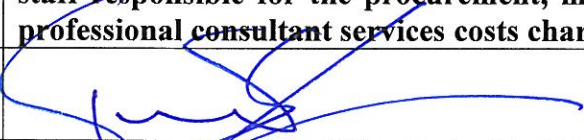




**Florida Agricultural and Mechanical University**  
**Division of Research**  
**Office of Sponsored Programs**

**INTERNAL OPERATING MEMORANDUM**

**Memorandum No. 16A.13**

|   |  |                        |
|---|--|------------------------|
| <b>Subject:</b>                         | <b>Review and Approval of Professional Consulting/Contractual Services</b>   |                        |
| <b>Authority:</b>                       | <b>Sections 1001.74, 1001.75 and 1004.22 Florida Statutes, FAMU BOT Policy 2008-10, entitled "Consultant Services"</b>   | <b>Date: 12/4/2015</b> |
| <b>Related References</b>               | <b>2 CFR Part 200 Uniform Guidance (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), Office of Management and Business (OMB) and FAMU Policy and Procedures</b> |                        |
| <b>Purpose</b>                          | <b>The purpose of this procedure is to provide guidance to university staff responsible for the procurement, management and payment of professional consultant services costs charged to sponsored projects.</b> |                        |
| <b>Signature of Approving Authority</b> |    |                        |

**1.0 GENERAL INFORMATION**

Review and approval of sponsored project expenditure requests is an important process in the proper administration of sponsored programs. All expenditure requests from sponsored projects must be reviewed and approved by the Office of Sponsored Programs (OSP), and all costs are in line with Uniform Guidance and applicable regulations.

- (a) Costs of professional/consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the non-Federal entity (e.g., FAMU) are allowable, subject to paragraphs (b) and (c) when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the federal government. In addition, legal and related services are limited under §200.435 Defense and Prosecution of Criminal and Civil Proceedings, Claims, Appeals and Patent Infringements.
- (b) In determining the allowability of costs in a particular case for professional and consultant services, no single factor or any special combination of factors is necessarily determinative. However, the following factors are relevant:
  - 1. The nature and scope of the service rendered in relation to the service are required.
  - 2. The necessity of contracting for the service, considering the non-federal entity's capability in the particular area.
  - 3. The past pattern of such costs, particularly in the years prior to federal awards.
  - 4. The impact of federal awards on the non-Federal entity's business (i.e., what new problems have arisen).
  - 5. Whether the proportion of federal work to the non-federal entity's total business is such as to influence the non-federal entity in favor of incurring the cost, particularly, where the services rendered are not of a continuing nature and have little relationship to work under federal awards.

6. Whether the service can be performed more economically by direct employment rather than contracting.
  7. The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federally funded activities.
  8. Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).
- (c) In addition to the factors in paragraph (b) of this section, to be allowable, payment fees must be supported by evidence of bona fide services available or rendered.

## 2.0 DEFINITION

**Professional Service Cost/Consultant** is an independent contractor and not an employee of the university. Consultant services are rendered by persons who are members of a particular profession or possess a special skill. Such services may be advisory and are customarily temporary or intermittent. Costs must be in accordance with the approved budget and must meet the allowability test as listed below.

1. **Allowable** - costs are necessary, conforms to any limitations or exclusions set forth in the Uniform Guidance or in the sponsored agreement as to types or amounts of cost items, 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 professional 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 generally accepted accounting principles appropriate to the circumstance; 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.

## 3.0 RESPONSIBILITIES

- 3.1 **Principal Investigator (PI)** is responsible for determining that there is a need for professional consultant services to meet the requirements of the sponsored project and that there is no university staff available with the required expertise at the time the proposal is developed. He/she is also responsible for submitting and approving the request to encumber funds, identifying any unallowable costs, and ensuring that requests are forwarded to the OSP for review.
- 3.2 **Department/Division/College/School** administrators are responsible for review and approval of all professional consultant charges within the college/school and proper management and retention of documents.
- 3.3 **Office of Sponsored Programs (OSP)** is responsible for the review and approval of proposed professional consultant costs according to the sponsoring agency's guidelines, approved budget, contract terms and conditions, as well as applicable institutional, state and other federal regulations and laws. The OSP is responsible for ensuring proper management and retention of documents.

- 3.4 **Office of Procurement Services (OPS)** is responsible for procuring the goods, equipment and services and determining conformity to the university's procedures and applicable federal and state regulations. The OSP is also responsible for ensuring proper management and retention of documents.
- 3.5 **Office of the General Counsel Office (OGC)** is responsible for the review and approval of consulting services agreements to ensure their compliance with university regulations, Florida Statutes and any other applicable law.
- 3.6 **Office of the Controller (OC)** is responsible for processing all vendor payments in accordance with university policies and procedures.
- 3.7 **Office of Contracts and Grants (OCG)** is responsible for invoicing the sponsoring agency and preparing/submitting all fiscal and financial reports to the funding agency. The OCG prepares cost transfer documents, and reviews the award and fiscal reports when preparing financial reports to verify that all charges are allowable in according to the specified agreement.
- 3.8 **Office of Organizational Development and Training (OODT)** is responsible for the advancement and coordination of training on regulatory requirements for all individuals with responsibilities in the review and approval of consultant cost expenditures charged to sponsored projects, including but not limited to PIs, OSP and OCG staff and grants administrators.

#### 4.0 GENERAL PROCEDURES

##### 4.1 Principal Investigator

- The PI is responsible for:
  - 1. Determining that there is a need for professional consultant services to meet the requirements of the sponsored project and that there is no university staff available with the required expertise. Normally this is known at the pre-award stage at the time the proposal is developed. In this case, the proposal should include the following information:
    - Letter of consultant services on official letterhead signed by a designated official authorized to commit the organization's resources.
    - Rate of pay for services to be provided. Cost analysis must be provided to determine reasonableness of cost.
    - Statement of work must be provided, including any required travel for the completion of the services.
    - If the need for a consultant becomes known after the submission of the proposal the PI must request approval from the sponsoring agency for the use of a consultant. The request must be accompanied by a budget and budget justification and it must be submitted to the sponsoring agency through the OSP.
    - If the consultant/contractor services individual is not identified during the pre-award stage, a formal solicitation process must be completed through OSP.
  - 2. Completing a Financial Conflict of Interest (FCOI) form for each consultant/collaborator. If there is any potential for a conflict of interest with any proposed consultant/collaborator, the PI must inform the OSP of the details prior to preparing and executing any agreement and complete an FCOI Disclosure Attachment Form for each entity in which there is a significant financial interest. This form will be forwarded to FAMU internal audit for review and processing.
  - 3. Ensuring there is an established period of performance, scope of work and deliverables to be included in the consultant agreement. The deliverables must include an explanation of the services, rate of pay, number of hours and the dates the deliverables are due and how

the consultant is to invoice the University (e.g., monthly, quarterly, by set schedule). The consultant shall be paid for work performed and appropriate documentation maintain for auditing and compliance.

- Reviewing the terms and conditions of sponsored award for allowable costs and to determine if prior approvals of any changes are required by the sponsoring agency. Review, prepare and submit expenditure requests based on the approved budget and agreement and ensure allowability of cost.
- Taking into consideration the established cost principles contained within the Uniform Guidance, institutions policy and procedures. If the proposed change would violate these established cost principles, the change should not be made.
- Completing the University Contractual Service Contract and Service Agreement form prior to commencing performance. This form should be prepared in time to allow for all required approval prior to the rendering of services. The PI cannot execute the consultant agreement on behalf of the university. The PI must complete the following forms:
  - Contract Approval and Summary
  - Professional Services Agreement
  - Monitoring Plan
  - Risk Assessment
- Routing agreement through appropriate Department/Division/College/School, Office of Procurement Services, Office of the General Counsel and Office of Sponsored Programs.
- The PI must enter an e-requisition for the consulting services in PeopleSoft once the agreement has been approved by all administrative units.
- A Consulting Services Short Form must be completed for services under \$5,000. A Long Form must be completed for services in an amount equal or greater than \$5,000.
  - When the cost of services exceeds \$75,000, the contract will be subject to competitive solicitation requirements by the Office of Procurement Services or an Office of Sponsored Research Purchase Exemption is required.
- Reviewing and approving invoices to ensure compliance with the submission of reports as well as to determine if deliverables/milestones comply with terms of agreement on a timely basis. The PI must:
  - Monitor performance, evaluate quality of the work and review progress made against the project time schedule;
  - Ensure that the work is being done according to the terms and conditions of the contract;
  - Review and approve expenditures and billing, ensuring that billings are current and reasonable compared to progress reports, effort expended and travel incurred;
  - Approve the invoice for payment; and
  - If consultant has not performed as required by the agreement, the PI shall not approve the invoice for payment. PI should confer with the OSP and OGC to demand compliance or terminate the Agreement, as necessary.

#### **4.2 DEPARTMENT/DIVISION/COLLEGE/SCHOOL**

- Department administrator should review sponsored project proposal budget to determine if professional consultant costs are allowable.
- Department administrator is responsible for ensuring that the consultant has an active vendor file in the system through the Office of Procurement Services and whether the individual is considered an employee is a full-time, temporary or part-time employees or

consultant/independent contractor. Department administrator must review the following forms:

- Contract Approval and Summary
- Professional Services Agreement
- Monitoring Plan
- Risk Assessment
- After review, the department submits documentation to the Office of Procurement Services (OPS) for processing.
  - OPS return agreement to PI and/or department administrator for corrections or further processing.
  - If corrections are required, the agreement is returned to PS for review and final approval.
  - PI/Department administrator submits final approved agreement to OSP.
- Department administrators work with the PI to ensure that the agreement complies with the terms and conditions:
  - Monitor performance, evaluate quality of the work, and review progress made against the project time schedule;
  - Ensure that the work is being done according to the terms and conditions of the contract;
  - Review and approve expenditures and billing, ensuring that billings are current and reasonable compared to progress reports, effort expended and travel incurred; and
  - Approve the invoice for payment.

#### **4.3 OFFICE OF SPONSORED PROGRAMS (OSP)**

- OSP is responsible for the review/approval of professional consultant agreements being charged to a sponsored contract and grant project according to the terms and conditions of the award.
- All parties (PI, OPS, OGC and OSP) must approve the consultant agreement prior to services being provided. Any contracts initiated after services have begun are subject to non-approval by the OSP. It is recommended that the agreement be submitted to the OSP at least 10 working days prior to its effective date of service. If the services are initiated prior to the execution of the agreement an after-the-fact justification form must be completed by the PI and submitted to the OSP along with the agreement.
- The vice president for research is the authorized signatory of the university for the approval of consultant agreements funded by sponsored projects.
- The pre-award OSP coordinator is responsible for reviewing and approving the consulting services to be included in the proposal and supporting documentation provided by the PI if the consultant is known at time of submission. The pre-award OSP coordinator reviews for the following during the proposal development stage includes:
  - Advising PIs on the appropriate procedure and requirements for consultant services;
  - Obtaining appropriate documentation regarding the use of consultants' service use is included in the proposal, including the consultant's resume and compliance with sponsoring agency's proposal guidelines;
  - Obtaining letter of support outlining services, rate of pay (hourly and number of hours), scope of work, biosketch and other required supporting documentation;
  - Reviewing costs to ensure rates requested are in compliance with institutional and funding agency requirements;

- Reviewing PeopleSoft iRattler Financial Professional Data to ensure consultant is not an employee of the university;
- Checking Visual Compliance and/or System for Award Management (SAM) to ensure consultant is not on the list of debarred or suspended vendors; and
- Checking for any Financial Conflict of Interest (FCOI).
- The post-award OSP coordinator is responsible for reviewing/approving the consulting services agreement once an award is received. The post-award OSP coordinator review for the following includes:
  - Reviewing sponsor's terms and condition of award, approved budget and agreement to determine allowability of cost;
  - Reviewing Contract Approval and Summary, Professional Services Agreement, Monitoring Plan, and Risk Assessment forms;
  - If the consultant was not identified at the pre-award process, the PI must contact Office of Procurement Services to determine if the service will require bidding;
  - If the consultant service agreement cannot be processed, the staff must contact the PI via phone and/or email to inform him/her that the expenditure request will be returned. Explanation for the decision to return the document must be provided to the PI;
  - Reviewing available balances through PeopleSoft to determine availability of funds;
  - Verifying professional consultant service agreement have been signed/approved by the PI;
  - If the document can be processed, the consultant service agreement is submitted to Office of Procurement Services for processing and assignment of contract number;
  - Once the consultant agreement has been reviewed by Office of Procurement Services, Office of the General Counsel, Vendor signature is obtained, the document is routed to OSP for further processing;
  - The agreement is routed to the Division of Research, vice president for research for signature and returning to Office of Procurement Services;
  - A copy of the executed agreement is returned to the PI and/or department administrator by Office of Procurement of Services to enter an e-requisition and uploading into iRattler Financials;
  - Reviewing and approving the e-requisitions request for the consultant agreement to determine that all required approvals have been received and the university and sponsoring agency guidelines have been followed;
  - Determining if funds are available in the grant award to cover the entire cost of the agreement and the services are within the effective date of the sponsoring agreement; and
  - If the e-requisition for the consultant agreement cannot be processed, the document is returned within the iRattler Financial System.
- The average turnaround period for processing is three business days for review, approval/denial and referral of the document to appropriate area.
- Responsible for ensuring proper management and retention of documents

#### **4.4 OFFICE OF PROCUREMENT SERVICES (OPS)**

- The OPS is responsible for determining that the consultant agreement conforms to the university's procedures and specifically to the procedures outlined in the OPS Contractual Services Manual.

- When appropriate, preparing a solicitation, bid/solicitation exemption form or sole source justification, in consultation with the PI and OSP, if consulting agreement exceeds the university's bid threshold amount, in accordance with Florida Statutes and University Rules. The OPS reviews:
  - Determines if an individual contractor is a person or firm who provides a commodity or service to the university, but does not have any employment or other relationship or connection with the University, except as provided in section 112.313, F.S;
  - Works with the PI and/or department administrator in the review and approval of Contract Approval and Summary, Professional Services Agreement, Monitoring Plan and Risk Assessment forms;
  - Reviews and ensures that all forms are attached to the professional service agreement and proper documentation are attached and completed properly;
  - Returns forms to PI and/or department administrator for corrections or further processing;
  - Reviews consultant agreement upon receipt from OSP and submit to the OGC;
  - Upon receipt of consultant agreement from OGC, form is sent to the vendor for signature and routing to OSP for vice president for research signature;
  - Upon receipt of consultant agreement from OSP, OPS assign contract number and return to PI and/or department administrator;
  - OPS process e-requisition to procure consulting services;
  - E-requisition requires entry by a requester, and approval by PI, OPS and OPS; and
  - Once all approvals are obtain funds for consulting services is encumbered.
- Ensuring proper management and retention of documents.

#### **4.5 OFFICE OF THE GENERAL COUNSEL (OGC)**

- The OGC is responsible for the review and approval of consulting services agreements to ensure their compliance with University regulations, Florida Statues and any other applicable law.
- All contractual services contracts must be reviewed by the OGC for review. Such reviews and approvals shall be obtained before the contract is executed.
- OGC examines the form and legality, reviews for sufficiency of disclosure statement, and completes a general review of the content and return to OPS.
- OGC reviews Contract Approval and Summary, Professional Services Agreement, Monitoring Plan, and Risk Assessment forms.

#### **4.6 OFFICE OF THE CONTROLLER (OC)**

- The OC Accounts Payable section processes all vendor payments. They are responsible for ensuring timely payment of all invoices, auditing payment for compliance regulations and mailing out warrants issued to vendor/provider.
- Accounts Payable section is responsible for processing the consultant invoices for payment and cost transfers in accordance with University policies and procedures.
- The Accounts Payable reviews all invoices for payment by checking the following:
  - PI approval and signature on invoice for payment to the consultant (vendor/provider);
    - PI must ensure deliverables are met prior to the approval of the invoice.
  - Invoice is in accordance with the deliverables and due dates included in the agreement;

- Invoice has an invoice number, date, reference a FAMU contract number and contains sufficient detail and backup documentation for an audit. This includes receipts and/or travel vouchers if applicable;
- All invoices should be sent to FAMU OC Accounts Payable no later than five working days following receipt of goods or services; and
- Department administrator should ensure receipt of goods/services within iRattler Financials.
- The OC must ensure proper management and retention of documents.

#### **4.7 OFFICE OF CONTRACTS AND GRANTS (OCG)**

- OCG is responsible for invoicing agency for consultant cost charged on sponsored projects;
- Prepare fiscal and financial reports; and
- Maintain financial reporting information for proper management and retention.

#### **4.8 OFFICE OF ORGANIZATIONAL DEVELOPMENT AND TRAINING (OODT)**

The training team is responsible for the development and coordination of training on regulatory requirements for all individuals with responsibilities in the procurement, management and payment of consultant services charged to sponsored projects, including but not limited to PIs, OSP staff, OCG staff and grants administrators.

#### **5.0 DISTRIBUTION OF DOCUMENTS**

To return documents, the OSP staff will either place them in the pick-up tray at the front desk or mail them back to the PI. Approved consulting service requests are submitted to the Office of Office of Procurement Services for processing. Disapproved consultant service requests are returned to the PI.

#### **6.0 RECORDS**

A copy of the agreement is kept in the project file. 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.