

# Policy 1 - Introduction and Organization of Grants and Contracts Policies

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Seeking external funds is essential for Missouri State University (University) to supplement existing revenues and to meet its research, teaching and service goals. At the center of this effort is Missouri State University faculty and staff who compete for external funds and who serve as principal or co-principal investigators.

While these external funds are crucial, they are subject to a myriad of rules and regulations. Expenditure of federal funds for example is subject to a stringent set of accounting rules in a complex regulatory framework. The University has two offices charged with primary responsibility for assisting faculty and staff in acquiring and expending external funds as provided through grants and contracts. These are the Office of Sponsored Research and Programs (OSRP) and Grants and Contracts Accounting (GCA). These offices have a variety of responsibilities throughout the grant cycle – grant seeking, acquisition, implementation, administration, and closeout.

To enable faculty, staff and administrators, to seek, acquire, and manage externally funded projects in an effective manner, and in compliance with governmental regulations, the University has implemented policies related to each phase of the grant cycle.

The acquisition and administration of external funded projects at Missouri State University are guided by policies that are divided into three major categories: *Grant Seeking (Pre-Award)*; *Financial Management (Post-Award)*; and, *Compliance*. These policies will enable the University and its employees to function effectively in the often challenging world of grants and contracts.

*Grant Seeking (Pre-Award)* focuses on the following key areas: identification of funding opportunities; preparation of proposals and budgets; review and submission of proposals, negotiation of terms for grants, contracts and other funding agreements; and implementation of externally funded projects. These policies are coordinated and maintained by the Office of Sponsored Research and Programs.

*Financial Management (Post-award)* focuses on the fiscal management of funds awarded to the University by ensuring compliance with direct and indirect costing directives of the sponsoring agency. These policies range from expenditure guidelines to audit matters and reports; from cost sharing to time and effort reporting. The policies related to post-award financial management are coordinated primarily by Grants and Contracts Accounting. In addition, there are other University units involved in coordinating matters related to grants and contracts, e.g., Human Resources, Payroll, Purchasing, etc.

*Compliance* focuses on the regulatory environment that faculty and staff must work within, especially if they are using federal funds. These policies apply to animal care and use, biosafety, human subjects protection, export controls, intellectual property and other regulations that must be complied with in University activities whether externally funded or supported from within. The policies are coordinated and maintained primarily by the Office of Sponsored Research and Programs. There are, however, other federal and state regulations and University policies that apply to externally and internally funded projects, but are not coordinated by the Office of Sponsored Research and Programs.

Taken together, these policies provide guidance and assistance to faculty and staff in acquiring and administering external funds from a variety of sponsoring agencies. Grants and Contracts Accounting (GCA) and the Office of Sponsored Research and Programs (OSRP) have primary administrative responsibility for activities leading to development and subsequent administration of grants, contracts and other funding agreements involving external sponsors. When external funds are received in support of a sponsored program activity, there should be either a proposal which has been processed through OSRP, a grant/contract that OSRP has reviewed and processed for approval by the University authorized representative, or some arrangement relating to the receipt of project funds which has been agreed to by OSRP.

## Office of Sponsored Research and Programs

The Office of Sponsored Research and Programs (OSRP) provides assistance to faculty and staff in the preparation and submission of proposals seeking external funds and the OSRP staff also supports a variety of aspects of post-award administration of a grant or contract. The Office maintains many of the permanent files pertaining to funded projects. These files include:

- Proposal packages – proposals, letters of commitment/support, certifications and assurances
- Agency decisions – award or denial notices
- Agreements for subrecipients
- Reports requiring approval by authorized institutional representatives
- Requests and decisions on changes to awards
- Other correspondence

The official financial records are maintained by Grants and Contracts Accounting.

The OSRP assists faculty and staff in identifying potential funding sources, as well as communicating funding opportunities to the University community, assisting potential applicants in developing contacts with potential sponsors, and in developing proposals to funding agencies. In addition, the OSRP is responsible for reviewing proposals, ensuring that they have been approved by unit administrators and authorized institutional representatives, and submitting proposal packages to funding agencies. One part of the review process is to ensure that the proposals conform to all agency requirements and that special commitments have had prior internal review. This office coordinates the final approval by an authorized University representative, and forwards the proposal package to the sponsoring agency. When required by the sponsor, OSRP assists applicants in developing the proposal package in an electronic format, with OSRP actually submitting these proposals via the required electronic routing. OSRP also has responsibilities to coordinate various aspects of grant and contract administration, functioning as the liaison between the funding agency, the Principal Investigator, and other University offices having responsibilities ranging from financial matters to personnel and purchasing. The OSRP is responsible for coordinating the requests for approval of changes in an approved scope of work, deliverables, key personnel, budget allocations, as well as extending the term of a grant or contract.

As the primary support organization for pre-award activity for sponsored programs at Missouri State University, OSRP works with the Vice President for Research and Economic Development, the Office of the Provost, Academic Deans and Department Heads for academic matters dealing with sponsored programs, as well as with the appropriate financial officers on fiscal matters. All grants and contracts represent obligation of the University and, as such, must be approved by the Vice President for Research and Economic Development as the authorized University representative.

The Office of Research and Sponsored Programs also is responsible for coordinating the implementation of the University's policies related to compliance with federal regulations including animal care and use, biosafety, export control, human subject protection, and intellectual property.

The Office of Research and Sponsored Programs is part of the Research and Economic Development Division and reports to the Vice President for Research and Economic Development. The OSRP is located in Carrington Hall, Room 407. More information about this office and its services can be found at <http://www.srp.missouristate.edu>.

The University is implementing a Grants Management System for the management of pre award activities. The Office of Sponsored Research and Programs will have primary responsibility for coordinating the use of this system. Modules to be implemented include the following:

- Proposal Development Module;
- Proposal Tracking Module;
- Animal Care and Use Development and Tracking Modules; and
- Human Subjects Protection Development and Tracking Modules.

These modules will be introduced along with electronic and traditional training programs to enable effective implementation by faculty, staff and administrators. Details on the first two modules will be provided in the

Proposal Development and Proposal Submission sections below. The other modules will be described in detail in the Compliance Policies.

### **Grants and Contracts Accounting**

Grants and Contracts Accounting (GCA) provides assistance with fiscal matters dealing with project administration. The primary function of GCA is to coordinate the administration and financial management of all grants and contracts awarded to the University. This includes providing budgetary advice, if required, during proposal preparation, as well as the financial management of the funds awarded to the University to ensure compliance with direct and indirect costing directives of the sponsoring agency.

Permanent files maintained by Grants and Contracts Accounting are:

- interim and final financial statements filed with the agency;
- copies of the original budget and any budget revisions;
- prior approval notices from the agency where applicable; and
- any other correspondence relative to the fiscal management of the grant.

Grants and Contracts Accounting should be contacted for clarification of policies related to financial administration of grants and contracts.

Grants and Contracts Accounting is a part of the department of Accounting and Budgeting of the University and is the administrative responsibility of the Director of Accounting and Budgeting, who reports to the Chief Financial Officer. The Grants and Contracts Accounting office is located on the fourth floor of the Carrington, Room 424. More information about Grants and Contracts Accounting may be found at the GCA website

<http://www.missouristate.edu/financialservices/grantsandcontracts.htm>.

### **Organization of the Policies**

The policies are organized to provide the reader with definitions of terms that are commonly used in the world of external funding. Where appropriate, a single term will be selected to refer to multiple related terms. Thereafter, the pre-award activities associated with an externally sponsored project are described in the following phases. For purposes of these policies the term “pre-award” is considered to include the phases up through project implementation.

- Identification of Funding Opportunities
- Proposal Planning
- Proposal Development
- Proposal Review and Submission
- Award Notification and Negotiation
- Project Implementation

Each of these phases will be described in terms of what would be expected of the potential principal investigator, as well as others who have responsibilities related to development, review, approval and submission of proposals to external funding sources, as well as implementation of externally funded projects.

When needed, the reader will be referred to web sites or other documents that provide additional information related to the topic under discussion. When feasible, additional documents and forms will appear as appendices to supplement the information.

## Definition of Common Terms

**Allowable Costs-** the tests of allowability of costs under these principles are: (a) they must be reasonable; (b) they must be allocable to sponsored agreements under the principles and methods identified in the various grants and contracts policies; (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items.

**Authorized Organizational Representative (AOR)** – the individual or individuals who are authorized by the University’s Board of Governors to commit the institution to work and related budgets in proposals and grants and contracts.

**Budget** – the section of a proposal that provides information about the University’s projected costs for conducting the project as described in the proposal narrative. This section may contain both funds requested, and cost-sharing (matching) funds. Most often a narrative accompanies this financial information in which justification is provided for the various cost categories.

**Compliance** – refers to governmental laws and regulations, and University policies related to the project. Depending on the funding agency, formal approval by internal committees may be required prior to submission of the proposal, or sometimes prior to official receipt of an award. Compliance areas most often associated with externally funded projects include:

- Animal Care and Use
- Biosafety
- Export Control
- Human Subjects Protection
- Intellectual Property Protection

Information on governmental regulations and University policies associated with each of these, as well as other areas, are provided in the Compliance policies.

**Cost-sharing** – refers to project costs not borne by the sponsor and include commitments of cash or in-kind services. These commitments can be made by the applying institution, other collaborating institutions, as well as third parties that will provide resources to enable the completion of the project.

**Grants, Contracts and other Funding Agreements** – this includes formal agreements between the University and an external sponsor. All forms of funding agreements that necessitate work to be performed and deliverables provided to the sponsor. The latter would normally include technical reports and other products, as well as an accounting for the expended funds. For purposes of these policies, the term “grants” will be used to refer to all forms of agreements with external funding entities.

- **Grant** -An agreement to transfer to the grantee money, property, services, or anything of value to accomplish a public purpose, such as support or assistance in an area of interest to the sponsor. For an award to be considered a grant, it normally will contain the following elements:
  - The statement of work must be phrased in general terms to allow the project director a significant amount of freedom to change emphases within the general area of work as the project progresses.
  - Deliverables are minimal, usually consisting of reports only.
  - Separate accounting procedures are required.
  - Reimbursements from a grantor are dependent on the expenditure of funds for approved purposes
- **Contract** - An agreement to acquire, purchase, lease, or barter property or services that primarily benefits the sponsor. For an award to be considered a contract, it normally must contain all of the following elements:

- Detailed financial and legal requirements must be included in a specific statement of work to be performed.
  - A specific set of deliverables and/or reports to the sponsor is required.
  - Separate accounting procedures are required.
  - Legally binding contract clauses must be included.
  - Reimbursements from the contractor are based on the agreement and not the expenditure of funds.
- **Gift** - A donation of money, property, or anything of value to the recipient for the recipient's ownership and use in accordance with the donor's wishes and restrictions. In accordance with Missouri State University Board of Governors policies, gifts are received and managed by the Missouri State University Foundation (Foundation) through the Office of the Vice President for University Advancement and normally contain only the following elements:
    - If there are any restrictions on use, they are limited to the University, a unit, a program, or an activity.
    - The amount of a gift may or may not bear any relation to the total cost of the program or activity.
    - There are usually no deliverables and/or reporting requirements.
    - Funds may be commingled with funds from other sources within the same accounts.
    - Endowed gifts restrict the use of the gift to income generate and paid out in accordance with the Foundation's spending policy.
    - The expenditure of funds derived from gifts are not covered by Grants and Contracts policies.
  - Other Funding Agreements – can include Cooperative Agreements, Consulting Agreements, Purchase Orders, etc.

**Intellectual Property** – refers to inventions created by persons that could be subject to patent or copyright protection with ownership dictated by sponsor's regulations, grant requirements, and University policy. Sponsors may have specific requirements for reporting of inventions.

**Internal Approval Form** – document that will be submitted by a potential principal investigator to all unit supervisors and senior administrators that are responsible for resources (individuals, facilities, equipment) that are to be committed to the project. See Policy 4, Proposal Review and Submission.

**Internal Award Notice** – formal notification of the University's acceptance of a grant from an external sponsor. Usually contains critical information that is needed by the principal investigator, other named individuals, unit supervisors, more senior administrators, and central administrative units in order to implement the funded project.

**Letter of Intent** – notice to the funding agency that the institution will be submitting a proposal to a specific program. Often used by these agencies to gauge the number and types of proposals that are to be submitted. These are especially useful in arranging for reviewers in sufficient numbers and with appropriate expertise.

**Program Manager or Program Officer** – These are individuals designated as having responsibility for handling inquiries regarding specific funded programs. The term point of contact (POC) will be used throughout these policies.

**Pre-proposals** – preliminary proposals submitted to sponsors that may or may not contain formal institutional commitments in the project narrative and budget sections.

**Principal Investigator / Project Director** – lead person with primary responsibility for all aspects of the grant including technical and financial matters. Co-Principal Investigator / Co-Project Director – other key personnel with responsibilities delegated by the principal investigator. The term PI or Co-PI will be used throughout this document to refer to lead person(s) developing and submitting proposals, as well as managing a grant.

**Proposals** – formal applications by the University to sponsors containing commitments to a scope of work, deliverables, time frame, and budget.

**Sponsor** – governmental agency, non-profit or for-profit entity that is to be the source of funds provided to the University under a grant.

**Subawards** – funds passed through the recipient of a grant to other entities. With the approval of the sponsor, grant recipients can issue subgrants to non-profit entities, whereas grant and contract recipients can issue subcontracts to for-profit entities. The term “subawards” will be used to describe both subgrants and subcontracts where appropriate.

**Subrecipient** - a third-party organization performing a portion of Missouri State University’s research projects or other sponsored programs. The terms of Missouri State University-subrecipient relationships are documented in subawards.