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Acknowledgement is given to the websites and associated material from OMB 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (UG), Federal Acquisition Regulations (FAR), Grants.gov, Office of the University Controller, Procurement Service Center, and the Office of Contracts and Grants at CU Boulder, as information from these respective sites has been incorporated into this chapter.

I. Chapter 14 - Sponsored Research Administration

The purpose of this chapter of *The Guide* is to serve as a resource for those whose work involves post-award responsibilities within the area of sponsored research administration. Sponsored research agreements are legally and mutually binding agreements between the sponsoring agency and the Regents of the University of Colorado. Failure to comply with the required regulations and guidelines may jeopardize CU Boulder's ability to qualify for future funding, require the refund of monies awarded, create audit disallowances, and/or result in fines or penalties. Consequently, the information contained in this chapter is designed to facilitate a culture of compliance. The responsibility for compliance begins before the award is made, continues throughout the duration of the award, and does not end until the award is completed and the record retention period has passed.

In this chapter, the words award, project, sponsored project, sponsored award, or SpeedType tend to be used synonymously to refer to any given award.

II. Applicability

The material contained in this chapter applies to all individuals who engage in any aspect of post-award administration. This includes:

- Anyone who authorizes the expenditure of sponsored research funds.
- Anyone who manages sponsored research SpeedTypes in Funds 30, 31, and 33.
- Anyone who manages the cost share SpeedTypes in Funds 12, 22, and 32.
- All members of the research team.
- All staff from central offices such as Campus Controller's Office-Research Financial Services (CCO-RFS), the Office of Contracts and Grants (OCG), and the Research and Innovation Office (RIO).

Important Points

1. In accepting a sponsored research award, all involved with the award agree to follow the cost principles and terms and conditions or regulations mandated by the sponsoring agency.
2. Under no circumstance may the terms of an award override university or state regulations.
3. At CU Boulder, more than 67% of sponsored research funding comes from federal agencies - either directly, or in the form of a subcontract from another university or organization. Consequently, federal requirements serve as the basis for the information presented in this chapter of The Guide.
4. CU Boulder also receives award funding from entities other than the federal government, such as state agencies or private sources. Since these organizations may have restrictions that are different from, and in certain circumstances more stringent than those of the federal government, it is imperative that the rules and regulations outlined in every award agreement be understood and followed.
5. Every award has the potential for having terms that are unique and more restrictive than awards typically funded by the respective sponsor.

6. It is imperative that you know the terms, conditions, rules, and regulations that govern your award.

III. Key Players in Post-Award Management

Post-award administration is a joint effort primarily on the part of the Principal Investigator and his/her departmental administration, OCG, and CCO-RFS. Each area has specific responsibilities to ensure that CU Boulder complies with federal, state and sponsor guidelines. Failure to comply with any of the required guidelines or regulations may jeopardize CU Boulder's ability to qualify for future funding.

Note: Please refer to Section VI Research Team Roles and Responsibilities for additional information about Principal Investigator responsibilities with the support of the Department Research Administrator, OCG responsibilities in the post-award environment, and CCO-RFS responsibilities with respect to sponsored research administration.

Principal Investigator

Although the award agreement is with the institution, the Principal Investigator (PI) has primary responsibility for achieving the technical success of the project, as well as compliance with the financial and administrative policies and regulations associated with the award. Many PIs have administrative staff to assist them with the management of their awards. However, the primary responsibility for the management of both the sponsored project work and funds rests with the PI. With this responsibility comes the obligation to adhere to all terms and conditions of the award, relevant university policies, and federal and state regulations. Also to adequately document all expenditures in accordance with sponsor and university guidelines.

Departmental Research Administrator

The Departmental Research Administrator (DRA) plays a key role in directing the different pieces of the administrative process as support to the PI. These professionals are the front line for reviewing, monitoring, budgeting, and compliance, as well as the record keeper of the day-to-day management of an award. They also serve as the point of contact between the PI and central offices. Not all PIs have assigned DRAs. In some units, PIs rely on their business office staff to help manage financial, HR or other aspects of an award.

Central Office Roles

At the central office level, CU Boulder's Research Financial Services (RFS) within the Campus Controller's Office (CCO), and the Office of Contracts and Grants (OCG) within the Research & Innovation Office (RIO) hold responsibilities within sponsored research.

Office of Contracts and Grants (OCG)

OCG is the coordinating office for sponsored research activities at CU Boulder. They serve campus faculty and staff by assisting in the preparation and submission of applications and proposals (including budgets), the negotiation and execution of mutually binding agreements, and the overall administration of externally funded projects. OCG-appointed staff have signature

authority, which has been delegated by the Board of Regents, to legally accept the terms and conditions for research awards on behalf of CU Boulder.

Campus Controller's Office-Research Financial Services (CCO-RFS)

Research Financial Services is the coordinating office for the financial aspects of post-award sponsored research administration. This includes the setup of awards in our financial system, preparing financial reports and invoices, process payments from sponsors, monitor cost share commitments, assist departments with effort reporting, manage financial closeouts, and work directly with OCG to coordinate fiscal compliance activities.

IV. Types of External Support

There are many types of financial support for research on the Boulder campus. External support includes gifts, sponsored awards, and fellowships. CU Boulder also provides institutional support for research from general funds, auxiliaries, and gifts. The distinction between a gift and a sponsored project is an important one because the purpose of a gift is fundamentally different from that of a sponsored award. As a result, the resources associated with gifts and sponsored awards are recorded in different funds and are subject to different regulations and processes.

Gift

A gift is any item of value given to the university by a donor who expects nothing of significant value in return other than recognition of the gift and disposition of the gift in accordance with the donor's wishes. With a gift, there are no quid pro quo or exchange transactions and no deliverable obligations to the donor. Gifts are irrevocable. Endowments, programmatic support, and scholarships are examples of gifts.

Sponsored Awards

A sponsored award is an externally funded activity, fully supported or in part, in which a formal written agreement is entered into by the university and the sponsor. The conditions that follow describe characteristics of a sponsored award and help distinguish a sponsored award from a gift. A sponsored award entails:

- A defined scope of work that provides a basis for sponsor expectations
- A detailed statement of fiscal accountability
- Specific deliverables or milestones
- Period of Performance (start date and end date).

The funding entity, or sponsor, can be a state or federal agency, a foundation, a non-profit organization, a private enterprise such as business or industry, other universities, or international partners.

In addition to the characteristics listed above, sponsored awards may involve one or more of the following:

- The award contains intellectual property rights provisions benefiting the sponsor as a condition of the award.

- The award restricts or monitors publications or use of results.
- The award requires protection of confidential information relating to either party.
- Award payments are contingent upon programmatic or fiscal reporting.
- The proposal and/or award includes a detailed, itemized budget.
- At the conclusion of the award, the sponsor may require the return of unexpended funds.

Grants, Contracts, Cooperative Agreements, and Service Agreements

The university receives sponsored awards in the form of grants, contracts, cooperative agreements, and service agreements. The type of agreement usually reflects the relationship between the sponsor and the recipient. The following descriptions highlight distinctions between each type of sponsored award.

Note: The definitions that follow are those used by federal agencies. Non-federal sponsors may use these terms in a manner that may be either more loosely interpreted or more stringently applied.

Grant

A grant is a pledge of support, or financial assistance, to accomplish a particular purpose. The sponsor has little oversight of the award, allowing the institution flexibility in conducting the award objectives. Grants are proposals submitted under general guidelines, e.g., Funding Opportunity

Contract

A contract is a procurement agreement executed for the purpose of acquiring a specific good or service. Some contracts define progress by specific task orders. At CU, these are often granted by federal entities and governed by the Federal Acquisition Regulations (FAR clauses). Contracts are proposals submitted under specific Requests for Proposals or Purchase Orders.

Cooperative Agreement

A cooperative agreement is similar to a grant, but the sponsor has substantial involvement in the project. The sponsor and the recipient work together to achieve a specific objective.

Service Agreement

A service agreement is legally binding contracts used for the sale of a good or service (fee for service) from CU Boulder to an external entity. These agreements include standard university requirements and terms and conditions relevant to the good or service. The work may be similar to tasks performed on research awards, though they are not considered sponsored research.

For all sponsored awards, the funding agency regulations and the award agreement must be reviewed to obtain specific information about implementing and administering the award.

Awards for Existing Projects

Not all awards received by the university are for new projects. Other types of proposals include the following.

Continuation Awards

A continuation award is a non-competing continuation of an active project that obligates funds for a subsequent budget period within the existing award. A continuation award is typically associated with a continuation proposal. With a continuation proposal, the sponsor initially agrees to fund a particular award for a certain period - five years, for example. The sponsor, however, usually requires an annual progress report before releasing funds to the university for each subsequent year of the award. This progress report takes the form of a proposal. Unlike the original proposal, the continuation proposal is minimal in nature.

Supplemental Awards

A supplemental award is an addition to an active project, treated as a new proposal that adds funding to an existing budget period for additional work or for costs not anticipated in the original proposal.

Renewal Awards

A renewal award results from a competitive proposal of an active project and provides funds for the extension of an award beyond the original award period. In a renewal proposal, the “new” award entails the same type of work and is funded by the same sponsor as the original award.

Fellowships

Students compete nationally with other college and university applicants for fellowships. A student fellowship is an appointment for advanced graduate training and offers financial support. Competition for fellowships is also available to post-doctoral individuals. Post-docs are not students.

V. Award Funding and Payment

Once CU Boulder has received the award, there is the expectation that funding will be forthcoming from the sponsor to cover the expenditures associated with the award. Funding can be administered in a variety of ways.

Funding Mechanisms for Sponsored Awards

The most frequently used funding mechanisms at CU Boulder are cost reimbursement and fixed price.

Cost Reimbursement

The cost reimbursement funding mechanism is set up so that the sponsor reimburses CU Boulder after costs are incurred. Payment is based on actual expenditures and will only be reimbursed up to the authorized award amount. Sponsors often require detailed budgets that indicate the intended use of funds. The detailed budget helps to guide appropriate and allowable expenditures. Mechanisms used to administer cost reimbursement include letter of credit draw, billing, and autopay. Any budget that is unspent at the conclusion of the project typically reverts to the sponsor. Since it is difficult to estimate exactly the cost of a research project, most sponsored awards use the cost reimbursement mechanism for funding.

Fixed Price

The fixed price funding mechanism is set up so that CU Boulder agrees to provide services or deliver a product for a predetermined fixed amount the sponsor is willing to pay. When working with a fixed price award, the Principal Investigator agrees to accomplish the project objectives within a specific time frame for a set dollar amount. Payment is based on performance and is measured by meeting milestones or deliverables. The award amount remains constant whether the actual costs for the project fall short or exceed the amount of the award.

Using the fixed price funding method can be risky because any over-expenditures become the responsibility of the department. On the other hand, if the actual cumulative expenditures are less than the amount of the contract, the extra funds may be retained by the university and are no longer restricted. The fixed price method of funding is mostly associated with contracts.

Payments on Sponsored Awards

The sponsor provides payment to CU Boulder in a variety of ways:

- Letter of Credit drawdowns from various federal payment systems.
- Advance payment either in increments or of the entire award amount.
- Scheduled payments made upon receipt of deliverables.
- Scheduled payments are made according to a specified time frame.
- Payments made upon receipt of invoices that include actual expenditure information.
- Mixed payment method, e.g., the sponsor provides an advance partial payment and then schedules remaining payments upon the receipt of deliverables.

In some instances, most notably sponsored projects involving non-federal awards or federal flow-through agreements, CU Boulder is required to invoice the sponsor to receive payment.

Invoicing

Invoicing of sponsors is completed by the grant accountants within CCO-RFS. If supporting documentation is required for any invoice, the grant accountant may reach out to the PI or department administrator to provide this documentation and ask to receive it in a timely manner.

Receipt of Payments

All payments in support of sponsored research must be processed through CCO-RFS Revenue Management. Upon receiving payment for an award, CCO-RFS Revenue Management determines where and how the payment should be deposited and recorded. When necessary, they will work with grant accountants, departments, and/or OCG to ensure the correct accounting for award funds.

VI. Research Team Roles and Responsibilities

Post award administration is a shared responsibility among all members of the research community including the:

- Principal Investigator
- Department Research Administrators

- Campus Controller's Office-Research Financial Services (CCO-RFS) and
- Office of Contracts and Grants (OCG).

Each individual or department has specific responsibilities designed to ensure that CU Boulder is in compliance with sponsor regulations and guidelines. Failure to comply may jeopardize the ability of CU Boulder to qualify for future funding and subject the individual and/or the university to sanctions.

Principal Investigator (PI)

The Principal Investigator has overall responsibility for all aspects of the research award including the technical and fiscal management of the award. This is true even when the PI has administrative staff to provide assistance. The PI is responsible for technical compliance, completion of programmatic work, and management of award funds.

Principal Investigator responsibilities include:

- Understand and comply with the sponsor's general policies as well as all specific terms and conditions applicable to the award.
- Follow federal and state regulations and university policies related to human resources, procurement, travel, etc.
- Adhere to CU Boulder requirements regarding human subjects, animal care, hazardous materials, biosafety, and export controls.
- Execute the technical aspects of the award and submit all reports by sponsor deadlines.
- Provide timely communication to OCG and CCO-RFS about proposed audits, financial review, and financial/administrative inquiries by the sponsor.

Fiscal Management

The university holds the Principal Investigator responsible for managing every aspect of a sponsored award. Relative to the fiscal management of a sponsored award, the PI along with the support of the DRA must:

- Maintain fiscal stewardship over the sponsored award, ensuring the reasonable and prudent use of the sponsor's funds. Authorizing costs that provide a direct benefit of the award and are following award terms and conditions, federal regulations, and university fiscal rules and policies.
- Carry out the award financial plan by checking the awarded budget in the finance system to make sure it accurately reflects the funding associated with the award.
- Follow the sponsor's policies and procedures when making changes to the financial plan of the award.
- Establish a means to ensure that actual spending does not exceed the amount authorized by the sponsor for the budget, specific budget categories, and/or award period.
- Review financial reports for the award to determine the appropriateness and allowability of all charges and credits, also to ensure that the rate of spending is reflective of the work performed and is consistent with that of the award budget period.
- Correct all inappropriate and erroneous transactions in a timely manner (typically within 90 days) according to applicable rules, regulations, policies, and procedures.

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- Work with OCG to obtain approvals for equipment purchases, travel, no-cost extensions, or other items that may require sponsor approval.
- Per 2 CFR 200, subsection 200.344 (c), make sure that all financial obligations incurred under the award are liquidated within 120 calendar days after the project end date. If it is not possible to liquidate the obligations within the 120-day period, it may be appropriate to request a no-cost extension of the award end date. Some extensions require funding agency approval, while others can be authorized internally by OCG.
- Prevent spending after the award end date.

Compliance Management

The Principal Investigator must comply with all sponsor terms and conditions, as well as federal and state regulations, and university policies. Examples include:

- Ensure all cost sharing is identified, commitment is fulfilled, and properly documented.
- Review and approve the progress of the work and the related invoices for sub-agreements.
- Verify and certify effort expended is consistent with the payroll posted and terms of the award.
- Comply with CU Boulder policies that address cost principles, cost sharing, and cost transfers.

Deliverables

The award document typically outlines the type of deliverables and reports required by the sponsor, as well as the deadlines by which the sponsor must receive them. It is the responsibility of the Principal Investigator to:

- Provide deliverables to the sponsor in a timely manner as required by the award. When necessary, the Principal Investigator should work with the appropriate university and campus offices to complete financial, patent, equipment, and/or property reports.
- Submit technical and progress reports in accordance with the required formats, deliverable schedules, and deadlines established by the sponsoring agencies.

Delinquent deliverables can result in negative consequences, including the possibilities that a sponsor will withhold all new awards to a particular Principal Investigator or to the entire campus, withhold payment of amounts owed to the university, and/or demand the return of funds already paid to the university.

Approaching the End of the Award

The responsibility for a smooth close out of an award primarily rests with the Principal Investigator with support from the DRA. Email notifications will be sent each month identifying awards 90, 60, and 30 days prior to the end of the award.

- Two or three months prior to the end of the award, determine if the award will be completed by the award end date. If more time is needed, work with OCG to request a no-cost extension.
- One or two months prior to the award end date, start thinking about how to wrap up and close out the project. Consider report deadlines, secure and review final invoices from

subcontractors or subrecipients, move employees off the project SpeedType to another SpeedType if necessary, and terminate monthly routine expenses such as shop charges, clear encumbrances, etc.

Records

The responsibilities of the Principal Investigator do not stop upon award completion and close out. There are ongoing records management responsibilities:

- Retain original financial source documents according to the [Retention of University Records](#) Administrative Policy Statement (APS2006) and its accompanying [CU Boulder Records Retention Schedule](#).
- Maintain supporting documentation for accounting and financial records that are initiated by the department.
- Maintain all lab notebooks, technical documents, and reports related to the award.

Campus Controller's Office - Research Financial Services (CCO-RFS)

CCO-RFS is extensively involved in the financial post-award administration and management phase of every sponsored award.

Award Set-Up

CCO-RFS has an internal business process for setting up awards:

- Reviews the award notice for special terms and conditions, or award set up requirements directed by the sponsor. Examples include cost sharing, participant support, subagreements, and invoicing procedures.
- Establishes the award in PeopleSoft as well as its attributes including project numbers, SpeedTypes (funds 30, 31, 33), project teams, F&A base and rate, budgets for specific projects, and fiscal staff approvers. (Cost Share Accountant will send a request to CCO Accounting for the setup of SpeedTypes for funds 12, 22, and 32.)

During the Award

CCO-RFS staff have numerous and varied responsibilities throughout the life of the award that supports the work of the PI:

- Monitor expenditures in the finance system with respect to allowability, allocability, and reasonableness, and make sure that all expenditures reviewed adhere to university, federal, state, sponsor, and award-specific terms and conditions.
- Manage billing and cash collection activities:
 - Prepare and send invoices to funding agencies for reimbursement of costs incurred on sponsored award SpeedTypes.
 - Request letter of credit payments through federal payment systems.
 - Perform appropriate follow-up when payments are past due including tracking and aging receivables.
- Monitor the electronic Personnel Effort Reporting System (ePERS). ePERS are an online after-the-fact reporting mechanism intended to provide accurate and reasonable documentation to the sponsoring agency certifying the effort put into a project matches the effort being paid by an award.
- Monitor cost sharing.

- Monitor cost transfers.
- Provide assistance in solving budget and accounting problems that may arise during and after the award period.
- Provide interim financial reports as required by the sponsor.

Overall Financial Administration

The Campus Controller's Office, along with the Principal Investigator, verifies that financial information relating to sponsored awards has been recorded accurately in the finance system and reported correctly. Specifically, these include:

- Reconcile our finance system to CORE (State of Colorado accounting system) for all accounts including sponsored awards.
- Prepare fiscal year-end financial statements that include restricted funds.
- Respond to inquiries or audits by sponsors.

At the end of the Award

CCO-RFS provides support to the Principal Investigator and the Department Research Administrator (DRA) to begin award close out procedures to ensure the timely submission of all final invoices and final financial reports. This involves:

- Prepare final financial reports as required by the sponsor. In doing this task, CCO-RFS provides support to the Principal Investigator and DRA
 - To make sure that expenditures reflected in the financial reports are in accordance with sponsor terms and conditions.
 - To account for all cost sharing expenditures to be reported to the sponsor if mandatory cost share.
- Close the project number and inactivate the SpeedType in the finance system after all closeout processes are completed.

Office of Contracts and Grants (OCG)

OCG provides support to faculty and other CU Boulder personnel in obtaining and administering funds from external sources for sponsored awards. In the post-award environment, the primary responsibilities of OCG include:

Award Negotiation, Review and Acceptance

OCG reviews the award notice for key clauses in the terms and conditions of the agreement including, but not limited to:

- Prior approval requirements
- Budget deviations
- Cost sharing (matching funds)
- Subagreements, which OCG negotiates.

Approvals

As a means of ensuring compliance with federal and state regulations, university policies, sponsor rules, and award-specific terms and conditions, OCG:

- Approves all CU Marketplace purchase requisitions for subagreements.

- Reviews and approves capital equipment and government titled property purchase requests made with sponsored project funds.
- Reviews whether sponsor approval is required prior to booking travel.
- Obtains approvals for items that require sponsor approval. Examples include equipment purchase, travel, or no-cost extensions.

During the Award

OCG provides assistance with award administration and compliance issues throughout the life of a sponsored award. For example, OCG:

- Obtains approvals as mentioned above.
- Researches, analyzes, and clarifies sponsor policies, procedures, and regulations when needed on the part of CU-faculty and staff.
- Works with the Principal Investigator to prepare interim patent and property reports as required by sponsors.
- Works with the Principal Investigator if more time is needed to complete the objectives of the award by requesting no-cost extensions.

At the end of the Award

OCG has an important role in making sure that award close-out goes smoothly and is completed in a timely manner. Key responsibilities of OCG include:

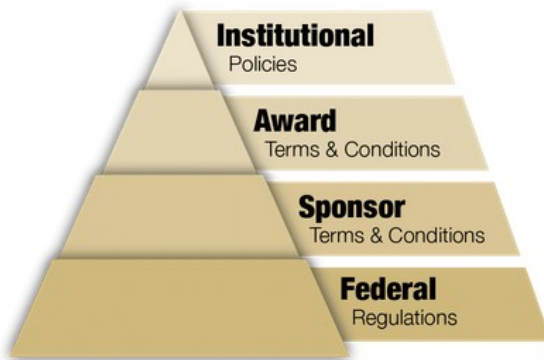
- Prepare the final patent reports and property reports as required by sponsors.
- Process and sign any necessary close-out documents (other than fiscal reports and final invoices) for contract awards.
- Sub-agreement closeouts.

VII. Rules and Regulations

To ensure good stewardship of sponsored funds and that research goals are achieved, the university administers awards in compliance with applicable laws, regulations, and provisions within a sponsored award, in addition to compliance with university policies.

There are many rules to keep in mind when managing awards. For instance, federally funded sponsored awards follow Uniform Guidance (UG) or Federal Acquisition Regulations (FAR) as well as specific terms and conditions applicable to the award. CU Boulder also has institutional policies, and an individual department or institute may have its own internal policies. For sponsored research, we are expected to follow the most restrictive policy.

Order of Precedence



Order of precedence pyramid

Order of Precedence

The order of precedence pyramid illustrates the hierarchy we are expected to follow with the most restrictive policies being our institutional policies.

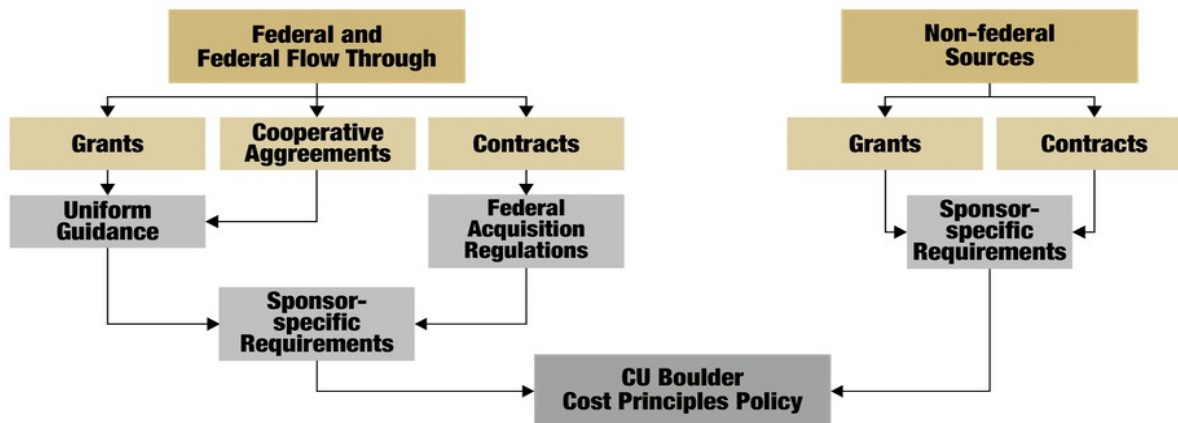
Post-award administration is a joint effort on the part of the principal investigator (PI), departmental research administrator (DRA), unit heads, and staff in Research Financial Services (RFS) and the Office of Contracts and Grants (OCG). Each area has specific responsibilities to ensure compliance with federal, state, sponsor, and university policies and guidelines.

Failure to comply with the required regulations and award guidelines may jeopardize CU Boulder's ability to qualify for future funding, sponsor withholding of cash payments, require the refund of monies awarded, suspensions or termination of the current award, create audit disallowances and/or result in fines or penalties.

Overview of Federal Regulatory Environment

There are a variety of federal regulations applicable to the world of research administration, and the key to effective management is the ability to focus on which one has the most impact on the daily operations and management of sponsored awards.

The first step in understanding what rules apply is knowing what kind of agreement the institution has with the funding sponsor. The flowchart below illustrates the policies associated with each of the major types of awards.



When accepting a sponsored award, the PI, DRA, and all personnel involved in the award agree to follow the regulations defined by the sponsoring agency. Allowability of costs can vary by sponsor. Therefore, it is important that the sponsored requirements contained in every award be understood and followed.

Uniform Guidance (2 CFR Part 200)

This guidance, [CFR Title 2: Grants and Agreements, Part 200 - Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards](#), from the Office of Management and Budget (OMB), is commonly known as “Uniform Guidance”. The goal of Uniform Guidance (UG) is to strengthen oversight of federal grants to reduce the risk of waste, fraud, and abuse. CU Boulder receives a majority of its research funding from federal sources; therefore, many of our internal policies and procedures are based on UG principles. The requirements of the Uniform Guidance are broken down into the following Subparts and Appendices:

- Subpart A - Acronyms and Definitions
- Subpart B - General Provisions
- Subpart C - Pre-Federal Award Requirements and Contents of Federal Awards
- Subpart D - Post-Federal Award Requirements
- Subpart E - Cost Principles
- Subpart F - Audit Requirements
- Appendix I - XII - Assorted topics with relation to Part 200

The Uniform Guidance sections most referenced in post-award management of sponsored awards are Subpart D, Subpart E, and Subpart F.

- [Subpart D - Post-Federal Award Requirements](#), includes standards for financial and program management, property, and procurement, as well as topics of subrecipient monitoring, record retention, and closeout.
- [Subpart E - Cost Principles](#), includes special considerations for institutions of higher education and general provisions of selected items of cost. This section governs allowable and unallowable costs, as well as direct and indirect charges made by

educational institutions to the federal government. CU Boulder's Cost Principles policy is based on Subpart E.

- [Subpart F - Audit Requirements](#), sets forth standards for obtaining consistency and uniformity among federal agencies for the audit of non-federal entities expending federal awards. A non-federal entity that expends \$1,000,000 or more in federal awards during the non-federal entity's fiscal year must have a single audit conducted.

Federal Acquisition Regulation (FAR)

Contracts from federal agencies are typically subject to the [Federal Acquisition Regulation \(FAR\)](#). The purpose of FAR is to provide a set of consistent, uniform policies and procedures within the federal acquisition process. Part 52 contains the relevant provisions (used only for solicitations) and clauses (used in contracts) for awards accepted by CU Boulder.

FAR clauses are often based on the specific scope of work. By submitting a proposal for FAR funding, PIs agree to comply with any specific clauses included in the solicitation. For this reason, there are more negotiations on FAR-funded contracts than on federal-funded grants (subject to UG).

Non-Federal Sponsor Regulations

Non-federal sponsors usually provide their grant management regulations as an integral part of the award document, and/or provide a website to review for specific sponsor guidelines. The requirements of private sponsors vary widely and the individual responsible for managing a particular private award must become familiar with these requirements. For non-federal awards, the specific award agreement, together with university policy, usually guides the conduct of the project. State agencies, foundations, and private businesses may also publish their own guidelines.

Overview of University Policies and Procedures

Sponsored awards require some degree of institutional oversight, which in turn requires a thorough understanding of university policies and procedures and how they complement, reinforce, and integrate with government regulations and sponsor requirements.

We are expected to be good fiscal stewards of university funds. We do this by establishing internal controls, training, and assigning fiscal roles. Internal controls are implemented through a framework of policies and procedures. For purposes of research administration, the policies and procedures below are most relevant, though others may also be applicable.

Laws and Policies of the Board of Regents

Regent laws and policies provide an umbrella under which all other university policies operate. They apply to all university activities regardless of the sponsor or the source of funds.

- [Regent Laws](#) are the laws of the university as directed by the Board of Regents.
- [Regent Policies](#) are the operating policies of the university and include guidelines for implementing the laws of the Regents.

Policies for the CU System

[Administrative Policy Statements](#) (APS) are enacted by the president of the university in accordance with defined processes to provide operational requirements to the entire university community and delegate authority to officers of the university and the administration. Relevant to research:

- [Fiscal Roles and Responsibilities \(APS 4014\)](#)
- [Propriety of Expenses \(APS 4015\)](#)

[The OUC Accounting Handbook](#) provides guidance on policies, procedures, forms, and best practices in the areas of financial management, financial recording, and financial reporting.

Relevant to research:

- [Revenue Recognition – Special Revenue Types](#)
- [Internal Controls](#)

[Procurement Service Center Policies and Procedures](#) provides guidance relevant to procurement, payables, and travel. PSC procedural statements include detailed information on procurement rules and how to complete specific tasks. Relevant to research:

- [Study Subject Payments](#)
- [Travel Policy](#)

CU Boulder Policies and Procedures

The Boulder campus has developed its own policies and procedures relative to sponsored research administration that are designed to complement those issued by the Board of Regents. The policies and procedures that follow provide a selection of those relevant to topics of post-award financial administration.

[CCO Policies:](#)

- [Cost Principles Policy](#)
- [Cost Sharing Policy](#)
- [Cost Transfer Policy and Guidance](#)
- [ePERs \(electric Personnel Effort Reporting\)](#)
- [Participant Support Costs](#)

Many of these specific topics will be discussed further in this chapter.

[OCG Policies](#)

[Research and Innovation Office \(RIO\) Policies](#)

Other Department Policies

There are many other Boulder campus departments that provide guidance. For example, visit the [Division of Academic Affairs](#) for information on topics such as Institutional Base Salary, Summer Salary procedures and Summer Salary limits.

VIII. An In-Depth look at 2 CFR 200 Subpart E

[2 CFR 200 Subpart E - Cost Principles](#) establishes principles for determining allowable costs for non-federal entities under federal awards. It outlines the principles for cost determination, not the extent of federal funding. The principles ensure that the federal awards bear their fair share of costs, unless restricted by statute. Three important concepts include:

- Cost Accounting Standards (CAS)
- Allowable and Unallowable Costs
- Direct Costs vs. Indirect Costs (F&A)

Cost Accounting Standards

Cost Accounting Standards (CAS) are a set of standards and rules put into effect by the U.S. Government for use in determining and treating costs. The four cost accounting standards applicable to higher education are located at [48 CFR](#) Part 9905 and briefly explained here.

CAS 501, Consistency in Estimating, Accumulating, and Reporting Costs

This standard requires that institutions have systems in place to provide consistent costing practices in estimating, accounting, and reporting costs. In other words, the practices used to estimate costs in a proposal must be consistent with the normal practices used by the institution to accumulate and report costs.

CAS 502, Consistency in Allocating Costs Incurred for the Same Purpose

This standard requires that institutions maintain the consistency requirements already in place in 2 CFR 200 Subpart E, Subsection 200.412 by consistently categorizing costs as either direct or indirect. All costs are incurred for the same purpose—and under similar circumstances—are either direct costs only or indirect costs only. This applies to all activities across the university. CAS 502 also applies to costs charged to cost sharing.

CAS 505, Accounting for Unallowable Costs

This standard is to facilitate the negotiation, audit, administration, and settlement of sponsored awards by establishing guidelines that cover the identification and accounting for unallowable costs. This standard mandates that organizations receiving federal funds maintain a clear and consistent accounting of costs, specifically designating and excluding those unallowable costs from any billing or claim under a federal sponsored award.

CAS 506, Cost Accounting Period

This standard is to provide criteria for the selection of time periods to be used as cost accounting periods for contract cost estimating, accumulating, and reporting. Educational institutions shall use their fiscal year as their cost accounting period. University of Colorado's fiscal year is July 1 - June 30.

Allowable Costs

An allowable cost is one that is permitted under the terms and conditions of the sponsored agreement. Examples of terms and conditions would be costs must be incurred within the award period of performance and must be in accordance with the approved award budget. Uniform Guidance, [2 CFR 200.403](#), outlines criteria that must be met for a cost to be allowable.

Factors affecting Allowability of Costs

1. Costs must be **necessary and reasonable**.
A reasonable cost results from an action that a prudent person would have taken under the prevailing circumstances at the time the decision to incur the cost was made. In addition, a reasonable cost is necessary for the performance of the sponsored agreement.
2. Costs must be **allocable**.
Allocability of cost involves an assessment of the relative benefits received from the incurrence of the cost.
3. Costs must be given **consistent treatment**.
When an institution treats a particular type of cost as a direct cost of sponsored agreements, all costs incurred for the same purpose in like circumstances must be treated as direct costs of all activities of the institution. Consistent also refers to the policies and procedures that apply uniformly to both sponsored agreements and other activities of the university.
4. Costs must conform to any limitations or exclusions set forth in *Subpart E* or in the sponsored agreement as to types or amount of cost items.
5. Costs must be adequately documented.

Per Subpart E - Cost Principles, examples of normally allowable costs include:

- Salary and benefits of technical staff working on the project
- Laboratory supplies used on the project
- Animal and animal care related to the project
- Travel in support of the project
- Research equipment repair and maintenance costs

Tuition Remission

Tuition remission provided to *graduate students* is an allowable cost on a sponsored award as part of their compensation for services performed. Tuition charges for a student must be charged in proportion to the same award as the student's salary.

Tuition remission is usually allowable on a training program award provided it is permitted by the terms of the sponsored training agreement. Tuition remission is typically allowable on fellowship awards. Tuition on training program awards or fellowships are considered to be student aid.

Additional information about allowable costs can be found in the Cost Principles Policy , and on the [Account Quick Reference Card](#).

Unallowable Costs

An unallowable cost is one that is not permitted under the terms and conditions of the sponsored agreement or under the rules and regulations of the federal, state or university. Examples of typically unallowable costs:

- Salaries for general administrative and clerical support
- Costs associated with general office administration such as office supplies, postage, and toner
- Membership dues or fees
- Entertainment costs
- Lobbying costs
- General purpose equipment
- Any costs incurred after the project or award end date.

Direct Costs

According to 2 CFR 200, Subpart E, Subsection 200.413, a direct cost is one that can be identified specifically with a particular sponsored award, or that can be directly assigned to a particular sponsored award relatively easily and with a high degree of accuracy. A direct cost is one that is of distinct and genuine benefit to the award. In order to charge a cost directly to an award, the goods or service must be:

- Used on the specific award
- Permitted by the sponsor
- Incurred during the period of performance
- Treated as a direct cost when incurred for the same purpose in like circumstances.

Indirect Costs

Indirect Costs, also known as Facilities and Administrative (F&A) costs, are costs incurred for common or joint purposes. They are actual costs that institutions incur during day-to-day operations but are not specifically allocable to individual research awards. Examples of indirect costs include operations and maintenance of research facilities, utilities for research space, and other costs necessary to operate the university such as administrative and clerical salaries, and general office supplies.

Special Circumstances that may justify Direct Charges of Costs normally considered Indirect Costs (F&A)

In rare circumstances when certain criteria are met, [CAS 502](#) contains an exception to the basic rules that allows for a cost that would normally be treated as an indirect cost to instead be directly charged to a federal award. An uncommon circumstance may exist when an activity or the use of a cost item is different in purpose than is typical. For instance: a sponsored award involving a large mail survey could justify direct charging for the postage necessary to conduct the survey. The criteria needed to justify such exceptions include:

- The nature of the work, unique situation, or programmatic purpose that creates the uncommon circumstance.
- The cost must be specifically associated with the sponsored award with a high degree of accuracy.
- The cost must also meet all the general criteria for a cost to be direct charged to a sponsored award (allowable, allocable, reasonable, and adequately documented).

IX. Award Acceptance

The vehicle for award acceptance, a notice of award, is a legal agreement between the university and the sponsor. Award notices can assume the form of formal contracts, grants, cooperative agreements, or service agreements. Before accepting an award or beginning work on an award, OCG must review the award notice for compliance with university policy and good business practice.

If an award notification is sent to the Principal Investigator or to a campus department or institute, the award notice and any agreements or contract materials **must be forwarded immediately** to OCG. The award is given to the university and not to the PI.

The award document is considered to be an official agreement regarding the scope of work, the amount of support the sponsor will provide, any cost sharing commitments on the part of the university, and other terms and conditions that govern the sponsored award. Award notices typically contain the following information:

- Title or description of the award
- Award begin and end dates
- Dates of the budget period, which may or may not coincide with the dates for the total award period
- Name of the Principal Investigator who is responsible for conducting the research in accordance with university policies and sponsor requirements
- Sponsored funds committed or obligated (Note: Not all award funds may be released at the beginning of the award. The sponsor is under no legal obligation to pay funds not yet obligated.)
- Future year commitments, which are funds that are contingent upon their availability as well as on satisfactory progress on the award
- Restrictions on spending which may be imposed by the sponsor and therefore limit the kinds of costs that can be charged to the award
- Terms of payment, e.g., letter of credit, invoice
- Milestones or deliverables, which are specific work products that the university must deliver to the sponsor
- Reporting requirements (Note: Most awards require technical and financial reports. Some awards also require patent and property reports.)
- Cost sharing or matching expectations, if applicable
- Budget, particularly if it has changed from the budget submitted at the proposal stage

X. Award Set-up

New Award Set-Up

The tasks associated with the new award set-up are shared by both OCG and CCO-RFS. OCG works with faculty to submit proposals for awards and upon receipt and acceptance of an award, the new award set-up begins. Many Principal Investigators think that when the award document arrives “the money is here.” In fact, budget authority and payment terms are two separate issues. The budget authority is set up at the beginning of the budget period through the new award set-up and cash is received throughout the budget period in accordance with the payment terms.

The purpose of the new award set-up is to ensure that all new projects, all pending award approvals, and all project changes are correctly entered into the Project Modules within the university's PeopleSoft Finance system.

During the new award set-up CCO-RFS is responsible for:

- Creating the project in the PeopleSoft finance system
- Properly coding all attributes, including the billing attribute
- Setting up the project budget in the PeopleSoft finance system
- Assigning a project number (15xxxxx) to each award
- Entering the project attributes in the PeopleSoft finance system and creating the SpeedType(s)
- Documenting cost share requirements and ensuring that the associated cost share SpeedType is set up in the PeopleSoft finance system.

Upon completion of these tasks, a system generated email will be sent overnight to the PI, CO-PI, and Department Administrator with notification about the new award or modification to an award. Information includes Project Number, SpeedType, Org, Start and End Dates, and Funded Amount. The award then enters a workflow process and specific OCG and CCO-RFS functional units will complete a review of the award document for specific information e.g., reporting requirements, invoicing requirements, deliverables, etc.

The department research administrator will work with the PI to set up specific items at the start of an award, such as hiring personnel, purchasing capital equipment, travel arrangements for future conferences, and/or POs in the Marketplace system. These topics, other than hiring personnel, will be discussed in other sections in this chapter.

Hiring Personnel

The responsibility for personnel hiring and supervision rests with the Principal Investigator for that particular award. The PI must keep in mind that all personnel actions are subject to university policy, including those funded by external sponsors. Due to the complexity of personnel rules and regulations, the PI should seek out a knowledgeable individual within the department—the departmental personnel and payroll liaison—to get assistance with personnel responsibilities, actions, policies, and procedures.

All questions regarding employment issues should be addressed to the department's payroll or personnel administrator.

XI. Beginning Work on an Award

Work can officially begin on a sponsored award on or after the award's official start date as indicated on the award notice and when both parties have fully executed the agreement. OCG grant and contract officers will review the terms and conditions of the award and sign as the university's authorized organizational representative (AOR). By signing the notice of award, CU Boulder has accepted the terms and conditions of the award.

Pending Awards (Pre-Award At-Risk request)

Temporarily suspended for federal awards

Under certain circumstances, a Principal Investigator (PI) may find it necessary to request a SpeedType for a sponsored award before the award is fully executed. The reason for this request may be the PI needs to begin the hiring process for research staff or order a piece of equipment before the actual award start date. In situations such as these, it may be permissible to begin work on the award provided that:

- The sponsor allows pre-award activities
- OCG approves a pre-award at-risk spending request
- CCO-RFS sets up a pending award in the PeopleSoft finance system that will generate a project number and SpeedType.

In the event that the pre-award spending is allowed, charges **should not** be posted to a department SpeedType and then transferred to a sponsored award SpeedType when the award is established. Charges should be made to a sponsored award pre-award pending SpeedType **only** so that they receive proper review and oversight. Furthermore, charges should never be incurred on another sponsored award with the intent of transferring them to a different award at a later date.

Pre-Award Responsibility and Risk

The department assumes full fiscal responsibility for all expenditures incurred on a pre-award basis because there is a risk. If an award is not received, if a contract is not executed, or if a sponsor decides to disallow pre-award costs, the department must transfer any disallowed or unfunded costs to a departmental SpeedType.

XII. Award Management & Compliance

Although the Principal Investigator (PI) may have administrative staff to assist with the management of an award, the ultimate responsibility for the work of the sponsored award and expending the authorized funds rests with the PI. The expenditures on sponsored awards will always be subject to:

- The terms and conditions of the sponsor and award.

- CU Boulder policies and procedures regarding personnel, purchasing, and travel.

Therefore, the Principal Investigator must establish a means to ensure that:

- Only the amount authorized by the sponsor for the award or budget period is expended.
- Sponsor limitations in any single budget category are adhered to by following the award budget deviation terms.
- Costs are incurred only for goods or services that will be received and used during the award period.
- Only those expenditures that are reasonable and necessary to accomplish the award objectives, and that are also consistent with the terms and conditions of the sponsor, are authorized.
- Fiscal stewardship is maintained over the life of the award, ensuring the reasonable and prudent use of sponsor funds.

CCO-RFS provides financial assistance to the Principal Investigator and department research administrators. OCG provides administrative assistance in terms of contractual issues. They are liaisons between the PI and sponsor. There are many topics within post-award financial administration to know on a day-to-day basis for successful management of the award.

Management of Spending

Department research administrators (DRA) work closely with principal investigators (PI) to manage the spending of an award and to understand the impact of various spending thresholds.

- **Budgets:** The management of spending starts with knowledge of the budget. The awarded budget often differs from the proposed budget. If there are differences, the awarded budget takes precedence.
- **Projections:** CU-Data financial reports provide insights into budgets, expenditures, and encumbrances. However, many campus units will utilize additional tools that integrate other aspects of their operations. Occasionally, sponsors may request spending projections with a PI's report.
- **Burn Rate:** The rate at which the budget is being spent. This can be affected by the timing of expenses like tuition or large dollar purchases.
- **Thresholds:** There are many different thresholds to follow with research administration, and it is important to know which threshold to adhere to and when. There could be thresholds to follow from federal regulations, sponsors, and/or award-specific thresholds.

Encumbrances

Another component of the university's financial system is the ability to encumber funds. Encumbrances are recorded based on contractual obligations to external entities, such as remaining amounts on purchase orders, pay and fringe benefits for employees, or tuition remission on behalf of students. At the end of the award, all encumbrances must be cleared, with the exception of F&A.

- **Salary Encumbrances** are based on the funding distribution end dates in HCM. Fringe benefits are also encumbered at the appropriate benefits rate. Note: GRA salaries are only encumbered for the current semester and hourly wages are not encumbered at all.

- **Procurement Encumbrances** are created once a purchase requisition becomes a purchase order in CU Marketplace. The entire amount of the PO is encumbered, then reduced as invoices are paid against the PO.
- **Tuition Encumbrances** are created through a manual encumbrance and are managed through the Graduate School. This encumbrance is relieved when the actual tuition expenses are posted after the semester ends.
- **F&A Encumbrances** are different from these other encumbrances. At the beginning of an award, the indirect (F&A) budget amount is fully encumbered as this is the amount a sponsor has allowed the university to recover in indirect costs associated with that award. The encumbrance is reduced as F&A is posted to the award based on actual direct costs. Due to variations in spending, the ending amount of F&A charged on direct costs can cause a balance to remain in the F&A encumbrance. Because this is a calculated amount, there is no need to reconcile this balance to zero.

Subagreements

Sponsored awards funded by agreements made with CU Boulder are usually conducted within the physical boundaries of the university or at field sites used by university personnel. On occasion, a portion of the required effort may be provided by one or more third parties such as other institutions, companies, or external entities.

When a portion of the scope of work is to be performed by a third party, a formal agreement, referred to as the subagreement, is developed. The third party, or the legal entity that has agreed to work in collaboration with CU Boulder, is known as the subcontractor (when the prime award is a contract) or subrecipient (when the prime award is a grant). A subagreement sets up a relationship in which each party has its own Principal Investigator or Project Manager, and where CU Boulder is the prime awardee. Once the subagreement has been executed, the subcontractor or subrecipient becomes accountable to CU Boulder for the use of the funds provided and must also comply with all of the terms and conditions of the prime award.

The subagreements contained in this section of The Guide address policies related to non-construction activities. Should a project involve physical construction of new facilities or renovation of existing facilities, the Office of Facilities Management must be contacted prior to submission of the project proposal. Facilities Management facilitates compliance with Board of Regents and university administrative procedures, ensures that necessary approvals are obtained. The Office of Contracts and Grants (OCG) is available to assist departments with non-construction subcontracting procedures.

For more extensive information about subagreements refer to the Office of Contract and Grants webpage titled "[Outgoing Subagreements](#)".

Cost Transfers

A cost transfer is an after-the-fact reallocation of costs, either salary or non-salary, to or from a sponsored award. A cost transfer occurs when you are moving an expense from one SpeedType to

another. The mechanism for doing a cost transfer is to complete a journal entry (JE) in the PeopleSoft Finance system. Cost transfers are considered by auditors as higher risk since the original charge is considered the initial appropriation of the expense. It is always preferable to charge an expense to the correct SpeedType rather than cost transfer later.

When the initial transaction is charged to a sponsored award, we are certifying that the award is an appropriate place for that charge. The original allocation is seen as confirmation that the charge is allowable, allocable, reasonable, and directly benefits the award. When a cost transfer occurs, we are stating that the original location for the charge was incorrect and the expense belongs to another award.

While the expense may be allowable, allocable, reasonable, and directly benefit the particular award to which it is being transferred, the transfer may indicate the need for improvements in accounting practices and the strengthening of internal controls regarding cost allocation. Additionally, sponsors may question why a charge was originally posted to the project, which was then invoiced and reimbursed, even though it was not allowable or budgeted.

It is **never permissible** to transfer Revenue, Cash, or Facilities & Administrative (F&A) expense either from a sponsored award SpeedType or to a sponsored award SpeedType.

All cost transfers affecting a sponsored award must have two levels of approval: first level approval by department and secondary level approval by CCO-RFS. CCO-RFS grant accountants monitor cost transfers entered in the PeopleSoft Finance system on a regular basis and will review each journal for secondary approval. This review and approval process ensures that the transfer is appropriate and allowable and meets the criteria as expressed in the Cost Transfer Policy & Guidance.

Additional information about direct costs can be found in the [Cost Principles Policy](#). More information about cost transfers is available in the [Cost Transfer Policy & Guidance](#).

Payroll Expense Transfers (PET)

A payroll expense transfer (PET) is an after-the-fact reallocation of salary to or from a sponsored award. PETs are created through the PeopleSoft Human Capital Management (HCM) system. The PET process will prevent department administrators from posting a PET if a sponsored award SpeedType is used on any line. The CCO-RFS effort and cost management accountant must review, approve, and post (if approved) each and every PET involving a sponsored award.

Through regular reconciliation, the department administrator will recognize when payroll is posted to an incorrect source, which means a PET is required. Some examples:

- Payroll may be posted to a unit's suspense account.
- Payroll that was being held on a departmental account should be transferred once the new award is set up.
- A PI informs their DRA to switch funding on a student to accurately reflect their effort on a project

- A person's pay may exceed the amount budgeted, so the excess pay should be transferred from the award's SpeedType to a non-sponsored fund.
- A change to funding distribution was requested after the payroll processing deadline passed.

Complete PETs as soon as possible after reviewing payroll registers. PETs impact sponsored award effort reporting, and PETs posted after employee certification require ePERs recertification.

Additional information about PETs and how to create the entry can be found on the CCO website. Refer to [Payroll Expense Transfers \(PETs\) page](#).

Effort Reporting

Effort reporting is a requirement for recipients of federal awards as a means of attesting to the appropriateness of salaries and wages charged to the sponsored award. Sponsoring agencies require reasonable assurance that labor costs charged to a sponsored award reflect the actual effort expended on the project. Faculty, staff, or graduate students who received any amount of salary from a sponsored award, and/or had committed cost sharing on a sponsored award are required to complete effort reporting.

An electronic personnel effort report (ePER) is an online after-the-fact reporting mechanism intended to provide accurate and reasonable documentation to the sponsoring agency certifying the effort put into a project matches the effort being paid by an award.

On the Boulder campus, effort reports are generated each semester based upon payroll distribution entered into the Human Capital Management (HCM) system by departmental payroll personnel. Effort reports cover the periods below.

January 1 - May 31	Spring semester
June 1 - August 31	Summer semester
September 1 - December 31	Fall semester

The ePER time periods differ slightly from the academic calendar.

These reports are generated by employee name and made available for electronic certification in the university portal shortly after the semester ends. After delivery to the portal, the ePER information is updated every night thus capturing any changes to the semester's payroll distribution, even after the ePER has been certified. To confirm that the distribution of payroll costs represents a reasonable allocation of the work performed by the employee during the period, the ePER must be electronically certified by the employee if still employed at CU or if departed then by a responsible official in a position of authority and with firsthand knowledge with respect to the employee and the employee's work. If someone other than the employee certifies the ePER, he or she must have suitable means of verification that the work was performed as stated. Certification of the ePER asserts the accuracy of how effort was expended during the semester.

CCO-RFS periodically runs ePER reports to:

1. Monitor timely ePER certification.
2. Verify that the distribution of effort matches what was approved by the sponsor.
3. Review the reasonableness of the effort reported on the ePER.

Once payroll has been certified to a particular award, CCO-RFS will not approve a PET that moves that payroll to another award except in highly unusual circumstances. Such transfers require documentation that adequately justify a change in the previous certification.

Effort reports are not generated for hourly employees because the effort of hourly employees is considered to be certified through the time collection process.

Additional information about ePERs and the certification process can be found on the CCO website. Refer to [ePERs - Policy and Procedure](#).

XIII. Purchasing Goods and Services

The purchase of goods and services for a sponsored award must comply with the overall intent of the award or scope of work (SOW), the specific details of the sponsor's terms and conditions, and policies and procedures of the university.

Purchasing and the Principal Investigator

It is the responsibility of the Principal Investigator (PI) to initiate the purchase of all goods and services charged to a sponsored award. The PI may delegate portions of the purchasing function to a department administrator or support staff. Furthermore, it is the responsibility of the Principal Investigator and his or her delegation to approve only those expenditures that are allowable, allocable, reasonable, and directly benefit the research of a specific award.

Many departments/institutes have a designated employee—usually a finance manager, department administrator, or accounting technician—who manages purchasing for the unit. The Principal Investigator should work with this individual when performing procurement activities on a sponsored award.

Anyone involved in the procurement of goods and services on sponsored awards is responsible for ensuring that expenditures are adequately documented. Since the university regularly participates in both internal and external audits, the PI or department administrator must be able to provide documentation for every expenditure posted to an award and explain how the specific cost directly benefited the award.

Information about the PSC and its purchasing procedures is available at <https://www.cu.edu/psc>.

CU Marketplace

CU Marketplace is the university's official procurement system. Purchase requisitions are entered and approved, purchase orders are issued, procurement of goods and services are entered and received,

and where all payments are managed for PO invoices. Within this system is housed many CU suppliers' catalogs. Utilizing a supplier's current catalog in CU Marketplace is the most efficient and expedient process available for obtaining goods and services. When goods or services are not available in a CU-specific supplier catalog, the purchase will be processed in CU Marketplace using a purchase requisition form.

Purchase Requisition Thresholds

Requisitions involving a sponsored award (fund 30,31,33 or cost share 12,22,32) requires CCO-RFS approval when over \$10,000. A system process has been set up in CU Marketplace whereby the Procurement Service Center staff will not process a requisition charged to a sponsored award unless CCO-RFS has approved the requisition. In addition, CU Marketplace will forward any requisitions it receives for equipment greater than \$10,000, subcontracts, and subawards to OCG for a second level approval.

Consultants

A consultant is an individual or sole proprietor who is not employed by the university, but whose expertise is required by the Principal Investigator. A consultant will provide a good or service that is necessary to support the operation of the sponsored award. Since sponsors may set limitations on allowable payment rates for consultants, the PI must carefully review the award for this information. A Scope of Work/Independent Contractor form must be completed and approved by Employee Services. **A consultant should perform no work on a sponsored award until** it has been determined by the CU Boulder Employee Services that the individual meets the legal criteria to be a consultant, i.e., independent contractor.

If the individual functions as an independent contractor, Employee Services will return an approved SOW/Independent Contractor form to the requesting department for final processing. The payment is made through CU Marketplace using a payment voucher. The service provider must be registered as a supplier in CU Marketplace.

More information about hiring a consultant and completing the required SOW form is available at <https://www.cu.edu/employee-services/collaborative-hr-services/hire-independent-contractor-scope-work>.

Purchases near the end of an Award

Goods and services not received during the period of performance do not benefit the award and therefore may not be charged to the award. Similarly, when goods and services are ordered and received near the end of the award, it is the responsibility of the Principal Investigator to demonstrate that these goods and services directly benefit the award. If this cannot be substantiated, then the costs for such goods and services may be disallowed. For example, it can be difficult to ensure that equipment ordered during the last six months of an award will directly, and substantially, benefit the work of the award.

XIV. Special Topics in Research Administration

This section addresses topics that are infrequent to sponsored awards and may require additional thought as the specific topic has the potential to be complex with respect to administration and compliance requirements.

Topics in this section include:

- Capital Equipment and Fabrications
- Travel
- Cost Sharing
- Participant Support Costs
- Program Income
- Interest Income (interest-bearing accounts)

Capital Equipment

Many sponsors permit the acquisition of capital equipment with award funds provided the equipment is required in order to perform the scope of work. Capital equipment can include both standalone equipment and fabrications that have been built and placed into service. Capital equipment may also be referred to as *permanent equipment, property, fixed assets or tagged assets*. Items not considered capital equipment are repairs, services, warranties, and consumables. More details about capital equipment:

- As of July 1, 2025, has a per unit purchase amount of **\$10,000 or more**. (If the award is issued under FAR the per unit purchase amount is **\$5,000 or more**.)
- It has a useful life expectancy of **greater than one year**.
- Item must be a tangible piece of equipment that is not permanently affixed to a building or another object and does not lose its unique identity.

Types of Equipment

Uniform Guidance, [2 CFR 200.1 - Definitions](#) identifies three types of equipment:

- **Equipment (Capital Equipment)** as described above.
- **General Purpose Equipment** that is not limited to research, medical, scientific, or other technical activities. Examples include office equipment and furnishings, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.
- **Special Purpose Equipment** this is used only for research, medical, scientific, or other technical activities. Examples of special-purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

Fabrications

Fabrications are components that work together to perform one function. Each component is necessary for the system to function as a whole. Removal of any one component would result in the system not operating at the required capacity or for its intended purpose. Fabrications must have a total value of \$5,000 or greater and have a useful life of one year or more. When a fabrication is complete and put

into service it becomes capital equipment.

- Fabrication tag number and a fabrication SpeedType are required before starting the build. The CCO property accountant will assist the campus unit with this process.
- When the fabrication is complete and is being used for its intended purpose (put into service), the Department Property Manager (DPM) or DRA should notify the CCO property accountant. The fabrication tag will be printed and mailed to the DPM to be affixed to the equipment.
- Before an award with a fabrication can be closed, the fabrication must be complete, put in service, and tagged, as well as all costs recorded on the fabrication SpeedType. If the final review of the fabrication SpeedType reveals any issues, contact CCO's Property Accounting Office at property@colorado.edu.

Roles and Responsibilities

The university is responsible and accountable for all property acquired with federal funding in accordance with federal regulations and the provisions of a sponsored award. Regardless of how the property is funded or received, **the title to all property rests with the university or the government sponsor rather than the PI or their unit. The unit is responsible for the capital equipment during its entire life cycle.** The PI and unit ensure compliance with policies related to the purchase, use, maintenance, inventorying, and disposal of all their capital equipment.

Property is either university-titled or government-titled. It is necessary to know who owns the equipment which is addressed in the sponsor's guidelines and/or in the property clause of the agreement. It is the responsibility of the Principal Investigator to ascertain the specific requirements of the award *prior to* ordering equipment.

Refer to the [Sponsored Projects Property Control Manual](#) for more information. When equipment purchased or provided to CU by the sponsor is titled to the government, stewardship responsibility is codified in the Federal Acquisition Regulation (FAR) clauses 52.245-1.

The Office of Contracts and Grants (OCG), CCO's Property Accounting Office, and Property Services assist units with property management.

Listed below are some of the responsibilities for capital equipment:

OCG	PI	DPM*	DRA	PAO
Reviews/Negotiates award property terms	Authorizes initiation of purchase request	Custodian of unit capital equipment. Ensures equipment is received.	Submits and/or approves capital equipment purchases	Oversees all CU Boulder property accounting
Contacts sponsor for pre-approval of purchases	Authorizes purchase of government property through Marketplace	Advises PI and unit about campus equipment policy and standards	Works with PI on budget deviations	Creates property tags

Reviews/Approves Marketplace capital equipment purchases >\$10K	Responsible for capital equipment use and maintenance	Processes capital equipment changes, transfers, and disposals	Completes journal entries to transfer costs	Oversees inventories of all CU titled capital equipment
Submits required property reports and disposition requests to sponsor	Notifies OCG and/or DPM when receiving capital equipment, any damage, loss, theft of property, or when borrowing or loaning property	Works with OCG and PAO to complete inventories and assists with audits	Works with PI on capital equipment disposals and transfers	Tracks, reviews, and approves any transfers, off campus relocations, and disposals of capital equipment

* All units that have awards with capital equipment will have an assigned Department Property Manager (DPM).

Purchasing Capital Equipment

Capital equipment is primarily acquired by the university through purchasing and fabrication, although property may also be furnished by the sponsor, transferred or loaned from another entity.

The university purchases capital equipment through CU Marketplace. Equipment purchased using sponsored funds requires three sequential approvals after the PI and department creates a requisition.

- Department approval - confirm sufficient funds are available during the awarding period
- OCG approval - determine title vesting and whether sponsor pre-approval is required
- PSC approval - confirm the purchase meets procurement requirements, and creates PO for vendor

Capital equipment and non-capital property purchases made during an award's **last 90-120 days are generally unallowable**. This is because most sponsors believe these purchases do not provide sufficient benefit to the project during its period of performance.

Equipment Tags

All capital equipment and fabrications are considered capital (fixed) assets. This means they must be recorded and tracked in the finance system. CCO's Property Accounting Office (PAO) monitors all fixed asset expenditures and will assign a unique tag number for each piece of stand-alone equipment. The tag is mailed to the department property manager or DRA, who is responsible for affixing the tag to the equipment.

Fabrications are assigned tag numbers, and the PAO will mail the tag to the department property manager when the fabrication is complete and placed into service.

Government-titled property is also assigned a tag number for tracking purposes, even though CU Boulder does not own the equipment. Departments must contact the OCG Compliance Officer to affix

the tag, provide relevant details and enter the property into the University's asset management system. OCG requires government property be tagged within 5 business days of arrival.

Equipment Inventory

A regular inventory of capital equipment is essential to comply with Uniform Guidance, GAAP, GASB, and State of Colorado guidelines to ensure that all CU Boulder property is inventoried regularly to ensure it is accounted for and disposed of through the proper channels. The DPM, who may rely on DRAs and others in the unit, is responsible for keeping an up-to-date inventory of capital equipment and locations. This information is critical because it is included in our financial statements, calculated as part of our F&A rate proposal, and is often audited.

Disposal of Capital Equipment

Facilities Management Property Services is responsible for administering the disposal of all surplus property for the Boulder campus as per campus policy. All disposals for both capital equipment and non-capital equipment need to go through the AssetWorks Recoup system.

For questions about the AssetWorks Recoup system and disposal process reach out to [Property Services](#).

It is important to remember that the title to property acquired with sponsored research funds rests either with CU Boulder or the government sponsor.

Capital equipment is not allowed to be given away or sold (disposed of) by units or PIs. CU Boulder Property Services holds auctions to provide equal opportunity for faculty, staff, or outside entities to purchase equipment.

A PI who transfers to another institution is only allowed to take capital equipment that was purchased on the award that is transferring with them to the new institution, with permission from CU and acceptance of the equipment from the receiving institution. If allowed, CU Boulder legally transfers the equipment title to the receiving institution. Any other equipment purchased with other university funds will need to be purchased from CU Boulder by the new institution at fair market value.

Travel

CU Boulder faculty, staff, and students often travel to support sponsored activities. Travel costs must be necessary, reasonable, and compliant with federal, state, university, and sponsor policies and restrictions. Federal regulations require the same policies and procedures apply to both federally and non-federally funded projects ([2 CFR 200.403 Factors affecting allowability of costs](#)). In cases where there are discrepancies in regulations, the most restrictive regulation applies.

Proposal stage / Prior to travel

Travel should be clearly identified in the proposed budget and proposal budget justification, if required. The proposal should include why the travel is necessary and allocable to the performance of the award. Whenever possible, international travel costs should be identified separately from domestic trips.

Prior to travel, check if there is any sponsor prior approval requirements. Reach out to your grant or contract officer in the Office of Contracts and Grants (OCG) if you are unsure or if they need to reach out to the sponsor before traveling.

When travel is deemed necessary and the award does not include a travel budget, follow campus procedures for [budget deviations and revisions](#).

Booking Travel

According to University [APS 4024, Travel Authorization](#), department approval is required for all travelers on official university business in advance of the trip, including travel funded by sponsored research. Departments should have procedures in place to ensure appropriate prior approval is provided for all trips charged to sponsored research, even if the trip was properly budgeted and/or the sponsor has provided specific prior approval.

When booking and approving travel costs, it is important to follow your department procedures as well as the university policy on travel found on the Procurement Service Center [Travel webpage](#).

International Travel

International travel on sponsored awards requires special attention, including approvals, allowable costs, and security considerations for property and equipment. Ensure sufficient time is provided when planning international trips in order to accommodate the additional time needed to complete any requirements.

- The Concur Travel system requires all international travel be approved by the department HR manager or SpeedType approver, the appropriate officer, and the high-risk travel approver if traveling to any high-risk destinations before the university's travel agency can book a ticket.
- Ensure compliance with sponsor travel requirements. Federally funded awards often enforce the [U.S. GSA Fly America Act](#) and may require sponsor pre-approval for international trips.
- Additional risks related to property, equipment, and personal safety must be addressed. Refer to [OCG's International Travel](#) and [Office of Export Controls International Travel](#) webpages for detailed guidance.

Travel Completion

Upon completion of the trip, the expense report must be processed. The [University of Colorado's accountable plan](#) requires all business expenses including those related to travel be submitted within 90 days of when the expense was incurred, or within 90 days of the last date of travel, if incurred during business travel. Employees who do not meet the conditions of the University's accountable plan will have the amount of the related expense(s) reported as taxable income on their pay advice as well as on IRS Form W-2.

Problems occur in this process when:

- Required original receipts are missing
- The travel authorization does not provide adequate information
- The travel expense does not directly benefit the award

Visit the [PSC Travel webpage](#) for additional information about travel policies and procedures.

Cost Sharing

Cost sharing is a commitment by CU Boulder (or a third party through the university) to provide a portion of the direct costs necessary to fulfill the objectives of a sponsored award. It can also be referred to as matching funds. Uniform Guidance states that, "[Cost sharing means the portion of project costs not paid by Federal funds.](#)" CU Boulder uses this as the standard definition for all its cost share obligations unless otherwise defined by a non-federal sponsor.

Cost sharing is a legally binding obligation to the university, and the value is subject to audit. Failure to fulfill cost sharing commitments may result in audit findings and/or reduction of the award.

Types of Cost Sharing

Committed Cost Sharing is pledged in the proposal regardless of sponsor award or reporting requirements, whenever a specific dollar amount is stated or can be calculated from information provided in the proposal. The sponsor may also require cost share as a requirement of the award.

There are two types of committed cost sharing:

- **Mandatory Cost Sharing** is required as a condition of the award. It may be specified as either a minimum fixed percentage of the total project cost or a set dollar level that has been negotiated with the sponsor and approved by the contributing CU Boulder unit(s).
- **Voluntary Cost Sharing** is offered by the recipient when not specifically required by the award.

Voluntary Uncommitted Cost Sharing is incidental support that is over and above what was proposed and agreed upon for the project. This is not included or quantified anywhere in the proposal or award documents. Uncommitted cost sharing is not auditable, tracked by CCO, or reported to the sponsor.

Third-party in-kind is another type of cost sharing that represents contributions in non-cash support such as volunteer services, donated use of university or non-university equipment or facilities, or services of employees from non-university organizations. The value of in-kind contributions is what it would have cost had CU Boulder paid directly for the item or service.

To summarize, cost sharing takes place whenever the university allocates its own resources to a sponsored award or participates in an in-kind cost sharing arrangement on a sponsored award. Further guidance is provided in the [Cost Sharing Policy](#).

Cost Sharing Reminder

All cost sharing must be documented as an expense that is **relevant to** and **concurrent with** the sponsored award.

Cost Sharing Requirements

Contributions from all sources for cost sharing must be accepted when the funds meet specific criteria as stated in Uniform Guidance, [2 CFR 200.306\(b\)](#). This states that all contributions, including cash and third-party in-kind contributions, must be accepted as part of the non-federal entity's recipient's cost sharing or matching obligation when such contributions meet all of the following criteria. Therefore, it is essential that all costs be utilized for cost sharing:

1. Are verifiable in the university's Finance System and substantiated by departmental records;
2. Are not included as contributions for any other sponsored award;
3. Are necessary and reasonable for proper and efficient accomplishment of the award's objectives;
4. Comply with applicable federal cost principles as expressed in Uniform Guidance Part 200 Subpart E – Cost Principles, including being allowable, allocable, reasonable, and consistently treated, and incurred during the award period of performance;
5. Are not paid by the federal government under another award, except when authorized in writing by the federal sponsor;
6. Are provided for in the approved budget when required by the awarding agency; *and*
7. Conform to other applicable provisions under 2 CFR 200.306.

Cost Sharing Documentation

Cost sharing must be documented for the individual award and also for inclusion in the organized research direct cost base used to develop the facilities and administration (F&A) rate. The PI and the department are responsible for ensuring that all cost sharing obligations are identified and documented. Refer to CU Boulder's [Cost Sharing Policy](#) for more information on the required documentation for each type of cost sharing.

Tracking Cost Share

Specific fund types are used to track cost share. These funds keep the integrity of the original funding sources yet allow for easier tracking.

- **Fund 12** is used for cost share funded by general funds (fund 10) sources, as well as capital construction or renewal & replacement sources (fund 72).
- **Fund 22** is funded by auxiliary (fund 2x) sources.
- **Fund 32** is funded with gift (fund 34) sources.
- **Third party cash** is recorded as a new SpeedType in fund 30/31.
- **In-kind contributions** are not recorded in the finance system, though they are tracked through documentation from the supplier documents or invoices.

F&A (Facilities and Administrative costs) on Cost Sharing

F&A does not automatically post to cost share SpeedTypes because it is an inferred cost (unrecovered) to the university. The cost share accountant in RFS calculates the F&A amount and maintains the documentation for reporting purposes. Some awards allow F&A costs as the fulfillment of the cost share commitment. The award document and the cost share addendum will specifically state this.

Cost Sharing Compliance and Reporting

The PI is responsible for immediately informing OCG or RFS, as appropriate, of any changes in the cost sharing commitments or the unit's ability to meet and/or document those commitments. This applies to mandatory or voluntary commitments because all committed cost sharing must be fulfilled.

It is also the responsibility of the PI and/or unit to provide RFS with any documentation (i.e., in-kind certificate) about cost sharing that is not available in the finance system. RFS uses this documentation and finance system records to monitor the progress of all cost sharing commitments in order to verify compliance, to provide cost sharing reports to sponsors when required, and to sign off as a responsible party to verify completion.

Participant Support Costs

Sponsored awards may include a restricted budget category of "participant support." This is an education or outreach component of an award to enable or encourage individuals to attend conferences or training programs without a financial burden. Participant support is typically proposed on National Science Foundation (NSF) awards, though other sponsors may have similar programs.

Participant support costs are those costs paid to (or on behalf of) participants or trainees to participate in meetings, conferences, symposia, workshops, or other training activities. This may also include fellowships, scholarships, and other forms of student financial aid. These activities are not intended to benefit the university financially or contribute to any research outcome and should only benefit the participant.

Participant Defined

A participant is defined as a non-employee who is the recipient, not the provider, of a service or training associated with a workshop, conference, seminar, symposium or other short-term instructional or information-sharing activity. Participants are only required to provide a deliverable of meeting the program requirements (i.e., attendance, testing, etc.).

A participant may be:

- A scholar
- A student or scientist from another institution
- A teacher
- A representative of private sector companies

A participant may NOT be:

- An employee of the grantee institution
- An advisory board member
- An intern on a paid appointment
- Someone who provides a service

Budgeting & Accounting for Participant Costs

Participant support costs are listed as a separate category within the proposal budget. Participant support costs that are proposed in a budget require detailed justification that describes the purpose for the costs and the way in which they directly benefit the proposed project's scope of work.

Federal regulations require participant support costs be kept in a separate account (Project/SpeedType) for tracking and better internal controls. Any requested transfer of funds budgeted for participant support costs to other budget categories (main project) require prior sponsor approval based on the [FDP Prior Approval Matrix](#).

Allowable participant support costs	Unallowable participant support costs
Registration fees or training costs for the event	Costs for the PI or other personnel budgeted on the award
Transportation to/from the event	Costs for a consultant or trainer
Lodging during the event	Honoraria for guest speakers
Stipend (not salary/wages)	Conference/workshop support costs
Per diem allowance to cover meals	Incentives (prizes), memorabilia, or gifts
Incidental expenses	

The Principal Investigator with the assistance of their respective department administrators are responsible for appropriate spending and monitoring of the participant support costs. Good documentation for participant support costs includes a list of program participants and evidence of attendance of participants, such as a daily log or similar documentation. Retaining these documents and providing context in cases of audit or review is the responsibility of the unit.

Program Income

Program income is gross income earned by the university that is directly generated by a supported activity or earned as a result of the sponsored award during the period of performance. Note: Program income is not common for CU-Boulder sponsored awards.

Program income includes, but is not limited to:

(based on *Uniform Guidance 2 CFR 200.1 Definitions*)

- Income from fees for services.
- 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.
- Principal and interest on loans made with federal award funds.

Interest earned on advances of federal funds is not program income. Except as otherwise provided in federal statutes, regulations, or the terms and conditions of the federal award, program income does not include rebates, credits, discounts, and interest earned on any of them.

Use of Program Income

If the sponsor does not specify in its regulations or the terms and conditions of the award, program income may be added to the award funds. The program income must be used for the purposes and under the conditions of the award. A separate project number and SpeedType are created to monitor the program income and expenditures.

Income after the Period of Performance

Unless the sponsoring agency regulations or the terms and conditions of the award state otherwise, the university is permitted to keep the residual amount of program income after the award end date. At the closeout of the award, RFS will coordinate with the department administrator to determine which fund 26 SpeedType to transfer the residual.

Interest Income (Interest-bearing Account)

Interest earned is another source of income, though different from program income. This form of income applies only to non-federal sponsored awards, most commonly with awards from foundations. Note: Interest income is not common for CU-Boulder sponsored awards.

Use of Interest income

The award terms and conditions include any sponsor requirements with regard to how the earned interest is used and if any remaining interest may be retained by the university at the end of the award. A separate project number and SpeedType are set up for the interest activity. Every quarter, the university treasury transfers earned interest to the SpeedType and the specific account code 995202 (Vol Tsfr in Other Campus-PIE).

Income after the Period of Performance

Unless the sponsoring agency regulations or the terms and conditions of the award state otherwise, the university is permitted to keep the residual amount of interest income earned after the award end date. At the closeout of the award, RFS will coordinate with the department administrator to determine which fund 26 SpeedType to transfer the residual.

XV. Financial Oversight of an Award

As fiscal stewards of the university, we need to be fiscally responsible for the funds received on every sponsored award. Every award is assigned a specific project number and SpeedType during award set-up, and each SpeedType has individuals designated as the fiscal principal and the fiscal manager. The PI is always the fiscal principal. Although the PI may often delegate the duties associated with fiscal management of the award SpeedType to the fiscal manager, the PI assumes full responsibility for all financial activity associated with the sponsored award. The financial responsibilities associated with a sponsored award include ensuring that:

- Expenditures are allowable according to federal, state, sponsor, and university regulations.

- Funds are spent during the authorized award period of performance.
- Fiscal oversight, including monthly or quarterly transaction reconciling and SpeedType monitoring

Strong fiscal management and diligent stewardship of award funds are fundamental elements of compliance.

Sponsor Payments

Sponsors are asked to remit award funds to CCO-RFS through the proper channels (i.e., lockbox, ACH). On occasion, however, checks may be sent or addressed to the Principal Investigator or the department. These checks must be taken to the Bursar's Office to be deposited into RFS clearing account SpeedType 13023125, and account code 010000, with reference to the sponsored award and/or specific invoice. For additional guidance, reach out to ccocashmgmt@colorado.edu.

If an award receives **program income** (gross income earned by the university that is directly generated by a supported activity or earned as a result of the sponsored award) it is permissible for the department to make the deposit itself, without going through CCO-RFS Revenue Management. This check should be deposited into the specific program income SpeedType. As noted in Chapter 10 Cash Control of The Guide, deposits should be made on a daily basis.

For sponsored awards that receive funds through a letter of credit or as a result of invoicing, these payment processes are administered by CCO-RFS Revenue Management.

By regularly monitoring the payment activities of an award, the PI can avoid problems and enable a more expeditious resolution should a problem arise, thereby providing responsible stewardship of sponsor funds.

Revenue

Revenue is another component of the award finances. Revenue is automatically recognized when an expense is posted. This is based on normal accounting standards. The source of funding and award type has no impact on this process. When reviewing an award, individuals will notice that revenue and expenditure amounts should match, though only up to the awarded budget amount. System controls prevent revenue from posting if there is no budget authorization. Additionally, revenue recognition is independent of when the cash is received.

Expense

The most important responsibility with respect to spending award funds is to ensure that all expense transactions are allowable on the specific sponsored award. Thus, the Principal Investigator must make sure that each and every expense charged to the award is:

- Allowable according to the terms of the award.
- Authorized according to university policies, sponsor, state, and federal regulations.
- Of direct benefit to the award and reasonably allocated.
- Charged to the correct SpeedType.
- Within the approved budget categories.

- Within the funding available for the project.
- Expended during the award period of performance.

The PI and fiscal manager must be familiar with the encumbrances recorded on an award in order to make accurate expense projections, to avoid cost overruns, and to ensure that the encumbrances on an award adhere to the same criteria as actual expenses charged against the award.

Routine (Monthly or Quarterly) monitoring of award expenses is essential to ensure compliance with award conditions and sponsor regulations and also to promote overall stewardship of resources.

Account Monitoring & Reconciliation

Regular ongoing account monitoring and reconciliation throughout the life of an award helps to ensure expenditures are within budget and in compliance with relevant guidance, as well as determining whether or not the award is financially on track with spending. Some sponsors pay close attention to the rate of spending, so if an award is 75% complete then they would expect the award to be 75% spent. The sponsor may monitor this through invoices and reports they receive.

- Account monitoring is a process that all fiscally responsible staff complete to ensure transactions are accurately accounted for in the university's financial records, and in compliance with relevant regulations and policies.
- Reconciliation is the process of matching actual expenditures with expected activity. This is to make sure all expenses are accurately recorded.

The fiscal managers (DRA) are primarily responsible for monitoring and reconciling accounts along with the PI to ensure the award transactions are allowable, allocable, reasonable, and consistently treated in like circumstances. Uncommon expenses or fiscal activities should be included in budget proposals to allow sponsor review and approval prior to award issuance. The fiscal managers should monitor accounts with the PI to:

- Carry out the award's financial plan by checking the award budget in CU-Data and infoEd to make sure it accurately reflects the funding associated with the award.
- Work with the PI to establish a means to ensure that actual spending does not exceed the amount or type authorized by the sponsor for the budget and/or project period. This could be through regular meetings, shared spreadsheets, or other means of communication.
- Review m-Fin financial reports for the award to determine the appropriateness and allowability of all charges and credits. Ensure that the pace of spending is reflective of the work performed and is consistent with that of the award budget period.

Reconcile each project/SpeedType of an award monthly or at least quarterly. The fiscal manager should review m-Fin financial reports for the following:

- Review all transactions posted to the award to ensure they are allowable, documented, and justified appropriately.
- Verify that expenses are posted to the correct SpeedType and account codes. Complete any journal entries if needed.

- Resolve any discrepancies and unallowable costs by removing those costs from the award to another SpeedType through a payroll expense transfer (PET) or journal entry (JE).
- Check F&A is posted at the correct rate and applied to appropriate direct cost categories.
- Review if any expected purchases have not been posted or encumbered. Manually include those expenses in your projections and continue to monitor to make sure the charges are posted.
- Identify awards that have been overspent. Is there additional funding expected from the sponsor? If not, remove expenditures from the sponsored award to alleviate the overspent budget amount.
- Identify projects with no posted charges. Has the work started? If so, review allowable costs that need to be allocated to the award and process the necessary cost transfers.
- Allocate expenses and cash transfers for committed cost share

It is important to identify and correct errors as soon as possible to demonstrate accountability, strong internal controls, and responsible financial stewardship to the sponsor.

Expending beyond the Authorized Budget

Expenditures must stay within the budget established for the award and also within any specific terms and conditions identified in the award documents. In the event a project goes over budget, the PI is responsible for initiating the prompt removal of charges to a suitable non-sponsored project SpeedType. The charges should not be moved to another sponsored award unless the costs represent an error correction and are allowable and allocable for that particular award.

Overspending represents unbudgeted uses of university funds and is detrimental to the campus. CCO-RFS may turn to other SpeedTypes within a unit for resources to cover any overspending that is not resolved. If a unit is unable or unwilling to resolve an overdraft, it may require the use of its indirect cost recovery (ICR) funds allocation.

Spending Authority (Budget balance vs Cash balance)

The university's reporting system, CU-Data, has many financial reports. Several show multiple types of balances. Sponsored awards have a budget balance and a cash balance that could be positive or negative.

When a PI inquires about the remaining balance of an award, typically the fiscal manager will look at the budget balance. This is an award's total budget minus expenses minus encumbrances. Some reports label this as "available balance" or "budget balance after encumbrances." It is essential to be aware that a cash balance is another critical component in an award, though fiscal managers usually do not need to take action based on this balance.

- A **budget balance** is the amount of budget remaining after considering actual expenses and encumbrances. Many of the reports in CU-Data have a separate column for encumbrances to allow users to include or exclude them in their calculations. Fiscal managers are often aware of other expenses (travel, procurement card expenses, etc.)

that are expected on an award, so those amounts should also be figured into the balance. This is the award's remaining spending authority.

- A **cash balance** compares the total actual expenditures with the total payments received from the sponsor. RFS grant accountants typically invoice or draw funds based on actual expenditures up to the authorized budget, based on payment terms. If expenses exceed the authorized budget, a cash deficit will result. A negative cash amount could indicate payment has been received but has yet to be applied to the award or that the sponsor still needs to pay an invoice. Cash deficits and balances can result from a variety of reasons.

XVI. Award Reporting

A sponsored research award may have various deliverables such as reports on research performance, technical reports, and/or financial progress. The types of reports and frequency are specified in the award terms and conditions. As a university, it is our responsibility to submit all required reports within the expected deadlines. Missed deadlines can put funding at risk, not only for the PI, but for the university as well. Understanding which reports are required and who is responsible for submitting them is key to the successful completion of any award.

Progress, Performance or Technical Reports

The lead PI is responsible for the completion and submission of these reports, with assistance from other investigators or fiscal managers. These reports capture the achievements of the research and progress according to the scope of work. Sponsors use a variety of terms to refer to these reports, such as:

- Research Performance Progress Report or RPPR
- Technical Report
- Performance Report
- Project Report

CU-Data has an m-Fin "Deliverables Report" that contains information on deadlines for a PI's progress/technical reports. Navigation in CU-Data: Team Content>eRA>CU Boulder>Proposal and Award Tracking>OCG/SPA>Deliverables Report.

Financial Reports

The grant accountants in Research Financial Services (RFS) are responsible for the preparation of financial reports. These reports are usually submitted quarterly, semi-annually, annually, and/or the final. Examples include:

- Federal Financial Report (FFR) or SF-425
- Statement of Costs
- Sponsor-specific financial status reports
- Invoices submitted to sponsors for payment

A final financial report is required for most sponsored awards. The exact deadline for submitting this report is sponsor specific, but typically due within 60-90 days of the end of the award/project period. Most federal sponsor deadlines for submission are within 120 days.

Note: Campus units are responsible for submitting financial reports that require estimates of future spending or cost accruals. Grant accountants in RFS provide support for these types of reports.

In addition to the above, other reports such as property or invention reports may be required. Visit the Office of Contracts and Grants [reporting and deliverables webpage](#) for more information.

It is important to read the award documents to understand the requirements of any given award.

XVII. Award Changes

It is typical for the research plan of an award to be modified throughout the award lifecycle to ensure proper completion. As with any sponsored agreement, the ability to modify the award is determined by the terms and conditions of the agreement.

Federal regulations require prior approval from an awarding agency for a variety of award changes. Many federal agencies have waived cost related prior approvals and permit an institution to decide budget changes under the "expanded authorities."

Expanded Authorities

According to Uniform Guidance, [2 CFR 200.308\(g\)](#), the federal awarding agency is authorized, at its option, to waive prior approvals for:

- Pre-Award Costs (90 calendar days prior to award)
- One-time extension up to 12 months (more information is provided later in this section)
- Carry forward unobligated balances to subsequent budget periods

Revisions Requiring Prior Approval

The following budget or other award changes always require approval from the funding agency as stated in Uniform Guidance [2 CFR 200.308\(f\)](#). Reach out to your grant or contract officer in OCG so that the appropriate sponsor approvals can be requested. (Some federal agencies have waived certain requirements so reference the individual award or sponsor terms to identify prior approval requirements.)

- Change in the scope of work or the objective of the project or program (even if there is no associated budget revision requiring prior written approval).
- Change in key personnel (including employees and contractors) that are identified by name or position in the federal award.
- The disengagement from an award for more than three months, or a 25 percent reduction in time and effort devoted to the federal award over the course of the period of performance, by the approved project director or principal investigator.
- Costs that require prior approval in accordance with Uniform Guidance, 2 CFR 200, Subpart E, unless waived by the federal agency.
- The transfer of funds budgeted for participant support costs to other budget categories.
- Subaward activities not proposed in the application and approved in the federal award.

- Changes in the total approved cost-sharing or matching provided by the institution.
- The need arises for additional funds to complete the scope of work or objective of the project.
- A no-cost extension of the period of performance other than any one-time extension authorized by the federal agency.

Transfer of Funds

In accordance with [2 CFR 200.308\(i\)](#), The federal agency must not permit a transfer of funds that would cause any federal appropriation to be used for purposes other than those consistent with the appropriation. The federal agency may also, at its option, restrict the transfer of funds among direct cost categories (for example, personnel, travel, and supplies) or programs, functions, and activities when:

- (1) The federal share of the federal award exceeds the simplified acquisition threshold; and
- (2) The cumulative amount of a transfer exceeds or is expected to exceed 10 percent of the total budget, including cost share, as last approved by the federal agency.

Types of Award Changes

This section covers some of the more frequently occurring award changes.

Change in Scope of Work

Any proposed change in the specific aims of the project as stated in the proposal or approved modifications, and/or any proposed change in the topic under study, requires approval from the awarding agency.

When in doubt, contact your assigned OCG grant or contract officer. They will assist you in determining if prior approval from the awarding agency is needed.

Budget Changes

A budget change can be categorized as a budget deviation, a budget reallocation, or a budget revision. Each are discussed as follows:

Budget Deviations - A budget deviation occurs when funds available for spending on a particular award are permitted to be spent in a manner that differs from the original budget as approved by the awarding agency. A budget deviation does not result in any change to the budgeted amount for the award, nor does it result in any change to the amount of budget recorded in the PeopleSoft finance system. Department administrators and Principal Investigators should check the award terms and conditions for any applicable restrictions on budget deviations and may contact their OCG contract or grant officer for guidance on sponsor requirements.

Most funding agencies believe that the PI is in the best position to determine how to conduct the work, spend the funds, and identify adaptations that may become necessary during the course of the award. Thus, the primary concern on the part of the federal government relative to the

budget deviation is that there is **no change in the scope of work**. Consequently, it is imperative that the PI's department contain adequate information documenting that no change in the scope of work resulted from the budget deviation if ever the sponsor or auditor would question whether or not the budget deviation actually changed the scope of work.

Budget Reallocations - A budget reallocation occurs when the budget categories entered into PeopleSoft require a change, either as a result of CU financial system requirements or for award management purposes (as determined by the department or principal investigator). Budget reallocations that involve subrecipient projects or participant support projects are often required to be reviewed and processed by OCG and RFS; these budget reallocations require a modification in InfoEd and PeopleSoft, even when sponsor approval may not be required.

Budget Revisions - A budget revision occurs when the sponsor requires and approves a revised budget. The sponsor issues an authorized approval and the awarded budget is updated in InfoEd and PeopleSoft.

For more information about budget deviations, reallocations, or revisions reference the [Sponsored Project Budget Deviations & Revisions](#) Procedural Statement.

Change in Key Personnel

Whenever there is to be a significant change in the level of participation in the approved award by the principal investigator or project director, the university must notify the awarding agency as soon as such information is known. Significant change in level of effort on the part of the PI is defined as relinquishing active direction of the award, either:

- Permanently *or* for a continuous period exceeding three months *or*
- Through a 25 percent or more reduction in time devoted to the project.

Since approval of the project by the awarding agency was based on the participation and qualifications of the key personnel named in the proposal and award, the awarding agency requires notification when key personnel changes. The awarding agency also has the option to approve or disapprove alternate plans for conducting the award.

Subagreement not in the original award proposal

Transferring part of the research or programmatic effort to another entity when not addressed in the original proposal often requires approval from the sponsor. Depending on the sponsor, there may be specific documentation needed to submit the request. The subrecipient will also be required to provide specific documentation to the university such as, a completed Subrecipient Commitment form, a detailed budget, budget justification, statement of work, and their IDC rate agreement. Subagreements that are disclosed in the proposal, or modifications, usually do not require additional post award approval.

Principal Investigator transferring to a new Institution

A Principal Investigator (PI) transferring to a new institution may request that an existing award(s) be transferred to the new institution as well. It is important to remember that grants and contracts are awarded to the university, not to individual PIs. For this reason, CCO-RFS and OCG are obligated to comply with sponsor regulations. OCG must be the official administrative department to relinquish an

award if it is decided that CU Boulder wishes to end its obligations to the award. When a PI's affiliation with the CU Boulder is dissolved, the following options are available: terminate the award, relinquish the award by transferring it to the PI's new institution, or retain the award at CU Boulder.

There are multiple steps and approvals required in order to transfer an existing award to another institution. The PI initiates the transfer process by submitting to OCG an Award Relinquishment Letter signed by their Department Chair or Director and the PI. In order to complete the Award Relinquishment Letter, the PI and/or DRA will need to ensure all outstanding encumbrances are clear and work with the CCO-RFS Grant Accountant to determine the final amount of funding to be transferred. OCG Grant or Contract Officer will submit the transfer request to the sponsor. How the request is submitted and necessary supporting documentation for the transfer will vary by sponsor.

In addition to the university, the sponsor also must approve any transfer of an award. Therefore, it is imperative that the PI make contact quickly with the program director at the sponsoring agency to discuss the transfer and any specific needs the sponsoring agency might have.

The PI must also coordinate with their new institution to prepare and submit any required proposal documents associated with the award that the new institution will receive. Furthermore, working with the new institution will assist in facilitating a smooth and timely award transfer. The PI must allow for the amount of time it may take to determine the actual amount of funds remaining in an award that are available for transfer to the new institution.

Finally, all property purchased on a SpeedType is university property and must be approved by OCG and Property Services if any equipment or property is requested to be transferred. Property can only be transferred to another non-profit educational institution and/or research institute. For more details, reference OCG procedural statement - "[PI Departure from CU Boulder](#)" found on their website.

No-Cost Extension

The award agreement issued by the sponsor establishes an award timeline, creates a schedule for the submission of reports and other deliverables, and states an award end date. A No-Cost Extension (NCE) extends the project period beyond the current award end date. As the term "no-cost" suggests, there is no additional funding involved.

All NCE requests must be submitted by OCG to the sponsor, as these actions are required to be submitted by CU Boulder's Authorized Organizational Representative (AOR).

To ensure a valid submission to the sponsor, NCE requests must be initiated using OCG's webforms found on their [No-Cost Extension webpage](#). PIs are required to meet all three of the following criteria in order to request a NCE through OCG. Failure to meet the criteria below will result in an ineligible submission:

- The end of the project period is approaching.
- There is a programmatic need to continue the research or services.
- There are sufficient funds remaining to cover the extended effort.

You must have a scientific, project-related reason to extend your award end date. Extensions may not be obtained for the sole purpose of spending remaining funds. Please know that extension requests are not guaranteed approval.

For many federally funded grants, but not contracts, the terms of the award will include a provision for the grantee (CU Boulder) to extend the previously approved final budget period for a one time no-cost extension. The no-cost extension is for a period not to exceed 12 months beyond the termination date of the grant. Since not all federal sponsors have delegated the authority to institutions to grant no-cost extensions, Principal Investigators should work with OCG when making an extension request.

If your award is not approaching the end of the full period of performance and you are expecting additional increments and/or modifications, you may submit an **At-Risk Extension** form to allow continued spending during the period between the end of the current approved period and the receipt of the sponsor's approved increment/modification. At-Risk Extensions are administered by CCO-RFS.

In the current federal funding environment, it is not recommended to spend at-risk prior to a federal award being received or between increments of funding from federal sources, unless a research project is at significant risk of being negatively impacted.

XVIII. Award Closeout

The final phase of the Award Lifecycle is the closeout phase. Closeout refers to the actions taken after the award period of performance has ended. Requirements for award closeout may be stated in the award terms and conditions, the sponsoring agency website, Uniform Guidance, [2 CFR 200.344](#), or FAR clauses.

For many federal awards, the recipient must submit all final reports (financial, performance, and other reports required by the federal award) no later than 120 calendar days after the conclusion of the period of performance, and must liquidate all financial obligations incurred under the federal award within these same 120 calendar days.

For deadlines of federal flow-through awards or non-federal awards check the specific award documents.

It is important to think about the award closeout throughout the life of the award. Actions taken early in the award period of performance also have an effect at closeout.

Closeout procedures are designed to ensure conformance with federal rules and sponsor regulations by promoting prudent fiscal management of sponsored awards nearing their end date. These final steps in closing out an award are vital to ensure complete recovery of costs.

The closeout process is a collaborative effort between PIs, DRAs, Research Financial Services (RFS) and the Office of Contracts and Grants (OCG). Below are the typical tasks for which each is responsible.

PI and DRA Responsibilities

One of the first decisions a PI should consider is whether or not the award needs an extension of time to complete the research. If an extension is necessary, the PI and DRA work with OCG to complete the request. If an extension is not needed, then the award will proceed to closeout.

At our institution, the PI and DRA receive automatic email notifications at 90, 60, and 30 days prior to the award end date. With each interval there are suggested tasks to complete for a smooth closeout. The [Award Closeout Tool for Dept/Units](#), located on the CCO and OCG websites, outlines what these tasks entail. Below are items to review/consider during the last 90 days of an award.

Note: this is not an all-inclusive list.

- Financial transaction review.
- Confirm all transactions are allowable, allocable, reasonable, and directly benefit the award.
- Capital equipment purchases charged to the award should be finalized.
- Sub-agreements are final.
- Cost sharing obligations have been fulfilled and documented.
- Effort reporting certifications are complete.

In addition, the PI is responsible for various reporting requirements from the sponsor such as final technical/progress report, patent, invention or new technology report, and/or final property report.

Central Office Responsibilities

The central office works closely with the PIs and DRAs during this phase to complete tasks, many of which are time sensitive.

The Campus Controllers Office - Research Financial Services manages the **financial closeout of a sponsored award**. Key responsibilities include:

- Work with DRAs to resolve award deficits or remove expenses incurred outside of the period of performance and other unallowable expenditures.
- Confirm that all financial transactions were correctly posted in the finance system.
- Confirm the cost share commitments have been verified and documented.
- Confirm all effort reporting has been certified.
- Submit final financial reports to the sponsor.
- Issue the final invoice to the sponsor or initiate the final draw from the federal sponsor based on allowable expenditures.
- Apply sponsor payments and perform collection activities if a sponsor has not paid.

Problems with over-expenditures, questionable expenses, late charges, unexpended funds, undocumented cost sharing, and accounting errors can cause serious delays in both the reporting and billing functions. This negatively impacts the ability to have effective, efficient, and timely award closeouts.

The Office of Contracts and Grants manages the **administrative closeout of a sponsored award**. Compliance Officers provide support to the closeout process by assisting PIs with submissions including:

- Final Patent Report

- Final Property Report
- Release and Assignment
- AOR signatures
- Subaward closeout (supported by subs team)

Failure to adhere to deadlines and complete the tasks as described above subject the university to consequences which may include, but are not limited to:

- Delay or withholding of payments on current awards
- Delay or withholding of future funding by sponsors
- Exposure to audit findings and disallowances

Project Status & End Date

The PeopleSoft system provides a project status for each project within an award. The purpose is to have internal controls around project spending after the period of performance has ended. Based on the number of days after a project ends will determine the project status. The project status will determine if an expenditure will be allowed to post.

Project Status Definitions:

- **S – Pre-Award:** Project/SpeedType is active to incur expenditures before the start of the funding period. Expenses are not billed to the sponsor until the Project Status is switched to “Open” with an awarded contract at award setup. This status may also indicate a project is in an "At-Risk" extension period.
- **O - Open:** Project/SpeedType is active to incur expenditures from the start of the project period to the end of the project period.
- **E – Ended:** Project End Date + 1 day; Ended Status confirms the funding period has lapsed and preparations for final reporting and closeout begin. This period permits allowable expenditures for work performed within the project period, such as payroll, to post following the budget end date.
- **R – Reporting:** Project End Date + 60 days; Reporting Status confirms no additional payroll, or non-personnel expenditures should be added or removed from the project while final financial deliverables are prepared. Projects will remain in “Reporting” status until all payments are received from the sponsor and internal review has been completed to close and inactivate the Project/SpeedType.
- **C – Closed:** The Project/SpeedType have been inactivated, no further transactions may be posted to or removed from the award.
- **H – Hold:** Hold is a sparingly used status to indicate the active project has been placed on a contract hold, no sponsor invoicing or draw down of funds can occur within this status.

A sponsored award is considered to be completed or “closed out” when the sponsor determines that all administrative actions and required work of the award have been completed. Remember that even after an award is “closed,” its financial records remain subject to future audits. Documentation is subject to record retention policies, which generally involves a 6-year retention period for most research-related

documents, including scientific and administrative files. More about this is discussed in the next section.

In addition to the Uniform Guidance requirements, the [Grants Oversight and New Efficiency \(GONE\) Act became Public Law No. 114-117](#) on January 28, 2016. Congress implemented this act to ensure the timeliness of agency closeout for expired grants. Federal regulations now require all grants to be closed within one fiscal year after the period of performance ends. Agencies are required to submit annual reports to Congress that include a list of the 30 oldest federal grants that have not been closed, and explain why they are not closed. Institutions identified on this delinquency report could experience adverse funding impacts, so it is essential that CU Boulder remain in compliance with all award requirements.

XIX. Information Management & Records Retention

Information management is required when working in research administration. According to the Uniform Guidance, [2 CFR 200.403\(g\)](#), for an expense to be allowable on an award, it must be adequately documented. This responsibility is required regardless of dollar amount.

The DRA can reasonably rely on the university to keep electronic documents/receipts in central systems such as PeopleSoft, Concur Travel & Expense system, and CU Marketplace. It is the responsibility of the PI and DRA to ensure that any item uploaded to these systems meets audit requirements by making sure the document is clear and readable, includes specific information (i.e., description, quantity, cost per item, etc.), and is justifiable (some purchases may need additional explanation).

The campus unit should also develop and maintain an internal electronic filing system to keep documentation that is not stored in the above mentioned central systems. Examples of such documents may include emails, reconciliations, interdepartmental transactions, internal service center charges, or additional pay forms. It is not recommended to leave any supporting documents in a person's email box or other email application.

Records retention is critically important for sponsored research because under the legal terms of awards to the university, auditors have the right to access all official university records associated with an award. Furthermore, the university is obligated to make such records readily available for examination.

- Departments/Institutes are responsible for the retention of research records.
- Research Financial Services (CCO-RFS) are responsible for the retention of financial records associated with invoices and financial reporting.
- The Office of Contracts and Grants is responsible for the retention of award records for grants, contracts, and awarded proposals.

Uniform Guidance, [2 CFR 200.334 - 200.338](#), governs the retention and disposition of records pertaining to federal awards. Financial records, supporting documents, statistical records, and all other records pertinent to an award must 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. Subsection 200.334 states specific exceptions; below are a couple. For a complete list reference [Subsection 200.334 \(a\) - \(f\)](#).

- If any litigation, claim, or audit is started before the expiration of the three-year period, the records must be retained until all litigation, claims or audit findings involving the records have been resolved and final action taken.
- Records for property and equipment acquired with the support of federal funds must be retained for three years after final disposition.

In addition to the retention periods cited above, the [CU Boulder Records Retention Schedule](#) specifies a retention period of six years after inactivation of the project SpeedType. However, if the record retention regulations relative to a particular agency or a specific award are longer than those of the campus, they must be followed. Original records should be destroyed once the retention period has passed, as long as there are no legal, administrative, audit or historical holds on the material.

Note: An audit can impact an award's record retention period if the audit takes place after the award is closed.

Refer to the following for additional information about records management:

- [Retention of University Records APS](#)
- [Records Retention & Disposition Policy](#)

XX. Financial Audits

When the university accepts funds from outside organizations for research and other activities, those organizations presume that the university will expend the funds according to the purpose stated in the proposal, and in accordance with all terms and conditions set forth in the award document. In addition, where federal awards are concerned, the federal government has an obligation to taxpayers to assure that recipients of federal funds provide proper stewardship of those funds. Audits are one piece of the overall sponsored research administrative process. They provide the important functions of ensuring compliance with pertinent rules and regulations, and protecting university and sponsor assets and interests.

Types of Audits

Several types of financial audits ensure the university provides proper stewardship of sponsored funds. These range from our own internal audits to federal audits. Listed below are a few types of audits:

Institutional Audits

The CU system [Department of Internal Audit](#) independently examines and evaluates the university's activities to identify improvements in university processes related to university risk management and internal controls. They also investigate reports of fraud, waste, or abuse by university personnel.

Federal and Non-Federal Sponsor Audits

A sponsor may engage with CU Boulder at any time to review a specific program or multiple awards to ensure the program or awards are managed in accordance with sponsor requirements, our policies and procedures, and internal controls.

Single Audit

Uniform Guidance [Subpart F](#) requires an annual external audit of non-profit institutions expending \$1,000,000 or more in federal awards during a given fiscal year. CU Boulder is not subject to its own single audit as a state agency. Instead, we are included under the [Statewide Single Audit](#).

Audit Investigations

Auditors may investigate any aspect of an award, such as specific transactions, effort reporting, cost transfers, cost sharing, equipment use, financial and non-financial reporting, subrecipient monitoring, and the F&A rate application. In addition, auditors typically review existing financial records and may request additional information about the examined transactions.

Although auditors usually select small samples of transactions for testing, they may extrapolate any errors identified within the small sample to the entire population of expenses. Thus, the disallowance of even a nominal cost can have a substantial financial impact.

Auditors may occasionally contact the department or PI specifically. If this happens, forward the request to the RFS Research Compliance & Financial Reporting Manager, who will collaborate with the auditors and coordinate the audit response.

The department/institute's role in audits is to provide documentation of specific transactions timely when requested by RFS. This is why it is essential to maintain all award documentation and keep clear and accurate records.

Audit Findings and Resolution

When an audit is completed, the auditors issue a report setting forth their findings. The findings may range from broad comments about the adequacy of university systems relative to ensuring sound sponsored research management, to specific disallowances of costs deemed improper.

The university reviews the draft audit report and has an opportunity to correct misconceptions and respond "for the record" when the university and the auditors cannot agree on the appropriateness or accuracy of a finding. While the university negotiates vigorously with the auditors regarding the appropriateness of their findings, sometimes it is necessary to repay previously expended funds. The financial liability for such audit disallowances, other than for those resulting from deficiencies in the university's policies and procedures, rests with the organizational unit having primary responsibility for the award upon which the costs are questioned.