TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER™ EL PASO

Grant Financial Management Workshop
January 13, 2016

Contracts and Grants Accounting

Contracts and Grants Accounting Office

- Marcos Armendariz, Unit Associate Director
- Lupe Alvara, Lead Analyst
  - Federal Grants (Federal Direct, Federal Pass-Through, and Federal Financial Aid)
- Monica Duarte, Lead Analyst
  - State, Local, and Private Grants and Contracts (including clinical trial agreements)
- Veronica Armendariz, Lead Analyst
  - Other Restricted Funds (Gifts, Endowments, Scholarships, Auxiliary, TTFI, Unexpended Plant)

C&G Accounting Updates

- THECB and SEED grants as well as Indirect Cost (IDC) funds are now handled by unrestricted fund accountants within Accounting Services
- New/Updated Forms, Reference Material, and Reports
  - Multiple Positions Cost Share Calculation Worksheet
  - Grant Closure Checklist
  - List of Account Codes
  - Ecrt Basics FAQ
  - Effort Reporting FAQ
  - NIH Grants Policy Statement (November 2015)
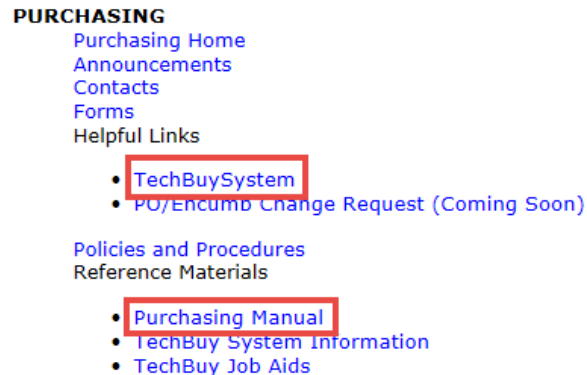 - Cognos Report: BACS for Grants – Combined Chart E & H

COMMON PURCHASING AND PAYMENT SERVICES TRANSACTIONS ON GRANTS

Purchase Orders

- Requisitions/Purchase orders are submitted through the TechBuy system .
- Refer to the Purchasing Manual for additional information.

Both are found on the WebRaider Portal under the HSC El Paso Finance tab, Purchasing Section:

PURCHASING
Purchasing Home
Announcements
Contacts
Forms
Helpful Links

- TechBuySystem
- PO/Encumb Change Request (Coming Soon)

Policies and Procedures
Reference Materials

- Purchasing Manual
- TechBuy System Information
- TechBuy Job Aids

- A purchase order establishes an encumbrance.
- It reserves funds for future purchases and thereby reduces available spending balances.

Departmental Responsibilities

- Departments must ensure encumbrances are established using institutional purchasing guidelines. Encumbrances should be reviewed periodically.
- Goods must be received prior to grant end date. If received after the end date, will be asked to move off the grant.
- Orders should not be placed towards the last week(s) of a grant just to spend the funds. This indicates poor planning and might be questioned by sponsor.
- If an encumbrance is valid, it may remain on the grant. Department should work with Payment Services to get the invoices paid promptly. Payment Services email address is: paymentserviceselp@ttuhsc.edu
- If the encumbrance is no longer valid, it should be released and the purchase order closed.
- **A grant cannot be closed until ALL encumbrances are closed.**

Non-Compliant Purchase Orders

- The ordering of products or services prior to the purchase order being issued is considered an obligation without authority and a violation of the Purchasing Operating Policies.

- **NON-COMPLIANT PURCHASE ORDERS ARE NOT ALLOWED ON GRANTS!**
    - **Exception: An invoice is received after a P/O is prematurely closed and Purchasing requires a new P/O that will be labeled as non-compliant.**
    - **Expenses stemming from a non-compliant P/O on a non-sponsored fund cannot be cost transferred to a sponsored fund.**

P/O and Encumbrance Change Requests

- Automated system is currently not operational.
- Preferred method by Purchasing Department is for department to make a note on the purchase order through TechBuy asking that a P/O is closed, changed, or moved to a different FOP.
- Can select who they want the request to be routed to.
- Cognos Report for Open Encumbrances:
  - HSC El Paso Finance > Encumbrances, Invoices, & Checks > Open Encumbrances by Fund and Orgn

Payments to Research Study Participants

- Payments made to individuals to compensate them for participation in approved research projects, surveys, or studies.
- Payments to research participants are allowed only on funds that provide for expenditures on account code 7L1400 – OL Patient/Subject Costs
- Refer to HSC Operating Policy and Procedure 72.19 found in the Payment Services section of the HSC El Paso Finance tab: http://elpaso.ttuhsc.edu/fiscal/businessaffairs/paymentservices/Policies.aspx
- Payments must be processed through the **Swift Card Program**
- General information and training materials can be found at: http://elpaso.ttuhsc.edu/fiscal/businessaffairs/paymentservices/Trainings.aspx

Payments to Research Participants— Swift Cards

Swift Cards may NOT be issued to participants after the grant end date.

When there are remaining Swift Cards at the end of a grant, email Payment Services at paymentserviceselp@ttuhsc.edu to:

1. Transfer the cards to another FOP
2. Return cards to Payment Services Department

Travel

- Employees must follow Travel Operating Policies
- Charges to Federal grants for lodging and meals should follow U.S. GSA Federal per diem limits
- Travel chargeable to a sponsored program only if necessary to the project and allowed by sponsor.
- Travel vouchers using a grant fund are reviewed and approved by C&G Accounting.
- Foreign travel allowed only if on the grant budget and approved by the sponsor. Must be approved by TTUHSCEP's President per OP 79.04.

Purchasing Card

- Credit cards issued to individuals to purchase goods without the issuance of a purchase order.
- Refer to Policy and Procedure - Purchasing Card Program 72.15.
- Threshold is $5,000 for single purchases.
- List of inappropriate items on purchasing cards, refer to OP 72.15.
- Purchases charged to sponsored programs should be allowable, allocable, reasonable, and consistent per OP 65.04.
- General Provisions for Allowable and Unallowable Costs can be found in OP 65.04, Attachment A

COST SHARE FUNDAMENTALS

Cost Share:

The portion of the total costs of a project that is borne by TTUHSCEP rather than the external sponsor. It is generally discouraged unless it is mandated by the external sponsor.

- For federal grant opportunities, voluntary committed cost sharing is not expected and it cannot be used as a factor during the review of the application or proposal. (Per the OMB Uniform Guidance, 2 CFR 200 Section 200.306)

- Cost sharing commitments must be accurately tracked **and** documented through the establishment of a separate cost sharing fund.

- Refer to Operating Policy and Procedure 65.11 – Cost Sharing on Sponsored Programs, posted on C&G Website.

    http://elpaso.ttuhsd.edu/fiscal/businessaffairs/grantaccounting/policies.aspx

- Per OP 65.11, any Cost Sharing must be reviewed and approved by OSP at time of proposal submission.

Types of Cost Sharing

I. **Mandatory Cost Sharing:** cost sharing required by the sponsor as a condition for proposal submission and award acceptance.

- A new fund must be set up for tracking and reporting.

II. **Voluntary Committed Cost Sharing:** cost sharing offered in a proposal but not required by the sponsor as a condition of proposal submission.

- Once offered by the institution, it becomes an obligation that must be fulfilled upon acceptance of the award.
- A new fund must be set up for tracking and reporting.

III. **Voluntary Uncommitted Cost Sharing:** neither pledged in the proposal nor stated in the award documents.

- Does not need to be documented or reported and is not subject to effort reporting.
- Department has the option to track on a separate fund, but not required.

Types of Cost Sharing Cntd.

IV. **Salary Cap Cost Sharing:** occurs when the sponsor limits the amount of direct salary that can be paid for by the grant award.

- NIH and CPRIT impose salary caps on institutional base salary.
- NIH Salary Cap – FY15 $183,300. **NIH cap increased to $185,100 for new Notice of Awards with an effective date of January 10, 2016 and forward.**
- **It is the practice of TTUHSCEP to keep the salary cap on existing grants as is. Do not re-budget. When new NOA is received, then the higher salary cap can be used.**
- CPRIT Salary Cap is $200,000.
- The monthly salary amount charged to an NIH/CPRIT award cannot exceed the monthly cap rate multiplied by the effort percent charged to the grant.
- Only salaries and fringe benefits may be charged to this fund.
- Effort reporting is required.
- A new fund must be set up for tracking and reporting. Same cost share fund used for the life of the grant.

Cost Share Fund Setup

- On the question "Is this a cost share fund?" on the Main Fund Form for the new fund setup, be sure to mark "Yes".

- The Sponsored Project Type should be selected to note the type of cost share.

  - CS – Mandatory/Voluntary Committed Cost Share

  - SC – Salary Cap Cost Share

  - VC – Voluntary Uncommitted Cost Share.

- If the grant fund is a research grant, the cost share fund should also be requested as a research fund. The research questions in the new fund request system should be answered the same as for the grant.

Is this a cost share fund?

◉ Yes ○ No

Sponsored Project Type: -- Select -- ▼

Special Instructions:

- Select -
CS - Mandatory/Voluntary Committed Cost Share
CT - Industry Sponsored Clinical Trial
SC - Salary Cap Cost Share
SP - Sponsored Project
VC - Voluntary Uncommitted Cost Share

Tools for Calculating Cost Share Effort Percentages

- Found in the Contracts and Grants Accounting website:
  http://elpaso.ttuhsc.edu/fiscal/businessaffairs/grantaccounting/Forms.aspx
- Simple Salary Cap Calculator
- ***NEW*** Multiple Positions Cost Share Calculation Worksheet
  - Accommodates one primary position and up to two secondary positions
  - May be used to calculate both salary cap and mandatory/voluntary committed cost share effort percentages

Things to Consider

- When a grant has mandatory or voluntary committed cost share, a new fund must be established for reporting purposes.

- When a grant has salary cap or voluntary uncommitted cost share, one fund may be used for the entire grant period since it does not have to be reported.

- It is the responsibility of the departments to ensure cost share requirements are met.

- Cost share fund may be set up as an E&G(10), Permanent Health (12), and General Designated (18) fund depending on the funding source. If a medical practice income plan is funding the cost share fund, it should be set up as a General Designated fund.

- Once the cost share fund is set up, departments should submit budget revisions, EPAFs, LRD's, and Cost Transfers as necessary.

- Cost share funds are fiscal year funds. Remember to budget cost share funds during Budget Prep for those sponsored projects continuing in the following fiscal year.

Effort Reporting

- Effort reporting is an after-the-fact confirmation that the assignment of time and associated salary and fringe benefit costs to sponsored projects is fair, consistent, and timely.

- Completed on a quarterly basis

- All sponsored program FOPs are subject to effort reporting, with a few exceptions given to local and private contracts.

Frequently Asked Questions on Effort Certifications

- Who should certify an effort statement?
  - A: PI and other faculty.
- The effort percentages on a statement do not correspond to the time spent on one or more sponsored programs. How can I change the percentages on the statement?
  - A: Labor redistribution.
- Can I manually enter a different percentage on the effort statement and certify?
  - A: Yes, but…
- What is the threshold amount beyond which a labor redistribution is required?
  - A: Per OP 65.07, $500 or 2%

Frequently Asked Questions on Effort Certifications

- The effort coordinator assigned to an effort statement is not correct. How can this be fixed?
  - A: Email effort coordinator change request to ecrtelp@ttuhsc.edu.
- Is there any report that will allow me to view the outstanding effort statements for my department?
  - A: In Cognos, run the following report: HSC El Paso Finance > Grants > Ecrt Outstanding Effort Certifications by Coordinator
- Does the percentage certified in ecrt need to match exactly the committed effort percent on a proposal/budget template/budget justification?
  - A: Yes, for the most part, but it might vary due to special circumstances and/or period of performance.

Effort Reporting Resources

- Training guides and videos on the ecrt system as well as effort certification deadlines available on the C&G Accounting website at http://elpaso.ttuhsc.edu/fiscal/businessaffairs/grantaccounting/Trainings.aspx

- Salary cap cost share check in ecrt.

- Salary cap calculator and multiple positions cost share worksheet on C&G Accounting website at http://elpaso.ttuhsc.edu/fiscal/businessaffairs/grantaccounting/Forms.aspx

- Operating Policy 65.07 - Effort Reporting: Certifying Time and Effort on Sponsored Projects

Labor Redistributions

What is a labor redistribution?

- A labor redistribution, also known as LRD, is a type of cost transfer that moves salary and fringe benefit costs from one FOP to another. It allows a change to the salary distribution for past pay periods.

- LRDs are sometimes necessary to move salary onto or out of a grant fund for past pay periods, but should be avoided or kept to a minimum by proactively changing the funding source of grant personnel through an ePAF as new grants begin and older grants end.

Labor Redistribution System and Resources

- The LRD System is maintained by the Budget Office

- The Labor Redistribution User Guide and Video Tutorial available at the following link: http://elpaso.ttuhsc.edu/fiscal/businessaffairs/budget/training.aspx

- Operating Policy 70.58 – Labor Redistributions

- Questions on how to complete a labor redistribution may be forwarded to budgetelp@ttuhsc.edu.

LRDs on Grants: Key Points

1. Justification comment must address the following three questions:
   – Why was this payment not charged to the correct labor redistribution?
   – What justifies redistributing this payment to the new labor distribution?
   – What is being done to prevent this from occurring in the future?
2. If affecting a pay period more than 90 days ago, enter a reason for the delay in the justification.
3. Salary expenditures from prior fiscal years are not allowed to be moved onto a grant fund. Only LRDs for prior fiscal year pay periods moving salary expenditures <u>off</u> of a sponsored FOP are allowed if necessary to comply with sponsor guidelines.
   – NOTE: Due to conversion to chart E, salary charges from FY15 and prior fiscal years can no longer be redistributed.
4. LRDs do not change an employee's salary distribution for future pay periods. An ePAF must still be submitted to change the salary distribution for future pay periods.

Cost Transfers

Manual Cost Transfer Form

- Manual cost transfer form can be downloaded from the WebRaider portal, HSC El Paso Finance Tab, under Contracts and Grants Accounting Forms.

How to Complete a Manual Cost Transfer Form

- When can I submit a manual cost transfer form?
    - Changing account code within the same fund
    - Transferring transactions from a previous fiscal year from one fund to another

- **Step 1 -** Identify the expense transaction to be transferred out and download the two following Cognos reports:

    - Operating Transactions (Credits)

    Public Folders > HSC EL Paso Finance > Transaction Detail > Operating Transactions for Excel for El Paso

    - Budget Account Code Summary for Grants (Charges)

    Public Folders > HSC EL Paso Finance > Grants > Budget Account Code Summary for Grants

How to Complete a Manual Cost Transfer Form

- **Step 2 -** Credits

Enter the transaction to be moved off the FOAP as it is in the operating transaction report.

Fund	Fund Desc	Org	Acct	Prog	Document	Doc Ref	Trans Desc	Amount
223074	CPRIT CCRC El Paso – Nahleh Yr 4-5	533701	720300	20	CP000010	CH161103	1007HUNTER-NCCN	-860.19

- **Step 3 -** Charges

Enter the charge FOAP information where the original transaction needs to be moved to.

Banner Cost Transfer Request

CREDITS						ORIGINAL DOC ID	ITEM DESCRIPTION *	CHARGES					
FUND	ORGN	PROG	ACCT	AMOUNT	APPROVER			FUND	ORGN	PROG	ACCT	AMOUNT	APPROVER
223074	533701	20	720300	$ 860.19	Fund Manager	CP000010	1007HUNTER-NCCN	183003	533711	20	720300	$ 860.19	Fund Manager

How to Complete a Manual Cost Transfer Form

- **Step 4 -** Answer required transfer justification questions related to the expenses being moved with clear and adequate information. Any additional justification can be listed in a separate memo or in the approval email string.

- **Step 5 -** Send cost transfer request via email to grantsaccountingelp@ttuhsc.edu with the following attachments:

  * Manual cost transfer form

  * Cognos reports

  * Fund manager's email approval

FiTS

- The Financial Transaction System (FiTS) and related training documentation can be accessed from the WebRaider portal, HSC El Paso Finance Tab, under Accounting.

FiTS

Step 1 - Cost Transfer

- Create Cost Transfer
- Search the expense transaction to be transferred out by:
   FOAP, Document ID, Transaction Amount Range, Date Range
- Select expense
- Edit the FOP you would like the expense to be transferred to
- Enter amount to be transferred
   – If only a partial amount of the original transaction amount will be transferred, a comment should be included to justify why only the partial amount and document the methodology used to come up with this amount.
- Save
- You can select additional expenses from the original search or begin a new search

FiTS

Step 2 - Questions, Attachments, Comments

- You must answer all questions with clear and adequate information
- In the attachments section you can upload attachments to provide additional information regarding the cost transfer

Step 3 - Finish

- Start and will mark complete later
- Mark as Complete
- Submit to approvals

Clinical Trials Financial Management

Check Payments Process

- Who Invoices?
    - * OSP is in charge of invoicing for Start-Up fees
    - * Departments are in charge of invoicing for milestone and patient-visit fees.
    - * The IRB Office invoices for IRB fees
    - * Payee address for these invoices should be:

        Texas Tech University Health Sciences Center El Paso
        5001 El Paso Drive
        El Paso, TX 79905
        Attn: Contracts and Grants Accounting

- Contracts and Grants Accounting receives and deposits the checks
    - * Emails the department to complete a budget revision (BR) to budget the revenue

- Department submit BR
    - * Revenues for IRB & Start-Up fees are not subject to indirect costs (IDC)
    - * Expense budget account code for IRB fees - 8096
    - * Revenue budget account code for clinical trials - 5048

Important Reminders

- All expenses in support of the project, including salaries, should be allocated to the clinical trial fund

- Email Contracts and Grants Accounting when study is completed and request for fund to be closed

- For transfer of residual funds refer to HSC OP 65.10 - Residual Funds Derived from Drug Studies, Clinical Trial, Fixed-Price Contracts, and investigator-Initiated Research

- Clinical research financial management policy changes may be coming soon

Questions???