

I. Assignment of Contract and Grant Banner Fund Numbers

Contract and Grant fund numbers are assigned by the Office of Contracts and in conformity with the Banner Chart of Accounts. The Fund Code Structure is determined by standards required by the University's Financial Records System. Contract and Grant fund numbers start in range from 210XXX through 210999. This distinct numbering aids as a quick reference to funds location and specifics.

Awards for less than the University-proposed amount require confirmation via the Principal Investigator via Sponsoring Agency in the budget prior to establishment of a fund. This is done prior to setup to establish a point of reference for agency spending in compliance to the award.

The Notice of Award is received in OSP. OSP requests a Banner Fund Number from the Director of C&G. Once assigned, OSP notifies the Project Director of the assigned Fund Number and requests a Project Briefing (PI, Post Award Administrator, and account technician, when needed) be held in the case of new PI, new sponsoring agency, and/or special terms or activities that require formal discussion prior to project initiation. During the Project Briefing, the following are discussed for clarity and proper implementation:

1. terms and conditions of the award;
2. internal paperwork to initiate the activities;
3. hiring of approved personnel;
4. establishment of approved subcontracts and/or consultant agreements; and
5. completion of the Budget Create and Trust Fund Authority.

In the initial packet for setup there are two documents use to complete setup (the Budget Create and Trust Fund Authority Form). The Trust Fund Authority is used to navigate the fund reporting into the financial statement. From this form, the GASB codes are assigned. Also accompanying this form is an Internal Budget Create form. This reiterates the terms of the award and the approved budget as a point of reference for the accounting technician assigned.

Both forms along with a copy of proposal, with budget, and award are returned to the Director of Contracts and Grants to setup Banner Fund. Funds are normally setup with 2 days of arriving in C&G.

II. Award Monitoring and Fund Reconciliation

Contract and grant funds are monitored on a continuous basis and reconciled monthly to ensure only allowable costs are charged to a specific fund and all project related costs are charged appropriately. The monitoring process includes pre-audit review of proposed expenditures at the department, PI and C&G accounting levels.

Before expenditures are approved by C&G, the department admin bookkeeper or PI will review the fund budget to determine if funds are available in the appropriate account code. If not, a budget revision is prepared and submitted before the expenditure can be made. The expenditure is then reviewed by the assigned accounting technician in C&G. The accounting technician checks for cost allowance in

accordance with the award terms, OMB Circular A-21, and/or any other applicable guidance documents. If additional clarification is needed, the technician will call PI for additional supporting documentation.

Purchase and Distribution of Gift

Who is eligible for gift cards and given for the following reasons?

They may be given for awards or recognition programs, outstanding achievement or participation in various studies.

- Employees and non-employees as Research Study Participants:

Employees who participate in research studies are treated the same as non-employees and are subject to all of the reporting requirements to which non-employees are subject, including being required to complete a form W-9.

- Employees receiving gifts or awards:

Employees who receive gift card as an award or gift will have the amount of the gift card added to their form W-2 for all amounts.

A signed "Authorization for the Purchase of Gift Cards/Gift Certificates" is required **PRIOR** to purchasing gift cards or certificates. This authorization is for a single intended purpose only - i.e. a specific study, a specific event, etc. and must be specified in the "detailed description of intended purpose for items purchased" section on the form. It is recommended to limit the number of gift cards purchased at one time so that the disbursement documentation is more manageable.

Departmental Documentation

A **Gift Card/Gift Certificate Disbursement Log** is required to record the dispensing of all gift cards purchased - even if only one card is purchased for one individual. In the event the gift cards are purchased for a study or research project where the participants are to remain anonymous, the Gift Card/Gift Certificate Disbursement Log AND the Confidential Gift Card Disbursement Logs must be maintained by the Principal Investigator AND made available upon immediate request.

1. Proof of original purchase and authorization form **MUST** be kept on file with the appropriate with PI. The receipt must show the individual gift card numbers purchased.
2. Gift card/certificate numbers must be identified and entered in the "Gift Card or Certificate Number" column of the Gift Card/Gift Certificate Disbursement Log. The amount of each card must be entered in the "Amount" column.

At all times the total of the undistributed gift cards/gift certificates and the disbursement log must equal the total of all gift cards/gift certificates purchased. It is the responsibility of the department - P.I. to provide Contracts and Grants the most up-to-date disbursement log, along with proof of remaining gift cards/certificates.

III. Preparing Budget and Expenditure Reports

A Banner WebFocus report is generated at random on expenditures made against funds and tallied to generate monthly, quarterly and annual sums for the Financial Status Report.

The accounting technician assigned will prepare the report for review and approval by the Director of C&G and final authorization from the Controller.

A copy is kept on file in C&G. A copy is given to the PI, OSP, and the original is mailed to the sponsor. All supporting documentation is retained in the project files in C&G with a copy of the Financial Status Report.

IV. Overruns and Cost Disallowances

In the Office of Grant and Contracts, the accounting technician assigned to the grant fund monitors and reviews for possible overruns. If an overrun occurs, the Principal Investigator is notified and asked for a resolution. The Principal Investigator sends a memo to the Director of C&G detailing the matter and requesting a transfer of cost to another allowable fund.

The Director of C&G and technician check all sources for compliance within regulations, before considering cost transfer requests.

The basic accounting principles for reimbursing institutions of higher education for cost associated with sponsored contracts and grants are specified in OMB Circular A-21. These principles establish the following two cost groupings for the reimbursement of cost associated with contracts, grants, and cooperative agreements.

1. **Direct Cost:** Direct costs include the salaries and wages of those working on the project and expenses for equipment, materials and other related costs of the project. Direct costs are those expenses specific to a sponsored project. The direct costs discussed under Direct Costs are considered allowable; however, these costs must be necessary and utilized in support of the sponsored project to which the costs are charged. It is the responsibility of Principal Investigators to support and justify all direct costs charges to a contract or grant in the event of a State or Federal audit.
2. **Indirect Cost** These costs are incurred for common or joint objectives and therefore cannot be readily identified with a particular sponsored project.

The financial responsibility for cost disallowances may ultimately rest with the principal investigator, department and school having primary responsibility for the project for which costs are questioned. Disallowed costs are not charged to any federal or state supported Banner funds. An unrestricted discretionary fund is normally identified to cover such costs. The disallowed cost is removed from the grant and charged to an appropriate discretionary fund. The fund code used correlates from one fund to the other for tracking purposes.

V. Budget Revisions, Transfers and Adjustments

It is the responsibility of the PI to review their approved budget and Banner fund for all proposed expenditures to prevent the need for cost transfers. Contract and grant funds must be reconciled on a monthly basis to ensure only allowable costs are charged to the appropriate fund. If after the monthly reconciliation process, it is determined that an unallowable charge needs to be removed from a fund or to correctly charge an expenditure to another fund, the transfer is initiated by the PI who then routes the request to C&G for review and approval.

Cost transfers with the salary and fringe benefit account codes carry implications for time and effort reporting. Time and effort records capture after the fact certification of actual effort as reflected in the payroll records. If retroactive cost transfers involve salary and fringe benefit expenditures, any approved adjustment must be reflected in the Certification of Time and Effort report records for employees subject to time and effort reporting.

Once the approved cost transfer of salary has been processed and posted in the accounting system, the Director of C&G or the assigned accounting technician for the project will request the time and effort report for the reporting period in question. The subject employee will recertify the report to show the actual distribution of effort as reflected in the payroll records after the cost transfer.

Cost transfers of salary expenditures for support personnel and/or temporary personnel who certify via timesheets, the department administrative assistant ensures that the Personnel Budget Action form is revised to reflect the appropriate distribution of funds for the PI's approval.

Sponsor agency guidelines and award terms must be consulted when revisions are contemplated. Budget revisions should be based upon the approved financial plan for the award budget period involved. To the extent possible, budget revisions should reflect all necessary reallocations of resources that are foreseen through the end of the budget period. If resources in all categories are already substantially committed to known requirements, a budget revision can only serve to defer, not resolve, a financial problem. In such cases, reduction of the project scope and effort may be the only viable solution. The PI must request written prior approval from agency before making changes to the project scope.

Content of Revision

The assigned technician will review proposed budget revision. Review for compliance and allowable cost per the terms of the award will be conducted by the technician. If there are any concerns, the technician will consult with Director of C&G and/or PI for clarification. The following should be noted when a budget revision is required:

- A budget revision is limited to a single fund.
- A request must be submitted to Contracts and Grants on a Budget Revision form. This form documents the justification for the change, budgetary data being revised and necessary approvals.
- In addition, submission of information on this form facilitates processing, minimizes the possibility of misunderstanding, and permits tracking of budget revisions throughout the life of a project.

Revisions Request - Requiring Sponsor Approval

If prior sponsor approval is required for a budget revision, a request letter sufficiently detailing the revision and justification, must be prepared by the PI and addressed to the sponsor administrator or program office as designated in the award. The request is routed through OSP for official submission to the agency. A copy of letter is sent to C&G to inform them of the request. Activity that is not impacted by the pending request is continued.

Upon receipt of approval of the requested revision, changes will be made in Banner by the assigned technician using the Budget Revision Form prepared by the PI, and activities impacted by the approval will proceed. If the PI is unclear as to whether or not a transaction is acceptable he/she is encouraged to contact the Office of Contracts and Grants prior to completion of that transaction.

Budget requests not requiring sponsor approval are normally processed within a few days of receipt by C&G.

VI. Deposits to Contract and Grant Banner Fund

The majority of funds awarded to the university is submitted via auto deposit and/or wired. These funds come through the State Treasurer and internal cash management system.

The assigned technician will communicate via email or phone to the State Treasurer to confirm receipt. This communication will include the amount anticipated and the date drawn. Once confirmed by representative, the technician will send an email instruction to Billings and Receivables to certify into a designated account. Billings and Receivables will post within the next business day.

Occasionally, checks are erroneously addressed to PIs or departments. These checks must be forwarded immediately to the Contracts and Grants office for appropriate deposit and handling. The assigned technician will fill out a deposit slip, make a copy of check for file and deposit with 24 hours to the Billings and Receivables Cashier.

Whenever receipts from authorized fees and expenditure refunds are deposited by the PI, the Office of Contracts and Grants provides deposit codes to the PI. It is the PI's responsibility to provide a copy of the deposit transaction and to make the deposit to the Billings and Receivables Cashier no later than the next business day.

Deposit slips obtained from the Billings and Receivables Cashier are prepared with the following information: amount of deposit, six-digit fund number plus account code, who the money was received from, the name of depositor, and a deposit description to help define the nature of the funds being deposited.

Authorized fees must be approved by the awarding agency. If approved, the collection of authorized fees must be handled in accordance with standard Accounting and Budgets procedures.

VII. Certification of Time and Effort Reporting

Collection and Signature

The Office of Contracts and Grants collects Certification of Time and Effort reports from the departments at the first of each month for hourly employees (SPA/support personnel) and on semester base for instructor/professors (EPA/exempt personnel).

It is required that the certification contain original signature of the persons required to sign. The certification signifies that the signer has firsthand knowledge or sufficient verification of the services performed on each funding source.

Usually the PI will certify all work performed on his/her contract or grant. The department head or dean should certify the effort of the PI.

Effecting Changes

Corrections to the Certification of Time and Effort report should be made before returning them to the Office of Contracts and Grants. The percentages indicated on the Certification of Time and Effort reports are based on the payroll system and reflect the percentage salary charged to all funding sources.

If the payroll charges are incorrect a correction of effort distribution changes should be indicated on a revised Certification of Time and Effort report and should coincide with appropriate personnel action form(s).

Retroactive Changes

Retroactive changes must give full consideration to previous certifications on file, and must be documented and explained in a manner which unequivocally substantiates the propriety of the adjustment.

Changes of distribution of workload may not normally be made for any prior pay period. In the following exceptional situations, however, retroactive changes may be warranted:

- When necessary to correct clerical and data entry errors.
- When subsequent information is received indicating an incorrect original entry.
- When charges applicable to a continuing project have been charged to the old fund number because the new fund number was not established when the expense was incurred.
- When a sponsor specifically authorizes in writing the charge of pre-award costs to a project.
- When required to properly charge non-federal funds for costs incurred in connection with an award that fails to materialize.
- When closely related work is supported by more than one funding source, costs may be transferred from the originally charged fund to another fund, provided the cost is a proper and allowable charge to the receiving fund and the inter-relationship between the funds is fully explained in the request. If over-expenditure is being transferred to another project, especially strong supporting evidence is required for approval.

Unacceptable Changes

- When the change is for the purpose of utilizing unexpended funds of a federal award.

- When the change is for the purpose of circumventing award restrictions.
- When the change is for the purpose of avoiding a cost overrun by charging another, unrelated federal agreement.
- When a change unrelated to sponsored agreements applies to a closed fiscal year.

VIII. Financial Reporting to Sponsoring Agencies

General Requirements

With few exceptions, agencies or organizations sponsoring research, instruction, or public service activities require some form of financial and technical reporting. Reporting requirements vary in frequency, format, due dates, and details. The Office of Contracts and Grants strives to prevent the imposition of unreasonable financial reporting requirements and complies with all financial reporting requirements once a contract or grant is accepted.

Financial data included in a proposal is budgetary in nature and establishes the financial parameters for a project for both current and future fiscal years. Requests for financial support must be realistic and consistent with the planned scope of work. The OSP reviews all budgets and proposals in accordance with agency guidelines and university policy and procedures prior to applications being submitted to the sponsoring agency. If there are questions of concern, OSP will consult with C&G for clarification and/or advisement.

On multiple-year projects with federal agencies, the University is required to update the budgetary data previously submitted for remaining project years and to provide an estimate of funds which will remain upon completion of the current budget year.

Interim Reports

Some sponsors require interim reports, such as monthly or quarterly, for purposes of tracking the financial status of the project and for handling reimbursements due the University. The assigned technician will prepare the financial requirements.

Contracts and Grants normally handles these billings or reports without requiring input from the PI or department.

Final Expenditure Report

The University is required to submit a final report of expenditures generally 60 to 90 days subsequent to the termination of an award. All authorized expenditures and outstanding obligations must be determined and considered in preparation of this report. Accurate, timely, and complete input from the PI and department is essential to prepare this report.

The assigned technician will collect, compile and prepare report with all financial data attached for approval. The reports along with the documentation is given to the Director of C&G for review and signoff then forwarded to Controller for final authorizing signature.

Unrecorded Obligations

Certain obligations will be reflected in the final analysis and reported as un-liquidated obligations. Close scrutiny is performed by the assigned technician with constant communication with the PI, particularly near the date of termination. Any obligations presented to C&G after the final report of expenditures has been filed must be paid from a discretionary fund source in lieu contract or grant funds. Examples of such costs include duplicate charges, intra-departmental distribution of telephone tolls, photocopy costs.

Responsibility of the Principal Investigator

The PI should maintain detailed financial records for the sponsored project. These records are to be utilized when reviewing the University Monthly Financial Reports, and when performing any other required administrative transactions.

The PI is responsible for the timely submission of all required documentation during the grant period, e.g., Cost Sharing and Matching Funds and Certification of Time and Effort Report.

The PI is required to handle any problems associated with the grant within thirty to forty-five (30-45) days of termination. The Office of Contracts and Grants assists in any way possible, but the main responsibility for internal problem solving resides with the PI. Examples of problems which might occur are: payment of outstanding obligations; overdrafts in expenditure lines; expenditures charged to incorrect lines; and preparation and approvals of budget revisions. In addition, there are occasional problems unique to a fund which must be resolved prior to close-out.

IX. Cost Sharing and Matching Funds Report

1. When the University is required to participate in the costs of certain projects by either cost sharing or matching, the University must fund these contributions from sources acceptable to the sponsoring agency. Such cost sharing requirements are binding upon the University, and if not fulfilled, can result in a reduction of sponsor funding. Since these contributions are considered a part of the project's costs, the University is responsible for maintaining reasonable documentation. Consequently, the University contributions are documented on the Cost Sharing and Matching Funds Report.
2. It is the responsibility of the PI to have the report approved and certified by the appropriate signatories (dean, chair, Provost and Vice Chancellor for Academic Affairs). The purpose of the form is to report and certify the amount of contribution given by the University on the referenced project. The Office of Contracts and Grants uses these forms to report the University's contribution to the funding agency.
3. The report must be completed and submitted to C&G no later than fifteen (15) days after the end of the reporting period. Upon receipt, the Office of Contracts and Grants reviews the report and notifies the PI if any corrections are necessary.

X. Incentive Payments and Compensation

From time to time there will be research involving some form of incentive (cash or gift cards) to get participants involved in research studies. Sometimes the subjects sample are not limited or restricted to a certain class or groups therefore the field is open to the public to participate. The Principal Investigator should exercise diligence in selection and showing a genuine effort of obtaining those candidates outside of campus personnel. If research involves confidentiality whereby the participants are not disclosed, it is the sole responsibility of the PI to keep those recipients' identification in a secure place if ever called upon for audit.

At the pre proposal phases of writing incentives in grants, the PI should discuss with Sponsored Program their targeted audience to be advised on applicable taxable income which will be levied when participants are state employees.

The cap/payment for the incentive is left to the discretion of the PI responsible for disbursement and requesting payments; bearing in mind the payment must be allowable and reasonable. The PI can request through Check Request increments of \$5, \$10 and \$25 gift cards or cash. It is their responsible to maintain a log of cards disbursed and reconciled monies to contracts and grants Check Requests before more cards are issued per internal audits. The PI is also responsible for preparing check requests for it participants and flagging those who are employees of the state by submitting a log Confidential_Disbursement..pdf to Payroll, who in turn will include "other payments" in their earned wages so that the proper taxes will be assessed [IRS Website](#)(search: other income).

How to pay the follow:

Students

All students will be paid through payroll regardless of them being graduate students. If they are from other institutions they will still go through payroll via temporary employment form from HR forms.

Visiting Faculty and Abroad

A state faculty member from another university that is working here through an agreement will be paid using a Dual Employment form.

A visiting Professor from abroad - (internationally) must have a written agreement (contract) drawn up via the Dean initiating and signed off via the Provost. Administrative collection of this document will be with the Office of Sponsored Program and Research.