

Davis Technical College

Restricted Fund Accounting – Sponsored Project Contracts, Custom Fit, & Grants

Effective Date: 27 June 2013

1. Purpose

To define accounting policies governing restricted sponsored project contracts, agreements, and grants (hereafter referred to as contracts) from both federal and non-federal sources, including State Custom Fit.

2. Policy

2.1. The College President or designee must approve and sign all contracts prior to execution. No execution of activities related to a contract shall take place prior to obtaining the College President's approval. Contracts generally place time restrictions on activities and expenditures as well. The College President or designee may grant verbal authorization in emergency or critical situations followed by formal approval.

2.2. Contracts shall only be entered into which are in harmony with the mission of the College as determined by the Presidents Council, and the related benefits of each contract shall be weighed against the associated costs, both direct and indirect. A minimum contract amount of \$10,000 is encouraged for entering into contracts, with the exception of Custom Fit.

2.3. The Institutional Planning & Development Coordinator or designee shall be responsible to prepare all applications and conduct all negotiations for contracts, with the exception of State Custom Fit training agreements. The Institutional Planning & Development Coordinator or designee shall negotiate all related budget proposals and coordinate billing procedures in conjunction with the Vice President of Administrative Services and the Controller.

2.3.1. Preparing and negotiating State Custom Fit contracts, and budgeting and accounting for these contracts shall be the responsibility of the Custom Fit Department following guidelines established in the Custom Fit section of this policy.

2.4. The Administrator or staff over the related program or activity shall be responsible to implement and administer the contract according to its terms, to monitor budgets, and to ensure that personnel and other costs made for contracts comply with all legal and contractual requirements and with all College policies and procedures.

2.5. The Institutional Planning & Development Coordinator shall be responsible to monitor compliance with all contract terms and to prepare and submit all compliance and management reports.

2.6. The Controller or designee shall be responsible to maintain a central file of all ORIGINAL contracts (State Custom Fit is the exception) and related proposals and accountability reports, and to ensure accounting for contracts, including expenditures, billings, and budget controls are in compliance with generally accepted accounting principles, and with contractual and statutory requirements.

2.6.1. All contracts which place restrictions on how the funds can be spent will be accounted for in a restricted fund.

2.7. No expenditures or encumbrances against contracts, including payroll costs, shall be allowed to be incurred until a budget is established by the Controller, unless special approval is granted by the Vice President of Administrative Services.

2.8. Payment of salaries and benefits of full-time salaried College employees shall be charged against a contract when the contract requires their specific services and skills. Extraordinary circumstances shall be approved by the College President. Employees in positions funded by contracts shall be notified in writing each year that their position is funded by "soft money".

2.9. If expenditures and encumbrances charged to a contract exceed the total allotted contracted funding sources during the contract period, the excess charges will be covered by the unrestricted budget of the Division or program managing the contract. In no instance shall costs be shifted from one contract to another if the shift violates the intent of either contract or is prohibited by contractual restrictions or statutes.

3. Procedures – Contact Creation

3.1. Institutional Planning & Development Coordinator or designee prepares an application or proposal for contract only after working directly with all effected College departments and programs for appropriate input and approval from the Presidents Council.

3.2. Submit application or proposal with College President's signature to granting entity and forward a completed copy to Fiscal Services for central filing.

3.3. If funding is approved, Institutional Planning & Development Coordinator will receive the award letter, contract, or grant award from funding entity.

3.4. Institutional Planning & Development Coordinator working with the Controller prepares "Contract Summary Sheet" Sections 1 & 2.

3.5. Institutional Planning & Development Coordinator forwards the contract summary sheet and contract to the Presidents Council for approval.

3.6. Once approved by the Presidents Council the contract summary sheet and contract are forwarded to Fiscal Services for the establishment of budgeting and accounting controls, and central filing.

3.7. The Controller or designee researches any necessary fiscal requirements, establishes budgets, account numbers, and proper accounting controls.

3.8. The Controller or designee notifies payroll that personnel charges may be charged to contract account numbers for timesheets approved by accounting.

3.9. Fiscal Services informs appropriate manager of contract budget and accounting controls, and that charges can be made to contract in accordance with generally accepted accounting principles, contractual requirements, and College policies and procedures.

3.10. Appropriate manager implements and manages program or contracted services.

3.11. Fiscal Services monitors compliance with budget and accounting controls and provides necessary related fiscal information to Institutional Planning & Development Coordinator.

3.12. Institutional Planning & Development Coordinator monitors compliance of contractual and legal requirements and prepares and submits required accountability reports.

3.13. Copies of accountability reports are forwarded to the Fiscal Services for central filing.

4. Charging Personnel Costs to Contracts and Grants

- 4.1. During the budget set up process for a contract, the Vice President of Administrative Services or designee meets with appropriate administrator or staff responsible for the contract to outline tracking and documentation requirements for time and attendance for personnel costs charged to the contract.
- 4.2. Payroll allocations of salaries/benefits will be based upon an estimate of time or actual time worked on a contract.
- 4.3. Each pay period, employees whose personnel costs are to be charged to the contract must submit the required documentation to Controller or designee.
- 4.4. Accounting reviews documentation to ensure all time charged to each contract meets the appropriate requirements.
- 4.5. If actual time spent on a contract deviates from any estimated hours, the Controller or designee will make the necessary adjusting entries to properly charge the personnel costs.

5. Charging Other Costs to Contracts and Grants

- 5.1. The appropriate contract administrator prepares and/or approves expenditures following all other college procurement policies and in accordance with all legal and contractual restrictions, and generally accepted accounting principles.
- 5.2. Expenditures that do not meet the contractual requirements will be charged to the department's other funding sources.

6. Federally Funded Contracts and Grants

- 6.1. All charges made against contracts funded from federal funds shall be made in compliance with OMB Circular A-122, Cost Principles for Non-Profit Organizations, and other federal requirements as determined by the Vice President of Administrative Services or designee. All federal regulations pertaining to a contract should be reviewed to ensure that the contract is administered in accordance to all applicable federal regulations. When applicable, indirect cost allocations should be used to the extent allowable by the regulations. Summary OMB Circular A-122 requirements are integrated in the policy statements below.
 - 6.1.1. State or local contracts providing federal pass-thru funds shall be considered federal contracts if the College maintains a large degree of control over how the funds are spent, what services are provided, and who is eligible to receive the benefits from the services provided.
 - 6.1.2. Costs charged to federal funds must be necessary and reasonable for the efficient administration of the specific contracted services, and not a general expense that benefits a whole department or the College. Amounts allocated to federal funds must be based on the relative benefit to the contracted purposes it funds.
 - 6.1.3. Eligible costs include actual direct personnel costs, supplies and materials, approved equipment and capital outlays, other direct costs, and indirect cost allocations if applied to all contracts on an equal basis using an approved indirect cost rate. Travel and training costs directly related to the contracted services are eligible.
 - 6.1.4. All personnel costs, including salary and benefits, that are charged or allocated to federal funds must be supported by time and attendance records which fairly represent the amount of time spent on activities directly related to the related contract. The method of documenting time and attendance shall be as reasonable as possible as determined by the Controller within federal requirements and must comply with the College Time Sheet Policy for Employees Working on Federal Grants or Contracts.

6.1.5. Unallowable costs include expenses for bad debts, contingencies or reserves, donations, entertainment, fines and penalties, interest, board activities, unrelated travel and training, and the under recovery of expenditures from another federal contract.

6.1.6. In no instance shall costs be shifted from one federal contract to another to bypass funding shortfalls, legal requirements, fund balance deficiencies, contract restrictions, etc.

7. State Custom Fit

7.1. It is the responsibility of the Custom Fit Department to prepare all training agreements and conduct all negotiations for State Custom Fit training agreements including preparation of budgets; to complete all required amendments, extensions, and program reports in a timely manner as required by the Utah System of Technical Colleges (System) and to maintain an adequate audit trail for each training agreement.

7.2. The Custom Fit Department shall be responsible to properly account for all costs charged to each individual training agreement following procedures and guidelines established by the Vice President of Administrative Services and approved College accounting policies and procedures.

7.3. The Custom Fit Department shall be responsible to maintain a central file of all training agreements and related accountability reports; to review all costs charged against each training agreement to ensure that expenditures, billings, and budget controls are in compliance with generally accepted accounting principles, contractual and statutory requirements, and System Custom Fit Policies. Budgets will be tracked by the Controller or designee at the department level.

7.4. Amounts requested for training agreements by the College Custom Fit Department shall be limited to the amount allocated to the Davis/Morgan service region by the System, plus any additional funds the System makes available on a statewide case-by-case basis.

7.4.1. The amount billed for each training agreement must not exceed the actual justifiable costs charged to that agreement within its budgetary limits. Settlements will only be submitted by Fiscal Services upon receipt of original copies of the program report and any required amendments or extensions from the Custom Fit Department.

7.5. Only direct training costs, as approved by the System, may be charged to State Custom Fit training agreements. Administrative and overhead costs are funded through general fund appropriations and/or required company matching funds.

7.6. All costs charged to training agreements, including personnel and other, must be made in accordance with all other College policy and procedures.

7.7. State Custom Fit Procedures

7.7.1. The Custom Fit Coordinator negotiates proposed training with company and prepares training agreement.

7.7.2. Custom Fit Coordinator submits training agreement to the company for approval.

7.7.3. If approved, Custom Fit keeps original documentation for processing and filing.

7.7.4. Fiscal Services will establish the account numbers, and proper accounting controls for each of the training agreements and provide them to the Custom Fit Coordinator.

7.7.5. The Custom Fit Coordinator will notify the payroll department, as needed, of the account numbers that personnel charges may be charged to. All new hires must be done in compliance with regular College hiring policies.

7.7.6. The Custom Fit Coordinator will code the training supplies and miscellaneous expenses to the account numbers for each course as provided for in 7.7.4. All purchases for Custom Fit must be done in compliance with College purchasing policies.

7.7.7. The Custom Fit office will maintain all documentation of the agreed upon training, including but not limited to: the training agreement, student attendance and information, training revenues and training expenses.

7.7.8. Fiscal Services will periodically review agreements for compliance with budget and accounting controls.

8. Approval and Notes

Board Approval: 27 June 2013

Presidents Council Approval: 29 April 2013