Grant Management

TTUHSCEP Contracts and Grants Accounting

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Contracts and Grants Accounting Staff

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Agenda

- Award Set-Up
- Cost Policy
- Award Management
- Cost Share and Effort Reporting
- Award Close-out

Award Set-Up

Steps to begin spending:

- New fund request
- Budget revision
- Revenue recognition (dependent on type of grant)
- Labor change ePAF/labor redistribution
- Encumbrances
- New cost share funds (if required)

New Fund Request

- A new fund request must be submitted via the online New Fund Request System, which can be accessed from the WebRaider portal, F&A Work Tools tab, Finance Channel under Accounting Services.

- New Fund Request Information can also be found there to aid in system navigation.

New Fund Request

- F   Fund – WHERE sponsored funds are coming from. Self-balancing set of Accounts that shows ownership of cash or fund balance.

- O   Organization – WHO is responsible for managing the project. Budgetary or departmental unit.

- P   Program – WHY TTUHSCEP was provided the funding. NACUBO function classification

New Fund Request

- All restricted awards, grants and contracts are set up in Banner as multi-year funds (ex. 24Z).
  - Reporting based on inception to date rather than fiscal year.
  - Transactions populate the grant ledger in Banner.
  - The budget is entered at beginning of the grant and the available budget rolls forward each fiscal year rather than requiring a new budget each fiscal year.
- Restricted gifts, endowment earnings, cost share funds are set up as fiscal year funds (ex. 24).
  - Fund (and any fund balance) must be budgeted during budget prep yearly.

New Fund Request
Fund Classes

- Federal Grants/Contracts (21Z)
  - Awards, Grants, or Contracts received directly from the federal government (direct program) or as a subrecipient via a pass through entity (pass thru).
  - Use is restricted to terms and conditions agreed upon in grant/contract, federal regulations, institutional policy.
  - Typically cost reimbursement (LOC/billed), sometimes advanced pay or fee for service.
  - NIH, HRSA, DoD, NSF, CDC, DOJ, etc.

New Fund Request
Fund Classes

- State Grants/Contracts (22Z)
  - Awards, Grants or Contracts from other State of Texas entities, including appropriations passed to TTUHSCEP as a subrecipient from other agencies.
  - Use is restricted to terms and conditions agreed upon in the grant/contract, state guidelines, institutional policy.
  - Typically cost reimbursement (billed), sometimes fixed price or fee for service.
  - CPRIT, DSHS, HHSC, Governor's Office, JAMP, THECB, etc.

New Fund Request
Fund Classes

- Local Grants/Contracts (23Z)
  - Awards, Grants or Contracts with local government agencies.
  - Use is restricted to terms and conditions agreed upon in the grant/contract, institutional policy.
  - Most are residency contracts, very few grants.
  - UMC, City of El Paso, DCOA, etc.

New Fund Request
Fund Classes

- Private Grants/Contracts (24Z)
  - Awards, Grants or Contracts received from private entities (includes foreign).
  - Use is restricted to terms and conditions agreed upon in grant/contract, institutional policy.
  - Cost reimbursement (billed), fixed price, scheduled pay, fee for service.
  - MOD, AHA, Komen, CH Foundation, South Plains Foundation, etc.

New Fund Request

- Organization – the department must determine which orgn code to associate with the new grant fund.

- Program code – the department must review the work/purpose of the grant and determine the appropriate program code. For reporting purposes research or public service may not be co-mingled with other programs. Instruction, Patient Care and Academic support may be co-mingled in one fund.

New Fund Request
Program Codes

- Instruction (10) – includes expenses for all activities that are part of an institution's instruction program.

- Research (20) – includes all expenses for activities specifically organized to produce research, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution.

- Public Service (30) – includes expenses for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution.

New Fund Request
Research Attributes

- THECB Research Types
  - <u>Medical Sciences</u> are concerned with causes, effects, prevention, or control of abnormal conditions in man or his environment as they relate to health. Examples are clinical medical sciences, internal medicine, neurology, surgery, etc.
  - <u>Biological Sciences</u> are those life sciences that deal with origin, development, structure, function, and interaction of living things. Examples are biochemistry, microbiology, pathology, pharmacology, etc.
  - <u>Areas of Special Interest</u> – intended to provide information on expenditures in areas of special interest to the public. Examples are Aging, Cancer Research, Cardiovascular Research, Mental Health, Child and Human Development, etc.
    - Can have more than one

New Fund Request
Research Attributes

- NSF Research Types
  - <u>Basic</u> research is undertaken primarily to acquire new knowledge without any particular application or use in mind.
  - <u>Applied</u> research is conducted to gain the knowledge or understanding to meet a specific, recognized need.
  - <u>Development</u> is the systematic use of knowledge or understanding gained from research directed toward the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes.

New Fund Request
Fund Manager

- Fund Manager
  - The department may select any person as fund manager but the fund manager should have a basic knowledge of accounting and exhibit basic management skills. Fund managers are responsible for the financial and operational management of their funds.
  - HSCEP OP 50.03 Fund Manager Designation and Responsibilities
  - The Fund Manager and the Principal Investigator (PI) are primarily responsible for management of the grant fund and compliance with all applicable laws/regulations.

New Fund Request - When to request

- A new fund may be requested once award document or executed contract is received.
  - NOA must be uploaded and attached with New Fund Request along with any other pertinent information. If any important information is not provided, the new fund set up will be delayed or rejected.
  - May set up subsequent year fund of existing grant if haven't received award or executed subcontract yet, as long as OSP feels next year award is forthcoming. If for some reason it is not received, department must cover all expenditures.
    - May not budget entire amount until award or executed subcontract received. 100% of salary (and related IDC) and 20% of remaining direct budget (and related IDC).
    - Helpful to set up new year's fund timely to minimize labor redistributions and cost transfers (audit risk).
  - Contracts and Grants Accounting requires a new fund for each budget year of a grant for reporting purposes.
    - Exception is CPRIT and NIH, experimenting with one fund for entire grant.
    - No new fund is necessary if a no-cost extension is received.

New Fund Request
Other Information

- Other information that should be attached or provided
  - Sponsor approved grant budget
  - Negotiated IDC information
  - Any financial report due dates
  - Grantor terms and conditions (specifically for private grants)
  - Subcontract information if expected
  - Cost share commitments or requirements
    - Funding source of cost share fund
    - Salary cap funding source (if applicable)

New Fund Request
Routing

- Depending on the type of fund, the new fund request could be routed to Research, Office of Sponsored Programs, Financial Aid, Student Business Services or Institutional Advancement.
- All new fund set ups are routed to the Orgn manager, two levels within Contracts and Grants Accounting and Financial Systems Management (FSM).
  - FSM is the final approver on all new fund setups.
- New funds could take several days to establish and require several areas of review, so start early.

Award Budget

- Once the new fund has been established, a budget must be submitted via the online Budget Revision System. This system can be accessed from the WebRaider portal, F&A Work Tools tab, Budget channel.

- A user guide can be found on the Budget home page.

- Set up the budget for the entire budget period awarded amount (unless award or executed subcontract not yet received).

  - If revenue is not received until earned (paid by milestone, per patient, or fee for service) set up budget as revenue is received, since entire award amount may not be earned.

  - Be sure to budget according to sponsor approved budget.

Award Budget
Budgeting IDC

- Budget all expense account codes to the penny, including IDC, to avoid budget problems at the end of the grant.
- Be sure to consider any exclusions, such as capital, scholarships, amount of subcontract > first 25K.
- Example: Received a $100,000 grant with an IDC rate of 35%.
  - $100,000 / 1.35 = $74,074.07 Direct Expense Budget Amount
  - $74,074.07 * .35 = $25,925.93 IDC Budget

Award Budget
Routing

- Depending on the type of fund is being budgeted and what kind of budget type is being entered, the budget revision may be routed through Fund Manager, Regional Dean, OSP, Contracts and Grants Accounting and various levels of the Budget Office.

Revenue

- Ensure revenue has been posted to the new grant fund, unless the sponsor must be billed (cost reimbursement, scheduled pay) or the revenue must be earned (fee for service) before received.

- Contracts and Grants Accounting has a holding account to post revenue to until the new grant fund is established.

  - Email Contracts and Grants Accounting after the new fund is established and a journal entry will be done to move the revenue out of holding into the new grant fund.

Labor

- Submit a labor change ePAF to have all future salaries (and salary encumbrances) moved to the new grant fund.
- Submit labor redistributions to move prior month(s) labor expenses to the new grant fund (if necessary).
- User guides for ePAF and labor redistributions can be found on the Budget website.
- Labor is very important and must be applied to each grant fund exactly how it was budgeted with the sponsor. In most cases, effort must be certified. This will document that effort/labor budgeted on the grant and salary expenditures posted to the grant align with the percent of effort spent on the grant project by those paid on the grant.
  - If % of effort doesn't match salary, labor redistributions must be processed to correct.

Encumbrances

- Encumbrances are commitments made on behalf of TTUHSCEP, reserving funds for future purchases.
  - Purchase orders
  - Reduce available spending balance.
- Establish any encumbrances necessary or move existing encumbrances to the new grant fund.
- Ensure encumbrances are established following proper institutional purchasing guidelines.
  - Non compliant PO's will not be allowed on grant funds.
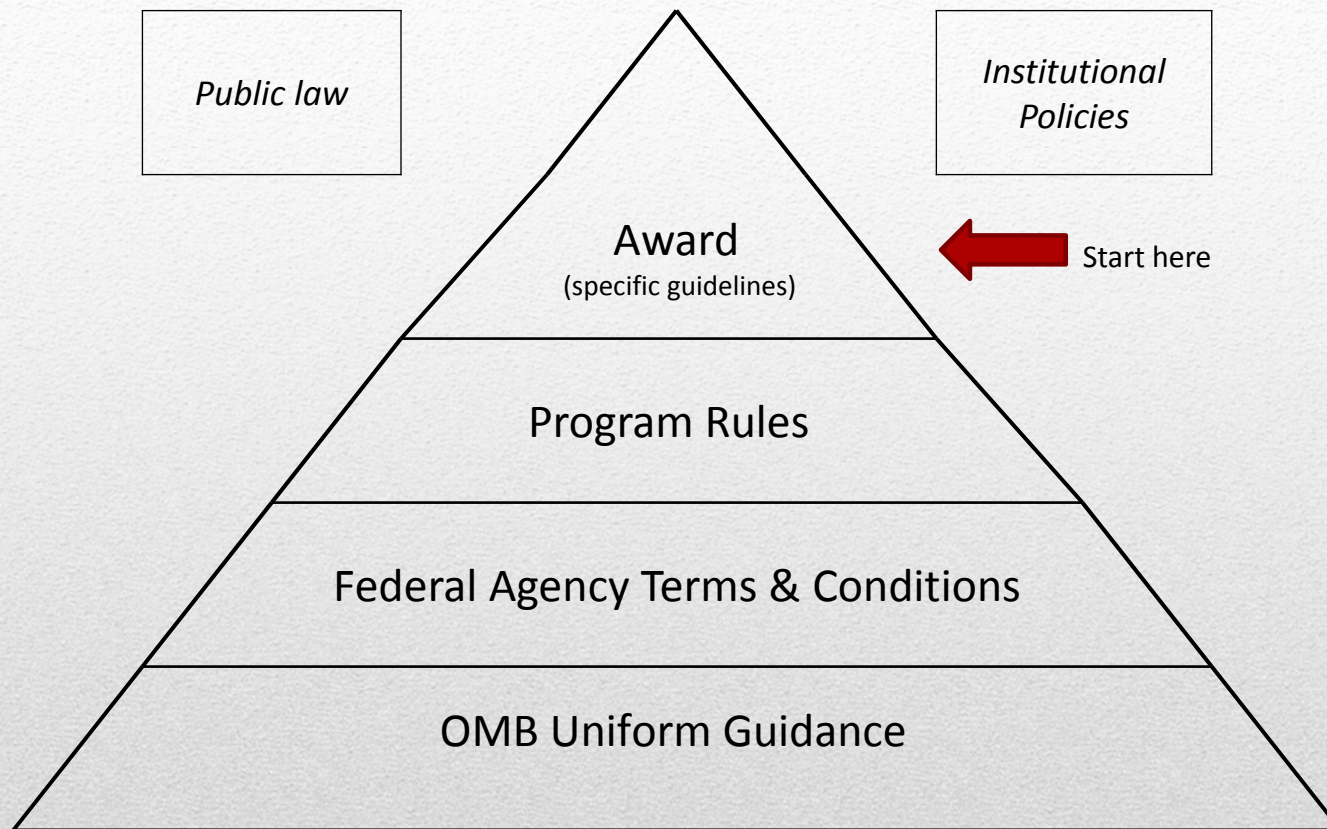- Please see the Purchasing website for detailed information on encumbrances.

Cost Share Funds

- Request new cost share funds related to the grant if necessary via the online New Fund Request System.

- Will be discussed in further detail later.

Cost Policy

Order of Precedence for Federal Award Rules and Regulations

Public law

Institutional Policies

Award
(specific guidelines)

Start here

Program Rules

Federal Agency Terms & Conditions

OMB Uniform Guidance

When determining allowability of an item on a federal grant, the first place to look is the award document. If you don't find an answer there, look at the program rules. The award guidelines overrule program rules, agency terms and OMB Uniform Guidance.

Cost Policy
Direct vs Indirect Costs

- **Direct costs**
  - Those costs that can be identified specifically with a particular sponsored project
  - Can be identified relatively easily with a high degree of accuracy
  - Examples are PI effort/payroll, research supplies

- **Indirect Costs**
  - Those costs incurred for common or joint objectives and, therefore, can't be identified readily and specifically with a particular sponsored project, instructional activity, etc.
  - Examples are administrative salaries, facility costs, office supplies

Allowability of Direct Costs

- Allowable
  - A cost or activity is specifically permitted or not specifically prohibited by the terms and conditions of the award and institutional policy.
  - Common unallowables:
    - Books and journal subscriptions, communication costs, dues or membership fees, certain advertising costs, alcoholic beverages, alumni activities, bad debt expense, entertainment costs, fines and penalties, goods or services for personal use, office supplies for departmental use, administrative salaries.

Allowability of Direct Costs

- Reasonable
  - A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved, reflect the action that a prudent person would have taken under similar circumstances.
  - Generally recognized as necessary for the performance of the sponsored project

Allowability of Direct Costs

- Allocable
  - A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
  - Must have a <u>direct benefit</u> to the sponsored project being charged.
  - If the charge benefits multiple projects:
    - Distribution method used should be reasonable and must be documented.
    - The basis for the allocation should relate to the work being performed.

Allowability of Direct Costs

- Consistent
  - Like costs must be treated the same in like circumstances.
- Conform
  - Must conform to any limitations or exclusions set forth in the federal regulations or in the sponsored agreement as to types or amounts of cost items.

Indirect Costs

- Funds paid to an institution for F&A costs are reimbursement to the institution for expenditures already incurred and are necessary to support the programs of the institution. Examples of costs covered include:

  - General administration, sponsored programs administration, operation and maintenance of plant, library, departmental administration, student administration and services.

Indirect Costs

- TTUHSCEP prepares and submits an F&A cost proposal every 3 to 4 years to our cognizant federal agency (Department of Health and Human Services – HHS).

- The Chief Financial Officer is responsible for negotiating the indirect cost rate with HHS based upon the submitted cost proposal.

Indirect Costs

- Our current negotiated F&A Rates:
  - Organized Research 53%
  - Instruction 35%
  - Other sponsored projects 26%
- IDC Base Modified total direct costs
  - Includes all salaries and wages, fringe benefits, materials, supplies, services, travel and up to the first $25K of each subcontract/subaward.
  - Excludes equipment, capital expenditures, charges for patient care, student tuition and remission, rental costs of off-site facilities, scholarships, fellowships, and the portion of each subcontract in excess of $25K.
  - Patient care defined as "costs of routine (standard of care) services provided by a hospital or clinic to patients participating as research subjects" is excluded from the MTDC base. Indirect cost rates are applied to the cost of patient visits and expenses that are solely for the purpose of the research project.

Indirect Costs

- Upon new fund set up, indirect cost information, such as the rate and base, are input into Banner.

- IDC is charged to the grant fund at the negotiated rate as costs are incurred on the grant FOP. The IDC expense process is run at the end of each month for the expenses incurred that month.

- In the following month, 90% of the revenue TTUHSCEP receives for IDC is transferred back to the associated school into a general designated fund. IDC distributed to departments/PI's from designated fund is determined by each school. This distribution is an institutional decision, not mandated.

New Uniform Guidance

- Currently TTUHSCEP must abide by the following OMB Circulars for federal guidance:
  - A21 – Cost principles
  - A110 – Administrative Requirements
  - A133 - Audits
- New Uniform Guidance (Part 200 of the Federal Register) will replace all applicable OMB circulars.
  - Implementation date of 12/26/14 for all subparts, except Subpart F (Audit Requirements), which will be effective the first FY beginning after 12/26/14 (FY 16).
  - Most notable change for departments, cost of computing devices now a supply cost rather than equipment.
  - http://www.ecfr.gov
    - Title 2 – Grants and Agreements
    - Chapter II, Part 200

Award Management

Roles and Responsibilities

- Departmental Personnel/PI/Fund Manager
  - Monitor all project fund activity throughout the term of the award. Possess first hand knowledge of the work of the project.
  - Ensure project budget is correct and updated appropriately.
  - Ensure revenues have been received and recorded in the project fund, or understand how revenue will be earned/received.
  - Ensure only expenses directly related to the project post to the project fund. Maintain adequate documentation. Primary compliance responsibility.
  - Complete any programmatic, technical, deliverable or progress reports required by the sponsor.
  - Bill for revenue based on service provided, milestones, per patient, scheduled payment and report any applicable cost share/matching. (not cost reimbursement)
  - Ensure any cost sharing requirements are met and documented.
  - Ensure effort reporting on the fund is accurate and certified.

Roles and Responsibilities

- Office of Sponsored Programs (OSP)

  - Act as liaison between the funding agency and the institution. All requests, applications, proposals or other types of solicitations for sponsored programs funding must be coordinated through, and submitted by, OSP.
  - Assist in identifying and obtaining external funding.
  - Communicate any changes to the original award document.
  - Serves as primary reference office for questions or clarifications of funding agency guidelines and regulations.
  - Negotiates F&A rate with sponsors, communicates rate to Contracts and Grants Accounting.
  - Reviews certain budget revisions to ensure compliance with sponsor guidelines and appropriate alignment of funding. Works with department and sponsor to obtain budget adjustment approval.
  - Works with department and sponsor to obtain project extensions. Should be based on technical progress of the project. Communicate changes to Contracts and Grants Accounting.
  - Determines if effort reporting is required on sponsored projects. Communicates information to Contracts and Grants Accounting. Office of Research Resources assists in effort certification process.
  - Communicates subcontract award information as needed.

Roles and Responsibilities

- Contracts and Grants Accounting
  - Primary responsibility is to accurately report the financial position of the institution to all who may have a vested interest in the financial activity of TTUHSCEP. Secondary oversight of all financial transactions recorded in Banner.
  - Review new fund setups, ensure information accurately captured in Banner and properly classified for financial reporting.
  - Review certain budget revisions for accuracy or appropriateness.
  - Review cost transfers, IPFTs and revenue distributions in FiTS to ensure adequate justification is provided, appropriateness.
  - Secondary review of posted transactions, specific questionable costs will be directed to fund manager/departmental personnel.
  - Complete grant revenue billing for all cost reimbursement grants/awards and report applicable cost share/matching. Federal LOC, Federal/State/Private billing. Enter AR.
  - Complete all financial reporting required by sponsor. Work with departmental personnel to ensure cost share is met/reported.

Internal Transfer Documents

- Cost Transfers
  - Transfers of non-payroll expenditures from one FOP to another.
  - Direct expenses should be charged to the appropriate funding source when first incurred. There are circumstances in which it may be necessary to transfer expenditures to a different funding source subsequent to the initial recording of the charge.
  - Cost transfers must be requested and processed in the same fiscal year that the original expense incurred.
    - The only exception is if moving an unallowable expense off of a grant.
    - To avoid audit findings on sponsored projects, must be moved within 90 days
  - Complete justification for the cost transfer must be submitted explaining why it was charged to the incorrect FOP, why it is allowable/directly benefits and appropriate on the new FOP, and how cost transfers can be avoided in the future.
    - Poorly documented cost transfers can result in auditors denying reimbursement or imposing sanctions.

Internal Transfer Documents

- Cost Transfers continued
  - May not shift overruns from one sponsored project to another, or use a sponsored project as an interim funding source for another unrelated sponsored project.
  - Cost Transfers are processed via the online FiTS system, unless account code needs to be changed or CT is from prior FY, then a paper form must be submitted to Contracts and Grants Accounting.
  - Payroll expenditures that need to be moved must be done on a labor redistribution form processed by the Budget Office.

Internal Transfer Documents

- Internal Purchase Funding Transfer (IPFT)
  - Used for internal payments from one FOP to another FOP for professional services, continuing professional education, and other internal purchases of goods or services.
  - Processes in Banner as a 8095/8096 transfer.
  - Must provide supporting documentation explaining the good or service provided, showing the rate is consistently charged to all funding sources and an explanation as to why the expenses is allowable and appropriate on the sponsored project fund.
  - IPFT's are processed via the online FiTS system. Transfers are not allowed on Federal funds, so paper IPFT forms must be submitted to Contracts and Grants Accounting and will be processed as revenue and expense.

Internal Transfer Documents

- Service Department Charges
  - Service departments are established for the purpose of providing goods or services to other TTUHSCEP operating departments. Approved service departments are authorized to charge users for their goods or services, with rates established so that, over the long term period of operation, they recover the aggregate cost of providing the goods or services. Recharge centers, not allowed to make money.
  - Examples are Copy and Mail services and the Lab Animal Resources Center.
  - Service departments input monthly billings via the online FiTS System to charge FOPs for services or goods provided. Must maintain adequate documentation of charges and rate establishment in the event of an audit. Billings are not reviewed by Accounting Services.
  - Can NOT charge grant funds before services are provided or for an upfront fee. Must be charged established rate as service provided. May not charge more for any particular funding source.

Internal Transfer Documents

- Budget Transfers
  - Used for general funding support, processed via the online Budget Revision System.
  - Processes in Banner as a 8001/8002 transfer.
  - Not allowed on grant funds. All transactions related to the grant should be placed on the grant fund, no transfers into or out of.
    - Only exception is when grant is complete and TTUHSCEP is allowed to keep the unrestricted residual in the fund. Unrestricted residual must be transferred out to a general designated fund. If a research grant, must be a general designated research fund. All IDC will be taken on residual.

Subcontracts/Subawards

- A subcontract/subaward is a legally binding agreement between two parties in which:
  - Prime recipient provides funding to another organization to conduct a portion of the project work, which fulfills part of the prime recipient's obligation to the sponsor.
  - Performed using the subrecipient's own resources
  - Sets forth the work to be performed, deliverables expected, agreed payment for the work and flows down the terms of the prime award.

Subcontracts/Subawards

- Negotiated and signed by the Office of Sponsored Programs
- OMB Circular A-133 obligates the prime recipient to perform monitoring of subrecipients
  - New Uniform Guidance mandates risk assessment to be performed before the subcontract is issued.
  - As invoices are received, fund manager and PI must review and approve before payment is made. Assess whether work performed aligns with expenses reimbursed.
  - Contracts and Grants Accounting requests yearly audit reports from subrecipient organizations to help assess risk after the fact. Communicates findings to OSP.

Budget Adjustments

- Throughout the life of the grant, budget adjustments may be required. Any requiring sponsor approval must be routed through OSP. Contracts and Grants Accounting and OSP will review certain budget revisions to ensure proper approval was received or IDC was adjusted correctly.
  - Any additions of capital equipment that was not in the original budget must have sponsor approval.
  - Other items checked closely for approval/allowability are additions of scholarship, adjustments to subcontracts, foreign travel, food and entertainment, IDC, increases or decreases in revenue, transfers.

A-133 Audit

- Financial information for TTUHSCEP is included in the State of Texas Comprehensive Annual Financial Report (CAFR). TTUHSCEP is audited as part of the Single Audit of the State of Texas. The audit consists of a financial and federal portion. This audit complies with the requirements of OMB Circular A-133, a separate audit is not completed for TTUHSCEP.

- The scope of the financial audit includes an Audit of the State's basic financial statements and a review of significant controls over financial reporting and compliance with applicable requirements. The scope of the federal audit includes a review of compliance and controls over the State's federal awards and an audit of the Schedule of Expenditures of Federal Awards (SEFA).

Program Income

- Program income is gross income received by the grantee/ subgrantee directly generated by a grant supported activity, or earned only as a result of the grant agreement during the grant period. It includes income from:
  - Fees for services performed
  - Use or rental of real or personal property acquired with grant funds
  - Sale of commodities or items fabricated under the grant agreement

  Costs related to the generation of program income may be deducted from gross income to determine program income.

- Program income earned must be used to defray program costs. Normally, this income must be deducted from the outlays to be invoiced to the grantor, reducing grant revenue received. Must have a separate fund to track.

Cognos Reports

- Budget Account Pool Summary for Grants
  - HSCEP Finance > Grants > Budget Account Code Summary for Grants
  - Run for current period or prior period. Displays inception to date budget versus actual revenue/expense, includes encumbrances/reserves.
- Statement of Changes
  - HSCEP Finance > Fund Balance > Statement of Changes in Fund Balances for Excel
  - Run for current period or prior period. Displays fiscal year information including prior year fund balance, current year revenues/expenses/transfers, includes encumbrances to show current fund balance.

Cognos Reports

- Transaction Detail
  - HSCEP Finance > Transaction Detail > Operating Transactions for Excel
  - Run for current fiscal year and prior fiscal years to see inception to date activity. Displays all transactions (actuals) posted to the grant FOP.
- Open Encumbrances
  - HSCEP Finance > Encumbrances, Invoices, and Checks > Open Encumbrances by Fund & Orgn
  - Run to show all outstanding open encumbrances on the grant FOP.

Cost Share and Effort Reporting

What is Cost Share?

- The portion of total costs of a project that is borne by TTUHSCEP rather than by the external sponsor. Cost sharing is generally discouraged by TTUHSCEP unless it is mandated by the external funding source because it:
  - imposes a substantial tracking, monitoring, recording and documenting burden.
  - reduces PI's flexibility to conduct other research.
  - redirects resources from other uses because every dollar of cost sharing results in the University forfeiting the recovery of the direct cost and the associated indirect cost.
  - has an adverse effect on the University's effective F&A rate.
- Cost sharing commitments made by the institution must be accurately tracked and documented through the establishment of a separate cost sharing fund.

What is Cost Share?

- Cost sharing commitments must be reviewed and approved by the Office of Sponsored Programs. Cost sharing commitments made within the grant proposal cannot be changed without prior approval from the sponsor, communication should be routed through OSP.
- To be acceptable, cost sharing contributions (i.e. matching) are:
  - verifiable from the grantee entity's records.
  - not included as cost share contributions for any other award.
  - necessary and reasonable for the accomplishment of project or program objectives.
  - not paid by the grantor under another award.
  - provided for in the approved budget when required by the awarding agency.
  - allowable costs per OMB Circulars, must be allowable costs on the grant to be allowable as cost share.

Forms of Cost Share

- Salary support through a commitment of a percentage of effort is the most common method of cost sharing. Cost shared effort is the effort for which the University, or a third party, bears the cost.

- The portion of the purchase price of equipment provided by TTUHSCEP may be used to meet a cost sharing requirement.

- PI's cannot voluntarily offer to waive F&A costs or lower TTUHSCEP's federally negotiated F&A rate to satisfy a cost sharing requirement. If a sponsor imposes a lower F&A rate, TTUHSCEP may use unrecovered F&A costs to meet a sponsor's cost sharing requirement with the prior permission of the sponsor.

- Contributions from subawardees or other third parties may be used to meet cost sharing requirements. PI's should work with OSP to determine the value of volunteer effort or donated use of space or facilities. If a subawardee fails to fulfill a cost sharing obligation, TTUHSCEP must meet it with it's own resources.

Forms of Cost Share

- The following items are not generally allowable costs for meeting cost sharing requirements as they are included in the University's F&A costs:
  - Salaries for administrative staff whose effort does not directly benefit the project.
  - Supplies including items such as expendable equipment, office supplies, and laboratory supplies.
  - Space in University buildings (facilities).

Types of Cost Sharing

- Mandatory Cost Sharing
  - Required by the sponsor as a condition for proposal submission and award acceptance. If the indicated level of cost sharing is not included in a proposal, the proposal will not receive consideration by the sponsor.
  - Must set up a separate cost share fund for tracking and reporting.
  - Contracts and Grants Accounting will report cost share for all grants, except certain fee for service/milestone/per patient reimbursement grants (reported by department).

- Voluntary Committed Cost Sharing
  - Cost sharing offered in a proposal but not required by the sponsor as a condition of proposal submission. Per federal regulations, voluntary committed cost sharing is not expected and cannot be used as a factor during the merit review of applications or proposals. Once offered by the institution, it becomes an obligation the University must fulfill upon acceptance of the award.
  - Must set up a separate cost share fund for tracking and reporting.

Types of Cost Sharing

- Salary Cap Cost Sharing
  - Occurs when a sponsor restricts the amount of direct salary that can be paid from their grant award. Currently NIH and CPRIT impose salary caps on institutional base salary. The monthly salary amount charged to an NIH/CPRIT award, for example, cannot exceed the monthly cap rate multiplied by the percentage of effort.
  - Must set up a separate cost share fund for tracking and ease of effort reporting.
- Voluntary Uncommitted Cost Sharing
  - Neither pledged explicitly in the proposal nor stated in the award documents, but occurs in the course of executing a project.
  - Not required to be documented, tracked or reported, not subject to effort reporting requirements.

Cost Share Funds

- When a grant has mandatory or voluntary committed cost share, a new fund cost share fund must be established each time a new grant fund is established for ease of reporting.

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

- OSP will let Contracts and Grants Accounting know when cost share requirements exist on sponsored project, Departments will let Contracts and Grants Accounting know of CS requirements on non-sponsored projects. Departments must ensure cost sharing requirements are met.

Cost Share Funds

- The cost share fund name should begin with a "CS" followed by the grant's fund name.
  - Ex. CS Testing Tobacco Smoke Toxicity

- TTUHSCEP cost sharing normally occurs in E&G (10), Permanent Health (12), and General Designated (18) funds, depending on the funding source of the cost share.
  - If an income plan is funding the cost share fund, it should be set up as a General Designated fund.

- On the new fund setup HSCEP Main Fund Form, the question "Is this a cost share fund?" should be marked "Yes". The request will route through OSP for review.

Cost Share Funds

- The Sponsored Project Type should be selected to properly notate the type of cost share.
  - CS – Mandatory/Voluntary Committed Cost Share
  - CT – Industry Sponsored Clinical Trial
  - SC – Salary Cap Cost Share
  - SP – Sponsored Project
  - VC – Voluntary Uncommitted Cost Share
- If the grant fund is a research grant, the cost share fund should be set up as research and the research attributes should be the same as the grant.

Effort Reporting

- To ensure salary and wages of employees charged to a sponsored project are allocable, allowable, consistently treated and reasonable and to comply with federal regulations, TTUHSCEP uses a detailed Effort Certification and Reporting Technology system (**ecrt**).

- All employees receiving compensation from a sponsored project, having committed effort on a sponsored project, or spending time/effort towards a sponsored project, will be required to have an Effort Statement certifying their effort.

- The **ecrt** system reflects an individuals payroll distribution and provides an estimation of actual time spent on activities, distinguishing between institutional activities and sponsored projects.

Effort Reporting

- **Effort Reporting** provides a reasonable level of accuracy that salaries and wages on a sponsored fund reflect the <u>actual</u> percentage of effort benefiting the project. Sufficient documentation of effort towards a sponsored project must be maintained to support certification for audit review.

- Each effort report will account for 100% of the activity for which the employee is compensated (including cost share/salary cap funds).

Effort Reporting

- PI's/Project Director's are responsible for understanding the effort certification requirements of the projects for which they apply, or for which they are otherwise awarded funding. They are responsible for certifying the effort of staff (non-faculty) paid from each sponsored project and any faculty with commitments to a sponsored project but not paid from any sponsored FOP.

- Other faculty paid from a sponsored project must certify their own effort.

Effort Reporting

- TTUHSCEP requires effort to be certified quarterly.
- An adjustment on the effort statement of greater than +/- 2% or $500 on any individual line requires that a Labor Redistribution be submitted to correct the individuals payroll and align payroll with effort.
- OSP will determine which sponsored projects require effort reporting and inform Contracts and Grants Accounting to ensure the fund is tagged appropriately to bring into **ecrt**. The PI/Project Director is responsible for notifying Contracts and Grants Accounting of effort requirements on non sponsored projects.
- Office of Research Resources will assist with the certification process and monitor to ensure all effort statements are certified and processed according to the timeline.

Award Close-Out

Award Close-Out

- When the grant term reaches the end date, the grant fund can either be extended or closed.

- Contracts and Grants Accounting has created grant end reports that are automatically sent out via email to fund managers of restricted multi-year funds (grants, contracts) based on the established end date of the project fund. The timeline is based on a 90 day close-out period. The purpose of the emails is to remind the fund manager of the grant end date and advise them to either work on obtaining an extension if needed or to begin close-out preparation.

Burst End Date Emails

- Emails will be sent 30 days before the grant end date, on the grant end date, 30 days after the grant end date, 90 days after the grant end date, and 120 days after the grant end date (if the fund hasn't been closed).

- Fund managers of federal direct program grants will also receive an email 70 days before the grant end date to help facilitate extension requests if necessary.

- The email will provide a link to a grant closure checklist that the fund manager can utilize to ensure all outstanding items are taken care of in order to facilitate fund closure in a timely manner.

Burst End Date Emails

- If a fund is not extended or closed within 90 days of the end date, the fund will be suspended, meaning no further transactions can process on the fund. The fund will only become unsuspended with proper cooperation from the fund manager.

- Any fund not closed within 120 days of the end date will be closed by Contracts and Grants Accounting. Residual balances will be returned to grantors or placed in an institutional holding account and negative balances will be covered with backup FOPs. An attribute will be placed on the fund to track and report departments with recurring negligence.

Grant Extensions

- A grant extension should only be requested based on the technical progress of the project, not in order to spend all funds. Grant extension requests should be routed through OSP.   OSP will send notification from the sponsor of the approved extension to Contracts and Grants Accounting to extend the fund in Banner.

  - For new NIH and CPRIT grants, Accounting Services will extend the fund to the end of the next budget year if ongoing per the award notice.

Grant Fund Close Out

- Ensure all revenues have been received and placed in the grant fund.
  - Revenue can be corrected through the Revenue Transfer tab in FiTS, or by the grant accountant if a change of account code is appropriate.
- Review all expense transactions to ensure all are allowable per the grant guidelines/applicable regulations and are within the grant time frame. Ensure all expected expenses have posted to the grant fund.
  - Submit cost transfers through FiTS to correct any expense errors, or contact the grant accountant if a change of account code is appropriate.

Grant Fund Close Out

- Review all open encumbrances on the fund. If valid encumbrances remain, work the Payment Services to have outstanding invoices paid. If appropriate, valid encumbrances can be moved to an alternate FOP via a PO & Encumbrance Change request on the Purchasing website. If encumbrances are not valid they need to be released and closed via a PO & Encumbrance Change request. All encumbrances must be zero and closed in order for the fund to be closed.
  - Salary encumbrances can't be closed, but must have a zero balance.

Grant Fund Close Out

- Review the balance in the fund. If the fund has a deficit, submit cost transfers or labor redistributions to correct the deficit balance. If the fund has a residual an extension request may be necessary, the funds may need to be returned to the sponsor, or it may be available for TTUHSCEP to keep. Work with the appropriate grant accountant or OSP to determine the correct course of action.

  - If the revenue is collected as it is earned and the sponsor isn't concerned with how the funds are spent (not cost reimbursement), the residual is probably okay to keep. Submit a budget revision to transfer out residual. See HSCEP OP 65.10 for more information on residual funds.

Grant Fund Close Out

- Consider IDC (F&A) if applicable. A final IDC expense will be calculated and posted by Contracts and Grants Accounting once all expenses are finalized.

- If cost share was required or committed, ensure that the appropriate amount of expense was posted to the cost share fund. Work with the appropriate accountant to close out the cost share fund.

Grant Fund Close Out

- If pass-thru subcontracts were executed, ensure all final invoices have been reviewed and posted to the grant fund.

- Ensure no outstanding receivables, payables, travel advances, petty cash funds, etc. our outstanding
  - HSCEP Finance > Trial Balance and Balance Sheet Summaries > Trial Balance by Fund

- If effort reporting was required, ensure all statements have been certified.

Grant Fund Close Out

- Ensure all grant reports have been submitted if required (technical, progress, etc). Work with appropriate accountant on financial report if required.

- If unused budget from one year of the grant is authorized to be carried forward to the next year of the grant, submit a budget revision to move the available budget. Decrease the budget on the old fund and increase the budget on the new fund.

Programmatic Close Out

- The following close-out documents need to be routed to OSP for approval and submission:
  - Final Progress Report (usually due 90 days after the end date of the project)
  - For NIH – Final Invention Statement (must be signed by Authorized Official)

PI Leaving TTUHSCEP

- Department must notify OSP and Contracts and Grants Accounting as soon as possible.

- Will there be any equipment transferred? Work with Property Management Office.

- Effort Reporting – PI will need to certify effort manually before leaving employment for and work prior to their departure.

- Departing PI will be responsible for completing any required Progress Reports and Invention disclosure prior to departure.

- Original records must be maintained by the PI's TTUHSCEP department; PI may take a copy.

Questions?

TTUHSCEP Contracts and Grants

Accounting at

GrantsAccoutingElp@ttuhsc.edu