Policy

Department of Finance

Effective Date: August 13, 2010
Previous Date: May 1, 2002

Re: Sponsored Programs Accounting

Policy

Finance shall maintain appropriate fiscal systems and coordinate with Office of Sponsored Programs (OSP). The systems shall provide budget and accounting support to sponsored activities. The systems shall reasonably protect the University from financial risks related to cost overruns, disallowed costs, and other similar issues.

Background

The University engages in many activities that are financially sponsored by external agencies. The performance requirements are the responsibility of the principal investigators. The sponsoring departments are responsible for providing oversight to those sponsored activities that are conducted by departmental faculty and staff.

Office of Sponsored Programs reviews and approves proposals prior to University agreement. Finance reviews and approves fiscal elements of all proposals prior to University agreement. Office of Sponsored Programs provides administrative support for proposals and post-award reports. The Office of Research provides administrative and operational support to principal investigators. Finance provides accounting and fiscal support to the sponsored activities.

The support departments, Research, Human Resources, OSP, and Finance, are to provide support to the principal investigators and the sponsored activities, and, are to provide reasonable protections for the University against exposures that may result from the administration of the funds or sponsored activities.

The senior leadership of the colleges, research, and OSP are responsible for oversight of the conduct of the principal investigators. The principal investigators, department directors, chairs, and deans, are responsible for the performance requirements of the activities.
Re: **Sponsored Programs Accounting**

**Standard**

Sponsored Programs Accounting is responsible for maintaining the accounting records for all sponsored programs of the University and for preparing financial reports for submission to the sponsor on an accurate and timely basis.

**Background**

The department is dedicated to serving the post-award needs of principal investigators and departmental administrators. The department also participates in the administration of awards on issues such as allowable costs, availability of funds, and general information regarding accounting and costing policies. Other areas of responsibility include Sponsored Programs accounts receivable, award closeout, record retention, and coordination of the annual A-133 audit.

All processes and activities are coordinated with Office of Sponsored Programs (OSP). Office of Sponsored Programs works directly with and communicates with external agencies and principal investigators.

**Procedure**

1. Account Number--Upon receiving a Notice of Award from the OSP Administration, Finance, or Sponsored Programs Accounting assigns the sponsored program an account number. Sponsored Programs Accounting notifies OSP and the principal investigator of the new account number prior to the actual start date of the budget year. The principal investigator, however, should not submit requisitions or incur any obligations until the actual start date of the budget period unless specifically authorized in writing.

2. Original Budgets--Each grant or contract has a budget which has been negotiated with the awarding agency by Sponsored Programs Administration. Sponsored Programs Accounting is responsible for monitoring the budget. Principal investigators should monitor progress against this budget periodically. When a change in plans necessitates an expenditure pattern that varies significantly from the original budget, a budget modification request should be prepared and submitted to the OSP.
3. Payroll and Effort Reporting--All University personnel, regardless of the source of funding, will be paid by Payroll Accounting in accordance with State policies and University procedures. As required by federal regulations, the University maintains an Effort Reporting System for monitoring the salaries and wages of employees charged against federally and other sponsored programs charged against two or more cost activities used for purposes of allocating indirect costs to federal programs. These reports primarily serve as support for salary charges to Sponsored Programs (cost shared salary) and may be examined during an audit.

4. Monthly Financial Reports—finance, using the ledger system, produces financial reports for each grant or contract on a monthly basis called the Monthly Financial Status Report. The report is a summary of the budget, expenses, budget balances, and purchasing commitments for each account; cumulative figures reflect the budget period to-date for the account (not necessarily the University's fiscal year).

5. Deposit of Grant and Contract Receipts--All OSP funds should be mailed directly to the Office of Finance. If a sponsor inadvertently sends a check to a department, the check is forwarded to the Office of Finance.

6. Pre-Award Costs--Costs incurred (including both orders placed and goods/services received) prior to the beginning date of a budget period of a new grant or a competitive renewal of an existing grant are not allowable unless authorized in writing by an authorized official of the University or sponsoring agency. In certain unusual cases, pre-award costs can be negotiated in the award process.

7. Cost Transfers--Occasionally expenses may be charged to an incorrect General Ledger (GL) account. In order to correct this error, an expenditure transfer must be made. Whenever an expenditure transfer charges a sponsored program account, Federal regulations require additional documentation to support the transfer. Costs allocable to a particular research agreement may not be shifted to other research agreements in order to meet deficiencies caused by overruns or to avoid restrictions imposed by terms of the research agreement.

8. Timeliness of Expenditures and Cost Transfers--Federal agencies and auditors are directing increased attention to cost transfers which occur (1) during the final month of a budget period, (2) after the budget period has expired, or (3) more than 90-days after the actual costs were incurred; inadequately documented transfers also receive greater scrutiny. Similarly, expenditures that occur during the final month of a budget period are also subject to increased scrutiny by auditors. A charge set aside as "questionable" by auditors, even though a proper charge to a grant, may be disallowed in the absence of clear documentation to substantiate its propriety and may ultimately be funded by the department. It is important that principal investigators monitor the timeliness of expenditures and cost transfers for their projects on a regular basis.

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9. Financial Reports and Billings -- Sponsored Programs Accounting is responsible for the preparation and submission of all financial reports and billings for sponsored program accounts. In most cases, Financial Status Reports (FSRs) or Final Expenditure Reports (FER) must be submitted to the granting agency within 90 days after the grant expiration date. Prior to the submission of the FSR to the sponsoring agency, Sponsored Programs Accounting will send a FER to the principal investigator for review and approval. A copy of the report will also be forwarded to the fiscal administrator. Upon return of the signed report to Sponsored Programs Accounting, the FSR will be mailed to the appropriate agency. If no response is received from the Principal Investigator (PI) by the requested date, the FSR will be mailed to the agency reflecting the amounts on the accounting system at that date. Interim (monthly, quarterly or annual) billing vouchers requesting reimbursement for contract expenditures will be prepared in Sponsored Programs Accounting and will reflect periodic expenditures per the IS – GL report. It is the responsibility of the PI and Sponsored Programs Accounting to ensure that adequate budget is available for expenditures in individual grant and contract accounts prior to processing any expenditure, including payroll disbursements.

Responsibilities

1. It is the responsibility of the principal investigator to comply with all policies of the sponsoring agency and to plan expenditures so that funds will be available for the duration of the project.
2. Although the primary responsibility for control of expenditures rests with the principal investigator, the Sponsored Programs Accounting department and OSP review selected charges against sponsored programs to ensure compliance with applicable Federal, State, Local, and University regulations and restrictions.

References

Research
Office of Sponsored Programs
Standard

Finance: Sponsored Programs Accounting

Effective Date: August 13, 2010

Previous Date: May 1, 2002

Re: Proposals

Standard

Proposals shall be reviewed and approved by the appropriate administrators.

Background

Office of Sponsored Programs (OSP) oversees the proposal and submission process. There must be a system to ensure quality and compliance for all proposals. All proposals must be reviewed and approved by the appropriate administrative personnel in order to ensure that proposals are of quality, reasonable, in support of the University mission, and do not expose the University to unreasonable risks. There is a structure for support and oversight, including OSP, Research, Institutional Review Board (IRB), college administration, and Finance. Indirect costs are required, unless waived, to support administrative functions. Matters of space, matching funds, insurances, certifications, and other commitments, must be resolved prior to the submission of the proposals.

Procedure

1. Principal investigators or project directors develop proposals.
2. Chairs, directors, and deans, as appropriate, review and approve the proposals.
3. Office of Sponsored Programs reviews and approves proposals, ensuring that University policies are met, and appropriate administrative approvals have been secured in those areas that are involved.
4. Finance reviews and approves fiscal elements of the proposals.
5. The IRB reviews and approves all research protocols prior to the commencement of any research activity.
6. Office of Sponsored Programs approves agreement, if awarded, issues INOA.
7. Office of Sponsored Programs monitors the grant activities and requirements.
Responsibilities

1. The principal investigator is responsible for performance.
2. Department chair/director is responsible for performance oversight.
3. College deans are responsible for oversight.
4. Research is responsible for oversight.
5. Institutional Review Board approves all research protocols.
6. Office of Sponsored Programs approves all proposals.

References

Research
Office of Sponsored Programs
Institutional Review Board
Standard

Finance: Sponsored Programs Accounting

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Re: Policies, Rules, and Guidelines

Standard

All sponsored projects shall comply with the policies, rules, regulations, and guidelines of the University and of the sponsoring agencies. In the event of a sub-award, conditions of the prime contractor shall also apply.

Background

There are a number of federal references to rules and regulations. The Office of Management and Budget, issues circulars for government-wide sponsored project management. Circulars include OMB A-110, OMB A-133, OMB A-21, and others. Cost principles and cost accounting standards apply to federal awards. Additionally, grant specific terms and conditions must also be met by the University upon acceptance of the award.

Projects sponsored by the State, County, City and other non-federal sponsors must comply with applicable sponsor policies and the terms of individual sponsored agreements.

For all sponsored activities, deviations from either University or sponsor policy must be explicitly negotiated and approved by authorized officials of the University and the sponsor.

Responsibilities

1. The principal investigator is responsible for compliance.
2. Department chair/director is responsible for compliance oversight.
3. College deans are responsible for oversight.
4. Research is responsible for oversight.
5. Office of Sponsored Programs provides oversight.
6. Finance provides fiscal oversight.

References

Research
Office of Sponsored Programs