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## Glossary of Terms

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<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account Change</td>
<td>An adjustment within the same project where payroll costs are moved between chartfield lines.</td>
</tr>
<tr>
<td>Acquisition Cost of Equipment</td>
<td>The price of property including the cost of modifications, attachments, accessories or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges – such as installation, transportation, taxes, duty or protective in-transit insurance – shall be included if these costs are listed on the same invoice.</td>
</tr>
<tr>
<td>Advance/Risk Project</td>
<td>A project will be placed on risk status to allow for costs to be incurred on or after the effective date of the award, but prior to the University’s receipt of the award documents. This may be requested for a new award or continuation of the existing award.</td>
</tr>
<tr>
<td>Allowable</td>
<td>The charge is permitted under Federal regulations or the terms of the sponsored agreement.</td>
</tr>
<tr>
<td>Allocable</td>
<td>A cost is allocable to a particular sponsored project if the goods or services involved are chargeable or assignable to the project in accordance with the relative benefits received in proportion to use on an award.</td>
</tr>
<tr>
<td>Asset Tag</td>
<td>The number given to a piece of equipment that serves as the main unit of a system with numbered components.</td>
</tr>
<tr>
<td>Award</td>
<td>Funds provided to the University by a Sponsor for an activity with a defined scope, defined purpose, and with the expectation of an outcome that directly benefits the Sponsor. Awards may be established in such forms as a grant, contract or cooperative agreement.</td>
</tr>
<tr>
<td>Clinical Trials</td>
<td>A form of clinical research that involves a researcher or research team who directly observe a person or people and/or who collect data to answer a scientific or medical question about the safety or potential benefit of an intervention such as a medication, device or</td>
</tr>
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behavioral change.

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<tr>
<th>Closeout</th>
<th>The process by which a Federal or non-Federal awarding sponsor determines that all applicable administrative actions and all required work of the award have been completed by the recipient and sponsor. This refers both to an internal closeout as well as ensuring external sponsor requirements have been met.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistently Treated</td>
<td>An expense must be treated consistently based on the circumstances, i.e., direct costs or indirect costs.</td>
</tr>
<tr>
<td>Consultant</td>
<td>An individual, firm, company or institution which provides needed expertise to a project for a limited period of time. They function as independent contractors (in other words, with little or no day-to-day supervision by NYU staff) and they are not employees of the University. Consultants are typically paid on an hourly or daily fee plus reimbursement for travel and other incidental expenses. Consultant agreements issued for sponsored projects are executed by the Contract Office.</td>
</tr>
<tr>
<td>Contract</td>
<td>Normally used by a sponsor whenever the principal purpose of the relationship is to acquire – by purchase, lease, or barter – property or services for the direct benefit or use of the sponsor.</td>
</tr>
<tr>
<td>Cooperative Agreements</td>
<td>Financial assistance mechanisms used when substantial Federal programmatic involvement with the recipient during performance is anticipated by the Federal agency. They are frequently used for complex projects headed by a single PI or for networks of sites around the country that undertake a standard clinical protocol and contribute data to a central data coordinating center. They may also be used for conference grants where the sponsor will have major involvement. In general, cooperative agreements are awarded in response to requests for application (RFAs), and not to unsolicited proposals. They frequently include special terms and conditions in addition to those that apply to grants.</td>
</tr>
</tbody>
</table>
### Cost Sharing

The portion of a project or program cost that is not reimbursed by the sponsor (whether Federal or non-Federal) and as such represents a commitment of institutional resources that would otherwise be devoted to other University purposes. At NYU, cost sharing normally involves personnel effort however other costs, such as equipment, may be used.

- **Mandatory** - may be required by the sponsor as a condition of the award and becomes an obligation once an award is made.

- **Voluntary Committed** - may be offered by NYU and becomes an obligation once an award is made.

- **Voluntary Uncommitted** - faculty effort over and above that level which is committed and budgeted for in a sponsored agreement.

### Cost Transfer

A transfer to or from a sponsored award of a charge previously allocated to a different funding source. Examples of cost transfers include (but are not limited to):

- Transfer of pre-award costs from departmental holding account
- Correction for clerical error
- Reallocation of salary and fringe benefits to reflect actual effort
- Reallocation of shared services that were previously charged elsewhere

### Departmental Research

The amounts expended for start-up, seed money, bid and proposal are classified as "departmental research." An account which is set up to provide faculty with funds for release time to further academic knowledge may be included in the category of "departmental research."

### Direct Costs

Expenses that directly further the programmatic objectives of a sponsored project with a high
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<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Domestic Travel</td>
<td>Travel performed within the recipient's own country. For the U.S., it includes travel within and between any of the 50 States of the U.S. and its possessions and territories as well as Canada and, in most cases, Mexico.</td>
</tr>
<tr>
<td>Effort</td>
<td>The work or portion of time devoted to a particular activity, expressed as a percentage of salary paid by NYU as defined by the Institutional Base Salary (IBS).</td>
</tr>
<tr>
<td>Equipment (also referred to as &quot;property&quot; or &quot;asset&quot;)</td>
<td>Tangible, non-expendable personal property having an anticipated useful life of one year or more with a unit acquisition cost of $3,000 or greater.</td>
</tr>
<tr>
<td>Excess Property</td>
<td>Property under the control of any Federal awarding agency that is no longer required for its intended purpose. The Federal awarding agency approves the PI's recommendation to deem it &quot;excess property.&quot;</td>
</tr>
<tr>
<td>Expanded Authority</td>
<td>Federal Agencies delegate authority for approval of certain cost-related activities and expenditures to the grantee. These operating authorities are designated as &quot;expanded authorities.&quot; See “Expanded Authority Summary” in PDF. <a href="http://sites.nationalacademies.org/PGA/fdp/PGA_055837">http://sites.nationalacademies.org/PGA/fdp/PGA_055837</a></td>
</tr>
<tr>
<td>Facilities &amp; Administrative (F&amp;A) Costs</td>
<td>General business expenses that are not specifically identifiable to a sponsored project, but rather support the project indirectly. Examples of F&amp;A expenses include: space costs; utilities; general, sponsored projects and departmental administration costs. These costs are also known as indirect costs or overhead. See also Indirect Costs.</td>
</tr>
<tr>
<td>Federal Contract (Procurement)</td>
<td>The appropriate agreement to be used in a relationship between the Federal government and a recipient whenever (1) the principal purpose of the relationship is to acquire – by purchase, lease or barter – property or services for the direct benefit or use of the Federal government, or (2) a Federal executive agency determines in a specific instance that the use of a type of procurement contract is appropriate.</td>
</tr>
<tr>
<td><strong>Sponsored Programs Administration Post-Award Handbook</strong></td>
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<tr>
<td>Federal contracts are governed by the Federal Acquisition Regulation (FAR).</td>
<td></td>
</tr>
<tr>
<td><strong>Federal Demonstration Project (FDP) General Terms and Conditions</strong></td>
<td></td>
</tr>
<tr>
<td>A cooperative effort between specific Federal research agencies and specific universities or other institutes of higher education that are recipients of Federal funds. The FDP was established to increase research productivity by streamlining and improving administrative procedures and minimizing the administrative burden on Principal Investigators, while maintaining effective stewardship of Federal funds.</td>
<td></td>
</tr>
<tr>
<td>Not all grants issued by the participating Federal agencies are under FDP terms and conditions. FDP terms and conditions are not applicable to Federal contracts.</td>
<td></td>
</tr>
<tr>
<td><strong>Federally-Owned Equipment</strong></td>
<td></td>
</tr>
<tr>
<td>Equipment under the University's control to which Federal Government retains title (also called “Government-Owned Property”).</td>
<td></td>
</tr>
<tr>
<td><strong>Foreign Travel</strong></td>
<td></td>
</tr>
<tr>
<td>Travel outside of the United States, its territories and possessions, Canada and in most cases Mexico. However, for a foreign organization as described above, foreign travel means travel outside that country.</td>
<td></td>
</tr>
<tr>
<td>When an award is Federally funded, the employee must comply with the requirements of the Fly America Act.</td>
<td></td>
</tr>
<tr>
<td><strong>Funding Limitation</strong></td>
<td></td>
</tr>
<tr>
<td>The limitation on the annual rate of NYU salary for full-time effort that the sponsor provides for an award. This limit is usually established at the time of a competitive award based on the salary cap in effect at that time. However, if after a competitive award is made, the sponsor announces an increased Salary Cap, the sponsor may allow Principal Investigators to re-budget awarded funds, in that or future years, to charge the higher salary level. NIH has not historically provided additional funds as a result of an increase in the Salary Cap.</td>
<td></td>
</tr>
<tr>
<td><strong>Gifts</strong></td>
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| Any item of value given to the University by a donor who expects nothing significant of value in return other than recognition and disposition of the gift in accordance with the donor's
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<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Government Contract</td>
<td>An &quot;acquisition&quot; mechanism, or a legally binding agreement to furnish specific goods and services (deliverables) to a federal agency under very specific terms and conditions, normally under Federal Acquisition Regulations. Even minor changes to the original plan usually require prior approval by the Contracting Officer.</td>
</tr>
<tr>
<td>Grant</td>
<td>An award of financial assistance in the form of money by the Federal government or other sponsors to an eligible grantee with no expectation that the funds will be paid back. The term does not include nonmonetary technical assistance or services or assistance in the form of revenue sharing, loans, loan guarantees, interest subsidies, insurance or direct appropriations.</td>
</tr>
<tr>
<td>Indirect Costs</td>
<td>General business expenses that are not specifically identifiable to a sponsored project, but rather support the project indirectly. This term is also referred to as Facilities and Administrative Costs (F&amp;A) or overhead. Examples of F&amp;A/overhead expenses include space costs, utilities, general, sponsored projects and departmental administration costs.</td>
</tr>
<tr>
<td>In-Kind</td>
<td>Non-monetary donation of tangible or intangible goods and services provided by a third party. In-kind services that are committed as matching must be documented and may require a certification of fair market value.</td>
</tr>
<tr>
<td>Institutional Animal Care and Use Committee (IACUC)</td>
<td>A committee that provides oversight for use of animals in research. Institutions that use animals for Federally funded laboratory research must have an Institutional Animal Care and Use Committee (IACUC). At NYU, this is known as the University Animal Welfare Committee (UAWC). The UAWC reviews research protocols and conducts evaluations of the institution's animal care and use, which includes the results of inspections of facilities, as required by law.</td>
</tr>
<tr>
<td>Institutional Base Salary (IBS)</td>
<td>The compensation that NYU pays an employee, whether that individual's time is spent on research, teaching, administrative and wishes.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>other service, patient care or other activities. The compensation relevant in determining IBS is the amount that is guaranteed and fixed in advance by the appointment letter or employment agreement and paid through the NYU payroll system. For faculty with 9-month appointments, it is the salary base for the period 9/1 – 5/31.</td>
<td></td>
</tr>
<tr>
<td>Institutional Review Board (IRB)</td>
<td>A committee that has been formally designated to approve, monitor and review research involving human subjects, also known at NYU as the University Committee on Activities Involving Human Subjects (UCAIHS).</td>
</tr>
<tr>
<td>Mandatory Cost Sharing</td>
<td>Costs borne by the institution and required by a sponsor as a condition of obtaining an award. Mandatory Cost Sharing is a binding commitment for NYU and must be documented, tracked and reported in accordance with the Cost Sharing Policy.</td>
</tr>
<tr>
<td>Matching</td>
<td>The requirement by some sponsors that grant funds be matched in specific proportion with funds from NYU or another party, whether received from another non-Federal sponsor or committed by a collaborating organization.</td>
</tr>
<tr>
<td>Modified Total Direct Costs (MTDC)</td>
<td>The base of costs to which F&amp;A (indirect cost) rates are applied. The Negotiated Rate Agreement defines this base as follows: “Modified Total Direct Costs consist of all salaries and wages, fringe benefits, materials and supplies, services, travel and subgrants and subcontracts up to the first $25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships and fellowships as well as the portion of each subgrant and subcontract in excess of $25,000.”</td>
</tr>
<tr>
<td>No-Cost Extension</td>
<td>An extension of the date at which the project ends that does not involve additional funding.</td>
</tr>
<tr>
<td>NYU Salary</td>
<td>The pay that an individual receives from New York University upon which benefits are</td>
</tr>
</tbody>
</table>
calculated. At NYU, pay is established by the Institutional Base Salary (IBS). The IBS is the compensation that NYU pays an employee, whether that individual's time is spent on research, teaching, administrative and other service, patient care or other activities. The compensation relevant in determining IBS is the amount that is guaranteed and fixed in advance by the appointment letter or employment agreement and paid through the NYU payroll system. Faculty practice compensation that is not guaranteed to the faculty member should be excluded from IBS.

<p>| <strong>Off Campus</strong> | A project or part of a project is considered to be performed off-campus if it is conducted off the University premises (in a facility not owned or operated by NYU) for a consecutive period of 3 months or longer. |
| <strong>OMB Circular A-21 Cost Principles for Educational Institutions</strong> | The set of Federal regulations which establishes the principles for determining costs applicable to Federal grants, contracts and other agreements with educational institutions. |
| <strong>Other Sponsored Programs</strong> | Programs and projects financed by Federal and non-Federal agencies and organizations whose performance of work includes functions other than Instruction or Sponsored Research. |
| <strong>Other Than Personnel Services (OTPS)</strong> | Direct costs for sponsored projects exclusive of salaries and fringe benefits. |
| <strong>Pass-Through Entity</strong> | A non-Federal entity that provides an award to a Subawardee to carry out a program through a Statement of Work on a sponsored project. The Pass-Through Entity assumes many of the responsibilities typically assigned to a prime sponsor in issuance and oversight of an award to a grantee or contractor, including verification of financial viability, adequacy of compliance controls and audit status as well as fulfillment of its portion of the programmatic effort. |
| <strong>Pre-Award Spending</strong> | Costs incurred prior to the &quot;effective date&quot; of the award. See above, Advance/Risk |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Income</strong></td>
<td>Gross income earned by the Recipient that is directly generated by a supported activity or earned as a result of an award.</td>
</tr>
<tr>
<td><strong>Property</strong></td>
<td>Within the context of the policy <em>Property Management for Federally Owned Equipment</em>, “property” primarily includes equipment. However, depending on regulatory or other contractual requirements, it may also include materials and supplies.</td>
</tr>
<tr>
<td><strong>Reasonable</strong></td>
<td>A cost is considered reasonable if the nature of the goods or services acquired or applied and the amount reflects the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made.</td>
</tr>
<tr>
<td><strong>Re-Budgeting</strong></td>
<td>The transfer of grant funds from one budget line (e.g., salaries, supplies, travel, equipment) to another budget line. When re-budgeting has occurred, the total amount of funding authorized for the grant has not changed.</td>
</tr>
<tr>
<td><strong>Salary Cap</strong></td>
<td>The maximum annual rate of NYU Salary for the level of effort that can be charged to a sponsor’s award. Normally it is indexed to a specific government Executive Pay Level.</td>
</tr>
<tr>
<td><strong>Salary Cap – Annual Rate</strong></td>
<td>The amount of pay an individual would receive from NYU for a 12-month period. For 9-month faculty, take the 9-month base, divide by 9 and multiply by 12.</td>
</tr>
<tr>
<td><strong>Small Business Subcontract Plan</strong></td>
<td>Mandated under FAR 52.219-9 and applicable to Federal contracts that exceed the simplified acquisition threshold (currently $650,000); a plan is required which details the amount of goods or services, which will be acquired from Small Businesses.</td>
</tr>
<tr>
<td><strong>Sponsor</strong></td>
<td>An individual, institution or agency that enters into an agreement with the University to support through an award (grant, contract or cooperative agreement) a project or work of a certain scope.</td>
</tr>
<tr>
<td>Term</td>
<td>Description</td>
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<tr>
<td>Sponsored Instruction</td>
<td>Specific instructional or training activity established by grant, contract or cooperative agreement. Sponsored Instruction includes agreements that support curriculum development and teaching/training activities (other than research training). Teaching/training activities include those offered for credit toward a degree or certificate on a non-credit basis or through regular academic departments or by separate divisions, summer school or external division.</td>
</tr>
<tr>
<td>Sponsored Projects</td>
<td>Signed awards (grant, contract or cooperative agreement) under which the University agrees to perform a certain scope of work for an external sponsor.</td>
</tr>
<tr>
<td>Sponsored Research</td>
<td>All research and development activities that are sponsored by Federal and non-Federal agencies and organizations and are separately budgeted and accounted for. This category also includes the training of individuals in research techniques (commonly referred to as “research training”) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.</td>
</tr>
<tr>
<td>Subaward (also referred to as a “Subgrant”)</td>
<td>A formal written agreement made between NYU and a &quot;Subawardee&quot; (as defined below) to perform a portion of the Statement of Work under a NYU sponsored project.</td>
</tr>
<tr>
<td>Subawardee (also referred to as a “Subrecipient” or a “Subgrantee”)</td>
<td>An entity that expends award funds received from the Prime Grantee to carry out a portion of the Prime’s programmatic effort under a sponsored project.</td>
</tr>
<tr>
<td>Subcontract</td>
<td>A written agreement between the University and a third party, often issued under a sponsored project, to procure goods or services. The term may refer either to an agreement with a subrecipient or with a vendor.</td>
</tr>
<tr>
<td>Supplies</td>
<td>Goods which are consumable, perishable, or short lived and are subject to material change or items of a durable nature with an anticipated useful life of less than one year or with a unit...</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>acquisition cost of less than $3,000.</td>
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</tr>
<tr>
<td>Third-Party Contributions</td>
<td>The value of cash or non-cash contributions directly benefiting a grant-supported project or program that is provided by non-Federal third parties.</td>
</tr>
<tr>
<td>Unallowable Costs</td>
<td>Expenses, whether direct or indirect costs, that are not reimbursable under Federal regulations and/or the terms and conditions of a sponsored award.</td>
</tr>
<tr>
<td>University Effort</td>
<td>The sum of all professional activities for which NYU compensates an individual.</td>
</tr>
<tr>
<td>University Research</td>
<td>Research and development activities that are both separately budgeted and accounted for by the University and funded by the University rather than an external sponsor.</td>
</tr>
<tr>
<td>Voluntary Committed Cost Sharing</td>
<td>Quantifiable contributions reflected in the proposal narrative, budget and/or budget justification, which are not mandated by the sponsor. Voluntary committed cost sharing becomes a binding commitment on the University when proposed and accepted in the award.</td>
</tr>
<tr>
<td>Voluntary Uncommitted Cost Sharing</td>
<td>Faculty-donated additional time above that agreed to as part of the award.</td>
</tr>
</tbody>
</table>
Acronyms

a. Federal Agency Glossaries and Definitions

For more formal grant definitions and terms, refer to the following National Institutes of Health (NIH) and National Science Foundation (NSF) links:

NIH Glossary and Acronym List
http://grants.nih.gov/grants/glossary.htm

NSF Glossary
http://www.nsf.gov/about/glossary.jsp

NSF Standard Definitions:
http://www.nsf.gov/pubs/policydocs/pappguide/nsf10_1/index.jsp#definitions

NSF Acronym List:
http://www.nsf.gov/pubs/policydocs/pappguide/nsf10_1/index.jsp#C

b. Glossary of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>ACH</td>
<td>Automated Clearing House</td>
</tr>
<tr>
<td>BSR</td>
<td>Budget Summary Report</td>
</tr>
<tr>
<td>CAS</td>
<td>Cost Accounting Standards</td>
</tr>
<tr>
<td>DA</td>
<td>Departmental Administrator</td>
</tr>
<tr>
<td>DCA</td>
<td>The Division of Cost Allocation under DHHS</td>
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<tr>
<td>DHHS</td>
<td>Department of Health and Human Services</td>
</tr>
<tr>
<td>DOD</td>
<td>U.S. Department of Defense</td>
</tr>
<tr>
<td>DOE</td>
<td>U.S. Department of Energy</td>
</tr>
<tr>
<td>DS-2</td>
<td>Disclosure Statement</td>
</tr>
<tr>
<td>ERS</td>
<td>Maximus Effort Reporting System</td>
</tr>
<tr>
<td>FAME</td>
<td>Financial Administration Made Easier (i.e., the general ledger of the University)</td>
</tr>
<tr>
<td>FAR</td>
<td>Federal Acquisition Regulation</td>
</tr>
<tr>
<td>F&amp;A</td>
<td>Facilities and Administrative (same as indirect costs)</td>
</tr>
<tr>
<td>FDP</td>
<td>Federal Demonstration Project</td>
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<tr>
<td>FISAPPS</td>
<td>Financial Information Systems-Application (at NYU)</td>
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<tr>
<td>FSR</td>
<td>Financial Status Report</td>
</tr>
<tr>
<td>FTR</td>
<td>Federal Travel Regulation</td>
</tr>
<tr>
<td>GRA</td>
<td>Graduate Research Assistant</td>
</tr>
<tr>
<td>HHS</td>
<td>U.S. Department of Health and Human Services</td>
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<tr>
<td>HIPAA</td>
<td>Health Insurance Portability and Accountability Act</td>
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<tr>
<td>IACUC</td>
<td>Institutional Animal Care and Use Committee</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
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<td>---------</td>
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<tr>
<td>IBS</td>
<td>Institutional Base Salary</td>
</tr>
<tr>
<td>ICR</td>
<td>Indirect Cost Rate</td>
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<tr>
<td>IRB</td>
<td>Institutional Review Board</td>
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<tr>
<td>JEMS</td>
<td>Journal Entry Management System</td>
</tr>
<tr>
<td>LOC</td>
<td>Letter of Credit</td>
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<tr>
<td>MTDC</td>
<td>Modified Total Direct Costs</td>
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<tr>
<td>NOGA</td>
<td>Notice of Grant Award</td>
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<tr>
<td>NIH</td>
<td>U.S. National Institutes of Health</td>
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<tr>
<td>NSF</td>
<td>U.S. National Science Foundation</td>
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<tr>
<td>OGC</td>
<td>Office of General Counsel</td>
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<td>OMB</td>
<td>U.S. Office of Management and Budget</td>
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<td>OSP</td>
<td>Office of Sponsored Programs</td>
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<tr>
<td>OTPS</td>
<td>Other Than Personnel Services</td>
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<tr>
<td>PAF</td>
<td>Personnel Action Form</td>
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<tr>
<td>PAS</td>
<td>Institutional Prior Approval System</td>
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<tr>
<td>PASS</td>
<td>Personnel Action Submission System</td>
</tr>
<tr>
<td>PI</td>
<td>Principal Investigator</td>
</tr>
<tr>
<td>RFA</td>
<td>Request for Application</td>
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<td>RFP</td>
<td>Request for Proposals</td>
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<tr>
<td>SOW</td>
<td>Statement of Work</td>
</tr>
<tr>
<td>SPA</td>
<td>Sponsored Programs Administration</td>
</tr>
<tr>
<td>SRA</td>
<td>Industry Sponsored Research Agreement</td>
</tr>
<tr>
<td>SVPR</td>
<td>Senior Vice Provost for Research</td>
</tr>
</tbody>
</table>
Section 1: Introduction
1. Purpose of Handbook

The New York University (NYU, “the University”) Sponsored Programs Administration Post-Award Handbook is a comprehensive tool and reference guide designed to support Principal Investigators (PI’s), Departmental Administrators (DA’s), Program Grant Managers and other staff responsible for both public and private grants and contracts.

The Handbook will be the primary repository of all NYU’s policies and procedures governing post-award administration of grants and contracts supporting sponsored programs.

This is a dynamic document that will grow and evolve with changes in donor requirements and NYU’s needs; as such it will be reviewed and updated each year by Sponsored Programs Administration (SPA).

The Handbook:

» Focuses primarily on Federal grants (and provides some background and tools useful in managing Federal contracts).

» In most cases it assumes that NYU is acting as prime and provides policies and procedures in the event NYU is acting as subawardee.

» Establishes policies and procedures governing sponsored programs throughout NYU’s global network; exceptions to these policies associated with the requirements of local law and custom or operational needs must be submitted to and approved by Sponsored Programs Administration.

Management of grants and contracts, especially as it relates to Federal sponsorship of research, is complex as there are numerous requirements. Federal regulations and compliance considerations must be taken into account with every new award.

This Handbook and related website attempt to capture, simplify, and organize critical information in an easy to use format that NYU staff can reference while managing Federal grants and contracts.

The Handbook provides an overview of several areas of grants management, such as:

» Opening and Closing Grant Sponsored Awards

» Re-Budgeting

» Managing Grant Expenditures, including Personnel Expenses, Travel, Membership Dues, Equipment, Computers

» Dealing with Cost Sharing

» Processing Cost Transfers

» Identifying and tracking Program Income

» Managing Recharge Centers
Sponsored Programs Administration Post-Award Handbook

- Purchasing for a Sponsored Project
- Managing Equipment Acquired with Federal Funds
- Managing Sub-awards
- Financial Reporting on a Grant
- Handling Audits and Other Forms of Financial Reviews

The Handbook contains a comprehensive Glossary of Terms and aims to assist both NYU PI’s and Grant Administrators with background and reference information useful to the administration of Federal awards and sub-awards, as well as to provide NYU staff with the information and tools needed to successfully manage grant programs and ensure compliance with Federal regulations and requirements.

While this handbook is primarily focused on the requirements of managing U.S. Federal grants, many of the tools and concepts are transferable to other public and private sponsor awards. The Handbook and website will also serve as a valuable resource to NYU staff providing a number of benefits such as:

- The basis of workshops, e-Learning, and seminars, which will focus on how U.S. Federal and private grants and contracts are managed at the University;
- A reference manual for experienced professionals;
- A source of useful tools and guidance;
- A repository of policies and procedures governing the management of U.S. Federal and private grants and contracts; and
- A stand-alone, self-study course for individual or small “self-study” work groups.

Finally, the Handbook is not meant to replace the assistance and support, which PI’s and their staff should expect from SPA. If you need further clarification, contact SPA staff about any subject covered in this Handbook.

a. Sponsored Programs at New York University

i. Office of Sponsored Programs (OSP)

OSP provides the “pre-award” support for Sponsored Programs such as: identifying potential sponsors, interpreting guidelines, developing budgets, and assisting with application requirements and submission. OSP also provides institutional approval and sign off for proposal submissions, negotiates awards with sponsors and guides investigators in project administration. [http://www.nyu.edu/research/resources-and-support-offices/getting-started-withyourresearch/office-of-sponsored-programs.html](http://www.nyu.edu/research/resources-and-support-offices/getting-started-withyourresearch/office-of-sponsored-programs.html)

ii. The Contract Office

This office performs the review, drafting, and negotiation of grants, contracts, subawards, and consulting agreements related to sponsored programs. This function
is performed whether the agreements are received or issued by NYU. The Contract Office is a subdivision of (and co-located with) OSP. [http://www.nyu.edu/research/resources-and-support-offices/getting-started-withyourresearch/contracts.html](http://www.nyu.edu/research/resources-and-support-offices/getting-started-withyourresearch/contracts.html)

iii. Sponsored Programs Administration (SPA)

This office performs the “post-award” financial support for sponsored programs administration at NYU. This includes project set-up, billing and financial reporting, receivables analysis and collection and project closeout. SPA is also responsible for compliance functions relating to grants and serves as the primary liaison for all audits, including the annual A-133 audit. [http://www.nyu.edu/financial.services/cdv/spa](http://www.nyu.edu/financial.services/cdv/spa)

Cost Analysis Office: This office performs the following activities: the preparation, submission and negotiation of the University’s Federal Facilities & Administrative (F&A) and Fringe Benefit rates as well as administering the University’s Time & Effort Certification process. [http://www.nyu.edu/financial.services/cdv/icc](http://www.nyu.edu/financial.services/cdv/icc)

iv. University Development and Alumni Relations (UDAR)

This office solicits private funding necessary to support the strategic goals of the University in teaching, learning and research. Fundraising is performed for immediate, long-range and future financial support, through gifts and pledges to the University, for critical operations such as student aid, faculty support, academic and research program development and facilities and infrastructure. [http://www.nyu.edu/udar](http://www.nyu.edu/udar)
2. Global Network University – Sponsored Research Policies and Procedures

All policies and procedures in the New York University (NYU) Post-Award Policies and Procedures Handbook are operative for all NYU campuses and business units, both U.S. domestic and global. However, where sponsor requirements, local law, local custom, and/or operational need necessitate change in policy and/or procedures, it is incumbent upon the local unit or campus to submit their change request (in writing via email) to the Assistant Vice President for Post Award Administration for review and final approval.
3. Principal Investigator Responsibility

Title: Principal Investigator Responsibility Policy for the Integrity of the Financial Management of Sponsored Programs

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that Principal Investigators (PI’s) are responsible for ensuring the financial integrity of grants and contracts awarded to NYU. This responsibility requires compliance with all sponsor requirements and University policies and procedures.

Purpose of this Policy

The purpose of this policy is to communicate to PI’s their responsibility for ensuring the financial integrity of their sponsored research by providing financial oversight of the grants and contracts supporting their research projects.

Scope of this Policy

This policy is applicable to all University PI’s involved in administering sponsored awards.

Procedures for Implementation

As a recipient of grant and contract awards from both Federal and other sponsors, NYU is required to comply with numerous sponsor rules and regulations. The Office of Management and Budget (OMB) sets forth policies governing grant and contract financial administration. In addition, sponsoring agencies have their own agency-specific regulations.

The University’s compliance with these requirements is under constant scrutiny, especially in the form of audits conducted by:

» NYU’s cognizant Federal agency (DHHS)

» State and Local government agencies

» Private, Corporate or Foundation sponsors

» NYU’s independent auditors (who audit NYU’s financial statements and sponsored programs in compliance with OMB Circular A-133)
NYU’s Internal Audit Department

Common to the regulations of all sponsors is the fundamental requirement that a particular grant or contract may be charged only for costs related to that project and that those costs must meet the standards of allowability and allocability. Fund availability, grant expiration or any other terms of convenience may not govern how, when or which sponsored agreement is charged. It is ultimately the responsibility of the PI to ensure that expenditures, whether they are related to personnel, equipment, supplies or other categories, are charged to their individual sponsored agreements in an appropriate and timely manner.

Sponsored Programs Administration (SPA) at NYU is specifically tasked to provide the highest level of technical support to PI’s and their staff to ensure successful compliance with the financial and administrative requirements of sponsored programs. Non-compliance with these rules and regulations may result in fines, penalties or other restrictions. These could significantly affect the PI’s ability to solicit and/or the University’s ability to administer future sponsored agreements. It is therefore incumbent upon the University to maintain the highest level of grants management and financial integrity regarding sponsored activity. Non-compliance is not an option. PI’s and their designees must be fluent in the rules and regulations and be both consistent and vigilant in their pursuit of compliance. Of course, the University’s administrators and administrative support systems have to provide the necessary structure, systems and training that make compliance possible, but the ultimate responsibility rests with PI’s.

The University recognizes the importance of minimizing the administrative burden on faculty and allows the use of departmental administrative and clerical personnel in carrying out routine administrative activities related to grant and contract management such as bookkeeping, ordering supplies, and processing salary distributions and vendor invoices. For this delegation to be successful, both the PI and the administrative personnel must be familiar with the rules and systems.

The nature of sponsored project support is such that grant and contract administration cannot be performed without guidance and oversight by the Investigator, particularly when the project is supported by multiple sources. The PI best understands the scope of the project, the effort committed to it by faculty and staff and the relationship of that project to other projects with which resources may be shared with the consent of the sponsor.

Accordingly, although the PI may delegate responsibility for day-to-day financial management of a grant or contract to others within the department or unit, the Investigator must exercise appropriate oversight of the overall finances of the project. This is necessary in order to ensure that charges to each grant and contract meet the following guidelines:

(a) As they relate to personnel costs, are consistent with the effort expended by those working on the grant or contract. This commitment is represented not only in the direct charges to the sponsored agreement, but also in the periodic Time & Effort Certification, which all PI’s must certify for their individual sponsored agreements. Another example is adherence to the NIH Salary Cap, which is required on all NIH funded agreements.

(b) As they relate to costs other than personnel, are appropriately charged to the grant or contract.
(c) The PI named in the Notice of Award (NOA) has the authority to spend funds up to, but not exceeding, the sponsor approved budget; this authority is limited by the sponsor defined expenditure requirements and University policy.

(d) Are in compliance with sponsor and NYU policies and procedures.

(e) Carrying out these responsibilities requires that the PI clearly understand and communicate instructions to those performing the day-to-day financial administrative tasks on how to allocate charges among various funding sources. Additionally, the investigator must regularly monitor the financial status of the grants and contracts to ensure that the charges conform to the above requirements.

(f) The Office of Sponsored Programs (OSP), SPA, and other offices of the Controller’s Division, Finance Department as well as the offices of school and departmental administration, are committed to supporting the PI to administer the grant in ways that lead to completion of the high-caliber research outlined in the grant’s scope of work, as well as successful compliance. Systems, policies and training are continually being developed, enhanced and communicated in the pursuit of this goal. These existing and future policies will serve as the basis for successful compliance and together we can and will ensure the continued success of the University’s sponsored financial activity.

Related Policies

For a description of PIs’ responsibilities, see the Pocket Guide at http://www.nyu.edu/content/dam/nyu/research/documents/OSP/sponsored_programs_pocket_guide.pdf.
Section 2:
Proposal and Budget Development
1. **Budgeting**

**Title:** Budgeting Policy for Sponsored Program Awards

**Effective date:** September 1, 2013

**Supersedes:** N/A

**Issuing Authority:** Sponsored Programs Administration

**Responsible Officer:** Assistant Vice President for Post-Award Administration

**Policy**

It is the policy of New York University (NYU, “the University”) that all costs proposed or incurred on sponsored projects comply with sponsor terms and conditions, NYU policies and procedures and applicable Federal, state and local regulations. At NYU, the Office of Sponsored Programs (OSP) works closely with Principal Investigators (PI’s) and their staff to develop sponsored program budgets.

**Purpose of this Policy**

The purpose of this policy is to provide basic guidance to PI’s and their staff in development of sponsored program budgets that are in compliance with sponsor requirements and University policy.

**Scope of this Policy**

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

**Procedures for Implementation**

The following are guidelines that should be followed in the development of sponsored program budgets.

In proposing budgets for sponsored projects, the PI ensures NYU and the potential sponsor that project budgets are represented as accurately as possible. At NYU, PI’s work with OSP to develop all sponsored program budgets. In addition, specific requirements – including cost principles as defined by the Federal Office of Management and Budget (OMB) Circular A-21 (http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html) or other sponsor regulations and consistency requirements as imposed by the Cost Accounting Standards (CAS) Board – must be adhered to at the proposal stage as well as when funds are expended.

a. **Allowability**

Proposals and sponsored projects funded by the Federal government should not include expenses that are unallowable as defined by OMB Circular A-21 or other regulations. In instances where the project is funded by a non-Federal sponsor,
proposed and actual expenses must comply with the sponsor’s terms and conditions. Similarly, expenses which are normally considered as indirect expenses (e.g., certain types of office supplies and clerical salaries) may not be proposed and budgeted as direct expenses unless they meet the criteria outlined by the non-Federal sponsor or, in the case of Federally funded projects, the exception as defined in the OMB Circular A-21 Exhibit C (See Charging Administrative Expenses to Federal Awards Policy.)

b. Cost Sharing

Proposed budgets should include the total cost of the project, identifying the amount requested from the sponsor and other costs that NYU commits to cost share, if any. The PI must adhere to NYU’s Cost Sharing Policy which discourages voluntary cost sharing. After an award is received, these commitments must be identified and tracked as cost sharing. Cost sharing accounts are established by Sponsored Programs Administration (SPA) as Programs, using the same Project ID as the sponsored program. PI’s must ensure that department funds are identified and separately budgeted for cost sharing. Voluntary uncommitted effort beyond what was committed in the proposal should not be recorded and tracked as cost sharing.

c. Commitment of Effort

The OMB requires a commitment of effort on the part of the PI during the period in which the work is being performed. This effort may be expended during the academic year and/or summer. Committed effort shall be directly charged or cost shared, within the limits set forth in the Cost Sharing Policy. The requirement of PI effort does NOT extend to:

Equipment grants.

» Startup grants for students/postdocs where the faculty mentor is named as PI, dissertation support or training.

» Limited-purpose awards characterized as Other Sponsored Activities. (Examples of such limited-purpose awards include awards granted specifically for PIs to travel or to attend conferences.)

» In preparing proposals, PI’s must be careful not to overcommit themselves or others in the proposal budget. Distribution of effort must take into account the time required for teaching and campus citizenship.

PI’s may submit proposals on the assumption that not all proposals will be awarded. However, a reasonable estimate of time devoted to the project, whether that effort will be paid for by the sponsor or by NYU, is necessary. Subsequent changes in levels of effort may also require advance notification and approval by the sponsor. For a complete discussion of time and effort, see the Effort Reporting Policy for Sponsored Programs. In no case may funded commitments exceed 100 percent. For Federal awards, prior agency approval is required for reductions of more than 25% of committed effort of personnel named in the award or listed as key personnel (see the Re-Budgeting Policy for Sponsored Programs).
d. Estimating

When estimating project expenses, make sure to follow these guidelines:

» Estimating direct and indirect costs must be consistent with NYU’s Costing Policy.

» The cost categories (i.e., expense accounts) identified and estimated in the budget must be expensed in the same manner.

Policy Definitions

N/A

Related Policies

» Charging Administrative Expenses to Federal Awards Policy

» Costing Policy

» Cost Sharing
  [http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-policy.html](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-policy.html)

» Effort Reporting Policy for Sponsored Programs
  [http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html)

» Prior Approval System for Management of Federal Grants (PAS)
  - Instructions: [http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas20instructions.pdf](http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas20instructions.pdf) (Includes link to FDP prior approval matrix)
  - Request for OSP Action Form: [http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20request%20for%20osp%20action.pdf](http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20request%20for%20osp%20action.pdf)

» Re-Budgeting Policy
  [http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/re-budgeting-policy-for-sponsored-programs.html](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/re-budgeting-policy-for-sponsored-programs.html)

» Salary Cap Administration Policy
  [http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/salary-cap-administration-policy.html](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/salary-cap-administration-policy.html)
Federal Regulations

» OMB Circular A-21

» OMB Circular A-110
   http://www.whitehouse.gov/omb/circulars/a110/a110.html
2. Costing Policy

Title: Costing Policy

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that all costs proposed or incurred on a sponsored project comply with sponsor terms and conditions, NYU policies and procedures and applicable Federal, state and local regulations. NYU administers direct and indirect costs, on sponsored projects, in accordance with Federal and other sponsor requirements. The Principal Investigator (PI) is ultimately responsible for ensuring appropriate financial management, compliance with sponsor terms and conditions, as well as determining actual effort expended on a sponsored project.

Purpose of this Policy

The purpose of this policy is to provide guidance to PI's, schools, departments, units and personnel of the University for proposing and administering direct and indirect costs on sponsored projects, in accordance with Federal or other sponsor requirements.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation


For awards funded by a non-Federal sponsor, the award terms and conditions generally dictate whether an expense – direct or indirect – can be charged to a project. However, when a sponsor’s terms and conditions allow an expense, but NYU policies and procedures or
applicable Federal, state and city laws and regulations do not, the expense cannot be incurred. The more restrictive requirements apply.

Indirect costs are outlined in Section c of this policy. These costs cannot be charged as direct costs to Federally funded projects.

a. General Guidelines and Definitions

i. Factors Affecting Allowability of Costs

A. Reasonable

A cost is considered *reasonable* if the nature of the goods or services acquired or applied and the amount reflects the action that a prudent person would have taken under the circumstances prevailing at the time the decision was made to incur the cost.

B. Allocable

Costs should be allocable to sponsored agreements under the principles and methods of *OMB Circular A-21*. A cost is allocable to a particular sponsored project if the goods or services involved are chargeable or assignable to the project in accordance with the relative benefits received in proportion to use on an award.

C. Consistency

CAS and *OMB Circular A-21* require the consistent application of cost accounting principles. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. Where the University treats a particular type of cost as a direct cost on sponsored agreements, all costs incurred for the same purpose in like circumstances must be treated as direct costs for all activities of the institution. Consistent treatment of costs is necessary to avoid inappropriate charges to the Federal government.

D. Allowable

A cost is allowable when it is permitted under Federal Regulations (on Federal awards) or the terms of the sponsored agreement. Charging a cost because it was included in the budget approved by the sponsor does not necessarily make it allowable.

b. Direct Costs

i. Primary Direct Cost Functions of NYU

As defined in Federal cost principles, the primary activities of NYU are Instruction, Research, Other Sponsored Activities, Patient Care and Other Institutional Activities. Costs incurred to support these activities – such as salaries and wages, fringe benefits, materials and supplies, travel, subcontracts, equipment, specialized service center charges and other operating expenses – are treated as direct costs and should be identified specifically with the benefiting projects and activities. If a direct cost benefits two or more sponsored agreements/projects, *OMB Circular A-21* provides standards for allocation across these sponsored projects. Refer to Section d in this policy for more detail on allocation across sponsored agreements.
Direct charges to a sponsored agreement should support the sponsored agreement's purpose and activity and be necessary to meet the project's scientific and technical requirements. Charges cannot be assigned arbitrarily or for the purpose of simplifying budget management that is unrelated to the sponsored agreement's purpose. Direct charges to sponsored agreements are expected to adhere to the sponsor's restrictions in the Notice of Award and budget and to support the sponsor's programmatic intent.

ii. Acceptable Direct Costs

Examples of acceptable direct costs that meet OMB Circular A-21 requirements cited above and "identifiable to a particular cost objective" are listed in Appendix 2.

For Federal awards, items such as salaries of administrative and clerical staff, office supplies, postage, local telephone costs (including monthly service charges) and membership dues are normally treated as indirect costs. However, for special purposes and circumstances, costs that are normally indirect may be directly charged if certain conditions are met. Refer to the Charging Administrative Expenses to Federal Awards Policy for further information.

iii. Documentation of Direct Costs

1. The cost must be identified with the activity in the sponsored award to which the cost is charged.

2. Documentation that links the cost incurred to the sponsored agreement activity should be maintained by someone in a position to know the sponsored award activity or designee; e.g., the person taking supplies from a common storeroom. Departments should include a detailed explanation as to how the item benefits the project when submitting the purchase requisition or request to pay an invoice.

3. For Federal awards, in accordance with OMB Circular A-110 (http://www.whitehouse.gov/omb/circulars_a110) and the Financial Records Retention Policy for Sponsored Programs, documentation must be maintained for a period of three years after the date the final expenditures report is submitted. State awards generally have a 6-year retention period. Verify the specific award terms for retention requirements of other sponsors.

4. Only actual costs may be charged to the sponsored award, not estimated costs.

iv. Unacceptable Direct Costing Practices

The following direct costing practices are unacceptable because they do not meet A-21’s standard for a "high degree of accuracy" in the assignment of costs to sponsored projects:

1. Rotation of charges among sponsored projects without establishing the relative benefit to each sponsored project;

2. Assigning charges to sponsored projects simply to spend the remaining balance with no benefit to the project;
3. Charging the budgeted amount (in contrast to charging an amount based on actual usage);

4. Assigning charges to a sponsored agreement in advance of the time the actual cost is incurred;

5. Identifying a cost as something other than what it actually is, e.g., office supplies being recorded in the general ledger using another account such as lab supplies;

6. Charging expenses exclusively to a particular sponsored project when the expense supports more than one sponsored award or institutional activity;

7. For Federal awards, assigning charges that are generally part of normal administrative support (indirect costs) for sponsored projects (e.g., administrative and clerical salaries, office supplies, local phone charges). Refer to the Charging Administrative Expenses to Federal Awards Policy. If the award is from a non-Federal sponsor, direct charging of administrative support costs may be allowable.

c. Indirect Costs [Facilities and Administrative (F&A) Costs]

i. Nature of Indirect Costs

Indirect costs are those that are incurred for common or joint activities of the University and therefore cannot be identified readily and specifically with a particular sponsored project, instructional activity or any other University activity.

Expenses incurred for general departmental and institutional business are recognized as indirect costs. On Federal awards such costs include, but are not limited to: charges for administrative and clerical salaries, related fringe benefits, office supplies, postage, local telephone charges, cell phones (except when needed to meet programmatic objectives), office equipment, internet and other general costs.

Costs incurred for administrative and support services that benefit departmental activities and costs incurred by separate departments and organizations established primarily to administer sponsored projects are identified separately by account code in the financial records and recognized as indirect expenses.

ii. Special Purposes or Circumstances Where Direct Charging of Costs Normally Treated as Indirect Costs May be Appropriate.

In instances where Federally-sponsored projects require administrative and clerical supplies, postage and telecommunications (expenses similar to the charges identified normally as administrative costs), such costs may be charged to sponsored projects as direct costs if they meet the criteria explained in the Charging Administrative Expenses to Federal Awards Policy.

d. Allocation of a Direct Cost Across Two or More Sponsored Projects

i. “If a cost benefits two or more sponsored projects in proportions that can be determined without undue effort or administrative expense, the cost should be allocated to the sponsored projects based upon the proportional benefit. If a cost benefits two or more sponsored projects in proportions that cannot be determined because of the
interrelationship of the work involved, then…the costs may be allocated or transferred to benefited projects on any reasonable basis..." [Circular A-21, C.4.d.(3)].

ii. **Proportional Benefit Rule**

1. The criteria for allocation of costs to two or more sponsored projects are as follows:
   
   » The cost in question should be identified specifically with the group of sponsored projects relatively easily and with a high degree of accuracy; and;
   
   » The department must maintain written documentation generated or approved by the PI or Co-PI demonstrating specific identification.

2. **Proportional Benefit for Compensation Costs (Salaries, Wages and Benefits that Directly Benefit Two or More Sponsored Projects).**

The proportional benefit rule is applied when the Principal Investigator (PI) authorizes the distribution of salary and fringe benefits across two or more funding sources, sponsored projects or institutional activities. This authorization should reflect the PI's best judgment of the proportional benefit of the salary and fringe benefit costs to each of the affected sponsored projects.

The Time & Effort Reporting verifies that the distribution of actual salaries and wages reflects the proportional distribution of compensation. Circular A-21 requires "confirmation of activity allocable to each sponsored agreement..." [§J.10.b.(2)(c)]. This method of payroll confirmation reflects an “after-the-fact” reporting of the percentage distribution of activity of employees. Reports should reasonably reflect the activities for which employees are compensated by the institution. The system should reflect activity applicable to each sponsored project. The Time & Effort Certification reports should be reviewed and approved as outlined in the University Effort Reporting Policy for Sponsored Programs.

**Policy Definitions**

| **Departmental Research** | The amounts expended for start-up, seed money, bid, and proposal are classified as "departmental research." An account which is set up to provide faculty with funds for release time to further academic knowledge may be included in the category of "departmental research." |
| **OMB Circular A-21, Cost Principles for Educational Institutions** | The set of Federal regulations which establishes the principles for determining costs applicable to Federal grants, contracts and other agreements with |
educational institutions.

| University Research | Research and development activities that are both separately budgeted and accounted for by the University and funded by the University rather than an external sponsor. |

Related Policies

» Business Expenses
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/business-expenses.html

» Charging Administrative Expenses to Federal Awards Policy

» Effort Reporting Policy for Sponsored Programs
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html

» Financial Record Retention Policy for Sponsored Programs
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/financial-records-retention-policy-for-sponsored-programs.html

Federal Regulations

» Federal Acquisition Regulation
http://www.acquisition.gov/far/

» OMB Circular A-21

» OMB Circular A-133
http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf

Appendices

Appendix 1: Direct and Indirect Cost Matrix

For administrative and accounting purposes, these costs are grouped into two categories: direct and indirect. Some costs, however, are not discretely direct or indirect and may appear in either category depending on the circumstances. This matrix indicates when a particular cost is normally charged directly or indirectly to sponsored projects. This listing provides examples and is not intended to be all-inclusive. See next page for table.
### DIRECT COSTS

| Personnel Costs (salaries, wages, fringe benefits, tuition remission) for positions such as: |
| » Principal investigator |
| » Research associate |
| » Postdoctoral associate |
| » Laboratory technician |
| » Graduate research assistant |
| » Student employee |
| » Other technical and programmatic personnel |

**Recruitment Costs:**
Limited to lodging, airfare, advertising costs (black and white only) for potential recruit. Does not include meals.

**For Federally sponsored projects, administrative and clerical salaries, wages and fringe benefits, except where special purpose or circumstances apply (See Charging Administrative Expenses to Federal Awards Policy).** Administrative positions include: departmental administrators, administrative assistants, accountants/financial analysts; and office personnel including student workers. Administrative activities of directors and assistant and associate directors, fiscal officers, vice president and president, executive assistants and other administrators.

### INDIRECT COSTS

| General Purpose Hardware, Personal Electronics and Services |
| » iPads, iPhones/other cell phones, iPods, PDA devices, pagers, reading devices (e.g., Kindle), desktops, laptops, copiers, printers, fax, scanners, cameras, projectors, external drives, DVD recorders, TVs and display monitors |
| » Internet Services |
| » Computer networking costs (network cables) |
| » Local area networks (LAN) |
| » Service/Maintenance Agreements |

### 2. Animals and animal care

### 3. Scientific/Technical Information Technology Costs (Project specific)

| External Information Technology Services (e.g., programmer, developer, web designer) |

### 4. Scientific Computer Software (project specific e.g., statistical)

<p>| General Purpose Software and Computer Supplies: |
| » Software packages, such as Word, |</p>
<table>
<thead>
<tr>
<th>DIRECT COSTS</th>
<th>INDIRECT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>5. Consultants</strong> (external &amp; internal)</td>
<td><strong>Excel, Access</strong></td>
</tr>
<tr>
<td><strong>6. Technical/ Scientific Equipment</strong> (e.g., microscope)</td>
<td><strong>Paper</strong></td>
</tr>
<tr>
<td><strong>7. Equipment maintenance contracts</strong> (for project dedicated equipment)</td>
<td><strong>Toners and ink</strong></td>
</tr>
<tr>
<td><strong>8. Motor vehicle expense</strong> (project-dedicated vehicles; travel)</td>
<td><strong>DVDs, CDs, flash drives</strong></td>
</tr>
<tr>
<td><strong>9. Participant costs</strong> (These are not human subject incentive payments.)</td>
<td></td>
</tr>
<tr>
<td>» Stipends</td>
<td></td>
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<tr>
<td>» Tuition &amp; fees</td>
<td></td>
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<tr>
<td>» Travel</td>
<td></td>
</tr>
<tr>
<td>» Other miscellaneous</td>
<td></td>
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<tr>
<td><strong>10. Printing, binding, copying and postage costs (including UPS)</strong></td>
<td><strong>Printing, binding and copying for General Purpose Activities</strong></td>
</tr>
<tr>
<td>when project scope clearly indicates a need for a volume of activity beyond</td>
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<tr>
<td>routine. (e.g., publication costs, surveys, conference presentations, mass</td>
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</tr>
<tr>
<td>mailing)</td>
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<tr>
<td><strong>11. Rental of space</strong> (away from University)</td>
<td><strong>Rental of NYU Facility (On-Campus)</strong></td>
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<tr>
<td>except for auxiliary units that charge standard fees (e.g., Kimmel)</td>
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<tr>
<td>**12. Shipping/overnight delivery services, such as UPS, Federal Express,</td>
<td><strong>Postage</strong></td>
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<tr>
<td>Priority Mail</td>
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<tr>
<td><strong>13. Specialized facilities</strong></td>
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<td><strong>14. Subcontracts</strong></td>
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<tr>
<td><strong>15. Supplies</strong></td>
<td><strong>Office/ general purpose supplies</strong></td>
</tr>
<tr>
<td>» Lab and scientific supplies</td>
<td>» Books and reference materials</td>
</tr>
<tr>
<td>» Chemicals/ Radioactive material</td>
<td>» Custodial supplies</td>
</tr>
<tr>
<td>» Glassware</td>
<td>» Water coolers</td>
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<tr>
<td>» Field supplies</td>
<td>» Pens, pencils</td>
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<tr>
<td>DIRECT COSTS</td>
<td>INDIRECT COSTS</td>
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<td>-------------</td>
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</tr>
<tr>
<td>» Gases and liquids</td>
<td>» Paper</td>
</tr>
<tr>
<td>» Rare and precious metals and nonprecious metals</td>
<td>» Forms</td>
</tr>
<tr>
<td></td>
<td>» Files, folders, binders</td>
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<td></td>
<td>» Transparencies</td>
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<td></td>
<td>» Staplers, staples</td>
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<td></td>
<td>» Tape dispensers</td>
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<td></td>
<td>» Calculators</td>
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<td></td>
<td>» Tissues, cleaning supplies</td>
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<tr>
<td></td>
<td>» Coffee/tea makers and related supplies</td>
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</table>

| 16. | Telephone charges (long distance- only when necessary to carry out the objectives of the project.) |
|     | Local telephone charges |
|     | » Basic line charge |
|     | » Local calls |

| 17. | Business meals Meals in connection with the meetings and conferences for the dissemination of technical information. |
|     | Business meals Meals for routine office or lab meetings to discuss research project status. Meals with collaborators. Meals as a part of recruiting project employees. Any meal not part of the travel. |

| 18. | Travel. The most economical costs which are required to carry out the objectives of sponsored project requirements. |
|     | Change/ cancellation fees that are beyond control of the PI or other research personnel that do not include personal reasons. |
|     | Baggage fees |
|     | Meals for traveler only, while traveling for the project |

| 19. | Other |
|     | Temporary lease/rental of equipment |
|     | Repairs and maintenance (facilities and general purpose equipment) |
|     | Space rental (non-temporary) |
### Appendix 2: Listing of Acceptable Direct Costs

Examples of acceptable direct costs that meet Circular A-21 requirements and are "identifiable to a particular cost objective" [§F.6.b.] are listed and explained below:

1. **Salaries, Wages and Fringe Benefits** – (includes researcher or technician salary and fringe benefits). See item 5 below for discussion of in-house consulting by faculty members (overload pay). According to Circular A-21, clerical salaries and wages shall normally be treated as indirect costs. There are situations where direct charging of administrative and clerical salaries is appropriate. These situations are discussed in the Charging Administrative Expenses to Federal Awards Policy.

2. **Animals and Animal Care** costs.

3. **Computing** – Project specific costs for scientific computing and programming costs.

4. **Scientific Computer Software** – Project-dedicated software that is necessary to carry out the scope of the project.

5. **Consultants** – (expertise of a well-defined nature for a fixed period of time) both external and internal consultants. At NYU, consultant agreements issued for sponsored projects are executed by the Contract Office.

   - **External Consultants** – A consultant generally provides needed expertise to a project for a limited period of time. They function as independent contractors (with little or no day-to-day supervision by NYU staff) and they are not employees of the University. Consultants are typically paid on an hourly or daily fee plus reimbursement for travel and other incidental expenses. External consultant fees are normally treated as Other Than Personnel Services (OTPS).

   - **Internal Consultants** – Intra-university consulting is generally a university obligation requiring no additional compensation in addition to the institutional base salary of faculty/staff members. This principle applies to faculty members who function as consultants or otherwise contribute to a sponsored project conducted by another faculty member of the same institution. However, in

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<table>
<thead>
<tr>
<th>DIRECT COSTS</th>
<th>INDIRECT COSTS</th>
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<tbody>
<tr>
<td>» Temporary lease/rental of off-campus facilities</td>
<td>» Dues, memberships &amp; subscriptions (See Memberships &amp; Subscriptions Policy for exceptions)</td>
</tr>
<tr>
<td>» Repairs and maintenance (related to scientific and technical equipment)</td>
<td>» Laundry and dry cleaning</td>
</tr>
<tr>
<td>» Insurance expense for project-dedicated equipment</td>
<td>» General advertising</td>
</tr>
<tr>
<td>» Advertisement: recruitment of personnel approved for a specific project, recruitment of research subjects</td>
<td>» Utilities</td>
</tr>
</tbody>
</table>
unusual cases where consultation is across departmental lines or involves a separate or remote operation and/or the work performed by the consultant is incidental and in addition to his regular departmental load, any charges for such work representing extra compensation above the base salary are allowable provided that such consulting arrangements are specifically defined or stated in the agreement and/or approved in writing by the sponsoring agency and the authorized University official.

6. **Equipment** – An article of nonexpendable, tangible property having a useful life of more than one year and (permanent equipment, greater than NYU capitalization threshold, currently, $3,000).

7. **Equipment Maintenance Contracts** – Equipment maintenance contract expenses of project-dedicated equipment or shared equipment with monitored usage and an appropriate cost is charged directly to the grant account.

8. **Motor Vehicle Expense** – Maintenance expenses of project-dedicated vehicles and vehicles used in the field may be directly charged to projects as well as motor vehicle expenses incurred with travel. Current mileage rates are available at: [http://www.nyu.edu/financial.services/cdv/ap-resources-pg48](http://www.nyu.edu/financial.services/cdv/ap-resources-pg48).

9. **Participant Costs** – Payments made directly to or on behalf of participants, including stipends, tuition and fees, dependency allowance, participant travel and other miscellaneous participant costs.

10. **Publications, Printing, Binding and Copying Services** – Indicate and itemize costs and include any publication costs connected with dissemination and evaluation, and check journal page rate costs for a correct and current estimate.

11. **Rental of Off-Campus Space** – Some projects require special space needs or staff stationed for long-term field site work. Lease agreements can be negotiated to lower space and housing costs with the rental costs charged directly to the project.

12. **Shipping/Overnight Delivery Services** – Federal Express, U.S. Postal Priority Mail, DHL and UPS overnight delivery services specifically define costs at the individual or account level and can be directly charged to the grant/contract account. Routine postage charges are normally treated as an indirect cost unless special purposes and circumstances exist for the project. If the project requires substantial mailing expenses in the performance of the project activities or technical work, postage should be directly charged to the project. Refer to the Charging Administrative Expenses to Federal Awards Policy.

13. **Specialized Facilities Required by a Specific Program** – If a project requires the creation of new, more secure facilities – including the acquisition of alarm equipment, special construction, or other project-specific facility costs – these costs may be directly charged to the project. These special-purpose facilities may or may not be usable by future programs. This cost category would also include increased security services required due to the level of classification/special access for the project.

15. **Supplies** – Office supplies (laboratory, educational/instructional) are normally treated as indirect costs unless a special purpose or circumstance exists for the project. For allowability of computer supplies as a direct cost, refer to the [Charging Administrative Expenses to Federal Awards Policy](#).

16. **Telephone Toll Charges** – In addition to long distance charges, this category includes the toll charges and equipment for phones needed during fieldwork, cellular phones needed for field site coordination and phone call charges while in travel status. If the sponsored project does not have a dedicated line, then an access code should be obtained from Telecommunications Services so that any long distance calls for the project may be identified with a specific access code on the monthly telephone bill. See the [Charging Administrative Expenses to Federal Awards Policy](#).

17. **Travel Costs** – Travel required to fulfill the sponsored project requirements.

18. **Other direct costs may include:**

   (a) Equipment rentals;

   (b) Reference books and materials directly related to project scope;

   (c) Search service charges associated with research; or

   (d) Insurance expense for project-dedicated equipment.
3. Charging Administrative Expenses

Title: Charging Administrative Expenses to Federal Awards Policy

Effective Date: September 1, 2013

Supersedes: Guidelines for Including Administrative and Clerical Salaries in Federal Grant and Contract Proposals, 4/94

Issuing Authority: Sponsored Programs Administration; Office of Sponsored Programs

Responsible Officer: Assistant Vice President for Post-Award Administration; Associate Vice Provost for Research Compliance and Administration

Policy

It is the policy of New York University (NYU, “the University”) to comply with all regulations concerning awards for research, training and related activities from the Federal Government. The Federal Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions (http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html) prohibits direct charging of administrative and clerical salaries and certain other costs to federal grants and contracts, except in special circumstances.

Purpose of the Policy

The purpose of this policy is to provide guidance on special purposes or circumstances for charging administrative and clerical salaries, as well as certain other non-salary administrative costs to federal grants and contracts.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering federally-sponsored awards.

Procedures for Implementation

OMB Circular A-21 states that the salaries of administrative and clerical staff should normally be treated as Facilities and Administration (F&A, or indirect) costs. Salaries associated with routine services such as preparing proposals, making routine travel arrangements and typing reports should not be budgeted or charged as direct costs, even when there is a direct benefit to the project. Similarly, OMB Circular A-21 states that items such as office supplies, postage, local telephone costs and memberships shall normally be treated as F&A costs.

However, direct charging of administrative and clerical salaries and supplies and other costs may be appropriate where the nature of the work performed under a particular project requires an extensive amount of administrative or clerical support or where the project requires more than routine use of administrative expenses, e.g., supplies, postage. Examples of such projects that meet the special circumstances rule include:
» Large, complex programs that entail assembling and managing teams of investigators;
» Projects that involve extensive data accumulation, analyses and entry;
» Projects that require making travel and meeting arrangements for a large number of participants;
» Projects whose principal focus is the preparation and production of manuals and large reports;
» Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels and other research sites that are remote from campus;
» Individual Projects requiring project-specific database management, human or animal protocols and multiple project-related investigator coordination and communication;
» Training grants which identify a line item budget for "institutional allowance" authorizing direct charging of normally treated indirect costs as appropriate if they are reasonable, specifically identified with the project, and budgeted in the award;
» Planning grants, which may be used for preliminary work to determine the feasibility of a proposed line of inquiry and/or for other activities that will facilitate proposal development. For these types of projects, the Federal agency will fund indirect costs at a specified percentage.

Whenever such costs are identified by the Principal Investigator (PI), these costs must be explicitly justified and documented:

» The budget page should include a clear justification of the "special purpose or circumstance" that applies to the sponsored project. When the agency does not require a categorical budget, the internal budget developed at the pre-award stage should include corresponding justification. Post-award requests to re-budget into these codes should be addressed to Sponsored Programs Administration (SPA) where they will be reviewed for allowability.

» The Government has not established a minimum (or maximum) level of project effort for an administrative or clerical employee whose salary may be direct charged. Given the concern in this area, however, the smaller the percent of effort requested, the greater the difficulty in justifying the charge. Budget line items of 5-10% effort or less will probably not be considered reasonable by the sponsor, particularly if the justification is based on the recurring performance of routine clerical duties.

For administrative charges, the costs must be attributable to a particular project which meets one of the examples cited above and the project must create a special or unique need for the item, which is clearly different from normal circumstances. Examples of specific allowances are listed below.

**Administrative and Clerical Effort**

To charge administrative and clerical effort directly to the project, the effort must be:
Required to complete the specific and distinctive requirements of a particular sponsored project; and

- Not routine administrative work that benefits multiple activities of the unit.

**Cell Phones**

Cell phone expenses are usually considered “local telephone costs” and generally not included in the budget. If, however, a cell phone is necessary to maintain contact at remote sites for logistical or safety reasons it may be directly charged.

**Computers and Laptops**

General-purpose computers, especially laptops, can be used to support a variety of activities and are rarely dedicated to one specific purpose. As a result, general-purpose computers and laptops are typically F&A costs and are seldom proposed in budgets or directly charged to awards. In order to be considered as direct costs, a computer must be:

- Necessary to fulfill the project's scope of work;
- Fully described and justified in the budget and budget narrative;
- Specifically identified with and used exclusively on the project.

**Individual Memberships**

Memberships in professional and scientific organizations may not be included in the budget unless:

- The membership is the only means of obtaining a specific journal or periodical directly related to the project;
- The membership is required to attend a conference which is part of the sponsored project;
- The membership results in reduced conference registration fees or other associated costs and is charged to the same sponsored project (savings must be greater than or equal to the membership cost).

**Office Supplies**

Office supplies that are normally used in the general administrative support of a project may not be included in the budget or charged to the award. Office supplies that are used for project-specific activities outlined in the proposal may be included in the budget and charged to the project. Because many items of office supplies are used for both general administrative support and project-specific activities, it is important that these items, when included in the budget, be justified in terms of their relevance to the methods used in conducting the project. Examples of when supplies may be charged directly are:

- Envelopes used to mail an unusually large number of research questionnaires;
- Folders for filing survey responses and/or lab results;
» Data storage media if the project involves extensive data accumulation and analysis.

**Postage Costs**

Postage costs may be included in the budget and charged directly when they are necessary for the conduct of the study. A postage meter or log should be used to document such support. Shipping costs not classified as ordinary postage are acceptable direct costs. Examples include:

» Shipment of research materials and deliverables to perform the project’s scope of work;

» Correspondence with the sponsor and/or project participants;

» Dissemination of surveys and/or materials produced as a result of the project activities.

**Printing, Binding and Copying Costs**

These costs used in routine general administrative support of a project may not be included in the budget or charged to the award unless the project scope clearly indicates a need for a volume of activity beyond routine and their usage can be tracked.

**Telephone Costs**

Local telephone costs used to conduct routine business of the project may not be included in the budget. Telephone lines including handsets and data lines may be charged directly if required to:

» Conduct surveys

» Maintain contact with project activities conducted at remote locations

**Policy Definitions**

<table>
<thead>
<tr>
<th>Direct Costs</th>
<th>Expenses that directly further the programmatic objectives of a sponsored project with a high degree of accuracy.</th>
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<tbody>
<tr>
<td>Indirect Costs</td>
<td>General business expenses that are not specifically identifiable to a sponsored project but rather support the project indirectly. This term is also referred to as <em>Facilities and Administrative Costs (F&amp;A) or Overhead</em>. Examples of F&amp;A/Overhead expenses include space costs, utilities, and general, sponsored projects and departmental administration costs.</td>
</tr>
<tr>
<td>OMB Circular A-21, Cost Principles for Educational Institutions</td>
<td>The set of Federal regulations which establishes the principles for determining costs applicable to Federal grants, contracts and other agreements with educational institutions.</td>
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</table>
Related Policies

» Budgeting Policy
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/budgeting-policy-for-sponsored-program-awards.html

» Costing Policy
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html

» Effort Reporting for Sponsored Programs
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html

Federal Regulations

» OMB Circular A-21
4. Accounting for Unallowable Costs

Title: Accounting for Unallowable Costs Policy

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that all costs proposed or incurred on a sponsored project must comply with the terms and conditions of the sponsored awards in determining costs that are allowable or unallowable. At no time should unallowable costs be charged to the sponsored project. Proper accounting for unallowable costs is required to maintain the integrity of the University’s Facilities and Administrative (F&A) Cost Proposal and compliance with Federal regulations.

Purpose of this Policy

The purpose of this policy is to establish guidelines for defining and identifying costs that are unallowable for reimbursement from the Federal government and other external sponsors. NYU adheres to Cost Accounting Standard 505, Accounting for Unallowable Costs, other applicable government regulations, including the Federal Office of Management and Budget (OMB) Circular A-21 (http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html), as well as sponsor terms and conditions in accounting for unallowable costs.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

CAS 505 - Accounting for Unallowable Costs

The Cost Accounting Standards Board (CASB) requires educational institutions receiving Federal funding in excess of $500,000 to comply with Cost Accounting Standards (CAS). In addition, for Federally funded awards, the University must adhere to the requirements of OMB Circular A-21, Cost Principles for Educational Institutions, in determining the allowable costs of work performed for sponsored programs and of indirect costs included in the University’s facilities and administrative cost rate calculation.

The purpose of CAS 505 is to facilitate the negotiation, audit, administration and settlement of Federal awards by establishing guidelines covering:
(i) Identification of costs specifically described as unallowable, “at the time such costs first become defined or authoritatively designated as unallowable”; and

(ii) The cost accounting treatment to be followed for identifying unallowable costs in order to promote the consistent application of sound cost accounting principles covering all incurred costs.

For the treatment of allowable and unallowable costs with respect to sponsored programs, please refer to the University Costing Policy. This policy summarizes the requirements of OMB Circular A-21 and the CAS 505 requirements.

Activities and expenses which are unallowable for reimbursement on a Federally-funded award may still be appropriate, necessary and allowable on a non-Federally funded award.

Departments may still incur these activities/expenses but they must be coded as unallowable so they can be readily identified and excluded from the indirect cost calculation. However, the accounting treatment prescribed by CAS 505 requires specific identification of these costs in the accounting records or memos and prescribes methods to prevent these costs from being included in any proposal, billing or claim that applies to a Federally funded award.

Unallowable costs are identified and segregated using the following methods:

- Separate accounts within the University’s accounting records and general ledger;
- Review of expenses conducted by the cost analysis performed as part of the development of the F&A rate proposal;
- Ongoing review of expenses conducted by sponsored programs personnel.

Appendix A provides the rules prescribed by OMB Circular A-21 and recommended procedures for selected items of cost. Some of these items are unallowable as direct or indirect costs for sponsored programs (e.g., alumni activities). Others require special treatment (e.g., student administration and services). Therefore, these items must be segregated to ensure compliance with CAS 505.

### Policy Definitions

<table>
<thead>
<tr>
<th>Unallowable Costs</th>
<th>Direct or indirect expenses that are not reimbursable under either Federal regulations or the terms and conditions of a sponsored award.</th>
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</table>
Related Policies

» Charging Administrative Expenses to Federal Awards Policy
  http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-
guidelines/charging-administrative-expenses-to-federal-awards-policy.html

» Costing Policy
  http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-
guidelines/costing-policy.html

Federal Regulations

» OMB Circular A-21

Appendices

Appendix 1: Identifying Unallowable Costs under Cost Accounting Standards (CAS) 505 and OMB Circular A-21

<table>
<thead>
<tr>
<th>Type of Costs</th>
<th>Rules</th>
<th>Method of Identification by Unallowable Accounts / Departments</th>
</tr>
</thead>
</table>
| 1. Advertising and public relation costs [J.1. and J.42] | Those that are incurred for other than personnel recruiting or required by the sponsored program.  

The term “advertising costs” means costs of media designed to promote the University or its activities including promotion in magazines, newspapers, radio, television, etc. The term “public relations” includes community relations and means those activities dedicated to maintaining the image of the institution or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

In addition, “in publication costs, costs of help wanted advertising | 63100 External Advertising Expense  
65100 Office of Advertising & Publications-Advertising  
65110 Advertising & Publication (Internal)  
65111 Advertising  
65119 Employee Recruitment Advertising  
65211 NYU Press Advertising |
<table>
<thead>
<tr>
<th>Type of Costs</th>
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<th>Method of Identification by Unallowable Accounts / Departments</th>
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<tbody>
<tr>
<td></td>
<td>that includes color, includes advertising material for other than recruitment purposes, or is excessive in size (taking into consideration recruitment purposes for which intended and normal institutional practices in this respect), are unallowable.”</td>
<td></td>
</tr>
<tr>
<td>2. Alcoholic beverages [J.3]</td>
<td>Costs of alcoholic beverages are unallowable.</td>
<td>65183 Alcoholic Beverages</td>
</tr>
<tr>
<td>3. Alumni(ae) activities [J.4]</td>
<td>Costs incurred for, or in support of, alumni activities and similar services are unallowable.</td>
<td>Various unallowable departments are identified.</td>
</tr>
<tr>
<td>4. Bad debt [J.6]</td>
<td>Any losses, whether actual or estimated, arising from uncollectible accounts and other claims, related collections costs, and related legal costs, are unallowable.</td>
<td>65290 Bad Debts</td>
</tr>
<tr>
<td></td>
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<td>65571 Bad debt – Social Work</td>
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<td></td>
<td></td>
<td>65573 Bad debt - SCE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65575 Bad debt - Wagner</td>
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<tr>
<td></td>
<td></td>
<td>75577 Bad debt - Law</td>
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<td></td>
<td></td>
<td>65579 Bad debt – Sch of Ed</td>
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<td>65581 Bad debt - TSOA</td>
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<td>65583 Bad debt - Gallatin</td>
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<td></td>
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<td>65585 Bad debt - Stern</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65587 Bad debt – Stern undergrad</td>
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<tr>
<td></td>
<td></td>
<td>65589 Bad debt - GSAS</td>
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<tr>
<td></td>
<td></td>
<td>65591 Bad debt- WSUC</td>
</tr>
<tr>
<td>5. Commencement &amp; convocations [J.1.f.2, J.8]</td>
<td>The expenses in this category include: costs of convocations or other related events including: costs of displays, demonstrations, and exhibits; costs of meeting rooms, hospitality suites or other special</td>
<td>65140 Awards &amp; Prizes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65150 Diplomas &amp; Certificates</td>
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<tr>
<td></td>
<td></td>
<td>65160 Convocations</td>
</tr>
<tr>
<td>Type of Costs</td>
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<td>Method of Identification by Unallowable Accounts / Departments</td>
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<td>facilities; salaries and wages of employees engaged in setting up and displaying exhibits, making demos and providing briefings; costs of promotional items and memorabilia.</td>
<td></td>
</tr>
<tr>
<td>6. Late-funded pension costs [J.10.f.3]</td>
<td>Per J.8.f.3.a, “increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 days after each quarter of the year to which such costs are assignable are unallowable.”</td>
<td>Under the University’s benefit programs, this is not applicable to NYU.</td>
</tr>
<tr>
<td>7. Employee auto allowances [J.10.g.]</td>
<td>Employee auto allowances are unallowable where personal use applies.</td>
<td>Under NYU’s Business Expenses policy, personal use expenses are prohibited and will not be reimbursed to employees.</td>
</tr>
<tr>
<td>8. Contingency provisions [J.11]</td>
<td>Contributions to a contingency reserve or any similar provisions made for events, the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable. They do not include bona fide insurance costs, which are a legitimate cost of doing business. See J.21.</td>
<td>Account 64380 Provision/Renovation-Replace &amp; Dept (Org ID) 00030</td>
</tr>
<tr>
<td>9. Fraud defense [J.13]</td>
<td>Fraud defense as well as, prosecuting claims against the government, patent infringement and costs associated with legal convictions are all unallowable.</td>
<td>All legal costs are identified and analyzed for identifying unallowable costs.</td>
</tr>
<tr>
<td>10. Legal services [J.13.e.,J.37.b.]</td>
<td>Section J.13.e. generally permits recovery of 80% of legal expenses where the institution successfully defends itself against misconduct claims. Where it loses, 0% is permitted. Section J.32.b. allows reasonable outside counsel in non-contingency bases.</td>
<td>Department (Org ID) 04080</td>
</tr>
<tr>
<td>Type of Costs</td>
<td>Rules</td>
<td>Method of Identification by Unallowable Accounts / Departments</td>
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</tr>
<tr>
<td>11. Legal Settlements [J.13.f.]</td>
<td>Costs incurred by the institution in connection with defense of suits brought by its employees or ex-employees under section 2 of Major Fraud Act of 1988, including costs of all relief necessary to make such employee whole, where the institution was found liable or settled, are unallowable.</td>
<td>Managed by Office of General Counsel. Expenses are coded to accounts 60430 (Legal Fees) or 60455 (Professional Services).</td>
</tr>
<tr>
<td>12. Donations &amp; gifts [J.15]</td>
<td>Donations or contributions made by the University, regardless of the recipient, are unallowable.</td>
<td>63280 China &amp; Glassware</td>
</tr>
<tr>
<td>13. Entertainment [J.17]</td>
<td>Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (e.g., tickets to shows or sports events, meals, lodging, rentals, transportation and gratuities) are unallowable.</td>
<td>63296 Music and Flowers, 63445 Tickets, 65182 Dinner &amp; Meeting</td>
</tr>
<tr>
<td>14. Lobbying [J.28]</td>
<td>Costs incurred in attempting to improperly influence, either directly or indirectly, an employee or officer to the executive branch of the Federal Government to give consideration or to act regarding a sponsored project or a regulatory matter are unallowable. Improper influence means any influence that induces or tends to induce a Federal government employee or officer to give consideration or to act regarding a Federal government sponsored project or regulatory matter on any basis other than the merits of the matter.</td>
<td>Managed by University Relations.</td>
</tr>
<tr>
<td>15. Fines and penalties [J.19]</td>
<td>Costs resulting from violations of, or failure to comply with, Federal, state, local, or foreign laws and regulations are unallowable except when incurred as a result.</td>
<td>67402 Payroll tax - Penalties</td>
</tr>
<tr>
<td>Type of Costs</td>
<td>Rules</td>
<td>Method of Identification by Unallowable Accounts / Departments</td>
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<td>of compliance with specific provisions of the sponsored agreement, or instructions in writing from the authorized official of the sponsoring agency authorizing in advance such payments.</td>
<td></td>
</tr>
<tr>
<td>16. Personal use expenses [J.22]</td>
<td>Costs of goods or services for personal use of the institution's employees are unallowable regardless of whether the cost is reported as taxable income to the employee.</td>
<td>Under NYU's Business Expenses policy, personal use expenses are prohibited and will not be reimbursed to employees.</td>
</tr>
</tbody>
</table>
| 17. Employee housing allowances [J.23] | Employee housing allowances and other living expenses are unallowable. These include depreciation, maintenance, utilities, furnishings, rent, etc., whether or not taxable. | 63122 Faculty Housing Exp – Law Fdn  
63124 Faculty Children Schlp – Law Fdn  
65191 Faculty Housing Program |
| 18. Insurance against defects [J.25.f] | Costs of insurance with respect to any costs incurred to correct defects in the institution’s materials or workmanship are unallowable. | The University does not normally incur expenses for insurance against defects. If such expenses are incurred, they will be excluded during the preparation of the F&A cost proposal. |
| 19. Medical malpractice insurance (allowable only as direct costs) [J.25.g.] | Medical liability (malpractice) insurance is an allowable cost of research programs only to the extent that the research involves human subjects. Medical liability insurance costs shall be treated as a direct cost and shall be assigned to individual projects based on the manner in which the insurer allocates the risk to the population covered by the insurance. | Not applicable to NYU |
| 20. Fundraising/investing [J.20] | Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests and similar | 60431 Broker/Dealer Fees  
Dept 19020 Investment Office |
<table>
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<tr>
<th>Type of Costs</th>
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<th>Method of Identification by Unallowable Accounts / Departments</th>
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<tr>
<td>expenses incurred solely to raise capital or obtain contributions are unallowable.</td>
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</table>
| 21. Interest [J.26.]                  | Financial interest is unallowable with a few exceptions. These are provided for new facilities and equipment (costing $10,000 or more), acquired after July 1, 1982, and for noncancelable leases. There are several requirements under J.26. | 65293 SCE credit cards fees  
65570 M/C Visa Int – Social Work  
65572 M/C Visa Int – SCE  
65574 M/C Visa Int – Wagner  
65576 M/C Visa Int – Law  
65578 M/C Visa Int – Sch of Ed  
65580 M/C Visa Int – TSOA  
65582 M/C Visa Int – Gallatin  
65584 M/C Visa Int – Dental  
65586 M/C Visa Int – Stern  
65588 M/C Visa Int – Stern Undergrad  
65590 M/C Visa Int – GSAS  
65592 M/C Visa Int – WSUC  
65710 M/C Visa Expense  
65720 Gen Int Exp – Credit Card Fees  
67702 Interest Exp – W.Sq. |
<p>| 22. Covering overruns and losses on other sponsored projects [J.29] | These costs are unallowable.                                          | For the policies and procedures associated with overruns, see Award Closeout Policy for Sponsored Programs. |
| 23. Meetings &amp; conferences [J.32]    | Costs of meetings and conferences, when the primary purpose is the dissemination of technical information are allowable. | Expenses related to meetings and conferences for business purposes are treated as allowable direct costs. When these meetings do not meet the test of business purposes, their |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>24. Memberships in social &amp; civic clubs [J.33.c &amp; d.]</td>
<td>These costs are unallowable.</td>
<td>65291 – Membership Dues</td>
</tr>
<tr>
<td>25. Private patent development [J.34]</td>
<td>Patent-related costs where the Federal government holds an interest are allowable. Where only private patent rights apply, related costs are unallowable.</td>
<td>Expenses associated with NYU-owned patent development are separately identified and recorded.</td>
</tr>
<tr>
<td>26. Pre-agreement costs [J.36]</td>
<td>Unless approved by the sponsoring agency, pre-agreement costs are unallowable.</td>
<td>For the treatment of pre-agreement costs, see Opening or Modifying a Project Policy</td>
</tr>
<tr>
<td>27. Recruiting costs [J.42]</td>
<td>Most recruiting costs are allowable. However, “costs of help wanted advertising, special emoluments, fringe benefits and salary allowances incurred to attract professional personnel from other institutions that do not meet the test of reasonableness or do not conform with the established practices of the institution are unallowable.” Also, “in publication costs, costs of help wanted advertising that includes color, includes advertising material for other than recruitment purposes or is excessive in size (taking into consideration recruitment purposes for which intended and normal institutional practices in this respect), are unallowable.”</td>
<td>See Item 1, advertising for personnel recruiting for allowable advertising. Those recruiting costs that do not meet the test of reasonableness or do not conform with the established practices of the University will be identified during the preparation of the F&amp;A cost proposal.</td>
</tr>
<tr>
<td>28. Selling &amp; marketing [J.46]</td>
<td>Costs of selling and marketing any products or services of the institution are unallowable. However, advertising costs related to the following are allowable:</td>
<td>Allowable advertising costs incurred for personnel recruiting are recorded using Account 65119 Employee Recruitment Advertising. All other advertising costs are treated as unallowable and are recorded using various account codes (see Item 1)</td>
</tr>
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</table>

associated expenses must be identified as unallowable costs.
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<tr>
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<tr>
<td>services for the performance of the sponsored program; and b) the disposal of scrap or surplus materials acquired in the performance of the sponsored program except when the University is reimbursed for disposal costs at a predetermined amount in accordance with OMB Circular A-110.</td>
<td></td>
<td>identifiable as unallowable.</td>
</tr>
<tr>
<td>29. Student activity costs [J.48]</td>
<td>Student activity costs are unallowable, except where permitted by the sponsored agreement.</td>
<td>Identified in In Department Range 075XX.</td>
</tr>
<tr>
<td>30. Excess airfare and related travel [J. 53]</td>
<td>Except for medical necessity, first class airfare (and related costs beyond discount rates), are generally unallowable.</td>
<td>Costs are transferred to a separate project as unallowable costs. See Domestic and Foreign Travel Policy for Sponsored Programs</td>
</tr>
<tr>
<td>31. Termination costs applicable to sponsored agreements [J.50]</td>
<td>§J.50 provides restrictions on allowable termination costs applicable to sponsored programs.</td>
<td>Termination costs applicable to sponsored programs are monitored by Sponsored Programs Administration.</td>
</tr>
<tr>
<td>32. Late/unsupported cost transfers [C.4.b. &amp; c]</td>
<td>Cost transfers must meet the criteria specified in Circulars A-21 and A-110.</td>
<td>The rules regarding retroactive cost transfers applicable to sponsored programs are outlined in the Cost Transfers Policy.</td>
</tr>
<tr>
<td>33. Student administration and services [F.9]</td>
<td>The expenses under this heading are those that have been incurred for the administration of student affairs and for services to students, including expenses of such activities as deans of students, admissions, registrar, counseling and placement services, student advisers, student health and infirmary services, catalogs and commencements and convocations. The expenses in</td>
<td>As in the case of expenses associated with commencement &amp; convocation, expenses related to student administration services are separately identified in department range 075xx for Student Services Administration. These expenses are treated as indirect costs and included in the Student Services Administration Pool.</td>
</tr>
<tr>
<td>Type of Costs</td>
<td>Rules</td>
<td>Method of Identification by Unallowable Accounts / Departments</td>
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<td>this category must be identified and allocated solely to the instruction function.</td>
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</tbody>
</table>
5. Application of Facilities & Administrative Cost Rates (F&A)

Title: Application of Facilities and Administrative Cost Rates Policy

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that Facilities & Administrative Rates (F&A and/or indirect cost rates) are applied to sponsored projects in accordance with the negotiated rate agreement with the Federal government. F&A rates are established in accordance with the Federal Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions (http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html). These rates are negotiated between NYU and the Department of Health and Human Services, the Division of Cost Allocation, which is the cognizant Federal agency overseeing the administration of sponsored projects at NYU.

Purpose of this Policy

The purpose of this policy is to provide an explanation of NYU’s Facilities & Administrative Cost Rates, including definitions of “on-campus” and “off-campus” rates and Modified Total Direct Costs (MTDC), and how these rates should be applied to sponsored awards.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

a. Facilities and Administrative Cost Rates

All proposals to sponsors must include budget requests for F&A costs using the rates negotiated by NYU’s Sponsored Programs Administration (SPA) and provided to Departments and Schools by the Office of Sponsored Programs (OSP) unless a reduced rate is granted by the Provost or designee in accordance with NYU’s policy, Facilities and Administrative Cost Waivers, on a case-by-case basis.

OSP maintains a separate list of entities whose published policies specify rates lower than NYU’s rates, where the lower rates have been approved by the University. Proposals to these
sponsors may be submitted to OSP using the rates indicated on that list without prior approval by the Provost.

NYU’s negotiated F&A cost rates are applied to the Modified Total Direct Costs of sponsored projects based on function (e.g., Sponsored Research, Sponsored Instruction, and Other Sponsored Programs). These functions are defined in the Policy Definitions at the end of this policy.

*Modified Total Direct Costs (MTDC)*

Modified Total Direct Costs (MTDC) is the base to which F&A (indirect cost) rates are applied. The Negotiated Rate Agreement defines this base as follows:

“Modified Total Direct Costs consist of all salaries and wages, fringe benefits, materials and supplies, services, travel, subgrants and subcontracts up to the first $25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total direct costs shall exclude equipment, capital expenditures, charges for patient care, student tuition remission, rental costs of off-site facilities, scholarships and fellowships as well as the portion of each subgrant and subcontract in excess of $25,000.”

*Application of Off-Campus F&A Rates*

Definition of Off-Campus – A project, or a part of the project, is considered to be performed off-campus if it is conducted off the University premises (in a facility not owned or operated by NYU) for a consecutive period of three months or longer. For these projects, the Off-Campus rate is used to calculate F&A costs.

If more than 50% of a project is performed off-campus, the Off-Campus rate will apply to the entire project.

*Change in F&A Rates*

For all sponsored projects, NYU will apply the predetermined negotiated rates for F&A costs in effect at the time of the initial award and those rates will remain in effect throughout the life of the agreement. Circular A-21 defines "the life of the agreement" as the total number of years approved for the project at the time of the initial award.

If there is a preliminary, provisional rate in effect at the time a project is awarded, that preliminary rate will be applied when the award is established and will be adjusted at the time that the predetermined rate for that year is negotiated. That adjustment will be retroactive to the start of the award and will then remain in effect for the remainder of the project. If the predetermined rate is either increased or decreased from the provisional rate, the Sponsored Programs Administration will provide guidance on any action that is required.

*New project proposals* include proposals requesting funding for the continuance of an award beyond the initial period for the project. For example, if an award is originally approved for four years, then a proposal submitted for year five (or beyond) for another "competitive segment" is considered a new proposal.
b. **F&A Cost Proposal Process**

The calculation and negotiation of F&A cost rates strives to achieve full recovery of F&A costs, while maintaining full compliance with the Federal Costing Principles (*OMB Circular A-21*).

F&A cost rates for a specific year (the rate year) are based on actual F&A and direct costs from a prior year (the base year). There is a two-year lag for NYU between the base year and the rate year. The process in developing the F&A rates includes different rates for Instruction agreements, Sponsored Research, Other Sponsored Programs and special rates.

*Proposal Development and Negotiation*

The F&A Cost Proposal is developed using the Comprehensive Rate Information System (CRIS) system. Financial expenditure data is classified based on the campus financial expenditure detail for the development of the F&A Cost Rate proposals. Each cost is categorized between direct, F&A costs, and excluded costs. The cost allocations are further reviewed and scrubbed for unallowable costs. The final proposal is submitted to NYU’s Federal cognizant agency for review and negotiation.

c. **Basics of F&A**

F&A (*indirect*) Costs are those that are incurred for common or joint activities of the University and therefore cannot be identified readily and specifically with a particular sponsored project, instructional activity or any other University activity. A more detailed explanation of F&A costs are provided in the *Costing Policy*.

**Policy Definitions**

<table>
<thead>
<tr>
<th>Other Sponsored Programs</th>
<th>Programs and projects financed by Federal and non-Federal agencies and organizations whose performance of work includes functions other than Instruction or Sponsored Research.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sponsored Instruction</td>
<td>Specific instructional or training activity established by grant, contract or cooperative agreement. Sponsored Instruction includes agreements that support curriculum development and teaching/training activities (other than research training). Teaching/training activities include those offered for credit toward a degree or certificate, on a non-credit basis or through regular academic departments or by separate divisions, summer school or external division.</td>
</tr>
</tbody>
</table>
Sponsored Research

| Sponsored Research | All research and development activities that are sponsored by Federal and non-Federal agencies and organizations are separately budgeted and accounted for. This category also represents the training of individuals in research techniques (commonly referred to as research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function. |

Related Policies

- Charging Administrative Expenses to Federal Awards Policy

- Costing Policy

- Facilities and Administrative Cost Waivers Policy

Federal Regulations

- Colleges and Universities Rate Agreement negotiated with the Division of Cost Allocation, the Department of Health and Human Services
  [http://www.nyu.edu/content/dam/nyu/research/documents/OSP/indirectcostrates.pdf](http://www.nyu.edu/content/dam/nyu/research/documents/OSP/indirectcostrates.pdf)

- OMB Circular A-21
6. Facilities and Administrative Cost Waivers

Title: Facilities and Administrative Cost Waivers Policy

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that when submitting applications or proposals to acquire sponsor awards, Principal Investigators (PI’s) apply the University’s approved indirect cost rate to all externally-sponsored research projects. However, requests for waivers or partial waivers of indirect costs occasionally are granted by the Provost or designee. With the exception of nonprofit charitable foundations that limit Facilities and Administrative (F&A) costs, indirect cost waivers are generally not granted by the University unless there is an exceptional reason to allow the waiver.

Purpose of this Policy

The purpose of this policy is to provide the requirements for a waiver of the University’s full F&A cost rate for specific proposals and the related criteria necessary for potential waivers.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

Requests for indirect cost waivers are initiated by the PI and must be reviewed by the Chair and Dean and forwarded for review to the Senior Vice Provost for Research or designee. As a means of determining the costs and benefits of waiver requests, the following factors will be taken into consideration:

- The total costs to the University;
- The likelihood that an award would be seriously jeopardized without a waiver and the potential effect of the loss on the faculty member’s overall research program;
- The benefit of the waiver to new or junior faculty members or in support of research efforts in new directions which otherwise might not be sufficiently developed to attract typical peer-reviewed awards;
- The effect of a waiver to increase direct costs available for student support.
Indirect cost waivers will not be granted in cases where the research is sponsored by profit-making or foreign organizations, where the research involves any reservation of rights on the part of the sponsor with respect to intellectual property or where granting the waiver might appear to establish a precedent for future projects.

**Policy Definitions**

N/A

**Related Policies**

» Application of Facilities and Administrative Cost Rates Policy

» Charging Administrative Expenses to Federal Awards Policy

» Costing Policy
7. Personnel Costs for Sponsored Programs

Title: Personnel Costs for Sponsored Programs Policy

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that all costs proposed or incurred on a sponsored project must comply with the Federal Office of Budget and Management (OMB) Circular A-21 (http://www.whitehouse.gov/omb/circulars_a021_2004) and sponsor requirements for charging compensation costs to sponsored programs. As required under OMB Circular A-21, compensation costs must be charged to sponsored programs in a consistent manner.

Purpose of this Policy

The purpose of this policy is to provide guidance on charging compensation costs to sponsored programs to comply with Federal and other sponsor regulations and University policy and to promote consistency.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

a. Charging Employee Salaries

i. Bonuses and Compensated Absences, including Vacation; Sick Leave

Bonuses and compensated absences are allowable as direct costs to sponsored projects, provided they are paid in compliance with NYU policy, award terms and conditions and in proportion to the effort certified on the project.

ii. Sabbatical Leave

In general, a sabbatical leave is granted to the eligible faculty member, starting September 1, for the usual teaching terms (i.e., September to June) of one academic year, at three quarters of annual base salary (or 75%). There are several alternatives for the length of leaves. See Term and Compensation of the Sabbatical in the Faculty Handbook at:

All sabbatical leave arrangements approved by the University carry the restriction that the faculty member is not permitted to engage in any form of regular academic or other employment to supplement the sabbatical salary. However, a member of the faculty is entitled to supplement the salary provided by the University during the period of leave with funding provided by an external sponsor. This funding must be for research and related activities, in an amount approved by the sponsor, the total compensation is no more than the full base salary and the leave otherwise complies with the terms and conditions of the award.

Thus, if a faculty member is granted three quarters of annual base salary, the maximum allowable sponsored funding for Sabbatical leave would be one quarter of the base salary (or 25%).

The faculty member must take the initiative to report plans for sabbatical leave to the sponsor and identify the salary supplementation explicitly in the proposal whenever possible, and must make known to the department chairpersons and dean at the time of request for sabbatical leave that such funding is being, or will be, sought from the sponsor.

For further guidance on the policy e.g., approvals and documentation, see Faculty Handbook at http://www.nyu.edu/faculty/governance-policies-and-procedures/faculty-handbook/the-faculty/other-faculty-policies/sabbatical-leave.html.

iii. Effort Reporting

Personnel costs consist of salaries and staff benefits estimated for the percentage of time that NYU employees will work on a project. Federal sponsors consider any effort described in the proposal narrative, budget or budget justification, but not charged to the sponsor, to be a binding commitment (voluntary cost sharing) that must be tracked, certified and reported. See the Effort Reporting Policy for Sponsored Programs.

iv. Salary Cap Administration

Some Federal programs limit the total amount of salary or the salary rate that can be requested. The National Institutes of Health (NIH) limits the amount of salary that can be requested on research grants. See the Salary Cap Administration Policy.

b. Charging Severance to Sponsored Awards

Under the University's Severance Pay Policy, an employee may be eligible for severance pay if the individual meets the criteria listed in the policy.
Severance payments that are due to normal recurring turnover and which otherwise meet the conditions of the award and University policy may be allowed provided the actual costs of such severance payments are regarded as expenses for the current fiscal year. These expenses must be equitably distributed in proportion to effort committed.

Upon termination of employment, costs incurred in excess of the institution's severance pay policy are unallowable.

c. Procedures for Direct Charging Trainee Tuition

Direct charging of trainee tuition (as opposed to the NYU tuition remission rate) is allowable only when the purpose of the sponsored project is to provide training to selected participants (i.e., training/instruction grants) and the charge is approved by the sponsoring agency. Therefore, to be allowable for sponsored projects, direct charging of tuition and fees must be communicated to the sponsor during a proposal process and must be included in the award budgets.

d. Tuition Remission

Tuition remission in lieu of fringe benefits is provided to graduate students. Tuition remission is charged as a percentage of the individual salary regardless of whether the student will be taking classes or not during the project period. Tuition remission is included in the Other Costs category and is excluded from MTDC. At NYU, tuition remission rates vary by school.

e. Emeritus Faculty

To charge an individual salary to a sponsored program, the individual must be an NYU employee.

At NYU, the titles of Professor Emerita and Professor Emeritus are given only to full professors who have served NYU with academic distinction for a significant period of time prior to retirement. This title is given only upon formal retirement from active service, or at least from full-time active service.

In rare instances when they are Principal Investigators (PI’s) on a research-related project, they should be hired as Research Scientists for the period of the award.

f. Visiting Faculty

At NYU, compensation for a visiting faculty member on a sponsored program is normally paid through the University payroll.

g. Charging Graduate Student Assistantship

i. Salary

Graduate Research Assistants (GRA’s) are graduate students whose time is divided between formal study and research. GRA’s receive salary (not stipend support). Their remuneration is generally calculated on the basis of 12 months of service, including one month’s vacation. Tuition remission is charged as a percentage of their salary in lieu of fringe benefits. At NYU, tuition remission rates vary by school.
ii. Stipends

Stipends are part of student aid costs and not allowed on research grants without prior sponsor approval. These are payments made to an individual that are not contingent on the individual completing a specified activity.

They are allowable only when the purpose of the sponsored project is to provide training to selected participants (i.e., training/instruction grants) and the charge is approved by the sponsoring agency or when charged to scholarship or fellowship grants.

For living expenses, stipends may be provided to fellows who are not NYU employees and considered NYU trainees.

h. Charging Postdoctoral Appointments

Postdoctoral appointments allow recent Ph.D. (and equivalent advanced or terminal degree) recipients a period in which to further their education and professional training. NYU is committed to providing these individuals with the opportunity to carry out postdoctoral studies in a research environment that can significantly broaden an individual’s expertise, provide a period of extensive independent and mentored scholarship and help define future career paths. For guidance of managing postdoctoral appointments, please refer to Postdoctoral Appointments Policy for NYU Washington Square.

Policy Definitions

N/A

Related Policies

» Charging Administrative Expenses to Federal Awards Policy

» Costing Policy
  http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html

» Effort Reporting Policy for Sponsored Programs
  http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html

» Faculty Handbook
  http://www.nyu.edu/faculty/governance-policies-and-procedures/faculty-handbook.html

» Postdoctoral Appointments Policy for NYU Washington Square
  http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/postdoctoral-appointments-policy-for-nyu-washington-square.html
» Principal Investigator’s Guide – Section 2

» Severance Pay Policy
   http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/severance-pay-policy.html

» Salary Cap Administration Policy
   http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/salary-cap-administration-policy.html

**Federal Regulations**

» OMB Circular A-21
   http://www.whitehouse.gov/omb/circulars_a021_2004

» NIH Notice, Salary Limitation on Grants Cooperative Agreements, and Contracts
8. Fringe Benefit Rates for Sponsored Programs

Title: Fringe Benefit Rates Policy for Sponsored Programs

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that the Fringe Benefit Rate is established in accordance with the Federal Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions (http://www.whitehouse.gov/omb/circulars_a021_2004/). The rate is negotiated between NYU and the Department of Health and Human Services (DHHS), the Division of Cost Allocation (DCA), which is the cognizant Federal agency overseeing the administration of sponsored projects at NYU. This rate must be applied to externally sponsored programs salaries when developing budgets or for charges of actual salary costs. For graduate research assistants (GRA’s), tuition remission is charged as a percentage of their salary in lieu of fringe benefits.

Purpose of this Policy

The purpose of this policy is to provide an explanation of NYU’s Fringe Benefit Rate and its application to sponsored projects.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

i. Calculation of the Fringe Benefit Rate

The Fringe Benefit Rate is calculated by the development of a pool of Fringe Benefit Costs (the numerator) and of a salary and wage base (denominator). The pool consists of costs for the benefits provided to employees. A Fringe Benefit Rate is developed by dividing the cost pool by the base; this rate represents the percentage that must be multiplied by employees’ salaries and wages expended for sponsored projects.

ii. Fixed Rate

NYU negotiates a fixed Fringe Benefit Rate with the DHHS, DCA. A fixed rate is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to the rate for the future
year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

iii. Components of the Fringe Benefit Rate

The fringe benefit costs included in the negotiated rate are:

» Annuity
» Group Insurance
» Major Medical
» Hospitalization
» FICA
» Worker’s Compensation
» Dental Plan
» Pensions
» Unemployment Insurance
» NYS Disability Insurance
» Tuition Remission (Employee only)
» Travel Insurance
» Disability Income Protection

iv. Paid and Unpaid Absences

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other projects as part of the normal cost for salaries and wages. Separate claims are not made for the cost of these paid absences. Unpaid sabbatical and research leave of absences may not be charged to sponsored projects.

v. Application of the Fringe Benefit Rate

The Fringe Benefits are charged using the rate negotiated with the cognizant agency. The rate is applied to the portion of salaries and wages allocable to the sponsored project.

Policy Definitions

N/A
Related Policies

» Effort Reporting Policy for Sponsored Programs
  http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html

» Personnel Costs for Sponsored Programs Policy
  http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/personnel-costs-for-sponsored-programs-policy.html

Federal Regulations

» Colleges and Universities Rate Agreement negotiated with the Division of Cost Allocation, the Department of Health and Human Services
  http://www.nyu.edu/content/dam/nyu/research/documents/OSP/indirectcostrates.pdf

» OMB Circular A-21
  http://www.whitehouse.gov/omb/circulars_a021_2004/
9. **Cost Sharing**

**Title:** Cost Sharing Policy

**Effective Date:** September 1, 2013

**Supersedes:** N/A

**Issuing Authority:** Sponsored Programs Administration; Office of Sponsored Programs

**Responsible Officer:** Assistant Vice President for Sponsored Programs Administration; Associate Vice Provost for Research Compliance and Administration

**Policy**

It is the policy of New York University (NYU, “the University”) that cost sharing must be identified and tracked in accordance with federal and other sponsor requirements. Cost sharing is that portion of a project or program cost that is not reimbursed by the sponsor (whether Federal or non-Federal) and as such, represents a commitment of institutional resources that would otherwise be devoted to other University purposes. As a matter of longstanding policy, NYU discourages unnecessary and unsupported cost sharing. As described in [Memoranda 01-06 – Clarification of the Office of Management and Budget (OMB) A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs](http://www.whitehouse.gov/omb/memoranda_m01-06), there are three forms of cost sharing:

- **Mandatory** – may be required by the sponsor as a condition of the award and becomes an obligation once an award is made;

- **Voluntary Committed** – may be offered by NYU and becomes an obligation once an award is made;

- **Voluntary Uncommitted** – Faculty effort over and above that level which is committed and budgeted for in a sponsored agreement. It need not be included in the time and effort system and is not separately tracked.

Cost sharing may be required by the sponsor as a condition of the award (mandatory cost sharing) or it may be offered by NYU (voluntary committed). Mandatory and voluntary committed cost sharing becomes an obligation once an award is made. Federal regulations require that Mandatory or Voluntary Committed Cost Sharing be treated consistently and uniformly in documenting, accounting and reporting. They should comply with NYU’s (DS-2) Federally approved cost accounting practices and be reflected in the University's Time & Effort Certification. The expenses associated with cost sharing or matching contributions must be allowable in accordance with [OMB Circular A-21, Cost Principles for Higher Education](http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html) and/or University and sponsor policies.
Purpose of this Policy

The purpose of this policy is to provide guidance for proposing and administering cost sharing on sponsored projects, in accordance with Federal and other sponsor requirements.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

Obtaining Approvals for Cost Sharing

The Office of Sponsored Programs (OSP) is responsible for determining whether proposed cost sharing complies with the requirements of the sponsor guidelines and determine whether it is mandatory or voluntary. The approval of all sources of the cost sharing contributions (e.g., Department Chair, Dean, Provost, third party collaborator) is required at the time of the proposal.

NYU Restrictions on Cost Sharing

As a general rule, the contribution of a Principal Investigator’s (PI’s) academic year effort as voluntary committed cost sharing is subject to the following NYU restrictions:

» 1% of the academic year salary of the PI is an entitlement, per award, when no other salary is charged. It is the minimum required of all PI’s for each project (mandatory for Federal grants only);

» When no summer salary may be requested (if the PI is already fully committed or the sponsor has prohibitions) or for 12-month appointments, up to 5% academic year salary may be cost shared with the approval of the Chair and the Dean;

» Any voluntary cost sharing of PI effort above 5% on a single grant or 10% cumulatively (in the sum total of all awards) requires the written permission of the Chair, Dean and Senior Vice Provost for Research;

» Cost sharing of other costs is also discouraged and requires the approval of the Chair, Dean and OSP.

These are the methods of calculating cost sharing:

» The faculty effort multiplied by the institutional base salary and associated fringe benefits and F&A rate for the grant;

» The difference between the rate for the grant and NYU’s negotiated rate may be considered as waived Facilities and Administrative (F&A) rate. See the Facilities and Administrative Cost WaiversPolicy.

Documentation of Cost Sharing in the Proposal Budget and Narrative
PI's should discuss cost sharing requests with their Chairs and Deans and, when applicable, with the Senior Vice Provost for Research. Approval is conveyed by the NYU Cost Share Form, which must accompany the proposal to OSP. Cost sharing commitments may be included in the budget, the budget justification and the proposal. Care should be taken so that statements about unbudgeted key personnel involvement or tasks will not be inadvertently construed as voluntary cost sharing commitments. Where the proposal describes casual consultation that will enhance the likelihood of the success of the project, such consultation may be included in the narrative portion of the proposal, but not in the budget section. In these cases, no quantifiable effort should be stated in the narrative:

» Effort commitments described in a proposal become a commitment when awarded. If the project is awarded as proposed, no adjustments to the budget or cost sharing or matching/in-kind will be necessary.

» Matching is the requirement by some sponsors that grant funds be matched in specific proportion with funds from NYU or another party, whether received from another sponsor or committed by a collaborating organization.

» In-kind services committed as matching must be documented and may require a certification of fair market value. If the awarded amount is less than the proposed amount, the committed cost sharing should be adjusted accordingly. This is true if the award budget requires a change in the scope of work. Such revisions will require University and subsequent sponsor approval.

» If the level of effort committed to the sponsor drops below re-budgeting limits (generally 25% for Federal sponsors), either:

1) Sponsor approval is needed for the reduced effort commitment.

2) A corresponding cost sharing budget must be created and the cost shared effort confirmed in the T&E certification. This may only occur in exceptional circumstances and will require prior University approval. SPA should be notified if the salary is less than the effort committed, so that a cost sharing chartfield can be set up.

The PI should notify the Department Administrator (DA) of the reduction in effort. The DA should communicate the change to OSP through a Request for OSP Action form. OSP will request sponsor approval, if reduced effort is requested. Both types of changes require the approval of the Chair/Dean. The second type of change requires Senior Vice Provost approval, as indicated above.

**Federal Standards for Acceptable Cost Sharing**

Under Federal awards, items committed as cost sharing must meet all of the following criteria in accordance with OMB Circular A-110 Section §23.23 (http://www.whitehouse.gov/omb/circulars_a110/#23):

» Are verifiable from the recipient’s records. Auditable records should be maintained for all types of cost sharing;

» Are not included as contributions for any other Federally-assisted project or program;
» Are necessary and reasonable for proper and efficient accomplishment of project or programmatic objectives;

» Are allowable, allocable and reasonable and are treated consistently as a direct cost under OMB Circular A-21;

» May include unrecovered indirect costs only with sponsor approval;

» Are not paid by the Federal Government under another award, except where statutorily authorized by that sponsor;

» Are provided for in the approved budget, when required by the Federal sponsor;

» Are incurred during the project period of the grant or contract.

**Appropriate Justification for Cost Sharing**

The following are illustrations of when cost sharing may be appropriate in sponsored projects:

» Mandatory cost sharing is required by program guidelines;

» Voluntary committed cost sharing is necessary to enhance the likelihood of success of a competitive proposal.

**Sources of Cost Sharing**

The following non-sponsored (and in rare cases sponsored) sources would be considered appropriate sources of funds that the University may use to meet cost sharing commitments:

» Gifts (Fund 22)

» Endowment Spending (Fund 21)

» Startup funds (Fund 20)

» Appropriated school and/or departmental funds (Fund 10 or Fund 20)

» Third Party or In Kind Contribution (cash or donated goods or services)

» Other sponsored awards, when permitted (Fund 24 or 25)

**Costs Not Acceptable for Meeting Cost Sharing Commitments**

The following costs may *not* be used to meet cost sharing commitments:

» Costs pledged as cost sharing for another funded project (except as specifically approved by all parties);

» Costs under Federal awards funded by another Federally-sponsored program unless authorized by Federal statute;
Costs funded by the same funding source as the sponsored project, unless specifically approved in the sponsored project;

Costs of construction or renovation of University buildings, except with express sponsor approval;

Costs that are included and reimbursed through the indirect cost rate (administrative salaries, office supplies, library expenses and operations and maintenance expenses);


Overdrafts (unallowable under OMB Circular A-21);

Costs deemed unallowable according to award terms and conditions;

Unfunded salary for effort that extends beyond the contractual appointment period (i.e., unfunded summer months for faculty with nine-month academic appointments);

Any costs not deemed to be necessary and reasonable for the proper and efficient accomplishment of project or program objectives.

Creating Cost Sharing Projects

It is the responsibility of the PI and the department to document the fulfillment of cost sharing. Cost sharing is documented through the creation of a separate project in the University’s accounting system which parallels the project established with sponsor funds. The following steps list the process for creating cost sharing projects:

OSP verifies the inclusion of cost sharing for the award and includes a notation on the Notice of Award that is distributed to all parties.

Upon receipt of the Notice of Award, SPA requires that the completed Cost Share Form (see Appendix 1) identify the source of the cost sharing (i.e., the PeopleSoft chartfield(s) from which the cost sharing will be funded, unrecovered F&A, or third-party contributions).

The Cost Share Form is initially completed at the time of proposal submission. The same form can be used if the cost share amount has not changed due to the Notice of Award.

Upon receipt of the completed Cost Share Form from the PI and/or department, SPA will create a cost-sharing project to parallel the sponsored project.

Once created, SPA will notify the PI and departmental administrator by email of the chartfield for the sponsored award and parallel cost share chartfield authorizing expenditures for the project.

If salary is to be cost-shared, the department will need to work with their payroll coordinator to have the accurate payroll distribution set-up for future appointments. If an appointment has already been established, a salary account change must be submitted via the Personnel Action Submission System (PASS/xPASS) to re-allocate the salary to the new cost share program.
For non-salary expenses that have already been charged to a project, it will be necessary to initiate a cost transfer through the Journal Entry Management System (JEMS) to redistribute the correct percentage of the expense to the cost share program code. All related future charges should be expensed directly to the regular and cost-share chartfield.

The PI and/or DA should inform the department’s budget coordinator/officer of cost share commitments to ensure departmental or discretionary funds are budgeted on the cost share program after SPA has created the cost share project.

A sponsored award will require multiple cost sharing programs to be set up when the related cost sharing is coming from multiple funding sources (i.e., more than one school or department or multiple sponsored accounts). A sponsored award will require multiple cost sharing programs to be set up when the related cost sharing is coming from multiple funding sources (i.e., more than one school or department or multiple sponsored accounts).

Cost Sharing Identified During Project Lifecycle

In the exceptional instances where voluntary committed cost sharing that was not identified in the proposal or award arises during the course of the project period, the department must complete a Cost Share Form and obtain the necessary approvals as referenced in Appendix 2. If the thresholds established above are exceeded, approval of the applicable Dean and the Senior Vice Provost for Research is also required. The form should be forwarded to OSP by email. OSP will then forward it to SPA to establish a cost sharing program chartfield.

Once established, the department should ensure that salary or non-salary expense reallocation is appropriately charged to the cost sharing chartfield.

Documenting Third Party Cost Sharing (including Sub-awards / Sub-agreements / Subcontracts)

The department is required to maintain records identifying the cash contribution (which may arrive in the form of a gift, grant or contract) or non-cash contribution and its fair market value. Documentation sent to SPA should include a letter of intent (available through OSP) or letter of actual completion, which includes documentation of the basis for determining the value of personal services, material, equipment and other direct expenses as well as written acknowledgement of the contribution, including:

- Name & signature of donor (or sub-recipient);
- Date & location of contribution;
- Detailed description of item/service;
- Estimated value of contribution, how value was determined, responsible person making determination;
- Source(s) of contribution;
- Retention of a copy of receipt on file.
Monitoring Cost Sharing Accounts

Cost sharing may occur as a one-time expense, or incrementally over the life of the project. It is the responsibility of the PI to ensure that charges are incurred against the cost-sharing program as it occurs and in a timely manner.

Project Closeout and Financial Reporting to Sponsors

At project closeout, SPA will email the Cost Share Form to the PI and the DA and/or department for confirmation and verification of cost sharing amounts as recorded in the University’s general ledger.

PI’s and DA’s should work closely with SPA to ensure accurate reporting of cost sharing on financial reports to sponsors.

Policy Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Sharing</td>
<td>The portion of a project or program cost that is not reimbursed by the sponsor (whether Federal or non-Federal) and as such represents a commitment of institutional resources that would otherwise be devoted to other University purposes. Normally at NYU, cost sharing involves personnel effort; however other costs, such as equipment, may be used.</td>
</tr>
<tr>
<td></td>
<td>» Mandatory – may be required by the sponsor as a condition of the award and becomes an obligation once an award is made.</td>
</tr>
<tr>
<td></td>
<td>» Voluntary Committed – may be offered by NYU and becomes an obligation once an award is made.</td>
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<tr>
<td>In-Kind</td>
<td>Non-cash donation of tangible or intangible goods and services provided by a third party; In-kind services that are committed as matching must be documented and may require a certification of fair market value.</td>
</tr>
</tbody>
</table>
### Mandatory Cost Sharing

Costs borne by the institution and required by a sponsor as a condition of obtaining an award; Mandatory Cost Sharing is a binding commitment on NYU and must be documented, tracked and reported in accordance with the Cost Sharing Policy.

### Matching

The requirement by some sponsors that grant funds be matched in specific proportion with funds from NYU or another party, whether received from another sponsor or committed by a collaborating organization.

### Third party contributions

The value of cash or non-cash contributions directly benefiting a grant-supported project or program that is provided by non-Federal third parties.

### Voluntary Committed Cost Sharing

Quantifiable contributions reflected in the proposal narrative, budget, and/or budget justification, but which are not mandated by the sponsor. Voluntary committed cost sharing becomes a binding commitment on the University when proposed and accepted in the award.

### Voluntary Uncommitted Cost Sharing

Faculty-donated additional time above that agreed to as part of the award.

## Related Policies


## Federal Regulations


- OMB Circular A-110 [http://www.whitehouse.gov/omb/circulars/a110/a110.html](http://www.whitehouse.gov/omb/circulars/a110/a110.html)
Appendices

Appendix 1: Cost Share Form

Click here to download the Cost Share Form (PDF)
Section 3:
Managing Awards
1. Opening or Modifying a Project

Title: Opening or Modifying a Project Policy

Effective date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that all new awards must be set up in the University’s proposal and tracking system, Cayuse and in the PeopleSoft Financial System (FAME).

Purpose of this Policy

The purpose of this policy is to establish the requirements for obtaining a new project ID for sponsored awards that allows Principal Investigators (PI’s) and their designees to expend award funding.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

a. Overview of Project Set-up and Modifications

» The Sponsor forwards the notice of grant award (NOGA) to the Office of Sponsored Programs (OSP), the School/Department or Office of Gifts Administration.

» When the School/Department or Office of Gifts Administration directly receives an award notice from the sponsor, it should immediately forward the award notice to OSP.

» OSP will enter or update the award information into Cayuse. Cayuse will interface with FAME on a daily basis.

» The award data is validated by the Sponsored Programs Administration (SPA) Financial Analyst. SPA will make the fund determination and assign a project ID based on select criteria. The criteria are available upon request.

» The project ID consists of a leading alpha character followed by four numbers; i.e. F1234. The alpha character used determines the source of funding received. The alpha characters are assigned as follows:
- **F=Direct Federal Awards, e.g., NIH**
- **N=Direct State and City Awards, i.e., New York State or New York City**
- **S=Direct Business and Industry Awards as well as Subcontracts (Federal flow-through as well as non-Federally funded)**
- **R=Direct Non-Government Awards**
- **G=Abu Dhabi Awards**

SPA will complete the project ID setup in PeopleSoft, e.g., enter due dates for reports, sponsor information, cost share commitments and related funding chartfields, and project team.

SPA will submit a request through the ModTrak system for Financial Information Systems – Applications (FISAPPS) to validate the chartfield and activate the project ID, as well as add to appropriate PeopleSoft trees, e.g., combo-edit, letter-of-credit and program.

The SPA Financial Analyst will email the PI and project team a Project Authorization Form and request the department submit a detailed expense budget in the BIA Budget Module; this is generally the sponsored approved budget. All sponsored budgets submitted by the school/department will route to SPA for approval. The Project Authorization Form will include detail of relevant aspects of the project, including but not limited to the project ID, authorized budget amount, budget and award period, overhead rate and formula, and cost share commitments, if applicable.

The budget is approved by SPA and the project is available for spending within three business days.

For access to the BIA Budget Module, Departments need to complete a **BIA– Budget Modification System Request Form** – and submit to their Fiscal Officer for approval. The form is accessible through **NYU Home> Work tab>Administrative Systems> Additional Services at [http://www.nyu.edu/its/announce/adminsyschan/BIA-BudModAccessRequestForm.pdf](http://www.nyu.edu/its/announce/adminsyschan/BIA-BudModAccessRequestForm.pdf).**

For global sites that must track original budgets, a PeopleSoft Budget template is required. The template can be requested from SPA.

If a detailed budget is not immediately available, at the request of the department, SPA will set up a direct and indirect temporary budget in Account 60000 (direct costs) and 76450 (indirect costs). The department will need to provide a detailed expense budget within one week. If a temporary budget was established by SPA, the department’s budget submission will need to include a line to reduce the Account 6000. Once the detailed budget has been submitted, SPA will ensure the temporary budget is reduced to zero. This will eliminate a possibility of the project budget being overstated, possibly leading to a project deficit.

Departments may begin using the project only after FISAPPS has validated the chartfield and a budget has been posted.
A modification to an existing award is performed similarly to opening a project, but there is no FISAPPS approval required since a chartfield has already been established. There are times, however, when SPA or the department needs to establish a new project ID. A good example is when funds need to be carried forward to a new budget period. In such cases sponsor approval may be required. When such approval is received, SPA establishes a new project, moves the funds into that project, and reduces the old project by the carry-forward amount.

Depending on the modification, SPA may generate and distribute to the Project Team a new Project Authorization Form with any changes highlighted in bold.

b. Pre-Award Spending

Departments must request prior approval (PAS) from OSP through a Request for OSP Action to incur pre-award costs on Federal grants. If the research involves Human or Animal Subjects, they must have proper approval from the Internal Review Board (IRB) or Institutional Animal Care and Use Committee (IACUC) before submitting the project setup request. In addition to receiving approval from OSP, the Department/School will need to request the risk project be established following procedures detailed below in the section What is an Advance/Risk Project?

c. What is an Advance/Risk Project?

The department will need to complete a Request for Risk Project (Appendix 2). This will require approval of the Fiscal Officer of the administrative unit. Advance/Risk accounts are usually established when:

- The award notice has not been received, but communication from the sponsor indicates that an award notice is anticipated.
- The PI wishes to begin spending the next budget year increment prior to sponsor approval.

In both cases, if the award does not materialize or authorization is not received, any funds spent are at the risk of the School/Department and would require that expenses be transferred to a departmental operating or discretionary chartfield.

Policy Definitions

<table>
<thead>
<tr>
<th><strong>Advance/Risk Project</strong></th>
<th>A project will be placed on risk status to allow for costs to be incurred on or after the effective date of the award, but prior to the University’s receipt of the award documents. This may be requested for a new award or continuation of the existing award.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-Award Spending</strong></td>
<td>Costs incurred prior to the &quot;effective date&quot; of the award. See above, Advance/Risk Project.</td>
</tr>
</tbody>
</table>
Related Policies
N/A

Federal Regulations
N/A

Appendices
See next page
Appendix 1: BIA – Budget Modification System Request Form

Click here to download the BIA-Budget Modification System Request Form (PDF)

NEW YORK UNIVERSITY

BIA – Budget Modification System Request Form

Access Information

Reason for submitting this form:

☐ New (complete all items)
☐ Change (complete Name and NetID only)
☐ Delete (complete Name and NetID only)

Please complete the following for each person who will use the BIA – Budget Modification System:

Name: ____________________________ Phone: ______________

NetID: __________ Division/Department: ________________________

Address: ________________________________

Who will approve this person’s BIA – Budget Modification request?

Fiscal Officer/Approver Name: ________________________________

Fiscal Officer/Approver NetID: _______________________ Phone: __________

Submitted by: ___________________________ Date: __________

Submit completed form to the Financial Operations & Treasury Help Desk at fnopr.helpdesk@nyu.edu

BIA Request Form (revised 10/2012)
Appendix 2: Request for Risk Project Form

Click here to download the Request for Risk Project Form (PDF)

NEW YORK UNIVERSITY

Request for Risk Project Form

Summary: In the event that an official fully executed award has not materialized, schools/departments may request the establishment of a risk (advance) project. This requires the approval of the Fiscal Officer and a default chartfield. This chartfield will be used to cover any expenses that are not reimbursed should the funding not materialize. Items to submit with this form must include any documentation pertaining to the award (i.e.: unsigned contract, proposal, budget grids, email communication with sponsor specifically mentioning this agreement).

1) Principal Investigator:
2) Sponsor:
3) Project Title:
4) Project Period:
5) Department Id:
6) Total Anticipated Award Amount:
7) Default Chartfield: ____ ____ - ____ ____ ____ ____ ____ ____ ____

Additional Comments

Approval: __________________________ Date: __________________

(Insert Name and Title)

Notes

- Please attach proposal/contract and budget with this form
- Budgets will be established at 25% of anticipated award amount
- Project period will be limited to 3 months
- Extensions or increases will require new request form to be completed.

Email form and supporting documents to: cdv.spa@nyu.edu
Appendix 3: BIA-BudMod Budget Modification Template

Download the BIA-BudMod Budget Modification Template (Excel spreadsheet XLS)
2. Re-Budgeting

Title: Re-Budgeting Policy for Sponsored Programs

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that all costs proposed or incurred on a sponsored project must comply with sponsor terms and conditions, NYU policies and procedures and applicable Federal, state and local regulations. The Principal Investigator (PI) is ultimately responsible for ensuring appropriate financial management and compliance with sponsor terms and conditions as well as for determining actual effort expended on a sponsored project. This includes responsibility for ensuring that all re-budgeting is done in compliance with sponsor requirements and University policy.

Purpose of this Policy

The purpose of this policy is to assist PI’s, schools, departments, units and personnel of the University to effectively manage the finances of sponsored program awards by providing guidelines and procedures for making necessary budgetary changes.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

» At NYU, PI’s usually work in consultation with departmental administrators and/or budget analysts with their Schools’ Research Administration to complete re-budgeting of their awards.

» Many Federal sponsors have transferred the authority to approve re-budgeting changes to the recipients. The “Research Terms and Conditions Prior Approval Matrix” for Federally funded projects, and Institutional Prior Approval System (PAS) for Management of Federal Grants should be consulted when determining whether it is necessary to have prior sponsor approval.


» Request for Prior Approval of Changes in Federal Grants:
Policy Definitions

| Re-Budgeting | The transfer of grant funds from one budget line (e.g., salaries, supplies, travel, equipment) to another budget line. When re-budgeting has occurred, the total amount of funding authorized for the grant has not changed. |

Related Policies

- **Charging Administrative Expenses to Federal Awards Policy**  

- **Costing Policy**  

- **Request for Prior Approval of Changes in Federal Grants (PAS)**  
  Form:  
  [http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20request%20for%20osp%20action.pdf](http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20request%20for%20osp%20action.pdf)  
  Instructions:  
  [http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20instructions.pdf](http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20instructions.pdf)

- **Research Terms and Conditions Prior Approval Matrix**  
  [http://www.nyu.edu/financial.services/cdv/pdf/prior_approval_matrix.pdf](http://www.nyu.edu/financial.services/cdv/pdf/prior_approval_matrix.pdf)

Federal Regulations

- **OMB Circular A-21**  

- **OMB Circular A-110**  
  [http://www.whitehouse.gov/omb/circulars/a110/a110.html](http://www.whitehouse.gov/omb/circulars/a110/a110.html)
3. Prior Approvals

Title: Prior Approvals Policy for Sponsored Programs

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that all costs proposed or incurred on a sponsored project comply with all terms and conditions and University policies and procedures, including those associated with obtaining prior approval for changes in a sponsored project, and the exercise of authority over such changes when necessary.

Purpose of this Policy

The purpose of this policy is to assist Principal Investigators (PI's), schools, departments, units and personnel of the University to effectively manage the finances of sponsored program awards by providing guidelines and procedures for attaining prior approvals when applicable.

Scope of this Policy

This policy is applicable to all schools, departments, units, and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

a. University Internal Prior Approval System (PAS) and Expanded Authorities for the Management of Federal Grants

A PI may report deviations from budget and program plans and request prior approvals from the Office of Sponsored Programs (OSP) for the following:

» Pre-Award Costs

To create a sponsored project for the purpose of incurring pre-award costs up to a maximum of 90 calendar days prior to award start date. However, expenditures prior to the award start date are solely at the financial risk of the department.

» No-Cost Extension

To initiate a one-time extension of the award expiration date of up to 12 months. The funding sponsor must be notified of the extension at least ten days prior to the original termination date. This extension may not be exercised solely for the purpose of using any unobligated balance.
Adding Scientific or Special Purpose Equipment
To re-budget funds for the purchase of scientific or special-purpose equipment not identified in the original sponsor approved budget, general-purpose equipment is not allowable unless used solely or primarily for the objectives of the sponsored project and if the cost supports the activity that is directly related to the special purpose or circumstance of the sponsored agreement.

Approval Required from the Sponsoring Agency
The PI of a Federally-sponsored project is required to report major deviations as outlined below from budget and program plans. The PI should work with the OSP, following PAS procedures, to request prior approvals directly from Federal awarding agencies for any of the following program or budget-related reasons:

» Change in the scope or the objectives of the project or program.

» Change in the PI and/or key personnel (the definition of key personnel may vary by sponsoring agency) or in project effort (absence for more than three months or a 25% reduction in time devoted to the project).

» Transfer of funds allotted for trainee expenses (direct payment to trainees: stipend, tuition, fees) to other categories of expense.

» Subawards, transfers or subcontracting a substantive portion of work, unless described in the application and funded in the approved award.

» Budgeting of pre-award costs to be incurred more than 90 days prior to award.

» Other expenses, if not waived by a particular agency in the notice of award (i.e., foreign travel, carryforward of funds from one budget period to the next, re-budgeting of trainee allowances or participant costs, alterations and renovations in excess of $25,000, adjustment of cost sharing commitment).

b. Making a Request under the Prior Approval System (PAS)


» Approval for any changes must be received prior to implementing those changes. Generally, requests for approval of changes that have already occurred will be reviewed but cannot be approved by OSP.

» A no-cost extension must be approved in advance of the original date of project termination to allow adequate time for sponsor notification.

» An OSP Projects Officer should be consulted in advance prior to submitting the Request for OSP Action Form.
The signatures of the PI, Department Chair/Designee, Dean/Designee and OSP are required to complete the PAS approval.

PI’s should complete and sign the attached forms before securing the signatures of the Department Chair and Dean or Dean’s designee. The request is then submitted to the Director of Office of Sponsored Programs for final approval.

Each request must include a well-detailed justification explaining the reason for a deviation from the original, approved budget and/or work plan.

Each request will be reviewed for appropriateness in relation to the objectives of the project and for compliance with the regulations, policies and procedures of both the University and the sponsor.

Once a PAS request has been approved, Sponsored Programs Administration (SPA) be notified and the appropriate changes will be reflected in Budget Summary Report (BSR), which is available to the PI and/or their designee.

PI’s should refer to specific terms and conditions from the awarding sponsor for details on budget restrictions and/or post-award changes.

c. Making a Request to the Awarding Sponsor Agency

Those changes requiring approval from the awarding sponsor should be described in a letter from the Principal Investigator to the appropriate sponsor official. The Director of Sponsored Programs in OSP will review each request. The letter must be approved/signed by both the PI and the OSP Director. Once the letter has been approved, OSP will forward the request to the sponsor. In lieu of a signed letter, many agencies will now accept an email from OSP.

Policy Definitions

N/A

Related Policies

» Charging Administrative Expenses to Federal Awards Policy  

» Costing Policy  
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html

» Cost Sharing Policy  
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-policy.html
» Effort Reporting Policy for Sponsored Programs
  http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html

» Request for Prior Approval of Changes in Federal Grants (PAS) / Request for OSP Action Form:
  
  o Form:
    http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20request%20for%20osp%20action.pdf
  
  o Instructions:
    http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20instructions.pdf

Federal Regulations

» OMB Circular A-21

» OMB Circular A-110
  http://www.whitehouse.gov/omb/circulars/a110/a110.html
4. **No-Cost Extension**

**Title:** No-Cost Extension Policy for Sponsored Programs

**Effective Date:** September 1, 2013

**Supersedes:** N/A

**Issuing Authority:** Sponsored Programs Administration

**Responsible Officer:** Assistant Vice President for Post-Award Administration

**Policy**

It is the policy of New York University (NYU, “the University”) that all costs proposed or incurred on a sponsored project must comply with sponsor terms and conditions, NYU policies and procedures, and applicable Federal, state and local regulations. The Principal Investigator (PI) is ultimately responsible to ensure appropriate financial management and compliance with sponsor terms and conditions, including those associated with no-cost extensions.

**Purpose of this Policy**

The purpose of this policy is to assist PI’s, schools, departments, units and personnel of the University to effectively manage the finances of sponsored program awards by providing guidelines and procedures for obtaining no-cost extensions.

**Scope of this Policy**

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

**Procedures for Implementation:**

PI’s or their designees must obtain approval for a no-cost extension from the Office of Sponsored Programs (OSP). OSP will contact the sponsor for approval of the no-cost extension.

To initiate a one-time extension of the award expiration date of up to 12 months, the sponsor must be notified of the extension at least ten days prior to the original termination date. This extension may *not* be exercised merely for the purpose of using any unobligated balance.

**Making a Request under the Prior Approval System (PAS)**

» Internal prior approvals (including requests for no-cost extensions) will be made on an Request for OSP Action Form. See instructions: [http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20instructions.pdf](http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20instructions.pdf) and the Request for OSP Action form: [http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20request%20for%20osp%20action.pdf](http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20request%20for%20osp%20action.pdf).
Approval for any changes must be received prior to implementing those changes. Generally, requests for approval of changes that have already occurred will not be reviewed and cannot be approved by the University.

The OSP Projects Officer must be consulted before submitting the Request for OSP Action form.

A no-cost extension must be approved in advance of the original date of project termination, to allow adequate time for sponsor notification under the terms and conditions of the award.

The signatures of the Principal Investigator, Department Chair/Designee, Dean/Designee and OSP are required to complete the PAS approval.

PI’s should complete and sign the Request for OSP Action form(s) before securing the signatures of the department chair and Dean or Dean’s designee. The request is then submitted to the Director of Sponsored Programs in OSP for final approval.

Each request must include a detailed justification explaining the reason for a deviation from the original, approved budget and/or work plan.

Each request will be reviewed for appropriateness in relation to the objectives of the project and for compliance with the regulations, policies and procedures of both the University and the sponsor.

Once a PAS request has been approved, Sponsored Programs Administration (SPA) will be notified, and the appropriate changes will be reflected in Budget Summary Report (BSR).

PI’s should refer to specific terms and conditions from the sponsor that may be attached to the initial award letter or award notice for further details on budget restrictions and/or post-award changes.

Making a Request to the Awarding Sponsor

Those changes requiring approval from the sponsor should be described in a letter from the PI to the appropriate sponsor official. The Director of Sponsored Programs in OSP will review each request. The letter must be approved/signed by both the PI and OSP Director. Once the letter has been approved, OSP will then forward the request to the sponsor.

Policy Definitions

| No-Cost Extension | An extension of the date at which the project ends that does not involve additional funding. |
Related Policies

» Charging Administrative Expenses to Federal Awards Policy

» Costing Policy
  http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html

» Request for Prior Approval of Changes in Federal Grants (PAS)
  - Request for OSP Action Form:
    http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20request%20for%20osp%20action.pdf
  - Instructions:
    http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20instructions.pdf

Federal Regulations

» OMB Circular A-21

» OMB Circular A-110
  http://www.whitehouse.gov/omb/circulars/a110/a110.html
5. Effort Reporting for Sponsored Programs

Title: Effort Reporting Policy for Sponsored Programs

Effective Date: September 1, 2013

Supersedes: Effort Reporting for Sponsored Programs at Washington Square

Issuing Authority: Sponsored Programs Administration; Office of Sponsored Programs

Responsible Officer: Assistant Vice President for Post-Award Administration; Associate Vice Provost for Research Compliance and Administration

Policy

It is the policy of New York University (NYU, “the University”) that the University maintains systems and procedures documenting the distribution of compensation for personal services to sponsored projects in compliance with Federal regulations as defined by the Federal Office of Budget and Management (OMB) Circular A-21, Cost Principles for Higher Education (http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html). All Principal Investigators (PI’s) are required to certify their own effort as well as the effort of project staff working on their awards.

Purpose of this Policy

The purpose of this policy is to provide guidance on effort reporting for sponsored programs. New York University receives funding for research and other sponsored programs through grants and contracts provided by the Federal government and other sponsoring agencies. As a condition of accepting such funding, NYU must ensure that the effort expended on sponsored programs justifies the salary charged to them.

The goals of this policy and these procedures are to:

» Comply with the requirements of OMB Circular A-21 regarding allowable personal service costs paid by Federally sponsored programs and which, in Section J.10, mandate implementation of an effort reporting system to distribute compensation across all of the relevant activities of research staff and to apportion allowable compensation to and between sponsored programs.

» Provide clear guidance to research faculty and staff to properly identify, verify and document personal service costs allocated to Federally sponsored programs.

» Describe how to properly track and certify effort in accordance with Federal requirements.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.
Procedures for Implementation

NYU complies with Federal effort reporting requirements and has implemented a system to accumulate and document personal service costs charged to sponsored programs. The system is designed to ensure that the commitment indicated in a proposal and resulting award is met and in compliance with NYU and sponsor terms and conditions. It is implemented through time and effort reports for each person whose salary is charged to a sponsored program and/or cost sharing program chartfield during the reporting period. The PI must ensure that his or her own reported effort and the effort of all other personnel directly charged or otherwise committed to the project are accurate and reflect the work actually performed on the project during each reporting period.

If the percentage of effort expended in a certain effort reporting period is less than the percentage of salary charged to the sponsored project during the period, the salary charges on the sponsored project must be reduced to reflect actual effort.

Activities Included in University Effort

- Externally sponsored research, including seminars, delivering special lectures about the ongoing sponsored program, attending related meetings and conferences.
- Departmental/University research including uncompensated participation in study sections, peer review of manuscripts, unfunded effort on externally funded projects.
- Instruction/University supported academic effort, including presentations to students, mentoring trainees.
- Administrative effort, e.g., Department Chair, Institute Director, service on institutional Committees, faculty advisory boards.
- Effort expended on preparing proposals.
- Service in external professional organizations and societies related to one’s work, which is not compensated by those organizations.

Activities Excluded from University Effort

- Consulting and other outside compensated professional work including service on scientific advisory boards compensated by external organizations.
- Volunteer community or public service.
- Veteran’s Administration compensated activities outlined in a Memorandum of Understanding.
- Clinical Services Effort:

  Salaries from separately organized clinical practice plans are excludable from Institutional Base Salary (IBS) when they are not:

  a) Guaranteed;
b) Set/determined by NYU; or

c) Part of the appointment contract.

» Bonuses and certain “one-time” payments for which extra compensation is paid by NYU.

**Reporting Effort**

Effort is certified based on an after-the-fact reporting system. Effort reports are prepared for three time periods: Fall semester, Spring semester and Summer term.

A report of actual effort is generated using the [Effort Reporting System (ERS)](http://www.nyu.edu/content/dam/nyu/research/documents/OSP/NYUGuidelinesonFacultyEffort3_17_2010.pdf). Each effort report must be completed and certified in a timely manner.

**Certifying Effort**

The PI and any other faculty member whose salary is charged to a sponsored program are required to certify his or her individual effort report. The PI must also certify that the effort reported by non-faculty personnel directly charged to projects is accurate and reflects the effort actually contributed during the reporting period.

**Calculating Effort**

The basis used to propose or commit effort should be the same as that used to calculate, report and certify effort.

It is recognized that a precise apportionment of effort across the activities performed on behalf of an institution of higher education is not always feasible. Research, teaching, clinical services and administration are often inextricably intermingled. Therefore, reliance is placed on estimates in which a degree of tolerance is expected.

For research scientists, administrative employees and faculty, there is no set number of hours that constitute total effort; rather total effort equals 100% of the University effort. The activities performed and the total amount of time to accomplish them will likely be different for each individual and may vary during the year and from year to year.

For faculty, the components of total effort are determined by the original NYU appointment letter, the NYU Guidelines on Faculty Effort at: [http://www.nyu.edu/content/dam/nyu/research/documents/OSP/NYUGuidelinesonFacultyEffort3_17_2010.pdf](http://www.nyu.edu/content/dam/nyu/research/documents/OSP/NYUGuidelinesonFacultyEffort3_17_2010.pdf) and any modification stated in any subsequent letters from the Chair or Dean, for example when a faculty member takes on administrative responsibilities. Teaching, research (including clinical trials), clinical services within the Dental College and administrative activities are all services that may be performed on behalf of NYU.

Research scientists and administrative employees are generally on 12-month appointments and are assigned their responsibilities for research and their expected committed effort by the PI. For graduate students, a full-time appointment is comprised of a combination of research responsibilities and educational activities. They may be appointed on a semester or 9-month basis and may earn additional compensation for each summer month during which they are employed.

**Committed Effort**
When an award is accepted, the PI is committed to providing the level of effort specified in the proposal, subsequent budget modification or resulting award notification, over the award period, unless sponsor policies permit otherwise. For some sponsors, a specific level of effort is also specified for other key personnel. It is expected that the proposed effort committed in a grant application will be provided to the project even when the amount approved in the notice of grant award is less than the amount requested, unless the sponsor has agreed to a reduction in effort. In such cases the unfunded committed effort must be treated as voluntary cost sharing and tracked in a separate account.

Temporary changes of less than 5% of assigned effort during a period are generally considered immaterial (except that the 1% minimum effort for PI’s on Federal grants must be met) and it is not necessary to report them on payroll documents. However, changes from assigned effort of 5% or more that are expected to continue or occur regularly must be reflected in the corresponding time and effort report.

**Minimum Effort**

With certain exceptions (including for example, equipment and instrumentation grants, doctoral dissertation grants, faculty mentors on institutional training grants), faculty are expected to apply some level of effort to projects on which they are listed as the PI or as key personnel (1% or more or the minimum required by the program).

**Maximum Effort**

Faculty effort assigned to sponsored projects should rarely total more than 95%. The sum of the committed effort on active projects plus the anticipated committed effort on proposed projects and the effort devoted to non-research activities may exceed 100% for a given period. However, to the extent that proposed projects are ultimately awarded, the effort on one or more activities must be reduced to ensure that combined effort does not exceed 100% for the period. The sponsor of an affected project will normally require notification if the effort reduction is significant (25% or greater reduction in time).

**Summer Effort for Faculty with 9-Month Appointments**

The IBS for nine-month faculty is based on the nine-month base even for faculty whose administrative duties extend into the summer. Faculty compensated for 9-month appointments are permitted to expend up to an additional three months of summer effort on a combination of service (paid by NYU) and one or more sponsored programs in the period beyond the academic year and earn up to three months of additional salary for that effort, subject to sponsor policies and the approval of the department chair and dean/provost. The compensation for three summer months is the maximum allowable from all sources (including University funds). Maximum Effort for the summer months should rarely exceed 95% for externally funded awards.

A request for summer salary indicates a commitment to expend commensurate effort on the particular project during the summer term (effort expended during the academic year does not satisfy a commitment related to the receipt of summer salary). Faculty who receive summer salary from sponsored programs will be required to certify that the effort was expended on those projects during the summer effort period.

Effective 9/1/09, faculty may not charge 100% to sponsored research during the summer or any given month during the academic year. The minimum effort that must be reserved for other duties is 5% per month for faculty without extra administrative duties and correspondingly more for chairs, directors and deans. (See NYU Guidelines on Faculty Effort at:
Cost Sharing

Any effort which is committed in the proposal and resulting award, but not charged to the sponsor, must be documented as voluntary committed cost sharing and reported on the T&E certification, unless the deviation is within award limits or has been approved in advance by the sponsor (see “Changes in Status and/or Effort” below). The amounts identified for cost sharing are subject to review and approval by the responsible departmental and school leadership, and processed in accordance with NYU’s Cost Sharing Policy.

Under the Cost Sharing Policy, PI’s may cost share 1% of their academic year time toward any single sponsored program. When no summer salary may be requested (because the PI is already fully committed or the sponsor has prohibitions), up to 5% academic year (September through May) effort may be cost shared with the approval of the chair and the dean. Any voluntary cost sharing above 5% on a single grant or 10% cumulatively (for the sum total of all awards) requires a justification and the written permission of the chair, dean and Senior Vice Provost for Research.

Extra Compensation for Faculty with Administrative Appointments

Faculty with administrative appointments, e.g., chairs, directors and deans, may receive a salary supplement in recognition of their increased responsibility. This supplement applies to the full IBS, and should not be considered compensation for the administrative service alone. Most administrative appointments also involve service during the summer, which needs to be separately compensated and tracked, though the percent of effort need not be the same during the summer and during the academic year. Since the extra compensation is included in IBS, it should be incorporated into the calculation of effort.

Salary Cap

Certain sponsors (e.g., National Institutes of Health - NIH) impose a limit or “cap” on the annual rate of pay that may be charged. Using the IBS for the academic year, the difference between the effort expended on the sponsored program and the sponsor salary cap is designated as cost sharing. On summer salary charges for faculty with nine-month appointments, the difference between the IBS and the salary cap need not be charged.

Changes in Status and/or Effort

It is the PI’s responsibility to comply with Federal and other sponsoring agency prior notification requirements related to changes in status and/or effort for all personnel on their projects. Federal agencies require prior notification and approval of significant changes in personnel status and/or effort of PI’s (and for some sponsors, key personnel) on the projects that they sponsor. Federal agencies define changes in status as:

- Withdrawal from a project;
- Absence from the project for any continuous period of three months or more; or
- Twenty-five percent (25%) or greater reduction in the time devoted to the project (over the budget year) from the level approved at the time of award.
Example: A PI has committed 50% effort to a project. A reduction of 25% of the committed effort would result in a 37.5% effort and would require sponsor approval.

During the life of the award, when required by sponsor policies, it is the PI’s responsibility to obtain University (Chair and Dean) and sponsor prior approval for such changes in status or effort. Requests for sponsor approval are conveyed through the Office of Sponsored Programs.

Unless otherwise communicated to the sponsor, the effort committed during a no-cost extension period is assumed to be consistent with the effort commitment for the immediately preceding award period. For Federal awards, the sponsor must be notified at the time of a no-cost extension request if the effort to be expended is reduced by 25% or more than the level approved at the time of the award. See the No-Cost Extension Policy.

Retroactive Adjustments

To identify potential errors and make adjustments on a timely basis, PI’s and Department Administrators (DA’s) should regularly compare the effort commitments contained in new and ongoing sponsored program budgets with Salary Expense Reports in UDW+. In addition, in preparation for each effort reporting period, an additional, comprehensive review should take place for each project to identify potential adjustments.

As of September 1, 2009, once effort has been certified on a sponsored program, it may not be recertified without explicit permission from the Chair, Dean and a designated official in Sponsored Programs Administration (SPA). Changes in certification may not be implemented by a charge to the Federal government. The term “recertification” does not include the correction of failures to implement the original certification, e.g., paperwork errors or payroll adjustments, which were requested, but not processed. Requests for such corrections must be accompanied by documentation substantiating the claim. Risk projects need to be established through SPA in the case of pending awards. This will avoid the need to transfer payroll activity from a non-government or discretionary chartfield to a Federal project once the award has been received.

Roles & Responsibilities

Principal Investigator (PI)

» Understands requirements for accurate effort reporting;

» Provides reasonable estimates of effort expended in relation to the aims of the project and other University obligations; verifies that PI’s and other non-faculty personnel time commitments on all activities, prior to and after certification, including instruction, research and other department activities does not exceed 100%; alerts Chair and Dean of any overlap or discrepancy;

» Complies with sponsor requirements regarding reduction in effort and change in status of self and, when required by the sponsor, of key personnel;

» Certifies his or her effort and all other non-faculty personnel for the project;

» Notifies the School/Department Administrator of any required adjustments to the T&E report;
» Provides certification of effort to the departmental administrator in a timely manner upon receipt of e-mail notification of report availability.

_School/Department Administrator (S/DA)_

» Coordinates the activities of department leadership, Cost Analysis, PI’s, OSP and SPA;

» Assists PI’s in determining committed effort at proposal stage for self and other relevant personnel;

» Ensures that sponsor-imposed salary caps are calculated and recorded properly in a cost sharing account;

» Monitors committed effort and assists PI’s with preparation of request to sponsors, as necessary, regarding reduction of effort;

» Ensures that effort reports are complete, that the dollars charged are consistent with the effort certified and that reports are submitted correctly and on-time;

» Makes any adjustments in ERS for payroll distribution, as required, and submits payroll corrections consistent with the approved certification;

» Ensures that effort reported during a no-cost extension is consistent with the effort committed to the sponsor.

_Cost Analysis, which includes the Central Administrator for ERS (CA)_

» Responsible for _ERS_;

» Transmits the certification data;

» Monitors the various aspects of compliance, including notification to Department Chair or Dean and OSP of any delinquency;

» Explains the effort reporting system and justifies NYU’s performance to auditors.

_Sponsored Programs Administration (SPA)_

» Documents and confirms committed cost sharing based on the Notice of Grant Award during award set-up;

» Ensures that all cost sharing amounts are appropriately established and in compliance with NYU cost sharing policy and sponsor’s requirements;

» Reviews and approves all requests for retroactive adjustments in accordance with the Cost Transfer Policy. See the _Cost Transfer Policy_.

_Office of Sponsored Programs (OSP)_

» Ensures that submitted proposals are in accordance with NYU and the sponsor’s policies;
At the time of award, reconfirms the budget and cost sharing commitments, including PI and other relevant personnel time commitments;

When the award is granted, alerts SPA in writing of effort commitments, both funded and cost shared; reviews and approves requests for reductions of effort as required by sponsor terms and conditions; and informs SPA of any resulting change in effort;

Conveys changes in PI status to sponsor when required.

**Department Chair**

- Reviews proposed sponsored activity to ensure that other activities required of PI will not conflict with proposed effort commitment;
- Ensures PI’s compliance with reporting and certifying effort accurately and on a timely basis;
- Approves changes in effort commitments, including cost sharing;
- Notifies dean of noncompliance by a PI and recommends/requests action.

**Dean**

- In collaboration with Chairs, reviews proposed sponsored activity to ensure that other activities required of a PI will not conflict with proposed effort commitment;
- Approves changes in effort commitments, including cost sharing;
- Reviews and approves all requests for retroactive adjustments in accordance with the Cost Transfer Policy, as requested;
- With Chair’s recommendation, initiates actions against a PI in the event of non-compliance.

**Payroll**

- Responds in a timely way to requests for adjustments in payroll activity.

**Senior Vice Provost for Research (SVPR)**

- With the recommendation of the Dean, enforces sanctions against PI’s and other employees in the event of noncompliance, as appropriate.

**Compliance**

Violations of this policy may subject faculty and other employees to disciplinary procedures, including, but not limited to:

3. Suspension of new submissions on behalf of a PI during the period that the faculty member’s effort report (or that of any research staff) is delinquent;

4. Discipline in accordance with the policies and procedures set forth in the **Faculty Handbook** as applicable to faculty. A non-faculty employee who is determined to
be noncompliant with this policy will be subject to discipline in accordance with
the applicable employee disciplinary policies and procedures;

5. NYU will report to the sponsoring agency any finding of noncompliance, as
required by applicable law, regulations and the term and conditions of the award.

**Internal Evaluation**

Certifications facilitated by the Time and Effort Reporting (ERS) system are evaluated as part of
the University’s annual A-133 audit, and they also may well be audited as part of other specific,
random audits, including audits periodically conducted by University’s Internal Audit
Department.

**Policy Definitions**

<table>
<thead>
<tr>
<th>University Effort</th>
<th>The sum of all professional activities for which NYU compensates an individual.</th>
</tr>
</thead>
</table>
| Effort                            | The work or portion of time devoted to a particular activity, expressed as a percentage
|                                   | of salary paid by NYU as defined by the Institutional Base Salary (IBS). |
| Institutional Base Salary (IBS)   | The compensation that NYU pays an employee, whether that individual's time is
|                                   | spent on research, teaching, administrative and other service, patient care or other
|                                   | activities. The compensation relevant in determining IBS is the amount that is
|                                   | guaranteed and fixed in advance by the appointment letter or employment agreement
|                                   | and paid through the NYU payroll system. For faculty with 9 month appointments, it is the
|                                   | salary base for the period 9/1 – 5/31. |
| Cost Sharing                      | That portion of a project or program cost that is not reimbursed by the sponsor (whether
|                                   | Federal or non-Federal) and as such represents a commitment of institutional
|                                   | resources that would otherwise be devoted to other University purposes. Normally at NYU,
|                                   | cost sharing involves personnel effort; however, other costs, such as equipment, may
|                                   | be used. |
|                                   | » Mandatory – may be required by the sponsor as a condition of the award and becomes
|                                   | an obligation once an award is made |
|                                   | » Voluntary Committed – may be offered by NYU and becomes an obligation |
once an award is made.

» Voluntary Uncommitted – faculty effort over and above that level which is committed and budgeted for in a sponsored agreement.

<table>
<thead>
<tr>
<th>Sponsored Projects</th>
<th>Signed awards (grant, contract or cooperative agreement) under which the University agrees to perform a certain scope of work for an external sponsor.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary Cap</td>
<td>The maximum annual rate of NYU Salary for the level of effort that can be charged to a sponsored award. Normally it is indexed to a specific government Executive pay level.</td>
</tr>
</tbody>
</table>

Related Policies

» Cost Sharing Policy
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-policy.html

» Cost Sharing of Faculty Effort on Grants
http://www.nyu.edu/content/nyu/en/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-of-faculty-effort-on-grants.html

» Cost Transfer Policy
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-transfer-policy.html

» Faculty Handbook
http://www.nyu.edu/faculty/governance-policies-and-procedures/faculty-handbook.html

» No-Cost Extension Policy
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/no-cost-extension-policy-for-sponsored-programs.html

» NYU Guidelines on Faculty Effort
http://www.nyu.edu/content/dam/nyu/research/documents/OSP/NYUGuidelinesonFacultyEffort3_17_2010.pdf

» Salary Cap Administration Policy
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/salary-cap-administration-policy.html
Federal Regulations

» NIH Grants Policy Statement
   http://grants.nih.gov/grants/policy/policy.htm#gps

» Office of Management and Budget, Circular A-21
6. Cost Transfers

Title: Cost Transfer Policy

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that all cost transfers must be processed in compliance with Federal and other sponsor requirements. All cost transfers must be appropriately justified, documented and completed in a timely manner to support its allowability. Principal Investigators (PI’s) are responsible for ensuring all cost transfers are executed in compliance with this policy.

Purpose of this Policy

The purpose of this policy is to set forth the circumstances for transferring charges to or from a sponsored award.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

This University policy follows the rules listed below which govern cost transfers. These procedures are in compliance with the Federal Office of Budget and Management (OMB) Circular A-21 (http://www.whitehouse.gov/omb/circulars_a021_2004) and other Federal sponsors’ regulations:

» Cost transfers to all sponsored projects should be completed within 90 days from the original transaction date. Transfers must be supported by documentation that fully explains how the error occurred and a certification of the correctness of the new charge by a responsible organizational official.

» An explanation merely stating that the transfer was made ‘to correct error’ or ‘to transfer to correct project’ is not sufficient.

   o Transfers of costs from one project to another or from one competitive segment to the next solely to cover cost overruns are not allowable.
Grantees must maintain documentation of cost transfers, pursuant to 45 CFR 74.53 or 92.42 [record retention requirements] and must make it available for audit or other review.

- Frequent errors in recording costs may indicate the need for accounting system improvements and/or enhanced internal controls.
- Sponsors may require a grantee to take corrective action by imposing additional terms and conditions on an award.

“Frequent, tardy and unexplained (or inadequately explained) transfers, particularly where they involve projects with significant cost overruns or unexpended fund balances, raise serious questions about the propriety of the transfers themselves as well as the overall reliability of the institution’s accounting system and internal controls.” (PHS Grants Administration Manual)

It is the responsibility of each school or department to:

- Process cost transfer journals, if necessary;
- Ensure that cost transfer journals are posted to the project correctly;
- Retain copies of all related documentation in accordance with University record retention policies;
- Ensure that all personnel engaged in the financial administration of sponsored projects are familiar with the University Cost Transfer Policy.

a. Criteria for Cost Transfers

A retroactive cost transfer is justified in the following circumstances:

1. **Clerical and data entry errors** – Any request to correct a clerical error should be accompanied by an explanation of how the error occurred. The correcting entry must include a statement certifying that the adjusted charge/credit is correct and appropriate. Any explanation that merely states that the transfer is made “to correct error” or “to transfer to correct project” is not sufficient. As stated earlier in this policy, frequent errors in the recording of costs may indicate the need for improvements in award management.

2. **Transfers between continuation years for the same award number** – It is possible that if a continuation project number is not established promptly, continuation grant charges that have been incurred on or after the start date of the continuation award may have been temporarily charged to the prior year’s account. These should be processed as a cost transfer with an explanation that the projects are related to the same award.

3. **Pre-award costs that are specifically authorized in writing by the sponsor** – A department or research unit may, at its own risk, incur obligations and expenditures to cover costs prior to the beginning date of an award if the following criteria are met: 1) costs incurred are considered necessary for the conduct of the project; 2) costs are
allowable under the potential award; and 3) sponsor’s written prior approval is obtained when required. Generally, costs incurred in excess of 90 days prior to the award date require sponsor approval. To reduce the need for cost transfers, a risk project should be established when incurring pre-award costs. For instructions on requesting a risk project, please refer to the Opening or Modifying a Project Policy.

4. Pertinent information is received subsequent to the date of original entry.

5. It was impractical or impossible to allocate charges at the time of the original entry.

6. An award fails to materialize and charges have been incurred on the risk project. Costs incurred subsequent to the anticipated effective date of the award will need to be transferred to a discretionary or operating account(s).

b. Unacceptable Cost Transfers

Cost transfers between sponsored activities are not allowed in the following circumstances:

1. Cost Overruns – Unless clearly stated in the Sponsor guidelines, cost transfers to solely cover an actual or anticipated overrun are not allowable. Overruns must be transferred to a discretionary or operating account(s).

2. Unexpended Balances – For sponsored projects, retroactive cost transfers for the purpose of expending available funds still remaining on a project are not allowable.

3. Report Rendered – If the final financial report has been submitted to the sponsor, a cost transfer to a sponsored project will not be processed. A cost transfer from a sponsored project to correct an error will be processed and may require a revised financial report. If the cost transfer involves salary, it may require a recertification of the effort. See the Effort Reporting Policy for Sponsored Programs for further information.

4. Other unacceptable purposes for retroactive cost transfers include circumventing award restrictions, avoiding a cost overrun by charging another unrelated project or transferring an item to/from an award that has been closed.

c. Timelines

All payroll and Other Than Personnel Services (OTPS; non-payroll) cost transfers related to sponsored awards should be submitted within the earlier of:

i) 90 days from the original date the transaction was posted in the University’s general ledger, or;

ii) Within the reporting deadlines prescribed by the sponsor of the project terminating.

If a transfer is required after the 90-day period, more stringent guidelines must be met to satisfy sponsor regulations. Examples include, but are not limited to, delays in award notification or the PI’s departure or absence due to sabbatical leave. Generally, Sponsored Programs
Administration (SPA) will not process a cost transfer submitted more than 90 days after the end of the grant year in which the original transaction was posted to the University’s general ledger.

A pattern of frequent cost transfers will be subject to additional review.

1. 90-day Window: Retroactive Payroll Adjustments

Retroactive payroll adjustments within the current fiscal year (September 1 – August 31) should be processed in the Personnel Action Submission System (PASS/xPASS) or the Effort Reporting System (ERS) during the certification periods. Payroll adjustments relating to a payroll period prior to September must be processed by completing an xPASS request. For PASS, ERS and xPASS requests, the 90-day window is calculated based on the first pay date corresponding to the adjustment period and the date the request is submitted in PASS, ERS or xPASS. For further instructions, please refer to the respective application’s user guide.

2. 90-day Window: Other Than Personnel Services (OTPS)

OTPS cost transfers require a journal entry to be submitted in the Journal Entry Management System (JEMS). The 90-day window for OTPS charges is calculated by reference to the date the original transaction was posted in the University’s general ledger and the date the JEMS entry is submitted. Requestors must check the box to indicate Correction of Error. For further instructions, please refer to the JEMS User Guide.

d. Documentation and Explanation

All cost transfers must include a detailed explanation and justification (e.g., rationale for allocation among projects) for the transfer. If a transfer is to correct an error, an explanation that merely states that the transfer was made to “correct an error” is not sufficient.

The cost transfer explanations must answer the following questions:

If a transfer is made within 90 calendar days from when the original transaction was posted in the University’s general ledger, answer questions 1 and 2; if over 90 days, answer all 4 questions.

1. Why was the expense originally charged to the account from which it is now being transferred?

2. Why should this charge be transferred to the proposed receiving account?

3. Why is the cost transfer being requested more than 90 calendar days from when the original transaction was posted in the University’s general ledger?

4. What action will be taken to eliminate the future need for cost transfers of this type? Is this action being taken?
e. Authorization and Approval

The PI or designee must submit the PASS or xPASS request (retroactive adjustment) to their school/departmental Human Resource Officer (HRO) for processing. PASS and xPASS approvals are defined at the school/departmental level.

JEMS entries with appropriate explanations for OTPS transfers must be submitted in accordance with the guidelines outlined below.

The department must maintain documentation (e.g., memos or e-mails) to provide evidence that the PI directly approved any cost transfer between closely related projects. However, the cost transfer may be submitted by the PI’s designee.

The PI is ultimately responsible to ensure that all costs transferred are for appropriate purposes and in accordance with sponsor guidelines and award documents.

Within the 90-Day Window

All transfers requested within 90 days of the original transaction date must be submitted by either the PI or designee, e.g., Departmental Administrator (DA).

Greater Than the 90-Day Window

All transfers requested over 90 days from the original transaction date must be approved by the School’s Fiscal Officer or designee.

f. Roles and Responsibilities

Principal Investigator (PI) – The PI has a fiduciary responsibility for the management and administration of the sponsored project in accordance with sponsor and University guidelines and therefore must approve all cost transfers.

Departmental Administrator (DA; or designee) – The DA assists the PI in the financial and administrative management of sponsored projects, including processing of cost transfers. The departmental administrator in conjunction with the PI, are responsible for completing timely reconciliations between the University’s general ledger and underlying details i.e., Salary Expense Report and departmental records. The DA must ensure that all financial activity is properly recorded in the University’s financial system, which is the source for all financial reporting; the DA is responsible for ensuring all approved cost transfers are completed accurately and on time.

Fiscal Officer – The Fiscal Officer, or designee, must approve cost transfer requests greater than 90 days after the original charge was posted in the University’s financial records.

Sponsored Programs Administration (SPA) – SPA is responsible for approving cost transfers.
**Policy Definitions**

<table>
<thead>
<tr>
<th>Account Change</th>
<th>An adjustment within the same project where payroll costs are moved between chartfield lines.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Transfer</td>
<td>A cost transfer is a transfer to or from a sponsored award of a charge previously allocated to a different funding source.</td>
</tr>
<tr>
<td></td>
<td>Examples:</td>
</tr>
<tr>
<td></td>
<td>» Transfer pre-award costs from departmental holding account;</td>
</tr>
<tr>
<td></td>
<td>» Correct clerical error;</td>
</tr>
<tr>
<td></td>
<td>» Reallocate salary and fringe benefits to reflect actual effort;</td>
</tr>
<tr>
<td></td>
<td>» Reallocate shared services that were previously charged elsewhere.</td>
</tr>
<tr>
<td>Other Than Personnel Services (OTPS)</td>
<td>Direct costs for sponsored projects exclusive of salaries and fringe benefits.</td>
</tr>
</tbody>
</table>
Federal Regulations

» OMB Circular A-21
   http://www.whitehouse.gov/omb/circulars_a021_2004

» Health and Human Services Grants Policy Statement
7. Salary Cap Administration

**Title:** Salary Cap Administration Policy

**Effective Date:** September 1, 2013

**Supersedes:** N/A

**Issuing Authority:** Sponsored Programs Administration

**Responsible Officer:** Assistant Vice President for Post-Award Administration

**Policy**

It is the policy of New York University (NYU, “the University”) to comply with sponsor-imposed limitation on salaries charged to sponsored programs. Where a sponsor specifies a maximum rate at which an individual is to be paid from that sponsor's funds, the Principal Investigator (PI) will ensure that any salary paid above that rate will not be charged to the sponsor.

**Purpose of this Policy**

The purpose of this policy is to provide guidance for complying with requirements of a Sponsor's Salary Cap.

**Scope of this Policy**

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

**Procedures for Implementation**

NYU's proposal submission process has been designed to comply with policies and guidelines established by sponsoring agencies.

**a. Submitting Proposals**

The sponsoring agencies' application instructions will contain information concerning salary caps, if any and how to apply them. For example, for the National Institutes of Health (NIH), applicants request the uncapped salary and NIH will adjust these amounts to reflect a Salary Cap at the time of an award.

Salary amounts requested from the sponsor are calculated by multiplying the institutional base salary of the individuals proposed to work on the project by the appropriate percentage of effort to be expended on the project. When submitting Modular Grants or other grants that limit total direct costs, or when submitting non-competing continuation proposals, if a proposed individual’s rate of pay exceeds the allowable (capped) rate, NYU will incorporate the applicable salary cap into the proposed salary budget.
b. Administering Awards

NYU's procedures in administering awards involving a salary cap will be consistent throughout the University. The salary cap is used to compute the maximum allowed rate for an individual pay period.

In the examples below, the salary cap is hypothetical. Salary caps in place when funds are awarded are applicable.

To calculate amount of salary to be requested: multiply person months x monthly base salary.

- **9 month appointments**
  - Divide 9 month base salary by 9, then multiply by the # of person months devoted to project (formula \( \frac{9\text{mos BS}}{9} \times \# \text{person MOS devoted to project} \))

- **11 month appointments**
  - Divide 11 month salary by 11, then multiply by the # of person months devoted to project (formula \( \frac{11\text{mos BS}}{11} \times \# \text{person MOS devoted to project} \))

- **12 month appointments**
  - Divide 12 month salary by 12, then multiply by the # of person months devoted to project (formula \( \frac{12\text{mos BS}}{12} \times \# \text{person MOS devoted to project} \))

*Example*: A salary cap of $100,000.00 per year is equivalent to a maximum rate of $8,333.33 per pay period ($100,000.00 divided by 12 pay periods).

The percentage of effort charged to a sponsored project where a salary cap is applicable cannot exceed the maximum rate for the pay period, regardless of the salary earned.

*Example*: If 50% effort is charged to a sponsored project with an annual salary cap of $100,000, then the 50% is applied against a maximum rate of $8,333.33. The maximum actual charge to the project account for that pay period would be $4,166.66.

If the salary cap increases during the life of a competitive award (i.e., subsequent non-competing funding is awarded during a Government Fiscal Year in which the cap is higher), PI's may elect to re-budget awarded project dollars to pay salaries at the higher level.

*Example*: If a project is initially awarded with a salary cap of $100,000 ($8,333.33 per pay period) and subsequent non-competing funding is awarded during a Sponsor Cap Period in which the salary cap is $120,000 ($10,000.00 per pay period), the PI may re-budget existing project funds to charge salaries at the higher level. No additional funds will be provided by the sponsor for this purpose. Any additional salary charged will also increase charges for fringe benefits and indirect costs as appropriate.

When an individual's salary exceeds the salary cap established by the funding sponsor, the difference between that individual's actual salary and the maximum amount allowed under the
cap for that percent of effort must NOT be charged to another Federal award. The difference must be charged to a non-sponsored account. At NYU, this account is called “a non-sponsored cost sharing account” although this is in fact not formal cost sharing. The salary that is over the cap may not be used to meet mandatory or voluntary committed cost sharing obligations.

c. Roles & Responsibilities:

Principal Investigators (PI):

» Manage project funds in compliance with sponsor requirements;

» Submit competing and non-competing proposals budgets that comply with salary limitation imposed by the sponsor;

» If a project is awarded with a funding limitation and subsequent funding is awarded such that a higher level of salary charges becomes possible, a determination should be made as to whether or not to re-budget available funds;

» When certifying effort, make sure that the certification data correctly reflects total effort to the project(s). This means that both direct charges and cost sharing are correctly represented.

Department Administrators (DA):

» Work with PI’s to ensure that the salaries are appropriate for competing and non-competing proposals being submitted to agencies reflecting salary caps as applicable;

» Accurately charge salaries to projects and related cost sharing accounts reflecting no more than the percentage Full-Time Equivalent (FTE) identified by the Principal Investigator on the project multiplied by the applicable salary cap;

» Ensure compliance with the 95% direct charging of academic year and summer salary as referenced in the Effort Reporting Policy;

» Process appropriate PASS and/or xPASS forms to adjust salary over a cap and ensure that the excess over the cap is transferred to a cost share program;

» Notify Sponsored Programs Administration (SPA) to ensure they establish a cost share program chartfield in PeopleSoft.

Sponsored Programs Administration (SPA):

» Ensure that the department has identified any salary charges that are over the cap as unallowable costs and ensure that such costs are transferred to a cost share program;

» Include the capped amount in the applicable Modified Total Direct Cost Base for Facilities and Administrative (F&A) rate calculation purposes.

Office of Sponsored Programs (OSP):

» Monitor sponsor salary cap limitations and notify University departments of any changes;
During the proposal review and approval process, ensure amounts budgeted for salary complies with sponsor limitations.

**Policy Definitions**

<table>
<thead>
<tr>
<th>Funding Limitation</th>
<th>The limitation on the annual rate of NYU salary for full-time effort that the sponsor provides for an award. This limit is usually established at the time of a competitive award based on the salary cap in effect at that time. However, if, after a competitive award is made, the sponsor announces an increased Salary Cap, the sponsor may allow Principal Investigators to re-budget awarded funds, in that or future years, to charge the higher salary level. NIH has not historically provided additional funds as a result of an increase in the Salary Cap.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary Cap</td>
<td>The maximum annual rate of NYU Salary for the level of effort that can be charged to a sponsored award. Normally it is indexed to a specific government Executive Pay Level.</td>
</tr>
<tr>
<td>Salary Cap – Annual Rate</td>
<td>The amount of pay an individual would receive from NYU for a 12-month period. For 9-month faculty, take the 9-month base, divide by 9 and multiply by 12.</td>
</tr>
</tbody>
</table>

**Related Policies**

» Cost Sharing Policy  
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-policy.html

» Effort Reporting Policy for Sponsored Programs  
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html

**Federal Regulations**

» NIH Notice, Salary Limitation on Grants Cooperative Agreements, and Contracts  
8. Program Income for Sponsored Programs

Title: Program Income Policy for Sponsored Programs

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that program income must be identified and tracked in accordance with federal and other sponsor requirements.

“Program income is gross income earned by the recipient that is directly generated by a supported activity or earned as a result of a sponsored award … Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under Federally funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds.” [Federal Office of Budget and Management (OMB) Circular, A-110 §__.2]

A project may have program income as a result of providing services to other organizations and/or from the sale of items developed under the award. When NYU engages in such activities, program income must be accounted for in the manner prescribed by sponsor regulations and NYU’s Policy.

For Federal awards, program income should be handled in one of three ways:

1. Added to funds committed to the project by the Federal awarding sponsor and recipient and used to further eligible project or program objectives;
2. Used to finance the non-Federal share of the project or program;
3. Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal share of costs is based.

In the event that the Federal awarding sponsor does not specify in its regulations or the terms and conditions of the award how program income is to be used, item 3) shall apply automatically to all projects or programs except research. For awards that support research, item 1) shall apply automatically unless the awarding sponsor indicates in the terms and conditions another alternative on the award or the recipient is subject to special award conditions [OMB Circular A-110, §__.24].

If authorized by Federal awarding sponsor regulations or the terms and conditions of the award, costs incident to the generation of program income may be deducted from gross income to determine program income provided these costs have not been charged to the award.
Unless Federal awarding sponsor regulations or the terms and conditions of the award provide otherwise, recipients shall have no obligation to the Federal Government regarding program income earned after the end of the project period.

Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal awarding sponsor regulations or the terms and conditions of the award, program income does not include the receipt of principal on loans, rebates, credits, discounts or interest earned on any of them.

For non-Federal awards, stipulations around program income should be addressed in the sponsor’s terms and conditions or by contacting the sponsor through the Office of Sponsored Programs (OSP).

Proceeds from the sale of property shall be handled in accordance with the requirements of the Property Standards. See OMB Circular A-110, §§__.30 through __.37.

Purpose of this Policy

The purpose of this policy is to set forth the circumstances for identifying and tracking program income in accordance with Federal and other sponsor requirements.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

» The PI(s) and Department Administrator (DA) will determine which activities on the award may generate program income. OSP should be consulted when determining the inclusion of program income in the proposal.

» If required by the sponsor, prior to using surplus funds, the PI and/or DA should confer with their OSP Projects Officer. OSP will then obtain permission from the funding sponsor.

» The department/unit will need to notify Sponsored Programs Administration (SPA) of the revenue and expenditures associated with the activity that generated program income.

» The revenue and expenses must be specifically identified and tracked separately in PeopleSoft.

» Journal entries are processed to credit program income to the award in accordance with the method prescribed by the sponsor.

» SPA will ensure that all necessary steps have been followed when preparing the financial status report and closing out the award in the FAME system.

» When a sale for unused equipment/commodities is deemed appropriate by the PI, the PI will work with OSP to seek sponsor approval for the sale.

» Upon written approval from the sponsor, the transaction will be processed.
For sale and disposal of equipment, see the *NYU Asset Management Policies and Procedures manual.*

The department/unit will send an invoice to the Purchaser (and a copy to SPA) for the agreed-upon price of the equipment within 30 days of the sale. The sponsor’s program officer will instruct the PI on applying those funds to the program. The funds are typically applied to offset current costs or held to purchase a particular item.

Funds cannot be used until SPA has confirmed receipt of payment from the buyer.

**Policy Definitions**

| Program Income | Gross income earned by the recipient that is directly generated by a supported activity or earned as a result of an award. |

**Related Policies**

» *Asset Management Policies and Procedures*


**Federal Regulations**

» OMB Circular A-110

http://www.whitehouse.gov/omb/circulars/a110/a110.html
9. Clinical Trials Financial Management for Sponsored Programs

Title: Clinical Trials Financial Management Policy for Sponsored Programs

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that all clinical trials shall be performed in accordance with generally accepted standards of good clinical practice, in compliance with the protocol and with all applicable local, state and Federal laws and regulations governing the performance of clinical investigations.

Purpose of this Policy

The purpose of this policy is to set forth the financial management requirements for Clinical Trials in accordance with Federal and sponsor requirements.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

Sponsored Programs Administration (SPA) Responsibilities:

Invoices – SPA will review all Clinical Trials invoices prepared by the school or department prior to submission to ensure compliance with sponsor terms and conditions.

Submission of Reports – SPA will follow-up and ensure the timely submission of interim and final financial reporting to Federal sponsors.

Department / Principal Investigator (PI) Responsibilities:

Clinical Trials Terms and Conditions – Upon receiving Institutional Animal Care and Use Committee (IACUC) and/or Institutional Review Board (IRB) approval and the fully executed agreement, the PI may start the Clinical Trial. The PI should abide by all clauses of the agreement. The PI is responsible for the performance of the scientific, technical, and administrative duties normally associated with the Clinical Trial. The PI is responsible for
administering the trial in accordance with the signed agreement terms and conditions and the approved clinical research protocol as well as in compliance with University policies.

**Budget Expenditures** – The budget included in a clinical trial agreement is part of the agreement. PI’s should closely monitor the budget in the performance of the clinical trial.

**Billing/Payments to Subjects** – The department tracks milestones and performs timely billing of study activities for the appropriate Clinical Trial. The department must submit all invoices to SPA for review and approval prior to submission to the Sponsor. The department also coordinates appropriate and timely payments to participants.

**Project Closeout** – The PI and Department Administrator (DA) should ensure the submission of accurate and timely closeout documents to applicable Federal agencies, University entities, and the sponsor. The study documentation must be maintained in files in accordance with sponsor requirements and University policies and procedures.

**Audits** – The departments should notify SPA of any external audits associated with Clinical Trials. See *Internal and External Audits Policy of Sponsored Programs.*

### Policy Definitions

<table>
<thead>
<tr>
<th>Clinical Trials</th>
<th>A form of clinical research that involves researcher(s) who directly observe a person or people, and/or who collect data to answer a scientific or medical question about the safety or potential benefit of an intervention such as a medication, device or behavioral change.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Animal Care and Use Committee (IACUC)</td>
<td>A committee that provides oversight for use of animals in research. Institutions that use animals for Federally funded laboratory research must have an Institutional Animal Care and Use Committee (IACUC). At NYU, this is known as the University Animal Welfare Committee (UAWC). The UAWC reviews research protocols and conducts evaluations of the institution’s animal care and use, which includes the results of inspections of facilities as required by law.</td>
</tr>
<tr>
<td>Institutional Review Board (IRB)</td>
<td>A committee that has been formally designated to approve, monitor, and review research involving human subjects. Also, known at NYU as the University Committee on Activities Involving Human Subjects (UCAIHS).</td>
</tr>
</tbody>
</table>
Related Policies:

» Award Closeout Policy for Sponsored Programs
   http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/award-closeout-policy-for-sponsored-programs.html

» Internal and External Audit Policy for Sponsored Programs
   http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/internal-and-external-audit-policy-for-sponsored-programs.html

» Prior Approvals Policy
   http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/prior-approvals-policy-for-sponsored-programs.html

Federal Regulations

N/A
10. Managing Sponsor Payments

Title: Managing Sponsor Payments Policy

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that Sponsored Programs Administration (SPA), Principal Investigators (PI’s) and Department Administrators (DA’s) share responsibility for payments made on Sponsor Awards. PI’s and their staff are required to assist SPA to ensure timely receipt of award funding. SPA is responsible for ensuring all payments received for sponsored awards are accounted for in a manner consistent with sponsor requirements and Generally Accepted Accounting Principles. This includes payments received electronically (e.g. letter-of-credit draws) and by “wire” or check.

Purpose of this Policy

The purpose of this policy is to provide guidance for monitoring and collecting sponsored programs cash and accounts receivable in accordance with Federal and other sponsor requirements.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored award and contracts.

Procedures for Implementation

The responsibility for cash and accounts receivable management for sponsored programs is shared by PI’s, DA’s and SPA. SPA performs many of the duties associated with accounts receivable management as a service to the departments. SPA’s tasks include:

» Performing letter of credit drawdowns;

» Submission and/or approval of invoices (when NYU is a subawardee, SPA is also responsible for submitting invoices to the prime);

» Following up on outstanding receivables and delinquent accounts; identifying issues causing delays in payment;

» Recording payments to sponsored projects; and
Preparing and submitting financial reports to sponsors detailing payments and expenses.

An account receivable is established for a sponsored award in PeopleSoft at the time expenses are recorded. This receivable is cleared after payment is received and posted to the sponsored project.

For Federally sponsored awards, payment is received on a cost reimbursement basis, not at the time funds are authorized. SPA is responsible for preparing and performing Letter-of-Credit draws, which are processed through the respective agencies online payment system. The Federal agencies authorize a line of credit for the University to draw funds that meet the aggregate expenditure activity of the sponsor's awards to the University. SPA submits an LOC payment request up to three times a month for reimbursement of expenses. Payments are made to the University via Automated Clearing House (ACH) the following day.

For non-Federal sponsors and Federal sponsors with whom NYU does not have a letter-of-credit relationship, invoices are submitted periodically, typically monthly for an award depending on the billing terms established by the sponsor. The SPA financial analyst processes the invoice and monitors payments to ensure they are received timely and accurately.

Awards based on milestones, deliverables or scheduled periodic payments normally do not require an invoice to be submitted by SPA.

**Electronic Payments**

SPA will identify electronic payments recorded in the University's bank statement and apply the payment to the appropriate sponsored project in the University's financial system.

**Payments Received by Mail**

NYU occasionally receives checks from sponsors. Payments from Foundations should be routed immediately to the Office of Gift Administration for deposit. Checks should be hand-delivered to the respective office to ensure timely application of payment. A copy of the check, project ID and accompanying documentation should also be forwarded to SPA to ensure payment is applied to the correct sponsored project.

All non-Foundation payments that pertain to sponsored projects should be hand-delivered immediately to SPA for processing.

There are a number of activities that must be carried out prior to and during LOC drawdowns and invoicing, as appropriate. These responsibilities are shared among the PI's, departments and SPA.

**Handling Expenditures for a Sponsored Project That Are Not Collectible**

If the expenditures for a sponsored project are not collectible, the amount must be funded by the department responsible for the project. The amount will be transferred to a departmental discretionary chartfield with the same function as the sponsored project. For example, the over-expense for a research grant will be transferred to a departmental cost share program. This is to ensure that the amount will be included in the research base for the Facilities and Administrative Cost Proposal.
Refunds

The University must remit to the Federal government amounts drawn in excess of expenditures plus accrued interest if the excess funds are not used within three business days. For all other sponsors, if the University is not entitled to retain funds received in excess of expenses (surplus), SPA will remit a refund to the sponsor. See the Award Closeout Policy for cases where the University is entitled to retain payments in excess of expenses.

Role and Responsibilities

Departments/PIs:

» Ensure all costs charged to sponsored projects are allocable, allowable and reasonable;

» Submit progress/ technical reports;

» Timely submission of project deliverables;

» Provide support to central offices for preparation, submission and payment collection of invoices;

» Provide a departmental chartfield to which uncollectible amounts are transferred.

Sponsored Programs Administration:

» Review sponsored project expenditures to ensure all costs charged to Sponsored Projects are allocable, allowable and reasonable up to and including final closeout;

» Provide technical support to PI's and DA's for the interpretation of regulations and NYU's policies and procedures;

» Prepare Invoices, Letter-of-Credit drawdowns and reconciliations of billing and payments;

» Generate and monitor accounts receivable aging reports;

» Initiate invoice follow up at 60-90 days;

» Make second invoice follow up at 90 days and consult with department as necessary to ensure deliverables have been delivered to sponsor;

» Confirm required deliverables/progress reports have been submitted to sponsor to prevent delays in payment;

» Process journals to apply payments to sponsored projects;

» Notify the department for uncollectible amounts and request a departmental chartfield to which the amount will be transferred.

School Fiscal Officer

» Ultimately responsible for non-payment when all project deliverables have been met.
» Responsible for:

  o Pre-award costs
  o Over expenditures
  o Unallowable and disallowed costs

Policy Definitions

N/A

Related Policies

» Award Closeout Policy for Sponsored Programs
  http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/award-closeout-policy-for-sponsored-programs.html

» Charging Administrative Expenses to Federal Awards Policy

» Costing Policy
  http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html

Federal Regulations

» OMB Circular A-21

» OMB Circular A-110
  http://www.whitehouse.gov/omb/circulars/a110/a110.html
Section 4: Travel and Procurement
1. Domestic and Foreign Travel for Sponsored Programs

Title: Domestic and Foreign Travel Policy for Sponsored Programs

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that the University Business Expenses policy applies to all domestic and foreign travel for sponsored programs. However, if specific sponsor guidelines for a sponsored program are more restrictive than University policy, then sponsor rules shall apply.

All travel expenses charged to Federally sponsored projects, (both direct and pass-through) are governed by the cost principles of the Federal Office of Management and Budget Circular A-21 (http://www.whitehouse.gov/omb/circulars_a021_2004). Therefore, charges must pass the following three tests:

» The cost must be allowable under both the provisions of OMB Circular A-21 and under the terms of a specific award.

» The cost must be allocable; that is, the expense can be associated to a project with a high degree of accuracy.

» The cost must be reasonable, that is, the cost reflects what a “prudent person” would pay in a like circumstance.

Sponsored research awards may be used to cover the costs associated with travel and subsistence associated with the award, e.g. transportation, meals and lodging. However, there are a number of factors provided below to consider for allowability and allocability of travel costs on sponsored awards.

Purpose of this Policy

The purpose of this policy is to provide guidance for proposing and administering travel costs, both foreign and domestic, in compliance with Federal and other sponsor requirements, and NYU policy.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.
Procedures for Implementation

For guidance on all sponsored awards, refer to this policy as well as the Business Expenses Policy and the Expense Reimbursement Policy.

a. Proposal /Budget

Generally, the proposal should include a budget for foreign and domestic travel costs and the proposal must have explicitly stated justification for the travel. This will translate into a budget category for travel when the sponsored project is established.

Travel is allowable as a direct cost where such travel will provide direct benefit to the project and comply with NYU and sponsor requirements. Costs for employees working on the project may include per diems or subsistence allowances and other travel-related expenses, such as mileage allowances if travel is by personal automobile.

All travel charged to sponsored projects must be approved by the Principal Investigator (PI) or the individual responsible for the management of “restricted” funds. Before making travel arrangements, make sure that travel is allowed under the terms of an agreement or contract. In some cases, the sponsor’s written approval may be required prior to any trip. Please see current Office of Sponsored Programs (OSP) Prior Approval System requirements for any travel changes exceeding the approved budget by $1,000 or 25%, whichever is greater.

b. Travel Advances

When travel advances are necessary, the traveler must submit an Advance Request through the University's Accounts Payable payment system at least 10 to 20 days prior to travel.

Travel advance requests and reconciliations must follow the requirements in the Business Expenses Policy.

Requests for travel advances exceeding $500 must include a description of the circumstance that requires the advance and a brief budget of expenses must be provided in the Form.

Advances for sponsored programs must be reconciled within 30 days of the end of the trip. See the Business Expenses Policy for additional guidance. All advances must be cleared prior to closing an award.

If the advances are not cleared at the time of the award closeout, expenses associated with the remaining advance amount will be charged to a discretionary chartfield.

c. Domestic Travel

Domestic travel is travel performed within the recipient’s own country. For the U.S., it includes travel within and between any of the 50 States of the U.S. and its possessions, territories, Canada and, in most cases Mexico.

d. Foreign Travel

Foreign travel is travel outside of the United States, its territories and possessions, Canada and, in most cases, Mexico. However, for a foreign organization as described above, foreign travel
means travel outside that country. When an award is Federally funded, the employee must comply with the requirements of the *Fly America Act*.

(To assist in compliance with the Fly America Act, a [*Fly America Act Waiver Checklist*](#) is included as an Appendix 1 to this Policy.)

The Act requires that U.S.-flag air carriers be used to the maximum extent possible when commercial air transportation is the means of travel between the U.S. and a foreign country or between foreign countries. This requirement shall not be influenced by factors of cost, convenience, or personal travel preference. The cost of travel under a ticket issued by a U.S. flag air carrier that leases space on a foreign air carrier under a code-sharing agreement is allowable if the purchase is in accordance with U.S. General Services Administration (GSA) regulations on U.S. flag air carriers and code shares. There are exceptions to the Act, including but not limited to instances where the use of a U.S. flag carrier would:

a) Require circuitous routing;

b) Require travel during unreasonable hours;

c) Excessively prolong travel.

The alternate airline is a flag carrier from a country with open skies agreement with the United States and there is no city-pair contract flight. City-pair contracts provide for a discounted airline rate and are normally available only to Federal employees and Federal contractors. NYU’s Federal award will establish whether or not NYU can avail itself of the benefits of a city-pair contract.

Such exceptions must be documented by providing a snapshot of flight availability, flight times and duration. Documentation is required to show that the ticket was issued under a code-share agreement. Note: Federal regulations prohibit the charging of business class or first class air travel to Federally sponsored projects.

The cost in excess over the coach fare must be segregated on the employee reimbursement request submitted through the University’s Accounts Payable payment system.

Any cost in excess over the coach fare will not be reimbursed from other non-sponsored funds unless approved in advance and the request for reimbursement must be accompanied by a written justification. Airfare costs in excess of the customary standard commercial airfare (coach or equivalent), Federal Government contract airfare (where authorized and available) or the lowest commercial discount airfare are unallowable except when such accommodations would:

Result in additional costs that would offset the transportation savings of flying coach; or,

Offer accommodations not reasonably adequate for the traveler’s medical needs. The traveler must provide, on a case-by-case basis, a written note from their physician to justify the medical necessity.

**Fly America Act and Open Skies Agreements**

Generally, if a traveler is traveling on funds provided by the Federal government, the traveler must use a US flag carrier (an airline owned by an American company) regardless of cost or convenience.
If an employee is scheduling Federally-funded international travel, all flights where possible should be scheduled with US flag carriers or on foreign air carriers that code share with a US flag carrier. Code sharing occurs when two or more airlines “code” the same flight as if it were their own. A U.S. airline may sell a seat on the plane of a foreign air carrier. This seat is considered the same as one on a plane operated by a U.S. flag carrier. Compliance with the Fly America Act is satisfied when the U.S. flag air carrier’s designator code is included next to the flight numbers on the airline ticket, boarding pass or on the documentation for an electronic ticket (passenger receipt).

For example: Delta has a code share agreement with Air France to Paris, France. If the boarding pass or e-ticket identifies a flight as DL ##, the requirements of the Federal Travel Regulations would be met, even if the flight was on an Air France airplane. If however, the boarding pass or e-ticket identifies the flight as an AF##, the requirements of the Federal Travel Regulations would not be met.

**Open Skies Agreement**

The United States Government has entered into several air transport agreements that allow Federally funded transportation services for travel and cargo movements to use foreign air carriers under certain circumstances.

There are currently four bilateral/multilateral “Open Skies Agreements” (U.S. Government Procured Transportation) in effect: the European Union (EU), Australia, Switzerland, and Japan.

Open Skies Agreements also provide a limited exception to the Fly America Act. Where an open skies agreement exists, a traveler may use the foreign airline except when a “GSA City Pair” exists or the travel is funded by the U.S. Department of Defense. Information on GSA City Pairs may be found at: [http://apps.fas.gsa.gov/citypairs/search/](http://apps.fas.gsa.gov/citypairs/search/).

When traveling to a destination serviced by a European Union airline, NYU travelers flying on a Federal grant can fly on either a US carrier or an EU (European Union) carrier as long as they touch down in an EU country.

The rights given to airlines concerning U.S Government procured transportation under the Open Skies Agreement do not apply to transportation obtained or funded by the Secretary of Defense or the Secretary of a military department.

In all cases, travel costs are limited to those allowed by the [Business Expenses Policy](#) and in the case of air travel, the lowest reasonable commercial airfares must be used. Researchers are strongly encouraged to take advantage of discount fares for airline travel through advance purchase of tickets where travel schedules can be planned in advance (such as for national meetings and other scheduled events).

Faculty, staff and students working on the sponsored project are responsible for their own expenses. Individuals are personally responsible to ensure travel arrangements meet sponsored travel regulations. Improper or inadequately supported travel claims cannot be paid and may delay the reimbursement process.

e. **Meals**

Original itemized receipts must be submitted for all meals when claiming actual expenses, as opposed to per diem. Original receipts are not required in cases where the traveler claims per
diem for meal expenses. A traveler cannot claim both actual expense and per diem for meals on a single trip. The University’s per diem rate is $50 for domestic travel, and follows the U.S. Department of State rates for foreign travel. A traveler must pro-rate the per diem for the first and last day of travel unless the entire day is spent in travel status. In all cases, alcohol is not a reimbursable expense on an award.

Meals for Non-traveler: The cost for the meals of a non-traveler or individual not specified in the award is not reimbursable as a travel expense.

f. Entertainment

Entertainment is not reimbursable. Entertainment expenses include costs for meals other than the traveler, amusement, diversion or social activities. However, a meal expense is allowable and is not deemed entertainment when a bona fide business meeting discussing and/or collaborating on the research takes place. In order to be deemed a bona fide meeting, there must be an agenda and a list of attendees and their role in the project and these must be provided with the reimbursement request.

g. Lodging

Domestic Travel

As stated earlier, domestic travel is travel performed within the recipient’s own country. For the U.S., it includes travel within and between any of the 50 States of the U.S. and its possessions, territories, Canada and, in most cases, Mexico.

Travelers will be reimbursed for the actual cost of lodging, up to $300 plus tax per day. The University’s general guideline is that total expenses for lodging and meals should not exceed $350 per day. Exceptions will be granted if the expense is necessary, documented and approved by the appropriate school/department representative. Conference-site hotels will be reimbursed at the actual cost. (See Documentation Requirements below.)

Foreign Travel

Foreign travel is defined as any travel outside of the U.S. and its territories and possessions and Canada and in most cases, Mexico. For foreign travel, NYU uses the Department of State per diem rates, listed by country. See: http://aoprals.state.gov/content.asp?content_id=184&menu_id=81

h. Documentation

Travel expenses for conferences or meetings should include the following original receipts for documentation:

» Attach a copy of the conference agenda;

» Include a statement that specifies the nature of the business conducted and reason for travel;

» If it is a meal expense, list name of attendees, explain why the meal was necessary and explain how it directly benefited the sponsored research award;

» Hotel receipt;
Airline boarding pass or itinerary;

Ground Transportation (rental car bill, receipts from taxis or limousines, ticket coupon from rail or bus).

Failure to produce a receipt may result in non-payment to the employee. Missing or inadequate documentation should follow University policy and the researcher must complete the Accounts Payable Missing/Inadequate Documentation Report.

i. Preferred Vendor

When planning travel for sponsored research awards, travelers are encouraged to consult NYU Traveler for potential discounts with particular vendors to optimize financial resources and ensure proper stewardship over Federal funds. For assistance with travel arrangements, please visit NYU Traveler: http://www.nyu.edu/nyutraveler.

j. Use of Personal Credit Card or Department Travel Card

Employees and students who are traveling on sponsored research awards are encouraged to use a department’s travel credit card, when available, for their purchases and minimize carrying large sums of money for paying expenses. Use of personal credit cards, while discouraged, is allowed.

k. Canceled trips

In accordance with NYU’s travel policy, employees and students who have purchased tickets or incurred expenses for travel on sponsored research awards and that are subsequently canceled should inquire about using the same ticket for future travel. If the travel is not postponed to a future date, then the expenses should not be charged to the grant but rather a discretionary chartfield unless the travel has been canceled for reasons beyond the employee’s control. Fees associated with changing reservations and late fees for credit cards should not be charged to sponsored projects. See the Business Expenses Policy for additional guidance.

Policy Definitions

N/A

Related Policies:


» Expense Reimbursement
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/expense-reimbursement.html

» NYU Traveler (for assistance with travel arrangements)
http://www.nyu.edu/nyutraveler

» PAS requirements for any travel changes [Request for Prior Approval of Changes in Federal Grants (PAS)]
  o Form:
    http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20request%20for%20osp%20action.pdf
  o Instructions:
    http://www.nyu.edu/content/dam/nyu/research/documents/OSP/pas%20instructions.pdf

Federal Regulations

» Federal Acquisition Regulation
https://www.acquisition.gov/far/index.html

» OMB Circular A-21

» OMB Circular A-133
http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf

» The U.S. Department of Defense, Information on GSA City Pairs
http://apps.fas.gsa.gov/citypairs/search/

Appendices

(see next page)
Appendix 1: Fly America Act Waiver Checklist

Click here to download the Fly America Act Waiver Checklist (PDF)

NEW YORK UNIVERSITY

Fly America Act Waiver Checklist

This checklist can be used to determine if a waiver of the Fly America Act (41 CFR Part 301-10) could be allowable under the federal regulations.

Attach completed form to employee travel reimbursement request with appropriate documentation for applicable exception.

1. Use of a foreign air carrier is a matter of necessity because:
   - Use of foreign air carrier is necessary for medical reasons. (Provide supporting documentation such as doctor’s note.)
   - Use of foreign air carrier is required to avoid unreasonable risk to traveler’s safety.
   - Seat on U.S. flag air carrier in authorized class of service is unavailable; seat on foreign air carrier in authorized class of service is available. (Provide detailed explanation along with supporting documentation from at least 2 U.S. flag carriers.)
   - Use of U.S. flag air carrier will not accomplish the sponsoring agency’s mission. (Provide detailed justification with supporting documentation from the federal sponsoring agency.)

2. Code sharing agreement exists. U.S. is a party and the Department of Transportation determines agreement meets requirements of the Fly America Act. (Supporting documentation with U.S. flag carrier designator code must be included.)

3. No U.S. flag air carrier provides service on a particular leg of your route.


5. Service on a foreign air carrier is three hours or less, and use of U.S. flag air carrier doubles en route travel time.

6. Air travel is between the U.S. and another country and use of a U.S. flag air carrier on a nonstop flight extends travel time by 24 hours or more.

7. Other:
   - Use of a U.S. flag air carrier increases the number of aircraft changes outside the U.S. by two or more.
   - Use of a U.S. flag air carrier extends travel time by six hours or more.
   - Use of a U.S. flag air carrier requires a connecting time of four hours or more at an overseas interchange point.

Domestic & Foreign Travel Policy for Sponsored Programs
Appendix 1: Fly America Act Waiver Checklist
2. Memberships, Subscriptions and Professional Activity Costs for Sponsored Programs

Title: Memberships, Subscriptions and Professional Activity Costs Policy for Federally Sponsored Programs

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that generally membership dues, subscriptions and professional activity costs may not be charged directly to Federally sponsored projects or as cost sharing unless noted by the sponsor; these costs are normally paid through NYU’s Facilities & Administrative cost rate. This policy is in accordance with Federally approved cost accounting practices and Federal regulations outlined in the Federal Office of Budget and Management (OMB) Circular A-21, Cost Principles for Higher Educational Institutions (http://www.whitehouse.gov/omb/circulars_a021_2004/).

Purpose of this Policy

The purpose of this policy is to provide guidance for charging membership dues, subscriptions and professional activity costs in accordance with Federal regulations, OMB Circular A-21, Cost Principles for Higher Educational Institutions, § J.33 Memberships.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

Payments for individual and institutional membership dues and subscriptions generally should be charged to unrestricted accounts (non-sponsored projects such as discretionary chartfield incentive accounts, startup funds and endowments). If these accounts are not available, researchers should contact the Dean’s office for alternative funding to support these types of costs.

The cost of individual memberships or subscriptions is allowable when fully justified in sponsored-approved grant applications and contract proposals. The circumstances under which such costs may be allowable include, but are not limited to:

» Required for attendance at conference;
Required for participation as guest speaker at a conference or symposium;

Required to distribute technical information or to publish research results.

**Policy Definitions**

**Award**

Funds provided to the University by a Sponsor for an activity with a defined scope and purpose and with the expectation of an outcome that directly benefits the Sponsor. Awards may be established in such forms as a grant, contract or cooperative agreement.

**Sponsor**

An individual, institution or agency that enters into an agreement with the University to support through an award (grant, contract, or cooperative agreement) a project or work of a certain scope.

**Sponsored Projects**

Signed awards (grant, contract, or cooperative agreement) under which the University agrees to perform a certain scope of work for an external sponsor.

**Subcontract**

A written agreement between the University and a third party, often issued under a sponsored project, to procure goods or services. The term may refer either to an agreement with a subrecipient or with a vendor.

**Related Policies**

- Charging Administrative Expenses to Federal Awards Policy

- Costing Policy

**Federal Regulations**

- OMB Circular A-21

Return to the Table of Contents
3. Managing Subawards Issued by NYU

Title: Managing Subawards Issued by NYU Policy

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) to comply with the requirements of the Federal Office of Budget and Management (OMB) OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations (http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf) and other applicable regulations, pertaining to subawards.

Purpose of this Policy

The purpose of this policy is to provide guidance on proposing, developing, issuing, oversight and closeout of subawards.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

a. How Subawards Are Submitted and Awarded

i. Distinguishing Characteristics between Subawards and Other forms of sub-agreements

NYU follows the requirements in OMB Circular A-133 to distinguish subawards from other potential forms of sub-agreements such as consulting agreements or purchasing agreements. The table below (see also A-133) provides guidance to help differentiate between subawards and other vendor relationships.

<table>
<thead>
<tr>
<th>Subaward (or Subrecipient)</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helps determine eligibility for assistance;</td>
<td>Provides the goods and services within its normal business operations;</td>
</tr>
<tr>
<td>Has its performance measured against meeting the objectives of</td>
<td>Provides similar goods or services to many</td>
</tr>
</tbody>
</table>


Subaward (or Subrecipient) | Vendor
---|---
the program; | different purchasers;
c. Has responsibility for programmatic decision making; | Operates in a competitive environment;
d. Assumes responsibility for adherence to applicable sponsor program compliance requirements; | Provides goods or services that are ancillary to the operation of NYU’s sponsored project;
e. Uses sponsor funds to carry out a program of NYU as compared to providing goods or services. | Is not subject to compliance requirements of NYU’s sponsor.

ii. Proposing a Subaward

A. Determining the Need for a Subaward

The Principal Investigator (PI) is responsible for determining the need for a subaward and/or procurement action on a sponsored project, and for the initial determination of which mechanism is appropriate (See Section a.i above). In making these determinations, PI's are typically assisted by their Departmental Administrators (DA’s) and/or Projects Officers in the Office of Sponsored Programs (OSP). PI's generally outline this need (with appropriate rationale and authorization) in the grant proposal. PI's should consult the Contract Office when issuing a consulting agreement on a sponsored project. However, all vendor relationships for the purchase of goods and services should be processed through the Purchasing Department.

B. Required Elements to Include a Subaward in a Proposal

NYU requires that the following documents be completed for each Subaward that is included in a proposal to the sponsor. Proposals will not be signed by institutional officials until these items are completed and submitted to OSP.

- The Subaward Statement of Work (SOW), including a clear description of the work to be performed, the proposed timelines and deliverables. For guidance on scope development see: [http://www.nyu.edu/content/dam/nyu/research/documents/Contracts/guidelinesforwork.pdf](http://www.nyu.edu/content/dam/nyu/research/documents/Contracts/guidelinesforwork.pdf).
- Subaward Budget and Budget Justification, including the subaward direct and indirect costs, calculated using the Subaward approved Facilities and Administrative (F&A) cost rates and fringe benefit rates and verifying any committed cost sharing.
- A Fair and Reasonable Cost Analysis – Subawards Under Contract (See Appendix 1, Sole Source Justification and Cost/Price Analysis), as applicable, must be signed by NYU’s PI. The PI’s signature on this form certifies that the PI has selected the subawardee in accordance with this policy, and determined that their costs are reasonable with respect to the proposed SOW and that all proposed costs are allowable under the Sponsor’s anticipated terms and conditions.
Any additional information that may be required by NYU’s sponsor (e.g., Certificate of Current Cost or Pricing data, Sole Source Justification, biographies of Subaward key personnel).

Subaward proposal elements are expected to comply with the sponsor requirements for NYU’s prime proposal. PI’s are responsible for ensuring that they obtain all materials from their subawardee in the correct format and that the information is complete.

iii. Issuance of a subaward

A. Initial Spending by Subawardee

A subaward will not be issued, nor payments to a subawardee authorized, prior to NYU’s receipt and acceptance of a funding commitment from the prime sponsor which authorizes NYU to enter into the proposed contractual agreement. An NYU PI or designee may not authorize a subawardee to begin working without a fully executed subaward agreement in place. Proposed subawardees that commence work without a fully signed subaward agreement from the NYU Contract Office do so at their own risk and have no assurance of payment from NYU. In the event a subaward is subsequently issued to a subawardee, a subawardee may claim costs properly incurred under its own risk, provided that the costs are otherwise allowable. In such cases, the subawardee must furnish evidence to NYU that all required compliance approvals were in place at the time the costs were incurred.

B. Subaward Periods of Performance and Duration

The period of performance of a subaward (including any requested extensions) may not be outside of NYU’s own period of performance. Subawards may, however, be issued for shorter periods of time than NYU’s full period of performance. A new subaward may be issued whenever NYU’s sponsored project receives funding under a new competitive segment.

C. Subaward Funding Mechanisms

NYU normally issues subawards on a cost-reimbursement basis.

D. Requesting Issuance of a New Subaward

After an award has been accepted by New York University and a sponsored project is established, the PI or authorized administrator will submit a Request to Issue Subaward Form (RIS) at:
http://www.nyu.edu/content/dam/nyu/research/documents/Contracts/request_to_issue_subaward.pdf to the Contract Office, along with all required documentation (such as copy of the Prime Award, detailed Scope of Work, and final Budget). In addition, the PI or the authorized administrator must provide the following items to the Contract Office, which must be kept on file before a subaward is issued:

1. Copies of the Subaward human subjects approval and approval to use animals, if applicable.

2. Any special requirements the PI requests (e.g., prior approval requirements, report formats or due dates).
The Contract Office will consult with the PI and/or DA as needed to clarify requirements or to obtain additional information. Once a subaward request is complete, a draft subaward will be created and circulated to the PI and OSP for the review and written approval of both parties. When the Contract Office receives those approvals, the subaward will be issued to the subawardee for review and execution. The Contract Office will handle the negotiation of any terms and conditions in the subaward and, once the agreement is acceptable to both parties, will sign on behalf of the University.

E. Applying F&A (Indirect Cost) Rates to Subawards

There are two types of F&A costs on subawards: those earned by the subawardee, and those earned by NYU. A subawardee is expected to apply its own Federally-negotiated F&A rates and bases when preparing its subaward budget unless a lower rate or base has been agreed to by the subawardee institutional official (e.g., to meet cost-sharing requirements, or to meet a sponsor’s F&A rate limitation.). If a subawardee does not have an approved F&A rate, it must either have its proposed indirect cost rate approved by NYU or elect not to recover indirect costs. NYU applies the OMB A-21 “life-of-the-award” policy with respect to its subawards and will use the approved F&A rates authorized at the time of issuance of the subaward.

NYU's “life-of-the-award” policy applies to subawards under a sponsored project. The terms of the subawardee’s F&A rate agreement in effect when the subaward is issued will govern F&A charges throughout the performance of the subaward. The period of performance on a subaward will not exceed NYU’s competitive segment on its award. When a renewal subaward is issued under a NYU award that uses a modified total direct cost (MTDC) base for calculating F&A, NYU will recover its F&A on the first $25,000 of the renewal subaward.

When NYU's prime award uses an F&A rate that is based on an MTDC base, NYU will recover its own F&A on the first $25,000 of each subaward on a project. This recovery is calculated on the life of the subaward.

In cases where the subawardee is NYU School of Medicine (SOM), the SOM is entitled to receive its F&A rate. NYU Washington Square (WSQ) would not be entitled to receive F&A on any portion of the subaward to SOM. For collaborations with the School of Medicine, no formal subaward is issued. A memorandum similar to a Notice of Grant Award is issued by the Office of Sponsored Programs. All invoices are submitted by SOM to the respective PI/department at WSQ with a copy to Sponsored Programs Administration (SPA / WSQ). After the PI reviews and approves the invoices, the department must forward the approved invoice to SPA for processing. For further details on routing and processing of invoices related to SOM subawards, please contact SPA.

F. Issuing a Purchase Order

Once a subaward has been signed by both NYU and an authorized representative of the subawardee, the Contract Office distributes copies of the subaward to the PI, SPA, OSP and the DA and/or other interested parties in the department should they exist and be identified. The email which accompanies this distribution indicates to the department that they may now generate or update (if the subaward is a continuation of an existing agreement) a Purchase Order for the subaward. The department then generates a requisition (in other words, a purchase order request) to the Purchasing Department identifying the proposed Subaward; this request documents the amount authorized for
the subaward and delineates the desired period of performance. Then, NYU Purchasing Department will forward the completed purchase order (PO) to the department. The PO will allow funds to be encumbered and ensure payment at the time invoices are submitted by the subawardee.

At the time SPA receives the executed subaward from the Contract Office, SPA will update the subawardee’s name and subaward amount in PeopleSoft. SPA will also verify that there is sufficient budget available on the subaward to cover the subaward amount.

G. Requesting Modifications to Existing Subawards

Modifications to a subaward are issued by the Contract Office in response to a Request to Issue Subaward Amendment (RISA) submitted by a PI or designee: http://www.nyu.edu/content/dam/nyu/research/documents/Contracts/request_to_issue_subaward_amendment_federal.pdf.

A complete RISA includes modifications to the SOW (if any), incremental funding, re-budgeting, extending or reducing the time for performance and other changes in the terms of a subaward. PI’s may not reduce obligated funding or prematurely terminate an approved subaward on their own. If such urgent revisions to an existing subaward are needed, please contact the Contract Office immediately.

b. Monitoring Subawards

i. Subaward Audit Requirements

A. Subawards Subject to OMB Circular A-133

Proposed subawardees must complete and sign NYU’s Subaward Agreement (See the Contract Office Forms & Guides at http://www.nyu.edu/research/resources-and-support-offices/getting-started-withyourresearch/contracts/forms-guides.html after NYU’s award acceptance. In order to meet their A-133 requirement, subawardees must provide a complete copy of their most recent independent audit, or a link to their record on the Federal Audit Clearinghouse. As prescribed in OMB Circular A-133, subawardee audit status will be reviewed by the Contract Office annually. This review will determine whether there are reportable conditions relating to the subaward internal controls, noncompliance by the Subaward with laws and regulations, questioned costs in the Subaward financial statements or other reportable audit findings, which might affect a NYU program.

If a Subaward is not subject to A-133, alternative documents will be collected (see below).

The Contract Office will review the documentation provided to verify that there are no findings or circumstances that may impact NYU’s subaward. In the event there are such findings the Contract Office will work with the PI on appropriate next steps.

B. Subawards Not Subject to OMB Circular A-133

There are subawardees not subject to A-133 audit requirements:

» For-profit entities,
» Foreign entities, or

» Organizations that expend less than $500,000 in a year in Federal awards.

All subawardees including those not subject to OMB Circular A-133 must complete the sub-recipient Monitoring Form, which is managed by the Contract Office.

ii. **Know Your Subawardee – Risk Analysis**

Before entering into a subaward relationship, PI’s should evaluate the likelihood that a proposed subawardee will fail to comply with the requirements of the subaward. The criteria used in evaluating risk include:

1. The subawardee’s audit experience;
2. Prior oversight and monitoring the subawardee has received;
3. The nature and complexity of the proposed research project;
4. The subawardee’s fiscal maturity.

A. **Definition of Low Risk and High Risk subawardees**

Low-risk subawardees (which constitute the vast majority of NYU’s subawardees) include entities with current annual single audits containing “unqualified” opinions on their financial statements and which have no reported material weaknesses in their internal controls. High-risk subawardees are entities which have not completed annual single audits or whose audit results have demonstrated weaknesses in administering Federal funding, a history of failing to adhere to applicable provisions of contracts and grant agreements or weak internal control structures. High-risk subawardees can also include start-up entities with limited resources or prior experience in performing research.

B. **Special Actions for High-Risk Subawardees**

When the PI has categorized a subawardee as “high-risk,” he/she must decide, with the help of the Contract Office, whether or not a subaward should be issued and what special terms and conditions should be included in the subaward as well as what additional oversight requirements will be necessary to adequately monitor the subaward. Some of these additional monitoring requirements (e.g., more frequent reporting, shorter periods of performance or smaller, more frequent funding allocations, more detailed invoices or backup documentation) will become the responsibility of NYU’s PI and DA to monitor. Written agreements should be used to outline the responsibilities of the parties.

C. **Subaward Site Visits and Site Audits**

Depending on the nature of the award and subaward involvement, PI’s may elect to engage in a site visit to a subaward to verify their programmatic, financial and technical competency.
iii. Role of the Principal Investigators (Assisted by their Departmental Administrators)

NYU is responsible for ensuring that sponsor funds, including those provided by NYU to other entities, are spent in accordance with all applicable laws and regulations. OMB Circular A-133 requires NYU, as the pass-through entity, to monitor its subawards. This monitoring requirement places NYU in much the same position as if it were a Federal agency dealing with its own primary recipient.

NYU has designated the PI as the individual primarily responsible for monitoring the programmatic and financial performance and progress of a subaward. Except as noted below, the subaward monitoring and compliance obligations of the PI as may be shared with DA’s or other NYU University employees; however, in no event may such monitoring and compliance obligations be delegated to a non-NYU employee.

As part of NYU’s monitoring responsibilities, the duties of the PI during the life of the subaward are as follows:

A. To understand the terms and conditions of the prime award, including those which flow down to the subawardee and those that may have been imposed by NYU, and to regularly monitor the subawardee’s adherence to these terms and conditions. Such monitoring may take place through phone calls, emails, site visits, meetings or other regular contact.

B. To ensure that subaward invoices are prepared in accordance with subaward requirements; to verify that the costs incurred are in accordance with the approved budget or permissible re-budgeting, were incurred within the approved period of performance and overall cost limitations, and are aligned in terms of cost and type of expense with the scientific progress reported to date; and that the costs are allowable, allocable and reasonable as they relate to the terms and conditions imposed by the sponsor and the subaward issued by NYU. In the event the level of detail included on an invoice is not sufficient to fully understand the costs, or if it appears that some costs may be excessive or understated, the PI is responsible for questioning the subawardee’s expenditures and requesting further documentation or explanation prior to approving an invoice. Copies of all such documentation and the ultimate outcome of the investigation should be retained in the project file. Such inquiries should be done in a timely manner (e.g., within thirty days after receipt of an invoice) so that the subawardee can be promptly paid for approved costs. Contract Office personnel are available to assist PI’s and their departmental staff in resolving issues that may arise.

C. To approve acceptable subawardee invoices for payment and to review expenditure statements or otherwise ensure that payments to subawardees are made in a timely manner, consistent with the terms of the subaward and approved invoices.

D. To monitor the subawardee’s scientific progress in terms of the SOW and any required milestones. If scientific progress is not satisfactory or if technical reports required of the subawardee are not prepared timely, the PI is responsible for contacting the subawardee to address these issues. If continued performance is not satisfactory, PI’s should contact the Contract Office to discuss appropriate remedial actions or termination of the subaward.
1. On a quarterly basis, a review of the research project expenses (must be done personally by the PI) for the allowability, allocability, reasonableness and consistency of the subawardee’s expenditures and the related sufficiency of the subawardee’s technical progress under each subaward involved in the research project as well as expenses incurred directly at NYU.

2. To verify that the subawardee is adequately meeting any cost-sharing commitments made for the subaward and that the subawardee’s indirect costs are in compliance with the “life-of-the-award” policy and indirect cost rate agreement specified in the subaward.

3. To verify that any human subject, animal subject, biosafety or other compliance approvals applicable to the subawardee’s SOW are kept current throughout the performance of the subaward, both from the NYU Research Compliance Office and from the subawardee’s parallel boards or committees. In the event of a lapse in approval, the PI is responsible for immediately notifying NYU’s compliance committee and OSP. Costs incurred by a subawardee during a period of lapse may not be charged to a subaward.

4. To be the primary point of contact for the subawardee during performance of the subaward. The PI may delegate those responsibilities on a day-to-day basis to another member of the research project so long as such other member is a full-time, regular NYU employee, however, such delegation may not be made to a contractor or temporary employee working at NYU.

5. To ascertain whether the subaward SOW or Statement of Budget, or both, require modification to add funding, time or other considerations and to notify the Contract Office in a timely manner so an amendment may be prepared. Most subaward modifications will require the PI to submit a RISA to authorize the change.

6. To plan for efficient completion of performance and closeout of the Subaward. This includes requiring that the Subaward period of performance end no later than the end date of the prime award and that the subawardee final invoice, final technical report and any required reports – including those on property, use of small businesses, or inventions – be submitted to NYU no later than 60 days after the end of the Subaward period of performance or as otherwise stated in the subaward terms and conditions.

iv. Corrective Action Plans and Sanctions

A. Imposition and Monitoring of Corrective Action Plans

In the event there are audit findings that relate to the funding provided by NYU under any Subawards, the PI will require compliance by the subawardee with a Corrective Action Plan, as required by OMB Circular A-133. The PI will also monitor the subawardee’s compliance with this plan.
B. Sanctions

If the subawardee fails to have an audit performed in accordance with NYU’s requirements, does not exhibit reasonable diligence in adhering to subaward terms and conditions (including reporting and invoicing requirements) or does not fulfill its Corrective Action Plan, the PI – in consultation with OSP – may impose sanctions. These sanctions may include withholding of payment, suspension of the subaward agreement or termination of the relationship. (See OMB Circular A-133). PI’s must consult with their OSP Project Officer before taking such actions.

c. Closeout of Subawards

A Subaward is closed out when its period of performance comes to an end, regardless of whether NYU’s research project is ending or continuing. When feasible, it is advisable for a subaward period of performance to be slightly shorter than NYU’s, to allow sufficient time for collection and review of the subawardee’s final reports, verification of subaward data and incorporation of the subawardee’s research results into NYU’s final technical report to the sponsor.

i. Final Technical Reports

PI’s are responsible for obtaining final technical reports from their subawardee and retaining a copy in their project file. PI’s are encouraged to remind subawardees of this need well in advance of the due date for such reports.

ii. Other Closeout Reports and Documents

Other final reports, including property reports, patent reports, small disadvantaged business reports and Assignment and Release documents may also be required. In such cases, PI’s are also responsible for obtaining such reports from their subawardees.

iii. Final Invoice

In order for NYU to comply with its financial report requirements, subawards are required to submit a final invoice clearly marked FINAL to NYU no later than 60 days after the end of the subaward period of performance or such other date as may be specified in the subaward. In the event no invoice is received 60 days after the end of a subaward, NYU may treat the subaward’s last invoice as the final invoice. Payment for subawardee’s invoices submitted to NYU later than 60 days after the end of the subaward might not be paid. PI’s and departments are responsible for assisting SPA in obtaining final closeout information – including invoices – from their subawardees.

iv. Encumbrances

If there is a balance left on the PO after the final invoice has been received and paid, the Department needs to work with NYU Purchasing to release the remaining encumbrance. The PI will not have access to these funds until the encumbrance has been released.
## Policy Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>Consultant</td>
<td>An individual, firm, company or institution which provides needed expertise to a project for a limited period of time. They function as independent contractors (with little or no day-to-day supervision by NYU staff) and they are not employees of the University. Consultants are typically paid on an hourly or daily fee including reimbursement for travel and other incidental expenses. Consultant agreements issued for sponsored projects are executed by the Contract Office.</td>
</tr>
<tr>
<td>Pass-through Entity</td>
<td>A non-Federal entity that provides an award to a subawardee to carry out a program through a Statement of Work on a sponsored project. The pass-through entity assumes many of the responsibilities typically assigned to a prime sponsor in issuance and oversight of an award to a grantee or contractor, including verification of the financial viability, adequacy of compliance controls, audit status and fulfillment of its portion of the programmatic effort.</td>
</tr>
<tr>
<td>Subaward (also referred to as a subgrant)</td>
<td>A formal written agreement made between NYU and a “Subawardee” (as defined below) to perform a portion of the Statement of Work under a NYU sponsored project.</td>
</tr>
<tr>
<td>Subawardee (also referred to as a subrecipient or a subgrantee)</td>
<td>An entity that expends award funds received from the prime grantee to carry out a portion of the prime’s programmatic effort under a sponsored project.</td>
</tr>
</tbody>
</table>

## Related Policies

- Award Closeout Policy for Sponsored Programs
  [http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/award-closeout-policy-for-sponsored-programs.html](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/award-closeout-policy-for-sponsored-programs.html)

- Charging Administrative Expenses to Federal Awards Policy
» Costing Policy
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html

» Guidance on Scope of Work Development for Subawards
http://www.nyu.edu/content/dam/nyu/research/documents/Contracts/guidelinesforscopeofwork.pdf

» Purchasing Policies and Procedure Manual

» Request to Issue Subaward (RIS)
http://www.nyu.edu/content/dam/nyu/research/documents/Contracts/request_to_issue_subaward.pdf

» Request to Issue Subaward Amendment (RISA)
http://www.nyu.edu/content/dam/nyu/research/documents/Contracts/request_to_issue_subaward_amendment_federal.pdf

» The Contract Office Forms & Guides
http://www.nyu.edu/research/resources-and-support-offices/getting-started-withyourresearch/contracts/forms-guides.html

Federal Regulations

» OMB Circular A-133
http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf
4. Small Business Program for Federal Contracts

Title: Small Business Program Policy for Federal Contracts

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that NYU complies with the United States (Public Law 95-507) which states that small business concerns (e.g., women, minority) shall have the maximum practicable opportunity to participate in the performance of contracts awarded by any Federal agency. This policy requires that for each contract funded by a Federal agency that exceeds $650,000 a Subcontracting Plan shall be negotiated and administered in accordance with Federal contract requirements.

Purpose of this Policy

The purpose of this policy is to provide guidance on the coordination, preparation and administration of a Subcontracting Plan for Small Business Concerns for Federal contracts or pass-through funds.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

The University will submit to and negotiate with the Federal agency a subcontracting plan which addresses separately purchasing and subcontracting with small and disadvantaged business concerns, and shall be included in the contract. Plans are generally submitted at the application stage and refer directly to budget projections. As a result, the Office of Sponsored Programs (OSP) assists the Purchasing Department with the development of such plan. A waiver may be granted by the sponsoring agency whenever there are likely to be no opportunities to subcontract to small business vendors. Such a waiver will be negotiated by OSP with the sponsor.
Coordination – The Purchasing Department is designated as the Liaison Office for the Subcontracting/Subawards Program with the following responsibilities.

1. Maintain liaison with the Government on small business reporting.

2. Ensure that the Federal Procurement regulation clauses listed below are included in subcontracts/subawards issued under Federal contracts:
   - Subawards issued under a Federal Government Contract Prime Award that exceed the simplified acquisition threshold to all concerns (large and small);
     » Clause: “Utilization of Small Business Concerns”;
   - Subawards issued under a Federal Government Contract Prime Award that exceed the simplified acquisition threshold to other than small business concerns;
     » Clause: “Small Business Subcontracting Plan.”

3. Prepare procedures that govern Plan preparation, implementation and administration.

4. Coordinate activities between Purchasing Department, Program Manager/PI, Department/Laboratory Administrator and Contract Officer to ensure timely submission of meaningful and appropriate Plans.

5. Maintain records and reports of compliance with and accomplishments under sponsor approved Plans as of March 31st and September 30th.

6. Submit reports of compliance and accomplishments under approved subcontracting plans to Program Managers/PI’s, Subcontracting Plan Administrators and cognizant Institute personnel.

7. Prepare and submit required reports of accomplishments under approved subcontracting plans to the contracting agencies.

8. Reports:
   i. Individual Subcontract Reports File ISR (Formerly Standard Form 294)
      These reports should be submitted semi-annually for the periods ended March 31st and September 30th. Reports are due 30 days after the close of each reporting period. A separate report is required for each contract at contract completion and for each contract that contains a subcontracting plan. This report should document accomplishments under a subcontracting plan during the reporting period (6 months) and cumulatively from contract commencement.
   
   ii. Summary Subcontract Reports File SSR (Formerly Standard Form 295)
      Submitted semi-annually for the six months ended March 31st and the twelve months ended September 30th. Reports are due 30 days after the close of each reporting period.
A separate report is required for each Federal department or agency (i.e., Department of Defense, Department of Transportation, Department of Energy, NASA) which is awarded at least one contract that contains a Subcontracting Plan.

This report document cumulatively the distribution of business (procurements) to small business concerns under all active contracts awarded by the same Federal department or agency whether or not each contract requires a subcontracting plan.

The report also documents the subcontracting plan accomplishments under all active contracts and contracts completed during the reporting period which were awarded by the same Federal department or agency.

Preparation & Administration - Program Manager/PI, Department/Laboratory Administrator, Contract Officer, Purchasing Department

To be approved by the contracting sponsor, a subcontracting plan must:

a. Provide the maximum practicable opportunity for small business concerns to participate in the performance of the contract. Accordingly, it is important that the details of the cost portion of the proposal be clearly broken out with respect to intended procurement of subcontracts, subawards, equipment, materials and services. The following individuals are responsible for ensuring the appropriate level of detail in the contract:

   » Program Manager/PI – Ensures compliance with Federal regulations;

   » Department/Laboratory Administrator – Supports PI to ensure compliance with Federal regulations;

   » Purchasing Department – Obtains competitive bids/ best pricing;

   » Contract Officer – Ensures that terms and conditions of the award are satisfied.

b. Reflect separate percentage goals in terms of percentage of total dollars planned for each category of procurement for awards to (i) small business concerns, (ii) small disadvantaged business concerns and (iii) small women-owned business concerns. Procurement personnel will recommend sources of supply for this purpose.

Administration of Small Business Plan:

a. Purchasing maintains listings of small disadvantaged business concerns and their products, provided by the Director of Procurement;

b. Purchasing reviews each request/requisition submitted under the contract to ensure that (i) business previously earmarked for small disadvantaged business concerns is directed to such firms, (ii) business not so previously earmarked which can be purchased from known small disadvantaged business concerns is directed to such firms;

c. For all requests/requisitions submitted to the Purchasing Department for processing under a contract with a subcontracting plan, the Administrator should identify a Subcontracting Plan to enable review by Procurement for consideration for award to a small disadvantaged business concern.
Policy Definitions

Federal Contract (Procurement)  The appropriate agreement to be used in a relationship between the Federal government and a recipient whenever: (1) the principal purpose of the relationship is to acquire by purchase, lease, or barter property or services for the direct benefit or use of the Federal government; or (2) a Federal executive agency determines in a specific instance that the use of a type of procurement contract is appropriate. Federal contracts are governed by the Federal Acquisition Regulation (FAR).

Small Business Subcontract Plan  Mandated under FAR 52.219-9 and applicable to Federal contracts that exceed the simplified acquisition threshold (currently $650,000); a plan is required which details the amount of goods or services, which will be acquired from Small Businesses.

Related Policies

» Managing Subawards Issued by NYU Policy  

» Purchasing Policies & Procedure Manual  

Federal Regulations

» Federal Acquisition Regulation, Subpart 19.7, The Small Business Subcontracting Program  
http://www.acquisition.gov/far/loadmainre.html

» Federal Acquisition Regulation, the contract clause for Subpart 19.7 at Subpart 52.219-9, Small Business Subcontracting Plan  
http://www.acquisition.gov/far/loadmainre.html
5. Managing Equipment Acquired with Federal Funding

Title: Managing Equipment Acquired with Federal Funding Policy

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that equipment acquired with Federal funding is managed in accordance with Federal regulations, sponsor requirements and University policies. The management of equipment acquired with Federal funding at the University is an integral process supported by all Finance, Purchasing, Asset Management, departments, schools and units of NYU.

Purpose of this Policy

The purpose of this policy is to provide guidance to Principal Investigators (PI’s) and departments for managing Federally funded equipment in accordance with Federal Office of Budget and Management (OMB) Circulars, sponsor requirements and University policies.

Scope of this Policy

This policy is applicable to NYU equipment acquired with Federal funding. Equipment can be acquired through purchase, fabrication, donation or transfer from another institution.

Procedures for Implementation

a. Roles and Responsibilities

» The PI will ensure the policy and procedures described in this document are followed. PI’s will also ensure pre-acquisition screening of major equipment (normally equipment over $100,000 unless a lower threshold is required by the sponsor) to avoid unnecessary purchases.

» The Asset Management Office oversees the equipment and property administration function at Washington Square, including writing policies, implementing processes, training staff, conducting physical inventory and maintaining the official equipment and property records.

» Department Administrators (DA’s) establish and maintain equipment and property records for their assigned area in a timely, complete and accurate manner.
» Asset Custodians and Users are any staff faculty or student using NYU or equipment acquired with Federal funding. They must provide accurate, timely and complete information regarding equipment/property status and use and maintain assets in a responsible manner, including taking security precautions to discourage loss and theft of assets.

b. Identification: Tagging and Recording Equipment

Tagging and recording of equipment is the responsibility of Asset Management which records property over the capitalization threshold (i.e., $3,000) into the Fixed Asset Records and identifies the equipment with a unique NYU tag number to identify equipment acquired with Federal funding. A property/equipment record should be maintained accurately and include the following data elements:

i. Asset tag number (identifying number assigned to the asset);

ii. Description of equipment;

iii. Manufacturer’s serial number, model number, Federal stock number, national stock number or other identification number;

iv. Source of equipment, including award/contract number;

v. Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost;

vi. Information noting the equipment was acquired using Federal funding;

vii. Location (building and room location of asset) and condition of the equipment and the date the information was reported;

viii. Unit acquisition cost;

ix. Final disposition record, including the date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share;

c. Reporting Loss, Damage or Theft

A DA must report to the Asset Management Office and the Office of Sponsored Programs (OSP) any loss, damage or theft of equipment acquired with Federal funding.

d. Physical Inventory

i. Biennial Inventory

In accordance with OMB Circular A-21, Cost Principles for Educational Institutions (http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html) and OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions (http://www.whitehouse.gov/omb/circulars_a110/#71), NYU performs a physical
inventory of equipment and reconciles with the inventory records every two years for each department. Asset Management will verify the following information for each asset:

» Location

» Status

» Condition

» Description

» Manufacturer

» Model No.

» Year manufactured

» Serial No

Asset Management will prepare a report for each department. The inventory report shows the difference between quantities determined by the physical inventory and those shown in the inventory database. A typical report will include:

» A master list of all assets inventoried in departmental space by location (if requested);

» A list of all assets added to the Fixed Asset Records during the inventory, including assets found without tags and assets found with tags that are not listed in Fixed Assets Records;

» A list of assets found which belong to another department;

» A list of assets in the Fixed Asset Records, which were not located during the inventory.

The DA for each department is responsible for inventory reconciliation, which is to investigate and determine causes of the difference between the inventory report and the Fixed Asset Records. Inventory reconciliation should be reported back to the Asset Management Office within 60 days from the date of the physical inventory report. Do not move equipment acquired with Federal funds from the tagged location. If the equipment must be moved, be sure to notify the Asset Management Office and change the property record(s).

ii. Final Project Inventory

Upon completion or termination of a grant or contract, a physical inventory of all Federally-owned property shall be conducted. Sponsored Programs Administration (SPA) will conduct the final physical inventory and report the results to the sponsor.
e. Ownership of Equipment Purchased with Federal Funding

Generally, the title of ownership for equipment purchased on Federally-funded sponsored agreements rests with the University. If the Federal Government retains ownership, it should be specifically identified in the sponsor agreement.

f. Sharing of Equipment Purchased with Federal Funding

As long as the Federal Government continues to support the project or program for which the equipment was purchased, the following rule must be followed:

1. The PI may not provide the equipment for use on another project without the approval of the Federal awarding agency;
2. The equipment must be used in that project or program unless it no longer is needed for that project or program;
3. The equipment should not be used to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute;
4. The equipment may be used on other projects or programs if this use will not interfere with the work on the project or program for which the equipment was originally acquired. The equipment must be utilized in the following order of priority:
   A. Activities sponsored by the Federal awarding agency which funded the original project; then
   B. Activities sponsored by other Federal awarding agencies.

If the equipment is owned by the Federal Government, use on other activities not sponsored by the Federal Government must be authorized by the Federal awarding agency. User charges must be treated as program income.

g. Disposition

When a PI wishes to dispose of items of equipment funded by the Federal government, disposition restrictions must be researched and resolved by SPA. Sponsor approval may be required prior to sale.

The department completes an NYU Asset Surplus Form to request authorization for disposal of any NYU Asset, and/or to report any surplus items.

For disposal of Federally funded equipment, an NYU Asset Surplus Form must be forwarded to SPA before Asset Management authorizes disposal of the item. Federally funded equipment may be vested in i) NYU or ii) the Federal government (i.e., government-owned property).

i. When Title to Equipment Vests in NYU

When the original sponsored project that funded the equipment is ongoing, proceeds from the sale of the equipment will be credited back into the project and be treated as program income.
A. When the original sponsored project is terminated but a project(s) with the same sponsor who originally funded the equipment is ongoing, proceeds from the sale will be credited to another project with the same sponsor.

B. When the original sponsored project is terminated and there are no projects with the same sponsor, proceeds from the sale will be credited to other similar Federally sponsored research.

ii. When Title to Equipment Vests in the Federal Government

SPA contacts the sponsoring agency for disposal instruction.

Policy Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Cost of Equipment</td>
<td>The price of the property including the cost of modifications, attachments, accessories or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired. Other charges, such as installation, transportation, taxes, duty, protective in-transit insurance, shall be included if these costs are listed on the same invoice.</td>
</tr>
<tr>
<td>Asset Tag</td>
<td>The number given to a piece of equipment that serves as the main unit of a system with numbered components.</td>
</tr>
<tr>
<td>Equipment (also referred to as property or asset)</td>
<td>Tangible, non-expendable personal property having an anticipated useful life of one year or more with a unit acquisition cost of $3,000 or greater.</td>
</tr>
<tr>
<td>Excess Property</td>
<td>Property under the control of any Federal awarding agency that is no longer required for its intended purpose. The Federal awarding agency approves the PIs recommendation to deem it “excess property.”</td>
</tr>
<tr>
<td>Federally-owned Equipment</td>
<td>Equipment under the University’s control to which Federal Government retains title (also called Government-owned Property).</td>
</tr>
<tr>
<td>Property</td>
<td>Within the context of the policy <em>Property Management for Federally Owned Equipment</em>, “property” primarily includes equipment. However, depending on regulatory or other contractual requirements, it may also include materials and supplies.</td>
</tr>
<tr>
<td>Supplies</td>
<td>Goods which are consumable, perishable or short lived, and are subject to material change or items of a durable nature with an anticipated useful life of less than one year or with a unit acquisition cost of less than $3,000.</td>
</tr>
</tbody>
</table>
Related Policies


Federal Regulations

» OMB Circular A-21, Cost Principles for Educational Institutions

» OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions
   http://www.whitehouse.gov/omb/circulars_a110/#71
6. Recharge Center Policy

Title: Recharge Center Policy

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that billing rates for recharge centers must be designed to recover no more than the costs (direct and indirect) of the goods or services being provided.

Purpose of this Policy

The purpose of this policy is to provide a framework for the fiscal operations of University recharge centers that will ensure compliance with accounting principles and government regulations. Recharge Centers are Departmental Operations that provide goods or services to internal users and recover their operating costs through a user fee.

Section J.47 of the Federal Office of Budget and Management (OMB) Circular A-21 (http://www.whitehouse.gov/omb/circulars/a021/a21_2004.html) deals specifically with recharge centers. The section is explicit in two concepts:

- Recipients of Federal funds are not to recover more than cost; and
- They are not to discriminate in the price of services charged to government users and to nongovernment users.

Although there may be variation in size, complexity and services provided by recharge centers, they should maintain common administrative practices. This policy addresses those administrative features.

Scope of this Policy

This policy is applicable to all recharge centers that are established for the main purpose of providing services to internal departments. This policy is applicable to all schools, departments, units and personnel of the University involved in managing sponsored awards including contracts. This policy is not applicable to auxiliary operations, which provide services to students and faculty members as individuals.
Procedures for Implementation

a. **Criteria for a Recharge Center**

   i. Billing rates or fees must be designed to recover no more than the costs of the goods or services being provided.

   The departments that recharge costs must develop cost data supporting the unit costs charged. The rate should be developed based on direct costs (operating costs) and allocable indirect costs (e.g., depreciation of equipment, exclusive of Federally funded equipment) as applicable.

   Recharge rates are generally calculated based on budgeted projections of operating expenses and projected volume of the services or products to be provided. The goal of the recharge operation is to calculate a rate that revenues reasonably offset expenses. "Operating at break-even” means there is no significant profit or loss as a result of charging users for the services provided in any particular period and no profit or loss over a biannual period.

   Although recharge operations target break-even through budgeting, and rate setting, it is seldom that expenses exactly match revenues. NYU has defined a break-even policy that a recharge center's surplus or deficit for a certain fiscal year should not exceed 10% of annual operating expenses, computed as of the final closing of the books on August 31. At the end of a fiscal year, if a recharge center has an actual operating surplus or deficit within +/- 10% break-even range, the profit or loss must be factored into the following year's rate calculations. For those recharge centers created for academic purposes which receive subsidies from the University, see Section d. *Documentation for Subsidized Recharge Centers*.

   ii. The unit cost must be consistently applied to all users, irrespective of funding source, and charges must be allocated to users based on actual use.

   Recharge centers must develop and maintain a method of accurately tracking units of output. Units of output, or usage, must be tracked and billed to all users. It is unacceptable for any user to receive services at a discount or reduced fee. Further, as units of output are used in determining the appropriate billing rate, the method of tracking the units must become part of the documentation necessary to support the rate(s) structure.

   The concept of nondiscrimination, however, does not preclude the institution from charging external users higher rates for services in order to recover overhead costs. These surcharges should be excluded from the calculation of the break-even analysis.

   iii. Recharge to a sponsored project or other funding source may be applied only when there is a direct relationship to the project being charged.

   When there is a clear cause/benefit relationship to the funding source, it should be charged directly to that funding source. When there is not a direct benefit, the expense may not be directly charged. Instead, alternate funding sources, such as a departmental project, should cover the costs. For more information regarding charges to sponsored projects, refer to the *Costing Policy*. 
iv. Only costs that are allowable and allocable expenses (i.e., “recoverable costs”) should be charged to a recharge center project and included in the rate calculation.

Typical recoverable costs include salaries, wages, fringe benefits, materials and supplies, travel, and service and maintenance agreements. Refer to the NYU Policy, Accounting for Unallowable Costs, including Appendix A, Identifying Unallowable Costs.

b. Annual Financial Review

Each year, recharge center should submit a budget and rate schedule by May 1 for the following fiscal year for review and approval by Assistant Controller for Research. For the annual review, the following should be submitted:

1. The most recent year’s financial results (i.e., August 31), downloaded from the general ledger;
2. The budget for the following year; and
3. Rate schedules supported by estimated unit volume.

At the departmental level, service providers are obligated to maintain, and produce upon request, detailed support for the rates charged to users. This support must include records for the expenses incurred for the operation charged.

Any surplus resulting from the inclusion of equipment depreciation expenses included in the rate calculation must be transferred to a capital reserve for the center to fund future equipment purchases.

c. Internal Controls

i. Billing

All charges must be supported by a document/invoice, which details the nature and components of the charge. The support for charges should fully substantiate the cost in the event of an audit.

The invoice should specifically document:

» Purpose of the charge (e.g., photocopying)

» How may units were consumed (e.g., pounds, hours, number of items)

» Rate charged per unit (e.g., $.05/photocopy)

All billings by a recharge center should be charged to NYU internal users via campus vendor invoices. Sales tax, when applicable, must be charged to all external users who do not provide a tax-exempt certificate.

ii. Equipment Inventory

Equipment purchased for a recharge center must be capitalized based on purchase documents processed by the Asset Management Office. Capital Equipment refers to
durable, self-sufficient movable property with a useful life of more than one year and a 
unit cost of $3,000 or more. Components with unit costs of $3,000 or more may be 
considered capital equipment if they are easily separable and can function apart from 
the main unit.

Equipment items purchased for a recharge center should be recorded for the center 
and not for the funding department. This is to ensure that depreciation is included in 
the rate structure for recharge centers.

A recharge center is required to take physical inventory of its equipment at least 
biannually.

iii. Supplies Inventory

Commonly, a recharge center may base its operations on an inventory (e.g. a 
chemical stockroom) or will maintain an inventory of parts and supplies used in 
providing the service (e.g., a machine shop). A recharge center maintaining 
inventories for these purposes may not treat unused inventory costs as a current 
operating expense in computing billing rates. Unused inventories maintained for resale 
will need to be accounted for as assets of the University. A physical count of inventory 
must be taken at least annually and reported to the Assistant Controller for Research 
by September 15.

iv. Space Survey

Space occupied by recharge centers should be identified and designated as such 
during the periodical space survey. Space, which is occupied by “recharge center” 
equipment, must be assigned as recharge centers space, rather than departmental 
space.

d. Documentation for Subsidized Recharge Centers

The University may choose to subsidize the operation of a recharge center. In such 
circumstances, the detail costs of subsidies need to be reported to the Assistant Controller for 
Research at the time of Annual Financial Review. This is essential for proper treatment of the 
subsidies in the Facilities and Administrative (F&A) cost proposal. Subsidized recharge 
centers must report:

» The project to which subsidies are recorded.

» Type(s) of subsidies (e.g., salaries, fringe benefits, supplies).

» The amount of subsidies.

To streamline the reporting process, a separate cost center may be set up for subsidies in the 
general ledger.

Subsidized Recharge Centers must follow all other requirements stated in this policy and 
procedure.
e. **Record Retention**

It is the responsibility of each department to maintain records of the detail contained in all recharge transactions and to answer inquiries concerning those charges. All recharge operations must be documented and records maintained to support expenditures, billings and cost transfers. Records should be kept at least three years from the date the final expenditures report was submitted.

f. **Unrelated Business Taxable Income (UBTI)**

Before a service is provided to an external customer, the customer will be asked if they can obtain this service from the private sector. The purpose of this inquiry is to ensure that the University is not in competition with the private sector. In limited situations, the University may generate UBTI, which is derived when the University regularly carries on a trade or business activity unrelated to its mission or tax-exempt purposes.

g. **Deviations**

Deviations from this policy may be necessary under special circumstances. Any deviation from this policy should be reviewed and approved by the Assistant Controller for Research.

**Roles & Responsibilities**

h. **Establishing Recharge Centers**

All recharge operations must be maintained through a separate project. All allowable recharge operating costs should be charged to this cost center. Revenues also should be recorded in this cost center by appropriate account codes.

A request for establishing a recharge center should be initiated by a department and include the following:

i. A description of the products or services to be provided;

ii. A description of the users of these services;

iii. An explanation of how the recharge rate was determined, including:

   A. A detailed budget of annual expenses for the center;

   B. A description of the unit of service (e.g., the measure of utilization such as labor hours, machine hours) and estimate activity for the budget period; and

   C. The rate calculation, using budgeted amounts and the projected level of activity for the first year of operation.

iv. The name, title, phone number, email address and signature of the recharge center manager;

v. The signature of the Dean (or equivalent), indicating acceptance of operating and financial responsibility for the recharge center;
vi. Justification of the need to create the new recharge center, including an explanation as to why other internal or external providers of this services are not being used in lieu of establishing the new recharge operation; and

vii. Request for the creation of a new project for:
   A. Operations for operating revenues and expenses;
   B. Equipment for capitalization of equipment (as applicable); and
   C. Unexpended plant fund for depreciation of equipment (as applicable).

i. Responsibilities

   » Ultimate responsibility for the recharge center rests with the Dean (or equivalent for central recharge centers). The dean will fully review and approve the establishment of each new recharge center.

   » The Recharge Center Manager is responsible for monitoring his/her respective recharge general ledger. In addition to Annual Financial Review discussed in Section b, the recharge center manager should evaluate the center’s financial position and rates periodically throughout the year to assess their position respect to breakeven.

   » Sponsored Programs Administration (SPA) approves the formation of new recharge centers; assists Recharge Center Managers with policy and procedures matters; and performs an annual review of recharge rates.

Policy Definitions

N/A

Related Policies

» Accounting for Unallowable Costs Policy

» Charging Administrative Expenses to Federal Awards Policy

» Costing Policy
   http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html

Federal Regulations

» OMB Circular A-21
Section 5: Closing An Award
1. Financial Reporting for Sponsored Programs

Title: Financial Reporting for Sponsored Programs Policy

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) to comply with the requirements of the Federal Office of Budget and Management (OMB) Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-profit Organizations (http://www.whitehouse.gov/omb/circulars_a110/) and Federal Demonstration Project (FDP) - General Terms & Conditions (http://www.nsf.gov/pubs/fdp/fdp405a110.pdf) for financial reporting.

Purpose of this Policy

The purpose of this policy is to provide guidance for submitting accurate and timely reports in compliance with Federal regulations and other sponsors requirements.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in administering sponsored awards.

Procedures for Implementation

Listed below are the responsibilities, procedures and tools available for developing financial reports for sponsors.

a. Roles and Responsibilities

Principal Investigators (PI’s) and Departmental Administrators (DA’s)

» The PI is ultimately responsible for monitoring all financial aspects of the sponsored project and ensuring accuracy of the financial information reported to the sponsoring agency. This includes reviewing the cost analysis and ensuring any adjustments are processed in PASS and/or JEMS timely so that the system reflects any adjustments to the final financial reports.

» Work with Sponsored Programs Administration (SPA) to ensure financial reports are accurate and submitted timely to sponsor.
» After reviewing and approving the final financial report that SPA will submit to the sponsor, the PI and/or DA will provide the date of submission of the final progress report to the sponsor.

» Follow procedures outlined in the Award Closeout Policy for Sponsored Programs for final reports (technical, financial, and other reports).

» To assist PI’s and DA’s to monitor the financial administration of their awards, there are a number of financial reports available. See Appendix 1 of this policy for a complete listing of these reports.

Sponsored Programs Administration

» Work with PI’s and DA’s to complete financial reports.

» Provides the department with a cost analysis to identify any unallowables or request supporting documentation and justification for potential questionable costs.

» Updates cost analysis for adjustments/comments provided by the department.

» Works with departments to ensure approval has been obtained for interim reports where carry-forward prior approval is required.

» Prepares and submits all financial reports in accordance with sponsor requirements and the NYU Award Closeout Policy for Sponsored Programs.

» Verifies submission of final progress reports by the PI.


SPA is responsible for submitting all Federal Financial Reports (also known as FFRs). These reports are normally submitted on a quarterly, semi-annual or annual basis, as directed by the Federal agency in the Federal Award. A final FFR shall be submitted at the completion of the award agreement. For final FFRs, the reporting period shall be the end date of the project or grant period.

» Quarterly and semi-annual interim reports shall be submitted no later than 30 days after the end of each reporting period.

» Annual reports shall be submitted no later than 90 days after the end of each reporting period.

» Final reports shall be submitted no later than 90 days after the project or grant period end date.

c. Other Awards: Report of Expenditures (also known as ROEs)

This report summarizes the expenditures incurred for a time period – e.g., monthly, quarterly, annually – based on the original budget, along with any revisions. Typically, foundations and private sponsors use this type of report for reporting financial information. Some sponsors
stipulate a deadline for reports of expenditures, and some do not. In all circumstances, NYU follows the 90-day requirement if no deadline is imposed by the sponsor.

d. Non-Financial Reports

At the time of final financial reporting, the SPA Analyst will request the department provide the submission dates for the final progress or project report as required by the sponsor. SPA does not require copies of these reports.

Final reports (financial and technical) should be prepared in accordance with Award Closeout Policy for Sponsored Programs.

Policy Definitions

| Closeout | The process by which a Federal or non-Federal awarding sponsor determines that all applicable administrative actions and all required work of the award have been completed by the recipient and sponsor. This refers both an internal closeout as well as ensuring external sponsor requirements have been met. |

Related Policies

» Award Closeout Policy for Sponsored Programs
  [http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/award-closeout-policy-for-sponsored-programs.html](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/award-closeout-policy-for-sponsored-programs.html)

» Record Retention Policy for Sponsored Programs

Federal Regulations

» OMB Circular A-110
Appendices

Appendix 1: Tools Available to Assist PIs and Departmental Administrators

The following tools are available to assist PIs in monitoring financial information and ensuring the accuracy of the financial reports developed and submitted by SPA to sponsoring agencies. These tools are available through UDW+.

UDW+ delivers a full range of reporting and analytical capabilities, including interactive dashboards, full ad hoc report capabilities, and alerts.

The UDW+ Grants Management Dashboard and report suite provides useful financial information for managing grants. It includes all of the budget, expense and encumbrance transactions throughout the life of a grant. The dashboard consists of the following pages:

» PI Summary
» Expense Breakdown
» Grants Budget Detail
» Grants by Fund
» Grants by Org
» Grants by PI
» Salary Expense Report PI Summary

A variety of interactive standard reports are also available.

» Budget Summary and Detail
» Budget Control Reports
» Fund Balance and Change in Funds Reports
» Project Summary Report
» Accounts Payable and Purchase Order Reports
» Budget Exception Report
» AP Open Advance

Access to UDW+ is contingent upon successfully completing the appropriate training.
2. Award Closeout for Sponsored Programs

Title: Award Closeout Policy for Sponsored Programs

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) to comply with the requirements of the Federal Office of Budget and Management (OMB) Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-profit Organizations (http://www.whitehouse.gov/omb/circulars/a110/a110.html), for the financial management of sponsored projects including the timely and accurate closeout for awards.

Purpose of this Policy

The purpose of this policy is to provide guidance on the Federal and other sponsor requirements for award closeout.

Scope of this Policy

This policy is applicable to all schools, departments units and personnel of the University involved in managing sponsored awards and contracts.

Procedures for Implementation

On a timely basis, Department Administrators (DA’s) should run reports to identify projects expiring within 90 days. The Principal Investigators (PI’s) and the DA should ensure that all project costs have been appropriately charged. As the project nears termination, it is important to review all costs and remove those that are unallowable or inappropriate.

Listed below are the responsibilities for award closeout by area.

Sponsored Programs Administration (SPA) Responsibilities

» The financial analyst in SPA works with the DA and PI to clear any open items remaining on a project after the final report/invoice has been completed, i.e., pending expense adjustments, encumbrance balance release, transfer of surplus or deficit.

» The SPA financial analyst completes the “NYU SPA Project Closeout Checklist” (see Appendix 1) when expenses on the Budget Summary Report (BSR) match the final financial reports/invoices submitted to the sponsor.
The SPA financial analyst confirms that pending adjustments have posted to the project, as reflected in the University's general ledger, PeopleSoft. The only pending item allowed at the time of closeout is outstanding payments.

To document that the award has been closed out, the SPA financial analyst attaches to the checklist the updated BSR and cash position.

**Departmental Responsibilities**

- Notify payroll and any service/recharge centers of an account change for future costs such as salary/fringe, printing, telephone, and scientific computing.
- Resolve any outstanding budget overrun on the Budget Exception Report.
- Promptly transfer all erroneous charges and clear any deficits.
- For Federal awards, final financial reports and final invoices generally must be submitted within 90 days after the award end date.
- State and city sponsor deadlines are generally within 30 days after the award end date.
- Non-government sponsor deadlines may vary, but in the absence of any sponsor imposed deadlines, SPA applies the 90-day rule for internal closeout purposes.

For subaward/subcontracts where NYU is the subrecipient, the final invoice should generally be submitted to the prime grantee within 60 days after the award end date. Conversely, NYU must receive the final invoice from sub-recipients within 60 days of the award end date to allow for proper review and timely submission of the report and/or invoice to the sponsor.

**a. Charges Incurred after Award-End Date**

In accordance with sponsor imposed limits, it is acceptable to process payments for costs that were incurred prior to the end of the project/award but posted to the project after the termination date but before the reporting deadline (e.g., 90 days for Federal). Such costs must be posted to the project prior to financial reporting deadline prescribed by the sponsor. Any charges posted after the termination date will need to be explained and justified for allowability.

Examples of common “after award-end date” charges include:

- Payroll expenses
- Long-distance telephone costs
- Copy services
- Other service center charges
- Subaward/subcontract invoice
b. **Request for a Service/Recharge Center Billing Code Change**

If a sponsored project is about to expire, departments should notify the service/recharge center (e.g., animal care, imaging services) generally 60 days prior to expiration so charges no longer post to the sponsored project after the termination date. The department should also provide a new chartfield for any future charges. At the department's discretion, telephone charges may be posted to a default account. The default account may be used pending the set-up of a new project code to bill the telephone service.

c. **Releasing Encumbrance Balances**

If there is an encumbrance balance remaining on account lines after all expenses have posted, it is the department's responsibility to notify Payroll or Purchasing to remove the encumbrance. This may require the department to submit a payroll action in the [Personnel Action Submission System (PASS/xPASS)](https://www.nyu.edu/services/human-resources/personnel-action-submission-system.html) or a change order in [Purchasing's eReq system](https://www.nyu.edu/services/purchasing/requests.html) to reduce the outstanding purchase orders (PO's)/subcontracts balances to zero. For subcontract purchase orders (PO's) established prior to 2009, departments should contact Purchasing or SPA directly to close out the PO. Purchasing encumbrance balances of less than one dollar will automatically be cleared by the Controller's Division Financial Information Systems – Applications division (FISAPPs) at fiscal year-end.

d. **Resolving Deficits: Cost Overruns and Uncollectible Accounts Receivable**

Deficits (i.e., over-expenditures) occur when cumulative expenses exceed the amount awarded by the sponsor and may be considered voluntary uncommitted cost sharing. It is the department’s responsibility to transfer deficits out of sponsored awards promptly to a corresponding cost share chartfield and no later than 90 days after the termination date.

e. **Unallowable and Unallocable Costs**

NYU cannot request reimbursement or payment from the awarding sponsor for unallowable or unallocable costs. If audited such costs may give the appearance of inadequate financial controls and inappropriate stewardship of sponsored funds at NYU. See the [Accounting for Unallowable Costs Policy](https://www.nyu.edu/services/fiscal/financial-control/policies/unallowable-costs-policy.html).

Potential unallowable/unallocable costs:

- Restricted purchases without proper authorization from the sponsor and/or the University, i.e., office equipment.
- Costs that would normally be indirect but are charged as direct costs without proper justification or demonstration of exceptional circumstances. Examples of these costs on Federally funded awards are office supplies and clerical/administrative salaries. For further explanation, see the [Charging Administrative Expenses to Federal Award Policy](https://www.nyu.edu/services/fiscal/financial-control/policies/charging-administrative-expenses-to-federal-award-policy.html).
- Charges that are not in compliance with the reasonability and allocability provisions of OMB Circular A-21 for Federally sponsored projects.
- Costs incurred after the award terminates.
» Portion of direct materials that remained at the award termination.
  
  o Direct material cost should include only the materials and supplies actually used for the performance of the sponsored project and due credit should be given for any materials retained that exceed sponsor limits. [Circular A-21, §J. 31]

f. Fixed-Price Agreements

Occasionally, fixed price agreements are entered into with sponsoring agencies by the University and permit the University to retain the unexpended (cash) balance at project expiration. These agreements should include a statement that if a cash balance exists after the project is completed and all costs have been paid in full, the University is entitled to retain surplus funds. Before any surplus will be transferred to an account designated by the department, the project will be charged the difference between the overhead rate assessed on the sponsored award and the University’s Federally negotiated rate. Any remaining surplus balance will be transferred to the department’s discretionary chartfield.

g. Technical and Other Reports

DA’s should inform SPA of the submission dates for all final Technical Reports. SPA cannot perform award closeout if these reports are still outstanding. While the requirements vary by sponsor, the following reports may be required for projects. For Federal awards, these reports are generally due within 90 days of the project-end date:

  » Final Technical Report (also referred to as Progress or Narrative) - submitted by the PI;

  » Final Report of Inventions - submitted by the PI;

  » Final Inventory of Equipment - submitted by the DA.

h. Transfer or Termination of Sponsored Research

When a PI is leaving NYU and plans to transfer or terminate an award, the following procedures must be followed timely and efficiently to notify all individuals of required actions.

i. Transfer of Sponsored Research to Another Institution

1. The PI notifies the Office of Sponsored Projects (OSP) Projects Officer of the intent to transfer the award.

2. SPA, with the PI and department, estimates any unliquidated expenditures and future unobligated balance up to the proposed termination date and provides this to OSP and the sponsor as appropriate.

3. OSP submits the proposal to the sponsor for relinquishing the award.

4. On receiving the transfer approval from the agency, the PI terminates the activity on the project and SPA liquidates all financial commitments outstanding on the project.
5. Transfer of property and data are done in accordance with NYU and sponsor requirements (see NYU Policy on Retention of and Access to Research Data and Asset Management Policies and Procedures Manual).

6. After all financial commitments have been liquidated, a final financial report will be prepared and transmitted to the sponsoring agency. Any residual funds remaining in the sponsored project will be disposed of only on written direction from the sponsoring agency's authorized representative.

ii. Terminating the Project

When a PI permanently departs the University and is unable to transfer the project to another institution, the following steps must be taken.

The PI or Project Director, with appropriate clearances from the department and the school, submits to OSP a justification for the termination of the award. SPA, with the PI and department, estimates any unliquidated expenditures and future unobligated balance up to the proposed termination date and provides to OSP and the sponsor as appropriate:

A. OSP submits the proposal to the sponsor for terminating the award;

B. On receiving the termination notice from the agency, the PI terminates the activity on the project, and SPA liquidates all financial commitments outstanding on the project;

C. After all financial commitments have been liquidated, a final financial report is prepared and transmitted to the sponsoring agency. Any residual funds remaining in the sponsored project will be disposed of only on written direction from the sponsoring agency's authorized representative.

Policy Definitions

**Closeout**

The process by which a Federal or non-Federal awarding sponsor determines that a applicable administrative actions and all required work of the award have been completed by the recipient and sponsor. This refers both to an internal closeout as well as ensuring external sponsor requirements have been met.

Related Policies

» Accounting for Unallowable Costs Policy


» Charging Administrative Expenses to Federal Awards Policy

» Costing Policy
   http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html

» Cost Sharing Policy
   http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-sharing-policy.html

» Cost Transfer Policy
   http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/cost-transfer-policy.html

» Financial Reports Policy for Sponsored Programs

» Policy on Retention of and Access to Research Data
   http://www.nyu.edu/content/nyu/en/about/policies-guidelines-compliance/policies-and-guidelines/retention-of-and-access-to-research-data.html

Federal Regulations

» OMB Circular A-21

» OMB Circular A-110
   http://www.whitehouse.gov/omb/circulars/a110/a110.html

Appendices

(See next page)
# Appendix 1: NYU SPA Grants Closeout Checklist (for SPA Use Only)

Click here to download NYU SPA Grants Closeout Checklist (PDF)

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**NYU SPA Grants Close-Out Checklist**

Complete this checklist when expenses on Budget Summary Report (BSR) match the final financial reports/invoices submitted. Confirm pending adjustments have posted and attach BSR as support. The only pending item allowed at the time of closeout is outstanding payments. Items to include with this checklist are (1) updated BSR and (2) Cash Position.

- **Chartfield (Fund, Org, Project):**
- **Award/Contract #:**
- **Agency/Sponsor:**
- **PI Name:**
- **Total Award Amount:**
- **Project Period:**

Reported Expenditures:
- **Direct Cost:**
- **Indirect Cost:**
- **Total Expenditures:**

Payments Received:
- **(Per Cash Position)**
- **Return to Sponsor: Voucher ID:**
- **Unexpended / Cash Balance:**
- **Retained by NYU: Transferred to:**

Mandatory/Voluntary Cost Sharing: **Cost Share Expenditures:**

**General Ledger Maintenance**
- **Advances / Budget Fails Cleared**
- **Encumbrances Cleared**
- **Payroll Edit Suspense Cleared**
- **Review Budget Summary Report**
  - Ensure Expenses match amount reported to Sponsor.
  - If discrepancy exists, take appropriate action
- **Reduce Budget to match Expenses**
- **Ensure Revenue matches Expenses**
- **Remove from applicable Trees**
- **Letter of Credit (LOC) Tree**
- **Billing Tree-Non LOC projects**

**Cash Management**
- **Return Unspent Funds**
- **Review Receivable Status (12435 / 12430): Fund 25 only**
- **Review Revenue on Budget Summary Report: Fund 24 only**

**Reporting Requirements**
- **Financial Invoice/Report**
- **Narrative/Technical**
- **Patent**
- **Property**

**Project Costing Updates**
- **Update Report Mailing Date, Status, Amount***
- **Updated Cost Share Information**
- **Senior Financial Analyst must change project status to 'closed' to inactivate project**

***There should be no pending adjustments at this time. Report status should read Final Rpt or Inv Rendered

**Prepared By:**

(Financial Analyst)  

**Reviewed/Approved By:**

(Senior Financial Analyst)  

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Award Closeout Policy for Sponsored Programs  
Appendix 1 NYU SPA Grants Closeout Checklist
3. Internal and External Audits for Sponsored Programs

Title: Internal and External Audit Policy for Sponsored Programs

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that the University responds to all internal and external audits and financial reviews of sponsored awards in a manner that is in compliance with all applicable Federal requirements, including the Federal Office of Budget and Management (OMB) Circular A-133 (http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf), as well as all other applicable sponsor, state and city requirements.

Purpose of this Policy

The purpose of this policy is to provide guidelines for the proper management and response to internal and external audits and financial reviews of sponsored programs.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in managing sponsored awards including contracts.

Procedures for Implementation

All audits of sponsored programs are coordinated by Sponsored Programs Administration (SPA). Principal Investigators (PI’s) or Department Administrators (DA’s) contacted by a sponsor intending to perform an audit or financial review of a sponsored project should immediately contact SPA.

a. Internal Audits

All audits of sponsored programs are coordinated by Sponsored Programs Administration (SPA). Principal Investigators (PI’s) or Department Administrators (DA’s) contacted by a sponsor intending to perform an audit or financial review of a sponsored project should immediately contact SPA.
b. **External Audits**

i. **Sponsor Audit, Program Audit or Financial Review**

*Programmatic Audits:* The department must notify the Office of Sponsored Programs (OSP).

*Financial Audits or Reviews:* The department must notify SPA, which will be the primary point of contact for completing the audit. SPA will coordinate the audit and collaborate with the department, as necessary, to develop a response and submit correspondence. The department should not send correspondence directly to the sponsor.

ii. **NYU’S Annual Audit**

*Compliance Audits (A-133):*

During annual A-133 audits, SPA will be present at all meetings including internal control discussions with PI’s and DA’s. All documentation should be forwarded to SPA for review and submission to auditors and sponsors.

The [OMB Circular A-133](http://www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf) report is submitted to the Federal Audit Clearinghouse. This report is a public document, which summarizes how the University has complied with sponsor requirements and internal policies and procedures in administering sponsored awards.

Terms and conditions of the Sponsor and Federal requirements dictate what expenses and activities are allowable. When administering awards, PI’s and DA’s should not assume that something is allowable because it was included in the approved budget. Any activity or expense that may not comply with the award terms and conditions should be discussed with SPA and OSP.

Intentional disregard of Federal requirements and University policies and procedures may lead to sponsor imposed administrative sanctions, damage to reputation, loss of current or future funding and/or in severe cases, imprisonment.

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**Policy Definitions**

N/A

**Related Policies**

N/A

**Federal Regulations**

» OMB Circular A-133

4. Financial Record Retention for Sponsored Programs

Title: Financial Records Retention Policy for Sponsored Programs

Effective Date: September 1, 2013

Supersedes: N/A

Issuing Authority: Sponsored Programs Administration

Responsible Officer: Assistant Vice President for Post-Award Administration

Policy

It is the policy of New York University (NYU, “the University”) that all financial records and supporting documentation for Federal awards are retained in accordance with the Federal Office of Budget and Management (OMB) Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-profit Organizations (http://www.whitehouse.gov/omb/circulars_a110/), unless a longer duration is required by the sponsor. For all other awards, records should be retained in accordance with sponsor requirements.

Purpose of this Policy

The purpose of this policy is to set forth the requirements for record retention and destruction of sponsored award financial records in accordance with NYU, Federal and sponsor terms and conditions.

Scope of this Policy

This policy is applicable to all schools, departments, units and personnel of the University involved in managing and administering sponsored awards.

Procedures for Implementation

Departments are responsible to ensure that personnel who handle records are aware of the record retention policy and that supervisors are overseeing compliance with the policy requirements. Copies of original records, either in paper or in computer or electronic format, may be substituted for the original records.

For Federal awards, financial records, supporting documents, statistical records and all other records pertinent to an award shall be retained for three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as prescribed by the sponsor. The only exceptions are the following:

» If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
» Records for real property and equipment acquired with Federal funds shall be retained for three years after final disposition.

» When records are transferred to or maintained by a Federal sponsor, the three-year retention requirement is not applicable for NYU.

» Indirect cost rate proposals:
  
  o If submitted for negotiation, the three-year retention period for its supporting records starts on the date of such submission.

  o If not submitted for negotiation, the three-year retention period starts at the end of the fiscal year (or other accounting period) covered by the proposal.

For non-Federal sponsors, retention requirements will vary with the sponsor. New York State, for example, has a six-year retention period. The grant award should specify the specific timeframe.

**Sponsor Rights to Access Documentation and/or Interview Personnel**

The Sponsor and other government entities have the right of timely and unrestricted access to any records of NYU that are pertinent to the awards, for the purpose of audits and examinations. This right also includes timely and reasonable access to NYU personnel for the purpose of interview and discussion related to such documents. In order to avoid disallowance of expenses against grants and contracts, proper financial records must be maintained for compliance and audit purposes. The financial records of each department must be maintained in accordance with *OMB Circular A-110* requirements, unless a longer duration is required by the Sponsor. If no retention period is indicated in the award document, documentation should be retained for three years after the final financial report is submitted to the sponsor.

**Departmental Responsibilities**

Departments must maintain any documentation, including emails, to support charges to a sponsored project that were not previously submitted through University administrative systems such as:

» Personnel Action Submission System (PASS/xPASS)

» Maximus Effort Reporting System (ERS)

» Journal Entry Management System (JEMS)

» AP Workflow

» Accounts Payable

» Purchasing

All P-Card holders must retain documentation for such purchases irrespective of the procedures outlined for all other sources. Documents may be imaged provided information is legible and not missing any pages.
Destruction of Records

This should be in compliance with NYU’s policy on destruction.

Type of Records for Federally-sponsored awards:

<table>
<thead>
<tr>
<th>Type of Records</th>
<th>Retention Period</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial records, supporting documents, statistical records and all other records pertinent to an award.</td>
<td>3 years</td>
<td>From the date of submission of the final expenditure report, or for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as prescribed by the Sponsor. Since the National Science Foundation (NSF) does not use the Financial Status Report, records for NSF grants must be kept for a period of 3 years from the date the final Progress Report is submitted.</td>
</tr>
<tr>
<td>Documents under litigation, claim or audit by the Federal Agency</td>
<td>Until resolution</td>
<td>All documents will be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.</td>
</tr>
<tr>
<td>Real property and equipment acquired with Federal funds</td>
<td>3 years</td>
<td>After final disposition of the acquired asset</td>
</tr>
<tr>
<td>Indirect Cost Proposals</td>
<td>3 years</td>
<td>If submitted for negotiation, starting on the date of such submission. If not submitted for negotiation, starting at the end of the fiscal year covered by the proposal.</td>
</tr>
</tbody>
</table>

Policy Definitions

N/A

Related Policies

» Record Retention for Research Data
   [http://www.nyu.edu/content/nyu/en/about/policies-guidelines-compliance/policies-and-guidelines/retention-of-and-access-to-research-data.html](http://www.nyu.edu/content/nyu/en/about/policies-guidelines-compliance/policies-and-guidelines/retention-of-and-access-to-research-data.html)

Federal Regulations

» OMB Circular A-110
Section 6:
Federal Regulations
Federal Regulations

The following is a list of the primary financial regulatory requirements applicable to Federally-sponsored programs at NYU:


   The Code of Federal Regulations (CFR) is the codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the Federal Government. It is divided into 50 titles that represent broad areas subject to Federal regulation. Each volume of the CFR is updated once each calendar year and is issued on a quarterly basis.

2. **Federal Acquisition Regulation (FAR)**

   Federal Acquisition Regulation includes the codification and publication of uniform policies and procedures for acquisition by all executive agencies. It is the procedures manual for Federal agencies to acquire goods and services, including research. The FAR is codified at Title 48 of the Code of Federal Regulation and consists of 63 chapters: Federal Acquisition Regulation (Chapter 1) and Agency Specific Supplemental Regulations (Chapters 2-63).

3. **Cost Accounting Standards**

   Cost Accounting Standards (CAS) apply to educational institutions receiving a negotiated Federal contract or subcontract award, in excess of $500,000 [§9903.201-2(c)(3)]. In addition, the Standards are incorporated in Circular A-21, Sections C.10 through C.14.

   Four CAS applicable to educational institutions are:
   - §9905.501: Consistency in Estimating, Accumulating and Reporting Costs
   - §9905.502: Consistency in Allocating Costs
   - §9905.505: Accounting for Unallowable Costs
   - §9905.506: Cost Accounting Period

   A Disclosure Statement (DS-2) must be filed with the cognizant agency by educational institutions receiving in aggregate sponsored funding totaling $25 million or more. The purposes of filing a Disclosure Statement with the Federal government are to:
   - Reduce the recurring administrative costs currently associated with the preparation of cost accounting data being submitted routinely to the cognizant Federal agencies for informational support, evaluation and negotiation of the institution’s indirect cost rate proposals; and
   - Reduce the potential for disagreements between the contracting parties regarding an institution’s cost accounting practices.

4. **Office of Management & Budget (OMB) Circulars**

   OMB Circulars applicable for New York University are:
OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-profit Organizations;

OMB Circular A-21, Cost Principles for Educational Institutions; and

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

5. Administrative Requirements

OMB Circular A-110 provides both pre- and post-award administrative guidelines, which include the following:

- **Financial and Program Management** – includes requirements for the standards for financial management systems, payment, cost sharing, revision of budget and program plans;
- **Property Standards** – specifies the requirements for governing management and disposition of property furnished by the Federal government and inventory requirements;
- **Procurement Standards** – defines comprehensive requirements which include codes of conduct, competition, procurement procedures, cost and price analysis, record retention;
- **Reports and Records** – sets forth requirements for technical and financial reporting as well as for retention and access requirements for records;
- **Termination and Enforcement** – prescribes the procedures for award termination and remedies for noncompliance by a recipient;
- **After-the-Award Requirements** – specifies close out procedures and other procedures for subsequent disallowances and adjustments.

6. Cost Principles

OMB Circular A-21 establishes principles for determining costs of Federally sponsored projects with educational institutions. It applies to charging of both direct and indirect costs to the project. Since it requires consistency in cost accounting practices for all activities within an institution, Circular A-21 has a significant impact on its financial operations.

- **Section C, Basic considerations** - defines the factors affecting allowability of costs:
  
  a. They must be reasonable;
  
  b. They must be allocable to sponsored projects under the principles and methods provided under Circular A-21;
  
  c. They must be treated consistently through application of generally accepted accounting principles appropriate to the circumstances; and
  
  d. They must conform to any limitations or exclusions set forth in Circular A-21 or in the sponsored projects as to types or amounts of cost items.
» Section J, General provisions for selected items of costs – Sections J.1 through J.54 provide principles to be applied in establishing the allocability of certain items involved in determining costs. These principles should apply irrespective of whether a particular item of costs is properly treated as direct or F&A costs. Examples of requirements are as follows:

- Time and effort reporting
- Unallowable costs
- Limitations of direct and F&A costs

7. Audit Requirements

An audit under OMB Circular A-133 and its Compliance Supplement is required for an organization which receives Federal awards totaling $500,000 or more annually. OMB Circular A-133 focuses on internal controls and compliance issues. It also defines the requirements for subrecipient monitoring.