



UNIVERSITY POLICY

BUSINESS AND FINANCE POLICIES

Number: 209

Subject: Grant Management/Indirect Cost Policy

Covered Individuals: UIU Employees

Covered Campus Locations: Fayette Campus and Centers

Effective Date: September 16, 2020

Date of Latest Revision:

PURPOSE

- Grants for approved research and sponsored projects are awarded to Upper Iowa University (UIU or University) and are therefore the fiscal responsibility of the University. The Principal Investigator (PI) is individually responsible for the proper management of the grant and for meeting the objectives of the grant. The University will be ultimately responsible for the overall administration of funded projects. Therefore, all funds related to grants, regardless of source, are regarded as University funds in accordance with UIU policies and procedures.

DEFINITIONS

- **Allocable Cost** – A cost is allocable to a sponsored agreement if it is incurred solely to advance the work under the sponsored agreement; it benefits both the sponsored agreement and other work of the University, in proportions that can be approximated through use of reasonable methods, or it is necessary to the overall operation of the University.
- **Effort:** The amount of time spent on an activity expressed as a percentage of time within the fiscal year. The federal government, to verify that direct labor charges to federally approved projects/agreements are reasonable and reflect actual work performed, mandates effort reporting.
- **Grantee:** The entity receiving the money for the grant (i.e. UIU). The University is to be the grantee, not the faculty/staff writing the grant proposal because they are the PI.
- **Grantor (a.k.a. Awarding Agency or Funding Agency):** The entity giving the money for the proposed grant. This is the external funding source.
- **Indirect Cost Rate (ICR):** The rate approved by the U.S. Department of Human Services (DHS) which is used to claim reimbursements of indirect costs. As prescribed in the guidance of the U.S. Office of Management and Budget (OMB), the negotiated rate

is applied to a base consisting of the salaries, benefits, travel, and other expenses charged to grants received by the University.

- **Indirect costs (a.k.a. overhead/Facilities and Administrative costs):** Indirect costs are those costs that cannot be directly applied to a particular budget, yet are still true costs to the program. Examples include administrative or accounting staff salaries, utilities, depreciation, and other costs necessary to operate or maintain a facility. Similar to direct costs, indirect costs also have underlying requirements of the granting agency that must be adhered to. One of the most common audit findings as it relates to indirect costs surrounds the consistent treatment of like costs. A cost may not be allocated to a Federal award as an indirect cost if any other cost incurred for the same purpose in like circumstances has been assigned to a Federal award as a direct cost. For example, building rent charged directly to one grant cannot be charged indirectly to another grant.
- **Indirect Cost Recovery Funds:** Indirect cost reimbursements received by the University based on the application of the Indirect Cost Rate.
- **In-Kind Contributions:** Project costs represented by services, equipment, real property or the use thereof donated by sponsors other than the grant award sponsor. An in-kind contribution's value is considered to be what the cost to the University would have been if the University had paid for the item or service itself. In-kind contributions may also include the cost share borne by the grant's subcontractor.
- **Principal Investigator (a.k.a. Project Director/Researcher) for Grantee:** UIU faculty or staff member overseeing the grant operations.
- **Reasonable Cost:** A cost is reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflects the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made.

POLICY

- **GRANT APPLICATION PROCESS**
 - **Grant Proposal Summary**
 - Any grant with an award amount of less than \$5000, either in cash or equivalent value, which requires no University funding commitment and has no allowance for indirect costs may waive the policy application/approval process. However, the Vice President for External Affairs must be made aware of and approve the grant application before application submittal. There is no formal procedure for informing the VP for External Affairs, but maintaining documentation (i.e. email thread) for future reference is recommended.
 - Any grant not meeting the above criteria must complete the Grant Proposal Summary ([Exhibit A](#)). The information on the summary is necessary for the evaluation process of the grant by the applicant and the

appropriate approving authority to determine if there is adequate cost benefit to the University to manage the grant should it be awarded.

- **Grant Application Approval Form**
 - Grant applicants must submit the Grant Proposal Summary ([Exhibit A](#)), the Grant Application Approval Form ([Exhibit B](#)), and the full grant application for approval by the appropriate University administrator(s) at least five (5) working days prior to the application deadline.

□ **BUDGETING**

While grants may operate independently from normal University operations, they are still largely a part of the University budgeting process and therefore need to be given appropriate attention. Grants operating on a non-fiscal year basis will need to take contract adjustments and other related changes into consideration as well, since these changes are effective July 1 of each fiscal year. The Grants Coordinator and Payroll Administrator are also available to assist with the budget process as it relates to these changes. The budget form provided by the granting agency should be utilized. If a standard form is not provided, Principal Investigators should work with the Grants Coordinator to develop a budget form that will work best for their grant.

- **Salaries and Benefits**

All salaries and benefits charged to grants will be based on existing and approved positions and should reflect this information as well as the amount of contractual increases due in the grant period. This information should be obtained from the Payroll department to ensure that proper amounts are being used as the rates charged for benefits change periodically.
- **Indirect Costs**

The University's established indirect cost rate (ICR) is 60% on a base of salary and wages including all fringe benefits. If allowable by the granting agency this rate **MUST** be applied in all proposals and awards. Any proposal that deviates from UIU's ICR must be approved by the applicable administrator(s) as outlined in the Indirect Cost Rate Waiver Form ([Exhibit C](#)), which must then be submitted with the Grant Proposal Summary ([Exhibit A](#)) and Grant Application Approval Form ([Exhibit B](#)). Indirect cost reimbursements are determined based on the application of the University's ICR, which has been negotiated with DHS. The ICR is calculated in accordance with the requirements contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards published by the OMB. In accordance with this policy, indirect cost recovery funds received by the University are shared with PIs and their schools in order to support their continued involvement in sponsored activities. To this end, indirect cost funds will be distributed as follows as funds are received from the grantor:

 - **50% - University General Fund** – Fifty (50) percent of the net

indirect cost funds will be deposited into the general fund to cover the overall facility and administrative costs associated with grant operations. Funds will be used at the discretion of the Vice President for Finance and Administration.

- **50% - The PI** – Fifty (50) percent of the net indirect cost funds will be distributed to the PI's agency fund, to support current and future research and projects. Funds may not be used for compensation purposes. If there are co-PIs, this part of the net indirect cost funds will be distributed among them to support current and future research and projects.

The availability of and access to ICR funds is contingent upon continued employment at the University. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards may be found as cited below.

- **Cash Match**

Some grants require the University to meet a cash match in order to qualify for funding. Cash match budgets should be developed with the assistance of the Grants Coordinator and because there are certain advantages to budgeting for costs under the grant as opposed to the cash match. Further, cash match requirements are met using operating funds, so it is important that all cash match requirements be identified during the budget process to ensure the funds are secured. *Indirect costs can (and should) be used to meet cash match requirements when allowed under the grant.*

- **UNIFORM GUIDANCE**

The [Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#) (Uniform Guidance) were released on December 26, 2013. The Uniform Guidance streamlines and supersedes guidance that was previously contained in eight different OMB Circulars, including A-110, A-21, and A-133. The new guidance consists of definitions, uniform administrative requirements (both pre- and post-award), cost principles, and audit requirements. The Uniform Guidance administrative requirements and cost principles apply to new funding awarded on or after December 26, 2014. Some Federal agencies will also apply the Uniform Guidance to incremental funding awarded after December 26, 2014. The procurement standards in the Uniform Guidance took effect July 1, 2018. Existing Federal awards will continue to be governed by the terms and conditions under which they were awarded. Carryover funds may or may not be subject to the Uniform Guidance, depending on the Federal awarding agency.

- **CASH MANAGEMENT**

When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. PIs should work with the Grants Coordinator to ensure timely drawdown of funds. When funds are advanced,

recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. Certain granting agencies may stipulate that funds are to be held in an interest-bearing account. As such, a waiver request may need to be submitted to allow for funds to be maintained in a non-interest-bearing account. PIs should work with the Grants Coordinator when such a waiver is necessary.

□ **EFFORT VERIFICATION/CERTIFICATION**

It is the responsibility of the PI to verify the effort of all personnel related to his/her sponsored project. For all sponsored projects with salary expenses, a report will be provided to the PI on a quarterly basis to review the salary expenses and percentages charged to a particular grant since the last report. The PI should review the report and send an e-mail or a signed copy of the report to the Grants Coordinator certifying that the expenses are correct or listing any corrections that are needed. This quarterly certification form is required by OMB Circular A-21 as a means of documenting 100% effort for those personnel whose salary or wages has been either directly charged to grants and contracts, paid from other funds where it has been identified as cost sharing, or paid from other Federal sponsored funds.

□ **REPORTING**

There are generally three different reporting requirements associated with grants: financial reporting, performance reporting, and specific grant-required reporting. Reporting deadlines are outlined in the final grant award document and should be given appropriate attention to ensure all deadlines necessary to maintain compliance are met. While the Grants Coordinator is available to assist with the preparation of such reports, the grant manager (PI) is ultimately responsible for adhering to the deadlines and maintaining compliance.

□ **RECORDKEEPING**

At a minimum, financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained with the Grants Coordinator for a period of three years from the date of submission of the final expenditure report. Awards renewed quarterly or annually will be held three years from the date of the submission of the quarterly or annual financial report, as authorized by the awarding agency. Requirements may vary by granting agency; therefore, PIs should refer to specific requirements contained in the grant award documents.

□ **UNIVERSITY AUDIT REQUIREMENTS**

As a part of the annual University audit performed by an independent accounting firm, auditors review grant files to ensure compliance with the grant award documents. As a result, it is necessary for the Grants Coordinator to maintain the official grant files for the University. It is imperative that these files be complete and accurate, which means all grant applications, grant awards, and supporting documents must be forwarded to the Grants

Coordinator. PIs should keep copies of all grant documents. The Grants Coordinator must be made aware of any impending audits and/or reviews. Internally, the Grants Coordinator will periodically perform audits of the grant files to ensure they are both complete and accurate. If it is found that records are missing from the files, PIs will be required to send the appropriate documentation to the Grants Coordinator in Academic Affairs.

RULES, PROCEDURES, GUIDELINES, FORMS, AND OTHER RELATED RESOURCES

- [EXHIBIT A – Grant Proposal Summary](#)
- [EXHIBIT B – Grant Application Approval Form](#)
- [EXHIBIT C – ICR Waiver](#)
- [EXHIBIT D - Effort Report Form](#)
- [EXHIBIT E – Effort Reporting Guidelines](#)
- [EXHIBIT F – Participant Support Costs Guidelines](#)

CONTACTS

Acting as the Policy Owner, the Grants Coordinator is responsible for answering questions regarding the application of this policy.

SANCTIONS

N/A

HISTORY

2019-2020 – Grants Management Handbook perceived as not being easily usable; Grants Management Ad Hoc Committee, composed of faculty, Grants Accountant (now Grants Coordinator), and Compliance Coordinator, constituted and made progress on developing a Grants Management Policy; separate Grants Management and Indirect Costs policies drafted, then combined.

May 13, 2020 – Combined policy recommended by Faculty Senate.

May 27, 2020 – Combined policy recommended by University Policy Committee (UPC).

June 15, 2020 – After more changes, policy was again recommended by UPC.

September 9, 2020 – Policy was again recommended by Faculty Senate.

September 16, 2020 – Policy was recommended by the President’s Council to the President, who approved the policy.