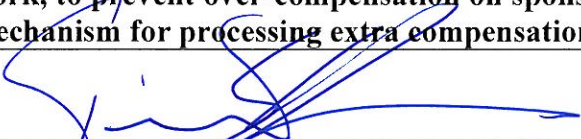




Florida Agricultural and Mechanical University
Division of Research
Office of Sponsored Programs

INTERNAL OPERATING MEMORANDUM

Memorandum No. 16A.020

Subject:	Extra Compensation on Contracts and Grants	
Authority:	Sections 1001.74 and 1001.75, Florida Statutes, Florida Agricultural and Mechanical University (FAMU) Board of Trustees (BOT) Policy	Date: 11/14/2012 Revised: 01/11/2016
Related References	2 CFR Part 200, Uniform Guidance (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), Subpart E-Cost Principles, FAMU Office of Sponsored Programs Manuals (Pre and Post Award Units)	
Purpose	To comply with federal and state regulations regarding compensation, to allow personnel to be compensated appropriately for approved additional work, to prevent over-compensation on sponsored projects and to provide a mechanism for processing extra compensation efficiently.	
Signature of Approving Authority		

1.0 GENERAL INFORMATION

The purpose of this procedure is to provide guidelines, specifically for the payment of additional compensation on federal sponsored projects for work in excess of the established institutional full-time equivalent (FTE) for a position. Uniform Guidance (UG) §200.430 states that, costs of compensation are allowable to the extent they satisfy the specific requirements of this part, and the total compensation for individual employees:

- 1.2 Is reasonable for the services rendered and conforms to the established written policy and of the non-Federal entity consistently applied to both Federal and non-Federal activities;
- 1.3 Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and
- 1.4 Is determined and supported as provided in paragraph (i) of UG §200.430 section, Standards for Documentation of Personnel Expenses, when applicable.

Extra compensation is allowed under state regulations and BOT policy. All FAMU employees must follow federal, state, Board of Trustees (BOT) and institutional policies and procedures and terms, conditions of sponsored awards. Advanced approvals are required if applicable to the sponsored project concerning use of federal funds for extra compensation. Extra compensation may be paid, when the following conditions are met:

- The work is carried in addition to a normal full load;
- No qualified person is available to carry the work as part of his/her normal load; and
- The additional University employment duties are not so heavy as to interfere with the performance of regular duties.

Extra compensation is subject to FAMU compensation policies for services above and beyond the Institution's Based Salary (IBS). These costs must be considered reasonable to the extent that it is consistent with that paid for similar work in other activities at the University. In cases where the kinds of employees required for Federal awards are not found in the other activities of the University, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which FAMU competes for the kind of employees involved. Non-exempt and Other Personnel Support (OPS) employees are subject to the Fair Labor Standards act and may receive compensation at time and one-half for combined workweek hours in excess of 40. Cost of the overtime pay must be allocated proportionately across all accounts paying the salary for a given pay period.

2.0 DEFINITIONS

- 2.1 **Employee:** This generally includes faculty and staff employees who are working on paid appointments by the University. It generally excludes students or temporary employees. For specific information on who is considered an employee, contact the Human Resource Department.
- 2.2. **Supervisor:** An employee designated by management who exercises major supervisory functions over another employee or employees. These functions include hiring, evaluating, assigning work, and disciplining employees.
- 2.3 **Extra/Additional Compensation:** Extra/Additional Compensation is defined as compensation to employees above their primary contract with the University for work performed outside their primary duties and work hours. Extra/Additional Compensation also applies to duties undertaken or assigned that are beyond the ordinary duties performed or stated in the University employee's job description. "Extra compensation may be paid to employees for tasks performed after normal business hours for duties not included in the employee's normal job responsibilities, provided the above criteria are met."

3.0 RESPONSIBILITIES

- 3.1 **Principal Investigator/Program Director (PI/PD)** is responsible for determining from the sponsoring agency that it approves of extra compensation for the project in accordance with UG and FAMU Policies and Procedures concerning said compensation. PI/PD is also responsible for requesting and providing justification for extra/additional compensation charged on sponsored projects.
- 3.2 **Departments/Division/Colleges/Schools (DDCS)** is responsible for ensuring all personnel engaged in the fiscal administration of federally-funded sponsored awards are familiar with the institution's policies and procedures. DDCS is also responsible for approving all Extra/Additional Compensation (E/AC) and employment document forms.
- 3.3 **Office of Sponsored Programs (OSP)** is responsible for reviewing proposal applications and E/AC and employment document forms associated with sponsored projects.
- 3.4 **Academic Affairs (AA)** is responsible for processing all sponsored project E/AC and employment document forms.
- 3.5 **Human Resources (HR) Workforce Administration Section** is responsible for processing E/AC and employment document forms that are submitted to be charged to a sponsored project.
- 3.6 **Contracts & Grants (C&G)** is responsible for financial status report based on the award terms and conditions and processing cost transfers on sponsored projects.
- 3.7 **Organizational Development and Training (ODT)** is responsible for the development and coordination of training on regulatory requirements for all individuals with responsibilities in the review and approval of E/AC and employment document forms on sponsored projects, including but not limited to PIs, OSP staff, C&G staff and grant administrators.

4.0 GENERAL PROCEDURES

4.1 Principal Investigator/Program Director (PI/PD)

The PI/PD should determine from the sponsoring agency whether it approves of extra compensation for the project in accordance with UG and FAMU policies and procedures concerning said compensation. The PI/PD responsibilities also include but are not limited to:

- Ensure all compensation charged on sponsored project is allowable, allocable and reasonable and will directly benefit the project.
- Assessing and determining if additional compensation is appropriate for inclusion in the proposal application.
- Informing the sponsor of the intent to charge salary as extra/additional compensation, preferably in the original budget proposal. The budget and/or project narrative of the grant or contract should clearly state:
 - If additional compensation above institutional base pay will be paid to university employees;
 - Provide the name or position of the individuals who will be receiving the additional compensation; and
- Clearly stating the work and services to be performed by individuals on grant-related activities are:
 - Unrelated to their current duties as demonstrated by the employee's job description or other documentation; and
 - Are performed outside of the employee's regular work.
- Provide the amount of the extra/additional compensation included in the proposal should be segregated from regular salary expenses and the budget justification should clearly indicate:
 - The budgeted amount of additional compensation salary should be at time and a half;
 - The total dollar amount of additional compensation requested;
 - The percent of additional effort committed to the project (must be at least 15 percent effort), or the hourly rate (at time and a half of the regular rate) and number of hours committed to the project; and
 - Appropriate fringe benefits.
- Initiate E/AC form and employment documentation for employee eligibility certification, institutional approval, and payment.
 - Confirm that sufficient funds are available in the project budget. If funds are not available, a budget amendment may be required if allowable per sponsor contracts and terms. If sufficient funds are available, PI/PD signs the form and routes to DDCS administrator for review, approval and signatures.
 - PI must work with the primary and secondary employer to complete the E/AC form;
 - PI submits E/AC and employment document (for each person receiving extra compensation, from the sponsored project) forms through DDCS for routing to the OSP.
 - PIs/PDs and Co-PI's are not eligible to receive additional compensation from their own projects.
- If it's determined there is a need for an employee to perform tasks on a sponsored project that requires extra/additional compensation after a grant has been awarded, the following must occur:
 - PI/PD submits a written request to the sponsoring agency requesting permission for inclusion of extra/additional compensation on funded project; and
 - Route request through the OSP for submission to sponsoring agency.

- Agency permission must be received prior to submitting E/AC and employment document forms to the OSP.
- Maintain all documentation for auditing purposes.

4.2 **Departments/Divisions/Colleges/Schools (DDCS)**

DDCS administrators are responsible for providing oversight and monitoring of sponsored projects within their respective units. This includes reviewing PI/PD's proposal application to assure that any extra/additional compensation being requested is included in the proposal budget, to a Sponsoring Agency, and is in compliance with State and Federal regulations and University Policies and Procedures. Responsibilities also include but are not limited to:

- Ensure all personnel engaged in the fiscal administration of federally-funded sponsored awards are familiar with the institutions policies and procedures.
- Review all E/AC and employment document forms requests within their respective units for compliance.
- Verify employee eligibility based on position description and job to be performed on sponsored project.
- Review and analyze the total university commitments of the employee who requests additional compensation from grants to confirm that the work is outside of the employee's contractual obligations to the university.
- Confirm that sufficient funds are available in the project budget. If funds are not available, return the documents to the PI.
- If sufficient funds are available, DDCS administrator obtains the required signatures on E/AC, employment document forms and routes to OSP.
- In the event that repayment of additional compensation paid from sponsored funds is required by a sponsoring agency, auditor, or other authorized entity, the academic unit with managerial oversight of the sponsored agreement in question is responsible for repayment using departmental or college resources. This includes instances where administrative and/or sponsor approvals were not obtained in advance.
- Maintain documentations for auditing purposes.

4.3 **Office of Sponsored Programs (OSP)**

The OSP is responsible for compliance with federal, state, BOT's institutional policies and procedures, and terms and conditions of sponsored awards. Responsibilities include but are not limited to:

- Provide guidance to PI/PD and departmental administrator regarding extra/additional compensation policy and procedures.
- Review E/AC for allocable, allowable, and reasonable for the sponsored project.
- Verify sponsor approval of extra/additional compensation, either in the form of an approved grant application as submitted, or in the language of the grant, by approved amendment, or from subsequent written correspondence from the sponsor's contracting official.
 - The award document (or amendment) from the sponsoring agency must specifically state that additional compensation is allowed or implicitly approve of it by accepting the proposal with the extra compensation clearly identified in the proposal budget.
 - If extra/additional compensation is approved by the sponsor and is in compliance with University, State and Federal policies, the PI/PD must submit required E/AC and employment document forms to OSP for each person receiving extra/additional compensation from the project.

- Review project budget to determine if sufficient funds are available, approve request and submit to AA for further processing. If funds are not available return form to DDCS through ImageNow.
- If costs were not included and/or approved by the sponsor return request to PI/PD to complete required budget amendment if allowable per sponsor contracts and terms.
- If the grant is awarded without reference to E/AC, the PI must contact the agency for written permission to allow it. Permission must be received by the OSP prior to submitting the E/AC and employment document forms.
- Submit budget amendment written request provided by PI/PD to sponsor for review and approval from the sponsor's contracting official.
- If extra compensation is approved by the sponsor and is in compliance with university, state and federal policies, the PI/PD may re-submit E/AC and employment through the appropriate channels.
- Ensure E/AC cost will directly benefit the project onto which the expenditure will be charged.
- Maintain documentation.

4.4 **Academic Affairs (AA)**

- **AA** is responsible for processing all sponsored project employment and E/AC documents.
- AA process revised E/AC and employment documents related to sponsored projects.
- All E/AC or employment documents on sponsored projects must be routed through OSP prior to routing to AA.

4.5 **Human Resources (HR)**

HR reviews all E/AC and employment documents to ensure proper procedures and approvals have been met and enter the secondary appointment for payroll processing.

- Payroll operations are a unit within the HR which processes the University's payroll.
- **HR**, Workforce Administration Section unit is responsible for processing the E/AC and employment payroll documents that are submitted as a result of salaries being charged to a sponsored project.
- **HR**, Workforce Administration Section is responsible for encumbering salary funds.
- **HR**, Workforce Administration Section is responsible for confirming that the individual has not exceeded the maximum additional compensation limits.

4.6 **Office of Contracts and Grants (C&G)**

C&G is responsible for preparing fiscal reports based on expenditures and award terms and condition on sponsored projects.

4.6 **Office of Organizational Development and Training (ODT)**

ODT is responsible for the development and coordination of training on regulatory requirements for all individuals with responsibilities in the review and approval of E/AC on sponsored projects, including but not limited to PIs, OSP staff, C&G staff and grant administrators.

4.0 **DOCUMENT RETENTION**

The appropriate record retention guidelines should be followed for the retention and disposition of documents. Generally, documentation should be maintained for three years following the submission of the final financial report unless sponsoring agency requires it to be maintained for a longer time period.