

FEDERAL GRANT POLICY & PROCEDURE MANUAL

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I. Overview of External Funding of APS Programs

APS relies on staff, members and committees to carry out special projects that are supported by external funding from federal agencies and from private funders. The National Science Foundation and Department of Energy are two of the federal agencies with which APS most often collaborates.

Thus, in most instances, APS Federal grant guidelines adhere to the most updated version of the National Science Foundation's Proposal & Award Policies & Procedures Guide (PAPPG) in conjunction with the NSF's Grant General Conditions. Effective December 26, 2014, NSF's Proposal and Award Policies & Procedures Guide (PAPPG) was revised to implement Title 2CFR §200 Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards. CFR is Code of Federal Regulations and effectively replaces the administrative requirements (A-110 & A-102), cost principles (A-21, A-87 & A-122) and audit requirements (A-50, A-89 & Single Audit) for Federal awards. Cost principles are used to determine costs applicable to grants, contracts and other agreements with educational institutions, non-profit organizations and State and local government agencies and Indian Tribal councils. It also addresses both direct and indirect (aka Facilities and Administrative (F&A)) costs. If the PAPPG, NSF Grant Conditions or this guide is silent on a specific area covered by 2 CFR § 200, the requirements specified in 2 CFR § 200 will be followed. APS will adopt any more prescriptive federal funding guidelines, pursuant to funding from another federal agency.

A Principal Investigator (PI) on each project is required to be an APS employee or affiliate. This includes staff members, elected leaders, and individuals appointed by the organization, such as a committee member. Delegated Co-PIs may be any other individuals who assist with leading the project. The status of proposals and grants are collectively reported to the Board of Directors of APS, at least annually, as part of the annual audit review process.

Further, APS utilizes a support structure to include a Program Coordinator and/or a Program Manager to oversee the day-to-day operations of the grant, ensure compliance and to provide support to ensure the grant goals are met in a timely manner and pursuant to budget constraints. The APS Finance staff, and the Senior Grants Administrator also supports financial and regulatory compliance and administration for all grants.

This Manual provides a description of the internal policies, practices and procedures necessary for the approval and implementation of a project. It details the process and necessary interactions with the staff and committees as well as the timing of these interactions.

These guidelines are not intended to supersede any applicable federal policies or regulations. Such regulations may change over time and always supersede this manual. Further, APS may implement additional practices during the year to improve grant compliance; the grants manual shall be updated as needed to reflect significant changes in practice or policy, with an annual review.

II. Policy Governance

Written policies and procedures provide tangible evidence of intended practices that are consistent with the organization’s values. A policy and procedure development, maintenance, and update process sets out requirements for creating policies and procedures.

This manual intends to reflect APS’ policies and practices that guide the activities of staff and affiliated individuals to develop, perform and report on grants funded with governmental dollars. This manual will be updated regularly to reflect changes in practice as well as reflect changing compliance requirements. The oversight for this manual shall be provided by the APS CFO; regular review and input shall be obtained from all APS departments that receive grant funds, federal or otherwise.

III. Roles and Responsibilities

Roles and responsibilities set out the process owners involved and how they are involved. The following roles and responsibilities are commonly found in successful sponsored programs offices and institutions; the below roles do not need to be individual positions, and the listed responsibilities are not an exhaustive list.

Role	Responsibilities
CEO	<ul style="list-style-type: none"> Promotes a culture of compliance, ethics, and continuous monitoring of sponsored programs Collaborates with other institutions to understand different avenues of growth, compliance, and best practices Provides executive level leadership and oversight of all elements of APS and its components departments, units, and centers Sets the mission and strategy for the organization and provides the staffing and budget required for successful grants programs Serves as backup Authorized Organizational Representative in the various electronic systems
CFO	<ul style="list-style-type: none"> Collaborates with CEO and APS Finance staff to set and execute financial strategy and budget Serves as executive-level decision-maker with regards to financial elements of grants and contracts Makes decisions related to fiscal investment and expectations relative to expected impact Reports to board and stakeholders on the current financial situation of the institution Ensures accuracy and completeness of APS financial statements and records at an executive level Primary responsibility for accuracy and completeness of the grant manual
Controller	<ul style="list-style-type: none"> Serves as a resource to Senior Grants Administrator to enforce APS policy and ensure compliance with Uniform Guidance (UG) and other grant requirements Supports CFO in setting and executing final budget and strategy Ensures completion and accuracy of journals, budgets, and other financial reports

Role	Responsibilities
	<ul style="list-style-type: none"> • Maintains a complete administrative record of all grant activities • Establishes, maintains, and provides senior-level enforcement of the policies and procedures that govern operations of grants • Coordinates all internal and external audit activities • Understands current contract obligations/legal agreements with funding agencies • Serves as backup Authorized Organizational Representative in the various electronic systems
Senior Grants Administrator	<ul style="list-style-type: none"> • Addresses key sponsored programs administration and compliance issues • Enforces state and federal regulations • Conducts training to ensure constant knowledge of compliance requirements • Ensures compliance with Uniform Guidance and/or other funder requirements • Oversees the day-to-day grants administration process • Serves as the Authorized Organizational Representative in the various electronic systems including the National Science Foundation and the Department of Energy (with the Controller and CEO serving as backup) • Maintains a complete administrative record of all grant financial activities including timekeeping • Creates link between the award and the controller and CFO • Leads the pre, post, and during award processes • Coordinates the day to day financial/business operations related to grants • Prepares reports and detailed balance sheets on grant/contract accounts and operating accounts • Initiates budget reviews for Controller and CFO to review • Determines appropriateness of F&A reductions • Monitors deadlines throughout the project life cycle • Determines allowability, allocability, reasonableness of expenditures, and ensures the consistent application of direct costing
Principal Investigator (PI)¹	<p>The PI and any identified co-PIs are jointly responsible for the following responsibilities:</p> <ul style="list-style-type: none"> • Prepares, conducts, and administers a research grant • Develops the technical proposal and works with Senior Grants Administrator on budget • Identifies the need for subrecipient agreements • Verifies compliance of effort allocation for individuals assigned to the award • Collaborates with other PIs to understand different avenues of growth, compliance, and best practices • Seeks new pipelines for funding and grant opportunities • Oversees overall fiscal management of the project • Coordinates the scientific or technical direction of the project

¹ Per the National Science Foundation (NSF), a principal investigator (PI) or Co-PI is defined as the individual(s) designated by the proposer, and approved by NSF, who will be responsible for the scientific or technical direction of the project. NSF does not infer any distinction in scientific stature among multiple PIs, whether referred to as PI or co-PI. If more than one, the first one listed will serve as the contact PI, with whom all communications between NSF program officials and the project relating to the scientific, technical, and budgetary aspects of the project should take place.

Role	Responsibilities
Co-Principal Investigator (Co-PI)₁	<p>The PI and any identified co-PIs are jointly responsible for the following responsibilities:</p> <ul style="list-style-type: none"> • Prepares, conducts, and administers a research grant • Develops the technical proposal • Identifies the need for subrecipient agreements • Verifies compliance of salary allocation for individuals assigned to the award • Collaborates with other PIs to understand different avenues of growth, compliance, and best practices • Oversees overall fiscal management of the project • Coordinates the scientific or technical direction of the project
Program Manager	<ul style="list-style-type: none"> • Works on both current projects and grant proposals • Collaborates with Senior Grants Administrator, CFO, and CEO on new funding opportunities • Collaborates with PIs throughout the award lifecycle • Coordinates technical reporting • Oversees grant purchasing to ensure compliance with the award • Oversees the administration of the processes and procedures of the grant to ensure accurate and efficient collection and reporting of the grants data • Oversees the administration of timekeeping for relevant staff • Responds to grant data requests from both internal and external agencies • Aids in the supervision of budgets
Authorized Organizational Representative (AOR)	<ul style="list-style-type: none"> • Reviews and submits grant applications • Facilitates communication between the PI and the sponsor • Reviews proposal for conformance to agency and APS requirements • Provides APS signatures on award proposals and award acceptances • Negotiates award terms when necessary

IV. Pre-award Management

A. Proposal Development and Approval

Each grant proposal should be developed in consultation with the appropriate APS Director. The PI and appropriate APS staff work together to develop the proposal to assure that it is clear, consistent with the APS mission, that all budget items are in accord with agency and APS guidelines, and that submission and compliance deadlines are met.

Approval to submit any federal or private grant proposal must be obtained from the Chief Executive Officer or Chief Financial Officer.

Depending on the scope of the project (considering dollar amount, length of time and scope) the APS Board of Directors (BOD) may also consider the project’s fit with the mission, scope, and strategic priorities of the APS, at the APS CEO’s discretion. Once the BOD and/or the appropriate APS Executive approves the proposal, the PI and appropriate APS staff will:

- ascertain the funding agency’s proposal requirements,

- obtain sub-award and contractor information,
- prepare a full final proposal, including a budget, in accordance with the granting source's requirements, and
- submit it to the Authorized Organizational Representative (AOR) or to the appropriate funding entity.

Planning should be done at least 4 weeks prior to any funding source's relevant deadline, but in no instance shall a grant proposal be submitted without appropriate internal review including sign off by the APS CEO, CFO, and Senior Grants Administrator.

A master file of the administrative grant documents is created and maintained at the APS headquarters within the Finance Department that has oversight responsibility for the grant. Documents in this file include the synopsis, original full proposal, award letters, budgets, reports, requests for extensions and additional or supplemental support, letters responding to these requests, and other pertinent materials and correspondence. The Finance Department shall also share copies of award letters and related correspondence with the department associated with the grant. Other supporting programmatic documentation (i.e., curriculum vitae, site visit documentation, etc.) will be maintained by the appropriate department.

Please reference Uniform Guidance 2 CFR 200.203 – Notices of funding opportunities for further information.

B. Policies for Principal Investigators (PIs) on Federal Grants

Although the Uniform Guidance does not specifically state the employment status required of a PI, it is typically best practice for institutions to not delegate PI responsibilities to individuals over whom it has little or no authority.

The PI is required to be an APS employee or affiliate. The PI must be able to oversee the project at a high level for technical and financial execution. Co-PIs may be any other individuals who assist with leading the project. The PI and Co-PIs must meet regularly to discuss project direction and operations.

C. Budget Development and Justification

- Per NSF, all proposals must contain a budget for each year of support requested. The amounts for each budget line item requested must be documented and justified in the budget justification.
- PIs should work with the Senior Grants Administrator to assist with budget development.
- Please reference section **VI - Cost Principles** for cost charging guidance for budget development and justification.

Budget items must conform to the stipulations of the funding agency and APS financial operations. All budgetary items must be allowable expenditures. Fringe benefits and indirect cost reimbursement guidelines shall conform to the current APS' Indirect Cost Rate agreement, as established by the NSF (or other federal funding agency), as appropriate. Budgets shall consider both direct and indirect (i.e. allocated) costs when determining the total cost to conduct a program or project. Consideration should be made for cost increases when submitting a multi-year budget.

The APS Chief Financial Officer shall review and approve all grant budgets prior to submission.

Please reference Uniform Guidance 2 CFR 200.308 – Revision of budget and program plans for further information.

D. Proposal Submission and Award Acceptance

- Draft proposals shall be reviewed by the PI/Co-PIs and sent by the PI to the Senior Grants Administrator five business days prior to proposal submission date.
- A completed Grant Proposal Submission Checklist (Appendix A) shall be completed prior to submitting any proposal.
- The Senior Grants Administrator performs final review and electronic submission of most proposals.

Items required in the proposal package depend on the funding agency's requirements and could include:

- Cover letter or sheet
- Abstract
- Narrative
- Budget and budget justification
- Evaluation and outcome measures
- Sub-awardee budget, timeline, scope of work and project justification
- Vitae or biographical sketch
- Current and pending list
- Completed sub-awards and accompanying documentation (budget, scope of work, timelines, etc.)
- Letters of support and/or acceptance from:
 - Sub-awardee organizations
 - Individuals
 - Other organizations

If a proposal includes sub-awards, a letter of agreement from the sub-awardee organization or a full sub-award proposal should be submitted with the proposal, and sub-award budget should also be a part of the full budget, for APS CFO approval.

Note: Many federal agencies require advance approval of any sub-award.

A contractor and sub-award checklist are to be used for processing each sub-award. (See Appendix B).

The PI completes the final documents including all forms and documents required by the granting agency. For most federal grants, since all documents are prepared online, the PI provides AOR submission access once required documents are complete and deemed final. AOR submission access is granted differently in each system, usually by a clearly marked button.

Note: For many federal proposals, it is the PI who initially enters the proposal into the appropriate on-

line grants management portal (i.e. FastLane, Research.gov, etc.). At that time, the PI may allow the AOR (the Senior Grants Administrator, the CEO or designated Officer) the ability to edit the proposal. Doing so may save time if there are any mistakes that the AOR can correct rather than going back to the PI. An AOR will not make any changes to the proposal or the budget without agreement from the PI. The federal funding agency generally notifies the AOR that the proposal has been submitted and asks for the AOR's approval. The AOR reviews the proposal via the on-line management portal and officially submits it to the funder on behalf of APS.

If the funding agency, prior to awarding the grant, requires modifications that result in changes to the project activities and/or budget, the AOR will work with the PI or other APS staff to expedite approvals as needed. All such modifications shall be noted; an updated copy of any proposal modifications shall be maintained as a distinct version, including budgetary changes.

The granting agency will determine whether it will award or decline the funds or require modification to the proposal and will send notification by email. This notification will be sent to the appropriate APS personnel who then forward it to the PI and APS Finance department.

Awards are reviewed and, if necessary, negotiated by the Senior Grants Administrator or designee to ensure the terms and conditions are acceptable to APS. The Senior Grants Administrator is responsible for reviewing the terms and conditions and confirming that the award and budget are acceptable. The negotiation process ranges from a few days to several months.

E. Sub-Award and Contract Negotiation and Acceptance

1. Standard language and terms of sub-award agreements typically are non-negotiable without discussion between CFO and/or Senior Grants Administrator and appropriate project leadership.
2. Changes to legal language in sub-award agreements and contracts cannot be modified unless there is a legal conflict for the other party (terms are in conflict with state specific law); in such cases alternative terms may be considered.
3. Senior Grants Administrator will incorporate negotiated terms into a final document and return to the contractor or sub-awardee to sign with instructions to send partially executed contract or sub-award agreement back to the Senior Grants Administrator.

Senior Grants Administrator will ensure that contract and sub-award agreement documents are complete and signed by the contractor or sub-awardee before circulating internally for final review, approval, and sign off; and return fully executed copy of contract or sub-award agreement to the appropriate individuals and file all supporting electronic documents and communication on the Google Drive.

F. Subrecipient Risk Assessment

Ideally this would be performed during the proposal phase, however in some cases it may be necessary to finalize the risk assessment following proposal submission. (See Appendix R FDP's Risk Assessment Questionnaire).

Each sub-award is assigned a score based on responses to questions in the FDP's Risk Assessment Questionnaire. For instance, a medium risk sub-award might be one with an institutional score of at least 8 or 9, or a project score of at least 12 or 13. A total score in the upper 20s might constitute a high-risk sub-award. A total score below 10 is considered low risk. The Senior Grants Administrator shall

ultimately determine the appropriate level of oversight for a high risk subrecipient.

Please reference Uniform Guidance 2 CFR 200.331 – Requirements for pass-through entities for further information.

- [FDP's Risk Assessment Questionnaire \(RAQ\) template](#)

G. Sub-award and Contractor Determinations

Per Uniform Guidance, characteristics which support the classification of the non-Federal entity as a **subrecipient (sub-awardees and contractors)** include when the non-Federal entity:

1. Determines who is eligible to receive what Federal assistance;
2. Has its performance measured in relation to whether objectives of a Federal program were met;
3. Has responsibility for programmatic decision making;
4. Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
5. In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

Per Uniform Guidance, characteristics indicative of a procurement relationship between the non-Federal entity and a **contractor** are when the contractor:

1. Provides the goods and services within normal business operations;
2. Provides similar goods or services to many different purchasers;
3. Normally operates in a competitive environment;
4. Provides goods or services that are ancillary to the operation of the Federal program; and
5. Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

If you are unclear, please refer to these reference materials and work with the Senior Grants Administrator if there is any uncertainty about classification.

Reference materials include:

- [2 CFR 200.330 - Subrecipient and contractor determinations](#)
- [The Federal Demonstration Partnership's \(FDP\) Checklist to Determine Subrecipient or Contractor Classification](#)

H. Flow-Down Clauses

A flow-down clause is a contract provision by which the parties incorporate the terms of the general contract between the owner and the general contractor into the lower tier agreement. When including a sub-award on a government project your sub-award agreement is solely with the prime contractor. There is no contractual relationship with the government. For APS purposes, all sub-award agreements incorporate all federal terms and conditions.

V. Post-award Management

A. Funded Project Management - Overview

Once funded, the project is managed using the following procedures:

1. The Senior Grants Administrator or AOR sends a copy of the award letter to the PI, the Program Manager and/or Program Coordinator and the APS Finance Department.
2. The project is assigned a Cost Center identifier by the Finance Department and account numbers set up per budget. An annual and a lifetime budget are maintained for each grant and sub-award. The PI begins implementation of the project and, in a timely fashion, submits all reports as required by the grantor and APS. Reports to the federal funder are submitted via the appropriate grant management portal directly by the PI.
3. The PI with day-to-day oversight by the Program Manager will be responsible for and manage all staffing and other related expenditures on the project.
4. Submitted requests for expenditure reimbursement are reviewed for backup and accuracy, prior to entry into the general ledger (GL). Policies and procedures for processing invoices from sub-awardees and contractors are described in Appendix L. Appendix M contains policies and procedures for processing travel & expense reports. Monthly financial reports on expenditures are prepared for the PIs and Program Managers after close of the general ledger for that month.
 - a. A detailed review of year-to-date and life-to-date expenditures is conducted quarterly by the APS Finance Department with the PI and/or Program Manager and other members of the grant team, as applicable.
5. The PI and/or Program Manager is responsible for ensuring that sub-awardees, contractors and individuals receiving stipends under the grant submit timely and accurate invoices with substantiation for reimbursement by APS.
6. At least quarterly, a formal review of grant expenditures and a review of the grant activities will be conducted by the appropriate program staff and the APS Finance Department to determine if any internal modifications need to be made and also if any granting agency needs to be updated on grant progress, budgetary spending or other aspects of the grant.
7. Requests for reimbursement from the funding agency are prepared no less than quarterly by the APS Finance Department.
8. In most instances, APS does not request grant reimbursement from a funder until actual expenses have been incurred, subject to contract terms.
9. A Schedule of Financial Activity (SEFA) is prepared monthly for all Federal Grants.

B. Grant and Budget Oversight

As soon as notification is received from the funding agency that the grant has been awarded and the final budget approved, the APS Finance Department will create a grant budget within the financial accounting system and track actual grant expenditures.

- Per Uniform Guidance 2 CFR 200.308 – Revision of budget and program plans, recipients must request prior approvals from Federal awarding agencies for one or more of the following program or budget-related reasons:
 - Change in the scope or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).

- Change in a key person specified in the application or the Federal award.
 - The disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.
 - The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E—Cost Principles of this part or 45 CFR Part 74 Appendix E, “Principles for Determining Costs Applicable to Research and Development under Awards and Contracts with Hospitals,” or 48 CFR Part 31, “Contract Cost Principles and Procedures,” as applicable.
 - The transfer of funds budgeted for participant support costs to other non-participant support categories of expense.
 - Unless described in the application and funded in the approved Federal award, the sub-award, transfer or contracting out of any work under a Federal award. This provision does not apply to the acquisition of supplies, material, equipment or general support services.
 - Changes in the amount of approved cost-sharing or matching provided by the non-Federal entity. No other prior approval requirements for specific items may be imposed unless a deviation has been approved by OMB. See also §§ 200.102 Exceptions and 200.407 Prior written approval (prior approval).
- Internal Approval – Supervisor review and approval from the Senior Grants Administrator or designee is required for changes and/or budget category reallocations (other than participant support) greater than five percent. Budget modifications should be discussed and documented as part of the quarterly budget review process and should generally precede such a change.
 - Please reference section **VI - Cost Principles** for cost charging guidance to leverage for grant and budget modifications.

The PI and program staff are responsible for coding the expenses, and a member of the APS Finance Staff will review all expenses submitted against the grant budget to ensure that:

1. the expense is allowable per the funding agency,
2. the expense has been coded to the appropriate budget line item per the approved budget, and
3. the appropriate budget line item has a sufficient balance to cover the expense or the PI and/or Program Manager approves the spending beyond the budget.
4. the expenses are appropriate and within the scope of the project.

The APS Controller will serve as the backup for the Senior Grants Administrator.

If there are any questions or problems with the expenditures submitted to the Finance Department, they will contact the program staff managing the grant to resolve the matter.

In the APS Accounting system, there is a section of the Chart of Accounts solely dedicated to Grants. The account numbers start with 6005-0000 and ends with 7010-0000 (See Appendix F – Chart of Accounts – Grants).

The Senior Grants Administrator and/or APS CFO or designee must approve any major changes in activities or scope proposed by the PI during the implementation stage. Any requests for budget revisions, additional or supplemental support, or no-cost extensions will be done by the Senior Grants Administrator to the appropriate agency. In all cases, the APS Finance Department should be consulted and made aware of all significant changes that will impact the grant budget.

The modification process includes:

1. PI ascertains the granting source requirements and format for a request, writes the request, and submits it to the Senior Grants Administrator or Controller and other appropriate staff for review and approval. It is then submitted by the Senior Grants Administrator, or in some cases, the PI to the Program Officer or via the grant management portal. Requests should be made at least 45 days prior to the granting source's deadline and can be made in the following areas depending upon the granting source:
 - a. Extensions: For many grants, it may be possible to request an extension of time to complete the grant with no additional funding (i.e., a no cost extension) from a Federal funder if there is un-liquidated balance on grant. Most grant extensions require express approval. NSF typically allows the first no-cost extension to be executed without prior approval but must be submitted through FastLane or Research.gov.
 - b. Budget revisions: the PI may request major revisions in budget line items based upon changes made in the scope or breadth of activities and resources needed to complete the project. **Note:** In many instances, formal approval is not required from the funder but rather explained via annual and final narrative reporting.
 - i. Internal budget reallocations must be communicated to the APS Finance Department.
 - c. Most of APS' federal grants include amounts budgeted for participant support. **Changes to the budgeted amount allocated to Participant Support require express advance approval from the Federal funding agency.**

The granting agency will either award or decline the requested modification and notification will be received by PI or AOR. In all instances, the PI or AOR should notify internal and external members of the grants team when a grant modification has been accepted by the federal funding agency.

2. Any approved budget or programmatic changes shall be documented and relevant documents including budget revisions, notifications and the like along with any revised grant documentation shall be electronically maintained.
3. Any modification that involves changes to an arrangement with a sub-awardee or a contracted vendor must include a formal amendment that is signed by both parties. The amendment shall include information about programmatic changes, changes in timelines, changes in deliverables, etc. It must be fully executed by both parties.
 - a. Per specific guidance from the NSF, modifications to sub-award arrangements are not required to be updated via FastLane or via other electronic means. Please check the federal funding requirements to confirm if a modification requires funder approval or funder notification.

Contract and Sub-award Agreement Change Management Process

1. Contractors and sub-awardees must submit a written request to change any term of a contract or sub-award agreement (including changes to scopes of work or the project budget) to the Program Manager and/or Senior Grants Administrator.
2. If the Senior Grants Administrator, Program Manager, PI, and contractor/sub-awardee agree to changes, the Senior Grants Administrator will create an amendment to the contract or sub-award agreement using the amendment template. The Amendment along with a copy of the originally executed agreement will be sent to the contractor or sub-awardee to sign with instructions to send partially executed amendment back to the Senior Grants Administrator.
3. The Senior Grants Administrator will ensure that amendment is signed by the contractor or sub-awardee before circulating internally for final review, approval, and sign off; and return fully executed copy of amendment to the appropriate individuals and attach to PDF of sub-award agreement document on the Google Drive and maintain complete electronic copies in the project files.

C. Salaries

All APS Staff working on federally funded grants must fill out electronic Time and Attendance Sheets (Appendix H) for each bi-weekly time period. Time Sheets must account for 100% of the time for the pay period; the time is allocated to grant funded and internally funded work including paid time off performed by the individual during each pay period. APS pays employees bi-weekly for a total of 75 hours per pay period if full-time, and pro-rated if part time. All grant staff must submit electronic time sheet, which is electronically signed by the employee and by the direct supervisor.

The Finance Department collates the information showing 100% effort (75 hours for non-exempt employees) per pay period. In addition, a monthly summary time sheet is used to prepare the general ledger entries salary expenditure based on calculated hourly rates. All employee time is initially charged to their home cost center. Billable grant time is then deducted from the home cost center and charged to each specific grant based on effort.

- For exempt employees, a pro-rata allocation of the bi-weekly compensation will be allocated to the specific grant, based on pro-rata hours per billable grant to total hours worked in the pay period.
- For non-exempt employees, total hours worked on any grant will be allocated to the specific grant, based on the employee's actual hourly wage. Time is always charged at straight time, even if overtime hours are incurred during the pay period.
- Benefits for all APS staff salaries shall be subject to the current approved fringe benefits rate, unless otherwise specified for a privately funded grant. The current fringe benefits rate includes a calculation for leave.
 - The current negotiated fringe benefit rate is 33.66% and is effective until 12/31/2022.
 - A benefit charge, based on APS' current negotiated indirect benefit rate is also charged to each grant, as applicable, based on salary

Compensation paid or accrued by the organization for employees working on the non-federal grant

supported project during the grant period is allowable, in accordance with 2 CFR § 200.430.

D. Definitions of Budget Categories

The budget categories listed in parts A through G of the Proposal Budget are defined as follows:

A. Senior Personnel

1. **Principal Investigator/Project Director (PI/PD)** – the individual(s) designated by the proposer, and approved by the federal funding agency, who will be responsible for the scientific or technical direction of the project. An APS employee shall serve as the contact PI with whom all communication between the federal program officials and the project relating to the scientific, technical, and budgetary aspects of the project should take place. The APS PI, however, may be jointly responsible for preparation and submission of the requisite project reports.

For Federal grant proposals that include Senior Personnel:

- A biographical sketch (limited to two pages) is required for each individual identified as senior personnel.
- Certain federal funding agencies limit the salary compensation requested in the proposal budget for senior personnel of a higher education institution to not equal more than two months of their regular salary in any one year from all federally funded grants. APS senior personnel are not subject to this limitation. APS personnel cannot exceed 12 months of effort.

For NSF Proposal and Award Policies & Procedures Guide, please reference Section II.C.2.g.i.a for the complete detailed explanation on NSF's Policy regarding salaries of senior personnel. For other federal grants, please review agency specific guidance.

B. Salaries- Other Personnel

Other Personnel (staff include Post-Doctoral Associates, Other Professionals, Graduate Students, Undergraduate Students, Secretarial and Other Salaries) can be charged to the grant in so much as they are not included in the Indirect Cost Pool for regular operations. Most APS employees expending time on grants are treated as "Other Personnel" as they are neither serving in the PI role nor accounted for in the Indirect Cost Pool.

C. Fringe Benefits

APS generally charges the approved Negotiated Benefits Indirect Cost Rate as a percentage of salary expense, currently based on a validated rate from the NSF. Fringe benefit expense is calculated each pay period based on individual hours worked/allocated salary and charged to each appropriate federal grant. APS generally follows the guidance set forth within Title 2 CFR 200.431.

D. Total Permanent Equipment

APS does not generally purchase permanent equipment for grants.

E. Travel

All travel must be justified and documented. Domestic travel is travel within the US, its territories and possessions. Foreign travel excludes domestic travel. All per diem travel shall be reimbursed in accordance with GSA per diem rates and GSA guidelines. If such reimbursement will be different, the budget justification must clearly indicate any changes.

All Travel on grants must be documented using the Travel & Expense report (Appendix G), with supporting receipts. Reimbursement for travel must follow the guidelines found in Appendix M. Travel must be planned and approved by the PI, Program Manager, Program Coordinator or other member of the grant team in accordance with the grant goals and the budget.

F. Participant Support

Participant support is defined as support for “participants” or “trainees” for sponsored conferences or training projects in support of stipends, travel, subsistence and other direct support for participants/attendees. Charges to this section should be clearly delineated and quantified in the budget request.

The PAPPG states that costs other than those described in 2 CFR 200.75 must be justified in the proposal budget. Policies and procedures for conference and meeting expenses, which often include participant support costs, are described in Appendix K.

Speakers and trainers generally are not considered participants and should not be included in this section of the budget. However, if the primary purpose of the individual’s attendance at the conference is learning and receiving training as a participant, then the costs may be included under participant support. If the primary purpose is to speak or assist with management of the conference, then such costs should be budgeted in appropriate categories other than participant support.

Participant support costs may not be budgeted to cover room rental fees, catering costs (including allowable foods costs for participants) supplies, etc. related to an NSF sponsored conference. These expenses should be charged to the “Other Direct Costs” section under “Other”. NOTE: APS practice prior to 2020 resulted in some of these costs being budgeted and reported in Participant Support. This revised practice will apply to grants approved in 2020 or after.

Funds allocated to Participant support cannot be shifted to any other budget line item without prior program officer approval. Participant support does not incur any Indirect Cost rate charge.

G. Other Direct Costs

Other Direct Costs consists of Material and Supplies, Publication Costs, Consultant Services, Computer Services, Sub-Awards and Other. Note that policies and procedures for conference and meeting expenses, which often include Other Direct Costs, are described in Appendix K. Appendix P provides guidance on soliciting bids, when needed.

1. *Materials and Supplies* – This category can include costs of computers less than \$5,000 – the capitalization amount for APS. Computer equipment considered essential, though not solely dedicated to a federal award, may be purchased on a grant.
2. *Publication Costs/Documentation/Dissemination* – This category includes the expense of documenting, preparing and publishing work conducted under a grant. A detailed list is included in the PAPPG.
3. *Consultant Services* – Consultants hired by APS to work on grants generally have a specific skillset and are drawn from a fairly small community; as such there is little to no competitive bidding involved. All costs related to the consultant’s work including any travel, supplies, etc. shall be included in the consultant agreement and included in this line item.

- **All Consultants must have a CV on file.** Departments should maintain these documents and

make them available to the Finance office as needed.

- The APS Finance Department shall check with www.SAM.gov for debarment and suspension prior to issuing contracts. Contracts must be established for a specific body of work at prices relevant to that area of expertise.
 - Consultants are required to sign contracts for the performance period (Appendix D) that include the consultant's SSN or EIN, address, a total dollar figure, a timeline, and a Statement of Work that describes the work to be completed.
 - A copy of each consulting agreement must be given to the Finance Department prior to start of work. Consultants must bill on a project basis using the form outlined in Appendix E. Each invoice shall include the consultant fees and scope of work explained in detail, with an hourly rate and the number of hours to be supported. If, consultant travel costs are reimbursable, such expenses shall be included in the invoice. (Appendix L describes policies and procedures for processing invoices from consultants.)
4. *Computer Services* – This category may include computer-based retrieval of scientific, technical and education information or specific software.
 5. *Sub-Awards* – Sub-awardees generally must be approved by the federal funding agency prior to engaging in any sub-award work or paying a sub-award vendor. If a sub-awardee is contracted using an RFP, each bid is evaluated based on specific parameters that are included in the sub-award agreement.
 - It is the responsibility of the PI to develop a budget and scope of work prior to obtaining approval of the sub-awardee from any governmental entity and prior to presenting a project budget to the APS Senior Grants Administrator.
 - Following approval by the federal funding agency, sub-awardees are required to sign a sub-award agreement (Appendix J), with a relevant budget. Sub-award agreements must be signed off as outlined in the Notes on the sub-award Agreement Process (introduction to Appendix J).
 - APS Senior Grants Administrator conducts a risk assessment for each organization or individual that is awarded a sub-award that includes checking www.SAM.gov by DUNS number and receiving a copy of the most current Single Audit (if applicable) or a link to the most recent Single Audit available online.
 - Sub-Awardees receiving an aggregate total of \$25K or more per grant must also be entered into FFATA Sub-award Reporting System within 30 days of the sub-award. If sub-awards cover more than one fiscal year, the Single Audit will be required at the beginning of each new award year. Sub-awards do not incur Indirect Cost Rate charge beyond the first \$25,000 over the entire length of the sub-award agreement.
 - Appendix L describes policies and procedures for processing invoices from sub-awardees.
 - Appendix C is an example of the Systems Award Management (SAM) checklist prepared by APS.
 6. *Other* – This category comprises all costs that cannot be allocated under the specific sections of direct costs as outlined above. As noted above, many collateral costs associated with conducting trainings and conferences shall be included here such as AV expenses, room charges, catering (i.e. allowable food or meal costs), etc.

7. *Indirect Costs* –APS shall calculate indirect costs for all grants based on the current federally negotiated rate agreement, against those expenses for which an indirect cost can be charged.

- The current indirect cost rate is 36.2% and is effective until 12/31/2022.
- 2 CFR Part 200, Appendix IV is the applicable guidance for non-profit organizations. Unlike Institutions of Higher Education, non-profits must use their current negotiated rate regardless of what the rate was at the time of the award. The only exception is if the award specifically stipulates the use of the rate throughout the life of the award at the time of award acceptance.

E. Subrecipient Monitoring

Uniform Guidance requires pass-through entities to evaluate each subrecipient's risk of noncompliance in order to determine the appropriate monitoring level, monitor the activities of subrecipient organizations to ensure that the sub-award is in compliance with applicable Federal statutes and regulations and terms of the sub-award, and verify that subrecipients are audited as required by Subpart F of the Uniform Guidance. Failure to adequately monitor the compliance of subrecipients could result in reputational damage to APS and jeopardize current and future funding. See Appendix S, Subrecipient Monitoring Guidelines.

Please reference Uniform Guidance 2 CFR 200.331 – Requirements for pass-through entities for further information.

F. Conflict of Interest

Program staff and individuals associated with grant-funded APS programs (associates) must not participate in the selection, award, or administration of a contract or sub-award supported by a Federal grant if he or she has a real or apparent conflict of interest.²

A conflict of interest would arise if an APS staff member or associate, any of their immediate family or close collaborators, or an organization that employs any of these parties would benefit financially or otherwise from the contact or sub-award.

Please reference Uniform Guidance 2 CFR 200.112 – Conflict of interest for further information.

A. Reporting Conflicts of Interest

If a conflict of interest becomes apparent:

1. Program staff and individuals associated with grant-funded APS programs must recuse themselves and inform the project director immediately. It is the responsibility of program staff to check with associates for conflicts of interest before they engage in activities where this may become an issue.
2. The project director will document in the procurement folder any conflict of interest that is identified, and the actions taken to alleviate the conflict.

B. Failure to Report Conflicts of Interest

1. Should any program staff fail to report a conflict of interest at any time or fail to check with

² According to the Code of Federal Regulations §200.318, “a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.”

associates for conflicts of interest, appropriate disciplinary action will be taken, up to and including termination. See Appendix T, Conflict of Interest Disclosure.

G. Procurement

General Provisions:

1. Materials and Supplies
2. Approved Vendors and Service Providers
3. Conflict of Interest
4. Reporting Conflicts of Interest
5. Failure to Report Conflicts of Interest
6. Gifts
7. Women-and Minority-owned Businesses and Others

Methods of Procurement: See Appendix Q: Signing Authority

1. Purchasing Thresholds
 - a. APS has a signing authority process to determine appropriate sign off levels by role and/or by title. For an individual grant, a PI may delegate certain sign off authority to an alternative APS staff person. In general, APS applies federal purchasing guidelines when determining if bids, etc. are required before transacting a purchase:
 - b. Micro-Purchases
 - i. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.
 - ii. The threshold for micro-purchases typically is anything up to \$10,000.
 1. This applies to the collective value of contracts for any one contractor across all grants at APS.
 - c. Small Purchases
 - i. Rate quotes must be obtained from an “adequate” number of qualified sources. Three sources will be considered to have met this requirement. Quotes can be obtained from suppliers or from public websites and included as backup documentation for the purchase
 - ii. The threshold for small purchases typically is anything between \$25,001 and \$250,000.
 - d. Sealed Bids
 - i. Preferred method for procuring construction. Two or more qualified bidders are required. Bids are publicly solicited from an “adequate” number of known suppliers. Lowest responsive and responsible bidder for the fixed price contract

should be awarded the contract.

ii. The threshold for sealed bids typically is anything \$250,001 and above.

e. Competitive Proposals

i. Used for either a fixed price or cost reimbursement contract and sealed bids are not appropriate. Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Proposals must be solicited from an adequate number of qualified sources. Written policy for conducting technical evaluations of reviewing proposals and selecting the recipient. Most advantageous bid wins, price and other factors considered.

ii. The threshold for competitive proposals typically is anything \$250,001 and above.

f. Sole Source Justification

i. A “sole source” procurement can be defined as any contract entered into without a competitive process, based on a justification that only one known source exists or that only one single supplier can fulfill the requirements. Uniform Guidance acceptable sole source justifications (applicable to sponsored project funded purchases) include:

1. The item is available only from a single source;
2. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
3. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
4. After solicitation of a number of sources, competition is determined inadequate.

Please reference Uniform Guidance 2 CFR Subpart B – General Provisions and Uniform Guidance 2 CFR 200.320 – Methods of procurement to be followed for further information.

VI. Cost Principles

A. Program Income

For some APS grant funded activities, a nominal participation fee is charged to cover allowable but non-grant funded costs and to ensure participant participation. These fees are classified as “program income.” Pursuant to federal grant guidelines, it is permissible for APS to retain such income and treat the income as additive to the total funds committed to the project to cover other allowable expenses not reimbursed by the grant.

Program income is tracked in a separate cost center and it must be recognized in a manner consistent with generally accepted accounting principles (GAAP). All grant related direct expenses should be recorded into the grant cost center. Then, on an at least a quarterly basis prior to requesting any reimbursement of federal grant funds, allowable additive expenses shall be transferred to the program income cost center as an offset to the program income. Expenses related to credit card expenses and

other collection fees shall be recorded directly to the program income cost center, as an income offset. The APS Finance Department reviews these transfers with the Program Manager or other designee at least quarterly.

APS does not charge an indirect cost rate against program income. Likewise, when allowable expenses are transferred to the program income cost center, a credit shall be made to the grant for any related indirect costs.

Program income earned during the project period should be expended prior to requesting reimbursement against the grant. The APS Finance Department evaluates this prior to making any draw of federal funds.

Please reference Uniform Guidance 2 CFR 200.80 – Program income for further information.

B. Pre-Award Expenditures

Expenses shall not be coded to a grant prior to the effective date or subsequent to the termination date, unless expressly agreed upon in writing prior to the start of any activity by the APS CFO and the Program Manager and/or PI. In the limited instance where pre-award expenses are allowed, the expenses must have been incurred within ninety (90) days of the grant award must be budgeted and must be expressly approved by the CFO. Expenses incurred prior to ninety (90) days may be deemed allowable by the cognizant program officer but will require express approval by the program officer.

Please reference Uniform Guidance 2 CFR 200.459 – Pre-award costs for further information.

C. Cost Charging

Cost Allowability – Please reference Uniform Guidance 2 CFR 200.403 – Factors affecting allowability of costs for a listing of factors affecting allowability of costs.

Unallowable Costs – The costs listed here are inclusive but not exhaustive of charges not allowed on Federal Grants. **All disallowed expenses, once identified, will be charged back to the relevant non-grant cost center in APS.**

1. Advertising and public relations:
 - *Advertising* – Advertising not allowable, except for recruitment, procurement, disposal of surplus materials (when not already reimbursed), or as required by award.
 - *Public relations* – Public relations is not allowable, except when required by award or to communicate news and information about federal awards or other “matters of public concern”.
2. Alcoholic beverages.
3. Meals and Coffee Breaks for intramural meetings of an organization or for any meeting without a written agenda.
4. Bad debts
5. Cash payments – Unallowable without original receipts or other appropriate documentation.
6. Compensation for personal services.
7. Contingencies.
8. Defense, prosecution, claims and appeals – Generally unallowable except in certain

circumstances.

9. Donations and contributions.
10. Entertainment.
11. Equipment and other capital expenditures – Items capitalized are unallowable without prior federal approval. However, items under the \$5,000 capitalization threshold are allowable as direct costs.
12. Fundraising and investment management.
 - **Investment management** – Costs of investment counsel to enhance income are unallowable. Cost related to custody of money and securities are allowable.
13. Goods and services for personal use.
14. Housing and personal living expenses – Unallowable except when necessary for the sponsored award.
15. Interest expense.
16. Lobbying.
17. Losses on other sponsored agreements or contracts.
18. Pre-Award costs beyond 90 days – Unless expressly approved by the cognizant program officer, costs incurred prior to ninety (90) days in advance of an award shall generally be charged to a non-grant funded cost center.

Reasonable Costs – A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally funded.

- Please reference Uniform Guidance 2 CFR 200.404 – Reasonable costs for further information.

Allocable Costs – A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

- Please reference Uniform Guidance 2 CFR 200.405 – Allocable costs for further information.

Consistent Treatment – Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.

- Please reference Uniform Guidance 2 CFR 200.405 – Allocable costs for further information.

Salaries and Wages

1. *Direct Costs* – Most employees direct-charge their salary costs since their work is identifiable to specific grants, contracts, or other activities such as lobbying, fund raising or providing services to members. The charges are supported by auditable labor distribution reports that reflect the actual activities of employees.
2. *Indirect Costs* - The following departments charge 100% of the staff salary costs indirectly:
 - Treasury Department
 - Finance Department
 - Human Resource Department

- Facilities Management

APS intends that the funds received via the indirect cost rate cover these expenses and no such expense shall be charged directly to the grant unless an expense is incurred specifically in support of a grant (i.e., technology enhancement specific to a grant) and would not otherwise have been incurred.

3. *Mixed Charges* - The following departments may charge their salary cost or other specific program costs to both direct and indirect activities:

- Communications Department
- Information Systems

The distinction between direct and indirect is primarily based on functions performed. For example, when the positions shown are performing functions that are necessary and beneficial to all programs, they are indirect. When functions are specific to one or more programs, they are direct because they do not benefit all programs. In limited instances a grant may “purchase” a good or service from an APS department (i.e. graphic design) rather than going to an outside vendor. The charge should be based on actual time at actual rates or based on actual direct costs for a good or service. An inter-company invoice shall be created for any such arrangement and these costs shall be excluded when allocating indirect costs.

Auditable labor distribution records of employees or specific invoices that reflect the actual activities are maintained to support direct versus indirect charges. The Principal Investigator or Program Manager shall certify such time records or internal invoices.

4. *Fringe Benefits* - APS contributes to the following fringe benefits for its employees: Unemployment insurance, worker's compensation, F.I.C.A., health insurance, contributions to a defined contribution pension plan, a post-retirement health benefit and leave.

Travel

Travel costs are charged to specific cost centers. However, certain cost centers are included in the indirect cost rate calculation while other cost centers are considered direct costs.

Board of Directors (BOD) and Council Expenses

BOD and Council expenses for travel to/from BOD and Council meetings are charged on an indirect basis.

Supplies and Material

To the maximum extent possible, office supplies and materials are directly charged to the contract/grant that uses the supplies or materials. Supplies and materials used by staff that is engaged in indirect activities will be charged on an indirect basis.

Occupancy Expenses

Rent – In College Park, APS occupies space it leases from the American Center for Physics. The lease provides for equal monthly payments during the term of the lease. APS also leases space for its DC office. APS owns its space in Ridge, NY.

All occupancy costs are allocated based on square footage and allocated to each department as an indirect cost. The cost of space occupied by staff whose salaries are charged to grants is deemed to be covered through the indirect cost rate.

APS has developed a floor plan that identifies what cost centers are charged space (based on square footage), which is updated as space is reassigned.

Utilities

The cost of all utilities is included in the occupancy allocation.

Communications

The cost of most communications (i.e. fax, phone, etc.) is included in the indirect cost allocation and is based on the square footage assignments for each cost center. Overnight mail costs are direct costs identified to the program or activity.

Photocopying and Printing

APS does not maintain a photocopy activity log for its internal copying. These costs are prorated to direct and indirect charges based upon the square footage of space assigned. Outside printing expenses are directly charged to the benefiting cost center.

Outside Services

APS incurs outside services costs for its annual audit, legal fees, and for staff development specialists.

1. The cost of the annual audit is charged indirectly.
2. In general, legal fees are charged directly to the benefiting program or activity.

Capital Items

Capital expenditures are charged directly to programs only in cases where a contract or grant specifically authorizes such charges. No capital item is charged indirectly. The cost of capital items purchased with non-Federal funds are recovered through depreciation charges. The APS capitalization threshold is \$5000.

Depreciation

The cost of capital items purchased with non-Federal funds, which are used in a manner that benefits Federal programs, is recovered through depreciation charged. APS recovers the cost of capital items using straight-line depreciation methods in accordance with generally accepted accounting principles.

Depreciation is charged indirectly.

Service to Members

The costs of activities performed primarily as services to members, clients, or the general public are classified as direct costs and bear their fair share of indirect costs. These activities include: maintenance of membership rolls, subscriptions, publications, and related functions, providing services and information to members, legislative or administrative bodies, or the public; promotion, lobbying, and other forms of public relations; meetings and conferences except those held to conduct the general administration of APS; maintenance, protection, and investment of special funds not used in operation of APS; and administration of group benefits on behalf of members or clients including life and hospital insurance, annuity or retirement plans, financial aid, etc.

D. Cost Transfers

To avoid incorrect allocation to grants, costs must be segregated by the Cost Centers to which they apply, especially in the instances of shared costs. If a cost has been incorrectly processed to a grant, the APS Finance Department will transfer the expense to the correct cost center. The transfer should be

supported by sufficient explanation (i.e., an email) and any relevant documentation (i.e., participant support request). Costs transfers to a grant should be done as soon as possible after discovery via a journal entry in the general ledger.

Criteria for Cost Transfers:

- In conformance with Institute and sponsor policies (e.g., allowable, allocable, reasonable, and consistent).
- Timely:
 - Cost transfers should be prepared and submitted as soon as the need for a transfer is identified, but no later than 90 days after the posting is made and/or within 30 days of the project end date, whichever comes first.
 - Cost transfers exceeding this time frame will require additional documentation as to why the transfer request was not made on a timely basis.
- Fully documented:
 - A good justification will allow anyone reviewing the cost transfer to understand how the expense benefits the receiving sponsored project.
 - It should answer: who, what, where, when, and why? It should be easily understood by anyone reviewing the journal voucher.
- Supported by appropriate approvals.

E. Cost Sharing

Cost sharing is the amount of expenses in a grant that are not covered by funds from the Funding Agency. There are two types of cost sharing – voluntary committed cost sharing and voluntary uncommitted cost sharing. Voluntary committed cost sharing is not allowed unless the NSF solicitation mandates that it be provided. Voluntary uncommitted cost sharing is allowed. For something to be considered voluntary committed cost sharing, it has to be on the budget and/or budget justification. If it's mentioned anywhere else in the proposal it's voluntary uncommitted cost sharing, which is allowed. Each federal funding agency has specific cost sharing guidelines.

Please reference Uniform Guidance 2 CFR 200.29 – Cost sharing or matching for further information. The NSF PAPPG also provides information on this topic.

F. Meeting and Conference Expenses

Meeting and conferences expense policies are described in Appendix K. PIs are required to utilize attendance sign-in sheets (Appendix I) for conferences and meetings in each instance where reimbursements are anticipated and/or conferences have been paid for with grant funds. A copy of the sign in sheet should be maintained in the Google folder by the Program Coordinator or other grant team member. Substantiating documentation for any reimbursement shall be forwarded to the Finance Department in support of requests for reimbursement or other participant support payments for individual attendees. Attendance Sheets must identify meetings by dates, location, and purpose. These logs should be signed and verified by the organization hosting the meeting. The original sign in sheet (or a facsimile thereof) must be retained with the grant files.

APS expects that sub-awardees maintain substantiating documentation to support any expense reimbursement request. APS generally does not maintain detailed supporting documentation for sub-award cost reimbursement.

G. Signing Authority on Grant

Signing authority for expenditures is listed in Appendix Q. All staff changes related to staff working on federal funded grants and/or pay changes shall be communicated from the Department Head or designee to the APS Finance Department.

H. APS General Accounting Policies

1. *Basis of Accounting* - Accrual Basis
2. *Fiscal Period* - January 1 through December 31
3. *Allocation Basis* - Direct Allocation Basis
4. *Indirect Cost Rate Allocation* - Base-Direct expenses less sub-awards and participant support costs.
5. *Internal Controls* - APS maintains adequate internal controls to ensure that no cost is charged both directly and indirectly to Federal contracts or grants.
6. *GAAP*- APS follows Generally Accepted Accounting Principles (GAAP)
7. *Indirect Costs and Revenues*- American Physical Society accumulates all indirect costs and revenues in accounts titled, "Indirect Cost-Expense" and "Indirect Cost-Revenue" respectively.

VII. Audits

A. Single Audit Requirements

APS is required to:

- Procure or otherwise arrange for the audit required by Uniform Guidance Subpart F, in accordance with §200.509 Auditor selection, and ensure it is properly performed and submitted when due in accordance with §200.512 Report submission.
- Prepare appropriate financial statements, including the schedule of expenditures of Federal awards (SEFA) in accordance with §200.510 Financial statements.
- Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed to complete the audit.
- Promptly follow up and take corrective action on audit findings, including preparation of a summary schedule of prior audit findings and a corrective action plan in accordance with §200.511 Audit findings follow-up, paragraph (b) and §200.511 Audit findings follow-up, paragraph (c), respectively.

Please reference Uniform Guidance Subpart F for further information.

B. Audit Notification

Any notification of external audits (e.g., sponsor, Office of Inspector General, prime recipient) of APS or any APS program, department, or grant should be forwarded immediately to the Senior Grants Administrator who will work with the Controller, CFO, and PI to coordinate a response.

C. Audit Management

The Senior Grants Administrator and Controller will be responsible to manage audit activities, with coordination with the PI and other programmatic staff, with ultimate oversight provided by the CFO. It is

the responsibility of the PI, program personnel and, all APS personnel to support the Senior Grants Administrator and Controller in the audit process. Personnel must notify the Senior Grants Administrator and Controller before providing any information to an external auditor or holding interviews with an external auditor.

D. Audit Resolution

The Senior Grants Administrator and Controller, with oversight from the CFO, are responsible for resolving audits, including:

- a) responding to draft audit reports
- b) developing and implementing corrective actions
- c) coordinating payments of questioned funds to the sponsor
- d) ensuring compliance with any corrective action plan agreed to with the sponsor
- e) monitoring for future instances of noncompliance

This manual is intended to be inclusive of all APS grant oversight policies and procedure, if there is ever a discrepancy between this manual and other guidance, the default is to follow Federal Uniform Guidance.