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Responsible Party	Financial Services

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## 1. INTRODUCTION AND PURPOSE

This guide is designed to assist new and established project directors in managing their grant. This guide is also designed to help provide a quick reference to answer general questions abouts grants and to alert them to resources available to help them meet their grant responsibilities. It provides an introduction to important grant topics and includes links to relevant policy websites for each access to current information.

## 2. AWARD NOTIFICATION

Once a project is approved, the University and the Project Director have a shared responsibility to the funding agency or sponsor to make sure that a grant is performed as proposed, that funding is used in accordance with the specified terms and conditions, and that all required reports are provided in a timely manner.

When the agency or organization providing funding approves a grant, a Notification of Grant Award; a signed contract or other document indicating that the award is official; will be sent to the Grants & Sponsored Programs Office. If the Project Director receives an award notification or contract, send the original document to the Grants Office immediately. All awards must be processed through the Grants Office before an index/fund is opened. Usually, information about grants terms and conditions is also enclosed. It is important that Financial Services be provided with a copy of these documents in order to accurately and timely report on the grant.

Once the official notification is received by the Grants & Sponsored Programs Office, and index/fund number is assigned by the Financial Services Office. Information on how to use this index/fund is contained in this document. An Account and Signature Authorization Form will be sent to the Project Director for completion. This form indicates the person(s) responsible authorized to sign internal documents relating to the grant. Proper approval must be obtained before transactions will be processed. Only the person(s) indicated will be allowed to sign documents on that account. Once the Project Director has been notified of the index/fund number, allowable project expenses may be charged against the account in accordance with the project start date, end date and approved budget.

## 3. RESPONSIBILITIES OF PROJECT DIRECTOR

In general, it is the responsibility of the Project Director to read and become familiar with the agreement/contractual requirement of the project and to:

- A. Conduct the project according to the approved statement of work or the terms and special conditions published in the award agreement.
- B. Notify the Grants Office of any proposed changes in the scope of the project, change or absence of the Project Director, changes in budget, period of performance, etc.
- C. Supervise expenditures in conformity with the budget approved by the sponsor.
- D. Initiate the necessary documents/forms for travel, purchasing, employment, contracted services, in conformity with established University policies and procedures.
- E. Charge only expenditures that meet sponsor's guidelines.

- F. Assure that cost-sharing of matching requirements made for the project are fulfilled in a timely manner.
- G. Complete time and effort reports. The reporting of time and effort spent on all sponsored projects is federal requirement.
- H. Provide care and maintenance of property procured with project funds, in accordance with the sponsor's guidelines.
- I. Write and submit progress reports as stipulated by the sponsor in the award agreement.
- J. Review the monthly financial reports and closely monitor the project expenditures. If corrections are needed, please notify Financial Services.
- K. Complete the final technical report and submit it within the format specified by the sponsor. Failure to submit timely technical reports can penalize the institution as a whole by possibly making MSU Billings ineligible to receive new awards.

#### 4. FUNDING SOURCES

Grant awards are funded from four different sources: federal, state, local, or private.

Federal awards are governed by the Code of Federal Regulations (CFR). Most relevant to universities is [2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(Uniform Guidance\)](#).

Expenditures may be charged if they meet the following criteria:

- A. Reasonableness: The nature of the expenditure and the amount must reflect an action that a prudent person would take under the circumstances.
- B. Allocability: The expenditure must provide a direct benefit to the project.
- C. Consistency: Costs incurred for the same purpose in like circumstances must be treated consistently as direct or indirect costs across the institution.
- D. Allowability: Costs must conform to any limitations or exclusions as set forth in 2 CFR Part 200.

#### 5. EXPENDITURES

There are several ways in which expenditures are charged to grants. All original charges are initiated at the department level. [Business Services](#) offers assistance on questions that may arise when submitting bills for payment.

#### 6. PERSONAL SERVICES

Montana State University Billings is an equal opportunity/affirmative action employer. MSU Billings recruitment and hiring procedures must be followed to ensure MSU Billings is in compliance with federal and state laws and regulations. Therefore, before the recruitment process begins, you should contact the Human Resources Office at 657-2278 for current recruitment procedures.

If a grant requires a new position to be established, contact the [Budget Office](#) to request a new position number. All positions require a [Recruitment Authorization Form \(RAF\)](#) to be completed and approved prior to beginning the search process. Prior to beginning work, the new employee must complete new employee paperwork with Human Resources. An Electronic Personnel Action Form (EPAF) must be completed for new employees, rehires, change in funding sources, etc.

All employees must submit timesheets each pay period as documentation of hours worked to ensure payment. A timesheet must be submitted as work is completed, or for each payroll period, if the job covers more than one payroll period. All employees will be paid on the regular payroll dates. Contact [Financial Services and Payroll](#) with any questions regarding this process.

#### 7. BENEFITS

The employer's portion of payroll benefits will be charged to the grant index. [Benefit rates](#) vary depending

upon the type of employee.

#### 8. INDIRECT COST RECOVERY

[Board of Regents Policy 404](#) requires that indirect costs be charged to grants and contracts. Indirect costs are necessary to recover costs for administrative services. Current F&A rates and guidelines can be found in the MSU Billings [Facilities & Administrative Cost Policy](#).

#### 9. PURCHASING PROCEDURES

Business Services is responsible for the [procurement](#) activities for MSU Billings. MSU Billings preferred method for purchases is with the University Purchase Card (p-card), but a [Banner Payment Authorization \(BPA\)](#) is available for vendor direct billing.

#### 10. TRAVEL

A Travel Pre-Approval in Chrome River must be completed and approved prior to the travel date. State travel policy requires travelers to use a University Purchase Card (p-card) for airfare purchases. Upon the travelers return, a Travel Expense Report must be completed in Chrome River to receive reimbursement for travel expenses.

#### 11. RECHARGES

Certain charges within the University system may be automatically charged to the grant index if the Grant index number is provided to internal departments (copy charges, mail room charges, and facilities services charges). However, it is still the responsibility of the Project Director to ensure that these expenses are correct.

#### 12. UNALLOWABLE COSTS FOR FEDERAL GRANTS

The following costs, either direct or indirect, are unallowable on federal grants and contracts unless specifically approved in such grant and contract. For a more detailed explanation, please contact Grants & Sponsored Programs. The source of this list of unallowable costs, and of most federal cost principles, with regard to College and University Management of federal funds is [2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards \(Uniform Guidance\)](#).

The Unallowable costs are as follows:

- A. Advertising and Public Relations Costs, except those which are solely for specific purposes necessary to meet the requirements of the sponsored agreement.
- B. Alcoholic Beverages
- C. Alumni Activity Costs
- D. Bad Debts
- E. Local Civil Defense Project Costs Not Institution's Premises
- F. Commencement and Convocation Costs
- G. Institution Furnished Automobile Costs for Personal Use
- H. Contingency Provision Costs
- I. Defense and Prosecution of Criminal and Civil Proceedings, Claims, Appeals and Patent Infringement Costs
- J. Depreciation Reserves
- K. Donations or Contributions
- L. Entertainment Costs (includes amusement, diversion & social activities)
- M. Executive Lobbying Costs
- N. Fines and Penalties (including late fees)
- O. Goods and Services for Personal Use
- P. Housing and Personal Living Costs
- Q. Insurance Costs to Protect against Defects in Institution's Material or Workmanship
- R. Interest, Fund-Raising and Investment Management Costs

- S. Lobbying Costs
- T. Losses on Other Sponsored Agreements
- U. Membership Costs in Civic Clubs, Community Organizations, Country Clubs, Social or Dining Clubs or Organizations
- V. Pre-Agreement Costs Prior to Effective Date of Agreement
- W. Selling and Marketing Costs of Products or Services of the Institution
- X. Severance Costs in Excess of Institution's Normal Severance pay
- Y. Specialized Service Facilities Charges in an amount More than Aggregate Costs of Service Over a Long-Term Period
- Z. Student Activity Costs (unrelated to the sponsored agreement)
- AA. Airfare Travel Costs in Excess of Lowest Available Commercial Discount Airfare or Customary Standard Coach Airfare

### 13. COST SHARING

Cost sharing is the University's contribution to a grant that supplements agency funding. It is the portion of a project's costs not borne by the federal government. This support may consist of any type of expenditure such as personnel services, travel, supplies, space, and equipment.

There are generally two types of cost sharing; they are referred to as hard dollar or soft dollar.

- A. Hard Dollar:
  1. Cash contribution which represents the grant recipient's cash outlay, such as supplies purchased with state funds and outlay of money contributed to the recipient by non-federal third parties to the project.
- B. Soft Dollar:
  1. In-Kind contributions which represent the value of non-cash contributions provided by the recipient and non-federal third parties. These may be in the value of goods and services directly benefiting and specifically identifiable to the project.
  2. Faculty release time, i.e., Project Director works on the project during a portion of the academic year and does not charge the project his/her salary during this period, plus any payroll fringe benefits relating to the release time.
  3. The value of waived or lowered indirect costs on the federal portion of a federal project with the approval of the Federal Agency.

It is the Project Director's (PD) responsibility to document all cost sharing associated with the project. The PD must provide the Banner index number for all university cost sharing committed to the project. If the cost sharing includes contributions from third parties, the PD must obtain written documentation. Cost sharing must be documented as it occurs, do not wait until the project is ending to start documenting cost sharing.

Cost sharing must be verifiable in the recipients' records and the basis for determining the value of non-cash items must be documented. In addition, cost sharing must be necessary and reasonable to the program. Time spent working on the grant needs to be recorded on the [Time & Effort Reports](#).

If cost sharing obligations are not required by the grantor, they should not be listed on the budget page and should not have a dollar value assigned in the narrative.

Cost sharing must be preapproved before including in grant applications.

### 14. BUDGET REVISION

When a project's financial resources need to be reallocated due to the nature and progress of the research, budget revision is needed. Before revising the budget, make sure you are aware of any sponsor requirements that apply to your award. You may find this information in the award document

or contract and/or you may call Grants & Sponsored Programs.

## 15. REPORTS AND CLOSE-OUT

During the grant period, various interim fiscal and project reports may be required. Information concerning filing these reports is usually received with the grant award document. The Grants Accountant will use this information as the basis for preparing fiscal reports and will submit them directly the funding agency. The Project Director is responsible for any project reports.

All transactions concerning a grant should be submitted to Business Services before the grant period expires. All charges must be submitted on a timely basis. Submission of a final financial report is usually required within 90 days for federal grants.

To close out an index, the Project Director must have spent the monies in accordance with the terms and conditions of the award. Project Directors and administrators must monitor each index to be sure that erroneous charges, unallowable charges and over-expenditures are removed from the sponsored project. In order to close properly, an index's total expenditures must match its total income. If expenditures are less than income, excess income must be returned to the sponsor. Even more important, sponsors will not reimburse the University for charges that exceed the award amount. Expenditures will have to be moved to a department account should an over-expenditure occur.

Once the sponsored project has been properly closed and all reports submitted to the sponsor, the index is terminated.

## 16. REPORT OF TIME AND EFFORT

A report of time and effort is required for employees paid from grants. The requirements for an effort reporting system involve and after the fact certification of the percentage of effort directly devoted to grants, including contributed time and verification that employees are not charging more than 100% of their time to grants.

Requirements for Time and Effort Reporting:

- A. Reports must be submitted bi-weekly with timesheets
- B. Must be signed by the Project Director
- C. Must reflect the percentage of time spent on each funding source.

All employees with a 61123 – 61130 account code and who have worked on any kind of grant are required to fill out a [Time and Effort](#).

If significant differences between percent of effort are reported on the Time and Effort Report than how the payroll was charged, the Project Director will be contacted to reconcile differences. If needed, payroll will be adjusted to align dollars with effort spent.

If an employee was not paid from a grant but spends time working on a grant, the department should report that on the Time and Effort Report for cost sharing purposes.