed, and/or effort expended in support of a project (but not paid by the funding source i.e., cost share) has been performed.

Facilities and Administrative (F&A) Costs or Indirect Costs: Resources earned by an institution as a result of conducting sponsored projects. F&A rates are negotiated with the federal government and are applied to sponsored project direct expenditures to compensate the institution for indirect or overhead costs such as the use of its facilities and administrative services in support of the projects. F&A recoveries represent unrestricted resources (from an accounting classification standpoint) when received by the institution.

Institutional Base Salary (IBS): The total guaranteed annual compensation, stated in the appointment letter, an individual receives, whether the individual’s time is spent on research, teaching, patient care or other activities.

Sponsored Project or Sponsored Activity or Sponsored Program: An externally funded activity that is governed by specific agreement terms and conditions. Such a project, activity or program must be separately budgeted and accounted for, subject to the terms of the sponsoring agency, and may include grants, contracts, federal formula funds, and cooperative agreements for research, instruction, or other sponsored activities.

Incidental Pay/Supplemental Pay: (See Appendix B for additional details) To be considered Incidental or Supplemental Pay, the work performed must be:

1. Performed by a faculty member. (Staff members do not qualify for incidental or supplemental pay on a sponsored project account.)
2. Across departmental lines
3. Outside the scope of the employee’s regular appointment
4. Short term in nature, and
5. Provided for in the sponsored agreement, or approved in writing by the sponsoring agency.
NOTICE OF INTENT (NOI)
To Seek External Funding

Per WTAMU procedures, you are required to complete and submit this form to the office of Sponsored Research Services (Killgore Research Center #184) prior to generating a proposal to a funding entity. (A funding entity is defined as a governmental agency, foundation, trust, business, industry, corporation or individual.)

Principal Investigator/Project Director Information

Name ____________________________________________________________
Department _______________________________________________________
Office Address ______________________________________________________
Telephone Number ____________________ E-mail Address ______________________
PI/PD Signature __________________________________ Date ________________
(Your signature serves to ensure that you meet the WTAMU requirements to be a PI/PD and confirms your agreement to PI/PD responsibilities.)

Supervisor’s Signature __________________________ Date ________________
(Your signature confirms your support (representing WTAMU) of the PI/PD pursuing the funding opportunity identified herein.)

Funding Entity Information

Name ___________________________________________________________ CFDA # __________
Program/Grant Title (if applicable) ______________________________________________
Letter of Intent _____ Pre-Proposal _____ Full Proposal _____ Cost-sharing Required _____
Due Date ________________ Physical delivery ________ or Electronic delivery ________

Brief Description of Project:
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________
_____________________________________________________________________________
APPENDIX B

SUPPLEMENTAL PAY
Supplemental Pay

Only faculty qualify for Supplemental Pay on a sponsored project; however, the activity must meet the following criteria to be allowable.

1. The work requires special professional expertise beyond the capabilities of those:
   A. Being paid directly on the project or activity; or
   B. Within the same discipline or administrative unit that could be assigned to the project.

2. The work is clearly outside the scope of, and is to be performed in addition to, the faculty member’s regular full-time teaching, research or service responsibilities, and it can be performed without reducing effort or otherwise sacrificing the amount or quality of time spent on regular responsibilities.

3. The work is to be performed on a one-time or an intermittent basis.

4. Work must be across departmental lines or involving a separate or remote operation. (OMB A-21, J.10.d.(1) & 2 CFR 200.430(h)(3) )

5. Must be specifically provided for in the sponsored project agreement or approved in writing by the sponsoring agency. (OMB A-21, J.10.d.(1) & 2 CFR 200.43-(h)(3) )

(References: System Policy 33.99.07 Internal Faculty Consulting and Professional Services, OMB Circular A-21 & 2 CFR 200.430)

**PROCESSES:**

**Approval:** Prior to engaging in compensable work on a sponsored project:

1. Complete outside consulting form.
2. Contact your Grant Specialist in SRS to discuss the situation to ensure allowability.

**Compensation:** Provided at the same hourly rate as base salary and is subject to payroll deductions.