



RUTGERS POLICY

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Section Title: Fiscal Management

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Policy:

This policy is in the process of revision; the existing policy is below. For assistance, please contact the Office of Administrative Affairs at oevpada@rutgers.edu or 732/932-5661.

Existing Policy (in revision)

POLICIES AND PROCEDURES CONCERNING GRANT AND CONTRACT ACCOUNTING

Introduction: Programs sponsored by federal, state and private agencies represent a significant and important financial resource to the University, and enable it to carry out its principal missions of teaching, research and public service. The Office of Research and Sponsored Programs (ORSP) and the Division of Grant and Contract Accounting (DGCA) were established to assist faculty members in their efforts to obtain and administer externally sponsored programs in accordance with the rules and regulations governing the programs. The procedural efforts of ORSP and DGCA are intended to ensure that the University remains in good programmatic and financial standing with these sponsors and, thereby, encourage a steady source of funding for the University and its faculty.

A. Responsibility

The Division of Grant and Contract Accounting (DGCA) is charged with providing

professional post-award support for all externally sponsored programs received by the University. The DGCA maintains a web site of useful information, procedures and personnel at <http://www.rci.rutgers.edu/~ilc>. Major responsibilities of the DGCA include:

1. establishing accounts for sponsored projects in the University's Financial Accounting System;
2. maintaining budgetary control over sponsored project expenditures and monitoring expenditures for conformity with federal, state and private regulations;
3. preparing and filing interim and final financial status reports, billing or drawing down funds from sponsors and negotiating project close-outs with sponsors;
4. maintaining the University's efforting reporting system which is required to document labor charges to sponsored programs and related cost sharing accounts;
5. providing training and advice to principal investigators and others concerned with post-award administration by conducting workshops, issuing procedural memorandums, distributing regulatory updates and holding individual consultations;
6. coordinating and responding to all sponsoring agency audits, the Federal OMB Circular A-133 audit and the State of New Jersey OMB Circular 98-07 audit;
7. preparing the University's facilities and administrative (F&A) cost and fringe benefit rate proposals; negotiating the agreements for F&A cost and fringe benefit rates; and,
8. establishing cost polices for cost sharing, departmental recharge centers and specialized service facilities and effort certifications.

Under a memorandum of understanding between the Senior Vice President and Treasurer and the Newark Provost, responsibilities for most aspects of post-award administration on the Newark Campus have been delegated to the Newark Grant and Contract Accounting Office (NWK-GCA).

B. General Policies and Cost Principles

The University and DGCA/NWK-GCA will apply the following general policies and cost principles in the post-award administration of externally sponsored programs:

1. Expenditures against sponsored projects will be allowed only to the extent they are:
 - a) allowable by the University
 - b) allowable by the sponsor
 - c) specifically related to the award
 - d) incurred and used during the award period or extensions
 - e) included in the award budget or approved by the sponsor

2. Unallowable costs and/or cost overruns will be written off against departmental accounts including any F&A cost returns.
3. The Principal Investigator (PI) is responsible for retaining technical project documentation that supports their work and copies of the reports issued to the sponsor on the project. The PI is also responsible for monitoring award expenses and applying for a no cost extension (if needed) at least 30 days prior to the scheduled termination of the award.
4. The University will budget and account for cost sharing on sponsored programs in accordance with a separate policy issued by the Office of Research and Sponsored Programs and the DGCA on January 3, 2000. The policy entitled APolicies and Procedures for Cost Sharing on Sponsored Programs@, is available on the ORSP and DGCA websites.
5. Income generated by a project funded by an award becomes "Program Income" of that award and must be used for the award. Program income must be deposited in the award account unless arranged otherwise with the DGCA/NWK-GCA.
6. Equipment purchased with award funds may become the property of the sponsor, the University or a Fellow at the end of the award. The Property Management Departmental is responsible for maintaining University property records and tagging University property for control purposes. PI/Department Business Office should make sure Property Management tags all University property acquired with award funds. University property can not be moved off campus or sold without following the appropriate procedures. Certain disposals may result in program income.
7. The DGCA is the official University contact for sponsor audits. If notified by a sponsor that an award will be audited, the individual notified should immediately contact the DGCA to handle the audit. Project personnel and business representatives should only meet with auditors when accompanied by a representative from the DGCA.
8. Sponsor requirements regarding record retention vary. Sponsors generally require records to be kept for three years from the last payment or final report (technical or financial) whichever is later. Some sponsors are now requiring that the files be kept four years. The DGCA will generally keep files at least ten years.

C. Cost Transfer on Sponsored Programs

Funding agencies frequently question and/or disallow cost transfers among sponsored programs in instances where they are recurring, late (occurring long after the initial charge was recorded) and/or inadequately explained and documented. Transfers of this type, particularly when they occur on projects with significant cost overruns or unexpended balances, cause agencies to question the propriety of the transfers as well as the overall reliability of the recipient=s accounting system and ability to properly administer sponsored programs.

In order to ensure the propriety of cost transfers on sponsored programs, the University has developed the following policies and procedures:

1. Cost transfers which represent corrections of clerical or bookkeeping errors must be made promptly after the errors are discovered. Any transfer must be supported by documentation which contains a full explanation of how the error occurred and a certification of the correctness of the new charge. An explanation which merely states that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient. It should be noted that frequent errors in the recording of costs may indicate the need for improvements in the academic unit's accounting system and/or internal controls. Departments may be required to evaluate the need for improvements in these areas and to make necessary changes.
2. Any transfer which involves a change in previously certified effort will require a further statement indicating why the Personnel Activity Certification (PACE) Report was not corrected prior to certification, as well as a statement that the revised distribution of pay accurately represents effort during the period indicated. Transfers and their accompanying justifications must be reasonable, equitable, and in realistic proportion to the benefit provided.
3. Cost transfers should be made within 120* days of the original charge. Any transfer made after this period raises serious questions regarding the propriety of the transfer. If a project director desires to request a transfer after this time, a further explanation of why the transfer is late must accompany a full explanation and justification for the transfer, as well as a certification of the propriety of the transfer by the principal investigator/project director. Any transfer of costs on a sponsored program is ultimately the responsibility of the project director, who should retain appropriate documents to support requested changes. Cost transfers are subject to the review and approval of the DGCA/NWK-GCA.

* Cost transfers made near the end of an award must meet the deadline for "Final Costs" in the Close Out Procedures for Sponsored Programs section.
4. To document the required information for any retroactive salary transfer on a 4-2xxxx account, a separate form has been developed as a supplement to the Personnel Data Record (PDR). The form may be obtained from the DGCA. Please make copies and attach one to each PDR which retroactively adjusts one or more 4-2xxxx accounts.

D. Close Out Procedures for Sponsored Programs

The close out process for sponsored programs requires coordination and cooperation between principal investigators, departmental business officers and post-award administrators. An effective and efficient process is necessary to ensure that sponsoring agencies receive the required final technical and fiscal reports within the due dates established under the terms and conditions of the awards. If the University fails to file these reports on a timely basis, it may be unable to receive final payments for the work performed and/or obtain continuation awards, renewal awards or entirely new awards

from the affected sponsors. Therefore, the timely submission of required technical and fiscal reports is an important goal for the University. In order to achieve this goal, the University has developed the following policies and procedures governing the close out process:

1. Reporting Responsibilities: Principal Investigators (PIs) are responsible for preparing and submitting all technical reports and disclosure statements associated with their sponsored projects. DBOs, working in conjunction with their PIs and the DGCA/NWK-GCA, are responsible for finalizing the costs associated with their sponsored projects. Please note that if the DBO=s are unable to finalize the costs in a timely manner, the DGCA/NWK-GCA can finalize the costs using the best available information.

The DGCA/NWK-GCA is responsible for preparing and submitting final financial status reports required by sponsoring agencies.

2. Final Costs: All program costs (including payroll) need to be finalized and recorded in the appropriate 4-2xxxx account on the general ledger thirty (30) days prior to the due date of the final fiscal report. Since most agencies require the final reports within ninety (90) days of the project end date, this requirement will generally give DBOs sixty (60) days to finalize charges and the DGCA/NWK-GCA thirty (30) days to prepare and submit the fiscal reports.

The PI and DBO should monitor the award activity to insure all project costs are incurred prior to the award termination date and recorded thirty (30) days prior to the reporting date. During the sixty (60) day finalization period, the PI, DPO and the DGCA/NWK-GCA should review program expenditures for any unallowable costs and agree on the appropriate adjustments. If at the conclusion of this process any unexpended project funds remain, they will be returned to the sponsor by the DGCA/NWK-GCA with the final fiscal report.

3. Cost Sharing Information: When cost sharing documentation is required, it must be submitted to the DGCA/NWK-GCA thirty (30) days prior to the final report due date. The final fiscal reports cannot be filed without this information. For more detailed information, refer to the APolicies and Procedures for Cost Sharing on Sponsored Programs issued by the Office of Research and Sponsored Programs and DGCA on January 3, 2000. The policies are available on the ORSP and DGCA websites.

4. Technical Reports: Technical reports must be filed with the sponsor within the due dates established under the terms of the award. In order to effectively respond to inquiries received from sponsoring agencies concerning outstanding technical reports, the PI is required to copy the DGCA/NWK-GCA on the cover letter transmitting the report to the sponsor and, if necessary, any letter requesting an extension to file the report. The PI must also retain a copy of the technical report on file in his/her department for examination upon audit and as a backup in the

event the report is lost in transit or misplaced by the sponsoring agency.

5. Unallowable Charges: If any unallowable charges remain on an account after the final fiscal report is filed, they must be cleared by the PI/DBO within six months after the award termination date. If the unallowable charges are not cleared, the DGCA/NWK-GCA is authorized to transfer the charges to any related F&A cost return account of the PI, Department Chair or Dean.
6. Delinquent Reporting: If and when delinquent reporting becomes a chronic problem with a particular PI, the ORSP, the Office of Research in Newark and DGCA/NWK-GCA are authorized to suspend processing of new proposals and new account requests for the PI until the delinquent reports are submitted and accepted.

If you have any questions concerning these procedures, please call the Division of Grant and Contract Accounting or the Newark Grant and Contract Accounting Office.

All regulations and procedures are subject to amendment.