Appendix A: Interim Budget Procedures for Sponsored Projects

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1. PURPOSE

The purpose of this procedure is to outline the means by which budget procedures are created, managed, and approved for Sponsored Projects at Westminster College. Through the careful oversight of budget preparation, monitoring expenditures, budget modification, and cost transfer, the College is able to comply with the necessary guidelines required to fund a project or program through an external funding agency.

2. TO WHOM THESE PROCEDURES APPLY

These procedures must be followed by any faculty or staff member who wishes to apply for or who is awarded a grant from an external funding agency, such as the federal government or a quasi-government agency, and to any faculty or staff member who is designated as a Principal Investigator (PI) for a sponsored project.

3. DEFINITIONS

A. **Budget Modification**: A change to an approved budget necessitated by actual needs as the project is executed.

B. **Budget Modification Request**: A formal communication (typically by email) from a PI or co-PI to their dean or director requesting a budget modification.

C. **Cost Transfer**: An adjustment to a federal award made after an event has occurred which requires a transfer of funds between two projects or account codes.

D. **Cost Transfer Request**: A formal communication (typically by email) from a PI or co-PI to their dean or director requesting a cost transfer.

E. **External Funding Agency**: A federal government or quasi-government agency.

F. **Faculty**: An instructor appointed to one of three academic ranks: assistant professor, associate professor, or professor. Full-time faculty are those on an annual contract with a course load equivalency of 24 hours or more. Part-time faculty are those on an annual contract with a course load equivalency of less than 24 hours. For the purposes of this policy, the term “faculty” also includes adjunct faculty: unranked temporary appointees hired to teach one or more courses per semester; not to exceed 20 load hours per academic year. Work must be instructional.

G. **Grant Award Form**: The form required to request approval to prepare and
submit a grant proposal to an external funding agency. The form must be submitted online at https://www.westminstercollege.edu/about/resources/office-of-the-provost/forms-policies-and-resources. For reference, a pdf of the form is available on the Accounting Services web site https://www.westminstercollege.edu/internal-content/resources-and-services/administrative-services/accounting-services.

H. **Indirect Cost:** A federally negotiated rate that represents the necessary cost of doing business. Indirect costs are not directly incurred by the sponsored project or activity but are required in a project budget to compensate Westminster for its general operation.

I. **Principal Investigator (PI or Co-PI):** The primary individual responsible for the preparation and administration of a sponsored project. Sometimes the responsibility is split equally between two individuals (Co-PI).

J. **Project Budget:** A detailed outline of expenditures that defines the resources needed to complete a sponsored project.

K. **Sponsored Project:** A project or program that is funded by an external entity, including quasi-government organizations and public-private partnerships, and governed by a formal written agreement (grant, contract, or cooperative agreement).

L. **Staff:** Employees with administrative, academic support, and in some cases instructional duties. For additional information on staff employment categories see the *Staff Handbook.*

4. **APPLICABLE PROCEDURES**

The budget process is a critical component of any grant proposal or project. The following procedures outline the necessary steps taken to prepare the budget, monitor expenditures, evaluate budget modifications and complete a cost transfer request.

**BUDGET PREPARATION:**

Prior to preparing and submitting a proposal to an external funding agency for a sponsored project, the faculty or staff person will submit online the Grant Award Form with a complete project budget. The form is online at https://www.westminstercollege.edu/about/resources/office-of-the-provost/forms-policies-and-resources.
The proposed expenditures must be reasonable and sufficient for successfully completing the project. Budgets must be developed in accordance with the external funder’s requirements and applicable Westminster policies, using the following guidelines:

1) Rationale and calculations for the funds requested on the form must be clearly explained in the narrative section of the project proposal or grant application.

2) Definitions and explanations of costs are found on page 2 of the Grant Award Form and should be used when creating the grant budget.

3) When proposals include matching funds that require Westminster to provide financial support (in-kind or actual dollars), the source of these funds must be identified and specifically approved by the dean or director and provost.

4) Budgets for all sponsored projects will include applicable indirect costs, unless clearly prohibited by the external funder. The indirect cost rate for Westminster College is negotiated by the Director of Budget and Financial Reporting (DBFR). Any proposed reduction of the indirect cost percentage must be clearly explained and specifically approved by the dean or director and provost.

**MONITORING EXPENDITURES:**

In collaboration with the DBFR, PIs are responsible for monitoring budgets and expenditures for awarded grants to be sure they are reasonable and allowable, using the following guidelines:

1) Grants are managed in accordance with applicable policies and procedures of Westminster College. The PI should refer to Policy 260, Policy on Purchasing, and Policy 261, Purchasing Policy for Federal Grants, for guidance. Westminster policies are found online at [https://www.westminstercollege.edu/about/resources/risk-management/policies](https://www.westminstercollege.edu/about/resources/risk-management/policies).

2) Grants are also managed in accordance with all federal regulations and the guidelines of the external agency or organization that awarded the grant. The granting agency will provide a link to the applicable guidelines at the time the award is announced.

3) The DBFR maintains a list of commonly unallowable expenses that can be referenced as grant awards are implemented and managed.

4) The DBFR reviews expenses charged to the grant to ensure they are reasonable and allowable and works with the PI to make corrections when needed, in accordance with cost transfer procedures.

5) It is the responsibility of the PI to prepare all required budget reports and provide them to the Director of Sponsored Projects (DSP) and DBFR who will submit them to the external funding agency.
BUDGET MODIFICATION:

The proposed budget is an estimate of categories of expenditures. Once a project is awarded, budget amounts may change according to actual expenditure needs. Many budget modifications require permission from the external funding agency. Prior to submitting a budget modification to the funding agency, the PI must submit the budget modification request, with appropriate justification, to their dean or director who will obtain final approval from the provost and the chief financial officer (CFO), if necessary. In the modification request, please include:

1) The name of the funding agency and project number
2) The dollar amount of the change
3) GL funds impacted by the change
4) A narrative justification for the requested modification

If the budget modification is more than 10% of a particular budget category (or the threshold set for approval by the external funding agency, whichever is lower), the Grant Award Form must be resubmitted via the provost web page for review and approval. Please include the name of the grant and the words “budget modification” in the title on the Grant Award Form. Complete only the sections on the form related to the budget modification and attached supporting documents to justify the modification. After the budget modification has been approved, the DBFR will update the project budget in the accounting records and the DSP will submit the modification to the external funding agency.

COST TRANSFER:

A cost transfer is an adjustment to a federal award made after an event has occurred which requires a transfer of funds between two projects or account codes. This could occur due to over expenditures on a project, payroll reallocations, or to correct errors in charging expenses. Westminster requires that all transfers made to or from federally funded projects be requested & processed within 90 days of the grant closing date and before the final report is submitted to the external funding agency (typically 90-120 days). Cost transfers requested beyond the end date of a federal award or after the close of a fiscal year may be denied. The PI must submit thorough documentation substantiating the cost transfer to their dean or director who will obtain final approval from the provost and the CFO, if necessary. The transfer request should include:

1) Clear identification of the amount transferred
2) GL funds impacted by the transfer
3) A narrative justification for the transfer
4) Receipts, time and effort logs, or other documentation to support the request
Once approved, the DBFR will execute the transfer in the accounting records.

5. RESPONSIBLE ADMINISTRATOR

The appropriate dean or director and provost are responsible to ensure that these procedures are followed by any faculty and staff member who wishes to apply for or who is awarded a grant for a sponsored project, and to any faculty or staff member who is designated as a PI for a sponsored project.

6. TRAINING

The DBFR will provide training and appropriate oversight for the budget development and management processes. Training will be provided when requested by a faculty or staff member who desires to create a budget for a new project. Faculty and staff members who have been awarded a grant and designated as a PI or co-PI will be provided training as soon as is practicable after the award is announced. Ongoing training will be provided by request. The DBFR will periodically evaluate the training provided to ensure its consistency with current federal regulations and external agency guidelines.

7. RELATED POLICIES AND FORMS

- Policy 240, Interim Policy on Sponsored Projects and Grants
- Policy 201, Spending and Contracting Authority Policy and Related Procedures
- Policy 260, Policy on Purchasing Policies and Principles
- Policy 261, Purchasing Policy for Federal Grants and Related Procedures
- Grant Award Form - [https://www.westminstercollege.edu/about/resources/office-of-the-provost/forms-policies-and-resources](https://www.westminstercollege.edu/about/resources/office-of-the-provost/forms-policies-and-resources) and [https://www.westminstercollege.edu/internal-content/resources-and-services/administrative-services/accounting-services](https://www.westminstercollege.edu/internal-content/resources-and-services/administrative-services/accounting-services).