Winston-Salem State University
Division of Finance and Administration
Office of Contracts and Grants

Purpose

WSSU's Department of Contracts and Grants within the Division of Finance and Administration, ensures that the business interests of the university relative to externally funded grants and contracts are executed in accordance with federal, state, and university regulations. The Department of Contracts and Grants has the responsibility for budget setup in accordance with the approved budget, timely billing, accounts receivable, financial reporting, and appropriate budgetary and expenditure controls of all sponsored research programs. This team works closely with the Office of Sponsored Programs in assisting PIs/PDs with the performance of their project responsibilities and compliance with rules and regulations governing sponsored agreements.

General Information

POLICIES AND PROCEDURES

Introduction: Accountability

2 CFR Part 200 - UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (*As described in § 200.110, this part supersedes the following OMB guidance documents and regulations under title 2 of the Code of Federal Regulations*

The Office of Grants and Contracts (C&G) is a department within the division of Finance and Administration. This office aids with the fiscal matters dealing with project administration. This includes providing budgetary advice during proposal preparation, as well as the financial management of the funds awarded to the University to ensure compliance with direct and indirect cost. Permanent files maintained by the office are monthly, quarterly and final financial statements, a copy of the proposal, original budget, budget revisions, if applicable, original award, amendments, if applicable, prior approval notices, and any other correspondence relative to the fiscal management of the grant. Depending upon the terms of a grant, Banner Funds are setup as either restricted or unrestricted, but must be in accordance with applicable guidance documents such as 2 CFR 200.104.

Table of Contents

I. Assignment of Contract and Grant Fund Numbers
II. Award monitoring and Fund Reconciliation
Purchase and Distribution of Gift Cards
- Gift Cards and Eligible Recipients
- Departmental Documentation

III. Preparing Budget and Expenditure Reports
IV. Overruns and Cost Disallowances
V. Budget Revisions, Transfer and Adjustments
- Content of Revision
- Revision Request -Sponsor Approval

VI. Deposits to Contract and Grant Banner Funds
VII. Certification of Time and Effort Reporting
- Collection and Signatures
- Effecting Changes
- Retroactive Changes
- Unacceptable Changes

VIII. Financial Reporting to Sponsoring Agencies
- General Requirements
- Interim Reports
- Final Expenditure Report
- Unrecorded Obligations
- Responsibility of the Principal Investigator

IX. Cost Sharing and Matching Funds Report
X. Closeout Notice

I. Assignment of Contract and Grant Banner Fund Numbers

Contract and Grant fund numbers are assigned by the Office of Contracts and in conformity with the Banner Chart of Accounts. The Fund Code Structure is aligned by the standards of NC Office of State Controller and designed by the University's Financial Records System, https://www.osc.nc.gov/state-agency-resources/chart-accounts. Contract and Grant fund numbers start in range from 210XXX through 211999. This distinct numbering aids as a quick reference to funds location and specifics.

Awards for less than the University-proposed amount require confirmation via the Principal Investigator via Sponsoring Agency in the budget prior to establishment of a fund. This is done prior to setup to establish a point of reference for agency spending in compliance to the award.

The Notice of Award is received in the Office of Sponsor Programs and Research (OSPR). OSPR requests a Banner Fund Number from the Contracts and Grants department. Once assigned, OSPR notifies the Project Director-Investigator (PI) of the assigned fund number and requests a Project Briefing between (PI, Post Award Administrator, and Grant

Accountant, if this is a first-time recipient. This Project Briefing will review the following and discuss for clarity and proper implementation, 1) terms and conditions of the award; 2) internal paperwork required to initiate the activities, 3) hiring of approved personnel and processes, 4) the establishment of approved subcontracts and/or consultant agreements; and 5) completion of the Budget Create and Trust Fund Authority.

In the initial packet for setup there are two (2) documents used to start setup in Banner by C&G accountant (the Budget Create and Trust Manager/PI Fund Authority Form). The Trust Fund Authority is used to assign Governmental Accounting Standard Board GASA codes to roll up to the university's financial statement. From this form, the GASB codes are confirmed and verified by Financial Reporting to the assigned. Accompanying this form is an ***Internal Budget Create*** form. This reiterates the period of the award and the approved agency budget to be loaded as a point of reference for the accountant. This phase one of creation is completed, packeted and sent to Financial Reporting Department for further processing.

All forms are returned to the Contracts and Grants to setup finalize initiation phase into Banner Fund access. Funds are normally setup with 2 days of arriving back at C&G.

II. Award monitoring and Fund Reconciliation

Contract and grant funds are monitored on a continuous basis and reconciled monthly to ensure only allowable costs 2 CFR 200.302 ***c***harged to a specific fund and all project related costs are charged appropriately. The monitoring process includes pre-audit review of proposed expenditures at the department, PI and C&G accounting levels.

Before expenditures are routed to and approved by C&G, the PI will review in banner their budget to determine if funds are available in the appropriate account code to proceed with orders. If not, they will prepare a budget revision to C&G. to be updated. The request is then reviewed by C&G accountant for approval. The accountant checks for cost allowance in accordance with the award terms, 2 CFR 200.104 and/or any other applicable guidance documents. If additional clarification is needed, the accountant will call PI for additional supporting documentation.

Gift Card and Eligible Recipients

- Employees and non-employees as Research Study Participants:

These are grant award incentives can be given as recognition for program participation, and other standout achievement in various studies.

University employees who participate in research studies are treated the same as a non-employee which includes completing a form W-9 for tax purpose.

- Employee receiving gifts or awards:

Employees who receive gift card as an award or gift will have the amount of the gift card added to their W-2 for all amounts.

A signed "authorization to Purchase of Gift Cards/Gift Certificates is required PRIOR to purchasing these items. The approval is for a single transaction only – i.e., a specific study, a specific event, etc. and must be specified in the "detailed description of intended purpose for items purchased. It is recommended to limit the number of gift cards purchased at one time, so the disbursement documentation is more manageable and easily reconcilable.

Departmental Documentation

A Gift Card/Gift Certificate Disbursement Log is required to record the dispensing of all gift cards purchased, even if only one card is purchased for one individual. In the event the are purchased for a study or research project where in the participants are to remain anonymous the Gift Card/Gift Certificate Disbursement Log and the Confidential Gift Card Disbursement Logs must be maintained by Principal Investigator and made available upon immediate request.

1. Proof of original purchase and authorization form MUST be kept on file with the responsible PI. The receipt must reconcile to the individual gift card numbers purchased.
2. Gift card/certificate numbers must be identified and entered in the Gift card or Certificate Number column of the Gift Card/Gift Certificate Disbursement Log. The amount of each card must be entered in the amount column.

At all times the total of the undistributed gift cards/gift certificates and the disbursement log must equal the total of all cards purchased for specified event. It is the responsibility of the PI to provide Contracts and Grants the most up-to-date disbursement log along with proof of remaining gift cards/certificates when requested.

Preparing Budget and Expenditure Reports

A Banner WebFocus report is generated at random on expenditures made against funds and tallied to generate monthly, quarterly and annual sums for the ***Financial Status Report.***

The accountant assigned will prepare the report for review and approval by the Director of C&G and final authorization from the Controller.

A copy is kept on file in C&G. A copy is given to the PI, OSP, and the original is mailed to the sponsor. All supporting documentation is retained in the project files in C&G with a copy of the ***Financial Status Report.***

IV. Overruns and Cost Disallowances

In the Office of Grant and Contracts, the accountant assigned to the grant fund monitors and reviews for possible overruns. If an overrun occurs, the Principal Investigator is notified and asked for a resolution. The Principal Investigator sends a memo to the Director of C&G detailing the matter and requesting a transfer of cost to another allowable fund.

The Director of C&G and accountant check all sources for compliance within regulations, before considering cost transfer requests.

The basic accounting principles for reimbursing institutions of higher education for cost associated with sponsored contracts and grants are specified in 2 CFR 200.302. These principles establish the following two cost groupings for the reimbursement of cost associated with contracts, grants, and cooperative agreements.

1. **Direct Cost** – Direct costs include the salaries and wages of those working on the project and expenses for equipment, materials and other related costs of the project. Direct costs are those expenses specific to a sponsored project. The direct costs discussed under Direct Costs are considered allowable; however, these costs must be necessary and utilized in support of the sponsored project to which the costs are charged. It is the responsibility of Principal Investigators to support and justify all direct costs charges to a contract or grant in the event of a State or Federal audit.

2. **Indirect Cost** - These costs are incurred for common or joint objectives and therefore cannot be readily identified with a particular sponsored project.

The financial responsibility for cost disallowances may ultimately rest with the principal investigator, department and school having primary responsibility for the project for which costs are questioned. Disallowed costs are not charged to any federal or state supported Banner funds. An unrestricted discretionary fund is normally identified to cover such costs. The disallowed cost is removed from the grant and charged to an appropriate discretionary fund. The fund code used correlates from one fund to the other for tracking purposes.

V. Budget Revisions, Transfers and Adjustments

It is the responsibility of the PI to review their approved budget and Banner fund for all proposed expenditures to prevent the need for cost transfers. Contract and grant funds must be reconciled on a monthly basis to ensure only allowable costs are charged to the appropriate fund. If after the monthly reconciliation process, it is determined that an unallowable charge needs to be removed from a fund or to correctly charge an expenditure to another fund, the transfer is initiated by the PI who then routes the request to C&G for review and approval.

Cost transfers with the salary and fringe benefit account codes carry implications for time and effort reporting. Time and effort records capture after the fact certification of actual effort as reflected in the payroll records. If retroactive cost transfers involve salary and

fringe benefit expenditures, any approved adjustment must be reflected in the Certification of Time and Effort report records for employees subject to time and effort reporting.

Once the approved cost transfer of salary has been processed and posted in the accounting system, the Director of C&G or the assigned accounting technician for the project will request the time and effort report for the reporting period in question. The subject employee will recertify the report to show the actual distribution of effort as reflected in the payroll records after the cost transfer.

Cost transfers of salary expenditures for support personnel and/or temporary personnel who certify via timesheets, the department administrative assistant ensures that the Personnel Budget Action form is revised to reflect the appropriate distribution of funds for the PI's approval.

Sponsor agency guidelines and award terms must be consulted when revisions are contemplated. Budget revisions should be based upon the approved financial plan for the award budget period involved. To the extent possible, budget revisions should reflect all necessary reallocations of resources that are foreseen through the end of the budget period. If resources in all categories are already substantially committed to known requirements, a budget revision can only serve to defer, not resolve, a financial problem. In such cases, reduction of the project scope and effort may be the only viable solution. The PI must request written prior approval from agency before making changes to the project scope.

Content of Revision

The accountant will review proposed budget revision. Review for compliance and allowable cost per the terms of the award will be conducted by the technician. If there are any concerns, the technician will consult with Director of C&G and/or PI for clarification. The following should be noted when a budget revision is required:

- A budget revision is limited to a single fund.

- A request must be submitted to Contracts and Grants on a *Budget Revision* form. This form documents the justification for the change, budgetary data being revised and necessary approvals.

- In addition, submission of information on this form facilitates processing, minimizes the possibility of misunderstanding, and permits tracking of budget revisions throughout the life of a project.

Revisions Request - Requiring Sponsor Approval

If prior sponsor approval is required for a budget revision, a request letter sufficiently detailing the revision and justification, must be prepared by the PI and addressed to the

sponsor administrator or program office as designated in the award. The request is routed through OSP for official submission to the agency. A copy of letter is sent to C&G to inform them of the request. Activity that is not impacted by the pending request is continued.

Upon receipt of approval of the requested revision, changes will be made in Banner by the assigned technician using the Budget Revision Form prepared by the PI, and activities impacted by the approval will proceed. If the PI is unclear to the allowability of a transaction, he/she is encouraged to contact the Office of Contracts and Grants prior to completion of that transaction.

Budget requests not requiring sponsor approval are normally processed within a few days of receipt by C&G.

VI. Deposits to Contract and Grant Banner Fund

Most funds awarded to the university is submitted via auto deposit and/or wired. These funds come through the State Treasurer and internal cash management system.

The accountant will communicate via email or phone to the State Treasurer to confirm receipt. This communication will include the amount anticipated and the date drawn. Once confirmed by representative, the technician will send an email instruction to Billings and Receivables to certify into a designated account. Billings and Receivables will post within the next business day.

Occasionally, checks are erroneously addressed to PIs or departments. These checks must be forwarded immediately to the Contracts and Grants office for appropriate deposit and handling. The assigned technician will fill out a deposit slip, make a copy of check for file and deposit with 24 hours to the Billings and Receivables Cashier.

Whenever receipts from authorized fees and expenditure refunds are deposited by the PI, the Office of Contracts and Grants provides deposit codes to the PI. It is the PI's responsibility to provide a copy of the deposit transaction and to make the deposit to the Billings and Receivables Cashier no later than the next business day.

Deposit slips obtained from the Billings and Receivables Cashier are prepared with the following information: amount of deposit, six-digit fund number plus account code, who the money was received from, the name of depositor, and a deposit description to help define the nature of the funds being deposited.

Authorized fees must be approved by the awarding agency. If approved, the collection of authorized fees must be handled in accordance with standard Accounting and Budgets procedures.

VII. Certification of Time and Effort Reporting

Collection and Signature

The Office of Contracts and Grants collects *Certification of Time and Effort* reports from the departments at the first of each month for hourly employees (SPA/support personnel) and on annual base for instructor/professors (EPA/exempt personnel).

It is required that the certification via DocuSign contain signature of the persons required to sign. The certification signifies that the signer has firsthand knowledge or sufficient verification of the services performed on each funding source.

Usually, the PI will certify all work performed on his/her contract or grant. The department head or dean should certify the effort of the PI.

Effecting Changes

Corrections to the *Certification of Time and Effort* report should be made before returning them to the Office of Contracts and Grants. The percentages indicated on the *Certification of Time and Effort* reports are based on the payroll system and reflect the percentage salary charged to all funding sources.

If the payroll charges are incorrect a correction of effort distribution changes should be indicated on a revised *Certification of Time and Effort* report and should coincide with appropriate personnel action form(s).

Retroactive Changes

Retroactive changes must consider previous certifications on file and must be documented and explained in a manner which unequivocally substantiates the propriety of the adjustment.

Changes of distribution of workload may not normally be made for any prior pay period. In the following exceptional situations, however, retroactive changes may be warranted:

- When necessary to correct clerical and data entry errors.
- When subsequent information is received indicating an incorrect original entry.
- When charges applicable to a continuing project have been charged to the old fund number because the new fund number was not established when the expense was incurred.

- When a sponsor specifically authorizes in writing the charge of pre-award costs to a project.

- When required to properly charge non-federal funds for costs incurred in connection with an award that fails to materialize.

- When closely related work is supported by more than one funding source, costs may be transferred from the originally charged fund to another fund, provided the cost is a proper and allowable charge to the receiving fund and the inter-relationship between the funds is fully explained in the request. If over-expenditure is being transferred to another project, especially strong supporting evidence is required for approval.

Unacceptable Changes

- When the change is for the purpose of utilizing unexpended funds of a federal award.

- When the change is for the purpose of circumventing award restrictions.

- When the change is for the purpose of avoiding a cost overrun by charging another, unrelated federal agreement.

- When a change unrelated to sponsored agreements applies to a closed fiscal year.

VIII. Financial Reporting to Sponsoring Agencies

General Requirements

With few exceptions, agencies or organizations sponsoring research, instruction, or public service activities require some form of financial and technical reporting. Reporting requirements vary in frequency, format, due dates, and details. The Office of Contracts and Grants strives to prevent the imposition of unreasonable financial reporting requirements and complies with all financial reporting requirements once a contract or grant is accepted.

Financial data included in a proposal is budgetary in nature and establishes the financial parameters for a project for both current and future fiscal years. Requests for financial support must be realistic and consistent with the planned scope of work. The OSP reviews all budgets and proposals in accordance with agency guidelines and university policy and procedures prior to applications being submitted to the sponsoring agency. If there are questions of concern, OSP will consult with C&G for clarification and/or advisement.

On multiple-year projects with federal agencies, the University is required to update the budgetary data previously submitted for remaining project years and to provide an estimate of funds which will remain upon completion of the current budget year.

Interim Reports

Some sponsors require interim reports, such as monthly or quarterly, for purposes of tracking the financial status of the project and for handling reimbursements due the University. The assigned technician will prepare the financial requirements.

Contracts and Grants normally handles these billings or reports without requiring input from the PI or department.

Final Expenditure Report

The University is required to submit a final report of expenditures generally 60 to 90 days after the termination of an award. All authorized expenditures and outstanding obligations must be determined and considered in preparation of this report. Accurate, timely, and complete input from the PI and department is essential to prepare this report.

The assigned technician will collect, compile and prepare report with all financial data attached for approval. The reports along with the documentation is given to the Director of C&G for review and signoff then forwarded to Controller for final authorizing signature.

Unrecorded Obligations

Certain obligations will be reflected in the final analysis and reported as un-liquidated obligations. Scrutiny is performed by the assigned technician with constant communication with the PI, particularly near the date of termination. Any obligations presented to C&G after the final report of expenditures has been filed must be paid from a discretionary fund source in lieu contract or grant funds. Examples of such costs include duplicate charges, intra-departmental distribution of telephone tolls, photocopy costs.

Responsibility of the Principal Investigator

1. The PI should maintain detailed financial records for the sponsored project. These records are to be utilized when reviewing the University Monthly Financial Reports, and when performing any other required administrative transactions.
2. The PI is responsible for the timely submission of all required documentation during the grant period, e.g., *Cost Sharing and Matching Funds* and Certification of Time and Effort Report.
3. The PI is required to handle any problems associated with the grant within thirty to forty-five (30-45) days of termination. The Office of Contracts and Grants assists in any way

possible, but the main responsibility for internal problem solving resides with the PI. Examples of problems which might occur are payment of outstanding obligations; overdrafts in expenditure lines; expenditures charged to incorrect lines; and preparation and approvals of budget revisions. In addition, there are occasional problems unique to a fund which must be resolved prior to close-out.

IX. Cost Sharing and Matching Funds Report

When the University is required to participate in the costs of certain projects by either cost sharing or matching, the University must fund these contributions from sources acceptable to the sponsoring agency. Such cost sharing requirements are binding upon the University, and if not fulfilled, can result in a reduction of sponsor funding. Since these contributions are considered a part of the project's costs, the University is responsible for maintaining reasonable documentation. Consequently, the University contributions are documented on the ***Cost Sharing and Matching Funds Report***.

It is the responsibility of the PI to have the report approved and certified by the appropriate signatories (dean, chair, Provost and Vice Chancellor for Academic Affairs). The purpose of the form is to report and certify the amount of contribution given by the University on the referenced project. The Office of Contracts and Grants uses these forms to report the University's contribution to the funding agency.

The report must be completed and submitted to C&G no later than fifteen (15) days after the end of the reporting period. Upon receipt, the Office of Contracts and Grants reviews the report and notifies the PI if any corrections are necessary.

X. Close Out Notice

A Closeout notice is forwarded to the PI 60 days prior to termination of a contract or grant budget period by Office of Sponsored Program. After receipt, the PI contacts the Grant Office and close all expenditures for the budget period; and correct all problems associated with the grant, so that the final report of expenditures may be completed with minimum complication.

Responsibility of the Principal Investigator

The PI should maintain detailed financial records for the sponsored project. These records are to be utilized when reviewing the University Monthly Financial Reports, and when performing any other required administrative duty.

The PI is responsible for the timely submission of all required documentation during the grant period, e.g., Cost Sharing and Matching Funds and Effort Certification Reports.

The PI is required to handle any problems associated with the grant within thirty to forty-five (30-45) days of termination. The Office of Contracts and Grants assists in any way possible, but the main responsibility for internal problem solving resides with the PI.