

<p>Policies of the University of North Texas at Dallas</p>	<p>Chapter 13</p>
<p>13.010 Award Management and Financial Administration of Sponsored Projects</p>	<p>Research</p>

Policy Statement. This policy sets out requirements related to the award management of sponsored projects. Award management includes responsibility for financial management and oversight of grants and contracts. This policy addresses allowable/unallowable costs, the significant absence of a Principal Investigator, progress reporting to external sponsors, program income, and record-keeping related to a sponsored project. Although federal regulations are referenced, for consistency this policy will apply to all UNT Dallas sponsored projects.

Application of Policy. This policy applies to all faculty and staff engaged in sponsored project activities.

Definitions.

1. **Allocable.** “Allocable” means a cost incurred that advances the work of a sponsored project and is chargeable to a particular cost objective.
2. **Allowable.** “Allowable” means a cost incurred that is reasonable, allocable, consistent, and conforms to any limitations or exclusions of the sponsor.
3. **Award.** “Award” means a grant, contract, subcontract, subgrant, or cooperative agreement that provides funding from an external sponsor of a sponsored project and is entered into between the sponsor and UNT Dallas.
4. **COGNOS Report.** “COGNOS Report” means the official university record of the financial accounting of expenditures on sponsored projects.
5. **Direct Costs.** “Direct Cost” means costs that can be identified specifically with a particular final cost objective for a sponsored project, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such an activity for a particular sponsored project with a high degree of accuracy.
6. **Indirect Costs or Facilities and Administration Costs (F&A costs).** “Indirect Costs”, “Facilities and Administration Costs” or “F&A Costs” means costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project.

7. Instruction Project. “Instruction Project” means any project involving teaching or training activities funded by an externally sponsored grant or contract, excluding research training activities, which are considered research projects.
8. OMB Circular A-21. “OMB Circular A-21” means United States Office of Management and Budget (OMB) Circular A-21, “Cost Principles for Educational Institutions,” relocated to 2CFR, Part 220, as revised or superseded.
9. Principal Investigator. “Principal Investigator” (PI) means a single individual who, in the event of an award from an external funding agency, shall have the full and final responsibility for the conduct of the sponsored project as proposed and as set forth in the award.
10. Project income. “Project income” as defined by 2 CFR 200.80 means gross income earned by the non-federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance. Project income includes but is not limited to income from fees for services performed, the use or rental of real or personal property acquired under federal awards, the sale of commodities or items fabricated under a Federal award, license fees and royalties on patents and copyrights, and principal and interest on loans made with federal award funds.
11. Progress Reporting. “Progress Reporting” means the technical report submitted by the PI to the sponsor as required by the sponsor guidelines.
12. Public Service Project. “Public Service Project” means any project involving activities other than instruction or research such as public health and community service projects.
13. Research Project. “Research Project” means a systematic study directed toward fuller scientific knowledge or understanding of the subject studied. It also involves the training of individuals in research techniques where such activities utilize the same facilities as other research activities.
14. Sponsored Project. “Sponsored Project” means a project funded by an external sponsor through a grant or contract with UNT Dallas where one or more of the following obligations apply (examples of sponsored projects include but are not limited to instruction projects, public service projects, or research projects):

- a. Financial obligation – UNT Dallas is required to comply with conditions imposed when a sponsor awards funding for the performance of services or delivery of products described in a statement of work;
- b. Regulatory obligation – UNT Dallas is required to comply with sponsor regulations, which may include federal or state regulations;
- c. Reporting obligation – UNT Dallas is required to provide to the sponsor technical performance reports or regulatory or administrative reports;
- d. Performance Obligation – UNT Dallas is required to perform within a certain period and may be required to meet other specified requirements related to performance;
- e. Accounting obligation – UNT Dallas is required to establish a separate accounting record of project expenditures to demonstrate allowance of costs, to maintain financial accountability, to provide financial reports to the sponsor, and to preserve appropriate records for audit purposes.

15. Uniform Guidance. “Uniform Guidance” means *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR Part 200, et al.* The Office of Management and Budget (OMB) issued *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* in the *Federal Register*. The Uniform Guidance replaces the administrative, accounting, and audit rules and principles currently promulgated in the OMB Circulars, including A-21, A-110, and A-133.

Procedures and Responsibilities.

1. Oversight Responsibility

The Offices of Sponsored Projects and Sponsored Projects Accounting are the administrative offices responsible for overseeing award management and financial administration efforts of the Principal Investigator, department, and college; and address issues as necessary to ensure compliance with the prime award, federal and state laws and regulations, institutional policies, and UNT System Regents Rules.

Responsible Party: Office of Sponsored Projects, Sponsored Projects Accounting

2. Cost Principles for Sponsored Projects

For any costs to be charged directly to an award, the expense must be allowable, allocable, reasonable, necessary, and consistently charged. The Principal Investigator, department, and Sponsored Projects Accounting will coordinate to exercise financial management and oversight of sponsored project grants and contracts to ensure that all charges comply with these cost principles.

Charges must be charged consistently and categorized as either a direct cost or an indirect cost. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct expenses or indirect costs.

All federal awards issued after December 26, 2014 must comply with the Uniform Guidance award management and financial administration requirements. Awards issued prior to that date must comply with OMB Circular A-21 unless the agency has notified UNT Dallas to follow the Uniform Guidance requirements.

In addition to the Uniform Guidance, UNT Dallas must comply with the Cost Accounting Standards (CAS) located in 48 CFR §9905.501, §9905.502, §9905.505, and §9905.506. The purpose of the CAS is to ensure consistency in:

- Estimating, accumulating, and reporting costs (CAS 501)
- Allocating costs incurred for the same purpose in like circumstances (CAS 502)
- Accounting for unallowable costs (CAS 505)
- Cost accounting periods (CAS 506)

Responsible Party: Principal Investigator; Department;
Sponsored Projects Accounting

3. Monitoring Financial Activity

The Principal Investigator is responsible for monitoring financial activity related to a sponsored project on a regular basis through COGNOS reports (at least monthly). All expenditures must comply with UNT Dallas Policy 13.014 *Sponsored Project Procurement and Property Management*. The Principal Investigator must address any discrepancies with the Office of Sponsored Projects Accounting immediately. If a cost transfer is necessary in order to resolve a discrepancy, then the Principal Investigator shall submit a cost transfer form in accordance with UNT Dallas Policy 13.011 *Cost Transfers for Sponsored Projects*.

Responsible Party: Principal Investigator

4. Financial Responsibility of Sponsored Projects Accounting

In the award management and financial administration of sponsored projects, the Office of Sponsored Projects Accounting is responsible for:

- a. Preparing all billings and financial reports on sponsored projects.
- b. Monitoring and administering account receivables for all sponsored projects.
- c. Receiving and depositing all payments made on sponsored project accounts.

Responsible Party: Sponsored Projects Accounting

5. Administrative and Clerical Salaries (2 CFR §413(c))

Principal Investigators are only allowed to charge administrative or clerical salaries to a sponsored project as set forth in this policy. Administrative and clerical personnel provide non-technical support services that benefit departmental, institute, center, or school activities. The services of these individuals could include: clerical support, financial management, procurement of materials and services, budget and planning, and personnel management.

The salaries of administrative and clerical personnel are normally required to be treated as an indirect cost unless they meet certain Uniform Guidance criteria. As stipulated in the Uniform Guidance, direct charging of administrative salaries is allowable when all of the following conditions are met:

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such expenses are explicitly included in the budget or have the prior written approval of the federal awarding agency; and
- The costs are not also recovered as indirect costs.

Administrative and clerical salaries charged improperly to federal awards result in unallowable costs, requiring reimbursement to the government and, depending on severity, additional penalties for UNT Dallas.

Responsible Party: Principal Investigator

6. Travel and Related Expenses (2 CFR §200.474)

Travel-related expenses are allowable as direct expenses when they provide a direct benefit to the sponsored award and meet certain requirements. Domestic and foreign travel charged to a sponsored project must comply with this policy as well as with other UNT Dallas travel guidelines and sponsor requirements, whichever imposes the greater restrictions.

Travel expenses that directly support the sponsored project may be charged on an actual expense basis, on a per diem or mileage basis in lieu of actual expenses incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip.

In order to charge a business meal on a federal award, an itemized receipt should be presented, regardless of cost.

Federal regulations require travelers to incur the lowest possible expense to the federal award; in most circumstances, this is a non-refundable (restricted) economy class airfare.

Federal regulations require that airfare costs in excess of the lowest economy fare class are unallowable except when such accommodations would:

- i. Require circuitous routing;
- ii. Require travel during unreasonable hours;
- iii. Excessively prolong travel;
- iv. Result in additional costs that would offset the transportation savings; or
- v. Offer accommodations not reasonably adequate for the traveler's medical needs.

Once these criteria are met, the traveler must justify and document the exception for the use of business-class or upgraded economy airfare to be allowable on a federal award. Complementary (no-cost) upgrades are allowed.

There may be circumstances where there is a high likelihood that the itinerary may change; in these situations it is appropriate to purchase a refundable (unrestricted) ticket. When requesting a reimbursement, the reason for purchasing a refundable ticket must be explained.

All air travel on federal awards must comply with the Fly America Act and use US Flag Carriers, even when a less costly foreign flag carrier is available, unless the flight meets the circumstances and exceptions. To determine if an authorized exception applies, the Principal Investigator must check with the Office of Sponsored Projects Accounting. The Principal Investigator must retain documentation of the Fly America exceptions.

The Open Skies Agreement is an exception to the Fly America Act requirement and it allows travelers to fly on airlines from the European Union, Australia, Switzerland, and Japan under certain circumstances. To determine if a flight meets the Open Skies Agreement criteria, the Principal Investigator must check with the Office of Sponsored Projects Accounting.

Responsible Party: Principal Investigator; Sponsored Projects Accounting

7. Prior Written Approval of Certain Costs in order to be Charged to Federal Grants

For Items requiring prior approval, the Principal Investigator must request specifically and obtain approval for an item in the proposal budget or must request approval by the sponsor, in writing, before the expense is charged to the award. In most cases, written approval from the program officer is not sufficient; instead, the Principal Investigator must refer to the terms and conditions of the award for information regarding who can authorize changes to the award budget.

Only those costs that meet the criteria for direct expenses on a federal award, can be directly charged to an award under any circumstances.

Per the Uniform Guidance, prior written approval from the sponsor is explicitly required for:

- Change of key personnel (200.308 (c)(2))
- Change of scope (200.308 (c)(1))
- Cost sharing or matching (200.308 (c)(7))
- Effort reduction of key personnel greater than 25% or PI disengagement from project of greater than 3 months (200.308 (c)(3))
- Equipment and other capital expenditures (200.313, 439)
- Exchange rates (200.440)
- Fines, penalties, damages and other settlements (200.441)
- Fixed amount sub-awards (200.332)
- Fund raising and investment management expenses (200.442)
- Goods or services for personal use – housing only (200.445)
- Memberships in any civic or community organization (200.457 (c))
- Organization costs (200.455)

- Participant support costs, any transfer of budget (200.308 (c)(5))and (200.456)
- Rearrangement and reconversion expenses (Renovations) (200.462)
- Selling and marketing costs (200.467)
- Travel costs (200.474 (c)(2))
- Use of program income (200.307)
- Administrative expenses (200.413 (c))
- Entertainment costs (200.438)
- Sub-awards, any changes or transfers (200.308) (c)(6))
- Supplemental compensation for incidental activities (200.430 (h) (ii))

The following also may require prior approval depending on the award:

- Carry forward (200.308 (d)(3))
- No cost extension (200.308 (d)(2))
- Pre-award Expenses (200.458)

The Office of Sponsored Projects is responsible for requesting approval of an expense from the sponsor if required.

Responsible Party: Principal Investigator; Office of Sponsored Projects

8. Notification Requirements

The Principal Investigators are responsible for notifying the Office of Sponsored Projects when anticipating an absence from UNT Dallas that may negatively impact a sponsored project and/or would require relinquishing direction of the sponsored project. Notification is also required in the event of a significant change in effort (increase or decrease greater than 25 percent effort committed at the time of the award) or plans to transfer to another institution.

The Office of Sponsored Projects is responsible for notifying the sponsor of any significant absence of a Principal Investigator and negotiate a replacement Principal Investigator for the applicable sponsored project award. The replacement Principal Investigator must be acceptable to the sponsor, the Office of Sponsored Projects, the Department Chair, and Dean.

Responsible Party: Principal Investigator; Office of Sponsored Projects

9. Progress Reporting

The Principal Investigator is responsible for providing progress reports to the sponsor in compliance with the sponsor award guidelines. The Principal Investigator shall provide the Office of Sponsored Projects with a copy of any progress report provided to the sponsor.

Responsible Party: Principal Investigator

10. Record Keeping

The Principal Investigator shall maintain and monitor accounting records of purchases and encumbrances in order to stay within the approved sponsored project budget. All expenditures on sponsored project accounts must be submitted to the Office of Sponsored Projects Accounting for approval in accordance with UNT Dallas Policy 13.014 *Sponsored Project Procurement and Property Management*.

Responsible Party: Principal Investigator

11. Cost Allocation Methodologies to be Used for Sponsored Projects

Whenever possible, Principal Investigators must charge specific expenses to a specific sponsored award. When it is not possible or efficient to determine how much of the cost is used for each award, allocation of the expenses is allowable. Allocation assigns a cost to one or more awards in reasonable and realistic proportion to the benefit provided to the sponsored projects.

At UNT Dallas, allocation methodologies must meet the following criteria:

- The allocation must provide a reasonable linkage between the cost incurred and the benefit to individual sponsored projects,
- The allocation methodology must be identified for the allocation of expenses and documented in a way that a person unfamiliar with grants management would understand,
- Each methodology should be applied consistently for similar costs that meet the criteria of the allocation methodology, and

Responsible Party: Principal Investigator; Sponsored Projects Accounting

References and Cross-references.

UNT Dallas Policy 13.001, *Sponsored Projects*

UNT Dallas Policy 13.006, *Time and Effort Reporting*

UNT Dallas Policy 13.009, *Pre-Award Management of Sponsored Projects*

UNT Dallas Policy 13.011, *Cost Transfers for Sponsored Projects*

UNT Dallas Policy 13.012, *Cost Sharing for Sponsored Projects*

UNT Dallas Policy 13.013, *Closeouts for Sponsored Projects*

UNT Dallas Policy 13.014, *Sponsored Project Procurement and Property Management*

Forms and Tools.

Principal Investigator Handbook

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