

Last Revised: July 1, 2006

C. GRANTS AND AWARDS

The Carnegie Institution and its Departments (hereafter CIW) make use of grants and awards (i.e., federal, state, local, private, awards, fellowships, agreements, and contracts) for carrying out the scientific mission of the organization and its business operations. In general, grants and awards are made for particular purposes by funding entities. CIW's policies and procedures are intended to assure that these purposes, and all applicable requirements and regulations, are met in an effective and efficient manner.

This section outlines the policies and procedures for the administration of grants and awards by CIW and its departments including:

1. grant and award proposals;
2. grant and award administration;
3. expiration, close out, and record retention procedures; and
4. audit requirements

I. Grant and Award Proposals

Department Directors are authorized by CIW's President to approve applications and proposals for grants and contracts on behalf of his/her Department, as follows:

1. Directors may not delegate this authority to others in his/her Department.
2. If a Director is away from the Department when an application or proposal is to be transmitted, the Department should arrange to submit, on a timely basis, the document to the Office of the Financial Manager – Grants Official for processing and approval by the Director of Administration and Finance.
3. Each Department is responsible for budget development and submission for each grant or contract. Any specific questions regarding proposal formulation are to be worked out between the Department and the awarding agency.
4. Any and all matching fund requirements are to be submitted to Office of the Financial Manager – Grants Accountant for review and approval by authorized P Street personnel before any proposal is submitted.
5. A Department's approved indirect cost rate is used and applied in each submission. Any exceptions must be submitted to Office of the Financial Manager – Grants Accountant for review and approval by authorized P Street personnel before a proposal or contract is submitted.

6. Departments shall submit all subcontracts to Office of the Financial Manager – Grants Accountant for review by CIW’s legal counsel before signature and submission.
7. Applications and proposals shall be submitted by the required method of the awarding agency.
8. Award letters and documentation are sent directly to the Departments. Departments then forward a copy of the proposal and award documentation to the attention of Office of the Financial Manager – Grants Official. If the award letter is sent to P Street, Office of the Financial Manager – Grants Accountant notifies the Department’s Business Manager.
9. All grant reports and invoicing are developed and/or coordinated by the Office of the Financial Manager – Grants Accountant.

In addition to Director approval, all grant proposals that contain budgets must be cleared by the Business Office before submission. This is to ensure that benefits and indirect costs have been calculated correctly and that cost estimates are accurate based on prior experience or recent price quotes. Proposal writers should work with their Business Offices, and as needed with P Street Staff, throughout the proposal development process to assure that external deadlines are met. Business Offices and P Street will conduct any required reviews promptly.

All budget justifications must reflect the following:

Fringe Benefits

Salaries are based on a full calendar year and include all leave taken. A fringe benefit rate has been established at __[as set by P Street]__ % and is applied to regular full-time employees which include Postdoctoral associates. The expense pools for this item include normal costs associated with employment such as FICA, Social Security, disability insurance, health insurance, and other required taxes.

Indirect Costs

Carnegie’s cognizant federal agency, The National Science Foundation, generally approves a new indirect cost rate for each department every year. The indirect rate is finalized after the Indirect Cost Proposal for the Institution is received and reviewed by NSF approximately 6 months after the close of the fiscal year. The final rate of the most recently closed year becomes the provisional rate for all

Return to Index

future years, until a new rate is finalized. The Institution may charge less than the maximum rate established, but never more (the Business Office at your department should know what the maximum permissible rate for your department is, and what rate the department is using as a standard on proposal submissions). The indirect cost rate is applied to a base called “Total Modified Direct Costs” (TMDC). Total Modified Direct Costs are equal to Total Direct Costs minus EQUIPMENT, Participant Support Costs, and Subcontract costs in excess of \$25,000 for each subcontract.

The Director designates staff members as Principal Investigators as part of the process of submitting a proposal for funding. Postdoctoral Fellows, Postdoctoral Research Associates, and Emeritus staff may be listed as Principal Investigator(s) on grant proposals with prior Director approval. Principal Investigators have primary responsibility for administration of grant awards (see Section II). Predoctoral Fellows and Predoctoral Research Associates may not be listed as Principal Investigators on grant applications.

Once a grant has been awarded from the funding agency, the Office of the Financial Manager will create the appropriate account in the General Ledger.

II. Grant and Award Administration

General

Upon notification of a grant or award, the Office of the Financial Manager – Grants Official establishes a project number for the grant or award and informs the Business Manager via e-mail. The Business Manager submits (using the newly established project number) a budget form (see Exhibit 1) to open the appropriate (as per the approved current grant or award budget) general ledger accounts with corresponding budget numbers.

CIW refers to an awarding agency’s (governmental or private) approved grant budget terms and conditions for grant administration requirements. At a minimum, each Department must meet the following requirements:

1. Compliance with all applicable standards governing a grant or award, i.e. an awarding agency’s terms and conditions, OMB Circulars A-110 and A-122.
2. Members of the scientific staff are familiar with the general provisions of his/her grants and awards and with the standards of the OMB Circulars A-110 and A-122.

Return to Index

3. Only authorized Department personnel may:
 - a) expend grant or award funds for necessary and reasonable costs that further the approved objectives and scope in the grant or award documents; and
 - b) use grant or award funded supplies or fixed assets only for the approved objectives and scope.
4. Periodic review and monitoring of grant or award performance.
5. Timely filing of interim and final technical reports, as required by awarding agency, with copies to Office of the Financial Manager – Grants Official.

The Principal Investigator (PI) is responsible for items 3, 4, and 5 above. In carrying out these responsibilities, the PI may delegate certain tasks to scientists and staff working on activities related to the grant.

The Department's Business Office will assist the PI, as appropriate, in meeting these responsibilities. In addition, the Department's Business Office is responsible for meeting all financial requirements at the Department level.

The Department's Director is responsible for implementing an overall grants program at the Department level that meets applicable requirements and helps to fulfill the scientific mission of the Department.

Federal Grants and Awards

CIW adheres to the applicable standards governing federal awards outlined in OMB Circular A-110, Uniform Administration Requirements for Grants Agreements with Other Non-Profit Organizations and OMB Circular A-122, Cost Principles for Non-Profit Organizations. Conflicts or discrepancies between an awarding agency's grant terms and conditions and the OMB Circulars A-110 and A-122 should be resolved by Departments and documented for the grant files maintained by the Office of the Financial Manager – Grants Official. When applicable, written verification from the awarding agency is obtained and a copy forwarded to the attention of the Office of the Financial Manager – Grants Official. At a minimum, CIW adheres to the standards set by the circulars unless the awarding agency's standards are higher.

From time to time CIW will issue guides to assist in achieving compliance with applicable OMB circulars. These guides are designed to be a quick reference and in no way replace the requirements in the circulars. For example, OMB Circular A-122 defines

Return to Index

certain cost items as unequivocally unallowable or allowable with restrictions. Clarifying guides explain CIW's approaches to assure compliance with these restrictions.

Real Property Acquisition and Relocation Assistance

“The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (URA) provides for uniform and equitable treatment of persons displaced by federally-assisted programs from their home, businesses, or farms....Federal requirements govern the determination of payments for replacement housing assistance, rental assistance, and down payment assistance for individuals displaced by federally-funded projects.” CIW does not engage in any activities which would be covered by this section.

Pre-Award Spending

OMB Circular A-122, section 34 defines pre-award spending as costs incurred prior to the effective date of the award (not the time before the grant document arrives). This section further states these costs are allowable only with the written approval of the awarding agency. In general, however, agencies exercise the authority (granted by OMB Circular A-110, Section 25(e)1) to waive written prior approval for pre-award costs 90 calendar days before the effective date of the grant. Where agencies exercise such authority, prior written approval for pre-award spending on a particular grant is not required.

Departments may incur costs 90 days prior to the effective date of the grant award under the following conditions:

1. All costs are incurred at the Department's risk.
2. All costs must be allowable and allocable per OMB Circular A-122.
3. All costs must be necessary for the effective and economical conduct of the grant or award.
4. All costs are incurred after written approval by authorized Department personnel.

CIW charges all pre-award costs 90 days prior to the effective date to an endowment cost center. When the grant or award becomes effective (i.e., the project number is opened) costs are transferred to the project number.

Each Department is responsible for ensuring the conditions of “allowable,” “necessary,” and “written” approval by authorized Department personnel are met and documented.

Pre-award costs that cross a year-end should be reviewed by the Departments, along with the Office of the Financial Manager – Grants Accountant, on a case-by-case basis.

Cash Management

In general, CIW requests grant funds on a reimbursement basis only. The Office of the Financial Manager – Grants Accountant prepares requisitions by downloading information directly from the general ledger. In addition, the Office of the Financial Manager – Grants Accountant reviews the information for “period of availability” (request for reimbursement only includes those costs incurred during the grant or award period, including extensions).

Sub-awards

All grant documents that are sent to sub-recipients should be reviewed by the Business Office before they are sent.

Grant and award sub-recipients are provided funds on a reimbursement basis. No funds are advanced except in cases where prepayment is common business practice, (e.g., a standard percentage of total projected costs for construction of an expensive or unique piece of equipment).

Excess Revenue on Fixed Priced Contracts

Fixed price contract receipts above total expenses that are unspent will be released from their restrictions and reclassified as unrestricted as follows:

1. The Office of the Financial Manager – Grants Accountant determines “excess funds” status and effective date.
2. After such determination, the Office of the Financial Manager – Grants Accountant requests the P Street Accounting Office to reclassify the funds; such funds should never be deferred. If the contract requires to be invoiced for the excess funds, the invoice for this remainder is separately billed by the Office of the Financial Manager. The request to reclassify the funds is made only after the funds are received. The project number shall remain the same; only the source number shall change.
3. The Accounting Office will confirm to the Office of the Financial Manager – Grants Accountant, via e-mail, the amount of excess funds transferred to an unrestricted source. A copy of the e-mail will be filed in the grant file maintained by the Office of the Financial Manager – Grants Accountant.

Return to Index

4. After receiving confirmation of the amount reclassified by the Accounting Office, the Office of the Financial Manager – Grants Official informs the Business Manager of the amount available.
5. The Business Manager will submit an account request form for accounts using the new source number to be opened to the P Street Accounting Office.
6. The Business Manager budgets the new revenue under the new source code and correspondingly decreases the budget under the old source code.
7. The Office of the Financial Manger reviews the budgets under both sources and files them in the corresponding grant file.
8. Once the excess revenue is reclassified to an unrestricted source, the natural accounts under the restricted source are closed or inactivated.

III. Termination and Close-out Procedures

The Office of the Financial Manager – Grants Official conducts periodic reviews to ensure grant or award funds are spent within the period of performance. The Office of the Financial Manager – Grants Official will work with Business Managers to monitor grant or award expiration dates.

Business Managers should review the grant or award GTD report for remaining balance and to ensure the expiration date on the report is accurate. Business Managers should inform (via e-mail) the Office of the Financial Manager – Grants Official of the course of action to be taken. Courses of action include (in all instances awarding agency's guidelines are followed):

1. Request an extension (if the principal investigator (hereafter PI) has requested the extension, a copy of his/her request should be attached or incorporated into the e-mail).
2. The remaining balance will be spent. If the remaining balance is encumbered, but not invoiced, the Office of the Financial Manager – Grants Official shall request an extension from the awarding agency (the final financial report should only include costs actually paid).
3. Request that the Office of the Financial Manager – Grants Official close the grant or award and, if applicable, report the unencumbered balance to the awarding agency.

Return to Index

4. Request that the Office of the Financial Manager – Grants Official carry over the unencumbered balance (depending on the amount, a carry over request to the agency may be required).
5. Request revision of incorrect expiration date.

No Cost Extensions (Federal Grants or Awards)

OMB Circular A-110 and most agency guides allow a one time no cost extension for up to twelve months. The no cost extension applies to the end (last year in a multiple year grant or award) of a grant or award.

The following conditions should apply before a PI's request for an extension is submitted to the Office of the Financial Manager – Grants Official:

1. The extension may not be requested solely for the purpose of using unencumbered balances.
2. The grant or award terms and conditions do not prohibit the extension.
3. The extension does not require additional funding.
4. The extension does not involve any change in the approved objectives or scope of the project.

If these conditions are met, the Business Manager should submit (via e-mail) to the Office of the Financial Manager – Grants Official a request for a no cost extension at least five business days prior to the awarding agency's deadline. Examples of specific agency deadlines are:

- OMB A-110 10 days prior to the expiration date specified in the grant
- NASA 10 days prior to the expiration date specified in the grant
- NSF 10 days prior to the expiration date specified in the grant
- STScI 10 days prior to the expiration date specified in the grant

The following should be included in a Department's no cost extension request:

1. grant or award cost center number
2. awarding agency grant or award number
3. current expiration date
4. new expiration date

5. PI explanation for extension

In those cases where the PI directly contacts the awarding agency, he/she should be aware of the conditions noted above. The PI should forward a copy of his/her communication to the awarding agency and the agency's reply to the Business Manager. The Business Manager should forward a copy of both documents to the Office of the Financial Manager – Grants Official.

Close-out Procedures

The Office of the Financial Manager – Grants Official informs (via e-mail) the Business Manager that a grant or award will be closed. If there is a remaining balance, the Office of the Financial Manager – Grants Official will request that the Business Manager reduce the grant or award budget to the amount of actual expenditures.

Close-out of a grant or award is performed by the Office of the Financial Manager – Grants Official in collaboration with P Street Accounting Office personnel following internal P Street procedures developed to ensure an accurate and timely closing of grants and awards.

Record Retention

As required by OMB Circular A-110, financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Federal awarding agency. The only exceptions are the following:

- (1) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
- (2) Records for real property and equipment acquired with Federal funds shall be retained for 3 years after final disposition.
- (3) When records are transferred to or maintained by the Federal awarding agency, the 3-year retention requirement is not applicable to the recipient.
- (4) Indirect cost rate proposals and cost allocation plans are covered separately.

In addition, it should be noted that the Federal awarding agency, the Inspector General, the Comptroller General of the United States, or any of their duly authorized representatives, have the right of timely and unrestricted access to any books, documents,

papers, or other records of recipients that are pertinent to the awards, in order to make audits, examinations, excerpts, transcripts and copies of such documents. The right also includes timely and reasonable access to a recipient's personnel for the purpose of interview and discussion related to such documents. The rights of access are not limited to any required retention period, but shall last as long as the records are retained.

IV. Audit

As a recipient of more than \$500,000 in federal funds annually, CIW shall have a single, or program-specific if requested, audit conducted for that year in accordance with the provisions of OMB Circular A-133. Among other requirements, CIW's Office of the Financial Manger – Grants Official prepares a schedule of expenditures of Federal awards for the period covered by the Institution's financial statements; such information is included in the A-133 audit. In general, CIW contracts with an independent entity for the performance of this audit. Results of the annual audit are reported to the Audit Committee of the Board of Directors, management, and all applicable organizations and entities, including Carnegie's cognizant federal agency. This information is also shared with Carnegie's business offices. Management is responsible for follow-up actions required by all audits, and CIW reports the results of all follow-up actions to the Audit Committee of the Board of Directors and all other appropriate entities.