



**CAL MARITIME**  
RESEARCH & INNOVATION OFFICE

**PRINCIPAL INVESTIGATOR  
POST-AWARD HANDBOOK  
2024-2025**



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## I. Introduction

The purpose of this handbook is to acquaint Principal Investigators (PI) and their staff on the administration of externally funded (governmental and private organizations) sponsored projects and with California State University (CSU), California State University Maritime Academy (Cal Maritime), and the [Research and Innovation Office](#) (RIO) policies and procedures. Cal Maritime designates RIO to act as sponsored project administrator and agrees to provide grant and contract administration services in compliance with all applicable policies, procedures, regulations and guidelines.

Cal Maritime encourages faculty to seek external funding and engage in projects related to the mission and goals of the University. When external funding is awarded, the Research and Innovation Office (RIO) acts as the sponsored project administrator and fiscal liaison on behalf of the University. RIO has a fiduciary responsibility to monitor sponsored programs in such a way that ensures compliance with applicable policies and regulations, avoid fines, prevent fraud, and maintain the integrity of financial and project records.

In addition to this handbook, PIs may schedule appointments with RIO staff to discuss or review post-award activities in the administration of sponsored projects.

## II. Roles and Responsibilities

To effectively manage awarded sponsored projects at Cal Maritime, several individuals/groups need to work together throughout the life of an award. This section reviews the primary responsibilities of these individuals/groups once a project has been awarded to Cal Maritime and managed by RIO. For further details on the roles and responsibilities of all involved in the administration of sponsored projects, refer to policy [AA-09-004](#).

### **Principal Investigator (PI)**

The PI serves as the primary individual responsible for the integrity and the fiscal and administrative management throughout the period of the award. PI specific responsibilities include, but are not limited to:

- a. Being cognizant of, and adhering to, all contractual/award terms and conditions, as well as Cal Maritime policies and procedures related to administering sponsored projects.
- b. Working with RIO to obtain prior approvals of requests to the sponsor for any post-award changes relating to the conduct or scope of the work, budget amendment, or expenditure of funds awarded.
- c. Observing Cal Maritime policies and procedures to protect intellectual property rights and academic freedom.
- d. Supervising project personnel including co-investigators, sub awardees, and students.
- e. Submitting technical/programmatic progress reports in a timely fashion to RIO and the sponsor as required by the terms and conditions of the award.
- f. Managing the budget in a prudent manner and expending funds in accordance with the restrictions imposed by the award terms and conditions, as well as federal, state, and Cal Maritime policy. Funds may only be expended to directly support the project effort and expenditures should not exceed the total amount of funds awarded. Deficits and disallowances incurred against an extramural award account/fund are the responsibility of the PI.
- g. Advising RIO of any collection issues or any other information on the financial instability of the agency as soon as they are aware of these issues.
- h. Working with subawards (as applicable) and communicating operational and/or

performance issues to RIO throughout the project's life.

While responsibility for certain daily management of the project finances may be delegated to administrative or other staff, accountability for compliance with the sponsor requirements and campus policies ultimately rests with the PI.

Failure to carry out the responsibilities incumbent upon a PI or chronic noncompliance with sponsor regulations, can result in nonpayment to Cal Maritime. This may jeopardize future funding to the PI, as well as campus support for the PI to receive future funding.

For every new award, to establish and setup a project, the PI will need to:

- Review the Notice of Award, including the budget, period of performance, reporting schedule, and specific terms and condition;
- Complete a Campus MOU;
- If the sponsored project is the first received, attend a new PI Orientation meeting with RIO staff;
- Complete and submit Request for Personnel Action forms (RPA), as necessary.

### **Research and Innovation Office (RIO)**

RIO works closely with PIs and administrative staff to help meet an award's requirements. RIO assists with submitting requests to the sponsor for anticipated changes regarding grant personnel, funding extensions, revisions to the work plan or objectives, and budget adjustments. RIO also serves as the campus liaison with granting agencies, notifies PIs of report deadlines, coordinates reports, and assists in obtaining, completing, and submitting any required documentation or forms.

RIO is responsible for receiving, interpreting, negotiating, and accepting agreements for projects funded by federal, state, and local government agencies, foundations, corporations, and other public and private sources. RIO also prepares and negotiates all subawards for collaborative research. RIO's specific responsibilities during the post-award management process include:

- a. Serving as a liaison between the PI, project staff, administrative unit staff, and the sponsor.
- b. Advising the PI and project personnel during the award period regarding their obligations under the terms and conditions of the award. Informing the PI and other administrators about the actions that will need to be taken to meet the commitments under the terms and conditions of the award including subcontracting, patent rights, copyrights, rights in data, license agreements, publication rights, transfer of materials, etc.
- c. Serving as the central office of record for all awards made to Cal Maritime.
- d. Advising faculty and staff regarding prior approval requirements from the sponsor for changing aspects of the project (i.e., change in PI, change in scope of work / budget, reduction of PI time devoted to the project or absence from the project, no-cost time extensions, etc.).
- e. Coordinating and advising agencies of any unique requirements related to sponsor notifications during the life of the award, e.g., scope changes, funding changes, key personnel changes, and reduction in PI time devoted to the project or absence from the project. Coordinating and negotiating these changes with the sponsor and as necessary accepting or executing modifications to the award to effectuate these changes.
- f. Reviewing award changes to ensure that the scope of work and terms and conditions are acceptable to the PI and are consistent with Cal Maritime policies. Accepting or

executing modifications to sponsored agreements (grants, cooperative agreements, or contracts).

- g. Distributing the award documents and award synopsis to the PI and appropriate academic and administrative units.
- h. Interpreting sponsor policies, Cal Maritime policies and federal and state regulations related to the award terms and conditions, the project's conduct, and the delivery/reporting of project results.
- i. Assisting on unpaid invoices by sponsor, due to non-submission of technical/progress reports and other required deliverables by PI; and disputes on contractual terms.
- j. Monitoring and coordinating the submission of project reports and invoices required by the terms of the award and the administrative closeout of the project when the award expires. Assisting in the completion of all closeout procedures, as necessary.
- k. Developing subaward agreements/amendments and negotiating terms & conditions.

### III. Understanding Your Award

When a proposal is funded, the sponsor will typically issue a Notice of Award document with terms and conditions specific to the project. To maintain compliance, it is imperative to understand all the terms and conditions included in the Notice of Award document. The document will generally include:

- Amount awarded by sponsor
- Budget categories approved by the sponsor (including cost-sharing)
- F&A rate (Facilities & Administration rate, also referred to as Indirect Cost, or IDC)
- Type of funding – cost reimbursement, fee for service, fixed price
- Sponsor restrictions – e.g., no foreign travel, no equipment
- Sponsor limitations – e.g., actual expenditures cannot exceed 10% of budgeted categories
- Prior approval requirements – e.g., change of PI, project extension, equipment, foreign travel
- Program income, if applicable
- Reports required – e.g., financial, progress, etc.
- Submittal requirements for deliverables and invoices – due dates, format, distribution

#### **New PI Orientation Meeting / Review the Notice of Award Document**

All PIs receiving an award for the first time must attend a New PI Orientation with RIO. During the meeting, RIO will review with the PI the award terms and conditions, budget, purchasing, hiring, etc. RIO will also assist the new PIs to meet with Cal Maritime HR to review hiring policies and procedures and discuss the project's hiring needs.

#### **Project Agreement / Review the Notice of Award Document**

Upon receiving a Notice of Award document, RIO will prepare an Award Acceptance Form (AAF) routing package for required campus signatories. The AAF is a binding agreement that the PI will assure compliance with all policies and procedures pertinent to the project.

The AAF also includes an opportunity for the PI to authorize additional individuals with fiscal authority for the project. This is referenced frequently by RIO and Accounting to verify authorized signatures. It is important to maintain an accurate AAF. If changes should be needed, contact RIO.

Once a project is set up and active, the PI assumes responsibility for carrying out the award's

performance objectives, meeting sponsor requirements, and ensuring expenses stay within the award budget.

## Types of Award Mechanisms

Sponsored projects should be beneficial to the public and/or advance Cal Maritime's educational and research mission, and not primarily benefit the sponsor. There are four general award types:

- **Grant** – The purpose of a grant is to support a specific scope of work. Funds provided must be utilized to support the project and the applicable terms and conditions. The work may or may not result in the expected outcome(s). A grant generally anticipates no substantial programmatic involvement of the sponsor with the recipient during performance of the project or activity but sponsors usually require deliverables/progress reports and/or final report. Grants also typically require an accounting of the use of funds or return of unused funds.
- **Contract** – A contract is a legally binding, mutually beneficial agreement between Cal Maritime and the sponsor creating a quid pro quo relationship between the parties. The intent of a contract is to provide an economic benefit, generally in the form of services, as compensation. There may be penalties for failure to perform the negotiated scope of work.
- **Sub agreements** – “Pass through funding” from the prime sponsor to a prime recipient, wherein the recipient of the funding, then issues a “sub” agreement to another organization to accomplish a portion of the scope of work that is integral to the success of the scope of work of the prime recipient.
- **Gift** – Any item of value given to Cal Maritime by a donor who expects nothing of value in return, other than recognition and disposition of the gift in accordance with that donor's wishes. There is no formal fiscal accountability to the donor beyond periodic progress reports and summary reports of expenditures. These reports may be thought of as requirements of good stewardship, and, as such, may be required by the terms of a gift. They are not characterized as contractual obligations or "deliverables." A gift is described as a voluntary transfer of funds from one entity to another without the expectation of anything in return. A grant is described as a unilateral transfer of funds through an agreement from one entity to another with terms and conditions, which may include the expectation of financial and technical reporting incorporated into the funding document. Gifts are typically handled by Cal Maritime's Advancement Office.

## Types of Funding

Each Notice of Award document or Request for Proposal will identify the type of funding for each project. Most agreements received by Cal Maritime are cost reimbursable; however, there are three main types of funding:

- **Cost Reimbursement** – Refers to an award where the sponsor makes a commitment to award/obligate a specified amount, but the actual money is not received until RIO bills for the expenses incurred on the project. It should be noted, however, that sponsors have been known to withhold payment if certain requirements have not been met, e.g. non-submission of technical reports, or insufficient cost-share. The PI should submit timely programmatic reports and be diligent about cost share commitments to avoid this.
- **Fixed Price** – A less common type of award where the sponsor pays a fixed amount when the deliverables are received and accepted by the sponsor, regardless of what actual expenses are incurred. In the event an unexpended balance is left at the end of a fixed price contract, RIO (during closeout procedures) will transfer the residual balance as designated in the Trust Fund Agreement set up at the time the award was made.
- **Fee for Service** – an agreement in which the sponsor requests services which are typically repetitive or predefined, a set fee for satisfactory completion of services or deliverables.

Typically, the sponsor will retain ownership of the work product.

## Types of Payments

RIO is responsible for requesting and collecting payments for sponsored projects.

- Advance Payment – Some sponsors, usually private, enclose a check with their award document or make advance payments based on a payment schedule specified in the award document. The sponsor may require a financial report.
- Federal Draw Down – Also known as the cash draw down, it is applicable to most federal awards. This is an electronic fund transfer between RIO and the federal awarding agency to reimburse RIO for expenses incurred.
- Invoice – RIO initiates payment from the sponsor by submitting an invoice based on the invoice schedule outlined in the Notice of Award document. Usually, an invoice requests reimbursement for expenses incurred. Occasionally, an invoice is sent reflecting a payment schedule which does not correspond with expenses incurred.

## IV. Spending and Types of Purchases

### Overview

The following section reviews the allowability of costs, types of expenditures, and mechanisms used to incur costs (i.e.: employees, direct pay, hospitality, purchase request/order, procurement card, travel).

### Allowability of Costs

All costs directly charged to sponsored projects must adhere to the principles of cost allowability, allocability, and reasonability and must be consistently applied in like circumstances. It is the responsibility of the PI to adhere to these guidelines and to ensure costs are appropriately and consistently applied to sponsored projects. Also, the PI is responsible for using funds consistent with Federal/Sponsor regulations and Cal Maritime policies and procedures.

Sponsored project costs are grouped in two categories - direct costs and F&A costs - related to carrying out the project.

- **Direct costs** are the costs that can be identified specifically to a particular sponsored project.
- **F&A costs** (Facilities and Administrative Costs, also commonly referred to Indirect Costs or IDC) are the costs that are incurred for common or joint objectives and, therefore, cannot be identified readily or specifically with a particular sponsored project. F&A rates are negotiated by the campus with the Department of Health and Human Services (DHHS).

Costs charged to a sponsored project are normally **allowable** if:

- they are **reasonable**,
- they are **allocable** to the sponsored project,
- they are given **consistent treatment**,
- they are **allowable** by the sponsor's policies and conform to any limitations or exclusions set by the award terms and conditions, and
- they are **available** within the dates and budget of the award.



**Unallowable costs** are those costs that may not be charged to a sponsored project due to a sponsor, federal/state, or Cal Maritime policies. For more information, refer to the [Allowable Cost Policy](#).

In addition to allowability, purchases are reviewed for purchasing thresholds to ensure all purchases are in line with Cal Maritime Procurement Office policies and procedures. Purchases \$10,000 or greater require a Supplier Selection and Cost Justification Form and quotes or a Sole Source Request Form. See the Procurement Policy for additional information.

RIO personnel are responsible for reviewing and approving costs that are directly charged to a sponsored project and to ensure costs are compliant and to assist PIs when further clarification is needed for how costs should be charged to sponsored projects.

## **Coding Expenditures**

When incurring expenses, it is important to allocate the cost to all projects that benefit from the purchase. Expenses shared between projects should be charged to the appropriate project based on the estimated usage. For example, 100 test tubes are ordered. Project A is anticipated to use 60 test tubes and Project B 40 test tubes. The cost of test tubes should be split 60% to Project A and 40% to Project B. If an expense solely benefits one project, 100% of the cost should be charged to that project. The allocation is completed on the Purchase Requisition and Direct Pay forms.

Expenditures for a sponsored project must be coded to the applicable account category according to the approved budget. During the project setup, a budget is input into Data Warehouse using account codes reflective of the grant budget narrative. When incurring expenses, it is important to correctly assign account codes based on the input budget in Data Warehouse and the grant budget narrative.

Sometimes the proposed grant budget needs to be adjusted to reflect actual activity. Please work with RIO to complete a budget adjustment, if necessary. All expense line items roll up into an expense category or account code. If there is a budget amount in the expense category, an expense can *usually* be coded to any expense line under that category. However, certain sponsor exceptions exist that override this rule of thumb.

For additional reference, review the grant budget narrative for guidance on where expenses should be coded. Please reference the RIO website for a list of the commonly Used Account Codes.

## **Compensation for Faculty/Staff on Sponsored Projects**

Educational institutions which receive federal funding are required to maintain a payroll system that tracks ALL payroll compensation and should be consistent with actual effort expended (by funding source and activity). Payroll compensation is certified via timecard approvals and is the mechanism used to meet this requirement.

### **A change in effort may require an adjustment to payroll costs charged to a project.**

If the percentage of change is 10% or greater in a calendar year, expenditures should be corrected via an expenditure transfer to reflect actual effort spent working on a project.

Adjustments to personnel compensation/effort are not normally required for hourly employees because their timecards represent their certified effort via signature/approval by the PI or other designated timecard approver on their timecards. Exceptions to this rule are: 1) if the distribution of an employee's wages is altered by a cost transfer or 2) if the employee's time on one grant or fund was 'match' to another grant.

University Faculty and Staff are paid for their effort on sponsored projects through:

- **Reimbursed or Release Time** – Faculty and/or staff may receive release time from their department to reduce their university appointment to allow them to focus on a sponsored project. RIO will work with the PI during the proposal phase to initiate the Reimbursed Time paperwork and route for appropriate approvals. At the end of the semester/academic year,



the college budget analyst will prepare a chargeback with actual costs for the prior approved reimbursed time. Then, the personnel cost will be charged to the sponsored project.

- **Summer/Non-Academic Year Employment** – The time spent on grant/contract work during the summer or during other non-teaching time outside the academic year contract. Pay is normally based on the hourly rate of pay. Summer pay is paid directly from the project fund and not the University. Certain sponsors, especially federal sponsors, cap summertime/salary and this will usually be determined and calculated during the pre-award phase.
- **Academic Year Overload (Hourly Pay)** - This is payment for effort beyond the normal 30-unit (30 WTUs) annual full-time workload or equivalent during the normal academic year. Payment is based on the faculty member's hourly rate of pay. CSU's Additional Employment Policy allows up to 25% academic year overload for faculty. In general, overloads should be avoided during the regular semesters and release time should be prioritized.

Certain grant programs restrict the time a faculty member can work on a grant/activity as overload during the academic year and may prohibit the practice all together. Federal sponsors do not allow overload: faculty members working 100% on sponsored federal projects may not work more than 100% of their time. Please be sure to contact the RIO office to verify if your grant program has academic year overload restrictions.

For both summer and overload assignments, an RPA is completed, and the PI must record the hours worked on the grant/contract each month, so that a wage payment can be authorized. The hourly rate calculation allows the faculty to complete the necessary timesheets used by payroll to pay persons working on grant/contract projects.

## Equipment

Projects with equipment purchases will need to determine if the item(s) qualify as capital equipment. Equipment is considered capital equipment if:

- a unit acquisition cost is equal to or greater than \$5,000 and has an estimated life greater than one year; **OR**
- parts whose individual acquisition cost is less than \$5,000 but are assembled as one unit with an overall cost equal to or greater than \$5,000 and has a useful life greater than one year. This is fabricated equipment and will be considered as capital equipment.

If the equipment is to support multiple projects, or to support both sponsored and unsponsored activity, there should be an appropriate, documented allocation of the cost. Consult with RIO before processing any purchase requisitions which involve multiple funding sources.

## Equipment Prior Approval

Sponsor approval is generally required for the purchase of equipment. If not in the original budget, written approval must be obtained by the sponsor through a budget modification.

## Equipment Ownership

The award document or sponsor guidelines will specify who retains title to equipment purchased with sponsored funds. Sponsored-owned equipment must be carefully monitored and, in many cases, reported annually. Therefore, it is critical that both Cal Maritime Procurement and RIO be notified of any changes associated with the sponsor-owned equipment. "Changes" include, but are not limited to, items being moved from their original location, lost, stolen, or no longer being used by the project. **Sponsor-owned equipment may not be disposed of without sponsor's written approval.** When the project ends, disposition instructions must be obtained by the sponsor.

## **Equipment Tracking**

Capital equipment is entered into the Cal Maritime Procurement system. Each piece of equipment is bar-coded with a unique asset number that references back to the description, cost, and source of funds used to purchase. All equipment valued at \$2,500 or more will be tagged and tracked.

## **Final Property Report**

Some sponsors require a Final Inventory Report of equipment acquired with the sponsor's funds. Please be aware that even though not normally exercised, some sponsors retain the right to transfer title of the equipment to other sponsor-funded projects, at other institutions. Usually, this right is exercised by the sponsor within 90-120 days (about 4 months) from the project's termination date. In most cases, when equipment is purchased on a sponsored project, RIO must send a request to the sponsor for disposition instructions.

## **Hospitality**

Charging hospitality expenses to a sponsored project is often very controversial and highly scrutinized. Please refer to the Cal Maritime Hospitality Policy and Hospitality Guidelines for additional information. Hospitality expenses include:

- Entertainment Services - Reasonable expenditures as part of a public event include equipment and venue rental, decor, music, and performers.
- Food and Beverage - Reasonable provision of a meal (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies). Alcoholic beverages are not allowable on Federal projects and most non-Federal projects.
- Awards and Prizes - something of value given or bestowed upon an individual, group, or entity in recognition of service to the university or achievement benefiting the university with the expectation of benefit accruing to the university or for other occasions that serve a bona fide business purpose.
- Promotional Items - items that display the name, logo or other icon identifying the university such as a keychain, coffee mug, calendar, or clothing.

As a rule, federal agencies view food and hospitality expense as an unnecessary cost to perform the grant scope of work. Exceptions exist, however, so it is recommended to first check with RIO to see if hospitality expenses are allowed. If allowed, the following documentation is required:

1. Cal Maritime Hospitality Request Form
  - a. Approval is required prior to incurring any hospitality expense
  - b. A strong justification as to why hospitality is necessary to the grant objective
2. Sign-in sheets showing the number and names of the attendees
3. A brochure/flyer/invite/etc. describing the event, its time and duration, and its purpose.

## **Travel**

Travel on behalf of Cal Maritime must be conducted in a manner that is necessary, ordinary, reasonable, and not extravagant. Cal Maritime will reimburse individuals for travel expenses incurred for properly authorized, official Cal Maritime business in accordance with the established Travel Policy. Individuals are responsible for excess costs and any additional expense incurred for personal preference or convenience. All information including travel documents, traveler responsibilities, pre and post travel information and more are thoroughly detailed in the Cal Maritime Travel Guidelines and the CSU Travel Policy, ICSUAM 3601.

Alcoholic beverages are not allowable on Federal projects and most non-Federal projects.

Most state sponsored grants do not allow out-of-state travel. Check with RIO before scheduling travel.

## **Foreign Travel**

Foreign travel not listed in the approved project budget may require prior written approval from the sponsor. All requests to obtain sponsor approval for foreign travel on a project should be submitted through RIO well in advance. The request should provide information about the trip's purpose, number of people travelling, destination, number of days, and estimated costs. Additional approvals may also be required.

## **Foreign Travel and U.S. Flag Carriers**

Federal guidelines state that any air transportation to, from, between, or within a country other than the United States of persons or property, the expense of which will be paid by federal funding, must be performed by a U.S. flag air carrier if service provided by such a carrier is available. Projects using U.S. Federal Government funds (including pass-through funds from non-federal entities) require travelers to use U.S. flag carriers to comply with the public law commonly referred to as the [Fly America Act](#). The federal government has very specific and detailed requirements that must be met before federal funds can be paid to a foreign flag air carrier (less cost or convenience may NOT meet the requirements). For specific requirements, refer to the sponsor's guidelines or contact RIO.

## **V. Procurement and Purchasing**

The Cal Maritime Procurement Policy governs the purchase of equipment, materials, supplies, services. All purchases shall be made in a manner which supports a legitimate Cal Maritime business purpose. This policy blends good business practices and governing policy while complying with federal and state laws. Refer to Cal Maritime Procurement website to review the Procurement Policy and the Procurement Guidelines.

### **Service Agreements for Goods/Services**

All service agreements (contracts, MOUs, leases and licenses etc.) related to sponsored projects must be approved by RIO and signed by the Procurement Officer. If a PI or employee signs a contract, they are legally binding on themselves, not the University.

Contracts for goods/services may not be paid via Direct Pay Request or ProCard.

What must be submitted with the Service Agreements?

- Quotes
- Scope of Work
- Cost of goods/services
- Term of the Agreement
- Cost Justification
- Sole Source Justification (if applicable)

### **Purchase Requisitions and Purchase Orders**

A Purchase Requisition is used to initiate the Purchase Order (PO) for goods and services from outside vendors. The PO must be issued by the Cal Maritime Procurement office before placing any orders for goods/services. A PO is a legal document that obligates the vendor and Cal Maritime to render goods or services. All items purchased with sponsored project funds must comply with Cal

Maritime, RIO, and the sponsor's purchasing policies and procedures. Refer to the Procurement website for more information. RIO staff will work with you to create subaward agreements compliant with the sponsor's and Cal Maritime's policies and procedures.

Below is a high-level workflow involving a purchase requisition:

- Requisition is created by PI.
- Requisition is reviewed and approved by RIO for allowability, allocability, funding, coding, and supporting documentation, as required.
- The Cal Maritime Procurement Office reviews the requisition and generates the PO if approved.
- A copy of the PO is sent to the requestor, who may now place the order. When ordering, reference the PO number so it may be reflected on the vendor's invoice.

Once the order is placed and goods/services received, the vendor will send an invoice. The PI/authorized project staff need to review the invoice and confirm accuracy prior to submitting it to RIO for review. RIO will compare the invoice to the purchase order prior to approving it and forwarding it to Accounts Payable for payment.

### **Direct Pay**

Direct Pay is a reimbursement directly to an individual for a purchase of project related expenses from their personal funds. Direct pay may be used with low dollar purchases which don't require the establishment of a purchase order. For expenses requiring a purchase order, see the Procurement Office [website](#). Direct Pays are also approved invoices sent to Accounts Payable for processing without the establishment of a Purchase Order.

### **Procurement Card (ProCard) Purchases**

Cal Maritime has established a ProCard program designed to improve the efficiency, flexibility and convenience related to purchasing low dollar/high-volume transactions for goods, supplies and approved offsite services. The program is available to permanent employees and long-term temporary employees with a position appointment of at least six months. ProCard activity must be reviewed, reconciled, and approved monthly. Itemized receipts must be provided to support all charges. For purchases using sponsored project funds, additional supporting documentation may be required.

For more information on the ProCard program, visit the Procurement Office [website](#). Issuance of a ProCard is a privilege which can be revoked, and every reasonable effort must be made to ensure that funds are used responsibly and, in a manner, consistent with Cal Maritime policies, mission, applicable laws and ethical practices. The card CANNOT be used for personal expenditures.

## **VI. Monitoring Expenses & Project Progress**

Regular monitoring by the PI of a project's progress and ensuring expenses post correctly to the project is fundamental in ensuring a project adheres to the award's terms and conditions and applicable policies.

## Monitoring Expenses

### *Expense Tracking*

During the life of an award, it is important to keep track of expenditures so that neither a deficit nor a large surplus is left at the end of the award. Expenditures may take up to a month or longer to be posted to the accounting system, so PIs should consider maintaining a set of 'shadow books' to track award expenditures. Financial reports are available to the PI and assigned staff through the PeopleSoft Financial System and Sponsored Program module. To request access, complete the CFS Access form on the IITS website. Training is available from the Financial Systems Operations or RIO team. The shadow books should be used to compare the CFS financial reports. PIs can request from HR or RIO a list of employee ID numbers and names for each project to verify that all salaries and wages charged to the award are valid and correct. If variances exist, the cause should be identified and resolved with a cost transfer and RIO should be notified. For additional information see the Cost Transfer section.

### *Rate of Expenditure / Burn Rate*

During the project period, PIs can jeopardize their funding when spending either accelerates at an unanticipated rate or falls significantly behind project expectations. While there may be good programmatic reasons for accelerated or decelerated levels of spending, it is a good idea to monitor the burn rate of expenditures.

### *Excessive Spending Near the End of Project*

Excessive spending near the end of a project is a "red flag" for auditors. Such activity raises questions about purchases that may be hard to justify in terms of project benefit and their necessity to complete project goals. If the technical progress of the project is over, but then costs pile up at the end, an audit review could conclude that such costs were not necessary and were not allocable to the sponsored project. Any disallowed costs are the responsibility of the PI and may be charged to their IDC campus program project.

Equipment purchases in the latter part of a project are often scrutinized, and sometimes not allowed. An expenditure late in the project period, e.g., within 60 days of the end date, must be explained and documented and may require written approval from the sponsor.

## Changes over the Life of a Sponsored Project

Actual expenses and plans for a sponsored project may be different than initially proposed/awarded. Each sponsor has guidelines about how changes to the award should be handled. Any changes in the award terms and conditions must be discussed with RIO before implementing any changes.

### *No-Cost Extensions*

No-cost extensions (NCE) are usually requested by the PI due to project delays, where additional time is needed to carry out the approved scope of work, but no additional funding is required. That funds remain at the end of a project is not sufficient justification for an extension. The PI should describe the reason for the extension along with the spending plan for the unexpended balance. Expanded Authorities on many federal grants and cooperative agreements may allow RIO to approve a single no-cost extension.

### *PI or Key Personnel Transfer/Absence/Reduction of Effort*

Advanced written sponsor approval is required when the PI or other key personnel intend to transfer to another institution, plan to be absent from the project for three months or more or reduce their level of effort by 25% or more from the awarded level. The PI, working with RIO, is responsible for obtaining prior sponsor approval for Key Personnel changes and effort reductions.

### *Scope of Work Change*

Any change in the proposed scope of work (SOW) requires sponsor approval. The PI should describe the SOW change needed and the impact the change may have on the budget.

### *Carry-forward*

Certain sponsor awards may not allow automatic carry-forward of unexpended funds for each budget period. The PI must review the sponsored award terms closely to ensure whether the award requires advance sponsor approval for carry-forward of unexpended funds to the next budget period.

### *Significant Re-budgeting*

Re-budgeting of awarded costs may be considered significant when the change results in re-budgeting a single direct cost budget category by more than 10% of the total award. Depending on the terms of the award, the PI may be required to submit a revised budget to the sponsor explaining the need for significantly re-budgeting project costs. Significant re-budgeting may indicate a change in the scope of work.

### **Cost Share (aka 'Match')**

Some sponsors require that the award recipient cover a portion of a project's cost. When such a requirement exists, it is referred to as 'cost share' or 'match'. Cost share typically takes the form of in-kind contributions or cash. An example of an in-kind contribution would be salary and benefit costs for the PI or other personnel on a project that is not reimbursed by the sponsor. Another example would be project supplies purchased with non-sponsored project funds. There is an institutional record of the cost share/matching in financial records.

Cost share goes through the same allowability review as grant expenditures. It must meet the same criteria as any expense that would be directly charged to the grant, i.e. it must be reasonable, allocable, and a direct benefit to the project. All instances of cost share must be documented.

The PI and RIO track cost share, including all documentation, at least quarterly or whenever the sponsor requires the cost share to be reported. Not meeting the cost share requirement of a grant can impact the sponsor's reimbursement. Some sponsors will only reimburse up to the amount of cost share contributed by the recipient. Please refer to the Policy on Cost Share for more information.

### **Cost Transfers**

When errors occur in making initial charges, a cost transfer can be used to correct the error. Any cost transfer involving grant funds is subject to critical review and requires a strong justification. Federal regulations prohibit the transfer of costs from one grant to another to cover overdrafts or use balances left at the end of a grant.

The Expenditure Transfer Request form stipulates what information is required when processing a cost transfer. All cost transfer requests must include a written explanation, back-up showing where the original cost was posted, and approval from the PI before it can be processed. The justification should be prepared so that a person outside Cal Maritime (i.e., an auditor) would understand why the cost transfer is necessary. Transfers must be completed within 90 days (about 3 months) of the original expenditure. Cost transfers not made within the 90-day time frame will be reviewed on a case-by-case basis. *Note:* The 90-day rule may not apply for transfers relating to grants that have ended. Reporting requirements may limit the timeframe to 10 days or less after the performance end date.



## Suggestions for review:

Review Budget to Actual reports in the Common Financial System (CFS) for errors and problems such as:

- Incorrect or unallowable account codes (i.e., supplies posted in salary)
- Purchase orders (i.e., encumbrances) completed but still listed as open
- Budget category or bottom-line is in an overdraft status
- Salary Charges – review salary charges to be sure they are consistent with the personnel working on the sponsored projects. CFS provides detail by employee ID number. PIs can request from Corporation Payroll a list of employee ID numbers and names for each project to monitor payroll salaries and benefits by employee.
- Compare supporting documents on file – invoices, expenditure transfer requests, direct payments - to the Budget to Actual report for agreement.
- PIs may elect to keep track of all known project expenditures in a worksheet (aka “Shadow Book”) and use the Shadow Book to compare to CFS financial reports to discover discrepancies. Remember that CFS reports are historical, and expenses might not be reflected in CFS for up to 30 days after expenses are incurred.

## Program Income

Program income is income earned from activities of a sponsored project. An example of program income would be fees paid by participants for a workshop or conference funded by a sponsored project. Most federal agencies require that program income be used for the purpose of the project and be reported; however, terms will vary by award. It is critical to carefully review the terms of the award and to develop a plan with RIO to track and report program income.

## VII. Compliance

Maintaining and managing compliance with all applicable policies and regulations is integrated in all aspects of a sponsored project. It begins in pre-award and extends beyond the closeout process.

### Common Regulatory Compliance

#### *Financial Conflict of Interest*

In accordance with state and federal conflict of interest (COI) regulations, Cal Maritime instituted a COI policy to manage, reduce, or eliminate any actual or potential conflicts of interest involving activities conducted under the authority of Cal Maritime or its auxiliary organizations. This policy requires investigators supported by external funds to disclose significant financial interests that may constitute conflicts of interest.

To ensure key personnel working on a sponsored project do not have a financial conflict of interest, specific sponsors require a financial conflict of interest (FCOI) disclosure before a proposal is submitted, or accepted, and often require interim statements to be submitted to RIO. Please reference the Conflict of Interest Policy for specifics.

Additionally, awards from the State of California and from PHS agencies require FCOI training. For additional training information, please see the COI [website](#) and Conflict of Interest Policy.

#### *Human Subjects*

When humans are used in research, whether through data collection identifiable as private information or interaction with the individual (as a recipient of the test article or a control), this is

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considered human subjects and must be approved by the Cal Maritime Institutional Review Board (IRB).

The IRB is an independent committee that protects the rights and well-being of research subjects. As part of the protocol and informed consent process, the IRB reviews all aspects of compensation and reimbursement made to a human subject including amount, proposed distribution method, timing, and if a human subject is either a Cal Maritime student or employee.

For additional information please see the IRB [website](#).

### *Animal Subjects*

All research involving animals must be reviewed and approved by the Institutional Animal Care and Use Committee (IACUC). IACUC ensures the humane treatment of all animals used in research.

### *Responsible Conduct of Research (RCR)*

Cal Maritime promotes the responsible conduct of research among its faculty, students, and staff. Federal legislation and agency policies (e.g., NIH, NSF, USDA) require that awardees of specific federally funded research and training grants provide appropriate Responsible Conduct of Research (RCR) training. For additional information, please contact RIO for the Responsible Conduct of Research training module.

## **Compliance Audits**

Compliance audits are independent reviews of grantee records, verification of financial record accuracy, and confirmation of compliance with contract requirements. The auditor's objectives during the audit are to determine if grant funds were used as intended and specified in the contract, determine if the grantee's internal control allows for the accurate and timely development of accounting data, and verify compliance with applicable laws, regulations, and contract requirements. If an audit reveals non-compliance issues, an audit finding is often made public. Auditors do not generally have enforcement authority but are there to publicly disclose how grantees are operating.

RIO is involved in all financial audits of sponsored projects, serving as the liaison with auditors. In conjunction with other Cal Maritime departments, RIO provides financial reports, expenditure supporting documentation, and other sponsored project administration documents as requested by auditors. Certain records kept by the PI and staff must also be available for audit inspection, e.g. eligibility documentation for scholarships and human/research subject participant information.

RIO is routinely involved with the following audits:

### **a. Federal Single Audit - Uniform Guidance (2 CFR § 200)**

The OMB (Office of Management and Budget) Uniform Guidance is a set of regulations that impact the proposals for federal funding, the way grants and contracts are managed, and the cost principles that guide research at Cal Maritime. Universities and other non-profit institutions must have audits conducted in compliance with Subpart F—Audit Requirements. Auditors are required to determine if: (a) financial statements are presented accurately; (b) the University has an internal control structure that provides reasonable assurance that federal awards are being managed properly and ensures compliance with laws and regulations that could have material effect on the financial statements; and (c) the University has complied with those laws and regulations that could have a direct and material effect on its financial statement amounts and on each major federal assistance program. Cal Maritime is also responsible for submitting the single audit report to the federal government.

### **b. California State University Chancellor's Office (CO) Audits**

Audit and Advisory Services assists university management and the Trustees by conducting and completing independent and objective operational and compliance audits, internal control reviews, investigations, and advisory services to add value and improve operations across

the CSU. This assistance is provided through a series of independent and objective operational and compliance audits, internal control reviews, investigations, and advisory services designed to add value and improve operations.

**c. Sponsor or Project Audits**

Some sponsors send auditors to audit the projects funded by them. During these audits, the auditor(s) may review a sample of transactions funded by the sponsor to ensure that Cal Maritime has complied with the sponsor's policies and specific requirements and restrictions. In addition, Cal Maritime and RIO's internal controls are reviewed to ensure that they adequately safeguard the sponsor's funds.

**d. Desk Audits**

A newer, and increasingly more frequent, method of monitoring is the desk audit. Desk audits can be quick and easy, or an administrative burden depending on the extent and depth to which the agency chooses to audit its recipient. Desk audits are like sponsor or project audits but are performed electronically.

## VII. Reporting

Specific reporting requirements for each sponsored project are identified in the Notice of Award document. These requirements often vary between projects and sponsors.

### **CFS Data Warehouse**

CFS Data Warehouse is our internal financial system and can provide project specific expenditure reports. Expenditure reports should be run and reviewed by the PI every month. Reviewing expenditure reports monthly will ensure that unallowable/incorrect expenses are identified and removed promptly.

The Information Technology department (IT) offers instruction to approved employees on how to run various reports in Data Warehouse. RIO can also help run financial reports.

### **Technical, Progress, or Programmatic Reporting to Sponsors**

Often, a sponsor will request technical, progress, or programmatic reports to evaluate the progress of the project. It is the PI's responsibility to submit programmatic reports in accordance with the sponsor's required format and due dates. A copy of the report should also be forwarded to RIO.

The PI is responsible for keeping all programmatic materials and reports as specified in the Notice of Award. For additional information on record retention, please see Closing a Project below.

### **Financial Reporting to Sponsors**

If any sponsor, federal or non-federal, requires or requests a financial report, the report should be prepared and submitted by RIO.

Some federal agencies require a Federal Financial Report be filed every quarter, or at least semi-annually. RIO is responsible for submitting these reports. Federal regulations also require that a SEFA report (Schedule of Expenditures of Federal Awards) be submitted at the end of each fiscal year. It is important to capture all expenditures, including those incurred but not billed or paid. RIO works with the Accounting Department, subrecipients, PIs, and other staff to accrue those expenses at year end.

Additional reporting by RIO includes the National Science Foundation's Higher Education R&D Survey. This comprehensive survey is submitted annually in January, and tracks R&D expenses on our campus by type, discipline, sponsor, purchased equipment, number of persons employed, and other elements.

## IX. Closing a Project

The final step in managing a sponsored project is the closeout period. The closeout period typically begins 90 days before the end date and depending on the sponsor is generally to be completed within 90-120 days after the end date. Refer to the Notice of Award specific to your project to confirm reporting requirements and closeout requirements for your project. For additional information, please reference the Sponsored Project Closeout Procedures.

### Timeline to Facilitate Smooth Close Out

#### 3 Months prior to Expiration RIO will contact PIs and staff to:

- Remind them of the project end date.
- Will there be a balance at expiration?
- Will the work be complete by the project expiration?
  - If work will not be completed, work with RIO to request a no-cost extension (NCE).
- If project will end, check on the status of encumbrances.
- Check on status of required cost share. Has the minimum been met? Is the documentation complete?
- Check Accounts Receivable for any outstanding invoices. Resolve any outstanding issues.

#### 1 Month prior to Expiration PI and staff need to:

- Ensure all outstanding invoices are being paid and processed by Accounts Payable.
- PI and staff should begin preparing the paperwork to move personnel to new funds, if necessary.
- Once again ensure that any cost share or encumbrance issues have been resolved.

#### After the Expiration Date of the Fund/Project RIO will:

- Determine that all expenses posted after the end date were incurred before that.
- Confirm with PI and staff that all expenditures have been posted and the balance of funds remaining is accurate.
- Remind the PI to submit all other final reports required by the agency.
- Prepare a final invoice or make a final drawdown.
- Prepare final financial report (e.g., SF425, sponsor format) as required by sponsor.
- Prepare a closing packet based on the closeout checklist.

### Final Reports

Most sponsors require final reports to be submitted. The final report deadlines are typically 90 days from the project end date but do vary by sponsor. Please check with the Notice of Award and RIO if you are unsure as to when your report(s) are due. Meeting this deadline becomes especially crucial when the award document specifically stipulates that final invoices/billing received after the deadline are not acceptable and will not be paid. As previously stated, these deadlines can only be met when the PI works closely with RIO.

- **Final Technical/Programmatic Report** - Often a sponsor will require a final technical or programmatic report to evaluate the project's success. It is the PI's responsibility to submit technical reports in accordance with the sponsor's required format and due dates. The final technical reports may include additional reports such as equipment and invention reports. A copy of the report should be forwarded to RIO.

The PI is responsible for keeping all programmatic materials and reports as specified in the Notice of Award. For additional information on record retention, please see Record Retention

below.

- **Final Financial Report**

Once a final invoice is submitted, it is very difficult to get reimbursed for additional costs. It is critical that all project-related costs be allocated to the project before the final report is submitted. This means cost transfers, outstanding encumbrances, and other outstanding expenses must ideally be processed 30 **before** the respective due date of the final financial report.

- **Final Equipment, Property, or Invention Report**

Some sponsors require a final inventory of equipment acquired with sponsor funds. Even though it is not normally exercised, some sponsors retain the right to transfer title of the equipment to other sponsor funded projects, possibly at other institutions. Usually, this right must be exercised by the sponsor within a specified period, usually 90-120 days from the termination date of the project. If the equipment is owned by the sponsor, a request for disposition instructions must be sent to the sponsor.

### **Closing a Project**

Projects are considered completed or “closed out” after the sponsor receives and approves all reports as required by the terms and conditions of the award.

Once a grant has been closed, RIO will verify that all fund balance sheet accounts are zero, and revenue and expense accounts net to zero. RIO will notify Accounting and Financial Systems Operations to de-activate the fund and associated projects.

### **Record Retention**

Most sponsors require that records be retained for a minimum of three (3) years from the date the final expenditure report is submitted, or final payment received. RIO will retain institutional records according to sponsor requirements. If paper documentation is only maintained with the department (e.g., eligibility documentation), it is imperative that the department retain the back-up documentation for the period required by the sponsor. This documentation may be requested in a future audit.

# Quick Reference Guide

## Flow of Documents for Sponsored Projects

