

GRANTS

A. Definition

Sponsored programs are projects which are administered by the District, but are funded from a source outside the district, such as the Federal Government, State or local government, or private industry. These projects are for the performance of some specific task, usually related to research or special education. The authority for the District to perform the project is a contract or a grant award document.

B. Approval

Grant and sponsored program proposals are subject to Board approval. In addition each proposal must have the approval and signature of the recipient's immediate supervisor, the College President, the Director of Grants and Special Projects, the Controller, and the Chancellor.

C. Summary Information

All proposals should be summarized in a manner that clearly identifies:

1. The purpose of the grant/program;
2. Direct costs to the District;
3. Indirect costs to the District;
4. Use of District-owned facilities and/or equipment; and
5. Social, political, or safety-related issues that should be considered.

D. Typical Steps in the Process

1. A file on sources of funding is maintained in the Office of Grants and Special Projects. In addition many employees receive notices of funding availability from various professional organizations.
2. Contact the funding source to determine their requirements, deadlines, and obtain the proper application forms.
3. Discuss the project with your supervisor and the Director of Grants/Special Projects. Obtain the approval(s) necessary to proceed with a formal proposal. Prepare a proposal according to the sponsor's guidelines.
4. After obtaining approval and signature from the individuals listed in "B" above, submit the proposal to the Board for approval.
5. Submit the approved proposal to the sponsoring agency for review.
6. Notification of an approved proposal will come in the form of a contract to be signed and returned for a notification of grant award. All contracts require Board approval.

- 57 7. After the final award has been received, contact the Controller's office to set up
58 accounting procedures, the Personnel Office and Payroll Office if hiring or
59 reassignment is involved, and Facilities Planning and Administrative Services
60 Office if property or equipment is involved which requires insurance notification.
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62 **E. Responsibilities of the Project Director**

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64 1. General Compliance/Reporting

65 Each project may have different compliance requirements. Federally funded
66 projects are subject to the requirements of the Office of Management and Budget
67 circulars. The Project Director--the recipient of the award--is responsible for
68 compliance with the terms of the grant and all internal and external follow-up
69 reports required during the course of the program and for closing procedures.
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72 2. Budgetary Compliance

73 The Project Director is responsible for budgetary compliance. Any over-
74 expenditure must be covered by funds from the department responsible for
75 administering the contract/grant.
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78 3. Personnel Compliance

79 Personnel compliance is accomplished through hiring, reassignment, and payroll
80 reporting.
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83 4. Use of Funds

84 Project funds must be used only for those items specified in the contract/grant.
85 Purchase of supplies, materials, services, equipment, etc., must be solely for the
86 use of the sponsored program unless specifically authorized by the grant
87 agreement for other uses.
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90 **F. Income Accounting**

91 Funds may be received in three different ways--through an advance payment, a letter of
92 credit, or through a billing process. The contract will indicate the method to be used. When
93 funds are received, they are credited to the project. A budget code is used to track income
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96 **G. Expenditure Accounting**

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98 1. Purchasing

99 Any purchase of supplies, materials, or equipment associated with the grant award
100 shall be accomplished through the regular purchasing process using the budget
101 number(s) assigned to the project.
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104 2. Travel Reimbursement

105 Travel reimbursement is subject to the terms of the District Travel Policy and any
106 conditions imposed on travel by the grant award.
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109 3. Personnel/Payroll

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Many grants require special personnel and payroll accounting procedures. Review all special requirements, coding, etc., with both departments before the commencement of the grant activity.

H. Direct/Indirect Costs

1. Direct costs are those costs that can be identified specifically with a particular project. Examples would include, but not be limited to, employee compensation, fringe benefits, materials and supplies, equipment, and travel.
2. Indirect costs are less easily identifiable, but include those costs associated with performing the project. Examples would include, but not be limited to, institutional administration, operation and maintenance of facility, utilities and library expense.
3. Many sponsors recognize such indirect costs and provide guidelines for reimbursement. Others believe that the institution should "contribute" its share of the program by absorbing such costs. Indirect costs are often negotiable. If an indirect rate or percentage is specified, compute the overhead recovery at that rate providing it is reasonable. If the guidelines are silent, compute the recovery at the "institutional" rate. If the sponsor will not allow the full "institutional" rate, negotiate for the best deal. If no overhead is allowed, then ascertain if there are other benefits to the institution that would warrant accepting the project without recovery of overhead.
4. Direct and indirect costs must be discussed with the Chief Business Officer prior to submitting any proposal for approval.

I. Cost Reimbursement/Recovery Guidelines

As a general rule allowable costs will be spelled out in the grant contract. Allowable costs for state or federal government programs are contained in their circulars. Specific costs that are generally not allowable under state and federal guidelines are:

1. Entertainment costs including costs for amusement, social activities, gratuities, alcoholic beverages, etc.;
2. Bad debts and other losses, whether actual or estimated, arising from uncollectible accounts and other claims, or related collection and legal costs;
3. Commencement or convocation costs;
4. Salary costs above the base rate of pay;
5. Contributions made to a contingency reserve;
6. Donated Services or Property: The value of donated services and property are not allowable either as a direct or indirect cost, except that depreciation or use allowances on donated assets are permitted under specified circumstances. The value of donated services and property may be used to meet cost sharing or matching requirements subject to federal and/or state guidelines;
7. Capital expenditures for special purpose equipment, buildings, and land as direct costs, except as approved in advance by the sponsoring agency;
8. Capital expenditures for special purpose equipment in excess of \$1,000 as direct costs except as approved in advance by the sponsoring agency;

9. Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life as direct costs except as approved in advance by the sponsoring agency;
10. Fines and penalties resulting from violations of, or failure of, the institution to comply with Federal, State, and local laws and regulations except when incurred as a result of compliance with specific provisions of the sponsored agreement, or instructions in writing from the contracting officer;
11. Pre-agreement costs incurred prior to the effective date of the sponsored agreement, whether or not they would have been allowable;
12. Professional services costs for legal, accounting, consulting services, and related costs incurred in connection with prosecution of claims against the government or for patent infringement litigation, unless otherwise provided for in the contract;
13. Special services costs incurred for general public relations activities, alumni activities, and similar services;
14. Special services costs incurred for intramural activities, student publications, student clubs, and other student activities, unless specifically provided for in the agreement.

J. Property

1. Real Property

Real property means land, including land improvements, structures and appurtenances thereto, excluding machinery and equipment. The sponsor will prescribe requirements for the use and disposition of real property. Vested title depends to a large extent upon the conditional use of the property. When the property is no longer needed for the purpose that the grant specified, it may be used for other federal grant programs with the approval of the sponsor. When the property is no longer needed for any purpose, the project director must request disposition instructions from the federal agency.

2. Personal Property

- a. Personal property is property of any kind except real property. It may be tangible--having physical existence, or intangible--having no physical existence, such as patents, inventions, and copyrights.
- b. Non-expendable personal property is tangible personal property generally having a useful life of more than one year, or an acquisition cost of \$200 or more per unit. Non-expendable personal property remains the property of the state or federal government in most cases. Project directors must provide an annual report of federally owned property in their custody to the federal agency. Upon completion of a program or if the property is no longer needed, the Project Director must notify the federal agency to obtain disposition instructions.

3. Exempt Property

Exempt property is tangible personal property acquired in whole or in part with federal funds, the title to which is vested in the recipient without further obligation to the government.

4. Property Management

Property management records shall include:

- a. A description of the property;
- b. Serial number, model number, federal stock number, or other identifier;
- c. Source of funds for property acquisition including grant or other agreement number;
- d. Information on where the title is vested;
- e. Acquisition date and cost;
- f. Percentage of sponsor participation in the cost;
- g. Location, use, and condition of the property;
- h. Disposition data including date of disposal, sales price, method, etc.;
- i. Federal ownership marked on federally owned property. A periodic inventory of property is required to verify accounting records and the condition of the property.

5. Property Disposal

Property disposal shall be in keeping with the requirements of the grant agreement as described above and in keeping with District procedures for disposal of surplus property.