



FEDERAL GRANT POLICY

I. Introduction

This policy has been developed to safeguard Haverford College's assets and, in so doing, steward Haverford as a perpetual institution.

Sponsors have very specific rules and regulations regarding research activities and the administration of research activities. This document addresses many of those rules and is designed to assist members of the College community in administering sponsored research. The College takes federal regulations and non-federal sponsors' policies very seriously. It views the proper fulfillment of the requirements as a shared responsibility between and among all parties involved in the application and administration of research.

A. Purpose

1. This information aims to state the general policies and procedures that the College follows in managing the post-award activities of contracts and grants. Although this information is as complete, current, and informative as possible, it can in no way be all-inclusive. The College intends this information to be used as a guide, not a substitute for agency interpretations or specific award requirements.

B. Scope

1. This policy applies to all federally funded sponsored projects. It should be understood by Principal Investigators (PIs)(Grant Managers), Department Managers, Department Chairs, the Associate Provost for Research, and the Grants & Research Support team.

C. Policy

1. The basic regulations for determining the costs of federally sponsored agreements at educational institutions are outlined in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200 or Uniform Guidance).
2. College Policy for federal and non-federal sponsored projects follows the Uniform Guidance as applicable, as guidance in monitoring and maintaining all sponsored projects. The College is audited annually to ensure we comply with these policies. ***All purchases must also follow College purchasing policies and procedures.***

This section intends to convey some of the most significant requirements of the Uniform Guidance and the accounting practices the College follows to comply with them. The federal government, and therefore the College, places the primary responsibility for meeting these requirements with the Principal Investigators (PIs) of sponsored projects. The Grants & Research Support team and the Provost's Office should be able to provide guidance to and oversight of research units. The Grants & Research Support team is responsible for guidance and training. The Controller's Office is responsible for ensuring compliance through internal controls and periodic internal and external audits.

a. **Cost Criteria**

All costs charged to the federal government must meet the following criteria:

i. **They must be reasonable** – A prudent person would have purchased the item and paid the same price given the circumstances at the time.

ii. **They must be allocable** – The goods or services involved are chargeable or assignable to the sponsored agreement in accordance with the relative benefits received.

iii. **They must be given consistent treatment** – The expenditure must be treated the same way (*throughout the College*) as those for a similar purpose in similar circumstances.

iv. **They must be allowable** – The expenditure must be necessary and reasonable for the performance of the award.

b. **Direct Costs**

Direct costs can be explicitly identified with a particular sponsored project, an instructional activity or can be directly assigned to such activities relatively easily with a high degree of accuracy. If an expenditure benefits a single project, it should be charged entirely to that benefiting project. If a cost benefits two or more projects or activities, it must be allocated in accordance with its benefits to each project. Allocation of charges among more than one project must be apportioned based on proportional benefit. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. Where an institution treats a particular type of cost as a direct cost of sponsored agreements, all costs

incurred for the same purpose in like circumstances shall be treated as direct costs of all activities of the institution. See Uniform Guidance [200.413](#).

The above statement implicitly makes the point that charges to a sponsored project should support the project's purpose and activity and represents those costs necessary to meet the project's scientific and technical requirements. Such charges cannot be assigned arbitrarily or for simplified budget management unrelated to the sponsored agreement's purpose. Further, any cost allocable to a particular sponsored agreement or other cost objective may not be shifted to other federal agreements to overcome funding deficiencies or to avoid restrictions imposed by law or by the terms of the agreement.

c. Additional Criteria for Determining Direct Costs

The cost must be included in the awarded budget, or the cost must be permitted within the re-budgeting authority granted by the sponsor. When preparing applications for sponsored projects, the PI submits a detailed budget. This budget includes line items such as salaries and wages, benefits, travel, supplies, and other direct costs. The award reflects approved budgeted items and becomes a part of the agreement between the College and the sponsor. Only those costs included in the budget or re-budgeted costs allowed by the sponsor should be charged. If the cost requires institutional and/or sponsor's prior approval after the award is made, the approval must be secured before the cost is incurred.

The sponsor must not restrict the cost. As indicated in the award notice or sponsor guidelines, restricted or unallowable costs may not be charged to a sponsored project.

d. Federal Unallowable Costs

Federal cost policies dictate that certain expenditures be given special accounting treatment. Even if not directly charged to the federal government or reported as cost-sharing (*i.e., charged instead to a departmental operating account*), expenditures considered to be federal unallowable costs must be separately identified in the accounting records, charged to the College fund or home operating budget so that they can be excluded from the College's cost in the preparation of the Facilities and Administrative Cost Rate Study. Federal unallowable costs fall into two categories: unallowable in and of themselves (*such as entertainment*) and costs incurred for unallowable purposes.

e. Unallowable costs are as follows:

- i. Advertising for general promotion of the College
- ii. Alcoholic beverages
- iii. Alumni or Fundraising activities
- iv. Bad debts
- v. Charitable donations, contributions
- vi. Commencement and convocation expenses
- vii. Contingency provisions
- viii. Entertainment (*including local meals not specifically and clearly identified in the proposed scope of work and budget*) and social activities
- ix. Fines and penalties
- x. First class or other non-coach travel
- xi. Gifts - including flowers
- xii. Goods and services for personal use
- xiii. Legal fees
- xiiii. Lobbying costs
- xv. Membership in any civic or community organization, country club, or social club
- xvi. Student activity costs

f. Indirect Costs/Facilities & Administration Costs (F&A)

Indirect costs are the real costs of College operations, which are not readily assignable to a particular project. Under the Uniform Guidance, Federal Agencies determine these indirect costs; indirect cost rates are negotiated with the Department of Health and Human Services (*DHHS*), the cognizant federal agency for the College. These rates apply to all federally sponsored projects and, in accordance with College policy, are extended to include all other sponsored activities.

The approved indirect cost rate is applied directly to a sponsored project based on the allowable costs based on grant type. The resulting recovery helps to offset costs related to operating, depreciation, and maintaining laboratories and equipment, the administrative effort required to support federal projects, and library costs. Full recovery of these costs is expected on all grants or contracts.

II. Transfer of Expenditures (*Cost Transfers*)

All requests for expenditures between two (2) or more sponsored projects must be explained completely and fully supported for audit purposes. The same is true for transferring funds between sponsored programs and College funds. Transfer requests made more than ninety (90) days after the initial assignment/allocation of the cost will be approved on an exception basis.

III. Cost Overruns, Unallowable Costs

When it is determined that a grant or contract account is over budget or that unallowable costs have been incurred on the account, the Controller's Office will promptly transfer the charges to the PI's startup grant. The transfer will be made to the PI's departmental account if there is no faculty startup grant.

IV. Effort Reporting

Federal regulations require a salary certification system to support and document salary charges to federal grants and contracts. To meet the federal requirements prescribed by the Uniform Guidance, the College has chosen the Plan Confirmation System.

Salaried employees whose salary is at least partially supported by federal funding are required to submit effort certification monthly through Workday. See '[submit effort certification](#)' through Workday for details.

V. Additional Compensation

A. Uniform Guidance [200.430](#) provides the following guidelines for charging faculty salaries to sponsored research projects:

1. **Institutional Base Salary:** The compensation that the College pays an employee, whether that individual's time is spent on research, teaching, administrative and other services, or other activities. The compensation relevant in determining ***institutional base salary (IBS)*** is the amount that is guaranteed and fixed in advance by the appointment letter or employment agreement and paid through the College payroll system.
2. **Salary Rates for Academic Year:** Charges for work performed on sponsored agreements by faculty members during the academic year will be based on the individual faculty member's ***IBS*** for the continuous period, which constitutes the basis of their salary. Charges for work performed on sponsored agreements during all or any portion of such period are allowable

at the **base salary rate** and will not provide additional compensation to the faculty member but will reimburse the College for their salary & benefits in an amount proportional to the effort performed on the sponsored agreement. In no event will charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of base salary for that period.

3. **Interpretation Summer Salary:** See – [Policy on Faculty Summer Salary](#) obtained from Sponsored Projects for details, processes, and examples.

VI. Subrecipient Agreements

A. Subrecipient vs. Vendors

In determining whether a sub-recipient or vendor relationship exists, it is expected that only some of the categorized characteristics will be present. Sound judgment should determine whether an entity is a sub-recipient or a vendor. There may be unusual circumstances or exceptions to the characteristics listed below.

B. Subrecipient Relationship

A sub-recipient relationship exists when a third party:

1. Performs a substantive portion of the programmatic work, which is defined as project activities that are a primary purpose of the prime award
2. Has responsibility for programmatic decision making
3. Uses the funds provided to carry out a program of the subrecipient as opposed to providing goods or services for a program of Haverford
4. Is responsible for helping Haverford meet the requirements of its prime award
5. Determines who is eligible to receive federal financial assistance
6. Has performance measured against whether the objectives of the federal program are met
7. Has the responsibility for adherence to applicable federal compliance requirements

C. Vendor Relationship

A vendor relationship exists when a third party:

1. Provides professional services or highly technical advice, such as a consultant

2. Provides goods or services as a part of its normal business operations
3. Provides similar goods or services to many different purchases
4. Operates in a competitive environment
5. Is responsible only for meeting requirements of the contractual services contact between Haverford and the vendor
6. Provides goods or services that are ancillary to the operation of the federal program
7. Is not subject to compliance requirements of the federal program

D. Subrecipient Monitoring

In accordance the Uniform Guidance,

1. The PI:
 - a) will closely monitor the work of the subrecipient to ensure that the work is being performed in accordance with the requirement of the subaward. The subaward requirements include, but are not limited to, the time period of performance, method of deliverables or performance, quality assurance standards, and property reporting requirements. This includes monitoring the technical program of the subaward, including receiving and maintaining the project reports and final reports.
 - b) will review the subrecipient's invoice(s) for cost reasonableness compared to the completed research. Only authorized payments of the subrecipient's invoice(s) based on satisfactory performance of work performed will be approved for payment.
 - c) will only authorize payment if work is satisfactory. If there are potential delays or a breach in the terms and conditions of the subaward, the PI notifies the Grants & Research Support Team at once.
 - d) will create a requisition in Workday. Once the purchase order is created from the requisition, you will receive invoices for payment against the purchase order.
2. The Director of Sponsored Research:
 - a) will identify to the subrecipient the federal award information and applicable compliance requirements: Catalog of federal domestic assistance (CFDA) number, award name, name of awarding agency, and applicable compliance requirements are provided in the subaward agreement.

3. The Controller's Office:

- a) will review audited financial statements and single audit reports of the subrecipient and evaluate audit findings and the subrecipient's corrective plan each year. At this time, an evaluation of the impact of the audit findings is completed to determine the effect of the subrecipient's activities on the College's ability to comply with applicable federal regulations. If the subrecipient is not required to produce audited financial statements, the Grants & Research Support Team and the Controller's Office will determine what data should be provided to comply with guidelines. Subrecipients without audited financial statements may be deemed high risk and may require additional monitoring and oversight as part of the subaward terms and conditions.
- b) will evaluate each subrecipient's risk of noncompliance (*i.e., risk assessment*) with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring
- c) will monitor the subrecipient's activities to provide reasonable assurance that the sub-recipients comply with federal requirements.

VII. Budgets

A. Original Budget

The budget listed on the College Budget Spreadsheet and approved by the funding agency is established in Workday by the Controller's Office. Grants & Research Support Team will work with the PI to prepare the College Budget Spreadsheet in accordance with agency and College guidelines.

B. Budget Amendments

Some budget amendments require prior approval from the funding agency. For example, some agencies allow for a ten percent (10%) to a twenty-five percent (25%) reclassification of the award total without prior approval. The PI is responsible for consulting the sponsoring agreement for guidance as to whether such an adjustment requires external approval (approval from the sponsor) or not. If the PI has any questions regarding this, they should contact the Grants & Research Support Team.

1. Prior Approval Requirements (see the [Prior Approval Matrix](#))

a) Federal Grants/Contracts: Uniform Guidance requires recipients to request prior approval from federal awarding agencies for one or more of the following program or budget reasons:

- 1) Change in the scope or objective of the project or program (even if there is no associated budget revision requiring prior written approval).
- 2) Change in a key person specified in the application or award document.
- 3) The absence for more than three (3) months or a twenty-five percent (25%) reduction in time devoted to the project by the approved project director or principal investigator.
- 4) The need for additional federal funding.
- 5) The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa, if the federal awarding agency requires approval.
- 6) The inclusion, unless waived by the federal awarding agency, of costs that require prior approval in accordance with Uniform Guidance [200.407](#), or 45 CFR Part 74 appendix E, "Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts with Hospitals," or 48 CFR Part 31, "Contract Cost Principles and Procedures" as applicable.
- 7) The transfer of funds allotted for training allowances (*direct payment to trainees*) to other expense categories.
- 8) The transfer of funds allotted for participant support costs to other expense categories.
- 9) The extension of the expiration date of the grant.

b) Subrecipients/awards

- 1) Need pre-approval unless described in the application and funded in the approved awards, the subaward, transfer, or contracting out of any work under an award. This provision does not apply to purchasing supplies, materials, equipment, or general support services.

VIII. Procurement Methods

A. Informal Procurement Methods

1. Micro-purchases under \$10,000 Procurement by micro-purchase is the acquisition of supplies or services where the aggregate dollar amount does not exceed the micro-purchase threshold of \$10,000. To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price reasonable.
2. Small purchase procedures between \$10,000 and \$250,000 Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold of \$250,000. If small purchase procedures are used, a minimum of three price or rate quotations must be obtained from qualified sources.

B. Formal Procurement Methods

Purchases above \$250,000 – A structured process to solicit and evaluate competitive bids is required for Federally funded purchases and encouraged for all purchases where the aggregate value of the purchase exceeds \$250,000. This solicitation process includes written requirements and evaluation criteria, public notification of sourcing events and a cost or price analysis in advance of the purchase. Unless delegated and approved before the transaction begins, Purchasing Services will conduct these solicitations in partnership with and on behalf of departments. Departments are strongly encouraged to contact Purchasing Services as early as possible to discuss the need for a formal competitive bid.

IX. Conflict of Interest

A Significant Financial Interest Disclosure form must be filed before submitting any proposal for external funding, and this form must be renewed annually for the duration of the funding. In addition, Investigators must complete financial conflict-of-interest training every four years, and documentation of this training must be provided prior to any proposal for external funding. Please see the separate Conflict of Interest policy on the [Provost's website](#) for further details.

X. Final Reporting Requirements

The College will, in good faith, provide due notice to assist the investigator in meeting federally mandated deadlines to facilitate compliance. If the investigator fails to complete any regulatory requirements by the federally mandated deadlines, they may become ineligible for applying for external funds that require institutional approval or for internal research funds. Furthermore, the College reserves the right to freeze existing spending accounts (*whether for federally sponsored awards or internal awards related to the federally sponsored work*) in cases where a repeated pattern of non-compliance is evident. Such actions will be precipitated only in cases where deadlines for compliance are clearly articulated, and all due notice has been provided.

Definitions

I. Types of Funding Support

- A. **Sponsored Projects** – A sponsored project can be research, training, or an instructional project that involves funds, materials, or other compensation from an outside source. Sponsored projects generally support a project initiated by a College faculty member to benefit the public and/or the College's programs. Grants and contracts are considered to be sponsored programs.
 - 1. **Grants** – A grant is a financial assistance award to the College in the name of a Principal Investigator to assist in conducting research or other programs as specified in an approved proposal. Grants generally have a defined scope, a project budget approved by the sponsor, and financial and/or scientific progress reports. Usually, official acceptance by the College is required.
 - 2. **Subawards** – A subaward is an agreement written under the authority of, and consistent with, the terms and conditions of a prime award and authorizes a portion of the research or substantive effort to be performed by another organization.

II. Source of Funding

- A. **Federal**– sponsored agreements funded directly by the United States federal government.
- B. **Federal Pass Through** – sponsored agreements where the College is not the prime recipient from the United States federal government but is acting in the capacity of a subrecipient (*federal requirements/restrictions are passed through the prime recipient from the federal government to the College*).

- C. **State** – sponsored agreements funded directly by the Commonwealth of Pennsylvania or other states.
- D. **Local** – sponsored agreements funded directly by local agencies, including school districts.

III. Commonly Used Terms in Management of Contracts & Grants

- A. **Allowable Cost** – For purposes of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200 or Uniform Guidance), an allowable cost ([200.403](#)) is one that:
 - 1. Is necessary and reasonable for the Federal award's performance and be allocable under these principles.
 - 2. Conforms to any limitations or exclusions set forth in these principles or the Federal award regarding types or amount of cost items.
 - 3. Is consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity.
 - 4. Is accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - 5. Is determined in accordance with generally accepted accounting principles (GAAP), except for state and local governments and Indian tribes only, as otherwise provided for in this part.
 - 6. Is not included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in the current or a prior period.
 - 7. Is adequately documented.
- B. **Allocable Cost** – a cost is allocable to a particular Federal award or other cost objectives if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. See Uniform Guidance [200.405](#).
- C. **Budget** – Principal Investigator's financial plan that lists the categories of expenditures and dollar amounts required to carry out a project's objectives.
- D. **Budget Period** – An interval by which the project period is divided for budgetary purposes.

- E. **Carryover (Carry Forward)** – The remaining available budget balance of a project that may be used to increase the budget of the next budget period. Carryovers are not always automatic and are not always allowed by all funding agencies.
- F. **Composition of Costs** - The total cost of a Federal award is the sum of the allowable direct and allocable indirect costs less applicable credits. See Uniform Guidance [200.402](#).
- G. **Conferences** - A conference is a meeting, retreat, seminar, symposium, workshop, or event whose primary purpose is to disseminate technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs paid by the non-Federal entity as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. See Uniform Guidance [200.432](#).
- H. **Cost Accounting Standards (CAS)** – CAS requires consistency in estimating, accumulating, and reporting costs. The College must comply with the following four CAS standards:
1. **CAS 501** – Consistency in estimating, accumulating, and reporting costs. The purposes of this standard are to (1) assure consistency in estimating, accumulating, and reporting costs and (2) provide a basis for comparison of such costs. The same practices should be used when estimating costs for the proposed budget, accumulating costs in the accounting system, and reporting costs to the sponsor.
 2. **CAS 502** – Consistency in allocating costs incurred for the same purpose in like circumstances. The College is required to charge similar costs in the same manner, either as direct or indirect costs.
 3. **CAS 505** – Accounting for unallowable costs. This standard does not include additional guidance on unallowable costs. Educational institutions will, therefore, continue to follow the Uniform Guidance on what is unallowable.
 4. **CAS 506** – Cost accounting period. An educational institution must use either its fiscal year or a fixed annual period approved by the government as its cost accounting period. The College uses its fiscal year, July 1–June 30.

- I. **Cost Reimbursable Contract** – A cost reimbursable contract provides for payment to the College based on the College’s actual cost experience in performing and completing the contract.
- J. **Cost Sharing/Match** – The sharing of the costs of a college-sponsored agreement. A cost-share commitment means any cost-sharing included and quantified (*i.e., percentage of effort and/or dollar amount*) in the proposal budget, proposal narrative, or award document. The award document may incorporate the commitment directly or by reference in the proposal. Commitments must be authorized during the internal budget review process. Mandatory committed cost sharing requires tracking, while voluntary uncommitted cost sharing does not require tracking. See Uniform Guidance [200.306](#).
- K. **Direct Cost** – Direct costs are those that can be explicitly identified with a particular final cost objective, such as a Federal award, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs. See Uniform Guidance [200.413](#).
- L. **Disbursement** – Payment made by the College for goods and services.
- M. **Equipment** – Items, non-expendable in nature, such as furniture, instruments, or repairable machines with a useful life of more than one (1) year and valued at greater than \$5,000.
- N. **Entertainment** - Costs of entertainment, including amusement, diversion, and social activities and any associated costs, are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with the prior written approval of the Federal awarding agency. See Uniform Guidance [200.438](#).
- O. **Facilities and Administration (F&A) Costs** – Cost associated with sponsored projects that cannot be clearly identified with or allocated to an individual project. This is also referred to as Indirect Costs. See Uniform Guidance [200.414](#).
- P. **Micro-purchase** - A purchase of supplies or services where the aggregate amount does not exceed the micro-purchase threshold. See Uniform Guidance [200.320](#).

Q. Office of Management and Budget Uniform Guidance – (OMB)

1. **Uniform Guidance** – or “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” – This reform of OMB guidance supersedes and streamline requirements from OMB Circulars A-21, A-87, A-110, and A-122 (which have been placed in OMB guidance); Circulars A-89, A-102, and A-133; and the guidance in Circular A-50 on Single Audit Act follow-up. This Guidance went into effect on December 26, 2014.
2. **Participant Support** - Participant support costs mean direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects. See Uniform Guidance [200.456](#). For the purposes of Participant Support, employees are faculty/staff/postdocs, and the distinction (employee vs. participant) for undergraduate students is made at the federal grant level based on their role in the project. This means that the same student cannot be paid as an employee and a participant from the same federal grant, nor can they simultaneously be paid as a participant from one federal grant and an employee from another federal grant.
3. **Principal Investigator (PI)** – Institutional employee responsible for carrying out the requirements of a sponsored project, producing the final technical report, and providing the required deliverables.
4. **Pre-Award & Post-Award** – Pre-Award is considered activity before official funding of a sponsored agreement. Post-Award activity begins with the official funding until the award is closed.
5. **Program Director** – The senior manager responsible for the program’s overall success. This role is the non-academic equivalent to the Chair of an academic program.
6. **Project** – The services or activities, mutually agreed upon, that the sponsored funding recipient would provide for a specified period.
7. **Project Award** – The approval and funding of a project as detailed in the official award document. Specify the funding amount, project period, and any special requirements or restrictions.
8. **Reasonable Cost** - A cost is reasonable if, in its nature and amount, it does not exceed that which a prudent person would incur under prevailing

circumstances when the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally funded. See Uniform Guidance [200.404](#).

9. **Small Purchase Procedures** - The acquisition of property or services where the aggregate dollar amount is higher than the micro-purchase threshold but does not exceed the simplified acquisition threshold. If small purchase procedures are used, price or rate quotations must be obtained by the non-Federal entity. See Uniform Guidance [200.320](#).
10. **Sponsored Agreement/Award** – A grant agreement where the funding agency restricts the use of funds and some action is required by the College (*not a gift or a fee-for-service contract*).
11. **Supplies** – Expendable items with a purchase price of less than \$5,000 that will be consumed, worn out, or otherwise deteriorate in less than one (1) year.
12. **Total Project Cost** – The cost of a sponsored project consists of allowable direct costs associated with the project performance and the allocated portion of the allowable indirect costs of the institution. This includes both the sponsor's and the College's share (*matching or cost share*).
13. **Unallowable Cost** – An expense that is not necessary or reasonable for the performance of the Federal award is unallocable and does not conform to the other requirements of allowability outlined in the Uniform Guidance [200.403](#). Further, an unallowable cost cannot be included in the facilities and administrative cost rate proposal and cannot be charged as a direct cost to federally sponsored agreements.

IV. **Terms Related to Salary**

- A. **Institutional Effort (effort)** - Effort in any period is all work performed for Haverford during that time. The institutional effort includes, but is not limited to, instruction, research, advising, Haverford-related public service, and significant and continuing administrative duties. Employees fully funded from external funds are not entitled to severance once external funds expire.
- B. **Institutional Base Salary** - The fixed amount of money paid to an employee for work performed. It is stated in the PI's appointment letter.

- C. **Course Release** - A faculty member's release from instruction, as approved by the Provost's Office, to spend effort working on a funded project.
- D. **Course Buyout** - When grant funds "buy" a faculty member's released time, as approved by the Provost's Office, by paying for a portion of their salary and benefits so that the equivalent amount of effort (%) can be spent working on the funded project.

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Next review required by January 6, 2028

*Sponsor: Yvonne Berry, Interim VP Finance and Administration
Contact the Controller's Office with any questions.*