

The background features a collage of blue-tinted images: a pen, a stack of papers, a hand holding a pen, and various US dollar bills. The text is overlaid on this collage.

# **Principal Investigators Handbook**

*Managing Your Research Dollars*

A photograph of a large, multi-story brick building with arched windows and a central entrance, identified as Spelman College.

*Spelman College  
Office of Budgets and Contracts  
Spring 2002*

.....*So you've been awarded a grant...What Next?*

The process of financial management of the sponsored project is a collaborative effort primarily between the Principal Investigator (PI), Controller's Office and Office of Budgets and Contracts. The Controller's Office and Office of Budgets and Contracts are departments within the Division of Business and Financial Affairs. This guide details:

- The process by which an award is received, an account established, and funds expended,
- The relationship between the financial offices of the college and the PI,
- The role of each office involved in financial management of the grant,

It also includes a brief guide to post-award management. Because the Office of Budgets and Contracts has generated this guide, you may notice that more detail has been provided about the role and policies of this office. However, the Controller's Office and several other offices will be mentioned in this guide with a brief description of their functions in the process of post-award management. For further details about these offices, we encourage you to contact the appropriate individuals in each office (see Directory) for clarification.

## NOTES

## NOTES

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## The Post Award Process

## NOTES

### Section I

When a proposal is funded, the PI and Office of Sponsored Programs are notified through a “Notice of Grant Award.” This document may include the grant award number, name of the PI, name of sponsoring agency, total amount of award by year, cumulative total, and start and end dates of the current years funding. The Office of Sponsored Programs will forward a copy of the notice award, along with terms and conditions of the award to the Office of Budgets and Contracts. At this point, the Office of Budgets and Contracts will:



- Generate a budget code which will be activated in the BANNER system
- Generate a file which will include:
  - Compliance checklist
  - Budget transfers/adjustments
  - Contract/award notification
  - Financial statements/reports
  - Original proposal
  - Banner Input Sheet (internal Office of Budgets and Contracts form used to set-up a new/revised budget in the BANNER system)

Prior to establishing budget codes and the initial budget in BANNER, the Office of Budgets and Contracts will contact the PI confirm the distribution of awarded monies between line items and release time (if applicable). This confirmation may be submitted via e-mail. (In the future, we will accept submissions of this information on the budget worksheet form on the Office of Budgets and Contracts website ([www.spelman.edu/budgetsandcontracts/index.html](http://www.spelman.edu/budgetsandcontracts/index.html))).

## NOTES

Although a detailed budget is often in the proposal, sometimes an increase or decrease in funding may warrant a revised budget. However, if the budget is to remain exactly the same as the proposed budget, the PI may document this via e-mail to the Office of Budgets and Contracts. In such cases, the Office of Budgets and Contracts will utilize the proposed budget to establish the budget in the BANNER system associated with that award. At this time, the PI will also be contacted to arrange a brief orientation meeting time with Office of Budgets and Contracts to review pertinent financial management issues associated with his/her award. PIs with grant award management experience will be issued a PI handbook and compliance report for their award via campus mail, and may arrange a meeting with Office of Budgets and Contracts at their discretion.

When the budget is established, a copy of it will be forwarded to the PI via e-mail, and he/she may begin to make expenditures against the account via the Purchasing Office (purchase requisitions) and/or the Controller's Office (check requests). If the PI does not already have BANNER access, the PI should now obtain a BANNER userID and password in order to log onto the BANNER system's budget module and monitor account activity. PI's (and anyone that the PI would like to have access to the account information) may apply for a BANNER account through Lotus Notes. Please contact the Director of BANNER Services for more information. The PI and others with access to the budget information may also wish to attend BANNER training. You may contact MIT for times, dates and location of these training sessions.

### *Receiving Payment for Sponsored Projects*

All federal agencies making sponsored program awards are requested to transmit funds directly to the Controller's Office. These funds are generally acquired through an automated drawdown of funds or an invoice to the agency. If the award is a subcontract, usually the college must invoice the contractor in order to receive payment. These invoices are generated in the Office of Budgets and Contracts. Please refer to the compliance report in the orientation packet to determine when the contractor will be invoiced for payment.

## Spending Your Money

There are several ways to spend money at Spelman College. The method by which purchases/expenditures are made is dependent upon: 1) what is being purchased 2) reason for incurring expense and 3) vendor's policies for credit/payment.

Typically, supply items are purchased through purchase orders and reimbursements and service payments are made through checks.

### *When to utilize a Purchase Order*

The appropriate and college approved process to purchase all supplies, equipment and services (laboratory, instructional, office, etc.), is to utilize a purchase order. The following are the steps to make purchases utilizing purchase orders:

- 1) Submit an on-line purchase requisition form through the BANNER system. Training for this procedure is periodically provided by the Purchasing Department. Employees are notified of the times and dates of these sessions via e-mail.
- 2) Office of Budgets and Contracts will review purchase requests for compliance to grant terms and conditions (allowable vs. disallowable costs, etc.)
- 3) Approved requisitions will be processed as purchase orders.
- 4) The purchase order will be assigned a number and mailed or faxed (according to specifications on requisition) to the vendor.

## Directory

### Office of Budgets and Contracts

	Telephone No.	Location
Director-Rhonda Honegan	x 5075	Rockefeller 300E
Sr Administrative Assistant/Database Coordinator Mariolynn Foston	x 5076	Rockefeller 300G
Budget & Financial Planning Mgr Asella Braxton	x 5078	Rockefeller 300D
Assoc. Director- Dawn Alston	x 5077	Rockefeller 300B
Sponsored Programs Analyst-Charlene Fontaine	x 5079	Rockefeller 300C

### Controller's Office

Controller- April Austin	x 5153	1st Floor Packard
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### Payroll Department

Eleanor Hatton	x 5166	1st Floor Packard
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### Administrative Support Services

#### Purchasing Department

Director- Jackie James	Rockefeller 1	x 5111
Asst. Director-Ronald Borgelin	Rockefeller 1	x 5113
Buyer II- Ernest Wright	Rockefeller 9	x 5116
Buyer I	Rockefeller 9	x 5115

**Pre-Award Costs-** Costs incurred prior to the actual start date of the award, see the PI handbook for policies governing these types of costs

**Prior Approval-** Approval issued by the sponsoring agency for certain expenditures and fiscal management issues. See the PI handbook for information regarding prior approval policies

**Project Period-** The period assigned to complete the awarded project, can be between 1 and 5 yrs long

**Purchase Requisition-** Form utilized to generate purchase orders for the purchase of supplies, etc. When utilizing the purchase order expenses become encumbered until invoiced

**Restricted Funds-** Funds for which expenditures must comply with federal government terms and policies.

**Subcontract-** A formal cooperative research relationship with another organization, generally a college or non-profit research center, that is part of a sponsored agreement/proposal accepted by Spelman College and the other organization participating in the research project or provides a required service to complete the research project.

**Supplemental Award-** See incremental award

**Unallowable Cost-** A cost not in compliance with the terms and policies of the awarding agency

**Unexpended Funds-** Funds which are not encumbered nor spent during the life of the award

Most vendors are willing to accept purchase orders from educational institutions, especially if the college has already established an account with the vendor. If you have additional questions about this procedure please contact refer to the Purchasing Department General Organization and Administrative Policies.

When you have received your shipment, maintain a copy of the packing slip. An invoice should be received soon after you receive your shipment. The PI/budget manager should sign the invoice and submit it to the Controller's Office for payment. The Controller's Office will generate a check and send it to the vendor.

#### *When to utilize a check request*

If a vendor is unable to extend credit to the college and requires pre-payment, a check must be generated in order to pay for items/service. In such cases, the vendor/service provider must provide an invoice or appropriate documentation justifying the expense. Common examples of when it is appropriate to generate a check for payment are: 1) travel reimbursements/reservations (hotel or flight)\*\* 2) establishment of drawdown accounts. The process by which the college generates a check is:

- 1) A check request and supporting documentation is completed by the PI/budget manager and submitted to the Controller's Office
- 2) The Controller's Office forwards check requests that require the approval of the Office of Budgets and Contracts office to B&C
- 3) Office of Budgets and Contracts routes approved check requests back to the Controller's Office
- 4) Staff in the Controller's Office will process the check request and generate the check
- 5) Check may be mailed directly to recipient or picked up from the Controller's Office

\*\* If the reimbursement is associated with a travel expense, an expense report must be submitted with the check request. Please contact the Controller's Office for more details.\*\*

Please consult the Controller's Office in reference to Spelman College's Travel Policy.

For additional Information, refer to the Division of Business and Financial Affairs Policies, Procedures and Guidelines Manual. This book may be obtained from Administrative Support.

*Finally, let's not forget salaries and wages...*

Part of spending the money is paying salaries and wages to individuals carrying out the work of the funded project. In order to hire a new staff employee on a sponsored project account, the PI should initially submit a Personnel Requisition to Human Resources. The personnel requisition will include the budget code for which the salary and fringe should be charged. This initial requisition is very important, because it also allows the Office of Budgets and Contracts office to verify the budget code to be utilized for salaries and wages on the grant award. Human Resources and the payroll department will handle additional actions and paperwork. The process for hiring a new faculty member on a sponsored project is the same as that for the staff, except that the requisition should be submitted to the Provost's Office.

Any participation of an existing Spelman faculty employee on a sponsored project, (to include: activities of the PI, supplemental duties, replacement and/or release time and summer wages) must be documented in the form of a memo and submitted to the Office of the Provost. This memo should include the employee's name, salary request, social security number, position number, budget code number, period of employment and release or replacement time. The PI should refer to Faculty and Staff Compensation Policies for additional information. In addition, please refer to the attached glossary to distinguish between release and replacement time.

If a PI would like to hire an existing Spelman staff employee to perform supplemental duties on a sponsored project, the PI should consult human resources to determine dual employment policies for Spelman staff employees and the appropriateness of salary request, especially for salaried (exempt) employees. If human resources approves the request, the PI should submit a PAF to human resources.

**Carryover-** Unobligated and unexpended funds from a previous budget year which are to be expended during the current budget period; see PI handbook for terms and conditions

**Budget Period-** Dates assigned by the sponsoring agency during which time funds may be expended, usually 1 yr period

**Cost Principles-** The principles as set out in applicable statutes, regulations, grantor instructions, Office of Management and Budget Circulars and generally accepted accounting rules used for determining allowability, reasonableness, and allocability of costs applicable to grants, contracts, and other agreements.

**Deficit-** The excess of expenditures over revenues (authorized budget) during an accounting period or award/project period for grants and contracts.

**Direct Costs-** Those costs that can be identified specifically with a particular activity within a sponsored project (i.e. supplies, salaries and wages, travel, etc.)

**Encumbrance-** All monies committed for the purchase of an item or service; these funds have not actually been disbursed yet, however, they cannot be spent. These funds become expenditures when commitments have been paid for.

**Equipment-** Tangible assets acquired through donation, gift, purchase, capital lease, or self-construction with a life expectancy greater than one year and valued over \$5,000.

**Expenditure-** All monies used during the budget period to purchase tangible items in addition to payment of services

**Expanded Authority-** Authority granted to grantees to take certain actions without sponsoring agency prior approval. See PI Handbook for further detail

**Incremental Award-** Additional funding granted to an existing award, also referred to as a supplemental award

**Indirect Cost-** Costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. Also referred to as F&A costs

**Obligated Funds-** Funds that are unexpended but are encumbered at the end of a budget period or project period

## Glossary

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**A-21** – The OMB Circular establishing the cost principles for allow-ability of costs incurred by institutions of higher education under fed-erall sponsored agreements.

**A-110** – Circular published by the Office of Management and Budgets (OMB) (federal government agency) establishing adminis-trative policies for fiscal management of grant awards in non-profit and higher education institutions

**Allocable Cost-** A cost is allocable to a particular cost objective (i.e., a specific function, grant project, service, department, or other activity) in accordance with the relative benefits received. A cost is allocable to a project where it is treated consistently with other costs incurred for the same purpose in like circumstances and

- (1) Is incurred specifically for the award; or
- (2) Benefits both the award and other work and can be distributed in reasonable proportion to the benefits received; or
- (3) Is necessary to the overall operation of the organization.

**Allowable Cost-** A cost incurred by a recipient meeting the fol-lowing requirements:

- 1) Reasonable for the performance of the award;
- 2) Allocable;
- 3) In conformance with any limitations or exclusions set forth in the federal cost principles applicable to the organization incurring the cost or in the Notice of Grant Award as to types or amount of cost items;
- 4) Consistent with internal regulations, policies and procedures that apply uniformly to both federally-funded and other activities of the organization;
- 5) Accorded consistent treatment;
- 6) Determined in accordance with generally accepted accounting principles; and
- 7) Not included as a cost in any other federally funded grant

Student employees (hired under a sponsored project) receiving pay-ment on an hourly basis or for providing a service to the college (i.e. research in the laboratory, etc.) are also paid through payroll. The PI/ budget manager must submit a student PAF to the Office of the Pro-vost for approval with proper budget code to initiate payment. The PAF will be forwarded to human resources and payroll for process-ing. Please address questions regarding this procedure to payroll.

Please note that this process is applicable to students receiving pay-ment for a service. Students receiving stipends or scholarships should be paid through the controller's office. Please contact the controller's office for details regarding this process.

## Financial Management of the Award

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### Section III.

The financial management of the grant is shared by the Principal Investigator, the Controller's Office and the Office of Budgets and Contracts.

#### *The Role of the PI/Budget Manager*

The PI/Budget Manager is directly responsible for the approval of expenditures associated with the grant.

- This includes, but is not be limited to, direct purchasing of equipment and supplies, initiating payroll actions, initiating budgetary adjustments, and travel expenditures.
- He/She should also maintain a ledger of all expenditures to assure that funds do not become overdrawn, and all expenditures comply with the approved budget.
- The PI should become familiar with Spelman's automated accounting system (BANNER) (see Section I). This will allow the PI/Budget Manager to regularly reconcile his/her records with the records maintained by the College. If this is done on a monthly basis, any discrepancies between your records and the college's (BANNER) may be recognized and corrected in a timely fashion.

#### *The Role of the Controller's Office*

The Controller's Office is responsible for all record keeping functions, account analysis and reports. In addition, the Controller's office also processes payments for all expenditures incurred. All check requests, invoices supported by purchase orders, stipends, payroll disbursements, grant sponsored tuition payments, travel reimbursements, and petty cash requests are processed in this office. All deposits to grant accounts are received and accounted for in this office. In addition, this office also maintains all property records. The Controller's office also includes the Payroll Office.

## Reporting

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### Section VI.

#### *Monthly Detailed Budget Reports*

The PI/Budget Manager is encouraged to review your monthly budget status report on-line through the BANNER system.

#### *Technical and Progress Reports*

The principal investigator should submit progress reports and/or final technical reports to the sponsoring agency. Copies of required reports should also be forwarded to the Office of Sponsored Programs. Such reports are considered separate from financial reports. The Office of Budgets and Contracts and the Controller's Office are responsible for the submission of all financial reports. Federal Financial Reports include financial status reports (Form 269), cash drawdown reports (Form 272) Inventory reporting, etc. All financial status reports (form 269) are generated in the Office of Budgets and Contracts. Other forms (272-cash drawdown and inventory reports) are generated in the Controller's Office.

The federal financial reports (269) are generally due 90 days after the end date of each budget period. A final financial status report is generally due 90 days after the project period end date. Although the financial status reports are the responsibility of the Office of Budgets and Contracts, the PI will be consulted as to the accuracy of expenditures reflected in the BANNER system. If discrepancies are noted, these should be addressed to the appropriate office (See section IV) and rectified prior to submission of the financial report. A copy of the report will be forwarded to the PI prior to forwarding it to the sponsoring agency. The due dates for all reports can be found on your compliance worksheet issued at your PI orientation.

Financial reporting for funding from private sources is also required. Report due dates for private industry may vary dependent upon the grantor policy. All financial reporting for the private industry grantors is done in the Office of Budgets and Contracts. If you have further questions about financial reporting, please contact the Office of Budgets and Contracts.

***Expanded Authority***

In some instances a sponsoring agency may grant some of the authorities usually retained by the sponsoring agency to the grantee. Grants which often fall under this jurisdiction are research grants (R series), and program project grants (P01). In using these expanded authorities, grantees must ensure that they exercise proper stewardship over Federal funds and that costs charged to the awards are allowable, allocable, reasonable, and consistently applied regardless of the source of funds. Expanded authorities are not provided under awards to individuals. Also certain grantees may also be excluded from expanded authorities. If excluded, the awarding agency will indicate this change from the standard terms and conditions. This may include grants or grantees that require closer project monitoring or technical assistance, such as clinical trials and certain large multi-project grants. Please note that the PI compliance report indicates whether the award is supported under expanded authority

When a grant is under expanded authorities, the grantee may take the following actions without the prior approval of the awarding agency unless one or more of these authorities is overridden by a special term or condition of the award.

- 1) No-Cost Extension- NTE a 12 month period after project end date,
- 2) Carryover of unobligated funds- However, when submitting the SNAP form (progress report submitted to sponsoring agency at the end of each budget period), if the amount to be carried over is greater than 25% of the total costs of the budget, a justification must be submitted to the Office of Sponsored Programs and forwarded to the Office of Budgets and Contracts detailing how this amount will be expended during the next budget period.

***Record Retention***

As a general rule, to comply with federal regulations, all documentation should be retained for a minimum of three years after the termination of the project.

***The Role of the Office of Budgets and Contracts***

The Office of Budgets and Contracts office generally provides technical contractual advice and the financial information necessary to effectively manage sponsored projects. Specific responsibilities of this office include:

- Review of pre- and post- award budgets for compliance with grant terms and conditions
- Preparation of the award budget in accordance with the PI's approved budget and the policies of the college; this will include establishing an internal budget code number for the award in BANNER
- Review and approval of restricted expenditures for compliance with grant terms and conditions
- Preparation of financial reports as required by grantor
- Review, processing and approval of budget adjustments including transfers of funds between line items
- Request approval of payments for most subcontracts
- Approval of payments to co-participants of sub-contract agreements

## Section IV

***Now that I know what the offices do... How do they work together to manage my money?***

The offices under the larger umbrella of the Division of Business and Financial Affairs cooperatively work to manage and monitor the financial affairs of sponsored projects. However, each office has a specific and separate function that allows for "checks and balances."

In short, the Office of Budgets and Contracts "opens the account" and provides approvals for expenditures, the Controller's Office records transactions (expenditures) in BANNER, collects the funds, and processes payments and the PI determines how the money is spent.

The Office of Budgets and Contracts will at no time input any charges into BANNER against an account. Purchase requisitions and check requests submitted to the Controller's Office and/or the Purchasing Department by the PI are only routed to Office of Budgets and Contracts for approvals.

This review is solely done to ensure compliance of purchase/ payment requests to grant terms and conditions. Likewise the Controller’s office will not create line items or make other adjustments to any sponsored project budget.

Finally the PI should always maintain copies of supporting documents of all expenditures. This will enable the PI to reconcile his/ her records with the general ledger maintained in BANNER (see section III). Discrepancies in account item expenditures should be addressed to the appropriate office. A general listing of such is as follows:

In general, if a purchase requisition was generated to make the purchase, any questions about its entry into BANNER should be directed to the purchasing department in the Controller’s Office. Questions in reference to check requests and payroll entries should be directed to the Controller’s Office. Questions regarding budget

Account Item with Discrepancy In Expenditures	Office Which Addresses Issue
Salary Lines (faculty, staff and student)	Payroll/Controller’s Office
Travel (faculty and student)	Controller’s Office
Consultant	Controller’s Office
All other Direct Costs	Purchasing/Controller’s Office

set-up, budget adjustments and compliance should be addressed to the Office of Budgets and Contracts.

program officer should be copied to Office of Sponsored Contracts and Office of Budgets and Contracts. Upon receipt of no cost extension requests, generally, Office of Budgets and Contracts will adjust the end date of the project period, which will allow spending to continue utilizing the most current budget code numbers. However, in cases where funds are being carried forward from several years, a new budget code may be issued to include all consolidated funds to be spent during the extension period. Please contact Office of Budgets and Contracts in regards to your specific grant award and situation.

***Transferring Funds Between Account Line Items***

Generally, federal regulations grant some latitude in the area of budget adjustments between direct cost categories. Uniform administrative federal guidelines for educational institutions state that “the federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs in which the Federal share of the project exceeds \$100,000 and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget (A-110 25.e.4.f).” However, many federal agencies (NIH, NSF, etc.) have increased the transfer percentage requiring prior approval to as much as 25% of total costs. Please refer to your individual compliance abstract to note the maximum allowable transfer amount without prior approval.

Although budget transfers are allowable, please note that generally, funds cannot be transferred from trainee lines (i.e. student wages, scholarship, etc.), F&A costs, salary and fringe lines. If a request is submitted to transfer funds from salary and wage lines, please verify that the amount left in the salary lines is enough to cover all personnel salaries during that budget period. Please note that transfer of funds from salary lines is only allowable with restricted funds (sponsored projects). Funds available from unrestricted budgets may not be transferred out of salary and fringe line items.

It is the responsibility of the PI to initiate all budget transfers. In order to request a budget transfer, the PI must submit a Budget Transfer Request Form (see appendix) to the Office of Budgets and Contracts. Please note that the form must be approved by the PI and the Provost prior to submission to the Office of Budgets and Contracts. Upon receipt of the form, the Office of Budgets and Contracts office will review for compliance to federal guidelines (i.e. exceeding maximum transfer, etc.), approve and make the appropriate adjustments to the budget. If you have any additional questions, please contact the Office of Budgets and Contracts.

### *Absence or Change in Status of the Principal Investigator*

If a PI must discontinue active direction of a project during a continuous period in excess of three months, the approval of the sponsor is required. (See OMB circular A-110). Requests to change the PI must have the approval of the Sponsored Programs Office prior to submission to the sponsoring agency. The PI should also consult the Office of Budgets and Contracts with regards to changes in salary lines (should be commensurate with the salary of new PI) and release time.

### *Carry Forward of Unobligated Balances and No-Cost Extensions*

Generally, carryover of unobligated funds from one budget period to another requires written prior approval from the sponsoring agency (with the exception of those federally sponsored awards falling under expanded authority). However, sponsoring agencies have different policies regarding funds which are unobligated at the end of the budget periods in multi-year grants or contracts. Please consult your compliance abstract to determine specific policies relating to your award.

If prior approval from the sponsoring agency is required for carryover of unobligated funds, initial contact should be made to the Office of Sponsored Programs to facilitate the process. Please note that a PI is only able to carryover the unobligated balance as listed in the BANNER general ledger. Therefore, prior to submitting carryover requests, it is recommended that the PI review the status of his/her account in the BANNER system. If there are discrepancies, please contact the appropriate office so that an accurate total may be reported in the carryover request.

Final reporting of unobligated funds must be submitted with the approval of the Office of Budgets and Contracts; therefore the PI should contact the Office of Budgets and Contracts at least 30 days prior to submission of carryover requests so that the PI can reconcile his/her ledger against the account in the BANNER system.

If all funds have not been expended due to circumstances beyond your control, it is then appropriate to request a no-cost extension. A no-cost extension is to allow you to complete the specific aims of your project with no additional funding. The PI should contact his/her program officer at least 10 days prior to the end of the project period end date to make the request. Any correspondence to the

## **Special Circumstances and Post-Award Changes Section V.**

The extent to which a principal investigator can authorize expenditures that differ from those set forth in the agency approved scope of work and budget varies from agency to agency. In some cases, **any** deviation from the approved scope of work or budget requires prior agency approval. Therefore it is essential that the principal investigator and department representative understand the terms of each specific contract or grant prior to requesting that any transactions be made that deviate from the originally approved budget. Please note the Federal Government Office of Management and Budget and (OMB) in circulars A-110 and A-21, established the policies listed in this guide that are applicable to the management of federal funds at educational institutions.

### *Where can I find the terms and agreements associated with my grant?*

Pertinent budgeting information including allowable costs, spending and approval policies, budget period, budget transfer policies, and carry-over and extension policies are logged into a database for each individual grant maintained by the Office of Budgets and Contracts. This database will generate a report that will be disbursed to PIs in an orientation to discuss pertinent information about fiscal management. General terms and conditions of the grant are also listed in the "Notice of Grant Award." Policies and regulations for individual grants may also be found on the grantor's website. General policies for all federal grant fiscal management may be found on the Office of Management and Budgets (OMB) website ([www.whitehouse.gov/omb/](http://www.whitehouse.gov/omb/)). Listed below are common grantor websites:

National Institutes of Health-[www.nih.gov](http://www.nih.gov)  
 National Science Foundation-[www.nsf.gov](http://www.nsf.gov)  
 Department of Education-[www.edu.gov](http://www.edu.gov)  
 Department of Energy-[www.doe.gov](http://www.doe.gov)  
 National Aeronautics and Space Administration-[www.nasa.gov](http://www.nasa.gov)

The Federal government has issued two circulars that are particularly informative for fiscal management of federally sponsored projects in educational institutions. These circulars are A-110 and A-21. If you have specific questions pertaining to budgeting policy associated with your award please contact the Office of Budgets and Contracts.

### ***Prior Approvals***

Many sponsored project agreements require written approval from the sponsoring agency prior to making substantive or major financial changes to the award budget. Cases requiring prior approval may include transfers between line items classified as not allowable (may vary between awards and agencies), changes in PI or level of effort, and changes in end date (e.g. non-competing extensions).

When prior approval is required, the PI is responsible for initiating the request in writing and justifying the requested changes. The written request should be initially forwarded to the Office of Sponsored Programs for review. If the issue is budgetary, Office of Budgets and Contracts will review the request to ensure that any salary changes and/or release times are appropriate and accurate. Following the review, the Office of Sponsored Programs will forward the request to the sponsoring agency.

Changes to the project will not be made until written approval is received from the sponsoring agency. Please note that some awards are classified under expanded authority. In such cases, the college is permitted to approve some of the above-mentioned changes without obtaining prior approval from the sponsoring agency. Please contact the Office of Budgets and Contracts if you have further questions about prior approvals as related to fiscal management.

### ***Pre-Award Costs***

Under certain circumstances, a sponsoring agency will allow the College to incur expenses on a research project prior to the actual start date without that agency's approval. If pre-award spending is a policy of the grantor, generally expenses can be incurred up to 90 days

prior to the actual award date. However, this option should be utilized only in extreme cases. Justification to incur pre-award costs include maintaining the continuity of a continuing grant, to obtain necessary start-up equipment or supplies, or to hire staff for planning of activities to be accomplished through the funding. Please note that any pre-award costs must be allowable and should not require prior approval from the sponsoring agency.

It is the responsibility of the PI to request approval for pre-award spending from **Office of Budgets and Contracts**. In order to obtain the College's approval for pre-award spending, the following conditions must be met:

- A firm commitment, **in writing**, from the funding agency to issue the grant or contract (verbal agreements will not be accepted)
- Documentation of an essential need to advance or commit the funds
- Identification of alternative funding to cover the risk of a delayed start date or failure of an agency to make an anticipated award

### ***Expenditures in Excess of Budget, Deficits and Disallowed Expenses***

The PI should make every effort to monitor that project expenses remain within the limits of the approved budget. If BANNER incorrectly indicates that your account(s) are overdrawn please contact the appropriate office to rectify the discrepancy. However, if an account has been legitimately overdrawn, depending on the account, a budget transfer may be utilized to cover expenditures in that particular account (Please note that federal guidelines may restrict the transfer of funds from certain account lines.) If salary and wages lines have been legitimately overdrawn please contact the Office of Budgets and Contracts immediately.

In order to avoid overdrafts on an account, the PI should monitor expenditures. If you have any questions in regards to whether something is an allowable cost or not, please contact the Office of Budgets and Contracts for clarification.