

SPAA Policy Guide

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Introduction

About this Guide

The *Sponsored Programs Accounting and Administration Policy Guide*, effective September 21, 2004, has been developed to assist and support those involved with the administration of sponsored programs at Clemson University. This guide supersedes the previous issue of the Sponsored Programs Policies and Procedures Manual, dated March 25, 2003. People who can benefit from this guide include Principal Investigators, Grants Coordinators and Monitors, Department Chairs, Deans, and Campus Business Officers, although others involved with sponsored programs can also benefit. The guide will help those responsible for any aspect of a sponsored program to correctly plan and document all related activities and purchases. This guide is also available on the Clemson University WEB page under the Division of Financial Affairs/Sponsored Programs Accounting and Administration. Our WEB address is www.clemson.edu/spaa. Hard copy updates will not be issued; however, periodic updates will be provided on the WEB.

What is the Department of Sponsored Programs Accounting & Administration?

The Department of Sponsored Programs Accounting and Administration (SPAA) is part of the Clemson University Division of Financial Affairs and reports directly to the Chief Financial Officer. SPAA oversees the post-award administration of restricted sponsored projects funded from external sources, including the administration of projects awarded to the Clemson University Research Foundation (CURF).

About Sponsored Programs

What is a sponsored program?

A sponsored program is a project, normally in the form of a grant or contract or cooperative agreement that is funded from external sources including federal, state and local governments, or private corporations or foundations. The award of a contract or grant creates a legal relationship to achieve a purpose or objective under specified conditions. The purpose of the award, nature of the relationship established, and control exercised by the awarding agency often make a grant indistinguishable from a contract. However, grants, unlike contracts, do not allow for profit or a fee in excess of actual costs. A chart in the Appendix explains the differences between a grant, a contract, and a cooperative agreement. Sponsoring organizations may grant awards directly to Clemson University, or to the Clemson University Research Foundation (CURF), which subcontracts to Clemson University. The projects are designated as Restricted Current Funds because separate accounts are mandated for each project. These separate accounts document the receipt and expenditure of such funds for the "restricted" purpose or project for which the sponsor intends.

Who is involved in the administration of a sponsored program?

Principal Investigators, Grants Coordinators and Monitors, Department Chairs, Deans, and Campus Business Officers work together with SPAA to meet all contractual obligations and to follow regulations throughout the administration of each sponsored program. Since sponsored programs bring significant financial support to Clemson University, proper administration of such programs increases the University's opportunities for new and renewed grants and contracts.

The Principal Investigator (PI) is principally responsible for the sponsored program. S/he is obliged to comply with the award conditions. SPAA will assist the PI or other departmental personnel, explaining any financial matters that the PI may not understand. Recipients of federal grants and contracts must comply fully with applicable federal requirements, detailed in the following Office of Management and Budget circulars, available online by clicking the titles:

Circular Name	Full Title
A-110	<u><i>Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations</i></u>
A-133	<u><i>Audits of States, Local Governments, and Non-Profit Organizations</i></u>
A-21	<u><i>Cost Principles for Educational Institutions</i></u>

How can SPAA help me?

SPAA serves as a liaison between each project's University Principal Investigator and the sponsoring agency to ensure that the University complies with all financial and non-financial/technical provisions in the terms and conditions of the agreement. As a liaison, SPAA advises appropriate University officials on matters relating to federal, state, and University regulations and ensures that the University complies with all provisions pertaining to contracts, grants, cooperative agreements, and other types of sponsored program agreements.

Most sponsored programs at Clemson University are audited, externally and/or internally. SPAA keeps auditable records and helps the college/department maintain auditable records in support of all direct and facilities and administrative charges to sponsored projects. Because SPAA is the fiscal authority for sponsored projects, this department prepares, records, and submits claims for reimbursement, financial reports, statements, and other non-technical documents required for sponsored projects.

Award Process

Post-Award Administration Overview

When the Office for Sponsored Programs (OSP/Pre-Award) officially accepts an award on behalf of the University, post-award administration begins with the establishment of an account and ends with final closeout/audit of the award. Post-award functions include the following:

- Assignment of account numbers in the Clemson University Business System (CUBS)
- Electronic award notification
- Distribution of copies of award documents
- Identifying invoicing and reporting requirements
- Monitoring expenditures throughout the program
- Online budget amendments
- Processing no-cost time extensions
- Electronic approval of equipment with purchase price of \$5,000 or greater
- Electronic establishment of subcontract purchase requisitions
- Electronic supplemental payment on subcontract purchase orders
- Direct cost reconciliation, and facilities and administrative cost reconciliation
- Invoice preparation and electronic funds draw downs
- Cash management
- Financial reporting
- Federal property reporting
- Patent and invention reports
- Foreign travel approval
- Cost principles interpretation of allowable costs
- Employee Personnel Activity Reports
- Account inactivation and closeout
- Facilitate external and internal audits

Assignment of Accounts

Upon Award Notification

The sponsor will inform the University of the acceptance of a proposal with an award. The award notice must be received by SPAA through OSP before any University accounts (expenditure, budget, revenue, etc.) can be assigned. SPAA will assign an appropriate account number and notify appropriate individuals online.

Prior to Award Notification

Extenuating circumstances may require a department to obtain an account number for a proposed project before it has received the formal award. Principal Investigators may submit a pending account request form (See Appendix) before the sponsor has given

formal award notification. Due to the risk involved, the request must include the following information:

- Pending Account Request Form
- Copy of completed Proposal Processing Form
- Copy of Budget

Notification of Award

When a grant or contract has been awarded, SPAA will send notification online to the project contact person designated by the college/department. The award notice and all contract documents are electronically transmitted to Principal Investigators and college/budget center contacts.

Some federal agencies allow for prior award costs, but many agencies do not. Expenditures should occur within the project timeframe. Costs cannot be honored after the expiration of the contract (end date) unless the sponsor gives an official extension.

Clemson University Business System Access

After the initial award notice, authorized individuals can access the Clemson University Business System (CUBS) project/grant panels to obtain information about their program(s).

Sponsored Programs Process Chart

Principal Investigator	Sponsoring Agency	Office for Sponsored Programs (OSP)	Sponsored Programs Accounting & Administration
Writes proposal			
Submits proposal to Office for Sponsored Programs (OSP)		Assists in proposal development	
		Reviews & approves proposal	
Submits proposal to sponsor		Certifies Drug-Free Workplace, Debarment & Lobbying requirements	
		Certifies Compliance with Human/Animal Subjects, Biohazard/Chemical, and Recombinant DNA Regulations	
	Officially awards grant/contract to the University	Negotiates contracts & subcontracts	
		Accepts award on behalf of Clemson University	
			Receives and logs award from OSP Pre-Award

Sponsored Programs Process Chart (Continued)

Principal Investigator	Sponsoring Agency	Office for Sponsored Programs (OSP)	Sponsored Programs Accounting & Administration
			Assigns a unique account number and completes a project checklist
			Establishes project online and sets up file
Starts research and spending			
Monitors and reports project expenditures and progress			Sets up invoicing process in CUBS AR/Billing
			Reviews Project File
			E-mails Advance Report Schedule to PI
			Prepares invoices/financial reports as necessary
			Sends out 90-Day Advance Closeout Notification
			Closes account to final expenses
			Prepares final invoice and financial reports, and closeout documents
			Sends final report reminder to PI and financial reports to sponsor
Prepares final technical report			
	Accepts project as completed according to contracted terms		
	Conducts comprehensive final closeout audit		Conducts comprehensive final closeout audit
			Archives file

Small-Restricted Receipts

The Office for Sponsored Programs (OSP) reserves **the right to determine if an individual** project "receipt" activity must be processed and administered as a separately assigned project account number for proper stewardship purposes.

1. When to use Small Restricted Receipt (SRR):

To document receipt and use of funds from an organization/individual when a check is received along with a cover letter or oral discussion and no other contractual document is forthcoming for execution. The Responsible Person for the project/SRR activity must forward all documents and correspondence pertinent to the project/SRR activity. (See Appendix)

2. Limitations/ Understandings:

- a. Total value for each check will be no greater than \$10,000. Incrementally funded awards should not exceed \$10,000 as a cumulative total.
- b. Not appropriate for situations requiring signature acceptance/execution by authorized institutional official.
- c. Funds strictly limited to the restricted use for which they were received—**surplus cash balances are not to be accumulated.**
- d. Not available for Federal or State Funds.
- e. The Responsible Person for the SRR activity must separately address appropriate compliance issues related to said SRR activity and shall bear all responsibilities thereof. Compliance issues include but are not limited to: human subjects, animal care, bio-safety, chemical hazards, radiation safety, controlled substances, Technology Transfer, Conflict of Interest, etc.
- f. The Responsible Person for the SRR activity must forward all documents and correspondence submitted or received pertinent to the SRR activity.
- g. Not available for purchase orders. The receipt of purchase orders as part of the SRR process is not appropriate. Purchase orders from a private company contain (typically on reverse side) conditions that are inappropriate, e.g. "Warranty of goods or services", "Insurance Coverage", or unacceptable, e.g. "Indemnification/Hold Harmless", in a university setting. Research proposals that culminate in a purchase order should be submitted through standard review offices prior to submission to the private company.

3. Requirements:

- a. College must assign a person out of the Dean's office to coordinate and prepare the proper paper work coming to the OSP in reference to Small Restricted Receipt.
- b. College must keep individual receipt accounting. Expenditures are

- reviewed by the Office of Internal Auditor with the same standards applicable to all restricted accounts.
- c. College is responsible for reconciliation of receipts to the Statement of Change monthly and at year-end. The Statement of Change is the Control Document for receipt and budget processing, i.e.; it must be recorded as a receipt on the Statement of Change before process action begins.
 - d. All checks must be deposited upon receipt.
 - e. For purpose of "Sponsored Programs Activity Report" year-end credit for Small Restricted Receipts will be given only to those SRR that have been documented by receipt and properly budgeted.
 - f. The College will assume the responsibility for any fiscal accountability, and/or technical reports if required by the sponsor and will have the authority to implement any necessary processes to insure proper stewardship.

The Small Restricted Receipt Form is located in the Appendix. Questions concerning Small Restricted Receipts should be directed to the Office for Sponsored Programs at 656-2424.

Project Costs

Direct Costs

According to Office of Management and Budget Circular A-21, direct costs are those costs that can be identified specifically with a particular sponsored project, an institutional activity, or that can be directly assigned to such activities relatively easily and with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or facilities and administrative costs (formerly indirect costs). Where an institution treats a particular type of cost as a direct cost of sponsored agreements, all costs incurred for the same purpose in like circumstances should be treated as direct costs of all activities of the institution. Itemized direct costs are line items specified in the grant or contract. They can include direct salaries of persons working on the grant, applicable fringe benefits, travel directly associated with the project, supplies specifically used on the project, contractual services, and equipment. **The PI or his/her designee must sign all vouchers used to process direct costs.** A designee must possess technical knowledge of the research being performed.

In order for a cost to be charged as a direct cost, it must be allowable. To be considered allowable, the cost must meet all of the following federally assigned criteria:

1. It must be reasonable.
2. It must be allocable to sponsored agreements under the principles and methods provided herein.
3. It must be given consistent treatment through the application of generally accepted accounting principles appropriate to the circumstances.
4. It must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to the types or amounts of cost items.

Direct Cost Terminology

Relatively easily—Assigning a cost relatively easily does not take a lot of time; most people can comprehend/relate to the allocation method; and the benefit to the project is evident.

High degree of accuracy—Identifying a cost with a high degree of accuracy shows a one-to-one relationship of the cost to the project, and there is a distinct and actual measurement.

Reasonable—A cost is reasonable if the nature and amount involved reflect the action that a prudent person would have taken.

Allocable—A cost is allocable if it is incurred solely to advance the work under the sponsored agreement; it benefits the sponsored agreement and other work of the institution; or it is necessary to the overall operation of the institution and is deemed to be assignable in part to sponsored projects.

Description of Direct Personal Services

The University's payroll system is based on the "percent of effort" concept. Federal regulations require each individual receiving salary support from a sponsored project to sign an after-the-fact certification of the effort distribution.

Unclassified Salaries—Exempt

Faculty

Faculty members are compensated based on a nine-month or twelve-month salary depending on their appointment. Twelve-month faculty members are paid biweekly based on their annual salary. Nine-month academic-year salaries are paid in 20 equal installments for the period August through May.

Summer Pay for Nine-month Faculty

Summer pay is based on the faculty member's regular compensation for the continuous period that constitutes the basis of his or her salary. Faculty members on nine-month appointments are eligible for summer salaries. They are compensated at the same rate as the base period for the immediately preceding academic year, but compensation cannot exceed one-third of the nine-month rate for the entire summer. NSF allows only two-ninths of the academic year salary for summer pay. For part-time work or work during only part of the summer period, compensation will be adjusted proportionally.

Classified Staff

Exempt Staff

Exempt staff may be professional or administrative. They are paid an annual salary on a biweekly basis and are not eligible for overtime, but are eligible for specific fringe benefits. Annual and sick leave may be accrued, and the accrual rate of annual leave depends on the length of service. Sick leave is a fixed amount of time credited monthly.

Non-exempt Staff

Non-exempt staff may be professional or administrative. They are paid an annual amount for a 37.50-hour week or portion thereof. If they work more than 40 hours in one week, they are eligible for overtime at one and one-half times their normal hourly compensation or compensatory time at time and one-half. Non-exempt staff members are eligible for specific fringe benefits. Non-exempt staff members accrue annual and sick leave. The rate of accrual for annual leave depends on the length of service, and sick leave is a fixed amount of time credited monthly.

Graduate Assistant Salaries

Each individual college or department sets compensation for graduate research and teaching assistants. They are paid a fixed amount for their overall contribution of effort, not on an hourly basis. They are eligible for coverage of worker's compensation but are not eligible for other fringe benefits.

Salaries and Wages—Other

Temporary employees are staff members who work a limited period of time based on their appointment. In some cases, they are eligible for certain fringe benefits, but not annual and sick leave.

Student employees are staff members who work a limited period of time based on their appointment. In most cases, they are paid an hourly wage and are eligible for worker's compensation only.

Temporary Grant Position Salaries

Temporary Grant Positions are created for technical, professional, and/or clerical staff employed for sponsored projects; the position must be identified in the budget as such and continue for the duration of the project. The project must be awarded before a temporary grant position can be established.

Annual, Holiday, and Sick Leave

Annual, holiday, and sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made.

Intra-University Consulting (Dual Employment)

Clemson University policy normally prohibits employees from serving as paid consultants on intra-University programs. Personnel commitments necessary to perform intra-University-consulting activities are within normal job responsibilities unless the conditions listed below apply. Office of Management and Budget Circular A-21 permits faculty members in unusual cases to receive extra pay on a sponsored research agreement when they serve as consultants on a training or research grant for which another faculty member in another department is the PI. Prior approval by the granting agency, the affected University departments, and the State Division of Human Resource Management is required. The PI must prove that consulting services are essential and cannot be provided by persons already budgeted for salary support on the grant or by departmental personnel. **The consulting work performed must be in addition to the University employee's established duties.**

Before extra pay for intra-University consulting can be approved, **all** of the following conditions must exist:

1. The work performed is in addition to the regular departmental load. (The regular departmental load is as defined and documented by the individual's college or department.)
2. The consultation crosses departmental lines or involves a separate or remote operation.
3. The granting agency gives written prior approval.

Payroll Charges for Grant and Contract Account Numbers. The payroll system is both a time and an effort reporting system. When grants and contracts are involved, the effort reporting takes on major significance. A number of federal regulations must be met in order to satisfy audit guidelines. There are basically three ways in which the University system reports effort:

1. The originating *Personnel Data Entry Form* should reflect the budgeted account number(s) for the position. If these account numbers are correct and in the proper distribution, the effort is reported accurately and no adjustments are necessary.
2. Pay sheets reflect the current distribution in the payroll master file for each employee. Changes to account numbers and distributions are permitted and encouraged on the pay sheets. By making these changes on the pay sheets, proper and timely effort reporting is enhanced.
3. Payroll charges generated from the pay sheets are shown on the ***Payroll Voucher Report***. The final opportunity to correct improper effort reporting is to correct those charges by means of the *WEB Payroll Correction Form*. After the charges have posted you can see the detail on the PI Report.

Frequent communication among faculty members, Principal Investigators, and departmental payroll staff is required to ensure good effort reporting and to avoid unnecessary corrections. Each department must develop proper communication channels and address problem areas. The following instructions apply to the effort certification process:

- a. Secure a valid account number in advance for payroll charges. Monitor the monthly Budget Status Report for funds depletion, and be prepared to change account numbers when necessary.
- b. Report effort properly on the pay sheet to avoid making corrections later. Again, good departmental communication is essential. Payroll charges to incorrect accounts (especially state funds) and later corrections to grant accounts are difficult to defend in an audit and could cause charges to be disallowed.
- c. When absolutely necessary, payroll corrections should be made as quickly as possible and should not accumulate for several months. Corrections more than 120 days from the date of the original charge require vice presidential approval. A complete, reasonable, written justification for the correction is required. It is difficult to prove the department did not know whose effort was expended at the time of actual performance but does know three or four months later. All payroll corrections involving grant and contract accounts must be accompanied by documentation to substantiate the correction.

Budget Categories for Direct Costs

Clemson University maintains budget categories as follows:

Classified Salaries (CLASS)

Includes technical, professional, and clerical personnel employed permanently in a state pay-graded position.

Unclassified Salaries (UCLASS)

Includes faculty and executive staff not in a state pay-graded position; NIH has an annual salary cap of \$171,900 per individual for an allowable direct cost salary charge. The amount paid in excess of the \$171,900 rate must be recorded as cost sharing. NSF allows only two ninths of the academic year salary for summer pay.

Graduate Salaries (GRAD)

This category is for graduate students on a teaching or research assistantship.

Hourly Salaries (WAGES)

Includes graduate and undergraduate students paid on an hourly basis. Technical, professional, and clerical staff members employed for a specific limited period of six months or less are classified as temporary personnel and are paid on an hourly basis.

Fringe Benefits (FRINGE)

Fringe benefits are allowable as a direct cost in proportion to the salary charged to the grant in conformity with applied organizational policies. Specific fringe benefits charged to grant and contract accounts include Social Security, South Carolina retirement, health insurance, dental insurance, unemployment insurance, and worker's compensation insurance.

Travel (TRAVEL)

When project personnel employed on the project must engage in travel for sponsored project purposes, their expenses for transportation, lodging, subsistence, and related items are allowable, unless restricted in the project award document. First class air accommodations are unallowable, except when customary standard airfare would:

1. Require circuitous routing; require travel during unreasonable hours;
2. Require excessively prolonged travel;
3. Greatly increase the duration of the flight;
4. Result in increased costs that would offset transportation savings; or
5. Result in accommodations not reasonably adequate for the medical needs of the traveler.

The PI must document the relevant condition(s), which justify airfare costs in excess of the customary standard commercial airfare, e.g., use of first-class airfare, on a case-by-case basis.

Foreign travel requires **prior** approval by the sponsor. **If approval is not obtained in advance, foreign travel expenses may be disallowed on the grant or contract account.**

Foreign travel is any travel outside the United States, its territories and possessions, and Canada. Requests for foreign travel to be charged to a grant account must be forwarded to SPAA for necessary approvals. When sponsor approval is necessary, the PI should allow sufficient time to submit the forms to the sponsor and to receive necessary approvals before the travel begins.

In addition, the University is required to follow the *Fly American Act*. The University agrees to use United States-flag air carriers to transport personnel and property when costs are charged directly to the project. This includes any air transportation to, from, between, or within a country other than the United States when U.S.-flag air carriers are available even though the following may exist:

1. Comparable, or a different kind of service can be provided at less cost by a foreign-flag air carrier;
2. Foreign-flag air carrier service is preferred by, or is more convenient for, both the agency or traveler; or
3. Service by a foreign-flag air carrier can be paid in excess foreign currency.

The following rules apply unless their application would result in the first or last leg of travel from or to the U.S. being performed by a foreign-flag air carrier:

1. A U.S.-flag air carrier shall be used to destination or, in the absence of direct or through service, to the farthest interchange point on a usually traveled route;
2. If a U.S.-flag air carrier does not serve an origin or interchange point, a foreign-flag air carrier shall be used only to the nearest interchange point on a usually traveled route to connect with a U.S.-flag air carrier; or
3. If a U.S.-flag air carrier involuntarily reroutes the traveler via a foreign-flag carrier, the foreign-flag air carrier may be used notwithstanding the availability of alternative U.S.-flag air carrier service.

Use of a foreign-flag air carrier is permissible to and from the United States if the airport abroad is:

1. The traveler's origin or destination airport, and use of U.S.-flag air carrier service would extend the time in a travel status by at least 24 hours more than travel by a foreign-flag carrier; or
2. An interchangeable point, and use of U.S.-flag air carrier service would require the traveler to wait six hours or more to make connections at that point, or would extend the time in a travel status by at least six hours more than travel by a foreign-flag air carrier.

Use of a foreign-flag air carrier is permissible for travel between points outside the United States if travel by a

1. Foreign-flag air carrier would eliminate two or more aircraft changes en route;
2. U.S.-flag air carrier would extend the time in a travel status by at least six hours more than travel by a foreign-flag air carrier.

For all short distance travel, regardless of origin and destination, use of a foreign-flag air carrier is permissible if the elapsed travel time on a scheduled flight from origin to destination airport by a foreign-flag air carrier is three hours or less and service by a U.S.-flag air carrier would double the travel time.

Communications (OTHER)

Long distance telephone charges, postage for special bulk mailings, Federal Express or UPS charges that are directly incurred for the benefit of the sponsored project are allowable. Local phone calls, service, or installation costs should not be charged to sponsored projects. The long distance charges must be documented.

Publication Costs (OTHER)

Costs for publishing results of research are allowable.

Working Meals and Coffee Breaks (OTHER)

Meals/breaks that are an integral and necessary part of a conference (where business is transacted) are allowable. In some instances sponsors require approval. Please check with SPAA for specific guidelines.

Other Direct Costs (OTHER)

Photographic services, computer charges, animal care, and shop charges are allowable. In order to charge copies made on department copiers, a metering system must be used and all users must be consistently charged at the same rate.

Supplies, Contractual Services and Miscellaneous Expenses

Competition in Procurement Transactions

All procurement transactions must provide open and free competition to the maximum extent practical. The PI and others involved in purchasing project supplies and equipment should remain alert to organizational conflicts and noncompetitive practices among contractors, when these may restrict or eliminate competition or otherwise restrain trade. Contractors who develop or draft specifications, requirements, statement of work, invitations for bids and/or requests for proposals are excluded from competing for such procurements. Awards shall be given to the bidder whose bid is responsive to the solicitation and is most favorable to the recipient, considering price, quality and other factors. Solicitations must clearly communicate exactly what must be included in a submitted bid before it can be evaluated. Any and all bids or offers may be rejected when rejection is in the recipient's interest. This group of transactions includes supplies, computer services, contractual services, telephone, subcontracts and miscellaneous expenditures as follows:

1. *Materials and Supplies*: The costs of materials and supplies (tangible personal property other than equipment, having an acquisition cost of less than \$5,000 per unit, and a useful life of less than one year) necessary to carry out the project are allowable as prescribed in the governing cost principles.
2. *Scientific/Technical/Special Purpose Software*: Special purpose software used only for research, medical, scientific, or other technical activities is allowable: Examples include molecular simulation software, data acquisition software, chemical structure software, graphics software, and technical drawing software.
3. *Special Purpose/Scientific/Technical Supplies*: Special purpose supplies used only for research, medical, scientific, or other technical activities are allowable. Examples include fuses, chemicals, thermocouples, lab notebooks, and glassware.
4. *General Office Supplies*: General office supplies are not normally charged to sponsored projects and are considered unallowable. Examples of general supplies used in an office for routine activities include copy paper, printer toner cartridges, pens, labels, file folders, calculators, telephones, answering machines, file cabinets, and bookcases.

5. *General Office Software*: General software used in an office for a routine activity is not normally charged to sponsored projects and is considered unallowable. Examples include word processing packages, spreadsheets, and general databases.
6. *Computer Costs*: The costs of leasing automated data processing equipment are allowable, up to an amount the grantee would be allowed had it purchased the equipment, and to the extent the rates are reasonable according to factors such as those described in *Federal Acquisition Regulations* (FAR) Subpart 31.205-36. Leasing should be clearly identified in the project budget.
7. *Consultant Services*: Costs of legal, accounting, and consulting services, and related costs incurred in connection with organization, defense of antitrust suits, and the prosecution of claims against the government are unallowable. Costs of legal, accounting, consulting services, and related costs incurred in connection with patent infringement litigation are unallowable unless otherwise provided for in the grant. Consultant costs should be itemized in the proposal budget. Costs of qualified professional consultants who are not officers or employees of Clemson University are allowable when reasonable in relation to the services rendered. The employment of consultants must follow written organizational procedures that comply with governing federal cost principles, the expense must be within the limits of the grant funds, and reallocations must comply with the grantee's policies. Some federal agencies restrict the amount that consultants may be paid on federally funded projects to the daily equivalent of an ES-4 federal employee. The compensation limitation to the level of an ES-4 is the limit for personal compensation exclusive of facilities and administrative costs, travel, per diem, clerical services, vacation, fringe benefits, and supplies which may be allowed as appropriate. Consultant travel should follow federal guidelines as previously explained under Travel. Contact SPAA before committing to a consultant or incurring expenses.
8. *Meetings and Conferences*: For federally sponsored programs, the costs of meetings and conferences are allowable when the primary purpose is the dissemination of technical information; however, some individual sponsors do not allow these costs. Be sure to review the project agreement, consult the sponsor, or contact SPAA before incurring expenses. These expenses must be specified in the original proposal, even for federal sponsors. The following costs are generally allowed by most sponsors:
 - a. *Conference Facilities*: Rental of facilities and necessary equipment is allowable.
 - b. *Supplies*: The purchase of expendable materials and supplies necessary for the meeting is allowable.
 - c. *Conference Services*: Costs of translation services, and of recording and transcribing the proceedings, are allowable.
 - d. *Publication Costs*: Costs of publishing the proceedings are allowable only if prior approval, in writing, has been given by the sponsor.
 - e. *Salaries*: Salaries of professional personnel are allowable only in proportion to the time or effort devoted to the preparation and conduct of the conference and summarizing its results.
 - f. *Consultant Services and Speaker Fees*: Reasonable fees and travel allowances are allowable.

- g. Meals and Coffee Breaks: When certain meals are an integral and necessary part of a conference (i.e., when there are time restrictions and business must be transacted during lunchtime and meals are ordered in), grant funds may be used for such meals. **Meals at a local restaurant with the conference presenter are not considered working meals.** Grant funds may also be used for furnishing a reasonable amount of coffee and soft drinks to conference participants and attendees during periodic coffee breaks. **An agenda should be included with the direct purchase voucher.**
9. Memberships, Dues, Subscriptions: Professional personal memberships, dues, and subscriptions are not normally charged to sponsored projects. If the sponsor specifically requires and or mandates them, they may be charged as a direct cost.
10. Recruiting/Relocation Costs: Advertising costs, travel costs and relocation costs of applicants are allowable recruitment costs. However, if the newly hired employee resigns for reasons within his/her control within twelve months after hire, the University is required to refund such costs to the federal government.

Subcontracts (SUBCON)

Subcontracts are issued to a third party when projects require expertise and/or facilities not available at Clemson University. The third party organization must be identified in the approved proposal budget. (See the section titled "Subcontracts" in the Project and Grant Management Section for further details.)

In determining the allowability of subcontract costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors, among others, are relevant:

- a. The nature and scope of the service rendered in relation to the service required;
- b. The necessity of contracting for the service, considering the organization's capability in the particular area;
- c. The past pattern of such costs, particularly in the years prior to the award of government contracts and grants;
- d. The impact of government contracts and grants on the organization's total activity (i.e., what new problems have arisen);
- e. Whether the proportion of government work to the organization's total activity is such as to influence the organization in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under government contracts and grants;
- f. Whether the service can be performed more economically by employment rather than by consulting;
- g. The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-government contracts and grants; and
- h. The adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

In addition, to be allowable, retainer fees must be supported by evidence of bona fide services available or rendered.

Participant Support Costs (PARTSP)

Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia, or training projects. **Participant support costs for students or other external participants (teachers, workshop attendees, or students from other universities) may not be charged as a payroll cost.**

No participant support allowance may be paid to persons receiving compensation, directly or indirectly, from other federal sources.

To help defray the costs of personal maintenance while participating in a conference or training activity, participants may be paid a stipend, per diem, or subsistence allowance, based on the type and duration of the activity, as outlined in the pertinent program announcement and in the award instrument. Such allowances must be reasonable, in conformance with the usual policy of the grantee organization, and limited to the days of attendance at the conference plus the actual travel time required to reach the conference location by the most direct route available. If meals or lodging are provided without charge or at a nominal cost (e.g., as part of the registration fee), the per diem or subsistence allowance will be correspondingly reduced.

Payments made directly to or for the benefit of the participant, which are substantiated, are not reportable to the Internal Revenue Service. Direct payments to or payments made on behalf of a nonresident alien are reportable to the Internal Revenue Service. Direct payments such as stipends or allowances paid without substantiation that exceed \$600 annually are reportable to the Internal Revenue Service on Form 1099. Specific budget codes must be used for these costs.

Although local participants may participate along with other participants in conference meals and coffee breaks, grant funds may not be used to pay per diem or similar expenses for local participants in the conference. This applies even if they are serving as hosts or otherwise participating at meals that are primarily social occasions involving speakers or consultants.

Costs of amusement, diversion, social activities, ceremonials, and incidental costs related thereto, such, as bar charges and personal telephone calls of participants or guests are unallowable.

Student Aid (STUAID)

This represents money given for a student's tuition, stipends, books and support material.

Equipment (EQUIP)

Scientific/Technical (special purpose) equipment that is actually used for the performance of the sponsored agreement is allowable. It should be listed in the project budget prior to processing. The federal definition of equipment, adopted by Clemson University, is "an article of non-expendable tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more." Some sponsors require prior approval for equipment purchases. Please review the grant agreement or contact SPAA before

purchasing equipment, to ensure the costs are allowable. All equipment purchased on sponsored projects is considered property of Clemson University, unless otherwise specified by the sponsor.

Expenditures for special purpose equipment are allowable as direct costs, provided the acquisition of items with a unit cost of \$5,000, or more, is:

- a. Necessary for the research supported by the grant;
- b. Not reasonably available and accessible;
- c. Of the type normally charged as a direct cost to sponsored agreements; and
- d. Purchased in accordance with institutional policies and procedures.

All equipment should be ordered well in advance of the end date to ensure that the purchase is necessary for the performance of the research supported by the project. If equipment is ordered during the last ninety days of the project, the Principal Investigator should include a justification on the requisition. If for any reason equipment that has been ordered in good faith will not be received until after a project has terminated, or will be received too late in the project for effective use, all reasonable effort must be made to cancel the order or to charge the equipment to other funds.

General office equipment, used in an office for routine activities, such as fax machines, copiers, modems, and computers/upgrades are not allowable.

Facilities and Administrative Costs (FACADM - Formerly Indirect Costs)

When the Office of Management and Budget revised A-21 in May 1996; indirect costs were renamed facilities and administrative costs. Facilities and administrative costs are defined as those costs that are incurred for common or joint objectives of the University and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. These costs are comprised of a number of components. Facilities include depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses. Administration includes general administration and general expenses, departmental administration, and sponsored projects administration.

At the college and department level, salaries of administrative and clerical staff and items such as office supplies, postage, local telephone costs, and institutional memberships are normally treated as facilities and administrative costs. Costs normally treated by the University as facilities and administrative costs may be charged to a sponsored project when ALL of the following conditions are met:

1. The cost can be **readily identified specifically with the project with a high degree of accuracy;** and
2. The **costs are incurred for a different purpose or circumstance;** and
3. The cost is **explicitly "line-item" budgeted, with written justification, and awarded;**

- a. The cost is separately budgeted in the proposal budget (Note that for certain fixed-price funding arrangements the sponsor does not require a detailed budget; however, the internal budget should reflect the cost.
- b. The budgeted amount reflects a realistic estimate of the cost and, in the case of salary, the percent of effort;
- c. A reasonable justification is given for the cost. In the case of federal agency sponsors the "Budget Justification" section of the proposal should state that the costs are normally treated as facilities and administrative costs by the institution, but are being requested due to a special purpose or circumstance; an explanation of the special circumstance should be clearly outlined in the "Budget Justification";
- d. The sponsor approves the item in the award. The University relies on the judgment of the Principal Investigator and other responsible officials to determine whether these circumstances exist for a particular project, and requires that proposed direct charges for these costs be fully justified to sponsoring agencies in grant applications and contract proposals. If the sponsoring agency accepts the cost as part of the direct project budget (i.e. does not specifically disapprove the item in the award or other notification to the University), then the University will consider the cost an appropriate direct cost of the project. Conversely, if the sponsoring agency specifically disapproves the cost, the University relies on the sponsor's judgment that the cost did not meet the criteria for direct charging and will treat the cost as an indirect cost as appropriate. It is the Principal Investigator's responsibility to notify the Office for Sponsored Programs of any changes made to the proposed budget in pre-award negotiations with the sponsor in which OSP did not participate.

Note that the determining factor in classifying salaries of administrative and clerical staff as direct costs must relate to the **different** work they perform to meet the exceptional requirements of the project as compared to that of administrative and clerical staff who perform work related to routine departmental or general institutional administration. Generally, a project that requires **more** of the same type of administrative support as that required for routine departmental or institutional administrative support would **not** meet the criteria for unlike circumstances.

Direct charging of these costs may be appropriate where a major project or activity explicitly budgets for administrative or clerical services and individuals involved can be identified with the project or activity. With the sponsor's specific approval, these costs that are normally treated as facilities and administrative costs, may be charged directly to a sponsored project in unlike circumstances such as:

1. **Projects Involving Large, Complex Programs.** Large, complex programs, where size, nature and complexity of the activity go well beyond the normal departmental support or there is a functional difference in work by individuals in the same job class. Examples include program project grants, center grants, and other sponsored agreements and contracts that entail assembling and managing teams of investigators.
2. **Projects Which Involve Extensive Data Management.** Projects that involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging,

- searching literature, and reporting. For example, if a project requires substantial mailing expenses in the performance of the project activities or technical work, postage should be charged as a direct cost of the project.
3. **Geographically Inaccessible Projects.** Projects that are geographically inaccessible to normal departmental administrative services.
 4. **Projects That Require Travel and Meeting Arrangements.** Projects that require travel and meeting arrangements such as, but not limited to, conferences, continuing education, workshops and seminars for large numbers of participants.
 5. **Projects Involving Extensive Reports.** Projects whose principle focus includes the preparation and production of manuals, large reports, books and monographs (excluding routine progress and technical reports), software and multimedia material.
 6. **Projects Involving Other Specific Requirements.** Individual projects requiring project-specific database management; individualized graphics or manuscripts preparation; human or animal protocol, IRB preparations and/or other project-specific regulatory protocols; and multiple project-related investigator coordination and communication.

Direct Cost Disallowances

The Principal Investigator is responsible for ensuring that expenditures are valid and allowable according to the terms of the grant or contract. However, there are several reasons for cost disallowances, listed below:

1. Costs were incurred prior to the start date of the grant or contract without the sponsor's permission.
2. Office furniture or general-purpose supplies and equipment, such as calculators, computers, refrigerators, or air conditioners, were purchased without prior approval of the sponsoring agency.
3. Expenditures were transferred from one grant to another to correct for cost overruns or avoid unexpended balances.
4. Services were subcontracted without sponsor approval.
5. Project funds were used to generate income without prior sponsor approval and an agreement regarding the disposition of those funds.
6. The scope of the project was changed without notifying the sponsor.
7. Funds were excessively re-budgeted without sponsor approval. (Tolerance for re-budgeting varies; some sponsors allow no re-budgeting.)
8. Delinquent return of the *Employee Personnel Activity Report* (EPAR) for effort certification.
9. More effort was charged to the grant than was actually committed to the grant.
10. The project director was absent for more than three months without notifying the sponsoring agency 30 days prior to the absence.
11. The project director was changed without requesting permission from the sponsor.
12. A pay rate higher than base salary and/or consulting fees to recipient staff was authorized.
13. Effort was not appropriately reflected on the Employee Personnel Activity Report (EPAR) based on actual performance of the individual.
14. Money was spent for major equipment purchases during the last 90 days of the grant.

15. More than \$5,000 was spent for equipment or remodeling without sponsor approval, unless authorized to do so in the award.
16. Unexpended balances were used within the last 60 days of the grant account to stockpile supplies for unnecessary miscellaneous costs, or for other excessive spending.
17. Foreign travel was charged to the grant without prior approval from the sponsor.
18. Unrelated costs were charged to the grant. For example, travel costs of faculty not named on the grant, salary costs for effort performed on other projects, or reimbursing a department for deficits incurred on an earlier grant.
19. Costs were incurred after termination of the sponsored project.
20. Facilities and administrative costs were transferred to direct costs without sponsor approval.

Costing Reference Chart

The Costing Reference Chart is a guide for charging expenditures to sponsored agreements and for costs charged to institutional accounts included in the University's Facilities and Administrative Cost Allocation Plan (Indirect Cost Study).

Normally Allowable Direct Costs are those costs that are easily and specifically identifiable by function with a particular sponsored project with a high degree of accuracy. Field 2 of the current account structure is used to identify the program. These generally include instruction, research, and public service.

Conditional Allowable Direct Costs are costs that are not normally charged to sponsored agreements. They may be charged under unique circumstances and must be clearly identified in the proposal budget and may require specific approval by the sponsor.

Facilities & Administrative Costs (Indirect Costs) are costs that are included in the University's Facilities and Administrative Cost Allocation Plan and are not appropriate for direct costing to a sponsored project. **These accounts normally pay for costs that are associated with the overhead of sponsored agreements.** Included in these accounts are state appropriations and other institutional accounts.

Generally Unallowable Costs are costs that cannot be charged directly to a sponsored project. If these costs are charged to an institutional account, they must be removed from the University's Facilities and Administrative Cost Allocation Plan.

Amendment of Facilities and Administrative Cost Rate

If the amount of facilities and administrative costs to be charged to a sponsored project changes from the amount specified in the proposal and/or grant or contract award, the following guidelines apply to all agreements, cost-reimbursement and fixed price.

Fixed Facilities and Administrative Cost Rate on Federal Programs

Federal agencies shall use the negotiated rates for facilities and administrative costs in effect at the time of the initial award throughout the life of the sponsored agreement. "Life" for the purpose of this subsection means each competitive segment of a project. A

competitive segment is a period of years approved by the federal funding agency at the time of the award. If the negotiated rate agreement does not extend through the life of the sponsored agreement at the time of the initial award, then the negotiated rate for the last year of the sponsored agreement shall be extended through the end of the life of the sponsored agreement. Award levels for sponsored agreements may not be adjusted in future years as a result of changes in negotiated rates.

Predetermined Rates for Facilities and Administrative Cost

Public Law 87-639 (76 Stat. 437) authorizes the use of predetermined rates in determining the "indirect costs" (facilities and administrative costs) applicable under research agreements with educational institutions. The stated objectives of the law are to simplify the administration of cost-type research and development contracts (including grants) with educational institutions, to facilitate the preparation of their budgets, and to permit more expeditious close-out of such contracts when the work is completed. In view of the potential advantages offered by this procedure, negotiation of predetermined rates for facilities and administrative costs for a period of two to four years should be the norm in those situations where the cost experience and other pertinent facts available are deemed sufficient to enable the parties involved to reach an informed judgment as to the probable level of facilities and administrative costs during the ensuing accounting periods.

Amendment of Facilities and Administrative Cost Base

If a sponsored program contract is modified to increase direct costs, the same administrative offices that approved the original budget in accordance with the terms of the grant or contract must authorize it. If the approved revision increases the direct costs on which the allowable facilities and administrative cost recovery is based, the budget for facilities and administrative costs will be increased accordingly. A decrease in direct costs does not require an amendment to budgeted facilities and administrative costs unless the sponsoring agency, upon request by the University, authorizes the re-budgeting of funds from facilities and administrative costs to direct cost categories.

Cost Sharing/Matching

Some sponsored projects require that the University participate to some extent in the total cost of the project. Cost sharing or matching represents the use of institutional funds to supplement project costs not borne by the sponsoring agency. Matching is usually a specific mandated amount/percentage of the total project costs that is predetermined by the sponsoring agency. Cost sharing, on the other hand, may or may not be required by the sponsoring agency and is negotiable. If cost sharing is proposed in the budget or in the proposal narrative, it should be documented and may or may not be reported to the sponsor; however, **departments are required to maintain records for mandatory and non-mandatory cost sharing.**

Cost sharing may be met from the following sources:

- A. University funds provided for the benefit of the specific project

- B. Non-funded or waived facilities and administrative costs—This must be approved by the sponsor and the VP for Research.
- C. Another sponsored project account—This is rare and allowable only if approved by both sponsors. **Note that federal funds may not be used as cost sharing on other federal projects.**
- D. Third-party contributions. This is support from a non-University source.

OMB Circular A-110 provides the following information concerning cost sharing:

A. All cost sharing must meet all of the following criteria:

- 1. Costs are verifiable in the University's official records
- 2. Costs are not used as cost sharing for any other sponsored program
- 3. Costs are necessary and reasonable for proper and efficient accomplishment of project or program objectives
- 4. Costs are allowable under the applicable cost principles (OMB Circular A-21)
- 5. Costs are not paid by the federal government under another award, except where authorized
- 6. Costs are itemized in the approved budget when required by the sponsor
- 7. Costs are incurred during the effective dates of the grant or contract

B. Unrecovered facilities and administrative costs may be included as part of cost sharing only with the prior approval of the sponsor.

C. Values for University contributions of services and property shall be established in accordance with the applicable cost principles. If a Federal awarding agency authorizes recipients to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of (1) or (2).

- 1. The certified value of the remaining life of the property recorded in the University's accounting records at the time of donation.
- 2. The current fair market value. However, when there is sufficient justification, the Federal-awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the certified value at the time of donation to the project.

D. Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the University. In those instances in which the required skills are not found in the University, rates shall be consistent with those paid for similar work in the labor market in which the recipient competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

- E. When an employer other than the University furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.
- F. Donated supplies may include such items as expendable equipment, office supplies, laboratory supplies, or workshop and classroom supplies. Value assessed to donated supplies included in the cost sharing or matching share shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.
- G. The method used for determining cost sharing or matching for donated equipment, buildings and land for which title passes to the University may differ according to the purpose of the award, if (1) or (2) apply
 - 1. If the purpose of the award is to assist the University in the acquisition of equipment, buildings or land, the total value of the donated property may be claimed as cost sharing or matching.
 - 2. If the purpose of the award is to support activities that require the use of equipment, buildings or land, normally only depreciation or use charges for equipment and buildings may be made. However, the full value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the federal awarding agency has approved the charges.
- H. The value of donated property shall be determined in accordance with the usual accounting policies of the University, with the following qualifications:
 - 1. The value of donated land and buildings shall not exceed its fair market value at the time of donation to the recipient as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the recipient.
 - 2. The value of donated equipment shall not exceed the fair market value of equipment of the same age and condition at the time of donation.
 - 3. The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately owned building in the same locality.
 - 4. The value of loaned equipment shall not exceed its fair-rental value.
 - 5. The following requirements pertain to the recipient's supporting records for in-kind contributions from third parties.
- I. Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the University for its own employees.

The basis for determining the valuation for personal service, material, equipment, buildings and land shall be documented.

Each department must maintain adequate cost sharing records in accordance with the sponsor's fiscal requirements as stated in the agreement. SPAA requires all departments to establish cost sharing accounts in the University's accounting information system to the fullest extent possible. The department or college must prepare a budget amendment that decreases a departmental account and increases the cost sharing account by equal amounts.

Cost sharing accounts will be setup and used to document proposed cost share to the fullest extent possible; however, if a separate cost sharing account is used, the department must query on the account and submit the portion that pertains as cost share for the project to SPAA. All certifications and related records must still be available for audit purposes. **Cost sharing above the proposed amount should be documented and recorded for the life of the project.**

When cost sharing is certified using departmental accounts, the effort must be the same as the sponsored project. In other words, if the sponsored project is research, the certified account should be a research account. When using this method to document cost sharing, field 2 of the cost sharing account must be the same as the project account.

It is very important that the departments/colleges provide cost sharing information to SPAA as quickly as possible since delays in reporting costs to the sponsor cause delays in receiving payments from the sponsor. Required information should be sent no later than the 20th of the month following the close of the reporting period.

The department must provide all cost sharing information to SPAA if cost sharing was proposed to the sponsor. In addition, the department must furnish all cost sharing documentation upon request by SPAA and/or the sponsor.

NIH has an annual salary cap of \$171,900 per individual for an allowable direct cost salary charge. The amount paid in excess of the \$171,900 rate should be recorded as cost sharing.

DEPARTMENTS/COLLEGES DO NOT NEED TO REPORT COST SHARING IF:

- Cost sharing is only facilities and administrative costs. The correct amount of facilities and administrative costs for the period will be calculated by SPAA.
- All cost sharing is accomplished using a "109" or "159" account. All cost sharing records should be retained with the grant documents for audit purposes.
- Cost sharing is accomplished through a companion Fund 20 account.

Project and Grant Management

Monitoring Project Performance

In order to assure timely reporting and proper billing for sponsored projects, all charges and adjustments to sponsored projects must be promptly recorded in the accounting system. Accordingly, project directors, grants monitors and coordinators, and department business managers should review each monthly grant and contract *Budget Status Report* upon receipt. If necessary changes, transfers, or adjustments are identified during this review, these should be processed immediately (unless they are already in process but not yet posted to the monthly status report). Auditors may disallow late charges, transfers, and adjustments to sponsored accounts. **Charges and transfer vouchers processed against sponsored projects more than 120 days after the occurrence of the costs must be accompanied by an explanation and justification approved by the appropriate vice president for the delayed charge or transfer.**

Principal Investigators or project directors should devote careful attention to the following areas:

Budget Categories Closely Controlled by the Sponsor

Principal Investigators and project directors must continuously monitor expenditures to prevent budget category overruns.

Controls and/or Requirements for Expenditures of Sponsored Program Funds

All Clemson University policies and procedures governing the expenditure of general funds of the University also apply to the expenditure of grant and contract funds. When the sponsor imposes additional controls and requirements on grant or contract funds, strict compliance is required.

Financial commitments or expenditures should not be made until the grant is officially awarded and accepted, or the contract has been fully executed, or as provided for under a pending award account (See "Assignment of Accounts Prior to Notification").

Financial commitments or expenditures should not be made after the completion date of the project. If an extension of the project has been requested but official sponsor approval is pending, the department chair may submit a written request for preliminary extension of the project to SPAA. If the sponsor does not approve the extension, the department must cover additional spending beyond the approved end date.

Re-budgeting

The PI or project director must establish and maintain the operating project budget according to the terms of the original agreement. Because sponsoring agencies differ in their policies for re-budgeting funds, SPAA does not provide general re-budgeting guidelines. Contact SPAA for specific guidelines and requirements if re-budgeting is necessary for your program.

Subcontracts

Preparing and Negotiating Subcontracts

Subcontracts are issued to a third party when projects require expertise and/or facilities not available at Clemson University. Subcontracts are prepared and negotiated by the Office for Sponsored Programs. Once the subcontractor and Clemson University's authorized official sign the subcontract agreement, it is sent to SPAA for purchase order setup.

Monitoring Subcontracts

The PI is responsible for certifying technical progress and expenditures. The PI must sign the subcontractor's invoices before payment is made. SPAA is responsible for 1) monitoring the expenditures to ensure that the total subcontract is not exceeded, 2) ensuring required audits are performed, and 3) requiring corrective action on findings.

Changes in Subcontracts

Any changes needed in the subcontract should be discussed with the appropriate person in SPAA to determine if the subcontract can be amended or changed.

If a new subcontract is needed during the life of the project, the Office for Sponsored Programs will negotiate the subcontract; and the process outlined previously in Preparing and Negotiating Subcontracts should be followed.

Closing Subcontracts

Approximately sixty days prior to subcontract closing, SPAA sends a Final Closeout Notice to the subcontractor to determine if the subcontract is ready to close. A copy is also sent to the P.I. When the final invoice is received, a final progress report and the invoice are sent to the PI for approving signatures. This signature verifies all contract work has been satisfactorily performed and payment is authorized.

Program Income

When a project wholly or partly sponsored with federal funds generates income, the PI must follow federal standards in accounting for the income. In most circumstances, program income is retained by the recipient and, depending on the regulations of the federal awarding agency, should be used in one or more of the following ways:

1. Program income is added to funds committed to the project by the federal awarding agency and the University and is used in pursuit of eligible project or program objectives.
2. Program income is used to finance the non-federal share of the project or program.
3. Program income is deducted from the total project or program allowable costs in determining the net allowable costs on which the federal share of costs is based.

When a sponsoring agency authorizes the use of program income according to items 1 and 2 above, income in excess of any stipulated limits must be applied to item 3. If the federal awarding agency does not specify how program income should be used in its regulations or the program award, item 3 above should be automatically applied to all but research programs. Item 1 should be automatically applied to research programs when another use for program income has not been specified by the agency. Unless the terms and conditions of the award or the regulations of the awarding agency specify otherwise, the following points apply to program income:

1. The University has no obligation to the federal government for program income earned after the end of the project period.
2. Costs incidental to the generation of program income may be deducted from gross income to determine program income when these costs were not charged against the award.
3. The University has no obligation to the federal government with respect to program income earned from license fees and royalties for copyrighted material, patents, patent applications, trademarks, and inventions produced under an award. However, Patent and Trademark Amendments (35 U.S.C. 18) apply to inventions made under an experimental, developmental, or research award.

Sponsor Approvals

Equipment

Clemson University policy defines equipment as any item of non-expendable property having a useful life of more than one year and an acquisition cost of more than \$5,000 per unit. SPAA must approve all purchases of equipment with sponsored program funds. All equipment requisitions are referenced against the grant or contract for:

1. Prior sponsor approval;
2. Money available on grant;
3. Money budgeted in equipment budget class; and
4. Title to property

Foreign Travel

When a sponsored program requires travel to a foreign country, the traveler must obtain advance approval. The traveler must complete the form "Request for Approval for Foreign Travel" (See Appendix) which is available in his/her college business office or from SPAA. (Travel to Canada, Puerto Rico, and the Virgin Islands is not classified as foreign travel.) When completed, this form should be submitted to SPAA for approval. If foreign travel is not specified in the approved proposal, the PI must obtain written approval from the sponsor before submitting the "Request for Approval for Travel" form to SPAA. Some sponsors also require additional advance approval for foreign travel, as far as 90 days in advance in some cases. When sponsor approval is necessary, the PI should allow sufficient time to submit the form/letter to the sponsor and to receive necessary approvals before the travel begins.

Subcontracts

When a PI secures funding from a sponsor but is unable to carry out all of the work at the University, s/he must ask for a subcontract to the primary contract. Subcontract information should be a part of the proposal process, so the potential sponsor will know the PI intends to subcontract part of the work. If a subcontract is necessary after the award has been granted, prior approval is required from the sponsor.

Consultants

Advance sponsor approval is necessary for some sponsors for the use of consultant services on a project, unless itemized in the proposal budget. SPAA must approve all consultant requisitions with sponsored program funds. All consultant requisitions are referenced against the grant or contract for:

1. Prior sponsor approval;
2. Money available on grant in the appropriate category

Incremental Funding

Some projects are funded incrementally, particularly with many sponsoring federal agencies. For example, the University may receive a contract for \$300,000 for a period of 3 years, but the contract may contain a statement like the following:

"The total amount of this grant is \$300,000. The amount currently available for payment is \$100,000, which amount covers the period January 1, 2003 through December 31, 2003. The government's obligation for the difference of \$200,000 is contingent upon the availability of funds. Accordingly, no legal liability on the part of the government for payment of this difference shall exist unless and until funds are made available to the grantee by an amendment to the grant."

This type of statement limits the funding (\$100,000) to be allowed for the first year (Jan-Dec 2003). This amount must not be exceeded without written approval of the sponsor. When the current funding amount is expended (for direct and facilities and administrative costs), any additional spending on the project is at the risk of the department.

For incrementally funded projects, SPAA will:

1. Issue a notification letter showing the total project award, with an appropriate statement as to the project cost and time limits.
2. Set up a budget for **only the amount that has been incrementally funded**. The direct cost amount appears as the budgeted amount on the monthly departmental *Budget Status Report*.
3. Enter only the incrementally funded amount into the Clemson University Business System (CUBS) so that SPAA reports show the currently funded amount.

As subsequent periods and amounts are approved by the sponsoring agency, SPAA will generate new notification letters and budget amendments, and update CUBS panels to show current funding amounts.

Any amount over the incrementally funded limit will be treated as pending funds, and a letter from the department chair, approving additional spending, is required before

spending can exceed the limit. This letter must also state that the costs will be covered by appropriate departmental funds should funding not be allowed by the sponsor.

Changes in Project Direction or Management

Prior sponsor approval is required for a change in objectives, scope, PI, or project effort on some grants and contracts, especially federal grants or contracts.

Changes in Objective or Scope

Principal Investigators must obtain sponsor approval before changing the objective or scope of any grant or contract. Examples, though not all-inclusive, are as follows:

1. Change in specific aim approved at time of the award;
2. Any change from approved use of animal or human subjects;
3. Shifting emphasis of research from one area to another;
4. Applying a new technology from that proposed;
5. Transferring the performance of substantive work to a third party (subcontractor);
6. Change in those designated as "key personnel" by the sponsor; and
7. Significant re-budgeting.

Changes In Principal Investigator

Sponsors often base decisions to award funds on the expertise of the PI. A change in PI is an important consideration in the sponsor's decision to continue funding the research.

1. **Short-term Absence of Principal Investigator.** If the PI will be absent from the project for short periods of up to 3 months, s/he must notify appropriate officials of the sponsor about arrangements for the conduct of the project during his/her temporary absence.
2. **Long-term Absence of Principal Investigator.** If the PI will be away for more than three months, s/he must obtain approval from the sponsor at least 30 days before the anticipated absence begins. When such an absence is necessary, the PI should draft a letter detailing the dates of the anticipated absence and the individual who will serve as substitute PI while the PI is absent. This letter should be submitted to the director of SPAA for co-signature before it is mailed to the sponsor.
3. **Change In Level of Effort.** If the PI devotes substantially more or less effort (25% or more) to the project than originally anticipated when the award was made, sponsor approval is required. The PI must notify SPAA.
4. **Substitution of Principal Investigator.** If a PI retires, resigns, is reassigned, or relinquishes active direction of a project, the sponsor must be notified. The Department Chair will either coordinate negotiation for a substitute PI to continue the project or terminate it. The Department Chair should also notify SPAA.
5. **Contracting or Transferring the Project Effort.** No significant part of the research or substantive effort may be transferred or subcontracted to another agency without prior sponsor approval, including circumstances in which a PI accepts employment with another institution. The PI must coordinate the subcontract/transfer approval process through SPAA in such circumstances.

Cost and No-Cost Time Extensions

As soon as the Principal Investigator determines a project's performance will require additional time, with or without the need for additional funding, a written request cosigned by the PI and the appropriate University authorizing official must be submitted to the sponsor. Extensions that require additional funding must be processed through the Office for Sponsored Programs (OSP).

No cost time extensions must be processed through SPAA. Some federal projects allow a one-time, twelve-month, grantee-authorized extension in which the appropriate SPAA manager notifies the sponsor that Clemson University is extending the project. The federal agency must receive the request with the supporting reasons and revised expiration date at least 30 days before the original expiration date specified on the award. The PI must submit the request to SPAA. (See Appendix for the format on no-cost time extensions).

Sponsor approved extension requests should be submitted to SPAA at least 45 days prior to the original end date.

No-cost time extensions may not be requested just to spend unobligated balances.

Revising Active Project Budgets

Occasionally, an active project's budget requires revision due to unforeseen circumstances. Some sponsors are very rigid, allowing no budget changes without sponsor approval, while others are quite liberal in allowing the PI complete control over the budget. The PI should notify SPAA as soon as s/he recognizes the need for a budget change. In addition to sponsor requirements, the PI or his/her designee must send a memo justifying and explaining the requested revisions to SPAA.

If the facilities and administrative cost rate of a project is based on modified total direct costs (MTDC), the transfer of funds from any non-equipment budget class to an equipment budget class will reduce facilities and administrative costs. This reduction is necessary because the University does not charge facilities and administrative costs on equipment in programs using MTDC.

Likewise, transferring funds from equipment to another budget class increases facilities and administrative costs. Fund transfers of this nature could result in a loss of facilities and administrative cost recovery, since the facilities and administrative costs specified in the original award cannot be increased without sponsor approval. Facilities and administrative costs are not affected by budget class changes, however, if the rate is based on total direct costs (TDC).

Requests for budget revisions should be processed through SPAA, who will forward the requested revision to the sponsor if necessary. When the sponsoring agency delegates approval or disapproval authority to the University administration, the Director of SPAA will act on the re-budget request.

Cost Transfers/Corrections

The Department of Health and Human Services (DHHS) has warned that frequent, tardy and unexplained (or inadequately explained) transfers, especially those which involve projects with overruns or unexpended balances, raise serious questions about the propriety of the transfers. Clemson University's record keeping system and controls are also suspect when costs are frequently transferred.

Documentation of transfers/corrections must contain a justification for the transfer and an explanation of how the error occurred and why the expenditure was not correctly charged the first time. The PI or his/her designee must sign all correction forms. DHHS specifies that an explanation stating "to correct error" or "to transfer to correct project" is neither sufficient nor satisfactory. DHHS also requires the documentation for the adjusting/correcting entries to be readily available at the time of audit.

A federal awarding agency may restrict the transfer of funds among direct cost categories or programs, functions and activities for awards in which the federal share of the project exceeds \$100,000, and the cumulative amount of such transfers exceeds or is expected to exceed 10% of the total budget as last approved by the federal awarding agency. Transfers of charges to and between government grants and contracts should be kept to a minimum. Account numbers should be properly reflected on requisitions, appointment forms, time sheets, etc. when initiated and when work orders are placed at service centers within the University.

To help ensure that cost transfers will meet audit requirements, any transfer of cost into or between federal government grants and contracts must meet several criteria to satisfy audit requirements:

1. The transfer must be current (less than 120 days old). The area Vice President must approve any cost transfers submitted more than 120 days from the date of the original charge.
2. The transfer must be a proper and allowable charge to the grant or contract receiving the charge.
3. The transfer must be supported by documentation, which contains a full explanation of how the error occurred and why it was not initially charged to the proper account.
4. The transfer must be accompanied by justification for the need for the transfer.
5. The transfer must contain a certification by the Principal Investigator(s) of the project(s) involved of the correctness of the charge being transferred.
6. The transfer must be identified as a cost overrun or an account correction.
7. Cost overruns should be transferred to a non-sponsored account with the same account type (field 2 of the account number).
8. If supply charges are reclassified to equipment, a copy of the direct voucher and the invoice should be included with the correction. The decal number should be indicated on the form if the correction adds value to existing equipment.

Since audit disallowances must be covered by other non-restricted funds in the department, individuals who process the correction should always obtain approval from the chairperson of the department

Cash Management

Cash Management Philosophy

Principal Investigators must constantly monitor expenditures for grants and contracts to ensure that all expenditures comply with the terms outlined in the approved agreements. Project cost management practices are dictated by the specific terms in the signed agreement. SPAA expedites invoices to program sponsors for cost reimbursement and monitors the accounts receivable to facilitate prompt payment by sponsors. All invoices for sponsored programs must be processed through SPAA unless the department has obtained approval and training.

Reimbursement Requests

Most of Clemson University's projects are performed on a cost reimbursable ("best effort") basis. Clemson University is generally liable to perform its "best effort" up to the cost level in the contract. The funds are not received at the beginning of the project. The projects are billed after the expenditures occur.

Reimbursement Requirements. Some sponsors require additional documentation to support invoices. When such supporting documentation is required, it should be submitted to SPAA by the 15th of each month if it is to be included in the previous month's invoice to the sponsor.

Invoices are issued monthly, quarterly, or at times designated in the agreement.

Projects are separated into four major funding groups (designated by Field 5 of the chartfield string).

Subclass 200-227 designates federal funding as follows:

200 Air Force

201 Army

202 Navy

203 Department of Defense (DLA)

204 NASA

206 NSF (National Science Foundation)

207 USDA (U.S. Department of Agriculture)

208 U.S. Department of Commerce

209 DHHS (Department of Health and Human Services)

- 210 DOEd (U.S. Department of Education)**
- 211 U.S. Department of Transportation**
- 212 U.S. Department of Labor**
- 213 USDI (WRRRI Matching Allotment)**
- 214 USDI (WRRRI Matching Agreement)**
- 215 Federal Funds via Non-SC State Agencies**
- 216 U.S. Department of Interior**
- 217 SCUREF-Federal**
- 218 EPA (U.S. Environmental Protection Agency)**
- 219 DOE (Department of Energy)**
- 220 HUD (Housing and Urban Development)**
- 221 ARC (Appalachian Regulatory Commission)**
- 222 Coastal Plains Regulatory Commission**
- 223 Federal Funds via SC State Agencies**
- 224 Miscellaneous-Federal**
- 225 Federal Funds via CURF**
- 226 Federal Funds via CURF via Other Agencies**
- 227 Federal Funds via National Textile Center**

Subclasses 230-236 designates state funding as follows:

- 230 State Department of Education**
- 231 State EPSCoR**
- 233 SCUREF-State**
- 234 State Commission/Boards**
- 235 Miscellaneous-State**
- 236 SC CURF**

Subclass 240 designates local government funding as follows:

240 Local Government

Subclasses 245-249 designates private funding as follows:

245 Corporations/Firms

246 Private CURF

247 Foundations and Other Organizations-Associations-Societies

248 International Sponsors

249 Miscellaneous Revenue/Program Income

If direct costs are overspent, the department is contacted and instructed to make necessary corrections. Invoices for these projects cannot be generated until corrections are processed and appear on the current *Budget Status Report*. Corrections should be processed immediately. Facilities and administrative costs are handled by SPAA. Project payments received by individuals or departments should be processed through SPAA. **Do not mail checks in interoffice mail.** Checks should be hand-delivered to SPAA. The individual should endorse all checks made payable to individuals. Checks should be processed immediately, and should not be held.

Collection Procedure

Sponsored Programs Accounting and Administration (SPAA) determines the course of action for collections for past due SPAA invoices. Collection actions are conducted in accordance with the project agreement and are dependent on the sponsor (customer) and previous payment history. In general, collections proceed as follows:

1. SPAA will analyze all outstanding invoices after 30 days.
2. After 60 days, the sponsor will be contacted by telephone and/or past-due reminder letter. The department that has incurred charges will be notified of non-payment at the discretion of the SPAA staff.
3. After 90 days, SPAA will send a second past-due letter, notify the department, and advise the principal investigator (P.I.) to stop work on the project. SPAA will continue to coordinate with the department, P.I., and the sponsor for past due payments.
4. After 180 days, SPAA will notify the Chief Business Officer. If deemed uncollectible, corrections will be required in coordination with SPAA.

For the complete AR/Billing policy please see the "[Accounts Receivable Policy](#)" on the Comptrollers web page.

Property Management

Intangible Property

Informing Sponsors of Inventions and Patents

When a program sponsored by the federal government produces patentable items, patent rights, processes, or inventions, the federal sponsoring agency must be informed within sixty days after the inventor discloses it to the University. The University's decision to retain title must be made within two years after the disclosure is made to the sponsoring agency (or within one year from public disclosure, e.g. through publication). If the University elects to retain title, the federal government is provided a non-exclusive irrevocable, paid-up license to practice the invention (or have it practiced on its behalf) throughout the world. If the University does not ensure that appropriate commercialization steps take place within a reasonable time, the federal government may "march in" and require the University to grant a license to a third party for appropriate commercialization in the public's interest. (Procedures implementing federal patent and licensing processes are codified at 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms").

Agreements with non-federal sponsors generally contain terms and conditions pertaining to the rights of intellectual property arising from the sponsored agreement that have been negotiated or accepted by the Office for Sponsored Programs.

Copyrights

The author or the recipient organization is free to copyright any books, publications, or other copyrighted materials developed in the course of or under a federal agreement, unless otherwise provided in the terms and conditions of the agreement. However, the federal sponsoring agency reserves a royalty-free, nonexclusive and irrevocable right to reproduce, publish, or otherwise use, and to authorize others to use, the work for government purposes.

The Special Projects Office coordinates all patent and copyright activities, including the review, marketing, and licensing of patents and computer software copyrights. For more information, contact the Special Projects Office. The Faculty Manual, Patent Policy, may also be referenced for primary information.

Property Records

Clemson University must record all non-expendable property with an acquisition value of \$5,000 or more and a useful life of at least one year.

When contractor-acquired or government-furnished property is acquired for a sponsored program, the Fixed Assets section of Accounting Services will determine and affix an identification number on the equipment (when possible) and on all applicable documents (receiving report, purchase order voucher, etc.). Fixed Assets will prepare and maintain inventory records for all federally owned equipment. Principal Investigators and grants

coordinators should make sure Fixed Assets always has the following information on sponsored program equipment:

1. Quantity
2. Description
3. Decal number
4. Item classification
5. Administrative unit (department)
6. Location (building and room number)
7. Purchase order number
8. Purchase date (month and year)
9. Cost
10. Value
11. Fund code (source of funds used to purchase), and
12. Remarks [such additional information as vendor name and address, condition code, "federal surplus property," "title with U.S. government," contract number code (account number), description of component parts and/or description of item of which it is a part, etc.].

Fixed Assets will prepare inventory listings upon request by the PI or other authorized project personnel.

Equipment (\$5,000 or more)

At the time the property data sheets are prepared by Fixed Assets, a permanent decal is affixed to the item of equipment. This decal shows the serially controlled identification number, which has been assigned by Fixed Assets and included on the property inventory records. Should government equipment be received with an identification number already assigned or attached, it will be necessary to affix an additional identification number. A University identification number will also be assigned to identify this government property. Individual budget centers are responsible for maintaining inventories.

Insurable Items (Less than \$5,000)

Each budget center should maintain an inventory system for insurable items that cost less than \$5,000 and are not on the University inventory. Examples include computers, printers, and lab instruments.

Property Records for Fabricated Equipment

If the University fabricates equipment, the PI and the Department Chair must maintain cost records of the total costs of such fabrication. If the total cost of parts for a piece of fabricated equipment is \$5,000 or more, the PI should notify Fixed Assets upon completion of fabrication. Fixed Assets will then prepare the appropriate property records for inventory control purposes.

Disposition of Government-Owned Equipment

When government-owned equipment is to be disposed of for any reason, the PI and/or Department Chair will complete a CUBO 206 and route to the Director of SPAA, who will help to obtain necessary approval from the property administrator (for plant equipment, special tooling, or special test equipment). With this approval, the Fixed

Assets section of Accounting Services will remove the item from the inventory. In such cases, all essential information relative to the type of disposition (salvage, trade, transfer, etc.) will be recorded in the property control system. When title to government-owned equipment is transferred to the University SPAA will notify Fixed Assets. Fixed Assets will record the property transfer online and will take action to add the item to the University inventory listing.

Retaining Title to Property

If sponsor-owned equipment or jointly owned equipment remains when a project closes, SPAA will memo the PI with a list of the equipment, requesting the current location and condition of each item. The PI will also be asked to advise SPAA of any discrepancies and whether to request title, transfer of accountability or disposition instructions from the sponsor. The PI or a Departmental Representative should note requested information on the inventory list, sign and return the inventory list to SPAA. SPAA writes the sponsor (sending the certified inventory list) and makes request for title or disposition instructions, based on the Principal Investigator's advice.

If the sponsor gives CU title or instructions to transfer accountability, SPAA will forward a request to Fixed Assets to enter a new title code. If the Sponsor denies title, a memo and copy of the sponsor's denial are sent to the PI so s/he can make arrangements with the sponsor to return item(s). The department should initiate a CUBO 206 and include backup documentation (shipping documents, etc.) and return through SPAA to Fixed Assets to have the item(s) removed from the University Inventory Records.

Physical Inventories

Conducting Periodic Inventories

The Principal Investigator should conduct a physical inventory of the grant or contract at the end of each fiscal year. He/she should confirm that information regarding government-owned equipment is correctly listed and described on the *Clemson University Property Record Work Sheet*.

If there are no exceptions to the items of equipment listed, both parties will sign and date the worksheet and return it to SPAA. If discrepancies are discovered, they must be noted on the worksheet. The modified worksheet is returned to Fixed Assets. All discrepancies must also be reported to the Director of SPAA for final determination and adjustment.

Conducting Final and Special Inventories

As soon as a contract or grant, for which government property and/or government furnished property has been acquired, is terminated or completed, the PI performs a complete physical inventory of all government property. The Director of SPAA furnishes final inventory results to the federal property administrator.

Periodically, during the performance of work under the grant or contract, a subcontract involves the acquisition of government property by a subcontractor. When this is the case, the PI will so notify the Director of SPAA who will help to obtain the required inventory from the subcontractor, as well as compliance with all other applicable parts of these regulations.

Reporting Inventory

When required physical inventories are complete, the Director of SPAA will submit all reports specified by federal regulations, property administrators and/or contracting officers pertaining to inventories of government property.

Care, Maintenance and Utilization

Department Chair Responsibility for Government Property Maintenance

Department Chairs are accountable for the operation, care, preventive maintenance, and protection of all government property in their custody. Accordingly, each must ensure that preventive maintenance schedules are established and followed, and that inspection, maintenance and repair work is properly recorded. Department Chairs must ensure the proper care, maintenance and utilization of government property from the time it is received until the University is properly relieved of responsibility in accordance with terms of the grant or contract and/or other applicable regulations of the federal agency.

Preventive Maintenance Records and Schedules

Department Chairs must ensure that Principal Investigators, technicians, and/or other appropriate individuals under their supervision establish preventive maintenance schedules for all government furnished equipment within their areas of responsibility. These schedules must take into consideration the manufacturer's specifications and recommendations. In addition, records of the performance of scheduled maintenance, inspection, calibrations, etc., along with the log of all repairs, modifications, maintenance, etc., of the equipment must be maintained throughout the period of responsibility. Such records must be available to representatives of the U.S. government and to appropriate officials of the University for review and inspection as necessary to document compliance with appropriate regulations.

Keeping Records of Maintenance Contracts

A maintenance contract on a piece of equipment shall be a conclusive presumption the required maintenance is being performed and, therefore, no records must be maintained other than those provided by the contractor performing the maintenance.

Making Major Repairs to Equipment

Department Chairs must ensure that only qualified repairmen perform major repair work. Whether the repair is performed by a technician or other member of a technician's staff, a Facilities, Maintenance, and Operations employee, or an outside vendor, Department Chairs, to the best of their ability, must determine the repairman is properly qualified. If the equipment is still under warranty, the vendor should be notified and required to provide the necessary repair work as covered by the warranty. When items require a major overhaul or capital maintenance that necessitates the expenditure of contract funds, a detailed explanation of the necessary repair work must be reported to the property administrator first.

Monitoring Property Utilization

The Principal Investigator and the Department Chair must jointly ensure that government property is utilized only for purposes authorized in the contract. They must also see that

government equipment is used sufficiently to justify its retention and that clearance and/or approval is obtained from the property administrator before government property is used on any government contract other than the one for which it was obtained.

Reporting and Disposing of Excess Property

The PI must report excess items from a federal grant or contract in accordance with the terms of the agreement with the federal agency or its established policies. Excess property from a continuing contract or grant should be transferred to storage pending disposal instructions from the appropriate governmental official. The Surplus Property section of Purchasing and Supply Services coordinates the removal of such items to storage and is responsible for its control, security, protection, and care during the storage period. Upon receipt of proper authorization to ship an item of government property, Surplus Property will make arrangements for shipment in coordination with the PI and the Director of SPAA. The shipment should include appropriate manuals, maintenance instructions, property records, shipping documents, special packing and crating instructions, etc.

When centrally reportable equipment on a NASA project is to be reported as excess, SPAA must submit an "Idle" DD Form 1342, showing in block 51 the date the item is available for redistribution to the federal property administrator, as far in advance of the anticipated availability date as possible.

Storing and Moving Government Property

When government property is temporarily idle, but needed for authorized use in the future, the cognizant PI must ensure storage that meets the requirements of these procedures as to protection, preservation, maintenance, security, control, etc. S/he must take special precautions to ensure protection against corrosion, contamination, accidental damage, and other similar hazards. Government property should remain segregated from University-owned property in storage whenever possible.

Appropriate University officials must be able to locate property on call if the property administrator or auditors request it, in which case the property's physical location must agree with that shown on the property records. Consequently, whenever property is stored or moved to a different physical location, the PI must promptly notify Fixed Assets so that property records can be modified to reflect the change. Equipment location information must contain both the department to which the equipment has been assigned and the building and room number where the equipment is located.

Project Closeout

Closeout Process

SPAA sends an electronic closeout notice (see [Download Forms](#)) to the departmental contact 60-90 days before the expiration date of a project to report the project's imminent closure. The departmental contact should forward copies to all involved and the PI must sign and return an acknowledgement within 5 days. This letter reminds the PI to begin closing down the project and to promptly submit any remaining applicable costs for invoicing. Principal Investigators should review payroll documents to ensure that all persons working on the project are transferred to other funding sources.

SPAA personnel work closely with the department to close out the project on a timely basis. Departments are allowed 45 days after the end date of a project to finalize costs. This allows time needed by SPAA personnel to prepare final financial reports after the Principal Investigator's documentation is complete. Some sponsors require a final invoice within 30 days of the project end date. If all documentation is not submitted to SPAA in time to invoice the sponsor within the specified period, nonpayment may result.

Encumbrances Near or After Termination Date

Orders for supplies and equipment must be placed well in advance of the expiration date to ensure delivery and utilization prior to the expiration date. If an item is not received during an award period, it is not considered to be of benefit to the project. Such items are routinely disallowed on audit, even if they were legitimate charges at the time the order was placed. If for any reason equipment that has been ordered in good faith will not be received until after a project has terminated, or will be received too late in the project for effective use, all reasonable effort must be made to cancel the order or to charge the equipment to other funds.

Records Management

Audit

All sponsored program contracts entitle audit rights to sponsors for at least three years after the program completion date. Projects are periodically audited by external agencies. Consequently, Clemson University must maintain a close working relationship with the University's cognizant audit agency, the United States Department of Health and Human Services (DHHS).

Federal audits can be one of three types:

1. Audit of direct costs under general expenditure systems (e.g., time and effort reporting, prior approval system, consulting system);
2. Compliance audit with Office of Management and Budget Circular No. A-133; or
3. Individual award audit for all award expenditures.

In addition to external audits, the University's office of Internal Auditing continuously audits sponsored programs. SPAA coordinates each audit and arranges for any files, documentation or discussion with other campus personnel required by the audit team. All questions regarding allowability of expenditures, contract modifications, etc. are to be directed to SPAA to ensure an accurate audit report.

SPAA may find it necessary to contact departments or Principal Investigators to request information about a specific contract or grant during an audit. It is the responsibility of each department to keep accurate records supporting all sponsored program costs for a minimum of three years after the sponsoring agency accepts the final report. Departments must also maintain copies of progress reports, documentation of the selection process used to hire consultants, and of time and effort expended for the same period. If a cost is disallowed on a specific grant or contract, a campus review will determine who is responsible for its repayment.

Records Retention Federal and state agencies, as well as many private sponsors, local agencies and foundations, require the University to maintain all project-related records for a minimum of three years after the acceptance of the final report for audit purposes. Consequently, Principal Investigators and project directors should ensure that their department retains complete grant files for a minimum of three years after project termination. After that date, contact SPAA to ascertain whether longer retention is necessary.

SPAA maintains federal project records for two years after final closeout, and all other project records are maintained for one year. After the retention periods, project records are moved to the University's Records Center and retained for two more years.

Reporting Requirements

SPAA files a variety of forms related to sponsored programs monthly, quarterly, and annually. When a form requires the signature of the PI, SPAA sends the completed form to the PI. Once signed and returned, SPAA completes the submission process.

Personnel Activity Reporting

In order for charges to sponsored project accounts for personal services of professorial, professional, and non-professional staff to be properly documented, the University maintains, through its payroll system, an appointment and workload distribution system. The U.S. Office of Management and Budget Circular A-21 requires that all universities account for the total compensated effort of employees who are being paid from sponsored projects or related cost share projects. Typically, this would include the PI, co-investigator(s), graduate students, and in some cases, administrative personnel. Effective with the Fall 2003 semester, Clemson University began using an electronic, web-based system to meet this requirement called Clemson Link to Employee Activity Reports (CLEAR).

After-the-Fact Certification of Time or Effort

The CLEAR system is an after-the fact certification system as defined by OMB circular A-21. All of the information in the reports is obtained from the University's general ledger (CUBS Financials). The information reflected on the report represents actual amounts charged to payroll for the reporting period plus corrections made to previous charges. Additional pay above the employees base salary (Dual Employment) is not included in the CLEAR system reports. (See the section entitled "Intra-University Consulting" in the Project Costs section for policies on Dual Employment.)

Effort Certification Schedule

Reports will include activity for the following time periods:

Fall – August 15th till December 31st

Spring – January 1st till May 15th

Summer – May 16th till August 14th

When reports are available an email notification will be sent to each individual with a report to certify. This notification will include a direct link to the CLEAR website and will include the employee ID number necessary to certify the report. Failure to receive an email notification indicates none of the effort for the reporting period was charged to a sponsored project. Individuals who do not receive an email notification, yet believe their efforts should have been charged to sponsored projects, should contact the appropriate grants coordinator in their department or college business office.

Report Review and Certification

For each individual with a CLEAR report to be certified, an initial notification will be sent to their Clemson University email account. In addition, all PI's and Grants Coordinators will be notified that reports are available. In some cases email messages will be returned because a graduate student or faculty/staff member is no longer employed at the University. For graduate students, Sponsored Programs Accounting and Administration (SPAA) will forward the CLEAR report notification to the Principal Investigator associated with the related project or projects for certification. For faculty/staff members, SPAA will forward the CLEAR report notification to the appropriate department head for certification.

Fifteen days after the initial notification, an email reminder will be sent to individuals who have not yet certified their CLEAR report. In addition, Principal Investigators, Grants Coordinators and Department Chairs will be sent a listing of employees who have not certified their reports. After 30 days, employees will be sent another email reminder and PIs, Department Chairs, and Deans will be asked to assist in ensuring that reports are certified. If, after 45 days from the initial notification, the CLEAR report has not been certified, spending authority for the sponsored projects indicated on the delinquent CLEAR report will be suspended. The spending authority will not be reinstated until the CLEAR report is certified.

In completing the above time-and-effort certification process, if the actual certified time and effort to a grant or contract account varies by more than five percentage points from the percent of total salary charged to the grant or contract, the employee must note the correction on the CLEAR report. SPAA will monitor report submissions and contact the appropriate personnel in the college business office to ensure that the appropriate payroll corrections are processed.

The CLEAR system can be accessed at https://psoftprod3.campus.cu.clemson.edu/effort/effort_select.asp. For more detailed information on the CLEAR system, please click here to download a PDF version of the CLEAR system policy and procedures manual.

Technical Reporting

Principal Investigators are responsible for ensuring that all progress/final technical reports are completed according to the award requirements. Principal Investigators should send a copy of the transmittal letter and cover page of his/her final report to SPAA. Final technical reports are normally due to the sponsor 60 – 90 days after the project ends. Each specific agreement should be reviewed for the exact due date of the report. Failure to provide final technical reports may delay review, processing, and **funding** of pending proposals for that PI or other faculty members at the University.

All outstanding payments are withheld until all reporting requirements are completed. In extreme cases, the sponsor may initiate legal action against the University.

Appendices

Cost Accounting Standards

In August 2000 OMB Circular A-21 was revised to incorporate the four Cost Accounting Standards. The four standards are being incorporated because they provide more explicit provisions and guidance regarding the consistent application of cost accounting practices at educational institutions. The Cost Accounting Standards are:

501—Consistency in Estimating, Accumulating, and Reporting Costs—Costs should be budgeted, charged, and reported in the same way as they are proposed. If cost sharing is proposed, cost sharing should be documented and reported.

502—Consistency in Allocating Costs Incurred for the Same Purpose—All costs incurred for the same purpose, in like circumstances, are either direct costs only or facilities and administrative costs only with respect to final cost objectives.

505—Accounting for Unallowable Costs—Procedures are required to identify and exclude unallowable costs from sponsored projects.

506—Cost Accounting Period—The cost accounting period must be the institution's fiscal year.

Downloadable Forms

The following forms used in Sponsored Program management may be downloaded directly from the SPAA web site. You may then fill them out in a word-processing program or in Excel, or you may print them and fill them out manually.

[Pending Account Request Form \(MS Word File\)](#)

[Foreign Travel Request Form \(MS Excel File\)](#)

[Close Out Notice \(MS Word File\)](#)

[Format For No-Cost Time Extensions \(PDF Format\)](#)

Characteristics of Grants, Contracts, and Cooperative Agreements

	Grant	Cooperative Agreement	Contract
Basic Purpose	Provide assistance with few restrictions	Provide assistance with substantial involvement between parties	Procure tangible goods and services
Solicitation Method	Application kit or guidelines	Request for proposal	Request for bid or quote
Award Instrument	Short, may refer to general conditions	Describes involvement, party relationships	Long, detailed specs, clauses, regulations, and expected results
Award Acceptance	Usually not required	Usually required	Requires signature of authorized officials
Involvement by Sponsor	Generally none	Substantial involvement	May be extensive
Rebudgeting	Flexible	Usually allowed	Occasionally allowed with restrictions
Equipment Title	Grantee or Grantor	Varies based upon agreement	Contractor or Sponsor or Federal Government
Performance Period	Flexible	May be specified with flexible dates	Specified in contract
Patent Rights	Generally liberal	May be involved	Provision in contract
Publications	Unrestricted	May ask to be informed	May require prior review and approval
Technical Reports	Annual summary reports	More frequent (quarterly) reports	Detailed reports, may be monthly