



UNIVERSITY OF NEW HAMPSHIRE SPONSORED PROGRAMS ADMINISTRATION FINANCIAL MANAGEMENT

In accepting external financial support for research, training, and other activities, the University agrees to ensure the sound financial management of the resources provided. A key element to successful management ensures compliance with sponsors policies and regulations that not only govern what types of costs may be paid with sponsor funds, but also require an appropriate distribution of costs among the various sources which fund the investigator's work. It is important to keep in mind that our sponsors expect adequate financial responsibility in exchange for the resources they provide.

The University encourages the use of administrative staff to the maximum extent possible to assist principal investigators with their administrative responsibilities in the management of sponsored projects. The work conducted under sponsored projects is tightly linked to the allocation and management of costs and funds. The principal investigator, therefore, has oversight responsibilities and is the best, and often the only, source of instructions on how to distribute costs among the various sources of funds.

Expense Approval and Documentation

UNH Sponsored Programs Administration provides support to Business Service Center staff who work directly with principal investigators to provide appropriate and compliant stewardship of sponsored funds and compliance with federal cost principles.

Cost Principles

UNH follows four cost principles. The cost must be (1) allowable, (2) allocable, (3) reasonable, and (4) consistent. Though these principles may change depending on the project, they must be used to determine whether the costs are appropriate for a sponsored project.

1. A cost is allowable when:

- When it serves a business purpose, including instruction, research, and public service.
- It is permissible according to UNH policy and federal regulations, regardless of whether it is a sponsored project.
- It is permissible for a sponsored project according to the terms and conditions of the sponsored agreement.

2. A cost is allocable:

- When the cost provides "benefit" to the project

3. A cost is reasonable when:

- A prudent person would purchase the item at that price.
- The cost is necessary for the performance of the activity
- Incurrence of the cost is consistent with established University policies and practices

4. A cost is consistent when:

- Like expenses are treated in the same manner under like circumstances.
- Consistency means that sponsors pay for costs either as a direct charge or as a Facilities and Administrative (F&A) cost, not both directly and indirectly. The University establishes policies that, if followed, ensure consistency.

Unallowable Expenses

Both activities and transactions could be considered unallowable due to regulations put in place by the federal government or other sponsor. Unallowable costs may also be identified in the specific terms and conditions of a sponsored project. These can be more specific than those outlined in OMB Uniform Guidance.

For example, if a sponsor specifies that international travel costs cannot be charged to a particular project, then those costs may not be charged to that project, even though general UNH and federal regulations may allow them.

Unallowable activities include:

- Alumni activities
- Organized fundraising
- Lobbying
- Commencement and Convocation
- General public relations activities
- Student activities such as intramural activities and student clubs
- Managing investments solely to enhance income
- Prosecuting claims against the federal government
- Defending or prosecuting certain criminal, civil, or administrative proceedings
- Housing and personal living expenses of University officers

Unallowable transactions may include:

- Advertising (only certain types are allowable)
- Alcoholic beverages
- Entertainment
- Fundraising or lobbying costs
- Fines and penalties
- Memorabilia or promotional materials
- Relocation costs if employee resigns within 12 months
- Certain recruitment costs, such as color advertising
- Certain travel costs, such as first-class travel

- Cash donations to other parties, such as donations to other universities
- Interest payments
- Membership in civic, community, and social organizations or in dining and country clubs
- Goods or services for the personal use of employees, including automobiles
- Insurance against defects in UNH's materials or workmanship

The guidance below is provided for expenses charged to sponsored programs and for determining the reasonableness, allocability, and allowability of costs.

EXPENSE APPROVAL AND DOCUMENTATION

Also see:

OMB UNIFORM GUIDANCE, SUBPART E (COST PRINCIPLES)

Labor Distribution and Salary Cost Management

The largest category of direct sponsored program expenses is salary and benefits. The principal investigator (PI) is responsible for reviewing salaries charged to projects, and for validating and certifying percentages of salary charged to a project.

Salary Distribution and Certification

When a principal investigator manages a laboratory with multiple ongoing projects, the distribution of salaries of the PI, research assistants, researchers, and other staff to the various projects must be carefully considered. UNH's process for salary distribution and certification verifies that direct labor charges to federally sponsored agreements are reasonable, and reflect actual work performed. This is commonly referred to as time & effort certification. This process shows the distribution of the effort of individuals among the various activities in which they work, as a percentage of total salary (not as a specified number of hours) devoted to benefit the project, either as a direct charge or committed cost sharing.

Charges for work performed on sponsored agreements during the academic year will be based on the individual's regular compensation for the continuous period that constitutes the basis of his or her salary. Charges for work performed on sponsored projects during all or any portion of such period are allowable at the base salary rate. In no event should charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period. See the definition of Institutional Base Salary for more information. Some sponsors may choose to cap the salary or salary rate at a maximum level. In these cases, any [salary over the cap](#) is an unallowable expense on that project.

Further, charges for work performed by faculty members on sponsored agreements during the summer months will be determined for each faculty member at a rate not in excess of the base salary divided by the period to which the base salary relates. The base salary period used in computing charges for work performed during the summer months will be the number of months covered by the faculty member's official academic year appointment. For example, if a PI works on a sponsored project for one month during the summer, the maximum amount of

salary chargeable to the project is one-ninth of the academic year salary, assuming the academic year appointment is nine months. See [summer and supplemental pay guidance](#).

If a principal investigator or key personnel named on the award, spends less effort on the project than proposed, the PI and the responsible department should:

- Determine if the sponsor should be notified
- Review and adjust salary charges
- Review any cost-sharing commitments based on salary

In addition, for **federal awards**, the PI must notify the sponsor in writing if he or she plans to reduce effort by (25%) or more from the awarded level. For example, if the award included one month of salary and the PI expects to spend only half a month on the project, the PI will need to request permission prior to reducing effort, explaining why the reduction is appropriate and how the project will remain on schedule with effort reduced. This notification must be routed through your GCA for submission to the grant officer.

Administrative or Clerical Staff

Administrative or clerical staff must be **integral** to a project in order to be direct charged to a federal award and must be budgeted and justified in the proposal or have prior written sponsor approval. Under the Uniform Guidance ([section 200.413](#)), a project no longer needs to be identified as “major” to include administrative salary, but in general such expenses should be treated as indirect (F&A) costs.

To be integral to the project, the administrative activity should be:

- essential or vital to the project, and described accordingly in the justification;
- budgeted at a percentage of a person-month that reflects that essential nature (a minimum of 10% FTE);
- performed by individuals specifically identified with the project or activity; and
- costs that are not also recovered as indirect costs.

For non-federally sponsored projects, administrative or clerical staff may be direct charged provided they benefit the project and follow those sponsors’ requirements for the award.

Since these items are explicitly identified in the proposal, the assumption is the sponsoring agency approves this treatment of administrative and clerical salaries or other costs if they accept the proposal and subsequently fund the project. If the proposal and award document has not specifically identified these costs, the University is not allowed to rebudget approved funding to these categories unless specific written approval has been received from the sponsoring agency or delegated under expanded authorities for rebudgeting.

Treatment of administrative costs as direct costs must be uniform across projects. Administrative costs may be budgeted as direct costs only if this type of cost is consistently treated as a direct cost in like circumstances for all other projects and cost objectives.

Examples of circumstances where administrative or clerical costs may be considered essential include:

1. Large, complex programs such as Program Projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.
2. Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting.
3. Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
4. Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).
5. Projects geographically inaccessible to normal BSC administrative services.
6. Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocols; and multiple project-related investigator coordination and communications.

These examples are not exhaustive, nor are they intended to imply that direct charging of administrative or clerical costs would be appropriate under similar circumstances. SPA staff are available to assist in the interpretation and application of University policy and Uniform Guidance.

Summer and Supplemental Pay

This guidance is provided for faculty who choose to devote effort and receive compensation from sponsored projects during the summer or as supplemental pay.

[SUMMER AND SUPPLEMENTAL PAY](#)

Human Subject Incentive Payments

This guidance is provided for the payment of incentives to human subjects participating in research projects, and to determine when the gathering of research participant tax information is required.

[HUMAN SUBJECT INCENTIVE PAYMENTS](#)

Meals on Federally (or Federal Flow-Down) Sponsored Projects

This guidance is provided for meals charged to sponsored projects and for determining reasonableness, allocability and allowability of costs.

[MEALS ON FEDERALLY \(OR FEDERAL FLOW-DOWN\) SPONSORED PROJECTS](#)

Participant Support Costs on Federal Funded Projects

This guidance is to define participant support costs and to provide information regarding this budget element.

PARTICIPANT SUPPORT COSTS ON FEDERAL FUNDED PROJECTS

Program Income

Uniform Guidance defines program income as "gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award."

UNIFORM GUIDANCE

Program income includes:

- Fees earned from services performed under the project, such as laboratory tests;
- Funds generated from sales of commodities and research materials, such as tissue cultures, cell lines and research animals;
- Conference fees charged when a grant funds a conference;
- Income from registration fees, consulting, and sales of educational materials; and
- Sale, rental, or usage fees, such as fees charged for the use of computing or laboratory equipment purchased with grant funds

University policy on [program income](#) is available in the On-line Policy Manual.

Procedures for Program Income on Externally Sponsored Programs at UNH

At Time of Proposal

1. The Principal Investigator (PI)/Project Director (PD) who anticipates that program income will occur during an externally sponsored project includes in the initial and/or continuation proposal an estimate of the amounts (non-binding) and sources of the anticipated income. The amounts are entered on the appropriate lines of the sponsor-specific form, if a form is required, and/or explained in detail in the proposal budget narrative.
2. Unless there is required cost sharing for the project and that cost sharing will need to be met with program income, the PI/PD requests in the proposal that the "additive method" be approved by the sponsor. The justification for this method is detailed in the proposal budget narrative. (One needs to consider the possibility that the "deductive method" may be applied at the sponsor's discretion.)
3. When budgeting for the proposed program or project, the PI/PD includes in the anticipated program income expenses the applicable fringe benefits and Facilities and Administrative (F&A) costs. The office of Sponsored Program Administration confirms that fringe benefits and F&A line items are included in the proposal budget prior to submission to the sponsor.

At Time of Award and Post-Award

1. During the negotiation process for a new award and for unanticipated program income realized during the project period, the office of Sponsored Program Administration works with the sponsor and the PI/PD to clarify the applicable program income application method.
2. The office of Sponsored Program Administration establishes a unique program income account within the appropriate series (15P...) in the USNH financial accounting system and links the program income account to the specific externally sponsored program account that it supports. (In Banner Finance, the program income fund has the same grant number as the related award.) No budget is established until actual program income is received by the PI/PD's Responsibility Center (RC) unit.
3. When actual program income is received, the RC unit deposits the revenue in the appropriate program income account established by the office of Sponsored Program Administration, and provides the office of Sponsored Program Administration Grant and Contract Administrator (GCA) with a copy of the check or evidence of cash receipt or bank transfer, the program income account number, and the requested budget line items. The office of Sponsored Program Administration will establish and/or modify the budget, with sufficient funds to cover anticipated direct and associated fringe benefits and F&A costs. It is the responsibility of the office of Sponsored Program Administration to ensure the appropriateness of re-budgeting program income accounts.
4. It is the responsibility of the RC unit to monitor program income account revenues and expenses, just as for the parent account in order to ensure that expenditures are allowable under sponsor and UNH policies and to avoid deficit spending. If there is a program income account deficit or balance at the end of the project period, office of Sponsored Program Administration works with the PI/PD, and RC unit financial manager, to determine how to best remove the account deficit or deal with the balance under the terms of the sponsored programs award. The office of Sponsored Program Administration Financial Research Administrator (FRA) will close program income accounts in the USNH financial accounting system after the end of the project period and all reconciliations have been done.
5. As specified in 2 CFR 200 §200.307(f) "there is no Federal requirements governing the disposition of income earned after the end of the period of performance for the Federal award, unless the Federal awarding agency regulations or terms and conditions of the Federal award provide otherwise." This clause will also be applied to program income generated after a non-Federal award expires, unless the terms and conditions of the award specify otherwise.

SPA will advise the RC Unit/PI on the appropriate method of accounting for the program income earned after the award has expired.

Cost Sharing

Cost sharing is that portion of "allowable" externally sponsored program costs not borne by the sponsor. "Matching" is a form of cost sharing often characterized by a required ratio (e.g., 1:1) of cost sharing to sponsor supported costs. The distinction between cost sharing and matching

is not as important as the management and accounting for these project costs. When cost sharing or matching is provided through expenditure of other funding sources by the University the supporting documentation is based on cash outlays and recorded in project funds (15C funds). When the cost sharing or matching is provided through third party expenditures on behalf of the project, the substantiation of the value of the cost sharing or matching must be accepted by the University. In-kind cost sharing or matching contributions are donated services, use of non-University equipment, or space, that do not require any cash outlay therefore require special care in substantiating the values. These in-kind contributions are recorded in 16C accounts. Cash contributions from external sources are recorded in 17C accounts. The most important source of information on nonfederal cost shares can be found in Uniform Guidance.

[UNIFORM GUIDANCE](#)

[POLICY](#)

[PROCEDURES](#)

Cost Transfers

Cost transfers between grants and funds are a common and acceptable accounting practice in research universities and also subject to federal audit scrutiny. Timely cost transfers to correct accounting errors and distribute costs are generally appropriate. Cost transfers not completed within 90 days of the original transaction date recording the expense require central office (SPA, Cooperative Extension, or Ag Experimentation Station) approvals as federal sponsors have determined that cost transfers completed more than 90 days after the original expense transaction are a risk of an unallowable cost. Transfers from one project to another or from one competitive segment to another solely to cover cost overruns are not allowable.

[UNIVERSITY POLICY ON COST TRANSFERS](#)

[COST TRANSFER JUSTIFICATION FORM](#)