Finances and Processes of Grants and Contracts 101

Jackie LaMuth, Cindy Buxton

update 9/24/14 – Contact Angie LeMaster instead of Jackie LaMuth with Grants and Contracts questions.

http://cfaesfinance.osu.edu

Developing the project

✓ Read the announcement for funds
  ▪ Study the budget materials
    • Clarify allowable and unallowable expenses
    • Determine whether cost recovery or indirect costs may come from the project budget
    • Is there enough money available to pay for the project?
    • Is cost share required?
      What can be used?
    • Do you have time to add this project to your workload?
Developing the project

- Personnel questions: Who will do the work; how much time will they spend?
  - Reassign or hire new people?
  - Quantify how you will be involved.
  - Should you hire employees or independent contractor?

- Deadlines: What is the proposal’s due date? What needs to be done? Is there enough time?
  - Support letters, budgets, input from other people, units, agencies, offices, etc.

- Start a file that will contain all documents related to the project. Keep one master (central) file where original or official paperwork is held.
  - The file will contain things like: proposal, unsigned and signed versions of the contract, budget worksheets, copies of all forms and financial paperwork, important correspondence, your notes, etc.
  - Include all templates received from the sponsor for easy use later.
Developing the project

✓ Will you/OSU be the lead agency?
✓ Are you a subcontractor to a larger grant?
✓ Who is the sponsor of the grant?
   ✓ Is it a federal sponsor?
   ✓ Look for key terms: CSREES, OMB Circular A-133, USDA, OMB Circular A-121
✓ What kind of grant is it?
✓ When should you accept or reject?
✓ How do you calculate your time? Your volunteer time?

Important Vocabulary
• Sponsor
• Funder
• Grantor
• Funding Source
• Granting Agency
• Awarding Organization
• Soft money
• Supplemental funds
• Non-Traditional funds
• New money

A proposal is what you write, a grant is what you get.

Read notices for details
• Important Dates
  • Submission Date
  • Project time frame
  • Funds availability
• Priorities and Preferences
  • Eligible Applicants
  • Topics
  • Audiences
  • Activities
  • Location
• Money
  • Amount available
  • Funding limits
  • Allowable Costs
  • Unallowable Costs
• Submission
  • Format
  • Cover page
  • Attachments
  • Location

The scope of services is the basis of the budget.
Developing the project

Before submitting – talk to the sponsor
• Write down your idea.
• Telephone them and share your idea.
• Listen to their reaction.
• Listen to suggestions.
• Take their advice.
• Ask for application materials.

Gain some insight before investing resources.

Pursue funding when...
• Project fits Extension or CFAES mission.
• Sponsor priorities match your project goals.
• You meet the sponsor’s criteria.
• Amount awarded will be large enough to support your project.

Avoid Mission Drift

How much money does it take for you to lose focus?

Developing the project

When to say NO!!!!
• Too busy
• Lack the expertise or interest
• Does not fit or contribute to program efforts
• Does not contribute to professional growth
• Lack of sub-structure and connections
• You get an uncomfortable “uh-oh” feeling
• Too many application or reporting requirements
• Deadline is too near
• Inadequate resources are available
• You don’t trust the partners
• You feel overwhelmed

It’s OK to say NO when it doesn’t feel right.

Do you need a partner? Can you find a good one?
• Similar mission and vision
• Solid reputation
• Similar Goals
• Compatible Work Styles
• Interested in project
• Provide expertise that strengthens the project
• Enough dollars to support the entire effort

Good Vibes
Good Reputation
Good Fit
Developing the project
How long is a 2-hour Workshop?

Definitions
Type of Contract

Is there a difference? Not really!

Standard contract
to be signed by OSU

Memorandum/Letter of Understanding/Agreement -MOU/MOA
To be signed by OSU

Letter of Arrangements
Simple letter that outlines the details
No legalese
No series of signatures
**Definitions**

OSURF – OSU Research Foundation – replaced by Office of Sponsored Programs
OSP – Office of Sponsored Programs – replaced OSU Research Foundation
OSU Foundation – OSU Development Fund
SPO – Sponsored Program Officer (OSP)
RFP – Request for Proposal
NOFA – Notification of Funding Availability
F & A – Facilities and Administrative Fee - On-campus and off-campus rates - Extension Counties pay off-campus rates
PET – Payroll Expense Transfer
E- Cert – Quarterly reports to certify time & effort on a project
PI – Principal Investigator
eRequest – Pages for purchasing goods/services
PI Portal – Online financials statements for awarded projects

**F&A (Facilities and Administrative Costs)**
- OSP’s version of overhead costs charged to a sponsor
- Extension Off Campus only pays the “A”
- Rate ranges from 0-26% based on sponsor allowance.

**Overhead Costs**
- Unidentifiable costs charged to a sponsor or built into program charges that can’t be specifically defined.
- Ex. Utilities, Support Staff Time, Equipment and Maintenance
- Also called Indirect costs, Administrative Fees and F&A’s

**Administrative Share**
- A portion of the Overhead costs assigned to payment to a central unit to recover some of their unidentifiable expenses.
- Ex. Fees paid to self supporting units
- Ex. Pesticide Applicator Training Fees, Release Time kept by Extension.

---

**Two categories of contracts**

**We buy services or goods, or use space (free or fee) from external vendor**

Goes through Purchasing.
Attach to an
https://erequest.osu.edu

**We provide services for an external organization, group, family, person for fees**

Goes through the Business Office.  
Send to Jackie
Gift

- Philanthropic Goals (good deed)
- No direct benefit to donor
- Unused funds not returned
- Donor recognition

Goes to:
OSU Foundation

Contract for Services

- Response to a call for proposals (RFP, NOFA)
- Sponsor gets direct benefit
- Unused funds may need to be returned

Goes to:
Legal Affairs or OSP

Gift

OSU Foundation

- Funds 3xxxxx, 4xxxxx or 6xxxxx & 2xxxxx
- No access for 180 days
- No Cost Recovery Fees
- Donor receives tax info.

OSP

- OSP project number, fund number 590000
- Available immediately
- OSP does billing
- OSP returns funds
- F & A's - minimum 10% up to 26% (off campus rate),
  - 25% of what is collected is returned to you
Developing the project

1) Is a signature required on the application?
2) Is a 501c3 number required?
3) Did you build overhead into the grant?
4) If sponsor does not allow overhead, how will those internal costs be handled?

Project awarded (congratulations!)

The contract arrives…
✓ Do not locally sign a contract, agreement, MOU, or check acceptance form even if it has your unit’s name on it.

✓ DOUBLE-CHECK ACTION DETAILS
  ▪ READ the scope of services, rates of work, etc.
  ▪ Clarify whether expenses can be incurred before the contract is signed

✓ Deliver the contract to OSP, CFAES Business Office or OSU Foundation.
  ▪ Keep a copy locally in central file.
Before the project begins

✔ Know who will coordinate the project and receive the contract and who to contact
  ▪ OSU Sponsored Programs [http://osp.osu.edu/](http://osp.osu.edu/)
    Your SPO – Usually Bette Hartschuh
  ▪ CFAES Business Office [http://cfaesfinance.osu.edu/](http://cfaesfinance.osu.edu/)
    Pre-award – Angie LeMaster
    Post-award – Your Business Office Representative
    Financial – Cindy Buxton
    OSU Foundation (Development Office)

✔ Identify the University Chartfield that will be used. None of these funds can go in the checking account.
  ▪ Org, Fund, Program, Project, User Defined

✔ Determine the start and end dates of the project
  ▪ Mark special deadlines on your calendar.
    Report dates, invoice dates, 90 days past project end date.

Before the project begins

✔ Read/understand your budget
  ▪ Read and re-read until every line makes sense.

✔ Ask questions early and often
  ▪ Don’t assume it will be ok; it is not better to ask forgiveness later.
  ▪ Give special consideration for items such as salary, cost share and consultant work.
  ▪ Get access and training (eReports, PI Portal, TAS, etc.)
Before the project begins

✓ Know what kinds of information will be needed for mid and final reports

- Be clear about reports and due dates
- Set up on-going mechanisms to collect data
- It is often difficult to collect information after-the-fact

IDENTIFY THE ACTIONS THAT NEED TO OCCUR TO IMPLEMENT THIS PROJECT

- Payroll
  - Time and Effort reporting
  - Release time
  - HR Action Requests
- Purchasing
  - Purchase Orders, PCard, etc.
- Travel
- Equipment
- Send copies of any materials referenced in the documents (Attachments, Scope of services, budget, etc.)
- Follow up with OSP or Business Office if you have questions
- Stay involved, ask to be included in planning meetings
- PI contacts SPO to add local fiscal and/or backup person to OSP’s contact lists for project
Payroll

Three types of payroll funding

1) **Cost Share** - The University pays an employee’s salary but a portion of the employee’s time and effort is dedicated to a sponsored project.

2) **Direct Sponsor Paid** - An employee’s salary is paid from the sponsored project. Unit keeps the costs of the salary and benefits for that individual if they would have been paid for the same hours on other unit funds.

3) **Release Time** - A department and college approves release of an employee to participate on one or more sponsored projects. (OSP Only)
   - A release time appointment has no effect on the basic pay arrangement of the employee.
   - During a release time period all or a portion of the employee’s salary/time (wages and benefits) is charged to a sponsored project.

Payroll submissions are completed through an HR Action Request. Use the OSP Personnel Appointment Form to designate what you are trying to do.

http://cfaesfinance.osu.edu/forms

- Transfers are based on the percentage of effort applied to the compensation rate from the employee job record for the pay period entered.
- Transfers may be entered for pay periods **up to 90 days prior** to the start of the current month.

Example 1: A transaction submitted in January may include pay periods for the previous October, November, and December.

Example 2: A transaction submitted in January that requires transfers for August through December will require additional documentation for August and September. (Coordinate with the Extension Human Resources Office.)

- **If an employee’s position or hours are changing, be sure to create a new offer letter for that individual.**
  - The letter should establish the expectations for funding after the project ends.
Payroll

✓ Transfers can occur up to 60 days after the project end date.

If transfers are needed more than 61 days after the project end date, the department will need to coordinate with the Extension Human Resources Office.

Note #1: Once a project closes it may be impossible to access unused project funds.

Note #2: You cannot pay an OSU Employee via an eRequest for services!

Payroll

✓ Time and Effort Reporting (OSP only)
  ▪ A quarterly process
  ▪ Approve only correct reports
  ▪ Contact Jackie if a report seems incorrect

✓ Remember to remove people from a project when it ends (For all funding)
  ▪ Communicate via a new offer letter if an employees position is changing and/or the funding source is changing.
  ▪ This doesn’t happen automatically.
  ▪ Use the HR Action Request
## Payroll – OSP examples

- **Cost Share**
  - $20,000 Salary and Benefits (S&B).
  - $10,000 charged to org 57017 Fund 590000 Project 60012345
  - $10,000 charged to org 57017 Fund 500321 Project 60012345

- **Direct Appointment** –
  - Ex. $20,000 S&B charged to org 57017 Fund 590000 Project 60012345
  - Money not spent from 500321 now available for other things.

- **Release Time (for educators)**
  - The money that would have been spent on them (salary and benefits) is returned to OSU Extension.
  - The Unit (department) receives 60% of the salary back in fund 550052. This money can be spent on anything with an appropriate business purpose.
  - Ex. $15,000 in salary released to a project. Unit gets back $9,000 to be spent from org 57017 fund 550052.

**Keep track of your time!**
Ex. 09/19/2008 Cindy spent 2 hours on conference call with USDA.

**Watch the statements for the right expenses!**
Ex. Are the expenses correct? And in the right time period?

## Purchasing

Choose the right tool and start planning transactions.

<table>
<thead>
<tr>
<th>Tool</th>
<th>OSP</th>
<th>Business Office</th>
</tr>
</thead>
</table>
| Internal Order - From an OSU Departments | 1. eRequest – Internal Order  
2. Internal Department Form  | eRequest – eStores                       |
| eStores – OSU Contracted vendor    |                         | Purchasing, Individual and GET Cards. eRequest – Purchasing Card Preferred, attach receipts and other documentation |
| Purchasing Card, Individual Card, Group Extended Travel Card (GET), OSP Purchasing Card | OSP Purchasing Card and GET Cards Only: Receipts to OSP Purchasing | 1. eRequest - Payment or Reimbursement  
2. Original paperwork mailed to OSP  |
| Convenience Order – Specific list of items that can be purchased without a Purchase Order | 1. eRequest – Payment or Reimbursement  
2. Original paperwork mailed to OSP  | 1. eRequest - Payment or Reimbursement  
2. Original paperwork mailed to Business Office  |
| Purchase Order  
- Bids (goods over $25k, Services over $50k)  
- Quotes (any dollar amount) | eRequest – Standard Purchasing Request |                                                   |
| Extension Local Checking Account    | 1. eRequest – Payment  
2. Original paperwork mailed to OSP  | 1. eRequest - Payment  
2. Original paperwork mailed to Business Office  |
Travel

☑ Start planning travel
  ▪ For OSP Projects you will need access to eTravel.
  ▪ Access to this is granted by completing the OSU Financials Access Request Form. [http://cfaesfinance.osu.edu/forms](http://cfaesfinance.osu.edu/forms)
  ▪ Will there be local and/or out-of-state?
  ▪ Will there be group travel for this project?
  ▪ Will someone be traveling out of the country?
  ▪ Will a cash advance or Group/Extended Travel card be needed?
  ▪ Will project pay for all travel expenses?
  ▪ Will you be paying for non-employee travel?
  ▪ Are there special trips that will require a pre-approved Travel Order Number?

Involve your travel office early.
♦ Business Office [http://cfaesfinance.osu.edu/aboutus](http://cfaesfinance.osu.edu/aboutus)
♦ OSP [http://osp.osu.edu/](http://osp.osu.edu/)

Equipment

☑ Most equipment purchases will require multiple quotes (possibly bids) and additional post receipt attention. Start working on equipment purchases even before the project begins.

  ▪ Equipment purchased through projects belongs to the University, not to the Principal Investigator or the project sponsor
  ▪ Equipment must be tracked as either capital equipment ($>5,000) or non capital equipment ($<5,000)
    ✓ Capitalized equipment must be tagged by the University. Work with the Business Office Representative or the OSP Asset Management group
    ✓ Movable equipment must be tagged by the University.
    ✓ All equipment regardless of dollar amount should be maintained on an inventory list in your office.
eReports and the PI Portal (c)

- **http://eReports.osu.edu**
  - For all CFAES, OSU Extension and OSU Foundation projects
  - Download monthly financial statements to view and reconcile activity
  - Business Office Training is available on the Business Office Website.
  - Access: [http://cfaesfinance.osu.edu/forms](http://cfaesfinance.osu.edu/forms)

- **https://eresearch.osu.edu**
  - For all OSP Projects
  - Look at status of project monthly to view and reconcile activity.
  - Look at Month End Financial Statement for review and reconcile activity.
  - Also use this site to access contracts and forms and to submit periodic reports (ex. Time and Effort)
  - Training is available on the OSP site.
  - Access to this is granted through the OSP Information Technology Department
  - Use the contact link on the PI Portal if you have questions

During the project

- **Stay in touch with your reps.**
  - Don’t let a problem linger – ask questions – from the Business Office, OSP or Sponsor
  - If something doesn’t make sense, don’t wait; bring it to someone’s attention at OSP or the Business Office.

- **Maintain file system – keep your working notes and calculations**

- **Complete paperwork and maintain copies as needed for expenditures**
During the project

✓ Create invoices to bill vendor per terms of the original agreement
  - Does the sponsor have requirements on method/timing?
  - Is this a federal project?
  - Is this an OSP project?
  - Does this contract require electronic transfers?

✓ Record and submit checks to the appropriate office (CFAES Bus Office, OSU Foundation or OSP) for deposit with adequate information.
  - Deposit Transmittal form: [http://cfaesfinance.osu.edu/forms](http://cfaesfinance.osu.edu/forms)
  - Most sponsors will send money straight to the organizing unit (ex. OSP Accounting)
  - Watch financial statements to make sure it was deposited in the appropriate location
During the project

✓ Review budget
  ▪ Are you on target line by line?
  ▪ Do you need to make changes in how money is allocated?
    ▪ Check with OSP SPO or with sponsor.

✓ Review timeline –
  ▪ Do you need more time?

✓ Do you need an amendment?
✓ Do you need a no-cost extension?

✓ Reporting
  ✓ What fiscal or programmatic mid-project reports are required?

Prepare for end of project

✓ Have all expenses been submitted and paid?
  ▪ Payroll – Are there forms needed to move salaries to the appropriate location?
  ▪ Purchasing – Are there final expenditures that need to be submitted? Are all purchase orders closed?
  ▪ Travel – Have all travel expenses been submitted and paid?
  ▪ Equipment – Have all equipment items been received, paid and tagged or recorded?

✓ Are there errors to be corrected?
✓ Has all of the money been received?
Final a project

✓ Overruns - any unresolved overrun on a sponsored project will be transferred to the principal investigator's/project director's department after the project has been closed. It is the department’s responsibility to monitor the expenditures on its projects and therefore it is their responsibility to cover overruns, no exceptions.

OSP: You will see these on a fund 01xxxx on your 7OS-90 Report

OSU Extension, CFAES or OSU Foundation: You will see this as a fund balance in the fund number where the project revenue and expenses were housed. 3OS-61 Report

Left over funds – if there are remaining funds from a project
  ▪ Are you required to return the money?
  ▪ If you can keep the money, how can you spend it and in what time frame?

OSP automatically returns the funds unless you intervene.

CFAES, OSU Extension and OSU Foundation projects require that you submit an eRequest to return the funds to the sponsor.
Final a project

✓ Employees on project funds
  ▪ Reassign to other funds
  ▪ Create or review offer letters and establish new expectations for the position.
  ▪ Reduce employee’s hours – work with HR
  ▪ Terminate – follow policies and procedures in OSU Operating Manual

✓ Final reports – submit to sponsor as required.
✓ Chartfield – submit request to Business Operations to close project.
✓ Report project in the OSU RIV
✓ Complete file and maintain records for eight years after the project end date.

Time

✓ Clocks run at different speeds
✓ Allow enough time for people to respond to you and questions…
  ▪ Prepare & submit proposal
  ▪ Get buy-in from others
  ▪ Obtain letters of support
  ▪ Get required approval
  ▪ Complete required paperwork
  ▪ Get contract signed
  ▪ Gain access to the funds
  ▪ Write final reports
  ▪ For employees to find new work

Everyone is busy!
Do’s

✔ Include absolutely every expense, no matter how small
✔ Obtain accurate estimate costs of equipment and supplies
✔ Talk to your University resources
✔ Connect early with evaluation, Communications and Technology, specialists, co-workers you expect to involve
✔ Always include administrative costs unless you know they are not allowed
✔ Respond immediately to e-mails
✔ Talk out loud about your project
✔ Remember, 2nd year salaries are usually bigger

Don’ts

✔ Pad or inflate a budget – funders will know!
✔ Be too “no frills” with a budget – funders will wonder if....
✔ Include matching funds unless required
✔ Spend money on items not in the budget
✔ Deposit project monies in local checking accounts
✔ Ignore questions about your project
✔ Drop or mail proposals, reports, etc. and disappear with no contact info