

FEDERAL GRANT PROCEDURES

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I. Overview of External Funding of APS Programs

APS relies on staff, members and committees to carry out special projects that are supported by external funding from federal agencies and private foundations. The National Science Foundation and Department of Energy are two of the federal agencies that APS collaborates with.

Effective December 26, 2014, NSF's Proposal and Award Policies and Procedures Guide (PAPPG) was revised to implement Title 2 CFR §200. CFR is Code of Federal Regulations and effectively replaces the administrative requirements (A-110 & A-102), cost principles (A-21, A-87 & A-122) and audit requirements (A-50, A-89 & A-133) for Federal awards. Cost principles are used to determine costs applicable to grants, contracts and other agreements with educational institutions, non-profit organizations and State and local government agencies and Indian Tribal councils. It also addresses both direct and indirect aka Facilities and Administrative (F&A) costs.

The Principal Investigator (PI) is the project leader, in charge of an NSF funded APS program. Any person heading an APS program or project, whether funded or not, works within the governing structure of the APS. Sometimes the PI of an externally funded project is not an APS staff member. In this case, to ensure smooth operation, financial and managerial accountability, an APS staff member will be a member of the project leadership team and one of the project's co-PIs. This person will be referred to as the Staff Principal Investigator (SPI). The term PI/SPI will be used interchangeably.

If the project is initiated by an APS committee or a Unit, and the PI is not an APS staff member, the group must be willing to identify at least one APS volunteer willing to serve as SPI and to organize and coordinate the writing of the grant proposal and the management of the funded project.

This Manual provides a description of the internal policies and procedures necessary for the approval and implementation of a project. It details the process and necessary interactions with the staff and committees as well as the timing of these interactions.

These guidelines are not intended to supersede any applicable federal policies or regulations. Such regulations may change over time and always supersede this manual.

II. Proposal Development, Approval and Submission

II.A Proposal Development and Approval

Proposals from Units should be directed to the CFO (Chief Financial Officer) of APS. The proposal should be reviewed prior to contracting any grant with NSF or any Federal agency under the auspices of The American Physical Society. If the proposal is being done as a sub-award to APS, a communication should be sent to the CFO prior to the sub-award request.

Although the Unit is responsible for their documentation, a copy of each award or sub-award that pertains to APS should be sent to the Accounting Department. Documents in this file may include the synopsis, original full proposal, award letters, budgets, reports, requests for extensions and additional or supplemental support, letters responding to these requests, and other pertinent materials and correspondence.

II.B Proposal Submission

The budget should be reviewed by the Grants Manager prior to submission to a funding agency, using Appendix A – Grant Proposal Submission Checklist. Submission is done online by the Unit Representative.

If the funding agency, prior to awarding the grant, requires modifications that result in changes to the project activities and/or budget, the AOR will work with the PI to expedite approvals as needed.

II.C Budget Guidelines

Budget items must conform to the stipulations of the funding agency and APS financial operations. All budgetary items must be documentable expenditures. Fringe benefits must conform to the employer's. The Indirect Cost Rate used by the APS, is established by the NSF – our cognizant agency. Units must use our most current Negotiated Indirect Cost Rate where necessary. A copy of the most current IDC letter is available online.

III. Project Management

III.A Funded Project Management - Overview

Once funded, the project is managed using the following procedures:

1. The Officer (AOR) sends a copy of the award letter to the PI, and the APS Accounting Department – if necessary.
2. The project is assigned a Cost Center number by the Accounting Department and account numbers set up per budget. A budget sheet is maintained for each grant and sub-award.

3. The PI begins implementation of the project and, in a timely fashion, submits all reports as required by the grantor and APS. Reports to NSF are submitted into Fast Lane directly by the PI.
4. The PI will be responsible for and manage all aspects of the project.
5. Submitted Request for expenditure reimbursement are review for backup and accuracy prior to entry into GL. Travel and Expense Forms (Appendix D) will be used for processing travel & expense requests.
6. PI can request a copy of general ledger report relating to their account at least monthly
7. Quarterly or monthly requests for reimbursement from the funding agency are prepared by the Grant Manager and a Schedule of Financial Activity (SEFA) is prepared monthly.

III.B Grant Modifications

Any major changes in activities or scope during the implementation stage must be approved by the BOD. Any requests for budget revisions, additional or supplemental support, or no-cost extensions will be done within the Program Office and submitted online via FastLane. The Accounting Department should be made aware of all changes.

1. PI ascertains the granting source requirements and format for a request, writes the request, and submits it to the Officer and other appropriate staff for review and approval. Requests should be made at least 45 days prior to the granting source's deadline and can be made in the following areas depending upon the granting source:
 - a. Extensions: the PI can authorize a one time no cost extension if there is un-liquidated balance on grant. The extension cannot exceed 12 months and must be done prior to grant's original expiration date (see GC1 for further information). Additional extensions require NSF's approval. A PI can request further financial support from the granting agency to continue or extend the activities of the project.
 - b. Budget revisions: the PI can request major revisions in budget line items based upon changes made in the activities needed to complete the project.
 - c. Removing funds from Participant Support will require NSF's approval
2. The granting agency will either award or decline the requested modification and notification will be received by PI and all parties on the notification list.

III.C Budgets

As soon as notification is received from the funding agency that the grant has been awarded and the final budget approved, the APS Accounting Department will assign a cost center to the project and notify the PI and staff. The Accounting Department will also set up.

- A budget spreadsheet for expenses, which will detail the approved grant budget by line item. A spreadsheet report showing Budgeted, Budgeted-to-Date Expenses and Balances for PI.

The PI and program staff are responsible for coding the expenses, and the Grant Accounting Manager (GAM) and A/P staff reviews all expenses submitted against the grant budget to ensure that

1. the expense is allowable per the funding agency,
2. the expense has been coded to the appropriate budget line item per the approved budget, and
3. the appropriate budget line item has a sufficient balance to cover the expense.

The Accounting Manager in the College Park office is the GAM (Grants Accounting Manager).

If there are any questions or problems with the expenditures submitted, the GAM and/or A/P staff will contact the Programs Department to resolve the matter. If the PI finds more funds have been spent than anticipated in the budgeted amount for a specific task, the PI may request that funds be transferred from another line item provided the proper approval has been obtained from the funding agency, if prior approval is necessary.

III.D Budget Line Items

In the Accounting system, there is a section of the Chart of Accounts solely dedicated to Grants. The account numbers start with 6005-0000 and ends with 6960-0000 (See Appendix F – Chart of Accounts –Grants)

A. Salaries- Senior Personnel

APS Staff working on Government grants must fill out Time and Attendance Sheets, HOWEVER, this will not be pertinent to the Units.

B. Salaries- Other Personnel

Other Personnel staff include Post Doctoral Associates, Other Professionals, Graduate Students, Undergraduate Students, Secretarial and Other Salaries, can be charged to the grant in so much as they are not included in the Indirect Cost Pool for regular operations.

C. Fringe Benefits

APS fringe benefits are calculated by the Controller based on contributions to employee benefits. Title 2 CFR 200.431 gives additional details on allow-ability and inclusion of fringe benefits.

D. Total Permanent Equipment

APS does not purchase permanent equipment for grants.

E. Travel

The PAPPG for 2014 states that both foreign and domestic travel must be justified. Domestic travel is travel within the US, its territories and possessions. Foreign travel excludes domestic travel.

Appendix E describes policies and procedures for processing Travel & Expense reports.

All Travel on grants must be documented using the Travel & Expense form (Appendix D), with supporting receipts. Reimbursement for travel follows guidelines that are found in this report. Travel must be approved by a person authorized to do so.

F. Participant Support

Participant support is defined as support to Participants or trainees for NSF sponsored conferences or training projects. It consists of four categories – stipends, travel, subsistence and other. Charges to this section should be clearly delineated and quantified in the budget request to NSF. The PAPPG states that costs other than those described in 2 CFR 200.75 must be justified in the proposal budget. Policies and procedures for conference and meeting expenses, which often include participant support costs, are described in Appendix F.

Funds allocated to Participant support cannot be shifted to any other budget line item without prior program approval. Participant support does not incur any Indirect Cost rate charge.

G. Other Direct Costs

Other Direct Costs consists of Material and Supplies, Publication Costs, Consultant Services, Computer Services, Sub-Awards and Other. Note that policies and procedures for conference and meeting expenses, which often include Other Direct Costs, are described in Appendix F.

1. Materials and Supplies – This category can include costs of computers less than \$5,000 – the capitalization amount for APS. Computer equipment considered essential, though not solely dedicated to an NSF Award can be purchased on a grant.
2. Publication Costs/Documentation/Dissemination – This category includes the expense of documenting, preparing and publishing work conducted under a grant. A detailed list is included in the PAPPG.

3. Consultant Services – Consultants hired by APS to work on grants generally have a specific skillset and are drawn from a fairly small community; as such there is little to no competitive bidding involved.

All Consultants must have a CV on file. Departments should maintain these documents and make them available to the accounting office.

PI's are required to check with www.SAM.gov for debarment and suspension prior to issuing contracts, and contracts must be established for a specific body of work at prices relevant to that area of expertise. Consultants are required to sign contracts for the performance period (Appendix D) that includes the consultant's SSN, address and include a total dollar figure. A copy of each consulting agreement must be given to the Accounting Department prior to start of work. Consultants must bill on a project basis using the form outlined in Appendix E. Consultant fees and scope of work must be explained in detail, with an hourly rate and the number of hours to be supported. Consultant travel costs are reimbursable – using the APS Travel & Expense Report form (Appendix G). Appendix L describes policies and procedures for processing invoices from consultants.

4. Computer Services – This category may include computer-based retrieval of scientific, technical and education information.
5. Sub-Awards – Sub-Awardees must be approved by NSF prior to engaging in any sub award work or paying a sub award vendor. Sub-Awardees are contracted using an RFP and each bid is evaluated based on specific parameters outlined in the MOU.

Appendix B, is an example of the Systems Award Management (SAM) checklist prepared by APS

6. Other – This category comprises all costs that cannot be allocated under the specific sections of direct costs as outlined above.

III.E Other Grant Policies and Procedures

Cost Transfers

To avoid incorrect allocation to grants, costs must be segregated by the Cost Centers to which they apply, especially in the instances of shared costs. If a cost has been incorrectly processed to a grant, it must be transferred to the correct one with an explanation and relevant documentation. Costs transfers to a grant should be done as soon as possible after discovery.

Cost Sharing

Cost sharing is the amount of expenses in a grant that are not covered by funds from the Funding Agency. **Cost sharing is no longer allowed on our Grants.**

Meeting and Conference Expenses

Meeting and conferences expense policies are described in Appendix F. PIs are required to utilize attendance sign-in sheets (Appendix G) for conferences and meetings in each instance where reimbursements are anticipated and/or conferences have been paid for with grant funds. A copy of the sign in sheet should be forwarded to the Accounting Department immediately after program but prior to requests for reimbursement. Attendance Sheets must identify meetings by dates, place held, purpose, and cost center. These logs should be signed by the PI, their assistant or the individual or organization hosting the meeting. The original sign in sheet must be retained with the grant files.

Unallowable Costs

The costs listed here are inclusive but not exhaustive of charges not allowed on Federal Grants. All un-allowed expenses, once identified, will be charged back to the relevant non-grant cost center in APS.

- A. Advertising and public relations:
 - a. Advertising – Advertising not allowable, except for recruitment, procurement, disposal of surplus materials (when not already reimbursed), or as required by award.
 - b. Public relations – Public relations is not allowable, except when required by award or to communicate news and information about federal awards or other “matters of public concern”.
- B. Alcoholic beverages.
- C. Meals and Coffee Breaks for intramural meetings of an organization.
- D. Bad debts.
- E. Cash payments – Unallowable without original receipts or other appropriate documentation.
- F. Compensation for personal services.
- G. Contingencies.
- H. Defense, prosecution, claims and appeals – Generally unallowable except in certain circumstances.
- I. Donations and contributions.
- J. Entertainment.
- K. Equipment and other capital expenditures – Items capitalized are unallowable without prior federal approval. However, items under the \$5,000 capitalization threshold are allowable as direct costs.
- L. Fundraising and investment management.
 - a. Fundraising.
 - b. Investment management – Costs of investment counsel to enhance income are unallowable. Cost related to custody of money and securities are allowable.

- M. Goods and services for personal use.
- N. Housing and personal living expenses – Unallowable except when necessary for the sponsored award.
- O. Interest expense.
- P. Lobbying.
- Q. Losses on other sponsored agreements or contracts.
- R. Pre-Award costs beyond 90 days – Unallowable without written approval. Pre-award costs are those incurred prior to the effective date of the award, and are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of the awarding agency.

IV. Financial Management

IV.A APS General Accounting Policies

- A. Basis of Accounting - Accrual Basis
- B. Fiscal Period - January 1 through December 31
- C. Allocation Basis - Direct Allocation Basis
- D. Indirect Cost Rate Allocation: Base-Direct expenses less sub-awards and participant support costs.
- E. APS maintains adequate internal controls to insure that no cost is charged both directly and indirectly to Federal contracts or grants.

American Physical Society accumulates all indirect costs and revenues in accounts titled, "Indirect Cost-Expense" and "Indirect Cost-Revenue" respectively.

IV.B Cost Allocation

A. Salaries and Wages

1. Direct Costs – Most employees direct-charge their salary costs since their work is identifiable to specific grants, contracts, or other activities such as lobbying, fund raising or providing services to members. The charges are supported by auditable labor distribution reports that reflect the actual activities of employees.

2. Indirect Costs - The following departments charge 100% of their salary costs indirectly:

- Treasury Department
- Accounting Department
- Human Resource Department
- Information Systems
- Facilities Management

3. Mixed Charges - The following departments may charge their salary costs to both direct and indirect activities:

Chief Executive Officer

The distinction between direct and indirect is primarily based on functions performed. For example, when the positions shown are performing functions that are necessary and beneficial to all programs they are indirect. When functions are specific to one or more programs they are direct because they do not benefit all programs.

Auditable labor distribution records that reflect the actual activities of employees are maintained to support direct and indirect charges. The Principal Investigator certifies the time records.

B. Fringe Benefits

APS contributes to the following fringe benefits for its employees: Unemployment insurance, worker's compensation, F.I.C.A., health insurance, contributions to a defined contribution pension plan and a post-retirement health benefit.

C. Travel

Travel costs may be charged as either direct or indirect costs depending on the purpose of the trip. For example, the Executive Officer of APS travels to a regional office to give employees a quarterly update. This trip is indirect in nature and should be charged as an indirect cost. However, if the Executive Officer of APS travels to a regional office to perform a specific task for a contract, the trip would be considered a direct cost.

D. Board of Directors (BOD) and Council Expenses

BOD and Council expenses charged on an indirect basis are for travel to/from BOD and Council meetings.

E. Supplies and Material

To the maximum extent possible, office supplies and materials are direct charged to the contract/grant that uses the supplies or materials. Supplies and materials used by staff that is engaged in indirect activities will be charged on an indirect basis.

F. Occupancy Expenses

Rent - APS occupies space it leases from the American Center for Physics. The lease provides for equal monthly payments during the term of the lease. Monthly lease costs are allocated, based on square footage, directly and indirectly as follows:

Indirect Costs - The cost of space occupied by staff whose salaries are charged to grants is charged indirectly.

APS has developed a floor plan that identifies what cost centers are charged space (based on square footage).

APS reduces the rental expense in indirect costs by 20.904% of the interest paid by the lessor of the College Park, Maryland building. The 20.904% represents that percentage of the building leased to APS.

G. Utilities

The APS lease includes the cost of all utilities.

H. Communications

1. A log is not maintained for fax transmissions. The cost of fax services is included in with local telephone service costs, which are prorated to direct and indirect charges based upon the square footage of space assigned.

2. Long distance telephone calls are prorated to direct and indirect charges based upon the square footage of space assigned.

3. Local telephone service costs are prorated to direct and indirect charges based upon the square footage of space assigned.

4. APS uses the lessor's mailroom and postage charges are prorated to direct and indirect charges based upon the square footage of space assigned. However, Overnight mail costs are specifically identified to the program or activity incurring the cost.

I. Photocopying and Printing

APS does not maintain a photocopy activity log for its internal copying. These costs are prorated to direct and indirect charges based upon the square footage of space assigned. Outside printing expenses are charged to the benefiting activity.

J. Outside Services

APS incurs outside services costs for its annual audit, legal fees, and for staff development specialists.

1. The cost of the annual audit is charged indirectly.
2. In general, legal fees are charged directly to the benefiting program or activity.
3. Legal fees that are not identifiable to specific direct programs are charged indirectly.

K. Capital Items

Capital expenditures are charged directly to programs only in cases where a contract or grant specifically authorizes such charges. No capital item is charged indirectly. The cost of capital items purchased with non-Federal funds are recovered through depreciation charges. The APS capitalization threshold is \$5000.

L. Depreciation

The cost of capital items purchased with non-Federal funds, which are used in a manner that benefits Federal programs, is recovered through depreciation charged. APS recovers the cost of capital items using straight-line depreciation methods in accordance with generally accepted accounting principles. Depreciation is charged indirectly.

M. Service to Members

The costs of activities performed primarily as services to members, clients, or the general public are classified as direct costs and bear their fair share of indirect costs. These activities include: maintenance of membership rolls, subscriptions, publications, and related functions, providing services and information to members, legislative or administrative bodies, or the public; promotion, lobbying, and other forms of public relations; meetings and conferences except those held to conduct the general administration of APS; maintenance, protection, and investment of special funds not used in operation of APS; and administration of group benefits on behalf of members or clients including life and hospital insurance, annuity or retirement plans, financial aid, etc.

V. Appendices

- A. [Grant Proposal Submission Checklist](#)
- B. [Sam.Gov Checklist](#)
- C. [Chart of Accounts – Grants](#)
- D. [Travel & Expense Form](#)
- E. [Travel & Expense Policies](#)
- F. [Conference & Meetings – Policy & Procedures](#)
- G. [Sign In Sheet](#)
- H. [APS' Information](#)