

Nicholls State University

Controller's Office

Grants and Contracts Policies & Procedures

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Introduction

Contracts and grants are important to Nicholls State University.

Although the paperwork associated with contracts and grants often seems complex, reports and other accounting documents need to be handled promptly and properly. Records are crucial to the University, to the agency providing the contract to grant people involved in administering the agreement. Accountability, making sure that money spent correctly and on time, is an essential element of contract and grant management.

All contracts and grants must be carried out within budgetary and other guidelines funding agency and the University have approved. That is especially important to realize that any, unreimbursed expenditures will have to be paid by the department, school or college involved in the project. Expenditures need to be closely monitored and well documented.

The staff is also ready to answer any questions you might have, so please call the Grant's Department (985) 448-4061 if you need assistance.

General Terms

Contract: In this context, a contract is generally an agreement to provide a product or service which is of direct benefit to the awarding agency. Contracts provide for payments to the University which cover allowable project costs or payment of a fixed price for satisfactory completion of the project.

Grant: A grant is an agreement to accomplish something for the public good in exchange for money, property or services. Most federal agencies use a grant document for research awards to universities.

Cooperative Agreement: A cooperative agreement is like a grant except that the federal government will be closely involved in the activity that is being funded, perhaps bringing government personnel to campus to work on the project.

Cost-Reimbursement Contracts and Grants: The sponsor will reimburse the University for any Actual, Approved Project Costs, within whatever variances the funding agency allows.

Budget: A budget identifies the types of costs and the estimated amounts needed to complete the project. The budget must be approved by the funding agency and NSU. This budget will be the basis for authorizing any expenditure on the project and the basis for seeking payment from the funding agency.

Direct Costs: These can be specifically identified with a particular project with a high degree of accuracy. If, for example, a person spent 50% of her time on a project, 50% of

her salary and benefits would be direct costs. Travel, equipment, supplies or services used specifically for a project are examples of direct costs.

Indirect Costs: These are general costs that cannot be clearly identified with a specific project, but are nonetheless necessary to the project. For example, costs of maintaining a building, administrative expenses, or library expenses are types of indirect costs. Indirect costs, based on rates approved by the federal government, should be included in the approved project budget. These are then charged to specific contract/grant accounts in accordance with the terms of the agreement.

Cost Sharing: This refers to costs that the funding agency doesn't pay. It may be Cash Cost Sharing, In-Kind Cost Sharing, third-Party Cost Sharing or Indirect Costs.

Total Project Costs: Direct costs plus indirect costs. This includes the granting agency's share, the University's share, and, in some cases, it may include a third party's share.

Program Income: This is income earned by the University that is directly generated by a supported activity or earned as a result of the contract or grant.

Duration: Every agreement should have specified beginning and ending dates. All expenditures must be incurred or encumbered during this period. If expenditures fall outside this period, they cannot be reimbursed.

Services

The Office of Grants and Contracts is dedicated to serving the post-award needs of investigators and departmental administrators by providing a post-award accounting function for all awards received by the University. The office is responsible for establishing accounts for new awards in the University accounting system, entering the appropriate budget and overhead information for each award, and preparing all billing and financial reporting as required by the sponsoring agency. To serve as the archive for copies of all grants and contracts.

Other functions include:

- Gathering information regarding policy and procedures from sponsoring agencies, as they apply to expenditures and reporting.
- Review and process cost transfers, adjustments, and/or corrections submitted by departmental personnel on journal vouchers for non-salary expenses to restricted accounts.
- Prepare invoices to agencies for sponsored project payments, when applicable; and deposit funds submitted from sponsored agencies to correct accounts.

- Prepares indirect cost journal entries to the appropriate accounts in accordance with sponsor guidelines.
- Alert departments of existing and/or potential problems that occur with sponsored project accounts.
- Review and process rebudgets approved through the University's internal prior approval system.
- Review and process signature authorization forms.

The Award

- Awards are granted and/or contracted to the University, **not to individuals or the principle investigator (PI)**.
- Award notices (whether grants or contracts) are generally sent to the Office of Sponsored Programs.
- The sponsor award notices vary considerably in their format. Generally, they contain the amount of the award, the period of the award, the name of a contact at the sponsoring agency, the method of payment or reimbursement, reporting requirements, and any terms and conditions.
- The receipt of funds from external sources means that the University, the official recipient, and the project director must take on a series of administrative responsibilities related to such matters as fiscal management, purchasing and personnel. This section has been designed to aid the administrative staff, working closely with the project director, in the performance of these functions.

Acceptance of the Award

After a proposal has been approved for support, official notification is usually sent to ORSP and the project director. Occasionally, with non-federal awards, only the project director will be notified. In such situations, it is extremely important that the project director send the original notification to Grants immediately so that the process of establishing an account within the university system can be initiated promptly.

Grants department will check the terms and conditions of the award (grant, contract or letter of intent) with those contained in the original application. In many

cases, official acceptance of the funds is required, and this must be by signature of one of the designated university signatory authorities.

The official award document or award letter varies considerably in format. Generally, it will give the following information:

- Award amount
- Project period (start and end dates)
- Funding agency contacts
- Method of payment, billing schedule or payment schedule
- Report requirements and terms and conditions of agreement

University Account Number

- The University's account numbers are composed of 10 digits.

Notice of Award Budgets

- Most awards are composed of a line-item budget by expense class (e.g., salary, supplies, travel, etc.). This budget is usually determined by the proposed budget that was originally submitted to the sponsoring agency.
- Frequently, a sponsoring agency will reduce the proposed budget when it makes an award.

Required Approvals/Signatures

- The signature of the "Grants Coordinator" on the internal signature form indicates that the maximum allowable indirect costs have been claimed in the grant budget.
- The signature of the Dean on the internal signature form indicates that any College resources committed in the grant, (personnel, space, or dedicated expenditures) have the Dean's approval, and he or she will be responsible for delivering those resources at the time that the grant anticipates their use.
- The University is not committed to any negotiated revisions in a proposal budget until the University President has signed.
- Award letters, contracts, and/or checks must be presented to the Grants Office along with the matching budget documents.

Financial Management Responsibilities of the Principal Investigator

The **Principal Investigator** (sometimes known as the Project Director or Responsible Person) has primary responsibility for carrying out the project according to the rules and policies of the funding agency and of NSU.

Because of the personal responsibility involved, it is wise for the Principal Investigator to become generally familiar with all the financial policies and procedures for managing contracts and grants.

Getting Started on the Project

- Follow the awarding agency's requirements, including rules on budgets and expenditures.
- Ensure that salary distribution information is given to the proper administrative personnel at the appropriate time for any employees or students who are to be paid from the contract/grant or cost sharing accounts.
- Follow guidelines in the Faculty Handbook for processing supplementary compensation for University faculty and staff.

During the Project

- Schedule expenditures to match the time frame of the program.
- Ensure that funds are available for labor, travel and other items which do not require purchase orders.
- Return receiving reports promptly.
- If there are changes in personnel during the project, be sure to notify the Grants Coordinator.

Finishing Up the Project

- Make sure that all purchase orders are paid before the deadline for the University's final billing and financial reporting.

- Before the end of the program, advise the proper administrative personnel to end all salary payments from the contract or grant account on or before the expiration date.
- Inform Grants Coordinator when all project costs have been processed so that a final invoice or financial report can be submitted.

Policy to Facilitate Final Billing and Reporting for Contracts and Grants

Grants department is responsible for the preparation and submission of invoices and financial reports to the agencies that provide funding for sponsored projects. These financial documents are prepared based on information in the University's accounting records and on special requirements of the sponsors. After the expiration date of sponsored project, the University has a specified number of days to submit the final invoice or final financial report. A late submission could result in a loss of money to the University. The deadline for final reporting on Federal grants normally is 90 days from expiration. For **contracts** (Federal or non-Federal) the specific deadline for final financial reporting is given in the agreement; common deadlines are 30 days, 45 days, 60 days, or 90 days from expiration. The deadlines for cost share accounts are the same as for the sponsored accounts.

In order to comply with sponsors' financial reporting deadlines in an orderly and efficient manner, recipient departments should turn in all invoices promptly, particularly near the end of the project. Under this policy, the Grants department is responsible for submitting final invoices and financial reports based on the deadlines provided by the Granting Agencies. It is, therefore, critical that the recipient departments process all project costs within these deadlines to ensure that the University is reimbursed for all allowable project costs. Please note that unreimbursed project costs must be covered by the college/school/department involved.