



GRANT ADMINISTRATION AND ACCOUNTING POLICIES AND PROCEDURES

Approved: 10/10/2019

PURPOSE AND SCOPE OF GRANT ADMINISTRATION

The purpose of this information is to state the general policies, procedures, and practices that Mississippi Delta Community College has adopted for applying, receiving, administering, and closing out grant awards. Faculty and staff of Mississippi Delta Community College are required to adhere to these policies, procedures, and practices at all times unless special permission is granted by the President and/or Vice President of Administrative Services.

PREPARING A GRANT APPLICATION/PRE-AWARD PROCESS

Prior to preparing a grant application of any kind, the potential applicant(s) must complete an “*Application to Prepare a Grant Application*”. ***See Appendix A.*** The form can be obtained from the Office of the Vice President of Administrative Services. The potential applicant(s) shall submit the completed “*Application to Prepare a Grant Application*” to the Vice President of Administrative Services for review and consideration. Should the “*Application to Prepare a Grant Application*” meet the College’s standards, same will be approved by the Vice President of Administrative Services and be forwarded to the Office of the President for final approval.

Once the “*Application to Prepare a Grant Application*” has been approved by the President, the Vice President of Administrative Services will inform the potential applicant(s) of the same. The potential applicant(s) will then become “Applicant(s)”, and a meeting will be set for the Applicant(s) to meet with the assigned grant administrator to discuss the Applicant(s) obligations to the College and the Grantor.

Further, the assigned grant administrator will assist the Applicant(s) in the grant application process should assistance be requested from the applicant(s). Once the applicant(s) have completed the grant application, the applicants must complete the “*Application to Submit a Grant Application*” to the Vice President of Administrative Services. ***See Appendix B.*** Once the Vice President has reviewed, and approved, the “*Application to Submit a Grant Application*”, the Vice President will submit same to the Office of the President for final approval. The applicant(s) shall not submit their grant application until he/she have received written notice from the Office of the Vice President of Administrative Services.

Should the Vice President of Administrative Services and/or the President deny an “*Application to Prepare a Grant Application*”, the grant process for the potential applicant(s) must cease immediately and no further steps are required or allowed. The potential applicant(s) has the right to appeal the Vice President of Administrative Services and/or the President’s decision within

three (3) business days of being notified in writing of the denial. The President will make the final decision on all appeals. Once a decision from the President has been rendered on an appeal, no further consideration will be given and the grant application process will cease effective immediately.

PURPOSE AND SCOPE OF GRANT ACCOUNTING

The purpose of this information is to state the general policies and procedures that Mississippi Delta Community College follows in managing the post-award activities of contracts and grants. Although this information is as complete, current, and informative as possible, it can in no way be inclusive. The College intends for this information to be used as a guide and not as a substitute for agency interpretations or specific award requirements.

When a grant has been awarded to Mississippi Delta Community College, the Department or Campus shall provide an official copy of the Grant Award Notification (GAN) to the Accounting Department and the Office of the Vice President of Administrative Services at Mississippi Delta Community College, along with the grant approved budget and budget narrative. The Accounting Department becomes involved when the assurance/sponsored agreement is fully executed and will work closely with the Department or Campus until the agreement is considered financially closed.

The Accounting Department will perform the following activities for each assurance/sponsored agreement:

- Assign and establish the Department number
- Establish the approved budget in the College's accounting system
- Monitor expenditures on the awards
- Review and enter cost transfers
- Prepare the required invoices, reimbursement requests and/or reports
- Complete timely (monthly) drawdowns of grant funds

The assigned grant administrator will assist the Applicant(s) with establishing the project's budget.

Location of Offices:

Accounting Department - Boggs-Scroggins Student Services Center, Moorhead Campus
Office of the Vice President of Administrative Services – Tanner Building, Moorhead Campus

PRE-APPLICATION PROCESS

- Budget Development
- Budget Alignment
- Budget Narrative and Justification
- Federal Guidelines
- State Guidelines
- Grant Specific Guidelines

DEFINITION OF TERMS

Allowable Costs – For purposes of OMB Uniform Guidance 2 CFR Part 200, an expense that can be included in the facilities and administrative cost rate proposal or included as a direct cost to federal sponsored agreements and is not explicitly excluded by government regulations or by the grant agreements.

Budget – Project Director’s financial plan that lists the categories of expenditures and dollar amounts required to carry out a project’s objectives.

Budget Period – An interval of time by which the project period is divided for budgetary purposes.

Consultant – an individual not employed by Mississippi Delta Community College who will contribute to a grant or sponsored project for compensation. If the MDCC project is a collaboration with one or more other institutions of higher education, faculty not employed by MDCC may be participants (rather than visiting scholars, consultants, or session leaders) in such activities as faculty development workshops or study groups. Payment to faculty or consultants not employed by MDCC must comply with 2 CFR 200.430 (“Compensation – personal services”), and payments must also comply with MDCC Human Resources Policy and Procedures. For any outsourced work, the grant/project budget and budget narrative must clearly explain the purpose of each sub-award, how the costs were estimated, and the specific sub-award deliverables. Recipients and sub-recipients must adhere to the procurement standards set forth in 2 CFR 200.317 - 326. Grant recipients must also comply with applicable MDCC procurement policy and procedure for awarding and monitoring all sub-awards. Individual consultants are not required to have a DUNS number. If the consultant is an entity, the entity must have a DUNS number. For additional information, see 2 CFR 200.74 “Pass-through entity.” Pass-through entity means a non-Federal entity (such as MDCC) that provides a sub-award to a sub-recipient to carry out part of a Federal program.

Contracts – A contract is a legally binding agreement between one or more sponsor and the College. The terms of the agreement outline specific goals and requirements for goods and/or Services to be provided to the sponsor by the College. It is routine for these goods or services to be provided on a specific schedule. The relationship between the sponsor and the College is one of procurement. This type of arrangement is not considered for public use but the direct benefit or use of the sponsor.

Cost Accounting Standards (CAS) - CAS requires consistency in estimating, accumulating, and reporting costs. Mississippi Delta Community College must comply with the following CAS standards.

- **CAS 401** – Consistency in estimating, accumulating, and reporting costs. The purposes of this standard are to (1) assure consistency in determining, collecting, and reporting costs as well as (2) provide a basis for comparison of such expenses. The same practices should be used when estimating costs for the proposed budget, accumulating costs in the accounting system, and reporting costs to the grantor.

- **CAS 402** – Consistency in allocating costs incurred for the same purpose. The College is required to charge similar costs in the same manner, either as direct or indirect costs.
- **CAS 405** – Accounting for unallowable costs. This standard does not include additional guidance on unallowable costs. Educational institutions will, therefore, continue to follow 2 CFR Part 200 for advice on what is allowable.
- **CAS 406** – Cost accounting period. An educational institution must either use its fiscal year or a fixed annual period approved by the government as its cost accounting period. The College uses its fiscal year which ends June 30.

NOTE: In 1970, Congress established the original Cost Accounting Standards Board (CASB) to promulgate cost accounting standards designed to achieve uniformity and consistency in the cost accounting principles followed by defense contractors and subcontractors as a condition of contracting, to disclose in writing their cost accounting practices, to follow the published practices consistently and to comply with promulgated cost accounting standards. After adopting 19 standards, the original CASB was dissolved on September 30, 1980; the standards, though, remained active. However, CASB was revived in 1988 within the Office of Federal Procurement Policy (OFPP).

The original CASB adopted 19 standards, numbered 401 through 420 (419 was never assigned). The new CASB readopted the original 19 standards with only minor modifications and has yet to adopt any new standards.

CAS applies to contracts, not contractors, though Federal Acquisition Regulation clauses. Modified CAS coverage requires contracts to follow only Standards 401, 402, 405, and 406.

Cost Reimbursable Contract – A reimbursable cost contract provides for payment to the College based on the College's actual cost experience in performing and completing the contract.

Cost Sharing – The sharing of the costs of a sponsored agreement by the College. Cost sharing is typically done on grants, not contracts. Cost sharing can either be provided by released time, cash, indirect cost differential, or a combination of all.

Direct Cost – Cost that can be clearly identified and directly allocated to a specific sponsored agreement.

Disbursement – Payment made by the College for goods and services.

Encumbrances/Obligations- The dollar amount of items ordered, services rendered, contracts awarded, or similar purchases that are outstanding or unpaid.

Equipment - Items to be included in the inventory of equipment per state law shall be:

1. Items valued at \$1,000.00 or more.
2. Items purchased under a capital outlay account.
3. Items which could or should be charged to capital outlay.
4. Items conforming to the following criteria and meeting all the following conditions:
 - a. It retains its original shape and appearance with use.

- b. It is nonexpendable; that is if the article is damaged or some of its parts are lost or worn out, it is usually more feasible to repair it rather than replace it with an entirely new unit.
- c. It represents an investment of money, which makes it feasible and advisable to capitalize the item.
- d. It does not lose its identity through incorporation into a different or more complex unit or substance.

Each item of furniture, machinery, or equipment meeting the above criteria must be inventoried (tagged). If it is not consumable, and it is not built into the building, it must be included in the equipment or motorized vehicle inventory. **This property shall be recorded at cost, including freight, installation, and other charges incurred to place the asset in use. Equipment purchases must have the prior written approval of the Federal awarding agency or pass-through entity.**

Unrestricted/Controlled Assets must be tagged. There are property items that cost less than the capitalization level (\$1,000.00), but because of their sensitive, portable, and theft-prone nature, controlling these items are essential. By definition, unrestricted assets are property items that fail the capitalization policy test; however, they shall be included on the community college's inventory regardless of the price to acquire the item or the fair market value of the item.

The following shall be included on the College's inventory regardless of cost:

1. Weapons-Police Department
2. 2-Way Radio Equipment
3. Camera & Camera Equipment
4. Televisions
5. Lawn Maintenance Equipment (mowers, sprayers, blowers, string trimmers, and similar equipment)
6. Cellular Telephones
7. Computer/Computer Equipment
8. Chainsaws
9. Air Compressors
10. Welding Machines
11. Generators
12. Motorized Vehicles and Golf Carts

Grants – A grant agreement is a legal instrument used when the principal purpose is the transfer of money, property, services, or anything of value to the recipient to accomplish a public purpose or support or stimulation.

GAN – Grant Award Notification

Indirect Cost – costs associated with sponsored projects that cannot be identified with or allocated to an individual project.

- **OMB Uniform Guidance 2 CFR part 200**
- **2 CFR part 220** – This subpart establishes principles for determining allowable costs applicable to grants, contracts and other agreements with educational institutions, All federal agencies that sponsor research and development, training, and other work at educational institutions shall apply the provisions of this subpart in determining allowable costs. The principles shall also be used as a guide in the pricing of fixed price or lump sum agreements.
- **2 CFR 215** – This subpart establishes uniform administration requirements for federal grants and agreements awarded to institutions of higher education, hospitals, and other non-profit organizations.
- **2 CFR 500** - This subpart establishes audit requirements for federally sponsored awards and defines Federal responsibilities for implementing and monitoring higher education and other non-profit institutions that receive federal awards.
- **OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200. See <https://gov.ecfr.io> for the eCFR -Code of Federal Regulations for more information.**
- **2 CFR 200.000** – Subpart A – Acronyms and Definitions
- **2 CFR 200.100** – Subpart B – General Provisions
- **2 CFR 200.200** – Subpart C – Pre-Federal Award Requirements
- **2 CFR 200.300** – Subpart D – Post-Federal Award Requirements
- **2 CFR 200.400** – Subpart E – Cost Principles
- **2 CFR 200.500** – Subpart F – Audit Requirements
- **Appendix III** – Indirect Facilities and Administrative Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education

Pre-Award Activity – is considered to be activity prior to official funding of a sponsored agreement. These costs are incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award **and only with the written approval of the Federal awarding agency.** See CFR 200.458.

After funding, the Project Director requests agency **prior** approval for:

Certain budget amendments

Program changes

Principal Investigator (PI) or Project Director (PD) - Institutional employee that has direct responsibility for carrying out the requirements of a sponsored project, for producing the final technical report and for providing the required deliverables.

Post-Award Activity – begins with the official funding and continues until the award is closed. The Project Director notifies the Grant Accountant that the proposal has been funded. The Grant Accountant communicates to the Project Director the new account number assigned to the award. The Grant Accountant remains actively involved until the award is officially closed by completed the above-mentioned duties.

Project – The services or activities, mutually agreed upon, that the sponsored recipient would provide for a specified period of time.

Project Award – The approval and funding of a project as detailed in the official award document. The award specifies the amount of funding, project period, and any special requirements or restrictions.

Sponsored Agreement/Award – Any contract, grant, or other agreement where, and there is some action required by the College (not a gift and not a fee-for-service contract).

Supplies - Expendable items that will be consumed, worn out, or will otherwise deteriorate in less than two years.

Total Project Cost – The cost of a sponsored project is comprised of allowable direct costs associated with the project performance and the allocable portion of the allowable indirect costs of the institution. This includes both the sponsor's share and the College's share (matching or cost share).

Unallowable Cost – For purposes of OMB Uniform Guidance 2 CFR part 200, an expense that cannot be included in the facilities and administrative cost rate proposal and cannot be charged as a direct cost to federal sponsored agreements.

BUDGET REQUIREMENTS

Original Budget

The original budget that was submitted and approved by the funding agency is established in the College's accounting system, Banner, by the Grants Accountant.

Revision of Budget and Program Plans

200.308 [(a) – (i)] states in (b), "Recipients are required to report deviations from budget or project scope or objective, and request prior approvals from Federal awarding agencies for budget and program plan revisions, in accordance with this section."

(c)(1) For non-construction Federal awards, the recipient must request prior approvals from Federal awarding agencies for one or more of the following program or budget-related reasons:

- (i) Change in the scope of the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
- (ii) Change in a key person specified in the application or the Federal award. Note: The Project Director must also inform the college's Human Resources Department and the Grant Accountant of the change in personnel so HR/Accounting can correct the account number.
- (iii) 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.
- (iv) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with Subpart E – Cost Principles of 2 CFR 200.400.
- (v) The transfer of funds budgeted for participant support costs as defined in 2 CFR 200.75 Participant support costs to other categories of expense.
- (vi) Unless described in the application, and funded in the approved Federal awards, the sub-awarding, transferring or contracting out of any work under a Federal award, including fixed amount sub-awards as described in 2 CFR 200.332 Fixed amount sub-awards. This provision does not apply to the purchase of supplies, material, equipment, or general support services.
- (vii) Changes in the approved cost-sharing or matching provided by the non-Federal entity.
- (viii) The need arises for additional Federal funds to complete the project.

Any budget change must include an adequate explanation which answers the following questions:

- Why are funds available in the current line item?
- Why are the funds needed in the new line item?

Note: Seldom can the College approve shifting of funds for tuition, stipends, or any type of participant funding without prior approval from the funding agency.

Note: Transferring grant funds from other line items to salary and/or fringe benefits line items requires written Grantor Approval.

PROCEDURES FOR BUDGET TRANSFERS FOR GRANTS

When a budget transfer between budget categories is needed for a grant, the procedures listed below must be followed.

- Project Director reviews remaining budget balance by category in my.Delta less transactions such as purchasing card, travel card and travel advances that have not yet been posted to my.Delta.

- Project Director provides this and requests Grant Accountant to review the information. If the request involves salaries and fringe, Project Director will provide anticipated changes such as the projected date of new hires or terminations.
- Grant Accountant will use information in the accounting system to make projections of grant expenditures by category factoring-in additional information provided by Project Director.
- Grant Accountant will provide this information and any other applicable guidance to Project Director.
- For budget transfers that require prior grantor approval, Project Director seeks approval from his/her supervisor as necessary and prepares a request to Grantor for approval of the budget transfer. For all other transfers, the Project Director is responsible for determining whether prior grantor approval is necessary by consulting the project's assigned grant administrator.
- If Grantor approves requests, Project Director will complete a budget transfer request form attaching Grantor approval and other supporting documentation such as expenditure projections. Project Director will submit this budget transfer request form to Grant Accountant through his/her supervisor. The assigned grant administrator must approve of the transfer prior to the Grant Accountant making any amendments. For those requests not requiring Grantor approval, Project Director will attach supporting documentation and submit the budget transfer request form to the Grant Accountant through his/her supervisor.
- Upon receipt of the budget transfer request form, Grant Accountant reviews supporting documentation for Grantor approval, if required, and verifies to the best of his/her ability that the projection is still valid (no unexpected personnel have been charged to salaries since the projection, no large expenditures to other categories that would alter the projection). Grant Accountant enters the budget transfer into Banner and into the drawdown spreadsheets where expenditures are compared to the approved budgets.

TRAVEL

Please refer to the Mississippi Delta Community College Travel Policy for additional information and/or College policy requirements before you travel. In addition to compliance with Mississippi Delta Community College Travel Policies and Procedures. Travel costs charged to a Federal Award must also comply with 2 CFR 200.474.

EQUIPMENT

Introduction

With most federal grants, Mississippi Delta Community College automatically retains the title at the end of the grant to equipment purchased with the grants funds. Some contracts and grants, however, have special clauses in the award or in the awarding agency's rules and regulations that allow the federal government to retain title to the equipment. Mississippi Delta Community College may also receive Government Furnished equipment, the title to which generally remains vested with the federal government. These policies and procedures for the control and management of Federally Titled Property provide general instructions for managing Federally Titled Property in the custody of Mississippi Delta Community College in order to comply with 200.313 and Federal Acquisition Regulations, Part 45.

Mississippi Delta Community College, as a recipient of federal funding, accepts a responsibility to administer each funded project in accordance with these regulations. Compliance with these policies and procedures is mandatory.

Responsibilities

The Inventory Department at Mississippi Delta Community College is responsible for taking inventory of Federally Titled Property in the control of Mississippi Delta Community College at least once every two years, in accordance with 200.313. This office is also responsible for establishing and maintaining necessary records to ensure accurate accounting for all Federally Titled Property under Mississippi Delta Community College's control.

The Project Director is responsible for ensuring that any Federally Titled Property is required to support the project or grant under which it was acquired. Federally Titled Property is not authorized for personal use or gain. The Project Director is also responsible for ensuring that movement of Federally Titled Property and receipt of Government Furnished Property is reported to the Inventory Department.

Acquisition

OMB Uniform Guidance 2 CFR Part 200 requires Mississippi Delta Community College to have procedures in place in order to avoid duplicative or otherwise unnecessary purchases of equipment using federal funds. Prior to the initiation of the process for acquisition of equipment with federal funds, it is the responsibility of the Project Director originating the purchase request to screen Mississippi Delta Community College's current available equipment inventory in order to avoid duplication.

This procedure applies to **all** potential equipment to be purchased from federal grants and contracts, not just to the acquisition of Federally Titled Equipment. The Project Director may designate employees having signature authority to complete the procedure of screening for the equipment.

Mississippi Delta Community College is encouraged to use Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.

Equipment Purchase and/or Receipt

The Mississippi Delta Community College Business Services Policy and Procedures Manual must be followed for purchases. In addition, any rules and regulations which apply due to the specific federal sponsor or the terms and conditions of the contract also apply. We must comply with the more stringent requirements, whether it is the grant or normal college purchasing requirements. The federal grantor agency must approve the purchase of equipment items prior to purchase.

Mississippi Delta Community College equipment accounting system includes an attribute that records the ownership of Mississippi Delta Community College controlled property. The equipment is identified in the equipment system by a Mississippi Delta Community College tag number, which is affixed to the equipment in accordance with Property Control procedures cited above.

The Project Director and his/her department are responsible for informing the Inventory Department when in receipt of any Government Furnished Property so that the property can be appropriately tagged and recorded in the equipment accounting system. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of federal; participation in the project costs for the Federal award under which the property was acquired, the locations, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. 2 CFR 200.313

Record Keeping/Reporting

The Project Director should follow record keeping policies outlined in the Business Services Policy and Procedures Manual. Every piece of tagged equipment will be assigned to a steward. In most cases, the project director will be the steward of tagged equipment and will be required to report yearly on the status and condition of the property under their control.

Title to federally-owned property remains vested in the Federal Government. MDCC must submit an inventory listing of federally-owned property in its custody to the Federal awarding agency annually. Upon completion of the Federal award or when the property is no longer needed, MDCC must report the property to the Federal awarding agency for further Federal agency utilization.

If the Federal awarding agency has no further need for the property, it must declare the property excess and report it for disposal to the appropriate federal disposal authority, unless the Federal awarding agency has statutory authority to dispose of the property by alternative methods. The Federal awarding agency must issue appropriate instructions to MDCC. 2 CFR 200.312

Moving Property

The Project Director and his/her department are responsible for reporting to the Mississippi Delta Community College Inventory Department any movement of Federally Titled Property in his/her control.

Utilization

Federally Titled Property is provided for use on specific grants and contracts and is not for general use. The degree of utilization must justify retention. The Project Director must advise the Federal awarding agency of idle equipment. A copy of this notification should be sent to MDCC Inventory Department, the Grants Accountant, and the Office of the Vice President of Administrative Services.

The equipment must be used by Mississippi Delta Community College in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by the Federal award, and MDCC must not encumber the property without prior approval of the Federal awarding agency. When no longer needed for the original program or project, the equipment may be used in other activities supported by the Federal awarding agency, in the following order of priority:

- 1) Activities under a federal award from the federal awarding agency which funded the original program or project, then
- 2) Activities under federal awards from other federal awarding agencies.

During the time that equipment is used on the project or program for which it was acquired, MDCC must also make equipment available for use on other projects or programs currently or previously supported by the Federal government, provided that such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use must be given to other programs or projects supported by the Federal awarding agency that financed the equipment and second preference must be given to programs or projects under Federal awards from other federal awarding agencies. Use for non-federally funded programs or projects is also permissible. User fees should be considered if appropriate.

Notwithstanding the encouragement in 2 CFR 200.307 Program Income to earn program income, MDCC must not use equipment acquired with the Federal award to provide services for a fee that is less than private companies charge for equivalent services unless specifically authorized by Federal statute for as long as the Federal Government retains an interest in the equipment.

When acquiring replacement equipment, MDCC may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.
200.313

Disposition

When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, MDCC must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

- 1) Items of equipment with a current per unit fair market value of \$5000 or less may be retained, sold or otherwise disposed of with no further obligation to the Federal awarding agency.
- 2) Except as provided in 2 CFR 200.312 Federally-owned and exempt property, or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair-market value in excess of \$5,000 may be retained by MDCC or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit MDCC to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
- 3) MDCC may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, MDCC must be entitled to compensation for its attributable percentage of the current fair market value of the property.

- 4) In cases where MDCC fails to take appropriate disposition actions, the Federal awarding agency may direct MDCC to take disposition actions. **2 CFR 200.313**

When equipment is lost or stolen, it must be reported immediately to Campus Police. The Inventory Department should also be notified and sent a copy of the police report of the investigation. All efforts should be made to avoid an instance of theft or destruction. All Federally Titled Property should be stored in secured areas, such as in a locked office or laboratory, when not in use. When an item is in use, it should be used appropriately and in a manner that will not cause any damage to the item.

Close-Out/Final Inventory

Once a contract or grant has terminated, the grantor requires Mississippi Delta Community College to conduct a final physical inventory of all Federally Titled Property acquired under the contract as part of the contract close-out procedures. The Project Manager should indicate items he/she wishes to retain and to provide a brief statement indicating how the items will be used. The Project Director may want to return residual property to the sponsoring agency or to transfer the accountability for the property to another contract or grant. A request to the sponsoring agency must be made if the Project Director wishes to transfer the use of any equipment to another federal contract or grant.

The Project Director should verify all information contained on the inventory, make any corrections, and note any discrepancies. The Grant Accountant will submit the Final Property Inventory Report to the agency. This will contain the results of the final inventory including a request for transfer of equipment title to Mississippi Delta Community College.

When the federal government approves title transfer to Mississippi Delta Community College, all federal markings should be removed, and the equipment accounting system should be updated to show that ownership of the equipment now lies with Mississippi Delta Community College.

PAYROLL AND EFFORT REPORTING

General

Mississippi Delta Community College requires certification of the percentage of time (i.e. effort) that each employee devotes to sponsored projects. There are several reasons for this policy. 2 CFR Part 220 requires that each institution maintain an accurate system for reporting the percentage of time that employees devote to federally sponsored projects as a condition to receive federal funding. Federal and State agencies, private foundations, industry, and other organizations provide significant funding to enable the College to conduct public service and training projects. The College's effort reporting system assures these external sponsors that funds are properly expended for the salaries and wages of those individuals working on the projects they sponsor. It provides the Program Director means for certifying that the salaries and wages charged to sponsored projects are consistent with the effort contributed. **All employees involved in certifying effort must understand that severe penalties and funding disallowances could result from inaccurate, incomplete, or untimely effort reporting. A certified time-sheet must be submitted on a monthly basis to the Grant Accountant and the**

COSTING GUIDELINES FOR SPONSORED PROJECTS

The basic regulations for determining the costs of federally sponsored agreements at educational institutions are set forth in 2 CFR 200.400 and Appendix III – Indirect Facilities and Administration Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education.

This part supersedes OMB Circular A-21 and incorporates four Cost Accounting Standards applicable to educational institutions. These were issued by the Cost Accounting Standards Board (CASB), as previously noted under Definition of Terms, Cost Accounting Standards (CAS).

This section is intended to convey some of the most significant requirements of 2 CFR 200.400 and the accounting practices the College follows in order to comply with the regulations. The federal government, and therefore the College, places the primary responsibility for meeting these requirements with the Project Director. Department heads and the Accounting Department should be able to provide guidance and training for insuring compliance.

All costs charged to a Federal Award or sponsored agreement must meet the following criteria:

1. They must be **reasonable** – A prudent person would have purchased the item and paid the same price given the circumstances at the time.
2. They must be **allocable** – The goods or services involved are chargeable or assignable to a Federal Award or sponsored agreement in accordance with the relative benefits received.
3. They must be **given consistent treatment** – The expenditure must be treated the same way (throughout the College) as those that are for a similar purpose, in like circumstances.
4. They must not be **unallowable** – The expenditure must not be specifically excluded by government regulations as noted in the Grant Award Notification (GAN) or sponsored agreement requirements.

2 CFR 200.404 REASONABLE COST

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. In determining reasonableness of a given cost, consideration must be given to:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
2. The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
3. Market prices for comparable goods or services for the geographic area.
4. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
5. Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

2 CFR 200.405 ALLOCABLE COSTS

(a) 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. This standard is met if the cost:

- (1) Is incurred specifically for the Federal award;
- (2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
- (3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

(b) All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.

(c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

(d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the

Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also §§200.310 Insurance coverage through 200.316 Property trust relationship and 200.439 Equipment and other capital expenditures.

(e) If the contract is subject to CAS, costs must be allocated to the contract pursuant to the Cost Accounting Standards. To the extent that CAS is applicable, the allocation of costs in accordance with CAS takes precedence over the allocation provisions in this part.

[78 FR 78608, Dec. 26, 2013, as amended at 79 FR 75885, Dec. 19, 2014]

CONSISTENT TREATMENT OF COSTS

The operation of the College requires costs that pertain to specific projects as well as general costs. For administrative and recording purposes these costs are grouped into two categories – direct and indirect. Some costs, however, are not discretely direct or indirect and may appear in either category, depending on the circumstances. See 2 CFR 200.412 Classification of Costs.

DETERMINATION OF ALLOWABILITY OF COSTS

Each Program Director is required to read and become familiar with 2 CFR 200, and any program specific regulations listed in the GAN and/or award notice. The Program Director is responsible for ensuring costs incurred are allowable for the sponsored agreement. When preparing drawdowns or financial reports, the Grants Accountant will review the costs charged to the program for general allowability and will compare expenditures with budget amounts for each federal award; however, the Program Director is responsible for ensuring costs are allowable. The External Funding Office and the Grants Accountant are available for consultation and/or training with the Program Director as needed.

2 CFR 200.413 DIRECT COSTS

Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. Where an institution treats a particular type of cost as a direct cost of sponsored agreements, all costs incurred for the same purpose in like circumstances shall be treated as direct costs of all activities of the institution.

2 CFR 200.414 INDIRECT (F&A) COSTS

Facilities and Administration Classification. For major IHEs and major nonprofit organizations, indirect (F&A) costs must be classified within two broad categories: “Facilities” and “Administration.” “Facilities” is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. “Administration” is defined as general administration and general expenses such as the director's office, accounting, personnel

and all other types of expenditures not listed specifically under one of the subcategories of “Facilities” (including cross allocations from other pools, where applicable). For nonprofit organizations, library expenses are included in the “Administration” category; for institutions of higher education, they are included in the “Facilities” category. Major IHEs are defined as those required to use the Standard Format for Submission as noted in Appendix III to Part 200— Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Institutions of Higher Education (IHEs) paragraph C. 11.

FEDERAL ALLOWABLE AND UNALLOWABLE COSTS

Federal cost policies dictate that certain expenditures be given special accounting treatment. 2 CFR 200.420 through 200.475 define selected items of cost as allowable or unallowable. 34 CFR 645.40 also defines allowable costs. 34 CFR 645.41 also defines unallowable costs. Consult any program specific regulations listed in the Grant Award Notification (GAN) and/or award notice. Even if not directly charged to the federal government or reported as cost sharing (i.e. charged instead to a departmental operating account), expenditures considered to be federal unallowable costs must be separately identified in the accounting record so that they can be excluded from the college’s cost in the preparation of the Facilities and Administrative Cost Rate. Federal unallowable costs fall into two categories, those costs unallowable in and of themselves (such as entertainment) and costs incurred for purposes that are unallowable.

These following are examples of unallowable costs:

200.421 Certain Advertising and public relations costs, but not all costs in this category.*

200.422 Certain Advisory council costs, but not all costs in this category.

200.423 Alcoholic beverages

200.424 Alumni/ae activities

200.425 Certain Audit services costs, but not all costs in this category.

200.438 Certain Entertainment costs, but not all costs in this category.

200.441 Certain Fines, penalties, damages and other settlements, but not all costs in this category.

200.442 Certain Fund raising and investment management costs, but not all costs in this category.

200.450 Lobbying

* See 2 CFR for more information/guidance on all the above.

Any cost that is otherwise an allowable expenditure for the college, but is incurred for a purpose that is unallowable is accounted for in object code 7254, and the college will fund the expenditure from the unrestricted fund.

COST OVERRUNS, DISALLOWED COSTS

When it is determined that a grant is over budget or that disallowed costs have been incurred in the department, the Grant Accountant in the Accounting Department will transfer these charges to object code, 7254, and the college will fund the expenditure from the unrestricted fund.

RETENTION OF GRANT ACCOUNTING DOCUMENTS

The College is required to follow the State of Mississippi Records Retention schedule for Community and Junior Colleges as issued by the Department of Archives and History, Local Government Records Office, as found in Section 39-5-9, *Mississippi Code of 1972, Annotated*, as amended. However, the College requires that the Grant Accountant files and Project Director Files shall be retained for a period of five (5) years after the final closeout of the grant is completed.

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Mississippi Delta Community College requests reimbursement for allowable costs. The Grant Accountant will request reimbursement for costs already incurred by:

1. Running reports of total expenditures by grant from Banner
2. Calculate and record indirect costs
3. Deducting prior drawdowns for the grant
4. Calculating amount due from the grantor
5. Electronically requesting the drawdown
6. Maintaining records of the drawdown documentation

Mississippi Delta Community College does not discriminate on the basis of age, race, color, national origin, religion, sex, sexual orientation, gender identity or expression, physical or mental disability, pregnancy, or veteran status in its educational programs and activities or in its employment practices. The following person has been designated to handle inquiries regarding the non-discrimination policies: Waunita Roberts Jones, Director of Human Resources, Stauffer-Wood Administration Building, Suite 144, Office 145, P. O. Box 668, Moorhead, MS 38761, 662-246-6309; EEOC@msdelta.edu.