

The University of Oklahoma Health Sciences Center

Grants and Contracts Accounting Procedural Guidelines

This manual outlines the procedures related to the administration of awards for externally sponsored research authorized through the Office of Research Administration (ORA). It outlines the services offered through the ORA and Grants and Contracts Accounting (GCA), identifies the roles and responsibilities associated with these policies and procedures. The purpose of these procedures is to help ensure that all awards conform to sponsor requirements and are consistent with The University's policies and sound fiscal practices.

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Office of Research Administration (ORA)

The Office of Research Administration is responsible for the final review and approval of proposals and the negotiation and acceptance of all contractual agreements and subcontracts on sponsored research projects. ORA ensures that projects have the approvals needed from the appropriate compliance offices and ensures compliance within the University policies and guidelines.

Grants and Contracts Accounting (GCA)

Grants and Contracts Accounting provides post award administrative and financial support to Principal Investigators, Project Directors and Sponsors. Grants and Contracts Accounting has the primary responsibility for all activities concerning external and internal audits of sponsored program expenditures and the resolution of audit exceptions. It is the office assigned the responsibility to assure compliance with cost sharing, effort reporting, cost allowability, direct cost allocability, facilities and administrative cost allocability, and subrecipient monitoring. Grants and Contracts Accounting, in conjunction with the Controller's Office, will periodically issue guidelines regarding special procedures applicable to sponsored programs.

Institutional Review Board (IRB)

An Institutional Review Board is a committee established to review and approve research involving human subjects. The purpose of the IRB is to ensure that all human subject research be conducted in accordance with all federal, institutional, and ethical guidelines. IRB's must approve proposed non-exempt research before involvement of human subjects may begin. More information on the OUHSC Office of Human Research Participant Protection (HRPP) can be found at: <http://compliance.ouhsc.edu/hrpp/OUHSC.aspx>.

Institutional Animal Care and Use Committee (IACUC)

Institutions that use live vertebrate animals in research, teaching, research training, and/or biological testing must establish an Institutional Animal Care and Use Committee to oversee and evaluate all aspects of the institution's animal care and use program. The IACUC is a self-regulating entity with authority that is derived from two sources: (1) the Animal Welfare Act (AWA) plus amendments, which is administered through USDA Animal Plant Health Inspection Service (APHIS), and (2) the Health Research Extension Act (Public Health Service Act) which is administered through the Office of Laboratory Animal Welfare (OLAW) of NIH. The 1985 amendment of the latter act provided legislative authority for enforcing PHS policy, and established the organization and operation of an IACUC. The IACUC reviews activities involving animals for compliance with federal, state and local laws, regulations and guidelines. The 1985 amendment to the AWA, and the PHS policy assign a training function to the IACUC to ensure that appropriate training is provided to staff who care for animals and for animal users. More information about the OUHSC IACUC Office can be found at: <https://acup.ouhsc.edu/>.

Institutional Biosafety Committee (IBC)

The OUHSC Institutional Biosafety Committee (IBC) has the charge of reviewing and approving the biological safety of all OUHSC and OU-Tulsa basic and clinical research activities involving recombinant and synthetic nucleic acid molecules, gene transfer including transfer to humans, microorganisms, viruses, and biological toxins. The definition of recombinant and synthetic nucleic acid molecule includes:

- molecules that a) are constructed by joining nucleic acid molecules and b) that can replicate in a living cell, i.e., recombinant nucleic acids;
- nucleic acid molecules that are chemically or by other means synthesized or amplified, including those that are chemically or otherwise modified but can base pair with naturally occurring nucleic acid molecules, i.e., synthetic nucleic acids, or molecules that result from the replication of those described in either of the above.

More information about the OUHSC Institutional Biosafety Committee can be found at: <http://www.ouhsc.edu/ibc/>.

Roles and Responsibilities

The University is ultimately legally and financially responsible and accountable to the sponsor for the performance of the research funded and the proper use of funds, but without the full cooperation and vigilance of the Principal Investigator (PI) and research staff working in conjunction with the University administrative offices charged with oversight processes, the University could not fulfill its stewardship role.

Principal Investigators (PI)

Principal Investigators (PI) have primary responsibility for planning and carrying out the preparation and submission of proposals for external support, for the proper fiscal management and conduct of the project in accordance with the sponsor's requirements, and for the scientific and programmatic aspects of the sponsored research project, including oversight of subcontractor performance and compliance with technical reporting requirements. The PI must attest to the allowability and reasonableness of all expenditures at the time expenditures are authorized, and for monitoring the status of grant accounts to prevent overdrafts and erroneous charges. More information on PI responsibilities can be found at [Principal Investigator Responsibilities](#).

Administrative Heads

An administrative head is the academic leader with programmatic, managerial and fiscal responsibilities for a designated area such as a department, school, or center, usually carrying the title of dean, director or chair. With respect to sponsored research, administrative heads are accountable for the performance of PIs and administrative staff under their supervision.

Gifts versus Awards

The following criteria are useful in distinguishing between a gift to support research and a sponsored award: Gifts are unrestricted funds provided to the University, usually through the University of Oklahoma Foundation, without any terms, conditions or other obligations. Funds received to support researchers which include any terms, conditions or obligations beyond the general provisions for treatment as a gift are considered a grant/contract and should be routed through ORA. Such awards are normally characterized by one or more of the following: A specific program of work or research is required, the sponsor will receive progress reports or an accounting of how the funds were expended, the award is for a specific period of time and/or there are intellectual property issues such as confidentiality or publication conditions associated with the award. It is not permissible, under University policy, to route research funding through the Foundation solely to avoid paying overhead/indirect costs.

Strategic Sourcing and Procurement

PI/PDs should first consult with their departmental administrators for assistance with purchasing and ordering procedures. Procedures vary depending upon what is ordered. OUHSC has contracts with some vendors to ensure the best prices, and most large items require bids or unique source justification. Consulting with the appropriate person in the Purchasing Department can greatly simplify and facilitate the process. PI/PDs should note that special procedures apply to the purchase of hazardous and other restricted items.

Budget Development Guidelines

Salaries & Wages

Salary and wages comprise approximately 80% of sponsored funding. The effort proposed to the sponsor is a commitment and is what the sponsor expects to receive if the proposal is funded. Clerical and administrative staff are considered as indirect costs and should not be charged to a sponsored award unless all of the following criteria are met.

- a. The services are integral to the project. Integral implies that the services required are significantly greater than their normal departmental duties. Integral does not equate to normal payment of invoices, ordering and account reconciliation.
- b. Individuals involved can be specifically identified with the project; and
- c. The costs are explicitly included in the budget or have prior written approval.

Student personnel are paid through the University payroll system as employees. Any determination for whether an activity qualifies for compensation as a scholarship or fellowship should be made at the proposal stage. Projects utilizing graduate research assistants must include the appropriate tuition remission in each budget.

Fringe Benefits

The University uses a rate-based distribution system for allocating fringe benefits to sponsored research accounts. Rates are negotiated annually with OU's cognizant agency, DHHS. Current fringe benefits rates may be found at [Fringe Benefit Rates](#).

Equipment

The University's threshold for capitalization is \$5,000. Only those items with a unit cost over \$5,000 and a useful life of one year or more should be listed in the budget as equipment. The amount may include shipping, installation and training. Parts to fabricated pieces of equipment may also be included provided the cumulative value meets the threshold for capitalization.

Subcontracts

Subcontractors provide programmatic input into the research project and collaborate closely with the PI regarding the scientific design and completion of the research project. Subcontractors are also referred to as "subrecipients." For assistance in determining whether the entity is a subrecipient or a vendor, please refer to [Subrecipient versus Contractor Guidelines](#).

The Office of Research Administration negotiates and prepares the OUHSC subcontract with information provided by the PI. Upon full execution of the prime award and activation of the sponsored account, the department submits a routing form to the Office of Research Administration who then prepares and negotiates the agreement. ORA utilizes the following template for subcontract agreements:

- FDP Subaward Agreement
- Subcontract Agreement (template when FDP Agreement is not acceptable)
- Memorandum of Understanding (OU-Norman)

A copy of the fully executed subcontract is sent to the Department and Grants and Contracts Accounting.

Independent Contractor or Consultant

Independent Contractors or Consultants provide a variety of services on research projects, ranging from data analysis to serving on advisory committees. Former University employees and retirees must be paid through the payroll system unless they have been separated from the University for at least one year. Independent Contractors or Consultants must follow the Department Guidelines for Independent Contractors and submit the appropriate forms **prior** to providing services. The policy and forms are available at: [Independent Contractor Form](#).

Supplies

Generally, office supplies are unallowable as direct costs since those costs are treated as indirect costs. Costs for laboratory supplies that are directly allocable to the sponsored agreement are allowable as a direct cost. More information on the purchase of general office supplies, postage, communication expenses, computers, memberships, general purpose software, subscriptions, books, and periodicals can be found at the [Policies on Direct Charging of Expenditures](#).

Meals and Refreshments

The University of Oklahoma Health Sciences Center policy on the purchase of meals and refreshments can be found at [Food and Beverage](#). University policy states that the allowability of the purchase of meals and refreshments is dictated by the sponsor. If the sponsor does not

have specific guidelines about the allowability of meals and refreshments, then the determination of allowability reverts to standard University policy.

Animal Charges

Ouhsc investigators conducting protocols involving animals will incur animal-related charges, including purchases and husbandry costs. PI/PDs are responsible for assuring that there is an approved protocol on file with the IACUC Office for any work involving the use of animals, and in the case of externally funded research, that the approved protocol is linked with a specific proposal or sponsored project. Expenditures for the purchase or caring for animals should not be charged to a sponsored award prior to receiving such approval.

Communications

Generally, telephone service charges are unallowable as direct costs since those costs are treated as indirect costs. Dedicated lines that are only allocable to the project may be directly expensed. Communication expenses incurred in departments in support of the basic departmental activities should not be charged against sponsored projects. Costs for long distance calls that are directly allocable to a particular project are allowable costs.

If the nature of a project(s) requires the use of a cellular telephone and the agency approves those charges, those charges may be allocated to sponsored research accounts in accordance with the University's policy on Communication Device and Services which can be accessed at [Communication Devices and Services Policy](#). Justification of the need must be evidenced in the proposal or otherwise in writing as documentation for the file.

Travel

University travel policy applies to all sponsored research and may be accessed at [Travel Policy](#). However, if specific agency guidelines for a sponsored research project are more restrictive than University policy, then agency rules shall apply. Individuals should be familiar with the specific cost allowability provisions of their sponsored research award. An amount larger than that allowed under the University's policies and procedures will not be reimbursed. Many funding agencies require prior written approval for unbudgeted travel, foreign travel or travel exceeding the budgeted amount. PIs should contact their Grants and Contracts Accountant for more information.

Foreign travel, particularly to countries that are embargoed or sanctioned by the United States, may require special licensing consideration. Additionally, taking any equipment including laptop computers can be viewed as an export to that country and require a license. Failure to comply may cause problems when leaving the foreign country. Please consult the Export Controls Resource Page at <http://exportcontrols.ou.edu/> for additional information.

- *Domestic Travel:* Domestic Travel is defined by the federal government as travel within and between any of the 50 United States, Puerto Rico, U.S. Virgin Islands; travel between the United States and Canada and within Canada. When traveling domestically, one should use the lowest available economy class airfare. State travel policy, however, defines domestic travel as travel within any of the 50 United States.

- *Foreign Travel*: International travel on projects funded directly or indirectly by federal funds requires travelers to comply with the [Fly America Act](#). For international air travel, Federal requirements state that American carriers must be used when a traveler is flying between the United States and another country or between other countries. Not using American flag carriers when only cost and convenience are factors is not permitted.

Prior Approvals: Grants from some federal agencies and most federal contracts require that all international travel—even if included in the award—be approved in advance (normally 45–90 days) by the sponsor’s grants or contracts officer.

Facilities and Administrative (F&A)/Indirect Costs (IDC)

Facilities and Administrative costs, also known as indirect costs, related to externally funded sponsored research projects are recovered in accordance with the University’s federally approved F&A Rate Agreement. F&A costs are calculated on a Modified Total Direct Cost (MTDC) base per OUHSC’s federally negotiated rate with DHHS.

The university will honor an F&A rate lower than our federally negotiated rate if the sponsoring agency publishes the cap within their guidelines or the funding application.

[Current F&A Rates](#)

Institutional Base Salary (IBS)

An individual's institutional base salary is the annual compensation that the applicant organization pays for an individual's appointment, whether that individual's time is spent on research, teaching, or other activities. At the University of Oklahoma Health Sciences Center the following items are excluded from effort reporting: bonus pay, clinical professional practice plan payments, overload compensation, compensation received from sources other than the University, such as compensation from the VA, or outside consulting work permitted by the University. Institutional Base Salary:

- may not be increased as a result of replacing University salary funds with sponsor projects funds;
- is established by the University in an annual letter regardless of the source of funds;
- includes regular salary, a second assignment such as chair of a department; and
- excludes bonuses, honoraria, and extra compensation.

Cost Sharing/Matching Funds

At the proposal stage, cost sharing commitments are documented as a part of the routing process. Some sponsors require cost sharing or matching as evidence of the University's commitment to the project. Often effort, associated fringe benefits, and the associated indirect costs are used to meet this requirement. The unit can also designate funds for other categories such as graduate student support, equipment, travel, supplies, tuition remission, etc.

The constitution of the State of Oklahoma in Article 10 Section 15 prohibits the extension of state resources by loan or credit to any individual, company, corporation, association, municipality, or political subdivision. Therefore, no University match may be included on proposals to for-profit companies and organizations.

More information on cost share can be found at [Cost Share Definitions](#).

Notice of Grant Award or Receipt of Contract

The Office of Research Administration receives all Notices of Grant Award (NGA) and contracts from the sponsoring agency and disseminates this information to the PI. Occasionally the PI may receive the NGA. The PI should forward the NGA to ORA so that the award can be negotiated as needed. Pending acceptance, a PeopleSoft project number will be established and the PI can begin work.

Establishing the PeopleSoft Department Number for Sponsored Research

The Office of Research Administration is responsible for negotiating the sponsored agreement. Once the agreement is fully executed, Grants and Contracts Accounting is responsible for establishing, maintaining, reviewing and approving all PeopleSoft project numbers.

If it is necessary for expenditures to occur prior to receipt of a fully executed agreement, the Department should submit a routing form and Advanced Expenditure Authorization Request (ECAV) in Sooner Track. Advanced Expenditure Authorization Requests require the identification of a funding source that can be used to cover any incurred costs should the award not materialize or be awarded with modification.

Rebudget Request after the Project is Awarded

Rebudget requests are routed through Grants and Contracts Accounting for review and approval using the [Request for Rebudgeting](#) form. If sponsor approval is required, the GCA Accountant will forward the rebudget form to the Office of Research Administration to negotiate the rebudget with the sponsor. Rebudgets not requiring sponsor approval will be processed upon receipt in GCA.

Changes to the Scope of the Award

Requests to the sponsor for any changes to the scope of the award must be submitted to the Office of Research Administration. PIs should contact their Sponsored Program Administrator (SPA) to request any modification(s) to an award.

No Cost Extension Requests

No Cost Extension (NCE) requests should be routed through ORA for review and approval. If required, the SPA in Research Administration will submit the NCE request, signed by an authorized institutional official, to the Sponsor. NCEs are requested to complete the programmatic obligations of the grant and cannot be granted if the justification given is simply to spend unobligated funds. If a NCE request is anticipated, the PI should contact the SPA for guidance on the sponsor's requirements and any deadlines prior to routing a request. More information on the NCE process can be found at [Sponsored Program Extensions](#).

Change of Principal Investigator

Requests for a change in the PI must include the reason(s) the change is necessary and a copy of the proposed new PI's Curriculum Vitae. The Office of Research Administration will submit a request to the sponsor requesting the change.

Change of Grantee Institution

Change in Grantee Institution requests on behalf of PIs joining the University are submitted by Research Administration to the sponsor after the internal routing process has been completed. When a PI is transferring to another academic institution, ORA will contact the sponsor regarding the transfer of the grant or contract and any unexpended funds that may remain. Financial closeout of awards take a minimum of 30 days after the PI designates an internal project end date so that the GCA Accountant can process all pending expenditures on a project. Research Administration will coordinate and also aid the PI in determining the Sponsor guidelines that pertain to the transfer of equipment and in accordance with Section 4.13 Criteria for Transferring Equipment and/or Funds of the Regents Policies which can be accessed at <http://www.ou.edu/regents/CurrentPolicyManual.pdf>.

Financial Management

Grants and Contracts Accounting utilizes the PeopleSoft Grants Module for tracking awarded contracts, invoicing, cost share documentation, tracking outstanding accounts receivable, monitoring subrecipient invoices, and preparing final financial reports. The Grants and Contracts Accountant for the award reviews high risk expenditures before they are processed to ensure that the purchase conforms to the terms and conditions of the award and to University, state, and federal rules and regulations as well. Expenditures are reviewed for compliance with cost accounting standards and other rules and regulations and all charges must be reasonable, allowable, allocable, and treated consistently.

Sponsored projects are reimbursed in accordance with the award document. During the award setup in the PeopleSoft Grants module the method and frequency of invoicing is documented in the system. Accounts receivable and deferred revenue is tracked within the PeopleSoft Grants Module. Payments received are applied through PeopleSoft and credited to the appropriate award.

Purchasing Card (PCard)

The Purchasing Card policy can be accessed at http://www.ou.edu/purchasing/pcard/pcard/pcard_policy.html. Responsibility for ensuring compliance with the policy vests with the department sponsor and card holder. In accordance with PCard procedures, all supporting documentation must be retained by the responsible department/unit. Charges assigned to sponsored research accounts should contain a brief description, in the notes field of the Pcard system, of the purchase that justifies the allowability of the purchase. On a monthly basis, detailed reports from the most recent monthly PCard cycles of sponsored research transactions will be provided to GCA. Select documentation for expenses on sponsored research projects will be reviewed for appropriateness by the GCA Accountants. Unallowable charges will be transferred to the responsible Department account.

Gift Cards & Petty Cash Funds

Incentive gift cards and research petty cash funds should be used solely for the payment of incentives or to cover or reimburse participant costs in sponsored programs conducted under the direction of the University. Sponsored program incentive gift cards are administered through Grants and Contracts Accounting. The full policy can be located at [Participant Incentive Gift Cards](#). Research Petty Cash Funds are administered through Grants and Contracts Accounting and Financial Services. The full policy can be located at [Research Incentive Petty Cash](#).

Program Income

Program income as defined by 2 CFR §200.80 means gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. Federal awarding agencies require recipient organizations to account for program income related to projects funded in whole or in part with federal funds. More information on program income can be found at [Program Income](#).

Interest Bearing Accounts

OUHSC will accept grants which contain a provision requiring the accrual of interest on advance payments. Depending on the terms and conditions of the award, interest earned may need to be returned to the sponsor or used to further support the purposes of the sponsored project. For federal awards, interest on “excess cash” (cash in excess of current expenses) in excess of \$500 annually must be returned to the federal government. If payments are made in advance and there is no formal requirement to make the interest available to the project, such interest is deposited in the institution’s general fund.

Cost Transfers

Cost transfers are carefully monitored by Grants and Contracts Accounting and are only allowed in accordance with the [Non Salary Cost Transfer Policy](#) and the [Salary Cost Transfer Policy](#). 2 CFR 200 states that expenses “may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement or for other reasons of convenience”. The cost being transferred must be reasonable, allowable, allocable and consistently treated. Cost transfers made simply to utilize unspent funds available at the end of a project are not allowable. Cost transfers between sponsored research departments of personnel costs previously certified through the effort reporting procedure are unallowable.

Capital Assets

Records of capitalized assets are maintained by Service Unit Accounting – Asset Management in accordance with the [Property Control/Surplus Operations Policy and Procedures](#). Service Unit Accounting (SUA) maintains the project number in the Asset Management system to ensure capital equipment purchased on sponsored projects are properly monitored within the University’s property control inventory. Grants and Contracts Accounting is responsible for filing all property reports and works in conjunction with SUA to obtain the information for the report. Acquisition of equipment during the final three months of a project must be fully

justified and requires the approval of the Assistant Controller of Grants and Contracts and, if appropriate, the sponsor.

Subrecipient Monitoring

It is the policy at the University of Oklahoma Health Sciences Center to follow the Uniform Guidance requirements for subrecipient monitoring. To ensure compliance, the following procedures are followed. [Subrecipient Monitoring Policy](#)

Cost Sharing Documentation

The awarded department is responsible for documenting and validating committed cost sharing. This information is entered in the PeopleSoft grant module using a non-sponsored chartfield with the appropriate sponsored project number. Grants and Contracts Accounting is responsible for ensuring that the cost share is being properly documented and including the information on any required financial statements.

Federal Salary Cap

The Federal Salary Cap is tied to the federal Executive Level II salary level. The most recent salary cap information is posted at http://grants2.nih.gov/grants/policy/salcap_summary.htm. Remember that the Federal Salary Cap applies to all agencies and federal flow through agencies except the Food & Drug Administration and the Indian Health Services. The Institutional Base Salary is to be used to calculate salary; the agency will adjust the awarded salary subject to the current salary cap at the time of award. More information on the federal salary cap can be found at [Applying the Federal Salary Cap](#).

Effort Reporting

As a condition of federal funding, institutions must maintain an accurate system for reporting the percentage of time.

In addition, the University's effort reporting system assures external sponsors that funds are properly expended for the salaries and wages of those individuals working on the projects they sponsor. It provides the principal means for certifying that the salaries and wages charged to sponsored projects are consistent with the effort contributed.

Effort reporting at the University of Oklahoma Health Sciences Center is accomplished on a semi-annual basis. A confirmation of time and effort for each sponsored agreement is sent to the PI/department contact. The form documents contributed effort for salaries and wages charged and/or cost shared to the sponsored research project for the reporting month. The PI is responsible for reviewing and approving the effort certification. The form must be signed, dated and returned to Grants and Contracts within 60 days of receipt. The signature confirms that the effort is accurate. Any changes to the effort must be noted on the form and a salary cost transfer submitted. More information on effort reporting can be found at [Time and Effort](#).

Payroll Overpayments

Payroll overpayments are unallowable costs on a Sponsored Agreement. It is the responsibility of the PI and Departmental Administrator (DA) to ensure that the personnel on their sponsored agreements are not overpaid in the payroll system. Diligent review of the pre-payroll between the PI and DA should prevent the overpayment of personnel on sponsored programs.

If a payroll overpay does occur on a sponsored program, it is the responsibility of the PI and DA to ensure the overpayment is reimbursed to the sponsored program. Payroll overpays must be reimbursed to the sponsored agreement within 60 days of the overpayment. Any payroll overpay that is not reimbursed to the sponsored program within 60 days will be transferred, by GCA to the responsible PeopleSoft Department chartfield.

The PI or DA should notify the Payroll Office and Grants and Contracts Accounting that a payroll overpayment has occurred. Payroll will inform the PI or DA of the net amount to be reimbursed by the employee that was overpaid. The PI and DA will contact the overpaid employee with the amount they need to reimburse the University.

There are two reimbursement methods used by Payroll: (1) withholding of overpayment from future payroll period(s), or (2) cash, check, or money order. If method (1) is used, the PI or DA must notify Payroll that this method will be used and from which future payroll period(s) the reimbursement(s) will be withheld. Payroll will reimburse the sponsored agreement for the overpayment. If method (2) is used, reimbursement should be sent to Payroll with notification to GCA that reimbursement has been sent to Payroll. FSS will reimburse the sponsored program for the overpayment, by a journal entry. For either method, if the reimbursement occurs after GCA has moved the overpayment to the responsible PeopleSoft Department number; the reimbursement will be transferred to the responsible PeopleSoft Department number.

Audits

The Assistant Controller of Grants and Contracts is the contact for all audits of sponsored research and will function as the financial liaison with external and internal auditors and/or evaluation teams. The official, auditable financial records for sponsored research are maintained in Grants and Contracts Accounting. The account sponsor and/or department should keep supporting records such as payroll and leave records, PCard expenditures, correspondence and technical reports. Specifics on how long to maintain records can be found in the [Records Retention Policy](#).

Clinical Trials

A clinical trial is a research study in which one or more human subjects are prospectively assigned to one or more interventions (which may include placebo or other control) to evaluate the effects of those interventions on health-related biomedical or behavioral outcomes. The term “*prospectively assigned*” refers to a pre-defined process (e.g., randomization) specified in an approved protocol that stipulates the assignment of research subjects (individually or in clusters) to one or more arms (e.g., intervention, placebo, or other control) of a clinical trial. An *intervention* is defined as a manipulation of the subject or subject’s environment for the purpose of modifying one or more health-related biomedical or behavioral processes and/or endpoints. *Health-related biomedical or behavioral outcome* is defined as the pre-specified goal(s) or condition(s) that reflect the effect of one or more interventions on human subjects’ biomedical or behavioral status or quality of life. Information on the clinical trial budget setup and closeout can be found at [Clinical Trial Budget Initiation](#), [Clinical Trial Closeout](#) and [Clinical Trial Closeout Worksheet](#). The official University Policy can be found at [Clinical Trial Financial Policy](#).

Research Recharge Centers

A research recharge center is a University service unit that provides a service, a group of services, or products to users principally within the University sponsored research community for a fee. Research recharge centers recover their costs through charges to benefiting users. Grants and Contracts Accounting and Financial Support Services assists operating units with the initial development of a rate for the activity based on projected direct costs. Users are invoiced by the recharge center using the approved rate. A recharge center can sell to external users, as well as internal University units.

Research Incentive

To maintain incentives for faculty to engage in sponsored program activity the University will reallocate earned Facilities & Administrative (F&A) funds to the department which generated the F&A. The research incentive reallocation is based on each department's generated F&A for the prior fiscal year. At the end of the fiscal year a query is run which summarizes the total F&A charged to each project within a department. A total of 10% of earned F&A from the prior year is returned to the department that generated the F&A. More information on the research incentive can be found at [Quarterly Research Incentive](#).

Residual Funds

Residual funds occur if total funding received from the Sponsor exceeds total expenditures at the project end date and all deliverables have been met on projects funded via a fixed price agreement. Under this type of agreement, the University provides certain agreed upon goods/services/milestones and is paid a fixed dollar amount by the Sponsor. Similar to other sponsored agreements, the actual costs incurred by the University to provide the goods/services/milestones must be charged to the related PeopleSoft project number. However, if expenses incurred exceed the total payments received, this negative residual balance is considered as cost sharing for the project and must be covered by the department.

Each fixed price agreement having a residual cash balance must follow the [University Residual Fund Policy](#).

Cash Management

Checks received by a department or program for a sponsored research project should be immediately forwarded to Grants and Contracts Accounting. State law requires that checks be deposited within 24 working hours of receipt. Unidentified funds or funds received prior to award negotiation will be deposited into a clearing account until identified or the project is created in PeopleSoft.

The handling of receipts and deposits is in accordance with University Policy. Upon receipt, checks for payments are restrictively endorsed for the University. A check log is prepared and submitted to a second individual who prepares the deposit. Payments are then applied to awards in PeopleSoft to update the accounts receivable. The checks are taken to the Bursar's office where they are deposited by a cashier. All deposits are verified by FSS. More information can be found at [Depositing Sponsored Funds](#).

Compliance Monitoring

Ensuring that expenses charged to the sponsored project are reasonable, allowable and allocable is the responsibility of all University employees. The PI/PD, DA, and GCA accountant are expressly responsible for ensuring that the funds are expended for the intent of the award. The responsible department is expected to reconcile all sponsored funds monthly and review the [reconciliation](#) with the PI and have them sign their approval. GCA reviews expenditures for all cost reimbursable awards as the charges are invoiced. Expenditures for fixed priced, scheduled, prepay and milestone contracts are reviewed no less than quarterly. Clinical trial expenditures are reviewed semi-annually. High risk expenditures and vendors require support documentation and a justification for the file. Any items deemed unallowable will be removed to a non-sponsored chartfield.

Project Reporting and Financial Closeout

Sponsors typically require periodic financial and technical reports. The schedule and format for completing reports is outlined in the sponsor's notice of award or in the agency's general terms and conditions. The PI/PD is responsible for submitting both the periodic and the final technical report to the sponsor within the timeframe specified. Failure to submit these reports in a timely manner could jeopardize future funding by the sponsor, not only for the PI/PD, but also for other University investigators funded by the same sponsor.

A copy of a project's final report or a copy of the transmittal letter must be submitted to ORA. Grants and Contracts Accounting submits financial reports to the sponsors for research and other scholarly activity that reflect the use of sponsored funds as recorded in the financial records of the University and are in compliance with the sponsor's terms and conditions. Compliance with policies surrounding the use of a sponsor's funds is a responsibility shared by PI/PDs, departmental administrators and GCA.

Interim Financial Reports

Given the nature of interim financial reports, department approval is generally not required and GCA will prepare and submit such reports based on the transactions posted to the account as of the end date of the interim reporting period. However, there are some instances when a sponsor deems an interim financial report to be "final" for budgeting or programmatic purposes. In those instances, the interim report shall be prepared and submitted pursuant to procedure outlined above.

Final Financial Reports (FFR)

GCA Accountants will begin the final report process no less than 30 days after the award end date based on the number of days the sponsor has allowed for final closeout. GCA will contact the Departmental Administrator with a request to review all attached expenditures and notify GCA of all outstanding expenses. The DA and PI should be ensuring that all expenditures are correct and accounted for. The PI will be copied on all requests for Final Financial Report confirmations. Final Financial Reports not confirmed within the specified period will be submitted to the sponsor based on the University's financial records without departmental approval to ensure compliance with the sponsor's reporting deadlines.

Final Financial Reports will not be revised for expenditures that did not post within the closeout period or were unidentified by the department. If expenditures are identified that did not benefit the project or a refund is received, the FFR must be revised and a refund sent to the sponsor.