



Manual of Policy and Procedures

Title	Number	Page
POLICY ON GRANTS AND EXTERNAL FUNDING	408	1 of 5
	Date	
	6/20/19	

PURPOSE

Consistent with the Board of Trustees’ responsibility for oversight of all VSC finances, the purpose of this policy is to define and establish application, approval, acceptance, and monitoring processes for grant funding from public or private sources by the Vermont State Colleges. This policy identifies the steps in each stage of the grant cycle and details how grant funds received by the VSC are administered.

STATEMENT OF POLICY

The Board of Trustees encourages the submission of grant proposals that are expected to be of benefit to the VSC and/or the member Institutions. All use of grant funds shall be in accordance with VSC policies, the terms of the grant awarded, and any applicable state or federal laws. Any activity or expense related to federal grants or contracts must comply with 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This Policy is to be read consistent with federal and state law. If there is any conflict between this Policy and federal or state law, this Policy is to be interpreted consistent with federal or state law.

I. APPROVAL AND SUBMISSION OF GRANT PROPOSALS

Any employee of a VSC Institution or the VSC Chancellor’s Office may apply for grants provided that all provisions of the grant are in conformance with this and other VSC policies. Student organizations may apply for grants under the supervision of an advisor.

All proposals submitted for external funding, regardless of size, require approval of the President for member Institutions and of the Chancellor for System-wide requests prior to submission.

All proposals submitted for external federal or state funding and all proposals for other grants requesting \$100,000 or more in funding require approval by the Chancellor’s Office prior to submission. At the request of the President, the Chancellor may approve a waiver of this requirement, upon a showing of just cause. The request for and grant of a waiver must be in writing and be retained in the grant file.

The Chancellor or president of an Institution may require revision or withdrawal of a grant proposal at any time prior to its award (in the event of a proposal not requiring approval of the Board of Trustees), or at any time before it is submitted to the Board of Trustees (in the event of a proposal requiring Board approval).

A grant proposal shall require review and approval by the Finance and Facilities Committee and the Board of Trustees if it:

1. Requests \$750,000 or more per fiscal year, or
2. Involves annual matching or cost sharing of \$375,000 or more even though budget changes are not required.

The Finance and Facilities Committee and the Board of Trustees shall be notified of all other grant proposals and grant renewals which are submitted but do not require individual review and shall be updated on a regular basis as to the outcome of the proposals and, if successful, their implementation.

In the event the Board of Trustees votes not to approve a grant proposal, the Chancellor or his/her designee shall direct the appropriate VSC official or the president to notify the granting agency, in writing, and withdraw the proposal from consideration.

Prior to submitting a proposal for external funding, applicants are required to disclose any potential conflicts of interest to their appropriate administrator, following the procedures outlined in VSC Policy 207: *Trustee and Executive Conflict of Interest* and VSC Policy 210: *Employee Conflict of Interest*. If the proposal involves federal funds, the administrator shall disclose this potential conflict of interest, in writing, to the awarding agency or, in the case of pass-through funds, to the entity that is providing the federal sub-award.

Proposals that involve research require additional approvals prior to submission. To comply with 42 CFR Part 50, Subpart F – Responsibility of Applicants for Promoting Objectivity in Research, applicants proposing to conduct research using federal funding are required to identify significant financial interests. (See VSC Policy 435: *Financial Conflict of Interest in Research*). Any proposals that involve research on human subjects must receive Institutional Review Board (IRB) approval before they are submitted for funding. Each VSC institution maintains its own IRB processes. (See VSC Policy TBD: *Research Standards*).

II. GRANT ACCEPTANCE

All grant agreements shall be signed by Presidents on behalf of their institutions. The Chancellor shall sign agreements for grants awarded to the Chancellor's Office. Authorizing officials bear responsibility for reviewing the terms and conditions of awards before they are accepted.

After the President or Chancellor has signed a grant agreement, it must be forwarded to the VSC Office of Sponsored Projects along with any applicable forms. Work may not begin on a grant-funded project until the Office of Sponsored Projects has received the formal award documentation. The VSC Office of Sponsored Projects shall review awards for consistency with initial proposals and to ensure compliance.

The VSC Office of Sponsored Projects shall provide grant compliance training to the grant's principal investigator (PI), which is the term used to refer to the person who is primarily responsible for overseeing the implementation of the grant.

III. GRANT MONITORING AND REPORTING

To ensure that grant funds are spent according to the requirements of the funding organization, the VSC shall maintain and follow documented procedures for the areas outlined below.

A. Internal Controls

In accordance with VSC Policy 431: *Internal Controls*, the VSC shall implement internal controls over all grants so as to provide reasonable assurance that the VSC is compliant with conditions and requirements of each award. The VSC shall follow an established system to evaluate and monitor its compliance with grant requirements and will take prompt action when instances of noncompliance are identified in audit findings. The VSC shall take reasonable measures to safeguard personally identifiable information and other information designated as sensitive. (See VSC Policy 312: *Compliance with the Family Educational Rights and Privacy Act* and VSC Policy 627: *VSC Information Sensitivity*.)

B. Procurement Standards

The VSC shall follow VSC Policy 429's *Standards and Procedures' Contracting for Purchases or Leases of Goods, services and Equipment* for procuring goods and services, in accordance with federal requirements. Additionally, the VSC shall avoid conflicts of interest for employees engaged in selecting, awarding, and administering contracts.

C. Financial Management for Federal Awards

The VSC shall expend and account for federal awards in compliance with federal statutes, regulations, and the terms and conditions of the grant award. Financial

management procedures shall ensure that the following requirements are met for monitoring federal funds, as outlined in 2 CFR 200.302(b):

1. Identification: The VSC financial management system will identify in its accounts all federal awards received and expended and the federal programs under which they were received. This includes the CFDA title and number, the federal award identification number and year, name of the federal agency, and the name of the pass-through entity, if applicable.
 2. Reporting: The financial management system will provide accurate, current, and complete disclosure of the financial results of each federal award.
 3. Financial Records: The VSC shall maintain records that identify the source and application of funds for federally-funded activities.
 4. Accountability: The VSC shall provide effective control over, and accountability for, all federal funds, property, and other assets to ensure funds are used solely for authorized purposes. Accounting records shall be supported by documentation.
 5. Budget Control: The VSC shall compare actual expenditures with budgeted amounts for each federal award.
 6. Cash Management: The VSC shall follow a reimbursement method of payment for federal awards, unless specifically directed otherwise by the granting agency. Whenever advance payment procedures are required, the VSC shall minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. Cash advances shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the VSC in carrying out the purpose of the approved program or project. The timing and amount of advance payments shall be as close as administratively feasible to the actual disbursements by the VSC for direct program costs and the proportionate share of any allowable indirect costs.
 7. Mandatory Disclosures: The VSC shall maintain procedures to identify and disclose in writing, in a timely manner, to the federal awarding agency or pass-through agency any violations of federal criminal law involving fraud, bribery, or gratuity.
- D. Determining Direct and Indirect (F & A) Costs for Federal Awards
Direct and indirect costs shall be determined in compliance with federal regulations, the terms and conditions of the grant, and each VSC institution's federally-negotiated indirect rate. Costs incurred for the same purpose in like circumstances shall be treated consistently as either direct or indirect.

E. Allowability of Costs for Federal Awards:

To ensure that expenses charged to federal awards are allowable, the VSC shall follow the standards outlined in 2 CFR 200, Subpart E.

1. Factors Affecting Allowability: To be considered allowable, costs that involve federal funding must:
 - a) Be necessary and reasonable for the performance of the federal award. This means the purchase must meet an important program objective and that sound business practices are followed in expending the funds. 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.
 - b) Be allocable to the federal award. A cost is allocable to the federal award if the goods or services involved are chargeable to the federal award in accordance with the relative benefits received.
 - c) Conform to any limitations or exclusions set forth as cost principles in CFR Part 200, Subpart E or in the terms and conditions of the award.
 - d) Be consistent with policies and procedures that apply uniformly to both federally-financed and other funded activities.
 - e) Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated as an indirect cost under another award.
 - f) Be determined in accordance with generally accepted accounting principles.
 - g) Not be included as a match or cost-share for other federally-financed programs, unless the specific federal program authorizes federal costs to be treated as such.
 - h) Be adequately documented.
2. Allowability of Selected Items of Cost: 2 CFR Sections 200.421 through 200.475 establish principles to be applied in determining the allowability of 55 specific cost items. These principles are in addition to the other general allowability standards and apply whether or not a particular item of cost is properly treated as a direct or indirect cost. Principal investigators are required to be familiar with these selected items of cost. (See *Appendix A, Selected Items of Cost* for more information.)

The reasonableness and allocability of certain items of cost may be difficult to determine in some cases. To avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the VSC may require principal investigators to seek written approval from the federal awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the time frame or scope of the agreement.

F. Time and Effort Reporting

Employees paid with external funds shall document the time they spend working on grant-related activities, as required by 2 CFR 200.430. Charges for salaries and wages shall be based on records that accurately reflect the work performed. The VSC shall maintain a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. Record of this will be incorporated into the official records of the VSC system.

G. Subrecipient Management and Monitoring

When VSC passes federal funds through to another institution or organization, the VSC shall comply with 2 CFR 200.330 and make a case-by-case determination whether a party receiving pass-through grant funds is a subrecipient or a contractor, and whether the agreement is a sub-award or a procurement contract. The VSC will retain records to support decisions made about subrecipients and contractors.

The VSC shall perform risk assessments of subrecipients and monitor grant subrecipients to ensure their compliance with federal, state, and local laws and VSC Board of Trustees' policies and procedures. Subrecipient agreements shall clearly identify the funding as a sub-award and include information required by the funder.

H. Contract Provisions

Contracts issued by the VSC that involve grant funding will contain applicable provisions as described in Appendix II to Part 200 – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.

I. Record Retention

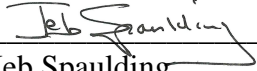
Records relating to federal awards shall be maintained for three years from the final expenditure report's submission date. (See VSC Policy 209: *Records Retention*.)

J. Grant-Funded Research

In addition to following the requirements of this policy, individuals conducting research with external funds are required to comply with VSC Policy 435: *Financial Conflict of Interest in Research* and VSC Policy TBD: *Research Standards*.

The Chancellor shall adopt and from time to time update procedures for the administration of grants. Such procedures shall accompany this policy and shall include the specific forms to be used.

Signed by:


 Jeb Spaulding
 Chancellor

Date	Version	Revision	Approved By
10/25/2001	1.0	Adopted	VSCS Board of Trustees
3/13/2008	2.0	Update	VSCS Board of Trustees
12/11/2014	3.0	Update	VSCS Board of Trustees
5/26/2016	3.5	Temporary Update for Uniform Guidance	VSCS Board of Trustees
6/20/2019	4.0	Revised for Uniform Guidance	VSCS Board of Trustees