



Restricted Fund Accounting Policies and Procedures
 Federally Funded Contracts and Grants
 Effective Date: July 1, 2009
 Board Approval: June 9, 2009

1. Purpose.

To define policies specifically governing restricted contracts, agreements and grants (hereafter referred to as contracts) funded from federal sources. These policies are in addition to general policies governing all contracts and grants as outlined in Sub-section 06-01 of this manual.

In addition, each individual federal contract may also be subject to additional federal requirements specific to that federal contract or its granting agency.

2. Policy.

2.1. All charges made against contracts funded from federal funds shall be made in compliance with OMB Circular A-87, Cost Principles Applicable to Grants and Contracts, and other federal requirements as determined by the VP of Finance and Operations. 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-87 requirements are integrated in the policy statements below.

- a) State or local contracts providing federal pass-thru funds shall be considered federal contracts if the TATC 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.
- b) 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 TATC. Amounts allocated to federal funds must be based on the relative benefit to the contracted purposes it funds.
- c) 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.
- d) 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 contract. The method of documenting time and attendance shall be as reasonable as possible as determined by the VP of Finance and Operations within federal requirements.
- e) 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.
- f) 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.