




Florida Agricultural and Mechanical University
 Division of Research
 Office of Contracts and Grants

INTERNAL OPERATING MEMORANDUM

Memorandum No. DoR-16A.019

Subject:	Stipends	
Authority:	FAMU BoT Policy 2008-08, entitled “Expenditure Review and Approval of Participant Support Costs” Sections 1001.74, 1001.75 and 1004.22 Florida Statutes	Revision Date: 12-16-2010 10-07-2015
Related References	2 CFR Part 200 Uniform Guidance (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)	
Purpose	The purpose of this procedure is to provide guidance to the University community on how to categorize payments made to students related to the charging of stipends to sponsored awards. This document also outlines procedures to be used in making payments and clarifies the income tax implications of receiving such payments.	
Signature of Approving Authority		

1.0 GENERAL INFORMATION

Sponsored funds intended to support training or research training are generally clearly outlined in the agency program announcement and must comply with Uniform Guidance Subpart E. The scope of work in the proposal, contract and award agreements should also state explicitly that training or research training of specific individuals is the purpose of the award. In such cases, stipend expenses are expected and allowable. Typical training awards include NIH “T” and “F” awards, NASA’s various fellowship programs, and NSF Doctoral Dissertation grants. Other awards where the training intention in the submitted proposal and award agreement is described clearly and accepted by the sponsor can also include stipend expenses.

2.0 DEFINITIONS

Stipend-payments are made to individuals for subsistence support or to defray expenses during a period of academic appointment. Stipend payments are **not** compensation for services rendered and, therefore, are not allowable on federal awards **unless** the purpose of the agreement is to provide training to selected participants and the charge is approved by the sponsoring agency. Payment allowance to individuals that do not represent compensation for services rendered appears in the Uniform Guidance §200.466, *Scholarships and student aid costs*, which states such payments are allowable “...only when the purpose of the Federal award is to provide training to selected participants and the charge is approved by the Federal awarding agency.”

- **Stipend** (Taxable) – this category used as a living allowance, includes payments to the student or credits to a student’s account other than those defined as fellowships. There is no

requirement that the recipient perform any services for the benefit of the University as a condition of receiving the payment. Students must be enrolled at Florida A&M University and receive a passing grade(s) for the courses in which they are enrolled during the semester they receive a stipend. **A STIPEND IS NOT A PAYMENT FOR SERVICES.** Although the payments are usually taxable income to the student, the University is not required to report them to the student or to the IRS, nor is the University required to withhold tax on them. Students are responsible for reporting these payments and remitting any tax due.

3.0 RESPONSIBILITIES

- 3.1 **Principal Investigator (PI)** is responsible for ensuring stipend support costs are only used as specified in the approved budget, in accordance with the statement of work, agency/university policies and procedures. The PI must ensure that the student is enrolled in classes and completes the semester.
- 3.2 **Departments/Colleges/Schools (DCGs)** are responsible for reviewing and approving stipend costs.
- 3.3 **School of Graduate Studies and Research (SGSR)** is responsible for the reviewing and approving of all contract and grants for graduate assistantships, stipends and Student Award Notification(s).
- 3.4 **Office of Sponsored Programs (OSP)** is responsible for the review and approval of stipend costs according to the sponsoring agency's guidelines, approved budget and contract terms and conditions. The OSP is responsible for reviewing and approving revisions of budget and program plans and ensuring compliance with university, state, and federal regulations governing the charging of stipend costs to sponsored projects. The OSP is responsible for ensuring proper management and retention of documents.
- 3.5 **Controller's Office (CO)** Accounts Payable section is responsible for processing all payments on behalf of the University "Payments" as used here includes, but are not limited to, vendor payments, stipends, short term loans, contracts and leases.
- 3.6 **Office of Procurement Services (PS)** is responsible for procuring the goods, services and equipment, processing vendor files, and W-9 forms, and determining that they conform to University policies and procedures.
- 3.7 **Office of Contracts and Grants (C&G)** is responsible for the invoicing to the sponsoring agency stipend costs on sponsored projects and the preparation of fiscal and financial reports. C&G is responsible for ensuring proper management and retention of fiscal documents.
- 3.8 **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 costs charged to sponsored projects, including but not limited to PIs, OSP staff, C&G staff and grant administrators.

4.0 GENERAL PROCEDURES

4.1 PRINCIPAL INVESTIGATOR (PI)

- Must include stipend support costs in the proposal budget at the time of proposal submission.
 - Stipend cost amount to be directly charged to a sponsored project must include specific dollar amount, along with periods for disbursement.
 - Clearly identify stipend costs for undergraduate or graduate students on sponsored agreements.

- Allowable costs must ensure that:
 - The individual is conducting activities necessary to the sponsored agreement; and
 - During the academic period, the student is enrolled in a degree program at the institution or affiliated institution and the activities of the student in relation to the Federally-sponsored research project are related.
- Provide criteria or guidelines for all proposed stipends. In the event the PI has not established the criteria, the OSP staff should include the following statement in the budget narrative: “All students, who are in good standing (a cumulative GPA of 3.0 or better) with the University, are eligible to receive the stipends. However, the PI has the authority to amend this criterion as needed.”
- Ensure students are clearly identified as undergraduate or graduate participants or trainee on stipend requisition form and indication of foreign or non-foreign status.
- PI is responsible for ensuring that student participants have an active vendor file in the system through the Procurement Services (PS); are enrolled and in good standing with the University for that semester; and adheres to the sponsored agreement.
- Prepare requisitions for stipend payments using assigned project number.
- Ensure clear distinction between hiring a student and providing a stipend.
- Route requisition through the School of Graduate Studies and Research (SGSR) if stipend is paid to a graduate student.
- Route undergraduate stipend requisition to the OSP for processing.

4.2 DEPARTMENTS/COLLEGES/SCHOOLS (DCGs)

- Departmental representative should review the sponsored project proposal budget to determine if stipend costs are allowable.
- PI and departmental staff are responsible for ensuring: participants have an active vendor file in the system through PS; active student ID; enrolled and are in good standing with the University for that semester; and adhere to sponsored the agreement.
- Coordinate with the PI and the SGSR to ensure student stipend allowances are not paid to trainees, who are receiving compensation, either directly or indirectly, from other Federal government sources while participating in the project.
- Ensure participants’ stipend adheres to agency, institution and SGSR procedures.
- Route stipend requisitions to SGSR, if applicable, and OSP for review and approval.

4.3 SCHOOL OF GRADUATE STUDIES AND RESEARCH (SGSR)

- Ensure students are clearly identified as graduate participants.
- Review stipend requisitions for graduate student eligibility.
- Approve and route to OSP or return to the department for further action.

4.4 OFFICE OF SPONSORED PROGRAMS (OSP)

- Reviews and approves stipend cost budget and justification during the pre-award stage.
- In those instances where the budget includes stipend costs, the coordinator establishes two projects in iRattler: a primary project and its corresponding budget costs, except participant support costs; and a separate project and budget costs for participant

support. The separation of budgets into two projects makes possible for the monitoring of participant support expenditures.

- The associate director or coordinator reviews and coordinates the execution of new awards. In the review process, it is determined whether there are funds awarded for stipend costs as approved by the funding agency.
- The new award is electronically submitted to C&G, the PI and the dean of the college/school.
- OSP staff follows the applicable procedures for the review and approval of stipend requests, as well as for any other related activity.
- Expenditures for grants are governed by the federal cost principles and must conform to sponsoring agency policies, grant special provisions and the University internal policies. FAMU must ensure that costs claimed under grants are allowable, allocable, and reasonable. In the event FAMU anticipates charging an item of direct cost that might subsequently be disputed, an authorized FAMU official should discuss the matter with the sponsoring agency grants officer and document the conditions or factors surrounding the item in order to avoid possible subsequent disallowance.
- The review and approval of sponsored program's expenditure is a crucial process in the administration of sponsored programs. Costs must be in accordance with the approved budget, and must meet the three general tests for allowability of costs:
 1. **Allowable** – costs are necessary, conforms to any limitations, consistent with policies and procedures, accorded consistent treatment, comply with cost accounting standards, are not included as a cost or used to meet cost sharing or required match, and are adequately documented;
 2. **Allocable** – costs are chargeable for the goods or services to the sponsored agreements under the Uniform Guidance, incurred costs specifically benefits the sponsored project, are necessary and assignable to the sponsored project, charges are appropriately allocated, costs are not charged to other awards to overcome funding deficiencies; and costs are allocated in accordance with CAS; and
 3. **Reasonable** – costs are recognized as ordinary and necessary for the operation and efficient performance of the sponsored project; sound business practices are used and complies with all applicable laws and regulations; fair market prices are used for comparable goods or services for the geographical area; prudence is used in the circumstances for proposed costs; and determining if any significant deviation occurred from established practices and policies regarding the incurrence of costs.
- Funds provided for stipend may not be used by FAMU for other categories of expense without the specific prior written approval of the sponsoring agency program officer/grants officer.
- Stipends paid to trainees, who are receiving compensation, either directly or indirectly, from other Federal government sources while participating in the project is unallowable. Graduate student participants' stipends must adhere to SGSR procedures.
- All stipend requests on sponsored research projects must be reviewed and approved by OSP, prior to their referral to the processing area.
- A non-sponsoring agency Federal employee may receive stipend from grant funds provided there is no duplication of funding of items and provided no single item of

cost is divided between his/her parent agency and stipend costs are approved by the sponsoring agency.

- All stipend requests must have all required signatures and approvals according to the applicable OSP procedures.
- Coordinators must review supplier/vendor file in iRattler for active ID number provided on requisition for stipend payments.
- Stipend request received with all proper documentation and meet all institutional and agency requirements will be processed within two working business days.
- Stipend request will be reviewed for approval/denial and referral. PIs will be notified of any issues via phone, email or routing back to the department through ImageNow. PI will have an average of three-five business days to correct identified issue and return to OSP before document will be deleted from ImageNow and returned to the PI or appropriate area.
- OSP coordinators review and approve stipend documents and route them to the Associate Director for final approval and routing through ImageNow to the Assistant Controller.

4.5 CONTROLLER'S OFFICE (CO)

- The CO is responsible for processing stipend payments.
- Request for stipend payments on sponsored projects must be reviewed and approved by the OSP prior to routing through ImageNow to the Assistant Controller.
- Stipend requisitions are reviewed to ensure that they have not already been entered into ImageNow for payment to avoid duplication.
- Stipend requisitions must clearly reflect student ID, designation of foreign or non-foreign student, project and department numbers, fund and program code, description/justification of the items, the number of units and the cost per unit.
- No more than one stipend payment will be issued per month for any student.
- All stipend checks are to be picked up by the department that submitted the stipend payment request.
- Review and reconcile all open payments.
- Maintain voucher files in the CO for two years and then forward to the official records' retention area.

4.6 OFFICE OF PROCUREMENT SERVICES (PS)

- The PS is the only department authorized to commit funds for the acquisition of commodities and contractual services
- Procure the goods, services and equipment, to include issuing purchase orders from approved purchase requisitions, updating and maintaining the vendor files, and reviewing the permissibility of purchase requests.

4.7 OFFICE OF CONTRACTS AND GRANTS (C&G)

- Invoice sponsoring agency for stipend cost charged on sponsored projects.
- Prepare fiscal and financial reports.
- Maintain financial reporting information for proper management and retention.

4.8 ORGANIZATIONAL DEVELOPMENT AND TRAINING (ODT)

Advancement and coordination of training on regulatory requirements for all individuals with responsibilities in the review and approval of stipend cost charged to sponsored projects, including but not limited to PIs, OSP staff, C&G staff and grant administrators.

5.0 DISTRIBUTION OF DOCUMENTS

- The OSP staff will return stipend documents via email, route back to the department via ImageNow or place documents in the OSP pick-up tray at the front desk to mail them back to the PI. The Coordinator will prepare a routing slip to accompany documents that are returned through campus mail or pick-up.

6.0 RECORDS

- 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.