

Housatonic Community College Grants Manual: Processes and Procedures for Soliciting and Managing Grant Awards

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Purpose of the Manual

This manual has been developed to assist Housatonic Community College's faculty and staff with soliciting and managing grant awards consistent with federal and state requirements for sponsored awards. The federal government allocates an enormous amount of public funding every year through grant awards. The regulatory environment for federal grant awards ensures the efficient and effective use of taxpayer funding.

This manual is written for grant *program directors or principal investigators* as a guide for pursuing and managing awards. The policies and procedures contained herein pertain to all faculty and staff soliciting grant awards and apply to all grant awards obtained on behalf of **Housatonic Community College**. However, the *Housatonic Community College Foundation*, a separate legal entity, is also able to accept grant awards on behalf of the campus. The Foundation has a separate set of guidelines that mirror its legal requirements which are different than those for HCC. The Foundation is a private nonprofit and HCC is a public institution of higher education. Different legal requirements pertain to each entity. If employees will be hired on your grant, the proposal must be submitted by HCC. Nearly all federal, state and publicly funded grants should also be submitted through HCC. If you have questions about whether to apply through HCC or the Foundation, contact the director of grant initiatives or the director of the foundation to discuss your options.

Method and Rationale

In order to develop this manual, the director of grant initiatives compiled grant manuals from many other institutions of higher education, community colleges, four-year colleges and universities, and school districts. This manual aims to be a document that fits the needs of the community college environment but that incorporates best practices of universities in cases where that is warranted. For instance, universities have more experience with research and sometimes have well thought-out policies for human subjects' research and STEM-related scholarship programs. It makes sense for community colleges to borrow the expertise of four-year colleges and universities in these and other areas. For example, the National Science Foundation (NSF) is very interested in directing money to community colleges particularly in the area of technician education. By bolstering its grant management systems, HCC can position itself to become an excellent steward of NSF awards.

To prepare this document, grant manuals and other documents were collected and reviewed from the following institutions:

- *Grant Procedures Manual*, **Central New Mexico Community College**, Planning, Budget and Institutional Research
- *Principal Investigator Grant Manual*, **California State University East Bay**, Office of Research and Sponsored Programs
- *Grants Procedures Manual*, **Eastern Florida State College**, Grants Development Office
- *Grant FAQs*, **San Jacinto College**, Office of Grants Management
- *Federal Grants Policies and Procedures Manual*, **Rio Hondo Community College District**
- *Federal & State Grant Policies and Procedures Manual*, **Wylie Independent School District**
- *Grants and External Funding Policies and Procedures Manual*, **Mississippi Gulf Coast Community College**, Coordinator of Grants and Special Projects
- *Grants Management Handbook*, **Amarillo College**, Office of Grant Administration
- *Grant Management Policies and Procedures*, **Pacific University Oregon**, Pacific University Business Office Grant Accountant
- *Grants Handbook: Policies and Procedures*, **Azusa Pacific University**, Office of Research and Grants
- *Grants Management Manual*, **University of Iowa**, School of Nursing
- *Grants Manual*, **Southwest Tennessee Community College**
- *Grants & Contracts Policies and Procedures Manual*, **Northern Oklahoma College**, Grant Coordinator, Academic Affairs and Grants Accountant, Financial Affairs
- *Manual for Sponsored Research and Programs Administration*, **University of Maryland Eastern Shore**, Office of Sponsored Research Programs
- *Truckee Meadows Grants Manual*, **Truckee Meadows Community College**, Grants Office
- *Contract and Grant Manual*, **University of California**, Office of the President, Research Policy Analysis and Coordination
- *Higher Ed Compliance Matrix*, Higher Education Compliance Alliance
- *Federal Grants Management Manual*, Fillable Sample, Copyright @ MyFedTrainer, LLC

Roles and Responsibilities

When a grant is awarded to HCC, many entities at the college share responsibility for managing the award. These include the project director, the project director's supervisor, the dean, the chair of the department that houses the grant, the Business Office, Human Resources, Communications and Marketing, the President or CEO, and the director of grant initiatives. In some cases, other departments at the campus, such as Information Technology or Institutional Research, may have responsibility if a role for them is described in the grant proposal. All responsible entities need to work together collaboratively to ensure that the grant is managed appropriately.

Authorized Organizational Representative (AOR)

Federal sponsors require that an individual be designated by the applicant institution as its Authorized Organizational Representative or AOR. At HCC the AOR is the President. The AOR is the campus official authorized to enter into grant and contract agreements on behalf of the campus. Only the President of HCC, or his designee, may submit federal grant awards on behalf of HCC. A federal or state grant is a binding agreement between the sponsor and the campus. Often grants have costs and/or risks to the campus that need to be considered prior to submission or acceptance of the award. Decisions about whether to accept these costs or risks can only be made at the executive level. No one at HCC is authorized to submit a federal or state grant on behalf of HCC other than the President.

Project Director or Principal Investigator

The role of the project director/principal investigator (PD/PI) is to assure that the outcomes of the award are met and to provide technical expertise for the execution of the program. The PD/PI coordinates the activities of the grant according to the timeline specified in the proposal, assures that the campus meets all program deliverables, and prepares interim and final program reports for submission to the sponsor.

If staff are to be hired for the grant, the PD/PI works under the direction of the Director of Human Resources to hire grant staff in a manner that is consistent with HCC policies and procedures. If supplies or equipment must be purchased, the PI/PD works under the direction of the Business Office to ensure that all the college's procurement processes are followed. If an independent consultant or contractor will be engaged, the PI/PD works under the direction of the Business office to arrange for execution of the contract. The PI/PD should update his/her supervisor regularly, at least monthly, on the progress of the grant award. The PI/PD should retain records and documentation of all services provided, activities carried out, and participants served. The PI is responsible for maintaining program related files which should be submitted to the grant director's office once the grant is closed out. Please see **Attachment A** of this manual, the ***New Grant Project Director Checklist***.

Supervisor of the Project Director or Principal Investigator

The supervisor of the PI/PD is responsible for ensuring that the PI/PD is carrying out the requirements of the grant award. This may be the department Chair or the Dean of the division. The supervisor should read the program solicitation, the proposal, the grant award letter, and become familiar with the grant requirements. The supervisor is responsible for providing support to ensure the PI/PD can be successful in managing the award. The supervisor should facilitate access to resources of the department or campus that are needed to make the program successful. The supervisor should report on the grant progress to his/her supervisor at least quarterly.

Business Office

The Business Office at HCC is responsible for managing the fiscal aspects of the grant award in a manner that is consistent with campus-wide policies and procedures and that is in compliance with all federal, state and local laws and compliant with the guidelines and policies of the sponsor. The PI/PD should forward: (1) the grant award notification (GAN), (2) the original grant solicitation announcement (RFP, NFO, NOFA or other), and (3) the full proposal as it was submitted to the Business Office as soon as the grant is awarded. The Business Office will provide guidance to the PI/PD on spending down the grant award ensuring that all expenses are allowable, allocable and reasonable. The Business Office will prepare interim and final financial reports and will work with the PI/PD on the award close-out.

Human Resources

The Human Resources Department is responsible for working with the PI/PD to hire any personnel that will be employed on the grant. Human Resources will approve job descriptions and job titles assigning the appropriate employment designation to entities hired on the grant award. Human Resources will determine the rate of pay consistent with the processes used by the campus to determine salaries for regular employment opportunities at the campus. Human Resources can advise the PI/PD on requirements of union contracts, full time and part time status, and on whether an individual should be hired as an employee or retained as a contractor. Employment of personnel on grant awards should be consistent with employment practices across the campus. PI/PDs should contact Human Resources when preparing grant proposals to ensure the proposed job title, job description, and rate of pay are permissible under existing employment contracts.

Institutional Effectiveness

The office of Institutional Effectiveness is responsible for providing student data for reporting on grant awards to the sponsor. The office also provides student and other campus data for preparation of grant proposals.

Communications and Marketing

Grant sponsors specify how they wish to be acknowledged for the grant award. When an award is received, the Communications and Marketing Department should be notified and provided with the language specified by the sponsor for acknowledging the award. PI/PDs should locate this information in the award documentation or guidelines and provide it to Communications and Marketing. This will be used in press releases and other public information dissemination on the grant award.

Grant Staff

HCC does not have a grant office, but it employs grant staff. Currently the college employs a director of grant initiatives who is responsible for major grant initiatives and for managing assigned grants. The director provides guidance to the campus and support to deans and project directors in developing grant proposals and in managing the programmatic aspects of awards. PI/PDs should contact the director of grant initiatives with any grant-related questions.

Best Practices in Working with Campus Offices

Grant awards can be extremely complicated, disruptive, and time consuming to manage. When choosing to proceed with a grant submission, the campus should consider the amount of work involved

with managing the grant for all the above entities and ensure that the benefits of receiving the award outweigh the costs.

PI/PDs should take care to provide ample time to the Business Office, Human Resources, Institutional Effectiveness and grant staff to complete the tasks involved in carrying out the award or in submitting a proposal. Last minute surprises cause stress for everyone. To promote a healthy work environment, plan ahead and provide ample warning to all those affected on campus that you want to pursue a grant. When you receive an award, let all campus offices know immediately so they have as much time as possible to work with you to execute the award in a timely manner.

Developing the Grant Proposal – Pre-Award Activities

The first phase of pre-award grant activities includes developing a project/program idea, researching and identifying a funding source, identifying partners, notifying the campus of your interest in applying for a grant opportunity, and discussing your plans with your department chair or supervisor. Once you have received campus approval to proceed with the grant opportunity, development of the grant application begins. This includes writing the proposal in response to the funding solicitation guidelines, conducting a needs assessment and writing the needs statement or problem statement, developing the budget, formulating the evaluation protocol, establishing measurable goals, objectives, and short- and long-term outcomes. The campus grant staff can assist with different aspects of the proposal development process.

Researching Grant Opportunities

Grant funding comes from multiple federal, state, and local sources; there is no single place in which to locate grant funding opportunities. Publicly funded agencies and organizations, private foundations and corporations, associations, and quasi-public/private entities provide grant funding in different forms. If you are interested in receiving grant information from an agency or organization, sign up for its newsletter or email alerts. Often sponsors will send out information on pending grant opportunities by email. Pay attention to where your colleagues are obtaining grants; these sponsors may be a good source for your program or project idea also. The following websites offer information on grant opportunities at the federal, state, and local level from private and public funders.

The *Foundation Directory Online* (requires subscription) <https://fconline.foundationcenter.org/> is a large database of 189,000 grant makers and 17 million grant awards. It includes national and international foundations and corporate sponsors and is an excellent place to search for small or family foundations that may have an interest in your project idea. It also includes extensive information on larger foundations including grants awarded, board makeup and affiliations, endowment size, eligibility, subject areas of interest, type of funding offered and much more. Local or regional libraries often maintain a subscription to the Foundation Directory Online (now under the auspices of Candid) and offer access free of charge. Local libraries that subscribe to the service include *The Westport Library, Hartford Public Library, and New Haven Free Public Library*.

The *State of Connecticut* offers information on grants through individual department websites. Links to announcement of grant solicitations can be found at the agency websites below.

- [Department of Education](#)
- [Department of Energy and Environmental Protections](#)
- Connecticut Department of Economic and Community Development maintains listings of grant opportunities in multiple areas:
 - [Arts and Culture Grants](#) and Other Resources <https://portal.ct.gov/DECD/Services/Arts-and-Culture/Resources>
 - [Historic Preservation](#) <https://portal.ct.gov/DECD/Services/Historic-Preservation>
 - [Community Development](#)

[Grants.gov](#) is an exhaustive database of past, current and future federal grant opportunities that can be sorted by multiple criteria. All federal grant opportunities are posted and archived on grants.gov. It is the official federal portal for distribution of federal grant solicitations.

A list of federal agencies that offer grant awards can be found at this link:

<https://www.grants.gov/web/grants/learn-grants/grant-making-agencies.html>

The Grantsmanship Center offers information on [Local Funding Sources: Connecticut](#)

- [Community Foundations in CT](#)
- [Top Giving Foundation in CT](#)
- [Corporate Giving Programs in CT](#)

Philanthropy News Digest RFPs offers a list of upcoming requests for proposals (RFPs) from private funders by subject area and you can subscribe to receive alerts.

Determining Eligibility

Once you have located a grant opportunity that is a good fit with your interests, be sure to determine whether HCC is eligible to apply. The guidelines will contain a section called “Eligibility”. Look in this section to see if eligible entities include “Institutions of Higher Education”. If so, it is likely that HCC is eligible to apply. HCC is a public institution and many private foundations have limitations on their ability to fund public entities. You might also look to see if the HCC Foundation is eligible to apply. With any questions about eligibility, contact the director of grant initiatives or the director of the HCC foundation. The director of grant initiatives can review the guidelines for eligibility of HCC and the director of the HCC Foundation can review to determine the eligibility for the foundation.

Notification to Campus

Once you have identified a funding opportunity you want to pursue you will need to notify the campus of your interest in submitting a grant application. Complete the [Notification to Submit Grant Proposal](#) form, attached to this manual as [Attachment B](#). Submit the form to your supervisor for signature and submit the completed and signed form to the executive assistant to the President, with copies to the director of grant initiatives and the executive director of the HCC Foundation. Your request will be discussed and approved, or not, at the next meeting of the Leadership Team. Only the President of HCC can commit the campus to carry out the contents of a grant proposal.

Once you have determined eligibility and received campus approval to proceed with the grant proposal it is time to begin developing the application. Grant proposals are complicated documents and it is important to leave plenty of time to complete the work in a thorough and thoughtful way. Plan on starting federal grant applications one year prior to the deadline. You can work from the prior year’s guidelines and update when the new guidelines are posted. Many grants use the same guidelines every year. Often there are only a few weeks between the date the guidelines are posted and the date the application is due. It is not a best practice to wait until the guidelines are posted to begin the application.

Grant Development Training Resources

The most important rule in grant development is to **follow the directions** in the grant *guidelines*. This is often easier said than done, as federal grants can have extremely complex directions. Every grant solicitation is different and although there are many typical sections of a grant proposal, it is imperative to follow all directions in the guidelines. Not following a direction can disqualify an application. Using a font size or page length other than that specified in the guidelines can disqualify an application. Not addressing questions asked can disqualify an application. Leaving out major components of the application will disqualify the application.

If you would like information on grant writing or grant development, there are many good resources online to help you get started. Several organizations offer online training videos and modules. For those with an interest in more in-depth training, many institutions and organizations offer grant writing training. Housatonic Community College offers a grant writing course. *The Grantsmanship Center* offers fee-based, multi-day training several times a year at various locations across the country. Often local community and professional organizations, and public agencies sponsor grant writing trainings. The resources below are mostly free of charge and available online.

GrantSpace is a private nonprofit site for fundraising that offers information and online training (much of it free) on grant development including:

- a) Introduction to Proposal Writing
<https://grantspace.org/training/introduction-to-proposal-writing-3/>
- b) Introducción a la redacción de la propuesta
<https://grantspace.org/training/introducci%C3%B3n-a-la-redacci%C3%B3n-de-la-propuesta-introduction-to-proposal-writing/>
- c) Introduction to Finding Grants
<https://grantspace.org/training/introduction-to-finding-grants-2/>
- d) Money to Match Your Mission: Identifying and Applying for Grant Funds
<https://grantspace.org/training/money-to-match-your-mission-identifying-and-applying-for-grant-funds/>
- e) Introduction to Project Budgets
<https://grantspace.org/training/introduction-to-project-budgets/>
- f) Introduction to Corporate Giving
<https://grantspace.org/training/introduction-to-corporate-giving/>
- g) Government Funding: Writing the Proposal
<https://grantspace.org/training/government-funding-writing-the-proposal/>
- h) Government Funding: Readiness, Research and the RFA Review
<https://grantspace.org/training/government-funding-readiness-research-and-rfa-review/>
- i) Creating a Sound Proposal Budget
<https://grantspace.org/training/creating-a-sound-proposal-budget/>
- j) How should I cite sources in a grant proposal?
<https://grantspace.org/resources/knowledge-base/citing-sources-in-proposals/>

Grants.gov is the federal grants portal for all things grant related. The Grants.gov *Grants Learning Center* at <https://www.grants.gov/web/grants/learn-grants.html> offers the following topics:

- **Grants 101**
- **Grant Terms**
- **Grant Eligibility**
- **Grant Programs**
- **Grant Agencies**
- **Grant Events (training, conferences)**

A list of federal grant terminology can be found at this link: <https://www.grants.gov/web/grants/learn-grants/grant-terminology.html>

Steps in Preparing the Application

After you have determined that you and HCC are eligible to apply for a specific grant opportunity, it is never too early to begin working on a proposal. Experienced grant writers allow a year to develop a federal grant proposal. Each proposal and each sponsor are different. There are no two identical grant solicitations. It is important to read the grant guidelines thoroughly before beginning work. Below are the many of the major components of developing a full proposal. Contact the director of grant initiatives for guidance in developing the grant proposal.

1. Obtain HCC Approval to Submit the Application
2. Read Grant Guidelines and Highlight Deliverables and Deadlines
3. Review Similar or Prior Grant Applications under Same Funding Opportunity
4. Identify Best Practices in the Field to Reference in Proposal
5. Develop and Fine Tune the Program Design
6. Contact Partners and Obtain Letters of Support, Agreement or MOUs
7. Develop the Budget and Budget Narrative
8. Develop the Evaluation Protocol
9. Collect CV's, Resumes, or BIOs of Key Personnel and Consultants
10. Develop List of Citations/Publications
11. Conduct Needs Assessment and Draft Proposal Needs Statement
12. Develop the Proposal Narrative
 - a) Create an Outline Using Grant Guidelines
 - b) Address all Topic Areas, Questions, and Evaluation Criteria from Grant Guidelines

Develop a Budget and Budget Narrative

A grant budget includes all the costs associated with carrying out the grant project or program. In order to determine how much you will spend, you must know what activities and services you will provide, when they will be provided and by whom. A multi-year program will have a budget for each year of funding. Plan out all the activities in a monthly timeline and think of all the people you will need to do the work.

Determine what qualifications each person will need and whether you will hire them as an employee or if they will be retained as an independent contractor. If the person will be working on campus, using college equipment and tools, s/he will likely be hired as an employee. Estimate how long it will take for each person to carry out the tasks s/he will perform. Develop a draft job description with educational requirements and job tasks for those you will hire. Submit the job description to human resources to determine which union

contract the job will fall into and which union job description can be used to hire the individual. Human resources will also provide you with a current and projected rate of pay which can be used for budgeting. Human resources can tell you how many hours an employee can work in a week to be considered full or part-time. Benefit rates differ for full-time and part-time workers and vary by union contract. To obtain the correct rate of pay and fringe benefit rate, be sure to submit job descriptions to human resources before you finalize your budget.

Major budget categories in most budgets are salaries, fringe benefits, supplies, equipment, travel, student scholarships or stipends, contractors or consultants, and overhead/ facilities and administrative (F&A) costs. Your budget may have additional categories or "line items". The sponsor may suggest a budget format it prefers with budget categories. Use the sponsor's budget format or template to complete your budget. Obtain the current federally negotiated facilities and administrative rate. This F&A rate or overhead rate must be applied to salaries. **Contact the director of grant initiatives to obtain the current F&A rate.**

Each item in the budget must be justified in the narrative budget justification. The budget justification describes what will be spent and why it is needed to make the project successful. For example, if you will be buying supplies you should state the unit price of each item, the number of units to be purchased, and how they will be used. Equipment should be described similarly. For major purchases, obtain an estimated cost from the manufacturer and keep the estimate on file.

If you will be traveling include the cost of airfare, train tickets, hotel costs, ground transportation and per diem amounts for the city you will be traveling to. Use current General Service Administration per diem rates from this website <https://www.gsa.gov/travel/plan-book/per-diem-rates>. If you will attend a conference include the conference fee.

If you plan to hire a consultant or independent contractor, obtain an estimate from the contractor for the services they will provide. Describe the need for the services in the budget justification. Sample budgets and budget justifications can be found below. However, every grant application is unique, and you must follow the guidelines specified in the individual solicitation.

Be sure to review the section of this manual on Unallowable Costs to find out about costs that cannot be charged to a federal award.

Sample Budget Justifications

The following budget justifications are primarily for university research grants, but the same principals apply to all budget justifications.

https://www.sc.edu/about/offices_and_divisions/sponsored_awards_management/external_proposal_preparation/budget_preparation/budget_justification.php

<https://www.brown.edu/academics/biomed/offices-and-services/research-administration/sites/academics-biomed-offices-and-services-research-administration/files/Budget%20Justification%20Best%20Practices%20FINAL%2011-5-14.pdf>

<https://research.illinoisstate.edu/proposals/budgets/justifications/NSF%20Budget%20Justification.pdf>

<https://spo.berkeley.edu/procedures/modelagreements/budgetjustification.html>

<https://cns.utexas.edu/strategic-research-initiatives/prepare-a-proposal/budget-justifications>

University of Connecticut General Cost Principles

<https://ovpr.uconn.edu/services/sps/proposals/proposal-preparation/general-cost-principles/>

Program Evaluation Resources

Program evaluation is a critical part of grant development and management. Sponsors often require detailed, in-depth analysis of program outcomes. Many federal sponsors require that grant programs incorporate outside evaluators. You do not need to become an evaluation expert to write or manage a grant but the more knowledge you have about the field of evaluation, the better able you will be to address sponsors' evaluation expectations.

At minimum, grant directors should monitor, track and document program services and the number of recipients receiving units of service. Sponsors will want to see documentation of services provided. Collect and keep workshop sign-in sheets. Ask counselors to keep and file notes of their meetings with advisees and students. Create calendars of dates counseling was provided. Create student files that contain documentation of every service each student receives. Document staff contributions to the project. These backup documents can be important during an audit.

Sponsors want to see the impact on recipients of the services they have funded. Program evaluation measures the change in an individual's knowledge, understanding, or behavior that results directly from a program intervention. When writing a proposal think carefully about what change can be expected from the intervention your program puts in place and how you can measure the impact. Keep expectations reasonable and make sure to include only outcomes you can measure.

Logic models are often required to visually document the program resources, inputs, outputs, and short-term and long-term outcomes of the proposed program. To learn more about program evaluation or to find a qualified evaluator, the following resources may be helpful.

If you need to find an evaluator, [the American Evaluation Association](#) offers a list of professional evaluators. Member evaluators specialize in such areas as: college access programs, assessment in higher education, behavioral health, arts/culture/museums, distance and extension education, health professions, human services, and STEM education, among others. This is a good place to find an outside evaluator if one is required. The website also offers publications/journals, newsletters, blogs and other reading material.

Individual federal agencies offer resources on methods and approaches to evaluation. The National Science Foundation supports a separate organization dedicated to evaluating NSF's Advanced Technological Education program called [Evalu-ATE](#). This site offers a substantial amount of information on evaluation design, open access evaluation resources, webinars, a blog, and library of evaluation materials. Even if your program is not science related this website can be a great resource. [On this page](#) you can find multiple examples of logic models. [On this page](#) you can find multiple examples of logic models - <https://www.eval-ate.org/?s=logic+model>.

The Centers for Disease Control and Prevention offers *Introduction to Program Evaluation for Public Health Programs: A Self-Study Guide* which can be found at <https://www.cdc.gov/eval/guide/index.htm>.

The U.S. Department of Health and Human Services, Office of the Administration for Children & Families, Office of Planning, Research, and Evaluation offers [The Program Manager's Guide to Evaluation](#).

The University of Kansas Center for Community Health and Development offers *Evaluating Community Programs and Initiatives* <https://ctb.ku.edu/en/evaluating-community-programs-and-initiatives>

The W.K. Kellogg Foundation Logic Model Development Guide and *the W.K Kellogg Foundation Evaluation Guide* are frequently cited and can be downloaded [from this website](#). *The W.K. Kellogg Foundation Logic*

Model Development Guide and the *W.K Kellogg Foundation Evaluation Guide* are frequently cited and can be downloaded from this website <https://www.wkkf.org/resource-directory/resource/2006/02/wk-kellogg-foundation-logic-model-development-guide>.

Process for Approval of Grant Submissions

Submission of a grant application to a sponsor obligates the campus to meet the requirements, regulations, and commitments stated or referenced in the grant solicitation or in the grant application. It is important that the campus have an opportunity to assess these commitments prior to the grant submission in order to evaluate whether the campus has the resources in place to meet the sponsor's expectations. It is not always easy for individual employees to make this assessment on their own. For this reason, Housatonic Community College is establishing a grant submission approval process.

Steps in the Approval Process

When an employee of Housatonic Community College wishes to pursue a grant application, the employee should complete the **Notice of Intent to Submit Grant Proposal** form contained as an attachment in the **HCC Grants Manual**. The completed form should be submitted to the employee's supervisor for approval and signature, and then to the Dean of the division for approval and signature. The completed and signed form should be submitted to the Executive Assistant to the President and copied to the Executive Director of the HCC Foundation. During regular Leadership Team meetings, each Notice of Intent form will be reviewed and either approved or declined for submission. Employees will then be notified if they can proceed with the grant submission.

Deadlines

The Notice of Intent to Submit Grant Proposal form should be submitted by the employee at least four weeks prior to the grant deadline or as soon as the employee determines s/he would like to pursue the grant application, whichever comes first.

Complex Applications

In the case of complex federal or state applications, the Leadership Team may request that various department directors review the grant solicitation requirements and advise the Team of any potential costs or risks to the campus.

Types of Proposals this Policy Applies To

- This policy applies to all public agency and public/private entity grant applications. This includes solicitations issued by any federal, state, or local public or semi-public organizations.
- This policy applies to any solicitations issued by a private foundation or a corporate entity with a grant budget over \$25,000.
- This policy applies to all solicitations that require a match of any kind from the campus.

Managing the Grant Award: Post-Award Activities

Note: All items highlighted in blue are extracted directly from the Code of Federal Regulations, PART 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (https://gov.ecfr.io/cgi-bin/text-idx?SID=4fa9df7bb7590eef654350c28c01dd0&mc=true&node=pt2.1.200&rgn=div5#se2.1.200_162)

Grant Award Notification

Once a grant is awarded, the sponsor forwards to the appropriate entity (authorized organizational representative, financial director, principal investigator) at the non-federal agency a copy of the Grant Award Notification (GAN). The GAN is the official document indicating the grant has been awarded and identifies the related policies, procedures, guidance, statutes, laws and funding restrictions that pertain to the management of the award. In addition to the GAN, the original grant solicitation, sometimes called the Request for Proposal (RFP), Notice of Funding Opportunity (NOFA), Funding Opportunity Announcement (FOA) or other name, contains language and citations to regulations that must be followed in managing the award. Both documents should be kept on file by those entities responsible for managing the award.

Once the grant is awarded, the PI/PD should forward: (1) the grant award notification (GAN), (2) the original grant solicitation announcement (RFP, FOA, NOFA or other), and (3) the full proposal as it was submitted to the Business Office and the director of grant initiatives for the campus permanent grant files.

Grant Agreement Definition and Period of Performance

A direct federal or pass-through grant is a binding legal agreement between the federal or state sponsor and HCC (the “non-federal entity”). A federal grant flows from an allocation, or legislation, passed by Congress, often with specific language related to its use. A grant is not meant to directly benefit the organization to which it is awarded. The federal government defines a grant agreement in the following way.

§200.51 Grant agreement.

Grant agreement means a legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity that, consistent with 31 U.S.C. 6302, 6304:

(a) Is used to enter into a relationship the principal purpose of which is to transfer anything of value from the Federal awarding agency or pass-through entity to the non-Federal entity **to carry out a public purpose authorized by a law of the United States** (see 31 U.S.C. 6101(3)); and not to acquire property or services for the Federal awarding agency or pass-through entity's direct benefit or use;

As a new grant director, you should know that you may not expend funds under the award prior to the date when the grant period of performance begins or after the date on which the grant period of performance ends. The GAN will state the grant period of performance which is the start and end date of the award. In some cases, you may obtain approval from your federal grant program officer to expend funds outside the period of performance dates.

§200.309 Period of performance.

A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in §200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]

New Grant Director's Checklist

When accepting responsibility for serving as a grant director, a faculty or staff member becomes the college's principal steward of the award. However, managing a grant is a shared responsibility between many offices across the campus. These include the Business Office, Human Resources, Academic Affairs, Student Affairs, Continuing Education and Workforce Development, Institutional Research and Effectiveness, and others. Grant directors lead and coordinate the efforts of everyone across the campus who is involved in the grant award. Open, transparent communication between all entities is optimal for ensuring that grant outcomes are met in compliance with all requirements and within the period of performance and according to the budget. All grant records, transactions, and communications are public information and subject to the Freedom of Information Act.

To assist the grant director in managing the award, HCC has developed a *New Grant Director's Checklist* which is included in this manual as *Attachment A*. By carrying out the activities listed on the checklist, grant directors should be positioned to establish a good working relationship with their program officer and with critical offices across campus to manage the award. The best advice is that if you are unsure of something, ask before acting! Contact the director of grant initiatives or the grant accountant prior to making key decisions about your award or spending money. In several cases, you must receive prior approval from your federal grant program officer. Read the federal guidelines related to your award and be sure that the amounts you are charging to an award are "allowable, allocable and reasonable."

Allowable, Allocable, and Reasonable

Expense charged to a federal award must be allowable, allocable and reasonable. The Business Office will assist you in making decisions about spending the grant award but you should have a general knowledge of the cost principles that guide spending. The Code of Federal Regulations under §200.403-405 defines the meaning of allowable, allocable, and reasonable as follows:

§200.403 Factors affecting allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also §200.306 Cost sharing or matching paragraph (b).

(g) Be adequately documented. See also §§200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

§200.404 Reasonable costs.

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

(a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.

(b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.

(c) Market prices for comparable goods or services for the geographic area.

(d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.

(e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

§200.405 Allocable costs.

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

(1) Is incurred specifically for the Federal award;

(2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and

(3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

(b) All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.

(c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

(d) Direct cost allocation principles. 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. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also §§200.310 Insurance coverage through 200.316 Property trust relationship and 200.439 Equipment and other capital expenditures.

(e) If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

Unallowable Costs

Certain costs are not allowed on any federal awards and this holds true for state and local pass-through awards. Other cost items may be unallowable for a particular award and this will be stipulated in both the grant guidelines from the original RFP and in the GAN. These items should not be included in a grant budget. Following are descriptions of unallowable costs according to the Code of Federal Regulations.

§200.421 Advertising and public relations.

(e) **Unallowable** advertising and public relations costs include the following:

(1) All advertising and public relations costs other than as specified in paragraphs (b) and (d) of this section;

(2) Costs of meetings, conventions, convocations, or other events related to other activities of the entity (see also §200.432 Conferences), including:

(i) Costs of displays, demonstrations, and exhibits;

(ii) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and

(iii) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;

(3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs;

(4) Costs of advertising and public relations designed solely to promote the non-Federal entity.

§200.438 Entertainment costs.

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.

§200.422 Advisory councils.

Costs incurred by advisory councils or committees are **unallowable** unless authorized by statute, the Federal awarding agency or as an indirect cost where allocable to Federal awards. See §200.444 General costs of government, applicable to states, local governments and Indian tribes.

§200.423 Alcoholic beverages.

Costs of alcoholic beverages are **unallowable**.

§200.424 Alumni/ae activities.

Costs incurred by IHEs for, or in support of, alumni/ae activities are **unallowable**.

§200.429 Commencement and convocation costs.

For IHEs, costs incurred for commencements and convocations are **unallowable**, except as provided for in Appendix III to Part 200—Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs), paragraph (B)(9) Student Administration and Services, as student activity costs.

When to Obtain Your Federal Grant Program Officer's Approval

There are multiple situations in which you must obtain prior approval from your federal grant officer before you make a change to your grant program. You may think the change you wish to make is small or not worth bothering the officer with but be careful to remind yourself of the conditions under which you must receive prior approval. Reference this manual, the grant guidelines, and the sponsor's grant program website regularly to be sure you are complying with federal requirements. Ask the Business Office grant accountant or the director of grant initiatives when in doubt.

You must receive prior approval from your program officer with certain changes to your program and budget. In some cases, you will need to develop a formal budget amendment, submit it online, and wait until you are notified of approval. The exact language of the federal requirements related to program budget changes is below. However, the program sponsor may have separate agency guidelines that you also must follow. This information will be contained in the original program solicitation, the GAN, or in program information posted at the sponsor's website.

§200.308 Revision of budget and program plans.

(a) The approved budget for the Federal award summarizes the financial aspects of the project or program as approved during the Federal award process. It may include either the Federal and non-Federal share (see §200.43 Federal share) or only the Federal share, depending upon Federal awarding agency requirements. It must be related to performance for program evaluation purposes whenever appropriate.

(b) Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from Federal awarding agencies for budget and program plan revisions, in accordance with this section.

(c)(1) For non-construction Federal awards, recipients must request prior approvals from Federal awarding agencies for one or more of the following program or budget-related reasons:

(i) Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

(ii) Change in a key person specified in the application or the Federal award.

(iii) The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.

(iv) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E—Cost Principles of this part or 45 CFR part 75 Appendix IX, “Principles for Determining Costs Applicable to Research and Development under Awards and Contracts with Hospitals,” or 48 CFR part 31, “Contract Cost Principles and Procedures,” as applicable.

(v) The transfer of funds budgeted for participant support costs as defined in §200.75 Participant support costs to other categories of expense.

(vi) Unless described in the application and funded in the approved Federal awards, the subawarding, transferring or contracting out of any work under a Federal award, including fixed amount subawards as described in §200.332 Fixed amount subawards. This provision does not apply to the acquisition of supplies, material, equipment or general support services.

(vii) Changes in the approved cost-sharing or matching provided by the non-Federal entity.

(viii) The need arises for additional Federal funds to complete the project.

(2) No other prior approval requirements for specific items may be imposed unless an exception has been approved by OMB. See also §§200.102 Exceptions and 200.407 Prior written approval (prior approval).

(d) Except for requirements listed in paragraph (c)(1) of this section, the Federal awarding agency is authorized, at its option, to waive prior written approvals required by paragraph (c) this section. Such waivers may include authorizing recipients to do any one or more of the following:

(1) Incur project costs 90 calendar days before the Federal awarding agency makes the Federal award. Expenses more than 90 calendar days pre-award require prior approval of the Federal awarding agency. All costs incurred before the Federal awarding agency makes the Federal award are at the recipient's risk (i.e., the Federal awarding agency is under no obligation to reimburse such costs if for any reason the recipient does not receive a Federal award or if the Federal award is less than anticipated and inadequate to cover such costs). See also §200.458 Pre-award costs.

(2) Initiate a one-time extension of the period of performance by up to 12 months unless one or more of the conditions outlined in paragraphs (d)(2)(i) through (iii) of this section apply. For one-time extensions, the recipient must notify the Federal awarding agency in writing with the supporting reasons and revised period of performance at least 10 calendar days before the end of the period of performance specified in the Federal award. This one-time extension may not be exercised merely for the purpose of using unobligated balances. Extensions require explicit prior Federal awarding agency approval when:

(i) The terms and conditions of the Federal award prohibit the extension.

(ii) The extension requires additional Federal funds.

(iii) The extension involves any change in the approved objectives or scope of the project.

(3) Carry forward unobligated balances to subsequent periods of performance.

(4) For Federal awards that support research, unless the Federal awarding agency provides otherwise in the Federal award or in the Federal awarding agency's regulations, the prior approval requirements described in paragraph (d) are automatically waived (i.e., recipients need not obtain such prior approvals) unless one of the conditions included in paragraph (d)(2) applies.

(e) The Federal awarding agency may, at its option, restrict the transfer of funds among direct cost categories or programs, functions and activities for Federal awards in which the Federal share of the project exceeds the Simplified Acquisition Threshold and the cumulative amount of such transfers exceeds or is expected to exceed 10 percent of the total budget as last approved by the Federal

awarding agency. The Federal awarding agency cannot permit a transfer that would cause any Federal appropriation to be used for purposes other than those consistent with the appropriation.

(f) All other changes to non-construction budgets, except for the changes described in paragraph (c) of this section, do not require prior approval (see also §200.407 Prior written approval (prior approval)).

(g) For construction Federal awards, the recipient must request prior written approval promptly from the Federal awarding agency for budget revisions whenever paragraph (g)(1), (2), or (3) of this section applies.

(1) The revision results from changes in the scope or the objective of the project or program.

(2) The need arises for additional Federal funds to complete the project.

(3) A revision is desired which involves specific costs for which prior written approval requirements may be imposed consistent with applicable OMB cost principles listed in Subpart E—Cost Principles of this part.

(4) No other prior approval requirements for budget revisions may be imposed unless an exception has been approved by OMB.

(5) When a Federal awarding agency makes a Federal award that provides support for construction and non-construction work, the Federal awarding agency may require the recipient to obtain prior approval from the Federal awarding agency before making any fund or budget transfers between the two types of work supported.

(h) When requesting approval for budget revisions, the recipient must use the same format for budget information that was used in the application, unless the Federal awarding agency indicates a letter of request suffices.

(i) Within 30 calendar days from the date of receipt of the request for budget revisions, the Federal awarding agency must review the request and notify the recipient whether the budget revisions have been approved. If the revision is still under consideration at the end of 30 calendar days, the Federal awarding agency must inform the recipient in writing of the date when the recipient may expect the decision.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014; 80 FR 54409, Sept. 10, 2015]

Cost Sharing or Matching

Sometimes a grant opportunity will request that the applicant commit to providing a “match” in some proportion to the award amount. A 1:1 match would mean that for every dollar supplied by the sponsor, the applicant agency would be required to spend one dollar from its own budget on the project expenses. This is more common with private foundation grants. While the federal government has moved away from expecting grantee contributions, some federal grants still require a match or “cost sharing”. Cost sharing is defined as any project expenses not covered by the sponsor award. There can be restrictions on the types of funding that can be used for a match. Below is language from the Code of Federal Regulations on cost sharing. Please work with the director of grant initiatives on preparing the cost sharing component of your grant budget. And be sure to indicate on the Notice of Intent to Submit form that your grant solicitation requires a campus match.

§200.306 Cost sharing or matching.

(a) 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. Criteria for considering voluntary committed cost sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity. See also §§200.414 Indirect (F&A) costs, 200.203 Notices of funding opportunities, and Appendix I to Part 200—Full Text of Notice of Funding Opportunity.

(b) For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

- (1) Are verifiable from the non-Federal entity's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable under Subpart E—Cost Principles of this part;
- (5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- (6) Are provided for in the approved budget when required by the Federal awarding agency; and
- (7) Conform to other provisions of this part, as applicable.

(c) Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency. Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the non-Federal entity's approved negotiated indirect cost rate.

(d) Values for non-Federal entity contributions of services and property must be established in accordance with the cost principles in Subpart E—Cost Principles. If a Federal awarding agency authorizes the non-Federal entity to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching must be the lesser of paragraphs (d)(1) or (2) of this section.

(1) The value of the remaining life of the property recorded in the non-Federal entity's accounting records at the time of donation.

(2) The current fair market value. However, when there is sufficient justification, the Federal awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the value described in (1) above at the time of donation.

(e) Volunteer services furnished by third-party professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for third-party volunteer services must be consistent with those paid for similar work by the non-Federal entity. In those instances in which the required skills are not found in the non-Federal entity, rates must be consistent with those paid for similar work in the labor market in which the non-Federal entity competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, necessary, allocable, and otherwise allowable may be included in the valuation.

(f) When a third-party organization furnishes the services of an employee, these services must be valued at the employee's regular rate of pay plus an amount of fringe benefits that is reasonable, necessary, allocable, and otherwise allowable, and indirect costs at either the third-party organization's approved federally negotiated indirect cost rate or, a rate in accordance with §200.414 Indirect (F&A) costs, paragraph (d), provided these services employ the same skill(s) for which the employee is normally paid. Where donated services are treated as indirect costs, indirect cost rates will separate the value of the donated services so that reimbursement for the donated services will not be made.

(g) Donated property from third parties may include such items as equipment, office supplies, laboratory supplies, or workshop and classroom supplies. Value assessed to donated property included

in the cost sharing or matching share must not exceed the fair market value of the property at the time of the donation.

(h) The method used for determining cost sharing or matching for third-party-donated equipment, buildings and land for which title passes to the non-Federal entity may differ according to the purpose of the Federal award, if paragraph (h)(1) or (2) of this section applies.

(1) If the purpose of the Federal award is to assist the non-Federal entity in the acquisition of equipment, buildings or land, the aggregate value of the donated property may be claimed as cost sharing or matching.

(2) If the purpose of the Federal award is to support activities that require the use of equipment, buildings or land, normally only depreciation charges for equipment and buildings may be made. However, the fair market value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the Federal awarding agency has approved the charges. See also §200.420 Considerations for selected items of cost.

(i) The value of donated property must be determined in accordance with the usual accounting policies of the non-Federal entity, with the following qualifications:

(1) The value of donated land and buildings must not exceed its fair market value at the time of donation to the non-Federal entity as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the non-Federal entity as required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (42 U.S.C. 4601-4655) (Uniform Act) except as provided in the implementing regulations at 49 CFR part 24.

(2) The value of donated equipment must not exceed the fair market value of equipment of the same age and condition at the time of donation.

(3) The value of donated space must not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality.

(4) The value of loaned equipment must not exceed its fair rental value.

(j) For third-party in-kind contributions, the fair market value of goods and services must be documented and to the extent feasible supported by the same methods used internally by the non-Federal entity.

(k) For IHEs, see also OMB memorandum M-01-06, dated January 5, 2001, Clarification of OMB A-21 Treatment of Voluntary Uncommitted Cost Sharing and Tuition Remission Costs. [78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75883, Dec. 19, 2014]

Equipment

When equipment is purchased under a federal award, a number of conditions must be met for the inventory, storage and disposal of the equipment. Please also see the sections of the Code of Federal Regulations on "Property". The "x" department at HCC is responsible for tagging equipment for inventory. Program directors should ensure that equipment purchased is tagged for inventory.

In addition, "Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property." Program directors should ensure that documentation exists meeting these requirements for equipment purchased with grant funds.

§200.313 Equipment.

See also §200.439 Equipment and other capital expenditures.

(a) *Title.* Subject to the obligations and conditions set forth in this section, title to equipment acquired under a Federal award will vest upon acquisition in the non-Federal entity. Unless a statute specifically authorizes the Federal agency to vest title in the non-Federal entity without further obligation to the Federal Government, and the Federal agency elects to do so, the title must be a conditional title. Title must vest in the non-Federal entity subject to the following conditions:

(1) Use the equipment for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the purposes of the project.

(2) Not encumber the property without approval of the Federal awarding agency or pass-through entity.

(3) Use and dispose of the property in accordance with paragraphs (b), (c) and (e) of this section.

(b) A state must use, manage and dispose of equipment acquired under a Federal award by the state in accordance with state laws and procedures. Other non-Federal entities must follow paragraphs (c) through (e) of this section.

(c) *Use.* (1) Equipment must be used by the non-Federal entity in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and the non-Federal entity must not encumber the property without prior approval of the Federal awarding agency. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:

(i) Activities under a Federal award from the Federal awarding agency which funded the original program or project, then

(ii) Activities under Federal awards from other Federal awarding agencies. This includes consolidated equipment for information technology systems.

(2) During the time that equipment is used on the project or program for which it was acquired, the non-Federal entity must also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other Federal awarding agencies. Use for non-federally-funded programs or projects is also permissible. User fees should be considered if appropriate.

(3) Notwithstanding the encouragement in §200.307 Program income to earn program income, the non-Federal entity must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.

(4) When acquiring replacement equipment, the non-Federal entity may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.

Supplies

Supplies that are purchased through a grant award should be acquired at the beginning of the grant period of performance or program year. Supplies are only to be purchased if they are necessary for

carrying out the activities of the program and meeting outcomes. Supplies should never be purchased at the end of the grant.

§200.314 Supplies.

See also §200.453 Materials and supplies costs, including costs of computing devices.

(a) Title to supplies will vest in the non-Federal entity upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other Federal award, the non-Federal entity must retain the supplies for use on other activities or sell them, but must, in either case, compensate the Federal Government for its share. The amount of compensation must be computed in the same manner as for equipment. See §200.313 Equipment, paragraph (e)(2) for the calculation methodology.

(b) As long as the Federal Government retains an interest in the supplies, the non-Federal entity must not use supplies acquired under a Federal award to provide services to other organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute.

Real Property and Insurance

In addition to the federal requirements for equipment, grant directors should also be familiar with the real property and insurance requirements. Once property is purchased with federal funding it is subject to the requirements below. Grant directors should read through and understand the following property requirements.

§200.310 Insurance coverage.

The non-Federal entity must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with Federal funds as provided to property owned by the non-Federal entity. Federally-owned property need not be insured unless required by the terms and conditions of the Federal award.

§200.311 Real property.

(a) *Title.* Subject to the obligations and conditions set forth in this section, title to real property acquired or improved under a Federal award will vest upon acquisition in the non-Federal entity.

(b) *Use.* Except as otherwise provided by Federal statutes or by the Federal awarding agency, real property will be used for the originally authorized purpose as long as needed for that purpose, during which time the non-Federal entity must not dispose of or encumber its title or other interests.

(c) *Disposition.* When real property is no longer needed for the originally authorized purpose, the non-Federal entity must obtain disposition instructions from the Federal awarding agency or pass-through entity. The instructions must provide for one of the following alternatives:

(1) Retain title after compensating the Federal awarding agency. The amount paid to the Federal awarding agency will be computed by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and costs of any improvements) to the fair market value of the property. However, in those situations where the non-Federal entity is disposing of real property acquired or improved with a Federal award and acquiring replacement real property under the same Federal award, the net proceeds from the disposition may be used as an offset to the cost of the replacement property.

(2) Sell the property and compensate the Federal awarding agency. The amount due to the Federal awarding agency will be calculated by applying the Federal awarding agency's percentage of participation in the cost of the original purchase (and cost of any improvements) to the proceeds of the sale after deduction of any actual and reasonable selling and fixing-up expenses. If the Federal award has not been closed out, the net proceeds from sale may be offset against the original cost of the property. When the non-Federal entity is directed to sell property, sales procedures must be followed that provide for competition to the extent practicable and result in the highest possible return.

(3) Transfer title to the Federal awarding agency or to a third party designated/approved by the Federal awarding agency. The non-Federal entity is entitled to be paid an amount calculated by applying the non-Federal entity's percentage of participation in the purchase of the real property (and cost of any improvements) to the current fair market value of the property.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]

§200.316 Property trust relationship.

Real property, equipment, and intangible property, that are acquired or improved with a Federal award must be held in trust by the non-Federal entity as trustee for the beneficiaries of the project or program under which the property was acquired or improved. The Federal awarding agency may require the non-Federal entity to record liens or other appropriate notices of record to indicate that personal or real property has been acquired or improved with a Federal award and that use and disposition conditions apply to the property.

Records Retention

Throughout the period of performance, grant directors should retain all grant program files. After grant close-out is complete, the original complete grant files should be retained for the number of years specified by the awarding agency. Ideally, the campus should maintain a permanent central grant file storage system. Financial records are maintained by the Business Office but the program director is responsible for maintaining program related files.

§200.333 Retention requirements for records.

Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities. The only exceptions are the following:

(a) If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

(b) When the non-Federal entity is notified in writing by the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.

(c) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.

(d) When records are transferred to or maintained by the Federal awarding agency or pass-through entity, the 3-year retention requirement is not applicable to the non-Federal entity.

(e) Records for program income transactions after the period of performance. In some cases recipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the non-Federal entity's fiscal year in which the program income is earned.

(f) Indirect cost rate proposals and cost allocations plans. This paragraph applies to the following types of documents and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

(1) *If submitted for negotiation.* If the proposal, plan, or other computation is required to be submitted to the Federal Government (or to the pass-through entity) to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.

(2) *If not submitted for negotiation.* If the proposal, plan, or other computation is not required to be submitted to the Federal Government (or to the pass-through entity) for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

§200.336 Access to records.

(a) Records of non-Federal entities. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, and the pass-through entity, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the non-Federal entity's personnel for the purpose of interview and discussion related to such documents.

Issues for Management

Institutions that accept federal grant funding assume responsibility for meeting federal requirements for managing the awards. With implementation of the Uniform Guidance, the federal government instituted significant changes. Managers of IHEs should ensure that their institutions are meeting requirements of 2 CFR 200 (Title 2, Subtitle A, Chapter II, Part 200), a few of which are included below.

§200.302 Financial management.

(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also §200.450 Lobbying.

(b) The financial management system of each non-Federal entity must provide for the following (see also §§200.333 Retention requirements for records, 200.334 Requests for transfer of records, 200.335 Methods for collection, transmission and storage of information, 200.336 Access to records, and 200.337 Restrictions on public access to records):

(1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§200.327 Financial reporting and 200.328 Monitoring and reporting program performance. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand. Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.

(3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

(4) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See §200.303 Internal controls.

(5) Comparison of expenditures with budget amounts for each Federal award.

(6) Written procedures to implement the requirements of §200.305 Payment.

(7) Written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles of this part and the terms and conditions of the Federal award.

§200.61 Internal controls.

Internal controls means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations;
- (b) Reliability of reporting for internal and external use; and
- (c) Compliance with applicable laws and regulations.

§200.62 Internal control over compliance requirements for Federal awards.

Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:

- (a) Transactions are properly recorded and accounted for, in order to:
 - (1) Permit the preparation of reliable financial statements and Federal reports;
 - (2) Maintain accountability over assets; and
 - (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;
- (b) Transactions are executed in compliance with:
 - (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
 - (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement;and
- (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.

§200.430 Compensation—personal services.

(a) General. Compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Compensation for personal services may also include fringe benefits which are addressed in §200.431 Compensation—fringe benefits. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees:

- (1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities;
- (2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and
- (3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

(b) Reasonableness. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the non-Federal entity. In cases where the kinds of employees required for Federal awards are not found in the other activities of the non-Federal entity, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the non-Federal entity competes for the kind of employees involved.

(c) Professional activities outside the non-Federal entity. Unless an arrangement is specifically authorized by a Federal awarding agency, a non-Federal entity must follow its written non-Federal

entity-wide policies and practices concerning the permissible extent of professional services that can be provided outside the non-Federal entity for non-organizational compensation. Where such non-Federal entity-wide written policies do not exist or do not adequately define the permissible extent of consulting or other non-organizational activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on Federal awards be allocated between:

(1) Non-Federal entity activities, and

(2) Non-organizational professional activities. If the Federal awarding agency considers the extent of non-organizational professional effort excessive or inconsistent with the conflicts-of-interest terms and conditions of the Federal award, appropriate arrangements governing compensation will be negotiated on a case-by-case basis.

(d) Unallowable costs. (1) Costs which are unallowable under other sections of these principles must not be allowable under this section solely on the basis that they constitute personnel compensation.

(2) The allowable compensation for certain employees is subject to a ceiling in accordance with statute. For the amount of the ceiling for cost-reimbursement contracts, the covered compensation subject to the ceiling, the covered employees, and other relevant provisions, see 10 U.S.C. 2324(e)(1)(P), and 41 U.S.C. 1127 and 4304(a)(16). For other types of Federal awards, other statutory ceilings may apply.

(e) Special considerations. Special considerations in determining allowability of compensation will be given to any change in a non-Federal entity's compensation policy resulting in a substantial increase in its employees' level of compensation (particularly when the change was concurrent with an increase in the ratio of Federal awards to other activities) or any change in the treatment of allowability of specific types of compensation due to changes in Federal policy.

(f) Incentive compensation. Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the non-Federal entity and the employees before the services were rendered, or pursuant to an established plan followed by the non-Federal entity so consistently as to imply, in effect, an agreement to make such payment.

(g) Nonprofit organizations. For compensation to members of nonprofit organizations, trustees, directors, associates, officers, or the immediate families thereof, determination must be made that such compensation is reasonable for the actual personal services rendered rather than a distribution of earnings in excess of costs. This may include director's and executive committee member's fees, incentive awards, allowances for off-site pay, incentive pay, location allowances, hardship pay, and cost-of-living differentials.

(h) Institutions of higher education (IHEs). (1) Certain conditions require special consideration and possible limitations in determining allowable personnel compensation costs under Federal awards.

Among such conditions are the following:

(i) Allowable activities. Charges to Federal awards may include reasonable amounts for activities contributing and directly related to work under an agreement, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, developing and maintaining protocols (human, animals, etc.), managing substances/chemicals, managing and securing project-specific data, coordinating research subjects, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences

(ii) Incidental activities. Incidental activities for which supplemental compensation is allowable under written institutional policy (at a rate not to exceed institutional base salary) need not be included in the records described in paragraph (i) of this section to directly charge payments of incidental activities, such activities must either be specifically provided for in the Federal award budget or receive prior written approval by the Federal awarding agency.

(2) Salary basis. Charges for work performed on Federal awards by faculty members during the academic year are allowable at the IBS rate. Except as noted in paragraph (h)(1)(ii) of this section, in no event will charges to Federal awards, irrespective of the basis of computation, exceed the proportionate share of the IBS for that period. This principle applies to all members of faculty at an institution. IBS is defined as the annual compensation paid by an IHE for an individual's appointment, whether that individual's time is spent on research, instruction, administration, or other activities. IBS excludes any income that an individual earns outside of duties performed for the IHE. Unless there is prior approval by the Federal awarding agency, charges of a faculty member's salary to a Federal award must not exceed the proportionate share of the IBS for the period during which the faculty member worked on the award.

(3) Intra-Institution of Higher Education (IHE) consulting. Intra-IHE consulting by faculty is assumed to be undertaken as an IHE obligation requiring no compensation in addition to IBS. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the faculty member is in addition to his or her regular responsibilities, any charges for such work representing additional compensation above IBS are allowable provided that such consulting arrangements are specifically provided for in the Federal award or approved in writing by the Federal awarding agency.

(4) Extra Service Pay normally represents overload compensation, subject to institutional compensation policies for services above and beyond IBS. Where extra service pay is a result of Intra-IHE consulting, it is subject to the same requirements of paragraph (b) above. It is allowable if all of the following conditions are met:

(i) The non-Federal entity establishes consistent written policies which apply uniformly to all faculty members, not just those working on Federal awards.

(ii) The non-Federal entity establishes a consistent written definition of work covered by IBS which is specific enough to determine conclusively when work beyond that level has occurred. This may be described in appointment letters or other documentations.

(iii) The supplementation amount paid is commensurate with the IBS rate of pay and the amount of additional work performed. See paragraph (h)(2) of this section.

(iv) The salaries, as supplemented, fall within the salary structure and pay ranges established by and documented in writing or otherwise applicable to the non-Federal entity.

(v) The total salaries charged to Federal awards including extra service pay are subject to the Standards of Documentation as described in paragraph (i) of this section.

(5) Periods outside the academic year. (i) Except as specified for teaching activity in paragraph (h)(5)(ii) of this section, charges for work performed by faculty members on Federal awards during periods not included in the base salary period will be at a rate not in excess of the IBS.

(ii) Charges for teaching activities performed by faculty members on Federal awards during periods not included in IBS period will be based on the normal written policy of the IHE governing compensation to faculty members for teaching assignments during such periods

(6) Part-time faculty. Charges for work performed on Federal awards by faculty members having only part-time appointments will be determined at a rate not in excess of that regularly paid for part-time assignments.

(7) Sabbatical leave costs. Rules for sabbatical leave are as follow:

(i) Costs of leaves of absence by employees for performance of graduate work or sabbatical study, travel, or research are allowable provided the IHE has a uniform written policy on sabbatical leave for persons engaged in instruction and persons engaged in research. Such costs will be allocated on an equitable basis among all related activities of the IHE.

(ii) Where sabbatical leave is included in fringe benefits for which a cost is determined for assessment as a direct charge, the aggregate amount of such assessments applicable to all work of the institution

during the base period must be reasonable in relation to the IHE's actual experience under its sabbatical leave policy.

(8) Salary rates for non-faculty members. Non-faculty full-time professional personnel may also earn "extra service pay" in accordance with the non-Federal entity's written policy and consistent with paragraph (h)(1)(i) of this section.

(i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);

(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;

(v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and

(vi) [Reserved]

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

(viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:

(A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;

(B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and

(C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

(ix) Because practices vary as to the activity constituting a full workload (for IHEs, IBS), records may reflect categories of activities expressed as a percentage distribution of total activities.

(x) It is recognized that teaching, research, service, and administration are often inextricably intermingled in an academic setting. When recording salaries and wages charged to Federal awards for IHEs, a precise assessment of factors that contribute to costs is therefore not always feasible, nor is it expected.

(2) For records which meet the standards required in paragraph (i)(1) of this section, the non-Federal entity will not be required to provide additional support or documentation for the work performed, other than that referenced in paragraph (i)(3) of this section.

(3) In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.

(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

(5) For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in paragraph (1) if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment sampling, “rolling” time studies, case counts, or other quantifiable measures of work performed.

(i) Substitute systems which use sampling methods (primarily for Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:

(A) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in paragraph (i)(5)(iii) of this section;

(B) The entire time period involved must be covered by the sample; and

(C) The results must be statistically valid and applied to the period being sampled.

(ii) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.

(iii) Less than full compliance with the statistical sampling standards noted in subsection (5)(i) may be accepted by the cognizant agency for indirect costs if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the non-Federal entity will result in lower costs to Federal awards than a system which complies with the standards.

(6) Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program performance where these are clearly documented. Where approved by the Federal cognizant agency for indirect costs, these plans are acceptable as an alternative to the requirements of paragraph (i)(1) of this section.

(7) For Federal awards of similar purpose activity or instances of approved blended funding, a non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided that such plans are approved in advance by all involved Federal awarding agencies. In these instances, the non-Federal entity must submit a request for waiver of the requirements based on documentation that describes the method of charging costs, relates the charging of costs to the specific activity that is applicable to all fund sources, and is based on quantifiable measures of the activity in relation to time charged.

(8) For a non-Federal entity where the records do not meet the standards described in this section, the Federal Government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records as required in this section.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75886, Dec. 19, 2014]

§200.313 Equipment.

See also §200.439 Equipment and other capital expenditures.

(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project

costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

(3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

(4) Adequate maintenance procedures must be developed to keep the property in good condition.

(5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

(e) *Disposition.* When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

(1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.

(2) Except as provided in §200.312 Federally-owned and exempt property, paragraph (b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.

(3) The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.

(4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]

§200.312 Federally-owned and exempt property.

(a) Title to federally-owned property remains vested in the Federal Government. The non-Federal entity must submit annually an inventory listing of federally-owned property in its custody to the Federal awarding agency. Upon completion of the Federal award or when the property is no longer needed, the non-Federal entity must report the property to the Federal awarding agency for further Federal agency utilization.

(b) If the Federal awarding agency has no further need for the property, it must declare the property excess and report it for disposal to the appropriate Federal disposal authority, unless the Federal awarding agency has statutory authority to dispose of the property by alternative methods (e.g., the authority provided by the Federal Technology Transfer Act (15 U.S.C. 3710 (i)) to donate research equipment to educational and non-profit organizations in accordance with Executive Order 12999,

“Educational Technology: Ensuring Opportunity for All Children in the Next Century.”). The Federal awarding agency must issue appropriate instructions to the non-Federal entity.

(c) Exempt federally-owned property means property acquired under a Federal award where the Federal awarding agency has chosen to vest title to the property to the non-Federal entity without further obligation to the Federal Government, based upon the explicit terms and conditions of the Federal award. The Federal awarding agency may exercise this option when statutory authority exists. Absent statutory authority and specific terms and conditions of the Federal award, title to exempt federally-owned property acquired under the Federal award remains with the Federal Government. [78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75884, Dec. 19, 2014]

§200.335 Methods for collection, transmission and storage of information.

In accordance with the May 2013 Executive Order on Making Open and Machine Readable the New Default for Government Information, the Federal awarding agency and the non-Federal entity should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine readable formats rather than in closed formats or on paper. The Federal awarding agency or pass-through entity must always provide or accept paper versions of Federal award-related information to and from the non-Federal entity upon request. If paper copies are submitted, the Federal awarding agency or pass-through entity must not require more than an original and two copies. When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and remain readable.

§200.205 Federal awarding agency review of risk posed by applicants.

(a) *Review of OMB-designated repositories of governmentwide data.* (1) Prior to making a Federal award, the Federal awarding agency is required by 31 U.S.C. 3321 and 41 U.S.C. 2313 note to review information available through any OMB-designated repositories of governmentwide eligibility qualification or financial integrity information as appropriate. See also suspension and debarment requirements at 2 CFR part 180 as well as individual Federal agency suspension and debarment regulations in title 2 of the Code of Federal Regulations.

(2) In accordance 41 U.S.C. 2313, the Federal awarding agency is required to review the non-public segment of the OMB-designated integrity and performance system accessible through SAM (currently the Federal Awardee Performance and Integrity Information System (FAPIIS)) prior to making a Federal award where the Federal share is expected to exceed the simplified acquisition threshold, defined in 41 U.S.C. 134, over the period of performance. At a minimum, the information in the system for a prior Federal award recipient must demonstrate a satisfactory record of executing programs or activities under Federal grants, cooperative agreements, or procurement awards; and integrity and business ethics. The Federal awarding agency may make a Federal award to a recipient who does not fully meet these standards, if it is determined that the information is not relevant to the current Federal award under consideration or there are specific conditions that can appropriately mitigate the effects of the non-Federal entity's risk in accordance with §200.207 Specific conditions.

(b) In addition, for competitive grants or cooperative agreements, the Federal awarding agency must have in place a framework for evaluating the risks posed by applicants before they receive Federal awards. This evaluation may incorporate results of the evaluation of the applicant's eligibility or the quality of its application. If the Federal awarding agency determines that a Federal award will be made, special conditions that correspond to the degree of risk assessed may be applied to the Federal award.

Criteria to be evaluated must be described in the announcement of funding opportunity described in §200.203 Notices of funding opportunities.

(c) In evaluating risks posed by applicants, the Federal awarding agency may use a risk-based approach and may consider any items such as the following:

(1) Financial stability;

(2) Quality of management systems and ability to meet the management standards prescribed in this part;

(3) History of performance. The applicant's record in managing Federal awards, if it is a prior recipient of Federal awards, including timeliness of compliance with applicable reporting requirements, conformance to the terms and conditions of previous Federal awards, and if applicable, the extent to which any previously awarded amounts will be expended prior to future awards;

(4) Reports and findings from audits performed under Subpart F—Audit Requirements of this part or the reports and findings of any other available audits; and

(5) The applicant's ability to effectively implement statutory, regulatory, or other requirements imposed on non-Federal entities.

(d) In addition to this review, the Federal awarding agency must comply with the guidelines on governmentwide suspension and debarment in 2 CFR part 180, and must require non-Federal entities to comply with these provisions. These provisions restrict Federal awards, subawards and contracts with certain parties that are debarred, suspended or otherwise excluded from or ineligible for participation in Federal programs or activities.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75882, Dec. 19, 2014; 80 FR 43308, July 22, 2015; 80 FR 69111, Nov. 9, 2015]

Attachment A: New Grant Director's Checklist

___ When the grant is funded, immediately send a copy of the grant award notification, complete original proposal, and complete grant guidelines to the Director of Financial Services, Director of Human Resources, Department Chair, Dean of the Division, and Director of Grant Initiatives

___ When the grant is funded, have a discussion with the Director of Institutional Research to determine the appropriate research strategy and methodology that can yield the understanding of the grant success and satisfy the requirement of the grant.

___ Send a copy of the language to be used in citing the sponsor to Communications and Marketing along with the grant award notification so the office can develop a press release

___ Re-read the proposal that was submitted, read the entire grant award notification and any citations in the notification, and read any other guidance provided by the sponsor on managing the award

___ Review the grant deliverables, activities, milestones, objectives, outcomes and the original proposal timeline; post the dates of all deliverables and activities on your calendar

___ Post interim and final report deadlines on your calendar; review reporting requirements and plan how you will meet the report deadlines; schedule time in advance to prepare the programmatic reports; the Business Office will prepare financial reports

___ Touch base with your program officer to introduce yourself; find out if there are any issues the officer would like you to be aware of; ask what the officer's preferred method of communication is and frequency of communication

___ Pay close attention to any email notifications from your program officer; these are official notices; keep copies of all emails and communications with your program officer to be incorporated into the official grant files which must be retained for six years

___ Attend all trainings provided by the sponsor for managing the award and any other any other sponsor-recommended or required professional development opportunities

___ Schedule a grant kick-off meeting with Director of Financial Services and staff, Director of Grant Initiatives, Director of Human Resources (if staff will be hired), Director of IR, the Chair, the Dean, and other department heads whose departments will be involved with the grant

___ Coordinate with the Business Office to set up the grant account and to obtain guidance on expenditures so you comply with all campus purchasing requirements

___ If you will be hiring staff, provide job descriptions to the Director of Human Resources and coordinate with her or her staff to post jobs following campus hiring procedures

___ If you need to hire a consultant or independent contractor, coordinate with the Business Office to develop a contract and retain the consultant

____ If you are working with an outside evaluator or an internal evaluator, set up a start-up meeting with the evaluator to begin the evaluation process; identify information required by the evaluator and a timeline for submitting data to evaluator; coordinate throughout the grant year with the evaluator to ensure s/he has the information required

____ Purchase supplies and equipment at the beginning of the grant period of performance; all supplies and equipment must be needed to meet the program objectives and outcomes and should not be purchased after outcomes are met

____ Pull together the team of individuals who will be working on the grant and schedule meetings with them; review the timeline for completing activities and assign tasks to the team; be sure team members understand their roles and responsibilities for carrying out activities and meeting outcomes

____ Feedback from the personnel related to the grant needs to be conducted on the regular basis so that the grant is managed effectively.

____ Provide monthly reports to your Chair and Dean on the progress of the grant including what activities have been completed, milestones reached, and deliverables produced; discuss what you will accomplish in the following month

____ Save documentation of all activities and services provided; this might include sign-in sheets for workshops and workshop flyers, counselor case notes, student sign-in sheets; consider how you will prove to the sponsor that you carried out the activities you proposed and create a paper trail; this documentation can be included in interim and final reports and will be useful in an audit

____ Connect with Institutional Research to provide them with dates by which you will require student outcomes data for reporting; be sure to provide them with a schedule of deadlines as soon as the grant is awarded so that they can arrange to complete the work

____ Prepare and submit interim reports to the sponsor showing adequate progress toward meeting outcomes; send a copy to your Chair or Dean, the Business Office, Institutional Research Office, and the Director of Grant Initiatives

____ Consider progress in meeting outcomes and evaluate whether you need to adjust your program to meet outcomes for the program year; only make changes that are allowable without the program officer's prior approval; obtain the program officer's approval for changes that require it

____ Spend down all grant funds by the end of the program year; coordinate with the Business Office to be sure you are on track to spend down all funds

____ Complete all proposed program activities and services by the end of the grant year; meet program outcomes proposed by the end of the grant year

____ Obtain data from Institutional Research on program outcomes for the final report

____ Prepare the final report for the grant year; submit to the Chair or Dean for review or the Director of Grant Initiatives for feedback

_____ Prepare and submit the final annual report to the sponsor indicating outcomes were met; send a copy to your Chair or Dean, the Business Office, the Institutional Research, and the Director of Grant Initiatives; the Business Office will prepare the final financial report

_____ Repeat the process above for multi-year grants

_____ Work with the Business Office on grant close-out in the final year of the grant award

_____ Submit all grant files to the Director of Grant Initiatives for official campus records; records will be retained for six years in compliance with federal requirements; arrange for the storage of confidential student records

Attachment B: Notice of Intent to Submit Grant Application

PI/PD Name: _____

CoPI/PD Names or Team Members: _____

PI/PD Department(s): _____

PI/PD Supervisor(s): _____

PI/PD Email: _____

PI/PD Phone: _____

Sponsor Agency Name: _____

Funding Opportunity Title: _____

Funding Opportunity Number (if available): _____

Proposal Due Date: _____

Total Budget Amount: _____

Sponsor Match Required? YES _____ NO _____

If Yes, Amount of Match Required: _____

Will HCC be the applicant institution? YES _____ NO _____

If No, what entity will apply for the grant and what will HCC's role be?

Please list any partners who will be involved outside the institution and describe their role in the project:

Will you require any space on campus to carry out the project? YES _____ NO _____

If Yes, please describe space requirements:

Will you require any IT services to carry out the project? YES _____ NO _____

If Yes, please describe IT services required:

Will you require any Institutional Research services to carry out the project? YES _____ NO _____

If Yes, please describe IR services required:

Will your project involve human subjects research? YES _____ NO _____

Are there any other departments on campus or other staff you request help from to carry out the project? If so, please describe:

I am notifying campus of my interest in submitting the above application to the sponsor agency.

Submitted by: PI/PD and Co-PI/PD Signature(s) Date

I have reviewed this notification of intent to apply for grant funding and I have no objection to the PI/PD moving forward with the application.

Signature of Supervisor(s) or Department Chair(s) Date

Signature of Dean(s) Date