511-002-C: BEST BUSINESS PRACTICES AND PROPER STEWARDSHIP OF FUNDED PROJECTS POLICY

I. Proposals: Submit all proposals and budgets to Sponsored Programs Office ("SPO") for review before submission to the funding agency.

II. Award Notifications: Do NOT perform work on a project until a letter of commitment or fully executed award is received from the funding agency. Without a letter of intent or fully executed award, reimbursement for costs incurred may not be recovered from the funding agency.

In the event that pre-award costs are allowed and necessary, the Project Director/Principal Investigator’s ("PD/PI") College/Administrative Unit will be responsible for any incurred costs and will:

- Seek approval for pre-award spending,
- Contact SPO if work needs to begin before a letter of intent or fully executed award is received,
- Contact SPO to set up a project, if approved for pre-award spending, rather than charge costs to an inappropriate project, and
- Remember that SPO will do whatever possible to expedite the funding and set-up process, including contacting the funding agency.

III. Amendments/Modifications: Contact SPO immediately if the scope of work, budget, or contract language needs to be amended or if a no-cost extension is needed. SPO (University Advancement for private funds) will work with the Project Director/PI to contact the agency for permissions. Without a formal amendment legally in place, the Project Director’s Campus/Administrative Unit will be liable for reimbursement of costs or audit disallowances.

- Additional work beyond that in the original work scope should not be performed unless agreed upon in writing and signed by SPO and the funding agency.
- Work should not be performed past the project end date without a no-cost extension from the funding agency.

IV. Expenditures: Directly charge allowable and allocable expenses to the specific project for which they were budgeted. (See 531-003-A: Allowable Costs/Expenditures and Post-Award Administration Policy.) Doing so:

- Prevents co-mingling of funds – expenses should NOT be charged to a project if the expense does not fit the scope of work or because project to which the funds should be allocated has not been set up yet.
- Prevents invoicing an agency for unallocable and unallowable costs.
• Reduces the number of red flags to auditors due to excess journal entry transfers

Monthly Expenditure Review by Project Director/Staff:
• Review your expenditure reports monthly to identify improper posing of expenditures. (Expenditures can also be reviewed at any time using CMS.)
• Submit necessary “Transfer Requests” to SPO for correction of errors.

V. Expenditure Transfers/Journal Entries: Due to audit findings at other campuses, auditors are currently scrutinizing journal entries; therefore, transfers should be limited. However, if a transfer is necessary, the PD/PI should:
• Request it in a timely manner. Corrections should be made before an agency is invoiced, not at the conclusion of the project.
• Clearly document any journal entry, stating the reason/justification for the transfer and providing a detailed description of the charges.
• Provide as complete documentation for journal entries as for all other expenses charged to projects.

VI. Contracts, Independent Contractor’s Agreements, Subcontracts, or Other Binding Agreements: Independent contractors and/or subcontractors should not begin work until agreements are fully executed by SPO.
• Since SPO is the legal recipient of all awards, SPO’s authorized signatory must review and sign all agreements.
• Payment terms for independent contractor agreements and subcontracts should be in accordance with the primary award.
• SPO will monitor sub-recipients as required by the primary award.

VII. Invoicing: Timely and accurate invoicing is important for both grants or contracts and campus program accounts.
• University Corporation Grants Accounting must process all invoices to insure that a proper receivable is set up on the University Corporation books. University Corporation Grants Accounting is the only authorized department to invoice on behalf of grants and contracts.
• All checks for payment should be payable to the University Corporation of CSUMB and should be remitted to University Corporation Grants Accounting with a deposit slip.
• In the event that a Project Director/PI receives a check that references an invoice number, the Project Director/PI should send the check directly to University Corporation Grants Accounting. To insure proper posting, payments must be sent with the invoice number referenced.

VIII. Reports – Program/Financial and Other Important Correspondence: Timely reporting and a record retention policy are required for all funded projects by the regulations governing such projects and are legally required by the agreement or award. SPO is required to maintain on file for audit purposes all program reports and University
Corporation Grants Accounting must keep a file with all financial reports, as well as any important correspondence, expenditure documents and other information related to a specific project.

- **All financial reports** should be completed by University Corporation Grants Accounting.
- A copy of all program reports and other important correspondence should be sent to SPO to put in the project file for record retention and audit.
- Cost-share documentation should be gathered throughout the project period as applicable and forwarded to SPO for verification.
- The funding agency and SPO should be contacted if a program report is not going to be completed by the required deadline.

**IX. Closing of Projects:**

- Order, receive, and use all items paid for with project funds within a reasonable amount of time prior to the project end date.
- For auditing purposes, forward the final program report and any progress reports not previously forwarded.
- If applicable, forward any outstanding documentation to verify Cost Share/Match contributions as specified in your budget or budget narrative.

**X. Adoption and Review**


B. This policy shall be evaluated ten years from its adoption date to determine its effectiveness and appropriateness. The policy may be evaluated before that time as necessary to reflect substantial organizational, financial, or physical change(s) at the University Corporation or any change required by law or by other governing policy.

Any proposed amendments or variations of this policy would require a majority approval by the Corporation Board of Directors.

**XI. Related Documents**

A. 511-001-A: Management of Sponsored Programs Policy
B. 531-003-A: Allowable Costs/Expenditures and Post-Award Administration for Grants and Contracts