



**Business Process – Administrative and Clerical Salaries on Federal Awards**

**Purpose:** A business process for direct charging of administrative salaries to federal awards ensures that HMS is in compliance with federal regulations and Harvard policy. As part of the Internal Controls required under Uniform Guidance, each school is required to review administrative salaries charged to federal awards. At HMS/HSDM, Research Administration & Operations conducts this review on a quarterly basis.

**Harvard/HMS Policy:**

**This business process document outlines procedures for federal awards which fall under Uniform Guidance** (Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR 200). The Harvard policy can be found on the OSP website at <http://osp.finance.harvard.edu/administrative-and-clerical-salaries-federal-awards>

[For awards subject to A-110 and A-21 (pre-Uniform Guidance), the following policy and procedures apply: <http://osp.finance.harvard.edu/administrative-and-clerical-salaries-federal-awards-pre-uniform-guidance>]

**Considerations:**

1. The salaries of administrative and clerical personnel are normally treated as an indirect cost unless they meet the definition of unlike purpose or circumstance and are integral to the project.
2. The Uniform Guidance requires that direct charging of administrative and clerical salaries have prior approval from the awarding agency. If the salaries are included and in the initial proposal and clearly justified as meeting the required criteria outlined in step 1 below, Harvard assumes that sponsor approval has been received. When this information is not included in the proposal, written approval from the sponsor must be received before the salaries may be charged to the award.
3. Charges that are not approved must be removed from the federal award to an appropriate non-federal account.

**Standards of Service:** The GM (Grants Manager, or equivalent) and SPA PO (Portfolio Owner) should check for administrative salaries on federal awards when reviewing the initial proposal. If they appear on the proposal, both parties should check that the criteria for charging admin salaries has been met and if so, should mark the GMAS flag for admin salaries and clear the approval before the proposal is submitted. If administrative salaries are charged to the award later, without having been approved at the proposal stage, the review and approval process should take place at time the charges are applied and prior approval from the sponsor should be sought immediately (see Post-Award section below).

**Process Steps for Administrative and Clerical Salaries on Federal Awards**

Step	Role	Task/Activity
At Proposal Stage:		
1	GM	Prior to including admin salaries in a federal proposal’s budget, department administrator/grants manager (GM) should determine if the following <b>criteria</b> are met: <ol style="list-style-type: none"> <li>1. The roles/individuals involved can be <b>specifically identified</b> with the project/activity;</li> <li>2. The admin salaries are <b>integral to the project</b> and are <b>required to meet scientific objectives</b>;</li> <li>3. The administrative work itself is that which is <b>not normally supported by the department</b>, institute or center and the amount of administrative <b>effort</b> required to support the project is <b>above the normal level</b> provided.</li> </ol>
2	GM	If above criteria are met, the GM should: <ol style="list-style-type: none"> <li>1. Include the administrative role/person in the line-item proposal budget;</li> <li>2. Ensure the level of effort for the role/person exceeds the normal level of administrative support. Harvard recommends a minimum of 5% effort on training</li> </ol>



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		grants and a minimum of 20% in all other projects to qualify as an unlike circumstance; 3. Within the budget justification for the role/person, describe the situation requiring unlike circumstances, the specific duties involved, and how the normal level/type of administrative support provided by the department would not be adequate.
3	GM	Sets the GMAS admin salaries flag to Yes (when entering the GMAS request, or within Approval Attributes section of a request in process).
4	SPA PO	Reviews proposal to ensure the admin salaries role meets all the criteria above, and that the justification is adequately explained within the proposal.
5	SPA PO	Checks that GMAS Admin Salaries flag is set to Yes and that Admin Salaries Approval appears on the request.
6	SPA PO	Sets Admin Salaries approval status (at Submission) to 'Done;' enters Effective Date (date approved); and adds comments and/or uploads documents to note any additional details.
<b>At Award Stage:</b>		
7	SPA PO	Reviews the notice of award and any related documentation <ul style="list-style-type: none"> <li>If the sponsor has not specifically excluded the administrative salaries from the awarded budget or made any other comment regarding admin salaries, sponsor approval is inferred.</li> </ul>
8	SPA PO	<b>If sponsor approves admin salaries</b> per above, PO sets Admin Salaries approval status (at Award) to 'Done;' enters Effective Date (date approved or date notice rec'd); and adds comments and/or uploads documents to note any additional details.
9	SPA PO	<b>If sponsor does NOT approve admin salaries, PO:</b> <ol style="list-style-type: none"> <li>Changes the segment's Approval Attributes flag to No for Admin Salaries</li> <li>Notifies GM/dept. that the admin salary charges are unallowable.</li> <li>Uploads documentation that the admin salaries were not approved by the sponsor to the Segment Documents (naming file "Admin_salaries_not_allowed").</li> </ol>
<b>At Post-Award Stage</b>		
If a new admin role is added to an award that was not in the approved budget the following steps are required:		
10	GM	<ol style="list-style-type: none"> <li>Notifies SPA PO there is a request to add administrative salary to an existing project.</li> <li>Provides the appropriate documentation and justification that the criteria to directly charge admin salary (in step 1 above) are met.</li> <li>Includes the documentation that will be sent to the agency as a request for the additional administrative salary as a direct cost.</li> </ol>
11	SPA PO	Reviews documentation and confirms that the role adheres to criteria for directly charging admin salaries. <ul style="list-style-type: none"> <li><b>If criteria are not met, asks GM to remove charges from award.</b></li> <li>If criteria are met, prepares request for submission to sponsor and sends to AOR/signatory for submission.</li> </ul>
12	AOR	Submits request to sponsor, with copies to PI, GM and SPA PO.
13	GM	If sponsor does not approve the salary charges, removes charges from award.
14	SPA PO	If charges have been approved by the sponsor, sets Admin salaries flag to Yes in GMAS (if currently set to No) and marks approval as 'Done' (at Award) per step 8 above. Uploads sponsor approval to Documents for GMAS Admin salaries approval.