

# **Managing Sponsored Project Awards:**

**A Guide for  
Project Directors and  
Administrators**



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## **Introduction**

This guide is intended to serve as a reference source for project directors in managing externally-funded awards. Project directors are encouraged to review this guide in its entirety upon receipt of a new award and to refer to the current version of the guide online for answers to questions in managing awards. This guide was developed by Sponsored Programs with input from other relevant University departments. It includes information on processes with which Sponsored Programs is not generally involved. As such, users are encouraged to contact Sponsored Programs when instructions provided in this guide are not consistent with processes currently in use by other departments so that updates can be made.

Recognizing the importance of minimizing administrative burdens on project directors, the University encourages the use of departmental administrative personnel to provide assistance with routine administrative tasks for sponsored project awards. Such tasks may include ordering supplies, processing invoices, and assisting with payroll allocations. In order for such assistance to be beneficial to the project director, it is important that both the project director and administrative personnel are familiar with the specific requirements of the award and with applicable University processes. The nature of a sponsored project is such that administrative tasks cannot be performed without guidance and oversight from the project director. The project director is in a unique position to understand the scope of the project, effort commitments of all project personnel, and other resource needs of the project. While the project director may request support and assistance from administrative personnel, responsibility for providing oversight and guidance cannot be delegated.

## **Compliance with Award Terms and Conditions**

The University is obligated to ensure good stewardship of funds provided for sponsored projects. In addition, the University is required to ensure compliance with Federal and state regulations and the terms of sponsored project awards. The management of a sponsored project award can be quite complex with each new award presenting unique requirements. This guide is intended to serve as a reference for general tasks and to provide resources for University processes. In all situations, however, the unique requirements of each award must also be considered. When there are differences between University requirements and a sponsor's requirements, the most restrictive guidelines must be enforced. For example, if the University allows a specific type of expense, but the terms of the sponsored project award do not, the expense cannot be permitted on the award. If a sponsor allows an expense that the University does not, the expense also cannot be permitted. In addition, each sponsored project award is made based on a detailed budget that has been approved by both the University and the sponsoring agency.

Expenses charged to a sponsored project account must be in accordance with the approved budget and the terms of the award. To be directly charged to a sponsored project account, costs must be allowable, allocable, reasonable, and consistent.

- Allowable costs are those that are necessary for the performance of the project; not specifically disallowed by Federal, state, sponsor, program, or University regulations; and approved in the award budget.
- Allocable costs are those that provide direct benefit to the project, are used exclusively by the project, and can be specifically identified to the project with a high degree of accuracy. When a cost is incurred for the benefit of more than one program, the costs must be allocated accordingly.
- Reasonable costs reflect the actions a prudent person would take under the circumstances prevailing at the time the decision is made to incur the cost. When considering whether a cost is reasonable, project directors are encouraged to consider whether they would be comfortable defending the expense to an auditor.
- Consistency requires that the University charge expenses consistently to sponsored projects, regardless of the funding source. For example, costs cannot be charged to the Federal government that are not charged to a project sponsored by a private company.

In addition to financial stewardship obligations, the University is accountable for fulfilling the scope of the project for which funds are awarded. Programmatic compliance will vary by project and sponsor and will typically involve the filing of reports based on specific timelines or specific occurrences in conducting the project. The project director should refer to the project proposal and the requirements outlined in the sponsor's application guidelines

throughout the project period to ensure that program activities are consistent with the sponsor's requirements. These documents are available in the project director's InfoReady Review account and can be accessed through the Applications menu at any time.

In order to ensure compliance with award terms and conditions, project directors are responsible for reviewing award documentation in detail and ensuring that terms and conditions are followed. In particular, project directors should take note of the following:

- Project period start and end dates;
- Allowable costs in approved budget;
- Requirements for prior approvals;
- Due dates of programmatic reports and other deliverables; and
- Special terms and conditions.

## **Project Director Responsibilities**

The project director on a sponsored project is the University employee who will direct the project and who is designated by the institution as responsible for completing the project. The role of project director comes with significant responsibility and requires a commitment to both the University and the sponsoring agency.

The following are key responsibilities for the project director:

- Conduct the project as proposed – The project director is responsible for fulfilling the technical scope of the project and for administratively managing the project.
- Manage personnel on project – The project director is responsible for working with Human Resources to create job descriptions for new positions, post positions, and hire staff and students; training, supervising, and providing work direction to personnel; ensuring that personnel expenses are appropriately allocated to the project; and certifying effort and approving time of personnel.
- Spend funds in accordance with approved budget – The project director is responsible for following University policies and procedures for allocating expenses to the sponsored project account, for requesting prior approval before spending outside the approved budget, and for monitoring grant expenditures.
- Request prior approval for changes – If changes need to be made from the approved project plan, the project director is responsible for securing approval prior to implementing changes. For most changes, prior sponsor approval is required, but some awards provide the University with the authority to document internal approval of minor changes. Changes may include modifications to the scope of the project, changes in key personnel effort, budget changes, and extensions to the project period.
- File programmatic reports – The project director is responsible for ensuring that programmatic reports are filed in accordance with each sponsor's requirements. Reporting requirements will vary by award and typically include a quarterly or annual and final performance report.

## **Authorized Official Signature Authority**

In the course of working with a sponsored project award, project directors will be asked for reports and documents of various types. When documents require an "authorized official" or similar signature, project directors should not sign on behalf of the University. The authorized official for award documents, including amendments, and for programmatic reporting documents is the Associate Vice President for Research. These documents should be routed through Sponsored Programs. The authorized official for post-award financial reporting is the Director of Accounting and Financial Services. These documents can be routed through the grant accountant assigned to the award.

## **Project Publicity**

Sharing can be a powerful tool for encouraging colleagues to pursue external funding, expanding the professional network of project directors, bringing awareness to current students about programs and services, and marketing the University to potential students and their families. As opportunities arise, project directors are encouraged to share about the work being done on sponsored projects within the department, college, and University; at professional conferences and events; and through other formal and informal avenues.

Project directors are also encouraged to [submit story ideas](#) to EKU Communications and Brand Management. Timing for a story idea submission will vary based on the type of project. For a project that needs to recruit participants, for example, a story feature at the beginning of project implementation would be advantageous. A research project might be better suited for a story feature once results are ready to be reported.

In addition, project directors are responsible for ensuring the dissemination expectations of the award are followed. For example, when a project proposal includes funds to present at a conference or indicates that project results will be shared on a website, these are obligations of the award, and the project director is responsible for ensuring they are met.

## **Org Code Assignment and Notification**

The University is required to separately account for funds awarded through sponsored projects. A restricted account is set up for each new sponsored project award with a unique six-digit organization code that begins with 45. When a new award is executed, Sponsored Programs sends the award documentation to relevant parties internally, including the project director and the Office of Accounting and Financial Services. Each award is assigned to a grant accountant who will request a new organization for the award and notify the project director when the org is available for use. At that time, project directors may request an orientation meeting with the grant accountant for guidance on completing financial tasks for the award.

## **Cost Share/Match Accounts**

Cost share or matching occurs when a sponsored project award does not cover the full costs of a project and the University commits funds towards the project. Most sponsored project awards do not require matching funds, but some funding programs require matching funds as a condition of receiving funding. When matching funds are committed in a proposal that results in an award or when matching funds are otherwise required by an award, the University is required to allocate the committed funds to the project and track the expenses incurred. If a match commitment is not met, the sponsor's funds cannot be fully spent without prior approval for reducing the match commitment. Such reductions in match commitments are not generally permitted because programs that require match typically do so as a statutory requirement. If a program requires a 1:1 match, for example, the University can only recover half of the funding spent towards the project.

As part of the pre-submission process for funding opportunities that require matching funds, the org for each University unit contributing funds to the project is documented with an amount and approval from the unit head. This information is provided to Accounting when the award is accepted. When the grant accountant sets up the org for the external funds, a separate org will also be established for the matching funds. The match org will be the same as the external funding org, except that the first digit will be replaced with an M. Funds from the contributing org(s) will be re-budgeted to the match org. This means that each contributing org will see a budget decrease, and the funds committed to the project will no longer be available.

The most common source of matching funds is time commitments from University employees. This approach is preferred because the University already has funds allocated to pay for the employees' salaries and benefits, so effort can be reassigned to the project with the applicable share of the expense paid from the match account. To allocate salary and benefits costs to the match org, an adjustment is needed to the salary allocation on the [Position Action Form](#) (PAF) of employees who will contribute time to the award as match. Once this is done, the net impact on the contributing org will be \$0 because both the salary and the funding will have been allocated to the match org.

Another common source of matching funds is unrecovered indirect costs. This is permitted only when allowed by the external sponsoring agency and is based on the direct costs committed as matching funds. When a funding opportunity requires the use of a limited rate for indirect costs, the University may also be able to use the difference between the Federal rate and the allowable rate as match. Unrecovered indirect costs are generally considered an in-kind contribution and can be used towards match requirements only with the approval of the sponsoring agency. The grant accountant will manually report on these contributions based on the approved budget without the project director needing to take action.

When other department or college funds are contributed to a match account, the contributing org's budget will be reduced by the amount committed to the sponsored project and will be re-budgeted to the match account. The project director will use the match org to spend the contributed funds in accordance with the approved project budget. Once committed, funds cannot be returned to the contributing org.

In the rare situation in which third-party contributions are used to satisfy matching requirements, the project director is responsible for obtaining appropriate documentation for the third-party's expenses at a frequency defined by the grant accountant based on the sponsored project award's financial reporting frequency (generally monthly or quarterly). Evidence and certification that the third party has spent the funds towards the project is required. The University generally prefers to avoid third party contributions when match is required on a project because any problems with the third party's contributions will have a negative impact on the University's ability to recover awarded funds on the project.

## **Working with the Grant Accountant**

Each sponsored project account is assigned to a grant accountant in the Office of Accounting and Financial Services who sets up the sponsored project budget in Banner, oversees spending in accordance with the approved budget, handles financial invoicing and reporting, and provides guidance to project directors on financial tasks. The grant accountant is the primary post-award financial contact for a sponsored project award.

## **Designating Access to Org**

By default, only the project director will have access to spend from and monitor a sponsored project org. If desired, a project director may utilize the assistance of other personnel and provide authorization for spending on the project. To request access for another individual, the project director should contact Kelly Walker (kelly.walker@eku.edu) in the Budgeting Office with the following information:

- Organization Code;
- Name of individual to whom access should be granted; and
- Whether the access should be to query (view), post (charge expenses), or both.

## **Using Banner**

Banner is the University's Enterprise Resource Planning (ERP) software that is used as a financial management system. Project directors who are new to the Banner finance system should attend [Banner Finance Self Service Training](#) to learn how to use Banner for account monitoring and other tasks. The grant accountant can also provide training on specific Banner tasks to help project directors in managing awards. Resources for accessing and using Banner are available [online](#).

At any time, project directors may request an extraction of financial data by contacting the grant accountant assigned to the award, but project directors also have access to this information in Banner. Project directors should seek guidance for accessing this information from their grant accountant or the Director of Accounting and Financial Services.

## **Project Period**

The project period is defined by the terms of the award and is the time period during which project activities must occur and during which expenses must be incurred. Costs of activities that fall outside the project period are not allowable on a sponsored project account. For most awards, any funds not used during this time period will be forfeited. For other awards, a no-cost extension or an approval of carryover funds for a continuing project may be allowable with prior sponsor approval. No-cost extensions are not approved for the sole purpose of spending remaining funds, but when permitted by a sponsoring agency, can be requested when project activities are not complete by the end of the project period.

Requests for no-cost extensions typically must be submitted to the sponsoring agency 30 or 60 days prior to the end date of the award. If the need for a no-cost extension is determined, the project director should reach out to Sponsored Programs with questions related to the process for requesting an extension. Most sponsoring agencies have a formal process for accepting such requests if they allow them.

## **Allocating and Monitoring Expenses on Sponsored Project Account**

In most cases, the processes for allocating expenses to a sponsored project account are the same as they would be for allocating expenses to a department account. The primary difference in process is that sponsored project account expenses are reviewed by the grant accountant for allowability based on the approved budget and terms of the award. Many of the most frequently used processes are addressed in this guide.

Project directors are encouraged to regularly monitor the org in Banner to ensure that expenses are appropriately allocated to the sponsored project award. The grant accountant should be notified of any unexpected or missing charges so that timely corrections can be made.

### **Personnel Expenses**

Personnel expenses on a sponsored project award are allocated based on effort committed in the approved project budget. [Position Action Forms](#) (PAFs) are used to allocate effort of faculty and staff to sponsored project awards. It is important that this effort is an accurate reflection of the percentage of each individual's overall workload that is devoted to the performance of the sponsored project. When effort on a project changes, a revised PAF is needed.

Fringe benefits costs automatically allocate to the same account as the salaries and wages at the current rate for each employee class. This means that once a PAF adjustment has allocated a percentage of salary to the sponsored project account, the benefits costs for that percentage of salary will automatically be allocated to the account as well. Project directors do not need to take separate action to allocate fringe benefits expenses.

### **Requesting Prior Approvals**

When changes to a sponsored project become necessary during the project period, prior approval for those changes is required. Changes may include, but are not limited to those related to the project's scope, budget, personnel, or performance period.

Each award has different requirements for prior approvals. Some awards will provide authorization for the University to approve certain minor changes, while others will require sponsor approval for all changes. Some sponsors will accept email requests for prior approvals, while others will require the submission of specific forms through an online system. Often, prior approvals will be issued in the form of award modifications, which can take several weeks to process. When project directors anticipate the need to make changes to a sponsored project, they should reach out to Sponsored Programs for assistance with the process and guidance on the requirements for the specific award.

### **Budget Revisions**

A proposed budget reflects a project director's best estimate of costs that will be incurred to fulfill the scope of a sponsored project award. If, during the project's activities, the approved budget for an award no longer best meets the needs of the project, a budget revision can be requested [online](#). A budget revision is always a prior approval process and should be approved before expenses are incurred that do not fit within the approved budget.

Depending on the terms of a specific award, sponsor approval may be required for revisions. Some awards allow, for example, revisions reallocating up to 10% or 25% of the total award among categories internally without seeking sponsor approval. Others will require approval for all changes, including small-dollar adjustments within a category. Some sponsors will provide approval through email or an online request system, while others will require formal award modifications to approve budget revisions. An award may also have other restrictions on revisions; for example, some awards do not permit budget revisions in the final 60 days of an award.

The University must be able to document changes from the original sponsor-approved budget, which may use different categories and line items than those used in Banner. For this reason, the most effective way to revise a budget is to use the original budget spreadsheet with two columns added (one reflecting revised amounts and one calculating the amount of change). Some sponsors require this format, and others provide a specific form on



which to document requested revisions. Project directors should reach out to Sponsored Programs if assistance is needed in adjusting the original budget spreadsheet or accessing a sponsor's form for the revision process. A Budget Revision Details Form is available for simple changes (i.e., reallocating \$500 from supplies to travel), but is not required when changes are documented in a different format.

Regardless of format, details of personnel changes (i.e., names with effort percentages and dates) must be included or attached. [Effort changes](#) of 25% or more for key personnel require sponsor approval.

If changes are made to the amounts allocated to subawards or other contractual agreements, details are required, including the amount of increase or decrease for each subrecipient or contractor. If the amount allocated for an agreement that is already in place decreases, an amendment for that agreement must be processed prior to the budget revision being approved in order to ensure that sufficient funding is allocated to meet contractual obligations.

Additions of items that were not initially approved by the sponsoring agency typically require sponsor approval. In general, food and general purpose equipment are not permitted on sponsored project awards, but there are some cases where such expenses might be allowable with sponsor approval. The addition of capital equipment purchases not approved in the original budget require sponsor approval in all cases.

A narrative justification detailing why the changes are necessary to the project is required. The availability of funding in one category does not, in itself, justify the use of more funding in another category. There must be a justifiable reason for increased spending on any existing budget line item and for the addition of any new line items.

Some sponsors will also require a revised budget narrative as an attachment to budget revision requests. Using a Microsoft Word file with tracked changes is usually the best approach in these situations. Project directors may access original submission documents from their InfoReady Review accounts if needed for the revision process.

When a budget revision request is submitted [online](#), Sponsored Programs will review the request for compliance with the terms of the award and will determine whether sponsor approval is required. When the terms of an award do not authorize the University to make the requested revisions, sponsor approval will be necessary. Upon approval of a budget revision request, Sponsored Programs will send documentation to the project director with a copy to Accounting and Financial Services so that the grant accountant can make appropriate budget updates in Banner.

## **Key Personnel Changes**

Sponsored project awards are made, in part, based on the qualifications of the key personnel identified in the proposal. Key personnel generally include the project director/principal investigator, any co-project directors/co-principal investigators, and any faculty and professional staff with effort committed to the technical scope of the project. Some awards will specifically list key personnel by name.

If a project director foresees changes to key personnel effort of more than 25%, prior approval must be secured from the sponsoring agency. Some awards have stricter requirements with regard to key personnel changes (i.e., requiring 100% effort from the project director at all times or requiring prior approval for any changes in key personnel effort). A change of 25% effort is not measurable in percentage points increased or decreased, but as a percentage change between the original and revised effort. As examples, an increase in effort from 5% to 10% is a 100% effort change, and a reduction of effort from 25% to 15% is a 40% effort change. Sponsored Programs provides a [calculation tool](#) to assist in the calculation of effort percentage changes. The prior approval request should include a justification for why the increased or decreased amount of time is needed to meet the needs of the project, and for increased effort, how the cost will be covered from the existing budget without sacrificing the project's success. Unless there are salary savings from vacant positions or reductions to effort for non-key personnel, a [budget revision](#) will also be required for any increases to personnel effort.

If a project director or other key personnel will be away from the project for three months or longer, the University is required to provide prior notification to the sponsoring agency. This notification should include



details on the absence, how it will impact the project, and who will serve as an alternate contact during the absence. Project directors are responsible for contacting Sponsored Programs when such absences are anticipated so that appropriate prior notification can be initiated with the sponsor.

## **Hiring Student Employees**

Many sponsored project awards include funding to hire student employees. Employee payments are for services provided on a project, and compensation is tied to the number of hours worked. When students are performing work for a sponsored project, wages must be budgeted as a personnel cost, and fringe benefits must be budgeted at the current rate for the employee class. Student involvement in sponsored projects is encouraged, and roles may range from office clerks to advanced research assistants.

To be eligible for student employment, undergraduate students must be enrolled in at least twelve (12) credit hours, and graduate students must be enrolled in at least nine (9) credit hours for the semester of employment. Students are limited to working a maximum of 20 hours during any week when classes are in session and 29 hours per week during the summer if not enrolled in classes. To be approved for work during the summer term if not enrolled for summer classes, students must be registered for a full-time course load in the following fall semester. Students may have multiple jobs on campus as long as the total hours worked for all jobs combined do not exceed the maximum number of hours allowable during a week.

Wages for most student positions begin at \$7.25 per hour, but the nature of the work to be performed by the student employee is considered in determining compensation. Students who are performing research duties can be paid up to \$10 per hour. If there is a compelling reason for paying a higher rate, generally limited to \$12 per hour, the project director can submit a detailed job description and justification statement to Human Resources prior to the job being posted.

Students who hold graduate assistantships (GA) during the spring and/or fall semester must be paid an equivalent hourly rate of \$16.47 if they perform the same duties during the summer or winter terms. Compensation for GAs who are employed in different positions outside the academic year is subject to the same rules and limitations as other student employees.

To begin the process of hiring a student employee, project directors should initiate the process through the Online Employment System (OES) following the instructions provided on the [Human Resources website](#). In addition to the step-by-step instructions for the posting process, Frequently Asked Questions (FAQs) are answered [online](#). Once a student has been selected through the OES hiring process and the background check has cleared, the project director will need to submit a nomination through the Student Worker Authorization Network (SWAN). Instructions for this process are also available [online](#).

Student employees may not begin working until an official work authorization clearance has been received from Human Resources following a mandatory background check. Project directors are required to follow all University processes related to student employment, including reviewing and approving timesheets online by 10 PM on the Thursday following the end of a pay period. Full details on these requirements are outlined in the [Student Employment Services](#) resources on the Human Resources website.

In the event that student employment is not possible for a student (i.e., because of less than full-time enrollment), hiring a student as a part-time employee may be a possibility for sponsored project awards that do not specifically require student employment. However, students hired outside the student employment process will incur benefits charges at a higher rate, and a [budget revision](#) is required if funds need to be moved from a student employment budget line to a part-time employee budget line with additional funds allocated to cover fringe benefits costs.

## **Hiring Graduate Assistants**

The use of Graduate Assistants (GAs) on sponsored projects is an effective approach for projects that require significant involvement within a student's field of study and offers benefits to both the project and the student. A GA appointment is intended to provide a meaningful educational experience for the student, and an educational

justification is required for all GA positions. GAs cannot be used to perform clerical or general administrative work, but must perform work that is clearly related to their academic programs.

Graduate assistants can hold full-time appointments at 20 hours per week or half-time appointments at 10 hours per week during the fall and spring semesters. The current stipend rate for a full-time GA is \$5,600 per semester. In addition to earning a stipend, full-time GAs are awarded six (6) hours of waived tuition per semester, and half-time GAs are awarded three (3) hours of waived tuition per semester. The tuition benefit must also be funded through the sponsored project award (budgeted as an other direct cost). If the budget cannot afford to cover the cost of tuition, the student should be hired as an hourly student employee rather than as a GA.

To be eligible for a GA appointment, students must be enrolled in graduate school full-time (nine credit hours per semester) and maintain a GPA of at least 3.0. GA appointments can be renewed for a maximum of four academic terms, regardless of the funding source.

To begin the process of hiring a graduate assistant, project directors should initiate the process through OES following the instructions provided on [Human Resources' website](#). In addition to the step-by-step instructions for the posting process, Frequently Asked Questions (FAQs) are answered [online](#). Once a student has been selected, the project director is responsible for nominating the individual for the assistantship through the Graduate School's [GAIN system](#). Graduate assistants may not begin working until clearance has been received from both Human Resources and the Graduate School.

Additional details on graduate assistantships are available on the Graduate School's [website](#).

## **Hiring New Staff Employees**

When a new sponsored project award includes a new position or when a replacement needs to be hired for an existing position, project directors are responsible for working with their [Human Resources Business Partner](#) for the job posting and hiring process. Such positions may include temporary, part-time, and full-time positions.

To create a new position description or to make updates to an existing position description, the project director should follow the steps outlined for Position Management on the Human Resources [website](#). Once the job description has been approved, the project director can move forward with the posting process through the [Online Employment System](#) (OES).

In general, the processes for hiring employees on sponsored project awards are the same as for any other positions on campus, but are routed for additional levels of review to ensure that adequate funds are allocated in the approved budgets to cover the costs of the positions. Compensation is also governed by the same policies, subject to funding limitations of the sponsored project award. When a budget is approved with an estimated pay rate for a new position, the final compensation approved by HR may be less, but cannot exceed the amount approved in the budget.

Resources for hiring officials are available on the Human Resources [website](#), including flowcharts and detailed instructions for key processes.

## **Allocating Effort of Existing Employees**

Often, sponsored project awards will include effort for existing employees. In these cases, an existing employee is assigned to a sponsored project for a specific percentage of the employee's overall workload. Project directors are responsible for ensuring that Position Action Forms (PAFs) are adjusted to allocate effort in accordance with the approved budget. Human Resources or an administrative staff member in the dean's office of each college can provide assistance with accessing an individual's PAF for updates.

Each PAF should be adjusted for the approved period of committed effort with a second PAF attached that includes details of how the effort should be distributed following the ending of the sponsored project. For employees who are funded 100% from sponsored project funds whose positions would not exist following the

ending of the sponsored project, only one PAF is required. In those cases, project directors should ensure that funding is in place for the next period and submit new PAFs allocating effort to the new award or terminate the position effective with the expiration of the award.

The examples below are provided to illustrate how effort should be allocated in the Job Labor Distribution section of the PAF. In the examples, the placeholders should be replaced with the fund and orgn (org code) for the sponsored project award. If these are not known, the project director can request this information from the grant accountant assigned to the award.

**Original PAF:**

Fund:	Orgn:	Acct:	%	Financial Manager
110000	200000	611000	100%	Name of Department Chair

**Example 1:**

In the example below, the individual has 20% effort assigned to a sponsored project award with a period of performance that begins on 01/01/2021 and ends on 12/31/2021.

**Revised PAF to allocate effort to award:**

**Job Labor Distribution: Effective: 01/01/2021**

Fund:	Orgn:	Acct:	%	Financial Manager
110000	200000	611000	80%	Name of Department Chair
xxxxxx	45xxxx	611000	20%	Name of Project Director

**Revised PAF to allocate effort back to home department:**

**Job Labor Distribution: Effective: 01/01/2022**

Fund:	Orgn:	Acct:	%	Financial Manager
110000	200000	611000	100%	Name of Department Chair

**Example 2:**

In the example below, the same individual from Example 1 receives an additional award with 5% effort assigned for a period that begins on 09/01/2021 and ends on 11/30/2021. This new award will require additional PAF adjustments as reflected below.

**Revised PAF to allocate effort to two awards:**

**Job Labor Distribution: Effective: 09/01/2021**

Fund:	Orgn:	Acct:	%	Financial Manager
110000	200000	611000	75%	Name of Department Chair
xxxxxx	45xxxx	611000	20%	Name of Project Director
xxxxxx	45xxxx	611000	5%	Name of Project Director

**Revised PAF to allocate effort from one award back to home department:**

**Job Labor Distribution: Effective: 12/01/2021**

Fund:	Orgn:	Acct:	%	Financial Manager
110000	200000	611000	80%	Name of Department Chair
xxxxxx	45xxxx	611000	20%	Name of Project Director

**Revised PAF to allocate all effort back to home department:**

**Job Labor Distribution: Effective: 01/01/2022**

Fund:	Orgn:	Acct:	%	Financial Manager
110000	200000	611000	100%	Name of Department Chair

Timely PAF adjustments are critical in order to ensure that expenses are appropriately allocated to the sponsored project award and corresponding match accounts for awards that require matching funds from the University. A delay is particularly problematic, for example, when a project period crosses a fiscal year, and it is discovered at the end of the award period that PAFs were not adjusted to capture personnel expenses. Once the University's fiscal year has closed, adjustments for the prior fiscal year cannot be made. The University will not be able to

recover funding for personnel expenses that have not been allocated to the award, and if match commitments are not met, the University may have incurred other expenses that cannot be recovered.

## **Requesting Summer Salary for Faculty**

If summer salary is included in a sponsored project budget for faculty with nine-month contracts, the project director is responsible for initiating an additional assignment prior to work beginning. The [Additional Assignment Request](#) is used for this purpose. The project director should route the form for required signatures and submit to the grant accountant, who will sign the Sponsored Programs signature line and forward to Human Resources for processing. Any requests for compensation above the amount approved in the sponsored project award will be returned to the project director for correction or a budget revision.

Summer salary is based on the amount of time to be worked and is calculated from the faculty member's previous academic year salary. For multi-year awards that accounted for an annual estimated salary increase, the pay rate will need to be adjusted down from the budgeted amount if the current salary is less than the amount used in estimating salary costs.

In the event that work approved through an additional assignment is not performed, the project director is obligated to contact their [Human Resources Business Partner](#) so that payments can be stopped or rescinded.

## **Terminating Positions Prior to Expiration of Award**

When sponsored project funding is used to fully fund a position, the project director is responsible for ensuring that the position is terminated by the award's expiration date unless funding has been secured to continue the position on a new award. As soon as the project director becomes aware of the need to terminate a position, this information should be shared with Human Resources. The [Human Resources Business Partner](#) will work with the project director to ensure that the affected employee receives appropriate notification of the impending termination, insurance coverage dates and COBRA options, and other relevant information. A PAF submission is also required for the termination with the effective date coinciding with the expiration date of the sponsored project award.

## **Certifying Personnel Effort**

Personnel expenses are allocated to a sponsored project award based on committed effort as reflected in the award's budget. Effort is the portion of time an individual dedicates to a specific activity and is expressed as a percentage of time. An individual's total effort reflects all activities performed as an employee of the University and must total 100%. Committed effort is the percentage of time an individual commits to spend on a sponsored project. Expended effort is the actual percentage of time an individual spent on a particular sponsored project and must be certified after-the-fact on a semester basis through the effort certification process. Effort certification requirements apply to employees funded by the sponsored project award as well as employees whose effort is paid through a match account. The University's effort certification requirements are outlined in [University Policy 4.4.6: Effort Reporting on Externally-Sponsored Projects](#).

Following the end of each academic term (fall, spring, and summer), the Office of Accounting and Financial Services will send Effort Certification Forms to each exempt employee with effort allocated to a sponsored project award. The Effort Certification Form will reflect the employee's current allocation of time and will require that the employee certify its accuracy and note any corrections if the actual time spent on the project was less than allocated. The form also requires confirmation by an individual with first-hand knowledge of the employee's activities. This confirmation is documented with an additional signature on the form. For an employee who is not the project director, the form must be signed by the project director or another individual with delegated authority above the person whose effort is being certified. For the project director, the form must be signed by the project director's immediate supervisor (i.e., department chair).

When the effort certification process reveals that a sponsored project award has been charged for more effort than certified, adjustments to the employee's Position Action Form (PAF) are necessary to correct the effort

allocation. It is important that corrections are processed quickly, particularly when the need for the adjustments occurs near the end of the project period or near the end of the University's fiscal year.

Hourly employees are not required to complete Effort Certification Forms, but must certify their effort by appropriately allocating their hours on each bi-weekly time sheet. The project director confirms the effort by approving the time sheet.

## **Procurement Guidelines**

As a state institution, the University is required to follow the requirements outlined in the [Kentucky Model Procurement Code](#). The University Procurement Office is responsible for ensuring compliance with these requirements and for managing procurement processes for all purchases made through the University, including those made on sponsored project awards. General purchasing requirements are outlined [online](#).

Purchases of goods at \$3,500 or more require a competitive vendor selection process. At least two quotes are required for purchases costing between \$3,500 and \$19,999, and at least three quotes are required for purchases costing between \$20,000 and \$39,999. When the required number of quotes cannot be obtained, University Procurement can post a public Request for Quotes (RFQ). Purchases totaling \$40,000 or more require a formal bid or RFP process. This same criteria applies to the purchase of services, except that a formal bid or RFP is required at \$10,000. University Procurement will work with the project director on the bid or RFP process in these cases.

The University has pricing contracts in place for some vendors who have already been approved through a competitive process; purchases from these contracts do not require additional quotes. Current pricing contracts can be accessed [online](#). Printing orders must be processed through Printing Services unless they are unable to meet the needs of a project, in which case, [additional requirements](#) must be met in order for external printers to be used. Capital equipment (items that have a per-unit cost of \$5,000 or more and a useful life of more than one year) purchases are [permitted on sponsored project awards](#) only if specifically approved in the project's budget. In addition to sponsor approval, a competitive vendor selection process and Vice President approval are required.

## **Contracting for Services**

When the University does not have personnel who are qualified to provide services needed on a sponsored project award or when the use of University personnel may not be feasible, the use of external contractors for services may be appropriate. Contractors are compensated for their services on a project based on a fee schedule and are not reimbursed for the actual expenses they incur in performing services. Prior to engaging an external contractor for services, project directors are required to work with University Procurement to have a contract executed between the individual or company and the University. A contractor's services may be engaged through a [Personal Services Contract \(PSC\) or another contract mechanism](#) as deemed appropriate by University Procurement. Contractual services are allowable on sponsored project awards only if authorized in the approved budget.

When the cost of a contractor's work will exceed \$3,499 for any sponsored project award, a competitive vendor selection process must be used. For purchases totaling between \$3,500 and \$9,999, a project director or an administrative staff member assigned by the project director is required to obtain multiple quotes and sign an attestation on a [Quote Sheet](#). When the required number of quotes cannot be obtained, University Procurement can post a public Request for Quotes (RFQ). Contractual purchases totaling \$10,000 or more require a formal bid or RFP process. University Procurement will work with the project director on the bid or RFP process in these cases. Bids are used to select the lowest cost vendor, and Requests for Proposals (RFPs) are used when factors other than price are considered in selecting a vendor. Once a vendor has been selected, University Procurement will work with the project director to establish a contract between the two parties.

When a selected contractor is an individual, an [Employee/Independent Contractor Determination Form](#) must be completed to provide information that will allow for the classification of the individual as either an employee or an independent contractor. This determination is critical to the University's compliance with IRS regulations, which

require employer-paid tax contributions for all individuals who have an employee relationship with the University. Completed forms must be submitted via email to [andrea.cashell@eku.edu](mailto:andrea.cashell@eku.edu) for approval.

To request a new Personal Services Contract (PSC) on a sponsored project award, the project director should complete the [Memorandum of Need and Request to Contract for Personal Services](#) form, secure required signatures, and submit a Contract Request through [Jaggaer](#). The Memorandum of Need form requires a signature from Sponsored Programs, which may be requested by emailing the form to [gus.benson@eku.edu](mailto:gus.benson@eku.edu). If funding has been allocated in a current award or proposed in a continuing budget expected to be renewed, Sponsored Programs will sign off on the request and will indicate whether funding has been awarded or is pending award. The signed form will be returned to the project director for submission in Jaggaer.

Speaker agreements and other types of contracts are also requested by submitting a Contract Request in [Jaggaer](#), but do not require the Memorandum of Need form or review by Sponsored Programs. The attachments required will vary based on the type of contract being requested, and instructions are available within the system. A [training video](#) on this process is also available. Upon receipt of a Contract Request Form, University Procurement will reach out to the project director to request additional forms as needed based on the type of contractual arrangement to be pursued for the services.

No work may begin until the sponsored project funding has been officially awarded and a fully-executed contract is in place with all necessary approvals. Upon receipt of a fully-executed contract, the project director will receive notification and a Purchase Order (PO). After services have been provided, the invoice will need to be processed against the PO in Jaggaer. A [training video](#) is available for this process.

In order for the University to issue payment on contracts, the vendor must be set up in Banner and assigned an ECU ID number. Vendors without ECU ID numbers will need to register through Jaggaer, and project directors may use the Request Supplier function to request that University Procurement invite new vendors to register. A [training video](#) is available with instructions on this process.

## **Capital Equipment Purchases**

Capital equipment items have a per-unit cost of \$5,000 or more and a useful life of more than one year. Such purchases are permitted on sponsored project awards only if specifically approved in the project's budget. In addition to sponsor approval, a competitive vendor selection process and Vice President approval are required.

Project directors must work with University Procurement for the competitive vendor selection process. Quotes from two vendors are required for equipment with a cost below \$20,000, and quotes from three vendors are required for equipment with a cost between \$20,000 and \$39,000. Purchasing totaling \$40,000 or more require a formal bid or RFP process. Bids used to select the lowest cost vendor, and Requests for Proposals (RFPs) are used when factors other than price are considered in selecting a vendor.

Once a vendor has been selected and approved by University Procurement, a [purchase requisition](#) can be entered, and Vice President approval should be requested. Requests for Vice President approval must include the following information:

- Item(s) requested;
- Justification for purchase;
- Cost;
- Selected vendor;
- Banner requisition number; and
- Funding source.

Email is an allowable method by which to request and receive approval, and documentation can be forwarded to University Procurement ([adm.purchasing@eku.edu](mailto:adm.purchasing@eku.edu)).

If a project director needs to purchase capital equipment that was not approved in the initial award, a [budget revision](#) with sponsor approval is required. The request for approval will need to justify the purchase by



explaining why it is essential to the scope of the project and why its necessity was not known at the time the proposed budget was submitted.

Capital purchases should be made at the beginning of a project period so that the equipment is available for use in completing the project's activities. Equipment purchased near the end of the project period is questionable and unallowable by some sponsoring agencies. Such purchases can be allowed only in exceptional cases such as for short-term start-up or equipment grants or when the purchase is made near the end of a one-year award that will be followed with additional one-year awards for a project extending multiple years.

To be allowed on the sponsored project, the equipment must be received during the project period. Because the purchase and delivery process for equipment can take several weeks or longer, project directors are responsible for planning purchases in a way that ensures costs can be covered.

## **Using a Procurement Card for Expenses**

Using a procurement card can be an efficient way to manage small-dollar incidental field purchases and travel expenses on sponsored project awards. Such use requires responsibility and an understanding of University policies related to the use of a procard. Policies and procedures are outlined [online](#), and violations may result in card suspension or termination.

To request a new procard, project directors should contact the procard administrator at [procard@eku.edu](mailto:procard@eku.edu) for information on the process and access to online resources through Blackboard. Training is required and a procard exam must be passed prior to a procard being issued. The Procurement Card Request form can be accessed through [EKU Direct](#) under the EKU eForms menu.

To add a new sponsored project account to an existing procard, the [Procard Account Maintenance Request Form](#) is required. The org for the new award should be reflected on the "Add ORGN/ACCT Number" line. The signed form should be routed to the grant accountant assigned to the award for signature and then submitted to the Procard office for processing.

For sponsored project accounts, copies of all invoices and receipts for purchases must be attached to the signed cardholder's statement and submitted to the grant accountant each month.

Answers to frequently asked questions regarding procard procedures are available [online](#).

## **Direct Payment Requests**

A Direct Payment Request is a method of processing payment for common or small dollar purchases (generally under \$3,500) when the purchase cannot be made by shopping in Jaggaer and a University procurement card cannot be used. Equipment, furniture, and computer-related items can be paid using a direct payment request only if the cost is less than \$500. Regardless of amount, software, printing orders, and Personal Services Contracts (PSCs) cannot be paid through this method. Additional information and a list of transactions that have been pre-approved for direct payment processing are available [online](#).

In order for the University to issue payment, the vendor must be set up in Banner and assigned an EKU ID number. Vendors without EKU ID numbers should submit a completed [Taxpayer Identification Number Request form](#) to University Procurement.

The Direct Pay Request form can be accessed through [Jaggaer](#). Instructions for accessing and completing the form are available [online](#).

Project directors are responsible for submitting Direct Payment Requests in a timely manner to avoid missed payment deadlines.



## Purchase Requisitions

A Purchase Order (PO) is required for any purchases that are not made using a University procurement card or direct pay process. A PO can be requested through [Jaggaer](#). Once the purchase order is issued, it can be used to place the order. The invoice must also be processed in Jaggaer after the goods or services have been received. Detailed instructions are available [online](#). Department administrative personnel will also be familiar with these processes and can provide assistance as needed.

## Subawards

Subrecipients are organizations that collaborate with the University in developing a project proposal for submission to an external sponsoring agency and are responsible for a significant portion of project activities when those proposals result in awards. Most often, a subrecipient relationship exists when a co-project director/co-principal investigator is employed by another university. A subrecipient is responsible for performing the scope of work outlined in the project proposal, but end products or deliverables are not necessarily known in advance. Payment for a subrecipient's work is made on a cost-reimbursement basis as expenses are incurred as outlined in the subrecipient's budget approved by the sponsoring agency.

A subaward is a contractual arrangement that allows the two partnering organizations to access an appropriate amount of funding to cover their costs on the collaborative project. A subrecipient organization shares programmatic decision-making responsibilities and is subject to the same requirements as the University under the terms and conditions of the award.

For projects that include subrecipients, project directors are responsible requesting subawards following receipt of the org code from Accounting and Financial Services. The subaward request can be submitted [online](#) through InfoReady Review. To complete the request, project directors will need to provide the Grant ID (4-digit number assigned by Sponsored Programs) and the Org number (6-digit number assigned in Banner that begins with 45). Project directors will also need a Statement of Work, budget, and information for key contacts at the subrecipient organization. These documents should be prepared in collaboration with the project director at the subrecipient organization. Subaward requests are processed in accordance with the approved budget for the award. If the approved budget does not include sufficient funding for the requested subaward, the request will be returned to the project until a budget revision with sponsor approval has been completed.

Sponsored Programs will process the subaward request to ensure compliance with University policy and sponsor requirements, including performing a risk assessment. Following University approval, the subaward will be sent to the subrecipient organization with a request for signature. When a subrecipient requests changes from the approved template for subaward, the changes will generally require review by University Counsel prior to execution.

Once the subaward has been signed by both parties, the project director will receive a copy by email and will need to request a Purchase Order (PO). The PO can be requested by in [Jaggaer](#) through a Non-Catalog Request. In the Product Description field, "Subaward" and the subaward number should be entered, and a copy of the final signed subaward must be attached to the request. Instructional videos are available on [University Procurement's website](#). Upon receipt of the Purchase Order, the project director will need to send it with a copy of the fully-executed subaward to the subrecipient.

Subrecipient monitoring requirements are outlined in [University Policy 4.4.9: Subrecipient Monitoring](#). Throughout the term of the subaward, the project director is expected to maintain sufficient communication with the subrecipient to ensure a productive collaborative partnership and to monitor progress towards achieving the goals of the project. In addition, the project director is required to review technical performance reports submitted by the subrecipient and review financial invoices to ensure that expenses are consistent with the approved subaward budget. Upon receipt of financial invoices, the project director should review and assess whether the charges on the invoice reasonably match progress made on the project. If an invoice is believed to be inaccurate, project directors may contact the subrecipient for clarification and request additional documentation before forwarding the invoice to Accounting for payment. Depending on the scope of work and

level of involvement from the subrecipient, site visits may be necessary to ensure an effective collaboration. The project director should arrange and maintain documentation for such visits.

When an invoice is received from the subrecipient, the project director will need to process it for payment against the PO in the [Jaggaer system](#). Accounting and Financial Services has a [video](#) that walks through this process. It is important that subrecipient invoices marked “final” are received by Accounts Payable no later than thirty days following the end of the subaward period; some awards will have earlier deadlines if less time is allowed for the University to submit a final invoice as is often the case for awards with expiration dates that coincide with the end of the University's fiscal year. Project directors are expected to coordinate with the grant accountant to ensure that all outstanding invoices are allocated to the award in time to be included on the University's final invoice to the sponsor.

If changes to a subaward become necessary during a sponsored project award period, a [subaward amendment](#) is required. Such changes may include updates to the scope of work, budget, subrecipient's contacts, or project period. Both the original and revised subaward project period must be within the prime award's project period. To request a subaward amendment, project directors should complete a Subaward Amendment Request [online](#) through InfoReady Review. The original subaward files can be downloaded through the Applications menu in the user's InfoReady Review account so that updates to specific attachments can be made as needed. A narrative justification for the changes being requested is also required. If the amendment will add funding, for example, an explanation for why additional funds are needed is required in addition to the revised budget. If the amendment will extend the period of performance, an explanation for why the work was not completed during the initial performance period is required. If the scope of work will change as a result of an extended performance period, a revised Scope of Work attachment must also be included.

Upon receipt of a subaward amendment request, Sponsored Programs will review it for compliance with the award and process it for signatures of both parties. The fully-executed subaward amendment will then be sent to the project director. If the performance period or total funding are amended, the project director will need to contact University Procurement to request a change order to the purchase order for the subaward. This request can be sent by email to [adm.purchasing@eku.edu](mailto:adm.purchasing@eku.edu) with a copy of the subaward amendment attached and the following details:

- Purchase Order Number;
- Subaward Number;
- Revised Amount if amended; and
- Revised Performance Period if amended.

If, at any time during the active period of a subaward, it is deemed necessary to terminate the subaward, the Project Director should contact Sponsored Programs immediately with a justification for the termination request and submit a [Subaward Amendment Request](#). If the termination request is determined to be allowable, a formal letter of termination will be issued to the subrecipient with a request for signature on the amendment.

## **Travel Expenses**

All travel by University faculty, staff, students, and contractors is governed by [University Policy 6.1.3: Travel Requirements and Procedures](#), regardless of funding source. Additional requirements and limitations may be imposed by the terms of a sponsored project award. Travel expenses on a sponsored project award are allowable only when the travel has been authorized in an approved budget for the project. University guidelines for travel expenses are available on the Accounting and Financial Services [website](#).

All employees are required to obtain required authorizations prior to beginning travel. All domestic travel requires prior approval from the traveler's supervisor. Approval for out of state travel should be documented using the [Request for Out of State Travel](#) form. Travel outside the United States and Canada requires approval from the dean and vice president and the submission of the approved [Request for International Travel](#) form and a complete itinerary to the Center for International Education.

Travelers are encouraged to use a University procurement card when possible to minimize out-of-pocket expenses. A Travel Expense Reimbursement Form is used to document all costs of a trip and to request

reimbursement of travel expenses and is submitted through [Jaggaer](#). Detailed instructions are available in a [video](#) from Accounting and Financial Services. The form is required even if all expenses were paid directly by the University, and documentation of all expenses must be attached, regardless of whether paid by the University or the traveler. Completed and approved forms must be submitted for payment to Accounts Payable within 60 days of travel. The form is updated quarterly to reflect the current mileage reimbursement rate, and travelers must use the form in effect at the time of travel. Documentation smaller than a standard letter size page must be taped to a letter size sheet of paper. Travelers may not use highlighter or tape on any printed information as both can degrade the print to the point of illegibility.

Detailed guidelines for transportation, mileage reimbursement, accommodations, subsistence per diem, and registration fees are available [online](#) and should be reviewed prior to planning for travel. The reimbursement requirements for international travel are different from domestic travel and can be reviewed [online](#). Original receipts for all international travel costs, including meals, are required, and expenses must be converted to US dollars on the reimbursement form. International travel is allowed on sponsored project awards only if specifically authorized by the sponsoring agency.

Only one travel reimbursement form may be submitted per trip. If the costs are paid by more than one funding source, the form should reflect all budget account numbers to be charged.

## **Human Subject Payments**

A human research subject is a volunteer participant in a research study. Prior to engaging in research with human subjects, faculty, staff, and students are required to secure approval through the [Institutional Review Board](#) (IRB) in accordance with University [Policy 4.4.12: Protecting Human Subjects in Research](#). Occasionally, a sponsored project award will include funding to pay human subjects for their participation. This process is complex because it requires compliance with IRS reporting requirements while also protecting the confidentiality of research data and avoiding coercion in recruiting research subjects. For the types of research conducted at ECU, human subjects payments generally range from \$5-\$25, depending on the amount of time involved for the participants.

All payments, regardless of amount, must receive prior approval through the IRB review process and be outlined in the approved consent document used in the study. When gift cards are offered as payment for human subject participation in a study, the informed consent form must outline the criteria under which the gift card will be offered. In addition, the consent form must inform participants that the payment is treated as taxable income under IRS regulations and that they will be required to sign a Gift Acknowledgement Form that will be shared at ECU as required for compliance purposes. The IRB provides specific language required to be used in informed consent forms when subjects will receive gift card payments.

The Internal Revenue Service (IRS) considers a gift card to be a cash equivalent, which means that the tax treatment of a gift card payment is the same as it would be if a subject were paid by cash or check. The University is required to report gift cards as taxable income through either a W-2 (if the subjects are employees) or a 1099 form (if the subjects are not employees and earn \$600 from any ECU source). In addition, a gift card issued to a student may be reportable on a 1098-T form as a financial aid award.

In order for the University to ensure that reporting requirements are satisfied, Accounting and Financial Services is required to collect certain documentation when payments are issued from the University. For payments issued through gift cards, a [Gift Acknowledgement Form](#) must be signed by each subject verifying receipt of the gift card. The form requires the subject's name and ECU ID number, the value and last four digits of the gift card, the subject's signature, and the date. It is not necessary to identify the purpose of the gift card on the acknowledgement form; recipients do not have to be specifically identified as research participants. The completed and signed acknowledgement forms must be submitted to Accounts Payable with pay documents for the gift card purchases. Upon receipt, the forms will be separated from the pay documents, eliminating the connection between the participant and the study in the stored records. The signed forms are securely stored and used at year-end to prepare tax documentation. These records are not imaged for digital storage or otherwise made available more generally, and authorized employees with access to the records are bound by

confidentiality requirements.

Gift cards should be purchased only in the quantity that will be used in the study. If the total number of gift cards needed is uncertain, gift cards should be purchased incrementally as needed. A sponsored project award cannot be charged for gift cards that are not distributed to participants on the funded study. Human subjects payments of all kinds, including gift cards, are prohibited purchases on University procurement cards.

## **Tuition Expenses**

When a sponsored project award includes funding to pay for tuition expenses on behalf of students, the project director is responsible for contacting the Scholarship Office to request that the tuition scholarship be applied to the students' accounts. This request can be sent by email to [amanda.mccracken@eku.edu](mailto:amanda.mccracken@eku.edu) and should include the following information:

- Org number for sponsored project award;
- Fund number for sponsored project award; and
- For each student:
  - Name;
  - EKU ID number;
  - Academic term for which tuition will be covered; and
  - Amount of tuition authorized for the student.

Tuition awards for graduate assistants do not need to be requested through this process as they are handled through the process of appointing a GA.

## **Participant Stipends**

Some training grant awards will have funds budgeted to assist training participants with the costs associated with their participation. As defined in 200 CFR: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, "Participant support costs means direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects" (\$200.75). When a sponsored project award allows for such costs, participant stipends must be specifically budgeted as Participant Support Costs, and funds budgeted in this category cannot be rebudgeted to other categories without prior approval from the sponsoring agency.

A participant is someone who is not an EKU employee and who is the recipient (as opposed to the provider) of a training program or other short-term instructional activity. Participants do not perform work or provide services for the project, but are instead participating in an activity for their own benefit. Participants include students (EKU or otherwise) and non-EKU representatives (often public school teachers). All employees must be paid through EKU's payroll system with appropriate withholdings. In no case can the University use a participant stipend mechanism to pay for services provided on a sponsored project.

Typically, participant support costs are paid to the participant in the form of a stipend to be used to defray the costs of the individual's participation in the training activity. In no case can an EKU employee receive payment as a participant, even if the individual is employed only on a part-time or intermittent basis. For this reason, it is important that project directors confirm with participants that no employment relationship exists with the University prior to making a commitment to provide a stipend.

Participant stipends are paid through Direct Pay Requests. This process requires that each participant be set up as a vendor for the University by submitting a [Taxpayer Identification Number Request form](#) to University Procurement. Because the form requires a social security number for individuals, it is generally recommended that project directors instruct participants to submit according to the instructions on the form rather than collecting forms from participants for later submission. If collecting forms to submit on behalf of participants, project directors must use safety precautions to protect the personal information provided on the forms and submit to University Procurement as quickly as possible.

Each payment to a participant requires a separate Direct Pay Request submission. For short-term projects (i.e., teachers from the service region participating in a week-long training program), a single request for each participant is sufficient. For longer-term projects (i.e., EKU students participating in a semester-long training program), multiple requests throughout participation are generally necessary.

If participants are also EKU students, the stipend must also be reviewed and documented through the Office of Student Financial Assistance. This approval is necessary because the stipend is considered a financial aid award. The request for approval can be sent by email to [amanda.mccracken@eku.edu](mailto:amanda.mccracken@eku.edu) and should include a list of all students who will receive participant stipends, the total amount to be paid to each, and the timeframe during which the students will participate in the educational activity.

There is flexibility for the timing of payments for participants who will participate in training over an extended period of time. For example, a semester-long training program might be split into three payments with equal amounts paid at the beginning, mid-point, and completion of the training program. The initial pay request should include an outline of the anticipated payments for the individual over a specified time period. This document should be updated each time a stipend payment is requested.

To create a Direct Pay Request, project directors should log in to EKU Direct and click on the EKU eForms tab. Instructions for accessing and completing the form are available [online](#). Each prepared form should be forwarded to the grant accountant for processing with a written description of the training program in which the individual is participating attached. If the participant is a student, the approval from Student Financial Assistance must also be attached. If the participant will receive multiple payments during the period of participation, the document outlining the payment terms should also be attached with updates to show previous and current payments.

## **Meals**

With the exception of per diem costs in accordance with EKU Travel Policy, meals are not permitted on sponsored project awards unless specifically authorized in a budget approved by the sponsoring agency. Meals are generally not permitted on Federal awards, but there are some exceptions, including meals for a hosted conference where attendees participate in a working lunch and the sponsoring agency has provided approval to cover the costs of the lunch. Another example of an exception would occur when a group of students attend an off-campus trip that includes a meal and the sponsor has specifically approved the cost of the meal. If meals are permitted on sponsored projects, an [Expense Substantiation Form](#) is required for all purchases. Depending on the meal setting, a signature sheet for the attendees may also be required. Questions about the specific requirements for an award and situation should be addressed to the grant accountant for the award.

## **Indirect Costs**

Also referred to as Facilities and Administrative (F&A) costs, indirect costs are expenses incurred by an organization that cannot be identified readily and specifically with a particular sponsored project, but that contribute to the ability of the University to conduct sponsored projects.

Expenses of maintaining and operating the University's sponsored project infrastructure include costs related to buildings (labs, offices, training facilities, etc.), technology infrastructure, utilities (water, electricity, heating, air conditioning, etc.), maintenance (custodial and facilities services, etc.), equipment, libraries, general administration (purchasing, accounting, payroll, human resources, legal services, etc.), departmental administration (deans offices, academic departments, etc.), and sponsored project administration. These costs are considered F&A costs, and sponsoring agencies reimburse organizations for these expenses through an indirect costs rate. F&A costs are real costs that are incurred by the University in administering a sponsored award. Because it is not practical for a project budget to allocate funding for all such costs, the Federal government utilizes a rate model to account for these expenses and to provide a fair and consistent method through which reimbursement can be made.

The University requires that sponsored project budgets include indirect costs because facilities and administrative expenses are incurred for each sponsored project, and without funds to cover these costs, the University would not have an infrastructure that could support sponsored projects. Unless a sponsor disallows or limits the



recovery of indirect costs as a condition of applying for funding, the University's Federally-negotiated rate is used to calculate indirect costs. These funds are intended to cover the facilities and administrative expenses the University incurs in performing work on sponsored projects.

Indirect costs on a sponsored project are allocated automatically through Banner based on the rate calculated in the approved budget as costs are charged against the project. These funds are not spendable towards project expenses, and project directors do not need to take any action to have the expenses allocated to the award.

[EKU Policy 4.4.10: Facilities and Administrative \(F&A\) Cost Recovery and Distribution](#) governs the recovery and distribution of F&A/indirect costs. As necessary, University administration withholds limited funds to cover expenses related to sponsored project administration (i.e., salary and benefits for grant accountants, costs of rate negotiation services, etc.). The remaining amount of recovered indirect costs is distributed to the college/unit and department as follows: 55% to University, 15% to College/Unit, 20% to Department/Division, and 10% to Project Director. The project director portion is deposited into the Department/Division account with responsibility for distributing these funds to the project director resting with the department chair or division head. Administrative units may distribute a portion of their recovered F&A funds to the generating department, program, and/or project director according to policies established within the unit.

Because the recovery of F&A costs is not finalized until after the University's annual external audit has been completed, distribution of recovered F&A funds is done on an annual basis. Accounting and Financial Services is responsible for the distribution and normally completes this process by the end of each calendar year for the previous fiscal year. This means, for example, that F&A funds recovered from a project in August of one year are not distributed until December of the following year.

Recovered F&A funds that have been distributed may be used to support research and scholarship within the unit. Faculty have been able to use these funds to purchase equipment that would not otherwise be attainable, travel to conferences, pay for publication costs, purchase software and reference materials, and pay for other expenses to support research and scholarship.

## **Expense Transfers**

There may be times when an expense is incurred on an org other than the one established for a sponsored project that needs to be transferred to the award. Such transfers are subject to [University Policy 4.4.4: Cost Transfers on Externally-Sponsored Projects](#).

Once an entry has been recorded in the general ledger, expense transfers may be made only in the following situations:

- To correct an erroneous recording when the original source document or subsequent interim transaction (e.g. PO, Payroll transaction, Journal, AP transaction, etc.) contained an incorrect account or amount;
- To distribute/allocate certain high numerical, but small individual charges, such as copy machine costs, mailing charges, telephone charges, supplies, or fax charges billed to a central department, but may be proportionally applied to other activities, project, or funds under the jurisdiction of the department;
- To record a change in use of goods or services (i.e., a case of beakers originally ordered for and charged to a teaching program but subsequently required by and transferred to a research project);
- To transfer labor dollars to align with actual effort devoted, consistent with time and effort certification documents for the specified period;
- To correct a clerical or bookkeeping error, such as transposition of numbers; or
- To redistribute procurement card charges among object codes within the same project.

In order to be transferred to a sponsored project, an expense also must be allowable, allocable, reasonable, and consistently treated. Costs that are not approved in the award budget are not eligible to be transferred.

Cost transfers are allowable only with proper justification, documentation, and approval. An [Expenditure Transfer Request](#) form must be completed to initiate the transfer. Each transfer must be in proportion to the benefits received from the goods and services. Transfers must be in the same amount as the original charge unless only a portion of the expense is to be transferred, in which case, a clear explanation as to the basis for the division of

cost is required. The department must maintain the appropriate records and usage logs to substantiate all charges redistributed.

Accurate and timely reporting of expenditures impacts the production of financial reports and invoices for University and funding agency requirements. All adjustments should be made within 90 days of the original transaction and no less than 30 days prior to the date the final invoice is due to the sponsor. If, because of unavoidable circumstances, the adjustment is made after 90 days, a full written explanation of the late adjustment must be documented and approved by Accounting.

## **Program Income**

Most sponsored project awards do not generate program income, but there are situations where revenue might be needed to meet the objectives of a funded project. The treatment of such revenue will vary by sponsor and by award terms and conditions.

There are two treatments of program income: additive and deductive. When a sponsor treats program income as additive, this means that program income can be used as a way to fund additional activities in support of the award's objectives. As an example, consider a program that provides training to a community-based population and spends the amount budgeted for the training. The training ends with a request from participants for an additional day of training that allows more in-depth coverage of a topic that was introduced during the training. The additional training has costs involved that are not budgeted for the project, but the participants are willing to pay a fee to cover the costs. If program income is permitted by the terms of the award and is treated as additive, the project director could collect a fee from participants and use those funds to cover the costs of the training. In this example, the participants would not be charged for an activity funded by the award, but their fees would be used to pay for an additional related activity.

When a sponsor treats program income as deductive, this means that any revenue generated by program activities is used towards the costs of the program, thereby reducing the sponsor's financial obligations to reimburse the University for expenses. As an example, if an award was made to host an event at a cost of \$10,000 and the University charged 100 participants a \$50 registration fee, the \$5,000 in program income would be deposited to the sponsored project account, and the sponsor's payment obligation would be limited to the remaining \$5,000.

In either case, with a few exceptions for non-Federal awards, program income derived from sponsored project awards are not funds that can be moved to an unrestricted account and used for general purposes later. In general, the University is required to report on the earning and spending of program income, both during and after the award period. As such, program income is generally deposited into an account that is connected to the sponsored project account with spending documented for activities allowable on the award.

It is never appropriate to charge for participation in activities funded by a sponsored project award without prior authorization from the sponsoring agency. When the generating of revenue from a sponsored project award is anticipated, the project director is required to reach out to the grant accountant to determine next steps and prior approval requirements before collecting revenue.

## **Human Subjects Research Compliance**

The University has a moral and legal obligation to protect the rights and safety of human research subjects. As such, all projects that involve human research subjects are subject to review by the [Institutional Review Board \(IRB\)](#) prior to the initiation of the study in accordance with [University Policy 4.4.12: Protecting Human Subjects in Research](#). The mission of the IRB is to promote and safeguard research activity that involves human subjects within the academic community. The IRB is responsible for reviewing all research activities involving human subjects regardless of the source of funding.

Human subject involvement occurs when an investigator collects information about a living individual through intervention or interaction with the individual or by using existing private information or data about the individual. Only the IRB has the authority to grant exempt status to a study. A determination of exemption requires that the



researcher complete training on the use of human subjects in research and submit a limited review application for exemption to the IRB. The federal regulations include specific [categories of exemption](#), and any research procedures falling outside those categories must be reviewed through [expedited](#) or [full](#) review procedures.

All investigators, key personnel, and faculty advisors who are engaged in human subjects research are required to complete training at least once every three years and provide a copy of training documentation to the IRB with all applications submitted for review. ECU provides a subscription to the Collaborative Institutional Training Initiative ([CITI](#)) online training system, and the Basic Course for Human Subjects Research is used to satisfy training requirements. The [CITI Training Guide](#) provides detailed instructions on registering and using the CITI training system. At the end of the training, a completion certificate and report will be issued.

The IRB application process is outlined in step-by-step instructions [online](#). Resources, templates, and application forms are available and provided, and investigators are encouraged to review the [Investigator Handbook](#) and complete CITI Training prior to preparing an application.

In addition to University-wide requirements for human subjects research, many studies conducted on sponsored project awards have additional requirements that must be satisfied, including posting informed consent forms on a Federal website for Federally-funded clinical trials and award-specific reporting requirements.

## Clinical Trials

A clinical trial is a research study in which one or more human subjects are prospectively assigned to one or more interventions (which may include placebo or other control) to evaluate the effects of those interventions on health-related biomedical or behavioral outcomes.

The following questions are used to evaluate whether a study meets the clinical trial definition:

- Does the study involve human participants?
- Are the participants prospectively assigned to an intervention?
- Is the study designed to evaluate the effect of the intervention on the participants?
- Is the effect being evaluated a health-related biomedical or behavioral outcome?

If the answers are all “yes,” the study is a clinical trial. If any answers are “no,” the study is not a clinical trial

The terms of some sponsored project awards require that clinical trials be registered at [ClinicalTrials.gov](#). Timeline requirements will vary for awards that require registration. Approved consent forms must be uploaded in the system for all Federally-funded clinical trials after subject enrollment has closed, but earlier registration is not required for all agencies. Questions about whether a sponsored project award requires registration and on what timeline should be addressed to Sponsored Programs before beginning recruitment so that the specific terms of the award can be reviewed.

In addition, some medical journals require registration as a condition for publication. In the case of journals with membership in the [International Committee of Medical Journal Editors](#), clinical trials must be registered prior to enrolling subjects. Investigators are responsible for understanding the requirements for specific journals in which they intend to publish. If an investigator needs to register a study and does not have a [ClinicalTrials.gov](#) account, one can be requested by sending an email to [lisa.royalty@ecu.edu](mailto:lisa.royalty@ecu.edu).

## Animal Care and Use Compliance

The University has an obligation to ensure that animals used in research and teaching activities are protected. The mission of the Institutional Animal Care and Use Committee (IACUC) is to promote and safeguard activities that involve animals within the academic community. The IACUC is responsible for reviewing all activities involving the use of vertebrate animals, regardless of the source of funding for an activity.

Prior to using vertebrate animals in research or instructional activities, the activities must be reviewed and approved by the IACUC. Application procedures are outlined [online](#). All investigators, key personnel, and faculty advisors who are engaged in working with vertebrate animals are required to complete training at least once every three years and provide a copy of training documentation to the IACUC with all applications submitted

for review. EKU provides a subscription to the Collaborative Institutional Training Initiative ([CITI](#)) online training system, and the Working with the IACUC course is used to satisfy training requirements. The application process also requires the completion of an Animal Worker Questionnaire and application forms. Initial submissions for pre-review by the attending veterinarian are accepted by email. Once feedback is received from the pre-review process, the principal investigator will finalize application materials, secure the signature approval of the department chair, and submit one original of all applicable materials to Sponsored Programs.

Investigators should expect to be contacted by email in approximately two weeks with (1) an approval notification letter; (2) a request to respond to the IACUC's review comments; or (3) a notification that the application has been referred for full committee review. The IACUC does not automatically require that applications be reviewed during a convened meeting, but a convened meeting is necessary if either of the following two events occur during the review of the application: (1) any one member requests a review by the full committee during a convened meeting; or (2) the application is not approved unanimously and without qualifications by committee members assigned as designated reviewers.

## **Responsible Conduct of Research Requirements**

Responsible and ethical research is critical for excellence as well as public trust, and education in the responsible conduct of research is essential to the preparation of future researchers. The responsible conduct of research (RCR) requires honesty (conveying information truthfully), accuracy (reporting results precisely), efficiency (using resources wisely), and objectivity (avoiding bias).

Principal investigators (project directors) are required to support a responsible research environment through training and ongoing mentoring. In accordance with Federal guidelines, each principal investigator on projects sponsored by the National Science Foundation is required to develop and implement a mentoring program with each student and postdoctoral researcher that involves ongoing, individualized, discipline-specific training in the responsible conduct of research. These same requirements apply to students supported on training grants from the National Institutes of Health and other Federally-funded research grants with RCR compliance requirements.

The University's system for RCR training provides flexibility for individual project directors to design training activities that are most appropriate for the role of each student and postdoctoral researcher. The requirements of the plan and resources for its implementation are available [online](#). The responsible conduct of research should be initially addressed with students and postdoctoral researchers during an orientation session prior to their involvement in the research. Training should be initiated at the beginning of the appointment period and continue through an ongoing mentorship. In support of this custom training and mentoring, Sponsored Programs provides a subscription to the [CITI training system](#) and [links](#) to a variety of online resources and educational materials. Faculty, staff, and students involved in projects utilizing human and/or animal subjects are also required to complete the human and/or animal subjects modules within the CITI training system and receive approval through the [IRB](#) and/or [IACUC](#) prior to beginning work on the project.

Training and mentoring activities through the University's RCR program may include participation in a research ethics seminar, completion of an online training program, individualized or small-group training with a faculty member, discussion groups of RCR case studies or other texts, and ongoing mentoring from a faculty member. The completion of an online training module alone does not satisfy the RCR requirement, but all students and postdoctoral researchers participating in research are encouraged to complete the Responsible Conduct of Research modules through the online [Collaborative Institutional Training Initiative](#) (CITI). In addition, CITI training may be required by a prime recipient when EKU's funding is awarded through a subaward; this is the case for all NSF-supported subawards from the University of Kentucky.

The institutional official is responsible for overseeing and monitoring compliance with the RCR program. In support of this function, Sponsored Programs will request a [report](#) from project directors for awards that have RCR reporting requirements following the end of each academic term during which the award is active. Each report will detail RCR-related activity for the academic term. If the report does not provide sufficient experiences, the project director may be asked to implement specific additional activities for the subsequent academic term.

## Financial Conflict of Interest Training and Reporting Requirements

Awards that involve research activities funded through Public Health Services (which includes AHRQ, ATSDR, CDC, FDA, HRSA, NIH, and SAMHSA), either directly or through subawards, are subject to the PHS Policy on Financial Conflict of Interest. This policy requires training and disclosures for all key personnel prior to a proposal being submitted for funding and throughout the project period of the award. University procedures for compliance with the policy are outlined [online](#).

[CITI Financial Conflicts of Interest training](#) must be completed by all key personnel prior to a proposal being submitted to a PHS agency. This training must be renewed every three years, and documentation must be attached to each report submission.

[A Financial Interests Report](#) must be submitted online by all key personnel prior to the proposal being submitted and must be re-submitted annually for as long as an award is active. In the event that outside financial or managerial interests change in a way that results in different answers to any of the questions asked in the report, a revised report must be submitted within 30 days of the change.

## Intellectual Property

The University supports the creation and dissemination of knowledge by encouraging, fostering, and protecting research and creative activities. Intellectual property includes, but is not limited to, copyrights, patents, trade secrets, trademarks, and plant variety protection. Activities resulting in the creation of intellectual property may also contribute to professional development, enhance the institution's reputation, promote additional educational opportunities, and promote collaborative arrangements. Therefore, when faculty, staff, administrators, student employees, students, and/or visiting faculty or researchers develop intellectual property, rights and privileges must be protected and preserved.

Intellectual property rights are governed by [EKU Policy 4.4.2: Intellectual Property](#) as well as any additional restrictions required by the terms of a sponsored project award. Intellectual property must be disclosed and reviewed in accordance with EKU Policy 4.4.2. Project directors are responsible for understanding obligations to the University and for following the sponsor's requirements as outlined in the award documentation or in separate referenced regulations and guidelines. Reporting requirements for intellectual property may extend beyond the term of the award, and in such cases, are a continued responsibility of the project director.

## Financial Reporting

In most cases, funding for a sponsored project award is committed in a letter of award or through contractual arrangements, but a check is not generally sent for the full amount of the award. The University incurs expenses based on the terms of the award and then requests reimbursement from the sponsoring agency by submitting an invoice for the expenses that have been allocated to the award. In exceptional cases in which a check is sent at the beginning of the project, the University is usually obligated to return unspent funds to the sponsoring agency at the end of the project period.

Accounting and Financial Services has responsibility for submitting requests for reimbursement (invoices) and financial reports to the sponsoring agency in accordance with the terms of the award. Financial reports are based on actual expenses incurred for allowable project costs and should match expenditures documented in Banner. Project directors are not permitted to submit financial reports or requests for reimbursement (invoices) to sponsoring agencies unless specifically authorized by Accounting and Financial Services. Some sponsors will communicate directly with project directors for all requests related to an award. When a project director receives reporting instructions, it is critical that this information be passed on to the grant accountant assigned to the award so that reporting requirements can be met.

## Programmatic Reporting

Upon receipt of a new sponsored project award, project directors should review the terms of the award and referenced documents for reporting requirements. The project director is responsible for ensuring that progress and final technical reports required by an award are completed in a timely manner. Submission deadlines for

reports should be noted, and setting electronic reminders for notifications a few weeks in advance of deadlines is encouraged. Most sponsoring agencies require programmatic reporting 30-90 days following the end of the award period.

Some sponsors will require the signature of the University's authorized official for programmatic reports. In those cases, the project director should send the report to Sponsored Programs for processing several days prior to the submission deadline. Financial information included in any report submitted by the project director must first be reviewed by the grant accountant and documented with a signature if required. Copies of all programmatic reports should be sent to Sponsored Programs for the University's records and compliance documentation.

## **Project Closeout**

The closeout process begins upon the expiration of a sponsored project award and may extend anywhere from a few days to 90 days, depending on the requirements of the award. Preparation for the closeout process should begin in the last 30-60 days of the project period. By the end of the closeout period, the University must ensure that all financial and programmatic reports have been filed as required by the award. Some awards will also require other submissions such as property reports, de-obligation forms, release forms, or patent reports. Project directors should contact Sponsored Programs for assistance with close-out forms as needed.

Working with the grant accountant is especially important at the end of an award period as project directors review expenses on the account and work to get all pay documents submitted on time, including payments to any subrecipients or contractors. Project directors should review project expenses in detail and notify the grant accountant immediately if any unexpected or missing charges are noted so that timely corrections can be made. Any [expense transfers](#) that are needed must be completed prior to the closeout process. Adjustments to [Position Action Forms](#) (PAFs) must be made by the end of the project period so that effort after the termination date will not be reflected in the account at closeout. In the event of overspending on the award, the grant accountant will work with the project director to reallocate expenses to a different funding source with approval required from the financial manager.

When sponsored project funding is used to fully fund a position, the project director is responsible for ensuring that the position is terminated by the award's expiration date unless funding has been secured to continue the position on a new award. The project director is required to notify the [Human Resources Business Partner](#) at least 60 days in advance of the termination so that the affected employee can receive appropriate notification of the impending termination, insurance coverage dates and COBRA options, and other relevant information. A PAF submission is also required for the termination with the effective date coinciding with the expiration date of the sponsored project award.

## **Fiscal Year Closeout**

In order to close out the University's fiscal year, Financial Affairs establishes and announces deadlines for purchases and other spending each year. A [copy](#) of the closing guidelines for FY 2020 is available as an example. Project directors will need to plan ahead with spending to ensure that these annual deadlines do not negatively impact work on sponsored project awards. In general, purchases should be finalized in early May each year.

## **Records Retention**

Like all University records, records related to sponsored project activities are subject to the [Kentucky Records Retention Schedule: State University Model](#). Records related to activities conducted through a sponsored project award must be maintained for a period of no less than three years from the date on which the final financial report is filed. Some sponsoring agencies require the retention of records for an additional extended period. Records must be maintained for the longer of the period prescribed by the state schedule or the period required by the sponsoring agency's requirements. Note that many awards are issued for multiple years with funding awarded incrementally throughout the life of the project. These awards are considered active throughout the entire project period, regardless of the budget period reflected on the most current award. This means, for example, that a five-year grant with annual awards in FY 2018 through FY 2022 would need to be retained for three years following the final financial report submission after FY 2022; assuming a 90-day report submission

window, these records would require retention through October 2025. During the records retention period, records may need to be accessed for audit purposes or for responses to open records requests.