

SECTION: GENERAL

SUBJECT: GRANTS AND CONTRACTS: Pre-Award and Post-Award Functions

Background: This policy provides guidance for the College's faculty and staff in their pursuit and management of external funding from grants and grant-related contracts, and outlines the College's compliance monitoring requirements for sponsored programs.

Point of Contact: Office of Grants and Contracts (OGC)

Other LCSC offices directly involved with implementation of this policy, or significantly affected by the policy: Vice President for Finance and Administration, Controller's Office, Budget Office, Internal Audit, and Human Resources.

Date of approval by LCSC authority: October 17, 2014

Date of State Board Approval: N/A

Date of Most Recent Review: 10/2014

Summary of Major Changes incorporated in this revision to the policy: Policy revision includes addressing OMB-mandated risk assessment in pre-award policy, and a new section on post-award policy.

SUBJECT: PURPOSE AND NEED

The pursuit of external funds by individuals or campus organizations to assist in the development of programs which support LCSC's role and mission is a high priority of the institution, and the College's role and mission serve as guidelines for determining the suitability of any proposal. When a proposal is submitted to an external sponsor, the institution is assuming significant financial and legal obligations; therefore it is imperative that grant proposals and contract applications be evaluated by relevant campus administration and institutional units impacted before the application is submitted to an external sponsor for review. This policy reflects and supports the Idaho State Board of Education's Governing Policies and Procedures for Grants and Contracts:

www.boardofed.idaho.gov/policies/documents/policies/iii/iiij_grants_and_contracts_0402.pdf.

This policy also reflects and supports the U.S. Office of Management and Budget (OMB) mandate for Pre-Award Risk Assessment, as outlined in 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, commonly referred to as the "Super Circular."

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In addition to serving as the institution's office of primary responsibility for the oversight of grants, the Office of Grants and Contracts (OGC) (grantsoff@lsc.edu ext. 2460), is charged with assisting College personnel—novice as well as experienced grant applicants—in exploring grant opportunities and developing grant applications, and in providing support to unit personnel throughout the life cycle of a grant.

A. Pre-Award Grant Application:

1.0 Grant Proposal Authorization/Risk Assessment

- 1.1 Prior to a proposal being submitted to an external sponsor, the Principal Investigator (PI) or Project Director (PD) must receive approval from their direct supervisor and/or appropriate Dean or Division Chair, the Information Technology Director, the Provost, Budget Director, Office of Grants and Contracts Director, and Vice President for Finance and Administration.
- 1.2 A Principal Investigator/Program Director (PI/PD) must be a permanent College employee, and is responsible for the design, technical/administrative conduct, reporting, research, and/or service project supported by the external funding.
- 1.3 With the approval request, the Principal Investigator or Project Director (PI/PD) must submit a budget summary and a grant abstract which clearly and concisely describes the proposed project.
- 1.4 Upon receiving final approval, the proposal will be reviewed by the Office of Grants and Contracts to verify that all procedures and grant requirements have been met prior to submission. The OGC's review also serves as a risk assessment to assure: funding opportunities fit the institution's role and mission; permanent College employees serve as Principal Investigators and have the necessary qualifications to design and manage the proposed project; the PI/PD's supervisors, and upper administration support the project, and; the institution has the capacity and infrastructure in place to house new projects. Final submission approval is granted by the President of the Institution or the Vice President for Finance and Administration, who are the official signatories for all grant proposals.

2.0 Criteria for Submitting Proposal

- 1.1 **Institutional Benefit.** Proposals must clearly identify institutional benefits. Specifically, how individual units/programs will benefit from initiating the activities

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- 1.2 **Institutional Impact.** Proposals must clearly identify individual units impacted by initiating the suggested activities.
- 1.3 **Long-Term Commitments.** Long-range sustainability commitments that extend beyond the life time of the proposed grant, as well as strategies to deal with those commitments must be addressed in the proposal.
- 1.4 **Match.** Committing the institution to any in-kind (non-cash contributions) or direct grant match (cash or in-kind) requires prior approval by the Vice President for Finance and Administration, upon the review and recommendation of the Budget Office and Office of Grants and Contracts.
- 1.5 **Conflict of Interest.** If the project involves any individual or organization with whom the principal investigator(s), member of the PI/PD's immediate family, or other project participants maintain a business relationship, written disclosure of that relationship and intended plan to address must be submitted with the proposal to the Office of Grants and Contracts, Provost, Vice President for Finance and Administration, and the College's Compliance Officer. [Note: Specifically required for National Science Foundation (NSF) and National Institute of Health (NIH) applications.] Additionally, if funds are sought from a component of the Public Health Service, regulations specify compliance with their required policy of disclosure of significant financial interests and the management and reporting of financial conflicts of interest. This criterion reflects and supports the Institutional Conflict of Interest/Ethical Conduct policy:
<http://www.lcsc.edu/media/1529419/3101-code-of-ethical-conduct.pdf>.
- 1.6 **Indirect Cost Waivers.** Any requests to waive any portion of indirect costs can only be approved by the Vice President for Finance and Administration, upon the review and recommendation of the Office of Grants and Contracts, and Budget Office.
- 1.7 **Work Made for Hire.** If the Scope of Work for the proposed project includes Work Made for Hire, a Work Made for Hire Agreement must be drafted prior to submission of the grant application, to be fully executed upon receiving the award.

B. Post-Award Grant Management and Compliance

Purpose and Need:

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When a grant proposal or sub-award contract is funded to the College by an external sponsor, the College may assume significant financial and legal obligations. In many cases, LCSC becomes the legal entity for projects sponsored by the Federal government, state, industry, or foundations in accordance with established Federal administrative standards. Therefore it is crucial that the College foster a culture of compliance with the laws and regulations which apply, and to have policies in place that ensure compliance for all sponsored programs, including fiduciary responsibility for all funds. The applicable regulations are contained in:

OMB Circular A-110 (2 CFR Part 215): Uniform Administrative Requirements For Grants and Agreements With Institutions of Higher Education, Hospitals and Other Non-Profit Organizations.

OMB Circular A-21 (2 CFR Part 220): Cost Principles for Educational Institutions.

OMB Circular A-133: Audits of States, Local Governments, and Non-Profit Organizations.

Link to Office of Management and Budget Circulars:

www.whitehouse.gov/sites/default/files/omb/assets/omb/circulars

42 CFR Part 50, Subpart F – Financial Conflict of Interest (FCOI). This Public Health regulation ensures health-related grant projects will be free from bias resulting from financial conflicts of interest. Link to Electronic Code of Federal Regulations Part 50: www.ecfr.gov/cgi-bin/text-idx?c=ecfr&SID=992817854207767214895b1fa023755d&rgn=div5&view=text&node=42:1.0.1.4.23&idno=42#42:1.0.1.4.23.6

In addition to the federal regulations listed above, each Federal and non-federal awarding agency has its own guidelines and grant conditions which the College must follow. To ensure adherence to all grant legislation, regulations, conditions, and guidance, the Office of Grants and Contracts (OGC) oversees and monitors all grants awarded to the College and interfaces with the applicable Principal Investigator/Project Director (PI/PD), Vice President for Finance and Administration, Budget Office, and Controller's Office to ensure compliance with grant requirements. This policy reflects and supports the Idaho State Board of Education's Governing Policies and Procedures for Grants and Contracts:

www.boardofed.idaho.gov/policies/documents/policies/iii/iiij_grants_and_contracts_0402.pdf.

1.0 Programmatic Reporting

- 1.1 Reporting requirements are specific to each award and are explained in the sponsor's award terms and conditions. The PI/PD is accountable for complying with all reporting requirements and deadlines, as specified by the sponsor. PI/PDs should review the sponsor's guidelines carefully to ascertain what reports are required, their frequency, and preparation instructions. To facilitate compliant reporting, the PI/PD

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is responsible for ensuring the OGC has all relevant grant documentation, including any correspondence from the sponsor, so the OGC is aware of all reporting timelines/deadlines.

1.2 In order to ensure adequate progress towards meeting project goals and objectives, as well as compliant use and accountability of funding, the College requires internal annual performance reports to be submitted to the OGC and the project's division chair/departments supervisor/dean. Annual Performance Reports forms can be accessed at www.lcsc.edu/grants/postaward.

1.3 As per OMB Circular A-21, if the grant project is federally sponsored, the PI/PD is responsible for ensuring **Program Activity Reporting**, also known as Time and Effort reporting, is completed for each staff member employed in the project. Instructions for completing Program Activity Reports (PARs) can be found on the OGC website: <http://www.lcsc.edu/grants/grant-compliance>. The PI/PD is responsible for submitting completed PARs to the OGC on a quarterly basis or as arranged with the OGC.

2.0 Financial Reporting

2.1 Formal financial reports are prepared by the OGC Finance Support Technician, in coordination with the PI/PD and the College's Controller, and submitted by either the PI/PD or the OGC.

3.0 Fiscal Compliance

3.1 Proper stewardship is a responsibility shared by the Principal Investigator/Project Director, department administrators, and the Office of Grants and Contracts as the compliance monitoring arm of the College, although primary responsibility resides with the PI/PD. The PI/PD is responsible for ensuring that charges are reasonable and appropriate and in compliance with the awarding agency's terms and conditions. PI/PDs must conduct the work as outlined by the approved scope of work and in accordance with the authorized budget. Fiscal management and compliance includes, but is not limited to, addressing the following areas:

- Determining Allowable/Unallowable Costs
- Following Procurement Standards
- Budget Reconciliation
- Cost Sharing
- Cost Transfers

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- Time and Effort Reporting
- Invoicing/Drawdowns
- Financial Reporting
- Sub-recipient Monitoring

3.2 Allowable Costs: Allowability of costs on a sponsored project should follow OMB Cost Principles Basic Considerations guidance; costs must be reasonable; allocable to the specific project—i. e. the cost must be incurred solely to support the work of the sponsored agreement; allowable under sponsor, state, and College regulations; and given consistent treatment though application of generally accepted accounting principles. PI/PDs should reference OMB Circular A-21 for additional guidance. In some cases non-federal sponsors define allowable and unallowable costs differently than federal sponsors, and that guidance should be adhered to accordingly.

3.3 Unallowable Costs: **Please note—an unallowable cost is a cost that does not meet the above considerations and therefore cannot be paid out of a sponsored program's grant or contract.** The PI/DP is responsible for ensuring project funds are not used for an unallowable cost; the College has the responsibility to identify any such costs and exclude them from any billing, claim, or award proposal. Some federal sponsors also delineate specific unallowable costs, so when determining allowability/unallowability, always refer to the award terms and conditions, review OMB A-21 Cost Principles for guidance on unallowable costs, and contact the OGC if there are questions regarding policy analysis.

3.4 Procurement Standards: Federally funded programs must follow OMB Circular A-110 procurement standards in order to ensure all procurement transactions are conducted in a manner that provides, to the maximum extent practical, open and free competition that is in compliance with the provisions of applicable Federal statutes and executive orders. Therefore the College's Purchasing Policy <http://www.lcsc.edu/media/1451156/4111-purchasing.pdf> must be strictly adhered to. OMB Circular A-110 procurement standards also instruct that positive efforts be made by recipients to utilize small businesses, minority-owned firms, and women's business enterprises, whenever possible.

3.5 Physical Assets Inventory: Federally funded programs must follow OMB Circular A-110 Standards for financial management systems to maintain effective control and accountability for all assets. Therefore PI/PDs are responsible for implementing a physical assets inventory to adequately safeguard all assets and assure they are used solely for authorized purposes.

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3.6 External Services: If the funded project requires the services and/or commitment of an outside consultant and/or organization, the PI/PD needs to work with the OGC to develop either a Memorandum of Understanding/Agreement, or a Work Made for Hire Agreement, depending on the scope of the work or services required.

3.7 Prior Approval: In the event a project needs to request prior approval from a sponsor, the OGC will process prior approval requests, such as:

- Effort changes exceeding 25% or more
- Change in scope and key personnel
- Budget revisions
- No-Cost Extensions
- Budget funds carried forward, if required by the sponsor

4.0 Fiscal Stewardship

4.1 Managing project costs is a core element of sponsored programs administration. To reduce the potential for increased audit risk to the College, or disallowance of expenditures which may have to be reimbursed to the sponsor and covered by the College, the PI/PD must ensure the project and its related costs are being compliantly administered and monitored. To support this effort, grant-related expenditures should be reviewed by the OGC as part of the expenditure process.

5.0 Subawards

5.1 **LCSC as Recipient.** When LCSC is the recipient of a grant sub-award, the participating PI/PD is responsible for meeting all terms outlined by the primary recipient for the duration of the grant's life cycle. The PI/PD will need to be aware of the reporting requirements based on the type of funding (i.e. state, federal, or stimulus), as well as any other reporting requirements the primary recipient may request. To facilitate those requirements, the PI/PD is responsible for establishing and maintaining a relationship with the primary recipient's administrative point of contact, being aware of the reporting timelines and due dates, and ensuring that any Institutional Review Board (IRB) requirements have been addressed. These efforts need to be coordinated with the OGC.

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5.2 **LCSC Awarding a Subaward.** Once a portion of the prime award is subawarded to a subrecipient, the PI/PD and College assume certain responsibilities. The PI/PD is responsible for ensuring the necessary deliverables are met and for working with the OGC Finance Support Technician to coordinate reimbursements to the subrecipient. Subrecipient monitoring requires the PI/PD be in frequent contact with the subrecipient, and all subaward documentation and correspondence to be forwarded to the OGC.

6.0 Close Out of a Grant Award

- 6.1 Award closeouts generally require that a series of final reports be coordinated with the OGC and submitted to the project's sponsor. It is essential that reports be prepared and sent on time. The terms and conditions of the award will specify what should be sent, when and to whom. Non-compliance in this regard can lead to debarment (exclusion) of the PI/PD from receiving subsequent grants from the sponsor; ultimately, non-compliance could lead to the debarment of the College from receiving grants from the sponsor.
- 6.2 PI/PDs should be aware of the closing dates of their awards in order to complete the technical aspects of the project, as well as close-out all financial obligations in advance of the project termination date. Project accounts will be inactivated on the end date and only allowable charges will be allowed to post after that date. Any charges incurred after the termination date will become the responsibility of the respective department.
- 6.3 Physical assets must be reallocated in a manner that is consistent with the sponsor's conditions as well as institutional policy. If the program is Federally funded, the assets are to be offered to the College's other Federally-sponsored programs in the order of priority outlined in OMB Circular A-110's Property Standards.
- 6.4 To reduce the risk of the College being designated "high risk" by a sponsor, the OGC assesses the project's history of performance. Assessing risk includes verifying:
- The project has timely submitted all required reports;
 - Costs associated with the project were allocated as per the approved budget (including budget negotiations);
 - Conformance to the terms and conditions of the award;
 - Program objectives have been met

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PI/PDs and their supervisors should work closely with the Office of Grants and Contracts on all grant-related activities, which can be contacted at 792-2461 or grantsoff@lcsc.edu. Procedures for adhering to the above outlined policies can be found on the Office of Grants and Contract's website at www.lcsc.edu/grants.