Grant Account Management Guide

Created By
The Post – Award Finance (PAF) Team

THE UNIVERSITY of TEXAS
HEALTH SCIENCE CENTER AT HOUSTON

TABLE OF CONTENTS

Introduction

Why This Guide

The purpose of this Grant Account Management Guide is to give Principal Investigators and department administrators the information necessary to manage their grant accounts efficiently and effectively. This guide focuses on three key areas:

1. How to set up your grant account
2. Key aspects of maintaining your grant account day to day
3. How to close out your grant account

The documents in the Appendices have been included because they provide further discussion and detail concerning the three key areas listed above.

This guide provides two kinds of information. First, this guide provides information concerning what Principal Investigators and/or department administrators need to do to set up, manage and close out their grant accounts efficiently and effectively. Second, this guide provides information concerning what the Post – Award Finance Team (PAF Team) needs to do to set up, manage and close out grant accounts so that Principal Investigators and department administrators are supported efficiently and effectively. For it is this partnership of mutual support and understanding between Principal Investigators, department administrators and the PAF Team that truly enables the University of Texas Health Sciences Center at Houston to manage and administer its grants successfully.

The Post - Award Finance Team

The Post - Award Finance Team (PAF Team) is charged with helping Principal Investigators and department administrators manage their grants and contracts once they have been awarded. The PAF Team's role is a support role to Principal Investigators and department administrators. Working together, we are all responsible to the overall institution for making sure that grant accounts and contracts are:

- Set up correctly in the system.
- Managed and administered efficiently, effectively and accurately.
- Closed out accurately and timely.

Who They Are

Please visit the PAF web page at http://www.uth.tmc.edu/finance/paf/index.htm for current PAF members and contact information for each.

Other important contact information includes:

- **The Main PAF Team Phone Number: 713-500-4940**
- **The PAF Team Fax Number: 713-500-4939**
- **The PAF Team Email Address: paf@uth.tmc.edu**

The PAF Team also maintains a website at **http://financialresources.uth.tmc.edu/paf/** that contains a wealth of pertinent information for Principal Investigators and department administrators.

What They Do

In partnership with Principal Investigators and departmental administrators, the PAF Team is responsible to the institution for efficient and effective fiscal management of grants and contracts post award. This includes:

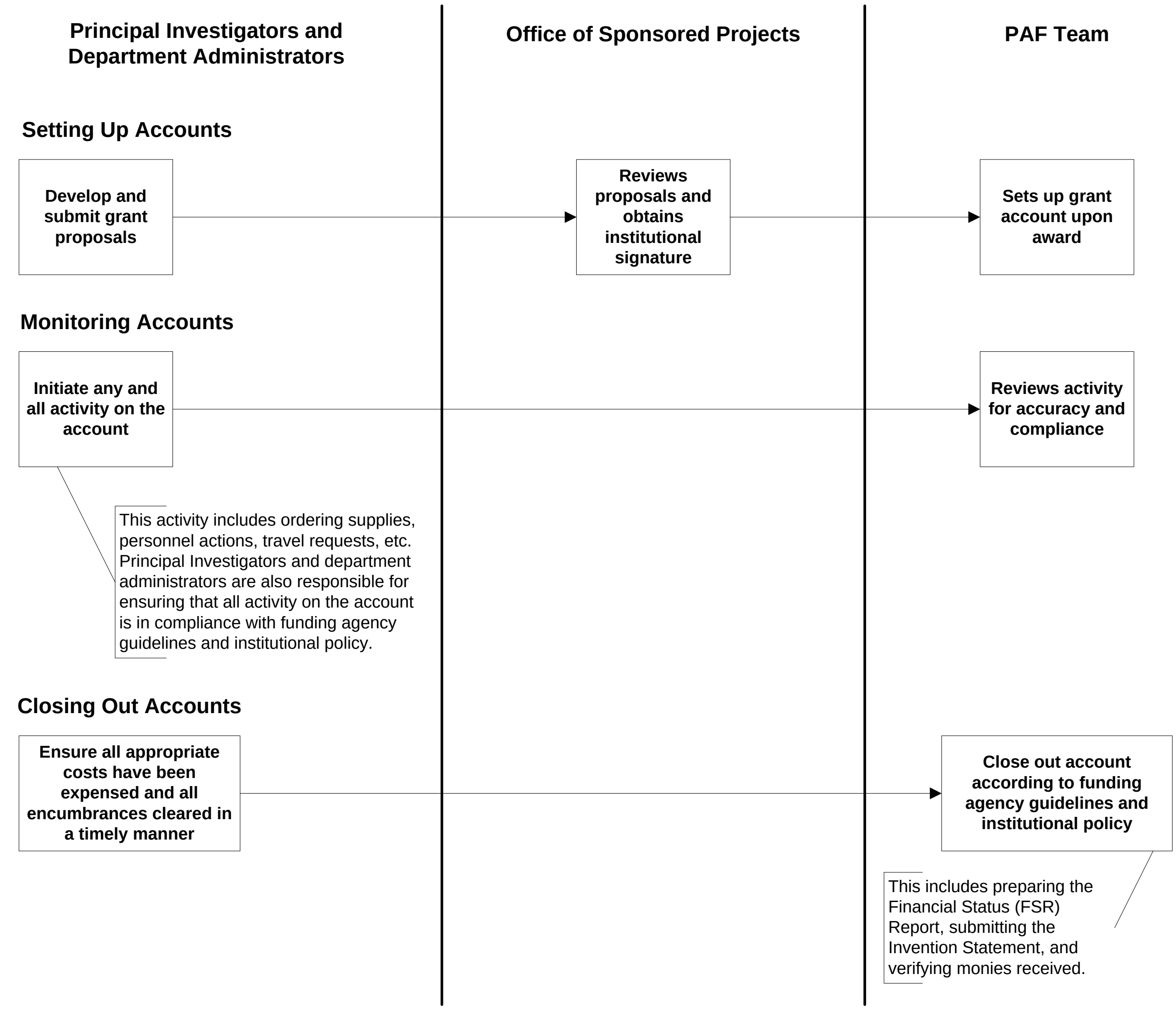
- Setting up accounts.
- Monitoring awarded grants and contracts throughout their life cycle.
- Reporting spending to funding agencies.
- Closing out accounts.

The PAF Team also serves as an institutional policy and compliance liaison. As part of this role, the PAF Team:

- Provides documentation for external audits.
- Works with internal audit personnel to respond to audit findings with appropriate action and follow-up.
- Recommends appropriate changes in institutional policy, as necessary.

How We Work Together

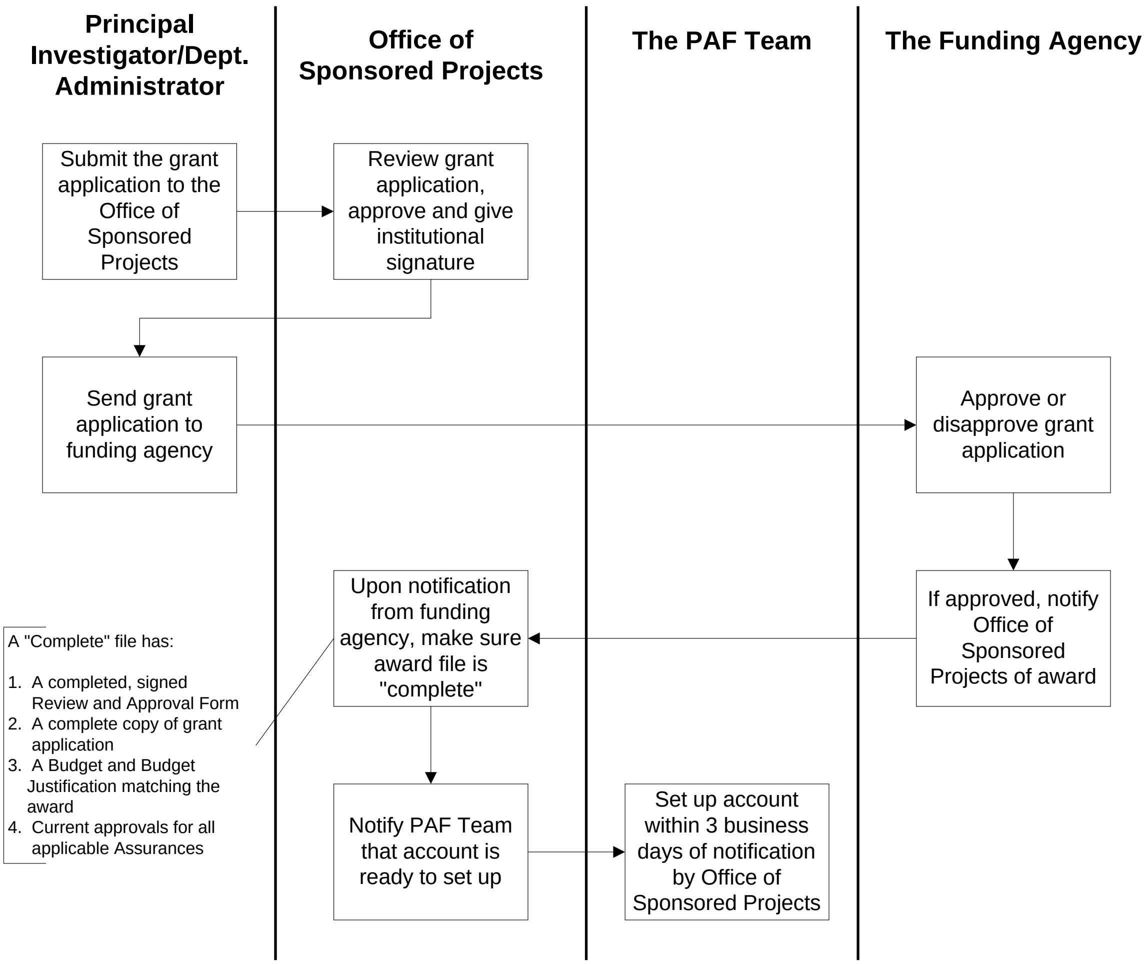
Principal Investigators, department administrators, and the PAF Team work together to ensure successful grant management. The chart below gives a high-level description of our overall roles and responsibilities in managing grants well:



How to Set Up Your Grant Account

Seeing the Big Picture: Who Is Responsible For What

The following flowchart gives a high-level description of who is responsible for what in setting up a grant account:



Note: Since the implementation of PeopleSoft FMS, PAF is no longer able to set up accounts within 3 business days of the receipt of the notification (and complete file) from OSP.

The Office of Sponsored Projects

To set up a grant account efficiently and effectively, the Office of Sponsored Projects must have a complete file on the grant by the time they receive the Notice of Grant Award, Award Letter or Subcontract from the funding agency. A "Complete File" contains the following information:

- A completed and signed Review and Approval Form.
- A complete copy of the grant application that was sent to the funding agency or sponsor.
- A budget and budget justification to match the award amount. This includes an outgoing subcontract, if applicable.
- Current approvals, covering the start date of the budget period, for the following assurances, as applicable:
    - Human Subjects
    - Use of Animals
    - Biological Agents/DNA
    - Biohazards
    - Radioactive Materials

Once the Office of Sponsored Projects has the information listed above, they will notify the PAF Team to set up the account. Note: If the file is not complete when the notification is sent to PAF, it will take longer to get the account set up.

The PAF Team

To set up an account, the PAF Team completes the following steps:

- Review the request to set up the account to make sure all elements required for setup have been completed.
- Check the Review and Approval form for assurances, multiple investigators, multiple departments/schools, cost sharing and Indirect Cost Rates, and, if necessary, Indirect Cost Waivers to ensure the accuracy and completeness of all information, as well as compliance with institutional policy.
- Review the budget to make sure it matches the award, as well as to make sure that all budget information is accurate and complete.
- Determine the type of fund, the school and the organization to establish the correct account number.
- Determine if the work is taking place On Campus or Off Campus to ensure an accurate indirect cost rate has been assessed (See HOOP Policy 11.07, Indirect Costs).
- Review and understand all funding agency, institutional and contractual policies and guidelines in order to administer the account appropriately.
- Set up the UTH Grants Panels in PeopleSoft FMS. This includes completing the Attributes and Miscellaneous Note sections of the panels, which provide PIs and departmental staff with a summary of the terms and conditions (guidelines) for managing the award.
- Complete a Budget transaction in FMS to establish both the Expense Budget and the Revenue Budget.

- Prepare a Journal Entry in FMS (except for cash basis accounts) to recognize revenue for the new award.
- Code the award check, if necessary, to identify the right account to receive the funds.
- Send an email to Principal Investigator (or organizational manager) and other appropriate personnel, including Billing and Development, informing them that the account has been set up.
- Update the Financial Status Report (FSR) log to ensure that the new account is included in the reporting schedule.
- Scan the account file into the Documentum imaging system to establish an official electronic record of the account.

Gift Accounts

To set up a Gift Account, the PAF Team needs a copy of the donor documentation and a Memo from the Department, signed by the Department Chairman and Associate Dean for Management as well as approved by the Development Office, requesting setup of the new account and indicating the following:

- The appropriate Principal Investigator and/or Organization Manager.
- The School, Department and Division.

Endowment Accounts

To set up an Endowment Account, the PAF Team must receive the necessary information from the Development Office, including a copy of the donor documentation.

Designated, Service and Auxiliary Accounts

To set up a Designated Account (MSRDP or Non-MSRDP), Service Account or Auxiliary Account, the PAF Team needs the following two items:

- A Memo from the Department with the following information:

    - The account title
    - The account manager’s name
    - The program (function)
    - The source of revenue (how the revenue will be generated)
    - A detailed expense budget for the current fiscal year
    - A three-year business plan detailing revenue and expenses
    - The FMS Dept ID to which the account will be assigned

- Approval from either Mike Tramonte or Laura Smith to establish the new account and budget. Note: In some cases, a UBIT form for IRS purposes will be required.

Note: An MRSDP Account is a Medical Services Research Development Plan Account. The monies for an MSRDP Account come from patient care. Monies for a Non-MSRDP Account, therefore, come from sources other than patient care (e.g. services, special activities, etc.).

Clinical Drug Studies and Service Agreements

The Principal Investigator and/or department administrator must contact the Office of Sponsored Projects to begin the process of executing an agreement. Legal Affairs must receive a fully executed agreement, together with the following:

- A completed and signed Review and Approval form.
- A budget, if applicable.
- Current approvals for all applicable assurances.

Once all of the information above has been received, then OSP notifies the PAF Team to set up the account. Note: If PAF does not receive all the necessary information, it will take longer to set up the account.

Key Ingredients to Minimize Rework and Cycle Time

A key ingredient in making sure that your grant account is set up efficiently, accurately and timely is making sure that the Office of Sponsored Projects has a complete file on your grant by the time they receive the Notice of Grant Award, Award Letter or Subcontract from the funding agency. A "Complete File" contains the following information:

- ***A completed and signed Review and Approval Form.***
- ***A complete copy of the grant application that was sent to the funding agency or sponsor.***
- ***A budget and budget justification to match the award amount. This includes an outgoing subcontract, if applicable.***
- ***Current approvals, covering the start date of the budget period, for the following assurances, as applicable:***
  - ***Human Subjects***
  - ***Use of Animals***
  - ***Biological Agents/DNA***
  - ***Biohazards***
  - ***Radioactive Materials***

Setting Up Accounts Early/Guaranteeing Existing Accounts

Accounts may be set up prior to receiving official notification of the award, as long as there is the following documentation:

1. For a Grant:

    a. A copy of the Notice of Grant Award (NGA), or a statement from the Office of Sponsored Projects (OSP) or the Department Business Manager indicating that the award has been submitted. (There must be enough information available to determine a valid beginning date for the potential award.)
    b. A written request submitted by the Department Business Officer and the Department Chair.
    c. Statement from OSP that the conflict of interest certification requirements have been met. (This is for new awards only, and is only required if PAF does not receive a copy of the R&A form with the Conflict of Interest information in it.)

2. For a Contract:

    a. A copy of the draft contract as submitted to or drafted by Legal Affairs or the Office of Sponsored Projects.
    b. A written request submitted by the Department Business Officer and the Department Chair.
    c. Statement from Legal Affairs or OSP that the conflict of interest certification requirements have been met. (This is for new awards only, and is only required if PAF does not receive a copy of the R&A form with the Conflict of Interest information in it.)

Remember: Departments requesting early account set up do so at their own risk.

Whichever document is submitted to the PAF Team, the following information must be included in the request for early setup:

1. The name of the funding agency or contracting entity.
2. The estimated beginning and ending dates of the project.
3. The amount of funding to be received.
4. The source of funding: Federal, Private, Local or State. (*Note: If we are a sub-contract to another institution, the PAF Team needs to know if the original source of funding is the federal government.*)
5. A copy of the completed and signed Review and Approval (R&A) form.

Remember: If funding does not come through after an account is set up, expenses will have to be transferred to another eligible account. If Effort Reports have been certified, expenses can only be transferred to a departmental account or an "All Other" account.

See the template on page 49 for submitting request.

Note:

- ✓ ***Stay in contact with the Office of Sponsored Projects (OSP) to ensure that the award arrives as planned.***
- ✓ ***As soon as the award arrives, call the Office of Sponsored Projects (OSP) and verify that they have all the documentation that they need for a "Complete" file.***
- ✓ ***Any account set up early will be set up initially with a $0.00 budget.***

Key Aspects of Maintaining Your Grant Account

Buy Card (Procurement Card) Reconciliation

All transactions that are paid using the Buy Card (or P-Card) as the method of payment must be reconciled within the PeopleSoft FMS system. Each Buy Card is coded to have a primary (or default) account code to which purchases will be expensed if the transactions are not reconciled. Typically, this default account will NOT be a sponsored project account. Therefore, if the expenses should be paid with sponsored project funds, the reconciliation process should take place prior to the Buy Card bill being paid.

The Buy Card bills are paid monthly. There is a “reconcile all” process that is automatically run by the system that forces the status of purchases to be changed from “unreconciled” to “reconciled” so that the payment can be made. This forces the purchase to be expensed to the default account. The “reconcile all” process occurs on the 18th of each month, so it is important that all Buy Card purchases are reviewed and reconciled before that date in order that they be expensed to the appropriate account.

If Buy Card purchases are not expensed to the appropriate account, they will have to be transferred to the appropriate account after-the-fact. HOOP policy 23.12 (Cost Transfers) provides specific information on transferring such expenses. The most important thing to keep in mind is that there is a time limit for when costs can be transferred on to sponsored project accounts. The costs must be transferred within 60 calendar days from the end of the month in which the original expense was incurred. Otherwise, the costs can only be transferred to a departmental or “All Other” account. Further, cost transfers cannot cross fiscal years.

Budget Modifications

1. To minimize the need for Budget Modifications, ***know the guidelines for the award***. These guidelines may be found in any of the following places:

    - The UTH Grants panels in FMS, in either the Attributes or Miscellaneous Note sections
    - The Notice of Grant Award (NGA)
    - The Agency's website
    - The PAF Team website

2. Check the Grants Information panel in the UTH Grants panels of PeopleSoft FMS. If the "Budget Modification Allowed" box is checked, then you know that at least some type of re-budgeting is allowed.
3. Click on the blue "Attributes" hyperlink in the UTH Grants panels. This will take you to a new window which may list re-budgeting rules for the project. Examples of re-budgeting rules include:
    - No equipment allowed
    - Per line item limits
    - No PI salary allowed
    - Total re-budgeting percent limits

4. Check the Miscellaneous Note section of the UTH Grants panels of PeopleSoft FMS.
5. To expedite a Budget Modification when one is necessary, ***be sure to include a good explanation why the Budget Modification is needed***.
6. ***Pay particular attention to the following expense items:***:

FMS Budget Pool	FMS Expense Account Code	Definition	What to Pay Attention To
61007	67121	Foreign Travel	Follow UTHSC Prior Approval process (See Appendix, Page 52). Include destination and how the trip relates to the project.
61009	various	Equipment	Federal Funds: For general purpose equipment, follow UTHSC Prior Approval process (See Appendix, Page 52). Describe the equipment, how it relates to the project, and the percent of time it will be used on the project. All Other Funds: Follow the Agency's specific requirements.

FMS Budget Pool	FMS Expense Account Code	Definition	What to Pay Attention To
61012	69651	Pt. Care Costs – Restricted – No IDC	Make sure there are the appropriate Human Subject assurances. If the grant is NOT under Federal Demonstration Project (FDP) or Expanded Authority (EA), prior approval by the funding agency is required. If, however, the grant IS under FDP or EA, prior approval by the funding agency is required only if there is a change in scope.
61014	69759 69778	Subcontract Expense	When moving money out, make sure the money isn't committed to a subcontract. If moving money in, follow the Agency's specific procedures for establishing a subcontract.
61015	69901	Indirect Costs	For awards that allow re-budgeting between direct and indirect costs, it is important to make sure that if you re-budget direct costs between categories that recover IDC and those that don't, you must re-budget in pool 61015 accordingly.
61017		Restricted – External Agency	Generally, this is money left over from prior budget periods and is therefore restricted. Agency approval is required to use them.
61018		Restricted - Internal UTHSC-H	Generally, this is money that was either awarded in error, or for which there is a problem with the budget that was submitted with the application. PAF has restricted the funds until the problem is resolved.

Liquidating Encumbrances

- Monitor your encumbrances regularly to make sure they get liquidated appropriately.

- Pay special attention to your encumbrances a few months before grant ending to make sure they are liquidated in a timely manner to ensure grant closeout.

Please note: UTHSC-H cannot bill for encumbrances. If an invoice is not received so that a transaction can process the amount from encumbrance to expense status, that amount will NOT be included in the bill to the funding agency. If the amount is expensed later, it will either have to be transferred to another account or billed in the next year, if the account is still active.

Account Deficits

- Monitor your account balances to the object level. This is an important part of your Account Reconciliation, ensuring that monies are available to cover all transactions for the month.

- View your accounts at the end of each month, as a follow-up, to make sure there are no deficits at the object level.

- If a deficit exists at the end of the month, research it and resolve it quickly. This is important for both fiscal year and multi-year accounts. If you cannot resolve the deficit yourself, Call the PAF Team. Make sure you have ready all of the information you have gathered in your own efforts to resolve the deficit.

Remember: Payroll encumbrances and expenses will process regardless if there is funding in the account or not. The FMS/HRMS System will not stop the transaction. This is the most typical type of deficit.

Personnel Actions

It is important to pay attention to the following:

1. Make sure there is a valid account.

2. Make sure the person's role is appropriate to the account he or she is to be paid from. *Note: In general, administrative roles are not allowable on federal awards.*

3. Make sure the person's title matches the job code.

4. Make sure funds are budgeted in FMS' salary and fringe benefits objects.

5. Make sure the start and end dates are appropriate for the account.

6. If applicable, follow the salary cap requirements.

7. Include the earnings code for the expense codes. Example: 67008, 67010, 67014, and 67015 are for regular salaries, and 69161 is for stipends.

   Earnings Codes:
   - Regular (REG)
   - Stipend (STI)

8. Run reports regularly to check the end dates for employee funding so that expenses will not hit a default account.

   Please note: The PAF Team does not handle default accounts. Default accounts are monitored by the System Data Resources (SDR) Team. Prior to each pay run, the SDR Team runs a query to see which employees have funding with an invalid end-date. A list is provided to the departmental administrative staff so that PAs can be submitted for those employees whose funding has an invalid end-date. Just prior to the payroll being processed, SDR again runs the query. All employees for whom the department did not submit a PA will have a PA entered by SDR to fund their salary from a departmental or gift account. If the department later wants to move the expense to the project account, then the department must submit a Cost Transfer Request within the guidelines of HOOP 11.18 'Processing Retroactive Personnel Actions". The SDR Team's goal is to only have transactions that were truly missed hit the default account. Thus the default account acts as a monitor for problem transactions, as well as the safety net it was as it was originally intended..

GET PERSONNEL ACTIONS RIGHT THE FIRST TIME!!

If you don't, it may take a long time to rework the request and you may miss the Personnel Action Submission Deadline OR the fiscal year may end and the correction cannot be made!!!

Cost Transfers

Although every effort should be made to avoid the need for cost transfers, there are times when a cost transfer is necessary. A Cost Transfer is defined as "moving a posted expense from one account to another." To determine whether or not you need to submit a Cost Transfer Request, ask yourself the following question: Has an expense hit an account (including a default account)? If the answer is "no," there is no need to submit a Cost Transfer Request.

To avoid the need for cost transfers:

1. Set up accounts early, following the procedures on Page 12 of this guide.

2. Make sure any potential expense is allowable by:

    - Reviewing agency guidelines concerning the account.
    - Reviewing the allowability information on the PAF Team website at **http://financialresources.uth.tmc.edu/paf/**.
    - Calling the PAF Team for assistance.

Note: When reconciling your BuyCard, remember to follow Step 2 above.

Please see the Cost Transfer Policy on Page 28 of the Appendices.

No Cost Extensions

A No Cost Extension is a formal extension of the grant termination date without requesting additional funds. Each funding agency may have its own procedure for granting a No Cost Extension.

To request a No Cost Extension for your grant account, **Email or Call the PAF Team.** The PAF Team will review your funding agency's requirements and guide you through the requesting process.

For a federal award under the Federal Demonstration Partnership (FDP) or Expanded Authority (EA), the first 12-month No Cost Extension can be approved by UTHSC-H through the PAF Team. To request a No Cost Extension in this situation, simply email the PAF Team with the following information:

- The Account Number
- The Grant Number
- The Desired Termination Date (within 12 months of the original termination date)
- One of the following reasons:
    1. Additional time beyond the established expiration date is required to assure completion of the original approved project scope or objectives.
    2. Continuity of the PHS grant support is required while a competing application is under review.
    3. The extension is necessary to permit an orderly phase-out of a project that will not receive continued support.

The PAF Team will notify the federal funding agency of local approval by UTHSC-H.

For all other awards, including other federal awards NOT under Federal Demonstration Partnership (FDP) or Expanded Authority (EA), please email the PAF Team so that they may guide you through that agency's specific requesting process.

For more detailed information, please see "NIH Grants: Key Information" on page 54 in the Appendices.

Principal Investigators Leaving

Contact the PAF Team as soon as you know that a Principal Investigator with a contract or grant award is leaving the university.

Effort Reports

The federal Office of Management and Budget (OMB) requires an accurate record of effort contributed by university personnel to sponsored projects. These Effort Reports are generated semi-annually for faculty and Administrative & Professional Employees. Effort Reports are generated monthly for all others. ***Effort Reports must be certified (reviewed and signed) and returned within 60 calendar days of the end of the Effort Report period.***

Effort is defined as the reasonable estimate of ***work*** performed by an employee on a sponsored project during the period covered by the Effort Report. ***Effort*** is not the same as the number of hours worked. It is a proportional measure of what tasks or projects that an employee worked on, regardless of how many hours they worked. ***Effort*** should always total to 100%, regardless of whether someone is full-time or part-time. Examples:

- ❖ If a part-time employee who only worked 20 hours in a given week and a full-time employee who worked 47 hours in that same given week both worked exclusively on the same project during that week, then both of them recorded 100% effort on that project for that week.
- ❖ If an employee worked 60 hours in a given week, and 40 of those hours were on Project A and 20 hours were on Project B, then the employee recorded 67% effort on Project A and 33% effort on Project B for that week.

Effort worked during the period must support any amount compensated. To ensure this, effort worked ***must be greater than or equal to*** the percentage of the salary that was funded from the project during the period. Also, if effort is greater than funding, cost sharing may need to be reported. *(See Cost Sharing below.)*

Certifying Effort Reports is the process of reviewing Effort Reports for accuracy, making any appropriate changes to reflect effort accurately, and signing the Effort report to certify its accuracy.

Please note: The FTE percentage of funds charged to an account can <u>never</u> be more than the Actual Percent of Effort contributed on that sponsored project. This requirement, combined with the different decimal formats in HRMS for these values, may occasionally result in changes in the way you make funding determinations, or in the way you handle effort report certification.

Example of Information for PA Request:

Account	FTE	Actual % Effort
201-2-0000	24.25	25
201-2-0001	75.75	75

Since this employee is funded only by sponsored project accounts, and there is not a designated or state account that can be used to round down the Actual Percent Effort, there are two options available.

The first option would be to change the FTE distribution to whole numbers. In this case, the FTE for the first account could be changed to 25, and the FTE on the second account could be changed to 75. This would result in the FTE being exactly equal to the Actual Percent Effort, thus meeting the compliance requirement. ***The PAF Team recommends using this option***.

The second option would be that the Actual Percent Effort would have to be corrected on every Effort Report prior to certifying the Effort Report. Using this example, the correction would result in the Actual Effort on the Effort Report being changed to match the FTE. ***We do not recommend using this option, because it requires constant re-work and monitoring by the department and puts us at higher risk for non-compliance with the requirements.***

There are two important aspects to managing Effort Reports well:

- ✓ **Certify your Effort Reports in a timely manner.**
- ✓ **Ensure that your Effort Reports are accurate.**

Note: A person's FTE status can never be greater than his or her recorded effort.

Note: If you submit a Retroactive Personnel Action, you must pay attention to the potential need for a Cost Transfer, as well as the potential effect on the accuracy of your Effort Report. YOU MUST TREAT ALL THREE OF THESE COMPONENTS TOGETHER AS AN INTEGRATED WHOLE! (Please see the Effort Reports Policy on page 29 in the Appendices)

EFFORT REPORTING SUMMARY:

- ❖ **Our Electronic Effort Reporting process is a 5-step process:**
  - **Step 1 – Before-the-fact estimation of effort.**
  - **Step 2 – Generation and distribution of the initial Effort Report.**
  - **Step 3 – Review and revision (as necessary) of the information on the initial Effort Report.**
  - **Step 4 – Final Certification of the Effort Report.**
  - **Step 5 – Completion of any necessary Retro PAs and other documentation needed related to revisions made to the Initial Effort Report data.**

Cost Sharing

Cost sharing typically occurs when a funding agency requires that UTHSC-H contribute funds or other resources to their sponsored project over and above the support provided by the funding agency. This type of cost sharing is referred to as ***Mandatory*** cost sharing.

Sometimes cost sharing is not required by the funding agency, but UTHSC-H offers to contribute funds or resources in order to make the grant application more appealing to the funding agency. This type of cost sharing is referred to as ***Voluntary Committed*** cost sharing.

The most common form of cost sharing is contributed effort. This typically includes faculty and other employees' salaries and benefits, together with their related indirect costs. According to federal guidelines, any time that one of our grant applications includes (either in the line-item budget or in the budget justification/narrative) faculty members contributing effort on the project without requesting an equal amount of salary support for that effort, then we have entered into a ***Voluntary Committed*** cost sharing situation.

The decision whether or not to commit to cost sharing with a funding agency resides with the university and its fiduciary agents (e.g. department head, dean, vice presidents). The university and its fiduciary agents will generally approve cost sharing only when it is required by the funding agency and, more importantly, when the research is deemed to be of sufficient potential and/or quality to warrant the commitment of university resources. **The university actively discourages voluntary cost sharing on the part of Principal Investigators.**

Please see the Cost Sharing Policy in HOOP: 11.17.

There is a third kind of cost sharing, referred to as ***Voluntary Uncommitted*** cost sharing. Examples of this type of cost sharing include the portion of a faculty member's salary that exceeds the funding agency's salary cap, or the portion of indirect costs that will not be recovered because a funding agency either does not allow such charges or limits the recovery rate to one that is lower than our established recovery rate.

Both ***Mandatory and Voluntary Committed*** cost sharing require that the institution maintain sufficient supporting documentation to satisfy an external auditor. The responsibility for obtaining and maintaining that documentation rests with the PI and departmental staff. Effort reports for employees whose effort involves either ***Mandatory or Voluntary Committed*** cost sharing must be manually modified to include notations that identify the cost sharing effort and the projects to which it is shared.

Key Ingredients for Maintaining Accounts Successfully

Key ingredients for making sure that your grant account is managed efficiently and effectively include:

- ***Knowing your accounts***
- ***Knowing the funding agencies' requirements***
- ***Knowing the institutional guidelines***
- ***Reviewing your accounts frequently***

How to Close Out Your Grant Account

It is important to close out your grant account accurately and timely in order to ensure the timely and accurate submission of the Financial Status Report to your funding agency.

Therefore, to close out your grant account, it is absolutely essential that you:

- **Know your grant end date!**
- **Make sure all appropriate costs have been expensed!**
- **Make sure all encumbrances are cleared in a timely manner!**

It is absolutely essential that you know your grant end date so that 4 to 6 weeks prior to that date, in addition to the on-going monitoring of your grants, you can begin the close-out process.

It is absolutely essential that you make sure all appropriate costs have been expensed and make sure that all encumbrances are cleared in order to:

- Maximize the use of funds, making sure all award money is spent appropriately.
- Ensure the efficient, effective and timely submission of the Financial Status Report to your funding agency.

Appendices

Policies

The Processing Retroactive Personnel Actions Policy

POLICY OVERVIEW

A Retroactive Personnel Action is any personnel action that effects a prior payroll period. It is the policy of the University of Texas Health Science Center at Houston (UTHSC-H) to assure that submitting and processing Retroactive Personnel Actions that effect funding, salary or position is truly on an exception basis only. It is also the policy of UTHSC-H to assure that all Retroactive Personnel Actions are accurate and in compliance with all applicable rules and regulations.

This policy applies only to those Personnel Actions effecting funding, salary or position. These are: Changes in Fund Source, Fund Extensions, Changes in Percent Time, and Terminations.

Sponsored Project Accounts and All Other Accounts

Sponsored Project Accounts are those accounts involving sponsored projects:

- Grants
- Contracts
- Gifts
- Endowments

All Other Accounts are all accounts other than those defined as Sponsored Project Accounts (e.g. state accounts, designated accounts, service department accounts, etc.).

For the purposes of applying this Retroactive Personnel Actions policy, any Sponsored Project Account that does not require external financial reporting will be treated as an All Other Account. Confirmation of external financial reporting requirements is the responsibility of the Post - Award Finance (PAF) Team.

Established Timeframes

Retroactive Personnel Actions are not allowed to cross fiscal years. This includes processing after fiscal year end.

Retroactive Personnel Actions for Sponsored Project Accounts will only be processed if initial submission is within 60 calendar days from the end of the month when the expense was incurred, unless the Retroactive Personnel Action Request is to move the expense from a Sponsored Project Account to an All Other Account. In addition, a Retroactive Personnel Action cannot be requested past the termination date of the Sponsored Project, unless the Retroactive Personnel Action Request is to move an expense off the terminated account.

Any other Retroactive Personnel Action Request should be submitted and processed as soon as possible after the need has been identified.

Allowability

Retroactive Personnel Actions affecting Sponsored Project Accounts are subject to the following allowability criteria:

- Complies with the terms and conditions of the sponsored project.
- Supported by accurate Effort Reports in compliance with the Effort Report Policy. (*See Effort Report Policy*)
- Complies with financial reporting requirements (e.g. Billings and Financial Status Reports (FSR)).

Accountability

UTHSC-H department personnel and leadership are ultimately responsible for ensuring all Personnel Actions comply with this policy.

PROCEDURES

1. Departments

UTHSC-H Departments are responsible for submitting Retroactive Personnel Action Requests to the System Data Resources (SDR) Team on a timely basis within the established timeframes described in the Policy Overview above. Upon completion of the process, Departments will receive notification from the SDR Team concerning the processing of their Retroactive Personnel Action Request.

A Retroactive Personnel Action Request submitted to the SDR Team also requires the following at the time of submission:

- A faxed copy of the certified Effort Report sent to the Post - Award Finance (PAF) Team. (*See Effort Report Policy*)
- A completed Cost Transfer Request signed by the Principal Investigator and the Department Business Officer of the appropriate operating unit sent to the PAF Team. (*See Cost Transfers Policy*)
- The original certified Effort Report received by the Financial Administration Support (FAS) Team within five working days of submitting the faxed copy of the Effort Report and the Cost Transfer Request Memo to the PAF Team.

2. The System Data Resources (SDR) Team

The System Data Resources (SDR) Team will review the Retroactive Personnel Action Request to determine if it meets the criteria for processing. If the Retroactive Personnel Action Request involves a Sponsored Project Account, the SDR Team will submit it to the PAF Team for review within one working day. All Retroactive Personnel Action Requests received by the Personnel Action cutoff date and approved by the PAF Team will be entered for the upcoming payroll and available for on-line review within the system. (*See the UT Pay, Personnel and Action Processing Schedule*) The SDR Team will also notify Departments within three working days of entry that the Retroactive Personnel Action has been completed. Additional days may be required for year-end processing. If the PAF

Team disapproves a Retroactive Personnel Action Request, the SDR Team will notify the department of the disapproval and forward the PAF Team's reasons for disapproval within one working day of receiving the PAF Team's disapproval.

3. The Post - Award Finance (PAF) Team

The Post - Award Finance (PAF) Team will review those Retroactive Personnel Action Requests effecting Sponsored Project Accounts to:

- Determine with the department if the Retroactive Personnel Action Request is the best option.
- Determine if the Retroactive Personnel Action Request is allowable within the rules and institutional policy governing the accounts.
- Ensure that the Cost Transfer Request has been reviewed and approved in accordance with the Cost Transfers Policy. (*See Cost Transfers Policy*)
- Ensure that Retroactive Personnel Actions are supported by accurate Effort Reports that are in compliance with the Effort Report Policy. (*See Effort Report Policy*)

The PAF Team will review Retroactive Personnel Action Requests and communicate approval or disapproval to the SDR Team within three working days of receiving the Retroactive Personnel Action Request. If the request is received less than three days prior to the established SDR Personnel Action cutoff date, a reasonable effort will be made to approve or disapprove the request prior to the deadline. Additional days may be required for year-end processing.

See Procedures Document and Flowchart.

The Certifying Effort Reports Policy

POLICY OVERVIEW

It is the policy of the University of Texas Health Science Center at Houston (UTHSC-H) to maintain records that accurately reflect the effort contributed by personnel to sponsored projects. UTHSC-H utilizes the After-the-Fact Activity Records method of accounting for effort under the Office of Management and Budget Circular A-21. (*See Federal Government web site with OMB A-21. There is a link to this site on the PAF Team website.*)

These requirements apply to all employees whose salaries are charged directly, in whole or part, to Sponsored Project Accounts or are used to meet cost-sharing or matching requirements on Sponsored Project Accounts.

Faculty with joint appointments (e.g. with the UTHSC-H and The University of Texas M.D. Anderson Cancer Center) will account for their activity only with the UTHSC-H.

Sponsored Project Accounts

Sponsored Project Accounts are those accounts involving sponsored projects:

- Grants
- Contracts
- Gifts
- Endowments

Established Timeframes

Electronic Effort Reports are generated semi-annually for Faculty and Administrative & Professional employees. Effort Reports are generated monthly for all others.

Effort Reports must be certified and returned within 60 calendar days of the end of the Effort Report period.

Definitions

Effort: Effort is the reasonable estimate of ***work*** performed by the employee on a sponsored project during the period covered by the Effort Report. Effort worked during the period must support any amount compensated. To ensure this, effort worked must be greater than or equal to funding during the period. If effort is greater than funding, cost sharing may need to be reported. (*See Cost Sharing policy*)

Percent of Effort: By definition, “100 percent effort” is the total effort expended by an individual for the institution in relation to the amount of time he or she is employed. In all cases, effort for any individual must always total 100 percent, even if his or her FTE status is less than 100 percent. Thus a half-time employee (.5 FTE) will always report 100 percent effort.

Certifying Effort Reports: The process of reviewing Effort Reports for accuracy, making any appropriate changes to reflect effort accurately, and signing the Effort Report to certify its accuracy.

Accountability

A responsible party with suitable means of verification must certify Effort Reports. UTHSC-H Departments and Principal Investigators are responsible for ensuring all Effort Reports comply with this policy. The Deans of the individual schools, together with operating unit heads, are ultimately responsible for timely and accurate reporting of effort.

PROCEDURES

For detailed procedures on the Electronic Effort Reporting system, please see http://www.uth.tmc.edu/research/training/ert/effort-admin.pdf.

Delinquent Reports

The Office of the Executive Vice President for Research has been charged with oversight of the Effort Reporting process. Regular reviews of reporting are conducted and compliance issues addressed through that office.

The Cost Transfers Policy

POLICY OVERVIEW

It is the policy of the University of Texas Health Science Center at Houston (UTHSC-H) to assure all expenditures are accurately reflected in the accounting records. To accomplish this, Cost Transfers may be necessary to move expenses to or from any account.

Sponsored Project Accounts and All Other Accounts

Sponsored Project Accounts are those accounts involving sponsored projects:

- Grants
- Contracts
- Gifts
- Endowments

All Other Accounts are all accounts other than those defined as Sponsored Project Accounts (e.g. state accounts, designated accounts, service department accounts, etc.).

For the purposes of applying this Cost Transfers policy, any Sponsored Project Account that does not require external financial reporting will be treated as an All Other Account. Confirmation of external financial reporting requirements is the responsibility of the Post - Award Finance (PAF) Team.

Established Timeframes

Cost Transfers are not allowed to cross fiscal years. This includes processing after fiscal year end.

Cost Transfers for Sponsored Project Accounts will only be processed within 60 calendar days from the end of the month when the expense was incurred, unless the Cost Transfer Request is to move the expense from a Sponsored Project Account to an All Other Account.

Any other Cost Transfer Request should be submitted and processed as soon as possible after the need has been identified.

Allowability

Cost Transfers affecting Sponsored Project Accounts are subject to the following allowability criteria:

- Complies with the terms and conditions of sponsored research.
- Supported by accurate Effort Reports in compliance with the Effort Report Policy, when applicable. (*See Effort Report Policy*)
- Complies with financial reporting requirements (e.g. Billings and Financial Status Reports (FSR)).

Accountability

UTHSC-H department personnel and leadership are ultimately responsible for ensuring all Cost Transfers comply with this policy.

PROCEDURES

Once Departments have identified the need for a Cost Transfer, the procedures below must be followed.

Sponsored Project Accounts

For payroll-related Cost Transfers affecting Sponsored Project Accounts, Departments must comply with the Retroactive Personnel Action Policy (*See Retroactive Personnel Action Policy*) and submit a Personnel Action Request to the System Data Resources (SDR) Team. In addition, Departments must also submit a Cost Transfer Request to the Post - Award Finance (PAF) Team.

For non-payroll-related Cost Transfers affecting Sponsored Project Accounts, Departments must submit a Cost Transfer Request to the PAF Team.

A Cost Transfer Request must include the following:

1. Accounts involved.
2. A full audit-supportable justification of how the error occurred. An explanation that states that the transfer was made “to correct error” or “to transfer to correct project” is not sufficient. An additional two or three sentences are needed to define the circumstances that necessitated the cost transfer request.
3. Must be approved by the Principal Investigator and Department Business Officer of the appropriate operating unit.
4. If the Cost Transfer is related to payroll, the Cost Transfer must then comply with the Effort Report Policy. (*See Effort Report Policy*)
5. If the Cost Transfer is not related to payroll, evidence must be provided that the expenditure has occurred (e.g. expense detail from the accounting system).

The PAF Team will review those Cost Transfers Requests effecting Sponsored Project Accounts to:

- Determine with the department if the cost transfer request is the best option.
- Determine if the cost transfer request is allowable within the rules and institutional policy governing the accounts.
- Ensure that the cost transfer request is supported by appropriate audit-supportable justification documentation.

The PAF Team will review cost transfer requests and recommend approval or disapproval within three working days of receiving the Cost Transfer Request. Additional days may be required for year-end processing.

All Other Accounts

For payroll-related Cost Transfers affecting All Other Accounts, Departments must comply with the Retroactive Personnel Action Policy (*See Retroactive Personnel Action Policy)* and submit a Personnel Action Request to the SDR Team.

For non-payroll-related Cost Transfers affecting All Other Accounts, Departments must submit the following information to General Accounting:

- Accounts affected by Cost Transfer
- Amount to be transferred
- Date of Expense
- Expense detail from the accounting system

Processing Time

For payroll expenditures, the SDR Team will process the cost transfer within five working days after entering the Retroactive Personnel Action into the system.

For non-payroll expenditures of Sponsored Projects, the PAF Team will process approved Cost Transfers within two working days. (However, if the cost transfer is related to an institution-wide processing problem that will result in a large number of cost transfers being necessary, the two-day processing time must be waived.)

For all other expenses, General Accounting will process the cost transfer within two working days.

Procedures

The Processing Retroactive Personnel Actions Procedures

1. **The System Data Resources (SDR) Team**

   a. The System Data Resources (SDR) Team shall receive the request for a Retroactive Personnel Action from a department and determine if the request crosses fiscal years. If the request for a Retroactive Personnel Action crosses fiscal years, the request will be denied and the SDR Team WILL NOT process the Retroactive Personnel Action. The SDR Team will notify the department that their request has been denied and returned.

   b. If the request for a Retroactive Personnel Action does NOT cross the fiscal year, the SDR Team will determine if the request involves a Sponsored Project Account and therefore must be reviewed by the PAF Team. The PAF Team must review all Retroactive Personnel Action requests effecting Sponsored Project Accounts. If the request for a Retroactive Personnel Action NEEDS to be reviewed by the PAF Team, the SDR Team will forward the request to the PAF Team within one working day for their review and approval or disapproval.
      - Note: Sponsored Project Accounts are those accounts involving sponsored projects: grants, contracts, gifts and endowments. All Other Accounts are all accounts other than those defined as Sponsored Project Accounts (e.g. state accounts, designated accounts, service department accounts, etc.).
      - Note: However, for the purposes of Retroactive Personnel Actions, any Sponsored Project Account that does not require external financial reporting will be treated as an All Other Account. Confirmation of external financial reporting requirements is the responsibility of the Post - Award Finance (PAF) Team. (Please see the "Processing Retroactive Personnel Actions" Policy.)

   c. If the request for a Retroactive Personnel Action does NOT involve a Sponsored Project Account, the SDR Team will review the request for allowability. If the request IS allowable, the SDR Team WILL approve and process the Retroactive Personnel Action. If the request IS NOT allowable, the SDR Team WILL NOT approve and process the Retroactive Personnel Action. In both cases, the SDR Team will notify the department.
      - Note: All Retroactive Personnel Action Requests received by the Personnel Action cutoff date, if approved, will be entered for the upcoming payroll and available for on-line review within the system. (*Link to the UT Pay, Personnel and Action Processing Schedule.*) The SDR Team will also notify the Department within three working

days of entry that the Retroactive Personnel Action has been completed. Additional days may be needed for year-end processing.

- Note: If the Retroactive Personnel Action Request is disapproved, the SDR Team will notify the Department of the disapproval and forward the PAF Team's reasons for disapproval within one working day of receiving the PAF Team's disapproval.

d. The SDR team receives notification from the PAF Team whether they have approved or disapproved the request for a Retroactive Personnel Action effecting a Sponsored Project Account. If the PAF Team has approved the request, the SDR team WILL process the Retroactive Personnel Action. If the PAF Team has not approved the request, the SDR Team WILL NOT process the Retroactive Personnel Action. In both cases, the SDR Team will notify the department.
   - Note: All Retroactive Personnel Action Requests received by the Personnel Action cutoff date, if approved, will be entered for the upcoming payroll and available for on-line review within the system. (*See the UT Pay, Personnel and Action Processing Schedule.*) The SDR Team will also notify the Department within three working days of entry that the Retroactive Personnel Action has been completed. Additional days may be needed for year-end processing.
   - Note: If the PAF Team disapproves a Retroactive Personnel Action Request, the SDR Team will notify the Department of the disapproval and forward the PAF Team's reasons for disapproval within one working day of receiving the PAF Team's disapproval.

2. The Post - Award Finance (PAF) Team

a. The Post - Award Finance (PAF) Team shall receive the request for a Retroactive Personnel Action from the SDR Team and determine if the request should be approved or disapproved for processing.

b. If the request for a Retroactive Personnel Action involves moving expense from a Sponsored Project Account (a sponsored project grant, contract, gift or endowment) to an All Other Account, the PAF Team will determine which accounts are effected by the transfer of expense. The PAF Team will also determine with the Departments if there is an alternate method for resolving the issue without processing a Retroactive Personnel Action. If there is an alternate method for resolving the issue, the PAF Team will work directly with the department to implement the alternate method. However, if processing the Retroactive Personnel Action is the only way to resolve the issue, once all documentation has been received, the PAF Team will approve the Retroactive Personnel Action and forward their approval to the SDR Team for processing.

c. If the request for a Retroactive Personnel Action DOES NOT involve moving expense from a Sponsored Project Account to an All Other Account, but the time period for the request IS longer than 60 calendar days from the end of the month when the expense was incurred, the PAF Team will disapprove the request and forward their disapproval to the SDR Team. However, expense can still be transferred from a Sponsored Project Account to an All Other Account.
d. If the request for a Retroactive Personnel Action DOES NOT involve moving expense from Sponsored Project Account to an All Other Account and the time period for the request IS NOT longer than 60 calendar days from the end of the month when the expense was incurred, the PAF Team will check to see if the termination date of the project has passed. If the project HAS terminated, the PAF Team will disapprove the request and forward their disapproval to the SDR Team. However, expense can still be transferred off the terminated account.
e. If the request for a Retroactive Personnel Action DOES NOT involve moving expense from Sponsored Project Account to an All Other Account and the project HAS NOT terminated, the PAF Team will review the request for allowability. If the request IS NOT allowable, the PAF Team will disapprove the request and forward their disapproval to the SDR Team.
f. If the request IS allowable, the PAF Team will check to see if an Effort Report has been generated for the account effected. If an Effort Report HAS been generated, the PAF Team will check to see if a certified Effort Report has been submitted by the department. If a certified Effort Report has already been submitted by the department, the PAF Team will disapprove the request and forward their disapproval to the SDR Team. However, expense can still be transferred from a Sponsored Project Account to an All Other Account.
g. If an Effort Report has NOT been generated OR a certified Effort Report has not been submitted by the department, the PAF Team will request a certified Effort Report and Cost Transfer Request be submitted by the Department, where applicable. (Please see the “Certifying Effort Reports” Procedures.)
    - Note: If the Retroactive Personnel Action Request involves personnel who had effort but not funding on a Sponsored Project Account, the Department is responsible for generating and certifying an Effort Report, submitting the original to the FAS Team, and faxing a copy to the PAF Team. The system will not automatically generate an Effort Report in this situation. (*See the “Certifying Effort Reports” Policy*)
h. The PAF Team will then check to see if the Financial Status Report (FSR) is required. If the Financial Status Report IS NOT required, the PAF Team will approve the Retroactive Personnel Action and forward their approval to the SDR Team for processing.
    - Note: The Final Billing requirements, if applicable, must also be satisfied.

i. If the Financial Status Report IS required, the PAF Team will check to see if it has been completed. If the Financial Status Report HAS NOT been completed, the PAF Team will approve the Retroactive Personnel Action, forward their approval to the SDR Team for processing, then complete the Financial Status Report as needed.
   - Note: The Final Billing requirements, if applicable, must also be satisfied.

j. If the Financial Status Report has been completed, the PAF Team will check to see if the Financial Status Report can be revised. (See "m." below.)

k. While checking on the status and requirements of the Financial Status Report, the PAF Team will also check to see if Final Billing is required. If Final Billing IS NOT required, the PAF Team will approve the Retroactive Personnel Action and forward their approval to the SDR Team for processing.
   - Note: The Financial Status Report requirements, if applicable, must also be satisfied.

l. If Final Billing IS required, the PAF Team will check to see if it has been completed. If Final Billing HAS NOT been completed, the PAF Team will approve the Retroactive Personnel Action, forward their approval to the SDR Team for processing, then complete the Final Billing as needed.
   - Note: The Financial Status Report requirements, if applicable, must also be satisfied.

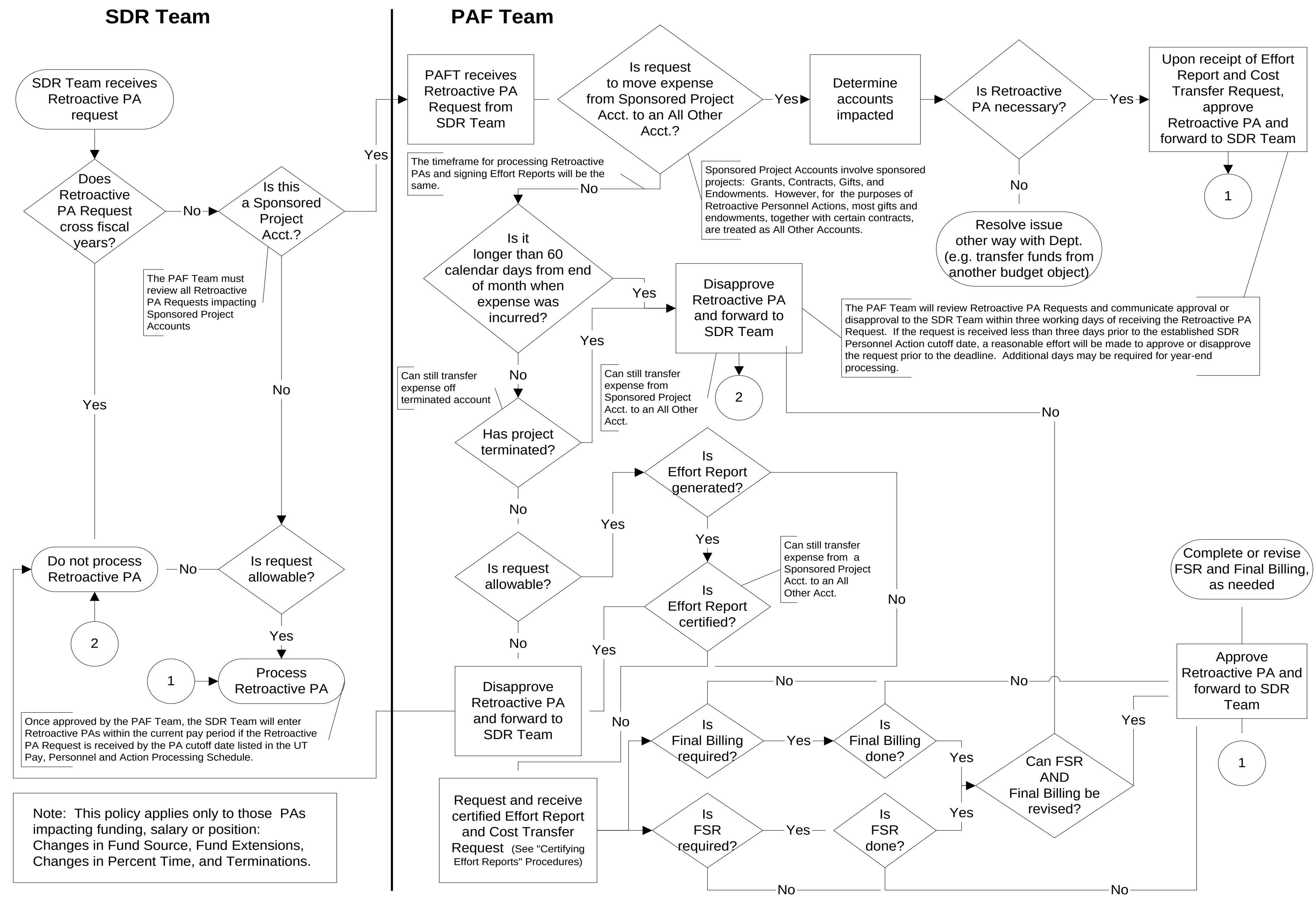
m. If Final Billing has been completed, the PAF Team will check to see if the Final Billing can be revised.

n. If BOTH the Financial Status Report AND the Final Billing CAN be revised, the PAF Team will approve the Retroactive Personnel Action, forward their approval to the SDR Team for processing, then revise the Financial Status Report and the Final Billing as needed.

o. If EITHER the Financial Status Report OR the Final Billing CANNOT be revised, the PAF Team will disapprove the request and forward their disapproval to the SDR Team.

Note: The PAF Team will review Retroactive Personnel Action Requests and communicate approval or disapproval to the SDR Team within three working days of receiving the Retroactive Personnel Action Request. If the request is received less than three days prior to the established SDR Personnel Action cutoff date, a reasonable effort will be made to approve or disapprove the request prior to the deadline. Additional days may be required for year-end processing. (*See the UT Pay, Personnel and Action Processing Schedule.*)

Note: The primary issue requiring very close attention is moving expenses ON to a Sponsored Project Account.


SDR Team
PAF Team
SDR Team receives Retroactive PA request
Does Retroactive PA Request cross fiscal years?
No
Is this a Sponsored Project Acct.?
Yes
The PAF Team must review all Retroactive PA Requests impacting Sponsored Project Accounts
No
Yes
Do not process Retroactive PA
No
Is request allowable?
Yes
2
1
Process Retroactive PA
Once approved by the PAF Team, the SDR Team will enter Retroactive PAs within the current pay period if the Retroactive PA Request is received by the PA cutoff date listed in the UT Pay, Personnel and Action Processing Schedule.
Note: This policy applies only to those PAs impacting funding, salary or position: Changes in Fund Source, Fund Extensions, Changes in Percent Time, and Terminations.
PAFT receives Retroactive PA Request from SDR Team
The timeframe for processing Retroactive PAs and signing Effort Reports will be the same.
Is request to move expense from Sponsored Project Acct. to an All Other Acct.?
Yes
No
Sponsored Project Accounts involve sponsored projects: Grants, Contracts, Gifts, and Endowments. However, for the purposes of Retroactive Personnel Actions, most gifts and endowments, together with certain contracts, are treated as All Other Accounts.
Determine accounts impacted
Is Retroactive PA necessary?
Yes
No
Resolve issue other way with Dept. (e.g. transfer funds from another budget object)
Upon receipt of Effort Report and Cost Transfer Request, approve Retroactive PA and forward to SDR Team
1
Is it longer than 60 calendar days from end of month when expense was incurred?
Yes
Yes
No
Disapprove Retroactive PA and forward to SDR Team
2
The PAF Team will review Retroactive PA Requests and communicate approval or disapproval to the SDR Team within three working days of receiving the Retroactive PA Request. If the request is received less than three days prior to the established SDR Personnel Action cutoff date, a reasonable effort will be made to approve or disapprove the request prior to the deadline. Additional days may be required for year-end processing.
Can still transfer expense off terminated account
Has project terminated?
Can still transfer expense from Sponsored Project Acct. to an All Other Acct.
No
No
Is request allowable?
Yes
Is Effort Report generated?
Yes
Can still transfer expense from a Sponsored Project Acct. to an All Other Acct.
Is Effort Report certified?
No
No
Yes
Disapprove Retroactive PA and forward to SDR Team
No
Request and receive certified Effort Report and Cost Transfer Request (See "Certifying Effort Reports" Procedures)
No
No
Is Final Billing required?
Yes
Is Final Billing done?
Yes
Is FSR required?
Yes
Is FSR done?
Yes
Can FSR AND Final Billing be revised?
Yes
No
No
Complete or revise FSR and Final Billing, as needed
Approve Retroactive PA and forward to SDR Team
1

The Certifying Effort Reports Procedures

1. The Financial Administration Support (FAS) Team

a. The Financial Administration Support (FAS) Team will generate and send Effort Reports to the Schools and Departments within five working days of the end of the Effort Report period. The FAS Team generates two sets of Effort Reports. The first set of Effort Reports is generated every six months for faculty and A&P staff paid from a Sponsored Project Account. These six-month periods are from September through February and from March through August. The second set of Effort Reports is generated monthly for all other staff paid from a Sponsored Project Account.

b. The FAS Team will receive the certified Effort Report with original signature from the Administrator and/or Principal Investigator and file this certified Effort Report in the Effort Report Central File.

2. Schools and Departments

a. When the Schools and Departments receive their Effort Reports, Administrators and/or Principal Investigators will have 60 calendar days from the end of the Effort Report period to complete the Effort Report Certification process.
b. If the Effort Report IS accurate, the Administrator and/or Principal Investigator will sign the Effort Report and submit the certified Effort Report to the FAS Team no later than 60 calendar days from the end of the Effort Report period.
c. If the Effort Report IS NOT accurate, the Administrator and/or Principal Investigator will make the necessary changes to the existing Effort Report to reflect actual effort worked on the Sponsored Project. The Effort Report is then certified with signature. In addition, the Administrator and/or Principal Investigator will determine if the change in the Effort Report effects funding, thus requiring a Personnel Action Request.
d. If a Personnel Action Request IS NOT necessary, the Administrator and/or Principal Investigator will submit the certified Effort Report to the FAS Team.

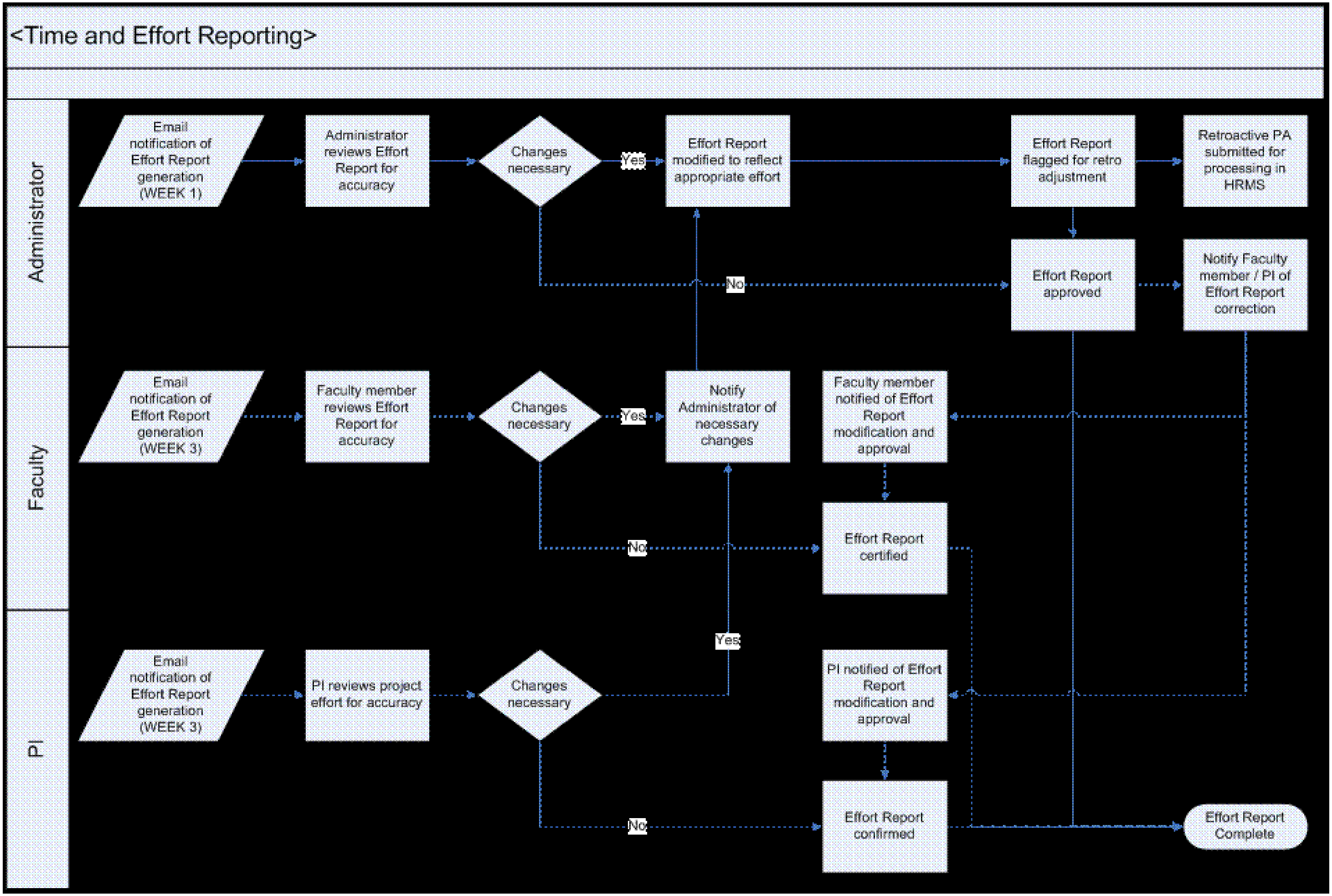
e. If a Personnel Action Request IS necessary, the Administrator and/or Principal Investigator will complete the Personnel Action Request and submit the completed request to the System Data Resources (SDR) Team.
    1. If the request IS NOT retroactive, the Administrator and/or Principal Investigator will submit the certified Effort Report to the FAS Team.
    2. If the request IS Retroactive, the Administrator and/or Principal Investigator will submit the certified Effort Report to the FAS Team. At the same time, the Administrator and/or Principal Investigator will submit a Cost Transfer Request, signed by the Department Business Officer and Principal Investigator, together with a faxed copy of the certified Effort Report, to the Post - Award Finance (PAF) Team. HOOP 11.18 Processing Retroactive Personnel Actions

    Note: The FAS Team must receive the certified effort report with the original signature within five working days of the department submitting the cost transfer memo and the faxed copy to PAF.

3. The Post - Award Finance (PAF) Team

The Post - Award Finance (PAF) Team will receive the Cost Transfer Request, together with the faxed copy of the certified Effort Report, from the Administrator and/or Principal Investigator. The PAF Team will then perform their "Processing Retroactive Personnel Actions" procedures. (See link listed above.) Once the Retroactive Personnel Action Request is approved, the PAF Team will perform the following reconciliation:

a. The PAF Team will compare the faxed copy of the certified Effort Report with the original sent to the FAS Team.
b. If the faxed copy DOES NOT match the original, the PAF Team will contact the Administrator and/or Principal Investigator to resolve the discrepancy.
c. If the faxed copy DOES match the original, the PAF Team will initial the faxed copy of the Effort Report and file it, together with the Cost Transfer Request, electronically.


<Time and Effort Reporting>
Administrator
Faculty
PI
Email notification of Effort Report generation (WEEK 1)
Administrator reviews Effort Report for accuracy
Changes necessary
Yes
No
Effort Report modified to reflect appropriate effort
Effort Report flagged for retro adjustment
Retroactive PA submitted for processing in HRMS
Effort Report approved
Notify Faculty member / PI of Effort Report correction
Email notification of Effort Report generation (WEEK 3)
Faculty member reviews Effort Report for accuracy
Changes necessary
Yes
No
Notify Administrator of necessary changes
Faculty member notified of Effort Report modification and approval
Effort Report certified
Email notification of Effort Report generation (WEEK 3)
PI reviews project effort for accuracy
Changes necessary
Yes
No
PI notified of Effort Report modification and approval
Effort Report confirmed
Effort Report Complete

The Subcontract Process

Pre-Award Activities: Getting the Subcontract in Place

If your grant award has a subcontract, the Office of Sponsored Projects (OSP) will contact the sub-contractor when the award arrives. However, it is the Department's responsibility to follow up with the Office of Sponsored Projects (OSP) to ensure that the sub-contract is being initiated in a timely manner. Contact with OSP should be by email, saying something such as the following:

> *We've been awarded an NIH grant having a sub-contract with ______________ for the period _______________ to _________________. Please initiate the sub-contract.*

Another departmental responsibility is to only do business with "eligible" subrecipient agencies. Eligible agencies include:

- Agencies that are willing and able to comply with the requirements of the award.
- Agencies that have accounting systems that are adequate to administer the award.
- Agencies and collaborators that have not been suspended or debarred from receiving federal funding.

Departments also assist OSP in identifying "higher risk" subrecipient agencies or contracts that will need an increased level of monitoring activities, including:

- Programs/projects with complex compliance requirements.
- Programs/projects for which a large percentage of the primary award or large dollar amount of the primary award will be subcontracted out.
- Agencies that fall under different audit guidelines than the OMB A-133, especially foreign agencies that do not fall under any OMB standards.
- Agencies with past performance problems as evidenced by historical data from UTHSC-H, including:
  - Late submission of billings.
  - Late submission of services, scientific reports, etc.
  - Billing for unallowable costs.
  - Repeatedly revising billings.
  - Evidence of failure to comply with their own internal policies (such as time limits on cost transfers).

It is also important that the departments work closely with OSP to ensure that the subcontract includes language that provides a framework for compliance. This is done by:

- Making sure that the budget from the subrecipient is adequate to complete the work and contains only allowable costs.
- Making sure that the scope of work from the subrecipient includes measurable outcomes.

The Office of Sponsored Projects (OSP) sends the sub-contract to the sub-contractor for their signature. The sub-contractor sends the signed sub-contract back to the Office of Sponsored Projects (OSP).

Once the subcontract is completed and executed, the Office of Sponsored Projects (OSP) images the sub-contract, sends a copy to the PAF Team, and sends a copy to the department for their files.

The PAF Team sets up the Recapitulation Sheet to record invoices and payments for the sub-contract and notifies the department when the Recapitulation Sheet is set up.

Post-Award Activities: Subrecipient Monitoring

The PAF Team receives invoices for the sub-contract and does the following:

- ✓ Verifies that a sub-contract is in place.
- ✓ Verifies that the billing period is within the sub-contract period.
- ✓ Verifies that the billed IDC rate is correct, per the sub-contract.
- ✓ Verifies that sufficient funds are available to pay the invoice.
- ✓ Verifies the certification language.

After completing the review and verification, the PAF Team sends the invoice to the department for their review and certification for payment.

The department reviews the invoice to ensure all expenditures are appropriate. The Principal Investigator must agree with the expenditures on the invoice:

- ✓ Does the billing/invoice amount accurately represent the amount of scientific data or progress by the subrecipient?
- ✓ Is there sufficient supporting documentation to determine if the expenses on the invoice are allowable expenses?
- ✓ Is the subrecipient spending the money too quickly, indicating that the funding may run out before the work is complete?
- ✓ Is the subrecipient having trouble getting started on the project?

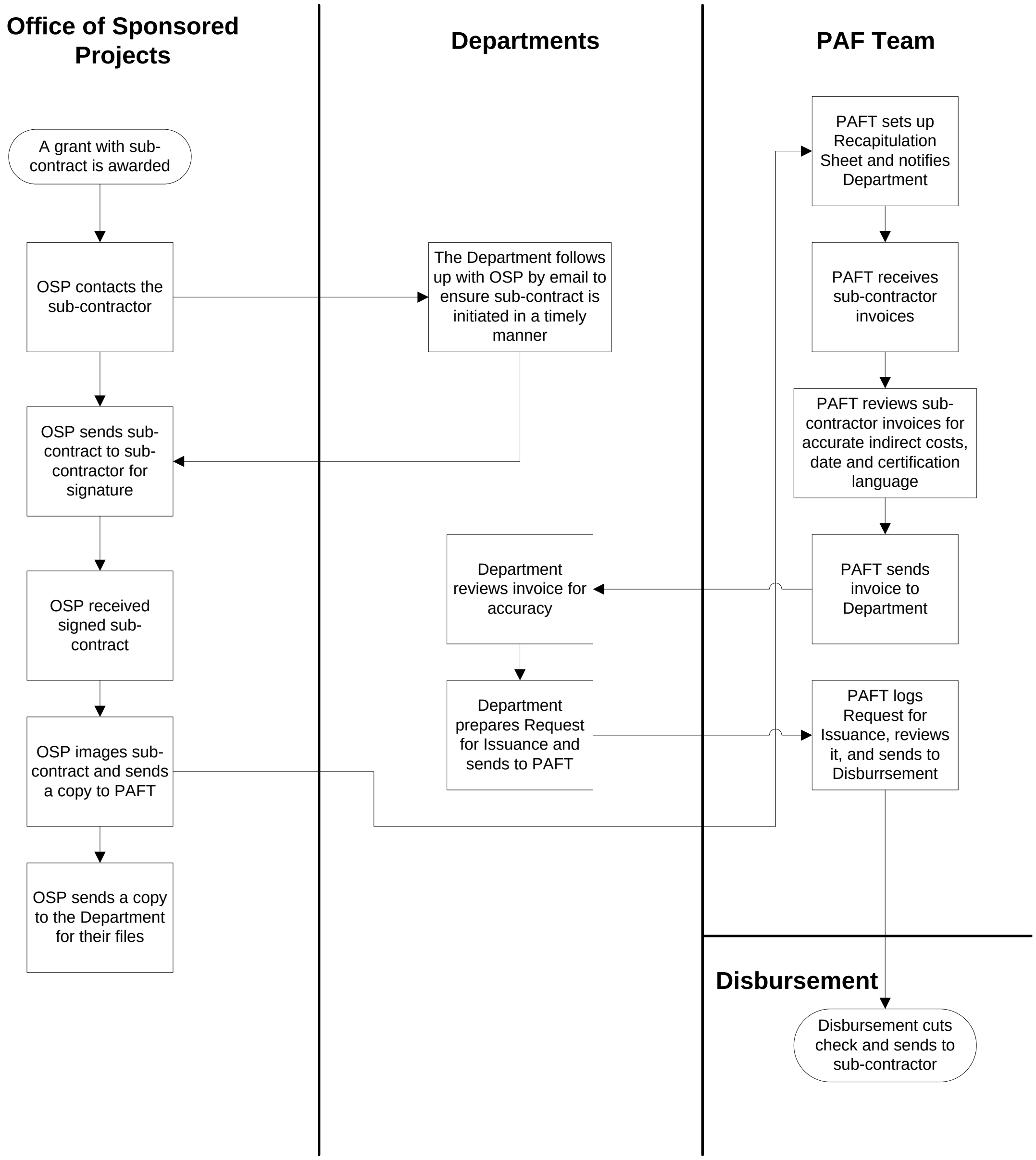
After completing the review and following up and resolving any concerns, the PI should approve the invoice for payment. The departmental staff will enter a Non-PO voucher in the PeopleSoft FMS system so that a check can be mailed to the sub-contractor. The department sends the completed Non-PO voucher with its supporting documentation to the Disbursements Team, who will forward it to PAF for review.

The PAF Team logs the voucher on the Recap sheet, reviews it, and sends it back to Disbursements for final processing.

Disbursements then cuts a check and sends it to the sub-contractor.

Note: The flow chart on the next page still has some terminology from the old TUFIMS system. We will update it as soon as possible. However, the flow chart still remains valid using the FMS system.

The Sub-Contract Process



List of Fund/Account Types

FMS FUND	DESCRIPTION
10000 - 13999	**Agency Funds** (Funds held for others)
16000 - 17999	**Auxiliary Funds –** Business units established for the express purpose of providing a service to faculty, students and/or staff (i.e., rec. center and bookstore).
18000 - 19999	**Loan Funds**
20000 - 25000	**Corpus Funds**
30000 - 34999	**Designated Funds (MSRDP) –** Funds come from income generating activities related to individual departments. MSRDP accounts are funded by clinic income. These are unrestricted funds. Follow HOOP regulations for HSC policies.
35000 - 35999	**Service Department Funds –** Business units within HSC that are income generating. Services can be provided to both Internal and External clients (the majority should be internal). Follows same restrictions as State Funds.
40000 - 41999	**State Funds** – Appropriated by the State through the submission of an annual operating budget approved by the Board of Regents. Restricted-see guidelines for usage in the Appropriations Bill for the appropriate biennium, The Handbook of Operating Procedures (HOOP) and the Request Issuance (RI) Policy.
41000	**Texas Higher Education Coordinating Board –** Grants awarded based on application submitted to agency each year. Very restricted-see agency guidelines on PAF web site for details or contact Mary Shepherd.
42000 - 42999	**HCPC State –** Appropriated by the State through the submission of an annual operating budget approved by the Board of Regents. Restricted-see guidelines for usage in the Appropriations Bill for the appropriate biennium, The Handbook of Operating Procedures (HOOP) and the Request Issuance (RI) Policy.
50000	U.S. Public Health Service Grants (Miscellaneous Grants, Traineeships & Fellowships)
50001	National Science Foundation
50002	National Institute of Justice
50003	U. S. Department of Education
50004	HRSA/Bureau of Health Professionals (BHP)
50005	Environmental Protection Agency (EPA)
50006	NASA
50008	HRSA (non-BHP)
50011	Local Federal Flow-Through Funding
50012	Private Federal Flow-Through Funding
50013	State Federal Flow-Through Funding
51001	CDC
through 51999	Miscellaneous Federal Grants & Contracts
53000 - 53999	State Contracts
55000 - 55999	Local Contracts

56000	Council for Tobacco Research
56001	American Cancer Society
56002	Hogg Foundation
56003	American Heart Association – National Office
56004	American Heart Association – Texas Affiliate
56006	American Lung Association
56007	American Diabetes Association
56008	Cystic Fibrosis
56009	March of Dimes
56010	Muscular Dystrophy
56011	Welch Foundation
56012	Miscellaneous Private Grants
57001	Clinical Studies
57002	Hermann Hospital
57003	Texas Heart Institute
57004	Baylor College of Medicine
57005	Clayton Foundation
57008	Shriners'
57015	Miscellaneous Private Contracts
58000	Restricted Gifts
58001	Unrestricted Gifts
59000 - 59999	Endowments

Fiscal Year (FY) accounts vs. Multi-Year (MY) accounts

Fiscal Year (FY) Accounts – Consists of all funds other than 50000 to 59999. The funding period is from 09/01/XX to 08/31/XX of each fiscal year. Inception to date totals on the monthly financial ledgers will match year to date totals. These funds are budgeted through the annual budgeting process. Fund balances from prior years can only be budgeted through a budget balance forward process, which typically must be approved by the Budget Office. In some instances, the Budget Office must also get approval from the EVP for Finance.

Multi-Year (MY) Accounts – Consists of funds 50000 to 59999. Grant/contract period crosses fiscal years. The year-to-date column of the monthly financial ledgers will reflect revenue and expenses for the current fiscal year. The inception-to-date totals on the monthly financial reports will include all revenue and expense history (including multiple fiscal years), which helps facilitate financial reporting.

When Is It A Gift?

If the study is the idea of a Health Science Center individual, monies given could be a GIFT or a GRANT under the following circumstances:

GIFT

Funding would be classified as a ***GIFT*** if monies are given as a donation in which there are no reporting, deliverable, or refund expectations on the part of the agency or donor:

a. There is no annual or final financial report required (though the individual can report findings if they so desire).
b. There is no specific outcome or information requested, such as specific scientific findings or research results.
c. There is no scientific or progress report required.
d. There is no specific time period in which the funding must be spent or the project must be completed.
e. There is no expectation that unspent funding will be returned to the individual/agency.

There are two types of Gift accounts:

- Unrestricted Gift (Fund 58001): A donation with no defined purpose specific to a project, program, or type of expense.
- Restricted Gift (Fund 58000): A donation given for a specific project, program, or type of expense.

GRANT/CONTRACT

It would be a ***GRANT/CONTRACT*** if monies are given toward the study and the study will produce a definite result, which must be submitted to the agency, and/or a product change (or actual product) will be marketed/produced as a result. If it has one or more of the following criteria, it would be considered a grant/contract rather than a gift:

a. There is an annual or final financial report required to be submitted to the agency.
b. There are specific outcomes or information that must be submitted to the agency, such as specific scientific findings or research results.
c. There is a scientific or progress report required.
d. There is a specific time period in which the funding must be spent or the project must be completed.
e. There is an expectation that unspent funding will be returned to the individual/agency.

When Is It A Clinical Trial/Drug Study?

Sometimes it is difficult to determine whether to classify an award as a Clinical Study or as a Miscellaneous Contract. The following information should be helpful.

Clinical Studies: Fund 57001

Contracts for clinical studies are processed regularly by the Office of Sponsored Projects. A clinical study is identified through four primary factors:

a. It is a study using human subjects or animals for research.
b. Drugs are being utilized.
c. Typically, payment is made on a per-study-subject basis (rather than cost reimbursement basis).
d. Typically, payments are generally not scheduled (not received monthly or quarterly in pre-determined amounts).
e. Typically, there are no spending restrictions.
f. Typically, UTHSC-H keeps any unspent/residual the funds.

If the study protocol referenced is one presented by the drug company, or the UTHSC-H individual is recruited by the drug company to assist with a given protocol, a contract MUST be in place with assurances for the type pf study subject involved (e.g. human, animal, etc.).

Miscellaneous Contracts: Fund 57015

Miscellaneous contracts are contracts that fund a particular activity, project or individual, but are not clinical studies. The payment method most often identifies these as cost reimbursable contracts for which UTHSC-H must submit either a monthly or quarterly bill in order to be paid.

NOTE: **Regardless of the origin of protocol or designation, if patients are involved, CPHS approval is MANDATORY.**

THE UNIVERSITY of TEXAS
HEALTH SCIENCE CENTER AT HOUSTON

COST TRANSFER REQUEST

DATE OF REQUEST: NOTE – TRANSFERS WILL NOT BE PROCESSED LATER THAN 60 DAYS AFTER THE END OF THE MONTH IN WHICH THE EXPENSE ORIGINALLY WAS INCURRED.	
TRANSFER COSTS FROM ACCOUNT #:	
TRANSFER COSTS TO ACCOUNT #:	
TOTAL AMOUNT: IF THIS IS RELATED TO A PERSONNEL ACTION, PROVIDE TOTAL AMOUNT OF SALARY EXPENSE TO BE TRANSFERRED. UNLESS NOTED, IT WILL BE ASSUMED THAT FRINGES WILL BE TRANSFERRED ALSO.	
CALCULATION OF AMOUNT: IF RELATED TO A PAYROLL EXPENSE, INCLUDE RATE PER PAY PERIOD X FTE%. IF RELATED TO A NON-PAYROLL EXPENSE, INDICATE WHETHER TRANSFER IS FOR FULL OR PARTIAL AMOUNT.	
TRANSACTION INFORMATION: IF PAYROLL EXPENSE - PROVIDE EMPLOYEE NAME, EMPL ID, PAYROLL PERIOD(S) COVERED IF NON-PAYROLL EXPENSE - PROVIDE DOC ID, TRANSACTION DATE, VENDOR	
REASON WHY EXPENSE WAS NOT CHARGED TO CORRECT ACCOUNT ORIGINALLY:	

AUTHORIZATION

PREPARER: (PRINT NAME)	SIGNATURE	DATE
DEPT BUSINESS MGR: (PRINT NAME)	SIGNATURE (REQUIRED)	DATE
PI: (PRINT NAME)	SIGNATURE (REQUIRED)	DATE

Note: This request is incomplete without the appropriate ledger support attached.

Grant Account Closeout

To Manage the End of Your Grant Account Efficiently and Effectively:

- ✓ **Know your grant end date!**
- ✓ **Then, four to six weeks prior to your grant end date, begin work on the following tasks:**
  - **Making sure all appropriate costs have been expensed.**
  - **Making sure all encumbrances are cleared.**
  - **Review employees funded by this account and complete any necessary personnel actions.**

Fund 50000 (Federal Funds from the Public Health Service): How They Are Closed

The PAF Team reconciles the U.S. Public Health Service funds quarterly with the Department of Health and Human Services. A “Fund 50000” grant stays active on the Federal Payment Management System Report until the Department of Health and Human Services closes it. This can be as much as fifteen months after the grant termination date. During this period, the status of the account will be reflected as “Inactive” on the Project Tab of the UTH Grants panels in FMS.

When the Department of Health and Human Services closes the grant, the PAF Team changes the status from “Open” (O) to “Closed” (C) in the Grants Panels by checking the “Closed” box on the Project Tab of the Grants Panels.

Clinical Studies and Miscellaneous Private Contracts: How They Are Closed

If there are residual funds in these types of accounts, and the funding documentation indicates that the funds vest with UTHSC-H, then these residual funds can be closed out to a gift account. In most cases, the funds should be closed to a Restricted Gift account that has a research-related purpose.

Financial Status Reports

One of the responsibilities of the PAF Team is to prepare and submit all financial reports related to Grants, Contracts, and other Restricted Fund accounts. To meet this responsibility, the PAF Team relies on working in partnership with the schools, departments, and divisions that administer these accounts.

An important aspect of this partnership is related to sharing information. Quite often, communications from the funding agency regarding financial reporting will be sent directly to the Principal Investigator or administrator. Such communication should be forwarded to the PAF Team so that they can meet the reporting requirements of the funding agency.

An example of such communication from a funding agency is when the agency sends updated forms that are required to be used to submit the financial reports. If a report is submitted using an out-of-date form, it is typically rejected, resulting in it being necessary to re-submit the report on the current forms. This might result in the funding agency being reluctant to award future funding.

It is important that funding agency forms received by the Principal Investigator or administrator are forwarded to the PAF Team for report submission. Also, requests from funding agencies for financial reports should be forwarded to the PAF Team.

Most financial reports do not require the signature of the Principal Investigator (PI) in order to be submitted to and accepted by the funding agency. Typically however, PAF will submit a copy of the financial report to the PI and departmental administrator for review and approval prior to submitting the report to the funding agency.

It is requested that the signed copy be returned to PAF within 10 working days, so that the financial report can be submitted to the funding agency within the submission deadline. However, if PAF has not received the signed copy back from the PI in time to meet the submission deadline, the financial report will still be submitted to the funding agency. If revisions need to be made at a later date, PAF will submit a revised report to the funding agency.

Every effort possible is made to submit financial reports within the funding agencies deadline in order to be in compliance with institutional and agency policies, as well as to enhance our institution's standing as a deserving recipient of grant and contract funding.

For those funding agencies that require PI approval of the financial report, PAF will submit a preliminary report to the funding agency if we do not receive the signed copy back from the PI by the submission deadline. PAF then submits the final/signed copy once it is received from the PI.

Please see the HOOP policy regarding financial reporting: HOOP 11.04.

Clinical Account Closeout Checklist

CLINICAL ACCOUNT CLOSEOUT CHECKLIST

Please provide and confirm the following information.
Send this completed form to PAF, UCT 902 / Fax # 4939.

As an alternative, send an e-mail to PAF with the information below. The confirmation language must be included. The PI must be cc'd on the e-mail.

Account Number to Close	
Confirm the following: 1. All work is complete 2. All funds have been received 3. All obligations have been met 4. All encumbrances have been cleared	1. ________ 2. ________ 3. ________ 4. ________
Account number (gift account) to transfer funds to:	

Submitted by: ______________________________________

Signature: ______________________________________

Confirmed by: ______________________________________
Printed Name of Principal Investigator

Signature: ______________________________________

Date: ______________________________________

Faculty Salary Limit Worksheet

FTE Calculation for Base Salary Only

For PIs with a base salary greater than $166,700 and who are paid with Federal Funds.

Augmentation, Supplement, etc. is not considered in this worksheet.

Name:

(a) Base Salary $0.00

(b) Maximum salary per : (per NIH, AHRQ and SAMSHA only) **$175,700.00**

Important: On the PA request submitted to SDR, column (i) figures should be placed in the FTE column. Also, column (d) figures should be placed in the comments section.

NOTE: FILL IN BLUE SECTIONS AS APPROPRIATE
NOTE: ROUND/MODIFY YELLOW SECTIONS AS APPROPRIATE
NOTE: BOTH GREEN SECTIONS SHOULD MATCH

	Account Number	(c) Actual Effort on this account	(d) PS HRMS Effort (due to rounding)	(e) Rounding Direction for Effort	(f) (b) x (c) Allowable per NIH	(g) (d)/12 Monthly NIH Allowable	(h) (d)/(a) FTE Calculation	(i) PS HRMS FTE (due to rounding)	(j) Rounding Direction for FTE	(k) (g) x (a) Annual per Psoft FTE
	RESTRICTED FUNDS (GRANTS/CONTRACTS)									
**		0.00%	0%	UP	$0.00	$0.00	#DIV/0!	0.00%	DOWN	$0.00
**		0.00%		UP	$0.00	$0.00	#DIV/0!	0.00%	DOWN	$0.00
**		0.00%		UP	$0.00	$0.00	#DIV/0!	0.00%	DOWN	$0.00
	STATE/DESIGNATED/GIFT									
		0.00%	0%	DOWN			0.0000%	0.00%	UP	$0.00
		0.00%		DOWN			0.0000%	0.00%	UP	$0.00
		0.00%	**0%**							**$0.00**
						TOTAL FTE	**#DIV/0!**	**0.00%**		

** These accounts are funded by NIH, AHRQ or SAMSHA and are subject to a salary cap of $175,700.

VERY IMPORTANT: **Total FTE must be 100%**
FTE on accounts not subject to the salary cap may have to be adjusted to reach 100% total FTE.

Developed by Santos Perez/PAFT Team

Note: This is a sample worksheet. A template that can be downloaded and used on an on-going basis is available at http://financialresources.hsc.uth.tmc.edu/paf/products.htm

Templates for Accepting Financial Responsibility When Setting Up an Account Early/Guaranteeing Existing Accounts

<u>Sample memo to PAF Team requesting the set up of a new account:</u>

To: The PAF Team
UCT 902
Fax: #4939

From: *Name of Department Business Officer or Department Chair*
Department
Department Address

Date:

Dear Sir or Madam,

We request that an account be set up early for the following grant, soon to be awarded:

Funding Agency:

Projected Beginning Date: **Projected End Date:**

Amount of Funding:

Source of Funding:

Budget Objects to be Set Up:

You will find attached a copy of the completed and signed Review and Approval (R&A) Form, together with other pertinent documentation (see page 12 of Grant Guide).

Should this project not be funded for any reason, my department will be financially responsible for any expenses incurred.

Sincerely,

____________________ ____________________
Department Chair *Department Business Officer*

(Note: If the R&A Form does not contain the conflict of interest certifications, you will need to attach a statement from OSP or Legal that the conflict of interest certification requirements have been met.)

Sample memo to PAF Team requesting the continuation of an existing account under guarantee :

To: The PAF Team
UCT 902
Fax: #4939

From: *Name of Department Business Officer or Department Chair*
Department
Department Address

Date:

We request that existing account ________ be placed on guarantee until the following date _________.

Should this project not be funded for any reason, my department will be financially responsible for any expenses incurred.

Sincerely,

______________________ ______________________
Department Chair *Department Business Officer*

(Note: Depending on the type of account, additional information may be required.)

Understanding Institutional Prior Approval (IPA)

Institutional Prior Approval allows UTHSC-H to locally approve various types of costs or actions within Federal guidelines. These guidelines require that an appropriate official within UTHSC-H, who does NOT have direct responsibility for the project review the request to ensure compliance with Public Health Service (PHS) and National Science Foundation (NSF) guidelines.

Requests for Institutional Prior Approval should be submitted through the Department Chair and the Dean for their approval, depending on departmental and school policy.

Requests for Institutional Prior Approval involving Budget Modifications should include a complete description of the request meeting the following criteria:

- Necessity to achieve the project objective
- Consistency with grant terms and conditions
- Consistency with grant and grantee policies
- Effective utilization of institutional resources
- No change in project scope
- Not specifically prohibited by terms and conditions

The following types of requests also require Institutional Prior Approval:

- General purpose equipment and office furniture
- Foreign travel
- Pre-award costs

For those awards for which we do not have the authority to approve such costs or actions locally, the institution must obtain written approval from the funding agency.

Travel Order Purpose Codes

Whenever a Travel transaction is entered in PeopleSoft FMS using Federally Sponsored Project funds (i.e. funds 50000 to 51999), one of the following purpose codes is required:

CT Collaborate

GB Grant Benefit/Conference

GI Grant Investigation

GP Presenting Paper on Grant

SD Site Visit/Data Collection

BL Blanket Travel (To be used for local mileage only)

These are the ONLY Travel Purpose Codes that can be used for travel that is paid for using Federal funds.

Note: Travel is allowable only if the trip occurs during the budget/award period. Travel is not allowable simply because a future trip was encumbered during the budget/award process.

On and Off Campus Sites for Calculating Indirect Costs

Note: The determining factor in whether IDC is recovered at the On or Off campus rate is whether space rental charges are expensed as a direct cost on the award. If space rental is charged as a direct cost, then the award must use the Off campus rate for IDC recovery.

Building name	On/off campus
Brownsville Regional Campus, SPH	On
Dental Branch Building	On
Harris County Psychiatric Center	On
Houston Main Building	On
Houston Medical Center	Off
John Freeman Building	On
Medical School Building	On
Memorial Medical Center at Corpus Christi	Off
Operations Center Building	On
Reul A. Stallones Building	On
Speech & Hearing Institute	On
UT Mental Science Institute (TRIMS)	On
UT Professional Building (Formerly the Hermann Professional Building)	On
University Center Tower	On
WIC at Kempwood Plaza	Off
WIC at Hermann Professional Building	Off
Federal On Campus Indirect Cost Rate (MTDC)	**50%**
Non-Federal On Campus Indirect Cost Rate (MTDC)	**30%**
Off Campus Indirect Cost Rate (MTDC)	**26%**

Modified Total Direct Costs (MTDC) – Total direct cost less items of equipment, patient care, tuition and fees, alterations, renovations, and subcontract amounts over $25,000.

NIH Grants: Key Information

Changes in Project and Budget

In general, NIH grantees are allowed a certain degree of latitude to rebudget within and between budget categories to meet unanticipated needs and to make other types of post-award changes. Some changes may be made by the grantee only within limits established by NIH. Other changes require NIH prior written approval before modifying the budget or undertaking the activity in question. The degree of discretion permitted varies by type of grant, grantee, and coverage by, or participation in, a special initiative. The grantee-initiated changes that may be made under the grantee's authority and the changes that require NIH approval are outlined below with respect to particular types of awards, activities, or recipients. In addition, individual awards my restrict grantees' authorities to make budget and project changes without NIH prior approval. If NIH approval is required, it must be requested of, and obtained from, the designated NIH GMO in advance of the change or obligation of funds as specified below under "Requests for Approval."

Changes in project or budget resulting from NIH-initiated changes are also discussed below.

Prior Approval Requirements

The following table applies to NIH research grants and cooperative agreements to domestic organizations. The table lists the activities and/or expenditures that require GMO prior approval in accordance with the general terms and conditions of award (e.g. Expanded Authorities, Federal Demonstration Partnership (FDP), or the terms and conditions of the NIH policy statement) and also includes activities and/or expenditures where NIH has waived the prior approval requirement on a class basis. The information in this table is for guidance purposes only. ***Any question about the need for prior approval for an activity or cost under a specific NIH award should be directed to the PAF Team, who will follow up with the designated GMO.***

Summary of Actions Requiring NIH Prior Approval

Activity or Expenditure Requiring NIH Prior Approval	Expanded Authorities	Federal Demonstration Partnership (FDP)	NIH Grants Policy Statement (NIHGPS)
Change in scope	YES	YES	YES
Pre-award costs (more than 90 days prior to effective date of a new or competing continuation award)	YES	YES	YES
Pre-award costs for non-competing awards	At grantee's own risk	At grantee's own risk	At grantee's own risk
Change in key personnel	YES	YES	YES
Change of grantee organization	YES	YES	YES
Activity or Expenditure Requiring NIH Prior Approval	**Expanded Authorities**	**Federal Demonstration Partnership (FDP)**	**NIH Grants Policy Statement (NIHGPS)**
Addition of a foreign component under a grant to a domestic organization	YES	YES	YES
Changes to award terms and conditions or undertaking any activities disapproved or restricted as a term of award	YES	YES	YES
Carryover of unobligated balances from one budget period to the next	NO	NO	YES
Extension of final budget period of a project periood	NO One extension up to 12 months allowed with no additional funds. Must notify IC no later than 10 days prior to expiration.	NO One extension up to 12 months allowed with no additional funds. Must notify IC no later than 10 days prior to expiration.	YES

Equipment purchases exceeding $25,000/unit, regardless of amount of NIH funds involved	NO Unless change in scope	NO Unless change in scope	YES
Retention of research grant funds when career (K) award made	YES	YES	YES
Alteration and renovation (A&R) (rebudgeting into A&R costs exceeding 25% of total approved budget for budget period)	NO Up to and including $300,000 YES If greater than $300,000	NO Up to and including $300,000 YES If greater than $300,000	NO Up to and including $300,000 YES If greater than $300,000
Transferring amounts from trainee costs	YES	YES	YES
Capital expenditures (construction, land or building acquisition)	YES	YES	YES
Need for additional NIH funding	YES	YES	YES
Closely related work	YES	YES	YES
Transfer of funds between construction and non-construction work	YES	YES	YES
Activity or Expenditure Requiring NIH Prior Approval	**Expanded Authorities**	**Federal Demonstration Partnership (FDP)**	**NIH Grants Policy Statement (NIHGPS)**
Program income (use of any alternative other than that specified by NIH)	NO	NO	YES
Transferring performance of substantive programmatic work to a third party (by consortium agreement, contract, or other means)	NO Unless change in scope or the third party is a foreign organization or component	NO Unless change in scope or the third party is a foreign organization or component	YES

Incurrence of patient care costs (if not previously approved or rebudgeting additional funds into or rebudgetnig funds out of this category)	NO Unless change in scope	NO Unless change in scope	YES

Alterations and Renovations: NIH approval is required for an A&R project exceeding $300,000. (See NIH's website under "Construction Grants – Administrative Requirements – Prior Approval Requirements – Alteration and Renovation Projects Under Non-Construction Grants" for documentation requirements.)

Transferring Amounts from Trainee Costs: The transfer of amounts previously awarded for trainee costs (stipends, tuition, and fees) to other categories of expense. This excludes trainee travel, which NIH does not consider to be a trainee cost, and training-related expenses. (See NIH's website under "National Research Service Awards – Institutional National Research Service Awards (Training Grants) – Financial Provisions – Rebudgeting of Funds.")

Capital Expenditures: Capital expenditures for land or buildings. In addition, real property acquired with NIH grant funds may not be conveyed, transferred, assigned, mortgaged, leased, or in any other manner encumbered by the grantee without the written prior approval of the NIH awarding office or its successor organization.

Need for Additional NIH Funds: A request for additional funding for a current budget period to meet increased costs that are within the scope of the approved application, but that were unforeseen when the new, non-competing continuation, or competing continuation application was submitted, is a non-competing supplemental application. Such requests are submitted directly to the GMO, in writing, and are not required to compete with other applications for funding.

Closely Related Work: When salaries or other costs are being supported by two or more scientifically and technically related NIH grant projects, grantees may only charge those costs to any one of those projects or treat multiple projects as a single cost objective only with NIH prior approval. NIH will not approve such requests if there is a change in the scope of the individual grants involved, relating the costs will be detrimental to the conduct of work approved under each individual award, or the projects are being related to circumvent the terms and conditions of an individual award. (See NIH's website under "Cost Considerations – Allocation of Costs and Closely Related Work.")

Typically, when salaries and other costs are supported by two or more scientifically and technically related projects (NIH and/or other), then the costs should be proportioned to each project equally. For example, if a research assistant performs tasks that benefit four different sponsored projects, then the research assistant's salary should be charged 25% to each project.

Transfer of Funds Between Construction and Non-Construction: Under awards that provide for both construction and non-construction work, NIH prior approval is required to transfer funds between the two types of work.

Program Income: The use of any alternative for disposition of program income other than that specified in the terms and conditions of award must have NIH prior approval. (See NIH's website under "Administrative Requirements – Management Systems and Procedures – Program Income.")

Expanded Authorities

NIH has waived the requirement for its prior approval of those expenditures and activities specified below and has provided the authorities (hereafter called "expanded authorities") to grantees to take such actions without NIH prior approval. In using these expanded authorities, grantees must ensure that they exercise proper stewardship over Federal funds and that costs charged to the awards are allowable, allocable, reasonable, and consistently applied regardless of the source of funds. Expanded authorities apply to the following mechanisms:

- "R" series (Research Project Grants), except R41, Phase I Small Business Technology Transfer (STTR) Grants, and R43, Phase I Small Business Innovation Research (SBIR) Grants.
- Program Project Grants (P01).
- "K" series (Career Awards).

NIH ICs also may authorize some or all of the expanded authorities for additional awards or classes of awards. *(Note: UTHSC-H indicates Expanded Authority or FDP on the GDES Table in FMS.)*

Expanded authorities are not provided under awards to individuals. Certain support mechanisms or grantees also may be excluded from expanded authorities. This may include grants or grantees that require closer project monitoring or technical assistance, such as clinical trials and certain large multi-purpose grants. If excluded, the NGA will indicate this change from the standard terms and conditions. In addition, one or more of these authorities may be overridden by a special term or condition of the award. Therefore, grantees must review the NGA to determine whether and to what extent they are permitted to use expanded authorities. Several of the expanded authorities have specific deadlines for submission of reports or for timely notification to the NIH awarding office. Grantees should be aware that any consistent pattern of failure to adhere to those deadlines for reporting or notification shall be grounds for excluding the grantee from these special authorities. Even where the grantee is authorized to use expanded authorities, if it is determined, through audit or otherwise, that costs do not meet the tests for allowability, allocability, reasonableness, and consistency, the costs may be disallowed.

Extension of a Project Period Without Additional Funds: The grantee may extend the final budget period of the project period one time for a period of up to 12 months beyond the original expiration date shown in the NGA if no additional funds are required to be obligated by the NIH awarding office, there will be no change in the project's originally approved scope, and any one of the following applies:

- Additional time beyond the established expiration date is required to ensure adequate completion of the originally approved project.
- Continuity of NIH grant support is required while a competing continuation application is under review.
- The extension is necessary to permit an orderly phase-out of a project that will not receive continued support.

The fact that funds remain at the expiration of the grant is not, in itself, sufficient justification for an extension without additional funds.

The grantee must notify the NIH awarding office, in writing, of the extension ten days prior to the expiration date of the project period. Upon notification, the NIH awarding office will revise the project period ending date and provide an acknowledgement to the grantee. In extending the final budget period of the project period through this process, the grantee agrees to update all required certifications, including human subjects and animal welfare, in accordance with the applicable regulations and policies. Grantees may not extend project periods previously extended by the NIH awarding office. Any additional project period extension beyond the one-time extension of up to 12 months requires NIH prior approval. (See the "Prior Approval Requirements" section above.)

Carryover of Unobligated Balances: Except for funds restricted in an NGA, unobligated funds remaining at the end of a budget period are automatically carried over. For awards under the Streamlined Non-Competing Award Process (SNAP), funds are automatically carried over and are available for expenditure during the entire project period. However, under those awards, the grantee will be required to indicate, as part of its non-competing continuation request, whether its estimated unobligated balance (including prior year carryover) is expected to be greater than 25% of the current year's total budget. If so, the grantee must provide an explanation and indicate plans for expenditure of those funds if carried forward. (See the NIH's website under "Administrative Requirements – Non-Competing Continuation Awards.")

For those awards subject to expanded authorities but excluded from SNAP (e.g. P01s and R35s), the FSR must specify the amount to be carried over. The notification must be provided under item 12, "Remarks," on the FSR. When a grantee reports a balance of unobligated funds in excess of 25% of the total amount awarded, the GMO will review the circumstances resulting in the balance to ensure that these funds are necessary to complete the project, and may request additional information from the grantee, including a revised budget, as part of the review. If the GMO determines that some or all of the unobligated funds are not necessary to complete the project, the GMO may take one, or a combination, of the following actions:

- Restrict the grantee's authority to automatically carry over unobligated balances in the future.

- Use the balance to reduce or offset NIH funding for a subsequent budget period. Any amount not identified for carryover may be used as an offset. A revised NGA will not be issued to reflect the carryover.

Use of Program Income: The additive costs alternative for the use of program income applies to awards subject to expanded authorities unless the NGA specifies another alternative or the grantee is a for-profit organization other than an SBIR/STTR awardee. For-profit organizations other than SBIR/STTR awardees are subject to the deductive alternative. (See the NIH's website under "Administrative Requirements – Management Systems and Procedures – Program Income.")

Transferring the Performance of Substantive Programmatic work to a Third Party by Means of a Consortium Agreement, Contract, or Other Means: Under expanded authorities, a grantee is not required to obtain NIH prior approval for transferring the performance of substantive programmatic work **unless** the activity constitutes a change in scope or results in the transfer of substantive programmatic work to a foreign component.

Cost-Related Prior Approvals, including Patient Care and Equipment: Requirements for NIH approval of incurrence of these individual costs, including rebudgeting for them, do not apply under expanded authorities **unless** they constitute a change in scope.

Requests for Approval

All requests for NIH awarding office prior approval must be made, in writing (which includes submission by email) to the designated GMO no later than 30 days before the project termination date.

Note: Send all requests to the PAF Team, who will see to it that it gets to the funding agency.

Detailed PAF Team Responsibilities

As you manage your Sponsored Research Contracts and Grants, if you have questions concerning any of the areas listed below, please call the PAF Team at x4940.

Overall Responsibility

The PAF Team is charged with helping Principal Investigators and department administrators manage their grants and contracts once they have been awarded. The PAF Team's role is a support role to Principal Investigators and department administrators. Working together, we are all responsible to the overall institution for making sure that grant accounts and contracts are:

- Set up correctly in the system.
- Managed and administered efficiently, effectively and accurately.
- Closed out accurately and timely.

Detailed Responsibilities

A. Fiscal Management of Grants and Contracts

- Setting up grant accounts in the system

- Monitoring grant financial management:
  - Allowability of expenditures
  - Expense transfers
  - Sub-contract billing
  - Serving as liaison between funding agencies and Principal Investigators

- Reporting
  - Financial Status Reports for Federal grants, miscellaneous grants, training grants and miscellaneous contracts

- Closing out grant accounts
  - Refunds to grantors
  - Grant transfers

Glossary of Terms

Authorized Organizational/Institutional Official: The individual, named by the applicant organization, who is authorized to act for the applicant and to assume the obligations imposed by the Federal laws, regulations, requirements, and conditions that apply to grant applications or grant awards. Typically, Principal Investigators are NOT authorized organizational officials.

Budget Period: The intervals of time (usually 12 months each) into which a project period is divided for budgetary and funding purposes.

Competitive Segment: The initial project period recommended for support (up to 5 years) or each extension of a project period resulting from a competing continuation award that establishes a new competitive segment for the project.

Consortium Agreement: A collaborative arrangement in support of a research project in which some portion of the programmatic activity is carried out through a formalized agreement between the grantee and one or more other organizations that are separate legal entities administratively independent of the grantee.

Consultant: An individual that provides professional advice or services on the basis of a written agreement for a fee. These individuals are not normally employees of the organization receiving the services. Consultants also include firms that provide professional advice or services.

Cooperative Agreement: A financial assistance mechanism used when substantial Federal programmatic involvement with the recipient during performance is anticipated by the NIH Institute or Center.

Cost Sharing: See "Matching or Cost Sharing."

Direct Costs: Costs that can be specifically identified with a particular project(s) or activity.

Effort Reports: Effort is the reasonable estimate of ***work*** performed by the employee on a sponsored project during the period covered by the Effort Report. Effort worked during the period must support any amount compensated. Effort Reports are generated semi-annually for Faculty and Administrative & Professional employees. Effort Reports are generated monthly for all others. Effort Reports must be certified and returned within 60 calendar days of the end of the Effort Report period. *(See the Effort Report Policy on page 23.)*

Equipment: An article of tangible nonexpendable personal property that has a useful life of more than 1 year and an acquisition cost per unit that equals or exceeds the lesser of the capitalization threshold established by the organization or $5,000.

Expanded Authorities: The operating authorities provided to grantees under certain research grant mechanisms that waive the requirement for NIH prior approval for specified actions.

Expiration Date: The date signifying the end of the current budget period, after which the grantee is not authorized to obligate grant funds regardless of the ending date of the project period or "completion date."

Facilities and Administrative Costs (Indirect Costs): Costs that are incurred by a grantee for common or joint objectives and that, therefore, cannot be identified specifically with a particular project or program. These costs were previously known as "indirect costs," and, in most instances, will be referred to in this document as "F&A costs."

Federal Demonstration Partnership: A cooperative initiative among some Federal agencies, including NIH, select organizations that receive Federal funding for research, and certain professional associations. Its efforts include a variety of demonstration projects intended to simplify and standardize Federal requirements in order to increase research productivity and reduce administrative costs.

Grant: A financial assistance mechanism providing money, property, or both to an eligible entity to carry out an approved project or activity. A grant is used whenever the NIH Institute or Center anticipates no substantial programmatic involvement with the recipient during performance of the financially assisted activities.

Grantee: The organization or individual awarded a grant or cooperative agreement by NIH that is responsible and accountable for the use of the funds provided and for the performance of the grant-supported project or activities. The grantee is the entire legal entity even if a particular component is designated in the award document. The grantee is legally responsible and accountable to NIH for the performance and financial aspects of the grant-supported project or activity.

Grants Management Officer (GMO): An NIH official responsible for the business management aspects of grants and cooperative agreements, including review, negotiation, award, and administration, and for the interpretation of grants administration policies and provisions. Only GMOs are authorized to obligate NIH to the expenditure of funds and permit changes to approved projects on behalf of NIH. Each NIH Institute and Center that awards grants has one or more GMOs with responsibility for particular programs or awards.

Guaranteeing an Account: Requesting account setup prior to receiving an executed award or contract. (*See "Setting Up Accounts Early" on page 12.)*

Indirect Costs: See "Facilities and Administrative Costs."

Indirect Cost Waiver: Written authorization from the UTHSC-H Chief Financial Officer for a reduction in the standard indirect cost rate.

Institutional Base Salary: The annual compensation paid by an applicant/grantee organization for an employee's appointment, whether that individual's time is spent on research, teaching, patient care, or other activities. The base salary excludes any income that an individual is permitted to earn outside of duties for the applicant/grantee organization. Base salary may not be increased as a result of replacing organizational salary funds with NIH grant funds.

Institutional Prior Approval (IPA): Authority granted to UTHSC-H by Federal agencies to approve various types of costs or actions within Federal guidelines. *(See "Understanding Institutional Prior Approval" on page 48.)*

Key Personnel: Individuals who contribute in a substantive way to the scientific development or execution of a project, whether or not they receive compensation from the grant supporting that project. The principal investigator and collaborators are included in this category.

Matching or Cost Sharing: The value of third-party in-kind contributions and the portion of the costs of a federally assisted project or program not borne by the Federal Government. Matching or cost sharing may be required by law, regulation, or administrative decision of an NIH Institute or Center. Costs used to satisfy matching or cost sharing requirements are subject to the same policies governing allowability as other costs under the approved budget.

Modified Total Direct Cost (MTDC): The total direct cost less items of equipment, patient care, tuition and fees, alterations, renovations, and subcontract amounts over $25,000.

Modular Application: A type of grant application in which support is requested in specified increments without the need for detailed supporting information related to separate budget categories. When modular procedures apply, they affect not only application preparation but also review, award, and administration of the application/award.

No Cost Extension: Extension of the grant term date without additional funds.

Notice of Grant Award: The legally binding document that notifies the grantee and others that an award has been made, contains or references all terms and conditions of the award, and documents the obligation of Federal funds. The award notice may be in letter format and may be issued electronically.

Principal Investigator/Program Director/Project Director: An individual designated by the grantee to direct the project or activity being supported by the grant. He or she is responsible and accountable to the grantee for the proper conduct of the project or activity.

Prior Approval: Written approval from the designated Grants Management Officer required for specified post-award changes in the approved project or budget. Such approval must be obtained prior to undertaking the proposed activity or spending NIH funds.

Program Official: The NIH official responsible for the programmatic, scientific and/or technical aspects of a grant.

Project Period: The total time for which support of a project has been programmatically approved. The total project period is comprised of the initial competitive segment, any subsequent competitive segment(s) resulting from a competing continuation award(s), and non-competing extensions.

Recipient: The organizational entity or individual receiving a grant or cooperative agreement. See "Grantee."

Significant Rebudgeting: A threshold that is reached when expenditures in a single direct cost budget category deviate (increase or decrease) from the categorical commitment level established for the budget period by more than 25 percent of the total costs awarded. Significant rebudgeting is one indicator of change in scope.

Stipend: A payment made to an individual under a fellowship or training grant in accordance with pre-established levels to provide for the individual's living expenses during the period of training. A stipend is not considered compensation for the services expected of an employee.

Termination: Permanent withdrawal by NIH of a grantee's authority to obligate previously awarded grant funds before that authority would otherwise expire, including the voluntary relinquishment of that authority by the grantee.

Terms and Conditions of Award: All legal requirements imposed on a grant by NIH, whether based on statute, regulation, policy, or other document referenced in the grant award, or specified by the grant award document itself. The Notice of Grant Award may include both standard and special conditions that are considered necessary to attain the grant's objectives, facilitate post-award administration of the grant, conserve grant funds, or otherwise protect the Federal Government's interests.

Total Project Costs: The total allowable costs (both direct costs and facilities and administrative costs) incurred by the grantee to carry out a grant-supported project or activity. Total project costs include costs charged to the NIH grant and costs borne by the grantee to satisfy a matching or cost-sharing requirement.