

Humboldt State University Sponsored Programs Foundation Administrative Guide

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Preface

This Administrative Guide is to explain Humboldt State University Sponsored Programs Foundation's operating procedures. It gathers together those policy and procedure memoranda which have historically provided the explanation of processes relative to account stewardship within the HSU Sponsored Programs Foundation.

This Guide seeks to be equally useful to those who oversee externally funded grants and contracts, to those who oversee special education projects and other SP Foundation administered campus programs, and to those who oversee restricted and unrestricted funds within HSU Sponsored Programs Foundation. Should you desire additional details regarding any of the matters found in this publication, please contact the HSU Sponsored Programs Foundation office.

Humboldt State University Sponsored Programs Foundation reserves the right to change any of these policies and practices as may be necessary. Accordingly, this Guide can not be considered a contract; it is only an informational source. The staff of HSU Sponsored Programs Foundation will make every effort to keep this Guide updated through the issuance of memoranda relating to changes involving subjects addressed in this Guide.

Various other publications relate to this Guide and are referenced within this publication. Those other publications include, but are not limited to, the Humboldt State University Sponsored Programs Foundation Personnel Publication, the Humboldt State University catalog, the HSU President's Executive Memoranda, HSU Management Letters, and coded memoranda issued by The California State University.

This Guide is designed to make administrative processes easier for you and therefore includes clarifications regarding practical matters, including articulation between some University and some SP Foundation activities. This Guide is intended to be user friendly and has been developed in response to various comments and suggestions with our project directors and employees have provided. We thank you for the assistance you have provided in its development.

The Management
HSU Sponsored Programs Foundation

I. INTRODUCTION

A. AUXILIARY ORGANIZATION STATUS

Humboldt State University Sponsored Programs Foundation is an auxiliary organization to Humboldt State University. The existence of auxiliary organizations within The California State University (CSU) system is authorized within the California Education Code and within Title 5. The general operation of auxiliary organizations within The California State University is described in a document entitled "Manual of Policies and Procedures for Auxiliary Organizations of The California State University" which is published by and periodically updated by the Office of the Chancellor, The California

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State University, 400 Golden Shore, Long Beach, California 90802-4275. There are over sixty auxiliary organizations in the CSU system.

While the applicable regulations found in the Education Code and Title 5 for The California State University's auxiliary organizations are diverse and quite detailed, those system wide regulations generally provide that oversight of auxiliary organizations rests with individual campus presidents. Governance and legal responsibility for the actions of auxiliary organizations varies depending upon and individual auxiliary organization's corporate status and its purpose(s) and operation(s). HSU Sponsored Programs Foundation is self-supporting and receives no annually budgeted tax support.

B. CORPORATE STATUS

Humboldt State University Sponsored Programs Foundation is a California not-for-profit, public benefit corporation, having been incorporated in 1952. Humboldt State University Sponsored Programs Foundation is exempt from taxation under Section 501(c)(3) of the United States Internal Revenue Code and under Section 23701 of the California Revenue and Taxation Code. Preservation of that tax-exempt status is of significant importance.

As a corporate entity, Humboldt State University Sponsored Programs Foundation is under the direction and control of an eighteen member Board of Directors composed of the following:

- University President
- Vice President for Academic Affairs
- Vice President for Development & Administrative Services
- Vice President for Student Affairs
- Dean, Research & Graduate Studies
- Dean, Undergraduate Studies
- Director, Extended Education
- Director, Fiscal Affairs
- Faculty (3, elected by General Faculty)
- Students (2, typically AS President and Vice President)
- Community Leaders (5, selected by the Board)

As required by CSU regulations, the HSU Sponsored Programs Foundation Board of Directors meets at least quarterly. Those quarterly meeting occur in the months of September, December, March, and May. The operations of HSU Sponsored Programs Foundation are annually audited by an independent Certified Public Accounting firm, as required by the CSU.

C. PURPOSES AND SERVICES

Humboldt State University Sponsored Programs Foundation's primary purpose is to do everything necessary and proper to assist Humboldt State University in fulfilling its mission and goals. HSU Sponsored Programs Foundation's primary service is the administration of externally funded grants and contracts. Other services include, for

example, the administration of various campus programs such as non-credit extension courses, alumni association activities, KHSU radio station, institutes, tree farm operations, the natural history museum and other similar self-support programs. HSUSP Foundation also administers gifts, bequests, devises and other donations, most of which take the form of restricted or unrestricted accounts. The office services in regard to what is traditionally known as extramural funding include the application for, negotiation of, and subsequent receipt and administration of those grants and contracts, as well as the receipt and subsequent administration of program revenues and gifts.

D. MANAGEMENT

The chief operation executive of HSUSP Foundation is the General Manager. The General Manager is assisted by an Assistant Foundation Manager who also serves as the Accounting Manager. HSU Sponsored Programs Foundation's offices are located on the Humboldt State University campus in Siemens Hall, Room 210. (For mail from off-campus entities, the mailing address is: P.O. Box 1185, Arcata CA 95518-1185.) The General Manager reports to the corporation's Board of Directors. To assure compatibility with the University's fiscal processes and development goals, the General Manager also reports to HSU's Vice President for Development and Administrative Services.

E. FISCAL RELATIONSHIP TO CAMPUS

As a self-supporting entity, Humboldt State University Sponsored Programs Foundation leases from the University the right to operate on the campus. In addition to paying Humboldt State University for the lease, HSU Sponsored Programs Foundation also pays rent to the University for office space. The University also charges the Sponsored Programs Foundation for all services up to including typing invoices for motor vehicle chargebacks, for photocopying chargebacks, for long distance phone calls, etc. in addition to also charging for the costs themselves. The University charges the Sponsored Programs Foundation for the on campus delivery of ordered supplies and equipment to the ordering office. These charges by the University clearly attest to the fact that Humboldt State University Sponsored Programs Foundation is a self-supporting entity.

F. FIDUCIARY AND CORPORATE MANDATE

Through an auxiliary organization subject to the "Manual of Policies and Procedures for Auxiliary Organizations of the California State University" Humboldt State University Sponsored Programs Foundation has a mandate in regard to fulfillment of fiduciary and corporate duties under state, federal and local statutes. Similarly, Humboldt State University Sponsored Programs Foundation has issues of internal corporate governance which are peculiar to the separate legal status of an auxiliary. Accordingly, HSU Sponsored Programs Foundation has a series of formal policy statements. The policy statements are separate from those of the University itself, and the need for such policy statements was anticipated by both the Education Code (section 89900) and Title 5 (Section 42402). While this Administrative Guide does not contain all of HSU Sponsored Programs Foundation's formal policy statements, it embodies elements of many of them.

G. KEY ITEMS OF INFORMATION

Especially for those applying for grants and contracts, the following information is vital and should appear on all proposals:

Applicant Legal Name: Humboldt State University Sponsored Programs Foundation

Applicant Mailing Address: P.O. Box 1185

Arcata, CA 95518-1185

Applicant Telephone #: 707-826-4189

Applicant FAX #: 707-826-4783

The University's regulations state that all applications for grants and contracts require and institutional routing prior to external submission, utilizing the Institutional Routing and Authorization Form which is maintained by HSU Sponsored Programs Foundation (See Appendix A).

II. ACCOUNT ADMINISTRATION: GENERAL

A. SEEKING EXTERNAL FUNDING- ACCOUNT STATUS "PENDING"

Prior to seeking funding from sources external to the campus, approval is required. Upon obtaining that prior approval, "Pending" account status is granted.

1. Prior Approval for Grant and Contract Proposals

Prior approval to submit a grant or contract proposal occurs by routing a copy of the proposal for campus approval. A form known as an Institutional Routing and Authorization Form (Appendix A) exists for that approval process and can be obtained from the HSUSP Foundation office. This form is used for grant and contract proposals to international, federal, state, county or city governments, to special governmental districts, and to Indian tribes, nonprofit organizations, corporations and grant or contract-issuing businesses or individuals.

2. Prior Approval for Seeking Donations

Prior approval to seek donations is obtained from the University Relations office. Depending on whether a formal proposal is involved, institutional routing may or may not be required.

B. TYPICAL PROPOSAL FORMAT

Appendix B presents a typical grant or contract proposal format. The sections are defined as follows:

1. Cover Sheet – that form which identifies HSU Sponsored Programs Foundation as the applicant, provides our mailing address and phone number, gives the project's title, etc.

- 2. Contents** – outline of the proposal (can be eliminated if page limitations exist).
- 3. Certifications** – most grant and contract awarding agencies will have one or more preprinted forms regarding such matters as drug-free workplace, debarment and suspension and nondiscrimination.
- 4. Summary/Abstract** – precise project description, using key words (underlining them is recommended).
- 5. Narrative** – composed of a) an introduction to the subject, b) measurable project objects, c) extent of need, d) detailed plan of operation, e) description of key personnel, f) description of resources we will bring to the project g) evaluation, h) special considerations.
- 6. Budget** – line item format, by expenditure category (not by program categories).
- 7. Budget Narrative** – detailed supporting information regarding computations involved in the line items.
- 8. Appendices** – letters of support, resumes, maps, etc.

C. GRANT AND CONTRACT PROPOSAL BUDGETING

Appendix C presents a typical budget format. Budgets are essentially divided into three major parts: I. Personnel Costs, II. Operating Expenses and III. Indirect Costs. Individual cost categories within these sections are called “line items.”

The *Personnel* section of a budget is composed of two parts: salaries/wages and employer fringe benefits. Potential project directors should obtain from the HSU Sponsored Programs Foundation office a copy of HSU Sponsored Programs Foundation’s Personnel Publication and then should work with the Sponsored Programs Foundation office in developing the budget. Salaries and wages should follow either Humboldt State University’s salary schedule or HSU Sponsored Programs Foundation’s salary schedule, depending upon whether University “release time” is involved. Fringe benefit rates vary depending upon employee classifications and duration of employment, so these rates should be developed in consultation with the Sponsored Programs Foundation office.

Operating Expenses include such direct project expenses as supplies, travel, equipment (typically \$500 or more unit cost, including tax and shipping, and at least two years useful life), communications (long distance phone and postage), printing, etc.

The foregoing two general categories of Personnel and Operating Expenses together constitute a project’s “direct costs.” The third budget element, Indirect Costs, is a line item itself and is commonly known as “administrative cost” or “overhead.” It is the

budget element which reimburses HSU Sponsored Programs Foundation for such costs as HSU Sponsored Programs Foundation office rent, the campus lease, the cost of on-campus package delivery, the cost of liability insurance, the cost of fidelity insurance, the cost of accounting services, the cost of management services, the cost of HSU Sponsored Programs Foundation cashiering and clerical services, the cost of maintaining equipment inventories, the costs of processing purchase orders and tracking subsequent deliveries, the cost of account data processing, the cost of check processing the costs of general supplies and forms, the cost paid to the University for invoicing projects for such campus services as motor vehicle use, media services, word reproduction/duplicating, photocopying, long distance phone, etc., and such other general expenses as the annual audit, central office faxes, photocopies, basic telephone services, etc.

In addition to the foregoing general administration expenses that are covered by indirect costs, the indirect costs also provide for the cost of borrowing money. Almost all grants and contracts are of the cost reimbursement type. This means that HSU Sponsored Programs Foundation funds must be expended for a project's direct costs before the Sponsored Programs Foundation can "bill" the grant or contract awarding agency for repayment. HSU Sponsored Programs Foundation is thus required to "front" the expenditures for most grant and contract projects.

D. ESTABLISHING AN ACCOUNT

When a grant or contract award arrives on campus, the original document must come to the HSU Sponsored Programs Foundation for signing, and for establishing the account once the award document is fully executed.

The account will be formatted for expenditure by line items and computer code numbers will be assigned to each line item of the budget. The project director/principal investigator will be sent a Signature Authorization Form so that HSU Sponsored Programs Foundation staff will know the authorized signer's signature. The project director will also then need to meet with the SP Foundation staff to become more familiar with expenditure procedures and to appoint personnel or to initiate hiring processes.

III. EXPENDITURE PROCESSES: GENERAL

A. PAYROLL PROCESSING

1. Appointment

Before an individual can be paid through HSU Sponsored Programs Foundation's payroll processes, that individual must first be appointed to our payroll system, even if already a University employee. Appointment is accomplished through use of an HSU Sponsored Programs Foundation Appointment Form (Appendix D) along with completion of a W-4 form (Withholding Allowance), I-9 form (Employment Eligibility), and ethnicity form. The I-9 form requires on-site staff verification of identification information. (If the employee lives out of the area, special arrangements can be made with cooperating agencies. At the time of appointment, each employee is given certain policy documents

and certain benefit documents in keeping with federal and/or state laws. Typically, grant and contract proposals are submitted on behalf of a team of researchers; once the award is received, the team members are simply appointed to the payroll. If team members are to be hired, however, the hiring search procedures are utilized.

HSU Sponsored Programs Foundation utilizes decentralized search processes. Projects prepare vacancy announcements for HSU Sponsored Programs Foundation review. After that review, projects advertise positions (minimum two-week published notice), receive applications, screen applicants (typically by search committee, always with common questions asked of interviewees) and select the individual to be appointed. The HSUSP Foundation Appointment Form (Appendix D) is then processed.

2. Payroll Frequency

HSU Sponsored Programs Foundation payroll is processed twice per month with pay day typically occurring on the fifteenth and thirtieth; the University's payroll is processed once per month. HSU Sponsored Programs Foundation annually publishes a listing of due dates and times for HSU Sponsored Programs Foundation payroll documents (time sheets, for example) as well as a listing of the precise payroll release dates and times.

3. Payroll Documentation

The primary document for HSU Sponsored Programs Foundation payroll reporting purpose is the HSU Sponsored Programs Foundation Time Sheet (Appendix E). This form is used for recording hours worked on an after-the-fact basis. Hours worked through the tenth of the month are included in the paycheck issued on the fifteenth, and hours worked through the twenty-fifth of the month are included in the paycheck issued on the thirtieth. Depending upon where weekends fall, slight variations in the schedule occur and are covered in the annual publication of due dates and release dates and times. It is important that both employees and project directors assure the timely submission of payroll documents to the HSU Sponsored Programs Foundation office. On a monthly basis, sick leave and vacation time should be reported on the HSU Sponsored Programs Foundation form designed for that purpose.

Some salaried employees utilize a Level of Effort Certification form (Appendix F) rather than a time sheet. While payroll release dates and times are the same for hourly employees time periods covered by Level of Effort Certification are the first through the fifteenth and the sixteenth through the end-of-the-month.

4. Payroll Related Issues

Numerous issues relate to employee status, including but not limited to such statutory fringe benefits as unemployment and disability insurance, social security coverage and worker's compensation coverage. Special issues, such as the prohibition against overtime in grants and contracts, also exist. Still other issues concern salaried employees who might be subject to such voluntary fringe benefits as health insurance, vacation leave, and sick leave. Types of service range from summer salary to academic year overload, from hourly-occasional to release time, from student hourly to professional monthly. For the

various issues concerning employment, a separate publication, the HSU Sponsored Programs Foundation Personnel Publication, provides numerous insights.

B. EXPENDITURE DOCUMENTS

1. Check Requests

All expenditures require an authorizing expenditure document, plus supporting documentation. For example a time sheet is supporting documentation to a payroll transaction. The authorizing expenditure document is called an HSU Sponsored Programs Foundation Check Request (Appendix G).

Check Requests are two-page, carbonless forms which identify not only the payee and gross amount of payment, but also the account to be charged as well as the pertinent line item or line items of that account's budget. Check Requests are to be signed by the authorized signer for the account that is incurring the expense.

Check Requests are used to process payroll, to process travel claims, to pay chargeback invoices of the university, to reimburse out-of-pocket expenses, etc.

2. Purchase Order Requests

When buying products or services from a vendor, a Purchase Order Request (Appendix H) is the appropriate expenditure document. Purchase Order Requests should always be used for buying equipment items. No HSU Sponsored Programs Foundation account is authorized to have a charge account with a vendor, so Purchase Orders are the alternative to personal cash purchases or the use of personal charge cards.

HSU Sponsored Programs Foundation utilizes a partially decentralized purchasing system. Bidding, price comparison by catalog and similar processes of evaluating comparative items and comparable vendors occur at the project level. When a Purchase Order Request is received in the HSU Sponsored Programs Foundation office, it signifies that the project has completed the bid/price comparison process and that the final selection has been made and is the item(s) on the Purchase Order Request. HSU Sponsored Programs Foundation then issues a Purchase Order to the vendor. This "encumbers" the dollar amount within the Sponsored Programs Foundation account.

After the product is received, the vendor's invoice should be forwarded to HSU Sponsored Programs Foundation for payment. (The Project Director should not complete a Check Request to pay the vendor's bill since the Purchase Order process already authorized the payment of the vendor's bill, and the expenditure amount has already been encumbered.)

3. Purchasing Details

a. Confirming Order

The purchasing process can accidentally result in double orders, which the vendor may decline to restock so Project Directors should be especially wary. For example, if the Project Director intends to phone in the order, the Purchase Order Request form should

be boldly marked as a “CONFIRMING ORDER” with the date and name of contact. The HSU Sponsored Programs Foundation office will then similarly advise the vendor when the actual Purchase Order is issued. (If the Project Director want the order to be faxed that should be stated on the Purchase Order Request form; then HSU Sponsored Programs Foundation will fax the order).

b. Blanket Orders

A project may anticipate numerous small purchases at a local vendor, for example, at the University bookstore or at the local hardware store. These are best accomplished by processing a single blanket order for “up to” a certain total (usually not more that \$500 unless prior approval), with a listing of the names of project personnel who are authorized to sign. When items are purchased, the resulting detailed invoice must bear the purchase order number, and should then be approved by initial on its surface by the authorized project signer and forwarded to HSU Sponsored Programs Foundation that day for payment. Again, a Check Request is not necessary. Blanket purchase orders should never be used to purchase equipment.

c. Combined Account Orders

If some of the funds to be expended are in a University account, with the remainder in a Sponsored Programs Foundation account, a single University purchase order can be processed, referencing in its body the appropriate Sponsored Programs Foundation account(s) and dollar amount. When the University’s Accounts Payable office receives the vendor’s bill, that office will pay its portion and forward a copy of the bill to the HSU Sponsored Programs Foundation office to pay the balance. It is, however important for project directors to not that this procedure does not initially “encumber” the funds in the HSU Sponsored Programs Foundation account, just in the university’s account. So the Sponsored Programs Foundation account will not be decreased until the bill is actually paid, unless special arrangements are made.

d. Purchase Order Changes

HSU Sponsored Programs Foundation also maintains an Alteration Form to change orders. That process enables order to be increased or decreased, items to be substituted, etc. Desired changes to existing orders should be communicated by memorandum to HSU Sponsored Programs Foundation, referencing the Purchase Order number. HSU Sponsored Programs Foundation will then process the Alteration.

e. Purchases by Cash or Personal Charge Cards

Often the most convenient method of purchase is by out-of-pocket expenditure. With the submission of a detailed invoice (annotation may be necessary) attached to a Check Request; the purchases can usually be reimbursed within two to three days, depending on office workload. This methodology should not be used to purchase equipment. All receipts must be original and must be annotated to identify the appropriateness to the project of the items purchased.

IV. SPECIFIC EXPENDITURE PROCESSES AND RELATED TOPICS

A. SALARIES/WAGES

The Appointment Form (Appendix D) establishes the gross pay rate for each employee, typically expressed as either a monthly salary or an hourly wage rate. Changes in pay rates are achieved by processing a Change of Appointment. Check Requests are to be processed each payroll period to initiate a paycheck, and such Check Requests must be accompanied by supporting documentation (either time sheets for hourly rates or Level of Effort Certifications for monthly salaries). The HSUSPF Personnel Publication describes HSUSPF salary/wage schedules. Check Requests are processed from the gross pay amount. The net check which is given to the employee is calculated as gross pay less withholding.

B. EMPLOYER FRINGE BENEFITS

The project account's line items which comprise the Fringe Benefits category are minimally four in number: Employment Training Tax (ETT), Federal Insurance Contributions Act/Social Security (FICA), Worker's Compensation (WC), and Unemployment Insurance (UI). These four employer fringe benefit expenses are charged as direct costs of each account and together constitute approximately fifteen percent (15%) of the gross salaries and wages.

A fifth fringe benefit line can be applicable to longer-term employees working three-quarter time or more. That line is for group insurances (health, dental, vision, and life) and is charged as a direct cost to projects, though employees contribute to the premium expense via payroll withholding. The amount of premium varies according to employee age, number of individuals covered and insurance plans selected. Should HSUSPF establish an employer-paid retirement program that would become a sixth fringe benefit line.

C. PAYROLL WITHHOLDING

The reduction of an employee's paycheck from net amount is a function of several factors. The first of these is mandatory withholding of insurances: California disability insurance and federal social security. The second cause of withholding is income tax, both state and federal. Both of the foregoing two causes affect all employees to some extent. A third cause of withholding applies only to eligible employees who choose to participate in group insurance coverage; such coverages have shared premium expense between employer and employee. A fourth cause of withholding could range from voluntary tax sheltered annuities to externally imposed reductions such as back taxes or child support.

D. RELEASE TIME

When an individual is on the University's payroll but a portion (or all) of the salary and fringe benefits are billed to an HSUSPF Foundation account, that process is known as

“release time” or “reimbursed time.” When budgeting in anticipation of such releases time billings, the account employer fringe benefit rate of the employee to be released is used. The University Budget Office can provide the actual rate for the fringe benefits for the employee.

The foregoing information is true even if the department/college agrees to invoice for less than the actual value of the release time. For example if a Full Professor is released fifty percent to a grant, the department/college might agree to only bill for the cost of the replacement. The actual invoice from the University will be expressed in terms of the salary and actual fringe benefit rate of the Full Professor, not the replacement. The invoice will simply reflect less than 50% release, for example, 32.7%, whatever is need so that the salary and fringe benefit amount collected from the grant will be sufficient to over the expense in hiring the replacement.

When release time occurs, budgets will have one line item for release time salary and one line for the related benefits.

E. CONSULTANTS/INDEPENDENT CONTRACTORS

A potentially confusing issue involves distinctions between employees and consultants or independent contractors. The position of both the state and federal government is that most situations, where pay for services of an individual occurs, constitute an employer-employee relationship. There are substantial penalties for failing to pay an employee through the payroll process.

If an individual is an employee of the University or the Foundation, any additional work performed for a Sponsored Programs Foundation account is, by definition, done as an employee and is subject to payroll processes, including fringe benefit expenses and withholding. Similarly, pay to a student for services is also payroll. Pay to any individual who supervises the work of other employees constitutes payroll.

A consultant or independent contractor relationship occurs when the transaction involves a business performing a service for the project. Typically such a business will have an invoicing procedure, and the business' invoice is the supporting documentation which is attached to a Check Request. If the business does not use invoices, the HSUSPF Special Lecturer/Consultant Certification (Appendix I) should be used. That form is also used when paying an honorarium to an expert who is external to our university.

F. VOLUNTEERS

If an individual wishes to volunteer in relation to any campus project, regardless of its source of funding, that individual must complete the necessary Volunteer Appointment Form (Form 116) at the University's Personnel Office. Until that form is processed, the individual cannot be a volunteer.

G. STIPENDS AND SCHOLARSHIPS

While the category of scholarship expense is well understood, the category of stipend expense often causes confusion. A stipend is another form of scholarship. Stipends are not paid because of a service that has been performed; rather, they are paid to students to encourage their participation in a particular course of study.

Stipends are paid on a monthly basis, after the fact. A Level of Effort Certification form (Appendix F) can be used provided that the work “studied” is circled, NOT “worked.” It is a condition of all federal stipend programs that the student remains enrolled and in good standing in order to continue receiving the stipend. Stipends should not be confused with honoraria; the latter is a consultancy payment.

H. WORK STUDY

The University receives federal funding under a student employment program known as the Work Study Program. When students are employed for this program, the students are on the University’s payroll, not the Sponsored Programs Foundation’s payroll, even if the student is working for a SP Foundation project. Each calendar quarter, the University will bill the SP Foundation project for a portion of the student work study expense. Projects should not budget that matching expense as a salary or wage. Rather, the amount should be budgeted as an operating expense such as Supplies/Services or Other.

In addition to the federal Work Study Program, the University also receives State Work Study funding. In the case of State Work Study, the student is hired on HSUSP Foundation’s payroll and the HSUSP Foundation then bills the University for the matching share.

I. TRAVEL

The supporting documentation for all travel expenditures includes the standard Travel Expense Claim form (Appendix J), *plus* a receipt for any expenditure which equals or exceeds \$25.00 (usually this will be a lodging receipt, a rental car receipt, or a cancelled airline ticket). Even if no expenditure is \$25 or more, at least one receipt from the area visited should be attached as evidence of having taken the trip. For example, a gasoline receipt can be used even though the reimbursement is on the basis of mileage. All receipts must be originals unless the trip had shared expense of both University and Foundation funds. Then the original receipts can be filed with the University’s Travel Claim form, and copies of those receipts can be attached to an original Travel Expense Claim form which is filed with the Foundation. On the form submitted to HSUSPF, note that the University had the originals.

Before individuals can be reimbursed for vehicular mileage, the standard Authorization to Use Privately-Owned Vehicles for State Business should be completed and given to the project director (Appendix K).

All standard institutional rates for mileage and per diem apply to travel done in relation to HSUSP Foundation grant and contract accounts.

J. SUPPLIES

The purchase of supplies primarily occurs through the use of Purchase Order Requests. As discussed in Section III of this Administrative Guide, blanket orders may be used; joint orders with the University are possible; and out-of-pocket purchases can be reimbursed through the use of a Check Request with an annotated receipt attached.

K. SUBCONTRACTS

Subcontracts can be understood as a version of a consultant/independent contractor relationship, but they differ in that they are more substantial services, typically performed in lieu of our staff. For example, if our project director and his/her staff simply do not have sufficient time to accomplish all the tasks of a project, a Purchase Order could be issued to have a subcontractor perform some of the tasks for us.

Such subcontracts require special steps. For example, the firm needs to name HSUSP Foundation and HSU as additional insured's on their liability insurance policy and on their worker's compensation insurance policy before any work begins. Grant and contract awards are typically limited as to the percentage of the award that can be so subcontracted (25% is usually a maximum), and prior written awarding agency approval is almost always needed. Payment to such subcontractors should occur after the subcontractor provides an acceptable work product ("a deliverable") to the project director. Subcontractors should understand that all regulations to which we are subject are also applicable to them. Payment to such subcontractors occurs by the Project Director approving the subcontractor's invoice and forwarding same to HSUSP Foundation. A check request is not needed since a Purchase Order was issued, but the subcontractor invoice needs to reference that purchase order number.

L. EQUIPMENT

Equipment purchase or rental should always be done by Purchase Order Request. All equipment items (currently unit cost of \$500 or more and useful life of two years or more) are tracked on an equipment inventory. Equipment items are tagged with either an HSUSP Foundation property tag or Humboldt State University property tag. Items of equipment critical to a project's conduct can be insured, as can equipment which is borrowed from the university. Granting agencies have their own definitions of equipment, typically ranging from \$1,000 to \$5,000 unit cost. The safest approach to budgeting is to list all intended items of \$500 or more as equipment, since that approach is in keeping with the University's current standards.

Especially in regard to the federal government, procurement standards often change. For example, requirements for purchasing domestic rather than foreign products are common. Also common are requirements regarding doing business with women-owned, veteran-

owned, or minority-owned companies, buying products which are energy efficient, buying products which protect the environment, etc.

M. COMMUNICATION, PRINTING, ETC.

Communication costs include postage and long-distance phone calls. Printing costs include photocopying expense. Such smaller expenditure categories are often grouped in a line item entitled "Supplies/Service" though many federal programs require that such costs be grouped into a category called "Other."

N. CHARGEBACKS

The University maintains several cost centers which incur expense on behalf of HSUSP Foundation projects and then bill those costs to the SP Foundation project. Those billings are done each month as an invoice, which is so labeled and numbered. These invoices need to be processed with a Check Request to cause payment to occur. The most common University chargeback expenses are: long-distance phone, printing, media services, postage, Plant Operations services, motor pool vehicular mileage, work-study match and release time salary with related fringe benefits.

Many University chargeback invoices are for smaller amounts. Rather than attach a Check Request to them for processing, if the Project Director will simply "Okay" and initial the invoice on its surface and write on it the appropriate account name and line item account number for the expense, HSUSP Foundation will schedule such smaller invoices each month and issue a single check to the University for all the small invoices for all HSUSP Foundation accounts. This simplified process should be utilized for invoices of less than \$50.

O. CASH FLOW AND REVENUE

All deposits to HSUSP Foundation accounts are made at the HSUSP Foundation office, not at the University Student Financial Services Office. In the case of grant and contract accounts, those deposits usually occur as the result of HSUSP foundation having issued an invoice to the funding agency on the basis of HSUSP Foundation funds having already been expended through the project account. This is known as the cost-reimbursement process. Only very rarely are funds ever provided in advance by an awarding agency. Typically HSUSP Foundation must provide funding "up front" and then seeks reimbursement. This aspect of cash flow is not commonly understood but is of course one of the costs covered by the indirect cost budget line item (see Subsection "R" in this part of the Administrative Guide).

Cost reimbursement should occur no less frequently than monthly. Typically agencies will require that HSUSP Foundation invoices provide expenditure details by line item. Occasionally an agency will also require that narrative progress reports accompany invoices. HSUSP Foundation assists projects with the preparation of such narrative reports and coordinates their submission with invoicing.

Accounts which are funded by donations or fees also deposit through HSUSP Foundation. If invoicing is needed to cause funds to be paid to such an account, a memorandum should be sent to HSUSP Foundation in that regard.

In keeping with federal guidelines, the Accounting Manager reviews expenditure needs and, on a monthly basis, request cash accordingly. This process benefits the federal government by minimizing the length of time between receipt of federal funds and disbursement [OMB A-110, 74.21(b)(5)].

Similarly the Accounting Manager regularly review transactions to assure that responsibility, allocability and allowability of costs to applicable regulations [OMB A-110, 74.21(b)(6)].

P. PRINT-OUTS

Each month HSUSP Foundation issues a print-out for every SP Foundation account. That print-out primarily shows the account's budget, its revenue and expenditures for the preceding month, and its cumulative revenue and expenditures. Those print-outs additionally show encumbered amounts for outstanding purchase orders and invoices, unexpended funds, percentages remaining, and prior-year expenditures. These monthly print-outs are in summary form, but line item detail is available. Additionally, at any time during the month a Project Director can request a summary print-out showing account status as of that day.

Q. CAMPUS ID CARDS AND PARKING PERMITS

HSUSP Foundation employment enables application for a Campus Service ID Card (Possession of that card is required fro the purchase of a Parking Permit). The ID Card Request Form is obtained from HSUSP Foundation. The Parking Permit Application is available at the University's Student Financial Services Office (SBS Building). Staff parking permits are for half-time or greater non-student employment. Project accounts can pay for ID Cards; however, parking permits are an individual's expense.

HSUSP Foundation accounts function on the campus under the lease relationship described at the beginning of this Administrative Guide. Accordingly, building access is under the direction of the respective building coordinators who are so authorized by the Vice President, Development and Administrative Services. Any proposed changes to building interiors or exteriors must follow appropriate approval processes as overseen by the University Office of Physical Services.

R. INDIRECT COSTS

Also known as administrative costs or overhead, "indirect costs" is an expenditure line-item within an account's budget. The method of computing the indirect cost rate for a

particular account can vary based upon the source of funding and the type of expenditures.

Typically, donation accounts, which are front-end funded and have low liability, pay a rate of 4.5% of expenditures (also called 4.5% of total direct costs). Extended Education accounts, which are fee-dependent, pay a rate of 5.5% of expenditures. State agency awards, count and city awards, Indian tribe awards and nonprofit organization awards typically calculate indirect costs as a percentage of total direct costs (expenditures). Fifteen percent (15%) is a common rate for such calculations, though some programs, for example, the CSU University Services Program, are 25%. Administrative service accounts (examples: alumni association, museum, KHSU, etc.) are typically 8% of expenditures. Corporate accounts are usually 20% of expenditures, though a special rate of 15% can be utilized if advance funding is provided at least quarterly.

Federal awards, whether grants or contracts, have an array of indirect cost rates, depending upon funding authorization. For example Sea Grant stipends do not allow indirect costs. U.S. Department of Education's Trio programs allow only a portion of an institution's federally negotiated indirect cost rate, that portion which is equal to 8% of the project's modified total direct cost expenditures. In the latter case, while our current federally negotiated indirect cost rate is 40% of salaries, wages, and benefits (SWB), we actually request a lower rate, for example, 17.3% SWB (whatever rate times SWB will yield a dollar figure equal to 8% of modified total direct costs).

Many federal awards are actually made as cooperative agreements, a specialized type of contract. Typically, federal cooperative agreements require that the contractor (HSUSP Foundation) share in the project's costs, at a rate no less than twenty percent (20%) of the total direct costs. One of the ways we achieve that cost sharing is by waiving a portion of the allowable federal indirect cost rate (currently 40% SWB, as mentioned above) so that the actual indirect cost reimbursement we request is only fifteen percent (15%) of total direct costs.

When a federal award provides for the total indirect cost reimbursement, that amount is calculated on the basis of an existing indirect cost agreement between the institution and the federal government. Ours is negotiated with the Department of Health and Human Services and is currently forty percent (40%) of salaries, wages, and benefits. Often a copy of the negotiated indirect cost agreement must be submitted with the proposal. Copies can be obtained from the HSUSP Foundation office.

S. REPRESENTATION AND CERTIFICATIONS

Most governmental grant and contract awarding agencies require that various assurances be executed, either concurrently with application or at the time of award. Any such assurances should be forwarded to HSUSP Foundation management for execution. Such assurances typically include: debarment and suspension, lobbying, drug-free workplace, non-discrimination, conflict of interest, non-misconduct, etc.

Further, any of various other clearances may be necessary, including, but not limited to, state agency review for certain federal funding programs, human subjects review, animal subjects review, etc. Some clearance processes require review by a campus committee prior to proposal submission. Compliance with assurance processes is necessary to complete application package, and awarding agencies will exclude an incomplete application package from competition.

T. INTELLECTUAL PROPERTY AND PUBLICATION RIGHTS

Both Humboldt State University Sponsored Programs Foundation and Humboldt State University have Intellectual Property policies. HSUSP Foundation additionally has a Confidentiality Agreement which is used for both restricted use of proprietary information and confidential disclosure. Awarding agencies will often have patent and copyright clauses within award documents. HSUSP Foundation will assist principal investigators and project directors with the coordination of such matters.

Also, awards often contain language regarding publication rights. In keeping with institutional academic goals, every effort is made to achieve publication, however, principal investigators may enter into agreements which limit publication due to proprietary issues.

U. COST SHARING/MATCHING COSTS

Grants and contracts often require matching funds, typically known as cost sharing. Beyond the issues of required cost sharing, it usually enhances a proposal's competitiveness if the proposal contains cost sharing.

Cost sharing must be documented in exactly the same manner as are any other expenditures. For example, if staff time occurs but is not paid in order to yield cost sharing, then time sheets must be completed for that cost sharing time, despite the fact that it is not actually paid. Similarly, unreimbursed travel must be document in a travel claim form, etc.

Cost sharing or matching is thus documented as a transaction which could be but is not charged to the project's funds. Instead, either the allowable expense is paid by some other source of funding or else the allowable expense is waived.

V. EXTENSION, TERMINATION

Grants and contracts have an inception date and a termination date. Expenditures can only be processed for expenses incurred prior to the termination date, and for expenses incurred after the inception date, unless pre-award costs are formally authorized. If time beyond the termination date proves necessary and sufficient funds remain, a written request for a non-cost extension should be processed with the funding agency. Such no-cost extensions should be processed no less than thirty days before project termination.

As projects reach the termination date, project directors should advise all employees that employment is ending. Ideally the employees should be advised at least two weeks in advance. If employees are appointed to an employment category which grants vacation pay to them, then the project director must be certain that either the vacation time is taken or that the account contains sufficient funds to “lump sum” the employee for any vacation time yet owed. During the final days of a project, approved expenditure processes must be carefully followed to assure that no expenditure is processed which does not fully benefit the project and its official time period.

W. REPORTING

Timely reporting is critical to positive relationships between a grantee/contractor, such as HSUSP Foundation, and an awarding agency. Student employees much especially be reminded that a final project is quite distinct from a thesis or independent project report. Final project reports are due to the funding agency no later than ninety (90) days following a funded project’s termination date, while educational reports are typically due at semester end. In no case should an awarding agency be kept waiting for a project report because a student is trying to have an academic report accomplish two functions.

Project reports, both progress reports and final reports, usually have cash flow tied into them. If a report is late, reimbursement for our costs incurred is withheld. Further, federal agencies regularly contact a contractor’s “customers” to rate contractor performance. Poor reporting behavior can be cause for denial of future applications.

X. RECORD RETENTION

The standard for record retention is typically three years from the date of submission of the final fiscal report. At least one agency, the U.S. Department of Education, requires five-year record retention. While the official fiscal records of projects are those held by HSUSP Foundation, the official programs records are those held ant the project’s office.

Y. AUDIT

HSUSP Foundation is annually audited by a certified public accounting firm. This annual audit is required not only by the CSU, but also by grant-making and contract-issuing governmental agencies. The audit especially focuses on the expenditure of federal funds (an OMB A-133 audit).

Z. CONCLUSION

One of the hallmarks of a successful foundation is timeliness. If our operations can be fast, efficient and effective, we can reasonably expect that funding agencies will be increasingly likely to make awards to us.

We remain committed to that goal, and we thank you for your assistance in that regard.