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### Glossary of Terms

<table>
<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 behavioral change.</td>
</tr>
<tr>
<td>Closeout</td>
<td>The process by which a Federal or non-Federal awarding sponsor determines that all applicable administrative actions and all required work of the</td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Consistently Treated</th>
<th>An expense must be treated consistently based on the circumstances, i.e., direct costs or indirect costs.</th>
</tr>
</thead>
</table>

**Consultant**

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.

<table>
<thead>
<tr>
<th>Contract</th>
<th>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.</th>
</tr>
</thead>
</table>

**Cooperative Agreements**

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.

<table>
<thead>
<tr>
<th>Cost Sharing</th>
<th>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.</th>
</tr>
</thead>
</table>

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

» Voluntary Committed – quantified contributions which are specified in a proposal budget but are not mandated by the sponsor. It may be offered by NYU and becomes an obligation once an award is made. Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.

» Voluntary Uncommitted – Personal effort that is donated time, over and above that which is committed and budgeted for in a sponsored agreement. Voluntary uncommitted cost sharing does not require tracking and reporting.

| 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 Cost | Expenses that directly further the programmatic objectives of a sponsored project with a high degree of accuracy.

| Domestic Travel | 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.

<table>
<thead>
<tr>
<th>Effort</th>
<th>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).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</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 award 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>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 “expanded authorities.” See “Expanded Authority Summary FDP Terms” - <a href="http://sites.nationalacademies.org/cs/groups/pgasite/documents/webpage/pga_056005.pdf">http://sites.nationalacademies.org/cs/groups/pgasite/documents/webpage/pga_056005.pdf</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. Federal contracts are governed by the Federal Acquisition Regulation (FAR).</td>
</tr>
<tr>
<td>Federal Demonstration Project (FDP) General Terms and Conditions</td>
<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,</td>
</tr>
</tbody>
</table>
while maintaining effective stewardship of Federal funds.

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.

<table>
<thead>
<tr>
<th>Federally-Owned Equipment</th>
<th>Equipment under the University’s control to which Federal Government retains title (also called “Government-Owned Property”).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Travel</td>
<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. When an award is Federally funded, the employee must comply with the requirements of the Fly America Act.</td>
</tr>
<tr>
<td>Funding Limitation</td>
<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>
</tr>
<tr>
<td>Gifts</td>
<td>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 wishes.</td>
</tr>
<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</td>
</tr>
</tbody>
</table>
**Indirect Costs**

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&A)* or *overhead*. Examples of F&A/overhead expenses include space costs, utilities, general, sponsored projects and departmental administration costs.

**In-Kind**

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.

**Institutional Animal Care and Use Committee (IACUC)**

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.

**Institutional Base Salary (IBS)**

Institutional Base Salary is the annual compensation that NYU pays an employee, whether that individual's time is spent on research, teaching, administrative, 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. IBS does not include bonuses, one-time payments or incentive pay. Also excluded from IBS are: a) salary paid directly by another organization, and b) income that an individual is permitted to earn outside of one’s University responsibilities such as consulting. For faculty with 9-month appointments, it is the salary base for the period 9/1 – 5/31.

**Institutional Review Board (IRB)**

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).

**Mandatory Cost Sharing**

Costs borne by the institution and required by a sponsor as a criterion of eligibility of the award and becomes an obligation once an award is made.
| **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 non-Federal sponsor or committed by a collaborating organization. |
| **Modified Total Direct Costs (MTDC)** | The base of costs to which F&A (indirect cost) rates are applied. The Negotiated Rate Agreement defines this base as follows:  
"MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first $25,000 of each subaward or subcontract (regardless of the period of performance of the subawards and subcontracts under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward and subcontract in excess of $25,000." |
<p>| <strong>No-Cost Extension</strong> | An extension of the date at which the project ends that does not involve additional funding. |
| <strong>NYU Salary</strong> | The pay that an individual receives from New York University upon which benefits are calculated. At NYU, pay is established by the Institutional Base Salary (IBS). The IBS is the annual compensation that NYU pays an employee, whether that individual's time is spent on research, teaching, administrative, 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. IBS does not include bonuses, one-time payments or incentive pay. Also excluded from IBS are: a) salary paid directly by another organization, and b) income that an individual is permitted to earn outside of one's University responsibilities such as consulting. For faculty with 9-month appointments, it is the salary base for the period 9/1 – 5/31. |
| <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. |</p>
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)</strong></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. This supersedes OMB circulars A-21, A-110 and A-133.</td>
</tr>
<tr>
<td><strong>Other Sponsored Programs</strong></td>
<td>Programs and projects financed by Federal and non-Federal agencies and organizations whose performance of work includes functions other than Instruction or Sponsored Research.</td>
</tr>
<tr>
<td><strong>Other Than Personnel Services (OTPS)</strong></td>
<td>Direct costs for sponsored projects exclusive of salaries and fringe benefits.</td>
</tr>
<tr>
<td><strong>Pass-Through Entity</strong></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 financial viability, adequacy of compliance controls and audit status as well as fulfillment of its portion of the programmatic effort.</td>
</tr>
<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>
<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 Property Management for Federally Owned Equipment, “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</td>
</tr>
<tr>
<td>Vocabulary</td>
<td>Definition</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>award</td>
<td>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>
<tr>
<td>Small Business Subcontract Plan</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>Sponsor</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>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 “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</td>
<td>An entity that expends award funds received from the Prime Grantee to carry out a portion</td>
</tr>
<tr>
<td><strong>“Subrecipient” or a “Subgrantee”)</strong></td>
<td>of the Prime’s programmatic effort under a sponsored project.</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>---------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Subcontract</strong></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><strong>Supplies</strong></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>
<tr>
<td><strong>Third-Party Contributions</strong></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><strong>Unallowable Costs</strong></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><strong>University Effort</strong></td>
<td>The sum of all professional activities for which NYU compensates an individual.</td>
</tr>
<tr>
<td><strong>University Research</strong></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><strong>Voluntary Committed Cost Sharing</strong></td>
<td>Quantifiable contributions reflected in the proposal narrative, budget and/or budget justification, which are not mandated by the sponsor. Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity. Voluntary committed cost sharing becomes a binding commitment on the University when proposed and accepted in the award.</td>
</tr>
<tr>
<td><strong>Voluntary Uncommitted Cost Sharing</strong></td>
<td>Personal effort that is donated time, over and above that which is committed and budgeted for in a sponsored agreement. Voluntary uncommitted cost sharing does not require tracking and reporting.</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>
</tr>
</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>
</tr>
<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>
</tr>
<tr>
<td>FSM</td>
<td>Financial Systems Management</td>
</tr>
<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>
</tr>
<tr>
<td>HIPAA</td>
<td>Health Insurance Portability and Accountability Act</td>
</tr>
<tr>
<td>IACUC</td>
<td>Institutional Animal Care and Use Committee</td>
</tr>
<tr>
<td>IBS</td>
<td>Institutional Base Salary</td>
</tr>
<tr>
<td>ICR</td>
<td>Indirect Cost Rate</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<td>--------------</td>
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</tr>
<tr>
<td>IRB</td>
<td>Institutional Review Board</td>
</tr>
<tr>
<td>JEMS</td>
<td>Journal Entry Management System</td>
</tr>
<tr>
<td>LOC</td>
<td>Letter of Credit</td>
</tr>
<tr>
<td>MTDC</td>
<td>Modified Total Direct Costs</td>
</tr>
<tr>
<td>NOGA</td>
<td>Notice of Grant Award</td>
</tr>
<tr>
<td>NIH</td>
<td>U.S. National Institutes of Health</td>
</tr>
<tr>
<td>NSF</td>
<td>U.S. National Science Foundation</td>
</tr>
<tr>
<td>OGC</td>
<td>Office of General Counsel</td>
</tr>
<tr>
<td>OMB</td>
<td>U.S. Office of Management and Budget</td>
</tr>
<tr>
<td>OSP</td>
<td>Office of Sponsored Programs</td>
</tr>
<tr>
<td>OTPS</td>
<td>Other Than Personnel Services</td>
</tr>
<tr>
<td>PEOPLESYNC</td>
<td>Primary system for most human resources and payroll transactions</td>
</tr>
<tr>
<td>PI</td>
<td>Principal Investigator</td>
</tr>
<tr>
<td>RFA</td>
<td>Request for Application</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for Proposals</td>
</tr>
<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>
<tr>
<td>UG</td>
<td>OMB Uniform Guidance</td>
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</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 (PIs), 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

» Procurement 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 PIs 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 PIs 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.
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 OMB Uniform Guidance audit.

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.

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.
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: December 1, 2017

Supersedes: September 1, 2013

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 (PIs) 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 PIs 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 PIs 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 the OMB Uniform Guidance)

» 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 PIs 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 PIs 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. PIs 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 PIs.

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 PIs 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 Financial Operations and Treasury departments, 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 [https://www.nyu.edu/content/dam/nyu/research/documents/OSP/sponsored_programs_pocket_guide.pdf](https://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: December 1, 2017

Supersedes: September 1, 2013

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 (PIs) and their staff to develop sponsored program budgets.

Purpose of this Policy

The purpose of this policy is to provide basic guidance to PIs 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, PIs 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 Uniform Guidance (OMB Uniform Guidance) 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 the OMB Uniform Guidance 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 Uniform Guidance (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. PIs 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, PIs 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.

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

» Cost Sharing
  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 Research Terms and Conditions Prior Approval Matrix
  http://www.nyu.edu/research/resources-and-support-offices/getting-started-withyourresearch/office-of-sponsored-programs.html#

» Re-Budgeting Policy
  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

Federal Regulations

» OMB Uniform Guidance
  http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
2. Costing Policy

Title: Costing Policy

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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 PIs, 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 managing expenditures on Federal grants and contracts, NYU follows the Federal Office of Management and Budget Uniform Guidance (OMB Uniform Guidance), Cost Accounting Standards (CAS) and NYU’s Disclosure Statement approved by the Division of Cost Allocation of the Department of Health and Human Services. The OMB Uniform Guidance establishes principles for determining costs applicable to federally sponsored agreements, contracts and other agreements with educational institutions. Because NYU receives Federal funding exceeding $25 million, NYU's costing practices for sponsored awards must also comply with Cost Accounting Standards (CAS).

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 the OMB Uniform Guidance. 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 the OMB Uniform Guidance 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, the OMB Uniform Guidance provides standards for allocation across these sponsored projects. Refer to Section 200.405 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 the OMB Uniform Guidance 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 the OMB Uniform Guidance, section 200.333 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 the OMB’s Uniform Guidance’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 projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis." [OMB Uniform Guidance, Section 200.405].

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 PIs 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. The Uniform Guidance requires that “charges to Federal Awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable and properly allocated” [Section 200.430.i]. The 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

<table>
<thead>
<tr>
<th>Departmental Research</th>
<th>The amounts expended for start-up, seed money, bid, and proposal are classified as &quot;departmental research.&quot; 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 &quot;departmental research.&quot;</th>
</tr>
</thead>
<tbody>
<tr>
<td>OMB Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance)</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>
</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>
</tbody>
</table>

Related Policies

» Business Expenses
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

<table>
<thead>
<tr>
<th>Personnel Costs (salaries, wages, fringe benefits, tuition remission) for positions such as:</th>
</tr>
</thead>
<tbody>
<tr>
<td>» Principal investigator</td>
</tr>
<tr>
<td>» Research associate</td>
</tr>
<tr>
<td>» Postdoctoral associate</td>
</tr>
<tr>
<td>» Laboratory technician</td>
</tr>
<tr>
<td>» Graduate research assistant</td>
</tr>
<tr>
<td>» Student employee</td>
</tr>
<tr>
<td>» Other technical and programmatic personnel</td>
</tr>
</tbody>
</table>

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

### 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)

### INDIRECT COSTS

» 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.

#### 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

#### General Purpose Software and Computer Supplies:

» Software packages, such as Word, Excel, Access

» Paper
<table>
<thead>
<tr>
<th></th>
<th>DIRECT COSTS</th>
<th>INDIRECT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>» Toners and ink</td>
</tr>
<tr>
<td></td>
<td></td>
<td>» DVDs, CDs, flash drives</td>
</tr>
<tr>
<td>5.</td>
<td>Consultants (external &amp; internal)</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Technical/ Scientific Equipment (e.g., microscope)</td>
<td>General Purpose Equipment (e.g., Office Furniture)</td>
</tr>
<tr>
<td>7.</td>
<td>Equipment maintenance contracts (for project dedicated equipment)</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Motor vehicle expense (project-dedicated vehicles; travel)</td>
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<tr>
<td>9.</td>
<td>Participant costs (These are not human subject incentive payments.)</td>
<td></td>
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<tr>
<td></td>
<td>» Stipends</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Tuition &amp; fees</td>
<td></td>
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<tr>
<td></td>
<td>» Travel</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Other miscellaneous</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Printing, binding, copying and postage costs (including UPS) when project scope clearly indicates a need for a volume of activity beyond routine. (e.g., publication costs, surveys, conference presentations, mass mailing)</td>
<td>Printing, binding and copying for General Purpose Activities</td>
</tr>
<tr>
<td>11.</td>
<td>Rental of space (away from University)</td>
<td>Rental of NYU Facility (On-Campus) except for auxiliary units that charge standard fees (e.g., Kimmel)</td>
</tr>
<tr>
<td>12.</td>
<td>Shipping/overnight delivery services, such as UPS, Federal Express, Priority Mail</td>
<td>Postage</td>
</tr>
<tr>
<td>13.</td>
<td>Specialized facilities</td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Subcontracts</td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Supplies</td>
<td>Office/ general purpose supplies</td>
</tr>
<tr>
<td>DIRECT COSTS</td>
<td>INDIRECT COSTS</td>
<td></td>
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<tr>
<td>--------------</td>
<td>---------------</td>
<td></td>
</tr>
<tr>
<td>» Lab and scientific supplies</td>
<td>» Books and reference materials</td>
<td></td>
</tr>
<tr>
<td>» Chemicals/ Radioactive material</td>
<td>» Custodial supplies</td>
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</tr>
<tr>
<td>» Glassware</td>
<td>» Water coolers</td>
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<tr>
<td>» Field supplies</td>
<td>» Pens, pencils</td>
<td></td>
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<tr>
<td>» Gases and liquids</td>
<td>» Paper</td>
<td></td>
</tr>
<tr>
<td>» Rare and precious metals and nonprecious metals</td>
<td>» Forms</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Files, folders, binders</td>
<td></td>
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<tr>
<td></td>
<td>» Transparencies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Staplers, staples</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Tape dispensers</td>
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<td></td>
<td>» Calculators</td>
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<tr>
<td></td>
<td>» Tissues, cleaning supplies</td>
<td></td>
</tr>
<tr>
<td></td>
<td>» Coffee/tea makers and related supplies</td>
<td></td>
</tr>
</tbody>
</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 |  |
## Appendix 2: Listing of Acceptable Direct Costs

Examples of acceptable direct costs that meet the OMB Uniform Guidance requirements and “that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy” [OMB Uniform Guidance, section 00.413](http://www.whitehouse.gov/omb/dir.htm) 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 the Uniform Guidance, 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](http://www.whitehouse.gov/omb/dir.htm).

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 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.


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](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/managing-sponsor-payments-policy.html).

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](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/managing-sponsor-payments-policy.html).

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:** December 1, 2017

**Supersedes:** December 26, 2014

**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 Uniform Guidance (OMB Uniform Guidance) imposes strict limitations on the direct charging of administrative and clerical salaries and certain other costs to federal awards.

**Purpose of the Policy**

The purpose of this policy is to provide guidance on the limited conditions under which charging administrative and clerical salaries, as well as other non-salary administrative costs, to a Federal award may be appropriate.

**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 Uniform Guidance, section 200.413(c) 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, items such as office supplies, postage, local telephone costs and memberships should normally be treated as F&A costs.

However, direct charging of administrative and clerical salaries and other administrative items may be appropriate when it can be demonstrated that they largely meet Uniform Guidance standards for classifying the expenses as direct costs, i.e., they can be closely identified with the project and fulfillment of the its objectives. In these cases, the related costs can be allocated to the project based on the proportional benefit as long as they are treated consistently in like circumstances.

When a detailed budget is required by the Federal sponsor, requests for any of the foregoing costs must be itemized in the proposal budget and accompanied by a clear and concise justification. When an agency does not call for a categorical budget, the internal budget...
developed at the pre-award stage should include a corresponding justification. Post-award requests to re-budget into administrative cost categories must be addressed to the Office of Sponsored Programs, following OSP Prior Approval Matrix, which will determine whether such post-award changes may be considered internally, or should be routed to the sponsor for prior written approval.

**Administrative and Clerical Effort**

To charge administrative and clerical effort directly to a Federally-funded project all four of the following conditions must be met:

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with project objectives;
- Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
- The costs are not also recovered indirectly (through the F&A rate).

OMB 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 are unlikely to be regarded as integral to the project. Likewise, the direct allocation of such modest amounts of administrative effort over multiple projects is not an indication of consistent treatment, nor that specific individuals can be clearly identified with project objectives:

**Non-Personnel Administrative Costs**

Whenever non-salary administrative costs are to be charged, they must be explicitly justified and explained. The costs must be essential to the project, which creates a special or unique need for the item that is clearly different from normal circumstances. For example:

- Office supplies that are used exclusively for project-specific activities may be direct charged when appropriately described in terms of their proposed use.

- Computing devices, such as laptops, may be charged if it can be clearly demonstrated that they are essential to fulfill project objectives (even if not used exclusively). Computing devices are defined as equipment that is used to acquire, store, analyze, process and publish data and other information electronically, including accessories (or peripherals) for printing, transmitting and receiving, or storing electronic information.

**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>
</tr>
</thead>
<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</td>
</tr>
</tbody>
</table>
term is also referred to as *Facilities and Administrative Costs (F&A) or Overhead.* Examples of F&A/Overhead expenses include space costs, utilities, and general, sponsored projects and departmental administration costs.

**Related Policies**

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

» Costing Policy  

» Effort Reporting 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)

» Research Terms and Conditions Prior Approval Matrix  
[https://wikis.nyu.edu/pages/viewpage.action?spaceKey=RES&title=Research+Terms+and+Conditions+Prior+Approval+Matrix](https://wikis.nyu.edu/pages/viewpage.action?spaceKey=RES&title=Research+Terms+and+Conditions+Prior+Approval+Matrix)

**Federal Regulations**

» OMB Uniform Guidance  
[http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)
4. Accounting for Unallowable Costs

Title: Accounting for Unallowable Costs Policy

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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 Uniform Guidance (OMB Uniform Guidance) 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

Cost Accounting Standards (CAS) 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 the OMB Uniform Guidance, 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 the OMB Uniform Guidance 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.

It is the responsibility of the Principal Investigators (PI’s) and their staffs to monitor award expenditures to ensure that unallowable costs are identified and separately coded. 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 the OMB Uniform Guidance 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**

| Unallowable Costs | Direct or indirect expenses that are not reimbursable under either Federal regulations or the terms and conditions of a sponsored award. |

**Related Policies**

» Charging Administrative Expenses to Federal Awards Policy

» Costing Policy
### Federal Regulations

» OMB Uniform Guidance

http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

### Appendices

**Appendix 1: Identifying Unallowable Costs under Cost Accounting Standards (CAS) 505 and the OMB Uniform Guidance**

<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 [200.421]** | Specific guidelines for allowability are identified in Section 200.421.  
*The term “advertising costs” means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like. 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.* | 63100 External Advertising Expense  
65100 Office of Advertising & Publications-Advertising  
65110 Advertising & Publication (Internal)  
65111 Advertising  
65119 Employee Recruitment Advertising  
65211 NYU Press Advertising |
| **2. Alcoholic beverages [200.423]** | Costs of alcoholic beverages are unallowable. | 65183 Alcoholic Beverages |
| **3. Alumni(ae) activities [200.424]** | Costs incurred for, or in support of, alumni activities and similar services are unallowable. | Various unallowable departments are identified. |
| **4. Bad debt [200.426]** | Any losses, whether actual or estimated, arising from uncollectible accounts and other claims, related collections costs, and related legal costs, are unallowable. | 65290 Bad Debts  
65571 Bad debt – Social Work  
65573 Bad debt - SCE |
<table>
<thead>
<tr>
<th>Type of Costs</th>
<th>Rules</th>
<th>Method of Identification by Unallowable Accounts / Departments</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Commencement &amp; convocations [200.429, Appendix III]</td>
<td>Costs incurred for commencements and convocations are unallowable, except for those expenses incurred for the administration of student affairs and for services to students, including commencements and convocations.</td>
<td>65140 Awards &amp; Prizes</td>
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<td></td>
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<td>65150 Diplomas &amp; Certificates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65160 Convocations</td>
</tr>
<tr>
<td>6. Late-funded pension costs [200.431]</td>
<td>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 [200.431]</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</td>
<td>Amounts for major project scope changes, unforeseen risks, or</td>
<td>Account 64380 Provision/Renovation-Replace &amp; Dept</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Costs</th>
<th>Rules</th>
<th>Method of Identification by Unallowable Accounts / Departments</th>
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<tbody>
<tr>
<td>65575 Bad debt - Wagner</td>
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<tr>
<td>75577 Bad debt - Law</td>
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<td></td>
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<tr>
<td>65579 Bad debt – Sch of Ed</td>
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<td>65581 Bad debt - TSOA</td>
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<tr>
<td>65583 Bad debt - Gallatin</td>
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<td>65585 Bad debt - Stern</td>
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<td>65587 Bad debt – Stern undergrad</td>
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<td>65589 Bad debt - GSAS</td>
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<td>65591 Bad debt- WSUC</td>
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<td>Type of Costs</td>
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<td>Method of Identification by Unallowable Accounts / Departments</td>
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<tr>
<td>[200.433]</td>
<td>extraordinary events may not be included. There are certain conditions in which contingencies may be allowed. Please see Section 200.433 in the Uniform Guidance for more information.</td>
<td>(Org ID) 00030</td>
</tr>
<tr>
<td>9. Fraud defense [200.435]</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 [200.435]</td>
<td>Regulations generally permit recovery of 80% of legal expenses where the institution successfully defends itself against misconduct claims. Please refer to Section 200.435 for specific guidelines.</td>
<td>Department (Org ID) 04080</td>
</tr>
<tr>
<td>11. Legal Settlements [200.435]</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 [200.434]</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 [200.438]</td>
<td>Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.</td>
<td>63296 Music and Flowers 63445 Tickets 65182 Dinner &amp; Meeting</td>
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<tr>
<td>Type of Costs</td>
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<td>Method of Identification by Unallowable Accounts / Departments</td>
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<tr>
<td>14. Lobbying [200.450]</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 [200.441]</td>
<td>Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the Federal awarding agency.</td>
<td>67402 Payroll tax - Penalties</td>
</tr>
<tr>
<td>16. Personal use expenses [200.445]</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>
<tr>
<td>17. Employee housing allowances [200.445]</td>
<td>Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses are only allowable as direct costs regardless of whether reported as taxable income to the employees. In addition, to be allowable direct costs must be approved in advance by a</td>
<td>63122 Faculty Housing Exp – Law Fdn</td>
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<td>63124 Faculty Children Schlp – Law Fdn</td>
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<td>65191 Faculty Housing Program</td>
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<tr>
<td>18. Insurance against defects</td>
<td>Costs of insurance with respect to any costs incurred to correct defects in the non-Federal entity's materials or workmanship are unallowable.</td>
<td>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&amp;A cost proposal.</td>
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<tr>
<td>[200.447]</td>
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<tr>
<td>19. Medical malpractice insurance</td>
<td>Medical liability insurance is an allowable cost of Federal research programs only to the extent that the Federal research programs involve human subjects or training of participants in research techniques. Medical liability insurance costs must be treated as a direct cost and must be assigned to individual projects based on the manner in which the insurer allocates the risk to the population covered by the insurance.</td>
<td>Not applicable to NYU</td>
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<tr>
<td>[200.447]</td>
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<tr>
<td>20. Fundraising/investing</td>
<td>Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests and similar expenses incurred solely to raise capital or obtain contributions are unallowable.</td>
<td>60431 Broker/Dealer Fees</td>
</tr>
<tr>
<td>[200.442]</td>
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<td>Dept 19020 Investment Office</td>
</tr>
<tr>
<td>21. Interest</td>
<td>Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the non-Federal entity's own funds, however represented, are unallowable. Financing costs (including interest) to acquire, construct, or replace capital assets are allowable, subject to the conditions and requirements identified in Section 200.449.</td>
<td>65293 SCE credit cards fees</td>
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<td>65572 M/C Visa Int – SCE</td>
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<td>65574 M/C Visa Int – Wagner</td>
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<td>65576 M/C Visa Int – Law</td>
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<td><strong>Unallowable Accounts / Departments</strong></td>
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<td>65578 M/C Visa Int – Sch of Ed</td>
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<td>65580 M/C Visa Int – TSOA</td>
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<td>65582 M/C Visa Int – Gallatin</td>
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<td>65584 M/C Visa Int – Dental</td>
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<td>65586 M/C Visa Int – Stern</td>
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<td>65588 M/C Visa Int – Stern Undergrad</td>
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<td>65590 M/C Visa Int – GSAS</td>
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<td>65592 M/C Visa Int – WSUC</td>
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<td>65710 M/C Visa Expense</td>
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<td>65720 Gen Int Exp – Credit Card Fees</td>
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<td>67702 Interest Exp – W.Sq.</td>
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22. Covering overruns and losses on other sponsored projects [200.451] *These costs are unallowable.* For the policies and procedures associated with overruns, see *Award Closeout Policy for Sponsored Programs.*

23. Meetings & conferences [200.432] *Allowable conference costs paid by the non-Federal entity as a sponsor or host of the conference may include rental of facilities, speakers’ fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. As needed, the costs of identifying, but not providing, locally available* 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 associated expenses must be identified as unallowable costs.
<table>
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<th>Type of Costs</th>
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<td>dependent-care resources are allowable.</td>
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<tr>
<td>24. Memberships in social &amp; civic clubs [200.454]</td>
<td>These costs are unallowable.</td>
<td>65291 – Membership Dues</td>
</tr>
<tr>
<td>25. Private patent development [200.448]</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-award costs [200.458]</td>
<td>Pre-award costs are those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.</td>
<td>For the treatment of pre-agreement costs, see Opening or Modifying a Project Policy.</td>
</tr>
<tr>
<td>27. Recruiting costs [200.463]</td>
<td>Most recruiting costs are allowable. However, “Special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness or do not conform with the established practices of the non-Federal entity, 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 [200.467]</td>
<td>Costs of selling and marketing any products or services of the non-Federal entity (unless allowed under Section 200.421 Advertising and public relations.) are unallowable, except as direct costs, with prior approval by the Federal awarding agency when</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>
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<tr>
<td>Type of Costs</td>
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<td>necessary for the performance of the Federal award.</td>
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<tr>
<td>29. Student activity costs [200.469]</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 [200.474]</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 [200.471]</td>
<td>Section 200.471 provides guidelines and 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</td>
<td>Cost transfers must meet the criteria specified in the OMB Uniform Guidance.</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 [Appendix III]</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 for 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 this category must be identified and allocated solely to the instruction function.</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>
</tbody>
</table>
5. Application of Facilities & Administrative Cost Rates (F&A)

Title: Application of Facilities and Administrative Cost Rates Policy

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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 Uniform Guidance (OMB Uniform Guidance). 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, participant support costs, 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.

**Application of F&A Rates - Subawardees That Have Never Received a Negotiated Indirect Cost Rate**

Any non-Federal subawardee that has never received a negotiated indirect cost rate (except for those non-Federal entities described in the Uniform Guidance, Appendix VII to Part 200—States and Local Government and Indian Tribe Indirect Cost Proposals, paragraph D.1.b), may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely.

**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. The OMB Uniform Guidance [Appendix III] states that Federal agencies must use the negotiated rates in effect at the time of the initial award throughout the life of the Federal award. Award levels for Federal awards may not be adjusted in future years as a result of changes in negotiated rates. “Negotiated rates” per the rate agreement include final, fixed, and predetermined rates and exclude provisional rates. “Life” for the purpose of this subsection means each competitive segment of a project.

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 Uniform Guidance).

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>
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<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-</td>
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</table>
credit basis or through regular academic departments or by separate divisions, summer school or external division.

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

» 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
  https://www.nyu.edu/content/dam/nyu/research/documents/OSP/NYU_NICRA.pdf

» OMB Uniform Guidance
  http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
6. Facilities and Administrative Cost Waivers

Title: Facilities and Administrative Cost Waivers Policy

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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 (PIs) 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: December 1, 2017

Supersedes: September 1, 2013

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 Management and Budget Uniform Guidance (OMB Uniform Guidance) and sponsor requirements for charging compensation costs to sponsored programs. As required under the OMB Uniform Guidance, 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: http://www.nyu.edu/faculty/governance-policies-and-procedures/faculty-handbook.html

   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.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 Policy.

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 (PIs) 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 Uniform Guidance
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

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: December 1, 2017

Supersedes: September 1, 2013

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 Uniform Guidance (OMB Uniform Guidance). 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

» OMB Uniform Guidance
http://www.ecfr.gov/cgi-bin/textidx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

» Colleges and Universities Rate Agreement negotiated with the Division of Cost Allocation, the Department of Health and Human Services
https://www.nyu.edu/content/dam/nyu/research/documents/OSP/NYU_NICRA.pdf
9. Institutional Base Salary

**Title:** Institutional Base Salary Policy

**Effective date:** December 1, 2017

**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 (“University”) that all faculty salaries charged to sponsored projects must be based on the Institutional Base Salary (IBS) defined in this policy. It applies to all individuals whose salary is charged or with committed effort to sponsored projects. The IBS is the baseline against which effort expended by faculty in performing work under a Federal award is measured.

**Purpose**

NYU is implementing this policy in order to maintain compliance with the federal government’s regulatory compliance requirement contained in Code of Federal Regulations Part 200 – Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (the Uniform Guidance) which requires recipients of federal funding to establish an institutional policy that documents the consistent budgeting and expensing of faculty salaries on 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.

**Definitions**

*Institutional Base Salary (IBS)*

Institutional Based Salary is the annual compensation that NYU pays a faculty employee, whether that individual's time is spent on teaching, research, service, or administrative duties. The compensation relevant in determining the IBS is the Departmental Base Salary (DBS), assigned yearly to that individual for teaching, research and service, and any increases in this base due to additional responsibilities undertaken during regular University semesters.

Institutional Base Salary:

» May not be increased as a result of replacing University salary funds with sponsor projects funds;

» Is established by the University during a department’s annual review process assessing the faculty member’s distribution of effort for the next year, and recorded in his or her file;
Is comprised of regular salary for teaching, research and service undertaken during regular academic periods (including teaching at global sites when it replaces the normal course load at the home department), and includes compensation for any secondary appointments, such as chair of a department; and

Institutional Base Salary generally changes at the beginning of the academic/fiscal year; September 1. It can, however, change during the year due to many circumstances, including, but not limited to:

- The faculty member receives an increase or decrease in salary as a result of assuming, or relinquishing, specific academic or administrative duties, e.g., serving as a department chair or program director;
- The faculty member receives a cost of living or merit salary adjustment as part of a University-wide adjustment of salaries that occurs during a fiscal year; or
- The faculty member receives a salary increase as a result of a retention or equity adjustment, promotion in rank or position, or change in employment responsibilities.
- The faculty member’s formal appointment, and required professional effort, is changed from full-time to part-time, from part-time to full-time, or from one required level of part-time effort to another required level of part-time effort;

Exclusions to the IBS: The IBS does not include compensation for irregular, short-term, and voluntary assignments (“extra service pay” as per Uniform Guidance terminology), such as compensation for teaching outside of normal periods (so-called minimesters) or for faculty on short-term assignment (three weeks or less) at global sites; nor does it include bonuses, one-time payments or incentive pay, such as faculty housing allowances or tuition reimbursements. Also excluded from IBS are: a) salary paid directly by another organization, and b) income that an individual is permitted to earn outside of University appointment responsibilities, such as intra-institutional and external consulting.

The table below lists those activities or effort for which compensation should be included and excluded from the IBS.

<table>
<thead>
<tr>
<th>Faculty Effort – Included in IBS</th>
<th>Faculty Effort – Excluded from IBS</th>
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<tr>
<td>Externally sponsored research, including seminars, delivering special lectures about the ongoing sponsored program, attending related meetings and conferences.</td>
<td>Extra-service pay, such as compensation for short-term assignment at Global Sites, or teaching during minimesters, and-including Intra-institutional consulting across departmental lines and in addition to regular workload</td>
</tr>
<tr>
<td>Consulting and other outside compensated professional work including service on scientific advisory boards compensated by external organizations.</td>
<td></td>
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### Effort and Salary Rates for Faculty Members

**Standard Faculty Effort**

The academic year time is divided into three portions: T devoted to teaching, R to research and S to service and administration, such that T+R+S = 100%. The standard distribution is T=45%, R=45% and S=10%, although individual schools or departments may set their own distributions. The teaching portion is usually associated with a specific number of courses N, which should be defined for each department. Any increases to this Departmental Base Salary due to additional responsibilities undertaken during regular academic year semesters would change the latter into the “Institutional Base Salary”, and is the salary used in the Time and Effort reports required for faculty engaged in sponsored programs. The increases that constitute the difference between the departmental and institutional base salaries are expected to vary from year to year, as the activities leading to those supplements vary.

The standard faculty appointment for tenure-track and tenured faculty in the schools at Washington Square is for the nine-month academic year, with three summer months available for additional compensation at the rate of $1/9$th of the academic year salary per month. In those schools where faculty are appointed on a 12-month basis, the same components of faculty effort (teaching, research and service) prevail, with the minor modification that teaching for some includes the clinical supervision of students.
**Academic Year Salary**

Salaries for work performed on sponsored projects by faculty members during the academic year will be based on the individual faculty member's compensation for the continuous period, which constitutes the basis of his/her salary under NYU policy as defined above. Charges for work performed on sponsored projects during all or any portion of such period are allowable at no more than the institutional base salary rate.

Faculty may request relief from the full teaching load, either to devote additional time to research or to carry out additional service (see below). In the former case, the teaching portion T is reduced proportionately for each course of teaching relief and the research portion is correspondingly increased, with the salary typically supplied by external sources. For example, if the teaching load in the department is three courses and a faculty member gets one course of relief then T is reduced from 45% to 30% and R is raised to 60% with the increased percentage supplied by external sources. In addition to teaching relief, faculty may request permission from their Chair and Dean to charge some of their academic year research time R to a grant and to have the money thereby saved by the University paid into a research account. These funds can then be used for the faculty member's remaining summer support or for other research needs.

For faculty who take on significant administrative duties, e.g., chairs, directors of under-or graduate studies, etc., each administrative appointment should be associated with a definite redistribution of the effort components T, R, S, which should, however, still add up to 100%. These amounts should be consistent from one appointment to the next in a given department and not be subject to individual negotiations. For example, a school might divide its departments into two or three classes such that chairing a department in Class I would always entail a specific level of service effort S. It is also important to note that most administrative appointments involve duties during the summer months and these must be compensated by the University. It follows that faculty in administrative positions may not in general charge the maximum summer effort to research (Rs<95%, Ss>5%). In view of the extra responsibilities taken on by the faculty member the University generally increases the overall compensation. Note that this increase affects all components of the effort, not just the administrative part, so it should be thought of as an overall increase in salary. As mentioned above, the increase is calculated using the Departmental Base Salary as the starting point and adding a supplement to it to arrive at an Institutional Base Salary. The amount of additional compensation may vary from individual to individual just as the Departmental Base Salary does.

**Summer Salary**

Salaries for work performed by nine-month faculty on sponsored projects during the summer months will be determined for each faculty member at a rate not in excess of the institutional base salary divided by the period to which the base salary relates. For example, for faculty with 9 month appointments, the rate of pay for one summer month is calculated as 1/9th of the IBS. Due to the results of recent federal audits, which highlighted the fact that faculty effort is rarely devoted exclusively to the conduct of a sponsored activity, NYU’s policy is to permit a maximum of 95% to be charged to a sponsor in any given month, including the summer.

In the summer the bulk of effort is typically devoted to research with some non-zero portion devoted to service, for example, to grant writing or committee work or other administrative responsibilities (e.g. Rs=90%, Ss=10%, Ts=0). The minimum which must be reserved in any month for service is 5% for faculty without extra administrative duties and correspondingly more for chairs, directors and deans.
**Salary Cap**

Sponsors that have a cap on salary limit the amount of IBS that can be charged to a sponsored project. When such limitations apply, the requested salary support is determined by multiplying the proposed level of effort by the amount of salary allowed and as restricted under the Sponsor’s salary cap policy. (Please reference NYU’s [Salary Cap Administration Policy](#) for questions about NYU’s administration of a sponsor’s salary cap requirements.)

**Documentation of Institutional Base Salary**

At the time of hire, all faculty employees should receive an official letter or notification which specifies their IBS. Employees receiving an adjustment in salary due to an annual increase or a promotion should receive a letter or notification documenting their new IBS and the effective date of the change.

**Procedures for Implementation**

**Institutional Base Salary in Sponsored Programs Proposals**

When requesting faculty salary support from a sponsor or committing unreimbursed effort on a sponsored project, such as mandatory or voluntary committed cost sharing for research, teaching/training or other sponsored activities, the amount of salary requested or effort committed must be based on the individual’s Institutional Base Salary (IBS).

**Accounting for IBS**

To determine the amount of faculty IBS per month (it is the same whether it is academic year or summer months) the following formula must be used:

\[
\text{Monthly IBS} = \frac{\text{Annual IBS}}{\# \text{ of appointment months}}
\]

**Examples applicable to schools at Washington Square:**

1) Faculty member A serves on the University Committee on Activities Involving Human Subjects, on 3 departmental committees and writes proposals for research funding. A’s nine-month salary of $135,000 is distributed as 45% teaching, 45% research and 10% service during the academic year. During the summer A attends occasional meetings and drafts a proposal for research funding for a distribution of 95% research and 5% service (unremunerated). During the months of June, July and August, a research grant is charged for effort. Therefore, in addition to the $135,000 academic year salary, the salary for the summer is calculated as follows:

\[
$135,000 \times \frac{3}{9} \times 95\% = $42,750
\]

Faculty member B has the same academic year salary of $135,000 in a department where 3 courses per year is the norm and where the default distribution of time is 45% for research, 45% for teaching and 10% for service. B serves on the tenure and promotion committee of the department. B is granted permission to buy out of one course for research and B also devotes the summer to a research grant. In addition, B will charge academic year research time to the grant. The time distribution during the academic year is thus 60% research (of which 43.44% is paid by NYU and
16.66% by a grant), 30% teaching and 10% service, and during the summer, 95% research, 0% teaching and 5% service.

Buy out: $20,250

Summer: $42,750 (charged to grant);

Additional academic year research time: $2,250 (charged to grant);

A research account gets established in the amount of $2,250 which B may use for the remaining 5% of summer salary or for other research expenses.

Faculty member C is appointed Chair of the department and is given a 10% salary supplement, for a total IBS of $148,500. This salary is distributed as 45% research, 30% teaching and 25% service during the academic year. During the summer, when there are not as many chair responsibilities, 90% is devoted to research and 10% to service. A research grant will pay for the research portion of summer salary.

Summer: $44,550 from research grant; NYU pays $4,950 for chair and other service responsibilities.

Faculty member C teaches a course during the January minimester for which she receives a $6,000 supplement to her academic year (base) salary of $120,000 for service over and above that provided during the regular academic year (extra-service pay). The new Institutional Base Salary remains $120,000 and the distribution of academic year effort does not change.

Roles and Responsibilities

Chairs, Deans, Academic Appointments Office, and/or Provost Office

» Ensure that faculty salary notifications are provided on an annual basis and as changes occur, indicating the approved institutional base salary.

» Retain copies of appointment and salary letters or other notification for audit purposes.

Departmental Administrators

» Review proposal budgets for accurate salary estimates.

» Ensure that entries recorded in the Payroll and Labor Distribution systems are based on the faculty member’s correct IBS.

Principal Investigators

» Confirm that all requests and charges for direct faculty salary support and cost sharing commitments for sponsored programs are based on the individual’s correct IBS.
Office of Sponsored Programs (OSP)

» Review and approve proposals (including budgets) for funding from external sponsors. (Please note that salary estimates are projections based on University guidelines, but that actual IBS will be charged.

» Answer questions regarding IBS requirements and the correct IBS calculation and administration.

Sponsored Programs Administration (SPA)

» Review sponsored project expenditures, cost sharing and salary cap charges for accuracy.

» Answer questions regarding IBS requirements and the correct IBS calculation and administration.

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](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/effort-reporting-policy-for-sponsored-programs.html)

- Personnel Costs for Sponsored Programs Policy

- 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 Uniform Guidance
  [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

- NIH Grants Policy Statement
10. Cost Sharing

Title: Cost Sharing Policy

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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

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.

Policy

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, there are three forms of cost sharing:

» Mandatory

» Voluntary Committed

» Voluntary Uncommitted

Cost sharing may be required by the sponsor as an eligibility criterion 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 Federally approved cost accounting practices (DS-2) 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 the OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance) and/or University and sponsor policies.
Federal Standards for Acceptable Cost Sharing

Under Federal awards, items committed as cost sharing must meet all of the following criteria in accordance with the OMB Uniform Guidance:

» Are verifiable from the recipient’s records.
» Are not included as contributions for any other Federally-award;
» Are necessary and reasonable;
» Are allowable under Subpart E – Cost Principles;
» 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;
» Unrecovered indirect costs may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency. Values for non-Federal entity contributions of services and property by NYU or a subrecipient under a Federal award must be established in accordance with Federal guidelines (200.434).

Appropriate Justification for Cost Sharing

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

» Under the Uniform Guidance, funding opportunity announcements must state whether there is mandatory cost sharing (therefore eligibility is limited to proposals which commit to shared costs, matching or other contributions) and identify any restrictions on the types of cost sharing that are acceptable;

» For Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity. Vague statements from a Federal agency which encourage cost sharing will not be permitted. If authorized by sponsor regulation or statute, the announcement must also describe how the cost sharing will be considered. Please note that voluntary cost sharing is expressly prohibited by the National Science Foundation and will result in a proposal being returned without review.

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)

Program income (UG 200.307e3)

**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 or 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.

**NYU Restrictions on Cost Sharing**

As a general rule, the contribution of a Principal Investigator’s (PIs) 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 PIs 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. Categorical or class exceptions of such limitations will be considered by the Senior Vice Provost for Research when sponsor practices can
be documented which would make such ad hoc approvals unduly burdensome on the investigator;

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 Waivers Policy.

Procedures for Implementation

New York University (“NYU”) encourages and supports the efforts of Principal Investigators (“PIs”) to obtain external funding for their research endeavors. PIs are therefore given latitude in developing the scientific and financial aspects of their proposals in order to increase their success in the highly competitive arena of sponsored projects.

PIs should discuss cost sharing requests in advance with their Chairs and Deans, and when applicable, the Senior Vice Provost for Research. Every dollar of mandated or voluntary committed cost sharing results in NYU forfeiting not only the recovery of the direct cost but also the recovery of the associated indirect [“Facilities and Administrative” (F&A)] costs. In addition, in accordance with federal requirements, the total amount of all cost sharing must be included in the denominator, or base, of NYU’s indirect costs calculation. As such, NYU must put amounts into its research base for which no direct cost reimbursement is received. This results in a decrease in the federally negotiated rate and associated indirect cost recoveries, which has far-reaching, negative implications for NYU’s ability to support the research enterprise.

It is thus important to limit the use of cost sharing in order not to overburden University resources or the ability to recover indirect costs. It is also important to recognize the compliance implications of cost sharing, whether the cost sharing fulfills a sponsor mandate or is offered voluntarily. Cost sharing should only be offered if clearly mandated by the sponsor or if it will be explicitly considered by the sponsor in making an award.

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 determines 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. Approval is conveyed as part of the Cayuse SP proposal routing process, which captures specific information regarding proposed cost sharing arrangements.

Cost sharing commitments must be specifically quantified in the proposal budget and described in the budget justification. Care should be taken so that statements about unbudgeted key personnel involvement or tasks will not be inadvertently construed as voluntary cost sharing, and any such information that will enhance the likelihood of the success of the project should be restricted to the proposal resources section or project narrative.

Any change in the amount of approved cost sharing provided by the University under a sponsored agreement requires the prior written approval of both the University and the sponsor. If the project is awarded as proposed, no adjustments to the budget or cost sharing commitment
will be necessary. If the awarded amount will be less than the proposed amount, any cost sharing commitment should be adjusted accordingly. This is true if the approved budget requires a change in the scope of work.

If the level of PI effort committed to a Federal sponsor drops below re-budgeting limits (generally 25%), as during a no-cost extension, either Sponsor approval must be obtained for the reduced effort commitment, following OSP’s Prior Approval Matrix procedures, or the difference between the committed effort and the effort charged to the sponsor must be documented in a Cost Sharing Project as described below.

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:

» Upon receipt of a Notice of Award from the sponsor, OSP verifies the types and amounts of any approved cost sharing and distributes it to the PI, school department, SPA and all other affected University parties, under an Award Summary which notes the costs sharing commitment as a condition of the award.

» When notified of an award subject to a cost sharing commitment, SPA instructs the responsible departmental administrator to complete a Cost Share Form (see Appendix 1) in order to identify the source of all cost sharing (i.e., the FAME chartfield(s) from which the cost sharing will be funded, unrecovered F&A, or third-party contributions). The Cost Share Form should also be uploaded, along with the Budget Grid for sponsor funding, in Cayuse under the award tab.

» 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 via an emailed NYU Authorization Form for Sponsored Programs 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 PeopleSync System 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).

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

Cost sharing by a third party does not require the creation of a cost sharing account, but rather 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.

For Federal awards, rates should be consistent with those paid by NYU for similar work, or when such skills do not exist at NYU, with market rates, and documented similarly. Third party employee services should be at regular rates of pay plus fringe benefits and indirect costs based on negotiated rates (or in the absence of a negotiated rate, the de mimimus 10%). Donations of property and equipment cannot exceed fair market value at the time of the donation.

**Monitoring Cost Sharing Accounts**

Cost sharing almost always occurs continually 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 in order to avoid cost transfers at the close of the project.

**Project Closeout and Financial Reporting to Sponsors**

At all reporting points in the project, 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. At project close-out, SPA will resend the Cost Share Form by email to the PI and departmental administrator for final update.

PIs and DA’s should work closely with SPA to ensure accurate reporting of cost sharing on financial reports to sponsors. When a financial report is due that requires cost share reporting, SPA verifies that the cost sharing requirement is met. However, SPA only requires that total cost sharing requirements are met upon expiration of the sponsored project. When the project is closed out, SPA completes the cost share tab in FAME to indicate that the cost sharing obligation has been satisfied.
Policy Definitions

**Cost Sharing**

The portion of a project or program cost that is not reimbursed by the sponsor, including any shared costs or matching funds and all contributions (cash and third-party in-kind). Cost sharing may be mandatory, voluntary committed, or voluntary uncommitted.

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

- **Voluntary Committed** – quantified contributions which are specified in a proposal budget but are not mandated by the sponsor. It may be offered by NYU and becomes an obligation once an award is made. Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.

- **Voluntary Uncommitted** – Personal effort that is donated time, over and above that which is committed and budgeted for in a sponsored agreement. Voluntary uncommitted cost sharing does not require tracking and reporting.
### In-Kind

Non-cash donation of goods and services provided by a non-Federal third party. When the basis for an award, in-kind contributions must be documented and may require a certification of fair market value.

### Matching

The requirement by some sponsors that funds be matched in specific proportion with funds from NYU or another party.

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### Related Policies

- **Facilities and Administrative Cost Waivers Policy**
  
  [link](http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/facilities-and-administrative-costs-waiver-policy.html)

### Federal Regulations

- **OMB Uniform Guidance**
  
  [link](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

- **Memoranda 01-06 – Clarification of the Office of Management and Budget (OMB) A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs**
  
  [link](https://obamawhitehouse.archives.gov/omb/memoranda_m01-06/)

### Appendices

**Appendix 1: Cost Share Form**

[link](http://www.nyu.edu/content/dam/nyu/sponsoredPrgmsAdmin/documents/SPAHandbook-CostShareForm.pdf)
Section 3:
Managing Awards
1. Opening or Modifying a Project

Title: Opening or Modifying a Project Policy

Effective date: December 1, 2017

Supersedes: September 1, 2013

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 University general ledger (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 (PIs) 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

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
Sponsored Programs Administration Post-Award Handbook

- 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 FAME, 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 Systems Management (FSM) to validate the chartfield and activate the project ID, as well as add to appropriate FAME 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 in ServiceLink (NYUHome login required)

- For global sites that must track original budgets, a FAME 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 FSM 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 FSM 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.
Pre-Award Spending

Departments must request prior approval from OSP 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?

What is an Advance/Risk Project?

The department will need to complete a Request for Risk Project Form (https://www.nyu.edu/content/dam/nyu/sponsoredPrgmsAdmin/documents/SPAHdbk-RequestforRiskProject.pdf). 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>Advance/Risk Project</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>Pre-Award Spending</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
2. Re-Budgeting

Title: Re-Budgeting Policy for Sponsored Programs

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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 PIs, 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, PIs 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” (https://wikis.nyu.edu/pages/viewpage.action?spaceKey=RES&title=Research+Terms+and+Conditions+Prior+Approval+Matrix) for Federally funded projects should be consulted when determining whether it is necessary to have prior sponsor approval.

» If the sponsor is not included in the Matrix referenced above, the PI should refer to the award’s terms and conditions to determine when prior sponsor approval is required.
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
  http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/costing-policy.html

- Research Terms and Conditions Prior Approval Matrix
  https://wikis.nyu.edu/pages/viewpage.action?spaceKey=RES&title=Research+Terms+and+Conditions+Prior+Approval+Matrix

Federal Regulations

- OMB Uniform Guidance
  http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
3. Prior Approvals

Title: Prior Approvals Policy for Sponsored Programs

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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 (PIs), 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 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 (disengagement 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).

Please refer to the OSP Prior Approval Matrix for a complete listing of possible post award actions that may require sponsor approval.

b. Requesting Prior Approval
Prior approval for post award changes on sponsored projects must be requested by the PI (or his or her designee) to the Office of Sponsored Programs. NYU has implemented a Prior Approval Matrix that will document whether prior approval is required from the sponsoring agency or whether NYU has approval authority for post award changes or actions. The Prior Approval Matrix contains all the information necessary to make this determination. The Prior Approval Matrix can be found on the OSP website at: https://wikis.nyu.edu/pages/viewpage.action?spaceKey=RES&title=Research+Terms+and+Conditions+Prior+Approval+Matrix

» The Prior Approval Matrix should be used for all federally funded awards.
  o The Prior Approval Matrix identifies a wide range of possible actions, including no-cost extensions.
  o For non-federally funded awards, OSP will follow the sponsor’s specific requirements regarding actions requiring prior approval.
» All requests for post award changes must be made in a timely manner.
» All requests must provide sufficient justification and supporting documentation.
» All requests must reference the CAYUSE award number to which the post award action applies.
» When completed, the request should be emailed to osp.agency@nyu.edu.
  ◦ The request should cc the PI, Department Chairperson, Department Administrator and the Dean or his/her designee.
» The OSP Project Officer assigned to the award’s unit will review the request and determine if any further information is needed. Upon completion, the Project Officer will submit the request to the sponsoring agency if necessary. If internal approval is appropriate, OSP will notify the sponsoring agency of the approved action.
» 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.
» The OSP Project Officer assigned to your unit will provide assistance and answer any questions regarding this procedure.

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

Federal Regulations

» OMB Uniform Guidance
  http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
4. No-Cost Extension

Title: No-Cost Extension Policy for Sponsored Programs

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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 PIs, 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:

PIs 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 No Cost Extension Request

Prior approval for post award changes on sponsored projects, including no-cost extensions, must be requested by the PI (or his or her designee) to the Office of Sponsored Programs. NYU has implemented a Prior Approval Matrix that will document whether prior approval is required from the sponsoring agency or whether NYU has approval authority for post award changes or actions. The Prior Approval Matrix contains all the information necessary to make this determination.
The Prior Approval Matrix can be found on the OSP website at: https://wikis.nyu.edu/pages/viewpage.action?spaceKey=RES&title=Research+Terms+and+Conditions+Prior+Approval+Matrix.

» The Prior Approval Matrix should be used for all federally funded awards.
  o The Prior Approval Matrix identifies a wide range of possible actions, including no-cost extensions.
  o For non-federally funded awards, OSP will follow the sponsor’s specific requirements regarding actions requiring prior approval.

» All requests for post award changes must be made in a timely manner. 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.

» All requests must provide sufficient justification and supporting documentation.

» All requests must reference the CAYUSE award number to which the post award action applies.

» When completed, the request should be emailed to osp.agency@nyu.edu.
  o The request should cc the PI, Department Chairperson, Department Administrator and the Dean or his/her designee.

» The OSP Project Officer assigned to the award’s unit will review the request and determine if any further information is needed. Upon completion, the Project Officer will submit the request to the sponsoring agency if necessary. If internal approval is appropriate, OSP will notify the sponsoring agency of the approved action.

» 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.

» The OSP Project Officer assigned to your unit will provide assistance and answer any questions regarding this procedure.
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

Federal Regulations

» OMB Uniform Guidance
   http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
5. Effort Reporting for Sponsored Programs

Title: Effort Reporting Policy for Sponsored Programs

Effective Date: December 1, 2017

Supersedes: December 26, 2014

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 Management and Budget Uniform Guidance (OMB Uniform Guidance). All Principal Investigators (PIs) 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 University standards and procedures for determining and supporting the costs of personal services (i.e., effort) committed and charged to Federally-sponsored programs. As a condition of accepting such funding, NYU must ensure that such charges are based on records which accurately reflect the work performed, and which reasonably ensure the charges are accurate, allowable, and properly allocated.

The goals of this policy and these procedures are to:

» Fulfill Uniform Guidance requirements for documenting personal service costs paid against Federal awards.

» 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 NYU’s effort recording systems.

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, as determined by NYU and sponsor terms and conditions. NYU utilizes an effort reporting system which is a system of internal controls that reasonably ensures that salary charges to
Sponsored Programs Administration Post-Award Handbook

sponsored projects are accurate, allowable and properly allocated. NYU’s effort reporting system documents salaries charged to federally sponsored projects accurately reflect the work performed and to meet the requirements of the Office of Management and Budget’s (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance – 2 CFR 200) and University policy. 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.

Under the Uniform Guidance, the Institutional Base Salary (IBS) is the fundamental measure of the effort expended by faculty in institutions of higher education in performance of work under a Federal award. Thus it is incumbent on NYU to establish a consistent written definition of IBS specific enough to determine when an individual’s time is devoted to those University activities which are encompassed by the IBS, and those which are not. The following lists delineate the activities that are included and excluded from the IBS as defined by NYU:

Activities Included in University Effort

» Externally sponsored research and other projects, including contributing and directly related activities such as delivering special lectures about the ongoing sponsored program, writing reports and articles, fulfilling compliance requirements (i.e., for human subjects, animals, etc.), managing data, participating in seminars, consulting students and colleagues, and 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.

Activities Excluded from University Effort

» Extra-service pay, such as compensation for short-term assignment at Global Sites, or teaching during minimesters, and-including Intra-institutional consulting across departmental lines and in addition to regular workload

» Consulting and other outside compensated professional work including service on scientific advisory boards compensated by external organizations.

» Volunteer community or public service

» Clinical Services Effort
Veteran’s Administration compensated activities outlined in a Memorandum of Understanding

Bonuses and certain "one-time" payments for which extra compensation is paid by NYU

For all other (non-faculty) University employees, effort is measured against the individual’s actual salary, subject to Uniform Guidance standards for allowability and reasonableness. As indicated in the IBS Policy, Schools and Departments are responsible for identifying those activities that fall within and outside of the IBS.

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.

Effort reports are generated electronically through the University's Effort Reporting System or ERS. When reported effort reasonably agrees with the salary charged, the effort form is ready for certification.

OMB Uniform Guidance indicates that teaching, research and service are often times inextricably intermingled, which means a precise estimate may not always be feasible. The University expects reasonable estimates be made when comparing salary charges to actual effort. In addition to reconciling actual effort to salary, keep in mind, actual effort should equal the effort commitment, within a reasonable variance.

If the actual effort is reduced by more than 25% of the committed effort, prior approval from the sponsor must be obtained.

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.

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](http://www.nyu.edu/content/dam/nyu/research/documents/OSP/NYUGuidelinesonFacultyEffort3)
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.

An effort commitment is typically expressed as a percentage of an individual’s time or in “person months” (specifically, the number of months of effort to be expended on the award). For example, a faculty member with a 9 month appointment devoting half of his or her time to a given sponsored project would be devoting 50 percent or 4.5 person months. When the proposal is funded and the award is accepted by the University, then that effort commitment becomes a requirement of the award. Prior approval is required from federal sponsors when PIs disengage from their projects for three or more months, or do not expect to meet their effort commitment within a 25% variance or more. For example, someone with an effort commitment of 20% would require prior approval to reduce their effort to 15% or lower.

Temporary changes of less than 5% of assigned effort during a period are generally considered immaterial (except that the 1% minimum effort for PIs 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).

Salary Charged

Appointments (and subsequent salary distributions) should be updated once the project-related activity has commenced. The salary being charged should represent the anticipated effort on each sponsored project as well as salary for other activities such as teaching, departmental research, and service activities that are not funded by a sponsored project. The sum of the salary charged directly to the sponsored project, and salary charged to any cost sharing accounts, should reasonably agree with committed effort.

One goal of effort reporting is to ensure that salary charged agrees with actual effort devoted to sponsored projects in relation to all other activities for which the individual is paid an institutional base salary. Actual effort above the effort commitment is referred to as “voluntary uncommitted cost sharing”, should not be reflected on the effort form. This is effort that is not charged to the project. Simply meeting your commitment is sufficient. For more information on cost sharing, please see the Cost Sharing Policy.

Some projects may begin before the notice of award arrives. Pre-award costs are agency specific and should be verified in the terms and conditions of the award. Effort, and resulting salary charges, need-to be allocated appropriately to the project in order not to overcharge other sponsored projects, as well as limit the need for cost transfers.

Summer Effort for Faculty with 9-Month Appointments

Faculty members may devote effort to sponsored projects during the summer term. Salaries for work performed by nine-month faculty on sponsored projects during the summer months will be determined for each faculty member at a rate not in excess of the institutional base salary divided by the period to which the base salary relates. For example, for faculty with 9 month appointments, the rate of pay for one summer month is calculated as 1/9th of the IBS. Due to the results of recent federal audits, which highlighted the fact that faculty effort is rarely devoted exclusively to the conduct of a sponsored activity, NYU’s policy is to permit a maximum of 95% to be charged to a sponsor in any given month, including the summer. For more information on institutional base salary, please see the Institutional Base Salary Policy.

Extra-Service Pay

Under the Uniform Guidance, charges for effort expended by faculty beyond the level defined by the IBS (as established in the appointment letter or employment agreement), or so-called overload, may be allowable with the prior approval of the sponsor. Cross-school consultation, teaching outside normal schedules, and other forms of short-term and irregular assignments for which additional compensation is provided would fall into this category. However, such charges must be recorded and supported according to the University’s standard for documentation of regular University compensated activities and charged at rates commensurate with the individual’s IBS.
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, PIs 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 PIs 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 PIs (and for some sponsors, key personnel) on the projects that they sponsor. Federal agencies define changes in status as:

» Disengagement 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 PIs 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, PIs 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 PIs 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, PIs, OSP and SPA;
» Assists PIs 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 PIs 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.

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 PIs 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 PIs 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:

2) 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;

   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;

   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 OMB Uniform Guidance 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>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>University Effort</td>
<td>The sum of all professional activities for which NYU compensates an individual. This is distinct from outside professional activities, whether compensated or not, including consulting and other outside professional work, service on scientific advisory boards, Veteran's Administration compensated activities outlined in a Memorandum of Understanding, as well as other forms of volunteer community or public service. Please note that effort-bearing compensation is distinct from other forms of personal income which may be distributed by NYU through the payroll system, under special arrangements between the University and individual employees, for such benefits as housing allowances or dependent tuition support.</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) or equivalent person-months.</td>
</tr>
<tr>
<td>Institutional Base Salary (IBS)</td>
<td>Institutional Based Salary is the annual compensation that NYU pays an employee, whether that individual's time is spent on research, teaching, administrative, 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. IBS does not include bonuses, one-time payments or incentive pay. Also excluded from IBS are: a) salary paid directly by another organization, and b) income that an individual is permitted to earn outside of one's University responsibilities such as consulting. For faculty with 9 month appointments, it is the salary base for the period 9/1 – 5/31.</td>
</tr>
</tbody>
</table>
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 – quantified contributions which are specified in a proposal budget but are not mandated by the sponsor. It may be offered by NYU and becomes an obligation once an award is made. Under Federal research proposals, voluntary committed cost sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity.

- Voluntary Uncommitted – Personal effort that is donated time, over and above that which is committed and budgeted for in a sponsored agreement. Voluntary uncommitted cost sharing does not require tracking and reporting.

Salary Cap

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.

Sponsored Effort

The work or portion of time committed to a sponsored activity, or expended in support of that project, whether or not charged to the sponsor.

Related Policies

- Cost Sharing Policy
  [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)
» 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

» OMB Uniform Guidance
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

» NIH Grants Policy Statement
6. Cost Transfers

**Title:** Cost Transfer Policy

**Effective Date:** December 1, 2017

**Supersedes:** September 1, 2013

**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 (PIs) 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 Management and Budget Uniform Guidance (OMB Uniform Guidance) 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.
  - 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 Policy* 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 PIs 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 PeopleSync 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 PeopleSync request. For ERS and PeopleSync 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 ERS or PeopleSync. 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 in 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 PeopleSync action (retroactive adjustment) to their school/departmental Human Resource Officer (HRO) for processing. PeopleSync 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 PIs 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>Examples:</td>
<td></td>
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<tr>
<td></td>
<td>» Transfer pre-award costs from departmental holding account;</td>
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<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</td>
</tr>
</tbody>
</table>
Other Than Personnel Services (OTPS) | Direct costs for sponsored projects exclusive of salaries and fringe benefits.

**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

» Opening or Modifying a Project Policy  
http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/opening-or-modifying-a-project-policy.html

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

**Federal Regulations**

» OMB Uniform Guidance  
http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

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

Title: Salary Cap Administration Policy

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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

Salary cap administration begins in pre-award during the proposal preparation and submission process. The proposal application 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 faculty Institutional Base Salary (IBS or employee annual base salary) by the appropriate percentage of effort, or person months, to be expended on the project. The IBS is the annual compensation that NYU pays a faculty employee, whether that individual's time is spent on teaching, research, service, or administrative duties. 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

Some sponsors (notably, the National Institutes of Health) impose a salary cap, which is defined as the **maximum annual salary** for the level of effort that can be charged to a sponsored award. It does not limit the amount of compensation paid to an employee, but does limit the amount that the funding agency will reimburse for that individual’s effort on the project. Normally it is indexed to a specific government Executive pay level, which typically is adjusted January 1st of each calendar year.

Salary caps are annualized, meaning they are based on 12 months. However, faculty appointments may not be; many PIs often have 9-month appointments. Therefore 9-month salary must be annualized and converted to a 12-month salary for comparison.

To annualize a 9-month PIs salary, take the 9-month Institutional Base Salary (IBS), divide by 9 and multiply by 12.

- For example, a 9-month faculty with an IBS of $150,000 would result in an annualized salary of $200,000.

It’s also important to understand how annual salary caps translate into monthly salary caps to ensure monthly salary charges do not exceed allowable levels. The annual salary cap should be divided by 12 to give you the monthly cap.

Where a sponsor specifies a maximum rate at which an individual is to be charged to that sponsor’s awards, it is NYU’s policy that the Principal Investigator (PI) will ensure that any salary paid above that rate will not be charged to the sponsor. Monitoring the monthly salary cap ensures consistency in spending and overall compliance with annual salary cap limits.

When an individual's salary exceeds the salary cap established by the sponsor, the difference between that individual's actual salary and the maximum amount allowed under the cap for that percent of effort, or person months, must NOT be charged to another Federally sponsored award. The difference must be charged to a non-sponsored chartfield. At NYU, this chartfield is called “a non-sponsored cost sharing account.” Although this is in fact not formal cost sharing NYU treats it as such for effort reporting purposes in order to capture total effort expended on a sponsored project. The salary over the cap is an unallowable cost and cannot be used to meet mandatory or voluntary committed cost sharing obligations.

*Example*: If 50% effort is charged to a sponsored project with an annual salary cap of $185,100, then the 50% is applied against a monthly maximum rate of $15,425. The maximum actual charge to the project account for that pay period would be $7,713. The faculty member’s IBS is $200,000, or $16,667 per month, multiplied by the effort percentage of 50% results in actual salary attributable to the project of $8,334. In this case, you need to account for the over the cap difference of $621 between the actual salary and allowable salary.

Properly accounting for the salary cap is essential for NYU effort reporting purposes. Specifically, to capture total effort expended on the sponsored project requires $621 per month to be cost shared on a non-sponsored account. Again, although the salary over the cap is similar to voluntary committed cost sharing, it is an unallowable cost, is not reported to the sponsor, and cannot be used to meet mandatory or voluntary committed cost sharing obligations.

*Example*: If 25% effort is charged to a sponsored project with an annual salary cap of $185,100, then the 25% is applied against a monthly maximum rate of $15,425. The maximum actual charge to the project account for that pay period would be $3,856. The faculty member’s IBS is
$225,000, or $25,000 per month, multiplied by the effort percentage of 25% results in actual salary attributable to the project of $6,250. In this case, you need to account for the over the cap difference of $2,394 between the actual salary and allowable salary.

Properly accounting for the salary cap is essential for NYU effort reporting purposes. Specifically, to capture total effort expended on the sponsored project requires $2,394 per month to be cost shared on a non-sponsored account. Again, the salary over the cap is similar to voluntary committed cost sharing; it is an unallowable cost, is not reported to the sponsor, and cannot be used to meet mandatory or voluntary committed cost sharing obligations.

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. Generally, sponsors will not provide additional funds for this purpose. Any additional salary charged will also increase charges for fringe benefits and indirect costs as appropriate.

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 PIs 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 PeopleSync actions 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 FAME.

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](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)

**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: December 1, 2017

Supersedes: September 1, 2013

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.

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.

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, and principal and interest on loans made with award funds.

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.

Federal awards that contain program income will usually contain terms and conditions specifying how the program income should be used. The various options for the application of program income are shown below. In the rare cases where the application of program income is not defined in the terms and conditions of the agreement, recipients should use the default methodology defined in option 2, Addition. Please note that the Federal awarding agency may distinguish between income earned by the recipient and income earned by subrecipients and between the sources, kinds, or amounts of income.

1) Deduction

Ordinarily program income must be deducted from total allowable costs to determine the net allowable costs. Program income must be used for current costs unless the Federal awarding agency authorizes otherwise. Program income that the non-Federal entity did not anticipate at the time of the Federal award must be used to reduce the Federal
award and non-Federal entity contributions rather than to increase the funds committed to the project.

2) Addition
   With prior approval of the Federal awarding agency program income may be added to the Federal award by the Federal agency and the non-Federal entity. The program income must be used for the purposes and under the conditions of the Federal award.

3) Cost sharing or matching.
   With prior approval of the Federal awarding agency, program income may be used to meet the cost sharing or matching requirement of the Federal award. The amount of the Federal award remains the same.

4) Income after the period of performance
   There are no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or the terms and conditions of the Federal award provide otherwise. The Federal awarding agency may negotiate agreements with recipients regarding appropriate uses of income earned after the period of performance as part of the grant closeout process.

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 defined in OMB Uniform Guidance, Sections 200.317 to 200.326

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 FAME.

» 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 FAME.

» 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 Uniform Guidance  
  [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)
9. Clinical Trials Financial Management for Sponsored Programs

Title: Clinical Trials Financial Management Policy for Sponsored Programs

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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. PIs 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>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical Trials</td>
<td>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.</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 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: December 1, 2017

Supersedes: September 1, 2013

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 (PIs) and Department Administrators (DA’s) share responsibility for payments made on Sponsor Awards. PIs 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 PIs, 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 FAME 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 PIs, 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-expenditure 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 PIs and DA’s for the interpretation of regulations and NYU’s policies and procedures;

» Prepare and submit Invoices, Letter-of-Credit drawdowns and reconciliations of billing and payments. The Uniform Guidance requires that annual and final fiscal reports include a certification, signed by someone with the authority to bind the University that the expenditures are proper and in accordance with the terms and conditions of the Federal award;

» 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](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

Federal Regulations

» OMB Uniform Guidance
  [http://www.ecfr.gov/cgi-bin/textidx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl](http://www.ecfr.gov/cgi-bin/textidx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)
Section 4: Travel and Procurement
Procurement Standards – OMB Uniform Guidance (2 CFR 200)

Procurement is an area that has been significantly impacted by the implementation of the OMB Uniform Guidance (2 CFR 200). As part of the new requirements NYU is required to:

- Document procurement procedures that reflect federal law, Uniform Guidance standards.
- Focus on the most economical solution during the procurement process, and avoid using federal funds for the acquisition of unnecessary items. This includes considering the use of shared services and intergovernmental agreements to foster greater economy and efficiency.
- Write a conflict-of-interest policy which outlines that no employee or agent of the entity may participate in the selection, award, or administration of a contract funded by federal grant dollars if he or she has an actual or apparent conflict of interest.
- Document the procurement steps and activities required to be completed, including the basis for the type of procurement, contract type, and the basis for the contractor selection and price.
- Maintain an appropriate level of oversight to ensure that contractors perform in accordance with the terms of their contract.

NYU must also follow the guidelines for the five methods of procurement outlined in the Uniform Guidance:

- **Micro-purchase**: Purchases where the aggregate dollar amount does not exceed Uniform Guidance thresholds. When practical, the institution should distribute micro-purchases equitably among qualified suppliers. No competitive quotes are required if the price is reasonable.
- **Small purchase**: Includes purchases up to the Simplified Acquisition threshold, which is currently $150,000. Informal purchasing procedures are acceptable, but price or rate quotes must be obtained from an adequate number of sources.
- **Sealed bids**: Used for purchases over the Simplified Acquisition Threshold, which is currently $150,000. Under this purchase method, formal solicitation is required, and the fixed price (lump sum or unit price) is awarded to the responsible bidder who conformed to all material terms and is the lowest in price. This method is the most common procurement method for construction contracts.
- **Competitive proposals**: Used for purchases over the Simplified Acquisition Threshold, which is currently $150,000. This procurement method requires formal solicitation, fixed-price or cost-reimbursement contracts, and is used when sealed bids are not appropriate. The contract should be awarded to the responsible firm whose proposal is most advantageous to the program, with price being one of the various factors.
- **Noncompetitive proposals**: Also known as sole-source procurement, this may be appropriate only when specific criteria are met. Examples include when an item is available only from one source, when a public emergency does not allow for the time of the competitive proposal process, when the federal awarding agency authorizes, or after a number of attempts at a competitive process, the competition is deemed inadequate.

At NYU sole-source procurement is a method often employed for the procurement of research goods and services. This is due, in part, to the fact that the compatibility of the equipment is of paramount consideration, the compatibility of accessories or replacement parts is of paramount consideration, the sole source supplier’s item is needed for trial use or testing. When using the
sole-source procurement method it’s important to document the justification for sole source. Documentation should include:

- Specifying unique performance factors
- Stating of why they were required
- Demonstrating the evaluation of other products, and reasons for rejection stated

NYU complies with procurement standards and facilitate the purchasing of goods and services through the following primary methods, including:

- **i-Buy**: i-Buy is NYU's online portal for authorized personnel to shop and purchase goods such as office supplies, promotional items, computer supplies, photo related supplies, medical & dental supplies, facilities, catering, and office furniture. i-Buy is a preferred method for procurement since the i-Buy marketplace contains suppliers with whom the University has negotiated contract pricing. Pricing is typically competitive and helps demonstrate the reasonableness of the expenditure when directly charging to a federal award.

- **Requisition**: Requests to purchase materials, parts, supplies, equipment, or other services on behalf of the university must be made using a Purchase Requisition. Purchase Requisitions are created electronically using the i-Buy System. Purchases totaling more than $1000 are generally processed via i-Buy unless another authorized mechanism such as a Purchasing Card or as indicated in the Business Expense Policy. Requisitions over $10,000 must go through a competitive bidding process.

- **Purchasing Card**: The NYU Purchasing Card, commonly referred to as a “P-Card,” is a tool offered to New York University employees who are responsible for procuring goods and services for their department. The P-Card is a University liability Master Card used for purchasing low-dollar items not available on the i-Buy marketplace; it has no effect on the cardholder’s personal credit. The P-Card provides University employees with a quick and convenient method of payment. The P-Card may not be used for travel-related expenses.

For more information on buying and paying, please see the How to Buy at NYU page on the FinanceLink website (http://www.nyu.edu/employees/resources-and-services/financelink/buying-paying/how-to-buy.html) and please refer to the Purchasing Policies and Procedures Manual (http://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/purchasing-policies-and-procedures-manual.html).
1. Domestic and Foreign Travel for Sponsored Programs

Title: Domestic and Foreign Travel Policy for Sponsored Programs

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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 Uniform Guidance (OMB Uniform Guidance).

Therefore, charges must pass the following three tests:

» The cost must be allowable under both the provisions of the OMB Uniform Guidance 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
All domestic and foreign travel for sponsored programs is governed by the University Business Expenses policy and, in the case of Federally sponsored foreign travel, subject to the requirements of the Fly America Act. If specific sponsor guidelines or the terms and conditions of a sponsored award are more restrictive than University policy, then the sponsor rules shall apply.

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 their designee. 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 contact the Office of Sponsored Programs (OSP) for any travel changes exceeding the approved budget by $1,000 or 25%, whichever is greater.

Commercial airfare costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except when such accommodations would:

(i) Require circuitous routing (e.g., multiple stops or layovers);

(ii) Require travel during unreasonable hours (e.g., “red eye flights”);

(iii) Excessively prolong travel;

(iv) Result in additional costs that would offset the transportation savings; or

(v) Offer accommodations not reasonably adequate for the traveler's medical needs. The non-Federal entity must justify and document these conditions on a case-by-case basis in order for the use of first-class or business-class airfare to be allowable in such cases.

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 60 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 and territories. Travel to Canada may be considered domestic travel by some Federal Agencies. Please refer to the agency’s websites for guidance. When traveling domestically it’s important to remember that travelers are expected to choose the lowest priced, most feasible airfare available at the time of booking (typically economy-class travel). The traveler can use a preferred airline, when available and when it satisfies the low-cost requirement. 14-day advance purchase of airline tickets is recommended.

d. **Foreign Travel**

*Foreign travel* is travel outside of the United States, its territories and possessions. For a foreign organization foreign travel means travel outside that country. This generally means 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) in order to comply with the requirements of the *Fly America Act* 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.

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. 
d) 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.

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. Please refer to the *Fly America Act Waiver Checklist* for guidance on exceptions.

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 by the Dean or Senior Leader of the unit. The request for reimbursement must be accompanied by a written justification.

The U.S. 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. Current bilateral/multilateral “Open Skies Agreements” (U.S. Government Procured Transportation) in effect include: 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: https://www.gsa.gov/portal/category/27075.

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

Travel costs for employees working on a sponsored project may include advances, per diems or subsistence allowances, and other travel-related expenses, such as mileage allowances if travel is by personal automobile. The following rules apply for meals, entertainment, and lodging specifically:

**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. Per diem rates for meals and incidental expenses are outlined as follows:

- The General Services Administration sets rates for travel within the 48 contiguous states. These rates can be found at http://www.gsa.gov/portal/content/104877.

- The Department of Defense sets rates for Alaska, Hawaii and U.S. Territories and Possessions. These rates can be found at http://www.defensetravel.dod.mil/site/perdiemCalc.cfm.

- The State Department sets rates for International Travel. These rates can be found at http://www.state.gov/travel.

Please note that the GSA requires travelers to prorate the meal and incidental expense allowance for the first and last day of their trip. The first and last calendar day of travel is calculated at 75% of the locale’s per diem. Additionally, in all cases, alcohol is not a reimbursable expense on an award. 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

Travelers will be reimbursed for the actual cost of lodging, up to $300 plus tax per day. The 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

For foreign travel, NYU uses the Department of State per diem rates, listed by country. See: http://www.state.gov/travel.

h. Documentation

Maintain documentation for all travel expenses and include original detailed receipts for reimbursement unless electing per diem for meals. Failure to produce a receipt may result in non-reimbursement. For conferences and meetings documentation should also include:

- A copy of the conference agenda;
- 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 details (rental car bill, receipts from taxis or limousines, ticket coupon from rail or bus required if greater than $25).

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 possible, 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:

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

» 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

Federal Regulations

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

» OMB Uniform Guidance
  http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

» The U.S. Department of Defense, Information on GSA City Pairs
  https://cpsearch.fas.gsa.gov/

Appendices

» Accounts Payable Expense Breakdown for Travel Form (EXP 2000T)
  https://www.nyu.edu/content/dam/nyu/financialOperationsTreas/documents/forms/exp2000T.pdf

» 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: December 1, 2017

Supersedes: September 1, 2013

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 (F&A) cost rate.

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 Uniform Guidance, section 200.454.

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

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Award</td>
<td>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.</td>
</tr>
<tr>
<td>Sponsor</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>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>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>
</tbody>
</table>

### Related Policies

- Charging Administrative Expenses to Federal Awards Policy  

- Costing Policy  

### Federal Regulations

- OMB Uniform Guidance  
  [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)
2. Managing Subawards Issued by NYU

Title: Managing Subawards Issued by NYU Policy

Effective Date: December 1, 2017

Supersedes: December 26, 2014

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 Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl) 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 Contractor

NYU follows the requirements in the OMB Uniform Guidance, Section 200.330, that state; a pass-through entity must make case-by-case determination whether each agreement it makes for the disbursement of Federal program funds classifies the party receiving the funds in the role of a subrecipient or contractor. The table below provides guidance to help differentiate between subawards and other vendor relationships such as consulting agreements or purchasing agreements. The Federal awarding agency may require complying with additional guidance to support these determinations. Not all characteristics listed need to be present in making such a classification.

<table>
<thead>
<tr>
<th>Subaward (or Subrecipient)</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Helps determine eligibility for assistance;</td>
<td>Provides the goods and services within its normal business operations;</td>
</tr>
<tr>
<td>b. 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, PIs are typically assisted by their Departmental Administrators (DA’s) and/or Projects Officers in the Office of Sponsored Programs (OSP). PIs generally outline this need (with appropriate rationale and authorization) in the grant proposal and signify acknowledgement of having met the required criteria for subaward or contractor classification in Cayuse. PIs 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 Procurement.

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/guidelinesforscopeofwork.pdf](http://www.nyu.edu/content/dam/nyu/research/documents/Contracts/guidelinesforscopeofwork.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, 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).

The PI or Department Administrator are required to check the box in the Cayuse Subaward tab at the time of proposal to document that the request meets the conditions for subaward classification. If the classification changes at the time of the award, an explanation should be noted in Cayuse.

Subaward proposal elements are expected to comply with the sponsor requirements for NYU’s prime proposal. PIs 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. Fixed amount subawards for $150,000 or less may be issued with prior written approval from the Federal awarding agency, provided the subaward meets the conditions of a fixed amount award outlined in the OMB Uniform Guidance, section 200.201. In such cases, the proposal should include a justification statement that a particular subaward be designated as a fixed amount subaward to obtain prior written agency approval.

D. Requesting Issuance of a New Subaward

After a Prime Award (or an amendment to a Prime Award) has been accepted by New York University and a sponsored project is established, the Contract Office will draft subaward agreements proactively using information contained in Cayuse. The Contract Office will send the proposed agreement(s) to PIs, Departments and Project Officers for review and approval.
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. The procedure that defines OSP’s issuance of subawards is contained on their Wiki site (NYUHome login required): https://wikis.nyu.edu/display/RES/How+Subaward+Agreements+are+Issued+to+a+Collaborating+Institution.

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 a federally negotiated F&A rate, it must either apply the 10% de minimus F&A rate on Modified Total Direct Costs or elect not to recover F&A. The subrecipient’s decision to forego F&A should be noted in the subaward agreement. NYU applies the OMB Uniform Guidance “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 Procurement identifying the proposed Subaward; this request documents the amount authorized for the subaward.
and delineates the desired period of performance. Then, Procurement 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 FAME. 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, which may include items such as modifications to the Scope of Work, changes in incremental funding, re-budgeting or extending or reducing the time for performance are issued by the Contract Office. While the process is designed for the Contracts Team to proactively issue subaward agreements and amendments, if at any time PIs need to issue an agreement, amendment, or terminate a subaward (for reasons other than the receipt or execution of a Prime Award or an amendment to the Prime Award), please reach out to the Contracts Team member for your unit or the Subaward Team. The modification procedure is contained in the Special Considerations section of the OSP Wiki site (NYUHome login required): [https://wikis.nyu.edu/display/RES/How+Subaward+Agreements+are+Issued+to+a+Collaborating+Institution](https://wikis.nyu.edu/display/RES/How+Subaward+Agreements+are+Issued+to+a+Collaborating+Institution).

PIs 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 the OMB Audit Requirements**

Proposed subawardees must complete and sign NYU’s subaward agreement (See [https://wikis.nyu.edu/display/RES/How+Subaward+Agreements+are+Issued+to+a+Collaborating+Institution](https://wikis.nyu.edu/display/RES/How+Subaward+Agreements+are+Issued+to+a+Collaborating+Institution)). The subaward must include all requirements imposed by the pass-through entity on the subrecipient to ensure compliance with the terms and conditions of the Federal award. Additional requirements may be imposed, such as identification of any required financial and performance reports. In order to meet their Single Audit Requirements, 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 the Single Audit, the 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 the Uniform Guidance, 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 and SPA on appropriate next steps.

B. **Subawards Not Subject to the OMB audit requirements**
There are subawardees not subject to the OMB audit requirements:

» For-profit entities,

» Foreign entities, or

» Organizations that expend less than $750,000 in a year in Federal awards.

All subawardees, including those not subject to the OMB Uniform Guidance, 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, PIs should evaluate the likelihood that a proposed subawardee will fail to comply with the requirements of the subaward. The following criteria should be considered when evaluating risk:

1. The subrecipient’s prior experience with the same or similar subawards;

2. The results of previous audits (including whether or not the subrecipient receives a Single Audit), and the extent to which the same or a similar subaward has been audited as a major program;

3. Whether the subrecipient has new personnel or new or substantially changed systems, and;

4. The extent and results of Federal awarding agency monitoring (e.g., if a subrecipient receives Federal awards directly from a Federal awarding agency).

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 specific terms and conditions (see Uniform Guidance section 200.207) 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, developed at the time of the award and in collaboration with the PI, the Contract Office and SPA, 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, PIs may elect to engage in a site visit to a subaward to verify their programmatic, financial and technical competency or to arrange for an auditor to carry out an agreed-upon procedures engagement subject to the requirements outlined in the Uniform Guidance Section 200.425, Audit Services. NYU may charge the Federal award for the cost of the agreed-upon procedures engagement.

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. The OMB Uniform Guidance 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 PIs 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. Per the
Uniform Guidance, NYU must make payment within 30 calendar days after receipt of the billing, unless we reasonably believe the request to be improper.

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, PIs 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’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.

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 45 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 under the Single Audit. The PI will also monitor the subawardee’s compliance with this plan.
B. Remedies for Noncompliance

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 consider taking enforcement action against noncompliant subrecipients. These actions may include the withholding of payment, suspension of the subaward agreement or termination of the relationship. PIs 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

PIs are responsible for obtaining final technical reports from their subawardee and retaining a copy in their project file. PIs 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, PIs 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 45 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 45 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 45 days after the end of the subaward might not be paid. PIs 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 Procurement 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>
</tr>
</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>Contractor</td>
<td>A procurement relationship established when obtaining goods and services for the non-Federal entity's own use.</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

» 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

Federal Regulations

» OMB Uniform Guidance
  http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
4. Small Business Program for Federal Contracts

Title: Small Business Program Policy for Federal Contracts

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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. In this section we will discuss utilization of and procurements with small businesses under federally funded contracts, (in accordance with the Federal Acquisition Regulations requirement at 52.219-8 ‘Utilization of Small Business Concerns’ and 52.219-9 ‘Small Business Subcontracting Plan’).

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, when submitting a proposal in response to a federally funded contract where the award amount is estimated to exceed the Simplified Acquisition Threshold, must comply with Federal Acquisition Regulation (FAR) requirements regarding the Utilization of Small Business Concerns. Specifically, a Small Business Subcontracting Plan must be proposed, negotiated at time of award, and monitored/reported upon during performance of the project.

The Office of Sponsored Programs will submit to and negotiate with the Federal agency a Small Business Subcontracting Plan that addresses procurement and subcontracting with small and disadvantaged (commonly minority and women owned) business concerns. Plans, created by the administrative unit developing the proposal with assistance from NYU’s Procurement Office who maintains a list of vendors that qualify as minority or women owned small businesses under the program, will be reviewed by the Office of Sponsored Programs (OSP) along with the proposal budget and submitted to the sponsoring entity. When there may be no opportunities to
subcontract to minority or woman owned small business vendors (based on the specialized nature of the work proposed, the lack of any need for procured goods and services, or due to budgetary constraints/economies of scale to name a few) OSP will state as such and request that the sponsoring agency consider granting a waiver of the requirement.

Coordination – NYU Procurement 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 Procurement, 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/PIs, 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:
   - 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.
   - 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, NYU Procurement

*To be approved by the contracting sponsor, a subcontracting plan must:*

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.

a. Several individuals and offices across the University have roles and responsibilities in the coordination and administration of small business programs:

   » **Program Manager/PI** – PIs prepare budget estimates for the sponsored project, and ensure compliance with award terms and conditions as well as applicable Federal regulations including the development of Subcontracting Plans based on the sponsored project budget and selection of providers of goods and services;

   » **Department Administrator/Grant Manager** – Support PIs in preparing budget estimates and submitting budget estimates to Procurement. They initiate procurement actions with minority and women owned small businesses in accordance with executed Subcontracting Plans, thus ensuring compliance with Federal regulations;

   » **Procurement** – Maintains lists and reference materials for qualified vendors, supports PIs by identifying possible subcontracting opportunities, and signs off on small business subcontracting plans and reports of small business subcontracting;

   » **Office of Sponsored Programs/Contract Office** – The Office of Sponsored Programs supports the PI and Department in reviewing budgets and subcontracting plans and authorizing submission to the sponsor. The Contract Office ensures that a sponsors terms and conditions comply with federal regulatory compliance requirements and University policies and procedures and flows down small business subcontracting plan requirements in lower tier Subcontracts, as applicable.

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. Procurement maintains listings of small disadvantaged business concerns and their products, provided by the Director of Procurement;

b. Procurement 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 Procurement 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:** December 1, 2017

**Supersedes:** September 1, 2013

**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, Procurement, Asset Management, departments, schools and units of NYU.

**Purpose of this Policy**

The purpose of this policy is to provide guidance to Principal Investigators (PIs) and departments for managing Federally funded equipment. Equipment acquired with Sponsor funds must be managed in accordance with award terms and conditions, Federal regulations, if federally funded, 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. PIs will also ensure pre-acquisition screening of major equipment 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. Asset Management also tags and 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; and signs off on any property and equipment reports for Federally-owned property upon completion or termination of a grant or contract;
Department Administrators (DA's) establish and maintain equipment and property records (including inventory reconciliations) for their assigned area in a timely, complete and accurate manner. This includes reporting any loss, damage or theft of equipment acquired with Federal funding to the Asset Management Office and the Office of Sponsored Programs (OSP);

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 Federal Office of Management and Budget Uniform Guidance (OMB Uniform Guidance) Uniform Administrative Requirements for Grants and Agreements with Institutions, 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

The title of ownership for equipment purchased on Federally-funded sponsored agreements typically rests with the University unless otherwise specified in the sponsor agreement.

During the award period, Federally sponsored or purchased equipment may not be used on another project without prior sponsor approval. It must be used for the awarded project or program until it is no longer needed. At such time, equipment may be made available for other programs funded by the same sponsor. If there are no other awards active from that sponsor equipment may be used by programs sponsored by other Federal agencies.

When a PI wishes to dispose of items of equipment funded by the Federal government, disposition restrictions must be researched and resolved by the department. The reselling of equipment purchase with sponsor funds is not permitted by NYU.

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
   A. 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.
   B. 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.
   C. 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>
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<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 Property Management for Federally Owned Equipment,</td>
</tr>
</tbody>
</table>
“property” primarily includes equipment. However, depending on regulatory or other contractual requirements, it may also include materials and supplies.

| Supplies | 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. |

**Related Policies**


**Federal Regulations**

» OMB Uniform Guidance  
   [http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)
6. Recharge Center Policy

Title: Recharge Center Policy

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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 200.468 of the OMB Uniform Guidance (http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl) deals specifically with recharge centers. The section is explicit in two concepts:

» Recipients of Federal funds are not to recover more than the aggregate 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

There are numerous operating units out in the academic departments that support research and other sponsored activities. When these operating units charge a fee to users for providing goods or services, then they are considered recharge centers (e.g., service centers, core facilities, etc.) and must adhere to accounting principles and government regulations as set forth in NYU’s Recharge Center Policy and the costing requirements outlined in the Office of Management and Budget’s (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance – 2 CFR 200). Section 200.468 titled “Specialized Service Facilities” sets the standards for what type of operation qualifies as a recharge center. Examples of recharge centers include simple operations such as glass washing and print shops to more complex operations such as high performance computing facilities, cell sorting, tissue banks, imaging facilities and genomics.

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.

Users and sponsored projects can only be charged at the established recharge center rate(s), and based on actual usage of the facility. Charging flat fees or an excise “tax” is strictly prohibited. The costs to operate a recharge center may not include profit.

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.

An analysis of costs associated with operating the recharge center in relation to anticipated volume will help the facility create a schedule of user rates. This rate schedule should be available to all internal users.

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.
This formula can be used to perform a break-even rate analysis: allocated fixed costs, divided by projected usage, plus variable costs per unit of service, equals the calculated rate. This is accomplished by estimating all of the anticipated fixed costs and dividing that by the volume for each good or service, and then adding that to the known variable costs. This produces what is called a break-even rate. A fixed cost is a cost the recharge center will incur regardless of the actual usage of the facility. An example would be an equipment service contract, where by the recharge center will still pay the same amount whether 1 or 100 users come into the facility. A variable cost is a per-unit cost directly related to the actual usage. An example would be the cost of a thumb drive for users to save data on an imaging machine. If the thumb drive costs $5 per unit, then every rate would include the fixed cost allocation divided by the number of users plus the variable cost amount or amounts to arrive at the calculated rate.

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. An important concept with rate schedules is that a recharge center cannot discriminate against users charging federally sponsored awards. In other words, rate(s) must be consistent regardless of funding source: federal, city, state, foundation, etc. A recharge center may elect to not charge a group of users for services (e.g., students) or to charge a discounted rate. However, when determining the surplus/deficit for the period, and when calculating future breakeven rates, the full amount of revenue related to their use of the recharge center must be imputed into the calculation. This imputation is necessary to avoid the Federal government subsidizing other users. 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. If a cost is immaterial it can be allocated as an indirect cost to the recharge center and be spread out among all goods or services within the recharge center. 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 reasonable, allowable, allocable and consistently treated 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
OMB Uniform Guidance requires recharge centers to adjust rates at least on a biennial basis, where by the University requires an annual cost analysis and review of the rates in relation to changing costs and volume to determine whether an upward or downward adjustment of rates is necessary. The cost and break even analysis should include all of its direct operating costs and any identifiable administrative costs. Direct operating costs include salaries and wages of recharge center staff, associated fringe benefits, fixed costs such as equipment maintenance contracts, lease payments, supplies, and administrative costs such as computing devices, software licenses, and telecommunications fees. Administrative costs include salaries and wages of administrative staff that support the recharge center, telecommunications and computing costs, and printing and duplication services. Administrative costs are typically unallowable direct costs when charged directly to a sponsored award; however, they are permitted as a cost to a recharge center.

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 many 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. Internal users will pay for services via a resource transfer processed as a journal entry in FAME.
ii. Equipment Inventory

The University also permits including equipment depreciation in the cost analysis. Equipment depreciation can only be taken on items of equipment purchased from unrestricted funds and must exclude any equipment purchased with federal funds. This provides the recharge center an opportunity to recover the investments made in capital equipment by including the depreciation cost in the recharge center rates. Other types of facilities costs, for example renovations, would need to be reviewed and approved by the Controller’s office, so the University excludes these costs from its indirect cost rate calculations.

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, all costs attributed to the recharge center, and the sources of funds to undertake the operations of the recharge center’s activity(ies) (a recharge center may have one or many activities), need to be clearly identified and factored into the rates for each activity. 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)

An external user would be any user paying for recharge center goods or services via cash, check or credit card. The University is a non-profit tax-exempt organization except in instances where the University is operating outside of its core mission and becomes subject to what is called unrelated business income taxes. 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.

The only time the rate structure can vary is for external user population, which can be assessed a charge to cover overhead associated with processing the transaction with an individual or entity external to the University.

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

Internal units that provide central services not related to the research mission are considered auxiliary operations. This includes operations such as facility repairs and maintenance, faculty, staff and student ID cards, the bookstore, dining services, and theatre box office operations. A good rule of thumb to differentiate between a recharge center and auxiliary operation is to know the purpose of the service; if it is in support of research or other sponsored activities and federally sponsored awards may be charged for the goods or services, then it is safe to assume the operation needs to be classified as a recharge center. It is important to properly identify recharge centers from auxiliary operations because recharge centers are subject to financial compliance requirements found in OMB Uniform Guidance. The financial compliance requirements introduce important concepts such as setting rates for goods and services provided by a recharge center, those that may be charged as direct costs to sponsored projects, as well as internal and external users.
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 Uniform Guidance
  http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
Section 5:
Closing An Award
1. Financial Reporting for Sponsored Programs

**Title:** Financial Reporting for Sponsored Programs Policy

**Effective Date:** December 1, 2017

**Supersedes:** September 1, 2013

**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 OMB Uniform Guidance and the Federal Demonstration Project (FDP) - General Terms & Conditions 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 (PIs) 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 PeopleSync 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 PIs 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 PIs 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. The Uniform Guidance requires that annual and final fiscal reports include a certification, signed by someone with the authority to bind the University that the expenditures are proper and in accordance with the terms and conditions of the Federal award.
- Verifies submission of final progress reports by the PI.


SPA is responsible for submitting all Federal Financial Reports (also known as FFRs). SPA Financial Analysts are given delegation authority to sign off on all financial reports. 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. Please note that both NIH and NSF have currently offered to extend final reporting to 120 days after the end of the project. SPA will work with the PIs and Departmental Administrators to make sure all final reports are submitted within specific agency guidelines.

**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

» 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

» OMB Uniform Guidance
   http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

» Federal Demonstration Project (FDP) - General Terms & Conditions
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 the UDW+ reporting tool.

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: December 1, 2017

Supersedes: September 1, 2013

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 OMB Uniform Guidance 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 (PIs) 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 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, FAME. 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. Please note that both NIH and NSF have currently offered to extend final reporting to 120 days after the end of the project. SPA will work with the PIs and Departmental Administrators to make sure all final reports are submitted within specific agency guidelines.
- 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. Publication Charges**

Publication charges may be made to the Federal award before closeout for the costs of publication or sharing of research results if the costs are not incurred during the period of performance of the Federal award.

**b. 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
c. 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.

d. 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 Procurement to remove the encumbrance. This may require the department to submit a payroll action in PeopleSync or a change order in the i-Buy NYU system 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 Procurement or SPA directly to close out the PO. Procurement encumbrance balances of less than one dollar will automatically be cleared by the Financial Management Systems (FSM) at fiscal year-end.

e. 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.

f. 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.

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.

» Charges that are not in compliance with the reasonability and allocability provisions of the OMB Uniform Guidance for Federally sponsored projects.

» Costs incurred after the award terminates.
g. **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.

h. **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.

i. **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.

j. **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

- Cost Sharing Policy
  [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)
» 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 Uniform Guidance
   http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Appendices

» NYU SPA Grants Closeout Checklist (PDF)
3. **Internal and External Audits for Sponsored Programs**

**Title:** *Internal and External Audit Policy for Sponsored Programs*

**Effective Date:** December 1, 2017

**Supersedes:** September 1, 2013

**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 Management and Budget’s Uniform Guidance, 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 (PIs) 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 (PIs) 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 (OMB Uniform Guidance):

During annual OMB Uniform Guidance audits, SPA will be present at all meetings including internal control discussions with PIs and DA’s. All documentation should be forwarded to SPA for review and submission to auditors and sponsors.

The OMB Uniform Guidance required 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, PIs 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.

Policy Definitions

N/A

Related Policies

N/A

Federal Regulations

» OMB Uniform Guidance
  http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
4. Financial Record Retention for Sponsored Programs

Title: Financial Records Retention Policy for Sponsored Programs

Effective Date: December 1, 2017

Supersedes: September 1, 2013

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 Uniform Guidance (OMB Uniform Guidance). 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 the OMB Uniform Guidance 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:

» PeopleSync

» Maximus Effort Reporting System (ERS)

» Journal Entry Management System (JEMS)

» AP Workflow

» Accounts Payable

» iBuy NYU

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:**
| Financial records, supporting documents, statistical records and all other records pertinent to an award. | 3 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.

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. |
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<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>
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<tr>
<td>Real property and equipment acquired with Federal funds</td>
<td>3 years</td>
<td>After final disposition of the acquired asset</td>
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| Indirect Cost Proposals | 3 years | 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. |

**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

**Federal Regulations**

» OMB Uniform Guidance

http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
Section 6:
Federal Regulations
Federal Regulations

The following is a list of the primary financial regulatory requirements applicable to Federally-sponsored programs at NYU:

1. The Code of Federal Regulations (CFR)

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 that have received aggregate Federal Awards totaling $50 million or more in the last fiscal year. The standards are incorporated in the OMB Uniform Guidance, Section 200.419.

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 $50 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)

- OMB Uniform Guidance
5. Administrative Requirements

The OMB Uniform Guidance 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;

» **Performance and Financial Monitoring and Reporting** – sets forth requirements for technical and financial reporting as well as for retention and access requirements for records, including subrecipient monitoring and management;

» **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

The OMB Uniform Guidance 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, the OMB Uniform Guidance has a significant impact on its financial operations.

» **Subpart E, Cost Principles** - 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 the OMB Uniform Guidance;

  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 the OMB Uniform Guidance or in the sponsored projects as to types or amounts of cost items.

» **Sections 200.420 to 200.475 - 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:
7. Audit Requirements

An audit under the OMB Uniform Guidance is required for an organization which receives Federal awards totaling $750,000 or more annually. The OMB Uniform Guidance focuses on internal controls and compliance issues. It also defines the requirements for subrecipient monitoring.