



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

HSC OP: 65.03, **Sponsored Program Fund Management**

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish the requirements for managing sponsored program and clinical trial accounts.

REVIEW: This HSC OP will be reviewed on May 15 of each odd-numbered year (ONY) by the Directors of Accounting Services and Sponsored Programs, and the Asst. Vice President of Budget, with recommendations for revisions forwarded to the Senior Vice President for Research and the Executive Vice President of Finance and Operations by June 1.

POLICY/PROCEDURE:

1. Departmental Responsibilities

A. TTUHSC Departments are responsible for the fiscal management of awarded projects since departmental personnel are completing the work and possess the most knowledge and understanding of what the project entails. Principle Investigators (PI's), Fund Managers and/or other designated departmental personnel are responsible for monitoring all project fund activity throughout the term of the grant or contract. For detailed information about Fund Managers responsibilities refer to [HSC OP 50.03](#).

1) Departmental personnel are responsible for ensuring budgets are accurate and updated appropriately.

a. The project budget should be entered as submitted to and approved by the grantor. No expense or purchase order can process on a project fund unless there is a budget established with adequate budget in the expense pool. Budgets should be to the penny, not rounded to the nearest dollar.

b. To establish a budget, or if a budget adjustment is necessary, a budget revision should be submitted through the online Budget Revision System. These revisions may be routed through OSP, RIO and/or Accounting Services for approval, depending on the type of budget adjustment.

c. If sponsor approval is required for the budget adjustment, the sponsor's approval should be submitted with the budget revision.

2) Departmental personnel are responsible for ensuring revenues have been received and recorded in the finance system of the University, or have an understanding of what must occur in order to receive the revenues according to the grant guidelines.

a. Departments are generally responsible for completing revenue billings for fee for service, clinical trial, per patient, milestone or fixed price contracts. Most cost reimbursement grants are billed by Accounting Services, with very few exceptions. The online Contracting Accounts Receivable system located at <https://www.fiscal.ttuhscc.edu/contracting> is available for departments that wish to utilize it for tracking vendor

- payments. Each department is responsible for maintaining the original source documents that support each billing prepared by the department.
- b. Departments are responsible for ensuring that billed revenue is collected. The Contracting Accounts Receivable website contains reports designed to assist departments with the management of contract revenue. Any old outstanding AR that appears uncollectible will be written off and any deficit will need to be covered by the department.
 - c. Departments must understand the grant guidelines regarding scheduled payments and what action, if any, must be taken to initiate those payments from the sponsor (ex. submit progress report, submit invoice, etc).
- 3) Departmental personnel are responsible for ensuring expenses directly related to the project are properly posted to the project fund in the finance system of the University and are allowable and appropriate per grant guidelines and comply with [HSC OP 65.04](#). A list of general allowable and unallowable costs can be found in OMB 2 CFR 200 Subpart E and [HSC OP 65.04 Attachment A](#). The PI and/or Fund Manager are primarily responsible for expense compliance on their project funds.
- a. If a non-payroll expense error is discovered, a cost transfer should be submitted through the online Financial Transaction System (FiTS). The cost transfer will be routed through Accounting Services to ensure adequate justification is provided. For more detailed information about cost transfers, refer to [HSC OP 50.18](#).
 - b. If a payroll expense error is discovered, a request for labor redistribution must be submitted via the online Labor Redistribution system. The labor redistribution will be routed through the Budget Office to ensure adequate justification is provided. Keep in mind labor redistributions may require correction to previously certified effort statements, if applicable. Detailed instructions for using the Labor Redistribution system are located at <https://hscweb.ttuhs.edu/budget/training.aspx>.
 - c. Timely review and correction of expense errors is crucial to proper grant management. Cost transfers should be kept to a minimum and corrections should be made within 90 days of the original expenditure date. Sufficient supporting documentation and explanation justifying the benefit to the grant must be supplied. Significant audit risk concerning timeliness, proper cash management, etc. could arise if corrections aren't handled appropriately.
- 4) Accounting Services will complete any financial reporting required by the sponsor with assistance from departmental personnel as needed. Any programmatic, technical, deliverables or progress reports required by the sponsor will be completed by the PI, Fund Manager or other designated departmental personnel, as well as any other required reporting to the sponsor.
- 5) Departmental personnel are responsible for recognizing and understanding any mandatory/committed cost share requirements that they agreed to provide per the grant award document and for knowing how these requirements will be met. Departmental personnel must ensure proper mandatory/committed cost share funds are established and utilized, and must work with Accounting Services to ensure any mandatory/committed cost share reporting is completed accurately and timely.

- 6) Departmental personnel are responsible for understanding if any personnel paid on a project are required to provide effort reporting and how to accomplish this reporting. They must also understand if any personnel are paid above any existing grantor salary caps and how to handle the reporting of those overages. Departmental personnel must ensure proper salary cap cost share funds are established and utilized for ease of effort reporting.

2. Offices of Sponsored Programs and Research Integrity Responsibilities

- A. The mission of the Office of Sponsored Programs (OSP) is to support faculty and staff in identifying, obtaining and maintaining external funding that supports the TTUHSC mission of instruction, research and patient care. Upon receipt of an award, OSP provides assistance and oversight of the project and acts as the liaison between the funding agency and the institution. **All requests, applications, proposals, or other types of solicitations for sponsored programs funding must be coordinated through, and submitted by, OSP.** The mission of the TTUHSC Research Integrity Office (RIO) is to foster the protection of research participants, both human and animal, in accordance with established ethical principles, federal and state regulations, TTUHSC policy, and Assurances on file with the DHHS Offices of Human Research Protection and Laboratory Animal Welfare. The Research Integrity Office provides oversight of TTUHSC policies related to regulatory compliance.
 - 1) OSP will assist departmental personnel in identifying, obtaining and maintaining external funding, including the submission of all types of solicitations. **They will serve as the liaison between the funding agency and the institution and assist with subsequent questions and changes.** OSP will communicate any changes to the original award document to departmental personnel and Accounting Services. They will also serve as the primary reference office for other administrative offices for questions or clarifications of funding agency guidelines and regulations.
 - 2) OSP will be responsible for negotiating the F&A rate with sponsors during contract or award establishment. They will communicate the negotiated F&A rate to Accounting Services to ensure proper set-up and calculation.
 - 3) OSP will review certain budget revisions submitted through the Budget Revision System to ensure compliance with sponsor guidelines and appropriate alignment of funding. Any changes to Revenue, Capital Outlay, Subcontracts, Scholarships, F&A, Food and Entertainment, or Foreign Travel will require OSP approval. OSP will assist in obtaining sponsor approval on budget adjustments, including adding capital outlay, subcontracts, scholarships, etc.
 - 4) When necessary, OSP will work with departmental personnel to request project extensions, verify the extension approval with the sponsor and communicate any project date changes to Accounting Services. Requests for project extensions should be based on technical progress of the project as defined in the proposal or statement of work.
 - 5) OSP will determine which sponsored projects require effort certification and provide Accounting Services with the cost share requirements and percentages. RIO will assist departmental personnel in the effort certification process and monitor the effort certification process to ensure all statements are certified and processed according to the established timeline.
 - 6) OSP will communicate details to Accounting Services if a project will issue subcontract awards.

3. Accounting Services Responsibilities

- A. Accounting Services primary responsibility is to accurately report the financial position of the University, its departments, and business activities for various constituencies including all who may have a vested interest in the financial activity and status of the University. Within this scope is the secondary oversight responsibility of all financial transactions recorded in the finance system of the University. This responsibility requires that Accounting Services be service oriented relative to the financial needs of each department while still assuring that all transactions adhere to Institutional policies and procedures, governmental accounting standards, and rules established by the authoritative governing bodies.
- 1) Accounting Services will review all new fund requests and ensure all important information is accurately captured in the finance system of the University and funding is properly classified to assist in proper financial reporting.
 - 2) Accounting Services will review certain budget revisions submitted through the Budget Revision System to ensure revenue increases/decreases are appropriate and that the F&A budget is updated correctly when adjustments to expense categories affecting F&A calculation (Capital Outlay, Subcontracts, or Scholarships) are entered.
 - 3) Accounting Services will review all cost transfers submitted through FiTS to ensure adequate justification is provided to support the transfer of expense to or from a project fund.
 - 4) Accounting Services will provide a secondary, general review of posted transactions on project funds to identify expenses that may be questionable. Costs in question will be directed to the PI/FM for review and assurance that the cost is allowable and appropriate on the project fund. Sufficient documentation and justification of charges may be requested to maintain proper financial fund management.
 - 5) Accounting Services will complete grant revenue billing for all federal pass-through cost reimbursement grants and most State grants including CPRIT, The Governor's Office and DSHS grants, and all other cost reimbursement grants. Additionally, reimbursements of expenditures for federal grants with letter-of-credit authority are drawn by Accounting Services and do not require departmental billing. AR will be entered upon billing to reflect the receivable and anticipated revenue.
 - 6) Accounting Services will complete any financial reporting required by the sponsor with assistance from departmental personnel as needed. They will also work with departmental personnel to ensure any mandatory/committed cost share reporting is completed accurately and timely.