

Post Award Procedures

PPM Chapter 7050

Revised June 15, 2016

Table of Contents

.010	Introduction
.015	Agreement and sponsor types
.020	Subrecipient agreements
.025	Consultant and Other Professional Service Agreements
.030	Sponsored agreements in the K-State accounting system
.035	Overdraft accounts
.040	Program income accounts
.045	Budgets in FIS for sponsored agreements
.050	Externally funded general support agreements
.055	Applicable Federal regulations
.060	General rules for costs
.065	Cost items that require prior written approvals
.070	Additional guidance for specific costs
.075	Unallowable costs
.080	Programmatic changes that require prior approval
.085	Invoices to Sponsors
.090	Deposits
.095	Collection of overdue amounts from sponsors
.100	Financial Reports
.105	Technical Reports
.110	Special close out procedures - Fixed price agreements

.115 Transfers of equipment to another university

.120 Record Retention

.125 Federal Acquisition Regulations (FAR) – Federal contracting

.010 Introduction

Sponsored Programs Accounting (SPA), within the Division of Financial Services (DFS), is responsible for post-award financial compliance and fiscal administration of all grants, contracts and other agreements accepted at K-State by the Office of Research and Sponsored Programs (ORSP) through the office of PreAward Services (PAS). Responsibilities assigned to SPA include:

- Establishing and maintaining the official file for each agreement for audit purposes.
- Preparation and submission of required financial reports to sponsors.
- Invoicing, collection, and deposit of funds from sponsors.
- Monitoring and review of expenditures for compliance with sponsor guidelines and regulations, including costs committed as matching or cost sharing.
- Documentation of personnel expenses (effort) as required in federal guidance.
- Serving as primary contact for all financial audits involving sponsored agreements, including the State of Kansas Federal Statewide Single Audit.
- Preparation and negotiation of the Facilities & Administrative (F&A) Cost Rate agreement with the Federal government.

.015 Agreement and sponsor types

1) Types of Federal Awards:

The term “grant” is often used generically at K-State when referring to sponsored agreements. When working with the federal government, however, “grant” refers to a specific type of agreement. There are three funding mechanisms commonly used by federal agencies for agreements with universities, two of which relate to the provision of assistance, with the third being a purchase of research services and/or other deliverables.

Assistance Awards:

- a. Grant – used when the principal purpose is to transfer a thing of value from a federal agency to a recipient to carry out a public purpose of support or stimulation authorized by a law of the United States.
- b. Cooperative Agreement -used to enter into the same kind of relationship as a grant; and is distinguished from a grant in that it provides for substantial involvement between the federal agency and the recipient in carrying out the activity contemplated by the award.

Procurement Awards/Actions:

- c. Contract – The mechanism used to acquire (procure, purchase) property or services for the federal government’s direct benefit or use. Federal procurement actions are subject to the Federal Acquisition Regulations (FAR). The FAR is

essentially a tool used by the federal contracting officer to put together a purchase contract that includes those clauses which are appropriate for specific types of purchases. More information on the FAR and reading contract clauses is provided in a later section of this chapter.

2) Other types of federal and non-federal agreements:

Other entities may award funds under a variety of names and forms. Examples include memorandum of understanding (MOU), memorandum of agreement (MOA), purchase order (PO), contract, subaward and subcontract. Federal agencies may also use one of these other types of agreements for unique situations that require something other than the three listed above.

3) Legally Binding Agreements/Contracts

All of the mechanisms discussed above meet the legal definition of a binding contractual agreement. Parties to the agreement are bound to the terms stated within, including all commitments of cost sharing or matching. The following characteristics create a legally binding agreement:

- *Offer* – subject must be explicitly stated.
- *Acceptance* – can be written, oral or implied, but must be mutual.
- *Consideration* – must be something of value exchanged.
- *Competent parties* – Both parties aware of responsibilities and enter into the agreement knowingly and without duress.
- *Lawful purpose* – activities described in the contract must be legal.

4) Sources of Funding

Within the university's accounting system, FIS, each award account is assigned to one of the three categories listed below. Federal funds cannot be comingled with non-federal funds, so separate accounts must be established in FIS if both federal and non-federal funding is provided by a sponsor under a single agreement.

- **Direct Federal:** Funding received directly from a federal agency. Examples: USDA, National Science Foundation (NSF), National Institutes of Health (NIH) or more generically, HHS), Department of Defense (DOD), etc.
- **Federal flow-through:** Federal funds received by a non-Federal entity and passed through to K-State. K-State receives flow-through funding from many types of entities, but federal funds flowing through another university is the most common. Terms and conditions of the prime federal award typically must be passed through to K-State, so these funds must be administered in the same manner as direct federal funding.
- **Non-federal:** Any funding other than federal or federal flow-through, such as other states or local governments, private foundations, associations, etc.

5) Sponsor types

Each sponsor is associated with one of the sponsor types listed below within the grants accounting module in FIS. These categories are used by SPA and other central offices to complete various internal and external reports.

- *Federal Agency*
- *State of Kansas agency*
- *Industry:* for-profit entities, either domestic or foreign.
- *Non-profit:* domestic or foreign foundations and other non-profit entities, including corporate or university foundations.
- *State, Local Governments:* any state (other than Kansas), county, municipal or other local government entity within the U.S., including state universities.
- *Other:* any sponsor that doesn't fit the above categories, such as private universities and foreign governments.

.020 Subrecipient agreements

Where the sponsored agreement includes a subrecipient in the approved budget, a formal subrecipient agreement must be prepared and signed by PAS. (See PPM Chapter 7010 for proposal budget preparation procedures.) Once the agreement has been processed by PAS, a signed copy will be passed on to SPA for account set-up and subsequent monitoring procedures, including review and approval of payments to the subrecipient.

.025 Consultant and Other Professional Service Agreements

In instances where a consultant or other external professional service providers will need to be paid, and the amount is to exceed \$5,000, additional steps must be taken by the department in order to charge such payments to the agreement. If the sponsored agreement specifically identifies the provider by name, the department must submit a sole source justification form to the Purchasing office for signature, citing sponsor approval of the provider as justification. If a specific provider was not identified and approved by the sponsor, then normal bid processes must be followed or other justifications must be cited to obtain a sole source approval from Purchasing. Once the provider has been approved or selected from submitted bids, a formal agreement must be prepared and signed by PAS. The signed agreement will be provided to SPA for subsequent review and approval of payments.

For further details related to professional services costs, please see PPM Chapter 6310 regarding sole source approvals and PPM Chapter 7010 for instructions on properly including these items in a proposal budget.

.030 Sponsored agreements in the K-State accounting system

1) Account numbers

The grants accounting module within FIS uses both an Award number and a Project number to achieve all aspects of accounting required for sponsored agreements. SPA will assign each agreement an Award number and at least one Project number. SPA will provide departments with the account number information by e-mail when a new account has been set up. Accounts are available for use in FIS the next day. The format of the award and project numbers is as follows:

- a. Award Number: XY1234

The first two characters of the Award Number are assigned based on the type of invoicing that the sponsor requires and the category of sponsor. The Award Number plays a key role in the FIS processes that SPA must use in order to produce invoices for sponsors and related accounting entries. Only one Award number is typically assigned to an agreement. In the unusual event that SPA staff must assign more than one Award number, departments will be notified.

SPA will also assign the appropriate fund source to each Award. Fund sources normally used for sponsored agreement accounts are:

- Federal and federal flow-through: 3145 or 1340
- Non-federal: 2080 or 1100

A full list of sources is available on the DFS website.

b. Project Number: GORG567890

All Project numbers in the FIS grants module begin with the letter "G". The three characters following the "G" represent the org (department) that "owns" the project. The last six digits of the Project Number are made up of random numbers assigned by the SPA office. For an agreement where multiple orgs have separate budgets, a separate Project number can be created for each org under the single Award number.

SPA also assigns the corresponding org number to each "G" project in FIS.

2) Subrecipient account numbers

Where an agreement includes one or more subrecipients, an additional Project number will be assigned to each subrecipient agreement. This allows for ease in monitoring of expenditures and ensures proper calculation of F&A (indirect) costs where applicable. The format of subrecipient Project numbers varies somewhat from the one described above. A sample is shown below.

Subrecipient Project Number: GORGXX1234

The format for the first four characters is the same as other grant project numbers. The last six digits are assigned in a different manner, however. Digits one and two after the department alpha ("XX" in the example above), are normally based on the subrecipient name to aid in correlating the account number to a particular subrecipient agreement. The final four digits will normally be the same four digits used in the corresponding Award Number ("1234" in this example, to match the XY1234 Award number above).

3) Matching commitment account numbers

When non-payroll expenditures are committed as matching in the sponsored agreement, SPA will assign a separate Project number for these costs and notify the department via e-mail. A letter containing additional information regarding matching commitments and proper accounting procedures is also provided to the department.

Matching account number: MORG567890

Matching accounts are assigned the letter "M" as the first character along with the same org and six digit number assigned to the corresponding "G" project number to aid in identification. Despite the fact that these Project numbers relate to a specific sponsored agreement, they are not set up in the grants accounting module in FIS and SPA does not assign an Award number, org, or fund source. The "M" project numbers function in FIS like other departmental project numbers that begin with "N". Funds from multiple fund sources and organizations may be transferred to a single "M" Project number and expenditures must be charged accordingly.

4) Department Notifications

Department contacts are notified by SPA via e-mail when a new account is set up in FIS. Along with the account number information, departments will receive an attachment that includes a copy of the K-State transmittal sheet and budget page(s) from the official award and in some cases, other attachments that contain compliance information. Some of the compliance related items include:

- Matching and cost sharing commitments and documentation requirements.
- Use of MBE/WBE (Minority, Women-Owned Business Enterprise) and Disadvantaged Small Business vendors.
- Need for a consulting agreement.
- Required use of E-Verify for project personnel.

.035 Overdraft accounts

Official receipt of an award may sometimes be delayed beyond the proposed start date of the project. Charges for any work incurred prior to official receipt of the award should not be charged to another sponsored agreement account. Charges may be made to either a non-sponsored departmental ("N") account, or to a sponsored account set up by SPA for the anticipated project and designated as an overdraft account. An overdraft account can be established based on verbal or written confirmation from the sponsor that the award is going to be funded. Overdraft accounts are highly recommended to minimize the risk and administrative burden associated with cost transfers.

To initiate the account set-up, an Overdraft Request form should be completed and submitted to PAS. Once the approved form is received in SPA, the normal process for establishing an Award and Project number(s) will be followed. Detailed budgets are not entered in FIS for overdraft accounts, however. Once the official award is received, detailed budgets and other information are added to the account and the "overdraft" status is removed. In the event that the award is not funded, the department must assume responsibility for all expenditures incurred.

.040 Program income accounts

Where program income is identified with a federally funded agreement, an additional account will be established by SPA in order to comply with federal guidance regarding the use and reporting of program income. SPA will use standard procedures for assigning an award and project number and for notifying the department. Additional information regarding required compliance procedures will be sent to the department along with the account number.

.045 Budgets in FIS for sponsored agreements

Budgets in FIS are set up using object code groupings known as Expenditure Categories (see listing below). Individual object codes used by K-State correspond to accounting codes required by the State of Kansas. Where K-State needs a more detailed accounting of certain costs, multiple object codes have been established in FIS, but correspond to only one object code at the state level. The official list of K-State object codes is available on the Division of Financial Services website.

Proposal budgets for sponsored awards must be prepared and submitted in accordance with varying sponsor requirements and formats. When setting up award budgets in FIS, SPA must translate the approved budget line items into the appropriate expenditure categories in FIS. This is done by using the information available in the budget and budget narrative to interpret how the line items in the budget will correspond to the K-State object codes when actually charged. Due to the difficulty of interpreting personnel classifications in proposal budgets, total salaries and benefits will be set up in the first salaries category, E1000, only for all agreements. As actual expenditures are recorded, they will be reported on FIS statements under the other salaries categories as applicable.

Expenditure Categories:

- E1000 Classified Salaries
- E1050 Classified Benefits
- E1100 Unclassified Salaries
- E1150 Unclassified Benefits
- E1200 Student Salaries
- E1250 Student Benefits
- E2000 Other Operating
- E2500 Travel
- E2600 Other Contractual Services
- E3000 Commodities (supplies)
- E4000 Capital Outlay
- E5000 Claims
- E5600 Scholarships
- E5900 Other Claims
- E7000 Non-Expense
- E8000 Subcontracts
- E9000 Indirect Cost

The above categories will be reflected on certain month-end FIS account statements. These statements will reflect approved budget amounts, actual expenditures, and budget balances remaining in the expenditure categories applicable to that award.

.050 Externally funded general support agreements

Funding that is received by principal investigators, departments, or colleges from non-K-State sources and is intended for general support of research or other scholarly activities should be processed by PAS in the same basic manner as is required for all types of external funding. Procedures for identifying and accounting for this type of funding is explained below.

- 1) General external support differs from other sponsored agreements and funding in the following ways:
 - The funds are not federal or federal flow-through.

- The sponsor has not designated or limited the time period for spending.
 - There is no invoicing required or the invoicing requirements are extremely minimal, such as an initial invoice for the total amount of funds.
 - The sponsor does not require separate accounting, detailed expenditure reporting, or the return of unspent funds.
 - The sponsor does not impose detailed rules regarding the allowability of specific expenditures. Only general expectations or preferences for use of the funds are stated.
- 2) Funds received that meet the above criteria may be commingled into one or more accounts at the option of the academic unit, under the conditions listed here:
- No more than one Facilities & Administrative (F&A) rate will be applied to a single FIS Award Number. The F&A rate appropriate for the activity for which the funds are intended (research, public service, etc.) must be applied in accordance with K-State policy. Funds for different activity types that should be subject different rates should not be commingled with other funds for convenience or to avoid assessment of a higher rate on the funds.
 - All support funds being used to meet matching commitments on other sponsored agreements must be separately accounted for. A separate account must be established and used for each sponsored agreement for which matching is committed.
- 3) When support funds are received in the SPA from PAS:
- The transmittal sheet should indicate the existing "G" account to be used for deposit or that a new account is desired.
 -
 - Departments should indicate whether their preference is to commingle funds (where possible) or establish multiple accounts.
 - If SPA determines that not all criteria listed for commingling of funds have been met, SPA will establish a separate account number using the standard sponsored account number assignment and notification procedures.
 - The six digit FIS Award numbers for general support accounts will begin with the letter "Z". The ten digit FIS Project number will follow normal "G" account numbering protocol, except that they will have "9" as the first numeric digit.
 - By definition, support funds do not have sponsor designated project or budget periods, however the grants module of FIS does require a start date, end date and close date for all sponsored agreements. Therefore, for new accounts, SPA will set the initial end date as five years from the start date, using the closest state fiscal year-end date (June 30). Renewals after five years will be automatic unless the account appears to be inactive or the department requests that the account be closed.
 - Budgets in the FIS grants module will be set at \$0 and remain at \$0 throughout the life of the account. Departments will need to review the award cash balance report for accurate and timely information regarding the amount of funds available to spend.

- Because no invoicing, reporting, or account close-out is required by the sponsor, SPA will not prepare and submit invoices, monitor the cash balances or perform collection procedures as with other sponsored accounts. Departments are responsible for monitoring the cash balances on a regular basis and obtaining funds from the appropriate external sources to ensure funds are available to cover all expenditures charged to the account.
- SPA normally monitors spending from sponsored accounts to ensure university compliance with sponsor terms and conditions. Because external general support funds do not have such restrictions, the SPA expenditure review process will not apply to these accounts. Spending will need to meet standard state and university rules, however, as with any funds in the university accounting system.
- F&A costs will be charged to the expenditures in these accounts and distributed at month-end using the same processes used for other sponsored agreement accounts.

.055 Applicable Federal regulations

As an institution of higher education (IHE), when K-State receives federal funds either directly or on a flow-through basis, the funds must be administered and expended in accordance with 2 CFR Part 200 – *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The Uniform Guidance became applicable December 26, 2014 and supersedes and streamlines requirements from eight previous OMB Circulars*. Full text of the guidance can be found at: [2 CFR 200: eCFR — Code of Federal Regulations](#).

An overview of the contents of the Uniform Guidance is listed below:

Subpart A (.0-.99):	Acronyms and Definitions
Subpart B (.100 -.113):	General Provisions
Subpart C (.200 – .211):	Pre-Federal Requirements and Contents of Federal Awards
Subpart D (.300- .345):	Post-Federal Award Requirements
Subpart E (.400 - .475):	Cost Principles
Subpart F (.500 - .521):	Audit Requirements

Appendices applicable to IHE's:

- Appendix I: Full Text of Notice of Funding Opportunity
- Appendix II: Contract Provisions for Non-Federal Entity Contracts under Federal Awards
- Appendix III: Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education
- Appendix X: Data Collection Form (Form SF-SAC)

* *The following Circulars were applicable to IHE's prior to December 26, 2014:*

- OMB Circular A-21, 2 CFR Part 220, *Cost Principles for Educational Institutions*
- OMB Circular A-110, 2 CFR Part 215, *Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*.
- OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations (and the annual Compliance Supplement)*.

.060 General rules for costs

1) Direct vs. Indirect Costs

Definitions and descriptions of direct and indirect costs are covered in the federal guidance in 2 CFR 200 Subpart E. The distinctions provided in the federal guidance are based on standard cost accounting concepts and practices and apply to all university costs, regardless of the funding source.

One of the most important aspects of the process of classifying costs as direct or indirect is understanding that it relies on the relationship of the cost to the project activities, not on the sponsor's ability or willingness to reimburse such costs. In other words, a cost that is otherwise defined as an indirect cost cannot be treated as a direct cost on a particular award simply because the sponsor of that award is not reimbursing K-State for indirect costs.

Direct costs:

Definition: Can be identified specifically with a particular sponsored project or can be directly assigned to the project relatively easily with a high degree of accuracy.

Charging practice: Only those costs that qualify as both direct and allowable (see below for discussion of "allowable") can be charged directly to a sponsored agreement account.

Cost sharing/matching: Additionally, costs that are incurred and need to be accounted for as matching or cost sharing must also qualify as direct and allowable, in the same manner as if they were to be charged to a sponsored agreement account.

Indirect costs:

Definition: Incurred for common or joint purposes and therefore cannot be identified easily or specifically with a particular sponsored agreement. They must be treated consistently when incurred for the same purpose in like circumstances.

Charging practice: Costs that meet the definition of an indirect cost cannot be charged directly to a sponsored agreement account. They must be charged to a non-sponsored account.

2) Allowable Cost Determination

Departmental staff and principal investigators are the most familiar with project activities and the costs necessary to carry out those activities, therefore they inherently bear much of the responsibility for ensuring that costs charged to a sponsored agreement account are allowable. Terms and conditions of individual awards may identify specific costs as unallowable. Certain costs are also listed in federal guidance as specifically unallowable for reimbursement as either a direct or indirect cost, but for all other costs, the basic considerations listed below (from 2 CFR 200.403-.405) are applicable.

a. Costs must be reasonable.

A cost is generally considered reasonable if the cost of goods or services acquired, in nature and amount, does not exceed that which would be incurred

by a prudent person, under the circumstances in place at the time incurred.

Major considerations involved are:

- Whether the cost is generally recognized as ordinary and necessary for the operation of the institution (indirect cost) or for the proper and efficient performance of the sponsored agreement (direct cost).
- Whether the expense meets the restraints/requirements imposed by federal and state laws and regulations, such as arm's length bargaining and conflict of interest, as well as the terms and conditions of the sponsored agreement.
- Market prices for comparable goods or services for the geographic area.
- Whether or not the individuals concerned acted with good judgment in the circumstances, considering their responsibilities to various constituents (the institution, the public, the Federal government, etc.).
- Whether the incurrence of the cost is a result of a significant deviation from established institutional practices and policies which could unjustifiably increase the cost to the Federal government.

b. Costs must be allocable.

A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if:

- The cost is incurred specifically for the federal award.
- The cost benefits both the sponsored agreement (direct cost) and other work of the institution (indirect cost) and an appropriate distribution can be approximated using reasonable, documented methods.
- The cost is necessary to the overall operation of the institution (indirect cost) and is assignable in part to the federal award (direct cost).
- Costs allocable to a Federal award cannot be charged to other Federal awards to cover cost overruns, to avoid restrictions, or for other reasons. However, costs that are allowable under two or more Federal awards may be shifted among those awards in accordance with regulations and terms and conditions in place at the time the costs are incurred.

c. Costs must conform to any limitations or exclusions set forth in these principles as to types or amount of cost items.

d. Costs must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the institution.

e. Costs must be consistently treated as direct or indirect when incurred for the same purpose in like circumstances.

f. Costs must be determined in accordance with generally accepted accounting principles (GAAP).

g. Federally-funded costs must not be used to meet cost sharing or matching requirements of any other federally-funded program in the current or prior period.

h. Costs must be adequately documented.

.065 Cost items that require prior written approvals

Per federal Uniform Guidance (2 CFR 200.407) certain costs require prior written approval in order to be either direct-charged to a federally-funded award or to be committed and used as cost sharing or matching for a federally-funded award. Basic guidance regarding SPA's review of these costs along with a summarized list of the cost items is provided below. The descriptions offered in the chart are meant to assist in the interpretation of federal guidance, but not to serve as a substitute. For official wording, 2 CFR 200 should be consulted directly.

1) Basic Guidance for any cost requiring prior approval:

In the absence of specific instructions or procedures from the federal agency or sponsor, the following criteria will be used by SPA when reviewing and approving such costs:

- a. Budget Details for Direct charges or for Cost Sharing/Matching charges
Any sponsor-specific rules or instructions for obtaining prior approval during the proposal and formal award process must have been followed. In the absence of such, the following is required:
 - The item must be clearly identified and labeled, using the federal cost description terminology in the chart below to the extent possible.
 - The same process should be used by any subrecipients who wish to direct charge or use the costs for cost sharing or matching for their portion of the award.
- b. Re-budgeting procedures:
After an award has been made, if the PI decides that an item requiring prior written approval is needed to carry out the project, a formal request for approval needs to be processed. The request should follow applicable sponsor and institutional procedures for re-budgeting and approval must be received and provided to SPA prior to any such costs being charged to the award.
- c. Non-federal funds:
Costs listed in the chart below that otherwise meet the applicable criteria as a direct and allowable costs of the project may be directly charged to non-federally funded awards without prior written approval. Exceptions would be for non-federal awards that are used as matching for a federally funded award or where the sponsor imposes restrictions or specifically disallows such costs.

2) Specific items of cost

Item (per listing in 2 CFR 200.407)	Described in detail in 2 CFR 200 section:	Prior approval details/other comments for Federally funded accounts
Unrecovered Indirect Costs – the use of unrecovered indirect costs (including indirect costs on cost	.306(c)	Prior approval of the Federal awarding agency. Unrecovered indirect cost means the difference between the amount charged to the Federal

Item (per listing in 2 CFR 200.407)	Described in detail in 2 CFR 200 section:	Prior approval details/other comments for Federally funded accounts
sharing or matching direct costs) as Cost Sharing or Matching		award and the amount which could have been charged to the Federal award under the non-Federal entity's approved negotiated indirect cost rate.
Use of Program Income to meet cost sharing or matching requirements of the award	.307(e)(3)	Prior approval of the Federal awarding agency.
Transfer of funds budgeted for participant support costs to other categories of expense.	.308(c)(5) <i>Federal awarding agency has the option to waive.</i>	Prior approval of the Federal awarding agency. Participant support costs are defined in 200.75 <i>Also see .456 for prior approval requirements for initial budgeting of participant costs</i>
Subaward - transfer of work The subawarding, contracting out or transferring of any of the work of the Federal award that was NOT described and funded in the approved award	.308(c)(6) <i>Federal awarding agency has the option to waive.</i>	Recipients must request prior approvals from the Federal awarding agency. Applies to all non-construction awards, but does not apply to the acquisition of supplies, material, equipment or general support services (vendor relationships).
Changes in approved cost-sharing or matching provided by the non-Federal entity	.308(c)(7) <i>Federal awarding agency has the option to waive.</i>	Prior approval of the Federal awarding agency. Applies to all non-construction awards.
Need for additional federal funds to complete the project	.308(c)(8)	Must be reported and prior approval requested.
Pre Award Costs incurred more than	.308(d)(1)	Expenses <u>more than</u> 90 calendar days prior to the

Item (per listing in 2 CFR 200.407)	Described in detail in 2 CFR 200 section:	Prior approval details/other comments for Federally funded accounts
90 days prior to award	Also 200.458 for situations where 90 day waiver is not applicable.	award date require prior approval of the Federal awarding agency. Prior approval for project costs incurred <u>equal to or less than</u> 90 calendar days prior to award MAY be waived at the Federal agency's discretion. The waiver is typically applied automatically to awards that support <u>research</u> . In a case where such waiver is not applicable, section .458 applies and all pre award costs must have prior approval.
Issuance of fixed amount subaward agreements – up to the Simplified Acquisition Threshold (currently \$150,000)	.332	Prior written approval from the Federal awarding agency. In addition the subawards must also meet the requirements for fixed amount awards in 200.201(b). Implies that subawards above the Simplified Acquisition Threshold are NOT allowed to be issued as fixed amount agreements.
Administrative and Clerical Salaries	.413(c)(3)	Such costs must be explicitly included in the budget or have the prior written approval of the Federal awarding agency. In addition, the costs must be integral to and specifically identifiable with a project. See details regarding K-State's benchmarks for allowability in the "Additional Guidance" section below.

Item (per listing in 2 CFR 200.407)	Described in detail in 2 CFR 200 section:	Prior approval details/other comments for Federally funded accounts
Faculty salary-excess of proportionate share of pay - any amount that exceeds the proportionate share of the Institutional Base Salary (IBS) for the period during which the faculty member worked on the award.	.430(h)(2)	Must have prior approval by the Federal awarding agency. IBS is defined as the annual compensation paid for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. It excludes income the individual earns outside of duties performed for the institution.
Intra-institutional consulting by faculty where charges for such work represent additional compensation above the Institutional Base Salary (IBS).	.430(h)(3)	Must be specifically provided for in the Federal award or approved in writing by the Federal awarding agency. The consulting must be "unusual" as defined in the same section and the allowability conditions for Extra Service Pay in 200.430 (h) (4) must be met.
Costs that might otherwise be considered Entertainment Costs that have a programmatic purpose for the specific project at hand.	.438	Must be authorized in the approved budget for the Federal award or have written approval of the Federal awarding agency.
Capital Expenditures for GENERAL PURPOSE equipment, buildings, and land .	.439(b)(1)	Unallowable as direct charges except with the prior written approval of the Federal awarding agency or pass-through entity. General Purpose equipment is defined in

Item (per listing in 2 CFR 200.407)	Described in detail in 2 CFR 200 section:	Prior approval details/other comments for Federally funded accounts
		200.48 as not limited to research, medical, scientific, or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment and motor vehicles.
Capital expenditures for SPECIAL PURPOSE equipment.	.439 (b)(2)	Allowable as direct costs, provided items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity. Special purpose equipment is defined in 200.89 as that which is used only for research, medical, scientific, or other technical activities. Examples include microscopes, x-ray machines, surgical instruments and spectrometers.
Capital Improvements Capital Expenditures for improvements to equipment, buildings, or land that materially increase their value or useful life	.439 (b)(3)	Unallowable as direct charges except with the prior written approval of the Federal awarding agency or pass-through entity.
Fluctuations in Exchange Rates requiring a need for additional Federal funding or require a	.440	Prior approval from the Federal awarding agency is required. Approval is subject to availability of federal

Item (per listing in 2 CFR 200.407)	Described in detail in 2 CFR 200 section:	Prior approval details/other comments for Federally funded accounts
significant reduction in scope.		funding. The non-federal entity must review local currency gains prior to the expiration date of the Federal award and provide adequate source documentation.
Fines, penalties, damages, other settlements resulting from violations, alleged violations, or failure to comply with Federal, state, tribal, local, or foreign laws and regulations.	.441	Prior written approval of the Federal awarding agency is required, except when incurred as a result of compliance with specific provisions of the Federal award.
Fund raising costs for purposes of meeting the Federal program objectives	.442(a)	Allowable with prior written approval from the Federal awarding agency.
Costs of housing, housing allowances and personal living expenses	.445(b)	Allowable only as direct costs, regardless of tax treatment for the employee, and only if approved in advance by the Federal awarding agency.
Memberships Cost of membership in any civic or community organization	.454(c)	Allowable with prior approval by the Federal awarding agency or pass- through entity.
Cost of establishment or reorganization of an organization	.455	Unallowable except with prior approval of the Federal awarding agency.
Participant support costs	.456 <i>Also see 200.308 (c)(5), listed above, for</i>	Allowable with the prior approval of the Federal awarding agency. Defined in 200.75 as direct costs for items such as stipends or travel allowances, and registration fees paid to or

Item (per listing in 2 CFR 200.407)	Described in detail in 2 CFR 200 section:	Prior approval details/other comments for Federally funded accounts
	<i>rebudgeting of these costs</i>	on behalf of participants or trainees (but not employees) in connection with conferences or training projects
Pre-award costs	.458 <i>See also .308(d)(1) for waiver of approval for costs incurred up to 90 days prior.</i>	Allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.
Special facilities (building) rearrangement and alteration costs incurred specifically for a Federal award	.462(a)	Allowable as a direct cost with the prior approval of the Federal awarding agency or pass-through entity.
Selling and marketing costs for any products or services	.467	Allowable as direct costs with prior approval by the Federal awarding agency when necessary for the performance of the federal award.
Foreign Value Added Tax (VAT) – specifically the refund made by a foreign government under a Federal award that has not expired	.470(b)(c)	Use of a refund that is credited back to the federal award for approved activities under the Federal award is allowable with prior approval of the Federal awarding agency.

.070 Additional guidance for specific costs

1) Administrative and Clerical Salaries

- a. The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met (2 CFR 200.413(c)):

1. Administrative or clerical services are integral to a project or activity;

2. Individuals involved can be specifically identified with the project or activity;
3. Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency

This section of the federal guidance allows principal investigators some flexibility when developing project budgets. While the guidance specifies that administrative costs are to be treated as *indirect costs by default*, it also recognizes that there may be circumstances where direct cost treatment would prove beneficial to a project. Consideration of the questions listed below prior to budgeting or requesting administrative costs as direct costs is recommended.

- Does this affect the competitiveness of the proposal? Will additional administrative costs be viewed negatively by the sponsor?
- In situations where limited funding may be available, is this the best use of the funding? Would the project benefit more from direct labor of graduate students or other technical, programmatic, or research personnel?
- Are there issues with the ability to justify and quantify the administrative employee's effort for purposes of budgeting, charging or certifying on a university Effort Report?
- Administrative and clerical salary expenditures are more likely to be specifically identified for review by the audit community. Is the P.I., department, or college willing and able to assist in responding to additional scrutiny and questions during a compliance or financial audit?

b. Budget details required:

For those projects where direct cost treatment of administrative and clerical personnel costs is desired and is not specifically disallowed by the program or sponsor, procedures for obtaining specific prior approval from the sponsor must be followed. In the absence of such, the SPA will look for the following within the approved budget:

1. The salaries must be clearly identified and labeled as administrative and clerical salaries.
2. An explanation of how these personnel services are integral to the project or activity and how the work performed by the individual will be identified with the project should be included in the budget narrative or justifications.
3. The same details must be included for any subrecipients who wish to direct charge administrative and clerical personnel costs.

c. Identification of Administrative and Clerical costs: The information below is intended to assist departments in properly identifying these costs for direct cost treatment in proposal and award budgets. SPA will use the criteria below when reviewing the actual costs for allowability.

Examples of administrative and clerical duties at K-State include:

- Personnel (HR) related tasks (appointment papers, funding allocations in HRIS, etc.)
- Preparing mailings, reports, and other types of communication
- Organizing and scheduling meetings
- Ordering/purchasing of goods and services
- Maintaining accounting and financial records; preparing budgets
- Basic information system maintenance and assistance

Common administrative and clerical job titles at K-State include, but are not limited to:

- Business Manager
- Accountant (all levels)
- Administrative assistant or specialist (all levels)
- Network Administrator
- Personnel Specialist
- Finance Officer
- Procurement Officer (all levels)
- Grant/Contract Specialist or Officer

d. Integral and identifiable to a project:

1. Personnel should generally be able to identify and allocate at least 25% of their time to the project, including both time that will be charged to the sponsored account and any cost-shared effort. Allocations of less than 25% must include additional details regarding how the time will be identified and allocated. Administrative and clerical personnel funding allocations/payments must be a reasonable reflection of the actual effort spent on the project, the same as for scientific and programmatic project personnel.
2. Duties that are integral to the project are those that are critical to achieving the project objectives. Most projects require a basic level of administrative support, but such support is generally not considered significant or unique to the project and therefore not integral. Budget justifications and/or scope of work statements should clarify the additional benefit of direct charging, such as the need for an unusual type or volume of administrative tasks.

e. Re-budgeting, Cost Sharing/ Matching, Non-federal funds: See Basic Guidance in the Prior Written Approvals section.

2) Computing Devices

Computing devices are machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting and receiving, or storing electronic information (2 CFR 200.20).

a. Supply vs. Equipment:

Supplies are items that have an acquisition cost of less than \$5,000 per unit, regardless of the useful life.

Equipment, including information technology systems, is an item that has a useful life of more than one year and a per-unit acquisition cost of \$5,000 or more.

- b. Direct cost treatment when the computing device is a Supply (less than \$5,000): The cost of these items may be direct charged when the device is essential and allocable, but not solely dedicated, to the performance of the Federal award (2 CFR 200.453 (c)).

Criteria to be used when determining “essential and allocable”:

1. The item must have been purchased specifically for the federal award.
2. The item does not have to be specifically identified in the approved budget and does not require specific prior approval.

3. The device must be needed to carry out programmatic or technical activities under the award, but does not have to be used only for those purposes.
 4. If used for other purposes, the relative benefit to the award should be considered prior to charging the full cost of the device to the award. Generally, if it can be easily shown that the device is used 75% or more for essential award tasks, then no allocation will be required by the Sponsored Programs Accounting office.
- c. Direct cost treatment when the computing device is Equipment (\$5,000 or more, useful life greater than one year):

Any equipment, special purpose or general purpose, is allowable as a direct cost only with prior written approval (2 CFR 200.439). Computing devices that otherwise meet the cost and useful life threshold for equipment are normally considered to be general purpose equipment (definitions below). Where the purchase of equipment or other capital asset is specifically authorized for purchase under a Federal award, the costs may be charged to the Federal award, regardless of how it may be used when no longer needed for the purpose for which it was originally acquired. (2 CFR 200.405(d))

Definitions:

Special purpose equipment: equipment that is used only for research, medical, scientific, or other technical activities. Examples include microscopes, x-ray machines, surgical instruments and spectrometers (2 CFR 200.89).

General purpose equipment: equipment that is not limited to research, medical, scientific, or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, reproduction and printing equipment, and motor vehicles (2 CFR 200.48).

- d. Budget Details, Re-budgeting, Matching, and Non-federal awards: See Basic Guidance in the Prior Written Approvals section above. In addition, the following items apply to computing equipment:
1. The computing equipment must be clearly identified and labeled as such within the budget, including whether it is general purpose or special purpose.
 2. Costs associated with existing (previously purchased) equipment cannot be direct charged to a sponsored account or used as matching/cost sharing.

3) Participant Support Costs

Participant support costs charged to federally funded sponsored programs accounts must comply with guidance provided by the federal government in 2 CFR 200 (Uniform Guidance) and the National Science Foundation (NSF) Proposal and Awards Policies and

Procedures Guide (PAPPG). Rules included in both sets of guidance include the definition of participant support, limitations on such costs, treatment for indirect cost purposes and restrictions regarding approval and re-budgeting.

a. Definition of participant support costs (2 CFR 200.75 and NSF PAPPG):

Participant support costs are direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects.

b. Prior approval and re-budgeting (2 CFR 200. 308, .456 and NSF PAPPG):

Participant support costs are allowable with the prior approval of the Federal awarding agency. For NSF awards, participant support costs must be included in the designated section of the approved budget. Additionally, funds budgeted as participant support cannot be re-budgeted to other categories of expense without prior approval of the Federal awarding agency. For NSF awards, the approval must be provided by the cognizant NSF Program Officer.

c. Treatment for calculation of indirect costs (2 CFR 200.68):

Participant costs must be excluded when calculating Modified Total Direct Costs (MTDC). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward and subcontract in excess of \$25,000.

d. Separate accounting is required:

Per the NSF PAPPG, awardee organizations must account for participant support costs separately. In addition to this specific requirement by NSF, separate accounting is necessary to achieve compliance with re-budgeting requirements in the Uniform Guidance and for proper calculation of MTDC. K-State achieves the required separate accounting through separate expenditure object codes listed below.

- E5620 - Non-Student Trainee Fellowship
- E5630 - Trainee Travel
- E5640 - Trainee Fees and Supplies
- E5650 - Trainee Room and Board
- E5660 - Scholarships

All funds budgeted as participant support must be charged to these expenditure object codes in accordance with the rules provided in PPM Chapter 6320 section .070, *Scholarship, Fellowship and Participant Payments*.

e. Additional restrictions from the NSF PAPPG:

1. Compensation from other federal awards is not allowed: Participant support allowances may not be paid to trainees who are receiving compensation, either directly or indirectly, from other Federal government sources while participating in the project. A non-NSF Federal employee may receive participant support allowances from grant funds provided there is no duplication of funding of items and provided no single item of

participant cost is divided between his/her parent agency and NSF grant funds.

2. **Stipends and Subsistence:** To help defray the costs of personal maintenance while participating in a conference or training activity, participants may be paid a stipend, per diem or subsistence allowance, based on the type and duration of the activity, as outlined in the pertinent program solicitation and in the grant. Such allowances must be reasonable, in conformance with the usual policy of the grantee organization and limited to the days of attendance at the conference plus the actual travel time required to reach the conference location by the most direct route available. Where meals or lodgings are furnished without charge or at a nominal cost (e.g., as part of the registration fee), the per diem or subsistence allowance will be correspondingly reduced. Although local participants may participate in conference meals and coffee breaks, grant funds may not be used to pay per diem or similar expenses for local participants in the conference.
3. **Travel costs:** Travel costs of participants may be allowable as outlined in the pertinent program solicitation and in the grant. If so, the restrictions regarding class of accommodations and use of U.S.-Flag air carriers are applicable. In training activities that involve field trips, costs of transportation of participants are allowable.

.075 Unallowable costs

All costs charged directly to a sponsored agreement must meet the criteria of an allowable direct cost as set forth in the federal guidelines. Certain costs, however, cannot be charged to the federal government as either direct or indirect costs, even though they may be allowable under university and state policies. Specifically unallowable costs are listed below along with the reference to the applicable section of the federal Uniform Guidance. The accompanying descriptions and explanations provided are intended to assist in the interpretation of federal guidance, not to serve as a substitute.

Unallowable cost item per Federal guidance 2 CFR 200	Related K-State FIS Expenditure Object codes	Accounting treatment for direct charging to sponsored agreements
Advertising and Public Relations (.421)	<i>E2240 Advertising (Employment);</i> <i>E2241 Other Advertising</i> <i>E2750 Advertising and Marketing</i>	E2240 is allowable when recruiting personnel required for the performance of obligations arising under a sponsored agreement. E2241 and E2750 are unallowable
Alcoholic Beverages (.423)	N/A – unallowable under federal, state, university rules	Unallowable

Unallowable cost item per Federal guidance 2 CFR 200	Related K-State FIS Expenditure Object codes	Accounting treatment for direct charging to sponsored agreements
Bad Debts (receivables write-off) (.426)	<i>E5110 Write-off Expense</i>	Unallowable
Contributions and donations (.434)	N/A – unallowable under federal, state, university rules	Unallowable
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements (.435)	E2640, E2720 Court costs, Attorney fees	Unallowable
Entertainment costs (.438)	<i>E2940 Recreation and Entertainment;</i> <i>E2970 Official Hospitality;</i> <i>E3200 Food for Human Consumption</i>	E2940 and E2970 are unallowable. E3200 may be allowable in specific circumstances, such as projects where food is used for participant training and education. For food related to conferences or other meetings, departments should check with the Sponsored Programs Accounting office prior to spending. Further information regarding meals and refreshments can also be found on the SPA website
Fines, penalties, damages and	<i>E52xx Claims</i>	Unallowable

Unallowable cost item per Federal guidance 2 CFR 200	Related K-State FIS Expenditure Object codes	Accounting treatment for direct charging to sponsored agreements
other settlements (.441)		
Goods or services for personal use (.445)	N/A – unallowable under federal, state, university rules	Unallowable
Interest (.449)	<i>E6xxx Debt Service</i>	Unallowable
Lobbying (.450)	N/A – unallowable under federal, state, university rules	Unallowable
Memberships, subscriptions, and professional activity costs (.454)	<p>University and State rules do not allow personal memberships/dues for civic, community or social organizations.</p> <p><i>E2910 Dues, and Subscriptions</i></p> <p><i>E2661 Job Related Training and Conference Registrations</i></p>	<p>E2910 may be allowable when related to professional organizations as part of required conference registration fees and the conference is an allowable direct cost of the sponsored agreement.</p> <p>E2661 is allowable when the training or conference otherwise qualifies as an allowable direct cost of the sponsored agreement.</p>
Selling and marketing costs (.467)	<i>E2998; E3970-90; E2435; E3819; E4980 Purchases for Resale</i>	Unallowable

For indirect costing purposes, costs listed above that are incurred and charged to non-sponsored accounts as allowed by university and state rules are identified by object code and excluded from the cost pools used to calculate the indirect cost rate. University activities that are unallowable per federal guidance include alumni activities, commencement and convocation, and public relations and fund raising. All categories of

costs incurred as a result of these activities are unallowable and are not charged to the federal government. The costs of such activities are identified using organization, function and object code and are included in the Other Institutional Activities (OIA) base so that they draw their fair share of indirect costs.

.080 Programmatic changes that require prior approval

The items listed here apply to non-construction awards. See 2 CFR 308(g) for construction awards.

Item (per listing in 2 CFR 200.407)	Described in detail in 2 CFR 200 section:	Prior approval details/other comments for Federally funded accounts
Fixed amount award changes in principal investigator, project leader, project partner, or scope of effort	.201(b)(5)	Must receive prior written approval of the Federal awarding agency or pass-through entity
Change in scope or objective of the project or program	.308(c)(1) Also 200.201 (b) (5) regarding scope of effort on fixed amount awards. <i>Per 200.308 (d), the Federal awarding agency does NOT have the option to waive this prior approval requirement</i>	Must be reported and prior approval requested even if there is no associated budget revision that requires prior approval
Change in key person specified in the application or Federal award	.308(c)(2) Also 200.201 (b) (5) regarding key personnel on fixed amount awards.	Must report and request prior approval from the Federal awarding agency or pass- through entity.
Disengagement from the project by the project director or principal investigator for more than 3	.308(c)(3)	Must be reported and prior approval requested. The term disengagement is

Item (per listing in 2 CFR 200.407)	Described in detail in 2 CFR 200 section:	Prior approval details/other comments for Federally funded accounts
months, or 25% reduction in time devoted to the project		not meant to relate necessarily to the physical location (presence or absence on campus, for example) of the director or P.I.

.085 Invoices to Sponsors

Sponsored Programs Accounting prepares and submits invoices to sponsors for all sponsored agreements in accordance with the terms and conditions in the agreement. For certain federal agencies, SPA will request funds electronically. Other federal or non-federal sponsors may require invoicing on a monthly, quarterly or other basis, while some sponsors may pay in advance or make scheduled payments. Full compliance with the terms and conditions for invoicing significantly increases K-State's ability to collect all amounts due from sponsors. Accordingly, departments must submit charges for processing in the university accounting system on a timely basis and provide all required documentation to Sponsored Programs Accounting within designated deadlines.

.090 Deposits

All deposits to sponsored agreement project numbers (all projects beginning with "G"), including checks from sponsors, refunds from vendors and receipts via interfund voucher (IFV) must be completed by SPA. Because of certain accounting entries and system requirements in FIS, departments cannot process deposits to sponsored agreement accounts.

SPA is the official "remit to" location for all agreements processed through PAS and on all invoices, reports and other correspondence between K-State and the sponsor. In the event that a sponsor instead sends checks, cash or other forms of receipts directly to a department or college office, such receipts should be forwarded to the SPA office for deposit. For receipts related to sponsored agreements that must be completed using an interfund vouchers (IFV), please contact SPA for detailed instructions.

.095 Collection of overdue amounts from sponsors

A majority of sponsored agreements include terms and conditions for receipt of payment that require the university to extend credit to the sponsor. In other words, university departments must incur costs before invoices can be submitted to the sponsor or funds are received from the sponsor. Sponsored Programs Accounting, on behalf of the department/unit, assumes the lead role in the collection of amounts due from sponsors (accounts receivable), however in the event that a sponsor does not make all payments as

promised in the agreement, unreimbursed costs become the responsibility of the department that incurred the expenses.

SPA's efforts to collect overdue payments will generally follow the steps and timeline indicated below. Individual situations may require variations in order to maintain university-sponsor relationships while collecting funds owed to the university.

1. The first overdue notice will be sent to the sponsor at approximately 90 days past the invoice date (or payment due date for scheduled payments). As a minimum attempt to facilitate payment, three overdue notices will be sent out in the first 180 days of delinquency. The department and PI will receive a copy of the notifications and should notify SPA of any information they might have regarding the reason for non-payment (for example, an overdue technical report).
2. After 180 days of delinquency, the account will be reviewed by SPA and may be declared uncollectible, depending on circumstances applicable to that particular account. Factors that will be considered include the type of sponsor, the sponsor's payment history, information provided by the principal investigator and feedback from the sponsor (or lack thereof).
3. Once an account is determined to be uncollectible, the department will be notified by SPA in writing. Within sixty days of notification, the costs will be transferred to a departmental or college account (such as departmental SRO or other restricted fees accounts).

.100 Financial Reports

Financial-related reports typically required by sponsors include, but are not limited to:

- Financial expenditure and/or cash receipts reports
- Patent and Invention reports
- Property (equipment) reports
- Disadvantaged Small Business and Minority or Women-Owned Business reports

SPA coordinates and submits all expenditure reports required by a sponsor. Departments will be asked to provide a final outstanding obligations list and other financial reporting support as needed.

.105 Technical Reports

Principal Investigator(s) are responsible for the preparation and submission of technical reports.

.110 Special close out procedures - Fixed price agreements

When unexpended funds remain in a sponsored account for an agreement that was fixed in amount (such as when reimbursement is based on milestones vs. expenditures and the sponsor does not require a detailed accounting or the return of unexpended funds), SPA will notify the department by letter and request selection of one of the following actions:

1. Unused funds may be transferred to a departmental Restricted Fees account to be used at the department's discretion. Total applicable indirect costs shall be deducted prior to the transfer of the funds, or
2. Remaining funds shall be treated as a regular indirect cost reimbursement and distributed in accordance with the university's policies for the type of project involved.

In either case, indirect costs are applied to the remaining balance at the normally applicable university rate, even in situations where the rate was reduced or waived during the original project period.

In the event that the termination date of a fixed-price sponsored project is reached and the project is overdrawn, and no action has been taken within three months, SPA will have the option to transfer the payments equaling the over-expended amount to the department's Sponsored Research Overhead (SRO) account, or other departmental restricted fees account.

.115 Transfers of equipment to another university

Transfer of equipment that was purchased using sponsored agreement funds to another college or university may be made only on written approval from the Division of Financial Services (DFS). The department wishing to make the transfer must submit to DFS a disposition of property form using procedures explained in PPM Chapter 6510 along with a letter certifying the following:

1. The principal investigator is moving to another academic institution and financial support is also transferred by the granting agency without interruption;
2. The granting agency approves transfer to the new institution of equipment purchased wholly by grant funds;
3. Such equipment was specialized in nature, acquired specifically for the investigator for his particular program, and is essential to continuance of the program without undue interruption in the work;
4. K-State does not need the equipment in its current related research program; and
5. The entire cost of physical transfer of the equipment will be borne by the granting agency or the recipient institution.

.120 Record Retention

Federal guidance indicates that 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.

Records for real property and equipment acquired with Federal funds must be retained for three years after the final disposition.

.125 Federal Acquisition Regulations (FAR) – Federal contracting

The Federal Acquisition Regulations are for federal contracting officers to use when putting together a contract to purchase goods or services. Specific clauses are prescribed for different types of purchases and suppliers, among other things. While the FAR is written for federal employees, it is important that university research administrators also understand the basics of the FAR, both for purposes of negotiation and for ensuring the terms of the contract are fulfilled.

1) Types of FAR contracts:

There are a number of types of contracts the federal agency can use, but when contracting with a university for research services, the types used most often are cost-reimbursement and fixed price. Within these two basic categories there are several variations: firm fixed price, cost-plus-incentive, cost, fixed price with economic price adjustments, among others. The most appropriate for universities are usually firm fixed price and cost contracts. Cost contracts are viewed as placing less risk on the contractor and more on the federal agency while fixed price contracts would be the opposite. In other words, the government views the fixed price as protection from any cost overruns that a contractor might experience. This view of fixed price contracts is somewhat confusing for university personnel, however, since cost “overruns” are frequently planned for and budgeted as cost sharing when research is conducted under other funding mechanisms, such as grants and cooperative agreements.

2) FAR and FAR Supplements:

The FAR is published in Title 48, Chapter 1, of the Code of Federal Regulations 48 CFR 1. Each federal agency has the option of issuing its own supplement to the FAR, and those are also found in separate chapters of Title 48. For example, the Department of Defense supplement (referred to as DFARS), is in 48 CFR 2.

3) Structure of the FAR:

Technically, the FAR is divided into 53 parts, however parts 1-51 can all be thought of as the policies and procedures portion with part 52 containing all of the actual contract clauses. Parts 1 through 51 are referred to as the prescriptions for the clauses in Part 52 that should be included in a particular contract. Part 53 contains standard forms. Therefore, when reviewing an awarded contract, only the actual clauses from part 52 and the agency supplements will be included, sometimes only by reference. At the beginning of the full text of each clause is a specific reference

to the prescribing part. Reading the full text of both the clause and the prescribing part often aids in understanding what is needed for compliance.

- a. In the prescription portion of the FAR, Part 31 covers the cost principles to be used for contracts with different types of organizations. Subpart 31.3 within this part covers FAR clause numbering scheme:

For clauses in Part 52, the numbering scheme is 52.2AA-B

AA = number of prescription in Parts 1-51

B = sequential identifier

If the clause is from an agency supplement to Part 52, the supplement chapter number will precede the 52. For example, the DOD supplement is in chapter 2 of 48 CFR, so clauses from that will be shown as 252.2AA-B. Clauses from Part 52 are from Chapter 1 of 48 CFR. The "1" is not included, but simply inferred by its absence.

Example of a clause:

52.204-10 Reporting Executive Compensation and First-Tier Subcontract Awards

The clause number is interpreted as Part 52, Subpart 2, Section 04, subsection 10. Notice that the Chapter number is not included (no number precedes the 52), as is the convention for clauses found in Chapter 1 of 48 CFR.

- b. For prescriptions in Parts 1-51, the numbering scheme is XX.CCDD-EE

XX = the Part (1-51)

CC = Subpart

DD = Section

EE = Subsection

Example of a prescription for a clause: 4.1403 is the prescription for 52.204-10. 4.1403 is interpreted as Part 4, Subpart 14 Section 03.