

San Francisco State University
Office of Research and Sponsored Programs
(ORSP)

Grants and Contracts
Policy and Procedures Manual

Table of Contents

Pre-Award

| | |
|--|---|
| Principal Investigators | 1 |
| Proposal Submission | 1 |
| Approval for Submission | 1 |
| Preparation of the Proposal | 2 |
| Negotiations with Funding Agencies | 2 |
| Cost Sharing/Matching | 2 |
| Salary and Fringe Benefits | 2 |
| Tracking Proposals | 2 |
| Proposal Routing | 2 |

Post-Award

Award Administration

| | |
|--|---|
| Conduct of Research and Sponsored Projects | 3 |
| Pre-Acceptance Approvals | 3 |
| Amendment of Contract or Grant | 4 |
| Pre-Award Spending | 4 |
| Records Retention | 4 |
| Account Analysis | 4 |
| Project Budget | 4 |
| Direct Costs | 5 |
| Indirect Costs | 5 |
| Cost Sharing | 5 |
| Companion Account | 5 |
| Purchasing | 5 |
| Accounts Payable | 6 |
| Travel | 6 |
| Re-budgeting | 6 |
| Time and Effort Reporting | 6 |
| Conflict of Interest (non-governmental agencies) | 6 |
| Conflict of Interest (federal agencies) | 7 |

Reporting

| | |
|---------------------------------|---|
| Monthly Financial Reports | 7 |
| Technical Reports | 8 |
| Financial Reports | 8 |

Pass-through Accounts

Definitions

Pass-Through..... 8

Subrecipient..... 8

Primary University Responsibility..... 9

University Policies and Procedures..... 9

Pass-through Accounts to the SFSU Foundation..... 10

Policies and Procedures..... 10

Cost Sharing

Contribution of Direct Costs..... 10

Contribution of Indirect Costs..... 11

Mandatory Cost Sharing..... 11

Voluntary Cost Sharing..... 12

General Responsibility of Grant Administrators..... 12

Allowability of Costs Shared..... 12

In-Kind Contributions..... 13

Matching Funds..... 13

Cost Sharing Records and Reports..... 13

Cost Sharing on a Project-by-Project Basis..... 13

Time & Effort Reporting Sheet..... 13

In-Kind Contribution Reporting Sheet..... 13

Institutional Cost Sharing..... 14

Primary University Responsibility..... 14

Cost Sharing/Matching, Cost Contribution Tracking Process..... 14

Pre-Award..... 14

Post-Award..... 15

Appendix

ORSP/SFSU Cost Sharing Policy and Procedure

Sample Forms:

Notice of Cost Sharing/Matching Contribution
Time and Effort Reporting Sheet for In-Kind Contribution
In-Kind Contribution Reporting Sheet

Appendix II

ORSP/SFSU Guidelines and Forms:

OMB Circular A-133 Audit Compliance Letter
Time & Effort Certification Form
MOU between SFSU and the SFSU Foundation, Inc.
Work Order Number Form

Appendix III

Relevant SFSU Web Sites

SFSU Policies and Procedures Guide
Fiscal Affairs Home Page
FRS Guide
Manuals and Forms Repository
Procurement Policies and Procedures
Travel Policies and Procedures
Human Resources Home Page
ORSP Home Page
ORSP/SFSU Conflict of Interest Forms and Guidelines (non-governmental)

San Francisco State University encourages the participation of faculty, students, postdoctoral fellows and staff in research and sponsored projects. The University encourages a broad range of research and sponsored programs, from basic to applied, across the full range of academic disciplines. The University's goal is to provide faculty and their students with rewarding experiences that are consistent with the educational goals of the CSU system and SFSU.

The University has designated the Office of Research and Sponsored Programs (ORSP) as the main unit for the administration of externally funded programs. ORSP provides support for the preparation of all State, Federal and local government proposals and contracts, and the development of budgets for all externally funded projects. In coordination with the Office of the Vice President for Business and Finance, ORSP provides post award services for externally funded projects. In coordination with the Office of the Vice President for University Advancement, ORSP provides pre-award budget preparation for proposals to private foundations and corporations. For those agencies that require awards to be made to a 501(c)(3), the San Francisco University Foundation will be the Recipient and the Sponsored Program Administrator.

Pre-Award

Principal Investigators (PI) or Project Director--Tenured and tenure track faculty, and university administrators (MPP) are authorized to participate as principal investigators of externally funded research and sponsored programs. Other individuals must be approved by the Provost as designated in "Academic Affairs Policies and Procedures for the Appointment of an Individual to Principal Investigator Status". PIs must be an employee of SFSU or the SFSU Foundation except in the following cases. With approval of the Provost, individuals such as emeritus faculty or visiting scientists may serve as a PI within SFSU's volunteer status. The PI has overall responsibility for meeting the goals and objectives of the project and works with ORSP or the SFSU Foundation to ensure that funds are spent appropriately. The PI also is responsible for preparing any technical reports and providing a copy to ORSP or the SFSU Foundation. If the PI for a sponsored project is unable to complete the project and SFSU wishes to continue the project, the Provost, in consultation with the former PIs department and college, will appoint a new PI in accordance with the funding agency's policies. For multi-institutional sponsored programs, SFSU PI responsibilities will be defined within the grant or contract language.

Proposal Submission--Depending on the agency, proposals will be submitted on behalf of the university by either ORSP or the Office of University Advancement (Development). ORSP will be the submitting unit for applications to federal, state or local government agencies. Applications to foundations and corporations will be submitted by the Development office. ORSP will be responsible for budget preparation in both cases. No applications may be submitted by any other campus unit or individual in the name of SFSU.

Approval for Submission--Proposals will only be submitted with prior approval of the President of SFSU or designee. Proposals containing a request for faculty reimbursed release time or overload also must receive pre-approval from the faculty member's college dean. If a project requires a commitment of space, approval of the space allocation must be obtained before the proposal can be submitted. The source of this approval will depend on who has responsibility for the designated space (college or Provost's Office).

Preparation of the Proposal--ORSP and Development staff will provide assistance (e.g. editorial, budget preparation) to faculty in the preparation of their proposals. However, preparation of the technical sections of the proposal is the responsibility of the principal investigator. Preparation of the budget and other forms required (e.g. certification documents) will be the responsibility of ORSP or Development. It is the principal investigator's responsibility to review the final proposal for submission and request any necessary changes before submission. ORSP and Development are responsible for delivery of the proposal to the agency.

Negotiations with Funding Agencies--Faculty may engage in informal interactions with funding agencies, however only ORSP, SFSU Foundation, or Development are authorized to negotiate formally with funding agencies. Indirect costs will be included in all proposals, unless written guidelines from the funding agency prohibit indirect costs as part of the budget. SFSU's negotiated Federal indirect cost rate will be applied unless the funding agency specifically designates that a different indirect cost rate must be used. For private foundations, a 15% indirect cost rate will be used if there are no guidelines on indirect cost limits.

Cost Sharing/Matching--Cost sharing required by the funding agency must receive approval prior to the submission of the grant application. Contributions listed in the proposal must reflect an accurate and acceptable contribution by the campus. Pre-approval of a cost sharing/cost matching must be obtained from the individual (e.g. chair, dean) providing the funds. The ORSP cost sharing form must be filled out and signed by each individual providing a cost sharing/matching. All cost sharing/matching must conform to allowable costs according to OMB A-21. Cost sharing/matching of a voluntary nature (i.e. not required by the funding agency as part of the program) will generally not be allowed.

Salary and Fringe Benefits--Faculty and staff salaries will be consistent with the current contract conditions when post award processes take place at the university. In some cases costs associated with salaries may not conform to the funding agency guidelines and therefore, requests for salary and fringe benefits must also be consistent with such guidelines. Salary for administrators and students must meet the CSU and SFSU policies and conform to the funder's guidelines. Since the contracts and policies that affect salary and fringe benefits for SFSU faculty, staff, students and administrators change periodically, ORSP will be responsible for assuring that all proposal budgets are consistent with and accurately reflect the current contracts and policies. If post award is handled by the SFSU Foundation employee classification and salary levels that are commensurate with the job description will be applied, consistent with CSU and SFSU employment guidance where appropriate.

Tracking Proposals--ORSP will maintain a database and file of all proposals submitted. All correspondence with the funding agency regarding budget revisions or other alterations must occur through ORSP or Development. When the principal investigator receives correspondence from the funding agency, a copy should be forwarded to ORSP. ORSP will inform the principal investigator of correspondence it receives from the funding agency and will monitor the progress of the proposal.

Proposal Routing--ORSP has developed an on-line routing process that provides college deans and other administrators the opportunity to review a proposal before it is submitted to a funding agency. An abstract, budget and other aspects of the proposal (e.g. Reimbursed Release Time (RRT), space) are presented on-line and an email is sent to the appropriate administrators to inform them that a faculty member in their college/department intends to submit a proposal. The email directs the administrator to the URL and requests a written (email) response in lieu of a signature. The Vice

President for Business and Finance or designee must sign a routing form, confirming that the fiscal aspects of the proposal are appropriate, before the proposal is submitted. The President, or designee, must sign the routing form, approving the submission of the proposal for SFSU, before the proposal is submitted. In those cases in which cost matching is contributed, a cost matching form must be signed by the administrator(s) providing the match. If the proposal is submitted by Development and/or post award administration is handled by SFSU Foundation, additional authorizing signatures must be obtained (letters signed by Development and Foundation administrators).

Post-Award

All grants and contracts, if and when awarded, are to be accepted by SFSU or the SFSU Foundation, not by an individual, department, or other constituent unit. Monitored by federal, state and independent auditors, the University must conform to the requirements of federal and state statutes and regulations, as well as directives issued by the CSU Board of Trustees and the Office of the Chancellor.

In accordance with CSU E.O. No. 890, the PI and the Grant Administrator (ORSP or the SFSU Foundation) are responsible for adherence to the fiscal terms and conditions of the contract or grant, and to comply with University and Auxiliary policies and procedures.

Award Administration

Conduct of Research and Sponsored Projects--For sponsored programs that involve scholarly research, the PI has primary responsibility for conducting and reporting the results of the research. For all Sponsored Projects the PI has primary responsibility for ensuring progress toward fulfillment of contract and grant requirements. If ORSP or the SFSU Foundation requires additional oversight of the research or to ensure progress toward fulfillment of contract or grant requirements they will be assisted by the PI's Department Chair and College Dean. Complaints of research misconduct will be processed according to the San Francisco State University Policy on Scientific Misconduct. Employees working on Sponsored Programs who are also CSU employees shall remain subject to consequences for unprofessional behavior, failure or refusal to perform duties adequately, or other misconduct within the administration of the Sponsored Program and to the University's discipline system. If the Sponsored Program Administrator, in consultation with SFSU officials, determines that the PI or other Sponsored Program employee is unwilling or incapable of completing the requirements of a grant or contract, they will take actions to ensure that the work is completed. This may include terminating the PI or other employees from the sponsored project. This applies regardless of whether the employee is being paid directly by the University or Auxiliary, or whether the University is reimbursed by the Auxiliary for agreeing to reassign an employee from University duties to work on the Contract or Grant.

Pre-Acceptance Approvals--Awards of Contracts or Grants will not be accepted without prior approval by authorized officials in the following areas, if applicable; a) academic/programmatic, b) fiscal, c) health and safety, d) human and animal subjects, e) space, f) major technical resources and equipment, and g) risk management.

Amendment of Contract or Grant--Amendments of contracts or grants will be approved by the President or designee. If the amendment includes substantial changes in the budget, approval from the Vice President for Business and Finance or designee will also be required. The PI will also review and

approve changes in the scope of work and budget changes. Authorized officials in other areas designated in the section under “Pre-Acceptance Approvals” will also review and approve changes where applicable.

Pre-Award Spending--If the sponsor of a funded project allows pre-award spending, the PI may contact the Associate Vice President ORSP to request permission for pre-award spending. The Associate Vice President ORSP will allow pre-award spending if authorized by the funder, or if there is written notification by the funder that an award will be made and expenditures will be allowed prior to an award.

Records Retention-- Funding projects have varying budget periods, but most last from one to five years. Federal funding agencies follow the OMB Circular A-110 requirement for record retention that specifies the following:

“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.

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.

Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.”

Unless otherwise stated in a contract or grant, or in the sponsoring agency’s regulations, SFSU will follow the requirements for retention of records as mandated in OMB Circular A-110.

When records are no longer needed, they will be destroyed in a secure manner. Any documents of historic value will be maintained within the Office of Research and Sponsored Programs or the SFSU Foundation, Inc.

Account Analysis--For each new project, an account analysis is prepared which contains essential data about the project and its funds, including its internal account number, budget, sponsor regulations, expenditure restrictions, project starting and ending dates, and reporting requirements. The account analysis sets forth the project's fiscal parameters and should be carefully reviewed by all key project personnel.

Project Budget--Each approved grant/contract must have an approved project budget, which includes direct and indirect costs, as well as cost-sharing costs if applicable.

- **Direct Costs**--Direct Costs are costs which can be easily and accurately identified for individual projects. Direct costs are divided into categories such as salaries, fringe benefits, travel, supplies, or equipment, and are accounted for as separate line items within each account.

- Indirect Costs--Indirect Costs (overhead) are additional costs incurred by the University in support of sponsored programs. These costs differ from direct costs in that it is difficult and impractical to identify and attribute them on an individual account basis. In the case of sponsored projects, uniform rates are established through negotiation with the federal government and are verified in government audits. Examples of the types of costs charged through uniform rates are facility-related costs such as utilities, maintenance and certain administrative costs.
- Cost Sharing--Some project budgets include cost sharing whereby SFSU contributes a portion of the project's costs. The amount and type of cost sharing are negotiated with the sponsor prior to funding and can take the form of cash contribution, release of faculty or other SFSU-paid staff to work on the project, contribution of equipment, space, materials or services. The contributions of outside third parties may also be claimed as cost sharing in some cases. Limited cost sharing funds are available from the University, colleges and departments to contribute to the direct costs of sponsored projects or to assist with the development of new proposals. Requests for these funds should be directed by the project director to the college deans, department chairs or the Assistant or Associate Vice President of Research.

All sponsor-required cost sharing must be accounted for and documented as carefully as sponsor-funded costs. The method of documentation varies with the type of cost sharing. Any questions about documenting cost sharing should be directed to the Grants and Contracts account administrator.

Companion Account--For any grant or contract that requires cost-sharing, an account known as a companion account will be created and set-up by the Office of Research and Sponsored Programs based on the approved Notice of Cost-Sharing/Matching Contribution Form. This form must be completed during the preparation stage. The companion account will be utilized by ORSP to provide the necessary cost-sharing support, as well as tracking and documenting of all expenditures charged against each grant or contract.

Purchasing--Among the many services provided by SFSU is assistance in the purchasing of goods and outside services. To ensure that all purchasing activity is in compliance with federal, state, and local government laws, rules, and regulations, the Procurement Policies and Procedures website has been developed. These policies and procedures have been approved by the Vice President for Business and Finance, Associate Vice President/Controller, Fiscal Affairs and the Associate Vice President, Office of Research and Sponsored Programs. Expenditures must be approved by the PI (or someone given signature authority by the Project Director). The PI is responsible for ensuring that expenditures are in compliance with the approved budget. The grants administrator must assure that funds are available and that the costs are allowable according to the terms and conditions of the award.

Accounts Payable--The University issues checks for such disbursements (excluding payroll) as payment of vendor invoices, travel advances and reimbursements, miscellaneous reimbursements of \$500 or less, stipends, independent contractors, pre-payment of a purchase order if required by the vendor, etc.

Travel--Any individual traveling on University business is expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Excess costs, circuitous routes, delays, or luxury accommodations and services unnecessary or unjustified in the performance of business are not acceptable under this standard. Individuals will be responsible for excess costs and any additional expenses incurred for personal preference or convenience. There is considerable variation among the rules for reimbursement of travel expenses such as transportation and per-diem contained in various grants/contracts. Whenever a travel expense is charged to a certain grant/contract, the travel rules of the agency issuing that grant/contract, as well as the award itself, should be carefully reviewed. When there is a variance between any agency and University guidelines, the basic rule is: The agency or University regulation, whichever is more restrictive, shall govern the travel. When a grant/contract refers to "reasonable" expense, University guidelines are applied. For additional information, and sample travel forms, contact the University's Travel Coordinator or the SFSU travel website. Any University employee traveling on business related to a sponsored project must follow all University policies and procedures including prior approval of the trips and use of University payment methods and forms.

Re-budgeting--Changes in a project's sponsor-approved budget must be approved by the University and may also, in some cases, require prior consent of the funding source. Certain governmental funding sources are particularly restrictive regarding budget changes.

If a budget change is necessary, the project director prepares a Budget Adjustment Request, including justification, and forwards the request to the account administrator. If the funding source's approval is required, the University submits a re-budgeting request to the sponsor based upon the justifications provided by the project director.

Time and Effort Reporting-- All student and hourly staff report their time and effort each month via a time sheet system, signed by the employee and supervisor. Salaried staff and 12 month faculty report their time and effort via absence reports signed by the employee and their supervisor. Academic year faculty will report their time and effort via a time and effort reporting form (attached). The process for time and effort reporting by academic year faculty is as follows: ORSP will identify each faculty member with an academic year appointment who is employed on funded projects; identify their percent effort on each project; collate this information onto a time and effort reporting form; distribute the form at the end of each semester, as well as at the end of Summer, Winter Session and Spring Break; ensure that all forms are returned and signed by the employee and the PI (if the PI is the employee, the PI's supervisor will sign); and file the forms in each project file. If the effort listed on the form does not reflect the actual effort, the employee will indicate what the actual effort has been, and this will be verified by the PI/supervisor's signature.

Conflict of Interest (non-governmental agencies)--The CSU system requires that a PI report in a statement of economic interest (see Appendix III, *Relevant SFSU Web Sites*) any potential conflict of interest with a non-governmental funding agency. The CSU has published a list of agencies for which this requirement does not apply (attached). FSR 86-05 and State regulations mandated by the Fair Political Practices Commission under the Political Reform Act (Title 2 California Code of Regulations Sections 18703-18703.5) require that a principal investigator must disclose whether or not he or she has a direct or indirect financial interest in the sponsor of research which is funded in whole or in part:

- through a contract or grant of \$250 or more with a non-governmental entity; or

- by a gift from a non-governmental entity which is earmarked by the donor for a specific research project or a specific principal investigator, provided the amount of the gift, or the aggregate over a 12-month period, from the same donor is \$250 or more.

When an interest of a principal investigator in the sponsor is disclosed, a campus committee must review whether the contract, grant, or gift can be accepted.

Disclosure statements must be filed:

1. before final acceptance of the above type of a contract, grant, or gift;
2. when funding is renewed; and
3. within 90 days after expiration in the case of a contract or grant, or after funds have been completely expended in the case of a gift.

Conflict of Interest (federal agencies)--The Public Health Service (including the National Institutes of Health (NIH)), and National Science Foundation (NSF) require institutions to gather information from faculty who plan to submit a proposal for consideration for funding of research. Under the PHS/NSF rules, investigators are required to disclose a listing of significant financial interests (and those of his/her spouse and dependent children) that could be reasonably expected to bias the design, conduct or reporting of the research. Therefore, SFSU has developed procedures and forms to collect this information from faculty via the website. This information must be submitted to ORSP before an award can be accepted or an account set up for the project.

Reporting

Monthly Financial Reports--The project director receives monthly computer reports which present the financial status of the project as described below:

- A budget report presents the project's line item budget, the cumulative and previous month's expenditures, income where applicable, and encumbrances, as well as current account balances.
- A transaction report gives a detailed listing of each expenditure and encumbrance (financial commitment) against the account during the previous month.
- A detailed payroll expenditure report for each project is distributed monthly to the Project Director.

Account transactions are entered into the University's computerized accounting system on a regular basis. The project director may obtain the current account balances on-line at any time during the month by obtaining a password and logging into the university's Fiscal Affairs website.

Access to on-line account information and password may be obtained through the Fiscal Affairs Office. Account information is updated each business day, and the system is secured so account information is available only to authorized project personnel.

Technical Reports--The Project Director shall be responsible for the submission of all reports of programmatic nature to the funding agency in accordance with the terms of the contract or grant.

Financial Reports--The University's Fiscal Affairs Office shall be responsible for the submission of timely and accurate financial reports to the funding agency in accordance with the terms of the contract or grant.

Retention of Products and Records--Responsibility for Products and Records retention, ownership, and custody will depend on the nature of the Products and Records, and the location of the post award administration (i.e. SFSU or the SFSU Foundation). The PI will generally be responsible for products (e.g. laboratory notebooks, publications and technical information) resulting from a funded project. Financial records, reports related to equipment purchased, and personnel files will generally be retained by the Sponsored Program Administrator.

If post award administration is the responsibility of the SFSU Foundation, all records will be retained by the auxiliary for the period of time required by the funder, the State of California and the CSU. Ownership of the records for accounts for which SFSU Foundation is the Sponsored Program Administrator resides with SFSU Foundation on behalf of SFSU. Ownership of the Products resulting from work completed on accounts managed by the SFSU Foundation resides with SFSU.

If post award administration is provided by SFSU, financial records will be retained by Fiscal Affairs, other records will be retained by ORSP. Ownership of the records and Products for accounts managed by SFSU resides with SFSU.

Pass-Through Accounts

Definitions

Pass-through - refers to the financial support provided to another institution by the University as the primary recipient of Federal, state, private and local funds. The institution receiving pass-through funding from the University is called the "subrecipient". This may also be referred as flow-down, consortium agreement or subcontract standard agreement.

Subrecipient - defined by OMB Circular A-21 as any person or government agency, establishment or non-profit organization that receives financial assistance to carry out a program through a primary recipient or other recipient. Subrecipient performance is measured against meeting the objective of the program. It is responsible for programmatic decision making and adhering to applicable Federal program compliance requirements.

Primary University Responsibility

In compliance with OMB Circular A-133, the University as the primary recipient entity shall perform the following:

- Identify Federal awards made by informing each subrecipient of the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, award year, name of Federal Agency and classify the award as Research and Development, Instructional, Training

and Other Sponsored Programs. When some of this information is not available, the University shall provide the most complete information available to describe the Federal award.

- Advise subrecipient of requirements imposed upon them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by University.
- Monitor the activities of subrecipient as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and provisions of the contracts or grants agreements and that performance goals are achieved.
- Ensure subrecipient expending **\$500,000** or more in Federal awards during the subrecipient's fiscal year have met the audit requirements for this part of that fiscal year.
- Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate action and timely corrective action.
- Consider whether the subrecipient's audit necessitates adjustment of SFSU's records.
- Require each subrecipient to permit University and auditor access to their records and financial statements as necessary.

University Policies and Procedures

Upon receipt of award from the primary sponsoring agency, ORSP prepares and sends the standard agreement using the University's mandated standard agreement contract template. This is mailed to the subrecipient entities for signature by their authorized official representatives.

The standard contract agreement summarizes the University's contractual terms and conditions. In addition to this, supplemental provisions imposed by the primary awarding agency are passed through to the subrecipients. The subrecipients are obligated to comply with both the University's and prime funding agency's terms and conditions.

ORSP monitors financial activities of the subrecipient institution by ensuring cost allowabilities, funding availabilities, invoicing requirements, as well as submission of deliverables and progress reports in a timely fashion.

To comply with the provision in OMB Circular A-133, ORSP sends the subrecipient institution the OMB Circular A-133 Audit Compliance form (see attachment) annually to ensure that subrecipients expending **\$500,000** or more in Federal funds during the subrecipient's fiscal year have met the OMB audit requirements.

Pass-through Accounts to the San Francisco State University Foundation

SFSU requires the services of its auxiliary organization, the San Francisco State University Foundation, Inc. for some funded programs. A portion or the entire project's post award

administration may be passed through to the Foundation and a MEMORANDUM OF UNDERSTANDING (MOU) has been entered into to facilitate these arrangements (see attachment). Such a pass-through may take place for the following reasons:

- The awarding agency requires that the award be administered by a 501(c)3 entity.
- When administrative functions cannot be carried out by the University (e.g. the funding agency may require that employees are paid every two weeks).

Policies and Procedures

ORSP initiates a "Work Order" form (see attachment) that authorizes the Foundation to administer the project/s. This form requires approval by the PI/PD, the Director of Procurement, and administrators for grants & contracts at SFSU and the SFSU Foundation, Inc.

The Foundation will furnish invoices of expenditures and payment for services to SFSU on a monthly basis, by project, with financial detail attached, which may be used to substantiate SFSU invoicing and reporting to the prime awarding agency.

Upon receipt of a Foundation invoice, ORSP will obtain the signature of the project PI/PD. The PI/PD will certify that the services were rendered and authorize payment of the billing invoice.

The responsible ORSP grant administrator will verify and authorize payment of the invoice/s and forward to Accounts Payable for payment.

Cost Sharing

Cost sharing refers to the resources contributed by the University to a sponsored project over and above the support provided by the extramural sponsor of that project. The University's cost sharing may be in cash, in-kind, or both. Cost sharing and matching represents that portion of project or program costs not borne by the Federal government, or other external sponsor. Contributions are generally in the form of actual disbursements (cash contributions), non-cash contributions provided by the institution from non-Federal sources, or third party in-kind contributions. Property purchased with Federal funds may not be included under the definition of in-kind contributions unless authorized by Federal legislation.

Cost sharing can either be imposed by a sponsor as conditions of its research or training support or it can be volunteered on the part of the University to demonstrate its commitment to a project. Once a proposal containing such a commitment is accepted by a sponsor, it is considered binding upon the University and any change thereto must have the written approval of the sponsor. Cost sharing obligations must be kept within reason and must be fulfilled from acceptable resources available to the Principal Investigator, Department or College. The University (contact ORSP) may also share costs, but generally does so only if others (e.g. College) also provide support. Cost sharing from a sponsoring viewpoint and as used in its broadest sense includes any agreement on the part of the University to assure that non-sponsor resources are contributed to a project, either from sources within or external to the University.

Contribution of Direct Costs

Direct costs may be contributed to a sponsored project subject to the cost sharing conditions and criteria discussed in the following sections. If direct project costs are contributed to a sponsored project, associated indirect costs should be calculated at the appropriate negotiated or approved indirect cost rate.

Contribution of Indirect Costs

Indirect costs may be contributed to a sponsored project when associated with direct cost contributions. Cost sharing contributions solely in the form of indirect cost can be made to satisfy the sponsor's cost sharing requirements. The approved indirect cost rate may be reduced or waived entirely. This is called "unrecovered or foregone" indirect cost. This can be claimed as cost sharing upon approval of the sponsor.

Mandatory Cost Sharing

Mandatory cost sharing is that portion of the University contribution to a sponsored project that is required by the terms of that project. In the absence of a specific statutory requirement for cost-sharing, Federal sponsoring agencies will generally not require cost participation by educational institutions engaged in Federal research projects if:

- a) the particular research objective or scope of the effort for the project is specified by the Federal government rather than proposed by the institution (this would generally include solicited proposals, but not unsolicited proposals);
- b) the research effort has only minor relevance to the non-Federal activities of the performing institution, and the institution is proposing to undertake the research primarily as a service to the government; or
- c) the institution has little or no non-Federal sources of funds from which to make a cost contribution.

By accepting an award with mandatory cost sharing, the University incurs an obligation to document the financial contributions to the sponsored project. Reporting also may be required. Documentation and reporting guidance for mandatory cost sharing is issued via Notice of a Cost Sharing/Matching Contribution form. The Assistant or Associate VP of Research must approve all cost sharing contributions by the University.

Voluntary Cost Sharing

Voluntary cost sharing is that portion of the sponsored project that the University contributes to a project on its own initiative. If voluntary sharing is anticipated at the time of proposal submission, it is appropriate to inform the sponsor of this. If the proposed cost sharing amount is included in the award budget, it should be documented and reported as if it were mandatory cost sharing. Voluntary cost sharing must be approved by a chair, dean or ORSP, depending on the source of the cost share.

General Responsibility of Grant Administrators

The general responsibility of Grant Administrators in the Office of Research and Sponsored Programs concerning cost sharing is to ensure that types and levels of cost sharing shown in a proposal and an award is consistent with University and sponsor policies, and is available from appropriate sources.

Allowability of Costs Shared

The terms and conditions of a specific award usually determine the allowability of cost sharing funds. When a project is funded by a Federal grant, the University practice follows the guidance on allowable costs given in OMB Circular A-21. Mandatory cost sharing and in-kind contributions must be verifiable, related to program objectives, allowable under the applicable cost principles, not from another Federal award (unless the terms of that award specifically permit the funds to be used as cost sharing or matching), and shown in the approved budget. The cost principles applicable to the University are those in OMB Circular A-21.

University-funded salaries of faculty and other employees directly engaged in the project, together with related employee benefits and indirect costs, constitute the most appropriate contribution to Federal research projects. Sabbatical leave pay may be claimed where it is identifiable with the project. Particular care must be taken to ensure that University equipment is not claimed as a cost contribution, unless the equipment is specifically purchased for the funded project. Costs financed by departmental budgets or any other non-Federal fund source may be claimed as a contribution, if they are directly identifiable with the applicable Federal research project, and are contributed during the performance period of the grant or contract.

Departmental administration expenses (e.g., secretaries, clerks, supplies) generally would not qualify for cost sharing since these expenses normally benefit jointly all activities and objectives in the department and are therefore included as costs in the determination of the indirect cost rate.

Thus, costs meeting the criteria above are allowable as a University cost sharing contribution under Federal research grants and contracts provided they:

- a) qualify as allowable costs under provisions of OMB Circular No. A-21;
- b) do not duplicate the type of costs included in the University's indirect cost rates; and,
- c) have not been charged to any other Federal contract or grant.

In-Kind Contributions

In-kind contributions represent the value of non-cash contributions provided by the University or non-Federal third parties. When these contributions directly benefit a sponsored project, they generally may be counted as cost sharing. However, property purchased with Federal funds may be contributed to a federally sponsored project only if authorized by Federal legislation. Typical examples of in-kind contributions are services provided by volunteers and property donated by non-Federal third parties. University procedures on documenting in-kind contributions must conform to OMB Circular A-110.

Matching Funds

Some programs require a "match" from the University to support in some stipulated proportion the sponsor's award by some fixed amount as a condition of the award. This is a special form of cost sharing. Records that can be audited should be maintained for the expenditure of the University's matching funds. In general, the same procedures used to substantiate mandatory cost sharing are used to substantiate the University's matching contributions.

Cost Sharing Records and Reports

Upon receipt of the award, a budget-set up is prepared by the Grant Administrator at ORSP. This form includes the account's budget allocation, account number, the period of the award and the terms & conditions of the award. A separate "cost sharing companion" account is designated and established at the initiation of the grant award in all possible cases (i.e. when discretionary funds are used and can be transferred into the companion account). When it is not possible to establish a companion account, documentation of expenditures made as the cost share are obtained by ORSP and kept on file. All cost sharing and/or matching funds must be expended concurrently with the sponsored award. At the end of the award, a no-cost time extension may be requested and granted by the sponsor. This will automatically extend the cost companion account period based on the availability of funds.

Cost Sharing on a Project-by-Project Basis

Cost sharing contributions must be documented on a project-by-project basis; the principal University document used is the Notice of Cost Sharing/Matching Cost Contribution (see sample attached). This form formalizes recognition of cost sharing responsibilities. For reporting purposes, the University uses two (2) forms:

- Time & Effort Reporting Sheet (see sample attached) - this is an explanation of an individual's appointment and assigned workload and a certification of the time reported as having been contributed to the award.
- In-Kind Contribution Reporting Sheet (see sample attached) - this is an explanation and certification of other contributions provided to the program such as volunteer services, expendable personal property, travel, student assistants, contractual services, equipment/building/land, and unrecovered indirect costs (for other institutions or third party only).

These forms must be submitted to and retained by ORSP for audit examination. Principal Investigators or third parties may be asked by Federal auditors to provide supplementary information and records to substantiate the costs certified as having been contributed.

Monthly reports are generated by Trust Fund Accounting and include:

- A summary and a detailed report of the monthly expenditures for each established account.
- A summary of the personnel expenditures (salary & benefits) for each individual account.

These reports will be used to document expenses for both the master and cost companion account for audit and reporting purposes.

Institutional Cost Sharing

Certain Federal agencies may permit cost sharing requirements to be satisfied on an aggregate basis, based on the average level of cost sharing for all projects funded by that agency. Such institutional cost sharing, when deemed appropriate, may be satisfied on a campus or CSU-wide basis. Statutory cost sharing requirements of the National Science Foundation are currently satisfied by each campus. Through June 30, 1987, the University had a formal institutional cost sharing agreement with the Department of Health and Human Services (DHHS) that was implemented on a University-wide basis. However, DHHS is no longer subject to statutory cost sharing. There are currently no institutional cost sharing agreements with any Federal agency. Should University-wide cost sharing requirements be imposed in the future, specific procedures for collecting the information necessary to substantiate an average level of contributions would be implemented as needed.

Primary University Responsibility

Principal Investigators and ORSP are responsible for ensuring that the University's cost sharing commitment is fulfilled, for providing the required information for the cost sharing contribution report, and for maintaining information and records that support cost sharing certifications. If someone (e.g. department or college) other than ORSP is administering the cost sharing account, they are responsible for making sure that allowable contributions are evaluated and documented in accordance with the provisions of this section, where the terms of a Federal award mandate cost sharing or matching.

Cost Sharing/Matching, Cost Contribution Tracking Process

Pre-Award:

1. Identify whether an award requires cost sharing contributions or not (proposal stage).
2. If cost matching/sharing/cost contribution is required, the Proposal Specialist prepares the proposed budget showing the amount allocated as a cost-sharing/matching, contribution, etc.
3. The Proposal Specialist completes an ORSP generated document titled "Notice of Cost Sharing/Matching Contribution (sample form attached). This document will require the signature of the Project Directors/Investigators and the authorized representatives of the department/colleges, or the Assistant or Associate Vice President of Research.
4. The completed form will be kept in a file with the proposal documents until a formal award notice is received.

Post-Award:

1. Upon receipt of the award, the ORSP Grant & Contracts Administrator will prepare and submit to Trust Accounting a budget set-up for the project. This is called the "master account". Expenditures incurred under the award (i.e. being reimbursed by the sponsor) will be charged to the master account. ORSP will also request a "cost-sharing companion account". This is a

separate account designated as a cost sharing account for the specific project. The University contribution or cost matching funds are transferred to the cost sharing companion account at the initiation of the project. If the cost sharing funds are provided by another source (e.g. College Dean) the account used for the cost sharing must be designated and appropriate record keeping must occur. Project Investigators are advised to split the charges evenly (50/50) between the two accounts in compliance with the University policy that cost sharing and/or matching funds must be concurrently expended with the master account.

2. A one time, twelve month, no-cost time extension may be requested and authorized by the funding agency. Additional extensions, or extensions of a different duration may also be requested. For Federally funded NSF and NIH grants, a notification must be submitted 10 days prior to the grant expiration. NSF requires submission of all grant notifications and requests electronically via FASTLANE.
3. An authorized no-cost time extension granted to the master account will automatically extend the cost sharing companion account period.
4. Monthly reports are generated by Trust Accounting for both the master and cost companion account. These reports summarize the actual expenditures of both the master account and cost companion account. These reports will be used for reporting purposes to the funding agencies and to show proof and documentation of the project cost sharing matching contribution.
5. For reporting purposes, at the expiration of the project, ORSP will issue the "Time & Effort Reporting Sheet" and "In-Kind Contribution Reporting Sheet" to all Colleges/Departments and P.I. having such cost sharing commitments. These forms must be completed and submitted to ORSP for verification. These reports will be retained by ORSP for reporting or audit purposes.

Relevant CSU and SFSU policies that are not specifically addressed here can be found at:

Administration of Grants and Contracts in Support of Sponsored Programs-(CSU Executive Order No. 890) <http://www.calstate.edu/EO/EO-890.pdf>

Additional Employment-(PRACTICE DIRECTIVE P211, ADDITIONAL EMPLOYMENT GUIDELINES)
<http://www.sfsu.edu/~hrwww/directives/p211.htm>

Nepotism-(PRACTICE DIRECTIVE P101) <http://www.sfsu.edu/~hrwww/directives/pd101.html>

Conflict of Interest-http://www.sfsu.edu/~orspwww/_postaward/_conflict/conflict.html
Human and Animal Research-<http://www.sfsu.edu/%7Eprotocol/index.htm>

