

OCCIDENTAL COLLEGE

Fiscal Responsibilities of Principal Investigators

At Occidental College, the Principal Investigator (PI) has overall responsibility for the technical and fiscal management of a sponsored project. This includes the management of the project within funding limitations, and assurance that the sponsor will be notified when significant conditions related to project status change. This document addresses specific responsibilities concerned with the financial management of sponsored projects. While responsibility for the day-to-day management of project finances may be delegated to administrative or other staff, accountability for compliance with Occidental policy and sponsor requirements ultimately rests with the PI.

This policy is divided into three parts:

1. Preparation and submission of proposed budgets, including consideration of allowability, cost sharing, commitment of effort, and estimating methods
2. Management of project expenditures, including authorization and certification of direct charges and cost-shared expenditures, charging of salary and vacation, and clearing of overdrafts
3. Special requirements related to sponsor notifications

1. PREPARATION AND SUBMISSION OF PROPOSED BUDGETS

In proposing budgets for sponsored projects, the PI assures Occidental College and the potential sponsor that project finances are represented as accurately as possible. In addition, specific requirements, including cost principles as defined by the federal government in Office of Management Budget (OMB) Circular A-21, and consistency requirements as imposed by the federal Cost Accounting Standards (CAS) Board, must be adhered to at the proposal stage, as well as when funds are expended.

Allowability

Proposals should not include expenses that the federal government (in OMB A-21 or other regulations) or the sponsor has identified as unallowable. Similarly, expenses which are to be considered as indirect expenses, e.g., certain types of office supplies and clerical salaries, may not be proposed and budgeted as direct expenses, unless they meet specific criteria identified by the sponsor.

Cost Sharing

Proposed budgets should delineate the complete committed cost of the project, identifying the amount requested from the sponsor, and other costs that Occidental College commits to pay for. A commitment to use Occidental College resources to pay any portion of project costs that would otherwise be borne by the sponsor must be identified and tracked as cost sharing. (See "Cost Sharing Policy For Sponsored Programs). At the time such awards are finalized, PIs must assure that funds are identified and separately budgeted for those expenses.

Commitment of Effort

Proposals should accurately represent the amount of time that key personnel are committing to the project. In preparing proposals, PIs must be careful not to over-commit themselves or others. Distribution of effort must take into account the time required for teaching and campus citizenship.

PIs may submit proposals on the assumption that not all will be awarded, but, at the time of award, an accurate representation of time to be devoted to the project, whether that effort will be paid for by the sponsor or by Occidental College, is necessary. Subsequent changes in levels of effort may also require advance notification to and approval by sponsors (see section 3 on such notification requirements).

Estimating Methods

When estimating dollars to be budgeted for project expenses, estimating methods must be consistent with Occidental College accounting practices and must allow expenditures to be accumulated and reported to at least the same level of detail as the estimate.

2. MANAGEMENT OF PROJECT EXPENDITURES

Authorization of Direct Charges

To authorize the expenditure of funds to be charged directly to sponsored projects, the originating department must assure that:

- the estimated charge is reasonable
- the expenditure is allowable by the funding source and, if a charge to a federally-funded project, by OMB Circular A-21
- the expenditure is necessary and allocable to the project
- the justification for the expenditure is documented
- the charge is coded to the correct General Ledger FOAPAL
- the method of allocation of costs is appropriate and documented

Allowability of Direct Charges

PIs are responsible for ensuring that any expenses posted to a sponsored project are for salaries or items which were purchased and used prior to the end date as specified by the award. It is the PIs responsibility to seek a No-Cost Extension of the award if that is necessary. Adequate explanation and documentation for these charges should be collected and maintained for three years after the award has been formally closed out. Where documentation cannot be provided as to the allowability of what appears to be out-of-period costs, the sponsor may deny them. In this case, the PI, will be expected to cover the expense from unrestricted sources.

Any erroneous transactions must be corrected in a timely manner by an appropriate transfer. Whenever expenses are moved to or between sponsored accounts, the PI must assure that the project which ultimately pays for the expense is the project which benefited from that expense, and that there is adequate documentation to support the appropriateness of the transaction.

Charging Salary to Projects

Salary being charged to sponsored projects must be supported by documentation of a corresponding appropriate level of effort.

Charging Proposal Expenses to Ongoing Projects

The cost of proposal preparation activities in support of new directions in research may not be charged to other sponsored projects. The cost of proposal preparation for continuing research (continuation or extension proposals) is appropriately charged to current projects.

Clearing of Overdrafts

PIs are responsible for the ongoing fiscal management of awarded projects, including regular monitoring against project period budgets. If an account is in overdraft upon expiration of the term of the sponsored project agreement as a result of unanticipated project expenses, and additional funds are not available from the sponsor, the PI must identify an appropriate source of funds (e.g., gift, endowment, or operating budget) to cover the expense.

Since charges to clear overdrafts reflect direct project costs, they must not be incorporated into cost pools which lead to indirect cost recovery. These dollars represent project costs being borne by Occidental College, and therefore must be accounted for in the same manner as cost sharing. The department must identify the source of funds to the Grants and Contracts Office that will create a cost-sharing fund. The department may then initiate the necessary expense transfer, including documentation of the nature of

the expenses, noting they were legitimate project expenses but the funding was inadequate and other reasons for the transfer. The PI is responsible for effecting the timely clearance of any such unfunded expenditures from within its resources.

Project Close-out

PIs are responsible for overseeing the proper close-out of sponsored projects, including the timely submission of all required reports. While the Grants and Contracts Office may assist with the preparation and submission of final administrative reports, including financial and property reports, they do so on the basis of documentation created in the project file in the central repository. PIs must assure that all relevant documentation is submitted to the Grants and Contracts office so that such documentation is adequate and readily available.

If final technical reports are to be completed after the project end date, and funds from the project are available to pay these expenses, a No-Cost Extension should be obtained from the sponsor to cover the expense of producing and distributing those reports. If funds are not available from the project, then the PI or the appropriate Vice President must identify unrestricted funds to pay final report costs.

3. SPECIAL REQUIREMENTS RELATED TO SPONSOR NOTIFICATIONS

The PI must assure that ongoing fiscal management is accomplished in accordance with sponsor requirements, including the handling of:

- rebudgeting requests
- no-cost extensions
- requests to modify the scope of the project.

In all cases, notifications of contract or grant status, including those described in the sections below, should be made in writing to the administrative official in the sponsoring agency. A copy of such notifications must be submitted to the Grants and Contracts central repository.

Financial status of cost-type contracts

In the case of federal cost-type contracts (as opposed to grants), Principal Investigators must assure compliance with the Limitation of Funds and/or Limitation of Cost clauses which include the requirements that:

1. the Contractor notify the sponsoring agency in writing at any time that there is reason to believe the total cost to the Government for the performance of the project will be greater or substantially less than the estimated cost, and further,
2. the Contractor notify the sponsoring agency if, at any time, there is reason to believe that the costs which are expected to be incurred in the next succeeding 60 days, when added to all costs previously incurred, will exceed 75% of the specified estimated cost.

Failure to provide such notice may preclude Occidental College from receiving additional funding on that contract.

In the case of grants, similar restrictions often apply and appear in the grant award itself or in the accompanying agency policy manual or administrative guide. Such notifications must be made on a timely basis, in coordination with the Grants and Contracts Office, in order to allow sufficient time to arrange for and process additional funds, or for the reduction in spending and effort in order to phase out the program in an orderly fashion if additional funds are not available. The Principal Investigator's Vice President should also be informed, in advance, of potential funding problems.

Changes in Principal Investigator status

In addition, sponsors often have requirements regarding notification or prior approval of changes in availability of the Principal Investigator. For federal contracts and non-federal projects, the terms and conditions of the particular agreement will govern.

For federal grants, OMB Circular A-110 requires prior written approval from the awarding agency for either of the following circumstances involving the Principal Investigator or approved Project Director. For any additional requirements, review the grant award and grant policy of the specific agency.

1. A reduction in time devoted to the project of 25% or more from the proposed and awarded level
2. An absence from the project for more than three months

The Principal Investigator, Department Chair, or department administrator should contact the Grants and Contracts Office to coordinate securing required approvals in either of the circumstances above. If, in the original award, Occidental College had committed to fund some of the Principal Investigator's effort as cost sharing and the PI reduces the overall committed level on the project, reductions in levels of cost shared component of effort will have to be negotiated, as appropriate. In addition, when a Principal Investigator's faculty appointment will terminate prior to or during a project's period of performance, the sponsor must be so informed.

It is good business practice to maintain ongoing communications with sponsors on any conditions affecting Occidental College's ability to carry out the research program, as described in the project award. In addition to the items related to Principal Investigator status listed above, OMB Circular A-110 lists the following circumstances as requiring sponsor notification:

- change in the scope or the objective of the project or program (even if there is no associated budget revision)
- change in a key person specified in the application or award document
- need for additional Federal funding
- transfer of funds allotted for training allowances (direct payment to trainees) to other categories of expense.