OFFICE OF SPONSORED PROGRAMS

PROJECT ADMINISTRATION DESK MANUAL
Effective: September 1, 2016

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

➢ Providing maintenance, oversight and administration of sponsored projects.

➢ Entering award terms and other financial information into the A&M Accounting System (FAMIS) and research administration system (MAESTRO) which includes budget, revenue, regulations, billing requirements, Facilities and Administrative cost distribution, cost-sharing commitments and reporting requirements.

➢ Authorizing expenditures and transactions for assigned sponsored projects in compliance with agreement terms and sponsor regulations.

➢ Initiating Departmental Budget Request (DBR) budget setups/reallocations/transfers and Departmental Correction Request (DCR) (cost transfers/journal entries).

➢ Contacting sponsors for revisions and approvals which include budget revisions, compliance issues, change of Principal Investigator (PI), time extensions, additional funds requests, etc.

➢ Coordinating with researchers, department heads, deans and other university staff to resolve project issues and provide information as requested.

➢ Compiling 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.

➢ Initiating financial close-out of sponsored research projects.

➢ Providing information and training to faculty, staff and other project administrators.

PROJECT SETUP
AWARD ROUTING
When the Office of Sponsored Programs (OSP) receives an award notice from a sponsor that a proposal has been awarded, the award is forwarded to the Administrative Support Team (AST). The AST 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, the AST assigns the project number and creates the MAESTRO record that corresponds with the award. A copy of the award document is uploaded to MAESTRO and the Project Administrator (PA) or Senior Contract Negotiator (SCN) 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 the current process. Once the contract is finalized (fully-executed), the SCN will either upload all documentation to MAESTRO and task the PA; or return the documentation to the AST to obtain signatures before the award is forwarded to the PA to complete and finalize the setup.

STEPS FOR REVIEWING AN AWARD
There are several types of awards administered by the OSP. The most common three are grants, cooperative agreements and contracts.

- Grants: 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.
- Cooperative Agreements. Cooperative agreements are similar to a grants; however, the sponsor anticipates having substantial involvement in the research activities.
- Contracts: Contracts are agreements between two or more parties to procure goods or services.

Gifts are common as well; however, the OSP does not administer gifts. Gifts are 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.

Locate the Award
The PA 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 PA 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 Principal Investigator 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.
- ✓ Cost Share: all cost sharing, including waived indirect costs, is identified and routed 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 (PVAMU Travel Policy, PVAMU 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 (TAMUS) 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. Some continuations will require a new account number and approval to carry forward funds. READ THE AWARD CAREFULLY for any indication that requires funding years to be kept separate. The State of Texas funding usually requires separate accounts for each funding period.
Verify that the correct department is referenced for the PI as stated in the routed approved proposal. PI's may have multiple appointments between departments and system members.

STEPS FOR REVIEWING THE PROPOSAL
The proposal and the 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 subawards and cost share. All proposals must be 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 are identified in the proposal that will assist the PA with the project setup process.

Locate the proposal
The PA receives the award through a MAESTRO notification. The proposal number for the award is linked during the project setup in MAESTRO Project Module by the AST. In the Project Module, open MAESTRO record for the 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". If the proposal routing status is not approved, contact the Proposal Administrator. The Proposal Administrator will reach out to the remaining approvers to remind them that the routing needs completed for the AWARDED proposal.   Once routing has completed, the proposal should be updated to reflect 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 project 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. If this is the case, 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 Requirements
Compliance items identified in the Proposal Compliances screen appear in MAESTRO on the Project Module PI Compliance Statement screen for action during award setup. It is the responsibility of the Office of Research Compliance and the OSP 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 PA ensures that all compliance approvals for the items on the list (excluding animals) have been received and the information (approval start date, approval expiration date, status, authorization #, if applicable, approval documents) is uploaded into MAESTRO. Only the five highlighted items DO NOT require an approval to be entered in MAESTRO; however, 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 an approval does not exist for a required compliance item, do not proceed with account set up.
3. Do not use the "Notify Compliance PoC" action, if the compliance statement has just been certified or the project was newly established; the Compliance Office automatically receives a notification when a project is created or the PI compliance statement is changed. This serves as the Compliance Office's 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. Once all approvals are entered into MAESTRO, run the Integrity Check to verify that there are no other issues outstanding.

Red Flags
See the 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
Institutional Biosafety Committee (IBC) – There is one three-year permit issued per PI 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 the Office of Research Compliance, the OSP freezes all of the PI's accounts until the permit is reinstated or approved.

Institutional Animal Care and Use Committee (IACUC) –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 Office of Research Compliance will indicate to the OSP, in the termination notice, which activities are allowable and if project charges (other than animal care) may continue.

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

Research Compliance Office
http://www.pvamu.edu/research/office-of-research-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 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 PA.

The appropriate cost sharing information is entered on the cost sharing tab in MAESTRO by the PA:
- 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 from MAESTRO, this information will be distributed to the Financial Accountant (FA). The FA 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 o Not required as a condition of the award
  - Not reportable to the sponsor
  - Tracked in the accounting system

- Voluntary – Uncommitted o Not required as a condition of the award
  - o Not reportable to the sponsor
  - o 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 PI 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 TAMUS policy and federal regulations regarding allowability, allocability and reasonableness.

Federal Requirements
The costs are required to be:
- Allowable and allocable under OMB Uniform Guidance, 2 CFR 200, Subpart E 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

Notification of Project Establishment
Once a PA has completed processing the new award or amendment, the current action history is changed to "setup complete." To confirm that all information has been reviewed, the PA reviews the Sponsored Project Summary (SPS) in MAESTRO to ensure the following areas have been completed:

- 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 PA runs a quality control check and then distributes the SPS form to internal and external stakeholders. A copy of the current SPS form is uploaded with the corresponding action in MAESTRO.

Subrecipient
A subrecipient relationship is appropriate when:
- Substantive, programmatic work or an important or significant portion of the research program or project is being undertaken by the other entity.
- The research program or project is within the research objectives of the entity.
- The entity participates in a creative way in designing and/or conducting the research.
- The entity retains some element of programmatic control and discretion over how the work is carried out.
- The entity commits to a good faith effort to complete the design or conduct of the research.
- The entity makes independent decisions regarding how to implement the requested activities.
- A PI has been identified at the entity and functions as a "Co-Investigator".
- There is the expectation that the entity will retain ownership rights in potentially patentable or copyrightable technology or products that it produces in the course of fulfilling its scope of work.
- Publications may be created or co-authored at the entity.
- The entity provides cost sharing or matching funds for which it is not reimbursed by Prairie View A&M University (PVAMU).
- The entity regards itself, and/or is regarded by PVAMU, as "engaged in research" involving human subjects under the Common Rule and therefore requires approval for its interactions with human subjects.

A subaward is issued when a 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.

Subawards should have a detailed scope of work and a budget that specifies salary, fringe, supplies, and other direct costs, as well as appropriate F&A costs consistent with the subrecipient's indirect cost rate. Terms and conditions from a prime award are typically

imposed on the subrecipient to the same degree that they are imposed on PVAMU as the prime recipient.

Initiating a Subaward
At the time of project set up, the 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. When setting up the account in FAMIS, remember a separate support account is established for each subaward. The PA creates the MAESTRO record for the subaward. After all necessary information is entered in MAESTRO, the PA tasks the SCN to prepare and setup the package for distribution and execution of the subaward. The SCN will work with the subrecipient and PI to draft the agreement. Upon completion of the drafted agreement, the SCN 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 not submitted as part of the proposal), if applicable
- Institutional contact information.

After the review is complete, the PA will task the SCN to move forward with executing the document. Once a fully executed document is received the PA will move forward with setting up the award and budget in MAESTRO and FAMIS. The PA encumbers the funds under the agreement number (S#) assigned to the subaward in FAMIS in FRS on Screen 11.

Subaward Modifications
During the period of performance of the subaward, the PA may request the SCN to initiate amendments to the agreement due to time extensions, additional funding, or other administrative items. When this occurs, the PA tasks the SCN to start an amendment. The PA review process will be repeated after the SCN drafts the amendment.

Subaward Monitoring
The PAs monitor the submission of invoices and seeks assistance from the PI if problems arise.

Subaward Close-Out
The PA will work with the PI 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 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
Once a supplemental funding notice is received by the PA, it is reviewed for the following prior to the modification being set up:
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 SCN 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 the Office of Research Compliance 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 University Official. If no negotiations are required the AST will secure signature. If negations are required, the SCN will secure signature.

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 (SL) 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, the AST 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 AST.
2. The PA 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 University Official, 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 Extension

A no-cost extension is a contractual action to extend the time authorized to complete a project without an increase in funding.

When additional time is required, it is better to request a no-cost time extension than to simply be late in completing the project. Requests for a no-cost extension should be submitted as soon as it becomes apparent that the project will not be completed on time. The sponsor may not approve requests that are not submitted in a timely manner or those that have not been adequately justified. It is best to submit a request ninety (90) days prior to the project expiration date, but not later than sixty (60) days.

A no-cost extension allows funds to be expended past the original project end date and extends the date that final programmatic and financial reports are due. All requests for no-cost extensions must be approved prior to the expiration of the grant. The PI should prepare a separate written request and include a justification for the extension that relates to the completion of the objectives of the award. (Please note: Having money remaining in the grant account does not justify an extension.) These requests must be routed to the appropriate PA. Please note that requests to agencies generally take one or two months to process and approve. Therefore, such requests should be submitted three months before the expiration of the grant in order to have the approved extension prior to the original expiration date.

PIs should consult with the appropriate PA early in the last year of funding to determine if their award is eligible for a no-cost extension and, if so, if agency approval is required. All extension requests should be reviewed and requested by the PA.

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 PI. An amendment will be issued to extend the current end date.
3. When an extension to an award is received from a sponsor, the PA will setup the extension by changing the dates in MAESTRO and FAMIS. If the revision is received by the department, PI, or any other individual, it is forwarded to AST.
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 University Official, 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
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 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. The PI must either make the request in writing or utilize the DBR Module in CANOPY to request budget change.
6. When a revision to an award is received from a sponsor the AST 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 PA.
7. Budget revisions request that are initiated for the sole purpose of relieving financial pressure on a department's unrestricted budget or on other sponsored projects in order to charge costs that are not necessary for the completion of the project are not allowable.
8. 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.

9. Arrange for signature and acceptance of the award by the appropriate University Official, if required.
10. Verify IRB, IBC, IACUC, Export Controls protocols and management systems are current. Contact the Office of Research Compliance if not current.

Update revision in MAESTRO/FAMIS
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 to the AST 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 TAMUS, PVAMU OSP, PVAMU Office of Research Compliance and any other requirements of PVAMU.

The PA entered the new award in MAESTRO and FAMIS.

Procedure
1. Review that award is fully executed. If negotiations are needed, task the SCN 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
   - University'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 PA must confirm that the PIs are FCOI compliant for awards that do not require negotiation. The SCN will verify FCOI compliance on awards that require negotiations. 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
Follow the process for entering project and account information into MAESTRO.
Follow the process for entering budget information into FAMIS.

<u>Reduction</u>
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 the SCN 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 University Official, if required.

Entering revised time or funding in MAESTRO/FAMIS
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
1. 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.
2. 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.

<u>EXPENDITURE COMPLIANCE</u>
Prairie View A&M University (PVAMU) agrees to abide by the terms and conditions of an award upon acceptance of the project. It is the responsibility of the Principal Investigator (PI) and the Project Administrator (PA) to ensure the policies of the university as well as the regulations of the sponsor are followed. All expenditures must be monitored to ensure compliance with such policies.

The Office of Management and Budget (OMB) outlines uniform administrative requirements, cost principles and audit requirement for federal award for educational institutions. [2 CFR, Part 200](#) 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.

See OSP guidelines regarding [Allowability, Allocability and Reasonableness of Costs](#).

The Office of Sponsored Programs (OSP) will review all expenditure requests to help ensure allowable purchases are reasonable and allowable to the objectives of the project. PVAMU follows the federal administrative requirement, 2 CFR Part 215 (formerly known as OMB Circular A-110), and cost principles, 2 CFR, Part 220 (formerly known as OMB Circular A-21). All expenditure requests including requisitions, disbursement request, request for travel, and consultant contracts on sponsored projects must be forwarded to the OSP by the PI and/or appropriate designated staff.

Please note: The Procurement Office will review the current state and federal clearinghouses to verify the vendor is not suspended or debarred from doing business with the state or federal government.

The PI is responsible for managing the budget and expending it in accordance with sponsor and university regulations on allowable, allocable, and attributable expenses related to the project, as indicated in the approved budget. The PI must be familiar with and comply with both the sponsor's guidelines and the University's guidelines for fiscal management of sponsored projects.

General guidelines for expending sponsored program funds are as follows:

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amounts of costs
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Be determined in accordance with generally accepted accounting principles (GAAP)
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or prior period.
- Be adequately documented

In short, expenses can only be recorded on sponsored projects if they are:
1. **Reasonable** – Reflecting conscientious and prudent financial decision making.
2. **Allocable** – Bearing a direct relationship to the activities of the program, not to the general needs of the department or university
3. **Consistently Treated** – Expenses for similar purposes must be treated the same way (throughout the university) under like circumstances and not exceeding normal limits of similar charges that are not grant supported.
4. **Allowable** – The expense must be allowable or not specifically excluded as specified by government regulations or by the contract/grant/cooperative agreement requirements. Costs must adhere to sponsor-stated restrictions, recognizing and respecting any restrictions on use of funds stipulated by the sponsor.

If an expense cannot meet the above criteria, it is NOT eligible for inclusion in the indirect cost rate regardless of its purpose.

A cost may be allowable by the University and State of Texas standards but unallowable based on Uniform Guidance 2 CFR 200. The federal government will not reimburse these costs; however, they may be entirely appropriate and permissible activities. Guidance is given in this document as to classification of costs if unallowable. If there are any questions, please contact OSP.

A partial list of allowable and unallowable costs is provided below:

Expenditure type	Allowable	Unallowable
Advertising	Only costs necessary to meet the requirements of the sponsored agreement such as recruitment of personnel, procurement of goods or services, or disposal of surplus materials.	Costs of meetings, conventions, convocations, or other events related to other activities of the institution. Costs of promotional items and memorabilia. Advertising designed solely to promote the institution.
Alcoholic beverages		All alcoholic beverages are unallowable.
Alumni activities		All Alumni activities are unallowable.
Audit costs and related services	The costs required by, and performed in accordance with, the Single Audit Act or if specifically approved by the awarding agency as a direct cost to an award.	
Bad Debt		Losses (whether actual or estimated) arising from uncollectible accounts and other claims, related collection costs, and related legal cost.
Commencement and convocation costs		All commencement and convocation costs are unallowable.
Communication costs	Costs incurred for telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services which are specifically identifiable to the project.	
Compensation for personal services	Compensation for personal services covers all reasonable amounts, including fringe benefits, paid currently or accrued by the organization for employee services rendered to the grant-supported project. These costs are allowable to	

	the extent that the total compensation to individual employees conforms to the established policies of the institution.	
Contingency provisions		Contributions to a contingency reserve are unallowable.
Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement		Generally unallowable. Costs incurred by the institution for defense of suits brought by its employees or ex-employees are unallowable if the institution was found liable or settlement was reached. Legal, accounting, consulting, and related costs incurred in defense against government claims or appeals, or in prosecution of claims or appeals against the government, are unallowable. Legal, accounting, consulting, and related costs incurred in connection with patent infringement litigation are unallowable unless provided for in the sponsored program agreement.
Donations and contributions		Contributions or donations, including cash, property, and services, made by the institution, regardless of the recipient, are unallowable
Entertainment		Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs are unallowable
Equipment and other capital expenditures	Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of $5,000 or more have the prior approval of the awarding agency	Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency. Capital expenditures for improvements which materially increase their value or useful life
Fines and penalties		Costs resulting from violations of, or failure of the institution to comply with, Federal, State, and local or foreign laws and

		regulations unless specifically approved by the agency
Fund raising and investment costs	Costs related to the physical custody and control of monies and securities	Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions
Goods or services for personal use		Costs of goods or services for personal use are unallowable regardless of whether the cost is reported as taxable income to the employees
Housing and personal living expenses		Costs of housing, housing allowances and personal living expenses for institutional officers
Insurance and indemnification	Costs of insurance required or approved, and maintained, pursuant to the sponsored agreement	Actual losses which could have been covered by permissible insurance unless expressly provided for in the sponsored agreement Costs of insurance with respect to any costs incurred to correct defects in the institution's materials or workmanship
Lobbying		Costs incurred in attempting to influence, either directly or indirectly, an employee of the federal government regarding a sponsored program
Losses		Any losses on other sponsored agreements or contracts
Material and supplies	Costs incurred for materials, supplies, and fabricated parts necessary to carry out a sponsored agreement	
Meetings and Conferences	Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information	
Memberships, subscriptions and professional activity	Costs of the institution's membership in business, technical, and professional organizations Costs of the institution's subscriptions to business, professional, and	Costs of membership in any civic or community organization. Costs of membership in any country club or social or dining club or organization

	technical periodicals are allowable.	
Pre-agreement costs		Costs incurred prior to the effective date of the sponsored agreement, whether or not they would have been allowable, are unallowable unless approved by the sponsoring agency.
Professional service costs	Professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the institution For employees	
Scholarships and student aid costs	Only when the purpose of the sponsored agreement is to provide training to selected participants and the charge is approved by the sponsoring agency Tuition remission and other forms of compensation paid as, or in lieu of, wages to students performing necessary work	
Selling and marketing		Costs of selling and marketing any products or services of the institution
Student activity costs		Costs incurred for intramural activities, student publications, student clubs, and student publications, student clubs, and student publications, student clubs, and other student activities unless specifically provided for in the sponsored agreements
Training costs	Training provided for employee development	
Transportation costs	Freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered	
Travel costs	Charges consistent with those normally allowed in like circumstances in the	

	institution's non-federally sponsored activities	

Other unallowable costs may occur from or include the following:

- Expenditures transferred from one grant to another to correct for cost overruns or avoid unexpended balances.
- Services subcontracted without sponsor approval.
- Project funds used to generate income without prior sponsor approval and an agreement regarding the disposition of those funds.
- The scope of the project changed without notifying the sponsor.
- Funds excessively re-budgeted without sponsor approval. (Tolerance for re-budgeting varies most federal allow 10%; some sponsors allow no re-budgeting, such as Florida Department of Education).
- Delinquent certification of effort or more effort charged to the grant than was actually committed to the grant.
- The Project Director being absent for more than three months without notifying the sponsoring agency 30 days prior to the absence.
- The Project Director changed without requesting permission from the sponsor.
- Higher base salary or consulting fees to recipient staff than was authorized.
- Money spent for major equipment purchases during the last 90 days of the grant.
- Unexpended balances used within the last 60 days of the grant account to stockpile supplies for unnecessary miscellaneous costs or for other excessive spending.
- Foreign travel charged to the grant without prior approval from the sponsor.
- Unrelated costs charged to the grant. For example, travel costs of faculty not named on the grant, salary costs for effort performed on other projects or reimbursing a department for deficits incurred on an earlier grant.
- Costs incurred after termination of the sponsored project.
- Direct or Indirect/Facilities and administrative (F&A) costs transferred to one another without sponsor approval.

In addition to unallowable costs per se, charges to federally sponsored agreements must also exclude costs that are directly associated with the unallowable costs. A directly associated cost is defined in federal regulations as any cost which is generated solely as a result of the incidence of another cost, and which would not have been incurred had the other cost not been incurred. Responsibility for these guidelines lies primarily with the PI, Department Chairs/Deans and fiscal personnel with general guidance and oversight of the departments and divisions.

The responsibility for identifying and segregating unallowable costs is at the department level when the costs are incurred and recorded. All unallowable costs should be identified to the correct account if the transaction or activity is unallowable. The OSP staff initially reviews transactions as mentioned below as related to requisitions, disbursements, travel and personnel requests. During this time, transactions are reviewed to verify that the charges are allowable in both a general sense and according to the specific agreement. Also, an after the fact review is also conducted by the OSP staff on a continual basis when reviewing departmental ledgers and preparing reports to ensure that charges are allowable. Any transactions or activity that is unallowable is identified and charges are transferred from the specific grant account to an unrestricted account. If a cost is partially allowable, then the unallowable portion will be allocated appropriately to an unrestricted account at the initiation phase of the transaction. If discovered after the fact, the cost will be transferred to an unrestricted account. This will ensure

that activities, which are legitimate for institutional purposes, are not included in the indirect cost base.

COST TRANSFERS

A cost transfer is the reassignment of an expenditure to a sponsored project after the expense was initially charged to another sponsored account or a College account. A cost transfer may be requested by any College employee; however, the request to transfer a cost to or from a sponsored project must receive the approval of the PI or PI's delegate responsible for the project receiving the charge prior to the cost transfer being processed.

- Accounts need to be reviewed on continuous basis by the PI or PI's delegate. The PA may assist the PI or PI delegate in reviewing financial information. The PI must identify legitimate errors in a timely manner and communicate required changes to the PA immediately.

- Although any College employee may prepare the cost transfer request, it must have official approval from the PI or PI delegate in order to be transferred to or from a sponsored project. It is important to remember if you are transferring to or from a project that may have a different PI or PI delegate that approval must be given by both PI's or PI's delegates.

- Any cost transfers that may take place between a Fund 1 (state accounts) and Fund 4 (grant accounts) must be done so by August 31st of the fiscal year in order to account for the proper credit/debits within that fiscal year. Although these cost transfers can occur outside this period it is recommended that it be done so within the correct fiscal year. However, all cost transfers must be done no later than 90 days after the original transaction date. If funds are encumbered prior to the expiration of the grant, but paid after the grant expires, then this period may be shorter as all transactions must be completed within the 90 day period following the project expiration date.

Payroll and Non-Payroll Cost Transfers

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 or PI's delegate.

If an employee was paid from the wrong account the PI, PI's delegate, or Department must complete a source change Employee Payroll Action (EPA). The EPA document is routed in Canopy and goes through the appropriate approval process to include the PI and the PA.

If an expense was paid from the wrong account or considered a "disallowed cost" the PI or PI's delegate will need to complete a Cost Transfer Request Justification or send an email to the PA with a justification detailing the circumstance of the needed adjustment. The requestor must provide supporting documentation to include any or all of the following: a copy of the Purchase Order, EFT or check number, invoices or receipts. The information should indicate where the expense was originally charged and where the expense should have been charged.

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.
- 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 2 CFR §200.405, 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.

Roles and Responsibilities
Role: To ensure that the cost transfer meets federal, System, University 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 are processed through the Department Correction Request (DCR) module in CANOPY. If the PA is unable to complete the DCR in CANOPY a Journal Entry Form is completed and submitted to Data Entry Team within the Office of Financial Accounting.

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 Cost Transfer Request Justification form to be uploaded as well.

➢ 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

The justification form should be completed as a PDF, printed and signed by the PI (or delegate) prior to uploading.

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 Cost Transfer Request 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.

Payroll cost transfers cannot be done through CANOPY EPA when an employee has terminated. Request for terminate employees must be processed manually through the University's Payroll Department.

Exemptions from the Cost Transfer Policy Regardless of Over/Under 90 days:
The following items do not require the completion of the Cost Transfer Request 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; however, 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-leger account, and subcontract support account within the same project/reporting period, if the PI 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
The PA is responsible for uploading all supporting documentation and forms received from the PI or delegate to complete a cost transfer request. If expenses are being moved from a SL to a Support Account (SA), then documentation is not required unless the expense was not previously approved by the OSP.

Cost transfers less than 90 days must be signed by:
  ➢ the PI (or delegate)
  ➢ the PA

Cost transfers over 90 days must be signed by:
  ➢ the PI (a delegate is not authorized to sign)
  ➢ the Department Head (or delegate)
  ➢ the Dean/Director/CFO (or delegate)
  ➢ the PA

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 completed within MAESTRO by the end user or completed as part of the Account Profile form during account setup.

Collections
Collections involve monitoring accounts receivable on project accounts.

Roles and Responsibilities
Role: Assist the FA when requested to resolve overdue invoices issues.

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

Procedure
1. The Financial Accountant and the Business Manager will monitor an Aged Receivables Report. Either will initiate collection efforts. The Business Manager is responsible for finalizing any write-offs or collection items.
2. The PA will be copied on all communications to the sponsor once the invoice becomes 30 days overdue. The PA will assist FA 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, Financial Accountant will contact the PA to request permission to include the PI in the communications to the sponsor. The PA should communicate with the Business Manager 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 Business Manager who make a decision on the future efforts regarding the collections process.

Travel
During award setup, the PAs enter information in MAESTRO that will provide guidance and/or restrictions, if applicable, regarding travel related to each project. The OSP utilizes the University's e-Travel Concur system to approve all travel authorization requests that will occur on sponsored-funded projects. Although the approval flow may differ from account to account based on the instructions given from the Account Profile Form (e.g. some departments have an administrative or financial team review step prior to it following the normal course of action), once the request is entered, in normal circumstances on sponsored-funded projects, the final three approvals are as follows:

➢ PI
➢ OSP
➢ Travel Department

The PAs will address any issues concerning travel, provide assistance for travel compliance and/or obtains sponsor approval, if required prior to approving a request.

Travel by faculty, staff, students, and eligible guests are administered through the University's Travel Department. The OSP has prepared additional travel guidelines to assist travelers and the Travel Department that will help 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 contact or grant, the provisions of that contract or grant govern the reimbursement. In cases when the sponsor is silent on travel requirements, PVAMU 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 TAMUS. It is the responsibility of the University's Travel Department 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
Scholarships or fellowships are amounts 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. Tuition will not be paid directly to a student, but to PVAMU. Only required fees and tuition may be reimbursed. Allowable fees and procedures may vary by agency.

Tuition, Scholarship & Fellowships requests are either initiated by the Department and approved by the OSP or initiated by the OSP. All requests are processed through the Office of Student Financial Aid & Scholarships. The PA assists voucher compliance with questions regarding allowability and adds information in FAMIS, FRS Screen 8 if tuition is allowed. This information includes the Banner code number for undergraduate and/or graduate students.

Tuition remission is governed by the policies and procedures of the degree granting academic institutions of the TAMUS. It is the responsibility of PVAMU to be in accordance with 2 CFR Part 220, Section J.45.

2 CFR Part 220, 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 nonsponsored 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 nonsponsored 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 of this Appendix, 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

A contractor (vendor) relationship (including that of an individual action as a vendor of consulting services is appropriate when:

- The entity is providing specified services in support of the research program.
- The entity has not significantly participated in the design of the research itself, but is implementing the research plan of the PVAMU investigator.
- The entity is not directly responsible to the sponsor for the research or for determining research results.
- The entity markets its services to a range of customers, including those in non-academic fields.
- Little or no independent decision-making is involved in the design and conduct of the research work being completed.
- The agreement only specifies the type of goods/services provided and the associated costs.
- The entity commits to deliverable goods or services, which if not satisfactorily completed will result in nonpayment or requirement to redo deliverables.
- The entity does not expect to have its employees or executives credited as co-authors on papers that emerge from the research.
- The expectation is that the work will not result in patentable or copyrightable technology or products that would be owned by the entity.
- In the case of an individual vendor of consulting services, the person has no employment relationship with PVAMU, either academic or administrative in nature.

The general rule as to whether 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.

It is the responsibility of the PI to determine whether the price is competitive and reasonable for agreements with both subrecipients and vendors. In either case; however, the agreed-upon cost is not relevant in determining whether the relationship is that of subrecipient or vendor. It is required by federal grant terms and conditions and by good business practices that competitive bids are sought for goods and services from multiple vendors, whenever possible and when the cost exceeds $5,000. Sole source contractor (vendor) relationships may be prohibited by the conditions of the prime award, and if allowed, are typically subject to specific conditions and procedural requirements.

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 must be completed to determine the proper status of an individual.

The Independent Contractor Status Certification form should be completed by the 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 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 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 2 CFR §200.459 (Professional Service Costs).

Payment to Former TAMUS Employees
An individual who was previously employed by any member of TAMUS 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 for cumulative Payments up to $9,999:
- Approved Independent Contractor Status Request form
- Independent Contractor Invoice
- Other forms as required (W-9, W8-BEN, etc.)

The following documentation is required for cumulative Payments over $10,000*
- Approved Independent Contractor Status Request form
- Independent Contractor Invoice
- Other forms as required (W-9, W8-BEN, etc.)
- Sole Source Justification

Requisitions for payments are processed through Buyer A&M (BAM). The approved Independent Contractor Status Request form and Sole Source Justification forms must be uploaded with the contract/agreement in BAM.

All documents for purchases routed through BAM on sponsor-funded projects are approved by the OSP. As with Concur, although the approval flow may differ from account to account based on the instructions given from the Account Profile, once the request is entered, in normal circumstances on sponsored-funded projects, the final three approvals are as follows:

- ➢ Principal Investigator
- ➢ OSP
- ➢ Office of Procurement and Disbursement Services

Supplies and Other Direct Costs
Pursuant to 2 CFR §200.413, direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded 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 indirect (F&A) costs.

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 shat 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 or budget narrative.

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 if the requirement of the scope of work is 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

Facilities and Administrative Costs (Indirect 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 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.

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

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:
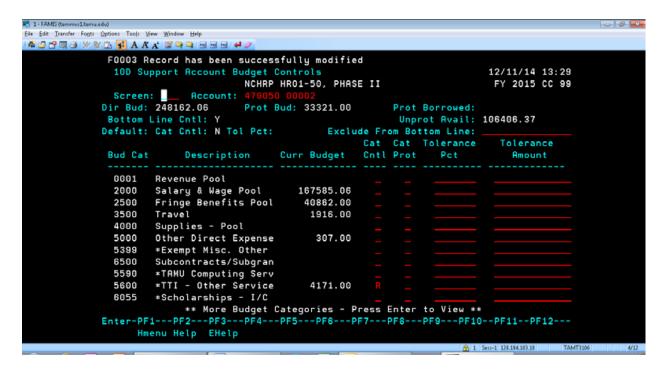1. Take total balance available from FAMIS FRS screen 69.
2. Add total outstanding encumbrances.
3. Add current month expenses.
4. Subtotal. For Total Direct Cost (TDC) projects, skip to step 7.
5. Subtract indirect exempt available, encumbered amounts and current month exempt expenses.
6. Total
7. Divide 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.

```
1 - FAMIS (tammvs1.tamu.edu)
File  Edit  Transfer  Fonts  Options  Tools  View  Window  Help

    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: 479050 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: _____
                                       Cat  Cat  Tolerance     Tolerance
   Bud Cat       Description      Curr Budget  Cntl Prot   Pct        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    _    _____  _____
    8055    *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

                                           1  Sess-1 128.194.103.18   TAMT3106    4/12
```

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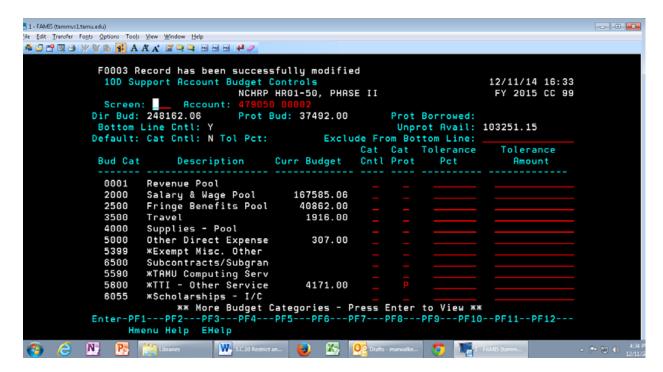
When setting up a new project, the Category Control flag can be set to default to "R" to "reject if over budget." Setting the category control flag in this way will make all categories reject when overspent. Using screen 10D allows individual categories to be controlled.

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
              Salary Sav. Dist: _____ ____ ____  Pyrl Acct Anal: ____  TE Certify: Y
          Fac Salary Sav. Dist: _____ ____ ____     Int Exempt: _ Int Exe Reason: __
          Fac Savings Form 500: _____ ____ ____   Interest Acct: 193007 00000
         Grad Savings Form 500: _____ ____ ____       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 with occur. The deficit must be corrected and may result in having to remove charges from the project.

3. 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.

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
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
Role: To assist the FA in billing the sponsor the correct billing rates and to ensure the budget is set up correctly.
Responsibility: The 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 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 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 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 the FA 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 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 awards refer to 2 CFR §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 or 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 PI 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 PI is responsible for working with their PA 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.

PIs 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 the Office of Treasury Services 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 Method**: 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 PI documents the activity that generated the income (e.g., sales of goods or services, etc.) and instructs the buyer/attendee to send payments to Office of Treasury Services. Appropriate records should be maintained by the PI.
All monies collected should be forwarded directly to the Office of Treasury Services 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 PA when program income is received and will include the account and deposit number for reference. The PI 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 PI should monitor the receipt and recording of program income. If the PI believes that program income has been generated and deposited but is not appearing on the project, he or she should contact the PA to track the income and resolve any discrepancies.

Reporting Program Income
The FA 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 PA 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
   - **IDC Expense Code:** Not Required
   - I**DC 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 PA 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 PA 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.

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.

PROJECT CLOSEOUT

As the project is nearing its' expiration, it is important that several items are addressed to ensure accurate and timely closeouts. Project closeout finalizes all project activities completed across all phases of the project to formally close the project. These items include having:
- The PI or PI's delegate check outstanding encumbrances to ensure that all invoices are have been charged against the Purchase Order (PO).
- The PI to ensure that the required technical reports have been provided to the sponsoring agency, as well as the PA to be uploaded in MAESTRO.
- The FA ensure that all financial reports have been submitted to the granting agency as specified in the contract terms and conditions of the agreement.
- The PI, PI's delegate or Department properly terminate employees from the project.

In order to facilitate the process to assist with the items mentioned above, it would be necessary for the PA to:
- Check accounts regularly. The PA should assist with the access request or provide the PI, PI's delegate or Department with financial information needed to have clear understanding of how to read and review reports. The PA should ensure that all revenue and expenditures have posted correctly.
- Work with the PI or PI's delegate to ensure all expenditures is accurately recorded for the life of the account. If not, make the necessary cost transfers to record accuracy.
- Notify the PI and/or PI's delegate of the timelines for liquidating encumbrances, receipt of goods and services and payment of invoices. The PA should run an outstanding encumbrance report to assist the PI and/or PI's delegate with liquidation, either invoices should be submitted to Accounts Payable (AP) for processing and finalization of the liquidation or the Procurement Office should be contacted to reduce the PO by the remaining balance.
- Research and correct any other discrepancies.

In order to facilitate the process to assist with the items mentioned above, it would be necessary for the FA to:
- Check the mainframe to see if there are any outstanding receivables due the University. If so, call for status of payment.
- Ensure all revenue is accurately recorded for the life of the account. If not, make necessary journal transfers to record accuracy.
- Calculate all indirect and check for accuracy of the percentage authorized vs. amount collected, included any adjustments made for modified total direct costs, if applicable
- Research and help to correct any other discrepancies.

In order to facilitate the process to assist with the items mentioned above, it would be necessary for the PI to:
- Check for any pending liabilities (invoices, p-card purchases, materials or mail charges). Work with PA, AP and Procurement to clear any outstanding liabilities.
- Submit all required reports to the agency, PA and/or upload in MAESTRO.

Be sure total revenue less total expenditures equal cash balance. This should be zero. If the is a positive cash balance, meaning funds are remaining, get statement from PI stating that the funds will not be used. Once received, return unused funds to sponsor. If there is a negative cash balance, meaning expenditures exceed revenue, prepare a final billing, request for over-expenditure costs to be transferred to another account. Remember, there must be a relative benefit to the account where the funds are being transferred; funds just cannot be transferred to avoid deficiencies or overruns, unless being transferred to an unrestricted, non-grant account.

In the final closeout of the account, there should be no outstanding issues. The review should show:
- A zero cash balance. No surplus or deficit of cash should remain.
- No commitments or encumbrances.
- Indirect expenditures should be the appropriate percentage of the allowable direct costs.
- A closed budget with a zero balance.
- All final reports submitted.

Procedure
1. The PA receives a closeout report each month. 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 a determination, if applicable, should be made as to whether the project will be ending. A notification is automatically sent in MAESTRO to the PI asking whether or not closeout should begin. If not the PI should request for the PA to submit a request for a no-cost extension.
3. 30 days prior to end date, the PA should inform the PI 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, the PA should email the PI to inquire about any additional charges on the account. If charges have been received/posted, 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 FA that all expenses are posted, and the final invoice can be sent.
6. The PA is responsible for ensuring that the project is properly closed. The FA is responsible for assisting and in most instances ensuring that the account is "financially

closed". Once the final programmatic reports are submitted and the budget is zeroed out the project can be changed to "terminated".

RETENTION OF RECORDS

Record Retention refers to the time period that a document is kept or "retained" whether in electronic or paper format. The normal time period for federal grants is three (3) years after the final financial report has been submitted. It is important to remember that this retention period may vary depending on the specific federal funding agency. Grants from state and private sponsors will vary as well. PVAMU must ensure that records are retained for the appropriate retention period. Information related to the retention period and precise disposal date is kept in FAMIS in the SPR module on the Project Log screen.