



MEMO

TO: Principal Investigators and Project Bookkeepers
VIA: Emily Wheeler, Associate Vice President, Business & Fiscal Affairs *Emily Wheeler 3-10-20*
FROM: Deborah Gernt, Director of Grant Accounting *Deborah Gernt 3-9-2020*
DATE: March 9, 2020
SUBJECT: Cost Transfers and Labor / Benefit Reallocations

Attached please find Policy 516 – Grants, Contracts, and Cooperative Agreements. This policy is pertinent to all externally sponsored agreements. It is available on policy central, but I wanted to provide you with a copy for your records.

I also wanted to bring your attention to Sections IV. X. and Y. As mentioned in prior memos and meetings, it is imperative that bookkeepers of externally sponsored agreements reconcile requisitions and purchases to Banner expenditure reports on a monthly basis. This should include reconciliation of any release time that is charged to the project. If a discrepancy is found, a request to transfer the cost or a labor reallocation form should be submitted as soon as possible, but no later than 90 days of discovery. In order to better implement this requirement, I am attaching three forms that will now be required when preparing cost transfer requests: (1) Cost Transfer Request – for non-payroll requests; (2) Request for Labor Reallocation – Grant or Match only; and (3) Request for Benefits Reallocation – Grant or Match only. IDT corrections for transactions originally charged to grant or match accounts will no longer be processed without the Cost Transfer Request Form attached.

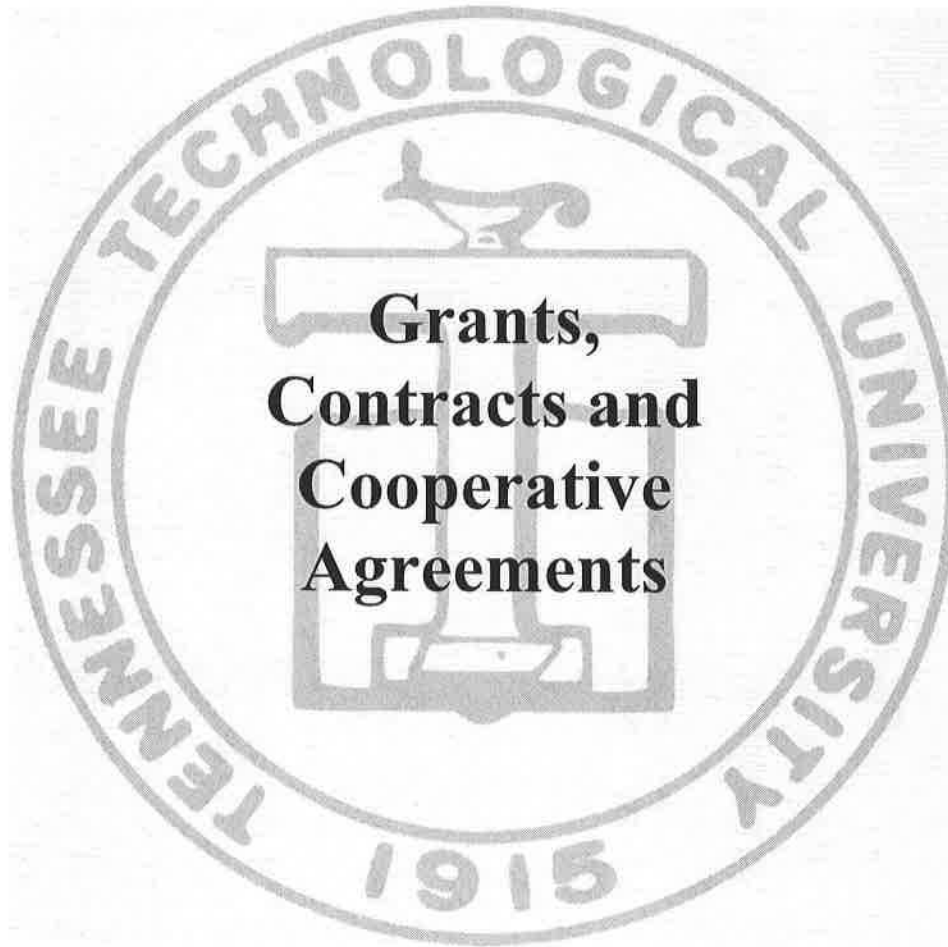
Please keep in mind that cost transfers are not a management tool. While they are sometimes necessary, adequate justification is needed. Completing these forms and abiding by the policies in place will substantially mitigate the risk to the University concerning cost transfers.

If you have any questions or concerns, please contact me.

Attachments (4)

xc: Office of Research
Kacee Abbott, Director of Accounting
Leslie Crickenberger, AVP for Human Resources

**Tennessee Technological University
Policy No. 516**



Effective Date: July 1, 2017

Policy No: 516

Policy Name: Grants, Contracts and Cooperative Agreements

I. Purpose

The purpose of this policy is to document post-award policies and procedures for externally-sponsored agreements.

II. Review

This policy will be reviewed every four years or whenever circumstances require review, whichever is earlier, by the Grant Accounting Manager and the Associate Vice President for Business and Fiscal Affairs in consultation with the Vice President for Planning and Finance, with recommendations for revision presented to the Administrative Council and University Assembly.

III. Definitions:

- A. Fringe Benefits** are direct costs associated with salaries and wages including FICA (Social Security); retirement; insurance for medical, dental, life, unemployment, long-term disability coverage; and worker's compensation.
- B. Principal Investigator (PI)** is the primary individual responsible for the preparation, conduct, and administration of a research grant, cooperative agreement, training or public service project, contract, or other sponsored project in compliance with applicable laws and regulations and institutional policy governing the conduct of sponsored research.
- C. Program/Project Officer** is the designated funding agency official responsible for the technical, scientific, or programmatic aspects of the award, including monitoring progress and working with PIs on project-related issues.
- D. Project Period** is the total time approved by the funding agency for a supported project, including any extensions. The project period consists of one or more funding/ budget periods, which are typically 12 months each, but may vary according to available agency funding.
- E. Banner** is Tennessee Tech's online financial system.
- F. FOAPAL** is the acronym indicating Fund Code, Organization Code, Account Code, Program Code, Activity Code, and Location Code.

- G. **Pre-activation forms** allow the setup of a FOAPAL in order for the project to begin operations before all formal documents have been received. The pre-activation form is only done when funding is all but a finalized formality. The department starting the project and the appropriate dean signs the pre-activation form acknowledging responsibility for funding any incurred expenditures if funding does not materialize.
- H. **EagleBuy** is Tennessee Tech's online procurement system.

IV. Policy:

- A. This policy applies to all externally-sponsored grants, contracts, and cooperative agreements for Tennessee Tech.
- B. The Office of Research & Economic Development is responsible for the review and submission of proposals for sponsored program support, the negotiation of sponsored and research-related agreements, and the oversight of all non-financial post-award functions.
- C. Sponsored program funding is awarded to Tennessee Tech, not to individuals or subunits of the institution.
- D. Grant Accounting manages the financial post-award activities.
- E. Expenditures must conform to the federal guidelines as well as all TTU Policies 502 and 570-571 relating to obligations and expenditures.
 - 1. Exceptions may be made if the grant or contract specifically budgets for expenditures that are normally unallowable by Tennessee Tech.
 - 2. Grant or contract terms may be more restrictive than Tennessee Tech policies.
 - 3. All purchases must be necessary and directly allocable for completing the project.
 - 4. Any office supplies not directly related to an externally-funded project must be treated as indirect costs and not charged directly to the grant.

- F. Each federal agency publishes a guide or policy statement on its grants that generally encompasses the requirements of the Federal Register. The PI must be familiar with these publications.
- G. For funding awards on or after December 26, 2014, project expenditures on all federally sponsored projects are governed by the Office of Management and Budget's Federal Register's 2 CFR 200 Subpart E Cost Principles.
- H. Awards prior to December 26, 2014, are governed by OMB A-21 as stated in the Information on Direct Costs.
- I. Each federally sponsored project is assigned a distinct fund code and index number in Banner. The FOAPAL has all the elements to separately track each sponsored project. Banner allows for all required attributes to track each specific federal project as required by CFR 200.302.
- J. The Office of Research notifies the PI once a grant award has been accepted.
 - 1. The PI shall submit a line item budget via the Departmental Chair and Associate Dean to the Office of the Associate Vice President for Research. This budget should correspond to the final approved budget in the grant document.
 - 2. The Research Office will send a Grant Activation Form, along with the executed contractual document for the grant, the budget, and other documents necessary to establish the responsibilities of the University, to Grant Accounting.
 - 3. The initial activation may or may not include funds for the entire period of the grant.
 - 4. Grant Accounting will establish a FOAPAL after receipt of an approved activation.
 - 5. Grant Accounting inputs the approved budget into the Banner Finance System in accordance with the final approved funding agency document as submitted on the Grant Activation Form.

- K.** No obligations or expenditures are authorized until the activation of the grant is prepared and approved by the Associate Vice President for Research.
1. Pre-activations must follow the same procedure as activations except that a memo must be sent to the Associate Vice President for Research via the Center director (if applicable), chair of the department responsible for the expenses, and the dean responsible for the expenses.
 2. The memo must accompany the Grant Activation Form and state why the pre-activation is justified and that the department will be responsible for expenses if the contract is not approved.
 3. It is the PI's responsibility to ensure that a fully-executed contract is received within 90 days. If the contract has not been received within 90 days of the pre-activation date, a stop work order may be issued by the Office of Research until the agency can be contacted and an executed contract obtained.
- L.** All requisitions are routed through the appropriate personnel in EagleBuy.
1. All requisitions must have the approval of the PI and the Grant Accounting Office.
 2. Line items of the grant budget must be observed when requisitions are prepared.
 3. The Grant Accountant will verify the Project Period and available funds remaining on the project by line item.
 4. Budget revisions must be made in accordance with the grant agreement.
- M.** In accordance with Tennessee Tech policy, appropriate documentation shall be submitted for all salaries and wages paid on grants. Salaries of administrative and clerical staff should normally be treated as indirect costs unless an exception is approved by the Associate Vice President of Research.
- N.** Cost of benefits paid by the employer for personnel on grant funded projects will be charged monthly based on actual amounts.
- O.** In addition to all other required approvals, all foreign travel shall be approved by the grantor prior to the travel.

1. Travel expenditures should follow the TTU Policy 506 (General and Group Travel), as may be amended from time to time.
 2. All travel charged to federal projects must be necessary for that specific project fulfillment and reasonable as described in CFR 200.474.
- P. Any Tennessee Tech interdepartmental consultant costs must follow CFR 200.430. This includes obtaining prior approval from the awarding agency.
- Q. The PI is responsible for ensuring the preparation and timely submission of the required forms delineating the total effort of all personnel working on federally funded projects, whether charged directly to the grant or contract or used as University cost-sharing.
1. Effort Certification Reports are generated via a database report by Grant Accounting and distributed to project bookkeepers, who in turn disseminate to the appropriate personnel.
 2. The employee identified on the Effort Certification Report is responsible for reviewing, signing, and returning to Grant Accounting. If an employee is unavailable due to extenuating circumstances, the PI may sign on his/her behalf.
 3. Time on both federal and nonfederal duties must not exceed 100% of effort.
- R. A Uniform Guidance Implementation Guide is available for review of transition rules for awards on or after December 26, 2014. A more extensive list of allowable and unallowable costs can be found in the following Quick Reference Guide. 2 CFR 200.420 through 475 shall determine allowable costs on federally funded projects.
- S. The indirect cost rate for federal awards on or after December 26, 2014, should follow the Uniform Guidance Implementation Guide as addressed in CFR 200.331 and 200.414.
- T. Care should be exercised so as not to exceed available grant funds when making expenditures or to incur obligations not authorized by the grant. If such obligations or expenditures are inadvertently made and are allowed to become general Tennessee Tech obligations and expenditures, they must be requisitioned from appropriate unrestricted departmental funds.
- U. If a grant or contract is to be modified, cancelled, or discontinued, the same approvals must be obtained as in Section IV. J.

- V. In case of termination, either willingly or unwillingly, each PI is responsible for completion of all grant work and reports that are due to be made which are under his/her jurisdiction.
1. The leader of the administrative unit is responsible for seeing that these requirements are met.
 2. A Proposal Monitoring & Closeout Form must be submitted to the Office of Research at the end of the contract.
- W. All equipment loaned or donated by a grantor to the University must be clearly identified and reported to the Grant Accountant and Property Officer.
- X. Reconciliation of requisitions/purchases to Banner expenditure reports are to be made monthly by the project bookkeeper.
- Y. If discrepancies are found during the monthly reconciliation process, the PI via the project bookkeeper must submit a cost transfer to reallocate costs to the appropriate unrestricted departmental accounts. In the event costs are deemed unallowable, reimbursement must be collected from the employee. These cost transfers should be done within 90 days of discovery.
- Z. External agencies require auditable cost-sharing.
1. Tennessee Tech cost sharing must be recorded in a unique FOAPAL and activity code by project for all externally sponsored projects that require cost share.
 2. Documentation to support the cost sharing must be kept by the department, e.g., release time, graduate assistants, etc. For employee release time, the signed Effort Certification Form is sufficient.
 3. For in-kind contributions that do not require a separate FOAPAL, detailed records must be kept in the appropriate departments. Departmental chairpersons and deans are to monitor these records for correctness.
 4. With awards after December 26, 2014, and the implementation of 2 CFR 200.306, voluntary cost share is not expected for federal research proposals and is not a factor in the review of applications unless specifically stated in the funding opportunity.

- AA.** Conflict of interest guidelines and procedures are established in TTU Policy 132 (Conflict of Interest) and in TTU Policy 735 (Conflict of Interest in Research).
- BB.** Prior Approval from the cognizant or awarding agency must be received for items as described in 2 CFR 200.407.

V. Interpretation

The Vice President for Planning and Finance or his/her designee has the final authority to interpret the terms of this policy.

VI. Citation of authority for policy

T.C.A. § 49-8-203(a)(1)(D); OMB Circulars A-21 and A-110; 2 CFR 200 *et seq.*

Approved by:

Administrative Council: April 5, 2017

University Assembly: April 19, 2017

**TENNESSEE TECH UNIVERSITY
COST TRANSFER REQUEST FORM**

Uniform Guidance 2 CFR 200.405 states in part that, “Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons.”

If a Cost Transfer is requested, federal regulations and Tennessee Tech University Policy No. 516 state that the transfer must take place within 90 days of when the error was discovered.

For payroll costs, please use the Reallocation Request Form for corrections with attention to the justification line. Enter increases and decreases for non-payroll expenses below:

INCREASE Index	INCREASE Account	DECREASE Index	DECREASE Account	Amount	Description of Charge
				\$	

For all transfers, please answer questions 1 and 2. If request is beyond 90 days, questions 3 and 4 should also be answered. Please note that expenditure transfers should never take place more than 60 days past the project end date.

1. Why this expense was originally charged to the Index from which it is now being transferred?

2. Why should this charge be transferred to the proposed receiving Index?

3. Why is this cost transfer being requested more than 90 days after the occurrence of the original transaction?

4. What action is being taken to eliminate future need for cost transfers of this type?

Preparer’s name and position: _____ Date _____ Phone _____

Principal Investigator’s Name and Phone #: _____ Phone _____

Principal Investigator’s Signature: _____ Date _____

If the transfer is more than 90 days, the following approval is required:

Chair’s/Dean’s Name and Phone #: _____ Phone _____

Chair’s/Dean’s Signature: _____ Date _____

NOTE: By signing above you are certifying that the cost to be transferred is an appropriate expenditure for the sponsored grant or contract charges and that the expenditure complies with the terms and restrictions governing that sponsored grant or contract.

Approved by Grant Accounting _____ Date _____

Use for GRANT or MATCH ONLY
REALLOCATION REQUEST - For Labor

EMPLOYEE NAME: _____ T# _____

EMPLOYEE TYPE: Full Time: Part Time: GA: Adjunct: Student:

Payroll Month/Year to be reallocated: _____
(MM/YYYY)

Amount of Labor to be reallocated: \$ _____

FOAPAL to charge expense
(move the expense to this account)

FOAPAL from which to move expense
(take the expense charge from this account)

Index: _____

Index: _____

Fund: _____

Fund: _____

Org: _____

Org: _____

Account: _____

Account: _____

Program: _____

Program: _____

Activity: _____

Activity: _____

*****What action is being taken to eliminate future need for cost transfers of this type?***

Preparer's name and position: _____ Date _____ Phone _____

Principal Investigator's Name and Phone #: _____ Phone _____

Principal Investigator's Signature: _____ Date _____

If the transfer is less than 90 days, you may stop here. If the transfer is more than 90 days, you must answer the additional question below and get the following additional approval:

*****Why is this cost transfer being requested more than 90 days after the occurrence of the original transaction?***

Chair's/Dean's Name and Phone #: _____ Phone _____

Chair's/Dean's Signature: _____ Date _____

NOTE: By signing above you are certifying that the cost to be transferred is an appropriate expenditure for the sponsored grant or contract charges and that the expenditure complies with the terms and restrictions governing that sponsored grant or contract.

Approved by Grant Accounting _____ Date _____

Use for GRANT or MATCH ONLY
REALLOCATION REQUEST - For BENEFITS ONLY

EMPLOYEE NAME: _____ T# _____

EMPLOYEE TYPE: Full Time: Part Time: GA: Adjunct: Student:

Payroll Month/Year of expenses to be reallocated: _____
(MM/YYYY)

Amount to be reallocated:

Retirement 62105: \$ _____
FICA 62300: \$ _____
Medicare 62400: \$ _____
Insurance 62500: \$ _____

Other retirement codes (if needed):

62110	\$ _____	62210	\$ _____
62001	\$ _____	62220	\$ _____
62003	\$ _____	62222	\$ _____
62002	\$ _____	62221	\$ _____
62005	\$ _____	62200	\$ _____

FOAPAL to charge expense
(move the expense to this account)

Index: _____
Fund: _____
Org: _____
Account: _____
Program: _____
Activity: _____

FOAPAL from which to move expense
(take the expense charge from this account)

Index: _____
Fund: _____
Org: _____
Account: _____
Program: _____
Activity: _____

****What action is being taken to eliminate future need for cost transfers of this type?**

Preparer's name and position: _____ Date _____ Phone _____

Principal Investigator's Name and Phone #: _____ Phone _____

Principal Investigator's Signature: _____ Date _____

If the transfer is less than 90 days, you may stop here. If the transfer is more than 90 days, you must answer the additional question below and get the following additional approval:

****Why is this cost transfer being requested more than 90 days after the occurrence of the original transaction?**

Chair's/Dean's Name and Phone #: _____ Phone _____

Chair's/Dean's Signature: _____ Date _____

NOTE: By signing above you are certifying that the cost to be transferred is an appropriate expenditure for the sponsored grant or contract sponsored grant or contract charges and that the expenditure complies with the terms and restrictions governing that sponsored grant or contract.

Approved by Grant Accounting _____ Date _____