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INTEROFFICE MEMORANDUM

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**TO:** BOARD OF TRUSTEES OF THE UNIVERSITY OF THE DISTRICT OF COLUMBIA  
DR. JAMES E. LYONS, SR., INTERIM PRESIDENT

**FROM:** SMRUTI RADKAR, ASSISTANT GENERAL COUNSEL *SR*

**THROUGH:** D. SCOTT BARASH, GENERAL COUNSEL *DSB/SR*

**SUBJECT:** SPONSORED PROGRAMS POLICIES

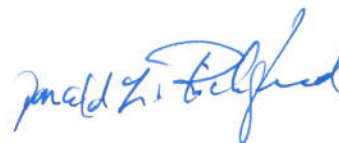
**DATE:** JULY 10, 2014

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The Office of the General Counsel is submitting twelve policies relating to sponsored programs for the Board of Trustees' consideration at the Executive Committee meeting on July 10, 2014.

These policies are required pursuant to an agreement entered into by the University with the National Science Foundation in October 2012. In accordance with the terms of the agreement, the University is obligated to implement a Sponsored Projects Compliance Program, one aspect of which is the implementation of written policies that relate to a number of processes with regard to cost accounting for sponsored programs. The following policies are being submitted to the Board of Trustees: Allowable Costs; At-Risk Accounts; Direct Charging of Administrative and Clerical Costs; Cost Allocation; Cost Sharing; Cost Transfers; Equipment; Financial Reporting and Closeout; Program Income; Retention of and Access to Records; Subrecipient Monitoring; and Time and Effort Reporting. The Office of the General Counsel has reviewed these policies with relevant University stakeholders to ensure that these policies accurately capture University practices and processes, while at the same time assuring compliance with OMB Circular A-21 and other applicable regulations.

Should there be any further questions or concerns, please contact the Office of the General Counsel.

**Donald L. Rickford**  
**Chief Financial Officer****FISCAL IMPACT STATEMENT****TO:** The Board of Trustees**FROM:** Office of the Chief Financial Officer (UDC)**DATE:** May 22, 2014**SUBJECT:** Sponsored Program Policies

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**Conclusion**

It is concluded that there is no fiscal impact to effect new policies and procedures for University of the District of Columbia's Sponsored Programs Department per the compliance agreement with the National Science Foundation.

**Background**

The University entered into a compliance agreement with the National Science Foundation in October 2012 and agreed to implement a Sponsored Projects Compliance Program to include a provision that the University adopt written policies that formalized its practices and processes with regard to sponsored programs.

The University has drafted the following policies governing sponsored programs for approval by the Board of Trustees: Allowable Costs; At-Risk Accounts; Direct Charging of Administrative and Clerical Costs; Cost Allocation; Cost Sharing; Cost Transfers; Equipment; Financial Reporting and Closeout; Program Income; Retention of and Access to Records; Sub recipient Monitoring; and Time and Effort Reporting;

**Financial Impact**

The funding requirement associated with adopting these new policies appears to be negligible and appears to have no tangible foreseen fiscal impact. As such, the Executive Management within the Budget Department of the Office of the Chief Financial Officer of UDC has approved this request based on the information provided. We do not anticipate any risks at this time.

**BOARD OF TRUSTEES  
UNIVERSITY OF THE DISTRICT OF COLUMBIA  
UDC RESOLUTION NO 2014-\_\_\_\_\_**

**SUBJECT: Sponsored Program Policies**

**WHEREAS**, the District of Columbia law (D.C. Official Code § 1201.01(a) provides for the Board of Trustees of the University of the District of Columbia to adopt, prescribe, amend, repeal, and enforce such bylaws, rules, and regulations as it may deem necessary for the governance and administration of the University; and

**WHEREAS**, the University entered into a compliance agreement with the National Science Foundation in October 2012; and

**WHEREAS**, the University agreed to implement a Sponsored Projects Compliance Program; and

**WHEREAS**, the Sponsored Projects Compliance Program included a provision that the University adopt written policies that formalized its practices and processes with regard to sponsored programs; and

**WHEREAS**, the University has drafted the following policies governing sponsored programs for approval by the Board of Trustees: Allowable Costs; At-Risk Accounts; Direct Charging of Administrative and Clerical Costs; Cost Allocation; Cost Sharing; Cost Transfers; Equipment; Financial Reporting and Closeout; Program Income; Retention of and Access to Records for Sponsored Programs; Subrecipient Monitoring; and Time and Effort Reporting;

**NOW, THEREFORE, BE IT RESOLVED THAT** the Board of Trustees hereby adopts the above-referenced policies as attached and incorporated hereto.

Approved by the Executive Committee:

July 15, 2014

Ratified by the Board of Trustees:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Elaine Crider  
Chairperson of the Board

Policy on Allowable Costs	Effective Date: July 15, 2014
Related Policies and Procedures:	

## I. GENERAL STATEMENT

The purpose of this Policy is to establish general guidelines on the allowability of costs incurred on sponsored projects and to provide specific guidance on selected items of cost related to federally funded projects. The Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects.

## II. DEFINITIONS

- A. OMB Circular A-21: The document published by the federal government's Office of Management and Budget that sets forth the governing cost principles for educational institutions.
- B. Unallowable costs: Those expenses which are not reimbursable by the federal government.
- C. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.

## III. PROCEDURE

### A. Cost Principles

OMB Circular A-21 set forth four tests that govern the allowability of costs under federal sponsored projects. The tests are as follows:

1. *Reasonableness*. A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the associated dollar amount, reflect the action that a prudent person would have taken under the circumstances prevailing when the decision to incur the cost was made. One of the major considerations involved in the determination of reasonableness is necessity.

2. *Allocability.* A cost is allocable to a specific sponsored project, function, department, or other component (known as a cost objective), if the goods or services involved are chargeable or assignable to that cost objective in accordance with the relative benefits received or other equitable relationship. A cost is allocable to a sponsored project if it is (1) incurred solely in order to advance work under the sponsored project; or (2) it benefits both the sponsored project and other work of the institution (including work on other sponsored projects), in proportions that can be approximated through reasonable methods.
3. *Consistency.* UDC will be consistent in charging costs incurred for the same purpose and in like circumstances as either direct costs or Facilities & Administrative (F&A) costs, depending on their identifiable benefit to a particular sponsored project or program. Therefore, although costs may be charged to sponsored project as either direct costs or F&A costs, they must be treated consistently for all work of the organization under similar circumstances, regardless of the source of funding, so as to avoid duplicate charging.
4. *Allowability.* A cost is allowable if it is not expressly made unallowable by the OMB Circular A-21, other applicable federal agency guidance, or award terms and conditions. OMB Circular A-21, Section J provides principles to be applied in establishing the allowability of certain items of cost, irrespective of whether the item of cost is a direct cost or an F&A cost.

#### B. Unallowable Costs

An unallowable cost or unallowable activity is one that is not eligible for reimbursement by the federal government. OMB Circular A-21, Section J and other federal guidelines identify specific categories of costs and certain activities that cannot be charged, directly or indirectly, to federally sponsored projects.

1. The following non-exhaustive list provides a few examples of costs made expressly unallowable by OMB Circular A-21. Failure to mention a specific item of cost is not intended to imply that it is either allowable or unallowable. Determination as to allowability of costs not expressly addressed in OMB Circular A-21, other applicable federal guidance, or award terms and conditions should be based on the treatment or principles provided for similar or related items of cost. Please refer to Section J of OMB Circular A-21 for more detail.
  - Advertising (advertising for recruitment for employees or human subjects is allowable)
  - Alcoholic Beverages

- Bad Debts
- Contingency Provisions
- Donations and Contributions
- Entertainment Costs
- Fines and Penalties
- Fund Raising and Investment Costs
- Goods and Services for Personal Use
- Housing and Personal Living Expenses of Organization's Officers
- Interest Expense (with limited exceptions)
- Lobbying Costs
- Losses on Other Sponsored Agreements
- Patent Costs (with limited exceptions)
- Pre-award Costs (unless approved by the sponsoring agency)
- Selling and Marketing Costs

#### C. Sponsor Prior Approval

There are certain costs that require sponsor prior approval, such as costs incurred prior to the award of the sponsored project. UDC will ensure that, when required, it obtains sponsor prior approval and will maintain a record of approvals granted.

#### D. Failure to Comply with Allowable Costs Policy

Failure to comply with the Policy set forth above may result in disciplinary action up to and including termination of employment.

### **IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES**

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the University will work in good faith with those employees to effectuate adherence to the Policy.

### **V. CONTACTS**

University Office of the Chief Financial Officer  
University Office of Sponsored Programs

### **VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:**

Sponsored Programs Policy Committee  
Audit, Administration and Governance Committee of the Board of Trustees  
Board of Trustees of the University of the District of Columbia

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## **HISTORY/REVISION DATES**

**Last Amended Date: July 10, 2014**

**Next Review Date:**

<b>Policy on At-Risk Accounts</b>	<b>Effective Date:</b> <b>July 15, 2014</b>
<b>Related Policies and Procedures:</b>	

## **I. GENERAL STATEMENT**

This Policy sets forth requirements for establishing at-risk accounts prior to the start of a sponsored project. The Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects.

## **II. DEFINITIONS**

- A. At-Risk Accounts: Accounts set up to allow the University to incur expenses relating to a sponsored project before the sponsored project begins.
- B. OMB Circular A-21: The document published by the federal government's Office of Management and Budget that sets forth the governing cost principles for educational institutions.
- C. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.

## **III. PROCEDURE**

### **A. Situations Meriting an At-Risk Account**

The University allows establishment of at-risk accounts in two situations:

1. Pre-award at-risk account: This type of at-risk account allows the PI or other authorized University official to charge expenses to a sponsored project up to 90 days prior to the start date of the project if the sponsor's prior approval to charge pre-award expenses, if required, is obtained in accordance with OMB Circular A-21, sponsor-specific guidance, and/or award terms and conditions.
2. Delayed notice of award at-risk account: This type of at-risk account allows the PI or other authorized University official to charge expenses to a sponsored project prior to the receipt of the official notice of



award, but after learning from the sponsor that a proposal will be funded.

#### B. Requesting an At-Risk Account

If one of the two situations set forth in Section A of this Policy exist, the PI or authorized University official must request approval to establish an at-risk account from the Chief Financial Officer. Further, all compliance reviews (e.g., Institutional Review Board approval) must be completed before establishing an at-risk account.

The approval request should be accompanied by the following documentation:

- Documentation showing that funding for the charges is forthcoming, such as sponsor approval to charge pre-award costs (if required) or communication from the sponsor that a sponsored project has been funded and an official notice of award will be sent.
- Documentation supporting the expenses the PI or authorized University official would like to charge to the at-risk account, as well as a written explanation of the need to incur the costs prior to the start date of the project or receipt of a notice of award.
- Documentation showing all necessary compliance reviews have been completed.

Once approved by the Responsible Division VP or CEO, each at-risk account approval request will then be forwarded to the CFO to set up the at-risk account in the University's financial system.

#### C. Expenses Charged to At-Risk Accounts Not Subsequently Funded

If an expense is charged to an at-risk account and is not subsequently funded by the sponsor, the Responsible Division VP or CEO must assume full responsibility for paying the expense.

#### D. Timing of At-Risk Accounts

All at-risk accounts will be set up for a period not to exceed 30 days. This timeframe may be extended by following the procedure for requesting an at-risk account outlined in Section B of this Policy.

#### E. Failure to Comply with At-Risk Account Policy

Failure to comply with the Policy set forth above may result in disciplinary action up to and including termination of employment.

#### **IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES**

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the University will work in good faith with those employees to effectuate adherence to the Policy.

#### **V. CONTACTS**

University Office of the Chief Financial Officer  
University Office of Sponsored Programs

#### **VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:**

Sponsored Programs Policy Committee  
Audit, Administration and Governance Committee of the Board of Trustees  
Board of Trustees of the University of the District of Columbia

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#### **HISTORY/REVISION DATES**

**Last Amended Date: July 10, 2014**

**Next Review Date:**

<b>Policy on Charging Administrative and Clerical Costs</b>	<b>Effective Date: July 15, 2014</b>
<b>Related Policies and Procedures:</b>	

## **I. GENERAL STATEMENT**

The purpose of this Policy is to establish general guidelines for charging administrative or clerical labor and non-labor costs directly to a sponsored project. Special care should be exercised to ensure that costs incurred for the same purpose in like circumstances are treated consistently as either direct or indirect costs. The Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects.

## **II. DEFINITIONS**

- A. Direct Costs. Costs that can be identified specifically with a particular sponsored project relatively easily and with a high degree of accuracy.
- B. Indirect Costs: Costs that are incurred by a grantee for common or joint objectives and that, therefore, cannot be identified specifically with a particular sponsored project. These costs are also known as Facilities & Administrative (F&A) costs.
- C. OMB Circular A-21: The document published by the federal government's Office of Management and Budget that sets forth the governing cost principles for educational institutions.
- D. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.

## **III. PROCEDURE**

### **A. Direct Charging Administrative and Clerical Costs**

Consistent with Section F.6(b) of OMB Circular A-21, administrative or clerical costs that fall within the routine services normally provided by University departments should generally be treated as indirect costs. This includes both salary and non-salary costs. There are, however, limited

instances when these types of costs may be charged directly to a sponsored project.

#### B. Direct Charging Administrative and Clerical Salary Costs

Administrative or clerical salaries may be charged directly to a sponsored project where a “major project” or activity explicitly budgets for administrative or clerical services and the individuals involved can be specifically identified with the sponsored project. A “major project” is one that requires an extensive amount of administrative or clerical support, which is significantly greater than the routine level of such services provided by academic departments.

Below is a list of six examples of the kinds of projects that may be considered major projects. This list is non-exhaustive, and is not intended to represent all possible major projects. Similarly, this list does not imply that direct charging administrative or clerical salaries would always be appropriate in these situations.

1. Large, complex programs such as General Clinical Research Centers, Primate Centers, Program Projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.
2. Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials, and retrospective clinical records studies).
3. Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
4. Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).
5. Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels, radio astronomy projects, and other research fields sites that are remote from campus.
6. Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocols; and multiple project-related investigator coordination and communications.

### C. Direct Charging Administrative and Clerical Non-Salary Costs

Administrative or clerical non-salary costs may be charged directly to a sponsored project where the cost can be identified readily and specifically with that sponsored project. Identification with a sponsored project functions as the “unlike circumstances” needed to directly charge costs that would otherwise be recouped through the University’s indirect cost rate. Common examples of typical administrative or clerical non-salary costs include office supplies, postage, local telephone costs, and memberships.

### D. Process to Directly Charge Administrative and Clerical Costs

When a PI or other authorized University official recognizes that direct charging of administrative and clerical costs is warranted, the PI or authorized official must maintain the documentation described below in accordance with applicable record retention requirements.

Salary Costs. If direct charging administrative and clerical salaries, the PI must maintain the following:

- Written narrative explaining why the sponsored project is a “major project” requiring an unusually high demand for administrative support that cannot be satisfied with normal departmental resources; and
- Copies of the sponsored project budget and budget narrative demonstrating that the salaries which will be directly charged to the sponsored project were explicitly budgeted for and explaining the job duties of the employees who are being charged to the sponsored project.

Non-Salary Costs. If direct charging administrative and clerical non-salary costs, the PI must maintain the following:

- Documentation of the items to be charged directly to the sponsored project; and
- Written narrative explaining why these items can be identified readily and specifically with a particular sponsored project.

### E. Allocation of Administrative and Clerical Charges

To the extent administrative and clerical salary and non-salary costs that are appropriate for direct charging benefit multiple sponsored projects, please see the University Cost Allocation Policy for guidance on proper allocation of these costs.

F. Failure to Comply with Direct Charging Administrative and Clerical Costs Policy

Failure to comply with the Policy set forth above may result in disciplinary action up to and including termination of employment.

**IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES**

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the University will work in good faith with those employees to effectuate adherence to the Policy.

**V. CONTACTS**

Office of the Chief Financial Officer

**VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:**

Sponsored Programs Policy Committee  
Audit, Administration and Governance Committee of the Board of Trustees  
Board of Trustees of the University of the District of Columbia

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**HISTORY/REVISION DATES**

**Last Amended Date: July 10, 2014**

**Next Review Date:**

<b>Policy on Cost Allocation</b>	<b>Effective Date:</b> <b>July 15, 2014</b>
<b>Related Policies and Procedures:</b>	

## **I. GENERAL STATEMENT**

All charges to sponsored projects must be reasonable, allowable, allocable, and accounted for consistently. The purpose of this Policy is to establish general guidelines on allocating allowable direct costs across multiple benefitting cost objectives (i.e., sponsored projects). The Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects. Please refer to the University's Allowable Cost Policy for a further discussion of what constitutes a reasonable, allowable, allocable, and consistently accounted for cost.

## **II. DEFINITIONS**

- A. OMB Circular A-21: The document published by the federal government's Office of Management and Budget that sets forth the governing cost principles for educational institutions.
- B. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.

## **III. PROCEDURE**

### **A. Allocating Costs**

Goods and services purchased by the University may benefit one or more sponsored projects. There are three circumstances under which a cost may be allocated to a sponsored project:

1. The cost is incurred solely to advance the work under the sponsored project being charged;
2. The cost benefits both the sponsored project and other work of the institution (including other sponsored projects), in proportions that can be approximated through proportional benefit or, in certain cases, another reasonable method; or

3. The cost is necessary to the overall operation of the institution and, in light of the principles provided in OMB Circular A-21, is deemed to be assignable in part to one or more sponsored projects.

If it is not possible to allocate a cost to the benefitting sponsored project at the time of purchase, the cost must initially be charged to a non-sponsored account and then transferred to the appropriate sponsored project in accordance with the University's Cost Transfer Policy once the University has determined the proper allocation.

#### B. Methods of Allocating Costs

If a cost solely benefits a single sponsored project, it should be charged entirely to that benefitting project. Sometimes, however, a cost benefits two or more projects or activities. If a cost benefits more than one sponsored project or activity, the charge must be allocated using one of the following methods.

1. Proportional benefit. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the sponsored projects based on the proportional benefit.

2. Other equitable relationship. If a cost benefits two or more sponsored projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then costs may be allocated to benefitting projects on any reasonable basis. This method of allocation should only be employed if proportional benefit cannot be determined without undue effort or cost.

When a cost is allocated to multiple sponsored projects, the PI or other authorized University official must document the basis for employing the selected cost allocation methodology. This documentation should be maintained by the PI or other authorized University official in accordance with applicable record retention requirements.

Below is a non-exhaustive list of methodologies that could be used as a basis for reasonably allocating costs under this methodology. This list is not intended to represent all possible reasonable methods of allocation:

- Quantity of items used on each project
- Effort of research personnel
- Number of clients served
- Square footage of laboratory space
- Number of experiments or procedures performed
- Number of FTEs working on each sponsored project



- PI Effort on each sponsored project

3. Allocating costs based on availability of funding, the need to clear a deficit, rotation of budgets, or any other reason of convenience is prohibited and will be considered a violation of this Policy.

C. Allocation of Charges for Equipment or Other Capital Items

Where the purchase of equipment or other capital items is specifically authorized under a sponsored project, the charges for such purchases are assignable to the sponsored project regardless of the use that may subsequently be made of the equipment or other capital items involved.

D. Failure to Comply with Cost Allocation Policy

Failure to comply with the Policy set forth above may result in disciplinary action up to and including termination of employment.

**IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES**

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the University will work in good faith with those employees to effectuate adherence to the Policy.

**V. CONTACTS**

Office of Sponsored Programs

**VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:**

Sponsored Programs Policy Committee  
Audit, Administration and Governance Committee of the Board of Trustees  
Board of Trustees of the University of the District of Columbia

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**HISTORY/REVISION DATES**

**Last Amended Date: July 10, 2014**

**Next Review Date:**

<b>Policy on Cost Sharing</b>	<b>Effective Date:</b> <b>July 15, 2014</b>
<b>Related Policies and Procedures:</b>	

## **I. GENERAL STATEMENT**

This Policy establishes requirements for identifying, accounting for, and reporting cost sharing associated with sponsored projects. The Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects.

## **II. DEFINITIONS**

- A. OMB Circular A-110: The document published by the federal government's Office of Management and Budget establishing uniform administrative requirements for grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.
- B. Cost Sharing: A portion of total sponsored project costs not funded by the sponsor. Cost sharing is classified as either: mandatory, voluntary committed, or voluntary uncommitted, and may be in the form of cash or in-kind contributions.
- C. Mandatory Cost Sharing: Cost sharing that is required by a sponsor as a condition of obtaining a sponsored project award. This type of cost sharing is a binding commitment on the University.
- D. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.
- E. Voluntary Committed Cost Sharing: Cost sharing that is not required by the sponsor, but nevertheless is promised by the University to the sponsor. Some examples of voluntary committed cost sharing are: (1) a percentage of effort a researcher included in a proposal budget for which salary compensation was not requested; or (2) purchase of equipment for a project that is included in a proposal budget but for which no funding was requested.
- F. Voluntary Uncommitted Cost Sharing: Cost sharing that is not required by the sponsor and is not committed to the sponsor by the University. This includes

effort a researcher commits to a sponsored project that is over and above the effort committed to in the sponsored project proposal.

### **III. PROCEDURE**

#### **A. Types of Contributions Eligible for Cost Sharing**

Contributions must meet the following criteria in order to be eligible for cost sharing:

1. Verifiable from the recipient's records;
2. Not already included as contributions for any other federally-assisted project or program;
3. Necessary and reasonable for proper and efficient accomplishment of project or program objectives;
4. Allowable under the applicable cost principles (see Allowable Costs Policy for guidance on allowability of costs);
5. Not paid by the federal government under another award, except where authorized by federal statute to be used for cost sharing;
6. Provided for in the approved budget when required by the Federal awarding agency; and

Any unrecovered indirect costs from the sponsored project may be used as cost sharing only with prior approval of the sponsor. Cost sharing expenditures must be allowable, allocable and reasonable (see Allowable Costs Policy for further guidance).

The Principal Investigator or other authorized official is responsible for monitoring cost sharing for timeliness and adequacy.

#### **B. Valuation of Items Provided for Cost Sharing**

Contributions of services and property toward cost sharing must be valued in accordance with the applicable cost principles. Please consult award terms and conditions, OMB Circular A-110, and any sponsor-specific guidance when valuing items contributed for cost sharing purposes.

#### **C. Documenting Cost Sharing**

All cost-shared expenses must be treated consistently in proposal preparation and financial accounting and reporting. The source of funding for cost sharing must be approved by the responsible division's VP or CEO, unless the cost sharing is voluntary uncommitted cost sharing in which case no prior approval is required.

Office of the CFO and Office of the Sponsored Programs should maintain all records of cost sharing, including documentation of the valuation of the cost share, in accordance with applicable record retention requirements

**D. Failure to Comply with Cost Sharing Policy**

Failure to comply with the Policy set forth above may result in disciplinary action up to and including termination of employment.

**IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES**

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the University will work in good faith with those employees to effectuate adherence to the Policy.

**V. CONTACTS**

University Office of the Chief Financial Officer  
University Office of Sponsored Programs

**VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:**

Sponsored Programs Policy Committee  
Audit, Administration and Governance Committee of the Board of Trustees  
Board of Trustees of the University of the District of Columbia

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**HISTORY/REVISION DATES**

**Last Amended Date: July 10, 2014**

**Next Review Date:**

<b>Policy on Cost Transfers</b>	<b>Effective Date:</b> <b>July 15, 2014</b>
<b>Related Policies and Procedures:</b>	

## **I. GENERAL STATEMENT**

This Policy establishes general guidelines on the allowability of cost transfers on to sponsored projects. The Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects.

## **II. DEFINITIONS**

- A. OMB Circular A-21: The document published by the federal government's Office of Management and Budget that sets forth the governing cost principles for educational institutions.
- B. OMB Circular A-110: The document published by the federal government's Office of Management and Budget establishing uniform administrative requirements for grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.
- C. Cost Transfer: Re-allocation of an expense (either labor or non-labor) to a sponsored project after the expense was initially charged to another sponsored or non-sponsored account, but not including those scenarios described in Section III(A) of this Policy.
- D. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.

## **III. PROCEDURE**

### **A. Transfers of Costs Not Subject to Cost Transfer Policy**

Not all movement of costs onto a sponsored agreement constitutes a cost transfer within the scope of this Policy. This Policy applies to all cost transfers onto a sponsored agreement, except in the following scenarios:

1. A redistribution of salary charges that results from a change in effort allocations made before or during the effort certification process. In unusual circumstances it may be necessary to effect a payroll cost transfer after effort certification. Any such request is subject to the requirements of this policy.
2. Movement of salary or non-salary costs from a University at-risk account (See At-Risk Account Policy).
3. Other movement of costs as identified on a case-by-case basis.

All subsequent references in this Policy to cost transfers shall be deemed to refer only to cost transfers within the scope of this Policy.

#### B. Need for Cost Transfers

Cost transfers are appropriate when they are allowable direct costs of the sponsored project (see Allowable Costs Policy to determine whether the costs are allowable), and their purpose is to correct clerical or bookkeeping errors in processing the original charges. There may be other permissible reasons to transfer a cost onto a sponsored project; the appropriateness of such transfers should be determined on a case-by-case basis. Allowability of a cost transfer onto a sponsored project shall be determined on the basis of federal laws and regulations, as well as sponsor requirements.

Inappropriate circumstances for cost transfers include, but are not limited to the following:

1. A cost transfer solely for the purpose of utilizing unexpended funds of a sponsored project;
2. A cost transfer for the purpose of eliminating or reducing a cost overrun by charging another, unrelated sponsored project; or
3. A cost transfer for any other reason of convenience not related to the benefit received by the sponsored project.

#### C. Timely Accomplishment of Cost Transfers

Except in cases where the sponsor's terms and conditions are stricter than this Policy, cost transfers generally must be effectuated within ninety (90) days after the date when the need to execute a cost transfer is initially discovered. In order to timely complete the cost transfer process within the ninety (90) day timeframe, initiation of the cost transfer process should begin as soon as possible after the need for the cost transfer is discovered. Further, whenever possible, cost transfers should be completed in the same fiscal year in which the charging error or other reason for the transfer occurred.

#### D. Cost Transfers Within 90 Days

If the cost transfer is initiated within ninety (90) days of the date when the need to execute the cost transfer is initially discovered, the request must be submitted to the responsible division's VP or CEO for review and approval. The request must be submitted on the "UDC Cost Transfer Form" and should clearly identify the charge to be transferred, the sub-ledger numbers and account numbers where the charge should be transferred to and from. Each UDC Cost Transfer Form should be accompanied by supporting documentation (original invoice, effort report, etc.) and include a written explanation as to how the error occurred, or why the transfer is necessary, when and how it was discovered, and how the cost benefits the sponsored project to which it is being transferred. An explanation merely stating that the transfer was made 'to correct error' or 'to transfer to correct project' is not sufficient. The request must be signed by the PI or responsible administrative staff in that area and must contain the following certification:

"I certify to the best of my knowledge that this cost transfer is correct and complete and that the costs transferred are allowable charges to the sponsored project to be charged."

Once approved by the responsible division's VP or CEO, each cost transfer request will then be forwarded to the Office of the CFO for entry into the University's accounting system. Documentation of each cost transfer will be maintained in the Office of the CFO and the Office of Sponsored Programs in accordance with applicable record retention requirements.

#### E. Cost Transfers After 90 Days

If more than ninety (90) days have passed from the date of initial discovery of the need to execute a cost transfer, an explanation for the delay is required in addition to the information and documentation required by Section C of this Policy. Approval for cost transfers submitted after ninety (90) days will only be granted in extenuating circumstances. Absence of the PI or responsible administrator, staff shortage or lack of staff experience are not acceptable reasons for a late cost transfer. It is the responsibility of the PI to ensure the availability of qualified staff to administer and exercise stewardship over sponsored projects in accordance with appropriate policies and regulations, including those relating to regular monitoring of expenditures and timely correction of errors.

A non-exhaustive list of examples of acceptable extenuating circumstances includes:

1. Full execution of a subcontract after the start of the budget period; or
2. Failure of another department to take appropriate action to charge or correct a charge after notification to do so.

**F. Removing Costs from Sponsored Projects**

Cost transfers removing expenditures from sponsored projects are not subject to the foregoing timeliness policies; any unallowable charges to sponsored projects must be removed upon discovery.

**G. Failure to Comply with Cost Transfers Policy**

Failure to comply with the Policy set forth above may result in disciplinary action up to and including termination of employment.

**IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES**

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the University will work in good faith with those employees to effectuate adherence to the Policy.

**V. CONTACTS**

University Office of the Chief Financial Officer  
University Office of Sponsored Programs

**VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:**

Sponsored Programs Policy Committee  
Audit, Administration and Governance Committee of the Board of Trustees  
Board of Trustees of the University of the District of Columbia

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**HISTORY/REVISION DATES**

**Last Amended Date: July 10, 2014**

**Next Review Date:**



<b>Policy on Equipment</b>	<b>Effective Date:</b> <b>July 15, 2014</b>
<b>Related Policies and Procedures:</b>	

## **I. GENERAL STATEMENT**

This Policy sets forth the requirements for acquisition, stewardship and disposal of equipment purchased with sponsored projects funds, as well as equipment owned by the Federal government and in the University's possession for use on a sponsored project. The Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects.

## **II. DEFINITIONS**

- A. Equipment: Tangible nonexpendable personal property that has a useful life of more than one year and an acquisition cost of \$5000 or more per unit.
- B. Exempt Property: Tangible personal property acquired in whole or in part with Federal funds, where the Federal awarding agency has statutory authority to vest title in the recipient without further obligation to the Federal government.
- C. Government-Furnished Property: Property the Federal government provides to the University in order to fulfill the terms and conditions of a sponsored project. Title to all such government-furnished property remains vested in the Federal government. Such property may only be used for the specific purposes set forth in the provisions of the grant or contract.
- D. OMB Circular A-110: The document published by the federal government's Office of Management and Budget establishing uniform administrative requirements for grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.
- E. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.

### III. PROCEDURE

#### A. Title

Purchased Equipment. Title to equipment acquired using Federal funds shall generally vest in the University, subject to the sponsor's regulations implementing OMB Circular A-110 and the terms and conditions of the award.

With respect to "exempt property," when statutory authority exists, a Federal awarding agency has the option to vest title to property acquired with Federal funds in the recipient without further obligation to the Federal government and under conditions the Federal awarding agency considers appropriate. Should a Federal awarding agency not establish such conditions, title to exempt property shall vest in the recipient upon acquisition of the property without further obligation to the federal government. NIH may require transfer of exempt property to the Federal government or an eligible third party within 120 days of project completion or termination, or within 120 of receiving of a final project inventory, whichever is later.

Transferred Equipment. Subject to sponsor regulations and the terms and conditions of the sponsored project, title to transferred equipment shall vest in the University upon receipt. If the equipment was purchased with Federal funds, it will be subject to the property management requirements of the sponsor's regulations implementing OMB Circular A-110.

If an investigator is transferring items of equipment from another institution to UDC, he/she must provide the Office of Facilities and Real Estate with a list of all such equipment, proof of the equipment's release from the other institution, and, if applicable the grant or contract that paid for the item(s).

Government-Furnished Property: It is sometimes necessary or desirable for the Federal government to provide property to the University in order to fulfill the terms and conditions of a sponsored project. Title to all such government-furnished property remains vested in the Federal government. Government-furnished property may only be used for the specific purposes set forth in the provisions of the grant or contract.

Equipment owned by the Federal government shall be identified to indicate Federal ownership.

#### B. Equipment Records

UDC will maintain accurate and timely records of all equipment acquired with sponsored project funds or used for any sponsored project, as well as

government–furnished property. The equipment records will contain the following information:

1. A description of the equipment;
2. Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number;
3. Source of the equipment, including the award number;
4. Whether title vests in the recipient or the Federal government (items owned by the Federal government shall be tagged to identify Federal ownership);
5. Acquisition date (or date received, if the equipment was furnished by the Federal government) and cost;
6. Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal government);
7. Location and condition of the equipment and the date the information was reported;
8. Unit acquisition cost; and
9. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share.

#### C. Physical Inventory of Equipment

At least once every two years, Facilities and Real Estate will conduct a physical inventory of all equipment and reconcile the results of the physical inventory with the equipment records described in Section B of this Policy. Departments are responsible for notifying Facilities and Real Estate of any relocation of equipment between inventories. The University will investigate any differences between the quantities of equipment found in the physical inventory and the quantities of equipment in the University's equipment records to determine the cause of the difference. UDC shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.

#### D. Disposal of Equipment

The University shall use the equipment in the sponsored project for which it was acquired as long as needed. If the equipment was purchased with Federal funds, the University shall not encumber the property without approval of the Federal awarding agency. When no longer needed for the original project or program, the University shall use any non-exempt equipment in connection with its other Federally-sponsored activities, in the following order of priority: (i) activities sponsored by the Federal awarding agency which funded the original project, then (ii) activities sponsored by other Federal awarding agencies.

If the University no longer needs the non-exempt equipment for either of the aforementioned priorities, the equipment may then be used for other activities in accordance with the following standards. For equipment with a current per unit fair market value of \$5000 or more, the University may retain the equipment for other uses provided that compensation is made to the original Federal awarding agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original sponsored project to the current fair market value of the equipment. If the University does not wish to keep the equipment, the University shall request disposition instructions from the Federal awarding agency. The University should then dispose of the non-exempt equipment in accordance with the Federal awarding agency's instructions and procedures set forth in OMB Circular A-110.

If the University is authorized or required to sell the non-exempt equipment, proper sales procedures shall be established which provide for competition to the extent practicable and result in the highest possible return.

#### E. Transferring Equipment to Other Institutions

When a PI moves to another institution and transfers a grant or contract to the new institution, he/she may request to transfer equipment purchased under the transferring grant or contract to the new institution. To initiate any equipment transfer, the PI must submit a list of the equipment he/she wishes to transfer to Facilities and Real Estate. The equipment transfer request should include the following information:

1. Description of each item of equipment;
2. The tag number of each item; and
3. Description of the source of funds used to purchase the equipment.

When reviewing the equipment transfer request, Facilities and Real Estate should consider if the loss of the equipment would jeopardize the research or scholarly activities of the University. If the equipment the PI wishes to transfer was purchased from unrestricted funds or from a grant or contract that has expired and the University has clear title, the University may consider sale of the equipment to the PI's new institution at fair market value.

#### F. Failure to Comply with Equipment Policy

Failure to comply with the Policy set forth above may result in disciplinary action up to and including termination of employment.

**IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES**

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the University will work in good faith with those employees to effectuate adherence to the Policy.

**V. CONTACTS**

University Office of Sponsored Programs  
University Office of Facilities and Real Estate

**VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:**

Sponsored Programs Policy Committee  
Audit, Administration and Governance Committee of the Board of Trustees  
Board of Trustees of the University of the District of Columbia

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**HISTORY/REVISION DATES**

**Last Amended Date: July 10, 2014**

**Next Review Date:**

<b>Policy on Financial Reporting and Closeout</b>	<b>Effective Date:</b> <b>July 15, 2014</b>
<b>Related Policies and Procedures:</b>	

## **I. GENERAL STATEMENT**

This Policy describes the University's compliance obligations to sponsors regarding reporting requirements for both interim and final financial reporting, as well as award closeout. The Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects.

## **II. DEFINITIONS**

- A. Closeout: The process by which the sponsor determines that all applicable administrative actions and all required work under an award have been completed by both the University and the sponsor.
- B. Financial Report: An accounting of expenditures and obligations incurred during the performance period and/or conclusion of a sponsored project.
- C. OMB Circular A-110: The document published by the federal government's Office of Management and Budget establishing uniform administrative requirements for grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.
- D. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.

## **III. PROCEDURE**

### **A. Preparing Financial Reports**

It is the responsibility of the CFO to prepare all interim and final financial reports based on institutional financial records and in compliance with the sponsor's reporting requirements as set forth in OMB Circular A-110, sponsor regulations, or award terms and conditions. the CFO will sign and submit all financial reports to the sponsor.

Unless sponsor requirements differ, the University must submit all financial reports within 90 calendar days following the expiration of either the budget year of the sponsored project or the expiration of a competitive segment of the sponsored project.

PIs or other authorized University officials are responsible for ongoing review and monitoring of charges to sponsored projects. The PI or other authorized official must ensure that all necessary adjustments to charges are made so that the expenditures reflected on financial reports are consistent with those reflected on the University's accounting records.

It is the University's policy that all financial reports will reflect only reasonable, allowable, and allocable charges. For guidance, please refer to the University's Allowable Costs Policy.

#### **B. Award Closeout**

The University is responsible for timely closeout of all sponsored projects consistent with the sponsor's requirements. Unless sponsor requirements differ, the University must submit a final financial report, final progress report and final Invention Statement and Certification within 90 calendar days of the end of the sponsored project in order to close out the award.

It is the University's policy that all final financial reports will reflect only reasonable, allowable, and allocable charges. For guidance, please refer to the University's Allowable Costs Policy.

#### **C. Failure to Comply with Financial Reporting and Closeout Policy**

Failure to comply with the Policy set forth above may result in disciplinary action up to and including termination of employment.

### **IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES**

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the University will work in good faith with those employees to effectuate adherence to the Policy.

### **V. CONTACTS**

University Office of the Chief Financial Officer

**VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:**

Sponsored Programs Policy Committee  
Audit, Administration and Governance Committee of the Board of Trustees  
Board of Trustees of the University of the District of Columbia

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**HISTORY/REVISION DATES**

**Last Amended Date: July 10, 2014**

**Next Review Date:**



<b>Policy on Program Income</b>	<b>Effective Date:</b> <b>July 15, 2014</b>
<b>Related Policies and Procedures:</b>	

## **I. GENERAL STATEMENT**

This Policy sets forth guidelines for identifying, accounting for, and reporting program income associated with sponsored projects. The Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects.

## **II. DEFINITIONS**

- A. Additive Use of Program Income: Program income is added to funds already committed to the sponsored project and used to further the sponsored project's objectives.
- B. Deductive Use of Program Income: Program income is used to reduce the sponsor's share of sponsored project funding.
- C. Matching Use of Program Income: Program income is used to meet the non-federal cost sharing portion of the sponsored project.
- D. OMB Circular A-110: The document published by the federal government's Office of Management and Budget establishing uniform administrative requirements for grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.
- E. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.
- F. Program Income: Gross, and if authorized by the sponsor net, income that is directly generated by the sponsored project or earned as a result of the sponsored project. There are generally three methods for using program income: additive, deductive and matching.

### **III. PROCEDURE**

#### **A. Examples of Program Income**

The following is a non-exhaustive list of examples of program income:

- Income from fees for services performed;
- Income generated from rental fees for items purchased using project funds;
- Proceeds from the sale of commodities created using project funds; and
- Fees from participants attending conferences or symposia supported by a sponsored project.

#### **B. Accounting for Program Income Earned During the Sponsored Project Period**

There are generally three acceptable uses for program income earned during the sponsored project period: Additive Use, Matching Use, or Deductive Use. Please consult award terms and conditions, OMB Circular A-110, and any sponsor-specific guidance when determining how to account for program income earned on a specific sponsored project.

If authorized by sponsor regulations, sponsor guidance, or award terms and conditions, the University may deduct costs incidental to generating program income from the gross program income to calculate total program income. The University may not deduct from its program calculation any incidental costs charged to the program income generating sponsored project.

#### **C. Program Income Earned After the End of the Sponsored Project Period**

The University has no obligation for any program income earned after the end of the sponsored project period, unless sponsor regulations, sponsor guidance or award terms and conditions provide otherwise.

#### **D. Program Income Earned Through Intellectual Property**

The University has no obligation for any program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under a sponsored project, unless sponsor regulations, guidance or award terms and conditions provide otherwise.

#### **E. Reporting Program Income**

Total program income should be reported on the sponsors' financial reporting form.

#### **F. Failure to Comply with Program Income Policy**

Failure to comply with the Policy set forth above may result in disciplinary action up to and including termination of employment.

#### **IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES**

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the University will work in good faith with those employees to effectuate adherence to the Policy.

#### **V. CONTACTS**

University Office of the Chief Financial Officer  
University Office of Sponsored Programs

#### **VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:**

Sponsored Programs Policy Committee  
Audit, Administration and Governance Committee of the Board of Trustees  
Board of Trustees of the University of the District of Columbia

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#### **HISTORY/REVISION DATES**

**Last Amended Date: July 10, 2014**

**Next Review Date:**

<b>Policy on Record Retention</b>	<b>Effective Date:</b> <b>July 15, 2014</b>
<b>Related Policies and Procedures:</b>	

## **I. GENERAL STATEMENT**

This Policy sets forth the requirements for effectively retaining and managing records and ensuring access to records is granted in accordance with applicable law, regulation, and sponsor policy. This Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects.

## **II. DEFINITIONS**

- A. OMB Circular A-110: The document published by the federal government's Office of Management and Budget establishing uniform administrative requirements for grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.
- B. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.
- C. Record: Financial, supporting, or statistical information that is pertinent to a sponsored project and that is either tangible or stored electronically on any media or in any format including, but not limited to: paper, writings, emails with attachments, electronic or microfilm document, photograph, blueprint, or audio or video recording

## **III. PROCEDURE**

### **A. Retention Period**

Unless sponsor terms and conditions provide for a longer retention period, the appropriate University official will retain financial records, supporting documents, statistical records, and all other records pertinent to a sponsored project 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.

Copies of original records may be maintained in place of the original records if authorized by the sponsor.

#### B. Exceptions to Retention Period

Records must be maintained beyond the three year retention period if any of the following situations apply:

1. If any litigation, claim, or audit commences before the expiration of the three year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
2. Records for real property and equipment acquired with Federal funds shall be retained for three years after final disposition of the real property or equipment.
3. Indirect cost rate proposals and cost allocation plans should be retained in accordance with OMB Circular A-110.

#### C. Access to Records

The award sponsor or duly authorized representative will have timely and unrestricted access to any books, documents, papers, or other records of recipients that are pertinent to the awards, in order to make audits, examinations, excerpts, transcripts and copies of such documents. If the sponsored project was Federally-funded, the Inspector General, Comptroller General of the United States, or any of their duly authorized representatives will have this same right of access.

This access right also includes timely and reasonable access to the University's personnel for the purpose of interview and discussion related to such documents.

The University will make records or personnel available in accordance with any sponsor terms or conditions exceeding the foregoing, which is derived from OMB Circular A-110.

#### D. Disposal of Records

If, consistent with this Policy, it is appropriate to dispose of any sponsored project records, these records should be destroyed using one of the following methods:

1. Recycle non-confidential paper records;
2. Shred or otherwise render unreadable confidential paper records; or
3. Erase or destroy electronically stored data with assistance from the Office of Information Technology.

University records should be reviewed to determine whether disposal is appropriate no less than once every 2 years.

E. Failure to Comply with Retention of and Access to Records Policy

Failure to comply with the Policy set forth above may result in disciplinary action up to and including termination of employment.

**IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES**

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the University will work in good faith with those employees to effectuate adherence to the Policy.

**V. CONTACTS**

University Office of Sponsored Programs

**VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:**

Sponsored Programs Policy Committee  
Audit, Administration and Governance Committee of the Board of Trustees  
Board of Trustees of the University of the District of Columbia

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**HISTORY/REVISION DATES**

**Last Amended Date: July 10, 2014**

**Next Review Date:**

<b>Policy on Subrecipient Monitoring</b>	<b>Effective Date:</b> <b>July 15, 2014</b>
<b>Related Policies and Procedures:</b>	

## **I. GENERAL STATEMENT**

This Policy sets forth the requirements for assessing subrecipient capacity to properly manage subawards, and also for evaluating and monitoring financial and programmatic performance of subrecipients. The University is ultimately responsible for financial and programmatic monitoring of sponsored project funds and, accordingly, remains responsible to the sponsor for management of funds and performance goals when the University enters into a subaward. This Policy applies to all subawards issued under the University's sponsored projects, but does not apply to consultant agreements or to the procurement of goods or services from vendors. To the extent this Policy conflicts with the Government of the District of Columbia Subrecipient Monitoring Manual (DC Subrecipient Manual) the procedures set forth in the DC Subrecipient Manual shall govern. The DC Subrecipient Manual is available at [http://cte.ed.gov/FMI/app/webroot/files/VFMI\\_2012\\_Session\\_5\\_District\\_of\\_Columbia\\_Subrecipient\\_Monitoring\\_Manual.pdf](http://cte.ed.gov/FMI/app/webroot/files/VFMI_2012_Session_5_District_of_Columbia_Subrecipient_Monitoring_Manual.pdf). The Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects.

## **II. DEFINITIONS**

- A. OMB Circular A-133: The document published by the federal government's Office of Management and Budget assigning certain responsibilities to primary recipients of sponsored project funds. This document requires that the University monitor the activities of subrecipients as necessary to assure that sponsored project funds are used appropriately and that performance goals are achieved.
- B. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.
- C. Subaward: A legal instrument by which the University provides funds (or property in lieu of funds) to an eligible subrecipient (or a lower-tier transaction) to perform a substantive portion of a sponsored project. The term

does not include procurement of goods and services from vendors or to consultant agreements.

- D. Subrecipient: The legal entity that receives a subaward from the University under a sponsored project and that is accountable to the University for the use of the funds provided by the subaward.
- E. Vendor: A dealer, distributor, merchant, or other seller providing goods or services that support a sponsored project. These goods or services may be for an organization's own use or for the use of beneficiaries of the sponsored project. Additional guidance on distinguishing between a subrecipient and a vendor is provided in OMB Circular A-133.

### **III. PROCEDURE**

#### **A. Preliminary Procedures**

The University will assess the subrecipient's financial status and internal controls based on documentation from the subrecipient and other independent sources (including, for example, audit reports, past monitoring reports, corrective action reports, etc.), in order to establish terms and conditions in the subaward agreement and a strategy for monitoring the subrecipient consistent with the level of perceived risk.

Based on this assessment, the University will place each subrecipient in one of the following categories: low risk, medium risk or high risk.

#### **B. Subrecipient Monitoring**

Based on the information obtained in the Preliminary Procedures process described in Section A of this Policy, the Offices of Sponsored Programs and CFO will collect data and information during the period of the subaward in order to monitor the financial controls and programmatic progress of the subrecipient. The University will use different monitoring processes depending on whether the subrecipient is designated as low risk, medium risk or high risk. Please see the DC Subrecipient Manual for further details on the specific requirements for monitoring each category of subrecipient.

#### **C. Monitoring Reports**

If any findings or concerns regarding a subrecipient are uncovered during the monitoring process, the University should communicate these findings or concerns to the subrecipient in a monitoring report. Copies of the monitoring report should be distributed to the Principal Investigator or Project Director and appropriate program and fiscal staff of the subrecipient, and others as appropriate.



The monitoring report should include the following information:

- Identification of the subrecipient and the program monitored;
- Description of the sponsored project activities the subrecipient is performing, including information about the eligible client population (if applicable);
- The dates of the monitoring review;
- University personnel who conducted the monitoring;
- Description of the monitoring activities and the information collected;
- Description of any findings or concerns made as a result of the monitoring activities;
- Corrective action recommendations and a timeline for a corrective action plan; and
- Any relevant University observations regarding the subrecipient's strengths and weaknesses.

#### D. Monitoring Follow-Up

To the extent necessary, the University will follow-up on any issues identified in the subrecipient monitoring report.

#### E. Failure to Comply with Subrecipient Monitoring Policy

Failure to comply with the Policy set forth above may result in disciplinary action up to and including termination of employment.

### **IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES**

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the University will work in good faith with those employees to effectuate adherence to the Policy.

### **V. CONTACTS**

University Office of the Chief Financial Officer  
University Office of Sponsored Programs

### **VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:**

Sponsored Programs Policy Committee  
Audit, Administration and Governance Committee of the Board of Trustees  
Board of Trustees of the University of the District of Columbia

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### **HISTORY/REVISION DATES**

**Last Amended Date: July 10, 2014**

**Next Review Date:**

<b>Policy on Time and Effort Reporting</b>	<b>Effective Date:</b> <b>July 15, 2014</b>
<b>Related Policies and Procedures:</b>	

## **I. GENERAL STATEMENT**

This Policy sets forth the requirements for ensuring that effort devoted to sponsored projects is appropriately documented and reasonably reflected on effort reports. The Policy applies to all Principal Investigators (PIs), co-PIs, and any other person with a role or responsibility in the application for, receipt of, or administration of sponsored projects.

## **II. DEFINITIONS**

- A. Effort: Time spent on any activity by an individual, expressed as a percentage of the individual's total University Effort. Total effort cannot exceed 100%.
- B. Committed Effort: The amount of effort proposed in a grant or other project application and accepted by a sponsor, regardless of whether salary support is requested for the effort.
- C. Effort Certification: Affirmation by an individual with a suitable means of verification that the percentages of effort reported on the effort report are reasonable in relation to work performed.
- D. Effort Reporting: The process by which the University determines and documents the effort individuals expend on sponsored projects during each effort reporting period. UDC uses the after-the-fact method of effort reporting.
- E. OMB Circular A-21: The document published by the federal government's Office of Management and Budget that sets forth the governing cost principles for educational institutions.
- F. Principal Investigator: The individual designated by the University as responsible for the scientific or technical direction of the sponsored project. The Principal Investigator is also part of the University team responsible for a sponsored project's financial and administrative compliance.
- G. University Effort: The effort that the employee devotes in the aggregate to the professional activities for which he or she receives Institutional Base Salary compensation from the University.

### **III. PROCEDURE**

#### **A. Requirements for Time and Effort Certification**

Federal regulations require recipients of Federal funds to maintain a system allowing for periodic certification of effort devoted to sponsored projects. This is a requirement of OMB Circular A-21, Section J-10 (codified at 2 CFR Part 220) (Attachment I). Recipients of sponsored projects, such as the University, must exercise due diligence in the review of periodic effort reports to ensure reasonableness in charging salary/wage costs to external sponsors and to formally document cost share commitments (Please refer to the University's Cost Sharing Policy). To accomplish those goals, the University uses the after-the-fact confirmation method of effort reporting.

#### **B. Certifying Effort on Sponsored Projects**

Each academic term an effort report form will be generated for each University employee whose compensation was charged in whole or in part to a sponsored project or who has Committed Effort to a sponsored project during the effort reporting period. The effort report will reflect the percentage distribution of activity expended by each employee on individual sponsored projects and all other University activities.

The effort report must be reviewed and certified by the employee, the PI or another responsible official with a suitable means of verification that the effort report reasonably reflects the activities for which the employee was compensated by the University during the reporting period.

OMB Circular A-21 recognizes that in an academic setting, teaching, research, service and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate.

There are three effort reporting periods at the University: summer, fall and spring. Certified effort reports are due September 1 for the summer term, January 15 for the fall term, and June 1 for the spring term.

#### **C. Institutional Base Salary (IBS)**

IBS is the annual compensation paid by the University for an employee's appointment, whether that individual's time is spent on research, teaching or other activities. The IBS does not include any compensation that an individual may be permitted to earn outside of duties for the University. IBS cannot be increased by replacing University funds with sponsored funds.

The amount of salary support requested in a sponsored project proposal should normally be determined by multiplying the person's proposed level of effort by the person's IBS.

#### D. Compliance with Sponsor-Imposed Salary Caps

Certain sponsors impose a limit or "cap" on the annual rate of salary reimbursement for a given amount of effort. The difference between the reimbursed salary ("capped amount") and the un-reimbursed salary is considered committed cost sharing. Where such limitations apply, the requested salary support on a sponsored project is determined by multiplying the proposed level of effort by the maximum IBS allowed under the cap. The University will pay an employee's IBS portion in excess of a salary cap using non-sponsored funds.

#### E. Roles and Responsibilities

Office of Sponsored Programs (OSP): The department at UDC that is responsible for oversight of the time-and-effort certification process, including the following:

- Establishing and communicating the Policy and any other effort reporting procedures within the University.
- Assisting Schools/Departments, faculty, and administrative offices and staff in understanding and implementing this Policy.
- Reviewing proposals prior to submission in order to ensure that effort commitments have been made according to University policy and Federal law.
- Providing assistance to individuals supported by sponsored activities to ensure that his/her effort report accurately captures his/her effort commitments, and that salaries charged to sponsored activities reflect the actual effort applied to the sponsored project.
- Ensuring the Office of Grant Accounting (OGA) is informed about cost shared effort applied to sponsored projects, so that total cost share contributions can be tracked.
- Maintaining after-the-fact certified effort reports consistent with the University's Record Retention Policy.

Principal Investigators/Program Directors: Individuals responsible for the following:

- Understanding the principles and policies (Federal and UDC-specific) behind reporting effort expended on sponsored project activities.
- Committing effort on sponsored projects as deemed appropriate for the scope of work at hand and as approved by the relevant Department

Head/Dean/Vice-President and verified by signatures on the OSP Proposal Routing Sheet.

- Ensuring that effort commitments (directly paid or cost shared) are met and that after-the-fact effort reports are completed for all personnel whose effort is committed to or paid by the sponsored project. Both cost shared and compensated effort must be accounted for in the context of the total effort of the individual (100%), using the effort reporting form (Form TE-1, Attachment II).
- Alerting OSP promptly if any concerns arise regarding actual or potential significant changes in PI or key personnel effort applied versus effort committed to sponsored projects or any PI or key personnel absences from sponsored projects.
- Ensuring that after-the-fact effort reports are certified by the relevant employee or someone with a suitable means of verification and are submitted to OSP prior to the due dates (September 1 for the summer term, January 15 for the fall term, and June 1 for the spring term).

Department Chairs, Division Heads, Deans, and Vice Presidents: These individuals are responsible for the following:

- Understanding this Policy and Federal requirements for certifying effort on sponsored programs.
- Ensuring that processes are in place within the unit to identify and capture effort on Federal and Federal flow-through sponsored projects.
- Reviewing effort commitments on proposals to confirm reasonableness and achievability for proposed effort.
- Providing oversight and proper and effective implementation of this Policy in their school/college/unit.

#### F. Failure to Comply with Time and Effort Reporting Policy

If effort reports are not completed, certified, or submitted properly and in a timely manner, OSP will take action to ensure compliance with this Policy. These actions may include, but are not limited to:

- Placing active projects/awards ‘on hold;’
- Adjusting uncertified labor distributions and the effort they represent to non-sponsored accounts as cost share; or
- Barring non-compliant individuals from serving as a PI, and non-compliant units from submitting or administering Federal sponsored projects.

#### **IV. EMPLOYEES OF OTHER DISTRICT OF COLUMBIA AGENCIES**

To the extent the foregoing Policy is relevant to employees of District of Columbia agencies over whom the University lacks personnel authority, the

University will work in good faith with those employees to effectuate adherence to the Policy.

**V. CONTACTS**

University Office of Sponsored Programs

**VI. COMMITTEES REVIEWING/APPROVING PROCEDURE:**

Sponsored Programs Policy Committee  
Audit, Administration and Governance Committee of the Board of Trustees  
Board of Trustees of the University of the District of Columbia

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**HISTORY/REVISION DATES**

**Last Amended Date: July 10, 2014**

**Next Review Date:**