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Introduction

From concept to completion, the contract award process involves various stages as outlined by the diagram below:

Purpose and Scope

The purpose of this document is to provide guidelines for establishing and maintaining the baseline standards for the post-award Contracts & Grants process of the University of North Carolina (UNC) System. This process encompasses the following six sub-processes: 1) Account Setup, 2) Time and Effort, 3) Grant Management, 4) Billing and Drawdowns, 5) Reporting, and 6) Account Closeout.

This document applies to all sponsored projects within the University of North Carolina (UNC) system. Further, the document assumes the successful completion of the Pre-Award stage (from identifying funding and proposal development and submission, through successful negotiation and acceptance of the award as well as completion of the regulatory review and approval process).

Mission Statement

The Contracts and Grants Office is dedicated to enhancing University research and sponsored activity by providing guidance and support services to its various
stakeholders during the Post-Award stage of the process from award setup to award closeout.

**Stakeholders**

The target users of this document include the following units:

1. Pre-Award/Office of Sponsored Research – typically plays a critical role prior to and during the receipt of an award.
2. Post-Award/Contracts and Grants Office – typically plays a critical role once the award has been received.
3. Principle Investigator - has absolute responsibility for the overall conduct of a sponsored project, including all technical, programmatic, financial, compliance and administrative aspects.
4. Colleges/Departments – typically serve as a resource and the first line of support for the Principal Investigator.

**Guidance**

1. Federal
   a. Office of Management and Budget (OMB) Circular A-21 - establishes principles for determining the costs applicable to grants, contracts, and other agreements with educational institutions.
   b. OMB Circular A-110 - sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants and agreements with institutions of higher education.

**Key Terms**

Throughout this manual, the following key terms may be used interchangeably:

1. “Sponsored Project” and “Award”
2. “Sponsoring Agency,” “Sponsor,” and “Agency”
3. “Award Number” and “Award ID” (these terms reference the identification given the award by the sponsoring agency)
4. “Account Number” and “Fund Number” (these terms reference the identification given the award in the financial accounting system)
5. “Indirect Cost” and “Facilities and Administrative (F&A) Cost”
6. “Sub-recipient” and “Sub-contractor” (the party with which the University enters a sub-award)

It should also be noted the Post-Award function is referred to as the “Contracts and Grants Office” throughout the manual, although these terms may also be
used interchangeably. The Pre-Award function may also be referred to as Office of Sponsored Programs (OSP) or Office of Sponsored Research (OSR).

**Definitions**

**Advance**: A payment made before costs are incurred by the grant recipient.

**Compensation**: All cash or non-cash remuneration to an employee in return for services rendered for an employer; salary and wages for which a W-2 is issued.

**Contract**: One of several award mechanisms used to fund University-based sponsored projects. A contract is a document of agreement between a sponsor and the University by which the sponsor agrees to pay the costs incurred for specific services or research goals. Typically the methods for conducting the research or delivering services are specified in detail by the sponsor.

**Contracts and Grants Office (CGO)**: Unit within the University responsible for coordinating the processes, applying and communicating policies, and interaction with PI’s, support staff and “outside” University units (Accounting, Budgets, Purchasing, HR), to conduct fiscal review, non-programmatic communications with sponsors and ensuring timely reporting after the acceptance of the award. May be referred to as the Post-Award office or function.

**Cooperative Agreement**: One of several award mechanisms used to fund University-based sponsored projects. A cooperative agreement is a financial assistance agreement and is used when substantial involvement of the sponsor is anticipated during the performance of the project.

**Cost Reimbursement**: A payment term for a sponsored project whereby payments are based on actual allowable costs incurred in performance of the work.

**Cost Sharing**: The portion of the sponsored project costs not paid by the sponsor. There are three types of cost sharing:

1. **Mandatory Cost Sharing** - required either by federal statute or by the established policy of the sponsor;

2. **Voluntary Committed Cost Sharing** – amount volunteered when not required by federal statute or sponsor policy or amount committed in excess of any such mandatory cost sharing. It is volunteered to demonstrate the University commitment to a project. Voluntary
commitments in proposals become required financial commitments if the proposal is funded; and

3. **Voluntary Uncommitted Cost Sharing** – any amount over and above that which is committed and budgeted for in a sponsored agreement. More specifically, this is either additional time or resources provided by the researcher, which were not denoted in the proposal, towards completing the project. In accordance with OMB Circular A-21, this type of undocumented cost sharing does not need to be tracked or reported.

**Director of Contracts and Grants (DCG):** An individual within the University responsible for the operation of the Contracts and Grants Office. May also have a dual role as Director of Sponsored Programs in a combined organizational structure.

**Drawdown:** A request for funds from the sponsor based on monthly expenditures incurred by the institution, most often associated with federal sponsors. The request is submitted electronically through a federal web-site and funds are transmitted as an Electronic Funds Transfer (EFT).

**Facilities & Administrative (F&A):** Also referred to as overhead or indirect costs. The general expenses relating to sponsored programs that are incurred for common objectives of the University and therefore cannot be readily identified with a particular sponsored award, an instructional activity, or any other institutional activity.

**Federal Cash Transactions Report - SF-272 (FCTR):** Form used to report federal funds advanced to the University from the sponsor as well as document disbursement information for each award.

**Fellowship** - An amount paid for benefit of an individual to aid in the pursuit of study or research (IRS Pub. 970: Tax Benefits for Education). Some training fellowship programs, such as NIH “F” and “T” awards, are not normally included in time and effort reporting. Any payments where a 1099 is issued are not normally included in time and effort reporting. These would only be included in T&E if paid through payroll.

**Financial Status Report – SF-269 (FSR):** A summary of expenditure activity submitted to the sponsor as required by the federal award’s terms and conditions. FSRs are typically due at the end of each budget period and the end of the project period within 90 days after the expiration date, and may be required at interim times as well. The SF-269 Long Form is used for grants with program income; the 269a Short Form is used for grants without program income (refer to definition of Program Income below).
**Fix Price:** A payment term for a sponsored project whereby the total cost of the project is negotiated at the time of award and actual project costs may be less than the agreed to “fixed” price. In this case, the University retains any funds received above the actual cost of the project.

**Flat Invoice:** A payment term for a sponsored project whereby payments are the same amount each period regardless of the actual costs incurred in performance of the work.

**Gift:** A donation of money, property, or anything of value to the recipient for the recipient’s ownership and use. Gifts normally contain only the following elements:
1. If there are any restrictions on use, they are limited to the University, a unit, a program, or an activity.
2. The amount of a gift may or may not bear any relation to the total cost of the program or activity.
3. There are no deliverables and/or reporting requirements.
4. Funds may be commingled with funds from other sources within the same accounts.

**Grant:** In higher education, generally used to describe a funding source external to the university that supports a project that is research, public service or instructional in nature. More specifically, a grant is one of several funding mechanisms used to fund University-based research, instruction and public service. A grant is a financial assistance agreement between the sponsor and the University to carry out approved activities. A grant is used whenever the sponsor anticipates no substantial programmatic involvement with the University during the performance of project activities.

**Grant Officer (GO):** An individual within the post-award contracts and grants office responsible for the financial oversight of an award administered within the University by University employees. In larger organizations, this responsibility may rest in a department.

**Office of Sponsored Research (OSR):** Unit within the University responsible for coordinating research grant requests, reviewing, approving and submitting grant proposals, negotiating and accepting grant agreements and other award instruments on behalf of the University. May be referred to as the Pre-Award office or function. Also encompasses eRA functions related to database management and proposal submission.

**Office of Management and Budget (OMB):** the U.S. Office of Management and Budget is the executive level agency that sets the federal regulations pertaining to the administration of contracts and
grants including the awarding of contracts and grants from federal agencies, applicable cost principals, and audit guidelines.

**Principal Investigator (PI):** An individual assigned responsibility by the granting agency for the programmatic and financial operations and results of an award. Typically this person was the original applicant for the award from the sponsoring body.

**Prime Award:** A contract or grant award to the applicant institution that include sub-recipient(s). In this case, the prime award is issued to the applicant institution, the “Prime Awardee/Prime Institution.”

**Program Income:** Gross income generated from the activities of the sponsored project. Examples could include fees for services performed under the grant, rental or usage fees charged for use of equipment purchased with grant funds, third party patient reimbursements for hospital or medical services paid from the grant, funds generated by the sale of commodities developed for or paid for from the grant, and patent or copyright royalties.

**Regulatory Compliance Officer (RCO):** An individual affiliated with the University Research Administration responsible for verifying oversight of regulatory functions of the university – IRB, IACUC, COI, Misconduct in Science, etc.

**Request for Advance or Reimbursement - SF-270:** Form used to request an advance or reimbursement for a federal grant or cooperative agreement.

**Scholarship:** An amount paid for the benefit of a student at an educational institution to aid in the pursuit of studies (IRS Pub. 970: Tax Benefit for Education). Scholarships are not normally included in time and effort reporting. Any payment where a 1099, rather than a W-2, is issued is not normally included in time and effort reporting.

**Sponsor:** An external funding agency which enters into an agreement with the University to support research, instruction, public service, or other sponsored activities. Sponsors can include private businesses, corporations, foundations and other not-for-profit organizations, other universities, and Federal, state and local governments.

**Sponsored Project:** In higher education, generally used to describe a project or activity that is research, public service or instructional in nature and funded by a source external to the University. The
sponsored project award may be in the form of a grant, cooperative agreement, contract, or other purchasing mechanism.

**Note:** Refer to Appendix for further guidance on defining sponsored projects.

**Stipend:** A fixed sum of money paid periodically for services or to defray expenses. In higher education, stipend is generally used to describe various kinds of payments including:
1. Compensation paid to graduate assistants (GAs) for services rendered, paid through payroll (taxable). GA compensation is normally included in time and effort reporting.
2. Scholarship and fellowship payments (no services rendered) used for living expenses (non-payroll compensation). These types of payments are not normally included in time and effort reporting.

**Sub-award:** An agreement whereby the University enlists another organization, the “sub-recipient,” to provide a portion of the outlined scope of work or services to a University sponsored project. An organization is considered to be a sub-recipient of an award when it:
1. Determines who is eligible to receive financial assistance;
2. Has its performance measured against whether the objectives of the sponsored project are met;
3. Has responsibility for programmatic decision making;
4. Has responsibility for adherence to applicable sponsored project compliance requirements; and
5. Uses the funds to carry out a project of the organization as compared to providing goods or services for a sponsored project of the pass-through entity.

**Time and Effort Coordinator (TEC):** Member of the Contracts and Grants Office responsible for maintaining the system and distributing and collecting time and effort reports.
I. Account Setup

Executive Summary

The Account Setup function is intended to organize each new contract or grant award in a manner that will promote compliance with the Federal Office of Management and Budget principles and specific sponsor regulations as well as integration with University policies. This process identifies responsibility for key areas for the award among PIs and other individuals and offices within the University. The process includes establishing unique Banner funds in the University’s financial system for proper expense and receipt accounting and creating schedules for reporting requirements. Key data elements are recorded to promote efficient and effective project management and reporting. In addition, the process verifies that a final determination on the award’s involvement with human or animal subjects has been made. The Director of Contracts and Grants, or designated approver, concludes this process by communicating key terms and conditions of the award to the Principal Investigator in the “Award Letter”, declaring the award available for use by the University.

Baseline Standards

1. Award packages are received, reviewed and negotiated/accepted in the Pre-Award Office.

2. Once accepted, the award package including the proposal, final submitted budget, notes and other documentation is forwarded to the Contracts and Grants Office (CGO). The documents are then routed to the team member assigned to that department/unit or sponsor.

3. Each new award is assigned to a Grant Officer (GO) (also referred to as a Post-Award Specialist) in the CGO based upon the department or college receiving the award. A matrix displaying the assignment of colleges or departments to the GOs should be developed and should be updated as needed to balance the workload between GOs as departments or colleges experience growth. This matrix should be available on the Contract and Grants website and distributed throughout the departments/colleges.

4. The award package is reviewed for cost sharing, the type of action (i.e. new award, continuation funding or supplement to an existing award, renewal or a no-cost extension of an existing award), and the type of award (i.e. grant, contract, cooperative agreement or other). Refer to Appendix for guidance on this determination. The original budget, full proposal, agency communications and history, award documents, and
other correspondence and documents must be included in this award package.

5. Expenses Incurred Before Fund Establishment (Pre-Award Account or Letter of Guarantee)

a. Occasionally, expenses will be incurred before the formal award is received. These funds could result from necessary allowable pre-award spending authority or from the late receipt of an award. In these instances, the CGO should require the PI to obtain a Letter of Guarantee from the Dean or Department Chair identifying an account to which costs can be moved if the award does not materialize. This letter needs to be signed by the Dean or Department Chair showing that he/she agrees to the University assuming the financial responsibility of expenses incurred during this period if funding is not received.

b. To establish a pre-award account, a project budget is required. To minimize risk during the pre-award period, sub-awards or large binding contracts are not approved. Typically, expenditures for personnel and critical equipment are incurred during the pre-award stage.

c. Upon receipt of the Letter of Guarantee and project budget, the CGO completes the award setup as follows.

6. Once the completeness of the award package is confirmed, the award setup is then prepared. This process must include at a minimum obtaining a Banner fund number, verifying the award is properly set up in Banner, including budget entry and regulatory compliance issues are resolved.

a. The Award Setup Form may be used for the award setup process. The Award Setup Form is used for new awards and changes to awards, such as continuation funding, renewals, no-cost extensions, or supplemental awards. The form also includes the Banner Fund Create Sheet (refer to Appendix for Award Setup Form).

b. At a minimum, one permanent file should be created for each new award. Contents (stored either in a manual file, accessible online, or a combination thereof) must include:
   i. Award document (including any negotiation history and relevant agency communications)
   ii. Full proposal and submitted budget
   iii. Space for HR information unless stored electronically
   iv. Space for CGO approvals, notes, emails
v. Award setup documents  
vi. Space for billing/reporting documents unless stored electronically  
vii. Other materials as specific to the project  

7. For those projects that involve the use of human or animal subjects or hazardous materials/RNA/DNA, the proposal package must include evidence that there are current approved protocols or other approvals in place as required. The GO should verify that this certification is made and that evidence is kept with the award documentation. This certification will come from the Pre-Award office with the award package.  

8. The completed New or Change Award documents package is reviewed and approved for readiness to create or modify the fund in Banner. The review should confirm contract negotiation was completed by the responsible unit. If there is an issue that would impact post-award operations, the DCG should contact the Pre-Award Office for resolution. This should happen prior to releasing the Banner fund number to the PI. At this point, the authorized approval should be made and the package moved forward.  

9. The Banner fund data entry (FRAGRNT/FRIGITD) is established in CGO including set-up, budget input, and input of the required data elements. The package is then forwarded to the unit creating the Banner fund, which could be the CGO or Accounting, for the remaining data elements and billing. One fund should be used for each grant.  

10. If the award is considered significant, complex, is from a sponsor that is outside the normal funding community for the University or discipline, the PI is new to the University, or has not served as a PI before; or the award has significant cost share, a New Award Meeting with the PI and other interested parties should be initiated.  
   a. This meeting should:  
      i. Identify unique issues to the project, including budget alignment  
      ii. Provide an overview of University policies and procedures impacting this project  
      iii. Inform the PI and support staff of educational opportunities across the campus specific to grants/contracts of use in managing the project.  
      iv. Identify sub-award recipients  
      v. Clarify and confirm cost sharing obligations  
      vi. Identify personnel resources that will be used on the grant.  
      vii. Inform the new PI of University specific rules and regulations including a reporting/critical action schedule and policies for managing the grant.
viii. Transmit hard copies of critical sponsor documents to the PI (refer to Appendix, section III, for the PI Management Checklist).

11. Once a fund has been created and the FRAGRNT has been populated, an Award Letter is issued to the PI and all co-PI's, signed by the DCG with copies to the applicable department chair(s)s, dean(s) and vice chancellor(s).

12. An award file is created as described in 6.b and filed numerically by fund number.
II. Time and Effort Reporting

Executive Summary

a. Effort is considered to be the amount of time any individual spends on a specific University activity. This includes time spent working on a sponsored project in which salary is charged directly or contributed (as in a cost-shared effort). Effort is reported as a percentage of the total time spent on work-related activities for which the University provides payment.
   i. When an hourly employee is paid from grant funds, they indicate any hours worked on any grant account on their normal periodic timesheet. Timesheets are filed and maintained in the Payroll office and serve as time and effort reporting evidence when needed for compliance with a time and effort review.
   ii. When a salaried employee is paid from grant funds, they must certify their effort through the time and effort reporting process.

b. Meeting University standards
   i. To meet University standards, the time and effort report must account for 100 percent of the salaried employee’s work and be submitted three times a year (fall, spring, and summer session).
   ii. To meet University standards, effort reports must be processed for all salaried individuals working on or cost sharing effort against sponsored project.
   iii. Time and effort reports are also required as evidence of meeting cost sharing requirements when the University has agreed to contribute all or a portion of an employee’s salary to a sponsored project. Only effort shown through the time and effort process may be used for meeting sponsor match requirements.
   iv. University standards require that all time spent on sponsored projects must be reported. Time and effort reporting is the only means to track effort cost sharing. A signed time and effort report validates cost share commitments made by the University to the sponsors.
   v. University standards require the reporting include all institutional activity of the individual subject to time and effort reporting, regardless of funding source. Therefore, time and effort reports will include both sponsored and non-sponsored activity for the individual.
   vi. On a reporting period basis, the Principal Investigator (PI) and other individuals working on a sponsored project are asked to estimate and then certify how their time was spent over the months as a percentage (e.g., 40% Teaching, 20%
Administrative, 40% on a specific grant). It is critical to the time and effort reporting process that the percent of actual time expended is considered when reporting each period.

i. UNC best practices allow effort reporting percentages to be within a +/- 5% margin.

vii. The federal government and its auditors are active in their review of requirements regarding time and effort reporting. Audit disallowances are the product of their scrutiny.

Baseline Standards

1. The University shall designate a specific person as overall Time and Effort Coordinator (TEC). In larger institutions, departmental personnel may be delegated coordinating and reporting responsibilities, with the central office maintaining oversight.

2. If a new award meeting was held as a part of Account Setup (refer to I.10), refer to the resources that were identified to note any personnel actions requiring time and effort reporting. If a new award meeting was not held, the Contracts and Grants Office (CGO) will notify the PI and departmental contact, if applicable, of the need to submit Personnel Action Forms (PAFs) for indicated personnel actions.

3. Once the PAFs are received by the CGO from the PI/Department, the TEC will record the PAF information in the Time and Effort Information System. The TEC should note the employee’s expected time and effort percentage based upon the salary split on the PAF. The TEC will also maintain cost share commitments as part of the Time and Information System. This information will be used in monitoring salary expenditures during the monthly salary reconciliation.

4. At the end of each reporting period, time and effort reports are generated by the TEC and sent to the department/PI and other individuals working on sponsored projects. The distribution may be through an electronic system where the distribution hierarchy has been established by the department. These reports contain the actual payroll, shown in percentages, for each employee identified for the reporting period and are based on earned income, not (in the case of nine-month faculty on 12-month payroll) actual paid amounts.

   a. The department/PI reviews and distributes the time and effort reports to employees paid from or cost sharing against sponsored projects. Upon receipt of the time and effort reports, the PI reviews cost share commitments and requests a time and effort report from the TEC for any individual who needs to report cost share effort or worked on the project, but did not receive an effort form.
b. The employee must certify their own effort, with the PI providing the final approval. However, on an exception basis, the PI or a supervisor with direct knowledge of the level of effort for the reporting period may certify for the employee if the employee is not available.

c. Note: A-21 requires certifications to be made by an employee with direct knowledge of the effort being certified.

d. The department/PI is responsible for returning forms to the CGO.

5. The TEC will collect all the returned time and effort reports and log each report into the T&E Log (refer to Appendix for T&E Log).
   a. As part of their review, the TEC will note where any certified time and effort percentages have a greater than 5% variance between the expected effort (charged salary) and certified effort (actual effort) in the T&E Log. For differences of 6% or greater, the TEC will contact the PI to determine if a new PAF is needed to correct the variance for the upcoming semester and will coordinate a journal entry to reclassify salary costs to accurately reflect the percentage of time and effort certified. All journal entry corrections must be processed within 90 days of the payroll period.
   b. As part of their review, the TEC will also note where the PI or other named key personnel on federal projects have met less than 75% (±25% variance) of committed effort reported. Where differences greater than 25% are noted, the TEC will contact the PI or named key personnel to determine if a journal entry will be needed to reclassify costs or if some additional effort will be reported through cost share. If the estimated combination of paid and cost share effort remains less than 75% of committed effort, the TEC will work with the GO to determine additional actions that may be needed to meet sponsor requirements.

6. Certified time and effort reports should be returned within six weeks of the distribution date. For outstanding reports, the TEC will email the PIs, the Chair, and the non-compliant personnel a reminder to complete their time and effort reports. At that time, the TEC will notify the PI and Chair that costs will be disallowed if the effort reports are not completed. After two additional weeks, the TEC will compile a list of non-compliant personnel, their PI, and the funds affected and forward the list to the Director of Contracts and Grants (DCG).

7. All time and effort reports should be completed within eight weeks of distribution of the effort period reports. At the end of eight weeks, for any uncertified reports, the DCG may unilaterally disallow costs and move uncertified salary costs to a non-sponsored fund.
III. Grant Management

Executive Summary

The Grant Management function includes periodic account maintenance as defined by the sponsor, OMB Circulars, and campus-specific requirements. The Contracts and Grants Office has the primary responsibility to provide the Principal Investigator with financial resources and information necessary to effectively manage a sponsored project and to validate that all parties comply with the financial terms of the agreement. In this role, the Contracts and Grants Office is responsible for acting as a liaison between the project directors and Principal Investigators and the agency regarding fiscal matters, including both financial reporting and financial compliance monitoring. A Principal Investigator has primary responsibility for managing his/her sponsored project funds in a manner consistent with these principles and exercising sound fiscal management. The Principal Investigator is ultimately responsible for expenditure of funds in compliance with all agency, State, and University regulations. The Principal Investigator is also responsible for the programmatic direction of the research project and for initial authorization of all expenditures charged to the award budget.

Baseline Standards

1. Establish Grant Management Responsibilities

   a. Once the formal award documents are received and processed by the Post-Award Office (CGO) and the financial fund number is released to the Principal Investigator (PI), all parties involved with the award should be made aware of grant management duties for which they are responsible. The Contracts and Grants Office (CGO) should assign the award to a Grant Officer (GO). In addition, distinctive duties not owned by the CGO should be communicated to the PI and Department.

   b. A Roles and Responsibilities Matrix should be utilized for internal assignments of duties as well as communicating responsibilities to other departments (refer to Appendix for Roles and Responsibilities Matrix example).

   c. A Grant Management Checklist should be used by the GO to verify that he/she is following all necessary steps for grant management, including monitoring, approval, and verifications (refer to Appendix for Grant Management Checklist example).
d. In addition, a PI Checklist or instructional/procedure document should be used to provide PIs, particularly new ones, with basic terms and concepts as well as guidance on how to expend funds according to agency, state, federal, and University policies (refer to Appendix for PI Management Checklist).

2. Expenditure Approvals

a. Standard Expenditures (Bi-monthly) - the CGO monitors expenditures to verify compliance with applicable rules, regulations and directives. Many types of expenditures related to sponsored projects are handled in the same manner as expenditures for other fund sources and are subject to the same routine processing, reviews, approvals and other controls, including departmental and/or college-level review and approval. A high-level review of these expenditures should be performed every other month by the assigned GO, or designated departmental or college staff using standard reports that identify specific account code expenditures. Additionally, a high level review of awards nearing completion should be performed for late spending.

b. High-risk Transactions - some types of expenditures related to sponsored projects require a different level of scrutiny to verify fiscal compliance with the award terms and conditions. The GO must review these high risk transactions, which may include:
   i. Salaries and wages (addressed through Personnel Action Forms)
   ii. Contracted services
   iii. New Sub-awards
   iv. Foreign travel
   v. Food
   vi. Scholarships, stipends, and tuition
   vii. Equipment acquisitions
   viii. Other expenditures >$10,000 per transaction
   ix. All cost transfers (JVs) including salary reallocations
   x. Research incentives

c. Salary and Wage Reconciliation

   i. The CGO is responsible for reconciling the labor distribution report to the CGO’s Time and Effort Information System. In the case of a larger institution, this reconciliation may be conducted at the college or department level. This serves to verify what should be charged to the award agrees to what was charged.
ii. Personnel charges should be reconciled on a monthly basis from the month-end fiscal reports and labor distribution reports. Planned salary allocations should also be posted to the Time and Effort Information System when an HR form is processed. After the month-end payroll runs, monthly reports are reviewed for any award having a payroll charge for the current month. The actual payments are compared to the planned salary allocations and reconciled against the monthly transactions report. Any discrepancy is researched. If an error has occurred, it is corrected through an update to the Time and Effort records (once verified) or a salary reallocation. When it appears an award is about to expend all of its salary funds, or if an action projects a deficit of more than 10%, the GO should notify the PI.

d. Salary Reallocations

i. Salary reallocations, or redistributions, occur when an incorrect financial fund number or account code for a contract or grant or other source was used to code personnel on the grant. Salary reallocations are also made to correct incorrect or late direct salary charges to a sponsored project. Approval of salary reallocations should follow the approval process for high-risk transactions noted above in section c.

e. Unallowable Expenses

i. Unallowable expenses may not be charged to contract and grant financial funds. If through error an unallowable expenditure is charged to a contract and grant financial fund, it must be removed as soon as the error is discovered. This applies to both direct sponsored project expenditures and cost sharing expenditures. Allowability of expenditures is determined by University, state, and federal regulations (i.e., Federal circulars and/or FAR) as well as sponsor terms and conditions. Beyond strict allowability, an expenditure must be deemed reasonable and allocable to the specific project.

ii. An available financial fund(s) should be identified so that the CGO can move erroneously charged unallowable expenses in a timely manner. This fund may be at the college or department level. It is critical that all parties participating in grants management recognize their responsibility for responsible fiscal management.
3. Cost Sharing

a. Cost sharing can either be imposed by a sponsor as a condition necessary to receive their support, or it can be volunteered on the part of the University to demonstrate its commitment to a project.

b. Once a proposal containing cost sharing is accepted by a sponsor, the commitment is considered a binding commitment upon the University and requires written approval from the sponsor for any changes.

c. Once an award is accepted by the University, the PI is responsible for verifying that any cost sharing commitments are met, and that all necessary documentation is provided in a timely manner. The Time and Effort Information System is the system of record to be used to record the obligation of institutional salary as cost share and to document compliance with cost share requirements. This should be monitored throughout the life of the sponsored project, not only at its end. Cost sharing expenditures incurred or services rendered must occur during the period of the award and are subject to the same sponsor guidelines and regulations.

d. Cost sharing, including commitment of non-salary funds, should be certified annually for multi-year projects, with the PI providing the certification and the GO performing a validation of the reported amounts. The certification should capture all contributed effort, as documented in the Time and Effort reporting system, non-salary support from other University sources, and third party cost share as supported by documents maintained at the PI/department level.

e. Third party cost share must be monitored by the prime institution as an on-going responsibility of the fiscal reporting. If a third party does not meet its required cost share, it becomes the University’s obligation to meet the cost share.

f. Any shortfall in meeting the committed level of cost share must be reported to the sponsoring agency. The University runs a risk of the sponsor enforcing its requirements and having a proportional amount of the award rescinded.

g. According to the Office of Management and Budget (OMB) Circular A-110 definitions of cost sharing and matching, all contributions can be accepted as part of the recipient’s cost sharing when such contributions meet all of the following criteria:

1. Are verifiable from the records of the PI/institution.
2. Are not being included as contributions for any other federally-assisted project or program.
3. Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
4. Are allowable under the applicable cost principles.
5. Are not paid by the Federal government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
6. Are provided for in the approved budget when required by the Federal awarding agency.

Note: In cases involving unrecovered indirect costs, they may be included as part of cost sharing or matching only with the prior approval of the Federal-awarding agency.

Note: It is recommended that federal guidelines be applied for non-federal awards for added assurance unless superseded by a more restrictive state or sponsor guideline.

h. The CGO should obtain and keep on record the PI certified cost share statement and supporting documentation if applicable (refer to Appendix for Cost Share Certification Form example).

4. Budget Management
   a. Budget Revisions
      i. The award budget is the financial expression of the project or program. Re-budgeting of these funds is subject to appropriate institutional review and approval processes. Sponsors often require prior approval for budget changes involving key personnel, contractual actions, foreign travel and equipment. These high-risk areas mirror those that frequently require sponsor prior approval for changes.

      ii. Proposed revisions in sponsored project budgets should be submitted in writing to the CGO for review of the terms and conditions of the award agreement and general cost principals. If the requested budget revision meets these standards, it will be completed. If required by the terms and conditions of the agreement, the CGO, in conjunction with the PI, will submit the request for budget revision to the sponsor. In these cases, sponsor approval must be received to complete the budget revision. The proposed changes and all documentation will be maintained in the award file.
Budget revisions should be made in advance of affected expenditures.

iii. The determination of what level to allow budget revision capability should be based upon competency, risk, and sponsor restrictions.

b. Cost Transfers through Journal Vouchers (JV)

i. According to the Office of Management and Budget (OMB) Circular A-21:

1. Federal regulations require written justification for any reassignment of an expense if the cost was initially placed against another source of funds and the charge is to be transferred to or from a federally funded or other externally sponsored project. This reassignment is accomplished by means of the cost transfer process.

2. Cost transfers may be appropriate if the transfer represents the timely correction of a simple error or for transfers between sponsored projects provided the projects involve closely related work, and the cost is a proper charge to either project. Note: Agency approval of these types of transfers is required in some instances and such approval should be evident in agency award documents.

3. Cost transfers are not appropriate to reduce or avoid overruns on other sponsored agreements except as noted above, to avoid restrictions imposed by law or by the terms of the agreement, or for other reasons of convenience.

4. Transfer requests must be made within 90 days of originally incurring the expenditure. The request must include sufficient justification and necessary supporting documentation. Cost transfers made more than 90 days after the original transaction date are not approved as a standard best practice. If sufficient justification is made, the review must include the appropriate level of management review, as defined by the institution, prior to approval. Inappropriate charges to sponsored agreements must be corrected, regardless of timing.
5. Cost transfers are never allowable simply because there is funding available in one project and not in another.

c. Expenditures in Excess of Available Funds

i. If an award over spends, either in total or within an unchangeable line item, the charge(s) must be moved to another account through a JV or if appropriate, additional revenue may be added to the award. If charges are moved via JV, the charges must be moved to another fund to which they would be allocable, not simply because there are funds left in one and another is overspent. If no alternative fund is available to which the overages can be moved, the department or college is liable for the charges and should be contacted for a financial fund number. If additional revenue is being added, the determination of allowability should be made by the Director and should be documented in the Contracts and Grants records for that award.

5. Sub-awards

a. Processing the Sub-award

i. The PI requests approval from the GO, or the Pre-Award Office, to issue a sub-award (GO or Pre-Award Office verifies funds are available and sub-recipient is identified in the proposal.) The PI identifies the scope of work and budget for the sub-award recipient.

ii. Prior to the issuance of the sub-award, a determination needs to be made if the subrecipient will be required to provide certification as to the compliance of its institutional policy for Conflict of Interest. If such a certification is required, the subagreement document must incorporate the appropriate language regarding which institution’s Conflict of Interest policy will apply to the key personnel associated with the project.

iii. Prior to the issuance of the sub-award a risk assessment should be conducted by the CGO or the Pre-Award Office, or both, to determine the appropriate level of monitoring and to ensure monitoring and reporting requirements are incorporated into the sub-award document. The assessment can be conducted from the perspective of the subrecipient.
organization and could be conducted annually unless circumstances warrant a more frequent assessment. The GO or Pre-Award Office collect information on and assurances from the subrecipient that will inform the risk assessment and also document due diligence.

iv. Risk could be based on the subrecipient profile (i.e. novice, non-traditional or known to have findings), characteristics of the prime award (i.e. complexity or new as a sponsor to the university), or if the work is on a highly visible project or other factors. A higher level of risk may warrant more robust monitoring plans. For campuses with large numbers of subawards, a sampling method for subaward monitoring may be used.

v. Risk assessment tools or instruments that inform decision-making and document the data elements considered should be used to determine the appropriate monitoring plan for individual subawards or for subrecipient entities. Documentation of the assessment should be maintained within the files of the unit responsible for the assessment function. Acceptable models of risk assessment tools include a "Web-based Data Collection Tool for Subrecipient Monitoring," a "Risk Assessment Tool with Numerical Weights," a “Subrecipient Check List,” and “Subrecipient Risk Assessment Tool.” These models are attached as Appendix E.

vi. Prior to the issuance of the sub-award the CGO or Pre-Award Office should determine if the sub-award will be subject to FFATA reporting (Federal Funds Accountability and Transparency Act). If so, a data collection instrument needs to be included in the sub-award package or the information needs to be obtained in another manner. The subrecipient data must be reported within 30 days of executing the subaward through the www.fsrs.gov site.

vii. The appropriate office (OSR or Legal) prepares the sub-award package for review and University approval. The prime award and any special terms and conditions, including Conflict of Interest policy requirements, specific monitoring activities, reporting requirements or data collection requirements relative to FFATA reporting are incorporated into the sub-award document. Duplicate original document packages are sent to the sub-recipient, along with a transmittal letter, for review and acceptance. Once the sub-
award is fully executed, a full copy of the executed sub-award package is provided to the GO and the PI.

viii. Upon receipt of the fully executed sub-award, the GO assures the sub-award obligation is encumbered or is discretely budgeted within the accounting system.

b. Sub-recipient Invoices

i. Prior to payment of sub-recipient invoices, the PI should sign-off on the invoice indicating agreement with progress of work and authorization of payment.

ii. The final sub-award invoice should have a certification label or statement affixed indicating the sub-recipient has provided all work and deliverables as required by the sub-award. The PI provides the certification of acceptance of the final invoice.

c. Sub-recipient Monitoring:

i. Based on the risk assessment conducted for the subrecipient entity, an individual subaward or through a sampling technique for campuses with large numbers of subawards, the CGO, Pre-Award Office or other designated staff should conduct monitoring activities, based on the level of risk identified in the assessment. Monitoring activities could include desk reviews, sampling transactions from particular budget lines, sampling cost share transactions, regular meetings with the university and subrecipient project teams and/or site visits.

ii. The CGO conducts A-133 certification annually, which could be part of the subrecipient entity risk assessment, whereby it must follow up on reported material findings to determine if the findings are relevant to the sub-award and the corrective plan of action.

iii. Adequate project progress – the GO should have the PI periodically verify adequate project progress on the sub-award.
6. Maintain Contract and Grant Files

   a. The GO will maintain required sponsored program grant documents for three years after the final financial report is completed and approved by the sponsor or after settlement of any legal claim or audit, whichever is longer and in a manner consistent with the institution’s records retention schedule. These documents should be organized into a folder, physical or electronic, that includes at a minimum:

      i. Award document
      ii. Full proposal, submitted budget and any subsequent budget revisions
      iii. Space for HR information unless stored electronically
      iv. Space for CGO approvals, notes, emails
      v. Award set-up documents
      vi. Space for billing/reporting documents unless stored electronically
      vii. Other materials as specific to the project
IV. Billing and Drawdowns

Executive Summary

The awarding document for each sponsored project contains specific requirements for either billing the sponsor or for drawing down (drawdowns) funds from the sponsor (typically from a US Federal Agency) once qualifying expenses have been incurred. Invoicing and drawdowns should be conducted on a routine or systematic basis. In some cases funds are provided in advance of qualifying expenditures. In these cases, the advanced funds must be applied to the contract or grant fund/account within 72 hours of receipt and any sponsor requirements for treatment of interest earned must be followed. All transactions should be vetted for allowability during the Grants Management process (refer to Section III). However, the designated staff member(s) responsible for preparing the invoice and gathering information to support the drawdown request should review the applicable documents for reasonableness prior to submitting the request for payment to the agency. Also, because most sponsored projects operate on a cost reimbursement basis, billing and drawdowns should occur as frequently as it is practical or contractually permissible. Unless otherwise restricted by the sponsor, requests for funds should occur no less frequently than once a month. Timely monitoring and follow-up on accounts receivable is required to ensure sponsor obligations for payment are met.

The following standards are written to acknowledge multiple enterprise financial systems deployed across the UNC System. The term “Accounting Database” is used interchangeably with Banner or PeopleSoft.

Baseline Standards

1. During account setup, the billing type (drawdown, advance invoice, or reimbursement invoice) and frequency (monthly, quarterly, other) should have been entered into the accounting database as determined from the award documents. Invoices and drawdowns for the current billing cycle are prepared using these data. For those campuses that have implemented Banner Billing (A/R), it is understood the Accounts Receivable office may prepare and send the invoice.

2. Reimbursement Invoicing:
   a. Run the project-to-date expense report from the accounting database. The expense report should be examined for project-to-date against billed-to-date information and the difference should be the current amount to be invoiced. Institutions should establish a standard invoice template to be used unless award documents specify the use of a sponsor-specific template, in which case the alternate is used.
b. Supporting documentation should be obtained and included with the invoice as required by the sponsor and indicated on the award sheet or in award documents. For sponsor agencies that remit payment in the form of a hardcopy check, a second “remit copy” of the invoice should be sent with the original to be returned from the agency with the payment.

3. Drawdowns:
   a. Drawdowns should be requested in accordance with sponsor directed guidelines. Unless otherwise specified, drawdowns should take place no less frequently than monthly. At least once a month the project-to-date expense report should be run for accounts that have drawdown payment terms. The report should be compared to receipts-to-date for these funds/accounts. Awards with significant undrawn amounts should be drawn down if reasonable to do so in accordance with need or specific guidelines from the sponsor.
   b. Supporting documentation should be obtained for the drawdown and retained and/or submitted as required by the agency.
   c. A designated staff member(s) should be responsible for performing the actual drawdown from the sponsor’s website.
   d. After issuing the drawdown request to the sponsor, a copy of the drawdown confirmation should be maintained for review or audit.
   e. The time elapsed between the receipt of funds requested via drawdown and application/disbursement of the funds received must be minimized and the funds should be applied/disbursed within 72 hours of receipt. Any amounts drawn in advance should be limited to the minimum amount needed and be timed in accordance with the actual, immediate cash requirements.

4. Outstanding Receivables:
Monthly, the designated staff member(s) should compile an aging report from the accounting database. The report should be organized to show awards with receivables that are 30, 60, 90, and 120-days overdue. Documentation, including documentation contained in grant files should reflect working notes and correspondence regarding accounts receivable management and follow-up.

   a. Invoices 30 days past due: Past due notice should be issued to the sponsoring agency indicating the receivable is considered delinquent and failure to make complete payment to the institution within 60 days of the invoice date will result in the debt being referred to the State of North Carolina Attorney General for collection under N.C. General Statute §147-86.11(e)(4).
b. **Invoices 60 days past due:** The designated staff member(s) contacts the sponsor to inquire on the status of the outstanding payment. Following this contact another letter is sent indicating that payment must be received within two weeks of the date of the letter or the debt will be referred to the NC Attorney General for collection. The designated staff member(s) follows up monthly hereafter.

c. If after the 60-day past due notice:

   i. The sponsoring agency responds that they are waiting on a technical deliverable or required report, contact should be made with the PI and the appropriate administrator of the PI’s college to determine the status of the outstanding deliverable. If the PI is delinquent in meeting deliverables, collection efforts should be suspended and a due date should be established and agreed to by the PI and appropriate administrator of the PI’s college for submission of the outstanding deliverable.

   ii. If at any time it is determined the agency has financial problems and is not able to pay, proceed to the 90-day process below and also refer the project file to the Director of Contracts and Grants for evaluation. Further, in accordance with campus procedures, actions should be taken to suspend additional expenditures and to clear any deficit.

   iii. The sponsoring agency indicates payment has been made, obtain specific information so the receipt can be tracked at the university by the designated staff member(s). Specifically, obtain the check#, check date and exact amount of the payment for check payments and wire date, exact amount of payment, routing number or receiving bank account number for wire/ACH payments.

   iv. If none of the above conditions exist, proceed to the 90-day process below.

d. **Invoices 90 days past due:** For uncollected accounts aged past 90 days, for which another North Carolina state agency is the sponsor, the Office of State Controller will be notified. For all others, Per G.S. 147-86.11 (e)(4), the NC Attorney General’s Office is notified of uncollected accounts aged past 90 days that are greater than $500. A letter from the AG’s office is generated for each uncollected account and submitted until payment is
made in full or the unreimbursed amount expended is removed from the project.

I. The AG Guide for the Collection of Delinquent Accounts Receivable is located at the following URL:

II. FORM 2: School Accounts Receivable is used for submitting uncollected accounts to the AG’s office. The form is located at the following URL:
http://www.ncdoj.gov/About-DOJ/Legal-Services/Legal-Resources/Collections-Guidelines.aspx

e. **Invoices 120 days past due:** The designated staff member(s) should notify the PI and the appropriate college administrators that all expenditure activity is suspended until further notice and that any account deficit should be cleared in accordance with campus procedures.

f. The designated staff member should notify the Director of Contracts and Grants of all non-governmental projects with invoices delinquent past 120 days to document all follow-up documentation. Non-governmental receivables delinquent past 120 days are subject to collection proceedings by a collection agency. The collection agency used will be one currently approved under a State of North Carolina contract.

1. DOCUMENT (Sample Dunning Letters)

5. Settling Uncollectable Accounts
After a receivable is 180 days overdue, or at any time it is determined a receivable is not collectable, the Director of Contracts and Grants should formalize settlement options with the PI and appropriate departmental/college administrators. The financial responsibility for any non-reimbursement by the sponsor of expenditures associated with awards rests with the PI and the department and/or college/school having primary responsibility for the project.

In the event of such non-reimbursement, the PI, the department and the college/school will be accountable for reimbursement to the University for the expenditures of that specific project. Ultimately, additional resources beyond those available from the department or college/school may be required to resolve the deficit. Campuses should have written procedures to address these situations where the deficit is in excess of the funds available.
In the event a sponsor pays the outstanding receivable balance after the deficit has been covered from local institutional sources, the funds used to reconcile the deficit will be proportionally refunded.

Recurring problems with a sponsoring agency or other symptomatic issues regarding non-reimbursement will be reviewed by University official(s) responsible for sponsored projects administration, who will take appropriate measures to address any significant problems. Actions may include, but may not be limited to, suspending further/additional agreements with that sponsor and/or requiring advance payment for any future agreements.
V. Reporting

Executive Summary

The Reporting function is intended to verify that necessary reports are submitted as required by the sponsor, whether it is a federal, state, local, or private institution. Though these requirements vary depending on the sponsor, most federal agencies have similar reporting requirements and often use a standard set of forms (refer to the Roles and Responsibilities Matrix for reporting responsibilities). The Contracts and Grants Office handles the preparation and submission of financial and other reports such as equipment reports or reports of subcontractors on a federal grant. Preparation of programmatic reports, including technical and invention reports, as required by the sponsor, is normally the responsibility of the Principal Investigator. The Pre-Award Office will confirm submission of the final technical report. Meeting such sponsor reporting requirements is critical since it can affect sponsor decisions about payments and granting future awards. Reporting requirements vary in frequency, format, due dates, and detail. As such, coordination and communication among the Contracts and Grants Office, the Office of Sponsored Programs, and the Principal Investigator is critical.

Baseline Standards

1. Identify Reports Due by Award
   a. When an award is received and processed by the Contracts and Grants Office (CGO) as part of Account Setup (refer to I.4), the report type and frequency required by the sponsor is documented in Banner.
   b. From this population, the Grant Officer (GO) generates a monthly report to identify awards with upcoming reporting requirements.
   c. The frequency and due dates by which reports are due depends on the sponsor.
      i. Interim - reports may be due at intervals within a budget year, such as monthly or quarterly, for purposes of tracking the financial status of an award as required by the sponsor.
      ii. Annual – for multi-year awards, reports are typically due prior to or at the end of each budget year depending on sponsor requirements.
      iii. At project close – a final Financial Status Report (FSR) is required, for federal awards, 90 days subsequent to the termination of an award. All authorized expenditures and outstanding obligations must be determined and considered in preparation of this report. The GO monitors this step as part of Account Closeout (refer to VI.4).
iv. Non-federal sponsors typically require financial reports 30 to 90 days subsequent to the termination of an award. Due dates will vary by sponsor.

2. Types of Reports
   a. Financial reports for Federal sponsors
      i. The most common forms used for federal reporting are the SF-269 - Financial Status Report, SF-272 – Federal Cash Transaction Report, and the SF-270 – Request for Advance or Reimbursement.
   b. Financial reports for Non-Federal sponsors
      i. Non-Federal sponsors specify reporting requirements and often provide a form for the report. Sponsors may or may not require financial reporting outside of the invoices submitted for payment during the Billing and Drawdown sub-process (refer to IV). As stated above, specific reporting requirements should be identified during Account Setup.
   c. Equipment
      i. Federal Acquisition Regulations and OMB Circulars A-21 and A-110 for administering contract and grant awards require that property procured with government funds be properly accounted for, used, maintained in good condition and disposed of in accordance with instructions from the sponsoring agency. As such, the Principal Investigator (PI) is responsible for maintaining records of equipment acquired with project funds, including ensuring applicable capital assets are tracked through the University capital equipment inventory process. Further, the PI should also require subcontractors to employ the same standards for treatment and reporting of equipment. The CGO will review and approve equipment expenditures (refer to III).
   d. Technical
      i. The PI should maintain copies of technical reports and the Pre-award office should maintain evidence of submission of the technical report to the sponsor. The CGO should confirm with the Pre-award office that this information was submitted to the sponsor.
   e. Invention
      i. Inventions are disclosed at the time of discovery. The PI and the Technology Transfer Office should maintain copies of these disclosures. The CGO should confirm with the PI that this information was submitted to the sponsor through the account close out certification process.

   a. A financial report requests basic elements including award identifiers (e.g., grant number and sponsoring agency) and the
reporting period over which spending occurred. The GO should populate these elements based on information from the Award Sheet established during Account Setup or as modified over the life of the award (refer to I.6).

b. The main purpose of a financial report is to document the detail of expenditures for the award. All authorized expenditures and outstanding obligations must be determined. The GO should consider the following specific transactions when preparing the report:

i. Expenditures – should be reviewed for allowability and compared to the budget to identify any unplanned variances.

ii. Indirect Cost Rate – rate, base, and total charges should be compared to the information from the Award Sheet to verify agreement to the terms and conditions of the award.

iii. Cost Sharing – if applicable, should be verified with the PI and be consistent with the information provided on the Award Sheet during Account Setup.

iv. Program Income – should be consistent with the information provided on the Award Sheet during Account Setup and reviewed for allowability based on the terms and conditions of the award.

c. The GO should complete a checklist (Federal Financial Reporting Checklist or Non-Federal Financial Reporting Checklist) to verify compliance with agency requirements before submission of the report.

4. Responsibilities

a. While the CGO is responsible for submitting financial reports, the PI is responsible for timely submission of all required documentation to the CGO or other University offices during the award period, including cost sharing and effort certification, in order to submit timely and accurate reports. To accomplish this, the PI should have access to detailed financial records and equipment inventory for the award at his/her department. These records are to be utilized throughout the reporting process and when performing any other required administrative duty as requested by the CGO.
VI. Account Closeout

Executive Summary

The purpose of the Account Closeout function is to comply with the closeout requirements of the sponsoring agency and verify that all project activities have been completed in a timely manner. Specific closeout procedures for awards are typically established by the sponsoring agency in the award document. OMB Circular A-110 sets forth that for federal awards, all reports must be submitted within 90 days after the date of completion of the award, including the final drawdown. The Contracts and Grants Office reviews the account to verify that all significant actions are completed by the deadline, including payment of the final invoice, closeout of related sub-awards, inactivation of the fund in the accounting system, and confirmation from the pre-award office that the final technical report was submitted. This review should begin no later than 90 days prior to the end date of the award. During this review, the Contract and Grants Office also sends communication to the PI alerting them of their responsibilities as they relate to the closeout process.

Baseline Standards

1. 90 days Prior to Award End Date
   a. Each month, the Grant Officer (GO) generates a report that lists all grants with an end date occurring in the next 90 days.
   b. Based on the report listing, the GO prepares email communication notifying each PI of the impending grant end date. This communication serves primarily two purposes: 1) determine if the PI needs additional time to complete project activities and 2) remind the PI of time sensitive HR, purchasing, or other actions. If the PI needs a no-cost extension, or is expecting continuation/supplemental funding, the PI must contact the Contracts and Grants Office (CGO) immediately. The PI also needs to review employees on the grant to determine whether any HR actions are needed to transfer employees from the grant. All HR and payroll forms and redistributions should be processed prior to the award end date (refer to Appendix for Notice of Award End (90 Days) template).
   c. For each grant, the GO should document when and to whom communication was sent for this 90-day period.
   d. Based on PI response, the GO should determine whether an extension to the award is needed.
      i. If there is a need for a no-cost extension, the GO should determine whether the University has expanded authorities
to issue this and, if so, notify the sponsor. If the University does not have expanded authority to extend the grant end date, a request is sent to the sponsor with a justification provided by the PI. The justification should indicate the project activities that remain to be completed and the requested end date. This request is issued from the CGO or sponsored programs. The responsibility for notice of an extension or the need to request an extension will be evident on the matrix of roles and responsibilities. The process will then follow steps outlined in Account Setup (refer to I.4). If a continuation or supplemental funding is anticipated, the GO should note this in the award file.

ii. If there is not a need for a no-cost extension, continue with grant closeout procedures.

2. 30 days Prior to Award End Date
   a. The GO emails the PI a Pre-Closeout Checklist 30 days before the award end date. This checklist serves as a second reminder to the PI of the impending grant end date and notifies the PI of his or her responsibilities (refer to Appendix for Notice of Award End (30 Days) / Pre-Closeout Checklist).
   b. For each grant, the GO should document when and to whom this checklist was sent.
   c. At this time, the GO should review the award’s account balance and any budget revisions.
   d. The GO should also review a monthly expenditure report or ad hoc expenditure report to verify that charges posted to the grant near the end of the project are reasonable, allocable and in accordance with sponsor guidelines.
   e. At the University’s discretion, Banner resources such as entering a termination date and last expenditure date may be utilized to prevent any charges being posted after the specific date.

3. Award End Date
   a. The GO sends an email to the PI notifying them that the award has ended. If the award has a deficit, the communication to the PI should contain the amount of the deficit that needs to be moved from the closed grant account. An account number should be provided to the GO to which the deficit will be moved (refer to Appendix for Award End Date Communication to PI).

4. After Award End Date
   a. Approximately 60 days after the award end date, the PI’s certification should be obtained verifying that the PI agrees to critical aspects of award closeout, including cost share, acceptable performance of sub-recipients and final report submission. This certification should be returned to the CGO before the final
drawdown is performed (refer to Appendix for PI Closeout Certification).

b. The Award Closeout Checklist should be completed to verify that all closeout procedures are followed. This checklist should be completed by the person responsible for closing the award approximately 60-75 days after the award end date, or upon receipt of the PI close out certification, if earlier. It may be reviewed by the Director of Contracts and Grants (DCG) if there are issues (e.g., over expenditures or intellectual property issues) needing a higher level of authority. This allows for adequate time to meet the 90-day Federal award requirement in case additional follow-up is needed. This step cannot be completed until all outstanding revenue is received (refer to Appendix for Grant Officer Award Closeout Checklist).

c. Revenue, billings, and expenditures should be reconciled, including comparison of the F&A recovered, budgeted, and the specific rate and base.

d. In the case of a fixed price/fixed fee agreement, residual funds should be handled in accordance with specific University policies (e.g., transfer to department, dean, etc.).

e. After all activities are completed, the Banner Fund should be terminated in the financial accounting system by notifying Accounting, or the appropriate office, of the fund to be closed and requesting that the fund number is inactivated on FRAGRNT and FTMFUND.

f. The GO periodically reviews inactive funds to verify that expenses are not charging against closed accounts.

g. All grant files are archived based on the University’s Record Retention policy. After the required retention period is over, award files may be handled in accordance with the University’s Records Retention Policy.
Appendix

The following is a preliminary list of templates, supplements, and guidance, by sub-process, for use with the written standards (template references are denoted in bold parentheses):

0. Introduction
   A. Defining Sponsored Programs Guidelines Document (0.A)

I. Account Setup
   A. Award Setup Form - includes Agency Approval Matrix (I.A)
   B. Grant, Contract, or Cooperative Agreement Determination:
      a. Grant
         i. A grant is an agreement to transfer money, property, services, or anything of value to accomplish a purpose, such as support or assistance in an area of interest to the grantor. For an award to be considered a grant, it normally will contain the following elements:
            1. The statement of work allows the project director significant freedom to change emphasis within the general area of work as the project progresses so long as the research objective are not changed without the prior approval of the sponsor.
            2. Deliverables are minimal, usually consisting of reports only.
            3. Separate accounting procedures are required.
      b. Contract
         i. A contract is an agreement or a purchase order to acquire services that primarily benefit the sponsor. For an award to be considered a contract, it normally must contain all of the following elements:
            1. Detailed financial and legal requirements must be included with a specific statement of work to be performed.
            2. A specific set of deliverables and/or reports to the sponsor is required.
            3. Separate accounting procedures are required.
            4. Legally binding contract clauses must be included.
            5. Benefits of the project accrue first to the sponsor, then to the university, then to the state/nation.
      c. Cooperative Agreement
         i. A cooperative agreement is a funding mechanism which can be used by federal agencies when a program requires more significant agency involvement and restrictions than a grant but requires less agency supervision than a contract.
II. Time & Effort
   A. Time and Effort Log - currently Excel spreadsheet (II.A)

III. Grant Management
   A. Roles & Responsibilities Matrix (III.A)
   B. Grant Officer Award Management Checklist (III.B)
   C. PI Management Checklist (III.C)
   D. Cost Share Certification Form (III.D i-iii)
   E. Risk Assessment Tool & Checklist (III.E i, ii)

IV. Billing & Drawdown
   A. Sample Dunning Letters (IV.A)

V. Reporting
   A. OMB Circular A-110 guidance on Monitoring and Reporting Program Performance:
      a. “The Federal awarding agency shall prescribe the frequency with which the performance reports shall be submitted. Except as provided in paragraph ___.51(f), performance reports shall not be required more frequently than quarterly or, less frequently than annually. Annual reports shall be due 90 calendar days after the grant year; quarterly or semi-annual reports shall be due 30 days after the reporting period. The Federal awarding agency may require annual reports before the anniversary dates of multiple year awards in lieu of these requirements. The final performance reports are due 90 calendar days after the expiration or termination of the award.”

VI. Account Closeout
   A. Notice of Award End (90 Days) (VI.A)
   B. Notice of Award End (30 Days) / Pre-Closeout Checklist (VI.B)
   C. Award End Date Communication to PI (VI.C)
   D. PI Closeout Certification (VI.D)
   E. Grant Officer Award Closeout Checklist (VI.E)