PROCEDURE NUMBER:	FINA 3.00 Procedure
SECTION:	Administration and Finance
SUBJECT:	Sponsored Awards – Post Award Process
DATE:	November 1, 2024
REVISION:	
Procedure for:	All Campuses
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Issued by:	Administration and Finance – Controller's Office

Procedure Statement:

The University Administration and Finance Division, Controller's Office, will ensure compliance with University Policy FINA 3.00. This procedure is applicable to campuses, units, departments, centers, Principal Investigators (PIs), and administrators at the University who are involved with the initiation, administration, and conduct of sponsored awards. The purpose of this procedure is to supplement the associated policy by providing additional resources, detail, and guidance on the post award process.

A. Award Setup and Review

- **Initial Notification:** When the award notification is received, the Principal Investigator (PI) or department should immediately contact the Sponsored Awards Management (SAM) Office. Do not assume that the SAM Office has already received the notification that the award has been approved.

- **SAM Office Review:** The SAM Office is responsible for reviewing and accepting all new awards and award modifications. The PI nor the department are authorized to sign or accept sponsored awards on behalf of the University. Only the SAM Office has signature authority for sponsored awards.

- **Award Negotiation and Execution:** Once the SAM Office has received all required award documents and the award is fully executed by both parties, the fully executed award is sent to Grants and Funds Management (GFM) for review and setup in PeopleSoft Finance.

- **PeopleSoft Setup:** The setup process by GFM typically takes **5-10 business days**, depending on the volume and complexity of the award.

- **Award Compliance:** The department should ensure full compliance with the Notice of Award (NOA) by following the **New Award Checklist** for award startup and ongoing management.

B. Award Management

1. Expense Monitoring

- **Responsibility for Oversight**: The PI, with support from departmental grant staff, is responsible for ensuring that the project meets its objectives, including financial and personnel oversight. Additionally, they must ensure compliance with both sponsor and University policies.

- **Monthly Financial Monitoring:** The PI, in collaboration with departmental grant support staff, is responsible for monthly monitoring of the financial activity associated with their sponsored awards. This includes all types of awards, such as those involving cost share or program income. Monthly monitoring and reconciliation should be performed for all awards.

  - Monitoring ensures that expenditures are in line with the project objectives and that the "burn rate" (the rate at which the budget is spent) is appropriate. This helps prevent problems like unspent funds or overspending.
  - The Finance Intranet Grant Dashboard can assist with the monitoring of financial activity related to the award.

- **Compliance with Expense Monitoring**: To ensure compliance with the expense monitoring process, the department should use the **Monthly Payroll Account Funding Review Checklist**.

2. Documentation for Expenses

- **Required Documentation:** All charges made to sponsored awards must be properly documented. This includes, but is not limited to, invoices, receipts, and travel reimbursements.

  - The supporting documentation must clearly justify that the expense directly benefits the award and aligns with any sponsor restrictions and approval requirements specified in the award's terms and conditions.
  - Some sponsors may require receipt-level backup for reimbursement claims; therefore, the supporting documentation must have a reasonable level of detail.

- **PI and Grant Support Staff Responsibilities:** The PI and departmental grant support staff are responsible for ensuring that all supporting records are adequate and meet the sponsor's requirements.

- **Personnel Charges**: All personnel charges on a sponsored project must:

  - Be included in the approved budget.

- o Fall within the grant's specified period, as outlined in the spending plan.
- o Reflect actual effort devoted to the project.
- o Be accompanied by documentation of direct PI approval for the appointment.

3. **Expense Timing**

- **Period of Performance:** The Period of Performance (POP) refers to the time frame during which the activities funded by a sponsored award (grant, contract, or cooperative agreement) can take place.

  - o This period is defined in the terms and conditions of the award and typically spans from the award's start date and ends on the termination date.
  - o Costs incurred outside the established period of performance are generally not allowable, unless a specific exception is made by the sponsor.
  - o Any work performed or expenses incurred before the start date or after the end date cannot be charged to the award unless specified otherwise.

- **End-of-Project Purchases:** Any purchases made near the end of the project (especially within the final 90 days) must be carefully documented to demonstrate their direct benefit to the project.

4. **Risk Accounts**

- **Using Risk Accounts:** If an award has not yet been issued but the project work must begin, a risk account can be requested. This allows project activities to start without delay, preventing late cost transfers.

- **Risk Account Request Process:** To request a risk account, refer to the **SAM Office's Risk Account Procedure** for detailed instructions**.**

C. Sponsored Award Invoicing

- **Role of GFM**: GFM is responsible for handling the invoicing process for all sponsored awards. All invoicing related to sponsored awards must be done by GFM.

- **PI and Departmental Grant Support Staff Responsibilities**: PI and departmental grant support staff should not invoice a sponsor directly or commit to a specific invoice date. All invoicing must be completed by GFM.

- **Types of Invoices**: There are two main categories of invoices for sponsored awards:

1. **Cost Reimbursable**: An invoice that details project expenditures incurred to date, which are submitted to the sponsor for reimbursement.

- Alignment with General Ledger: Invoices must align with the expenses that have been posted to the PeopleSoft Finance general ledger. If no expenses have been posted to a sponsored award, GFM cannot generate an invoice.

- Invoice Preparation: GFM prepares invoices either monthly or quarterly, depending on the requirements set by the sponsor.

- Monitoring Expenses: To ensure that expenses posted to the project are accurate, the PI and departmental staff should actively monitor financial activity and posted expenses using the Finance Intranet Grant Dashboard.

- Risk Accounts: Sponsored award projects that are classified as being on risk will not generate an invoice.

- Timely Expense Posting: Some sponsors have strict deadlines for final invoices. To meet these deadlines, PIs and departments must post expenses promptly. Timely posting ensures that invoices can be generated and submitted on schedule

2. **Fixed Price**: An invoice for a fixed, predetermined amount based on the payment schedule of the award. In some cases, the sponsor may require that specific project deliverables or milestones be completed before an invoice can be submitted.

    - Overview: Fixed price awards are those where a predetermined, agreed-upon amount is set for completing the project, regardless of the actual incurred costs.

    - Residual Funds: Depending on the terms outlined in the NOA, residual funds (unspent balances) remaining after 60 days from project completion may either be:

        - Returned to the sponsor, or

        - Transferred to the PI's department.

    - Confirmation of Completion: The Post Award Accountant (PAA) will confirm with the PI and/or department that all project work is complete before processing the transfer of residual funds.

    - Residual Fund Allocation: If less than 75% of the fixed price award funds have been expended, a detailed explanation must be provided to the GFM by the PI. In some cases, the sponsor's approval may be required to confirm that the work has been fully completed before any residual funds can be transferred.

D. Sponsored Awards Accounts Receivable

- **Monitoring Accounts Receivable**: GFM monitors all outstanding accounts receivable for sponsored awards. If any issues arise (e.g., unsubmitted reports, unallowable costs), the department is responsible for covering any uncollectible balance.

- **Collection Efforts**: Follow-up collection efforts may include phone calls, letters, and other communication methods, with PI and departmental assistance when needed.

- **Factors Leading to Non-Payment**: Non-payment from a sponsor can result from several factors, including:
  - Unsubmitted progress reports
  - Missing deliverables
  - Unallowable costs
  - Cash flow issues with the sponsor

- **Notification of Payment Issues**: If the PI or departmental grant support staff becomes aware of any payment problems from the sponsor, GFM should be notified promptly. This allows GFM to implement measures to prevent non-payment.

E. Overdrafts (Over Budget)

- **Definition of Overdrafts**: Overdrafts, or overbudgets, occur when expenses recorded on a sponsored award exceed the total budgeted costs as outlined in the NOA.

- **Notification and Resolution**: When an overdraft occurs, the PAA will notify the department and request a plan for how the overdraft will be addressed. The PAA will also provide the PI and/or department staff with a specific deadline for resolving the issue. If the overdraft is not cleared within the requested timeframe, the PAA will move the balance to a departmental account.

- **Departmental Responsibility**: The PI's department is responsible for covering and resolving any overdrafts associated with a sponsored award.

- **Time and Effort Considerations**: If a project has been fully expended but salaries still need to be posted to capture time and effort, salary should be posted to the project as voluntary uncommitted cost share.

- **Mitigation and Risk Accounts**: Monthly monitoring of award expenses is essential to avoid overdrafts. Departments are encouraged to request risk accounts if additional funding is anticipated for the award.

F. Project Team

- **Team Roles Assignment**: The roles for the sponsored project team are assigned during the award setup process and are listed in the Finance Intranet Grant Dashboard.

- **PeopleSoft Roles for Sponsored Awards**: The following roles are defined in PeopleSoft Finance for sponsored awards:
  - Principal Investigator (PI): Requires workflow approval for project expenses.

- o   Approver 1 (not required): Requires workflow approval for project expenses. Post Award Accountant (CGA): Requires workflow approval for certain transactions on sponsored awards.
  - o   Business Manager (BM): No workflow approval role.
  - o   Co-Principal Investigator (CPI): No workflow approval role.
  - o   Key Personnel (KEY): No workflow approval role.

- **Changes to Team Roles**:
  - o   Changes to the Principal Investigator (PI) must be coordinated through the SAM Office.
  - o   Changes to the Business Manager and Approver 1 role must be coordinated through the PAA in GFM.

- **One-to-One Role Relationship**: The assignment of roles is a one-to-one relationship. For example, a Business Manager cannot be listed as both an Approver 1 and a Business Manager on the same sponsored project.

G. Reporting

- **Purpose of Reporting**: Reporting is how the University confirms to sponsors that resources have been used appropriately and in compliance with the terms and conditions of the award agreement.

- **Timeliness and Accuracy**: Timely and accurate reporting is essential to maintain good relationships with sponsors and to ensure continued funding for PIs, departments, and the University.

- **Review of Reporting Requirements**: Reporting requirements vary by award. PIs and departmental grant support staff must review each award to identify the specific reporting obligations.

- **Financial Report Preparation**: In most cases, the PAA in GFM prepares financial reports without direct involvement from the department. Departments should not submit financial reports unless specifically requested to do so by GFM. If a report requires additional detail or supporting documentation that the PAA does not have access to, GFM will request assistance from the department to complete the report.

- **Performance Report Preparation**: PI prepares & coordinates with SAM as necessary. If the performance report has any financial data or figures, the PAA in GFM must provide the required financial information, coordinating with PIs and departments as necessary.

- **Equipment, Property (including Intellectual) Reports & Relinquishing Statements**: The PAA in GFM coordinates the preparation with SAM as necessary. Relinquishing statements and Intellectual reports are submitted by SAM.

- **Alignment with University's General Ledger**: Financial reports prepared by GFM ensure that the information provided to the sponsor aligns with the University's general ledger.

- **Sponsor Notification**: If the sponsor notifies the department or PI that a financial report is due, the PAA should be notified promptly to ensure timely submission.

- **Consequences of Delinquent Reports**: Delinquent reports can result in:
  - Delayed funding or postponement of future awards
  - Withholding of invoice payments
  - Suspension of the award
  - Return of funds
  - Denial of future funding

H. Closeout Process

- **Proper and Timely Closeout**: Sponsored awards must be closed properly and in a timely manner. The University's financial records for sponsored awards will be closed once all accounts receivable have been collected, there is a zero cash balance, encumbrance and pre- encumbrance have cleared and all reporting requirements have been met.

- **Variations by Sponsor**: While the closeout process may vary depending on the sponsor and funding source, the standard process follows the timeline below, which involves actions from various parties:

  Timeline for Closeout Actions:

  - 90 Days Before Closeout:
    1. Departments begin the closeout process by ensuring all expenditures, including subrecipient payments and cost share, are processed and posted, necessary corrections are made, and progress reports are completed.
       - Use the **90 Days Prior Checklist** as a guide.
    2. The PI and Business Manager will receive an automated notification from the system 90 days before the project's end date.

  - 30 Days Before Closeout:
    1. Departments continue the closeout process by confirming that all expenditures, including subrecipient payments and cost share, are processed and posted, corrections are made, and progress reports are completed.
       - Use the **30 Days Prior Checklist** as a guide.
    2. The PI and Business Manager t will receive an automated notification from the system 30 days before the project's end date.

  - 15 Days After Closeout:

1. The project is complete. By this point, all expenses must be posted, non-allowable transactions moved, and Account and Retro Funding Change forms completed by the department.
   - Use the **15 Days After Checklist** as a guide.

- **Closeout Confirmation from PI/Department**: The PI and departmental grant support staff confirm that all expenses are posted and that the project is complete, allowing GFM to complete the final invoices and any required final financial reporting.

- **Project Inactivation in PeopleSoft Finance**: GFM will send a request to inactivate the project chartfields to the Chartfield Maintenance Team.

I. Carryover Funds for Continuation Awards

For continuation awards, the treatment of unobligated balances (remaining funds) may vary. These funds may or may not be carried over for use in the subsequent budget period, depending on the terms set by the awarding agency.

- **Disposition of Funds**: The decision regarding the carryover of unobligated balances is generally at the discretion of the awarding agency.

- **Action Required**: The PI and/or departmental grant staff should contact SAM to confirm whether the carryover funds need to be formally requested

J. Resources and Forms

Resources, trainings, and guides can be found on the Controller's Office website under the Grants and Funds Management and Resource and Training Toolbox sections. The _**Grant Dashboard**_ and _**HCM Distribution**_ (in Finance Intranet) also represent key resources.