



## **POLICIES AND PROCEDURES FOR RESEARCH POST-AWARDS**

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### **Introduction**

The Finance Office, Administration Deanship handle Post-award management at SJBSM. The process begins when an award is received, and there are many requirements and tasks as part of the post-award administration, which should not replace or substitute the exact specifications of various statutes and regulations. The post-award phase includes everything that happens from the time the award has been initiated until the project has been completed and closed out. There is a full range of post-award functions required for the administration of a research sponsored project.

The post-award function includes the following types of activities:

1. Monitoring expenses for allowability, allocability, reasonableness, and compliance with university policies.
2. Reporting and invoicing the sponsor on project expenses.
3. Drawdown of funds in the form of checks or ACH transfers and posting them to the corresponding accounts.
4. Monitoring spending against budget, noting certain trends such as overspending or underspending.
5. Completing the required programmatic and financial reports.
6. Closing out the award by ensuring all requirements have been satisfied, including a collection of interim and final progress reports, invention reporting, equipment reporting, and salary certifications, among others.

## Policies and Procedures

The President/Dean of SJBSM, or the person in whom he/she delegates, will issue the necessary guidelines, norms, and procedures, or will amend the existing ones to implement what is established in this Policy.

### Finance Office (Financial/Administrative Management)

1. Create and monitor project accounts.
2. Create and monitor the approved budget.
3. Verify that all expenditures are allowable, allocable, and reasonable.
4. Provide budgetary management assistance and guidance to PI/PD and or Project Administrator to facilitate the resolution of accounting problems.
5. Process necessary paperwork to acquire the goods and resources needed to carry out the project.
6. Process re-budgeting requests in accordance with sponsor guidelines.
7. Complete final property reporting and ensure disposition instructions followed.
8. Prepare financial journal entries when needed to adjust charges to the accounts.
9. Review reporting on purchases, available balances, and personnel; initiate any corrections in a timely manner.
10. Review requests for change and justification, determine the level of authority required, forward to agency, or process.
11. Audits and certify time and effort reports.
12. Reviews approve and process all cost transfers.
13. Prepare information for, and work with internal/external auditors.
14. Process award/account parameter changes.
15. Prepare and submit invoices and receive payments; monitor accounts receivable and follows up as needed.
16. Review expenditures in restricted budget categories.
17. Prepare, reconcile, and submit financial status reports.
18. Contact PI/PD regarding delinquent technical reports.
19. Prepare and submit required equipment and small business subcontracting reports.

### Receipt of the Notice of Grant Award (NGA) or Award Letter

- a. Once a proposal is awarded, the award documentation will be received/forwarded to the Finance Office.
- b. This document is a legally binding document between the awarding agency and SJBSM, establishing funding level, a period of support, terms, and conditions, and contact information, among others. SJBSM is legally responsible for the proper conduct and execution of the project and assures compliance with federal laws and regulations and the grantor's policies and procedures.

## Negotiation and Acceptance

Each sponsored project award comes with a unique set of terms and conditions, which may range from entirely flexible to restrictive. The PI/PD, in coordination with the Research Center Director and the Finance Office Director, is responsible for reviewing the award documents and, if need be, negotiating the terms and conditions attached to an award. The goals in negotiation are to protect the investigator's publication and intellectual property rights, to protect the institution against harmful or unmanageable stipulations, and to ensure any agreement is in keeping with state and federal regulations as well as SJBSM requirements.

## Financial Management

### a. Award Terms and Conditions

The terms and conditions of an award cover a variety of issues such as patents, copyrights, termination, audits, indemnifications, insurance, a period of performance, cost principles, payment schedules, and financial reporting.

The notice of grant award document must be reviewed to ascertain its terms and conditions. It provides requirements for both financial and non-financial management. The terms and conditions of an award provide guidance on items such as required prior approvals, award restrictions, and reporting. Expanded authorities provide flexibility to award terms and outline the cost-related and prior administrative approvals that can be waived.

### b. Budgeting and Re-budgeting

Creation of New Accounts. Upon receipt of an award, approval of a contract, or similar funding, the Finance Office Director creates an account within the SJBSM Financial System. After the account is created, the appropriate officials may start with the expenses of the project.

To do this properly, the following steps must be followed:

1. Collect documents pertaining to the approved project; these are:
  - Award letter, contract, or equivalent. Legal document such as award letter, official business letter, fully executed contract, or any similar document that makes legal the agreement. This document must contain the following information, clearly stated: when the project begins and ends, amount approved, and any special conditions or restrictions.
  - Copy of approved proposal in electronic format (preferably PDF file). Very frequently, the project approved is a revised version of the proposal originally submitted. A copy of the final version and approved budget distribution and budget justification is required.
2. Prepare a Budget Distribution
  - This document contains the project title, account number, agency or contract number, beginning date, ending date, and the proposed distribution of the budget, which must comply with the sponsor's requirements and the SJBSM regulations. In this

document, you will distribute the funds into the existing SJBSM expense codes, which include, among others: Salaries for Academic and Administrative Personnel, Fringe benefits, Materials and Supplies, Travel, Equipment, Fellowships, and Stipends. On occasions, an approved expense may not have an exact equivalent within the SJBSM financial system; a good example is Participant Support. Thus, the use of the funds must be well defined and distributed among the other codes, as apply (e.g., stipend, fellowship, travel).

Upon receipt of all required documentation, the Finance Office Director will create the account.

Prior approval from the grantor is required for certain actions such as significant re-budgeting, changes in the status of key personnel, and other specified actions in the appropriate policy statement of the grantor. Significant re-budgeting occurs when expenditures in a single direct cost budget category deviate (increase or decrease) from the categorical commitment level established by the percent defined by the granting agency for the budget period or 25 percent when applicable.

### **c. Availability of Funds**

An important principle to understand is that only costs incurred or obligated during the dates the award was active are allowable under the award. Although the funding agency grants additional time for financial and technical reports to be submitted to the government, this does not mean that charges can still be placed against the award during that time. The only costs that should be paid after the expiration date are costs that were obligated before the award ended.

**SJBSM has two procedures for the use of external funds: reimbursement or direct payment.**

- The payment process should follow the Deanship of Administration procedures. This includes the filling up forms (Requisition Order) and providing evidence (Memo of reimbursement).

### **d. Time and Effort Reporting**

As a recipient of sponsored funds, the SJBSM must assure Federal and other sponsors that the assignment of effort and associated salary and fringe benefit costs to the projects they sponsor is reasonable in relation to the work performed and that commitments to sponsors have been met. Federal regulations provide a basic regulatory framework for Effort Reporting. 2CFR Part 220 (OMB Circular A-21) requires that any individual, who performed work on a federally sponsored project, including federally funded sub-awards received from other institutions, industry, or State, must certify that the effort, paid or committed, is reasonable.

The Institutional Base Salary (IBS) is used to propose and charge salary to sponsored projects. The IBS of the Faculty Personnel dedicated to academic instruction, who also conduct research, creative activity, teaching improvement, training, and/or services, is defined to be the annual remuneration that the University pays to said personnel for the individual's TPE (100% effort).

Institutional compensations that require or are based on the commitment of personnel's time and

effort (i.e., administrative, clinical service, among others) must be included as part of an individual's IBS, provided they meet the following criteria:

- a. The remuneration must be paid through the University.
- b. The University must guarantee the remuneration for a period of 1 year or more.
- c. The remuneration must be documented in the individual's human resources personnel action forms.
- d. The remuneration must involve personnel time and effort, and
- e. The remuneration's corresponding effort must be accounted for on the individual's effort reports

#### **e. Participant costs**

Participant support costs are defined as "direct costs for items such as stipends or subsistence allowances, travel allowances and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with meetings, conferences, symposia or training projects." (2 CFR, Part 230).

Participants may include students, national scholars and scientists, private sector representatives, agency personnel, teachers, and others who attend and participate in conferences, workshops, or training activities. SJBSM faculty and staff are not eligible for participant support unless specifically provided for in the award document.

Funds provided for participant support may not be used for other categories of expense without the specific prior written approval of the Program Officer at the awarding agency. Participant support allowances may not be paid to trainees who are receiving compensation, either directly or indirectly, from other Federal government sources while participating in the project. Facilities & Administrative (F&A) costs may not be charged against Participant Support Costs.

#### **f. Allowable and Unallowable Cost (Expenditure monitoring)**

Allowable and unallowable costs are determined by 2 CFR, Part 220, that establishes the principles to determine costs applicable to agreements within educational institutions.

##### **i. Allowable cost**

There are four ways to determine the allowability of cost applied to federally sponsored agreements. The allowable cost must be:

##### **a. Reasonable**

- i. The costs must be necessary for the fulfillment of the agreement and acquired by means consistent with federal and State laws and regulations.
- ii. Costs incurred must be consistent with institutional policies and practices.

##### **b. Allocable**

A cost is allocable to a sponsored agreement if the goods/services involved are charged in accordance with the relative benefits received by that agreement. A cost is allocable to a sponsored agreement if:

- i. it is incurred solely to advance the work under the sponsored agreement.
- ii. It benefits both the sponsored agreement and other work of the institution in proportions that can be approximated through use of reasonable methods.

Any cost allocable to a particular sponsored agreement may not be transferred to another sponsored agreement in order to meet deficiencies caused by overruns or other funding considerations: to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience.

c. Treated consistently

Similar costs cannot be treated as both direct and indirect costs. Like costs must be treated the same in like circumstances, regardless of the funding source.

d. Conform to any limitations or exclusions in the sponsored agreement

ii. Unallowable cost categories

- a. Advertising Costs are allowable only if they are necessary to meet the requirements of the contract performance.
- b. Public Relations Costs are unallowable except for (1) costs specifically required by government contracts, (2) cost of communicating with the public and press pertaining to specific accomplishments which result from government contracts or (3) costs of conducting communication and liaison necessary to keep the public informed on matters of public concern such as notices of awards, financial matters, etc.
- c. Alcoholic Beverage Costs
- d. Bad Debt Costs
- e. Automobile Costs for Personal Use
- f. Defense and Prosecution of Criminal and Civil Proceedings, Claims Appeals and Patent Infringement
- g. Donations and Contributions
- h. Entertainment Costs
- i. Executive Lobbying Costs Incurred in Attempting to Improperly Influence either Directly or Indirectly an Employee or Officer of the Federal Government Regarding a Contract
- j. Fines and Penalties resulting from the failure of the company to comply with federal, State, local or foreign laws and regulations
- k. Goods and Services Cost for Personal Use
- l. Personal Housing and Living Expenses (not to be confused with direct travel costs which are allowable)
- m. Insurance Costs to Protect Against Defects in Materials or Workmanship
- n. Interest and Investment Management Costs are unallowable except for cost related to the physical custody and control of monies and securities and for interest cost paid to external parties for assets (buildings and equipment) used to support government

- contracts
- o. Losses on Government or Other Contract
- p. Membership Costs in Civic, Community Organizations, Country Clubs or Social Clubs
- q. Pre-Contract Costs, unless approved by the Contracting Agency
- r. Airfare Travel Costs in Excess of the Lowest Available Commercial Discount or Standard Coach Airfare

**g. Award Related Goods and Services Expenditures**

All purchasing and procurement at the SJBSM are managed in accordance with Federal, State, Sponsor, and SJBSM regulations. In instances where SJBSM policies differ from sponsor requirements, sponsor requirements prevail if they are more restrictive.

Award related goods and services expenditures charged to the federal award must be allowable and in accordance with the applicable cost principles. When the terms and conditions of the agreement require advance approval from the sponsor (large items of equipment almost invariably require such prior approval), the Office of Sponsored Programs or its equivalent can assist in obtaining that approval, but it is the PI/PD's responsibility to initiate the request.

**h. Prior Approvals**

Prior approvals are presented under the terms and conditions of the award and are required for some types of budgetary changes, closeout reports, project reports, and sub-recipient monitoring. PI/PD and sponsored project administrators should be aware when prior approvals are required and whether they can be granted institutionally or whether agency approval is required, such as carryover, change in scope, and no-cost extensions.

Prior approval is required for:

- a. Change in scope
- b. Changes in the status of key personnel
- c. Change of grantee organization
- d. Carryover of unobligated balances
- e. Deviation from award terms and conditions
- f. Addition of foreign components
- g. Additional funding
- h. Pre-award cost (more than 90 days before the effective date of the initial budget period of a new or competing continuation award)
- i. No-cost extension
- j. Transfer of funds between construction and non-construction work
- k. Transferring amounts from trainee cost and or participants support cost

The terms and conditions of the grant award indicate how approval is obtained.

**i. Federal Financial Reporting (FFR)**

Federal financial reporting is normally required within 90 days of the termination date of the award and is indicated in the terms and conditions.

The award of federal grants requires the recipient to submit reports periodically on the financial status of these grants to the agencies that provide the funds. The SJBSM is responsible for administering the funds that it receives from federal, State, and private agencies, and for complying with the requirements and regulations that these agencies stipulate.

#### **j. Property Management**

During the time that equipment is used on the project for which it was acquired, the recipient shall make it available for use on other projects or programs if such other use will not interfere with the work on the project or program for which the equipment was original acquire.

The recipient shall use the equipment in connection with other federally- sponsored activities when no longer needed for the original project or program in compliance with sponsor rules and policies on equipment transfer and ownership.

Equipment records should be retained for three years after the final disposition; a physical inventory of equipment must be taken yearly and reconciled to the equipment records. An appropriate control system should be used to safeguard equipment, and equipment should be adequately maintained.

#### **k. Federal Closeout Procedures**

According to 2 CFR Part 215 (former [Circular A-110](#)), it is required that federally funded projects complete the following closeout steps:

- i. Each institution shall submit, within 90 calendar days after the date of completion of the award, all financial, performance, and other reports as required by the terms and conditions of the award. The Federal awarding agency may approve extensions when requested by the recipient.
- ii. Unless the Federal awarding agency authorizes an extension, a recipient shall liquidate all obligations incurred under the award not later than 90 calendar days after the funding period or the date of completion as specified in the terms and conditions of the award or in agency implementing instructions.
- iii. The Federal awarding agency shall make prompt payments to the recipient for reimbursable costs under the award being closed out.
- iv. The institution shall promptly refund any balances of unobligated cash that the Federal awarding agency has advanced or paid and that is not authorized to be retained by the recipient for use in other projects.
- v. When authorized by the terms and conditions of the award, the Federal awarding agency shall make a settlement for any upward or downward adjustments to the Federal share of costs after closeout reports are received.
- vi. The institution shall account for any real and personal property acquired with Federal funds or received from the Federal Government in accordance with the A-110 Property Standards Sections .31 through .37, addressing Insurance Coverage; Real Property; Federally Owned and Exempt Property; Equipment; Supplies and Other Expendable Property; Intangible Property; and Property Trust Relationship.



- vii. In the event a final audit has not been performed prior to the closeout of an award, the Federal awarding agency shall retain the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

### **i. Procedures for Equipment Disposition or Transfer**

Unless otherwise stated in the award terms and conditions, the title to equipment acquired under a sponsored agreement belongs to the institution. The institution is obligated to track and account for all equipment acquired with federal funds.

### **m. Record Retention**

2 CFR, Part 215 (former OMB Circular A-110) states that "Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Federal awarding agency." The exceptions to this rule include:

- i. If any litigation, claim, or audit has started before the expiration of the three-year period, the records need to be retained until all litigation, claims or audit findings involving the records have been resolved and final action is taken.
- ii. Records for real property and equipment acquired with Federal funds need to be retained for three years after final disposition.
- iii. When records are transferred to or maintained by the Federal awarding agency, the three-year retention requirement is not applicable.
- iv. Different retention rules apply to the indirect cost proposal related records. (See OMB Circular A-110 paragraph C.53 (g)).

Because the period of a grant may range from 1 to 10 or more years, the three-year rule needs to be considered together with the length of the grant. For example, the records of a grant starting in 2005 and ending in 2008 should be kept until 2011 or 2012, depending on the date of the final financial report submission.

### **n. Program income earned during a project period**

Program income earned during a project period shall be retained by the campus/units and is usually treated using one of three methods, depending on Policy, sponsor type, and/or terms and conditions of the award:

1. Additive: Program income funds are added to committed funds of the project by the awarding agency and recipient, thus increasing the amount available to accomplish program objectives (increase in the available budget).
2. Matching: Program income is used to finance the non-federal share of the project (offset to cost sharing or matching). Program income is used for costs during the project period unless the sponsor authorizes deferral to a later period.
3. Deductive: Total funds available to the project remain the same, and the funds generated through program income are deducted from the financial commitment of the sponsor (offset to

sponsor's funding).

Sponsor approval is required for any variances from the above methods.

**o. Termination of a funded project**

- i. Federal regulations require the SJBSM to use program income funds before sponsor funds. If funds remain in the project or program income account after the project has terminated, this money is the sponsor's and must be returned to the sponsor. If the principal investigator wishes to retain these funds, he or she must write a letter to the sponsor requesting to use these funds and outlining a plan for their use.
- ii. For non-federal sponsors, how leftover program income funds are to be handled depends on the sponsor and contract involved. In the absence of a non-federal sponsor's Policy, the program income will be considered non-reportable and will be retained by the SJBSM.

Examples of Program Income:


- i. Revenue generated from conference fees
- ii. The sale of conference materials
- iii. Income generated from the use, sale, rental of equipment purchased or fabricated with project funds
- iv. Proceeds from the sale of excess supplies or equipment purchased or fabricated with project funds
- v. Income from the sale of research materials
- vi. Royalties from patents and copyrights
- vii. Sales of products with an accompanying material transfer agreement

Program income is NOT:

- i. Interest earned on advances of funds
- ii. Credits, discounts, loans, etc. (both principal and earned interest)
- iii. Taxes, special assessments, levies, and fines raised by government recipients
- iv. Income earned after the end of the project period

**Endorsed by: Institutional Research Committee (IRC) on July 1<sup>st</sup>, 2020**

**Revised by: Dean of Administration on July 26<sup>th</sup>, 2020**

Approved by:  Date: **October 21, 2020**  
**Dr. Yocasta Brugal**  
**President /Dean**