Topic
Financial Administration [1]

Policy Number
300-19

Reviewed Date
March 25, 2014

Responsible Office

- Office of the Senior Vice Chancellor, Finance and Administration [2]

Purpose

The University receives a substantial portion of its funding in the form of contracts, grants and other agreements with the federal government. As a condition of receiving this funding, the University agrees to follow federal policies. To avoid financial liability as result of misuse of funds, it is the responsibility of principal investigators to incur expenditures in accordance with applicable guidelines: (a) the terms of the conditions of each extramural award; (b) the cost principles contained in the Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions; and (c) all applicable University policies.

Definitions

Extramural Funds

Contracts and grants awarded through, and formally accepted by, the Office of Sponsored Research for research, instruction, training, or public services.

Policy

A. Expenditures of Extramural Funds

- Expenditures incurred must be allowed in accordance with University policy, project terms and conditions and, when applicable, as defined by Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions [3].
- Project principal investigators must incur expenditures within the performance period as outlined in the award documents. Exceptions may be authorized only by the appropriate division of the Office of Sponsored Research or by the appropriate official of the funding agency.
- Project general ledgers must be reviewed regularly to ensure budgetary control and appropriate recording of expenditures. For federally funded projects, ledgers must be reviewed monthly.
- Project principal investigators must ensure that the expenditures incurred are within the total authorized budget. In the event of a cost overrun, the principal investigator is responsible for the transfer of such overrun out of the project.
B. Transfer of Expenditures of Extramural Funds

- Care should be exercised to ensure that expenditures are charged to the correct Project/Account. However, if an error requiring corrections occurs, a transfer of expenditures is necessary (see Administrative Policy 300-22, Cost Transfers).
- A cost transfer to a discretionary project is required when the sole purpose is to clear an overdraft on an extramural award.
- If an overdraft is not cleared by the principal investigator in a timely manner, the Controller's Office may exercise its authority to transfer the over-expenditures to other projects. For this purpose, within 120 days of the end of the period of performance will be considered timely.

C. Financial Reporting of Extramural Funds

- Principal investigators must ensure that all financial transactions are recorded properly and timely on the general ledgers so that financial reporting by the Controller's office is accurate and timely.
- The general ledger is the official record of project financial detail and is the basis for all financial reports.

D. Close out of Completed Sponsored Projects

- Closeout of sponsored project awards (Project/Activity Period) should be completed within 120 days of the end of the period of project performance.
- Should fixed price agreements have unspent balances at the completion of a project, they must be transferred to a discretionary project that supports the teaching, research, and public service mission of the University, subject to departmental approval and sponsor restrictions.

Responsibilities

A. Controller's Office

- Provides guidance on policy interpretation and implementation.

B. Controller's Office - Contracts and Grants Accounting

- Monitors costs charged to sponsored awards for compliance with sponsor and University policy.
- Provides guidance on policy interpretation and implementation.
- Provides ongoing training opportunities for faculty and staff.
- Monitors costs charged to sponsored awards for consistent treatment.

C. Budget and Resource Management Office

- Provides advice and guidance regarding A-21 allowability.
- Keeps current on federal costing policy and communicates changes to campus.

D. Principal Investigators

- Be cognizant of, and adhere to, all sponsor-imposed terms and conditions, as well as University policies and procedures related to administering sponsored agreements.
Assure that costs in proposal budgets are appropriate for the scope of work and are justified.

Manage and control project funds in a prudent manner and expend funds in accordance with the restrictions imposed by the award terms and conditions and University policy. Funds should only be expended to directly support the project effort and expenditures should not exceed the total amount of funds awarded. Deficits and disallowances incurred against an extramural award account/fund are the responsibility of the principal investigator.

Review costs charged to sponsored awards for compliance with sponsor and University policy.

Determine the appropriateness of and provide justification for re-budgeting actions.

While responsibility for certain day-to-day management of the project finances may be delegated to administrative or other staff, accountability for compliance with the sponsor requirements and University policy ultimately rests with the Principal Investigator.

E. Departmental Business Office (in consultation with Principal Investigators)

Reviews proposals for appropriateness of costs.

Reviews costs charges to sponsored awards for compliance with sponsor and University policy.

Assures that internal supporting documentation to relate expenditures to the purpose of the award is accessible.

Assures that internal records for re-budgeting actions are accessible.

Related Policies

- 300-22 - Cost Transfers (Expenditure Adjustments) [5]
- 400-16 - Award Acceptance and Execution of Contracts and Grants [6]

References

- Contract and Grant Manual [7], Office of the President
- Office of Management and Budget (OMB) Circular A-21 [8], Cost Principles for Educational Institutions
- UCSF Controller's Office Website [9]
- UCSF Campus Administrative Policies Website [10]

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[2] mailto:SVCPOLICIES@ucsf.edu