



THE UNIVERSITY *of*
NEW ORLEANS

Sponsored Programs Accounting

Post Award & Accounting Manual

ORSP Terms

Award Period/Duration: Agreement should have specified beginning and ending dates. Expenditures must be incurred during this award period. While some agreements allow for pre-award costs, others do not allow for expenditures outside of the award period to be reimbursed or used for cost share.

Budget: The budget is the basis for authorizing expenditures on the agreement and is the basis for requesting payment from the sponsoring agency. Budgets identify the estimated amounts and types of expenditures necessary for the project. The budget must be approved by the funding agency and UNO. Deviations must be pre-approved according to the terms of the sponsoring agency and UNO.

Contract: Contracts are usually agreements to provide products or services which are of direct benefit to the sponsoring agency. Payments to the university cover allowable project costs or payment of a fixed price upon satisfactory completion of the contract.

Cooperative Agreement: These are similar to grants except that the federal government is integrally involved in the funded activity.

Cost Share: That part of total project costs not covered by the sponsoring agency. It includes cash cost share, in-kind cost share, third-party cost share, or un-recovered indirect costs. Cost share is ordinarily borne by the university.

Cost-Reimbursable Contract/Grant: The university funds initial costs associated with the agreement and then seeks reimbursement for actual, approved project costs, within the budget or any variances allowed by the sponsor.

Fixed Price Contract: Payments for fixed price contracts are based on satisfactory performance. Payment is set on performance rather than actual costs whether those costs are more or less than the contracted amount.

Grant: May be funded by federal, state, local or private source. A grant is an agreement to accomplish something for the public good.

Program Income: This is income which is directly attributable to a sponsored agreement.

Total Project Costs: Direct costs plus any indirect costs. This includes the sponsoring agency's share, the university's share and any third party's share.

Account Number Structure

Each college begins with a two digit code and then each department reporting to the college is identified under that college. This information shows as **DeptID** in nVision.

1300000000	College of Business
1800000000	Metropolitan College
2400000000	College of Education
2700000000	College of Engineering
4300000000	College of Liberal Arts
5700000000	College of Science

Program – Each program describes the function of the project/grant. Function is used for cost sharing documentation, financial statement presentation, and the calculation of Indirect Costs.

Program	Description
00000	Instruction
10000	Research
20000	Public Service
30000	Academic Support
40000	Student Services
50000	Institutional Support

60000	Operation & Maintenance-Plant
70000	Scholarships & Fellowships
80000	Auxiliary Enterprises
90000	Transfers
95000	Hospitals
99000	Clearing

Fund Codes Monitored by Research Accounting

Fund codes monitored by ORSP can be funded by the university or by outside agencies.

I. University Funded Accounts

- 103XX – General Fund Cost Share
- 142XX – Indirect Cost Projects

II. Outside Agency Funded Accounts

- 115XX – Federal Grants & Contracts
- 120XX – State Grants & Contracts
- 125XX – Local Grants & Contracts
- 130XX – Private Grants & Contracts

Definition of fund codes monitored by Research Accounting

I. University Funded Accounts

103XX – General Fund Cost Share

- When the department or college pledges cost share
- General fund account number is provided on the routing form
- If the grant is funded
 - The amount of funds pledged is moved into the new 103XX account
 - The project grant number is the same for the grant
 - Each account will have a separate speed key number
- General Fund Cost Share ends when the grant ends. Unused funds are returned to the department or college which pledged them.

142XX – Indirect Cost Projects

- When the Office of Research pledges cost share, or returns indirect
- If the grant is funded
 - The amount of funds pledged is moved into a new 142XX account
 - The project grant number is the same for the grant and the indirect cost project
 - Each account will have a separate speed key number
- Indirect Cost Projects designated for a particular grant end when the grant ends. Unused funds are returned to the Office of Research.

II. Outside Agency Funded Accounts

Each of these fund codes must meet the requirements of the funding agency in addition to University of New Orleans and state guidelines.

- 115XX – Federal Grants and Contracts
- 120XX – State Grants & Contracts
- 125XX – Local Grants & Contracts
- 130XX – Private Grants & Contracts

Project/Grant Number

New Project/Grant Numbers are grouped in three categories:

- Private accounts now begin with PRIV
- State and local accounts now begin with "L" then an abbreviation for the agency
- Federal accounts now begin with "F" then an abbreviation for the agency

Examples:

PRIV0038PR00D
LLSU0018NF00S
FNOA0001DR09G

Example that has General Fund Cost Share and Restricted Cost Share. This information is in the upper left hand corner of the nVision page:

Fund:	103XX	Unrestricted Fund Cost Sharing
Deptid:	5700300000	Chemistry
Program:		Not Specified/All Programs
Proj/Grnt:	357305172	NSF CHE-213488

Fund:	115XX	Federal Grants & Contracts
Deptid:	5700300000	Chemistry
Program:		Not Specified/All Programs
Proj/Grnt:	357305172	NSF CHE-213488

Fund:	142XX	Indirect Cost-Restricted Projs
Deptid:	5700300000	Chemistry
Program:		Not Specified/All Programs
Proj/Grnt:	357305172	NSF CHE-213488

Budget Adjustments

Budget Adjustments are required for:

- Change in scope or objective
- Key personnel changes
- Additional funds and or changes in budget categories (i.e. more operating services and less travel)
- Costs that require prior A-21 approval and/or would normally be considered unallowable such as extra compensation and equipment.
- Subcontracts that are not part of the original award

Agencies may restrict the transfer of funds. A budget adjustment is a request for permission to change the sponsored program's budget. It should be submitted in advance of the charges being incurred.

The budget adjustment form should be filled out completely and forwarded to the Office of Research.

Cost Sharing on Sponsored Programs

DEFINITIONS:

1. Cost Share

University or outside source provides funds or services to support a sponsored program, usually in the form of salary but can be other items. The source of funds can not be another sponsored program unless there is

prior approval from the sponsor agency. If it is cash match, the match is posted in a separate fund code from the sponsored program. There is a fund code for general fund and for restricted cost share. See below for in-kind cost share.

2. General Fund Cost Share

Either the college or department provides general fund budget as support for the sponsored program. The fund code for this cost share is 103xx. The budget is moved annually from the general fund to the cost share account. It is closed when the grant ends.

3. Restricted Cost Share

The Office of Research and Sponsored Programs provides funds as support for the sponsored program. It is closed when the sponsored program ends. The budget carries over each year until the grant ends. The fund code for this cost share is 142xx. This cost share can be in the form of waived indirect cost.

4. Third-Party Cost Share

Support for a sponsored program comes from an outside agency or company, either as cash or in-kind. This match can be tracked in another grant account number. The funds can only be cost share for one program.

5. In-Kind Cost Share

This support is not in the form of cash. Either the university or an outside agency or company provides a service for the program, such as rental of equipment or an office without requesting payment. In order to be included, there must be a mechanism to value the service being provided. The value can be determined by the rates that are charged to other users of the same service.

6. Voluntary Cost Share

The cost share is not a requirement to obtain grant funds from the agency. The researcher has determined that a university commitment will enhance the proposal and thus increase the likelihood of an award.

7. Mandatory Cost Share

The cost share is a requirement to obtain grant funds from the agency. The agency dictates the amount that needs to be a university commitment. There are agencies that will not pay for certain expenditures, such as tuition for a graduate assistant.

PROCEDURES:

1. Proposal Phase

When the research professor submits a proposal to an agency, the researcher determines if there is mandatory cost share or if there should be voluntary cost share. There must be the reason for cost share identified on the routing form, especially if it is voluntary.

The researcher needs to obtain approval from either the Office of Research for restricted cost share or from the college/department for general fund cost share. This approval is recorded on the routing form. In the case of general fund cost share, the speed key for the general fund must be listed on the routing form.

The Office of Research, Pre-Award will not accept any proposal without this approval and speed key.

2. Award/Research Phase

Once the proposal has been approved and executed, the Office of Research, Post-Award will prepare a budget which will include all cost share in the proposal. This budget will be given to the Office of Research, Research Accounting. Research Accounting will assign the grant number and request that the speed key(s) be assigned. The different cost share is processed for tracking and monitoring. All cost share funding should be used at the same rate as the grant funding.

If there is restricted cost share, the cost share budget amount is moved from the Office of Research budget to the particular grant 142xx budget. The principal investigator is allowed to spend these funds until the grant ends. The unused funds at year end carry forward to the next fiscal year. Once the grant ends, the funds are returned to the Office of Research budget. The exception to moving the budget is when the restricted cost share is an indirect cost waiver. This is not tracked but rather calculated based on the difference between the approved university rate and the negotiated rate on the grant.

If there is general fund cost share, the general fund budget is moved from the speed key listed on the routing form. This is done by preparing templates of where the budget is coming from and where the budget is going. These templates are given to Financial Services for processing. The funds are to be used in the fiscal year they are moved. By April 1st of each year, the principal investigator is to provide Research Accounting with the amount of funds that are to be expended between April 1st and June 30th. These amounts are used to calculate the amount of funds to be returned to the general fund. Research Accounting provides templates to Financial Services to move all unused funds back to the respective general funds. These unused funds will be combined with the next year's cost share commitment. The cost share funds must be expended unless a waiver is obtained from the agency. This waiver is to be initiated by the principal investigator through Post-Award.

If there is third party cost share, there will be one of two different situations. If it is actual cash match, a separate grant number will be established to track the revenue and expenditures. This grant number will be identified in the grant claiming it as cost share. If it is an in-kind match, a letter of commitment will be obtained from the agency or company. This letter will be kept in the file.

All cost share amounts will be reported to sponsor agency on the required invoices. If the cost share is not posted in the cost account(s) or there is not a letter of commitment, the cost share will not be reported to the agency. By not reporting the cost share, there is the possibility that the agency will reduce the final invoice by the amount of cost share not reported.

3. Closeout Phase

Once the grant has ended, Research Accounting will submit the final invoice based on the schedule provided in the contract/agreement. This final invoice will include the total amount of cost share as recorded. If the university has not met its cost share requirement, the university faces the possibility of an invoice being rejected or reduced. The deficit caused by cost share not being met will be the college or department's responsibility and not Office of Research.

Excess budget in the 103xx and 142xx accounts will be moved back into their respective accounts. The principal investigator can not use these funds once the grant ends.

Cost Transfers

Definition: A cost transfer is any transfer of expenditures to a sponsored project via a journal voucher or a personnel action form.

The appropriate Principal Investigator (PI) and ORSP Accounting personnel must approve the transfer.

To be approved cost transfers must conform to University and sponsor allowability standards, be timely, well documented and include appropriate authorizing signatures. Explanations such as "to correct error" do not document why the transfer is being requested.

A justification and explanation for the cost transfer must be included on the cost transfer request. Attach a copy of the ledger sheet with the expenditure identified (e.g., underlined, circled). Cost transfer forms are to be used for non-payroll expenditures only. Payroll charges are to be moved via personnel action forms.

Cost transfers are to be submitted 90 days from the end of the month in which the original charge was recorded. An explanation of the extenuating circumstances which prevented the cost transfer from being done in a timely manner must be included.

After the final expenditure report is submitted to the sponsor, cost transfers are not allowed. The exception is to reconcile items of which the sponsor is aware.

Expired fixed price agreements only require a cost transfer form requesting that expenditures be moved and the signature of the appropriate PI.

Approved cost transfer forms moving charges from one project/grant to another will be processed by Office of Research.

If the department is requesting permission to move charges from the general fund to a project/grant or vice versa, the form should be sent to the Office of Research for approval, who will then forward it to Accounting Services for processing. The charges being transferred must have been recorded in the current fiscal year.

The form is available on the Office of Research Website.

NOTE: Frequent transfers are to be avoided. They raise serious questions about the propriety of the requests, reliability of the accounting system and internal control.

Expiration Notification

Expiration notification letters are sent to the Principal Investigators (PI) 60 to 90 days before the sponsored agreement expires. The PI should ensure the following actions were/will be taken:

- ✓ Review official University ledgers for appropriateness of expenditures
 - Take corrective action 45 days prior to expiration for inappropriate expenditures
- ✓ Verify that cost sharing requirements have been met
 - Cost sharing accounts are reported and closed with the grant account
- ✓ Notify ORSP of any anticipated expenditures that will not be reflected on the ledgers as of the expiration date
 - Each sponsored agreement has a deadline for the final invoice/expenditure report
 - Some agencies require the final invoice 15 days after expiration
 - Charges must be posted to the project/grant account to be included on the final invoice
- ✓ Clear encumbrances and account overdrafts 2 weeks before final invoice is due or Dean of College and Vice Chancellor of Research will be notified
- ✓ Ensure all goods and services are received BEFORE the expiration date
- ✓ Vendor invoices be submitted
 - 30 days prior to final invoice due date
 - OR
 - 30 days after expiration of grant
 - whichever occurs earlier
- ✓ Process appropriate personnel forms to move personnel from the account
 - All change in source of funds personnel forms should be submitted at least 45 days prior to the expiration of the grant
- ✓ Submit all check requests for Professional Services, honoraria, travel reimbursement, DO's, operating services, supplies, reimbursements, stipends, scholarships, bookstore requisitions, chemistry supply room charges, inter-departmental transfers, etc, no later than 30 days prior to expiration date
- ✓ Notify staff and rendering departments of new account(s)
- ✓ Submit deliverables (e.g., final report) to sponsor. If deliverables will not be submitted by the time prescribed in the agreement, notify ORSP.
 - Most grants are cost reimbursable. The university's cost associated with the final invoice will not be reimbursed until your deliverable is accepted
- ✓ Disclose any potential patents to the University

- ✓ Do not purchase equipment 90 days prior to expiration of grant (especially federal)
- ✓ Review and sign PARS as required
- ✓ Review and approve payment of subcontractor invoices if applicable
- ✓ Obtain written confirmation for any third party externally provided cash or in-kind match not traceable through the UNO PeopleSoft system

Grant Extension

Whether or not a sponsoring agency allows for a no-cost extension, continuation, or renewal, such authorization is a function of that sponsoring agency. You are advised to check the terms of your contract with the agency. If the sponsoring agency agrees, you may wish to take one of the following actions:

1. No Cost Extension: If you will not be able to complete the project, or if there is a considerable balance of unspent funds, you may decide to request a "no cost extension." (But, note that no-cost extensions cannot be made merely for the purpose of exhausting unexpended funds.) This request should generally be made to the sponsoring agency three months prior to the expiration date and should include justification for an extension.

If you wish to request a no cost extension, please complete the attached letter *70 days prior to the end of your grant* and forward it to the Office of Research for approval by the Vice Chancellor for Research. If you do not plan to request an extension, then simply respond to this email indicating such.

2. **Continuation:** If the conditions of your project, usually a multi-year project, allow for a continuation, all pertinent paperwork is usually due at the sponsoring agency 3 to 6 months in advance of the expiration date.

3. **Renewal:** While in many cases, a sponsoring agency will not make any type of commitment for continuation of a project, the agency will be open to a "renewal," which will provide support for a second phase of the project. This option involves filing a new grant application.

All of the above actions must be coordinated with the Office of Research.

Fixed Price Agreements

Purpose: Update procedure for disposition of unexpended balances in expired fixed price agreements

Objective: Establish a liquidation schedule while allowing the Principle Investigator (PI) flexibility to use the remaining funds in support of the original purpose of the award.

Procedures:

Minimum Balance

Any account that has an unexpended balance of less than \$1,000 will be closed 90 days after the expiration date.

Indirect Costs

The remaining funds budgeted for indirect costs shall be recovered by the university upon payment of final invoice or within ninety (90) days after the expiration date, whichever occurs first.

Grace Period

The PI has a period of 18 months following the expiration date to use the unexpended funds.

Fringe Benefits

The expired fixed price agreement will continue to be charged fringe benefits if salary is charged to the account.

Absent Principal Investigator

Expired fixed price agreements for which the PI is no longer affiliated with the university, or is unavailable to manage the agreement, will be monitored by the unit head. The unit head is responsible for notifying the Office of Research and Sponsored Programs (ORSP) Accounting of such a change in PI status.

Reversion

Any funds remaining at the end of the grace period will revert to the Vice Chancellor of Research. These funds will be used to encourage research.

Invoicing Sponsors

Invoicing requirements are negotiated with the original, written contract in the Office of Research. Calls and correspondence regarding invoice submission should be forwarded to Research Accounting. PI's and departments are not authorized to commit the university to invoice by a certain day nor are they authorized to independently invoice.

Interim Invoices

Most agreements require invoices to be submitted on a regular schedule such as monthly, quarterly, or annually. These invoices are prepared based on the university's ledger sheet.

Departments should review their ledger sheet monthly to ensure that the charges they have authorized are posting to their accounts accurately. Regular account monitoring will ensure that the agreement is being expended according to the terms of the contract.

Final Invoices

Federal projects generally require submission of the final invoice within 90 days after the date of expiration. State agencies normally require submission of the final invoice between 5-45 days after the date of expiration. State agreements which expire on June 30 usually require the final invoice between July 1 and July 15. Final invoicing requirements vary greatly. Please review the terms of the final award.

Final invoices should be prepared using expenditures posted on the university's general ledger. Exceptions for expenditures incurred but not recorded on the ledger require supporting documentation such as copies of invoices, a detailed written explanation, PI and unit head signatures and prior approval from ORSP. These exceptions must be requested and approved 7 working days prior to the due date of the final invoice to allow time for preparation of the final invoice and mail time to the sponsor.

Reconciling expenditures for invoices should be coordinated with the assigned accountant in ORSP.

Sponsoring agencies will not pay invoices unless the PI has submitted the deliverables and the agency deemed them satisfactory. Invoices which are not paid due to unacceptable deliverables will be forwarded to the PI, unit head and appropriate Dean or Vice Chancellor for an alternate account number.

Justification for New Account Numbers

When a new contract is entered into, the sponsor usually assigns a new contract number (award ID) specific to the new contract. When Research Accounting invoices the sponsor, this number must appear on the invoice. This distinguishes the contract from other previous or concurrent contracts with the same sponsor.

For this reason, each time a new contract is issued Research Accounting assigns a new UNO account number to correspond to the new contract. This simplifies the accounting and tracking, invoicing, depositing of funds, re budgeting, and financial reporting (if any) associated with the new contract.

In cases where no carryover of unspent funds is allowed, the new account also makes it easier for the Project Director to monitor the available balance remaining in the account.

PERSONNEL ACTIVITY REPORT (PAR) CERTIFICATION

Personnel Activity Reports (PARs) are used to report the percent of time that the employee worked on federal or federal pass-thru state and private grants. In Pass-thru grants, the state or private agency receive federal money which is then given to UNO. The requirement for the PAR is established in OMB Circular A-21, Section J.10. A copy of the circular can be obtained from www.whitehouse.gov. The method of reporting that UNO utilizes is After the Fact Activity Record. After the Fact reporting needs to reasonably reflect the amount of time the employee spent on each item listed on the PAR.

At the end of each semester, the PARs are printed by Office of Research. Lists of the journal entries affecting the federal and federal pass-thru grants are also printed. The journal entries are then researched and, if necessary, changes are made to the current PARs or to prior semester PARs. After entries are researched, the PARs are logged in and sent to the college and/or department liaisons for signatures.

The college or department liaison will distribute the PARs for signature. The PARs can be signed by the employee, the principal investigator, or a responsible official. The individual signing the PAR needs to have knowledge that the employee worked on the federal or pass-thru grants.

The percent of effort includes all sources of payment. This should be done in accordance with the actual percent effort worked on each account – not the amount of budget available to charge salary. The percentages identified for each item listed must total 100%.

Example:

101xx	5700100000	00000		10,000	67%
115xx	5700100000	10000	grant #	5,000	33%
				TOTAL 15,000	100%

All amounts for additional compensation should be identified as additional compensation and not be included as part of the 100%.

If an error is found on the PAR, corrections can be made to the PAR. The corrected PAR needs to be signed and returned. If the correct amounts are not reflected in NVision, the Payroll Department needs to be contacted and the necessary corrections need to be done.

Please perform the necessary research (NVision drilldown or own records), sign the PAR and return it in a timely manner.

PeopleSoft: Chart of Accounts

Principal Investigators, Business Managers and Department Heads can all view the accounts they are responsible for in PeopleSoft.

1. Logon to the Remote Desktop Connection
 - a. Logon to PeopleTools
 - b. Enter your Operator ID and Password then press "OK"
2. The Enter Voucher Information Screen will appear
 - a. On the drop down menu select "GO" then "PeopleTools" then "nVision"
3. The NVSUSER screen will appear.
 - a. In the middle of the screen is a "View" button. Press the button.
4. You will then navigate to a screen that will allow you to select the Fiscal Year you would like to review.
 - a. Double click the fiscal year you are reviewing.
5. The next screen allows you to double click on the unit responsible for the account.
 - a. For instance, Chemistry is in College of Science.
6. The next screen lists the types of accounts that unit has.
 - a. Double click on "Grants and Projects."
7. Select the Project/Grant you would like to review.
8. The account will display in nVision.

Remember that an agreement may have multiple fund codes for the same project/grant number. If you have any questions once you have looked up your account, please call the Office of Research.

Return of Indirect Cost Accounts

Purpose: Update policies for distribution of indirect costs and usage of the accounts.

Objective: Establish a policy to maximize university usage of indirect returns while enabling the Dean of the College flexibility to use remaining funds in support of the research effort.

Procedures:

Minimum Balance

Those accounts with an unexpended balance of less than \$1000 will be closed.

Fringe Benefits

The current fiscal year's calculated fringe benefit rate will be charged to all indirect return accounts

Grace Period

Accounts for PI's and departments which have not been used in the last 12 months will be closed.

Absent Principal Investigator

Accounts for which the PI is no longer affiliated with the university will be closed. The unit head is responsible for notifying the Office of Research and Sponsored Programs (ORSP) accounting of such a change in PI status.

Principal Investigator Accounts

The balance shall be used to cover overdrawn accounts for the PI, department or college as necessary.

Department Accounts

The balance shall be used to cover overdrawn accounts for the department or college as required.

College Accounts

Indirect costs returned to the college will be returned to the Dean to distribute as appropriate. This account will first be used to cover overdrawn accounts for PI's and departments in the college. This is a 142xx fund and the balance will carry forward into the next fiscal year. By accepting indirect returns the Dean is agreeing to close all overdrawn accounts, even if they precede their appointment as Dean.

Reversion

Any funds remaining in individual PI or department accounts shall be used to cover overdrawn accounts for the PI, department and college. If funds are remaining after PI, department and college debt are liquidated the funds revert to the Dean of the College to be used to improve their research effort. College indirect cost accounts have no expiration date but must be monitored to ensure the account does not become overdrawn.

Distribution of Indirect Cost to Colleges

Eligibility for a distribution of indirect costs if certain criteria are met:

- Agreement was negotiated for the university's full indirect rate at the time the contract was negotiated (FY 05-06 and FY 06-07 is 44%)
- Entire amount of indirect was applied to the agreement
- Final invoice was paid
- Account is not overdrawn
- Those colleges which have indirect return agreements on specific accounts will have that amount factored into their return.

Each dean will meet with ORSP to review the distribution of indirect costs and the liquidation of college debt before indirect will be returned to the college.

Indirect will be returned only when the university is in good fiscal standing. The Vice Chancellor of Research will notify the Dean's of any returns in a given fiscal year.

Tentative Account Numbers

Department heads can request an account number before the executed contract is received at the university.

The tentative account number will be the account number of the final executed agreement.

The following information is required to request a tentative account number:

- Sponsoring agency
- Detailed source of funds (CFDA number required for federal or federal pass through funds)
- Principal Investigator's name and employee id number
- Begin date of grant
- Expiration date of grant
- Amount of award
- Detailed Budget
- Purpose/function of Account
- Fringe benefit rate
- Indirect rate
- Contact name and phone number
- Department head's signature
- Proposal Number
- Proposal Name
- Responsibility clause requiring department to be responsible for all charges if the agreement is not fully executed or if some charges are deemed unallowable

The request form must be filled out completely and signed by the department head and Dean/Director. The form is available on the Office of Research webpage.

Accounting for Federally-Defined Allowable and Unallowable Costs

1. General

Although the University of New Orleans has established policies relating to allowable expenditures, the Federal government has additional requirements and limitations. The following, outlines those federal laws and regulations which govern accounting for both direct and indirect costs associated with federally sponsored programs and describes policies and procedures designed to insure compliance with these regulations.

For projects sponsored by non-federal sources, Universities policies on allowable expenditures shall apply unless the sponsoring agencies or organization has additional requirements or limitations. Refer to specific agreements for definitions of allowable and unallowable costs for such sponsored projects.

2. Federal Regulations

Regulations issued by the U.S. Government and its agencies define cost principles to be applied and set limits on the costs which may be charged to the Government under federally-sponsored agreements. Listed below are the federal regulations which govern the administration of these costs.

2.1 Office of Management and Budget (OMB) Circular A-21

OMB Circular A-21 defines cost principles for educational institutions that receive federal funds in the form of contracts, grants and cooperative agreements. The purpose of these cost principles is:

- * to explain the factors that determine allowability of costs
- * to describe types of direct and indirect costs, and
- * to provide guidance on the allocation of indirect costs for the purpose of preparing a facility and administrative (F&A) cost proposal.

2.2 Federal Acquisition Regulation (FAR)

The Federal Acquisition Regulations (FAR) contain the procurement regulations and purchasing procedures pertaining to federal government contracts. FAR 31.3, which references Circular A-21, determines the allowability of costs.

2.3 Office of Management and Budget (OMB) Circular A-110

OMB Circular A-110 defines administrative requirements for grants and cooperative agreements for educational institutions and non-profit organizations.

2.4 Supplemental Regulations

Additional policies and regulations vary among sponsoring federal agencies and individual programs.

3. Direct and Indirect Costs

3.1 Direct Costs

Direct costs are costs that can be identified specifically with a particular sponsored project or other University activity and that are charged directly to the account assigned to that project or activity. The University must consistently classify allowable costs. The following categories are considered to be direct costs of sponsored programs and should be fully provided for in the budget proposal request:

- Personnel
- Fringe Benefits
- Graduate Research Assistants
- Tuition Remission
- Equipment
- Travel – Domestic/Foreign
- Trainee Travel
- Material and Supplies
- Consultant Services
- Other Services
- Subcontracts/Sub awards
- Participant Support Costs
- Rental of Off-Site Facilities
- Other allowable costs as per the terms of the agreement

3.2 Facility and Administrative Costs (F&A)

F&A costs, or indirect costs, are those costs that cannot be easily identified with a specific sponsored project or other University activity. Indirect costs include the following type of costs:

- An allowance for the use of University building
- An allowance for the use of University equipment
- The cost of operating and maintaining University facilities
- The cost of maintaining University libraries
- General and administrative expenses
- Expenses associated with the administration of student services
- Departmental administrative expenses
- Expenses associated with the administration of sponsored programs

4. Allowability of Costs

All costs must first comply with the University policies on allowable expenditures. Costs must then be evaluated according to the federal definition of allowable and unallowable expenditures. These standards apply to both direct and indirect costs-supported by either institutional funds (unrestricted) or sponsored funds (restricted).

4.1 Allowable Costs According to University Policy

The [UNO Administrative Policies](#) and Departmental Policies, such as [Purchasing Department Policies](#) and [Accounts Payable Policies](#), in conjunction with Louisiana State University [LSU System Bylaws](#) and [LSU System Permanent Memoranda](#) provide the parameters governing the disposition of institutional funds.

Examples of these policies:

- Personnel policies for allowable costs for salaries and wages
- Procurement and travel policies for allowable cost reimbursements and for the purchase of goods and services
- Property management policies for allowable costs for the acquisition of capital equipment.

4.2 Allowable Costs according to Federal Regulations

Allowable costs according to federal regulations are defined in OMB Circular A-21 and the Federal Acquisition Regulations (FAR), Par 31.3.

According to Circular A-21, a cost may be charged to a sponsored program only if it meets **all** of the following criteria:

- a. It must be a reasonable cost
- b. It must be allocable to the sponsored program
- c. It must be treated consistently, through the application of generally accepted accounting principles
- d. It must be within the limitations specifically defined in Circular A-21 and the pertinent contract or agreement, in terms of the type of cost and the dollar amount charged.

4.3 Reasonable Costs

Costs are considered to be reasonable if the goods or services acquired and the cost of acquisition;

- Reflect a prudent and responsible action,
- Are necessary,
- Are in accordance with all applicable external requirements and terms,
- Are consistent with University policies governing that particular type of action

4.4 Allowability / Unallowability of Selected Cost Items

Circular A-21 defines principles to be applied in determining the allowability / unallowability of certain type of costs. In case of conflict between A-21 provisions and the provisions of a specific agreement, the terms of the agreements will apply.

The following cost items are unallowable according to Section J of Circular A-21, although in some circumstances may be allowable under the University policy:

- Alcoholic beverages
- Alumni/ae activities
- Commencement and convocations costs
- Copier rental/maintenance
- Bad debts

- Entertainments costs
- Fund raising costs
- Goods and services for personal use
- Lobbying costs
- Losses on other sponsored agreements
- Memberships
- Student activity costs
- Selling and marketing costs
- Proposal costs
- Office furniture
- Telephone rental and line charges
- Postage
- Subscriptions
- Donations and contributions

5. Review Process

General

The supporting documentation for each expenditure submitted by a University Department is reviewed by the responsible accounting area to insure compliance with internally established controls. In addition, SPA reviews all billable expenditures to verify their reasonableness, allowability, consistency and allocability with pertinent OMB circulars and guidelines.

6. Sponsored Programs Accounting (SPA) Responsibilities

- **Salary** – Professional salary charged against a grant must be requested on a Personnel Appointment Form 101 which has to be reviewed by the Sponsored Program Accountant (SPA) who is responsible for the grant. The Accountant checks the grant to assure that there is sufficient budget available to cover the proposed charge. Also the accountant verifies that the proposed charge is within the grant project period. A copy of the approved 101 is maintained in the grant file and comprises the backup documentation for the salary expense billed to the sponsor. On direct federal and federal pass-through awards, a responsible party certifies the percent of effort that was expended on a particular project for each academic term. Sponsored Programs Accounting prepares these personnel activity reports (PARs) which list the people who were charged to the grant and their percent of effort. The PARs also serve as part of the backup documentation for salary charges billed to the sponsor.
- **Fringe Benefits** – A computer program automatically calculates the applicable fringe benefits on each salary charge made to the grant. The SPA Accountant reviews the award agreement to insure that the Fringe Benefit percentage use in the calculation is correct, and then confirms that the charge is correctly calculated.
- **Professional Services** – The negotiation and review of professional service agreements (PSAs) falls under the authority of UNO's Office of Research and Sponsored Programs (ORSP). Once approved by ORSP, the SPA accountant reviews all requests for reimbursement to insure that there is adequate budget available to cover the invoice. The accountant also verifies that the

services were incurred within the subcontract period and that the charges do not exceed the total amount authorized under the PSA.

- **Other expenses** – The Principal Investigator (PI) is expected to share the responsibility with SPA of ensuring that all charges which are initiated are in conformance with the scope and intent of the original proposal. The SPA accountant will then produce a detail list of these expenditures, and verify that there is adequate remaining budget, and that the expenditures fall within the grant timeframe. Additionally, the accountant also checks the grant award documentation to insure that the items are listed as an allowable cost, and that they are consistent with the guidelines of the particular sponsoring agency.
- **Facilities and Administrative expenses** – A computer program automatically calculates the applicable facilities and administrative costs (F&A) on all allowable modified total direct costs. The SPA accountant reviews the award agreement to insure that the F&A percentage used in the calculation is correct and that the calculation only includes the allowable account codes. The accountant then confirms that the charge is correctly calculated before submitting the invoice to the sponsoring agency.

7. Department Responsibilities

Originating University departments must provide initial approval to all charges against sponsored programs and must provide sufficient detailed information describing the item(s) to be purchased or costs to be incurred and the purpose or function of the expenditures on every disbursement document, to facilitate the review process.

Appendix A: Forms

We have created a series of new PDF forms. Please use the PDF forms and type directly onto them to make processing as simple as possible. Click on one of the links below to access your letter or form.

- [Cost Transfer Form](#)
- [Temporary Account Request Form](#)

Appendix B: Expiration Notification Letter

TO: «Principal_Investigator»
«College_or_Department»

DATE: January 29, 2009

FROM: Office of Research

SUBJECT: GRANT EXPIRATION
«Grant_Account_Number»
«Grant_Title_or_Agency»
«Expiration_Date»

Grant Close-Out

As a reminder, the above referenced account is nearing expiration. To follow the grant close-out procedure, you will want to pay close attention to monthly expenditures as the grant draws to an end. This will involve making sure that all paperwork has been processed 45 days before the expiration date to obligate funds for any outstanding commitments or bills. Only expenditures incurred prior to the expiration date may be paid. Note that, as a grant is coming to an end, a PI should not spend funds just for the sake of spending the money. All expenditures must be reasonable, allocable, consistent and allowable.

NOTE: The issuance of a purchase requisition does not constitute obligation of funds. The University does not legally obligate funds until a purchase order is issued. Most grants prohibit the purchase of equipment 90 days or less prior to the expiration. Check the terms of your grant.

In addition, if the terms of your agreement require **cost sharing**, please verify that expenses have been properly recorded in the corresponding general fund (103xx) and/or Office of Research (142xx) matching accounts. If there is in-kind cost sharing, then Research Accounting needs a letter of commitment from the agency/company.

If you need assistance in completing the grant close out process, please contact the Office of Research at 280-7489.

Appendix C: Memo Requesting No-Cost Extension

Date:

TO: Office of Research and Sponsored Programs

This is a request for a no-cost extension on the following grant/contract:

Agency project number:
Principal Investigator name:
Project title:
UNO project/grant number:
Award period:

I would like to extend this project until *(requested end date)*.

(Provide a clear justification statement why extra time is needed and how it benefits the project, summary of progress to date, and timetable for completion.)

If additional information is required, please contact me by telephone at *(phone number)* or email at *(email address)*.

Sincerely,

(PI Name)
Principal Investigator
(Department Name/Address/etc.)

Appendix D: PARS Distribution Letter

TO: «Liasion_Contact»
«College_or_Department»

FROM: , Vice-Chancellor
Office of Research and Sponsored Programs

DATE: January 29, 2009

SUBJECT: PERSONNEL ACTIVITY REPORTS (PARS)

The PARS (Personnel Activity Reports) and Supplemental PARS (GA Tuition) are being distributed for the insert semester. The enclosed PARS are for the period from **insert date** through **insert date**. Also enclosed are instructions that can be copied and sent with the PARS.

Please have the employee or responsible Principal Investigator or Project Directors examine the salary information, account numbers and certify the percentage of effort for each item listed on the PAR. The PAR should be completed, signed and returned. Please make a copy of the PARS for your file and return the original signed PARS to Research Accounting.

If the information on a PAR does not accurately reflect the correct information for salary charges or account numbers, please have the P.I. make the necessary corrections on the PAR form and adjust the percentage of effort accordingly. If necessary, please submit a 101 to make any necessary corrections to Peoplesoft. If the charge on the PAR is for “**Additional Compensation**” have them note “ADD COMP” in the percent of effort column. Please make a notation at the bottom of the PAR listing the period involved for the “ADD COMP.”

The Office of Research Accounting are requesting that the PARS be returned by **insert day and date**. We are enlisting the cooperation of your college/department in helping us get back on schedule.

Your assistance and understanding are greatly appreciated as always.

Attachments

Appendix E: PARS First Reminder Letter

TO: «Liasion_Contact»
«College_or_Department»

FROM: Vice Chancellor
Office of Research and Sponsored Programs

DATE: January 29, 2009

**SUBJECT: OUTSTANDING PERSONNEL ACTIVITY REPORTS (PARS)
FIRST REMINDER**

This letter is a reminder that there are outstanding PARS for the **insert semester** semester and prior (see attached for a list of the outstanding PARS). These PARS have been outstanding for more than 21 days from the date of issue and must be returned to the Office of Research Accounting by **insert date**.

The PARS are a Federal requirement through OMB circular A-21. An audit finding and loss of funding are possibilities if the PARS are not signed and returned. If the signed PARS are not received by **insert date**, the Chancellor's office will be notified of the outstanding PARS.

Your prompt attention in this matter is greatly appreciated.

Attachment

Appendix F: PARS Final Reminder Letter

TO: «Liasion_Contact»
«College_or_Department»

FROM: Vice Chancellor

DATE: January 29, 2009

**SUBJECT: OUTSTANDING PERSONNEL ACTIVITY REPORTS (PARS)
FINAL REMINDER**

Attached is a list of PARs which, according to our records, are still outstanding for the **insert semester** and revisions for prior semesters. Also attached are copies of the PARs. In order to comply with Federal regulations regarding the certification of percent of effort, these PARS must be completed and returned to Research Accounting by **insert date**. We are enlisting your assistance to comply with these Federal regulations.

Thank you for your assistance and prompt attention to this matter.