



TEXAS A&M SYSTEM  
**Sponsored Research  
Services**

# Project Administration Desk Manual

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# Overview of Project Administration

Project Administration encompasses the following post award processes, once an award has been fully executed:

- The Project Administrator provides maintenance, oversight and administration of sponsored projects.
- Prepare documentation to enter award terms and other financial information into the A&M System accounting and research administration systems which includes budget, revenue, regulations, billing requirements, Facilities and Administrative cost distribution, cost-sharing commitments and reporting requirements.
- Authorize expenditures and transactions for assigned sponsored projects in compliance with agreement terms and sponsor regulations.
- Contact sponsors for revisions and approvals which include budget revisions, compliance issues, change of Principal Investigator, time extensions, additional funds requests, etc.
- Coordinate with researchers, department heads, deans and other university staff to resolve project issues and provide information as requested.
- Compile award information for budget, compliance regulations, billing requirements, indirect cost distribution and cost sharing commitments and ensures administrative compliance with any other terms and conditions of the sponsored research project. Initiates financial close-out of sponsored research projects.
- Provides information and training to other project administrators

## Project Setup

### **Award Routing**

When SRS receives an award notice from a sponsor that a proposal has been awarded, the award is forwarded to CGST. CGST will review the award to determine if the agreement is a new award or if it is part of an existing project. If the award is determined to be new, CGST assigns the project number and creates the Maestro record that corresponds with the award and system member. A copy of the award document is uploaded to Maestro and the Negotiator or Project Administrator is tasked to continue the setup. Amendments do not require a new Maestro record.

The modification is uploaded and tasked appropriately.

For awards and amendments that require negotiations, see the [negotiations desk manual](#) for current process. Once the contract is finalized, the Negotiator will either upload all documentation to Maestro and task the Project Administrator; or return all documentation to CGST to obtain signatures through the [SRS Signature and Suspense](#) process before the award is forwarded to the Project Administrator.

### **Steps for Reviewing an Award**

There are several types of Awards. Grants are the most common, they are awarded to assist the institution in fulfilling a particular institutional goal or public purpose; supports further knowledge in a particular subject area or field of research. A Cooperative Agreement is an award similar to a grant, but in which the sponsor anticipates having substantial involvement in the research activities. A Contract is an agreement between two or more parties to procure goods or services. A Gift is given for a general or specific purpose, i.e. endows a chair, set up a scholarship, purchase equipment etc. There are no deliverables associated with a gift. If the award is a gift, arrangements are made to return the funds to the system member. SRS does not administer gifts.

### *Locate the Award*

The Project Administrator receives a task through a Maestro notification. The task must be accepted within 48 hours of receiving it. The task will have an “M” number associated with it. The “M” number is used to locate the award in the Project Module of Maestro. Insert the “M” number into the ID box in the project module, press Enter and the project will appear on that page. Click on the blue “M” number in the search results and it will open to the General screen for the project. The General screen contains the basic information about the project. On the left of the screen select Documents; under the Fully Executed Documents section is the Award file. Click on the blue title and the award will open for review.

### *Review the Award*

Once the Award is located, the Project Administrator reviews the Award to ensure certain criteria is clearly identified. These include the following:

**Award Type:** Grant, Contract, Cooperative Agreement, Gift. The award should also clearly state if it is a fixed price, cost reimbursable, mixed or loaded rates award.

**Period of Performance:** ensure that there is adequate time to meet deliverables schedule based on the effective date and project schedule. If length of performance differs from proposal, the PI must approve.

**Award Amount:** should be in US dollars, should match the proposal budget. If the awarded budget differs from the proposed budget by twenty five percent or more, the proposal must be rerouted with a revised budget.

**Project Title:** matches proposal title to ensure correct proposal is linked to project.

**Scope of Work:** the Scope of Work and Services provided by the system member listed in the award should be the same as the proposal. If not, PI approval is required.

**Sponsor Type:** Federal, State, Private, or Foreign. If the sponsor is federally funded, either direct or federal flow through, a CFDA code is required. A number will be provided on assistance awards. Follow system member guidelines for contracts.

**Subcontractor:** funds for each subcontract are budgeted in a separate support account. System Member subawards administered by SRS require a separate account for each department.

**Cost Share:** all cost sharing, including waived indirect costs, is identified and routed to SRS Cost Sharing group as part of the set up distribution process.

**Regulations:** consists of the OMB circulars (prior to December 26, 2014) or the Federalwide Standard Terms and Conditions for Research Grants, which is referred to as Uniform Guidance (effective December 26, 2014) after, standard or agency specific regulations, special terms, TAMUS policy (SRS Travel Policy, SRS Purchasing Policy unless stated otherwise).

**Compliance:** if the award has any compliance issues (human subjects, animals, etc.), these must be resolved before set up can begin.

**FCOI Compliance:** Verify and confirm list of personnel on the personnel screen in Maestro with the PI.

**Export Controls:** as per the scope of work, identify any publication restrictions. Determine if the subject matter of the project is publically available information. Determine if Foreign Nationals are referenced as part of the

project (employees, co-PIs, sub-awards, shipping to foreign country) If 'yes' to any of these, then a system member Export Control Compliance Form may be required.

Publications: system member retains freedom to publish without restrictions. If restrictions apply then system member approval is required and export control compliance review is required.

Reporting: technical, financial, equipment, invention, small and disadvantaged business (HUB) are commonly required.

Deliverables: award document should have clearly defined dates, deadlines or milestones and submission instructions for reports that are due.

Billing Requirements: payment type and invoice instructions identified: fixed price (includes payment schedule and approvals), cost reimbursable, labor hour rates (approvals required according to system member policy). For Foreign Sponsors, payment is frequently requested up front and wire transfer information included.

Equipment: determine if system member retains ownership, or if the title vests with the sponsor. Confirm with system member. If the agreement is subject to A-21 or 2 CFR 200.313 Equipment, title vests with system member unless the agreement states otherwise.

System Member's Name Correctly Identified: system member is a member of The Texas A&M University System and an agency of the State of Texas. Clearly identify the intended system member in the award documents and confirm the legal name and address.

If the sponsor's award number has changed, a new account number may be required; Account numbers must match the current account numbering scheme for the appropriate system member. Some continuations will require a new account number and approval to carry forward funds. READ AWARD CAREFULLY for any indication that funding years are expected to be kept separate. State of Texas funding usually requires separate accounts for each funding period.

Verify the correct department and system member is referenced for PI as stated in the approved routed proposal. PI's may have multiple appointments between departments and system members.

## **Steps for Reviewing Proposal**

The proposal and budget make certain commitments that are promised to be met should the project be funded. It assists in pulling together the pieces of the awarded research that are needed to setup the project accurately in the accounting system. The proposal also assists with timely setup of a subaward and cost share. A proposal is routed and approved before the project is established in the accounting system.

The proposal provides details of the sponsor program guidelines, cost share requirements and compliance requirements. A review of the proposal will also give a detailed budget and a budget justification. Other details identified in the proposal assist the Project Administrator in the project setup process.

### *Locate the proposal*

The Project Administrator receives the award through a Maestro notification. The proposal number for the award is linked during the project setup in Maestro Project Module.

In the Project Module, open Maestro record for award. In the left menu, select Proposal to open a Project Proposal selection screen for related proposals that are linked to the project. Determine which proposal in the list is for the current award.

Before a proposal can be used on an awarded project the proposal Routing Status must be “approved”. Contact the Proposal Administrator if the proposal status does not show as “approved”. The proposal should have an “awarded” Proposal Status. When the status is blank, select “awarded” and save the screen. An “approved and awarded” proposal can then be selected with the proposal number link to open in the proposal module.

### *Review the proposal*

In the Proposal Module left menu, select Document to view the Proposal Documents screen.

The Routing Package section of the screen includes the proposal budget information, the scope of work, and other information. The Other Related Documents section includes additional information that may be needed for award setup.

Compare the proposal budget and scope of work with the awarded budget and scope of work. (Significant changes may require re-routing of proposal. Contact the Proposal Administrator to have proposal re-routed.) Check to see if there is a cost share budget. Additional information can be located in the Other Related Documents section.

When needed, Notes included in proposal routing can be found in the left menu under Routing. The Proposal Routing screen will give the Routing Log. Under Routing Status select “Approved”. The Routing Path Detail screen will show where notes were entered.

Personnel listed in Personnel screen for the proposal are used to confirm FCOI before award setup.

Compliance items identified in the Proposal Compliances screen appear in the Project Module PI Compliance Statement screen for action during award setup.

## **Compliance Requirements**

It is the responsibility of the System and each member to take appropriate action that promotes an organizational culture of ethical conduct in research and commitment to compliance with federal and state laws and regulations and other applicable requirements, including, but not limited to, System policies and regulations and member rules and procedures.

### ***Procedure***

Before an account can be established, the Project Administrator ensures that all compliance approvals for the items on the [list](#) (excluding animals) have been received and information (approval start date, approval expiration date, status, authorization # if applicable, approval documents) uploaded into Maestro. Only the five highlighted items do NOT require an approval to be entered in Maestro. All other compliance items halt the set up process until an approval is entered.

1. In Maestro, review the PI compliance statement. If any items are marked “yes” compliance approvals are required.
2. Check the Compliance section of the project. All approvals must be entered here. If there are no approvals for the compliance item, do not proceed with account set up.
3. If the compliance statement has just been certified or the project was newly established, do not use the notify compliance officer function immediately. The compliance office receives a notification automatically when a project is created or the PI compliance statement is changed. This is their notification

to update the compliance section. If this is for an existing project, use the notify Compliance PoC button under actions in the project compliance section.

4. If this is not updated within a day or two, contact the Associate Executive Director for assistance in obtaining the approvals. The Associate Executive Director provides instructions for how to proceed or whom to contact.
5. For animal protocols: If the project is ready to start but awaiting compliance information (protocol #, dates, etc.) Maestro AND an approved, active protocol exists for the project in IRIS; THEN the PI may begin the project activities. Notify the Associate Executive Director of the need to have compliance information entered into Maestro. The Associate Executive Director will coordinate with the compliance office. This is temporary guidance so investigators are not delayed due to the compliance office's transition to the Maestro Projects Module. The Associate Executive Director will notify the Project Administrators when the compliance officers are comfortable with Maestro and current on protocol approvals, and this 'workaround' will no longer be necessary.
6. Once all approvals are entered in Maestro, run the Integrity Check to verify there are no other outstanding issues.

### ***Red Flags***

See [Compliance Red Flags list](#) for red flags that may indicate compliance approvals are required if the PI compliance statement does not indicate compliance approvals are needed.

### ***Expired Protocols***

IBC (Institutional Biosafety Committee) – There is one three-year permit issued per Principal Investigator for all studies. If the IBC permit lapses or is suspended, any and all bio-related work must stop. No charges are allowable. After notifying the appropriate Director and system member personnel, SRS freezes all of the Principal Investigator's accounts until the permit is reinstated or approved.

IACUC (Institutional Animal Care and Use Committee) – There is only one grant associated with each animal use protocol. Protocols are approved for three years. If a protocol expires, activities which do not involve direct interaction with the animals are permitted. The Compliance Office will indicate to SRS, in the termination notice, which activities are allowable and if project charges (other than animal care) may continue.

IRB (Institutional Review Board – Humans) – When protocol approval lapses no activities are allowable, and no charges are allowable unless specifically cited by the Compliance Office

### ***Research Compliance Office***

<http://vpr.tamu.edu/compliance>

### ***Steps for Freezing Accounts***

Freezing an account prevents any further charges to a project until such time as all protocols are once again current and in place.

In order to properly freeze all accounts, the subsidiary ledger account as well as each support account must have the proper flags in place. FAMIS screens 44 and 54 are utilized when freezing the accounts.

Screen 44 contains subsidiary ledger flags with Screen 54 containing the support account flags. To freeze the account, tab down to line item "FREEZE Direct Expense" and change the flag from No ("N") to Yes by entering a "Y" in place of the "N" and press the enter key. This step should be completed on Screen 54 for all support accounts associated with the subsidiary ledger account.



Once all compliance issues have been corrected, the same procedure is followed and the flags are changed from “Y” back to “N” to allow expenses to once again post to the account.

## **Cost Sharing**

When a proposal is submitted to a sponsor, certain institutional financial obligations can be committed to upon funding of the project. Since cost sharing involves the use of institutional funds, this must be included in the proposal prior to the routing in Maestro so that department heads, deans, and/or other administrators can review the proposed cost sharing. Cost sharing or matching may be mandated by the sponsor. All proposed cost sharing must be tracked (not necessarily reported to the sponsor) and cost sharing included in the award document becomes required (usually reported to the sponsor).

### ***Enter Cost Sharing Information in Maestro***

Review the proposal to verify if cost sharing exists. Cost sharing entered into Maestro at the proposal stage will roll forward into the project module during the project setup process. If a proposal is routed after the project ID number is created in Maestro, this information is entered by the Project Administrator.

The appropriate cost sharing information is entered on the cost sharing tab in Maestro by the Project Administrator.

- Organization
- Account
- Source Description
- Direct Amount
- Indirect Amount
- Start Date
- End Date
- Notes (if applicable)

Unrecovered indirect costs are calculated, if applicable, and entered on a separate line showing the amount in the Indirect Amount field.

Once the project setup is complete and the Sponsored Project Summary (SPS) is generated, this information will be distributed to the Cost Share Monitoring Group. The Cost Share Monitoring Group completes all required cost share entries and tracks the cost share requirements over the life of the project.

The SPS is also distributed to the department so they are aware of the cost sharing requirement for the project.

### ***Cost Sharing Explanation***

Cost sharing is defined as the portion of the total project costs of a sponsored agreement that is incurred by the recipient instead of the sponsor. Cost sharing represents a reallocation of recipient resources to support an externally sponsored project

Terms used to describe cost sharing include:

- Matching Contributions
- Third Party Contributions
- In-Kind Contributions

At the time of award, there are three types of cost sharing:

- Mandatory

- A commitment by the recipient
  - Reportable to the sponsor
  - Sponsor approval is required to change requirement
  - Tracked in the accounting system
- Voluntary - Committed
  - Not required as a condition of the award
  - Not reportable to the sponsor
  - Tracked in the accounting system
- Voluntary – Uncommitted
  - Not required as a condition of the award
  - Not reportable to the sponsor
  - Not tracked in the accounting system

Cost sharing can consist of direct, indirect and/or unrecovered indirect. When direct expenses are used for cost sharing, the associated indirect expenses are included as part of the cost sharing.

Allowable forms of cost sharing include:

- Effort of the Principal Investigator and/or employees committed to sponsored agreements, including the associated fringe benefit costs
- Cost of equipment purchases when the purchase is necessary for and dedicated to the completion of the project
- Laboratory supplies specific to the project – not general laboratory supplies
- Travel
- Costs proposed and incurred by subcontractors or other third parties, including in-kind contributions. In-kind contributions must be verified by the provider. When these contributions are in the form of volunteer services, the individual must certify that the amount is comparable to their regular rate of compensation. When contributions are other than personal services, the provider must certify to the fair market value of the items.
- Waived or reduced indirect. This is known as unrecovered IDC. Unrecovered IDC is applicable when the indirect rate allowed per the agreement is less than the recipient's negotiated rate.

### ***Cost Sharing Requirements/Limitations***

Cost sharing is used to accurately reflect and identify the resources required to conduct the project. All contributions must conform to The Texas A&M University System policy and federal regulations regarding allowability, allocability and reasonableness.

### **Federal Requirements**

The costs are required to be:

- Allowable and allocable under federal cost principles (OMB Circular A-21) and the terms of the agreement
- Verifiable
- Necessary and directly related to the project objectives
- Identified in the approved award budget and budget justification, when required by the federal awarding agency
- In compliance with the provisions set forth in OMB Circular A-110 and the terms of the agreement

The following costs are not allowable:

- Costs included as cost sharing for another project

- Costs paid by a federal agency under another award – unless specific approval is granted by the federal agency sponsoring the project providing the cost sharing

## **Enter into Maestro, FAMIS and EPIK**

### **Notification of Project Establishment**

Once a Project Administrator has completed processing the new award or amendment, the current action history is changed to “setup complete.” The Project Administrator uploads a completed copy of the distribution form located on the K: drive, until the system members have implemented the automated routing available in Maestro.

To confirm that all information has been reviewed, the Project Administrator reviews the Sponsored Project Summary (SPS) in Maestro to ensure the following areas are complete:

- Sponsor/Prime Sponsor name and award numbers
- Proposal number
- Total anticipated and awarded funding
- Period of performance
- Organizational information
- Investigator and Administrative contact information
- Current action information
- Indirect costs
- Cost sharing
- Subaward information
- Required deliverables
- Required compliance items and approvals
- Terms and conditions
- Reporting Codes
- Active account numbers

The project administrator sends an email to the CGST Awards box with the subject line: M#, Action# and Project#. This prompts the CGST staff to perform their award quality check and distribute the SPS to the PI, system member and SRS Business Support Services by email. Once the automated routing process is complete in Maestro, CGST uses the predetermined paths that provide internal and external stakeholders with an electronic copy of the SPS. CGST uploads the current SPS that was sent to the action it corresponds with in Maestro.

### **Subawards/Subrecipient**

A subaward is issued when a Principal Investigator (PI) requires the expertise of another entity to perform a portion of the scope of work of the project. The entity can be a private company, non-profit, or educational institution. Due to agreements between TAMUS members, collaborations on projects may be done outside of a subaward. Utilize this [matrix](#) to define when a subaward is required for work performed by another system member.

### ***Procedure***

#### **Initiating a Subaward**

At the time of project set up, the Project Administrator (PA) identifies the subrecipient from the proposal budget. If the subrecipient is not proposed in the original budget, the PA determines if prior sponsor approval is needed to issue a subaward. Use the [Revenue and Expense Object Code Form](#) when setting up the account in

FAMIS; a separate support account is established for each subaward. After project setup in [Maestro](#), the PA creates the Maestro record for the subaward. After all necessary information is entered in Maestro, the PA tasks the Subaward Monitoring Group (SMG) to prepare the setup package for the Subaward Negotiator (SN). The SN will work with the subrecipient and PI to draft the agreement. Upon completion of the draft agreement, the SN will task the PA to review the agreement for the following:

- Period of Performance
- Account Number
- Terms and Conditions
- Deliverable Requirements and Due Dates
- Sponsor Approval (if applicable)

After the review is complete, the PA encumbers the funds under the agreement number assigned to the subaward. Once the funds are encumbered, the PA tasks the SN for continued processing.

#### Subaward Modifications

During the period of performance of the subaward, the PA may request SMG to initiate amendments to the agreement due to time extensions, additional funding, or other administrative items. When this occurs, the PA sends a [Maestro task](#) to SMG to start an amendment. The PA review process will be repeated after the SN drafts the amendment.

#### Subaward Monitoring

SMG monitors the submission of invoices and seeks assistance from the PA if problems arise.

#### Subaward Close-Out

SMG will notify PA to confirm when a subaward can be closed.

## **Project Administration**

### **Award Types**

### **Interim Funding**

Interim funding is the authorization to expend funds on a project to a specified limit prior to receipt or execution of the award document.

#### ***Procedure***

When an [interim funding request](#) is received the Project Administrator (PA) reviews the request and confirms the following items:

- Start and End Date (must fall within the period performance defined by the sponsor)
- Budget (does not exceed awarded amount)
- Backup account (if applicable)
- Inclusion of all necessary signatures

The PA insures the following conditions are met:

- Proposal has been routed and approved.
- List of investigators has been received from PI and FCOI requirements are met for each individual.
- Compliance approvals are in place. Verify IRB, IBC, IACUC, and Export Controls are in place and that all approvals have been entered into Maestro. Contact System Compliance Officer if not available.

- Verify if Cost Sharing is required.

### ***Entering funds in Maestro and FAMIS***

Follow the process for entering project and account information into [Maestro](#).

Follow the process for entering budget information into FAMIS.

Once a fully executed agreement is available, the funds entered for the interim funding request are reversed in the account and the awarded budget is entered. For interim funded state accounts, the PA reviews all expenses (incurred during the period the account was interim funded) for allowability prior to entering the awarded budget.

### **Supplemental Funding**

Supplemental funds are additional funds added to an existing award outside of the original proposal that does not require a competitively reviewed proposal.

### ***Roles and Responsibilities***

**Role:** To ensure that the supplemental funds are added to Maestro and FAMIS budget in an accurate and timely manner.

**Responsibility:** The PA reviews the supplement for the time period, funded amount and terms and conditions of the supplement. The PA updates Maestro and FAMIS as needed to add funds to the established account.

### ***Procedure***

If the supplemental funding notice is received by the PA from the department, the PI, or any other individual, the notice is forwarded Contracts and Grants Support Team (CGST) by email and requests a contract modification set up.

The PA reviews the supplemental funds notification for the following:

1. No change to budget period. If the sponsor notification extends the period of performance and adds funds, the supplemental funding modification is processed as a “Continuation”.
2. No change to Terms and Conditions. If terms and conditions have changed, task to Negotiator via Maestro to review.
3. No change to Sponsor Award Number or Funding Source. If there are changes to either of these items, it is considered a new award.
4. No change to Title.
5. FCOI is current on all investigators.
6. Verify IRB, IBC, IACUC, and Export Controls protocols and management plans are current. Contact System Compliance Officer if not current.
7. Review sponsor communication for budget allocation of new funds. Funds are to be placed in the category (or categories) as noted by the sponsor and the original contract.
8. Indirect cost calculations are reviewed before and after the addition of funds. All adjustments for indirect cost are to be in accordance with the original contract or agreement.
9. Arrange for signature and acceptance of the supplement by the appropriate SRS Director or system member, if required.

### ***Entering funds in Maestro/FAMIS***

Follow the process for entering project and account information into [Maestro](#).

Follow the process for entering budget information into FAMIS.

## Continuations

A continuation is a funding action for additional funds awarded during the time period originally estimated in the proposal. Continuation funds are added to the existing project/account or placed in a separate subsidiary ledger (S/L) depending on the sponsor's carry forward and/or billing requirements.

### *Roles and Responsibilities*

**Role:** To ensure that continuation funds are set up according to sponsor regulations and in a timely manner.

**Responsibility:** The PA reviews the continuation for the time period, funded amount and terms and conditions of the continuation. The PA enters the continuation in Maestro and FAMIS.

### *Procedure*

1. When a continuation award is received from a sponsor, Contracts and Grants Support Team (CGST) tasks the PA for set up via Maestro. If the continuation is received by the department, PI, or any other individual, it is forwarded to the Contracts and Grants Support Team (CGST).
2. The Project Administrator reviews the continuation award document for the following:
  - System member's name is correctly identified
  - Title matches existing project (if listed)
  - Budget period is correct
  - Amount of funding
  - Level of Effort (if applicable)
  - No change in Terms and conditions. If terms and conditions have changed, task to Negotiator via Maestro to review.
  - Continuation proposal has completed routing, if applicable
  - FCOI is current
3. Arrange for signature and acceptance of the award by the appropriate SRS Director or system member, if required.
4. Before the continuation funding can be set up, compliance approvals are in place. Verify IRB, IBC, IACUC, Export Controls protocols and management systems are current. Contact System Compliance Officer if not current.
5. If sponsor regulations allow automatic carry forward, the funds are set up in the existing account. If carry forward requires prior sponsor approval, all system members set up in a separate subsidiary ledger (SL) in FAMIS under the existing Maestro ID number.

### *Entering funds in Maestro/FAMIS*

Follow the process for entering project and account information into [Maestro](#).

Follow the process for entering budget information into FAMIS.

If carry over requires prior sponsor approval, follow the procedures for setting up a separate SL account.

## No-Cost Extensions

A no-cost extension is an extension of the effective dates of the award by the sponsor with no additional funds.

### *Roles and Responsibilities*

**Role:** To ensure that a no-cost extension to the award is set up and in a timely manner.

**Responsibility:** The PA coordinates with the PI and sponsor for any revisions to the award. The PA enters the revision in Maestro.

### ***Procedure***

1. Grants under the Federal Demonstration Partnership (FDP) are allowed a one-time no cost extension for up to 12 months. A justification is required and is submitted through the sponsor's website. Any extension beyond the one-time extension period requires prior sponsor approval.
2. For extensions that require prior sponsor approval, a request is submitted to the sponsor by the PA with justification from the Principal Investigator. An amendment will be issued to extend the current end date.
3. When an extension to an award is received from a sponsor, Contracts and Grants Support Team (CGST) tasks the PA for set up via Maestro. If the revision is received by the department, PI, or any other individual, it is forwarded to CGST.
4. The PA reviews the extension award document for the following:
  - System member's name is correctly identified
  - Title matches existing project (if listed)
  - Budget period is correct
  - Level of Effort (if applicable)
  - No change in Terms and conditions. If terms and conditions have changed, task to Negotiator via Maestro to review.
  - FCOI is current
5. Arrange for signature and acceptance of the award by the appropriate SRS Director or system member, if required.
6. Before the extension can be set up, compliance approvals are in place. Verify IRB, IBC, IACUC, Export Controls protocols and management systems are current. Contact System Compliance Officer if not current.

### ***Entering funds in Maestro/FAMIS/EPIK***

Follow the process for entering project and account information into [Maestro](#).

### **Revisions (Budget, PI, Scope of Work, etc.)**

A revision is a sponsor approved administrative change. Other uses for a revision are a change in Principal Investigator (PI), change in Scope of Work, approval of budget by sponsor by an award action, release of funds, moving carry forward of funds, closeout reductions, etc. Revisions should not be used for data entry correction. Use corrections when a data entry error is made.

### ***Roles and Responsibilities***

**Role:** To ensure that a revision to the award is set up correctly, and in a timely manner.

**Responsibility:** The PA coordinates with the PI and sponsor for any revisions to the award. The PA enters the revision in Maestro and FAMIS.

### ***Procedure***

1. A change to the PI requires a memorandum from the existing PI on his or her letterhead, through the new PI, through the Department Head through the Dean. If the department and college also changes, the new Department Head and Dean is added to the memorandum.
2. The memorandum states the effective date of the change in PI and signed by all parties. Once the memorandum has been approved, the PA contacts the sponsor for approval.
3. When approved by the sponsor and an amendment is received, an award action is completed.



4. A change to the Scope of Work requires sponsor approval. The PA coordinates with the PI and the sponsor for approval in the change in the Scope of Work.
5. If the project has Standard Research Terms and Conditions, a budget revision does not require an amendment to the award. When a revision to the budget requires approval from the sponsor and an amendment to the existing award, the PA works with the PI in revising the budget and requests a justification for the revision and submits to the sponsor.
6. When a revision to an award is received from a sponsor, Contracts and Grants Support Team (CGST) tasks the PA for set up via Maestro. If the revision is received by the department, PI, or any other individual, it is forwarded to SRS PA.
7. The PA reviews the revision award document for the following:
  - System member's name is correctly identified
  - Title matches existing project (if listed)
  - Budget period is correct
  - Level of Effort (if applicable)
  - No change in terms and conditions. If terms and conditions have changed, task to Negotiator via Maestro to review.
8. Arrange for signature and acceptance of the award by the appropriate SRS Director or system member, if required.
9. Verify IRB, IBC, IACUC, Export Controls protocols and management systems are current. Contact System Compliance Office if not current.

#### ***Update revision in Maestro/FAMIS/EPIK***

Follow the process for entering project and account information into [Maestro](#).

Follow the process for entering budget information into FAMIS.

#### **New Award**

A new award is the funding mechanism for proposed research. It holds the sponsor's terms and conditions, reporting requirements and approved budget. Requirements and budget of the original award are relevant to additional award actions that may be received from the sponsor during the life of the project.

Should the new award be received by the PA from the department, the PI, or any other individual, the notice is forwarded CGST by email and request a new award setup.

#### ***Roles and Responsibilities***

**Role:** To ensure that the new award project details and the obligated funding are setup in a timely manner.

**Responsibility:** The PA reviews the new award documents, proposal documents and sponsor's guidelines to determine the funded amount, the period of performance and the terms and conditions of the project.

The PA reviews project for compliance according to sponsor regulations and policies of Texas A&M University System, Texas A&M University Sponsored Research Services, Texas A&M University Office of Research and Biosafety and requirements of the system member.

The PA entered the new award in Maestro and FAMIS.

#### ***Procedure***

1. Review that award is fully executed. If negotiations are needed, contact CGST by email with instructions that the award should be assigned to a Negotiator to complete negotiations and fully execute the award.



2. Review that awarded budget is within 25% of what was proposed. If outside of 25%, contact Proposal Administrator to reroute proposal. Proposal must be approved before funds are setup.
3. The PA reviews the new award document for the following:
  - Fully executed agreement (if not unilateral) – signed by both parties
  - System Member's name, address, DUNS, EIN is correctly identified
  - Type of agreement – clearly state in agreement
  - Award number/modification number – correct number, modification in sequence
  - Project number – correct system member
  - Proposal number – correct system member, routing complete
  - PI/Co-PI's and Sponsor – match proposal
  - Title matches proposal
  - Period of Performance – clearly stated in agreement
  - Funding – Awarded and Obligated
  - Anticipated Funding, if applicable
  - Terms & Conditions – locate in award document, separate sponsor award guidance referenced in award, program guidance, and proposal guidance saved in proposal documents.
  - Purchasing policy and restrictions
  - Equipment is allowed and with whom the equipment will vest
  - Travel – restrictions, prior approvals, and policy to be used
  - Budget restrictions – allowed/limitations
  - Publication - restrictions, prior approval required
  - Export Control, if applicable
  - FAR and DFAR Clauses that apply
  - Subawards – restrictions, prior approval, obligated amount
  - Time and Effort – certification required
  - E-Verify is required
  - Deliverables
  - Billing – information – clearly stated in agreement
  - Percentage of indirect costs allowed
  - Cost Sharing proposed on the project
  - Scope of Work – matches proposal
  - Limitation of Cost, if applicable
4. The Project Administrator must confirm that the Investigators are FCOI compliant for awards that do not require negotiation. The Negotiator will verify FCOI compliance on awards that require negotiations. Follow SRS FCOI Procedures located at K:\Contracts and Grants\FCOI. Investigators must be FCOI compliant before an account can be set up.
5. Review that IRB, IBC, IACUC, Export Controls compliance approvals and management systems are in place. Notify through Maestro System Compliance Officer if not already notified through Maestro. Compliance issues must be resolved before an account can be set up.

***Entering project and funds in Maestro/FAMIS/EPIK***

Follow the process for entering project and account information into [Maestro](#).

Follow the process for entering budget information into FAMIS.

## Reduction

A reduction is an amendment that is received for an award during the project performance period that decreases time and/or funds (de-obligation). If the amendment reduces the funds after the project performance period, this is processed as a revision.

### *Roles and Responsibilities*

**Role:** To ensure that the reduction to the award is setup in a timely manner.

**Responsibility:** The PA reviews the reduction for the change in date or funded amount and any change to terms and conditions. The PA coordinates with the PI the revision(s) to the award. The PA enters the reduction in Maestro and FAMIS.

### *Procedure*

1. Review that reduction document is fully executed. If negotiations are needed, contact Negotiator to complete negotiations and fully execute award.
2. Review that any reduced budget is within 25% of what was originally awarded. When the reduced budget is outside of 25% of the original budget and/or if a new scope of work is needed to reflect the reduction, the Proposal Administrator should be contacted to reroute a proposal. The revised proposal must be approved before reduction is setup.
3. Where there will be a delay in reducing the funds, the PA can move the funds to a reserve budget category that will not allow the reduced funds to be expensed.
4. If reduction is less than 25% of what was originally awarded, notify the PI to determine if the research goals can be completed with this reduced funding amount.
5. The PA reviews the award document for the following:
  - System Member's name is correctly identified.
  - Title matches proposal.
  - Period of Performance
  - Funding – Awarded and Obligated
  - Anticipated Funding, if there are changes
  - Terms & Conditions, if there are changes. Where there are changes to terms & conditions, task to Negotiator via Maestro to review.
  - Level of Effort (if applicable)
  - Arrange for signature and acceptance of the award by the appropriate SRS Director or system member, if required.

### *Entering revised time or funding in Maestro/FAMIS/EPIK*

Follow the process for entering project and information into [Maestro](#).

Follow the process for entering budget information into FAMIS.

## Correction

A Correction is used for data entry corrections once the action cannot be updated.

### *Roles and Responsibilities*

**Role:** To update the project with correct information.

**Responsibility:** When an error is found in the data entered during an action setup and the action cannot be updated, then the PA will enter a new award action as a Correction. The PA enters the corrected data in Maestro and/or FAMIS.

#### ***Procedure***

10. The PA creates a new award action as a Correction. A modification is not needed, only the award action to show the update to the project information.
11. An SPS is distributed.

#### ***Update correction in Maestro/FAMIS***

Follow the process for entering project and account information into [Maestro](#).  
Follow the process for entering budget information into FAMIS.

## **Expenditure Compliance**

### **OMB Circular A-21, "Cost Principles for Educational Institutions"**

A-21 is the Office of Management and Budget (OMB) Circular that outlines the principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. It is the primary accounting reference for federally sponsored agreements.

The circular was originally issued in 1958 and significant changes were made in 1996 that included raising the threshold for capitalizing equipment to \$5,000 (or institution's capitalization threshold, if lower), establishing use of Facilities & Administration (F&A) rate(s) in effect at start of sponsored agreement over life of agreement, incorporating four Cost Accounting Standards (CAS), and requiring educational institutions to submit a disclosure statement regarding their cost accounting practices CASB DS-2 - Disclosure Statement for Educational Institutions. The latest revision is dated May 10, 2004 and was relocated to 2 CFR Parts 215 and 220. This circular can be found at [http://www.whitehouse.gov/omb/circulars\\_a021\\_2004](http://www.whitehouse.gov/omb/circulars_a021_2004).

**A-21** (2 CFR Parts 215 and 220) provides guidance for determining costs applicable to grants, contracts, and other agreements with educational institutions. The circular defines the major functions of an institution, a sponsored agreement (grant, contract, etc.), allocation, and Facilities and administrative costs (F&A). It also provides basic considerations of the composition of total costs and factors affecting allowability of cost. Allowable factors are reasonableness, allocability, consistency of treatment, and conformity to limitations or exclusions. A-21 outlines specific unallowable costs. A-21 determines the difference between direct costs and indirect costs [normally administrative, or Facilities and Administrative Costs (F&A)]. A-21 provides for determination of an institutions' F&A or Indirect Cost rates and the distribution process.

Recently, a Taskforce was established to "simplify" the rules. A-21 has been codified into a new "Super Circular," along with seven other OMB circulars. The "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" guidance streamlines requirements from the following OMB circulars: A-21, A-110, and A-133, as well as A-50, A-87, A-89, A-102, and A-122. <https://federalregister.gov/a/2013-30465> **IS THE LINK TO THE NEW CIRCULAR.** Guidance on the "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" was released Thursday, December 26, 2014.

### **Allowable Costs**

Pursuant to OMB Circular A-21, the tests of allowability of costs under these principles are: (a) they must be reasonable; (b) they must be allocable to sponsored agreements under the principles and methods provided herein; (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items.

**Reasonable** - the nature of the goods or services acquired or applied, and the amount of the expense involved, reflect the action that a *prudent person* would have taken under the circumstances. (A prudent person does everything in moderation, follows the community ethic, and always exercises due care.) Questions to ask in review:

- (a) is this purchase recognized as necessary for the performance of the sponsored agreement;
- (b) are the restraints or requirements imposed by such factors as arm's length bargaining, Federal and State laws and regulations, and sponsored agreement terms and conditions;
- (c) are the individuals involved acting with due prudence in the circumstances, considering their responsibilities to the institution, its employees, its students, the Federal Government, and the public at large; and,
- (d) are the actions taken consistent with established institutional policies and practices and applicable to the work of the sponsored agreements.

**Allocable** - the goods or services involved are chargeable or assignable to such sponsored agreement with relative benefits received or other equitable relationship. A cost is allocable to a sponsored agreement if

- (1) it is incurred solely to advance the work under the sponsored agreement;
- (2) it benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods, or
- (3) it is necessary to the overall operation of the institution and, in light of the principles provided in this Circular, is deemed to be assignable in part to sponsored projects. Equipment or other capital items specifically authorized under a sponsored agreement are assignable to the sponsored agreement regardless of the use that may subsequently (after the conclusion of the project) be made of the equipment or other capital items involved.

Any costs allocable to a particular sponsored agreement under the standards provided in this Circular 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. Any costs allocable to activities sponsored by industry, foreign governments or other sponsors may not be shifted to federally sponsored agreements.

**Consistency in allocating costs incurred for the same purpose** - All costs incurred for the same purpose are either direct costs only or F&A costs.

### **Expressly Unallowable Costs**

OMB Circular A-21, section "J" provides principles for allowability of certain items. Unallowable items may not be charged to a sponsored agreement. If a specific item of cost is proposed and approved, it is generally allowable.

Commonly, the following are not allowable, but there are certain exceptions found at [http://www.whitehouse.gov/omb/circulars\\_a021\\_2004/#c](http://www.whitehouse.gov/omb/circulars_a021_2004/#c).

Advertising and public relations costs  
Advisory councils  
Alcoholic beverages

Alumni/ae activities  
 Audit costs and related services  
 Bad debt  
 Bonding costs  
 Commencement and convocation costs  
 Communication costs  
 Compensation for personal services not included in normal payroll distribution  
 Contingency provisions  
 Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement  
 Depreciation and use allowances  
 Donations and contributions  
 Employee morale, health, and welfare costs and costs  
 Entertainment costs  
 Equipment and other capital expenditures not approved in sponsored agreement  
 Fines and penalties  
 Fund raising and investment costs  
 Gain and losses on depreciable assets  
 Goods or services for personal use  
 Idle facilities and idle capacity  
 Insurance and indemnification  
 Interest  
 Labor relations costs  
 Lobbying  
 Losses on other sponsored agreements or contracts  
 Maintenance and repair costs (which add to the permanent value of the buildings and equipment or appreciably prolong their intended life shall be treated as capital expenditures)  
 Memberships, subscriptions and professional activity costs in any civic or community organization, country club or social or dining club or organization  
 Patent costs  
 Plant and homeland security costs  
 Pre-agreement costs unless approved by the sponsoring agency  
 Proposal costs  
 Publication and printing costs not identifiable with a particular sponsored agreement  
 Recruiting costs not identifiable with a particular sponsored agreement  
 Rental costs of buildings and equipment not identifiable with a particular sponsored agreement  
 Selling and marketing  
 Specialized service facilities not identifiable with a particular sponsored agreement  
 Student activity costs  
 Taxes  
 Termination costs applicable to sponsored agreements reasonably usable on the institution's other work shall not be allowable unless the institution submits evidence that it would not retain such items at cost without sustaining a loss

## **Payroll and Non-Payroll Cost Transfers**

### **Definition**

Payroll and non-payroll cost transfers are used to move expenditures from one account to another after the original cost transaction. Cost transfers are processed to change the object class, cost reference, or the account number for expenses.

If an account number is to be changed, the performance dates for the new account must have been effective at the time the cost was incurred, and the expense must be allowable on the new account. These transfers must be completed in a timely manner and detailed documentation concerning the reason for the transfer must be prepared and approved by the Principal Investigator (PI) or PI's delegate per system member policy, department head (or delegate) and appropriate system member representatives.

Any expenditure moved from one account to another 90 days after the original cost transaction will be subject to increased review and may only be approved in extenuating circumstances.

**Definition of over 90 days:**

- 90 days is defined as three months, not 90 calendar or business days. Use the Cost Transfer Calculator to determine the deadline for the cost transfer. The Cost Transfer Calculator can be found at <https://srs.tamug.edu/forms/srs-forms/>
- 90 days will be based on the month the charge posted into the applicable accounting system.
  - The posting month is determined by looking in FAMIS at the account cycle date on screen 770 for payroll and the invoice date on screen 168 for non-payroll charges.

**Federal Guidelines:**

According to A-21 and new Uniform Guidance, any costs allocable to a particular sponsored agreement, 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. (OMB A-21 C. 4. b. and Uniform Guidance 200.405)

***Roles and Responsibilities***

**Role: Project Administrator**

To ensure that the cost transfer meets federal, SRS and sponsor guidelines.

**Responsibility:**

The PA coordinates with the PI and department for any cost transfers.

***Procedure***

Identify a cost transfer is needed. This can be determined at any level by the PA, PI or Department.

Cost transfers between SRS accounts, or between SRS accounts and departmental accounts within the same System Member are processed through the DCR module in FAMIS. A SRS Cost Transfer – Journal Entry form is completed between SRS accounts for Research Foundation projects.

Research Foundation cost transfers are completed by the Project Administrator, or VCAP using the SRS Cost Transfer Journal Entry form. Only cost transfers between SRS accounts within the Research Foundation can be completed using the SRS Cost Transfer – Journal Entry form.

Cost transfers for all other SRS members will be processed through the DCR module. The Departmental Business Administrator will initiate these cost transfers.

Currently, TEES cost transfers are prepared through EPIK by the Department; however, TEES will transition to the DCR module when the FAMIS implementation is complete.

**Cost Transfers under 90 days:**

All cost transfers under 90 days involving a sponsored research account or cost share account, payroll and non-payroll, will be routed electronically through the CANOPY EPA or DCR module. Each request will require the



system member form for payroll transfers or invoices for non-payroll cost transfers to be uploaded into the appropriate module. A brief explanation outlining the need for the transfer must be included in the comment section of the DCR or EPA request. All approvals for the transfer will be obtained through an electronic routing path established and maintained by the system member.

Cost transfers meeting any one of the criteria below require the Texas A&M University Sponsored Research Services Cost Transfer Justification form to be uploaded as well. The form can be found at <https://srs.tamus.edu/forms/srs-forms/>. The justification form should be completed as a pdf, printed and signed by the PI (or delegate per system member policy) prior to uploading.

The transfer is between two sponsored project accounts  
The request is after the end date of the project  
Payroll Only: Time and Effort has been certified

### **Cost transfers over 90 days:**

Cost transfers over 90 days, payroll and non-payroll, will be processed electronically through the CANOPY EPA or DCR module. Each request will require the system member form for payroll transfers or invoices for non-payroll cost transfers as well as the Texas A&M University Sponsored Research Services Cost Transfer Justification form. The justification form should be completed as a pdf, printed and signed by the PI prior to uploading in the EPA or DCR module. The remaining required approvals will be obtained through an electronic routing path established and maintained by the system member.

Payroll cost transfers cannot be done through CANOPY EPA when an employee has terminated. They are processed manually through the SRS Payroll Department.

### **Exemptions from the Cost Transfer Policy Regardless of Over/Under 90 days:**

The following items do not require the completion of the Texas A&M University Sponsored Research Services Cost Transfer Justification form regardless of whether the transfer is over/under 90 days from the initial charge. The request must still be submitted through the CANOPY EPA or DCR module with the appropriate backup documentation (system member form for payroll transfers and invoices for non-payroll cost transfers) but the justification form does not need to be included.

Adjustments to correct object codes on same account/support account

Adjustments made by the system member Property Office to correct equipment from non-capital to capital object codes or vice versa

Adjustments between main sub-ledger accounts, support accounts (SA) of the same sub-ledger account, and subcontract support account within the same project/reporting period, if the Principal Investigator is the same on all accounts involved

Entries to credit a sponsored project and debit a non-sponsored project, provided time and effort has not been certified

### **Approval of the Cost Transfer**

For SRS System Members utilizing the DCR module, Voucher Compliance/Accounts Payable (VCAP) approves the cost transfer through the DCR module. The department is responsible for uploading all supporting documentation necessary for VCAP to take appropriate action. Invoice documentation is required unless expenses are moving off of an SRS account and onto a non-SRS account. VCAP will contact the department to upload the documentation if not included with the cost transfer

If expense on an SL is simply moving to another Support Account (SA), then invoice documentation is only required if the expense was not previously reviewed by VCAP.

VCAP can initiate cost transfers through the DCR module if the error was made by SRS. If error is found by the Project Administrator, a SRS Cost Transfer – Journal Entry form is completed and forwarded to Geraldine Royder. The form is located in K:Contracts and Grants\Project Administration\Forms. If the cost transfer is over 90 days, the Director of Contracts and Grants and the System Member will sign.

The Project Administrator will alert, by email, the VCAP staff of all DCRs requested from the department. VCAP will coordinate with the Project Administrator before rejecting a DCR.

Cost transfers less than 90 days not requiring a justification form:

- Department Head or delegate
- Sponsored Research Services – VCAP/Payroll
- System Member fiscal/Payroll Office

Transfers over 90 days or those under 90 days requiring a justification form:

- PI – Under 90 days, a delegate signature is acceptable per system member policy. Over 90 days, delegate signatures are not allowed. This signature must be obtained prior to uploading the justification form.
- Department Head or delegate
- Dean/Director/CFO or delegate
- Sponsored Research Services – VCAP/Payroll
- System Member Research Office
- System Member Fiscal/Payroll Office

For TEES, approval is required from the PI and TEES Business Office and routed through EPIK for cost transfers under and over 90 days. However, TEES approvals will transition to the DCR module when the FAMIS implementation is complete.

## **Comments**

Every individual who is given delegation of authority on an account will need to have a “delegation of authority form” on file and be listed as a delegate on screen 52b and or 8b in FAMIS. The delegation of authority form can be found at (insert link from website). Ideally, this form could be completed within MAESTRO as part of the account set up and remain on file for each project.

## **Collections**

### **Definition**

Collections involve monitoring accounts receivable on project accounts.

### ***Roles and Responsibilities***

**Role:** Assist Accounts Receivable when requested to resolve overdue invoices.

**Responsibility:** Accounts Receivable is responsible for the collections process. The PA will be included in the process as an invoice becomes overdue.

### ***Procedure***

1. SRS Accounts Receivable will monitor an Aging Report of invoices and also provide a copy to System Members' collection contacts.
2. The PA will be copied on all communications to the sponsor once the invoice becomes 30 days overdue. The PA will assist Accounts Receivable when request to obtain sponsor contact information and/or review account to resolve invoice payment issues.



Invoices may be held for payment due to the following:

- Incorrect invoicing of unallowable expenditures
- Wire Fee not paid by sponsor
- Sponsor prior approval has not yet been received for change in PI, change in scope of work, change in allowing of previously restricted budget or purchasing requirements.
- Sponsor sent payment to incorrect ACH account.

3. When an invoice becomes 60 days overdue, Accounts Receivable will contact the PA to request permission to include the Principal Investigator in the communications to the sponsor. The PA should communicate with their C&G Director concerning halting work and freezing expenses on the project.

4. When an invoice becomes 90 days overdue, the PA will be copied on emails to notify the system member, SRS Business Support Services (BSS) Director and the Contracts & Grants (C&G) Director.

## **Funds Management**

### **Travel**

Project Administrator enters information in Maestro and accounting system to provide guidance to Travel department to determine allowability to a project. Obtains sponsor approval if required, and provides assistance for travel compliance. Some TAMUS departments enter information into Concur, which is routed to the SRS Travel group. The Project Administrator will be contacted if there are issues concerning travel.

Travel by faculty, staff, students, and eligible guests are administered through SRS to ensure proper implementation of reimbursement policies and procedures. Travel by any state employee on state business is categorized as either domestic or foreign. *Domestic travel* involves travel within and between the United States and its territories as well as Canada. In general, *foreign travel* is defined as travel outside of the United States, U.S. Territories and Possessions, Canada and Mexico. However, the definition of foreign travel differs from sponsor to sponsor.

#### *Reimbursement Policy*

Reimbursement policy is based on the documentation of reasonable and actual expenses. Only travel expenses related to project business and adequately substantiated will be reimbursed. Travel related expenses include: mileage, vehicle rental, air transportation, taxicab, shuttle, bus and subway services, train, parking, lodging and meals, telephone calls, internet, laundry cleaning, conference registration, and travel-related incidentals. When specific travel guidelines are included in the terms of a contract or grant, the provisions of that contract or grant govern the reimbursement. In cases when the sponsor is silent on travel requirements, SRS will apply federal travel requirements as the criteria for decision making. **Any travel on a State of Texas sponsored project will be subject to the State of Texas travel policy.** A number of factors impact approval of sponsored research awards to cover travel expenses.

Travel costs must be:

- **Allowable:** The travel must be allowed under the terms of the award.
- **Allocable:** The travel must be necessary to fulfill the programmatic objectives of the award charged for the travel expense.
- **Reasonable:** The travel costs are reasonable and not excessive; examples of excessive include stays at luxury hotels, expensive restaurants, the use of limousines, etc.

### *Statement of Commitment*

Travel in support of a sponsored activity is essential to successful project completion and accomplishment of the research mission of The Texas A&M University System. It is the responsibility of SRS to provide flexible and expeditious advances and reimbursements to the traveler while maintaining strict adherence to applicable state, federal, or sponsor requirements.

### **Tuitions, Scholarship, & Fellowships**

Tuition, Scholarship & Fellowships is processed through the department. The Project Administrator assists voucher compliance with questions regarding allowability and adds information to FRS 8 if tuition is allowed.

### ***Definition: Scholarship or Fellowship***

A Scholarship or fellowship is an amount paid to an undergraduate or graduate student to aid them in the pursuit of study or research. To qualify as a scholarship or fellowship, there can be no obligations of the student other than to remain enrolled in a degree planned and maintain qualifying requirements (e.g. minimum grade point average) of the award.

Payment for Scholarship and Fellowship- paid through the student information system.

Tuition will not be paid directly to the student, but only to the academic institution's respective student financial aid office. Only required fees and tuition may be reimbursed.

Allowable Fees may vary by agency.

Procedures may vary by agency.

The following excerpt is taken directly from OMB Circular A-21:

Tuition remission is governed by the policies and procedures of the degree granting academic institutions of the Texas A&M University System. It is the responsibility of each University to comply with the guidelines set forth in this regulation and in accordance with 2 CFR Part 220 (OMB Circular A—21), Section J.45.

### ***Section J.45 Scholarships and Student Aid Costs***

- a. Costs of scholarships, fellowships, and other programs of student aid are allowable only when the purpose of the sponsored agreement is to provide training to selected participants and the charge is approved by the sponsoring agency. However, tuition remission and other forms of compensation paid as, or in lieu of, wages to students performing necessary work are allowable provided that --
  - (1) The individual is conducting activities necessary to the sponsored agreement;
  - (2) Tuition remission and other support are provided in accordance with established educational institutional policy and consistently provided in a like manner to students in return for similar activities conducted in non-sponsored as well as sponsored activities; and
  - (3) During the academic period, the student is enrolled in an advanced degree program at the institution or affiliated institution and the activities of the student in relation to the Federally sponsored research project are related to the degree program;
  - (4) the tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work; and
  - (5) it is the institution's practice to similarly compensate students in non-sponsored as well as sponsored

activities.

- b. Charges for tuition remission and other forms of compensation paid to students as, or in lieu of, salaries and wages shall be subject to the reporting requirements stipulated in Section J.10, and shall be treated as direct or F&A cost in accordance with the actual work being performed. Tuition remission may be charged on an average rate basis.

## **Independent Contractors**

### *IRS Definition*

The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done. The earnings of a person who is working as an independent contractor are subject to Self-Employment Tax.

An individual is not an independent contractor if they perform services that can be controlled by an employer (what will be done and how it will be done). This applies even if the individual is given freedom of action. What matters is that the employer has the legal right to control the details of how the services are performed.

If an employer-employee relationship exists (regardless of what the relationship is called), the individual is not an independent contractor and their earnings are generally not subject to Self-Employment Tax.

### *Paying Individuals on a Sponsored Project*

If individuals are to be paid with project funds for services rendered, it is important to determine the employment status of such individual as to whether they should be classified as employees or independent contractors. An Independent Contractor Status Certification form <https://srs.tamus.edu/wp-content/uploads/2015/03/Independent-Contractor-Status-Certification.pdf> must be completed to determine the proper status of an individual.

The Independent Contractor Status Certification form should be completed by the Principal Investigator (PI) or a member of his/her staff. The form should not be completed by the individual to be paid. The completed form is usually received via email by the Project Administrator (PA) and should be forwarded to your Contracts and Grants Director for review and signature who will then forward to the Business Support Services Director for final review and approval. Once approved, the form is returned to the (PA). The PA should forward a copy of the approved document to the PI or his/her staff member informing them that the approved form should be attached to each Independent Contractor Invoice <https://srs.tamus.edu/wp-content/uploads/2014/06/Independent-Contractor-Invoice.pdf> for that individual. The PA should upload a copy of the approved Independent Contractor Status Request to Maestro in Initial Award Documents referencing the first and last names of the individual in the description field. *Approval is required prior to authorizing any payments to any individuals.*

For further information, refer to [OMB Circular A-21, Section J37 Professional Service Costs](#).

### *Payment to Former TAMUS Employees*

An individual who was previously employed by any member of The Texas A&M University System and whose termination date is within 12 months of the start date of the period of performance cannot be paid as an independent contractor. If this occurs, the individual must be paid through the TAMUS payroll system. This is a system-wide rule. Exceptions to the rule may be approved by the system member payroll office.

### *Cumulative Payment Amounts*

The following documentation is required:

Cumulative Payments up to \$9,999

- Approved Independent Contractor Status Request form
- Independent Contractor Invoice
- Other forms as required (W-9, W8-BEN, etc.)

Payments up to \$9,999 do not require an order requisition. Payments for TAMU projects are processed by the department through AggieBuy. An approved Independent Contractor Status Request form must be uploaded with the invoice in AggieBuy.

Cumulative Payments over \$10,000\*

- Approved Independent Contractor Status Request form
- Independent Contractor Invoice
- Other forms as required (W-9, W8-BEN, etc.)
- Order Requisition  
<https://srs.tamus.edu/wp-content/uploads//2014/02/Purchase-Order-Requisition.pdf>\*
- Sole Source Justification  
<https://srs.tamus.edu/wp-content/uploads//2015/02/Sole-source-equipment-services-combined.pdf>

For payments over \$10,000, SRS Purchasing will assign a “K” purchase order reference number and the funds will automatically be encumbered on the project. The purchase order may include deliverables if necessary. If an individual is previously approved for payments totaling less than \$10,000, an Order Requisition is not required. However, additional payments that would result in payments exceeding \$10,000 require a revised Independent Contractor Status Request form in addition to an Order Requisition (only required for amounts \$10,000 or more).

Payments over \$10,000 for TAMU projects will be processed by the department through AggieBuy. An approved Independent Contractor Status Request form must be uploaded with the invoice. TAMU Purchasing procedures will be followed for a purchase order.

\*A formal Consulting Agreement, in lieu of a purchase order, may be required depending on the scope of the services to be performed. In order to determine the proper relationship (purchase order vs. formal consulting agreement); refer to the Subrecipient vs. Contractor Determination Checklist. The form can be found at <K:\Contracts and Grants\Project Administration\Forms\SRS Forms> to decide if a formal Consulting Agreement is required and monitored by the Subaward Monitoring Group.

*Payments to Foreign Nationals*

Prior to authorizing any payments to a foreign national, please refer to the U.S. Department of State Directory of Visa Categories at <http://travel.state.gov/content/visas/english/general/all-visa-categories.html> and at <http://rules-saps.tamu.edu/PDFs/21.01.99.M0.01.pdf> for further information.

Payments to foreign nationals require the submission of a new Independent Contractor Status Certification form for each calendar year.

All payments to foreign nationals performing work in the United States should have a copy of their Glacier Tax Summary attached to each Independent Contractor Invoice.

All payments to foreign nationals performing work outside the United States should have a copy of their W8-BEN form attached to each Independent Contractor Invoice.

### *Miscellaneous*

- One Independent Contractor Status Request form for a general group of individuals (i.e. NSRA recipients, seminar participants, etc.) can be completed along with the ICSC log-template. The ICSC log-template can be found at [K:\Contracts and Grants\Project Administration\Forms\SRS Forms](#). This form lists the individual and answers the specific questions needed for each individual. The form is attached to the Independent Contractor Status Request and uploaded with the invoice
- The Voucher Compliance Department is responsible for tracking the payments to an individual to ensure the approved amount is not exceeded.

### *Object Codes*

The object codes vary between System Members.

#### 99-Research Foundation

5550 Professional Services

5571 Consultant Fee

#### Other System Members

5665 Contracted Services – Research Collaboration

5670 Other Contracted Services

### **Supplies and Other Direct Costs**

Per [OMB Circular A-21, Section D.1](#), direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or Facilities and Administrative (F&A) costs. F&A is also referred to as indirect cost.

Direct costs for a sponsored agreement should support the sponsored agreement's purpose and activity and are those costs that are necessary to meet the project's scientific and technical requirements. Direct costs charged to sponsored agreements must adhere to the sponsor's restrictions in the award document, and support the sponsor's programmatic intent.

### *Materials and Supplies*

Costs incurred for materials, supplies, and fabricated parts necessary to carry out a sponsored agreement are allowable. The following are common types of costs that should be directly charged to sponsored agreements when they can be specifically identified to the work performed under the agreements. These listings are not exhaustive:

- Research supplies (e.g., beakers and flasks, batteries, gaskets)
- Non-capitalized medical, scientific, and laboratory equipment
- Chemicals and gases
- Parts for machinery and equipment
- Farm, ranch, and nursery supplies
- Computer parts and supplies
- Computer software

### *General Office Supplies*

General office supplies are normally not allowable on State of Texas or Federal projects. However, when items normally considered as general office supplies are purchased for technical or scientific use on a project, charges may be allowable as direct costs if justified in the budget narrative or on the [A-21 Budget Justification form](#).

The definition of general office supplies includes such items as: paper, envelopes, paper clips, binder clips, notebooks, transparencies, rubber bands, legal pads, pens, pencils, markers, post-it notes, liquid paper, staples/staplers, tape/tape dispensers, clocks, calendars, paper punches, University stationery, desk organizers, file cabinets, file folders, printer paper, printer ribbons, toner cartridges, diskettes, zip disks, etc. These items may be allowable as direct costs with justification of unlike circumstances. (An example of a justification for paper, notebooks, and cartridges is the requirement of the scope of work to produce a 300-page manual and distribute it to 200 participants.)

The definition of general office supplies does not include laboratory notebooks, laboratory coats/"scrubs"(and cleaning); poster board, photographic supplies, cd's, plotter paper, plotter pens, or batteries, and these items are allowable as direct costs without justification. The definition of office supplies does not include general-purpose software and site licenses (e.g., Word, Excel, GroupWise, etc.). General-purpose software is allowable to be purchased on projects. The sponsor's guidelines for purchasing general-purpose equipment should be followed.

The definition of office supplies does not include computer items such as computer parts, memory cards, cables, surge protectors, etc., and these items are allowable as direct costs.

#### *Other Direct Costs*

Other direct costs include items, except indirect cost, such as:

- Contractual services (e.g., soil analysis, cyclotron services, photographers, videotaping services)
- Travel
- Rent and other facility costs of off-campus facilities
- Other professional services (e.g., architectural and engineering services)
- Reproduction services
- Communications services
- Maintenance and repair costs
- Professional services costs
- Transportation costs

#### **Indirect Costs (Facilities and Administrative Costs)**

The total cost of conducting a sponsored research project consists of direct costs and facilities and administrative costs (also referred to as indirect costs). Direct costs are those costs which can be identified, with relative ease and with a high degree of accuracy, specifically with a particular project. Some examples of direct costs are salaries and wages, costs of materials, supplies, equipment and travel expenses. Facilities and administrative (F&A) costs are not always identified as easily because they are incurred for common or joint objectives. Examples of F&A costs are depreciation of buildings and equipment, utilities and building maintenance, library materials, and general administrative overhead. Direct costs are itemized in the project budget. F&A costs are shown as a percentage in a single line entry. Regardless of whether a cost is categorized as a direct cost or as an F&A cost, consistent treatment must be given to similar costs for the same purpose.

The majority of research sponsorship within The Texas A&M University System (TAMUS) comes from the Federal government. The TAMUS F&A cost rate is negotiated by System officials by the U.S. Department of Health and Human Services (DHHS). The negotiations establish the F&A cost as a percentage of modified total



direct costs (MTDC) of sponsored research. MTDC is calculated as total direct costs minus the cost of certain items such as equipment, renovation, training stipends and individual subawards over \$25,000.

The F&A rate varies depending on the type of activity the project is. Please refer to the Facilities and Administrative Cost Rate Agreement found at for the most current F&A rates.

Some sponsors impose restrictions on F&A costs attributed to certain programs. A reduction to the current F&A rate must be approved during the proposal process.

<https://srs.tamus.edu/contracts-and-grants/proposal-preparation-and-submission/>

### ***Definitions***

#### **F&A Cost Rate**

The ratio, expressed as a percentage of an organization's total F&A costs to its direct cost base.

#### **Provisional F&A Cost Rate**

A temporary rate established for a given period to permit funding and reporting of F&A costs pending the establishment of a permanent rate for the period. When a permanent rate is established, the F&A costs reimbursed based on the provisional rate are adjusted upward or downward to reflect the costs based on the permanent rate.

#### **Final F&A Cost Rate**

A permanent rate established after the actual costs for a given fiscal year of the organization are known and the actual amount of F&A costs applicable to federally sponsored programs have been determined. This type of rate is not subject to subsequent adjustment.

#### **Predetermined F&A Cost Rate**

A permanent rate established for a future period based on an estimate of the costs of that period. Except under very unusual circumstances, this type of rate is not subject to subsequent adjustment.

#### **Fixed F&A Cost Rate**

A permanent rate that has the same characteristics as a predetermined rate. However, unlike a predetermined rate, the difference between the estimated costs used to establish the fixed rate and the actual costs of the period covered by the rate is "carried forward" as an adjustment to the rate computation of a subsequent period.

#### **F&A Cost Proposal**

The documentation prepared by an organization to substantiate its claim for the reimbursement of F&A costs. This proposal provides the basis for review, audit, and negotiation leading to the establishment of the organization's F&A cost rate(s).

#### **Negotiation Agreement**

The document that formalizes the establishment of F&A cost rates and provides information on the proper application of the rates.

#### **Off-Campus Rate**

An off-campus indirect cost rate is used when a major portion of the total work to be performed is conducted in facilities not owned, operated, or maintained by the System.

#### **Calculating/Auditing F&A Costs on MTDC Projects:**

1. Take total balance available
2. Add total outstanding encumbrances
3. Add current month expenses
4. Subtotal (For TDC projects, skip step 5.)
5. Subtract any exempt expense codes in available, encumbered and current month expenses
6. Total
7. Divide by 1.indirect rate (for example 1.485)
8. This equals the amount of direct dollars.
9. Multiply by the indirect rate (for example .485).
10. This equals the amount of indirect cost.

## **Indirect Cost (F&A) Discrepancies**

### ***Definition***

Indirect cost (IDC) discrepancies can occur when a cost charges that is indirect exempt and was not budgeted or more costs charge than was budgeted that are exempt from the calculation of the indirect.

### ***Roles and Responsibilities:***

**Role:** To ensure that indirect is properly charged to a project.

**Responsibility:** The PA is responsible for auditing the accounts for out of balance indirect cost.

### ***Procedure:***

1. Take total balance available from FRS screen 69.
2. Add total outstanding encumbrances.
3. Add current month expenses.
4. Subtotal. For Total Direct Cost (TDC) projects, skip to step 7.
5. Subtract indirect exempt available, encumbered amounts and current month exempt expenses. exempt expenses.
6. Total
7. Divide by 1.indirect rate (i.e. 1.45 for 45%).
8. This equals the amount of direct dollars.
9. Multiply by the indirect rate (i.e. .45).
10. This equals the amount of the indirect.
11. Adjust the budget accordingly. If excess in indirect, the budget should be adjusted to move to total direct cost. If shortage in indirect, the budget should be adjusted to move from total direct cost.
12. Before an adjustment is made to the budget, the award document should be reviewed to check that sponsor approval may be needed. If sponsor approval is not required, the adjustment can be made.

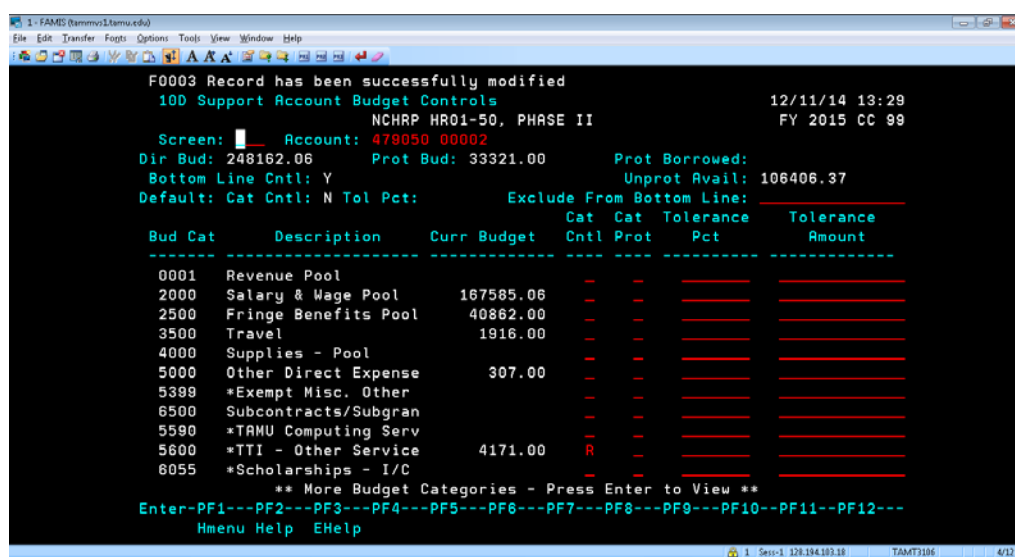


## FAMIS Rebudgeting and Expense Controls

As expenses are incurred on an account, FAMIS automatically allows funds remaining in one budget category to cover overages in others. For example, if cumulative supply expenditures exceed the total supply budget, invoices will continue to be paid as long as funds are available in the total direct cost categories of the account. While this is acceptable on projects with rebudgeting flexibility, agreements that limit rebudgeting between categories, or that include funds that are exempt from indirect costs must be more closely monitored. Setting flags within FAMIS to control spending and automatic rebudgeting will reduce problems such as spending in unapproved categories or overspending in others.

There are three mechanisms for controlling how funds are spent or rebudgeted within FAMIS:

1. Category Control Flag (R): Screen 10D allows flags to be set to restrict funds at the budget category or expense code level. Placing an “R” flag on a specific budget line item will prevent that budget category from incurring expenditures greater than the amount budgeted.



F0003 Record has been successfully modified  
10D Support Account Budget Controls 12/11/14 13:29  
NCHRP HR01-50, PHASE II FY 2015 CC 99

Screen: Account: 478050 00002  
Dir Bud: 248162.06 Prot Bud: 33321.00 Prot Borrowed:  
Bottom Line Cntl: Y Unprot Avail: 106406.37  
Default: Cat Cntl: N Tol Pct: Exclude From Bottom Line:

Bud Cat	Description	Curr Budget	Cntl	Prot	Pct	Tolerance Amount
0001	Revenue Pool		-	-		
2000	Salary & Wage Pool	167585.06	-	-		
2500	Fringe Benefits Pool	40862.00	-	-		
3500	Travel	1916.00	-	-		
4000	Supplies - Pool		-	-		
5000	Other Direct Expense	307.00	-	-		
5399	*Exempt Misc. Other		-	-		
6500	Subcontracts/Subgran		-	-		
5590	*TAMU Computing Serv		-	-		
5600	*TTI - Other Service	4171.00	R	-		
6055	*Scholarships - I/C		-	-		

\*\* More Budget Categories - Press Enter to View \*\*  
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---  
Hmenu Help EHelp

In the example above, there is a total of \$4,171 budgeted for “TTI – Other Services”. Placing an “R” to restrict the funds under the category control flag will allow up expenditures up to \$4,171. To post charges in excess of \$4,171, funds must be manually rebudgeted or else the flag must be removed.

When setting up a new project, the Category Control flag can be set to default to “R” to “reject if over budget.” Setting the category control flag in this way will make all categories reject when overspent. Using screen 10D allows individual categories to be controlled.

2. Category Protection Flag (P): Placing the “Protection” flag on a budget category keeps those funds from being used to cover overspending in other categories.

1 - FAMIS (tammvs1.tamu.edu)

File Edit Transfer Fonts Options Tools View Window Help

F0003 Record has been successfully modified  
052 Support Account Attributes 2 12/12/14 10:34  
FY 2015 CC 12

Screen: Account: 600451 00001 SWUTC ADMINISTRATION SRS: Y

Accountant Resp: 304000201 WALKER, MARCIA A Funding:

Foreign Per: Admin/Clerical: Y  
Pysl Acct Anal: TE Certify: Y  
Int Exempt: Int Exe Reason:   
Interest Acct: 193007 00000  
ETravel Fee:   
Obj Trans --- Subcode Edits ---  
Cat Type Low High Match  
Cost Ref 1: 4010 4010 N  
Cost Ref 2:   
----- Responsible Persons -----  
1: 917003200 TOOLEY, MELISSA S  
2:   
3:   
4:   
\*\*\* All fields entered on this screen override fields on the Parent SL \*\*\*  
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---  
Hmenu Help EHelp AResp

1 Sess-1 128.194.103.18 TAMT3106 4/12

Funds are protected for several reasons: If some budget line items are exempt from indirect costs while other funds are not, they should be protected. When exempt funds are used to cover non-exempt expenses (such as supplies, payroll, etc.), an indirect cost deficit will occur. The deficit must be corrected and may result in having to remove charges from the project.

- Subcode edits are another means of controlling expenses on an account. Subcode edits differ from the “R” and “P” flags in that they allow actual expense codes to be blocked on the project, in order to exclude unallowable expenses.

1 - FAMIS (tammvs1.tamu.edu)

File Edit Transfer Fonts Options Tools View Window Help

F0003 Record has been successfully modified  
100 Support Account Budget Controls 12/11/14 16:33  
NCHRP HR01-50, PHASE II FY 2015 CC 99

Screen: Account: 479050 00002

Dir Bud: 240162.06 Prot Bud: 37492.00 Prot Borrowed:   
Bottom Line Cntl: Y Unprot Avail: 103251.15  
Default: Cat Cntl: N Tol Pct: Exclude From Bottom Line:

Bud Cat	Description	Curr Budget	Cat Cntl	Prot	Tolerance Pct	Tolerance Amount
0001	Revenue Pool		-	-		
2000	Salary & Wage Pool	167585.06	-	-		
2500	Fringe Benefits Pool	40862.00	-	-		
3500	Travel	1916.00	-	-		
4000	Supplies - Pool		-	-		
5000	Other Direct Expense	307.00	-	-		
5399	*Exempt Misc. Other		-	-		
6500	Subcontracts/Subgran		-	-		
5590	*TAMU Computing Serv		-	-		
5800	*TTI - Other Service	4171.00	-	P		
6055	*Scholarships - I/C		-	-		

\*\*\* More Budget Categories - Press Enter to View \*\*\*  
Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---  
Hmenu Help EHelp

In the example above, office supplies are not an allowable cost on the project. By adding the expense code – 4010 – “Supplies – Office General” and an “N” flag under the “Match” field, any invoices classed as 4010 will be unable to post and will be rejected. If it is determined that an expense is allowable using this subcode, the subcode edit must be removed or the match flag must be temporarily changed to “y” to allow the expense to post.

Very rarely, expenditures may be allowed in categories that are typically not allowable on sponsored projects, such as alcohol. In these cases, the subcode will need to be added in the “Low” and “High” fields, and the “Match” field should be set to “Y”.

## Carry Forward

Some sponsors automatically allow remaining funds to be carried forward from one budget period to the next, while others restrict the transfer of these funds to the next budget period. This is known as “carryforward”. If a sponsor allows funds to be transferred from one budget year to the next without sponsor approval, the continuation funds are added to the current subsidiary ledger and support accounts. The cumulative expenses for all years will be reported to the sponsor. If a sponsor does not automatically allow the remaining funds to be carried forward from one budget period to the next, a new subsidiary ledger account must be established for the next year’s funding. The new account should retain the first five-digits of the original account, and each subsequent year will be added to the original account number. (For example, year one account is 498071, year 2 would be 498072, year 3 would be 498073, etc.) The expenses will be reported separately for each year of funding.

Carryforward is *usually* allowed for the following sponsors; however, each award document must be reviewed to determine if there are restrictions for that specific award:

- National Aeronautics and Space Agency (NASA)
- National Institutes of Health (NIH)
- National Science Foundation (NSF)
- Office of Naval Research (ONR)
- U.S. Department of Commerce (DOC)
- U.S. Department of Education (DOEd)
- U.S. Department of Energy (DOE)
- U.S. Department of Agriculture (USDA)

Carryforward is *usually not* allowed for State of Texas projects and prior approval is required to transfer remaining funds from one budget period to the next:

Some sponsors have restrictions regarding the automatic carryforward up to a specific amount:

For example, the National Space Biomedical Research Institute (NSBRI) restricts the amount of carryforward to a maximum of \$5,000 each year. We can automatically carryforward up to \$5,000 but we are required to request approval for amounts exceeding this threshold. Because of this restriction, a new subsidiary ledger for each year of funding must be established in order to track the funding correctly.

## Fixed-Rate Agreements

### *Definition*

A fixed-rate agreement is an award that is billed by a fixed-rate per objective or level of effort for a not-to-exceed amount stated in the agreement. Fixed rate agreements are commonly used for testing agreements, clinical trials, indefinite delivery, indefinite-quantity contracts, instruction agreements with foreign sponsors, etc.

A testing agreement is a type of an award used to facilitate testing of a specific compound, material, device, process or feature and is usually billed by fixed rate per test or analysis as specified in the agreement.

A clinical trial is any research study that prospectively assigns human subjects or groups of humans to one or more health-related interventions to evaluate the effects on health outcomes (drugs, biologics, treatments,

devices, or new ways of using known drugs, biologics, treatments, or devices). They are usually billed by fixed rates as specified in the agreement.

An indefinite delivery, indefinite quantity contract (IDIQ) is a type of an award that provides for an indefinite quantity of services for a fixed time for a not-to-exceed amount. Awards may be for base years and options years. Purchase orders or task orders are issued under the basic contract (or master agreement) for a specified quantity and amount. Task orders may be cost-reimbursable, fixed-price or fixed rate orders.

### ***Roles and Responsibilities***

To assist Accounts Receivable (AR) in billing the sponsor the correct billing rates and to ensure the budget is set up correctly. The Project Administrator (PA) is responsible for monitoring and reconciling the balances to ensure spending within the budget and to prevent over-expenditures.

### ***Procedure***

1. Carefully review the award document to determine how the project will be billed, the funding will be issued and the budget/account should be set up. Fixed-rate agreements are marked as cost reimbursable in Maestro on the General Screen; however, sponsor payments are based on the services delivered (fixed-rate multiplied by the units delivered) and not on costs incurred. In addition, a statement should be made in the Summary Notes under the action. The statement should explain what the action is and how it should be billed (i.e. fixed-rate agreement billed by approved rates in the award, funding of a task order or purchase order for the amount of funding, etc.). The statement provides instructions for AR that the project will be billed by fixed-rates. Each time funding/budget is added to the account; an action is started as a supplement.

- a. *Testing agreement*

One account is set up. Budget is set up based on the not-to-exceed amount of the agreement. The billed rates to the sponsor are specified in the agreement. The Principal Investigator (PI) or his/her delegate will provide the information to bill the sponsor each month, quarter or by analysis completed, depending on the terms and conditions of the award.

The PA will review the rates and compare against the approved rates in the agreement. The PA will also ensure that the total amount billed to date does not exceed the total funding of the agreement. The PA will forward to AR to bill the sponsor.

- b. *Clinical Trials*

One account is set up for billed rates. If the clinical trial also includes reimbursable costs such as travel, a separate support account is set up. Budget is set up based on the terms and conditions of the agreement. For instance, some clinical trials are based on an advance payment with future payments. Future payments are based on the number of subjects enrolled in the study. A budget is set up for the advanced payment and any further payment amounts are added to this budget as they are received. For clinical trials that are billed each month, a budget is set up for the not-to-exceed amount of the agreement.

The Principal Investigator (PI) or his/her delegate will provide the information to bill the sponsor each month, quarterly or analysis/study completed, depending on the terms and conditions of the agreement. The PA will review the rates and compare against the approved rates in the agreement. The PA will also ensure that the total amount bill to date does not exceed the total funding of the agreement. The PA will forward to AR to bill the sponsor.

Reimbursable costs are billed separately. As a precaution, the PA should monitor the account for any costs that have charged to the cost reimbursable subaccount and notify AR to bill the reimbursable costs.

c. *IDIQ (Task Orders or Purchase Orders)*

A separate subsidiary (SL) account is set up for each task order or purchase order under one M number. One account is set up for billed rates. If the task order/purchase order also includes reimbursable costs such as travel, a separate support account is set up.

The budget is set up based on the budget of the task order/purchase order. The Principal Investigator (PI) or his/her delegate will provide information on number of analyses, tests, etc. completed for each invoice. The PA will review the information and forward to Accounts Receivable to prepare the invoice. The PA will ensure that the total amount to date does not exceed the total funding of the task orders/purchase orders and that total expenses do not exceed the amount invoiced.

Reimbursable costs are billed separately. As a precaution, the PA should monitor the account for any costs that have charged to the cost reimbursable subaccount and notify AR to bill the reimbursable costs.

d. *Instruction Agreements - Foreign Sponsors*

One account is set up for the billed rates. If the instruction agreement also includes reimbursable costs such as travel, a separate support account is set up. The budget for the fixed-rate portion is not set up until payment is received. An estimate from the PI is obtained for the budget for reimbursable costs and set up in the separate support account.

Advance invoices are billed to the sponsor for the fixed-rate portion of the agreement. The Principal Investigator (PI) or his/her delegate will provide the billing information to the PA in order to bill the sponsor for the advance payment. The PA will forward to AR to bill the sponsor. When payment is received, a copy of the payment information is used as the award document to set up the budget.

Reimbursable costs are billed separately. As a precaution, the PA should monitor the account for any costs that have charged to the cost reimbursable subaccount and notify AR to bill the reimbursable costs.

2. A fixed-rate agreement cannot be closed until all payments are received. When closing the account, the PA will review the account to determine the amount that will be transferred to the departmental residual account.
  - a. Take the total actual revenue less total actual expenses from FRS Screen 34. The difference is the amount that is remaining.
  - b. Take the difference and divide by 1.indirect cost rate (i.e. 1.455 for 45.5%). This equals the amount of direct dollars that is transferred to the departmental residual account.
  - c. Take the amount of direct dollars and multiply by the indirect rate (i.e. .45). This equals the indirect amount that is transferred to the System member.
  - d. When closing the account in Maestro, add to the Admin Notes the following:

This is a fixed-rate agreement. Total amount billed = \$x,xxx; total amount paid = \$x,xxx; total actual costs = \$x,xxx. Total amount paid less actual costs = \$x,xxx. Total direct cost remaining = \$x,xxx; total indirect remaining = \$x,xxx. Move total direct cost remaining of \$x,xxx to departmental residual account xx-xxxxxx-xxxxx.

- e. Follow Closeout Process procedures from the desk manual if total remaining is more than 25%.

## **Program Income**

For federal funds awarded under OMB Circular A-21, refer to OMB Circular A-110, Subpart C.24 for guidance.

Effective 12/26/2014, refer to Uniform Administrative Requirements *200.80 for Program Income which states:*

Program income 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 except as provided in §200.307 paragraph (f). (See §200.77 Period of performance.) Program income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under Federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with Federal award funds. Interest earned on advances of Federal funds is not program income. Except as otherwise provided in Federal statutes, regulations, or the terms and conditions of the Federal award, program income does not include rebates, credits, discounts, and interest earned on any of them.

### *Types of Program Income*

Common types of program income are fees from conferences and the sale of pamphlets or conference materials. Other examples include:

- Income from fees for services performed such as lab tests,
- Proceeds from the sale of products such as software, tapes, or publications,
- Proceeds from the sale of research materials such as animal models,
- Fees from participants in conferences or symposia,
- Proceeds from the sale or rental of equipment, supplies or property purchased with project funds
- License fees and royalties from patents and copyrights.

Determining whether a project will generate program income depends on self-disclosure by the Principal Investigator at the time of the proposal submission and/or receipt of award document. There may be cases when program income is not anticipated during the proposal preparation process and arises out of opportunities that occur during the life of the award. In these situations, the Principal Investigator is responsible for working with their Project Administrator so that the situation can be properly tracked and reported to the funding agency. This will be documented as part of the Terms and Conditions in Maestro and included on the Sponsored Project Summary.

Principal Investigators must be able to identify and document program income on projects from both federal and non-federal sponsors. The nature of this income must be appropriately documented and the resulting revenue properly recorded. The monies generated should be forwarded directly to SRS Cash Management for deposit into the appropriate account.



Indirect costs are not charged on program income. A proposal is not routed for program income. A separate S/L is established for the program income account. Costs charged to the program income account are incurred in accordance with the terms of the award. Costs must be charged to the program income account first, and all funds must be spent prior to the end date of the Federal project. Income earned after the period of the project is not considered to be program income and is not reported to the sponsor.

The sponsor guidelines should be checked to determine the requirements for managing and reporting program income. Program income revenue can be handled in one of four ways, depending on the sponsor's policies:

1. **Matching Method:** Program income is used to finance the non-sponsor or non-federal share of the project.
2. **Additive Method:** Program income is added to the amount allowable for project costs.
3. **Deductive Method:** Program income is deducted from the amount reimbursed by the sponsor.
4. **Add/Deduct Method:** The addition method is used up to an agency dollar limit. After that point, the deduction method is used.

**Example:** A sponsor awards \$100,000 for a project. The project generates an income of \$30,000.

- **Matching Method:** If the System Member were required to supply matching funds, e.g., \$50,000, the System Member would now have to provide \$20,000.
- **Additive Method:** The total project cost could be \$130,000.
- **Deductive Method:** The sponsor will now only fund \$70,000 of the project's costs.
- **Add/Deduct Methods:** If the sponsor limit is \$25,000, the amount of \$25,000 will be added to the total project cost, but \$5,000 will be deducted from the sponsor's payment to reduce it to \$95,000. The total amount available is \$125,000.

### *Identifying and Recording Program Income*

When program income is generated, the Principal Investigator documents the activity that generated the income (e.g., sales of goods or services, etc.) and instructs the buyer/attendee to send payments to SRS Cash Management. Appropriate records should be maintained by the Principal Investigator.

All monies collected should be forwarded directly to SRS Cash Management for deposit. Checks are logged in at the front desk/receptionist when received, and forwarded to Cash Management for electronic deposit. The Cash Management Department notifies the appropriate Project Administrator when program income is received and will include the account and deposit number for reference. The Principal Investigator should maintain documentation that shows evidence of:

- Receipts given to buyers, attendees, etc.
- Goods or services that generated the income.
- Number of units sold and unit cost.
- Information identifying the buyers, attendees, etc.

### *Monitoring Program Income*

The Principal Investigator should monitor the receipt and recording of program income. If the Principal Investigator believes that program income has been generated and deposited but is not appearing on the project, he or she should contact the SRS Project Administrator to track the income and resolve any discrepancies.

### *Reporting Program Income*

SRS Accounts Receivable is responsible for reporting program income to the sponsoring agency via the financial reports.

### *Program Income Set-Up Procedure*

1. A project action is required to establish the program income account and any subsequent revenue received. The Project Administrator will process an award action in Maestro and will use a separate S/L under an existing Maestro record to track program income.
2. The budget for program income should mirror the amount of funds deposited into the program income account.
3. The following attributes are listed in Maestro/FAMIS:
  - **Action:** New Award or Supplement as additional program income is added to account.
  - **Funding Type:** Fixed Price
  - **Sponsor:** Use “Various” as the sponsor for all program income accounts
  - **Period of Performance:** The same project period is used for the existing project’s program income account.
  - **Title:** “Program Income [Use Existing Project Title]”
  - **Amount:** Enter applicable amount
  - **Indirect Cost:** None
  - **Revenue Code:** 0269 (All System Members)
  - **IDC Expense Code:** Not Required
  - **IDC Revenue Code:** Not Required

If not listed above, the same information is used for the program income account that is used for the existing project.

4. Upon completion of the award set-up, a Sponsored Project Summary is distributed accordingly. Documentation of the payment (copy of check, electronic payment, etc.) is used as the award document.

### *Budget/Revenue*

The Project Administrator will verify that the Estimated Revenue Budget is equal to the Actual Revenue posted to FAMIS by referring to FRS Screen 19. If it does not match, the Project Administrator will research to see if a deposit was posted to FAMIS without a budget increase. To locate the deposit, refer to FAMIS screen 49 and enter the SL, month, reference number 2, and “R” for revenue. The Project Administrator may need to look in several previous months to locate any deposits. If a deposit was made in a particular month, it will appear with a “D” (deposit) number which can be viewed in Laserfiche.

If the deductive method is used, the sponsor will fund a reduced amount equal to the amount of program income received. If expenses on the original account are greater than the revised



sponsor payment amount, expenses are moved to the program income account, and the estimated revenue and expense budgets are reduced accordingly.

### *Program Income Closeout*

Any residual program income funds are to be handled according to the terms and conditions of the award. Unless the federal awarding agency regulations or the terms and conditions of the award state otherwise, recipients shall have no obligation to the federal government regarding program income earned after the end of the project period.

## **Internal Reports**

### **Project Administrator Account Summary**

Every week, a SRS PA Account Summary is emailed to the Project Administrator by Business Support Services as a tool to help monitor the accounts. The summary is a listing of the Project Administrator's accounts. A review of the summary is made to check bottom line control flags, indirect cost frequency, revenue, budget, negative balances remaining, and costs charging to the SL instead of the SA. A weekly review should be done, as well as a more in-depth review every 4-6 weeks.

#### **Weekly Review – Weekly SRS PA Account Summary**

- Highlight in “yellow” all of the accounts that have ended 30 more days ago
- Check Bottom Line Control Flag w/SA Bottom Line Control Flag. The Bottom Line Control Flag should be marked as “Y”. Update screen 44 and 54 if Bottom Line Control Flag is marked as “N”.
- Check Indirect Cost Frequency MEMO Field w/Check IDC Frequency Flag. Indirect Cost Frequency should be marked with a “M” if indirect costs are to charge to the account. If indirect should not charge to the account, the account should be marked as “N”. Changes to this field are made in Maestro (see Maestro Manual).
- Review Remaining Direct and Remaining Indirect. If either are deficit, please review and take necessary action to correct.
  - Costs should not charge to the SL if SAs exist. If a cost charges to the SL a cost transfer is necessary to move from the SL to the SA. Extension (07) can charge at the SL for accounts that were established prior to 7/1/14. Tarleton (04) can charge at the SL for accounts that were established prior 12/31/14.
  - If Remaining Direct is deficit, a cost transfer may be necessary.
  - If Remaining Indirect is deficit, calculate that the indirect is calculating correctly. Make adjustments if necessary. A cost transfer may be necessary.
- Check the Actuals Over Budget Column. Notation may be Revenue Actuals Over Budget or Expense Actuals Over Budget. If notation, please check and make necessary updates, as needed.
- Recommended to file Save As and label the report by date (i.e. Weekly SRS PA Account Summary 12012014).

#### **In-Depth Review – Recommended every 4-6 weeks**

- Begin with the Steps above for Weekly Review
- Begin with FAMIS FRS Scr 009 – review Total Awarded Amount. Toggle to FRS Scr 34 and confirm the Revenue Budget and Expense Budget are in balance and total the Awarded Amount of the project. If not, further analysis is needed.

- Review end dates of the account. If project is for a duration of 12 months and you are six months in; review the expenses to date on FRS Scr 34 and see what percentage (i.e. burn rate) the project is at. If 25% or less has been spent to date; email Principal Investigator (PI) as FYI
- Check Actual Revenue posted on FRS Scr 34 (Screen Shot below); Check Invoice Line Item by Account FRS Scr 634 (Screen Shot below); Check Transaction Inquiry by Account FRS Scr 23 (Screen Shot below)
- Check the Account line on report. The first SA Account should be 00000. If not, do a search and find it on your worksheet. The end date may have been entered incorrectly from the Prime
- Check Status Code. If the end date has not been reached and the project is in "C" closing status; verify that this correct

1 - FAMIS (tammvs1.tamu.edu)

File Edit Transfer Fonts Options Tools View Window Help

034 SL Summary By Budget Pool 12/04/14 16:17  
 SURVEY OF POSTMORTEM AGING TIMES FO FY 2015 CC 06  
 Screen: Account: 407263 Fiscal Year: 2015  
 Thru Month: 12 December FY/PY/IN to Date: IN Calc CM IDC: N  
 Resp Person: SAVELL, JEFFREY W Bottom Line Exclusion: 0.00  
 Department: ANSC Flags: D F B C Z G ABR Net Dir BBA: 75000.00  
 Map Code: 40050 N N Y R N 001 Unprotected Available: 75000.00  
 Obj C P Budget CM Actual Actual Encumbrances Available

0001		100000.00-		100000.00-		
***		100000.00-		100000.00-		
1000		100000.00		25000.00		75000.00
***		100000.00		25000.00		75000.00
9600						
***		100000.00		25000.00		75000.00
* Total		.00	.00	75000.00-	.00	75000.00

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---  
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1 Sess-1 128.194.103.18 TAMT1843 4/12

1 - FAMIS (tammvs1.tamu.edu)

File Edit Transfer Fonts Options Tools View Window Help

F2408 Select Line Item to proceed to Screen 636  
634 Invoice Line Item By Account

12/04/14 16:18  
FY 2015 CC 06

Screen:  Account: 407263 00000 Invoice:   
Include Line Items with Zero Balance: Y  
Supp

PANEL: 01 MORE >>

Sel	Invoice Ln	Acct	Customer	Due Date	Amount	Amt Paid
—	M002375 1	00000	NATIONAL CATTLE	07/30/2014	50000.00	0.00

\* Total \* 50000.00 0.00

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---  
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1 Sess-1 128.194.103.18 TAMT1843 4/12

FY2014

1 - FAMIS (tammvs1.tamu.edu)

File Edit Transfer Fonts Options Tools View Window Help

023 Transaction Inquiry by Account

12/04/14 16:18  
FY 2014 CC 06

SURVEY OF POSTMORTEM AGING TIMES F

Screen:  Account: 407263  Ref: 2 Direct/Indirect: D  
Bank Option: N

Sbcd	TC	Ref 2	Date	Description	Amount	I	BatRef	Offset	Acct
0001	020	A410731	07/29	Revenue Pool	100,000.00-	C	SWAL26		
0255	065	M002375	08/31	NATIONAL CATTLEMEN	50,000.00-		ARSG00	040050	1300
1000	020	A410730	07/29	All Expense Pool	100,000.00	D	SWAL26		

\* End Of Data \*

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Hmenu Help EHelp View DLoad Left Right

1 Sess-1 128.194.103.18 TAMT1843 4/12

FY2015

023 Transaction Inquiry by Account

SURVEY OF POSTMORTEM AGING TIMES F

Screen: \_\_\_\_ Account: 407263 Ref: 2 Direct/Indirect: D Bank Option: N

12/04/14 16:19  
FY 2015 CC 06

Sbcd	TC	Ref 2	Date	Description	Amount	I	BatRef	Offset	Acct
0001	027	BBF2014	09/01	PROJECT BUDGET FOR	100,000.00-	C	BBPJ01		
0255	030	D560009	09/04	NATIONAL CATTLEMEN	50,000.00-	C	J00009		
0255	098	BBF2014	09/01	PRIOR YEAR ACTUALS	50,000.00-	C	BBPA01		
1000	027	BBF2014	09/01	PROJECT BUDGET FOR	100,000.00	D	BBPJ01		
5670	061	0000365	10/01	ANALYSIS	25,000.00		IDT800	203026	0624

\* End Of Data \*

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## Salary Compliance

### NIH: National Institutes of Health

Salary Cap/Salary Limitation is contained in the NIH Grants Policy Statement; Part II: Terms and Conditions of NIH Grant Awards Subpart A: General-4.2.10

No funds shall be used to pay the salary of an individual at a rate in excess of the applicable salary cap. Awards and future funding years should be adjusted accordingly. Current salary cap levels can be found at [http://www.grants.nih.gov/grants/policy/salcap\\_summary.htm](http://www.grants.nih.gov/grants/policy/salcap_summary.htm)

Ruth L. Kirschstein National Research Service Awards, (NRSA), are made on or after October 1<sup>st</sup> annually. Levels apply to all individuals receiving support through institutional research training grants or individual must reflect the current stipend levels. Current NRSA budgetary levels can be found at <http://grants.nih.gov/training/nrsa.htm> under NRSA Policy Issues.

### NSF: National Science Foundation

Salary policy is contained in the GPG Chapter II.C.2.g. (i)

NSF limits salary compensation for senior project personnel to no more than two months of their regular salary in any one year. This limit includes salary compensation received from all NSF-funded grants. This effort must be documented in accordance with the applicable cost principles. If anticipated, any compensation for such personnel in excess of two months must be disclosed in the

proposal budget, justified in the budget justification, and must be specifically approved by NSF in the award.

### **CPRIT: Cancer Prevention and Research Institute of Texas**

Salary policy is currently contained in the Proposal Application. It will be part of the financial policies and procedures guide CPRIT is currently working on.

[http://www.cprit.state.tx.us/images/uploads/policies\\_and\\_procedures.pdf](http://www.cprit.state.tx.us/images/uploads/policies_and_procedures.pdf)

CPRIT limits salary compensation at \$200,000 and fringe benefits may not exceed 35% of requested salary.

Personnel Level of Effort (PLOE) form. In the CPRIT Grants Management System (CGMS), you must update the PLOE when you have changes in the level of effort, changes in the roles on the project and if you had “to be named” personnel during proposal submission, you must name the individual. These updates are made under the Change requests tab in the CGMS system.

### **AHA: American Heart Association**

Salary policy is currently contained in the Award Guide and would vary depending on the Program Type and the Awarding Funding Component (National Center or Southwest Affiliate)

[http://my.americanheart.org/professional/Research/AwardsManagement/Awards-Management\\_UCM\\_316911\\_SubHomePage.jsp](http://my.americanheart.org/professional/Research/AwardsManagement/Awards-Management_UCM_316911_SubHomePage.jsp)

## **Project Closing**

### **Closeout Process**

Project closeout finalizes all project activities completed across all phases of the project to formally close the project.

### ***Procedure***

1. The Project Administrator receives a closeout report each month from Business Support Services. This report lists the accounts that will close within 90 days from the current end date of the project.
2. 90 days prior to end date: determine whether the project will be ending. Email the business administrator and/or PI to ask if SRS should submit a request for a no-cost extension.
3. 30 days prior to end date: follow up with the business administrator and/or PI; inform them of the final invoice date, freeze date, and final technical report due date. Request a status on any unresolved issues, start correction processes if there are any deficits.
4. On end date: Email the business administrator and/or PI; Inquire about any additional charges on the account. If charges have been received/posted at SRS, determine the following prior to starting the closeout process:
  - Ensure charges that may have posted after the end date occurred during the budget period
  - There are no encumbrances on the account
  - Verify the expense budget equals the revenue budget
  - Verify with SMG that all subaward final invoices have been received and paid

- Verify the account is not in deficit
5. After confirmation of the above items, verify in Maestro that all final deliverables are listed (federal, federal-flow through, and state only). If no final deliverables are required, note this in the Maestro Admin Notes section. Change the Maestro billing screen status to “Financially Closed.” Change the Maestro general screen project and financial statuses to “Closing.” Set the flags in FAMIS to freeze direct expenses (screens 54 and 44) with a “Y.” Email the appropriate accounts receivable clerk that all expenses are posted, and the final invoice can be sent.
  6. The SRS close out group will run a report based on “Financially Closed” Maestro billing screen statuses on the 1<sup>st</sup> and the 15<sup>th</sup> of every month. Student workers will then set up a close out folder for each of the projects on the report. The close out associate will verify that the project administrator has completed all the previous steps. If there are no errors, the project administrator will not be notified. If there are issues, the appropriate close out associate will task the project administrator for corrections. Once all errors are corrected, then routing will begin. Payroll, cost share, subawards, an IDC audit, and AR will be reviewed in this process, if applicable. After all areas have been approved, the close out associate will complete the process of closing the project. *To verify the status of the close out process, check the Notes section in Maestro. Each group will be updating this page as they complete the review of their section.*

\*If the total direct remaining balance is over 25% of the total direct budget, contact the PI to ask for justification for the large remaining balance. Once the justification is received, email the system member to give them the justification and the SRS recommendation regarding whether the justification is reasonable. Also include:

- PI name
- Department
- Sponsor
- Project title
- Account number
- Total project budget
- Remaining balance at end of project
- Project IDC rate.

If SRS deems the justification reasonable, the closeout will continue. The system member has 10 business days to respond. If the system member does not agree with the justification, the closeout process will stop. If the system member does not concur with the justification, the closeout process will not begin until the system member provides further direction.