



GRANT MANAGEMENT POLICIES AND PROCEDURES

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Pacific University

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Introduction

PURPOSE OF THIS MANUAL

THIS MANUAL was created for use by Pacific University faculty and staff involved in the financial and program administration of grants. It takes a comprehensive approach to grant management, focusing especially on federal Office of Management and Budget rules in effect with federally funded and flow-through grants. All employees and students involved in any aspect of grant management should read at least the first two chapters. The manual includes:

- 1) University policies that affect all grants and subawards administered by the University
- 2) Summaries of policies, formatted in “At a glance” boxes with light blue shading
- 3) Office of Management and Budget verbiage from circulars and OMB 2 CFR 200 (also known as the “OMB Super Circular”, “Omni Circular” or “the Uniform Guidance.”)

OMB content and content from other federal agencies is identified and formatted in a box with a light green backdrop, as in the following important section on internal controls, from 2 CFR 200:

OMB §200.303 Internal controls.

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

This topic of internal controls is an important concept addressed throughout this manual. Good internal controls are emphasized significantly in new federal grant management guidelines that began December 26, 2014. The purpose of the manual is to help University staff members continue to identify, exercise, and improve internal controls.

The Government Accountability Office segments internal controls into five standards, and Pacific University faculty and staff members should consider these five standards whenever managing grants, participating in audits, and making grant related decisions.

GAO: Five internal control standards

Control Environment

Management and employees should establish and maintain an environment throughout the organization that sets a positive and supportive attitude toward internal control and conscientious management.

Risk Assessment

Internal control should provide for an assessment of the risks the agency faces from both external and internal sources.

Control Activities

Internal control activities help ensure that management's directives are carried out. The control activities should be effective and efficient in accomplishing the agency's control objectives.

Information and Communication

Information should be recorded and communicated to management and others within the entity who need it and in a form and within a time frame that enables them to carry out their internal control and other responsibilities.

Monitoring

Internal control monitoring should assess the quality of performance over time and ensure that the findings of audits and other reviews are promptly resolved.

This manual is a working document, and necessary changes may periodically be identified, especially if federal or university rules change. An annual review and, if necessary, process to approve changes is advised. Please contact the Pacific University Business Office Grant Accountant with input and questions regarding updates to this important manual or any other questions.

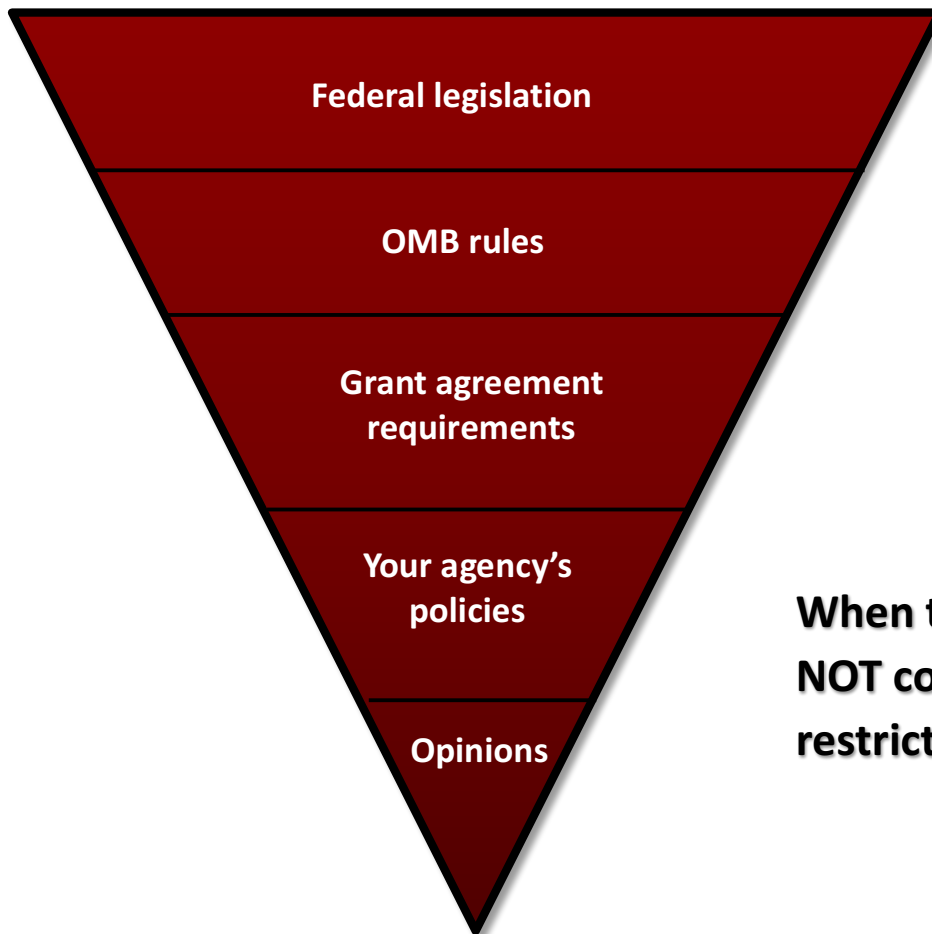
Section I

PRINCIPLES OF GRANT MANAGEMENT

This chart shows the order in which rules are generally in effect when rules at different levels conflict, such as when a rule in the grant agreement is different or more restrictive than the policy in this manual. In that case, the grant agreement rule trumps. University staff and consultants have generally tried to avoid University policies that are out of sync with OMB rules.

When the rules are not in conflict, all rules must be followed (resulting in the most restrictive rule being the critical compliance threshold). For example with record retention rules, the longest is the most restrictive period of time. With federal grants, the Office of Management and Budget requires grant documents are retained for at least three years from grant closeout or final formal inquiry. Pacific University policies requires that to be at least six years, plus the remainder of the calendar year. Adherence to the most restrictive rule will serve to meet all other rules.

University staff must read and monitor program and agreement rules closely to ensure compliance in those situations when the funder's rule is stricter than the University policy.



**What
supersedes
what?**

**When the rules DO
NOT conflict, the most
restrictive rule applies.**

Starting December 26, 2014, the Office of Management and Budget requires compliance with what is called the OMB Super Circular or Uniform Guidance (2 CFR 200). This set of rules combined and replaced other previous circulars. Many of the provisions and requirements are the same as they were previously, but a few significant changes and priority areas were made in the new guidance. Grants that are signed after that date will be administered under the new rules. Grants that were signed before that date are generally governed by the old rules, although grants that have allocations approved through what OMB calls “incremental funding” will be subject to 2 CFR 200.

Major changes in the new guidance include an emphasis on the importance of internal controls and an emphasis on the importance of subaward monitoring. Requirements for this second issue, subaward monitoring and management, were significantly strengthened and built upon in the new rules, and Pacific University and other entities that subaward should review past approaches to ensure they meet new standards. Section VII of this manual includes OMB’s revised subaward standards.

OMB has delayed implementation of Uniform Guidance procurement rules for two years, and those go into effect at the beginning of Pacific’s fiscal year beginning July 1, 2017. Therefore, Pacific University has the flexibility to operate under previous procurement rules until this date. Procurement rules consistent with the new rules are included in this manual and should generally be followed before the above date, as a best practice.

Obtaining the Uniform Guidance: An electronic copy of the Uniform Guidance can be located by searching online for “2 CFR 200.” A version with an easy-to-use electronic table of contents is available at:

http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Other specific changes in the OMB Uniform Guidance that likely affect Pacific University directly include the following:

- 1) Federal funders must recognize and use a recipient’s negotiated indirect cost rate unless it meets specific exception requirements in the Super Circular.
- 2) A new provision allows non-federal entities that have never had an indirect cost rate to charge a 10 percent de minimis rate, and Pacific University subawardees may qualify for this new provision (Pacific has a federally negotiated indirect cost rate).
- 3) Costs for civic and community memberships are allowable now but require funder approval, while costs for business, professional, and technical memberships and subscriptions are still allowed under OMB rules without approval.
- 4) The section on employee morale was removed, and that is no longer an allowable expense. The new rules recognize that what may otherwise be considered “entertainment” can have a legitimate program purpose and is allowed with funder approval. “Employee Health and Welfare” costs are still allowed when appropriate, customary, and allocable.
- 5) The rules regarding “Documentation of Personnel Services” which were previously under “Time and Effort Reporting Requirements” have been changed and broadened to recognize alternative approaches to time sheets.

Below, in the green box, is another important change, this one regarding residual supplies:

OMB § 200.314 Supplies. (Another new rule)

“If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other Federal award, the non-Federal entity must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal government for its share.”

The Uniform Guidance states audit rules took effect December 26, 2014. With audits, since we look back in time, the previous circulars will still be used prior to this date regarding compliance considerations for programs that occurred before then. The relevant OMB circulars for Pacific University and other governmental agencies during this “pre-Super Circular period” are:

- 1) 2 CFR 220 (cost principles)
- 2) 2 CFR 215 (administrative rules)
- 3) A-133 (audit rules)

An electronic version of these can be obtained at:

https://www.whitehouse.gov/omb/grants_circulars

Also commonly in effect with federal grants is what OMB calls “attachments to the common rule,” for example 34 CFR 74, also known as EDGAR (Education Department General Administrative Rules). The US Department of Education usually attaches this departmental circular to the common administrative rules requirements for direct and flow through grants. Other federal departments – such as Labor, Commerce, Energy, Homeland Security, and Agriculture – have similar department attachments to the OMB common rules. EDGAR is more than 350 pages, while the others are usually less than 30 pages. Attachments to the grant are normally mentioned in the grant agreement but can also be checked by finding the program description at the website below and using a “CTRL F” search with keyword “CFR.”

www.cfda.gov

This website, the Catalog of Federal Domestic Assistance, allows users to find all federal programs by using a five digit CFDA number, such as 84.063 for the federal Pell Grant Program of the Department of Education. The CFDA states that regulations governing administration of the Pell Grant Program are found in 34 CFR 600, 668, and 690.

The attachments themselves can be found online by searching on the CFR number, such as if we were to use Google to search and find “28 CFR 66 pdf” which is the common rule attachment for Department of Justice grants.

All other rules such as those set by funders in grant agreements – whether they are government agencies, foundations, or corporations – are also in effect and generally supersede Pacific University policies.

In short, make sure the University adheres to the most restrictive rule, and defer to higher level rulings in situations when the rules conflict.

Pacific University

Grant Cost Accounting Standards

Unallowable or Special Permission Costs

Expenses for grants or university accounts must have a business purpose and be consistent with OMB and Pacific University rules. For grants, the expense must also meet any additional criteria or restrictions that have been established by the granting agency including pre- and post- award costs. Costs commonly restricted by specific funder guidelines include:

- Food
- Construction
- Expenses that supplant normal costs

The following is a sample list of expenses that may be unallowable or have special University or OMB requirements in some or all circumstances:

Costs never allowed at Pacific University for federal grants

- Illegal drugs, narcotics or controlled substances
- Cash advances from purchasing cards
- Firearms or weapons purchases
- Items for personal use
- Membership fees for private clubs or social organizations
- Traffic citations for either personal or university vehicles
- Parking citation reimbursement
- Political contributions
- Child care costs
- Gifts to other nonprofit organizations or charities
- Alcoholic beverages
- Bad debts

Only allowed with special University permission

- Air conditioners/heaters (must be approved by facilities)
- Audio/visual equipment (must be approved by UIS)
- Computer hardware/software and related peripheral equipment (must be approved by UIS)
- Furniture (must be approved by purchasing)
- Dues, membership fees, subscriptions. These are only allowed for business, professional, and technical purposes (check with Business Office)

- Costs for cell phones and internet connections at home are generally not allowed unless the expense is essential (must be approved at the Vice President level and may not be allowed under grant).

This list is not all inclusive, and as with any questionable cost, you will need to contact Business Office personnel, including Purchasing, for clarification.

Grant Cost Accounting Standards

Allowable Costs

The University will only directly pay or reimburse for properly substantiated business expenses. For those costs to qualify as a business expense they must:

- serve a legitimate business purpose
- include adequate and appropriate explanations and documentation

Advances in excess of a substantiated expense must be returned within a reasonable period of time.

For an allowable charge to be posted to a grant the cost must be incurred during the award period and meet the following standards:

Must be reasonable

A cost is considered reasonable if a “prudent person” would have purchased this item for this price. Some questions that should be asked before purchasing the item include:

- Was this cost necessary?
- Did cost meet certain factors such as arm’s-length bargaining, did it comply with federal and state laws and regulations and did it meet the sponsors’ agreement terms and conditions?
- Did the individual exercise prudence under the circumstance?
- Did the individual act in accordance with institutional policies and practices and sponsored agreements?

Must be allocable

A cost for goods or services is allocable if it can be assigned to the activity on some reasonable basis. It also must fit into a budget line item and be consistent with budget narrative language. A cost is allocable to a sponsored agreement if:

- the cost is incurred solely to advance the work, or
- the cost benefits both the sponsored agreement and other work of the institution, in proportions that can be reasonably estimated

Must be treated consistently

Costs incurred for the same purpose in like circumstances must be treated the same.

This is important when classifying expenses as either direct or indirect costs.

Important reminders

- 1) Costs cannot be shifted to other sponsored agreements to meet deficiencies created by overruns.
- 2) Costs cannot be transferred to an account with an unexpended balance during the last months of a project simply to deplete the balance of funds.

Section II

SUMMARY OF FIVE PHASES OF A GRANT

1) GRANT PROPOSAL DEVELOPMENT

The proposal development process is in place to assist faculty and staff in achieving grant support for their project or program. Once an idea has been formulated, it is important to discuss with the appropriate Dean or Program Director, and others as needed, to develop the idea and craft a budget. Approval is required for all grants and is obtained by completing and routing the Grant Transmittal Form available from the Office of Scholarship and Sponsored Projects' website. It is important that you work with your assigned Grant Officer on all proposals to ensure that no application is rejected on technical grounds.

Both the Office of Scholarship and Sponsored Projects and the Corporate and Foundation Relations representatives will assist a university faculty and staff member in [researching potential funders](#) and finding the right match for a project/program. They will ensure that your application is not submitted at the same time as another proposal from Pacific University to the same funder when not allowed. Where there are competing interests, institutional priorities take precedence over all other proposal ideas.

If your proposal results in a request for a site visit from the funder, your grant officer will provide assistance to ensure that your site visit is a success. Your grant officer will help you in assuring your funder meets the right people and receives a concise and illuminating site visit guide that will further advocate for your success.

Once grant has been awarded a grant officer will assist you in completing the paperwork, processing grant checks, and meeting deadlines for required reports. The stewardship of corporate, foundation, and government funds ensures that Pacific can maintain a long-term relationship with the sponsoring organizations.

Grant Officers

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Grant Proposal Development Process

The proposal development process is also available in print. There is both a flowchart and detail for the document:

[Flowchart](#) (pdf)

[Detail](#) (pdf)

Both of these subsections are provided in the appendix of this manual (Appendix D)

The University will meet or negotiate all funder requirements as appropriate pertaining to signatories on grant proposals and agreements. Authorized members of the University will be responsible for submitting all proposals directly or approve that process to be carried out by another representative. An E-business Point of Contact for federal grants within the Business Office will generally be the person to approve others to possess and utilize usernames and passwords on federal grant submission and management websites. The E-Biz Point of Contact at this time is Jo Isgrigg, Director, Office of Scholarship and Sponsored Programs.

All representatives who serve as signatory representatives or who possess and use usernames and passwords for grant management purposes will be approved by the E-business Point of Contact or another authorized University administrator. Grant negotiation between funders and the University will be carried out by authorized personnel. In general, employees of the University will be the only individuals authorized to use such electronic signatures, and outside contractors and consultants will not serve in that role unless it is highly necessary, adequately analyzed and approved, and closely monitored.

Pre-award costs

Federal Office of Management and Budget rules generally state pre-award costs are not allowed as direct costs or allowed to meet cost share with federal awards (also called “matching requirements”). The National Science Foundation (NSF) is an exception, and grants from NSF generally allow pre-award costs for necessary expenses to get the project ready for implementing once the grant begins.

This “no pre-award costs” standard federal rule can be modified by agreement with the funder, for example, when a funder allows a 90-day pre-award approval period for specific costs. Foundations also usually do not allow grants to cover costs that occur before the program period. Foundations may allow pre-award matches.

At a glance: important issues while writing and accepting grants

Following is a list of critical issues to consider and in many cases discuss with other University staff when writing or submitting a grant:

- Are there matching or cost share requirements?
- Does this grant involve adding staff or expanding work time? (Good internal communication is encouraged to determine the long-term effect on the University)
- Are there building or space issues that need to be approved by the Dean and/or Provost?
- Are there equipment purchases in the grant? (OMB generally defines equipment as single items that costs more than \$5,000, and those items must be specifically approved by the funder and later tracked as inventory)

- Are there special or unusual administrative requirements?
- Does the funder set restriction on the publication of scientific and technical information resulting from the project or activity?
- Is supplanting prohibited? (This is almost always the case with Department of Education grants and Department of Justice grants)
- Are there sign-off requirements with state agencies or other entities?
- What University departments will be involved, and are personnel trained and informed?
- Are there possible conflict of interest or procurement issues involved with the grant, the project, or with possible contractors?
- Is this a sole-source contract situation (see University procurement staff for information, and remember that sole source should be the exception rather than a standard approach to procurement situations)
- Does the grant involve sub-awards or contracts?
 - Sub-award versus contractor determination are described in this document under sub-award policies, section VII, subpart 12.

Additional issues to consider:

- What is the amount to be awarded?
- What are the start and end dates?
- What expenses does the grant cover?
- What documentation is required to support each line item?
- Are bids required?
- Do we need to create a sub-award agreement or a contract?
- What are the terms and conditions and the reporting requirements?
- What is the method of payment: electronic transfer, reimbursement, up-front?

2) BEGINNING THE PROJECT

At a glance: checklist to begin the grant

- Work with your grant officer to set up your grant's administrative structures, account, and processes.
- Connect with staff members, and consider holding meetings
- Connect with the funder's program officer
- Set up a box folder and begin documentation (see the next section for a sample box folder and binder table of contents)

- Notify partners and staff, and work with appropriate University staff to publicize or report the award and subawards as needed
- Work with Human Resources Department to proceed with hiring procedures
- Work with your grant officer to set up an electronic accounting system
- Work with the Office of Scholarship and Sponsored Projects staff to set up sub-award agreements and contracts

When setting up Box folders, binders, or an electronic system to track a grant, it is advisable to provide a draft table of contents to the program officer from the funding agency to receive input and guidance on any tracking and reporting needs. Additional binders may be required for sub-award agreements or to track special issues, such as project evaluation and construction issues.

3) PROJECT ADMINISTRATION

At a Glance: keys to good grant administration

- 1) Good records management,
- 2) Solid internal controls, and
- 3) Adherence to the grant agreement, OMB rules, and University administration rules.

Tips for good ongoing project administration:

- Keep in touch with funding agency
- Meet with staff and budget staff regularly
- Keep on track with process objectives and performance measures
- Collect necessary data, and complete required evaluation processes
- Maintain communication with contractors and collaborative partner agencies
- Complete all necessary reports (usually quarterly or semi-annually)
- Review expenditures on a monthly basis
- Use a binder to maintain records of grant activities and budget expenditures (or do that with file cabinets or an electronic system)

In most cases, the project manager will create a binder management system to track documents for each particular grant, track documents using electronic systems, or use some combined approach using these two methods.

Document tracking is a key factor in good grant management. The documentation method used will usually involve the use of a Box folder, a binder, the electronic equivalent of that, or a combination of the mediums. A well-organized binder serves two purposes especially well – 1)

it allows the grant manager to see what needs to be done while working toward completion of the award, and 2) it allows the grant manager to quickly address funder or auditor questions.

Box folder or binder management

(This outline is a sample of how one binder or electronic Box folder might be organized. The content and chapters generally vary based on the project. Your system may, of course, also include the electronic equivalent of some or all of this.)

- RFP or NOFA, SGA, RFA, or whatever else the funder calls it
(may be included in the binder as an appendix rather than a first section if extensive)
- Proposal
 - Narrative
 - Budget
 - Attachments
- Notice of Grant Award
(in some case this and the proposal make up the grant agreement)
- Grant agreement
 - Amendments
- Reports
 - Narrative (quarterly or semi-annual report of objectives, SF-PPR)
 - Financial (SF-425 for a federal grant)
- Major receipts
- Procurement documentation and selection process
- Evaluation content
- Building related documents
- Correspondence
 - Letters
 - Emails

4) CLOSEOUT AND POST-AWARD REQUIREMENTS

Some federal grants allow a 90-day period for closeout procedures, which may include completing grant reports and completing evaluation activities to verify grant impacts and adherence to measurable outcome objectives. Many funders allow this time spent closing out the grant to be billed to the grant, although all other project costs are no longer allocable. It is customary that funders allow 30 days for invoicing and paying costs that occurred during the grant period. For example, a consultant may invoice for payment during that month after the grant for services that occurred during the grant period, and the University would pay that invoice before the 30 days expires.

Time spent to ensure documentation of all grant issues can save time later if the grant is reviewed by the funder or is selected for audit during the University's federally required single

audit. Staff members are encouraged to make sure all grant binders and record keeping systems are complete before considering the grant completed.

At a Glance: Tips for closeout procedures:

- Submit final narrative (PI) and financial reports (BO), which are usually due within 90 days of the end of the grant agreement
- Describe how objectives and outcomes were met (PI)
- Show all funds were expended on allowed expenditures or report unspent funds (BO)
- Make sure the funder closes out the grant (BO)
- Determine if there is inventory from the grant that will need to be tracked based on depreciated value (OMB states items worth \$5,000 must be inventoried at least every two years, and the University requires this is done annually) (PI, BO)
- Analyze whether residual supplies are worth \$5,000 or more of total value, as OMB requires amounts above that must be addressed by negotiation with the funder (PI)
- Determine if the funder covers staffing costs during closeout period (sometimes allowed up to 90 days after the grant closes) (PI)

Possible post-award requirements and issues on federal grants may include inventory tracking, record retention, property management, and accounting adjustments (which can result in possible repayments).

Tips for post award requirements to be coordinated between Principle Investigator and Business Office:

- Address any audit requirements or inquiries
- Retain records in accordance with the most restrictive rules of the funder, the University, the state, or any other pertinent stakeholder
- Follow rules that govern the retention or disposal of grant equipment and property, especially for any item that was purchased for \$5,000 or more
- Track and document inventory for items purchased with federal funds (required at least every two years for items worth \$5,000)
- Request permission from funder if intending to sell, dispose of, or repurpose equipment purchased with the grant
- Make sure to understand the University can only keep funds that were either 1) reimbursed to the University for direct cost for the grant project, 2) collected through allowable indirect costs, or 3) allowed as income under the terms of the grant (and in such a case income will be subject to audit under OMB's rules regarding "addition method" or "used-for-match method.")

Section III

FEDERAL SINGLE AUDIT PRINCIPLES

This section summarizes the compliance topics addressed in federally required Single Audits (formerly known as “A-133 audits”). Federally required single audits focus on 14 specific compliance areas, which are listed here with explanations, and in some cases references for further content. These audits are required of all entities that cumulatively spend \$750,000 or more in federal funds in a fiscal year. Before the new Uniform Guidance threshold was established, OMB circular A-133 set the threshold at \$500,000.

Pacific University participates in a federal single audit each year. Performing well in this audit is extremely important, and this manual will help University staff members prepare. Pacific also verifies that subawardees conduct the audits if required and, as a flow-through entity, provides subawardees with assistance to prepare for their audits.

Single audits involve the following 14 compliance topics listed in this chart, with each item summarized below:

Federal single audit compliance topics and audit finding categories:

- A. Activities Allowed or Unallowed
- B. Allowable Costs and Cost Principles
- C. Cash Management
- D. Davis Bacon Act
- E. Eligibility
- F. Equipment and Real Property Management
- G. Matching, Level of Effort, Earmarking
- H. Period of Availability of Federal Funds
- I. Procurement and Suspension and Debarment
- J. Program Income
- K. Real Property Acquisition and Relocation Assistance
- L. Reporting
- M. Subrecipient Monitoring
- N. Special Tests and Provisions

A-B) Activities Allowed or Unallowed, Allowable Costs, and Cost Principles

There is a quick list of costs that are generally allowable and unallowable at the end of Section I (in blue boxes). All costs billed to a specific grant should pass the "AARC test."

- Allowable (expenditure is in accordance with OMB rules and all other grant rules)
- Allocable (expenditure was for the grant project and fits into a budget line item)
- Reasonable (expenditure is consistent with market prices and passes the "headline test")
- Consistent (expenditure is consistent with University policies and past practices)

OMB 2 CFR 200 provides guidance on “selected items of cost” in 200.421 through 200.475. This is an alphabetized list, and each of these specific sections defines rules on a specific cost, running from “advertising and public relations” through “trustees.” Costs that are always unallowable include alcoholic beverages, bad debt, and general University promotional activities. Costs sometimes allowable include advertising and memberships. Costs that require funder approval (along with strong project connectivity) include entertainment and fund raising.

It is strongly advised that costs are NOT billed to a federal grant if that costs fails, or is in question of failing, any one of these four tests. When in doubt, it is better to allocate a cost to University discretionary funds if that cost meets University principles but fails (or may be at risk of failing) OMB rules, grant agreement rules, or the “prudent person” test.

In federal grants, it is usually best to manage funds based on the concept, “if it is not documented, it did not happen.” Costs may be questionable or not allowed if they do not meet OMB and the University’s documentation requirements. A good approach is to seek a consensus with the funder – and if needed obtain formal approval – if the cost appears valid but may look in any way questionable. A good example of this are OMB rules regarding costs for activities that may otherwise be considered entertainment but serve a clear program purpose.

OMB 200.438

Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.

C) Cash Management

OMB 200.306

For non-federal entities other than states, payment methods must minimize the time elapsing between the transfer of funds from the US Treasury or the pass-through entity and the disbursement by the non-federal entity whether the payment is made by electronic transfer, issuance or redemption of checks, warrants, or payment by other means.

Many funders turn this general concept of “minimize the time elapsing” into a specific number of days. For example, the Department of Education often requires drawn down funds to be used for payments within three days. Fire grants with the Federal Emergency Management Administration allow up to 30 days between drawdown and expenditure. Pacific University uses the reimbursement method for payment of Federal grants. These drawdowns are requested by the Business Office on a quarterly basis.

D) Davis Bacon Act

Grant recipients are required to verify that contractors and subcontractors on construction and renovation projects are paying laborers and mechanics wages and fringe in compliance with the Davis Bacon Act. The Davis Bacon Act is 1931 legislation that protects workers from being taken advantage of by contractors that would attempt to win federal awards on the back of unfair labor practices.

It is rare that the University will coordinate construction or renovation using federal funds, but if that is conducted, care is required to make sure the Davis Bacon Act is followed correctly. Construction and renovations of \$2,000 or more paid with federal funds are usually subject to Davis Bacon Act requirements. The paperwork and monitoring requirements for a construction project under Davis Bacon are extensive. The University's Facilities Department will ensure training is provided to workers who oversee such projects when notified that Federal funds are being used. Notification will come from the Principle Investigator or Purchasing. Many entities use an outside firm to ensure the approach is thorough, and that is especially advisable when the entity is not accustomed to accomplishing Davis Bacon compliance. The Housing and Urban Development Department has a guide titled "Making Davis Bacon Work," and it can be downloaded on the internet for guidance.

E) Eligibility

Program and financial staff members are responsible to understand and follow eligibility restrictions regarding delivering services. Restricted grant funds will not be used to serve ineligible participants. Such restrictions usually focus on the income of the participants but can be based on other factors such as employment status, age, or race. For example, TRIO grant funds are generally restricted to services for low-income, first generation college students. A tutor paid 100 percent with TRIO grant funds would not be allowed to provide services to non-TRIO eligible participants. The restriction will show up in the grant agreement or equivalent documents. Participant eligibility restrictions can also be identified by finding that specific federal grant at www.cfda.gov and reading the "beneficiary eligibility" restrictions section in the grant synopsis.

F) Equipment and Real Property Management

The University will track all property purchased with federal grant funds in accordance with the following policies and concepts:

For federal grants, equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes. The University has set inventory at \$5,000 (which is the same as the federal maximum amount). The University will track all equipment purchased with federal or flow-through funds in accordance with this requirement. The OMB rules on inventory tracking require highly specific information to be recorded.

OMB 200.313

. . . (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Note: the FAIN is the Federal Award Identification Number specific to that one grant agreement.

The University will not sell or dispose of equipment worth \$5,000 or more purchased with federal grant funds without the approval of the funding organization, as per OMB requirements. Under OMB Super Circular rules, “items with a current per unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency” (as per OMB 2 CFR 200.313.e.1.). That means, from the federal government’s perspective, an equipment item becomes a supply item after it depreciates to be worth less than \$5,000. It is still, however, an equipment item that should be inventoried under the University rules until the value of the item drops below that set by the University (\$5,000).

G) Matching, Level of Effort, Earmarking

With federal grants, matching and cost share will be calculated and documented in accordance with federal rules and, additionally, according to the grant agreement rules. For example, federal rules allow both cash and in-kind matches (non-cash, such as volunteer work) to be counted toward a match. Many grant agreements allow only cash matches and funders are allowed to restrict that issue. Calculation and documentation for a cash match should mirror that which would be required for a cost. If it cannot be counted as a cost, then it cannot be counted as a match.

Private sector funders, such as foundations, often allow common sense calculations to be used when proving the University has met a matching requirement. This informal approach is not allowed, however, with federal grants.

Some awards and subawards made with federal funds allow both in-kind and cash matches. The Uniform Guidance has requirements for calculating and documenting the value of in-kind matches for facilities, equipment, and volunteers in 2 CFR 200.306.

Following are several examples of federal rules regarding in-kind matches:

- a. Volunteers will be valued at the University entry level pay rate for the most similar position. If there is not a similar entry level position, Bureau of Labor Statistics wage data can be used to identify a fair minimum hourly value for that volunteer position (based on the area where the work is performed). The University’s normal fringe can be counted with both methods. The work of volunteers should generally be documented using methods consistent

with that used for employees such as time sheet style work schedules signed by the volunteer, the knowledgeable supervisor, or both.

b. University facility and equipment matching values will be based on the fair depreciation value. Only University facility space that is used on a regular daily basis toward that grant project can be counted toward a federal match. With funder approval, a fair rental rate can be used instead for the calculation. Otherwise, calculating the rate correctly generally requires a tape measure to determine percentage of floor space, which can then be used to calculate percentage of rent or percentage of depreciation. Borrowed facilities and equipment can be calculated at a fair documented rental rate.

c. Borrowed equipment can be calculated at the fair rental rate.

In summary:

1. Matching and cost share calculations and documentation requirements with federal grants are highly specific and should be conducted using the OMB circulars for guidance.
2. Matching and cost share with private sector funders can sometimes be based on common sense estimates that are agreed to by both the funder and the University.

H) Period of Availability of Federal Funds

Grant expenses are generally allowed only for costs that are incurred during the grant period. No pre-award or post award costs will be billed to a grant unless it is approved by the funder and specifically allowed in the grant agreement, such as with the following three circumstances:

- a) Post award costs for closeout, such as staff time preparing a final report, are sometimes allowed by the grant agreement for 90 days after the end of the grant period.
- b) Specific pre-award costs with federal grants are sometimes allowed with funder approval in the grant agreement, with 90 days being the typical maximum pre-award period.
- c) Some funders, such as NSF, regularly allow pre-award costs for reasonable startup costs during a specific period before the grant agreement start date.

I) Procurement and Suspension and Debarment

See Section VIII of this manual. The University's procurement guidelines are subdivided in that section into the following policy sections:

- University purchasing policies (see Appendix B)
- Additional requirements for procurement with federal dollars
- Pacific procurement types and thresholds
- OMB competition requirements
- Full text of OMB procurement related rules
- Checking debarment and suspension of contractors
- Contract content requirements

These provisions go into effect starting June 1, 2017, as per the two-year delay allowed by the OMB Uniform Guidance. Policies before then will be in accordance with the policies of the

University that were in effect before this date and before this comprehensive manual was created.

J) Program Income

The University will comply with federal rules regarding program income with all federal grants and federal flow-through awards.

Below is information on federal rules regarding income, and these paragraphs are summarized from 200.307 (in the OMB Super Circular). Income rules for a specific federal grant may vary by funder, although they generally involve the deduction, addition, or cost sharing/matching methods described below. The deduction method is in effect unless another method is set in the grant agreement, although research grants automatically use the addition method.

OMB rules encourage non-Federal recipients to earn income to defray program costs where appropriate. Many funders in practice prefer that recipients avoid income to avoid the management issues involved.

The three types of methods generally used regarding income are as follows:

- a. **Deduction (aka subtraction).** Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal award and non-Federal entity contributions rather than to increase the funds committed to the project.
- b. **Addition.** With prior approval of the Federal awarding agency, program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award. Income used in this way is auditable during the grant period. Income that comes in after the close of the grant is not restricted in this manner.
- c. **Cost sharing or matching.** With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award.

Income after the period of performance. There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. The Federal awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process.

Income with non-federal grants. Income generated using private sector contributions (such as foundations and corporations) will generally be considered non-designated income to the University unless the funder specifies otherwise; for example when a foundation grant agreement states income must be used for the purposes of the grant funded project.

K) Real Property Acquisition and Relocation Assistance

The University is rarely involved in using federal funds for these purposes. The following explains the topic and shows where to turn for guidance:

The Uniform Act, passed by Congress in 1970, is a federal law that establishes minimum standards for federally funded programs and projects that require the acquisition of real property (real estate) or displace persons from their homes, businesses, or farms. The Uniform Act's protections and assistance apply to the acquisition, rehabilitation, or demolition of real property for federal or federally funded projects.

- 49 CFR 24 is the OMB circular that explains Uniform Relocation Assistance and Real Property Acquisition requirements.
- HUD Handbook 1378 provides Department of Housing and Urban Development policy and guidance on implementing the 49 CFR 24 for HUD funded programs and projects.

L) Reporting

The University will strive to meet all reporting requirements of all funders and to avoid late or incomplete reports. Most periodic grant reports are due within 30 days of the end of a performance period (usually quarterly or semi-annually). Final reports are usually due within 90 days of the end of the project.

OMB rules require federal grant funders and recipients use the following two documents for reporting purposes, although flow through grants (such as from a state agency) will use other forms:

1. SF-425 (the Federal Financial Report, also often called the “FFR.” This reports on expenditures and is completed by the Business Office.)
2. SF-PPR (the Federal Performance Progress Report. This reports on objectives, outcomes, and program compliance and is completed by the Principle Investigator.)

Beyond these two standardized federal reports, federal grants sometimes require additional reporting, for example:

1. Subawards of \$25,000 or more must be reported by primary recipients of federal grants at www.fsrc.gov in accordance with the Federal Funding Accountability and Transparency Act. For example, if the University receives a grant directly from a federal funder and then subawards at or above this threshold to another University or another program partner, the award must be reported within the month following when it was made. See www.fsrc.gov for guidance. The requirements for this reporting process are likely to increase in the future when the federal DATA Act is implemented in 2018 (Data Accountability and Transparency Act of 2014).
2. Some funders may have a financial allocation office report in addition to the SF-424.

The University will complete required grant reports for state, local, foundation, corporate, or other funders as required. Most funders that require reports use a two-tiered system similar to that used in federal grants – one report for program matters, and another for financial activities.

M) Subrecipient Monitoring

Section VII of this manual includes OMB's substantial subaward standards that require:

- 1) An analysis of the subrecipient's ability to manage the grant
- 2) An adequate subaward agreement
- 3) Adherence to reporting requirements, and
- 4) Ongoing monitoring of the subaward.

N) Special Tests and Provisions

There are compliance requirements that are unique to each program. They will generally be specified in the grant agreement, although federal legislation can also set requirements. For example, grants funded through the American Recovery and Reinvestment Act (also called the "stimulus package") required the purchase of construction and manufactured goods to meet "buy American" provisions. This was required regardless of whether that content was included in the grant agreement.

The University will strive to meet all special provisions of grant funders, such as those commonly found in grant agreement "terms and conditions" sections. University staff must read closely grant agreement documents and requirements to ensure that all grant provisions are followed.

SECTION IV

FINANCIAL MANAGEMENT AND COST ALLOCATION PRINCIPLES

1. GENERAL FINANCIAL MANAGEMENT CONCEPTS

The University's financial management internal control policies are in place to ensure and safeguard that all incoming grant funds are used solely for authorized purposes. Revenues and expenses for each program are tracked through separate business units and/or funds, as appropriate.

Foundation and corporate grants are often paid upon acceptance, and the University will manage funds in those circumstances in accordance with the grant agreement and the funder's requirements.

The University generally uses the reimbursement method as a way to collect funds from the US Treasury, state agencies or local governmental entities. In cases when advanced payment is used with governmental grants, the University will minimize the time elapsing between transfer of funds and expenditures. The University will comply with all grant agreements, such as those specifying funds must be used within a specific number of days. When early drawdown is done with a federally funded grant and the drawn down funds would be expected to accrue more than \$500 in a normal interest bearing bank account, the funds will be deposited in an interest bearing account separately from other funds. This will allow the University to comply with the new Uniform Guidance provision that requires:

OMB 200.305 Payment

“Interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment.”

2. IMPORTANT CONTROL FACTORS

Financial control environment factors will meet the following requirements:

- Staff are familiar with policies and procedures
- Management staff demonstrate the importance of integrity and ethical values
- Integrity of financial and operational results take priority over reporting acceptable performance targets
- Collaboration, communication, and team effort are emphasized
- Management is open to employee suggestions to improve productivity, services, compliance, and quality
- Plans and performance are periodically assessed
- Performance targets are realistic and attainable whenever possible
- Employees are given the time, tools, and resources necessary to accomplish mission and objectives

- Records are maintained in accordance with guidelines issued by state and federal administrative rules and also those set in Section IV of this policy and procedure manual

Training: Fiscal staff and department staff working with grants will be:

- Trained in the use of the accounting system
- Familiar with purchasing policies and procedures
- Trained in the use of system reports and reporting tools
- Familiar with accounting skills
- Familiar with grant management policies and procedures

Financial reconciliations will be conducted as follows:

- Ledgers will be reviewed on at least a monthly basis by the department analyst or equivalent staff in charge of the grant
- Whenever possible, staff performing reconciliations will be separate from staff initializing and finalizing transactions
- Reconciling differences, negative balances, and unsupported transactions will be investigated and corrected in a timely manner
- The Business Office Accountant will review reconciled ledgers and supporting documentation in a timely manner
- Financial reports will compare budgeted balances with actual financial activity
- Staff managing grants will understand the rules associated with different types of grants (such as federal, state, and foundation grants)

Collections, deposit, and cash fund issues will be conducted as follows:

- Collection and deposit functions are segregated from accounting functions whenever possible
- All revenue transactions are recorded promptly, and deposits are made in a timely manner
-
- Passwords are kept safe, as are access keys to the University's headquarters and any safe or other location that is financially sensitive
- Accounts receivable billings are issued in a timely manner and are tracked and accounted for responsibly

Payroll functions will meet the following standards:

- Duties of approving job actions and approval of time sheets are segregated from the duties of distribution of paychecks and the compiling of grant financial reports (or these functions are supervised when segregation is not possible)
- Procedures are implemented to ensure overtime and compensatory time hours worked are appropriate and approved by supervisors
- Time cards are maintained for all staff and students working on federally funded grants and accurately reflect the hours spent on these grants.
- Since faculty members do not maintain official time cards, they will estimate the percentage of time spent on each federally funded grant prior to the academic year. Payroll distribution corrections must be made within 90 days after the end of each semester.
- Payroll and labor issues are handled in accordance with all relevant laws and requirements of the IRS, the Department of Labor, state agencies, and local entities

3. COST ALLOCATION PRINCIPLES

A cost is allocable to a particular grant or contract if the goods or services involved are able to be directly assigned to the specific grant or contract. Costs that cannot be assigned to a specific program are generally considered as indirect costs and should not be billed to a grant except under the indirect cost line item.

Expense Allocation Policies:

If an expenditure solely benefits one project, it should be charged entirely to that benefiting project. However, sometimes an expenditure can benefit two or more projects. Organization supplies are an example of an expense that could potentially benefit more than one project. When this occurs, the expenditure must be charged in the same proportions as the benefits on the respective projects.

Any costs allocable to a particular grant agreement may not be shifted to other grants to meet deficiencies caused by overruns (deficits) or other fund considerations. Costs cannot be shifted to avoid restrictions imposed by law or terms of the sponsored agreement or for other reasons of convenience.

OMB circulars provide two methods for allocating an allowable direct cost to two or more grants. Pacific University generally uses the proportional benefit approach to allocation and rarely, if ever, uses the interrelationship approach. The interrelationship method is allowable, however, especially if it has been discussed with a funder that concurs with the reasonableness of the allocation approach.

The Proportional Benefit Rule

The proportional benefit rule applies when it is possible to determine the proportional benefit of the cost to each project. The cost is allocated according to the proportion of benefit provided to each of the projects.

The Interrelationship Rule

The interrelationship rule applies when it is not possible to determine the proportional benefit to each project because of the interrelationship of the work involved. The cost is distributed on any reasonable and rational basis because the proportional benefit cannot be identified and applied to the individual projects.

Allocation Methodologies and Guidelines:

All expenditure allocations must be done on a rational basis. Prohibited allocation methodologies include any methodology based on rotation of budgets, funding or available funds.

- ***Always document the allocation methodology.*** Allocation methodologies must be documented and auditable. Documentation should include support for the specific costs allocated and indicate how the allocation methodology is logically related to the cost being allocated. This support should be retained by the department and be made available for review. Always remember to document why measures such as headcount, square footage or hours directly relate to the benefit received.
- **Allocate expenditures on a routine basis.** Do not wait until the end of the fiscal year or the end of the grant year to allocate expenditures.
- **Allocation methodologies should be reviewed periodically to ensure they are reasonable.** Methodologies based on samplings and surveys should be reviewed and updated at least once each fiscal year. Changes to the population may signal the need to review the allocation methodology more frequently.

- **Allocation methodologies need to be reviewed when the project begins and ends to ensure compliance.**

Examples:

The following are some examples of allocation methodologies. Other reasonable methodologies can be developed, provided that they meet OMB allocation principles.

- **Allocation based upon usage:** The cost of supplies and other costs allocated based upon the quantity used on each project.
- **Allocation based upon number of hours:** The cost of computer equipment allocated based upon the number of hours logged for each project.
- **Allocation based upon the number of clients served:** The cost of supplies and other costs allocated based upon the number of clients served.
- **Allocation based upon FTEs:** The cost of renting space allocated based upon the number of FTEs working on each project.

SECTION V

PACIFIC UNIVERSITY GRANT ACCOUNTING METHODS

1. GRANTS COST ACCOUNTING PROCEDURES

Grants/Contracts accounting for Pacific University is subject to the same monitoring, review and reconciliation process established for the University's regular operating accounts and thus follows the same policy and procedure requirements currently established. Expenditures and funding activity for Grants/Contracts are recorded in temporarily restricted General Ledger (GL) accounts and are isolated from regular operations. A new GL account number is established for each new Grant/Contract and the accounts are closed at the time of completion. If a Grant/Contract identifies a Scholarship award within the document, then a second temporarily restricted GL account will be established to monitor the scholarship funds, and these accounts are also closed at the time of completion.

The Principle Investigator (PI) and his/her department Administrative Assistant review their account activity on a frequent basis, with a regular review taking place on a monthly basis. They review the account for budget requirements and to confirm funding and expenditures are recorded accurately. The Administrative Assistant keeps a spreadsheet of the Grant/Contract activity in addition to the University's database and reconciles it formally with the Grant Accountant (Accountant) on a quarterly basis.

The Accounts Payable (AP) and Purchasing departments review each invoice and purchase order for signature approval. The PI and Administrative Assistants review them for allowable costs, non-allowable costs, Federal and State reporting regulations and other University policies and procedures.

The Accountant then reviews the funding and expenditures of the account on a quarterly basis for accuracy and compliance with the grant's approved budget and OMB guidelines. Where there are variances from the approved budget and actual expenditures, the PI and Administrative Assistant will be notified by the Accountant to identify the variance. Once the variance is identified, the Accountant will follow the Grant Cost Transfer policy in this manual. If the budget needs to be adjusted between the funder and the University, the PI will contact the funder, request a change in the budget (in accordance with the funder's policy) and notify the Accountant and Grant Officer when they receive the approval. If it is not approved, the PI will need to contact the appropriate Dean or Director for assistance.

For specific Federal accounts (USDA, NSF and NIH), additional reporting of the expenditures and cash requests are completed by the Accountant on their respective websites. After careful review and appropriate authorizations, the funds are requested and received into the University's bank account, and recorded to the individual grant accounts. The funds are then released from temporarily restricted status to unrestricted status to cover the expenditures.

The closing of the account indicates that all other narrative progress and final reports have been submitted to the funder. If there are funds remaining in the grant and the PI would like to use those funds, the PI would need to contact the funder and request an extension to spend the remaining funds. If the PI is granted the additional time and approved to spend the extra funds, he or she must notify the Accountant and Grant Officer with the approval.

Account number structure – Fund Management

The University’s General Ledger (GL) accounts use a 13-digit account structure, grouped into major categories and sub-categories. Grants, contracts and scholarships also receive a GL tag code “GC”. The GL tag code allows the user to run GL reports for all grants, contracts and scholarships, simply by selecting the GL tag code field and inputting “GC.”

Specific Account Structure of NSF Noyce Fund Accounts:													
Fund Type: Operating Fund	Program #/Budget Area	Program #/Budget Area	Program #/Budget Area	Type of Dept. Activity	Functional Class. of Dept.	Grant/Fund/Contract/Object.	Grant/Fund/Contract/Object.	Grant/Fund/Contract/Object.	Object Code: Type of Asset, Liab., Net Asset, Revenue or Expense	Object Code: Asset, Liab., Net Asset, Revenue or Expense	Object Code: Asset, Liab., Net Asset, Revenue or Expense	Object Code: Asset, Liab., Net Asset, Revenue or Expense	
						3 digit range 500-599							
1	0	0	1	0	6	3	5	3	-	X	X	X	NSF Admin. For Noyce Schol. Fund
1	0	0	1	0	9	4	1	9	-	X	X	X	NSF Noyce Scholarship Fund

2. GRANT ACCOUNTING STANDARDS – COST TRANSFERS

A cost transfer is a direct charge expense transferred from one university account to another after the charge has been posted to the general ledger (GL). Transfers of expenses from a sponsored project fund to an unrestricted University account may occur when such expenses are determined to be unallowable. Since costs must be charged to sponsored project funds accurately and according to applicable rules and regulations, transfers of original transactions should not be necessary. In rare circumstances, charges must be moved from one sponsored project account to another.

In such instances, cost transfers are allowable with proper justification, approval and review. Depending on who identifies the error, the cost transfer will need two approvals and one review.

- If the Principle Investigator (PI) identifies an unallowable cost, then the Administrative Assistant must approve the correction and submit the transfer to the Grant Accountant (Accountant) for their review prior to the cost transfer being recorded in the GL.
- If the Administrative Assistant identifies the unallowable cost, then the PI must approve the correction and submit the transfer to the Accountant for their review prior to the cost transfer being recorded in the GL.
- If the Accountant identifies the unallowable cost, both the PI and the Administrative Assistant must approve the cost transfer being recorded in the GL.

- If the unallowable cost belongs to a different university department account, then that department's budget officer must approve the expense being transferred to their account. This is in addition to the PI and Administrative Assistant approval and the Accountant's review. If it is not approved, the PI will need to contact the appropriate Dean or Director for assistance.

It must be documented with a full explanation of how the error occurred and a correlation of the charge to the fund to which the cost is transferred. Documentation must be retained according to the University's [Record Retention Policy](#).

Allowable Cost Transfers:

To be acceptable, cost transfers into a sponsored project fund must meet the following criteria:

- Occur in a timely manner (i.e., in the case of an erroneous charge costs should be transferred as soon as the error is discovered but not later than 90 days after month end in which the expense was incurred.)
- Are allowable under sponsor and University policies
- Adequately describe the purpose of the entry, including an explanation of the reason for the entry
- Are necessary to appropriately allocate expenses to a correct fund

Types of Allowable Cost Transfers:

Costs can be transferred for the following reasons:

- To correct clerical or accounting errors, such as transposition of numbers; or posted to the incorrect expense description, however a specific reason must be given: "correction of clerical error" is insufficient
- Amend internal charges posted to the wrong fund by different University departments.
- Resolve any misunderstanding of instructions from the PI to the departments Administration Assistant.

The transfer should include the following information and any other pertinent details:

- Provide a description of why the error occurred. Do not use the terms "to correct an error" or "to charge the correct project." Fully explain the circumstances of the error.
- Correlate the expense item to the project to which the cost is being transferred, and if transferred to a sponsored project account, explain how the cost benefits the project.

Unallowable Cost Transfers:

Funds in Overdraft Status:

The transfer of charges from a fund in overdraft status to a federal award (including federal awards passed through another sponsor) is expressly unallowable in accordance with [OMB 2 CFR 200](#). This section specifically states that

“Any costs allocable to a particular sponsored agreement under the standards provided in this Circular may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement or for other reasons of convenience.”

- This includes any amount charged in excess of the federal share of costs for the project period (competitive segment).
- Transfers of cost from one project to another or from one competitive segment to the next solely to cover cost overdrafts are not allowable. Costs allocable to a new competing segment should be moved to a newly created account number in anticipation of the award.
- Regardless of sponsor, costs may only be charged to projects benefiting from that expense.
- If there is an overdraft status within a sponsored project fund, the relevant Dean or Director would be required to remedy the situation and to fund the overdraft with department funds.

Funds Terminating with Unexpended Balances:

In accordance with the requirements of OMB Circular A-21, costs must be allowable, allocable and reasonable/necessary. Therefore, costs should not be transferred to an account with an unexpended balance during the last months of a project simply to deplete the balance of funds.

Timeliness of Cost Transfers:

It is important that cost transfers occur as soon as an error is discovered, but not later than 90 days after month end. If the transfer must be made after 90 days, the reason for the delay must be documented. In no instance may costs be transferred after the Grant/Contract Fund Closeout without the prior approval the grant officer.

SECTION VI

PACIFIC UNIVERSITY COST SHARING ON SPONSORED PROGRAMS

Policy Statement

Pacific University engages in cost sharing when it is in the best overall interest of the University, but limited to situations in which it is mandated by the sponsor per solicitation or policy guidelines, or deemed appropriate in light of specific and compelling circumstances. This section sets forth University policy on cost sharing and to provide guidance on the appropriate and consistent management and reporting of cost sharing throughout the lifecycle of a sponsored project.

Reason for Policy/Purpose

This policy has been developed to:

- Define cost sharing and set forth the University’s position on cost sharing in support of sponsored projects.
- Advise the University community regarding the contractual, financial, and administrative implications of any commitment to cost share.
- Ensure that cost sharing procedures conform to the applicable requirements found in the Office of Management and Budget (OMB) Circulars A-110 and A-21.

Definition

Cost Sharing represents the sponsored project for program costs (direct and indirect) that would normally be borne by a sponsor but instead are covered by the University or a third party, such as a subcontractor or an unfunded collaborator. For the purpose of this policy, “cost matching” should be treated interchangeably with the term “cost sharing”; however, the term “cost matching” often refers to cost sharing agreements in which the amount of sponsor funding is based on an equal or proportionate commitment (e.g., 1:1) from the University.

Policy/Procedures

I. Types of Cost Sharing

There are three main types of cost sharing:

Mandatory Cost Sharing: Cost sharing required by the sponsor as a condition of eligibility for an award. Typically, a mandatory cost sharing requirement must be communicated in a proposal solicitation. In these situations, a proposal must demonstrate/commit to the required cost sharing. Mandatory cost sharing is typically explicitly referenced in an award document. Mandatory cost sharing must be properly documented and tracked for cost accounting and compliance purposes.

Voluntary Committed Cost Sharing: Cost sharing not required by the sponsor as a condition of award but provided at the discretion of the institution. This cost sharing is referenced within a proposal and becomes a binding, auditable obligation; it is often (though not always) referenced in an award document. Voluntary committed cost sharing must be properly documented and tracked for cost accounting and compliance purposes.

Voluntary Uncommitted Cost Sharing: Cost sharing not required by the relevant program solicitation, not referenced in the proposal or award, and not formally tracked (or auditable). The most common form of voluntary uncommitted cost sharing is faculty or researcher effort additional to the level of effort originally committed to the sponsored project.

II. Pacific University's Position on Cost Sharing

Pacific University would engage in cost sharing if it is in the best overall interest of the University, but limited to situations in which it is mandated by the sponsor per solicitation or policy guidelines, or deemed appropriate in light of specific and compelling circumstances. Pacific University does not typically cost share on a voluntary basis, consistent with its objective of maximizing sponsor cost reimbursement to support the continued growth of the research enterprise. A voluntary cost sharing commitment should be made only when the competitive forces and perceived institutional benefit of receiving the award are deemed to be sufficiently strong to warrant the commitment.

Cost sharing enables Pacific to be eligible and competitive for some of the most prestigious, the most scientifically important, and the most collaborative projects that we undertake. Cost sharing represents an investment that helps Pacific fulfill its mission as a research institution. However, cost sharing represents an administratively complex and high-risk business objective. Cost sharing also increases the audit risk of a sponsored project.

III. Impacts of Cost Sharing

Financial Impact: Cost sharing can redirect resources from departments, schools, and/or central units, limiting those units' capabilities. The inherent forfeiture of indirect costs produced by cost sharing represents a further University subsidy. That is, the University loses the ability to accrue indirect costs on project expenses that were cost shared as opposed to charged to a sponsored project.

Administrative Impact: Cost sharing presented in a proposal becomes a binding obligation at the award stage that the University must monitor, document, and report on. This represents a significant organizational administrative burden across many units and management levels at the University.

Investigator Impact: In situations where faculty effort is cost shared in support of a mandatory or voluntary committed cost sharing requirement, faculty members' ability to conduct other research may be limited. Investigators can also be affected by the burden to monitor, document, and report committed cost sharing.

Compliance Impact: In general, cost sharing increases the compliance risk of a sponsored project. Cost sharing increases the University's audit exposure, and any audit findings determining that cost sharing did not occur or did not occur to the committed level could result in consequences including, but not limited to, disallowance of costs and termination of award.

F&A Rate Impact: The University's total amount of mandatory and voluntary committed cost sharing (salary and non-salary) must be included in the direct cost base for calculating the F&A rate for Organized Research.

IV. Forms of Cost Sharing

All cost sharing contributions (including those from third party sources) must meet the guidelines set forth in OMB Circulars A-21 and A-110 to be considered allowable cost sharing on a sponsored project.

If a cost does not meet the appropriate criteria to be an allowable cost on a sponsored project, it cannot be considered a cost share contribution.

Cash: Cash contributions used to cost share must come from an allowable, non-sponsored source, such as appropriated, gift, endowed, or discretionary accounts. Cash can be used to fund salaries, fringe benefits, travel, equipment, supplies, and other allowable direct costs as defined by OMB Circulars A-21 and A-110.

Effort: An effort commitment is the portion of time committed to a particular sponsored project in relation to an individual's total activities at the institution. This commitment represents a contractual obligation to a sponsored project, whether the effort is charged or cost shared to the project. When an investigator makes an effort commitment to a sponsored project without requesting the associated salary, the investigator is establishing a cost share commitment, as the University is assuming from the sponsor the cost of the investigator's project time (inclusive of salaries and fringe benefits). Cost sharing effort can occur either at the proposal stage as a commitment or at the award stage as a previously uncommitted but quantifiable contribution to the project.

Salary Cap Cost Sharing is also related to effort. This is cost sharing occurring when the base salary paid to an individual is in excess of a sponsor-designated limit, usually applicable to a particular federal fiscal year.

Unrecovered F&A: Facilities & Administrative costs (F&A or indirect costs) are real costs associated with conducting sponsored activity. In situations where allowable direct costs are cost shared, the F&A associated with these direct costs cannot be assessed, but still represent a quantifiable loss and should be considered cost sharing. In situations where indirect costs are limited by the sponsor (based on a flat amount or lower F&A rate cap), the difference between that sponsored activity's institutionally-designated rate and the sponsor's limit/cap may be considered cost sharing. The University's intention to count unrecovered indirect costs as cost sharing should be presented to the sponsor in the proposal; prior approval to count this kind of cost sharing may otherwise be required.

Third-Party: Third party contributions represent cost sharing provided by an entity external to the University. Third-party cost shared commitments and expenditures must follow the same guidelines that the University follows in order for them to be considered allowable and appropriate cost sharing. Examples include sub-awardee cost sharing, donated equipment, and contributed time or services from an extramural party.

Section VII

OTHER SECTIONS

1) CONFLICT OF INTEREST

The purpose of this conflict of interest policy is to protect the University's interests when contemplating entering into an arrangement that might benefit the private interests of an officer, trustee, director, or employee of the University.

The section in this manual consists of two subsections:

- 1) Several important federal requirements regarding conflict of interest, and,
- 2) Two sections from the University's Institutional Policies and Procedures that address conflict of interest and employment of relatives.

OMB 2 CFR 200:

“The non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.” (200.112, *Conflict of interest*)

“No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.” (200.318, *General Procurement Standards*)

“To ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.” (200.319, *Competition*)

Note. Section 200.450, Professional services costs, prohibits “officers and employees” of the non-federal entity (in this case Pacific University) from being contractors paid with federal funds.

From Pacific University's Institutional Policies and Procedures:

I.33 Conflict of Interest

Policy Statement: A conflict of interest is considered to exist if an employee's actions, activities or practices on behalf of the University result in preferential treatment or an improper gain or advantage to the employee, the individual's family or business associates, or conversely, has a detrimental effect on the University's interests. It can include an instance in which an employee fails to exercise due care, skills and judgment on behalf of the University on the performance of the individual's duties because of a conflict of interest.

Guidelines:

- Employees have a responsibility to act in the best interests of the University, to avoid conflicts of interest and to conduct themselves in a manner which will maintain the integrity and accountability of Pacific University.
- Employees who have a financial or family interest in a business which provides services or goods to the University, cannot act or enter into negotiations or contracts with that business, directly or indirectly on behalf of the University.
- Employees must avoid outside employment or business activity which conflicts with the University's interests. Outside employment, business or consulting activities should be scheduled outside of the employee's normal work schedule.
- The University's name, logo, seal or any other trademarks of the University may not be used in outside activities without the written approval of the Vice-President of University Relations. Employees should be careful not to represent themselves as speaking on behalf of Pacific University unless authorized to do so
- Employees cannot be involved in University business pertaining to a member of their immediate family, if that business affects the family member's employment, evaluation or advancement at the University. (See also University policy statement on Employment of Relatives)

Procedures: Self-reporting: This policy requires that employees provide full disclosure of all facts and circumstances related to any transaction, contract or activity in which they are involved, or may become involved, that might directly or indirectly create a conflict of interest. Disclosure should be made to the employee's immediate supervisor who must report the matter to the Vice-President for Finance & Administration.

I.34 Employment of Relatives

Policy Statement: The University will not prohibit the employment of relatives provided that the employment does not create a conflict of interest and has been based on merit principles and that a member of the employee's family does not influence the selection process.

Guidelines:

- In order to avoid the reality or appearance of improper influence or favor, the University prohibits the employment of relatives in the same academic or administrative unit when an appointing authority, manager or supervisor participates in making recommendations or decisions affecting the appointment, retention, tenure, work assignments, promotion, demotion, or salary of the employee. No preferential policy towards a relative can be used to deny equal opportunity.

- “Relative” means spouse, domestic partner, mother or father, mother-in-law or father-in-law, son or daughter, brother or sister, son-in-law or daughter-in-law, aunt or uncle, grandparent, or grandchild.
- “Employees” includes faculty, staff, student workers, temporary and occasional workers.
- In some cases a conflict of interest may arise involving other close relatives, relatives by marriage or unrelated persons who share housing with employees.
- Faculty and staff are required to disclose to their supervisor any relationships that potentially could be construed to affect their judgment in light of their decision-making authority. (See also University policy statement on Conflict of Interest, Self-reporting).

2) EMPLOYEE PROTECTION

If any officer or employee reasonably believes that some policy, practice, or activity of Pacific University is in violation of law, a written complaint must be filed by that employee with the University President or the Board of Trustees President/Chairperson if the employee filing the complaint is to qualify for employee protection privileges afforded by this section. It is the intent of University officers and employees to adhere to all laws and regulations that apply to the organization and the underlying purpose of this policy is to support the organization’s goal of legal compliance. The support of all employees is necessary to achieving compliance with various laws and regulations.

An employee is protected from retaliation only if the employee brings the alleged unlawful activity, policy, or practice to the attention of Pacific University and provides the University with a reasonable opportunity to investigate and correct the alleged activity. The protection described below is only available to employees that comply with this requirement.

Pacific University will not retaliate against an employee who in good faith has made a protest or raised a complaint against some practice of the University, or of another individual or entity with whom the University has a business relationship, on the basis of a reasonable belief that the practice is in violation of law, is not compliant with grant requirements or OMB rules, or violates some other clear mandate of public policy.

3) MANDATORY DISCLOSURES

As per the OMB Uniform Guidance (2 CFR 200) Pacific University must disclose, in a timely manner, in writing to the Federal awarding agency or pass-through entity all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award. Non-Federal entities, including Pacific University, that have received a Federal award including the term and condition outlined in Appendix XII—Award Term and Condition for Recipient Integrity and Performance Matters are required to report certain civil, criminal, or administrative proceedings

to SAM. Failure to make required disclosures can result in any of the remedies described in §200.338 Remedies for noncompliance, including suspension or debarment.

4) GRANT DOCUMENTATION

University administrators and employees will generally track and monitor grant activity through the use of either a physical project binder, the electronic equivalent of that, or a combination of the two methods.

This binder based system allows staff to identify what has been completed and what needs to be accomplished regarding both program and financial activity. The system is also extremely effective in demonstrating grant compliance and communicating with funders and auditors. A typical binder table of contents may include some or all of the items below. Grant managers are encouraged to share the system of tracking with the funder's program officer to obtain input and consensus on tracking methods. Below is a sample table of contents (reprinted from Section II of this manual):

Box folder or binder management

(This outline is a sample of how one binder might be organized. The content and chapters generally vary based on the project. Your system may also include the electronic equivalent of some or all of this.)

- RFP or NOFA, SGA, RFA, or whatever else the funder calls it
(may be included in the binder as an appendix rather than a first section if extensive)
- Proposal
 - Narrative
 - Budget
 - Attachments
- Notice of Grant Award
(in some case this and the proposal make up the grant agreement)
- Grant agreement!!
 - Amendments!!
- Reports
 - Narrative (quarterly or semi-annual report of objectives, SF-PPR)
 - Financial (SF-425 for a federal grant)
- Major receipts
- Procurement documentation and selection process
- Evaluation content
- Building related documents
- Correspondence
 - Letters
 - Emails

5) RECORD RETENTION OF FEDERAL GRANT RECORDS

Pacific University will meet all funder requirements regarding records retention and those that appear at any other relevant governance level, such as state record retention rules that apply to flow-through grants. The University will at a minimum retain records for six years (plus the length of time to the end of the calendar year) in accordance with the University's policy regarding both federal and non-federal grants. This means the University's rules for foundations and corporations are the same as for federal grants. This six-year period is in excess of OMB rule that requires grant records be retained for federally-funded grant projects for three years from closeout or final formal inquiry, in keeping with the following OMB requirement. Below are both the relevant University policies and those of OMB from 200.333. In rare instances, the OMB rule can be more restricted, such as when a formal audit of a program is done after the program is closed for a number of years. For example, if the audit were done five years after closeout, the federal record retention rules would be in effect for an additional three years. This would result in an eight-year retention period rather than the University's six-year+ period.

Pacific University Oregon: From Finance and Administration Records Retention Policies

Contracts/Agreements

Government Grant Files

6 years+ Calendar Year

Private Grant Files

6 years+ Calendar Year

OMB §200.333 Retention requirements for records.

Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. The only exceptions are the following:

- (a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
- (b) When the non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.
- (c) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.

(d) When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the 3-year retention requirement is not applicable to the non-Federal entity.

(e) Records for program income transactions after the period of performance. In some cases recipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the non-Federal entity's fiscal year in which the program income is earned.

(f) Indirect cost rate proposals and cost allocations plans. This paragraph applies to the following types of documents and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

(1) *If submitted for negotiation.* If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the pass-through entity) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.

(2) *If not submitted for negotiation.* If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the pass-through entity) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

6) INVENTORY TRACKING

The University will track all property purchased with federal grant funds in accordance with the following policies and concepts:

The University has established a capitalization threshold of \$5,000 and tracks that inventory annually. For federal grants, equipment means tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-federal for financial statement purposes. This means that for inventory tracking the University's \$5,000 threshold will apply. The OMB rules on inventory tracking require highly specific information to be recorded:

OMB 200.313

. . . (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and

condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Note: the FAIN is the Federal Award Identification Number specific to that one grant agreement.

The University will not sell or dispose of equipment worth \$5,000 or more purchased with federal grant funds without the approval of the funding organization, as per OMB requirements. Under OMB Super Circular rules, “items with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency” (as per OMB 2 CFR 200.313.e.1.). That means from the federal government’s perspective an equipment item becomes a supply item after it depreciates to be worth less than \$5,000. It is still, however, an equipment item that should be inventoried under the University rules until the value of the item drops below that set by the University (\$5,000).

7) LEFTOVER FEDERALLY FUNDED SUPPLIES

“Supplies” in this context refers to expendable materials and supplies including equipment with an original useful life of one year or less or an original unit cost of less than \$5,000.

If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program, the grantee may retain the supplies for use on federally and non-federally sponsored activities with approval of the funder. However, as per OMB rules, funding organizations are required to negotiate residual supply issues (in excess of \$5,000) to determine whether the University should keep the supplies, return those, pass them to another organization, or provide reimbursement to the federal government for its share. Therefore, if more than \$5,000 in residual supplies remain at the end of the grant, it is advised the federal or pass-through agency be contacted for disposition instructions. If supplies with an aggregate value of \$5,000 or less are leftover, the University may retain the supplies for use on federal or non-federal sponsored activities without funder approval.

8) TRAVEL AND MEALS

In general, Pacific University employees’ reimbursement from state or federal grants is limited to the following and the requests must be approved by the PI or Administrative Assistant:

- the *actual* or per diem cost of meals , not to exceed the maximum allowable federal per diem rate
- the *actual* cost of lodging, not to exceed the current federal rate in the locale to which the employee is travelling
- the actual cost of coach airfare
- actual mileage in a personal vehicle
- the cost of a rental car and gasoline

- other necessary travel costs (such as cabs, tips, business related baggage fees, tolls, and parking)

Allowable expenses

Airfare: Calculate based on actual expenses, not to exceed the standard commercial rate. A domestic airline must be used if the expense is to be reimbursed with federal funds (unless one is not available). Rates above standard commercial rate (such as for first class) are only allowable based on the OMB concepts in the green box below (for example, for medical reasons) and must be approved by the Dean or Director.

Hotel and lodging: Lodging costs are reimbursed based on the actual cost. Any costs above what would be considered a “reasonable” amount can be approved by the Dean or Director based on identifiable extenuating circumstances and factors, such as:

1. No lower cost lodging available
2. Benefits of staying at a conference center or hotel where activities are taking place versus staying offsite
3. To avoid excessively long travel to and from work locations

Meals and incidentals: Meals are reimbursed based on the actual cost or on a per diem basis. Incidentals are reimbursed based on the actual cost

Tips and other costs: Pacific University employees will only be reimbursed for reasonable costs, meaning those that meet the “prudent person test.” Employees are encouraged to tip at a rate of 15 percent, and no more than 20 percent in tips will be reimbursed.

Unallowable expenses

1. Costs not related to the business portion of the trip (the extra cost of staying more days cannot be billed to the University or to a grant)
2. Travel costs for family members or dependents
3. Excessive costs and those that do not conform to OMB, grant agreements, or University policies

§200.474 Travel costs.

(a) *General.* Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the non-Federal entity. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the non-Federal entity's non-federally-funded activities and in accordance with non-Federal entity's written travel reimbursement policies. Notwithstanding the provisions of §200.444 General costs of government, travel costs of officials covered by that section are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award.

(b) *Lodging and subsistence.* Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, must be considered reasonable and otherwise allowable only to the extent such costs do not exceed charges normally allowed by the non-Federal entity in its regular operations as the result of the non-Federal entity's written travel policy. In addition, if these costs are charged directly to the Federal award documentation must justify that:

- (1) Participation of the individual is necessary to the Federal award; and
- (2) The costs are reasonable and consistent with non-Federal entity's established travel policy.

(c)(1) Temporary dependent care costs (as dependent is defined in 26 U.S.C. 152) above and beyond regular dependent care that directly results from travel to conferences is allowable provided that:

- (i) The costs are a direct result of the individual's travel for the Federal award;
- (ii) The costs are consistent with the non-Federal entity's documented travel policy for all entity travel; and
- (iii) Are only temporary during the travel period.

(2) Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the Federal awarding agency. See also §200.432 Conferences.

(d) In the absence of an acceptable, written non-Federal entity policy regarding travel costs, the rates and amounts established under 5 U.S.C. 5701-11, ("Travel and Subsistence Expenses; Mileage Allowances"), or by the Administrator of General Services, or by the President (or his or her designee) pursuant to any provisions of such subchapter must apply to travel under Federal awards (48 CFR 31.205-46(a)).

(e) *Commercial air travel.* (1) Airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

- (i) Require circuitous routing;
- (ii) Require travel during unreasonable hours;
- (iii) Excessively prolong travel;
- (iv) Result in additional costs that would offset the transportation savings; or
- (v) Offer accommodations not reasonably adequate for the traveler's medical needs. The non-Federal entity must justify and document these conditions on a case-by-case basis in order for the use of first-class or business-class airfare to be allowable in such cases.

(2) Unless a pattern of avoidance is detected, the Federal Government will generally not question a non-Federal entity's determinations that customary standard airfare or other discount airfare is unavailable for specific trips if the non-Federal entity can demonstrate that such airfare was not available in the specific case.

(f) *Air travel by other than commercial carrier.* Costs of travel by non-Federal entity-owned, -leased, or -chartered aircraft include the cost of lease, charter, operation (including personnel costs), maintenance, depreciation, insurance, and other related costs. The portion of such costs that exceeds the cost of airfare as provided for in paragraph (d) of this section, is unallowable.

9) DOCUMENTATION OF PERSONNEL EXPENSES

See the 13-page Pacific University policy manual on this in Appendix A of this manual for comprehensive guidance. What follows is a summary, which includes the OMB rules from 2 CFR 200.

Pacific University will follow OMB Super Circular provisions (2 CFR 200) regarding tracking and allocating staff time and effort to grants. The OMB rules are stated in full at the end of this subsection, but time allocation records in general:

1. Must be incorporated into the official agency records and be supported by a system of internal controls
2. Must reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for Institution of Higher Education, this must be consistent per the IHE's definition of Institutional Base Salary, and this topic is covered in Pacific University 13-page time and effort manual)
3. Can't rely solely on budget estimates (i.e., estimates determined before the services are performed)

All project directors and principle investigators for such projects ("PD/PIs") are required to certify both their effort and that of other persons active on such projects led or supervised by PD/PIs, unless the PD/PIs delegate this task to another individual with sufficient knowledge of the project activities and a reliable means of verifying work performed. Delegation of this certification is only acceptable in rare circumstances, such as extended severe illness or lengthy travel outside the country, and must have received written approval from the chair or head of the applicable department and the Office of Sponsored Programs.

At a glance: salary allocation documentation

University staff members generally follow one of three methods to ensure accuracy in allocating and documenting time and effort. The first method, quarterly certification, is the standard approach used at Pacific and will be used unless one of the others is required or merited. The second, monthly time records, is an option for funders that desire that time and effort be recorded on a more frequent basis. The third, semi-annual certification, is used for only faculty or employees working solely on one federally funded program.

1. A quarterly analysis of an employee's work ebb and flow is conducted to identify consistency with estimates and budgets. With this method a signed after-the-fact certification is created that reflects work time percentages during the period.
2. Staff prepare "after-the-fact" monthly time sheets that allocate all work by either hours or percentage.
3. A semi-annual certification approach, which is used only when an employee works full time on one federally funded grant program.

Employees are encouraged, but not required, to keep work journals, notes, and calendars to aid in the preparation of accurate time reports.

OMB has historically given institutions of higher education more leeway in time and effort tracking requirements, and the new Uniform Guidance continues to state that:

"It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected."

Pacific salary and wages (e.g., annual or academic year salary, and stipend as applicable,) will serve as the basis for calculation and verification.

Non-compliance regarding these important federal requirements can result in disallowed salary and benefits expenditures, associated decreases in the recovery of facilities and administration costs, penalties, fines and other legal action, damage to Pacific's reputation, and impairment of ability to act as a subcontractor on awards held by other institutions.

For the sake of thoroughness and for review by Pacific University staff members, the new OMB rules on "Standards for Documentation of Personnel Expenses" are stated in full as follows in the green box below. Previous OMB circulars called this issue "time and effort reporting," and in the Super Circular content was replaced and modified under, "Standards for Documentation of Personnel Expenses."

OMB § 200.430 (i) *Standards for Documentation of Personnel Expenses*

- (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - (ii) Be incorporated into the official records of the non-Federal entity;
 - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for Institution of Higher Education, this per the IHE's definition of Institutional Base Salary);
 - (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
 - (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
 - (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
 - (viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
 - (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
 - (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.
 - (ix) Because practices vary as to the activity constituting a full workload (for IHEs, IBS), records may reflect categories of activities expressed as a percentage distribution of total activities.
 - (x) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.
- (2) For records which meet the standards required in paragraph (i)(1) of this section, the non-Federal entity will not be required to provide additional support or documentation for the work performed, other than that referenced in paragraph (i)(3) of this section.
- (3) In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR Part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this

section, must also be supported by records indicating the total number of hours worked each day.

10) SUPPLANTING

Definition of supplement, not supplant

The concepts of “no supplanting” or “supplement, not supplant” are requirements common to many federally funded grants, especially those made by the US Department of Education. The term supplant means to replace, so a “no supplanting” requirements means all costs billed to the grant should be new costs. Supplanting is not prohibited under OMB rules, or even addressed in the Super Circular. EDGAR (Education Department General Administrative Rules) does have a substantial section on supplanting. Other funders will address no supplanting rules in proposal guidelines and grant agreements.

Examples of situations that are not considered supplanting are:

- Pacific “buys out” a percentage of a faculty member’s time so that instead of teaching five classes she teaches four. The percentage of time corresponding to that buy out can now be charge to a grant.
- The faculty member is on a 10-month contract and uses time off in the summer to take on approved additional grant funded work for the university. The additional time can be billed to the grant, but the compensation paid must correspond with the university’s normal pay scale for that work and for that person.
- The grant involves overtime hours or a stipend for additional work above the employee’s normal assignments.

The following are likely supplanting and should be avoided with grants that prohibit supplanting:

- First securing a grant to cover an expense then later securing a second “no supplanting” grant and billing that expense to the new grant.
- Billing something to a grant that would have otherwise been in the Pacific budget. (This may be allowed with the right documentation that shows why it is not supplanting.)

There is no single version of supplanting rules. Rather, the wording of how the no supplanting provision works may vary depending on 1) the statute that contains it 2) the request for proposal used by the funder, or 3) the grant agreement authorizing funding.

Although the definition may change from statute to statute, supplement, not supplant provisions used by the Department of Education generally require grantees use state or local funds for all services required by state law, state rule, or local policy and prohibit those funds from being diverted for other purposes when federal funds are available. Federal funds must supplement—add to—programs and services offered with state and local funds. Federal funds are not permitted to be used to supplant the state and local funds used to offer those programs and services.

Enhancing, expanding, or extending required activities

If federal funds are used to enhance or expand a state mandate or local board policy, then the federal supplementary activities must be separately identified and clearly distinguishable from those activities identified as necessary for implementing the state mandate or local board policy as outlined in the implementation plan. Good documentation can be the proof that this is not a supplanting situation.

Pacific University must generally be able to document a clear plan for meeting the mandated requirement and another plan for providing supplementary activities from federal funds in addition to the mandated requirement.

Presumptions of supplanting

There are two common scenarios in which a funding agency will presume supplanting has occurred. In both cases, once the presumption of supplanting has been made, it is Pacific University's responsibility to rebut the presumption. Preferably, Pacific University will budget and expend federal dollars so as to avoid either of the following two presumptions entirely.

- 1) *Providing services required under state or local law.* Any services that an entity is required to provide under state law, local policy, or policy at another level must be provided using state or local funds.
- 2) *Providing same services as those provided in prior years with state or local funds.* If state or local funds were used in the prior year to provide services, and those services are provided again in the current year, the funder may presume a supplanting situation has occurred if the state or local funds are replaced by federal funds. Even in cases where a budget shortfall is anticipated, the entity may not plan to use federal funds to cover a shortage of state or local funds.

Supplanting issues regarding personnel

Navigating supplanting issues with staffing expenses is extremely common in education grants, which almost always prohibit using funds for existing expenses. A common approach with education agencies is to have "special project" staff that can be allocated to staff when the right grant allows that.

It is useful to consider whether the employee is paid with "hard money" or "soft money." The first category is when the employee is paid with stable funds, such as state allocations. Staff members who have been maintained through the use of University discretionary funds should also be considered paid through "hard money." Grants that restrict supplanting should generally not be used to cover existing salaries paid through hard money (see transfer of duties method below for exceptions). The latter category, soft money, is when the employee is paid with grant funds that may disappear after the grant is completed. The person may be laid off if other funds are not allocated or received. Grants that prohibit supplanting can be used to fund this situation.

It is sometimes possible to shift a percentage of the duties of an employee to an assistant or other University personnel. This can free up a portion of that employee's time to be billed to a non-supplanting grant. For example, thirty percent of an employee's duties may be shifted, and then that portion of time can be billed to the non-supplanting grant. This shift must be well documented. Pacific University's policies allow approval of a temporary amendment to a job description for this purpose, for example when we buy out a percentage of a faculty member's time to work on a special grant funded project.

11) INDIRECT COSTS

The Department of Health and Human Services approved an indirect cost rate agreement with Pacific University in 2012, and the document is on file with the Business Office.

SUMMARY OF PACIFIC UNIVERSITY INDIRECT COST RATE AGREEMENT

Approved by Department of Health and Human Services

Rate: 38 percent, on campus, all programs.

Approval period: 07/01/2012 to 06/01/2017 (plus one year of “provisional” approval)

Calculation basis: “Direct salaries and wages including vacation, holiday, sick pay and other paid absences but excluding all fringe benefits.”

Treatment of fringe benefits: “The fringe benefits are specifically identified to each employee and are charged individually as direct costs. The directly claimed fringe benefits are listed below.

“The following fringe benefits are treated as direct costs: payroll taxes, medical/dental/life insurance, short/long-term disability, accidental death/dismemberment insurance, employee assistance, Sec. 125 plan, and retirement and employee tuition reimbursement.”

Treatment of paid absences: “Vacation, holiday, 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 are not made for the cost of these paid absences.”

Definition of equipment: Equipment is defined as tangible nonexpendable personal property having a useful life of more than one year and an acquisition costs of \$5,000 or more per unit.

The new OMB Uniform Guidance made 19 changes to the indirect cost rules, and those changes are generally in favor of an entity such as Pacific University being able to claim its full indirect cost rate. Previously rates were often capped at amounts such as 5, 10, or 15 percent. Under the new guidance, federal agencies generally must accept negotiated indirect cost rates. The guidance allows deviation from negotiated rates in limited circumstances:

- Pursuant to statute or regulation
- When approved by the Federal awarding agency head based on a written justification
- Must be pursuant to a publicly established policy and criteria for using other than negotiated rates
- Must provide notice in the grant announcement – Requires notice to OMB

Nonprofits, municipalities, and tribal entities are empowered to elect an automatic indirect cost rate of 10% (called a “de minimis rate” in the guidance) but only if the entity has never had an approved rate, which can be used indefinitely. This may be applicable to Pacific when making subawards to entities that have never had a rate. Employees should base this on what OMB calls the Modified Total Direct Cost rate (MTDC). Section 200.68 of the Uniform Guidance explains what is included in the MTDC:

OMB 200.68: Modified Total Direct Cost (MTDC)

Modified total direct costs consist of all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

Correctly calculating indirect costs on grant

Indirect cost calculations are more complicated than many grant writing and financial personnel expect. It is usually incorrect to calculate the rate based on a percentage of all costs. When the Pacific University rate is in effect for a grant – usually the case with a direct federal award – the rate will be calculated using the concepts approved in the IDC rate. That means indirect costs will be calculated at 38 percent (or the currently approved percentage) of the direct salary costs (excluding fringe and all other costs in the grant).

Some agencies, especially state funders, may continue to cap the rate, despite the OMB guidance. For example, a State Department of Education grant may cap the rate at eight percent. In this case, one of two methods can logically be applied. The proposal guidelines may tell how to apply the rate but, if not, it is best to check with the funder. If guidance is not available, the second method is a logical choice:

- 1) Calculate the indirect cost rate at eight percent of all direct costs
- 2) Calculate the rate using what OMB calls the MTDC (modified total direct cost):
 - INCLUDE all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award).
 - EXCLUDE equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.

12. SUBAWARDING POLICIES

Pacific University is responsible for financial and programmatic monitoring of subrecipients. The University will use a subaward agreement, reporting, site visits, regular contact, or other means to provide reasonable assurance that subrecipients administer awards in compliance with laws, OMB requirements, and grant requirements.

At a Glance: subaward monitoring categories

- 1) Analysis of the subrecipient's ability to manage the grant
- 2) Creation of an adequate subaward agreement
- 3) Adherence to reporting requirements to the funder and perhaps at www.fsrs.gov
- 4) Ongoing monitoring of the subaward.

Pacific University will ensure the following items are appropriately addressed when making subawards:

1. Determining whether the relationship is a subaward or a contract will be based on OMB definitions in 2 CFR 200.330 (summarized below) and will be clearly identified in Pacific University agreements. (Contracts are generally for purchase of goods and services, while subawards generally involve program control at the subawardee level.)
2. Subaward reporting and monitoring will meet OMB requirements in 2 CFR 200.331 (reprinted below) including appropriate navigation of the following issues:
 - a. Reporting of required information items to funder (a list is in 2 CFR 200.331)
 - b. Reporting of first-tier subawards of \$25,000 or more at fsrs.gov (the federal subaward reporting website); this is required of all primary recipients receiving federal funds and must be completed within the month following the month when the subaward was made (as per OMB 2 CFR 170)
 - c. Correct use of indirect cost rates (the Super Circular states a federally negotiated indirect cost rate will be honored unless renegotiated using a prescribed process.)
 - d. Correct completion of closeout procedures
 - e. Other requirements detailed below in 2 CFR 200.331

Pacific University is responsible for ensuring that subrecipients are in compliance with the requirements of appropriate standards for good business practices, including maintaining adequate internal controls and verifying completion of federal single audits when those are required.

OMB requirements pertaining to subawards

§ 200.330 Subrecipient and contractor determinations.

The non-Federal entity may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities. Therefore, a pass-through entity must make

case-by-case determinations whether each agreement it makes for the disbursement of Federal program funds casts the party receiving the funds in the role of a subrecipient or a contractor.

The Federal awarding agency may supply and require recipients to comply with additional guidance to support these determinations provided such guidance does not conflict with this section.

(a) Subrecipients. A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See § 200.92 Subaward. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- (1) Determines who is eligible to receive what Federal assistance;
- (2) Has its performance measured in relation to whether objectives of a Federal program were met;
- (3) Has responsibility for programmatic decision making;
- (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
- (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

(b) Contractors. A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. See § 200.22 Contract.

Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the non-Federal entity receiving the Federal funds:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Normally operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program;
- (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

(c) Use of judgment in making determination. In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

§ 200.331 Requirements for pass-through entities.

All pass-through entities must:

(1) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal Award Identification.

(i) Subrecipient name (which must match registered name in DUNS);

(ii) Subrecipient's DUNS number (see § 200.32 Data Universal Numbering System (DUNS) *number*);

(iii) Federal Award Identification Number (FAIN);

(iv) Federal Award Date (see § 200.39 Federal award date);

(v) Subaward Period of Performance Start and End Date;

(vi) Amount of Federal Funds Obligated by this action;

(vii) Total Amount of Federal Funds Obligated to the subrecipient;

(viii) Total Amount of the Federal Award;

(ix) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);

(x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official,

(xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;

(xii) Identification of whether the award is R&D; and (xiii) Indirect cost rate for the Federal award (including if the de minimis rate is charged per § 200.414 Indirect (F&A) costs).

(2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award.

(3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;

(4) An approved federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or, if no such rate exists, either a rate negotiated between the pass-through entity and the subrecipient (in compliance with this Part), or a de minimis indirect cost rate as defined in § 200.414 Indirect (F&A) costs, paragraph (b) of this Part.

(5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass through entity to meet the requirements of this section, §§ 200.300 Statutory and national policy requirements through 200.309 Period of performance, and Subpart F— Audit Requirements of this Part; and

(6) Appropriate terms and conditions concerning closeout of the subaward.

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraph (e) of this section, which may include consideration of such factors as:

- (1) The subrecipient's prior experience with the same or similar subawards;
- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this Part, and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

(c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in § 200.207 Specific conditions.

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and programmatic reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.

(e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:

- (1) Providing subrecipients with training and technical assistance on program-related matters; and
- (2) Performing on-site reviews of the subrecipient's program operations;
- (3) Arranging for agreed-upon procedures engagements as described in § 200.425 Audit services.

(f) Verify that every subrecipient is audited as required by Subpart F—Audit Requirements of this Part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.

(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass through entity's own records.

(h) Consider taking enforcement action against noncompliant subrecipients as described in § 200.338 Remedies for noncompliance of this Part and in program regulations.

SECTION VIII

PROCUREMENT OF CONTRACTS USING FEDERAL FUNDS

1. UNIVERSITY PURCHASING POLICIES

All purchasing transactions must be consistent with University purchasing policies provided Appendix B of this manual.

2. ADDITIONAL REQUIREMENTS FOR PROCUREMENT WITH FEDERAL FUNDS

This policy establishes standards and guidelines when using federal funds for the procurement of supplies, equipment, construction, professional services, and other purchases to ensure they are obtained economically through an open and fair competitive process and that contracting decisions are made using sound business judgment.

OMB rules in 2 CFR 200 require Pacific and other entities to establish procurement guidelines for purchasing with federal funds that are at least as restrictive as the OMB regulations and thresholds and that those making procurement decisions are free of conflict of interest (see specific rules below). The rules require:

1. Pacific follow the six OMB required provisions in taking all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible (200.321, see green chart below). Affirmative steps must include placing qualified small and minority businesses and women's business enterprises on solicitation lists, assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources, and four additional requirements.
2. Adherence to 10 contract content requirements (Appendix II to 2 CFR 200, see green chart below) including that "Contracts for more than the simplified acquisition threshold currently set at \$150,000 . . . must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate."
3. Pacific University ensures contracts of \$25,000 or more are not made to entities that are debarred or suspended. This is done by checking those entities at www.sam.gov and/or by certifying the entity is not debarred or suspended either by a special certification or by language in the contract itself.

3. PACIFIC PROCUREMENT TYPES AND THRESHOLDS

These thresholds must be followed when purchasing with federal funds. They will also generally be followed when purchasing with other funds, however, that is not a requirement. There may be cases for example while working with foundations or corporate grants when this is not necessary, effective or efficient. In those cases, controls in the Pacific University Purchasing Policies (in Appendix B to this manual) will serve to ensure costs are appropriately approved and analyzed for good value. The general approach, however, is to follow these rules with all procurements, and staff members and administrators are encouraged to do so.

Procurement category	Pacific policy	OMB requirements
<p>Micro-purchases Approved personnel can make purchases without formal processes</p>	<p>Allowed up to \$5,000</p>	<p>Allowed up to \$3,000</p>
<p>Purchase orders Price comparisons</p>	<p>\$5,000 to \$75,000 a. For general purchases of \$3,001 to \$25,000 at least two documented price comparisons are required. The process does not require the use of a specification sheet. b. For general purchases of \$25,001 to \$75,000 a specification sheet will be created and at least three documented quotes will be solicited. c. For professional service purchases and consultants of \$ 5,000 to \$75,000 at least two documented price comparisons are required. The process does not require the use of a specification sheet.</p>	<p>“If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.”</p>
<p>Sealed bids The usual approach for construction contracts, also often used for major purchases of goods and supplies.</p>	<p>University policy requires bids at \$75,001 and above (which is well below the OMB allowed \$150,000 threshold) Low bid that meets specs and qualifications wins</p>	<p>“Bids publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all material terms and conditions of the bid invitation, is the lowest in price”</p>
<p>Competitive bids The usual approach for professional services and other purchases when conditions are not appropriate for sealed bids.</p>	<p>This is an alternative to sealed bids for purchases of \$75,001 and above when sealed bids are not appropriate. Winning bidder is the most advantageous to the program based on price and other considerations, such as qualifications or ability to provide specialized services</p>	<p>“The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids . . . Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with</p>

		price and other factors considered.” See 2 CFR 200.322 (d) for specific requirements.
Non-competitive procurement (sole source purchases)	Pacific has provisions that allow sole source purchases in accordance with OMB rules. Other procurement approaches are encouraged unless sole source justification is clear and strong. Use of sole source should be the exception, not the standard practice.	Allowed in four circumstances: 1) Item is available only from a single source 2) Public emergency will not permit a delay 3) The awarding agency expressly authorizes sole source; or 4) Solicitation results in Inadequate competition.

All purchases and procurements will be reasonable and necessary. The intent of these policies is to emphasize a high level accountability, minimize organizational risk, and provide for efficient and effective approaches to deliver quality services in a timely manner.

Purchases for professional services will meet OMB cost principle requirements in 2 CFR 200.459 regarding reasonableness, appropriateness, and other factors (reprinted at the end of this section). Pacific University officers and employees cannot also serve as contractors paid with federal funds.

In accordance with the OMB Super Circular (2 CFR 200) Pacific University uses five categories of purchasing, as summarized above and detailed as follows:

1. Micro-purchases (up to \$3,000): Competitive bids are not required. Pacific University allows non Davis Bacon Act restricted purchases of up to the OMB allowed \$3,000 threshold. (The Davis Bacon Act generally applies to construction and renovation costs of \$2,000 or more paid with federal funds.) To the extent practicable, Pacific will distribute micro-purchases equitably among qualified suppliers.

2. Small purchases (\$3,001 to \$75,000): Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Thresholds set herein at up to \$75,000. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. Pacific University has three approved competitive approaches and one non-competitive approach to these purchasing situations:

For general purchases of \$3,001 to \$25,000 at least two documented price comparisons are required. The process does not require the use of a specification sheet. The quotes can be obtained through phone, internet, provided by the seller, or obtained through some other reasonable manner.

For general services purchases of \$25,001 to \$75,000 a specification sheet will be created and at least three documented quotes will be solicited. Specification sheets will not take a “brand

name” approach and should rather describe the performance or other relevant requirements of the item or service purchased.

For professional service purchases of \$3,001 to \$75,000 at least two documented price quotes are required. The quotes can be obtained through phone, internet, provided by the seller, or obtained through some other reasonable manner. The process does not require the use of a specification sheet.

A non-competitive purchase (sole- or single-source) is allowed only if it meets the OMB requirements in 2 CFR 200.320 and summarized in item “5)” below.

3. Sealed bids: These are generally required under University policy for purchases of \$75,001 or more, which is significantly below the OMB allowed \$150,000 maximum Simplified Acquisition Threshold. The procurement process will be conducted in accordance with the OMB requirements detailed at the end of this procurement section and in 2 CFR 200.320. This is the usual approach to construction purchases and is also the preferred approach to the purchase of goods and general services. Sealed bids will generally involve the creation of a committee to oversee the process and the creation of request for bid documents. The committee may also involve representatives from partner agencies and the general community. The low bidder that meets specifications and qualifications wins the contract. Communication with funders is highly recommended to confirm that procurement approaches meet grant agreement requirements and funder preferences.

4. Competitive proposals: Pacific uses the technique of competitive proposals for purchases of \$75,001 or more when conditions are not appropriate for the use of sealed bids. It is the normal approach to the purchase of professional services. The process is normally conducted with more than one source submitting an offer, and either a fixed price or cost reimbursement type contract is awarded. The procurement decision can be based on factors besides price, although reasonableness in pricing is always required. Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered. A scoring or ranking system is highly encouraged. The process will meet the OMB requirements detailed at the end of this procurement section and in 2 CFR 200.320.

5. Non-competitive proposals (also known as sole- or single-source procurement): Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source. The process will meet the OMB requirements detailed in 2 CFR 200.320. Communication with funders is highly recommended to confirm a consensus regarding this approach. It may be used only when one or more of the following circumstances apply:

1. The item is available only from a single source
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
4. After solicitation of a number of sources, competition is determined inadequate.

Pacific University will make efforts to comply with all OMB procurement requirements, specifically those regarding the following issues detailed in the OMB Super Circular:

- 1) **General procurement standards**, such as those regarding documentation, contractor oversight, standards of conduct, and maintenance of records. (OMB 2 CFR 200.318, see below).
- 2) **Competition requirements**, for example bidders will not be allowed to participate in the drafting or control of procurement approaches (OMB 2 CFR 200.319, see below)
- 3) **Methods of procurement** (summarized above, with additional details in 2 CFR 200.320, see below)
- 4) **Contracting with small and minority businesses**, women's business enterprises, and labor surplus area firms whenever possible (required under 2 CFR 200.321, see below).
- 5) **Contract cost and price** analysis requirements regarding PACIFIC purchases of more than \$100,001. These requirements are not in effect for Simplified Acquisition purchases, which PACIFIC sets at \$100,000 or less. (in OMB 2 CFR 200.323, see below)

B. Procurement Authority

It is the responsibility of the Pacific University President, through the approval, authority, and monitoring of the Board of Trustees, to ensure the implementation of the policies and procedures in this section.

C. Relevant Procurement Regulations

1. Pacific Policy. Administrators and employees will follow the policies set forth in this document. Pacific University policy requirements regarding conflict of interest (in Appendix B of this manual) also apply to procurement procedures.
2. Grant agreement requirements. All procurement activities billed to a grant must be allowable and allocable under the terms of the grant agreement.
3. Office of Management and Budget (OMB) Circulars. Pacific University follows OMB Circular 2 CFR 200 (the Super Circular) when using federal, federal flow-through, or non-federal funds for purchases. The University President with approval of the Board of Trustees can use alternative methods when purchasing with non-federal funds, for example when an alternative approach is used to meet private funder requirements or to avoid administrative burdens that have been determined to be unnecessary.

OMB has delayed implementation of Uniform Guidance procurement rules for two years, and those go into effect at the beginning of the entity's fiscal year. Therefore, the procurement rules for Pacific University stated herein become effective July 1, 2017.

4. OMB COMPETITION REQUIREMENTS

The OMB Uniform Guidance includes specific provisions regarding conflict of interest and competition in procurement situations. These rules, summarized in the next two paragraphs, are in addition to Pacific University's conflict of interest policies, which appear in Appendix B of this manual.

“No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest.” (For additional guidance see OMB 200.318 below.)

“All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements.” (For additional guidance see OMB 200.319 below.)

5. FULL TEXT OF OMB PROCUREMENT RELATED RULES

OMB Procurement Standards (from 2 CFR 200.318 through 200.324, includes “professional service cost requirements” from 2 CFR 200.459)

§200.318 General procurement standards.

(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

(c)(1) The non-Federal entity must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a Federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The officers, employees, and agents of the non-Federal entity may neither solicit

nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, non-Federal entities may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the non-Federal entity.

(2) If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, the non-Federal entity must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.

(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

(f) The non-Federal entity is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

(g) The non-Federal entity is encouraged to use value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost.

(h) The non-Federal entity must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. See also §200.212 Suspension and debarment.

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

(1) The non-Federal entity may use a time and materials type contract only after a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time and materials type contract means a contract whose cost to a non-Federal entity is the sum of:

(i) The actual cost of materials; and

(ii) Direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit.

(2) Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.

(k) The non-Federal entity alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the non-Federal entity of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the non-Federal entity unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction.

§200.319 Competition.

(a) All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, or invitations for bids or requests for proposals must be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include but are not limited to:

(1) Placing unreasonable requirements on firms in order for them to qualify to do business;

(2) Requiring unnecessary experience and excessive bonding;

(3) Noncompetitive pricing practices between firms or between affiliated companies;

(4) Noncompetitive contracts to consultants that are on retainer contracts;

(5) Organizational conflicts of interest;

(6) Specifying only a “brand name” product instead of allowing “an equal” product to be offered and describing the performance or other relevant requirements of the procurement; and

(7) Any arbitrary action in the procurement process.

(b) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

(c) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

(1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and

(2) Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

(d) The non-Federal entity must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. Also, the non-Federal entity must not preclude potential bidders from qualifying during the solicitation period.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

§200.320 Methods of procurement to be followed.

The non-Federal entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.

(1) In order for sealed bidding to be feasible, the following conditions should be present:

(i) A complete, adequate, and realistic specification or purchase description is available;

(ii) Two or more responsible bidders are willing and able to compete effectively for the business; and

(iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(2) If sealed bids are used, the following requirements apply:

(i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for state, local, and tribal governments, the invitation for bids must be publically advertised;

(ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

(iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is

lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(v) Any or all bids may be rejected if there is a sound documented reason.

(d) Procurement by competitive proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:

(1) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical;

(2) Proposals must be solicited from an adequate number of qualified sources;

(3) The non-Federal entity must have a written method for conducting technical evaluations of the proposals received and for selecting recipients;

(4) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and

(5) The non-Federal entity may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

(e) [Reserved]

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

(1) The item is available only from a single source;

(2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

(3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or

(4) After solicitation of a number of sources, competition is determined inadequate.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

§200.321 Contracting with small and minority businesses, women's business enterprises, and labor surplus area firms.

(a) The non-Federal entity must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

(b) Affirmative steps must include:

(1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;

(2) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources;

(3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;

(4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses, and women's business enterprises;

(5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and

(6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.

§200.322 Procurement of recovered materials.

A non-Federal entity that is a state agency or agency of a political subdivision of a state and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative

procurement program for procurement of recovered materials identified in the EPA guidelines.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

§200.323 Contract cost and price.

(a) The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.

(b) The non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

(c) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under Subpart E—Cost Principles of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.

(d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

§200.324 Federal awarding agency or pass-through entity review.

(a) The non-Federal entity must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the non-Federal entity desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

(b) The non-Federal entity must make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

(1) The non-Federal entity's procurement procedures or operation fails to comply with the procurement standards in this part;

(2) The procurement is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;

(3) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;

(4) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

(5) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

(c) The non-Federal entity is exempt from the pre-procurement review in paragraph (b) of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

(1) The non-Federal entity may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third party contracts are awarded on a regular basis;

(2) The non-Federal entity may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the non-Federal entity that it is complying with these standards. The non-Federal entity must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

§200.325 Bonding requirements.

For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold, the Federal awarding agency or pass-through entity may accept the bonding policy and requirements of the non-Federal entity provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

(a) A bid guarantee from each bidder equivalent to five percent of the bid price. The "bid guarantee" must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon

acceptance of the bid, execute such contractual documents as may be required within the time specified.

(b) A performance bond on the part of the contractor for 100 percent of the contract price. A “performance bond” is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

(c) A payment bond on the part of the contractor for 100 percent of the contract price. A “payment bond” is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

§200.326 Contract provisions.

The non-Federal entity's contracts must contain the applicable provisions described in Appendix II to Part 200—Contract Provisions for non-Federal Entity Contracts Under Federal Awards.

§200.459 Professional service costs.

(a) Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the non-Federal entity, are allowable, subject to paragraphs (b) and (c) when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal government. In addition, legal and related services are limited under §200.435 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.

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

(1) The nature and scope of the service rendered in relation to the service required.

(2) The necessity of contracting for the service, considering the non-Federal entity's capability in the particular area.

(3) The past pattern of such costs, particularly in the years prior to Federal awards.

(4) The impact of Federal awards on the non-Federal entity's business (i.e., what new problems have arisen).

(5) Whether the proportion of Federal work to the non-Federal entity's total business is such as to influence the non-Federal entity in favor of incurring the cost, particularly where the

services rendered are not of a continuing nature and have little relationship to work under Federal awards.

(6) Whether the service can be performed more economically by direct employment rather than contracting.

(7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federally funded activities.

(8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).

(c) In addition to the factors in paragraph (b) of this section, to be allowable, retainer fees must be supported by evidence of bona fide services available or rendered.

6. CHECKING FOR DEBARMENT AND SUSPENSION OF CONTRACTORS

Pacific University will comply with federal requirements detailed in OMB 2 CFR 180 regarding debarment and suspension of contractors. Simply stated, this OMB circular prohibits contracting with debarred and suspended vendors when making “covered transactions” and requires Pacific University to check those contractors before entering into a contract. Covered transactions generally mean those that are 1) for goods or services of \$25,000 or more, 2) those that require federal agency consent, and 3) those for audit services.

The most common way to check contractors and to document that checking process is to use the website below. This website allows the creation of pdfs that can be printed for University records. As is usually the case, “if it is not documented, it didn’t happen.”

www.sam.gov

OMB 2 CFR 180 is available at the link below. This section takes a question and answer format, and two of the more important questions are stated directly below the link:

<https://www.gpo.gov/fdsys/granule/CFR-2012-title2-vol1/CFR-2012-title2-vol1-part180>

OMB §180.220 Are any procurement contracts included as covered transactions?

(a) Covered transactions under this part--

(1) Do not include any procurement contracts awarded directly by a Federal agency;
but

- (2) Do include some procurement contracts awarded by non-Federal participants in nonprocurement covered transactions.
- (b) Specifically, a contract for goods or services is a covered transaction if any of the following applies:
- (1) The contract is awarded by a participant in a nonprocurement transaction that is covered under §180.210, and the amount of the contract is expected to equal or exceed \$25,000.
 - (2) The contract requires the consent of an official of a Federal agency. In that case, the contract, regardless of the amount, always is a covered transaction, and it does not matter who awarded it. For example, it could be a subcontract awarded by a contractor at a tier below a nonprocurement transaction, as shown in the appendix to this part.
 - (3) The contract is for Federally-required audit services.

§180.300 What must I do before I enter into a covered transaction with another person at the next lower tier?

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the EPLS; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person.

7. CONTRACT CONTENT REQUIREMENTS

The Office of Management Budget Super Circular contains requirements for contracts in Appendix II. These requirements are summarized below, and this quick list can be used by University staff members to identify issues that must be addressed in a specific contract. The full content of OMB 2 CFR 200 Attachment II follows this quick list.

At a glance: summary of OMB required content in contracts
A) Contracts in excess of \$150,000 must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate
B) All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.
C) Equal Employment Opportunity Employment content is required in all contracts.

D) Davis Bacon Act requirements apply to construction and renovation contracts of \$2,000 or more.
E) Contract work hours and safety standards apply to all contracts in excess of \$100,000 that involve the employment of mechanics or laborers.
F) Rights to Inventions content is required when applicable in contracts and "funding agreements."
G) Clean Air Act. Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act
H) Debarment and Suspension checking is required as per 2 CFR 180, which is summarized in this manual above. No inclusion in the contract is required, but PACIFIC staff members must check contractors and document that procedure when spending \$25,000 or more.
I) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352) Contractors that apply or bid for an award exceeding \$100,000 must file the required certification.
J) See §200.322 Procurement of recovered materials

Following are the complete contract provision requirements from the OMB Super Circular:

<p>Appendix II to Part 200—Contract Provisions for Non-Federal Entity Contracts Under Federal Awards</p> <p>In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.</p> <p>(A) Contracts for more than the simplified acquisition threshold currently set at \$150,000, which is the inflation adjusted amount determined by the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) as authorized by 41 U.S.C. 1908, must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms, and provide for such sanctions and penalties as appropriate.</p> <p>(B) All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-Federal entity including the manner by which it will be effected and the basis for settlement.</p> <p>(C) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, all contracts that meet the definition of “federally assisted construction contract” in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR</p>
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60-1.4(b), in accordance with Executive Order 11246, "Equal Employment Opportunity" (30 FR 12319, 12935, 3 CFR Part, 1964-1965 Comp., p. 339), as amended by Executive Order 11375, "Amending Executive Order 11246 Relating to Equal Employment Opportunity," and implementing regulations at 41 CFR part 60, "Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor."

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

(E) Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708). Where applicable, all contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, each contractor must be required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

(F) Rights to Inventions Made Under a Contract or Agreement. If the Federal award meets the definition of “funding agreement” under 37 CFR §401.2 (a) and the recipient or subrecipient wishes to enter into a contract with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that “funding agreement,” the recipient or subrecipient must comply with the requirements of 37 CFR Part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by the awarding agency.

(G) Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387), as amended—Contracts and subgrants of amounts in excess of \$150,000 must contain a provision that requires the non-Federal award to agree to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401-7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251-1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

(H) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the government wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

(I) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352)—Contractors that apply or bid for an award exceeding \$100,000 must file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. Each tier must also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the non-Federal award.

(J) See §200.322 Procurement of recovered materials.

Appendix A: Time and effort policies

Introduction

Purpose:

To provide clarification and amplification of key policies governing Pacific University’s effort reporting system. Effort reporting encompasses many processes, including committing effort, charging and cost sharing salary expense for effort, and certifying effort to support commitments and salary charges.

As a recipient of significant sponsored funds, the University must assure Federal and other sponsors that the assignment of time and associated salary and fringe benefit costs to the projects they sponsor is fair, consistent, and timely. The University’s effort reporting policies, along with related definitions, procedures, forms, data and technology, are the means by which this responsibility is fulfilled. Financial penalties, expenditure disallowances, and even harm to the University’s reputation could result from an inadequate effort reporting system, or from failure to comply with effort reporting policies and requirements.

A basic regulatory framework for effort reporting is provided by select federal regulations, principally through the Office of Management and Budget (OMB) Uniform Guidance (2 CFR 200) and previous to that through Circulars A-21 & A-122, and through other publications, such as the Department of Health and Human Services Public Health Service Grants Policy. (The Uniform Guidance went into effect 24 December 2014 and will generally be the ruling document unless a funder builds on that either in the grant agreement or elsewhere, such as in appropriating legislation.) The development of this Effort Reporting Policy document is an acknowledgment of the significant complexities and ambiguities of effort reporting, and the challenges of understanding and complying with the federal requirements.

The OMB rules are stated in full in the “Documentation of Personnel Expenses” section of the Pacific University Grant Management Policy Manual and of course in 2 CFR 200, but time allocation records in general:

- Must be incorporated into the official agency records and be supported by a system of internal controls
- Must reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for Institution of Higher Education, this must be consistent per the IHE’s definition of Institutional Base Salary, and this topic is covered in Pacific University 13-page time and effort manual)
- Can’t rely solely on budget estimates (i.e., estimates determined before the services are performed)

The intent of the document is to provide guidance to faculty, and to the administrators who support them, in the most explicit and constructive way possible; to respond to common faculty and administrator questions; and, in general, to assist faculty members’ scientific and administrative performance of sponsored projects. These policies, and the larger body of procedures, forms and data used in effort reporting, will continue to be evaluated for opportunities to improve their effectiveness.

Audience:

Grant Accounting –Time and Effort Reporting Policy

All individuals involved with the administration and conduct of sponsored project activities, including central and departmental sponsored project administrators, principal investigators, and other research personnel.

Proposal Development and Award

- Basis for estimating effort percentages and calculating salary requests in proposals
- Expectation for faculty effort in proposals
- Institutional stance on voluntary cost sharing
- Expectation for extramural funding of faculty academic year salary
- Reduction of effort commitments when awarded budget is less than proposed

Salary Distribution

- Prospective establishment of salary distribution on sponsored project/cost sharing accounts
- Summer effort and salary for faculty with 9, 10 and 11-month appointments
- Retroactive salary adjustments

Effort Certification

- Principal Investigator (PI) certification of effort reports
- Training for faculty and administrators on effort reporting

Summary of Policy Statements

1. Basis for estimating effort percentages and calculating salary requests in proposals

Policy Statement

The basis for effort percentages indicated in proposals is that for most Pacific faculty, the effort which relates to and is required by an individual's Pacific University (PU) appointment(s), including research, teaching and administration activities.

The basis for salary request calculations in proposals is that salary which corresponds to the basis for the effort percentage estimate.

For most faculty, the salary base is the annual salary amount associated with the regular PU appointment(s), stated in terms of number of months (i.e., 9, 10, or 11).

For faculty whose corresponding salary exceeds the applicable National Institutes of Health (NIH) salary limitation, the basis for salary request in a proposal must be the NIH salary limitation. However, the actual annual salary amount must be indicated in the budget justification, consistent with the federal requirements, and to allow for increased funding in the event that the limitation is raised.

2. Expectation for faculty effort in proposals

Policy Statement

Grant Accounting –Time and Effort Reporting Policy

Faculty are expected to commit some level of effort (>0%) on proposals on which they are listed as principal investigator (PI) or key personnel, with exceptions for certain types of individuals.

Exceptions include equipment and instrumentation grants, doctoral dissertation grants, student augmentation grants, and institutional/individual training grants (or faculty mentors).

3. Institutional stance on voluntary cost sharing

Policy Statement

Pacific University does not typically cost share on a voluntary basis, consistent with its objective of maximizing sponsor cost reimbursement to support the continued growth of the research enterprise. A voluntary cost sharing commitment should be made only where the competitive forces and perceived institutional benefit of receiving the award are deemed to be sufficiently strong to warrant the commitment.

The signature of the department chair and/or Dean on a proposal indicates that the chair/Dean have approved any voluntary commitment to cost share, and have the budget dollars to meet this requirement.

4. Expectation for extramural funding of faculty academic year salary

Policy Statement

If the PI expects to expand effort on sponsored projects during the academic year, a proportionate amount of academic year faculty salary should be requested from sponsors (to the extent that this is consistent with sponsor practice).

5. Reduction of effort commitments when awarded budget is less than proposed

Policy Statement

When an awarded budget reflects a reduction from the proposed budget, an evaluation by the PI must occur to determine the impact on effort commitments. Generally, a budget reduction of 25% or more from the proposed budget indicates that a proportional reduction in the effort commitment is appropriate, along with a reduced project scope. This is consistent with the University's policy regarding voluntary cost sharing. Sponsors will be notified, as appropriate, of a reduction in the formal effort commitments at the time of the award.

6. Prospective establishment of salary on sponsored project/cost sharing accounts

Policy Statement

Salary distribution should begin on sponsored projects and/or cost sharing accounts as soon as the project is awarded, and concurrently with the actual project effort.

7. Summer effort and salary for faculty with 9, 10 and 11-month appointments

Policy Statement

Faculty with 9-month appointments are permitted to expend up to an additional three months, faculty with 10-month appointments are permitted to expend up to an additional two months, and faculty with 11-month appointments may expend up to an additional one month, of effort on one or more sponsored projects in the period beyond their appointments (i.e., the summer/research quarter) and earn up to one, two or three months (respectively) of additional salary for that effort.

Grant Accounting –Time and Effort Reporting Policy

The following policy statements apply to summer or research quarter/month effort and associated salary for faculty with 9, 10 and 11-month appointments:

- a) For purposes of committing, expending, and certifying effort, and charging the related additional salary for activity outside the appointment period, the expectation for activity in the summer/ research period is consistent with expectation for activity during...academic period.
- b) To the extent it is required, effort certification for the period beyond the appointment...which the faculty member is responsible and earning salary in that period. For most faculty, summer/research period activity represents effort and salary on sponsored projects only.
- c) Faculty who receive summer salary from sponsored projects must be prepared to certify that effort was expended on those projects during the summer/research period in at least the same proportion as the summer salary charged to those projects. Effort expended during the academic year does not satisfy a commitment related to the receipt of summer salary.

8. Retroactive salary adjustments

Policy Statement

Retroactive salary adjustments are highly discouraged for periods in which effort has already been certified. Letters providing detailed explanation, signed by the principal investigator, continue to be required for any retroactive adjustments more than 90 days past the date of initial charge. Retroactive salary adjustments seeking to place costs onto sponsored projects will not be processed if the requested adjustment is more than one year after the date of the initial charge.

9. The Principal Investigator (PI) certification of effort reports

Policy Statement

The Principal Investigator(s) (PI) of each sponsored federal project are required to certify their own effort reports, and also are required to certify the effort reports of the research staff working on their sponsored projects (graduate students, post doctoral fellows, and other similar persons)

Policies, Guidelines and Procedures

1. Basis for estimating effort percentages and calculating salary requests in proposals

Policy Statement

The basis for effort percentages indicated in proposals is:

For Pacific faculty, the effort which relates to and is required by an individual's Pacific University (PU) appointment(s), including research, teaching, and administration activities. The basis for salary request calculations in proposals is that salary which corresponds to the basis for the effort percentage estimate.

- a) For most faculty, the salary base is the annual salary amount associated with the regular PU appointment(s), stated in terms of number of months (i.e., 9, 11, or 12).
- b) For faculty whose corresponding salary exceeds the applicable NIH salary limitation, the basis for salary request in a proposal must be the NIH salary limitation. However, the actual annual salary amount must be indicated in the budget justification.

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Policy Rationale

Pacific faculty members need a defined set of activities against which to estimate effort percentages and request salary in proposals. This defined set of activities is also the basis for charging salary and certifying effort on their sponsored projects.

Related Guidelines and Procedures

a) Expectations related to a faculty member's appointment(s) are outlined generally in the Faculty Handbook and, often more specifically, in the faculty member's appointment letter.

b) The basis for effort percentages indicated in proposals does not include:

1) Consulting and/or other outside professional activities (e.g., service on NIH study sections, leadership in professional societies) expressly permitted for Pacific faculty in university and school policies.

c) One hundred percent (100%) effort is defined as the effort expended to accomplish the set of activities encompassed by the PU appointment(s), regardless of the actual number of hours expended on those activities. 100% effort is not defined as a single, standard number of hours or days per week, since it will likely be different for each faculty member, and may vary during the year. The number of hours implicit in an individual faculty member's "100%" must be reasonable and supportable to department, school, university and external reviewers if requested. In most circumstances, a minimum of 40 hours (assuming a full-time schedule) and a maximum of 80 hours would be considered a reasonable average work week.

d) The basis for salary requests in proposals does not include:

1) Any incentive compensation, since the salary base can represent only guaranteed compensation.

2) Any compensation earned as a result of permitted outside professional activities, such as consulting.

3) Any PU additional pay, which is typically provided for a non-recurring activity performed outside the scope of the individual's existing appointment(s).

e) The basis used for proposing/committing effort should be the same basis used in charging a salary and certifying effort.

2. Expectation for faculty effort in proposals

Policy Statement

Faculty are expected to commit some level of effort (>0%) on proposals on which they are listed as principal investigator (PI) or key personnel, with exceptions for certain types of proposals.

Policy Rationale

This policy is based on an explicit requirement outlined in the January, 2001 Office of Management and Budget (OMB) clarification to Circular A-21 ("Cost Principles for Educational Institutions"). It is also a reasonable expectation since a PI has responsibility for the scientific, administrative and financial management for a sponsored project – fulfilling these responsibilities requires time. Similarly, any individual listed as "key personnel" on a project is expected to be expending some level of effort on the project.

Related Guidelines and Procedures

a) Faculty effort may be committed during the academic year (AY), summer, or both. (The AY is defined by the faculty member's appointment contract period; for example, the AY for a faculty member with a 9-month appointment is generally the 9-month period from late August through mid-May)

b) In general, the effort commitment outlined for any personnel referenced in a proposal should be consistent with the description of the individual's role on the project. All personnel whose names are

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listed in the proposal as “key personnel” are expected to have some level of effort committed. It is only in the case of an individual whose level of involvement is expected to be minimal (e.g., limited to occasional brief discussions) that it may be acceptable for no specific effort commitment to be made. If the individual’s involvement is expected to be greater, that individual should be listed in the proposal with a specific effort commitment (when a Pacific employee) or that individual should be proposed as a subcontractor (generally, when a non-Pacific employee).

c) Faculty committed effort is required for federally-sponsored project proposals, including industry clinical trials and fixed price agreements. In the case of these trials and agreements, even though there may not be an explicit percent effort identified in the proposal documents submitted to the sponsor, it is expected that effort has been committed.

d) Given the highly variable nature of projects, it is not feasible to develop a single standard or set of standards to define “some level of effort.” However, in general, faculty effort committed in proposals should:

- Be reasonable given the nature and complexity of the project;
- Reconcile with the individual’s other responsibilities, including other sponsored project commitments, teaching, service, administration, and - where applicable - clinical activities, both current and pending;
- Not be inflated beyond what is reasonably required in order to create the most “attractive” proposal;
- Be accompanied by a request for a commensurate amount of salary funding, to the extent accepted by the sponsor.

e) Whether the associated salary is requested and funded, or it is cost shared, the awarded effort is a commitment made to the sponsor that must be met and documented via certification. It is a Federal requirement that the sponsor be notified in advance if PI/key personal will withdraw from the project entirely, be absent from the project during any continuous period of 3 months or more, or reduce effort by 25% or more from the level that was approved at the time of award. Specific funding agency guidelines should be consulted for additional guidance on sponsors’ expectations with respect to changes in effort.

f) Unless otherwise communicated to the sponsor, the effort commitment percentage during a no-cost extension period is assumed to be consistent with commitment for the immediately preceding budget period. If faculty expect effort to be reduced during the no-cost extension period by 25% or more from the level approved at the time of award, the sponsor should be notified at the time the no-cost extension is requested.

g) At any given time, the sum of a faculty member’s effort percentage commitments on active sponsored projects, teaching, service, administration, and –where applicable- clinical activities cannot exceed 100%. It is understood that the sum of active percentage commitments + proposed percentage commitments for a given period may exceed 100%, because a proposal request may not be awarded. However, to the extent that they are awarded, then a reduction must be made to one or more existing commitments and sponsors must be notified, as appropriate, to ensure the total effort percentage does not exceed 100% in any given period.

h) Schools and/or departments/divisions should establish maximum percentages that faculty may commit to active sponsored programs. The established maximum should acknowledge proposal preparation, service as chair/assistant chair/director, and service on department/school/University committees (all of which are to be classified as administration). Teaching and other non-sponsored activities must also be acknowledged. As a result, there are very few instances in which an individual can justifiably be 100% committed to sponsored programs.

3. Institutional stance on voluntary cost sharing

Policy Statement

Pacific University does not typically cost share on a voluntary basis, consistent with its objective of maximizing sponsor cost reimbursement to support the continued growth of the research enterprise. A

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voluntary cost sharing commitment should be made only where competitive forces and perceived institutional benefit of receiving the award are deemed to be sufficiently strong to warrant the commitment.

Policy Rationale

When a sponsor is not asked to fund and/or is not charged for a cost that specifically benefits a project, cost sharing occurs. Voluntary cost sharing occurs when a PI includes cost sharing in a proposal, or cost shares in the execution of the project, when the sponsor does require it as award condition.

The rationale behind this series of policies (#3-#5) is the promotion of strategic decision-making in committing the University to fund costs related to externally-sponsored projects. It is the University's objective to obtain maximum cost reimbursement from its sponsors; achieving this significantly enhances the University's ability to continue to grow the research enterprise. This policy serves as the foundation for policies #4 and #5.

Related Guidelines and Procedures

- a) The department chair and, for many schools, the Dean's office reviews and endorses proposals for submission. These reviews should include assessment of conformance with this policy. The signature of the department chair and/or Dean on a proposal indicates that the chair/Dean have approved any voluntary commitment to cost share after evaluating the rationale for the cost sharing.
- b) When an award is made that includes a cost sharing commitment (whether voluntary or mandatory), this commitment must be met and documented through proper recognition of cost-shared expenses in the accounting system and, for cost-shared salary, through appropriate certification of effort on certification reports.

4. Expectation for extramural funding of faculty academic year salary

Policy Statement

If faculty expect to expend effort on sponsored projects during the academic year, a proportionate amount of academic year faculty salary should be requested from sponsors (to the extent that this is consistent with sponsor practice).

Policy Rationale

This policy is highly correlated to Policy #3, as faculty academic year salary is the primary form of voluntary cost sharing.

Maximized research cost recovery on sponsored projects, in the form of direct costs but also the associated indirect (or F&A) costs, is vital to the continued growth of the University's research enterprise. With the OMB-driven requirement for effort commitments on most sponsored projects (see Policy #2), this policy takes on increased importance in minimizing the cost sharing of committed faculty effort. It is important that PIs request salary support in conjunction with their commitments of effort; otherwise, the University forfeits recovery of a significant portion of both direct and indirect research costs.

Related Guidelines and Procedures

- a) NIH places limits on the amount of faculty salary that can be recovered from their sponsored projects. For faculty whose salaries exceed the applicable NIH salary limitation, the actual salary must adhere to the figure in the budget justification, consistent with federal requirements and to allow for increased funding in the event that the limitation is raised. Salary in excess of the NIH cap must be recognized as cost sharing in proportion to the percent effort committed to the project.

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- b) Request for summer salary from a sponsor equates to an effort commitment beyond the regular appointment period (i.e., summer effort). From a sponsor’s perspective, charging summer or research quarter salary to one or more sponsored projects implies that a commensurate amount of effort was expended on those projects during that period. OMB Circular A-21, Section J. 8. defines summer salary as “charges for work performed by faculty members on sponsored agreements during the summer months or other period not included in the base salary period” (emphasis added). Summer salary is intended to fund activity only during the summer or research period and not activity during the academic year.
- c) The department chair and, for many schools, the Dean’s office reviews and endorses proposals for submission. These reviews include an assessment of conformance with this policy. The signature of the department chair and/or Dean on a proposal indicates that the chair/Dean have approved any voluntary commitment to cost share faculty year salary, after evaluating the rationale for the cost sharing.

5. Reduction of effort commitments when awarded budget is less than proposed

Policy Statement

When an awarded budget reflects a reduction from the proposed budget, an evaluation by the PI must occur to determine the impact on effort commitments. Generally, a budget reduction of 25% or more from the proposed budget indicates that a proportional reduction in the effort commitment is appropriate, along with a reduced project scope. This is consistent with the University’s policy regarding voluntary cost sharing. Sponsors will be notified, as appropriate, of a reduction in the formal effort commitments at the time of award.

Policy Rationale

Unless otherwise notified, sponsors expect PIs (and other key personnel) to provide the level of effort outlined in the proposal budgets, even when the amount funded is less than requested. At the time of the award, PIs must evaluate how the project will be conducted with less funding, including the impact on effort commitments. In doing so, PIs should carefully and deliberately manage their own (and their key personnel’s) total sponsored and non-sponsored effort commitments, and minimize voluntary cost sharing. A budget reduction of 25% or more from what was proposed generally indicates a project scope reduction, and that a corresponding reduction in effort commitments is appropriate. As required, sponsors will be notified of reductions in effort commitments of 25% or more from proposed effort.

Related Guidelines and Procedures

- a) At the time of award, if the awarded budget is reduced from the proposed budget, a PI must confirm how the project will be conducted and how funding will be allocated among budget categories, including confirmation of effort commitments and associated salary support. The PI is responsible for determining whether:
- 1) The effort commitments will be reduced proportionately, and a corresponding notification sent to the sponsor. Generally, effort commitments should be reduced proportionately when the awarded budget reflects a reduction of 25% or more from the proposed budget; or
 - 2) The original effort commitments and salary support will be retained, and other budget categories can be reduced/eliminated such that voluntary cost sharing, beyond that which may have already been approved, does not occur; or
 - 3) Neither the effort commitments nor other budget categories can be reduced/eliminated. In these instances, the resulting voluntary cost sharing must be explicitly approved by the chair/Dean.
- b) A consistent practice of not reducing effort commitments and salary and/or other budget categories when funding is reduced could result in a perception by sponsors that Pacific’s budgets may be regularly overstated.

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6. Prospective establishment of salary distribution on sponsored project/cost sharing accounts

Policy Statement

Salary distribution should begin on sponsored projects and/or cost sharing accounts as soon as the project is awarded, and concurrently with actual project effort.

Policy Rationale

Faculty (and other project personnel) salary should be charged to sponsored accounts (or associated cost sharing accounts) during the period in which the individuals are expending effort on the project. The volume of retroactive salary cost transfers should be minimized; higher transfer volumes may call into question the appropriateness of the University's charging process.

Related Guidelines and Procedures

- a) It is the general expectation that sponsored project accounts will be established when awards are received. In addition, the necessary payroll transactions will be processed to ensure the appropriate proportion of salary begins to be funded from these corresponding accounts as soon as actual work commences.
- b) Specific procedures for establishing and maintaining salary distribution prospectively are as follows:
 - Prior to academic year effort being expended, an effort estimation form should be should be completed.
 - Payroll distribution corrections must be made within 90 days after the end of each semester, since actual payroll expended for that semester will be determined and certified.

7. Summer effort and salary for faculty with 9, 10 and 11-month appointments

Policy Statement

Faculty with 9-month appointments are permitted to expend up to an additional three months of effort on one or more sponsored projects in the period beyond their appointments (i.e., the summer/research quarter) and earn up to three months of additional salary for that effort.

Faculty with 10-month appointments may expend up to an additional two months of effort and earn up to two months of additional salary.

Faculty with 11-month appointments may expend up to an additional one month of effort and earn up to one month of additional salary.

The following policy statements apply to summer or research quarter/month effort and associated salary for faculty with 9, 10 and 11-month appointments:

- a) For purposes of committing, expending, and certifying effort, and charging the related additional salary for activity outside the appointment period, the exception for an activity in a summer/research period is consistent with the expectation for activity in a commensurate academic period.
- b) To the extent it is required, effort certification for the period beyond the appointment should reflect only the activity for which the faculty member is responsible and earning salary in that period. For most faculty, summer/research period activity represents effort and salary ***on sponsored projects only***.
- c) Faculty who receive summer salary from sponsored projects must be prepared to certify that effort was expended on those projects during the summer/research period is at least the same proportion as the summer salary charged to those projects. Effort expended during the academic year does not satisfy a commitment related to the receipt of summer salary.

Policy Rationale

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- a) In stipulating the periods during the academic calendar when a faculty member is expected to be engaged in University activity, the Faculty Handbook implicitly defines an average number of workdays that constitute an academic month/quarter during the faculty member's appointment period(s) (academic year). It is reasonable that the expectation for activity in a summer period is consistent with the expectation for activity in a commensurate academic period.
- b) During a faculty member's appointment period(s), 100% effort and the salary associated with the appointment(s) encompass the effort required to meet the full complement, in varying proportions, of faculty obligations as described in the PU Faculty Handbook: namely, teaching, research, service, and administration.
- c) When a faculty member elects to expend effort on sponsored project activity during the period beyond the appointment term, they have no other obligations to perform University responsibilities other than the sponsored project work for which they are getting paid. This policy assumes that any non-sponsored activities related to the academic year appointment undertaken during the summer have no impact on the faculty member's ability to meet their commitments to sponsors during the summer months (as defined above). These non-sponsored activities should not be included in the summer effort certification.
- d) From a sponsor's perspective, charging the summer or research quarter salary to one or more sponsored projects implies that a commensurate amount of effort was expended on those projects during that period. Summer salary is intended to fund activity during the summer or research quarter months, and not during the academic year.

Related Guidelines and Procedures

- a) To the extent that faculty receive summer salary, expectations for effort during the summer are consistent with effort expectations during the academic year. For purposes of fulfilling this expectation (e.g., number of workdays) for summer activity, the definition of a workday in the summer is consistent with the definition of a workday during the academic year. That is, faculty serving as investigators or key personnel on sponsored projects must be actively engaged and contributing to the project, consistent with their roles (e.g., PIs must maintain active project control), although they may be away from Pacific for periods of time and still performing in these capacities.
- b) The Faculty Handbook allows time off for holidays during the academic year. This allowance also extends into the summer months (i.e., Independence Day and Labor Day).
- c) Conducting additional sponsored project work in the period beyond the appointment and earning up to an additional one, two or three month(s) salary is a voluntary matter for each faculty member; it is not required. Further, faculty may choose to work and earn additional salary for up to 3 months, and entire months do not have to be requested or charged. For example, a faculty member with a 9-month appointment may choose to work and earn the equivalent of 2.5 summer months, affording them additional time for personal activities. Sponsored projects may not be charged salary for personal time taken beyond what may be available by the defined summer month/quarter.
- d) As is the case during the academic year, faculty are responsible for ensuring that the effort commitment related to salary received is met during the reporting period, or quarter (e.g., if 25% of a faculty member's salary is charged to a grant during a quarter, effort on that grant should average 25% across that quarter). Effort related to the receipt of summer salary must be performed within the summer period; effort performed during the academic year prior to or after the summer does not count toward summer period effort commitments.
- e) The period for which summer salary is received becomes the basis for effort certification for the summer period. For example, if two months' summer salary is received, certification should reflect only activity expended during those two months (and activity performed in the third summer month, during which there was no pay or activity, should not be included in the certification).
- f) While reasonable personal time off may be taken during the summer/research quarter consistent with the guidance provided elsewhere in this policy statement, it is not appropriate to concentrate significant time off during a period for which the faculty member is receiving summer/research period salary. For

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example, taking a three-week vacation during July when the faculty member is 100% funded by an external sponsor would not be considered appropriate.

g) If non-sponsored activities related to the faculty member's appointment are performed outside of the appointment period, they should not interfere with or reduce the faculty member's ability to expend summer effort on sponsored projects as committed to sponsors and for which they are earning summer salary. If the effort associated with any such non-sponsored activities could not reasonably be conducted along with sponsored commitments, the faculty member has an obligation to adjust, and likely decrease, summer commitments and salary on sponsored projects.

h) Special care should be given to summer effort and pay for faculty members who have specific administrative appointments and responsibilities (e.g., department chairs). In no instances is it appropriate to receive reimbursement from sponsors for pay associated with administrative effort. Accordingly, if these faculty members' administrative appointments are year-round (12-month) obligations, such individuals cannot commit summer effort associated with their administrative responsibilities to sponsor projects, nor can they request reimbursement from or charge sponsors for pay associated with their administrative appointments. In addition, the pay rate associated with an administrative appointment should be consistent with faculty member's regular (professional) pay rate so that sponsors are not subsidizing effort associated with administrative responsibilities. Regardless of whether or not faculty with administrative appointments expend summer effort and earn summer salary on sponsored projects, they must complete effort certifications for the summer period. At a minimum, the summer certifications must reflect the effort expended on the administrative appointment activity.

i) Unless an agreement that establishes a lesser pay rate has been reached, additional salary earned for work beyond the appointment period should be based on the appointment period (academic year [AY]) salary rate. Under no circumstances can the summer salary rate exceed the AY salary rate.

j) 9, 10, and 11-month faculty earning more than the applicable NIH salary cap rate in the summer can only charge salary to projects sponsored by the Department of Health and Human Safety based on the applicable NIH cap amount. The balance of the summer salary normally should be funded, as cost sharing, from non-sponsored sources. In exceptional circumstances, with explicit approval from both the federal and non-federal sponsors, a non-federal sponsored source may be used to fund salary cost sharing.

k) In order to appropriately request from a sponsor and to appropriately charge to a sponsored project summer salary at the AY rate, the summer effort must be consistent with a full-time schedule (comparable to the AY schedule), as defined by each faculty member (but no less than 40 hours and reasonably no more than 80 hours per week). If summer effort is less than full-time the summer salary rate should be adjusted accordingly.

l) Faculty on 9, 10, and 11-month appointments have a maximum of three, two, or one months of effort to commit to sponsors. If more than 3 (or 1) months of summer effort is committed across a faculty member's awarded sponsored projects, then either one or more of the sponsors must be notified that a summer commitment cannot be met, or the commitment must be met alternatively expending an equivalent amount of effort during the academic year (provided the faculty member has the capacity during the academic year to do so). If the latter approach is taken, then a commensurate amount of academic year salary – not summer salary – should be charged to the project(s), to the extent permitted by the sponsor(s). If the sponsor does not allow academic year salary expense, academic year effort should be contributed to the project. Such cost sharing should be approved in the same manner as other cost sharing commitments (i.e., by the chair/Dean), and funded by non-sponsored sources. To manage total effort commitments within 100% (whether summer or academic year), the faculty member may also request sponsor approval to adjust their effort commitment downward. Generally, sponsor approval is required when key personnel effort permanently decreases by 25% or more from the awarded level. Specific funding agency guidelines should be consulted for additional guidance on sponsors' expectations with respect to changes in effort.

8. Retroactive salary adjustments

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Policy Statement

Retroactive salary adjustments are highly discouraged for periods for which effort as already been certified. Letters providing detailed explanation, signed by the principal investigator, continue to be required for any retroactive adjustments more than 90 days past the date of initial charge. Retroactive salary adjustments seeking to place costs onto sponsored projects will not be processed if the requested adjustment is more than one year after the date of initial charge.

Policy Rationale

This policy is closely correlated to policy #6, which states that faculty (and other sponsored project personnel) salary should be charged to sponsored accounts (or associated cost sharing accounts) during the period in which effort is expended on the project. Once effort has been certified for a given period, requesting a retroactive salary adjustment for that period calls into question the reliability of the certification process. When retroactive salary adjustments are necessary, twelve months is considered more than ample time for the necessity of a correction to be identified. Investigators, supported by their department administrators, should be reviewing sponsored project budget statements and payroll expense distribution reports regularly to identify errors. Similar reviews should be occurring as part of quarterly effort certification; effort reports should be completed and signed after salary charges have been revised and any corrections identified.

9. Certification of effort reports

Policy Statement

The principal investigator is required to certify their own effort reports, and also are required to certify the effort reports of their staff working on their sponsored projects (faculty, graduate students, post-doctoral fellows, and other similar persons).

Policy Rationale

OMB Circular A-21, Section J.8. requires that activity reports must be signed by “the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed.” While this statement does not explicitly require personal certification, experience has shown that, in practice, it is only the principal investigator him/herself who possess the necessary extent of knowledge regarding actual activity. The OMB’s new uniform guidance (2 CFR 200) does not specifically state signatures are required, but it does state the allocation process must include adequate internal controls and that the allocations should be accurate.

With regard to staff (e.g., graduate students and post-docs) on sponsored projects, in nearly all instances, the PI has the most knowledge of the specific projects on which they are working.

Appendix B: Purchasing Policies and Procedures

Purchasing Responsibly

The Purchasing Office (“Purchasing”) is authorized to make commitments to off-campus vendors for the purchase of supplies, equipment, and services on behalf of all University departments. Purchasing conducts its function in accordance with the ethical and fiscally responsible practices of the purchasing profession, and in support of the University’s mission of sustainability.

In addition, Purchasing contracts with vendors of common-use supplies to provide individual offices and departments with discounted, environmentally preferable products. All departments are encouraged to make purchases that reduce consumption of materials, reuse or repurpose materials whenever possible, and use products that are ultimately recyclable. Common consumables should have recycled content; office paper should contain at least 30 percent post-consumer recycled content. Appliances, computers, copiers, and printers should be Energy Star-rated.

Purchases using University funds will be made by Purchasing, and any purchases made by individuals without following proper purchasing procedures or without using an authorized **Purchase Order** may result in personal payment by the individual who makes the commitment(s).

Overview

An off-campus purchase is initiated by a department through the use of a **Purchase Requisition** or by placing an order directly with a pre-approved common-use vendor. When using a purchase requisition, the department shall specify what is needed in enough detail, clarity, and supporting documentation that Purchasing and vendor(s) have no question as to what is ordered. Specifications will not be altered without the permission of the initiating department. Purchasing personnel may suggest alternatives or question quality, but will not change specifications without approval.

Correspondence with suppliers relating to present orders for the purpose of changing specifications, quantities, delivery requirements, or cancellations shall be directed to designated departmental personnel who will communicate with the vendor. Departments, through this expediting process, will keep Purchasing apprised of the status of each of their orders.

Purchasing Works Cooperatively with all University Personnel

Additional instruction and assistance with purchasing policies and procedures are available upon request. Suggestions are welcome that may simplify existing procedures and that fall within the existing guidelines of University policies.

General Instruction

Off-campus purchases are handled through the use of a purchase order, purchasing card, check request, or petty cash funds.

The signature of the individual approving the purchase requisition authorizes the purchase and verifies that there are adequate funds available in the account being charged. If the request would cause the particular budget line item to be overspent, the department will be contacted to adjust the budget dollars before the request will be processed. Budget adjustments must be submitted to the Director of Budget Operations and Reporting.

Purchase Requisitions

Off-campus purchases with a cost of \$5,000 or more per single item, or a collective purchase from one vendor of \$25,000 and above, must be initiated with a properly completed **Purchase Requisition** that is delivered to Purchasing for processing. Pacific University uses two types of purchase orders (“PO”): Standard and Blanket. Both types of PO are generated by the same purchase requisition form, with the word *Blanket* or *Standard* noted in the comment field. Standard PO’s are used for a one-time purchase, while Blanket PO’s are reserved for multiple use of a single vendor against a set sum for a period of one fiscal year.

Capital Equipment, Facilities, and Furniture

Capital equipment is tangible equipment costing \$5,000 or more per item or combined total of pieces working as a unit. Capital equipment should be Energy Star-rated where applicable, unless Energy Star-rated equipment is demonstrably inferior. Equipment in categories that do not have Energy Star ratings should meet a high standard of environmental responsibility. This includes taking into account lifecycle costs, which could comprise a higher-cost but longer-lived item more economical for the University than a lower-cost but shorter-lived item.

When the decision is made to capitalize a particular item of equipment, all costs involved in putting it into a condition ready for use should be included in the asset value. The asset value is inclusive of invoice price for the asset, taxes, special packaging, transportation, storage, training, testing, legal fees, and installation costs, including any construction or charges to the building necessary to house it.

Purchases of capital equipment are made from the capital expense line “7707” and must be approved by the departmental budget officer. If the total is \$25,000 or more, the equipment purchase must also be approved by the Vice President for Finance and Administration.

Capital equipment must be assigned a fixed asset number, inventoried, and tracked for the remainder of its useful life to the University. Purchasing is responsible for maintaining and tracking fixed asset information. A standard purchase order must be completed for fixed assets of \$5,000 and above. The UIS Department is permitted to use a purchasing card for items costing \$5,000 to \$24,999.99, provided that Purchasing receives necessary documentation on the fixed asset.

Furniture, campus-wide, is standardized in an effort to make relocating or expanding offices or reusing furniture more convenient. Furniture requests are directed through the Purchasing office, where standard guides are available for review. Environmentally friendly furniture is included within these standardized offerings. For example, Hon offers a line of furniture that features recycled content and that contains low VOC levels, which promotes healthy indoor air quality.

Recyclables, Surplus, or Obsolete Equipment

Purchasing is responsible for tracking the disposal of all University capital equipment. Departments must prepare an **Asset Disposition** form for each item marked for disposal, and submit the form to Purchasing so that the asset value will be removed from active inventory. The department contacts the Facilities Management office (ext. 2213) for removal of items to the surplus storage area, or for information concerning an available item for campus department reuse. When surplus items are sold by the Facilities Department, an inventory of all items sold or disposed of will be submitted, along with the funds received, to the Business Office.

Purchasing assists with the collection of recyclable printer and copier toner cartridges. Printer toner cartridges are returned to Office Depot or J. Thayer (via the driver) for their remanufacturing program. Empty cartridges for leased copiers are collected in two locations: (a) inside the Rogers Building at the Forest Grove campus, near the Service Center connecting door; and (b) in the lower level of Marsh Hall, outside the UIS offices.

How to Order Supplies and Equipment

Purchase Requisitions are completed to request the purchase of goods and services used by the University, within the price ranges described earlier. Details of the purchase are entered directly via our software system, available online from the desktop (link follows). A training session is required to share the PO usage procedure, as well as to provide an overall view of the budget process; this also allows desk site tracking, beginning with the purchase request and continuing through the final payment. www.pacificu.edu/offices/bo/purchasing/uindex.cfm

Purchase requisitions should be completed in enough detail to enable Purchasing and suppliers to understand the request. PO's are created by the Purchasing Department two times per week, Tuesday and Thursday, when received prior to 10:00 AM. In an emergency, a manual form may be pulled down from our website and submitted to Purchasing for processing (see "Emergency Order").

The procedure below provides Purchase Order Requisition completion instructions; it is important that all requested information be included. Note the sample form link with corresponding numbers in place.

Manual Purchase Order Requisition

- Confirming Only – Mark this box only if you are calling the vendor AFTER you have received the authorized purchase order number.
- Department – Enter the requesting department name.

- Date Ordered – Enter the date the requisition is prepared.
- P.O. Number – Leave blank; completed by Purchasing.
- Supplier – Enter the name, complete address, and phone/fax number(s) of the vendor.
- Date Required – Enter a *specific* date by which delivery is desired. Terms such as “rush,” “at once,” “as soon as possible,” etc. should not be used.
- Method of Shipment – Enter how the order is to be shipped (e.g. UPS, 2nd Day Air, Ground, etc.).
- Pacific Univ. Customer Number with Vendor of Choice – Enter Pacific’s customer number with that particular vendor.
- Delivery Instructions – Enter the department representative’s name or building name and room number to guide delivery.
- Acct. Number – Enter the complete 13-digit GL account number to be used. Multiple account numbers may be used on the same purchase requisition, as long as the account numbers correspond with the description and amount of the requested purchase.
- Quantity – Enter the requested quantity.
- Item Number – Enter the catalog or product identifying number(s).
- Description – Enter a detailed description so that Purchasing and the vendor will be able to determine what is being requested.
- Unit Price – Enter the estimated unit price based on previous purchases, advertisements, catalogs, or inquiry.
- Estimated Cost – Enter the estimated cost by multiplying the quantity by the estimated unit cost.
- Shipping and Handling – Enter the estimated shipping and handling cost to be included in total cost.
- Requested By – Enter the name of the person who is completing the requisition form.
- Extension Number – Enter the requisitioner’s phone number.
- Approved By – Have authorized budget authority or designee sign the requisition. The requisition cannot be processed without this authorized signature.

When Purchasing Receives Your Online Requisition

All requisitions are reviewed daily by Purchasing. As noted earlier, PO’s are created two times per week, Tuesday and Thursday, if received prior to 10:00 AM. When a requisition meets all criteria (account number(s), signature, funds, etc.), a purchase order is prepared. The designated account is encumbered for the estimated amount until the purchase is received and the invoice paid. When payment occurs, the estimated amount is removed from the encumbered column, and the paid amount is deducted from the designated account budget.

When Purchases are Received

When the purchase is received, departmental personnel check the contents of the shipment *immediately* for conformity with the packing slips and the outstanding requisition. Special

procedures are in place for overages, shortage, damages, and returns. The department representative completes the invoice (see “University Payment Methods”) and forwards the invoice to Purchasing. This approved invoice authorizes payment for items received. Partial payments are made as items are received per terms of the vendor’s invoice. *Do not* hold invoices until all items are received. Forward all invoices and credit memos immediately to Purchasing for processing.

Material Picked Up

When it is advantageous for the department to pick up ordered materials directly from the vendor, the individual making the pick-up should have full knowledge of the order and be able to provide proper identification to the vendor. The department must request to have the purchase order held for the will-call pick-up. All paperwork signed by or presented to the designated individual by the vendor should be forwarded to Purchasing.

Emergency Order

There are occasions when the normal purchasing procedures cannot be followed due to an urgent need for material. If an emergency exists, follow the procedure below:

- Call purchasing for assistance in arranging the purchase.
- Hand-carry a prepared requisition to Purchasing, where a **Purchase Order Number** will be assigned to your requisition.
- All available documentation for the purchase should be attached to the requisition.

NOTE: Emergency orders, unless limited, will result in additional cost, time, and effort on the part of all concerned. The above procedures should only be used when actual emergencies arise, and not as a convenient alternative to normal procedures.

University Payment Methods

Invoices for purchases initiated with a purchase order are to be sent to Purchasing, in order to approve and process against current purchase orders and relieve encumbrance. If an original invoice is received by a department, please forward the invoice to Purchasing. **DO NOT HOLD!** The department representative completes the invoice with the GL account number(s), budget authority signature, and date; then forwards the invoice to Purchasing. Invoices are matched with the purchase order and accepted online; the invoice is forwarded on to Accounts Payable for voucher creation, and a check is created for payment to the vendor.

Invoices for purchases that had been initiated with a check request are processed with Accounts Payable. The vendor/department sends the invoice to Accounts Payable in the Business Office. If approval is needed by the department, Accounts Payable will send a copy of the invoice for authorization and a budget signature.

Purchasing card invoices are submitted monthly to Purchasing with appropriate documentation as required by basic procedures outlined in the Purchasing Card User Manual.

Check request invoices are processed in Accounts Payable when not related to purchase orders.

Petty cash requests are processed in Accounts Payable and limited to under \$50.00.

Questions

If you need any assistance, please contact Purchasing at ext. 2265 or by email at purchasing@pacificu.edu.



Appendix C

PURCHASING CARD USER MANUAL

Dear Cardholder:

Welcome to the Pacific University Purchasing Card program. The card is an alternate method to acquire goods. The Purchasing Card provides departments with a more efficient system for purchasing goods under \$25,000.00 by placing the card in the hands of those individuals who are directly responsible for making purchases. The Purchasing Card is a Visa product administered by US Bank. In order to receive a card, an employee must attend a training session to discuss the Purchasing Card policies and procedures and complete the US Bank Corporate Card Cardholder Participation Agreement Form.

The primary benefits of the Purchasing Card are:

- acceptance by any supplier who accepts Visa
- place orders more conveniently and eliminate reliance on others
- improve accuracy of arranging travel and purchasing goods
- reduce paperwork
- monitor spending
- set individual spending limits and receive monthly statements from US Bank for each card

We hope you will enjoy the benefits of using your Purchasing Card.

If you need any assistance please contact the Purchasing Office at x2265 or purchasing@pacificu.edu.

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Cardholder Responsibilities

Issuance of a Purchasing Card is a relationship of trust between the cardholder, department and University. The Purchasing Office's responsibility is to provide quality service and information to cardholders and departments. Cardholders' responsibilities are outlined below.

Before using the Purchasing Card, determine if it is the appropriate purchasing method. Generally, the Purchasing Card can be used for most travel-related expenses and purchases of goods up to \$24,999.99. **Any purchase of goods exceeding \$24,999.99 must be processed via a purchase requisition per University policy.**

- The Purchasing Card must be used strictly for University business. **No personal use of the card is allowed.**
- The approved cardholder is personally responsible for the Purchasing Card.
- Cardholder will not use the card to purchase restricted items (Unauthorized Purchases list on page 3).
- Cardholder **should not** receive cash back for any refund or exchange. Refunds or exchanges **must** be credited to the Purchasing Card account.
- The Purchasing Card may be used in person, via mail, telephone, fax or a secure Internet link.
- Cardholder **must** retain all sales slips, register receipts, invoices, e-invoices and credit invoices.
- Cardholder will reconcile receipts against the monthly US Bank statement, approve it and forward it with original receipts to the Department Administrator.
- Cardholder agrees to follow the policies and procedures established by the University for the use of the Purchasing Card. Failure to do so may result in revocation of the card use privileges and/or disciplinary actions, including termination of employment.
- Cardholder **must** return the card to Purchasing upon leaving Pacific University or transferring to a department where a card is not required.
- Cardholder should report a lost, stolen or compromised card immediately to US Bank at (800) 344-5696, the Department Administrator and Purchasing at x2265 during normal business hours. On weekends and evenings, cardholder should still immediately report a lost or compromised Visa to US Bank. The Department Administrator and Purchasing should be notified the next business day.

- Cardholder should keep the Purchasing Card in a secure location and guard the account number from unauthorized use.

Department Administrator* Responsibilities

- The Administrator will establish an internal tracking method for card purchases to keep a record of outstanding charges on the card.
- The Administrator will make sure that the monthly bank statement is reconciled with original receipts (expenses and credits) and forward the statement to Purchasing by the **first working day of each month**.
- The Administrator will be responsible for faxing the US Bank Dispute Form to the bank and attaching the original to the Reconciliation Form.

**Department Administrator is defined as the Budget Officer, Department Chair or designee.*

Unauthorized Purchases

The Purchasing Card **cannot** be used for the following types of transactions:

- Air conditioners/heaters (unless approved by Facilities)
- Audio/visual equipment, telecommunications, computer hardware/software and related peripheral equipment **without including one of the following statements**:
 - **“I have received authorization from UIS staff for this purchase”**(forwarding “permission to purchase” emails from UIS is no longer required)
 - **“This purchase does not require UIS authorization per the current UIS purchasing policies”**

(see the *Technology Purchasing: Pre-Purchase UIS Consultation* article in KnowledgeBase on the UIS University webpage to determine which purchases require approval)

- Cash advances
- Contracts for:
 - maintenance
 - public works or trades (including carpet installation, building alteration or renovation, etc.)
 - real property purchases, leases or long term rentals
- Firearms or weapons
- Furniture (unless approved by Purchasing)
- Gasoline for personal vehicles (card may be used for gasoline for rental vehicles, small engines [e.g. lawn movers] and propane grills)
- Gift cards exceeding \$50.00
- Illegal drugs, narcotics or controlled substances
- Insurance
- **Items for personal use**
- Items that will attach to University buildings (e.g. window treatments, signs and bulletin boards)
- Sierra Springs beverages
 - water
 - coffee/tea
- Single items equal to or greater than \$5,000.00

- **Splitting purchases to circumvent the per-item transaction limit is prohibited**
- Temporary employment agencies
- Websites (e.g. E-Bay, Craig's List)

How to Make a Purchase

The Purchasing Card may be used in person, via mail, telephone, fax or a secure Internet link. Cardholder should follow these procedures when using the Purchasing Card:

1. Identify him/herself to the vendor as a Pacific employee.
2. Ask if the vendor accepts Visa.
3. If the vendor requests a billing address, provide **cardholder's campus address**. Do not give the address of Purchasing or the emergency number of cardholder's building.
4. Order the desired goods or travel arrangements and confirm the total cost **including** shipping and handling.
5. Give the vendor the Purchasing Card number, expiration date and 3 digit code, if required.
6. Specify delivery instructions (if applicable), including the information that must appear on the shipping label (see example below). Tell the vendor that the Purchasing Card number should not be displayed anywhere on the invoice or outside of the package.

Pacific University
ATTN: (fill in cardholder's name & department)
2043 College Way
Forest Grove, OR 97116

***NOTE: Off campus locations will reflect the individual's department business address.*

Sales Receipt Requirements

Regardless of the method used for making travel arrangements or obtaining goods, the cardholder must obtain an **itemized*** receipt for the transaction. If the order is phoned, faxed, mailed or sent over the Internet, the cardholder must advise the merchant verbally or on the written transmittal that an itemized receipt must be provided with the shipment, or emailed or faxed to the cardholder. If the transaction is processed on the Internet via PayPal, the cardholder must also provide a written detail for the charge (e.g. conference registration).

Should a receipt be lost, the cardholder **must** obtain a duplicate copy from the vendor. If the cardholder is unsuccessful in securing a duplicate copy, he/she must complete a Missing Receipt Form for items \$50.00 or less (attachment PC-2). For items greater than \$50.00, the US Bank Dispute Form may be used, referencing #13 and #14 (attachment PC-4).

Original receipts or e-invoices are to be attached to the Reconciliation Form (attachment PC-3), or an appropriate substitute, and stapled to the back of the approved bank statement. The statement along with the original receipts must be forwarded to the Department Administrator in time for Purchasing to receive them by the first working day of each month.

Excessive instances of lost or missing sales receipts may result in Purchasing Card privileges being revoked.

Itemized means including the date, a description of the goods secured, the quantity, the amount, tax and shipping charges (if applicable) and the total. If the merchant's receipt is not itemized (i.e. merely states "miscellaneous supplies"), the cardholder must write in the required information.*

***Required Information:*

Meal: receipt, purpose and participants

Airfare: receipt, purpose, participants and date range

Conference: receipt, purpose, participants, date of function and conference name

Gift cards, gifts, awards/prizes: receipt, reason and recipient

Gift Card/Gift Guidelines

Cardholder must obtain an itemized receipt for the purchase of a gift card or gift. Note the reason and recipient. Include this information with the monthly card statement.

Pacific University is a service-oriented, non-profit organization. Departmental funds for gift cards and gifts are not meant to provide additional benefits to paid personnel. Only special circumstances warrant a gift card or gift exceeding the approved \$50.00 limit. In these situations, a Gift Card Acknowledgment Form or an Award/Prize Form **must accompany the receipts** for the monthly audit.

1. Gift cards and gifts less than \$50.00 **do not require either form** referenced below. An itemized receipt and notation of the reason and recipient name(s) are sufficient.

2. Gift Card Acknowledgment Form

Gift cards and/or gifts should not be given in lieu of payment. They may be given for complimentary services. The following are appropriate reasons for giving a gift card or gift that would require a Gift Card Acknowledgment Form:

- “Thank you” for a specific service (e.g. speaker, event volunteer, exemplary work)
- Celebration (e.g. birthday, retirement, graduation, baby shower)
- Unique circumstance (e.g. hospitalization, bereavement)

3. Award/Prize Form

The Award/Prize Form must be used to document any gift card or gift given as an award/prize for a drawing or contest (e.g. Earth Day, Boxer Bingo).

Bank Statement Reconciliation

Reconciliation by the Cardholder

Each month the cardholder will receive a US Bank statement. The statement should arrive around the 23rd. The cardholder's statement will include all individual charges and credits for the billing period. Once the bank statement is received, the cardholder must:

- Review the statement for accuracy and verify each line with the merchant receipts/invoices.
- If an item is billed incorrectly or is questionable (e.g. a purchase which the cardholder does not believe he/she made), **prior** to submitting the statement to Purchasing, the cardholder or Department Administrator must contact:
 - Vendor, to verify purchase and/or dispute status.
 - US Bank via the US Bank Dispute Form*. Fax the form to US Bank and attach the original to the Reconciliation Form. Circle the dollar amount of any items that are questionable, defective or billed incorrectly and note “*in dispute*” on the bank statement.
- If a purchased item is defective, return the item to the merchant for replacement or credit. If the merchant refuses to replace the defective item or fails to issue a credit, the purchase will be considered in dispute and the same procedure for questionable items described above are to be followed.
- Once each line item has been verified or disputed and the total matches the statement, the cardholder or Department Administration must sign on the “Approved by” line. Forward the statement to Purchasing with the receipts attached. Receipts smaller than a standard sheet of paper must be taped to a full sheet of paper to make sure they are not lost in transit.

**An incorrect dispute will result in a \$10 charge to the department per US Bank policy.*

Repeated late submissions of reconciled card statements may result in the cancellation of card privileges.

Reconciliation by the Department Administrator

- Establish a date by which all cardholders under his/her authority must submit their statements and receipts to the Administrator.
- Review monthly charges made by the cardholder(s) to make sure they are appropriate and that prohibited items were not purchased.
- Apply the appropriate account number(s) on the Reconciliation Form (or appropriate substitute) against which payment will be made. If the entire statement is to be charged to a single account number, then indicate this on the “Account Number” line of the Reconciliation Form.
- If multiple account numbers are to be used on a statement, write each desired account number next to the appropriate dollar amount.
- **Only one dollar amount may be entered per account number on the Reconciliation Form.** If multiple transactions are assigned to one account number, enter the aggregate total next to the account number.
- Sign the Reconciliation Form when reconciled with the cardholder’s monthly bank statement.
- Forward the signed Reconciliation and cardholders’ bank statements along with receipts and US Bank Dispute Form (if applicable) to Purchasing no later than the **first working day** of each month.

Billing Cycle

The billing cycle for the Purchasing Card is from the 19th to the 18th of each month. Charges and credits made during this period should appear on the bank statement, which is generally received by the 23rd of each month. A credit card statement will be mailed directly to the cardholder by US Bank. Reconciled bank credit card statements are to be submitted to Purchasing no later than the **first working day** of each month for timely payment to meet the credit card requirements.

Billing Cycle	19 th to 18 th of each month
Approximate date statements will be received	23 rd of each month
Cardholder Deadline to submit reconciled statement and original receipts to Department Administrator	Each department to establish this date
Department Administrator Deadline to submit statement with original receipts to Purchasing	First working day of each month

Fiscal Year Cutoff

All charges through the June 18th billing period of each year will be paid from the current fiscal year. All charges and credits made after June 18th (charges that appear on statements that arrive in July and thereafter) will be paid from new fiscal year funds.

Key Contacts

US Bank Corporate Card Services
c/o US Bancorp Service Center Inc.
PO Box 6344
Fargo, ND 58125-6344

Report lost, compromised,
or stolen cards

Customer Services (800) 344-5696
Dispute Department Fax (701) 461-3463

Report disputed or questioned
items/charges on statement

Purchasing
Patsy Charlesworth x2265
purchasing@pacificu.edu

Contact for questions regarding
Purchasing Card policies and
procedures

Frequently Asked Questions

- **What if a cardholder leaves Pacific or changes departments?**

The cardholder must submit the card to Purchasing when leaving Pacific or transferring to a department where a Purchasing Card is not required. Cardholder must email Purchasing at purchasing@pacificu.edu immediately upon a status change so that the current Purchasing Card Cardholder Agreement can be updated as required.

- **Under what circumstances might a transaction be declined?**

A purchase will be declined if: the cardholder has exceeded the designated transaction limit or monthly credit limit or the cardholder attempts to use the card for an unauthorized purchase category (e.g. City Liquidators, jewelry, antiques, and purchase trends).

- **What does cardholder do if the card is lost, compromised, or stolen?**

Report a lost, compromised or stolen card immediately to US Bank Corporate Card Services at (800) 344-5696, Purchasing at x2265 and the Department Administrator.

- **Can cardholder split charges in order to stay within the \$5,000.00 per-item limit?**

Cardholder should **never split charges** in order to avoid exceeding the transaction limits because of the capitalization policy adopted by the University. Disregard of this policy will result in Purchasing Card privileges being revoked.

- **Who should cardholder contact with questions concerning object codes?**

Contact Purchasing at x2265 about object codes or other questions regarding the use of the card.

- **What should cardholder do about a missing receipt?**

1. Cardholder must **obtain a receipt from the vendor**.
 - **Hotel/Motel/Bed & Breakfast:** detail folio is required.
 - **Grants:** items charged to a grant must have a receipt to fulfill grant requirements.
2. Excessive instances of lost or missing sales receipts may result in Purchasing Card privileges being revoked. If unable to secure a receipt copy:
 - **Receipts \$50.00 or less:** cardholder must complete and sign the Missing Receipt Form (attachment PC-2). Forward to the Department Administrator for their approval and signature. Attach the form to the monthly statement.
 - **Receipts more than \$50.00:** cardholder must complete and fax the US Bank Dispute Form (attachment PC-4), checking #13: *I am not disputing this charge, however, I need a copy for my records*. Complete a description of the charge in #14 (e.g. lunch at Pizza Schmizza with seminar speaker Jane Doe). Attach a copy of the Dispute Form to the monthly statement prior to submission to Purchasing.
 - **All other missing receipts:** contact Purchasing at x2265 for instructions.

- **How is program compliance verified?**

Purchasing will conduct a monthly post-transaction audit review. Additionally, departments should have their own procedures to monitor compliance. Misuse or abuse of the Purchasing Card procedures will result in the loss of the card privileges.

- **What if cardholder doesn't comply with the established timelines?**

If your reconciled card statement is not returned by the date required, the card charges will be charged to a department default account. Repeated late reconciled statement submissions will result in the cancellation of card privileges

- **What if cardholder doesn't receive the monthly card statement from US Bank?**

Call Purchasing at x2265 and request a copy of the statement.

US Bank Corporate Card Cardholder Participation Agreement Form

Cardholder _____

Department _____ Extension _____

Department Administrator _____

I hereby acknowledge receipt of the Purchasing Card User Manual and agree to comply with the Purchasing Card Program policies and procedures.

I further agree to only use the card for authorized University travel and purchases and will not use the card for personal purchases nor loan the card to other persons. **I understand the following items may NOT be purchased with the credit card.**

- Air conditioners/heaters (unless approved by Facilities)
- Audio/visual equipment, telecommunications, computer hardware/software and related peripheral equipment **without including one of the following statements:**
 - **“I have received authorization from UIS staff for this purchase”**
(forwarding “permission to purchase” emails from UIS is no longer required)
 - **“This purchase does not require UIS authorization per the current UIS purchasing policies”**
(see the *Technology Purchasing: Pre-Purchase UIS Consultation* article in KnowledgeBase on the UIS University webpage to determine which purchases require approval)
- Cash advances
- Contracts for:
 - maintenance
 - public works or trades (including carpet installation, building alteration or renovation, etc.)
 - real property purchases, leases or long term rentals
- Firearms or weapons
- Furniture (unless approved by Purchasing)
-
- Gasoline for personal vehicles (card may be used for gasoline for rental vehicles, small engines [e.g. lawn movers] and propane grills)
- Gift cards exceeding \$50.00
- Illegal drugs, narcotics or controlled substances
- Insurance
- **Items for personal use**
- Items that will attach to University buildings (e.g. window treatments, signs and bulletin boards)
- Sierra Springs beverages
 - water
 - coffee/tea
- Single items equal to or greater than \$5,000.00
 - **Splitting purchases to circumvent the per-item transaction limit is prohibited**
- Temporary employment agencies
- Websites (e.g. E-Bay, Craig’s List)

As holder of this credit card, I agree to accept the responsibility for the protection and proper use of the card as stated in the Cardholder Responsibilities section of the Purchasing Card Manual. If the card is lost, compromised or stolen I will report such occurrence to US Bank, my Department Administrator and Purchasing. Upon receipt of the monthly bank statement I will verify the accuracy of the charges and forward the statement along with supporting itemized receipts to my Department Administrator. If there is a disputed charge on the statement, I understand it is my obligation to contact US Bank for resolution.

I further understand that my card privileges may be revoked for improper use of the card or non-adherence to the Purchasing Card policies and procedures. Should I terminate employment with the University, or transfer to a department where a card is not required, I will return the card to Purchasing.

If the reconciled card statement is not returned to Purchasing by the **1st working day of the month**, the card balance will be charged to department default account:

_____ - _____ - _____ - 7547.

I understand that the reconciled card statement must still be returned to Purchasing within 2 weeks of return to campus.

Signature _____ Date _____
Cardholder

Signature _____ Date _____
Department Administrator



Dispute Form

Fax: 701-461-3463

Merchant Name:
Dispute Amount:

Post Date:
Transaction Amount:

I have examined the charges made to my account and I am disputing the above item for one of the following reasons:

1. The sales receipt amount was increased from \$_____ to \$_____.
2. I did not authorize nor did I participate in the transaction.
3. Although I did participate in a transaction with the merchant, I was billed for _____ transactions totaling \$_____ that I did not engage in, nor did anyone authorized to use my card. I do have my credit card in my possession. Enclosed is a copy of my authorized sales slip.
4. I did participate in the transaction. However, I paid for the transaction using another form of payment. (Describe form of payment: _____). Enclosed is a copy of my form of payment (i.e. canceled check, other credit card statement, cash receipt, etc.)
5. I did not receive \$_____ from an ATM located at _____.
6. I have not received the merchandise which was to have been shipped to me. The expected delivery date was _____ (MM/DD/YY). I contacted the merchant _____ (MM/DD/YY) and requested that my account be credited. I spoke with _____ (name).
7. Merchandise was shipped to me which arrived damaged and/or defective (circle one) on _____ (MM/DD/YY). I returned it on _____ (MM/DD/YY). I contacted the merchant on _____ (MM/DD/YY) and requested that my account be credited. I spoke with _____ (name). Enclosed is an explanation of how the merchandise was damaged or defective.
8. I notified the merchant on _____ (MM/DD/YY) at _____ am/pm to cancel the pre-authorized order/reservation. Cancellation # _____ (required).
Reason for cancellation: _____.
Person I spoke to: _____.
9. I have returned/canceled (circle one) the merchandise on _____ (MM/DD/YY) because _____.
Enclosed is documentation showing proof of return or cancellation.
10. The attached credit slip was listed as a charge on my statement.
11. I was issued a credit slip for \$_____ on _____ (MM/DD/YY), which has not been posted to my account.
12. The charge in question was a single transaction (sale #1), but was billed twice to my statement. I did not authorize the second transaction.
Sale #1 \$_____ Ref. # _____
Sale #2 \$_____ Ref. # _____
13. I am not disputing this charge, however, I need a copy for my records.
14. Other, please explain:

Visa Card #: _____

Cardholder Name: _____

Cardholder's Signature: _____

Date signed: _____ Daytime Phone /Fax #: _____



2043 College Way
Forest Grove, OR 97116-1797
503-357-6151

Gift Card Acknowledgement Form

For gift cards/gifts exceeding \$50.00

Name: _____
First Middle Last

Address: _____

Phone: _____ ID # _____
(Pacific faculty/staff/student)

Name of gift card: _____
(i.e. Barnes & Nobel, Amazon, Fred Meyer, etc.)

Value of gift card: _____

Reason for gift card: _____
(i.e. survey participation, "thank you" with details [e.g. speaker], etc.)

Pacific University employee: Award/prize will be reported to Payroll (depending on the value of the award/prize, it may be taxable). If no payments are pending **AND** the value exceeds \$599.99, recipient will receive a 1099 Form at the end of the calendar year.

Non-employee: Award/prize will not be reported on a 1099 unless the value exceeds \$599.99*. However, this payment may be taxable. Please consult your tax advisor.

**W9 Form required for Award/Prize with value of \$600.00 and above.*

Signature: _____ Date: _____



2043 College Way
Forest Grove, OR 97116-1797
503-357-6151

Award/Prize Form

For gift cards/gifts exceeding \$50.00

Name: _____
First Middle Last

Address: _____

Phone: _____ ID # _____
(Pacific faculty/staff/student)

Description of award/prize: _____
(i.e. cash, Starbucks gift card, iPod Touch, etc.)

Value of award/prize: _____

Reason for award/prize: _____
(i.e. survey participation, Family Weekend casino night, Pacific talent show, etc.)

Pacific University employee: Award/prize will be reported to Payroll (depending on the value of the award/prize, it may be taxable). If no payments are pending **AND** the value exceeds \$599.99, recipient will receive a 1099 Form at the end of the calendar year.

Non-employee: Award/prize will not be reported on a 1099 unless the value exceeds \$599.99*. However, this payment may be taxable. Please consult your tax advisor.

**W9 Form required for Award/Prize with value of \$600.00 and above.*

Signature: _____ Date: _____

Appendix D

PROPOSAL DEVELOPMENT PROCESS

PRE-AWARD

The goal of this Proposal Development Process flow chart is to outline the steps Principal Investigators (PIs) and Project Leads will take in a proposal development from finding funding, to submission, and finally to receiving awards.

The Proposal Development Process is in place to assist faculty and staff in achieving grant support for their project or program. Once an idea has been formulated, it is important to discuss with the appropriate Dean or Program Director, and others as needed, to develop the idea and craft a budget. Approval is required for all grants and is obtained by completing and routing the *Grant Transmittal Form* available from the Office of Scholarship and Sponsored Projects' website. It is important that you work with your assigned Grant Officer on all proposals to ensure that no application is rejected on technical grounds.

Both the Office of Scholarship and Sponsored Projects and the Office of Corporate & Foundation Relations will assist you in researching potential funders and find the right match for your project, program, or scholarship pursuit. They will also ensure that your application is not submitted at the same time as another proposal to the same funder when not allowed. Where there are competing interests, institutional priorities take precedent over all other proposal ideas.

If your proposal results in a request for a site visit from the funder, your grant officer will provide assistance to ensure that your site visit is a success. Your grant officer will help you in assuring that your funder meets the right people and receives a concise and illuminating site visit guide that will further advocate for your success.

Once a grant has been awarded, your grant officer will assist you in completing the paperwork, processing grant checks, and meeting deadlines for required reports. The stewardship of corporate, foundation and government funds ensures that Pacific can maintain a long-term relationship with the sponsoring organizations.

Grant Officers

Traci Goff
Director
Corporate & Foundation Relations
University Advancement
Phone: (503) 352-2838
E-mail: tgoff@pacificu.edu

Jo Isgrigg, PhD
Director
Office of Scholarship and Sponsored Projects
Phone: (503) 352-1479
E-mail: jisgrigg@pacificu.edu

FIND FUNDING

The Office of Scholarship and Sponsored Projects and University Advancement's Corporate & Foundation Relations offer direct links to internal and external funding sources and opportunities that support faculty, staff, and students' engagement in research, scholarly activities, and curriculum and program development. They also provide assistance in locating funding sources for your research, project, program, or scholarly pursuit.

DEVELOP PROJECT IDEA

Before starting a search for funding opportunities, clarify your project. Draft a brief statement (2-3 pages) of the project using the outline below. This step does not require a detailed description and can be used to effectively search for funding opportunities. Engage Pacific's grant officers and discuss your preliminary plans with potential co-investigators, collaborators, your dean, director, and department chair.

Problems, Needs, Knowledge

Write a succinct statement, identifying the problem, need, or gap in knowledge or services for a project you want to accomplish. Funders most often offer support for projects that best match their mission and organizational priorities. The problem presented in this statement indicates why this project is essential.

Proposed Solution

Goals. A clear vision of what will be accomplished by this project in terms of what you have identified as the problem, need, or gap statement.

Objectives. The essential steps you will take to achieve your goal(s). Objectives should be specific and measurable, serving as the basis for an evaluation of a project's success. Objectives generally start with words such as "To increase..." "To decrease..." and "To reduce..."

Approach & Methodology. Activities that you will undertake to achieve each of your objectives. Remember, just as objectives flow naturally from the problem statement, so do methods follow from the objectives. Again, for purposes of this outline, keep it simple.

Product(s) and Impact. The outcome(s) of the project in terms of a specific product(s) or impact. Examples include a report, book, play or painting; implementation of a new program, course, or activity; publication of findings in a professional journal; conducting a conference with publication of proceedings and results. How will the results of your project/product be disseminated?

Resources Available/Needed. Funders often restrict the type of support (e.g., personnel, equipment, travel, etc.) and the total amount that is available for a project. What resources (people, expertise, partners, equipment, etc.) do you need to accomplish the objectives(s) of your proposed project? What resources are already available to you? The difference is what will need to be requested from a funder(s). How much will you need, \$1,000, \$50,000 or \$500,000?

Time Frame. How much time will it take to complete the project objectives? Sponsors often limit the length of time they will offer funding for a given project. Do you need 3 months, 1 year, 5 years? If you need a longer time frame than is allowed by a funder, can your project/program be phased?

Keywords. One of the most efficient ways to search for funding is through electronic databases which depend on the selection of keywords that best reflect your interests. To assist

in searching for funding opportunities, select general (category) and specific terms (keywords) that best match with the concept you have developed.

FIND FUNDING SOURCES

Many corporations and foundations and federal and state agencies support projects conducted in higher education institutions. Funding can be awarded in the form of grants, contracts, and fellowships. In addition, Pacific can participate in multi-organizational projects where the primary awardee is another university, nonprofit entity, or company. Funding sources include federal, state and municipal government agencies, foundations, and companies. Federal agencies typically release specific funding opportunities through [Grants.gov](https://www.grants.gov), and the federal sponsor (NIH, NSF, NEH, NEA, etc.) web sites.

Corporations and businesses also fund university projects. In most cases, these projects address a specific need of the company and may include applied research, training, or service-oriented activities. Funding is typically provided through contacts at the corporation.

On the Office of Scholarship and Sponsored Projects' [Locating Funds](#) web site contains a listing of common external funding sources. It includes government and non-governmental sources as well as links to databases and compilations of funding resources.

The Office of Corporate & Foundation Relations also has several online and print resources available to research potential funders, including the *Oregon and Washington Foundation DataBooks*, the Foundation Center's *Foundation Directory Online* and many other sources. Potential corporate sponsors can also be sourced on this site.

Be sure to consult with your grants officers at Pacific in the Offices of Scholarship and Sponsored Projects and Corporate & Foundation Relations. We are here to help you be successful in securing grant funding for your project/program.

CHECK THAT YOU QUALIFY

After you have identified potential funding sources, it is important to assure that you qualify. Go to each foundation, corporate or government web site to assure you meet their specific qualifications. If you are not eligible, return to your search.

BEGIN TO DEVELOP PROPOSAL

When you identify a potential funding opportunity and you would like to submit your proposal to that funder, then begin the proposal preparation process.

The primary considerations of the funding announcement you must address include:

Announcement. A funder's requirements will vary even within a single agency; if you fail to comply with the guidelines, your proposal will likely be rejected without further review. Throughout the proposal development process, remember the following:

- Adhere to the funder's guidelines.
- Determine if the submission date is a postmark or a receipt date.
- Determine the correct e-mail or mailing address; some funders require proposals be sent to specific e-mail addresses or locations.
- Adhere to page limitations, font size, margins, and other format requirements.

- Determine if the proposal will need to be submitted electronically, in hard copy, or both.
- Know the number of copies required for submission.

Guidelines. It is critical that you read the funder’s guidelines and follow them explicitly. If there are various sources for program announcements, be sure to conduct an exhaustive review of these sources so as to receive a complete picture of the requirements and instructions. Pacific’s grants officers are available to help you throughout this process.

Guidelines may include the following topics: funding goals and priorities; eligibility; geographic restrictions; award levels; submission deadlines; proposal format; budgets; evaluation process; review timetable; and other submission requirements. Principal Investigators or Project Leads are encouraged to contact the funder’s program officers to clarify any questions you may have.

Put yourself in the funder’s shoes and consider what the funder wishes to support, and not what you yourself would like to have funded. If you can think like the funder and determine the funder’s priorities, then you will have a better chance of receiving funding for your project or program.

Limitations. Principal Investigators and Project Leads must understand the current guidelines to ensure that there are compatible interests between the funder’s interests and those of the University. Questions to ask include:

- Does your research/service interest fit into the types of support the funder covers? Examples are building/renovation, continuing support, equipment, program development, research, etc.
- As the Principal Investigator/Project Lead, do you qualify? Does your field of expertise cover the research focus?
- Does the opportunity indicate that the institution must be a Minority or Hispanic-serving institution or land-grant institution? Pacific University may not qualify.
- Are there geographic limitations based on county, state or country? How about population type, ethnicity, or age group within the research focus?
- Have you looked at compliance issues? Do the funders set restrictions on the publication of scientific and technical information resulting from the project or activity? For example, if there are or restrictions on publications or potential export control issues, the research may not fit the federal definition of fundamental research?
- What are the funding limitations that will affect the scope of the research?
- Are there realistic costs – direct costs, indirect costs, equipment needs, etc. – as well as rights to the research at the conclusion of your grant that will affect the successful implementation of the project?
- How about administrative costs? If you are seeking federal support, remember that federal regulations prohibit most administrative costs from being directly charged to grants and contracts. Will this affect your budget and thus your proposal?
- How about the use of consultants? Some funders may cap fees or establish what constitutes “consultant costs.”

Feasibility. Various factors concerning feasibility should be addressed before you start writing your proposal. These include:

- **Time:** Will you have sufficient time to prepare a strong and competitive proposal with the necessary collaborative agreements, equipment, matching funds, and approvals, in order to meet the submission deadline?

- **Cost Sharing:** Will cost sharing or matching funds be required? Can your department chair/dean/director agree to the requested commitments? Is this something for which the University will be required to make a commitment; in this case, your proposal must be reviewed by the Provost and Cabinet.
- **Compliance:** Every federal agency will require regulatory compliance based on the research/service being accomplished. Can you and your fellow researchers comply with human subjects (IRB), animal care and use (IACUC), biosafety (IBC), etc.? If not, is there sufficient time to process your application to the appropriate university regulatory committee?
- **Facilities:** Does the project call for laboratory and/or classroom space? Does Pacific have sufficient capacity, or will other space need to be acquired or rented?
- **Facilities and Administrative (F&A) Costs (also known as Indirect Costs):** Pacific's current negotiated indirect cost rate is 38% (as of 2013) unless the funder otherwise restricts the recoverable costs to a specific amount or percentage or does not allow for F&A to be charged to the grant. Please note that F&A are costs that refer to those incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project. The F&A rate applies to federal and non-federal grants, subawards, and cooperative agreements unless the funder in question specifically indicates in writing other terms and conditions that restricts or relinquishes the use of Pacific's F&A rate.
- **Salaries, Wages and Fringe Benefits:** For salaries and wages that are attributed to the grant (excluding student wages), the University currently charges 35% fringe benefit rate, on full-time, part-time and temporary employees. If this is not allowed to be charged to the funder, then your department must subsidize your project for the difference or full amount.
- **Collaborative Partners:** Is there sufficient time to gather the required data, authorization, letters of commitment or support, and information on matching funds required by grant collaborators?
- **Mission:** Do the funding guidelines support the mission and the academic focus of our university?
- **Responsible Conduct of Research:** Are there areas for possible conflict of interests, be it financial, research, or technology transfer issues with partners? Are regulatory committee (e.g., IRB) approvals needed before applying?
- **Travel:** Does the funding opportunity present problems of travel that will intrude on your other scholarly work? Do you require release time from your teaching or research activities?
- **Other Research:** Do you have other research, service, or projects that you are leading that may cause disruption in your time and effort of this new project? Could there be conflicts within your existing research, service, or projects?

Required Expertise. There will be times when your expertise is insufficient and the project will require a collaborative effort from other researchers or scholars from various disciplines and/or institutions. Co-Principal Investigators (Co-PIs) may be required to accomplish the work. It is important to determine whether the Co-PIs will have adequate time and can effectively do this work. Typically, the Co-PIs must also provide Pacific and the funder with a summary of their role on the project, budget, and research history. Be sure to determine whether their current work would cause a conflict of interest. If you do not use Co-PIs to do the work, are you considering subcontracts, vendors, or consultants for support? These additional items must be considered in the budget and outlined in the budget justification. They will also affect the size of the proposed budget required. F&A costs rates of the Co-PIs' institutions may also apply.

DEVELOP PROPOSAL

The Principal Investigator (PI)/Project Lead is responsible for the proper technical conduct of the project or program; compliance with the terms and conditions of the agreed-upon terms of the research/project; management of funds within the approved budget; and administration of the project according to the agreement/contract and award guidelines.

If you plan to write a grant proposal, please contact your grant officer. They will assist in the proposal development and can assist with identifying potential funding sources.

Government Grants and Contracts

Jo Isgrigg: jisgrigg@pacificu.edu; (office) 503-352-1479

Corporate, Foundation or Association grants

Traci Goff: tgoff@pacificu.edu; (office) 503-352-2838

Plan your project and write your proposal well in advance of funder's deadlines. Follow the funder's guidelines. Remember, your grant officers may review your proposal in accordance with funder guidelines. Your grant officer will also serve as the **Authorized University Official** when it comes time to sign off on and submit grant proposals, contracts and agreements.

The [Office of Scholarship and Sponsored Projects](#) contains links to Pacific's Institutional Review Board (IRB), Institutional Animal Care and Use Committee (IACUC), and Institutional Biosafety Committee (IBC) if your research involves either human or animal subjects.

THOROUGHLY READ GUIDELINES

Get to know your Funder

Learn more about the funder's program priorities, the kinds of projects they fund, and what has been funded previously. Look into past funding received by others, which can be found on the 990s or the *Foundation Online Directory*. Identify budget requirements and whether or not the funding is for one or more years. Get to know the funder's program officer or key contact person. You will need his or her help to determine whether your project is a good fit for their organization and to answer questions that you may have as you develop your proposal.

In a Request for Proposal (RFP), a Request for Quote (RFQ), or a Funding Opportunity Announcement (FOA), guidelines can be very detailed with specific forms accompanying the proposal text. Within the guidelines you will find instructions providing guidance on things such as page limits/length, typography size/font, title length, and supporting documents that are required.

Grant Officers in the Office of Scholarship and Sponsored Projects or Corporate & Foundation Relations can HELP!

As part of the support provided, we encourage all Primary Investigators (PIs)/Project Leads to forward the link to the RFP/RFQ/FOA, and we can assist in summarizing and outlining the key areas of the guidelines that must be addressed in your proposal.

Typical Proposals include

Cover Page. This should always accompany your proposal. It should include the signature of the Primary Investigator and may need to include the signature of the University Authorized Official. The cover page may contain information such as proposal title, PI name, submitting College(s)/Department(s) or center/institute, total funds requested, and period of performance. Always identify the problem, need, or gap in services for the project you want to perform.

Page Format. It is essential to adhere to the funder's formatting standards. Page numbers are essential. A Table of Contents can also help the reviewers navigate a proposal.

Abstract. An abstract accompanying the proposal should be concise and complete. Funders often use abstracts in their annual reports. Your abstract should summarize the purpose, scope, and methods used to arrive at the reported study. It is a slightly expanded table of contents in sentence and paragraph form.

Proposal Contents. The following should be contained in the contents of the proposal:

1. Summary Page (statement of the project goals & objectives)
2. Project Description
3. References
4. Biographical Sketch
5. Budget
6. Budget Justification
7. Current & Pending Support

Budget Justification. The Budget Justification should include all supporting information for all budget categories, including an explanation of the need for unusual or large expenses such as personnel, equipment, travel, or facility use. *For all personnel, the University requires that a 35% fringe be charged.* If this is not allowed by the funder, this will need to be approved by the department chair/dean/director, and paid for out of their budget pool. For guidance concerning the application of fringe benefits, student salaries, or Facilities & Administrative (F&A) rates consult the grant officers.

CONTACT FUNDERS

Contact the Funder's Program Officer

Perhaps the most important part of successfully achieving a grant award is the personal exchange between the funder's program officer and the primary investigator/project lead. Prior to contacting the program officer, formulate ideas about your proposal and develop questions you may have that require review and are not immediately answered in the Funder's FAQ online or in the proposal guidelines. Sketch a proposal draft according to the funder's guidelines. Note project budgetary needs alongside these notes. **Be sure to connect with your grant officer before proceeding with this step.** Call, email, or visit the funder to ask questions and to discuss the project.

Consider the following:

1. Think of the funder as a resource and partner.
2. Identify a program officer who will address your questions. As the Principal Investigator/Project Lead, you are the best source for what the research and project will entail.
3. Some funders offer technical assistance, others do not. Ask for assistance, including a review of proposal drafts. You might be surprised to find that they are extremely open to helping you be successful.
4. Inquire about how proposals are reviewed and how decisions are made.
5. Inquire about budgetary requirements and preferences. Are matching funds required? Is in-kind institutional support acceptable as matching funds? What may be counted as in-kind, and how might it be applied? Learn about payment processes on grant awards.

IDENTIFY REQUIREMENTS

Begin to arrange project commitments such as course release time, etc. Begin the process to obtain special University clearances such as IRB or IACUC review. The Office of Scholarship and Sponsored Projects can assist you in this process.

Project Commitments

1. Identify critical resources such as personnel. What expertise do you need to complete your project? Obtain commitments from personnel whether they are internal or external resources.
2. Determine if you need to purchase equipment to conduct your project. If so, does the funder/sponsor require matching dollars? If so, obtain necessary approval from your department chair/dean/director.
3. Identify the type of space needed to conduct your project (e.g., office, laboratory, classrooms, and supplies that are essential for the project).
4. Use a team approach to develop your proposal. Team members will need to agree on the project concept and that the project is a match with the funder's priorities and interests.
5. Obtain commitments from project participants (e.g., participants' time and effort and cost-sharing/matching resources – in-kind, cash, personnel, facilities, equipment, etc.). Get necessary authorizations in writing; *the grant officers will assist in this process*.
6. Assign tasks to team members (e.g., gather data, contact potential project participants, write sections of the proposal, review drafts of the proposal, etc.).
7. Establish a schedule and give yourself enough time to organize a proposal development team, solicit a volunteer review team, refine your project idea, gather supporting information, secure external partners, obtain written commitments from partners, write sections of the proposal, review and edit proposal drafts, and obtain all necessary authorizations before moving forward.

DEVELOP PROPOSAL & BUDGET

Table of Contents

The Table of Contents would typically include the following:

- Title of Proposed Project
- Project Summary
- Project Duration
- Organization Background and Information
- Statement of Need
- Project Description
- Goals and Objectives
- Project Design
- Management of Project
- Evaluation
- Budget and justification of requests

Page Formatting

Nearly all proposals are reviewed electronically now, and if a funder is not yet using this method, they will likely use it in the future. Proposals should use a standard, single-column format for the text. Avoid using a two-column format since it can cause difficulties when reviewing the document electronically.

Guidelines typically clearly define any directives with regard to page and text formatting.

- Margin and/or Line spacing (single-spaced, double-spaced, etc.)
- Established page limits per sections (e.g., 25 pages for the project description)

- Text type and Type size (Times New Roman, 12 pt.)

Small type size makes it difficult for reviewers to read the proposal; consequently, use of small type not in compliance with the above guidelines may be grounds for the funder to return the proposal without review. Adherence to type size and line spacing requirements is also necessary to ensure that no proposer will have an unfair advantage by using smaller type or line spacing to provide more text in the proposal.

Abstract or Project Summary

The proposal must contain a summary of the proposed activity suitable for publication, not more than one page in length. It serves as a critical piece of the proposal and is often the reviewer's first impression. It should not be an abstract of the proposal, but rather a self-contained description of the activity that would result if the proposal were funded. The summary should be written in the third person and include a statement of objectives and methods to be employed. It must clearly address in separate statements (within the one-page summary):

- the intellectual merit of the proposed activity; and
- the broader impacts resulting from the proposed activity.

It should be informative to other persons working in the same or related fields and, insofar as possible, understandable to a scientifically or technically literate lay reader. While this is a requirement on NSF grants, this is not always a requirement on all grants. Consult your grant officers and funder contacts about whether this is an important piece of your proposal.

Project Description/Program Narrative

The project description is the main body of the proposal and should include the following elements:

- **Statement of Need or Problem to be Addressed.** This section is the background and rationale for the project. It should establish the need and importance of the project and provide an adequate perspective in which to evaluate the impending objectives, procedures, and methods of evaluation and dissemination.
- **Objectives.** Indicate the expected outcomes of the project, preferably in measurable terms.
- **Project Design or Methodology.** This is the *plan of action* for how the objectives will be achieved. In non-research-related projects, this section usually begins with a description of the overall approach, its relevance, effectiveness, and how it is innovative. Then it provides details on methodology, the population being addressed, and how anticipated problems will be managed. In research projects, the design, population sample, instrumentation, statistics, and data analysis must be outlined. Also, if human or animal subjects will be used, plans for their use and care must be detailed, as well as reasons for why they are needed.
- **Evaluation.** This section outlines the procedures you will use to assess the project's outcomes. This section may specify the kinds of data to be collected and the methods by which it will be analyzed, disseminated and utilized.
- **Dissemination.** Funding agencies want their grants to produce maximum impact. This section specifies how the project products or results will be disseminated to others – maximizing the impact of their investment.
- **Facilities.** This section is not appropriate in some proposals but essential in others. This section specifies facilities required and how they will be provided. Special equipment necessary for the project may be identified in this section.
- **Personnel.** This section outlines the ability of the grantee to successfully complete the project. Exhibit prior relevant experience, and describe the grantee's access to necessary facilities, labs, and equipment that are important to the project's success. Most importantly, list all key personnel who will work on the project and include their curriculum vitae. Also mention any consultants who will work on the project, and provide evidence (a letter or e-mail) of support and participation.

- **Timeline.** To assist in the reviewer’s comprehension of how your project will evolve, include a well-developed timeline for project activities. Describe how long (days, months) specific tasks or components of the project will take to complete.

Project Management

- **Organization Structure.** A well-planned project will be more successful. Be sure to think through the management of the project, the responsibilities of those involved, and how the services rendered will be delivered. Include an organizational chart(s) illustrating how the organizational structure for the person responsible for the project will interact with the organizational structure for the services rendered. Each area of responsibility should be distinguishable, and should include the title and name of the responsible person(s).
- **Work Breakdown Structure.** Present a work breakdown structure for providing the Services. The work breakdown structure should be presented with sufficient detail to determine the reliability of schedule and costs presented by Respondent elsewhere in the Proposal Documents.
- **Assurance Programs.** Briefly describe any of the Programs that might be in place at your facility and how they will be applied to the services provided.
- **Project Schedule.** Provide information regarding proposed scheduling of the services. The milestones specified in the table should correspond to the work breakdown structure.

Timeline

Create a realistic timeline to complete writing the proposal (in weeks or months). List essential tasks in the first column and identify when they will be accomplished on the timeline. This will assure you maintain focus and stick to deadlines as you develop your project’s proposal. Be sure to plan ahead and submit your proposal before the deadline. Many funders now require online proposal submission, and occasionally their sites are overwhelmed and/or down when the deadline rolls around. If you plan to mail your proposal, be sure to allow enough time for it to reach the funder. Work with your grant officers to facilitate the submission of your proposal. They can also overnight a proposal on your behalf. Be sure to schedule around weekend and/or holiday deadlines and scheduled interruptions of mail delivery. A deadline is a deadline, even if it falls on a Sunday.

Budget

An accurate and comprehensive budget is a necessity for the success of a proposal. A budget lacking sufficient detail may indicate to the sponsor that you have not completely anticipated the resources needed for your project. Many funders will be able to judge your probable needs from reading your narrative. If your budget seems too high, they may conclude that you are trying to secure more funding than you actually need which may lead to a negative conclusion. On the other hand, if you significantly underestimate your needs, the funder may conclude that you don't really understand the full dimensions of your project. Be as accurate, reasonable and detailed as possible.

A project budget generally contains three elements: direct costs, F&A (indirect costs), and total costs.

- **Direct Costs** are those which can be easily attributed to a particular project. Examples include salaries, wages, and fringe benefits of those who will work on, and be paid from, the grant. Project costs, such as supplies and materials, travel, equipment, consultants and evaluators, and other items that directly relate to the project are other examples.
- **Facilities and Administration (F&A)** commonly referred to as “indirect” costs are those that the University incurs for common or joint objectives that cannot be easily identified within a particular project. Examples of F&A costs are: maintaining and operating a physical plant, utilities, general administration, the library, use of capital assets, and staff services such as for purchasing, payroll, and accounting. These costs are typically expressed as a

percentage of components of the direct costs. Pacific uses an F&A indirect cost rate (38% as of 2014) of the total direct costs. *It is Pacific University policy to recover the full indirect cost rate on all projects, unless there are specific requirements by the funder that disallow indirect costs be charged to the grant, in which case this should be shown as part of the University's contribution to the project.*

- **Total Costs** are direct costs plus F&A costs. In preparing your budget you should attempt to recover all costs –both direct and F&A – for your proposed project.

Appendices

If allowed, appendices may be included with the proposal. Appendices may include CVs, letters of support, charts, photos, graphs, and other supplemental materials that are clearly relevant to a complete presentation of the proposed project. If any item is not clearly relevant, it should not be included.

Supplemental materials may include:

- Background Data
- CVs of Key Personnel
- Previous Relevant Project Results/Publications
- Letters of Support/Commitment
- Large/Complex Diagrams
- Brochures or Other Publications

Be sure the program guidelines allow for the above information.

Proposal Writing Dos

- You must understand the mission and area of project interest of the agency, foundation and program for which you are applying. Funders don't fund projects outside their area(s) of interest.
- Thoroughly read and adhere to the application guidelines.
- Contact your grant officer(s) early in the process. *Use them as a resource!*
- Touch base with the funder's program officer prior to proposal submission to discuss your project and to ask questions. This is perhaps the most important step in securing your grant award.
- Seek to pursue original research or project ideas. By providing a well focused research plan your research will not wander from the primary purpose.
- Be clear and concise.
- Use font, spacing, and typeface as indicated by the guidelines.
- Address possible problems and how you will provide solutions.

Proposal Writing Don'ts

- Don't be unnecessarily wordy. Eliminate the use of jargon and acronyms. Make your writing understandable to the lay person, unless the funder's reviewers have technical expertise in your area of research.
- Don't collaborate with Co-PIs that have little relevant and applicable experience needed to support the project.
- Don't request personnel, equipment, supplies or any other items that have no relevance to the research or project. Reviewers will immediately see through this.

- Don't conduct research that is already being performed elsewhere. Do a thorough literature review to ascertain whether this research is already being done elsewhere. The project idea should be innovative and unique. Be sure to list key references.
- Don't deviate from the guidelines. Stay within the specified page limits, margins, line spacing and font size.
- Don't be overly ambitious. Plan a realistic project and a reasonable amount of work.

REVIEW AND EDIT

Use a two-step process when reviewing and editing your proposal:

1. **Self-Editing** is an important step in writing your proposal. Be sure the first draft accurately reflects your understanding of the review criteria and that all the requirements of the announcement are met. Confirm that your budget is reasonable and the benefits of the project have been well described. Demonstrate that you are aware of what else is being done and why your solution is the best.

After you've finished the proposal and completed a spell-check, put it aside for awhile. Re-read it, and read it again. Spelling and grammatical errors can significantly count against you.

2. **Volunteer/Peer Reviewers** have no stake in your project and will provide an impartial review of your proposal. Be sure to provide your volunteer reviewers with adequate time to review your final draft and give them a concrete deadline for submitting their comments. Also help them understand the program priorities and review criteria. Your reviewers should be technical experts, scientific experts, and other qualified persons. Finally, submit your final draft for a full review by your grant officer who can provide a thorough proof-reading of your proposal.

Convincing the Reviewers: What Your Proposal Says about You and Your Project

Title. The first thing a reviewer sees is the title. Does it accurately describe who you are or what you want to do?

Abstract. The second thing a reviewer reads is the abstract. Does it grab his/her attention? Does it concisely paint a picture of your project in a clear manner?

Background/Justification. The background/justification should demonstrate the need for the project. Does the data support the need, importance, and timeliness of your project?

Plan of Operation. Is your approach or methodology appropriately outlined and detailed enough that someone else could implement the project from the plan as you describe it?

Staffing Plan. Does it show that your project team is credible and has the expertise to complete the project?

Budget. Does it show that you are efficient and fiscally responsible?

Timetable. Does it show careful attention to details and planning?

Evaluation Plan. Does it show you will be accountable for the project by monitoring its progress and results?

Results/Dissemination. Does this section show the impact of your project?

Remember: Perfect writing does not exist; effective writing does. Use a flexible approach to your writing; each phase of writing overlaps others. Professional writers have editors correct their work; use your grant officers to check yours.

ROUTE FOR PROPER APPROVAL

Once you have completed your final review of the proposal, it requires review and approval by the appropriate vice presidents, deans, directors, department chairs, and institute/center directors. Your grant officer will work with you to secure this approval.

Of course, the first step will be to secure your department chair's and dean's or director's approvals to move forward – especially if your proposal requires additional personnel, release time, facilities, and/or an institutional match. Your grant officer will then route your proposal to the appropriate vice president(s) for authorization.

Please plan well in advance to obtain these authorizations, especially when your proposal, grant or contract requires the signature of the University's president.

Finally, your grant officer will serve as the Authorized University Official when signing and submitting your grant application to the funder. They will package your application, along with any required attachments, and submit or upload to the funder.

Approval is also required for all submissions to external organizations where funding is sought for fellowships, travel funds, and other types of support for individual faculty, staff, and students where the University is to be the recipient of the funds.

COMPLIANCE REVIEW

The Office of Scholarship and Sponsored Projects considers research and program risks policies designed to protect humans, animals, and the environment from potential hazards and provides support for federally mandated review committees including the Institutional Review Board (IRB) and the Institutional Animal Care and Use Committee (IACUC). The Office of Scholarship and Sponsored Projects supports the University in promoting ethical conduct of research and educating Pacific University students, faculty, and staff regarding research regulations.

All contract proposals require the University to certify that Federal regulations (compliance) is met at the University. *This requirement is for proposals resulting in contracts.* Non-compliance with the regulations will result in stiff fines and penalties.

Compliance issues that may need to be addressed by the Office of Scholarship and Sponsored Projects include the following:

- Conflict of Interest
- Health Insurance Accountability and Portability Act (HIPAA): Privacy and Safety
- Institutional Animal Care and Use Committee (IACUC): Animal Use in Research
- Institutional Biosafety Committee (IBC): Hazardous biological materials (currently under development)
- Institutional Review Board (IRB): Use of Human Subjects
- Intellectual Property: Intellectual Ownership Policy

PREPARE FOR SUBMISSION

Once you have your final proposal and accompanying documentation, submit to your grant officer: corporate and private foundation approaches will be shepherded by the Office of Corporate & Foundation Relations, located in University Advancement, and government grants will be shepherded by the Office of Scholarship and Sponsored Projects. The staff will assist you in submitting the proposal electronically or will make the appropriate copies and mail the proposal via an overnight courier.

Once submitted, the proposal will be reviewed according to funder's criteria and merit. The length of the process varies greatly from funder to funder (typically in the case of Foundations). If you have questions or concerns, do not hesitate to contact your grant officer.

Processing Your Proposal

Please note that the order of the steps outlined below is typical. In some cases faculty are encouraged to first consult with the responsible grant officer.

Step 1: Schedule a meeting with your grant officer for a final review of the proposal and project budget. It is also a good idea to develop your proposal timeline with the end-date in mind.

Step 2: Submit a draft electronically to your grant officer for review and editing against funder guidelines. This can be done more than once, time permitting.

Step 3: Work through your grant officer to secure all of the necessary approvals and signatures (PI, Co-PI, Department Chair, Dean/Director, Grant Officer). In some cases, additional signatures, or that of the President, may be required. Only the Pacific University President or his/her designee can legally bind the University to grant/contract agreements. Among those individuals so designated are the Vice Provost for Research, the Director of the Office of Scholarship and Sponsored Projects, the Director of Corporate and Foundation Relations. The PI, department chair, and dean/director are NOT authorized to sign for the University.

Step 4: Submit the original proposal package to your grant officer at least five (5) days before the proposal is to be mailed or submitted electronically. Once the proposal is reviewed, there may be recommended changes. If the proposal is submitted as a hard copy, it will be sent *standard overnight* by FedEx. Electronic proposal submissions are coordinated by your grant officer. After the proposal is submitted, a signed copy will be sent to the PI electronically or in hard-copy format.

Step 5: Electronic Submission for federal funding is usually handled through the Federal Government's web site, Grants.gov which manages all federal funding requests and then channels applications to the various federal agencies. The Grants.gov web site also provides a *Track My Application* service allowing the researcher to follow their application through the process.

3

RECEIVE AWARD

A substantial percentage of grant awards go through some degree of negotiation and revision before the award is made. When a funder decides to support a project, it may fund the project at a different level from that requested. The funder may also request changes in the proposed work or in the services provided by the project.

AWARD NOTIFICATION

Your grant application has been reviewed by the funder's review panel and a decision to accept or deny the application has been made. The funder may contact you directly to let you know whether you have received a grant and that an official word of that decision is being mailed.

For Federal Grants, you can track your application on the Grants.gov web site. After the review of the proposal has been completed, here is what funding agencies may do.

Declined Proposal

First-time applications are generally less successful than second, third, or subsequent applications. This is particularly true for submissions to such agencies as the National Science Foundation (NSF) or the National Institutes of Health (NIH). Establishing a successful research history is very important to these agencies. You may need to perform funded research through private foundations and/or corporations before these agencies will fund your proposal.

If a proposal is turned down by a funder, your grant officer will work with you to:

- Revise the proposal. Often the funder's program officer will provide constructive feedback on how to strengthen your proposal.
- If you are able to obtain the reviewers' comments, make suggested changes to your proposal based on their feedback.
- Your grant officers will assist you in reviewing and editing a submission to another funder or to the same funder in a different funding cycle if that is deemed acceptable to do.
- If you resubmit the proposal, it is important to respond specifically to the reviewers' comments in the narrative of the revised proposal; highlight changes made in the areas judged to be weak and clarify any information that may have been misinterpreted in the initial review.

Approved Proposal

When you receive notification of a successful award, it will be processed as follows:

1. The grant officer will email or send an award notification to the Primary Investigator(s) or Project Lead(s).
2. In some cases if it is contracted research, the Office of Scholarship and Sponsored Projects will work in collaboration with the PI, to negotiate the final contract.
 - The funder may notify the University to negotiate an award agreement. At that time, the Office of Scholarship and Sponsored Projects, in cooperation with the principal investigator, will contact the negotiator for the funding organization. This negotiation session can be accomplished via telephone in most cases.

- If the funder wants a minor budget change, the Office of Scholarship and Sponsored Projects in conjunction with the PI will agree in writing to the change. If the budget change is major, a corresponding reduction in the scope of work may be required, necessitating revisions to the proposal and the budget.
3. The grant officer will work establish a grant account with the finance office.
 4. All contracts must be reviewed and approved by the University's legal counsel.
 5. Once an account is established, a notification will be sent to you and your dean/director and departmental administrator electronically.

Please note that all funding awards are received by Pacific University on behalf of the Principal Investigator (PI)/ Project Lead. Typically, the funder's protocol will be to notify the University and the PI, but in some cases, the funder may only notify the PI. If the PI receives an award notice from a funder, he or she should contact the grant officer, and immediately forward a copy of the award notice.

PROJECT MANAGEMENT MEETING

If there are problems or questions with the award, such as with the administration of the project, unreasonable time expectations for delivery of results, budget reductions, changes needed in University policies, etc. it may be advisable to assemble a project management meeting where these things are deliberated and the award is ultimately negotiated.

The Office of Scholarship and Sponsored Projects, in collaboration with the PI/team (e.g., Technology, Finance, Accounting, co-PIs, etc.), will assess these issues and determine the proper course of action. The project management meeting may include a discussion of the contract details, reporting expectations, fiscal management, and timeline scheduling of your project.

REVIEW, SIGN & RETURN AGREEMENT/CONTRACT

You are now prepared to accept the conditions of the award. Your grant officer, in collaboration with the PI and the accounting office (if necessary), will negotiate the final contract and agree upon the conditions and changes if any. *Private funders (foundations and many corporations or corporate foundations) do not typically exercise contracts as part of their award notification and acceptance, so negotiating the "contract" is not an issue.*

When all steps in the coordination process are completed, the award agreement is presented to the Authorized Institutional Officer (grant officer) for signing. This is either the Vice Provost for Research or the Senior Director of Development, and Foundation Relations. In some cases, the agreement may also need to be signed by the president or another University official.

If the document has previously been signed by the funder, the award is then fully executed and the grant officer distributes copies to all offices that require notification on campus, and returns a copy to the funder. The process is not complete, however, until the funder has signed the award document and sent a copy back to the University.

ESTABLISH GRANT ACCOUNT

When a new research project has been funded, the grant officer gathers together the relevant documents and presents them to the Finance Office so that they can establish an account. These

documents include the full proposal and budget for the project, and the letter or email of agreement or contract. Whenever possible, signed agreements are preferred. When the Finance Office has received these documents, an account for the project will be established. Once established, this account is the means by which payments are made for personnel, equipment, supplies and other costs, and all expenditures are tracked. Financial reports on these expenditures can then be created. Primary Investigators are encouraged to track their expenses independently on a spreadsheet and reconcile their accounts with the Accounting Department on a quarterly basis.

Notice of funding comes to us in a variety of ways. With NSF grants, for example, no letter of award arrives. The agency tells us of the award by email, and then the 'contract' is confirmed when we draw down the first payment. With foundations (such as Murdock) a letter arrives for the President, and copies are sent to the grant officer and the awardee.

Primary Investigators should work closely with their grant officer to present the appropriate documents.

The grant accountant will:

- Prepare financial reports when requested.
- Perform audits and close the account at the end of the grant period. The close of the account indicates that all other narrative progress and final reports have been submitted to the funder.

Accounts Payable in the Business Office will:

- Issue refunds when requested.

Note: The PI has primary responsibility for ensuring that funds received from these external funders are spent in compliance with the funder's regulations as well as University policies. The grant accountant provides a quarterly review of grant expenditures.

Work with your grant officer to submit interim and final reports. They will also work with you to balance accounts and assure what you have in your records is reconciled with the accounting office's records.

START PROJECT

Start Date

The University is not authorized to spend funds prior to the official start date as outlined in your proposal. This date is predicated upon acceptance of all terms of the award by both parties.

Effective dates for grants are usually set by the award's funder. Faculty members have access to the funds as soon as the account number is issued by the accounting office. *Contracts are not as predictable; in some cases the start date is specific and in others it is determined by the final signature date. The final signatory may be the University or the sponsor, depending on the contract. All contracts must be reviewed and approved by the University's legal counsel.*

For day-to-day fiscal management of the project, please review the [Grants/Contracts Accounting Procedure](#). Questions can be directed to the grant accountant in the Accounting Department.

Expenditures

The University's Accounting Department will prepare and submit standard financial reports to the funder as required. Some funders have granted Pacific expanded authority for changes without

seeking prior approvals. Changes in the budget that have been approved by the funder must be submitted to the grant accountant and grants officers.

Account numbers may be granted prior to an award's receipt when there is a solid commitment from the funder. An example of this would be the Murdock Trust's Faculty Research Startup Grant program where the commitment is made and requests for reimbursement of fund expenditures are submitted to the foundation to reimburse costs associated with research that has already taken place. However, you should know that the PI's department assumes ALL risk in covering expenditures in advance of receipt of the award.

Please refer to the University's policy for [allowable](#) and [unallowable costs](#) and [purchasing policies & procedures](#).

Faculty Responsibilities

- The first step a PI should take is to create a [Personnel Action Form\(s\)](#) for all University faculty, staff, and student assistants who will be compensated from the externally funded grant or contract. These forms will be submitted to Human Resources. *Note that all positions must be approved by cabinet prior to applying for the grant, which is why you will work directly with your grant officer to obtain this approval.*
- The PI is responsible for the management and conduct of research activities, including reporting activities. The grant officers are happy to assist in this process.
- All technical, interim and final reports and project deliverables are the full responsibility of the PI.
- The PI must initiate, in cooperation with the grant officer, correspondence with the funder's administrative or program officer to request programmatic or budgetary changes if necessary.
- All approved budgetary changes must be submitted to the grant accountant and grant officer.
- The PI must initiate requests to Accounts Payable in the Business Office to issue subawards for collaborations with external entities. *W-9s are required.*

Contractors/Subcontracts

Funding requested for external organizations that are participants in the project (e.g., other universities, nonprofit organizations, individuals, or companies), should be well-defined. Pacific University requires that the proposed partners confirm their commitment to the project in writing, signed by an authorized representative of the organization. All contracts must be reviewed and approved by the University's legal counsel. Consult with Accounts Payable in the Business Office for vendor status.

Subrecipient

A subrecipient is a non-federal entity that expends federal awards received from a pass-through entity to carry out a Federal program.

If Pacific is the subrecipient, we provide:

- Budget and budget justification
- Biographical information on key personnel
- Work scope description
- Indirect cost rate agreement
- Signed teaming agreement or equivalent document

Equipment and Supplies

Equipment purchases should include requests for funds for maintenance and repairs that might be anticipated over the course of the project. If equipment is requested, the PI should:

- Demonstrate that the equipment is essential to the project
- Demonstrate that the equipment is not likely to be funded by the department

- Determine that the equipment is not available for use elsewhere on campus
- Describe possible continued uses for the equipment upon completion of the project

Travel

In most cases, Pacific University's policies and procedures will determine the reimbursement for travel. Maximum reimbursements for lodging, per diem, and local mileage rates may differ from those available at other institutions or from the federal government. Check with Accounts Payable in the Business Office for specific reimbursement and per diem rates.

High Value Expenditures (over \$5,000)

For capital items over \$5,000, or large contracts, a purchase requisition is required. The requisition must include the faculty PI's signature, along with details on the expected purchase. If a contract is necessary, then the University's legal counsel must review and approve the contract before the requisition may be submitted. It may also require the signature of the Dean or area Vice President.

Pacific University also requires a competitive bidding/quotation process for higher value expenditures. Typically, three bids are sought from contractors for services, or vendors for equipment purchases. It is customary for the University to retain the same vendors/contractors for similar requests as they are accustomed to working with us and this process keeps them competitive. If a specific contractor/vendor is decided upon, it is customary to still obtain two to three additional bids and negotiate with that contractor/vendor to leverage the best possible price.

RECONCILE ACCOUNTS AND WRITE/SUBMIT REPORTS

Financial Reports

- Is used to identify expenditures by task or sub-project
- Project spending by individuals
- Identify cost sharing expenditures on accounts

All the above aids in the financial reporting you will make to the funder.

Time & Effort Reports

On government grants, the [Time & Effort Report](#) must be completed and submitted quarterly by the PI, Co-PI (faculty, faculty administrators, and professional staff) to the Accounting Department, regardless of current grant activity.

Audit Reports

All contract and grant funds awarded to the University are subject to audit. This audit can be performed by any one or combination of the following people:

- University or Funder Internal Auditors
- Office of the State Auditor
- Federal Auditors
- Public Auditors
- Independent Public Accountants

Areas of Risk that will cause audit concern include:

Cost Transfers. Effective grant management eliminates the need for excessive [cost transfers](#) (moving costs from one code to another) being processed during a project.

Last Minute Spending. This may indicate that the grant has not been managed effectively throughout the year or that you are trying to use unspent funds on activities that are not

directly related to the project's scope of work. The funder may question the need for the expense if it was only requested near the conclusion of the study.

Over- and Under-spending. A pattern of significant over-spending could indicate that funds are being used inappropriately or that the next year's budget funds are being spent in advance and could imply that the grant will run out of funds before the work is completed. In this case, the PI's department will have to cover the overage on the project. A pattern of significant under-spending may indicate the research is not being completed or the "good faith estimate" in the original proposal was overstated.

Cost Sharing or Matching. Cost sharing or matching funds are defined as committed resources that are *not* budgeted in a sponsored research agreement. Common examples include salary costs in excess of the NIH salary cap, or committed but unpaid effort (e.g., if a PI has 50% effort on a grant and only 30% is funded by the grant; 20% is cost shared. This 20% is typically paid by the department or through a discretionary account.)

Late Reporting. The department and PI are responsible for ensuring that all project costs are accurately recorded in a timely manner so that the University's financial administration office can submit financial status reports to the funder. It is important that you be in contact with the grant officers during the closeout of a project. In addition to the financial reports, PI's are responsible for submitting timely and accurate progress reports according to agreed-upon deadlines or no later than 30 days after the end of each specified reporting period for quarterly and semi-annual reports. Late reporting shows poor project management and may raise questions to an auditor about overall management of the project.

Project Changes

It is important to prepare the necessary paperwork to hire consultants, contractors, and other personnel as needed for your project.

To establish subcontracts you must have the necessary documentation from that organization or person who will be supporting the work of your project.

Ensure that you purchase the necessary equipment, materials, and supplies and other needed things that will be used throughout the life of the project. Be vigilant as to what equipment is purchased based on the agreed-upon terms, as well what is equipment is not really considered materials or supplies. Any changes to personnel and equipment must be based on the agreement/contract. Check with the grant accountant as to the specifics.

Project Management

Your proposal is your project guideline. If you stated in the proposal that you will hire a director to oversee the management of your project, then you must follow through on hiring this person. You cannot change the proposal specifications by instead using a student or not hiring anyone for project management, unless you formally contact the funder and agree upon this change in writing. *Please consult with your grant officer should you need to revise your project in this way, and they will assist you in this process.*

As the PI, you are the primary person to oversee or guide the technical and management progress of the any internal personnel/contractors hired to work on the project. These include:

- Co-PI's, staff, graduate and undergraduate students
- Subcontractors and consultants

If there are any unexpected project issues that involve personnel, financing or reporting of the grant that affect the scientific and educational progress of your project, you must immediately

communicate with the grant officer, grant accountant and the funder. *Remember, the funder views themselves as a partner in the implementation of your project and it is important to keep them apprised of the progress and necessary changes as your project is implemented.* If you do not maintain contact with your funder on such issues, you may risk the University ever receiving a grant from this funder again.

Other Changes to be Addressed

Other project changes for which you will want to keep your funder informed include:

- **Technical Changes.** You may discover as your project progresses that you need additional staffing or equipment in your study group.
- **Financial Changes.** The scope of the project may change and require a cost extension
- **Administrative Changes.** Occasionally you may lose a major leader or partner (PI, Co-PI, or collaborator) or need to add a new subcontractor that will affect the success of your project.
- **Travel Changes.** You may discover that your research takes you to places not originally anticipated in your project's original design.
- **Re-budgeting.** Based on the above changes, you may need to reallocate approved money to different areas of your budget. This must be approved first by the funder. *Work with your grant officer to obtain this approval.* Refer to the sample [budget revision form](#).
- **Cost transfers and no-cost extensions.** You may require a cost transfer or no-cost extension to complete your research. Again, this must be approved first by the funder.
- **Leave of Absence, Termination, or Departure.** The PI may transfer to another university, leave academia, retire, or be terminated by the University. The funder must be consulted on these types of changes to determine whether the project will move with the PI to a different university, whether another faculty member will continue the research at Pacific, or whether the project will be terminated and any unused resources will be returned to the funder.

CLOSE GRANT ACCOUNT

Project Closing Options

As the project period comes to a close, ask yourself:

- What options do I have?
- Can I continue with the project? Who do I have to contact to make aware of my plans?
- What about no-cost extensions to continue working on the project? Are there requirements and permissions needed to request a no-cost extension?
- Can I request additional funds from the funder to continue my research? Are other funders interested in supporting my research?

Project Closeouts

As your project nears completion, you should start planning ahead as to the various things necessary for the project's end. Who needs to be contacted? What reporting requirements are needed (Financial and Research/Project report)? Is a continuation needed, and what kinds of information are required to submit to the funder?

Closeout Requirements:

- All reports (project and financial) should be reviewed by the PI and submitted to the funder by the deadline or within 90 calendar days. They must be reconciled with the grant accountant in the Accounting Department before submitting them to the funder. A copy of the

submitted documents must be forwarded to the grant accountant to close Pacific University's account.

- If there are outstanding reimbursable expenses, you should submit your final reimbursement request to the funder.
- Unused funds should be returned to the funder, unless, the funder approves one of two options: Option one, the funder may approve a request from the PI to use the remaining funds for a similar purpose at the University. In this case, the grant accountant in the Accounting Department will require written confirmation of this agreement and will move the funds to a predetermined account for this purpose. Option two, the PI may request that the funder extend the term of the grant/project. In this case, the grant accountant in the Accounting Department will require written confirmation of the extension.
- Be advised, the funder has the right to recover [unallowable expenses](#).

Note that Federal agencies require recipients to submit the SF-425 forms (original and no more than two copies) before 30 days after the end of each specified reporting period for quarterly and semi-annual reports, and 90 calendar days for annual and final reports. These forms can be found on the Grants.gov web site. Extensions of reporting due dates may be approved by the Federal agency upon request of the recipient. In the case of federal grants, see OMB 2 CFR 200 for requirements.

Record Retention

The University retention policy for grants is six years plus current fiscal year after the grant has been closed. See [Record Retention Policy](#).

Please note that the grant accountant will keep these files. Your grant officer may also keep a copy of these files in the Office of Scholarship and Sponsored Projects and Corporate & Foundation Relations.

Account Closeout

The PI, Office of Scholarship and Sponsored Projects and Corporate & Foundation Relations, and Accounting Department all have specific responsibilities with regard to closing out your grant.

PI Responsibilities

- Complete project within timeline specified/agreed upon, including all experiments, surveys, data analysis, and other final reports.
- Complete all Interim/Final Reports. These are performed according to the schedule determined by the funder or on a quarterly basis and at the end of the project.
- Submit all final technical reports and any other deliverables (contracted research).
- Work with the grant accountant to assure the accuracy of all financial transactions/reporting.
- Assure that all records are accounted for and filed for historical purposes with both the Accounting Office and Office of Scholarship and Sponsored Projects or Office of Corporate & Foundation Relations

Office of Scholarship and Sponsored Projects or Corporate & Foundation Relations

- Work with PI on editing/submitting all required reports
- If grant is philanthropic, work with Advancement Services to closeout account
- Work with public relations office to disseminate grant information (if deemed necessary)

Accounting Department

- Work with PI to reconcile accounts
- Responsible for financial closeout of account based on the contracted agreements
- Ensure all financial records are accounted for and filed for historical purposes
- Saves records for audit purposes which can occur several years after the account is closed, so is it very important that accurate records are kept and archived

Adjustments and Continuing Responsibilities

It is important to consider the stewardship of a donor post-award. Keeping them apprised of your research progress can have an affect on future awards made to your project or to the University.

In the case of federal awards, a relationship created may be modified or ended in whole or in part with the consent of the awarding agency and the recipient, provided the responsibilities of the recipient do not affect any of the following:

- The right of the Federal awarding agency to disallow costs and recover funds on the basis of a later audit or other review.
- The obligation of the recipient to return any funds due as a result of later refunds, corrections, or other transactions.
- Audit requirements
- Property management requirements, and
- Records retention as required including those for property management as applicable, are considered and provisions made for continuing responsibilities of the recipient, as appropriate.

Intellectual Property

Creative works or ideas embodied in a form that can be shared or can enable others to recreate, emulate, or manufacture them are considered by the University as “Intellectual Property.” There are four ways to protect intellectual property: patents, trademarks, copyrights or trade secrets. [Reference: [United States Patent and Trademark Office](#), Glossary of Terms].

Contact the Office of Scholarship and Sponsored Projects to explore the possibility of developing such a document executed between or among collaborating institutions that sets forth the rights and responsibilities of each institution pertaining to the intellectual property that may be created during the term of the collaboration. The University’s legal counsel is likely to be involved as well.

An Intellectual Property Agreement will address the rights associated with intellectual property that are created jointly by the collaborating researchers as well as intellectual property created independently by each.

Invention Disclosure

To the extent practical and at the earliest possible time, the inventor (PI) should discuss with the Office of Scholarship and Sponsored Projects, with reasonable specificity, the preferred utility and possible applicability of the invention and the nature of the industry that might be in the position to make beneficial use of the invention.

This will enable all parties to begin discussion with a patent attorney, so as to perform a proper patentability search, evaluate the search, and to be prepared and ready to pursue the patent application.

Any discovery or invention must be disclosed promptly to the Provost by means of an Invention Disclosure Form, available in the Provost's Office. After this form is submitted, the University or its designate will make an evaluation in order to decide whether to apply for a patent. The University will notify the inventor in writing in a timely manner of its final decision. If it fails to do so within six months of receiving a properly executed disclosure, or if it decides not to pursue a patent application, the invention will become the property of the inventor subject to the rights of any outside sponsor, if applicable.

Technology Transfer

Technology transfer is the process of exchanging or sharing knowledge, skills, processes, or technologies across different organizations to facilitate new products, processes, applications, materials or services. [Reference: [National Science Foundation](#), Research and Development Glossary].

The PI must receive approval from the Office of Scholarship and Sponsored Projects before transferring University technologies to the market to generate benefits for the University, the community, and the general public.

This process can cover:

- Disclosure Facilitation
- Patenting and Other Protections
- Licensing
- Legal Support, and
- Decision Support