

Sponsored Projects Administration Handbook

A guide for Principal Investigators and Project Directors

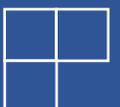


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Introduction

The purpose of this handbook is to acquaint Principal Investigators/Project Directors (PI) and their staff on the administration of externally funded (governmental and private organizations) sponsored projects and with California State University (CSU), California State University San Marcos (CSUSM), and CSUSM Corporation policies and procedures. CSUSM, through the Operating Agreement, designates CSUSM Corporation to act as Sponsored Program Administrator and agrees to provide grant and contract administration services in compliance with all applicable policies, procedures, regulations and guidelines.

California State University San Marcos (CSUSM) encourages faculty to seek external funding and engage in projects related to the mission and goals of the University. When external funding is awarded, the [CSUSM Corporation](#) acts as the sponsored project administrator and fiscal liaison on behalf of the University ([Sponsored Projects Administration at CSUSM Policy](#)). CSUSM Corporation has a fiduciary responsibility to monitor sponsored programs in such a way that ensures compliance with applicable policies and regulations, avoid fines, prevent fraud, and maintain the integrity of financial and project records.

In addition to this handbook, PIs may schedule appointments with the staff in the Office of Sponsored Projects (OSP) to discuss or review post-award activities in the administration of sponsored projects.

Roles and Responsibilities

To effectively manage sponsored research awards at CSUSM, various individuals/groups need to work together throughout the life of an award. This section describes the primary responsibilities of these individuals/groups once a project has been awarded to the University and managed at CSUSM Corporation. All these individuals/groups rely on each other for the successful fiscal management of the award.

Office of Graduate Studies and Research (OGSR)

[Grants and Contracts Development \(GCD\)](#), in the [Office of Graduate Studies and Research \(OGSR\)](#), assists faculty and staff in identifying funding sources for their research/creative activity; promotes institutional collaborative grant development; provides guidance, training and assistance in preparing competitive proposals. In addition to proposal preparation, OGSR routes proposals through the on-campus institutional review process and submits to external funding agencies.

Principal Investigator / Project Director (PI/PD)

The PI/PD serves as the primary individual responsible for the scientific integrity and the fiscal and administrative management throughout the period of the award. The PI/PD's specific responsibilities include:

- a. Being cognizant of, and adhering to, all contractual/award terms and conditions, as well as CSUSM Corporation and CSUSM policies and procedures related to administering sponsored projects. (This includes all relevant government and CSUSM regulations regarding human and animal subjects, biohazards and biosafety, occupational health and safety, conflicts of interest, purchasing and equipment management policies.)
- b. Obtaining prior approvals from OSP or working with to request prior approval from the sponsor for post-award changes relating to the conduct or scope of the work, and/or budget amendment, expenditure of funds awarded.
- c. Observing CSUSM Corporation and campus policies and procedures to protect intellectual property rights and academic freedom.

- d. Supervising project personnel including co-investigators, post-doctoral associates, and students (both graduate and undergraduate).
- e. Submitting technical/programmatic progress reports in a timely fashion to the sponsor as required by the terms and conditions of the award.
- f. Managing the budget in a prudent manner and expending funds in accordance with the restrictions imposed by the award terms and conditions and CSUSM/Corporation policy. Funds may 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 PI/PD.
- g. Advising OSP of any cash collections issues or any other information on the financial instability of the agency as soon as they are aware of these issues.
- h. Working with subawards (as applicable) and communicating any operational and/or performance issues to OSP throughout the life of the project.

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 PI/PD.

Chronic failure to carry out the responsibilities incumbent upon a PI/PD or chronic noncompliance with sponsor regulations, can result in nonpayment to CSUSM Corporation. Ultimately, this may jeopardize future funding to the PI/PD, as well as to CSUSM as a whole.

Office of Sponsored Projects

[Office of Sponsored Projects \(OSP\)](#) (post-award) works closely with PI/PDs and administrative staff to assist with meeting the requirements of an award. OSP assists with submitting requests to the sponsor for anticipated changes regarding grant personnel, funding extensions, revisions to the work plan or objectives, and budget adjustments. OSP also serves as the campus liaison with granting agencies, notifies PI/PDs of report deadlines, coordinates reports, and assists in obtaining, completing, and submitting any required documentation or forms. The OSP team also performs periodic audits to ensure that the campus is in compliance with federal and state regulations as well as internal policies.

OSP is responsible for receiving, interpreting, negotiating, and accepting agreements for projects funded by federal, state, and local government agencies, foundations, corporations, and other public and private sources. OSP also prepares and negotiates all subawards for collaborative research. OSP's specific responsibilities during the post-award management process include:

- a. Serving as a liaison between the PI/PD, project staff, administrative unit staff, and the sponsor.
- b. Advising the PI/PD and project personnel during the period of the award regarding their obligations under the terms and conditions of the award. Informing the PI/PD and other administrators about the actions that will need to be taken to meet the commitments under the terms and conditions of the award including subcontracting, patent rights, copyrights, rights in data, license agreements, publication rights, transfer of materials, etc.
- c. Serving as the central office of record for all awards made to CSUSM Corporation on behalf of CSUSM.
- d. Advising faculty and staff regarding prior approval requirements from the sponsor and CSUSM Corporation for changing aspects of the project (i.e., change in PI/PD, change in scope of work / budget, reduction of PI/PD time devoted to the project or absence from the project, no-cost time extensions, etc.).
- e. Coordinating and advising agencies of any special requirements related to sponsor notifications during the life of the award, e.g. scope changes, funding changes, key personnel changes, and reduction in PI/PD time devoted to the project or absence from the project. Coordinating and negotiating these changes with the sponsor and as necessary accepting or executing modifications to the award to effectuate these changes.

- f. Reviewing award changes to ensure that the scope of work and terms and conditions are acceptable to the PI/PD and are consistent with CSUSM/Corporation policies. Accepting or executing modifications to sponsored agreements (grants, cooperative agreements or contracts) on behalf of CSUSM Corporation.
- g. Distributing the award documents and award synopsis to the PI/PD and appropriate academic and administrative units.
- h. Interpreting sponsor policies, CSUSM/Corporation policies and federal and state regulations related to the terms and conditions of the award, the conduct of the project and the delivery/reporting of project results.
- i. Assisting on unpaid CSUSM Corporation invoices by sponsor, due to non-submission of technical/progress reports and other required deliverables by PI/PD; and disputes on contractual terms.
- j. Monitoring and coordinating the submission of project reports required by the terms of the award and the administrative closeout of the project when the award expires. Assisting in the completion of all closeout procedures as necessary.
- k. Developing subaward agreements/amendments and negotiating terms & conditions.

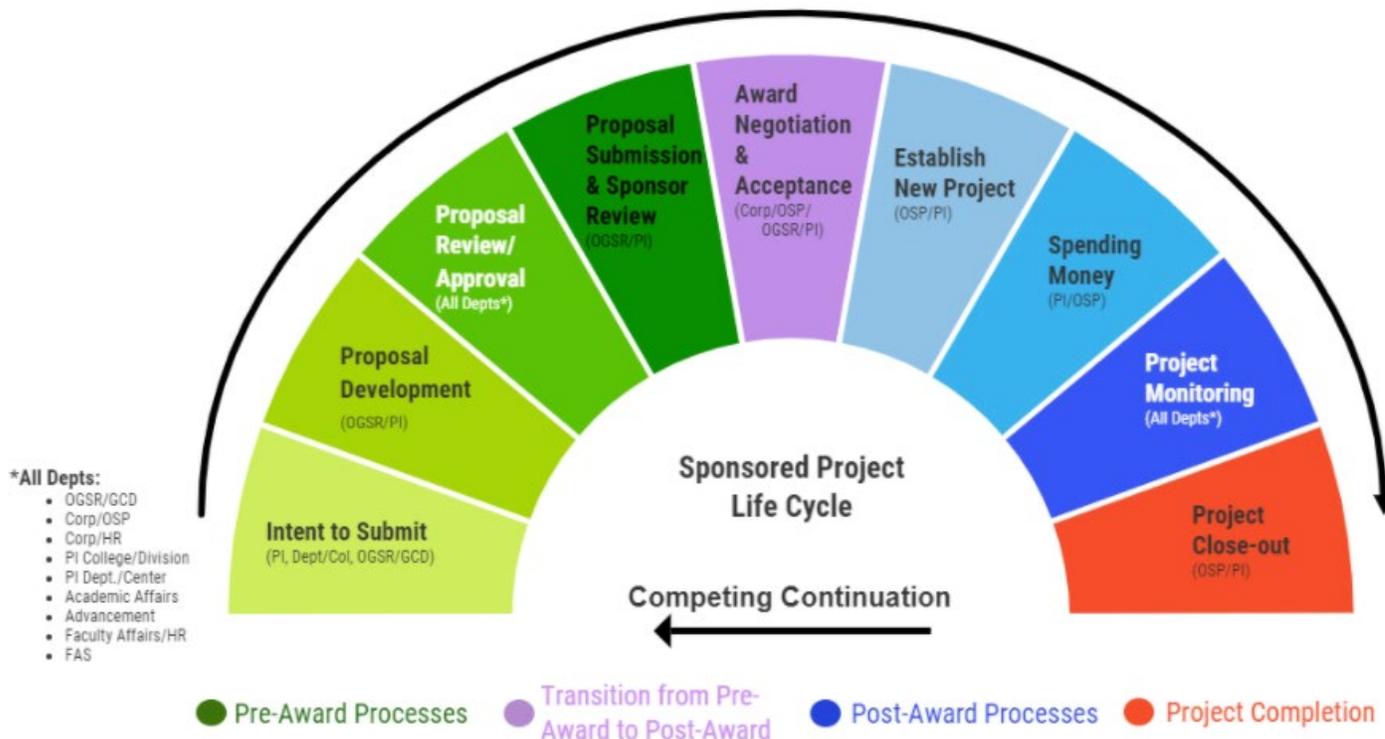
Roles and Responsibilities by Function in Post-award Management

Function	PI/PD, Department/College	Office of Sponsored Projects
<p>Award Set Up and Modification</p>	<ul style="list-style-type: none"> • Completing a Project Agreement prior to incurring expenses. • Reviewing award terms and conditions, including budget, deliverables, and report due dates • Completing New PI Orientation, as required. 	<ul style="list-style-type: none"> • Setting up new sponsored project projects and modifications in the Sponsored Project module within CSU Common Financial System (CFS). • Uploading budgets received into the PeopleSoft SP module. • Mapping sponsor budget line items to CFS budget categories. • Notifying PI/PDs when the project has been set up. • Preparing and negotiating initial subaward agreements (when applicable). Driving the process until agreements are fully executed.
<p>Oversight, Administration and Communication throughout the Post-award Lifecycle</p>	<ul style="list-style-type: none"> • Communicating frequently with OSP and project staff to keep them apprised of the project's financial business developments and assist in the administration of awards. This includes reviewing regular accounting reports of project balances and expenditures, as well as projections of future expenditures. • Reviewing all project expenditures, including Facilities and Administrative (F&A/IDC) charges, on a routine basis (typically monthly), and ensuring accuracy and compliance with sponsor and CSUSM/Corporation guidelines. • Reconciling project ledgers on a timely basis and reviewing financial transactions with the OSP in keeping with the department's performance standard. • Monitoring encumbrance balances on a monthly basis, ensuring the procurement obligations for the award are accurate and that POs are closed out on a timely basis. • Ensuring that all transactions (e.g. cost transfers) are in accordance with CSUSM Corporation policies and that transactions are properly documented. • Ensuring that the project operates in accordance with its budget and, if required, assisting OSP to prepare budget adjustments or amendments. • Advising OSP of changes to key personnel (reduction in time and/or absence from the project of key staff, e.g. the PI/PD not able to act even remotely) or changes to the scope of work. • Ensuring that all requests for No-cost extensions are filed on time with OSP. • Ensuring that all Cost Sharing Contribution reports are prepared, collected from subaward partners, certified by the PI/PD, and forwarded to OSP. See CSUSM Corporation Cost Sharing Guidelines. • In conjunction with OSP, monitoring subrecipients for compliance with award terms and conditions. 	<ul style="list-style-type: none"> • Preparing interim and final financial reports and submitting them to the sponsor as required in the award agreement. • Revising the reporting and invoicing deadlines when a project extension is authorized. • Troubleshooting and resolving certain financial discrepancies (i.e., F&A calculations). • Performing reconciliations on amounts invoiced to amount received. • Providing information to PI/PDs to assist with correcting transaction errors. • Reviewing cost transfers onto federal awards that exceed the ninety (90) day cost transfer period. See CSUSM Corporation Cost Transfer Procedure. • Scheduling meetings with PI/PD and research teams to coordinate special invoicing or reporting requirements. • Assessing current business practices related to post-award financial management and implementing improvements. • Communicating changes to internal and external financial management policies to CSUSM/Corporation stakeholders. • Preparing and negotiating annual subaward amendments (when applicable).

Invoicing and Accounts Receivable	<ul style="list-style-type: none"> • Reviewing invoices when detailed or atypical expenditure reporting is required by the sponsor; providing them to OSP to use as supporting documentation. • Reviewing detailed expenditure reports and backup documentation for sponsors if required by the sponsor as a condition of payment. • Advising OSP of any issues that arise with the sponsor that may affect OSP's ability to invoice or the CSUSM Corporation's ability to receive payment. • Notifying OSP immediately if PI/PPD becomes aware of any information related to the sponsor's fiscal integrity or financial position. • Providing technical reports to OSP if the sponsor indicates they are to be submitted with invoices, intercampus reimbursement or financial reports. • Providing cost share reports to OSP if cost share reporting is required on invoices. • Communicating status of deliverables to OSP if billing is based on deliverables. 	<ul style="list-style-type: none"> • Preparing interim and final invoices and submitting them to the sponsor in accordance with instructions in the award notice. • Reporting cost sharing by including cost share expenses on the invoice. • Reviewing intercampus reimbursement and payment requests. • Calculating and requesting letter of credit drawdowns during the award period. • Manually calculating and posting F&A charges for awards. • Applying check payments and wire transfers accurately to outstanding accounts receivable. • Investigating and applying payments from unidentified sponsors in a timely manner. • Researching and resolving any credit balances in accounts receivable.
Award Closeout	<ul style="list-style-type: none"> • Advising and assisting the OSP in fulfilling the award closeout requirements (including closing all open POs, updating the payroll system for staff appointments, posting accrual journals if needed, ensuring there are no overdrafts etc.) • Notifying CSUSM Corporation Human Resources (HR) when a project is in the final year and then in the last ninety (90) days so that the HR Director can work with the PI/PPD to plan for use of leave balances by project personnel. • Providing accurate, complete, and readily available documentation to OSP for the final financial report. • Transferring overdrafts promptly during the closeout period. • Ensuring that all Cost Sharing Contribution reports are prepared, certified, and forwarded to OSP. • Complying with CSUSM Corporation Sponsored Projects Closeout Procedures and Progress Reporting Procedures. 	<ul style="list-style-type: none"> • Notifying PI/PPDs and departments in thirty (30) day intervals, starting at ninety (90) days, that an award is due to expire. • Managing and coordinating the overall financial award closeout process. • Submitting the final invoice or refund to the sponsor. • Creating and submitting the final financial report to the sponsor. • Setting the closed award in the PeopleSoft SP Module to "inactive".
Internal and External Audit	<ul style="list-style-type: none"> • Complying with CSUSM Corporation Records Retention Policy and Procedure. • Ensuring that the project records are kept in good order and are readily available for review and audit. • Assisting internal and external auditors when needed. 	<ul style="list-style-type: none"> • Performing routine post audit reviews on selected award transactions. • Coordinating all external audits of contracts and grants-related transactions (federal and non-federal). • Preparing responses to external auditors and CSUSM.

Award Life Cycle

Overview of Proposal Submission (Pre-Award) and Project Management (Post-Award)



This diagram illustrates the intricate life cycle of a sponsored project from intent to submit to project closeout.

For every new award, in order to establish and setup a project, the PI/PD will need to:

- Review the Notice of Award, including the budget, period of performance, reporting schedule, and special terms and conditions
- Complete a Project Agreement
- If first sponsored project, attend the New PI Orientation meeting with assigned Sponsored Project Analyst (SPA) and CSUSM Corporation HR
- Complete and submit employment requisition forms (ERF) and employment authorization forms (EAF), as necessary

Understanding Your Award

When a proposal is funded, the sponsor will issue a Notice of Award document with important terms and conditions specific to the awarded project. To maintain compliance, it is imperative to understand all the terms and conditions included in the Notice of Award document. The document will include:

- Amount awarded by sponsor
- Budget categories approved by the sponsor (including cost-sharing)
- F&A rate (Facilities & Administration rate)
- Type of funding – cost reimbursement, fee for service, fixed price
- Sponsor restrictions – e.g., no foreign travel, no equipment
- Sponsor limitations – e.g., actual expenditures cannot exceed 10% of budgeted categories
- Prior approval requirements – e.g., change of PI, project extension, equipment, foreign travel
- Title to equipment – CSUSM Corporation or sponsor
- Program income, if applicable
- Reports required – e.g., financial, progress, etc.
- Submittal requirements for deliverables – due dates, format, distribution

New PI Orientation Meeting / Review the Notice of Award Document

All new PI/PDs that receive an awarded sponsored project are required to attend a New PI Orientation with their assigned SPA in OSP. During the meeting, the SPA will review with the PI/PD the award terms and conditions, budget, purchasing, hiring, etc. during the orientation. New PI/PDs will also meet with CSUSM Corporation HR to review hiring policies and procedures and discuss the project's hiring needs.

Project Agreement / Review the Notice of Award Document

Upon receiving a Notice of Award document, the assigned SPA will prepare a Project Agreement for the PI/PD. The Project Agreement is a binding agreement that the PI/PD will assure compliance with all policies and procedures pertinent to the project.

The Project Agreement also provides an opportunity for the PI/PD to authorize additional individuals with fiscal authority for the project. This document is referenced frequently by OSP and Aux Accounting to verify authorized signatures. It is important to maintain an accurate Project Agreement. If changes should be needed, contact your assigned SPA.

Once a project is set up, the PI/PD assumes responsibility for carrying out the award's performance objectives and meeting sponsor requirements and ensuring expenses stay within the award budget.

Types of Award Mechanisms

Sponsored projects should be beneficial to the general public and/or advance CSUSM's educational and research mission, and not primarily benefit the sponsor. There are four general award types:

- **Grant** – The purpose of a grant is to support a specific scope of work. Funds provided must be utilized to support the project and the applicable terms and conditions. The work may or may not result in the expected outcome(s). A grant generally anticipates no substantial programmatic involvement of the sponsor with the recipient during performance of the project or activity but sponsors usually require deliverables/progress reports and/or final report – and an accounting of the use of funds or return of unused funds.
- **Contract** – A contract is a legally binding, mutually beneficial agreement between the institution and the sponsor creating a quid pro quo relationship between the parties. The intent of a contract is to provide an economic benefit, generally in the form of services, for compensation. There may be penalties for failure to perform the negotiated scope of work.

- **Gift** – Any item of value given to CSUSM or CSUSM Corporation by a donor who expects nothing of value in return, other than recognition and disposition of the gift in accordance with that donor's wishes. There is no formal fiscal accountability to the donor beyond periodic progress reports and summary reports of expenditures. These reports may be thought of as requirements of good stewardship, and, as such, may be required by the terms of a gift. They are not characterized as contractual obligations or "deliverables." A gift is described as a voluntary transfer of funds from one entity to another without the expectation of anything in return. A grant is described as a unilateral transfer of funds through an agreement from one entity to another with terms and conditions, which may include the expectation of financial and technical reporting incorporated into the funding document.
- **Subagreements** – "Pass through funding" from the prime sponsor to a prime recipient, wherein the recipient of the funding, then issues a "sub" agreement to another organization to accomplish a portion of the scope of work that is integral to the success of the scope of work of the prime recipient.

Types of Funding

Each Notice of Award document or Request for Proposal will identify the type of funding for each project. The majority of agreements received by CSUSM Corporation are cost reimbursable; however, there are three types of funding:

- **Cost Reimbursement** – Refers to an award where the sponsor makes a commitment to award/obligate a specified amount, but the actual money is not received until OSP bills for the expenses incurred on the project. It should be noted, however, that sponsors have been known to withhold payment if certain requirements have not been met, e.g. non-submission of technical reports, or insufficient cost-share. The PI/PD should submit timely programmatic reports and be diligent about cost share commitments if required.
- **Fixed Price** – A less common type of award where the sponsor pays a fixed amount when the deliverables are received and accepted by the sponsor, regardless of what actual expenses are incurred. In the event an unexpended balance is left at the end of a fixed price contract, OSP (during closeout procedures) will transfer the residual balance. See CSUSM Corporation [Fixed Price Contracts Policy](#) for more information.
- **Fee for Service** – an agreement in which the sponsor requests services which are typically repetitive or predefined, a set fee for satisfactory completion of services or deliverables. Typically, the sponsor will retain ownership of the work product.

Types of Payments

OSP is responsible for requesting and collecting payments.

- **Advance Payment** – Some sponsors, usually private, enclose a check with their award document or make advance payments based on a payment schedule specified in the award document. The sponsor may require a financial report.
- **Federal Draw Down** – Also known as the cash draw down, it is applicable to most federal awards. This is an electronic fund transfer between OSP and the federal awarding agency to reimburse OSP for expenses incurred.
- **Invoice** – OSP initiates payment from the sponsor by submitting an invoice based on the invoice schedule outlined in the Notice of Award document. Usually an invoice requests reimbursement for expenses incurred. Occasionally, an invoice is sent reflecting a payment schedule which does not correspond with expenses incurred.

Spending and Types of Purchases

The following section reviews the allowability of costs, types of expenditures, and mechanisms used to incur costs (i.e.: employees, direct pay, hospitality, purchase request/order, procurement card, travel).

Allowability of Costs

All costs directly charged to sponsored projects must adhere to the Principles of Cost Allowability, Allocability, and Reasonability and must be consistently applied in like circumstances. It is the responsibility of the PI/PD to adhere to these guidelines and to ensure costs are appropriately and consistently applied to sponsored projects. Additionally, the PI/PD is also responsible for using funds in a manner consistent with Federal/Sponsor regulations and University and CSUSM Corporation policies and procedures.

Sponsored project costs are grouped in two buckets - direct costs and F&A costs - related to carrying out the project.

- **Direct costs** are the costs that can be identified specifically to a particular sponsored project.
- **F&A costs / IDC** (Facilities and Administrative Costs / Indirect Costs) are the costs that are incurred for common or joint objectives and, therefore, cannot be identified readily or specifically with a particular sponsored project. F&A rates are negotiated with the Department of Health and Human Services (DHHS).
- Costs charged to a sponsored project are normally **allowable** if:
 - (a) they are **reasonable**,
 - (b) they are **allocable** to the sponsored project,
 - (c) they are given **consistent treatment**,
 - (d) they are **allowable** by the sponsor's policies and conform to any limitations or exclusions set by the award terms and conditions, and
 - (e) they are **available** within the dates and budget of the award.
- **Unallowable costs** are those costs that may not be charged to a sponsored project due to a sponsor, CSUSM, and/or CSUSM Corporation policies. For more information, refer to the [Cost Principles Policy](#) and Procedure.

In addition to allowability, purchases are reviewed for purchasing thresholds to ensure all purchases are in line with the [Corporation Procurement Policy](#). Purchases \$10,000 or greater require a [Supplier Selection and Cost Justification Form](#) and quotes or a [Sole Source Request Form](#). See the Procurement Policy for additional information.

The Sponsored Projects Analysts (SPA) are responsible for reviewing and approving costs that are directly charged to a sponsored project and to ensure costs are compliant. The SPAs are also a resource to PI/PDs when further clarification is needed for how costs should be charged to sponsored projects.

Coding Expenditures

When incurring expenses, it is important to allocate the cost to all projects that benefit from the purchase. Expenses shared between projects should be charged to the appropriate project based on the estimated usage. For example, 100 test tubes are ordered. Project A is anticipated to use 60 test tubes and Project B 40 test tubes. The cost of test tubes should be split 60% to Project A and 40% to Project B. If an expense solely benefits one project, 100% of the cost should be charged to that project. The allocation is completed on the Purchase Requisition and Direct Pay forms.

Expenditures for a sponsored project must be coded to the applicable account category according to the approved budget. During the project setup, a budget is input into Data Warehouse using account codes

reflective of the grant budget narrative. When incurring expenses, it is important to correctly assign account codes based on the input budget in Data Warehouse and the grant budget narrative.

Sometimes the proposed grant budget needs to be adjusted to reflect actual activity. Please work with your assigned SPA to complete a budget adjustment, if necessary. All expense line items roll up into an expense category or account code. As long as there is a budget amount in the expense category, an expense can usually be coded to any expense line under that category. However, certain sponsor exceptions exist that override this rule of thumb.

For additional reference, review the grant budget narrative for guidance on where expenses should be coded. Please reference the OSP website for a list of the most [Commonly Used Account Codes](#).

Compensation for Faculty/Staff on Sponsored Projects

Educational institutions which receive federal funding are required to maintain a payroll system that tracks ALL payroll compensation and should be consistent with actual effort expended (by funding source and activity). Payroll compensation is certified via timecard approvals and is the mechanism used to meet this requirement.

A change effort may require an adjustment to payroll costs charged to a project.

If the percentage of change is 10% or greater in a calendar year, expenditures should be corrected via an expenditure transfer to reflect actual effort spent working on a project.

Adjustments to personnel compensation/effort are not normally required for hourly employees because their timecards represent their certified effort via signature/approval by the PI/PPD or other designated timecard approver on their timecards. Exceptions to this rule are: 1) if the distribution of an employee's wages is altered by a cost transfer or 2) if the employee's time on one grant or fund was 'match' to another grant.

KEY POINT TO REMEMBER FOR PERSONNEL COMPENSATION/EFFORT

A 40 HOUR WEEK IS NOT THE DEFINITION OF 100% EFFORT FROM WHICH PERCENTAGE OF EFFORT IS APPROVED. UNDER FEDERAL REGULATIONS ON COMPENSATION, 100% EFFORT IS AN EMPLOYEE'S TOTAL HOURS ACTUALLY SPENT ON WORK WITHIN THE SCOPE OF HIS OR HER EMPLOYMENT. IT INCLUDES ALL UNIVERSITY, CORPORATION, AND COST-SHARE ACTIVITIES.

University Faculty and Staff may be paid for their effort on sponsored projects through:

- **Additional Employment** – Employment in addition to the full-time University appointment to complete grant related work. Work with CSUSM Corporation HR to complete the EAF. This effort is paid by CSUSM Corporation Payroll. For additional information, refer to the [Additional Employment and Overload Guidelines and Procedures](#).
- **Reimbursed Time** – Faculty and/or staff may receive release time from their college to reduce their University appointment to allow them to focus on a sponsored project. To initiate Reimbursed Time, work with your college budget analyst. Once faculty/staff is released from a portion of their University appointment, the college budget analyst will, in the beginning of the semester/academic year, complete the [Reimbursed Time Form](#) and route for appropriate signatures. At the end of the semester/academic year, the college budget analyst will prepare an Inter Unit Billing (IUB) with actual costs for the prior approved reimbursed time. At this time, the personnel cost will be charged to the sponsored project. The employee's paycheck continues 100% from the University.

Employees: Hiring and Recruiting

CSUSM Corporation shall be the employer of the PI/PD and other employees with regard to work performed on a sponsored project and paid through CSUSM Corporation Payroll. [Human Resources and Payroll](#) (HRPR) is responsible for hiring, new hire orientation, compensation, benefits administration, evaluation training, termination, and employee relations for all personnel employed by CSUSM Corporation. HRPR ensures the adherence to all employment laws, legislative issues and regulations. The team provides guidance to CSUSM Corporation Project Managers, PI/PDs, employees, and the campus community.

The following employment forms must be initiated by the PI/PD:

- Employment Requisition Form (ERF)
- Employment Authorization Form (EAF)

Additional CSUSM Corporation hiring documents, policies, and procedures can be found on the [HRPR website](#).



OSP will review and approve all employment requests related to sponsored projects.

Overtime

As a general rule, federal awards will not allow for the payment of overtime. When such overtime cannot be charged to a sponsored project because of sponsor restrictions, the employee should fill out his/her timecard as usual, including overtime hours. This ensures the employee's effort is properly recorded and legally compliant. The amount of unallowable overtime on the restricted project should be transferred to an account which will allow funding for overtime. This is usually the PI/PD IDC campus program project.

Employees: Separations

CSUSM Corporation is responsible to hire and terminate employment. All terminations, voluntary or involuntary, must be approved and coordinated with CSUSM Corporation Human Resources (HR) in advance of termination.

- **Voluntary Separation** - please contact HR as soon as you know that an individual will be leaving CSUSM Corporation employment.
- **Involuntary Separation** – please contact HR as soon as there is an employment issue. The Director of Human Resources will consult with the PI/PD for all involuntary separations.

Independent Contractors

An independent contractor (IC) is an individual or organization, not affiliated with the University or CSUSM Corporation, providing primarily professional services or advice under a written agreement. Such a relationship is distinct from an employment relationship.

For IRS and State of California Department of Industrial Relations purposes the CSUSM Corporation uses a Contractor/Consultant Determination Request [Checklist](#) to determine if a worker is an independent contractor. Failure of any one of the factors could move the worker to employee status.

The PI/PD is responsible for selecting the Independent Contractor. The PI/PD must be able to:

- certify that all services have been performed and are essential to the specific project
- certify that these services provided by the IC cannot be provided by persons receiving salary or other compensation by the University or CSUSM Corporation
- provide evidence that a selection process was employed resulting in the selection of the most

- qualified contractor
- certify there is not a conflict of interest
- abide by the [Corporation Procurement Policy](#)

The following groups must not, under any circumstances, be classified as independent contractors:

- Corporations – including a Limited Liability Company (LLC) of more than one person (using a business tax identification number), or a DBA;
- Third party agencies;
- Partnerships;
- Current or active members of CSUSM or CSUSM Corporation faculty or staff;
- Current or active members of any other CSU faculty or staff;
- CSUSM or CSUSM Corporation ex-employees whose separation date from their respective organization is one calendar year or less from a proposed IC assignment with the CSUSM Corporation;
- H1B Visa Holders.

If your project requires an independent contractor, the [Contractor/Consultant Determination Request](#) and IC Agreement must be completed and approved prior to starting any work. Once the agreement has been fully executed the contract is given a PO# to which the consultant invoices against. It is the IC's responsibility to invoice regularly; preferably no more than monthly no less than quarterly. The PI/PD is responsible for assuring the IC's services are in line with and scope of work for the agreement.

Payments to Students

All payments to CSU students (i.e. scholarships, fellowships, prizes, travel reimbursement, compensation) must follow the [CSU policy](#). For additional information see [Payment to Students](#).

Research Incentives

An incentive is a financial or other reward to encourage participation in a human subject research study. PI/PD's are allowed to provide such incentive payments to individuals participating in research if specified in the approved budget. CSUSM Institutional Review Board (IRB) is required to approve, in advance, the method and amount of compensation to any human research participant. Investigators may not deviate from the amount, type or timing of the payment without first obtaining a modification to their approved human subject's protocol. For additional information refer to the [Research Incentive Payments Policy](#) and [Gift Card Procedures](#).

Subawards/Subcontracts

If an award budget includes a subaward or subcontract, the PI/PD must work with OSP to issue a written agreement between the subrecipient and CSUSM Corporation. Once the written agreement is signed, the PI/PD must submit a purchase requisition in CFS. OSP and Corporation Business Operations team will review the requisition, and then a purchase order will be created.

Computer Technology

Purchases of Information or Computer Technology such as software, hardware, or any information technology or equipment that is used in the creation, conversion, or duplication of data or information require the completion of the Information Technology Review form and approval from CSUSM IITS department. See the [Corporation Procurement Contract/Agreement Guidelines, References, Section X](#) for additional information.

Equipment

Projects with equipment purchases will need to determine if the item(s) qualify as capital equipment. Equipment is considered capital equipment if:

- a unit acquisition cost is equal to or greater than \$5,000 and has an estimated life greater than one year; **OR**
- parts whose individual acquisition cost is less than \$5,000 but are assembled together as one unit with an overall cost equal to or greater than \$5,000 and has a useful life greater than one year. This is fabricated equipment and will be considered as capital equipment.

Capital Equipment	
	
Unit Price < \$5,000	Unit Price >\$5,000
Exception: Fabricated	Assembled Price > \$5,000

If the equipment is to support multiple projects, or to support both sponsored and unsponsored activity, there should be an appropriate, documented allocation of the cost. Consult with OSP before processing any purchase requisitions which involve multiple funding sources.

Equipment Prior Approval

Sponsor approval is generally required for the purchase of equipment. If not in original budget, written approval must be obtained by the sponsor through a budget modification.

Capital Equipment Approval

- Approved in original budget
- Approved through a Budget Modification

Equipment Ownership

The award document or sponsor guidelines will specify who retains title to equipment purchased with sponsored funds. If title to equipment vests with:

- **CSUSM Corporation** - after the project ends, the Corporation will transfer ownership of the equipment to the University.
- **Sponsor** - sponsored-owned equipment must be carefully monitored and, in many cases, reported annually. Therefore, it is critical that both [CSUSM Procurement](#) and OSP be notified of any changes associated with the sponsor-owned equipment. "Changes" include, but are not limited to, items being moved from their original location, lost, stolen, or no longer being used by the project. **Sponsor-owned equipment may not be disposed of without sponsor's written approval.** When the project ends, disposition instructions must be obtained by the sponsor.

Equipment Tracking

Capital equipment is entered into CSUSM Procurement system. Each piece of equipment is bar-coded with a unique asset number that references back to the description, cost, and source of funds used to purchase. All equipment valued at \$2,500 or more will be tagged and tracked.

Final Property Report

Some sponsors require a Final Inventory Report of equipment acquired with sponsor's funds. Please be aware that even though not normally exercised, some sponsors retain the right to transfer title of the equipment to other sponsor-funded projects, possibly at other institutions. Usually, this right is exercised by the sponsor within a specified period of time, 90-120 days from the termination date of the project. In most cases, when equipment is purchased on a sponsored project, OSP must send a request to the sponsor for disposition instructions.

Hospitality

Charging hospitality expenses to a sponsored project is often very controversial and highly scrutinized. Please refer to the [Corporation Hospitality Policy](#) and [CSUSM Hospitality Guidelines](#) for additional information. Hospitality expenses include:

- Entertainment Services - Reasonable expenditures as part of a public purpose event includes, but is not limited to, equipment and venue rental, decor, music, and performers.
- Food and Beverage - Reasonable provision of a meal (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies). Alcoholic beverages are not allowable on Federal projects and most non-Federal projects.
- Awards and Prizes - something of value given or bestowed upon an individual, group, or entity in recognition of service to the university or achievement benefiting the university with the expectation of benefit accruing to the university or for other occasions that serve a bona fide business purpose.
- Promotional Items - items that display the name, logo or other icon identifying the university such as a keychain, coffee mug, calendar, or clothing.

As a rule, federal agencies view food and hospitality expense as an unnecessary cost to perform the grant scope of work. Exceptions exist, however, so it is recommended to first check with your Sponsored Projects Analyst to see if hospitality expenses are allowed. If allowed, the following documentation is required:

- 1) CSUSM [Hospitality Request Form](#)
 - Approval is required prior to incurring any hospitality expense
 - A strong justification as to why hospitality is necessary to the grant objective
- 2) Sign-in sheets showing the number and names of the attendees
- 3) A brochure/flyer/invite/etc. describing the event, the time and duration of the event, and the purpose of the event.

TIPS:

It is very hard to justify food and drink in these circumstances:

- Only project staff and/or partners are involved in the event.
- The time of the event is relatively short, e.g. only a few hours.
- Too much food was ordered for the number of participants involved.
- The cost of the food itself was too high to be considered 'reasonable'.
- The time of the event is within normal working hours, e.g. after breakfast but before lunch, or after lunch but before dinner.

Travel

Travel on behalf of CSUSM Corporation must be conducted in a manner that is necessary, ordinary, reasonable, and not extravagant. CSUSM Corporation will reimburse individuals for travel expenses incurred for properly authorized, official CSUSM Corporation business in accordance with the established [CSUSM Corporation Travel Policy](#). Individuals are responsible for excess costs and any additional expense incurred for personal preference or convenience. All information including travel documents, traveler responsibilities, pre and post travel information and more are thoroughly detailed in the [CSUSM Travel Guidelines](#) and the [CSU Travel Policy, ICSUAM 3601](#).

Alcoholic beverages are not allowable on Federal projects and most non-Federal projects.

Most state sponsored grants do not allow out-of-state travel. Check with OSP before scheduling travel.

Foreign Travel

Foreign travel that is not listed in the approved project budget may require prior written approval from the sponsor. All requests to obtain sponsor approval for foreign travel on a project should be submitted through OSP well in advance. The request should provide information regarding the purpose of the travel, number of persons traveling, destination, number of days, and estimated costs. Additional approvals may also be required.



Foreign Travel and U.S. Flag Carriers

Federal guidelines state that any air transportation to, from, between, or within a country other than the United States of persons or property, the expense of which will be paid by federal funding, must be performed by a U.S. flag air carrier if service provided by such a carrier is available. Projects using U.S. Federal Government funds (including pass-through funds from non-federal entities) require travelers to use U.S flag carriers in order to comply with the public law commonly referred to as the [Fly America Act](#). The federal government has very specific and detailed requirements that must be met before federal funds can be paid to a foreign flag air carrier (less cost or convenience may NOT meet the requirements). For specific requirements, refer to the sponsor's guidelines or contact OSP.

Procurement and Purchasing

The CSUSM Corporation Procurement Policy governs the purchase of equipment, materials, supplies, services. All purchases shall be made in a manner which supports legitimate CSUSM and/or CSUSM Corporation business purpose. This policy blends good business practices and governing policy while complying with federal and state laws. Refer to [CSUSM Corporation Procurement website](#) to review the CSUSM Corporation Procurement Policy and the Procurement Guidelines.

Service Agreements for Goods/Services

All service agreements (contracts, MOUs, leases and licenses etc.) related to sponsored projects must be signed by CSUSM Corporation. If a PI/PD or employee signs a contract, they are legally binding themselves, not the Corporation. To obtain a legally binding signature from the Corporation, the PI/PD or project authorized personnel must create a Purchase Requisition and upload the contract in CFS.

Contracts for goods/services may not be paid via Direct Pay Form or ProCard.

What must be included with the Service Agreements?

- Quotes
- Scope of Work
- Cost of goods/services
- Term of the Agreement
- Cost Justification
- Sole Source Justification (if applicable)

Purchase Requisitions and Purchase Orders

A Purchase Requisition is used to initiate the Purchase Order for goods and services from outside vendors. The Purchase Order must be issued by CSUSM Corporation prior to placing any orders for goods/services. A Purchase Order is a legal document that obligates the vendor and CSUSM Corporation to render goods or services. All items purchased with sponsored project funds must comply with [CSUSM Corporation purchasing policies and procedures](#). Refer to [CSUSM Corporation Procurement website](#) for more information. OSP staff will work with you to create subaward agreements that are compliant with the sponsor's and CSUSM Corporation's policies and procedures.

Below is a high-level workflow involving a purchase requisition:

- Requisition is created in CFS by PI/PD.
- Requisition is reviewed by CSUSM Corporation's Business Operations Team.
- Requisition is reviewed and approved by OSP for allowability, allocability, funding, coding, and supporting documentation, as required.
- Requisition is turned into a purchase order by CSUSM Corporation Business Operations Team.
- A copy of the PO is sent to the requestor, who may now place the order. When ordering, reference the PO number so it may be reflected on the vendor's invoice.

Purchasing Issues

- Purchases not authorized/approved
- Lack of competition
- Lack of documentation
- Not following written procedures

Once the order is placed and goods/services received, the vendor will send an invoice. The PI/PD/authorized project staff need to review the invoice and confirm accuracy prior to submitting to the Office of Sponsored Projects for review. The OSP Sponsored Projects Analyst will compare the invoice to the purchase order prior to forwarding to CSUSM Accounts Payable for payment.

Direct Pay

Direct Pays are reimbursements directly to an individual for a purchase of project related expenses from their personal funds. The direct pay may be used with low dollar purchases which don't require the establishment of a purchase order. For expenses requiring a purchase order, see the Purchase Requisitions and Purchase Orders section of this handbook. Direct Pays are also approved invoices sent to Accounts Payable for processing without the establishment of a Purchase Order.

Procurement Card (ProCard) Purchases

CSUSM Corporation has established a [ProCard program](#) that is designed to improve the efficiency, flexibility and convenience related to purchasing low-dollar/high-volume transactions for goods, supplies and approved offsite services. The program is available to permanent employees and long-term temporary employees with a position appointment of at least six months. ProCard activity must be reviewed, reconciled, and approved monthly. Itemized receipts must be provided to support all charges. For purchases using sponsored project funds, additional supporting documentation may be required.

For more information on the ProCard program, visit the [CSUSM Corporation ProCard website](#). Issuance of a ProCard is a privilege which can be revoked, and every reasonable effort must be made to ensure that funds are used responsibly and in a manner consistent with CSUSM Corporation and University policies, mission, applicable laws and ethical practices. The card CANNOT be used for personal expenditures.

Monitoring Expenses & Project Progress

Regular monitoring, by the PI/PD, of a project's progress and ensuring expenses post correctly is fundamental in ensuring a project adheres to the award's terms and conditions and applicable policies.

Monitoring Expenses

Expense Tracking

During the life of an award it is important to keep track of expenditures so that neither a deficit nor a large surplus is left at the end of the award. Expenditures may take up to a month or longer to be posted to the accounting system, so PI/PDs should consider maintaining a set of 'shadow books' to track award expenditures. Financial reports are available to the PI/PD and assigned staff through the PeopleSoft Financial System and Sponsored Program module. To request access, complete the CFS Access form on the IITS [website](#). Training is available from the Financial Systems Operations or OSP team. The shadow books should be used to compare the CFS financial reports. PIs can request from Corporation Payroll a list of employee ID numbers and names for each project to verify that all salaries and wages charged to the award are valid and correct. If variances exist, the cause should be identified and resolved with a cost transfer and OSP should be notified. For additional information see the Cost Transfer section.

Rate of Expenditure / Burn Rate

During the project period, PIs can jeopardize their funding when spending either accelerates at an unanticipated rate or falls significantly behind project expectations. While there may be very good programmatic reasons for accelerated or decelerated levels of spending, it is a good idea to monitor the burn rate of expenditures.

Excessive Spending Near the End of Project

Excessive spending near the end of a project is a "red flag" for auditors. Such activity raises questions about purchases that may be hard to justify in terms of project benefit and their necessity to complete project goals. If the technical progress of the project is substantially over, but then costs pile up at the end, an audit review could conclude that such costs were not necessary and were not allocable to the sponsored project. Any disallowed costs are the responsibility of the PI and may be charged to their IDC campus program project.



Equipment purchases in the latter part of a project are often scrutinized, and sometimes not allowed. An expenditure late in the project period, e.g., within 60 days of the project end date, will need to be explained and documented, and may require written approval from the sponsor.

Important! Any cost incurred after the project end date cannot be charged to the grant. This includes items ordered but not received and services encumbered but not completed. This is different from stateside spending, where items or services ordered (aka encumbered) before the fiscal year end can be considered spent by the department.

Changes over the Life of a Sponsored Project

Actual expenses and plans for a sponsored project may be different than initially proposed/awarded. Each sponsor has guidelines about how changes to the award should be handled. Any possible changes in the terms and conditions of the award should be discussed with the assigned Sponsored Projects Analyst before implementing any changes.

No-Cost Extensions

No-cost extensions are usually requested by the PI due to project delays, where additional time is needed to carry out the approved scope of work, but no additional funding is required. **The fact that funds remain at the end of a project is not sufficient justification for an extension.** The PI should describe the reason for the extension along with the spending plan for the unexpended balance. Expanded Authorities on many federal grants and cooperative agreements may allow OSP to approve a single no-cost extension.

PI or Key Personnel Transfer/Absence/Reduction of Effort

Advanced written sponsor approval is required when the PI or other key personnel intend to transfer to another institution, plans to be absent from the project for three months or more, **or reduce his or her level of effort by 25% or more from the awarded level.** The PI, working with the SPA, is responsible for obtaining prior sponsor approval for Key Personnel changes/effort reductions.

Scope of Work Change

Any change in the proposed scope of work requires sponsor approval. The PI should describe the scope change needed and the impact the change may have on the budget.

Carry-forward

Certain sponsor awards may not allow automatic carry-forward of unexpended funds for each budget period. The PI must review the sponsored award terms closely to ensure whether the award requires advance sponsor approval for carry-forward of unexpended funds to the next budget period.

Significant Re-budgeting

Re-budgeting of awarded costs may be considered significant when the change results in re-budgeting a single direct cost budget category by more than 25% of the total award. Depending on the terms of the award, the PI may be required to submit a revised budget to the sponsor explaining the need for significantly re-budgeting project costs. Significant re-budgeting may indicate a change in the scope of work.

Cost Share (aka 'Match')

Some sponsors require that the recipient of an award cover a portion of the cost of a project. When such a requirement exists, it is referred to as 'cost share' or 'match'. Cost share typically takes the form of in-kind contributions or cash. An example of an in-kind contribution would be salary and benefit costs for the PI or other personnel on a project that is not reimbursed by the sponsor. Another example would be project supplies purchased with non-sponsored project funds. There is an institutional record of the cost share/matching in financial records.

Cost share goes through the same allowability review as grant expenditures. **It must meet the same criteria as any expense that would be directly charged to the grant; i.e. it must be reasonable, allocable, and a direct benefit to the project. All cost share must be documented.**

Post-award and/or the PI tracks cost share, including all documentation, at least quarterly or whenever the sponsor requires

CAUTION

Cost Share/Match Issues

- Not valuing in-kind correctly
- Lack of official documentation

the cost share to be reported. Not meeting the cost share requirement of a grant can impact the sponsor's reimbursement. Some sponsors will only reimburse up to the amount of cost share contributed by the recipient. Please refer to CSUSM Corporation's [Cost Share Guidelines](#) for more information.

Be aware! Shortage in Cost Share Funds Unless a waiver has been granted, not meeting the cost share requirement can negatively impact the sponsor's reimbursement.



Cost Transfers

When errors occur in making initial charges, a cost transfer can be used to correct the error. Any cost transfer involving grant funds is subject to critical review and requires a strong justification. Federal regulations strictly prohibit the transfer of costs from one grant to another simply to cover overdrafts or to use balances left at the end of a grant. For additional information, please refer to the CSUSM Corporation [Cost Transfer Policy](#).

CSUSM [Fiscal Services and Accounts Payable Accounting's Financial Transfer Request](#) form stipulates what information is required when processing a cost transfer. All cost transfer requests must include a written explanation, back-up showing where the original cost was posted, and approval from the PI before it can be processed. The justification should be prepared in such a way that a person outside of CSUSM Corporation (i.e., an auditor) would be able to understand why the cost transfer is necessary. Transfers must be completed within 90 days of the original expenditure. Cost transfers not made within the 90-day time frame will be reviewed on a case by case basis through the Cost Justification form which can be found on OSP's [website](#). *Note:* The 90-day rule may not apply for transfers relating to grants that have ended. Reporting requirements may limit the timeframe to 10 days or less after the period of performance end date.



Transferring expenses to cover overdrafts or use excess funds

Suggestions for review:

- Review Budget to Actual reports in the Common Financial System (CFS) for errors and problems such as:
 - ✓ Incorrect or unallowable account codes (i.e. supplies posted in salary)
 - ✓ Purchase orders (i.e., encumbrances) completed but still listed as open
 - ✓ Budget category or bottom-line is in an overdraft status
- Salary Charges – review salary charges to be sure they are consistent with the personnel working on the sponsored projects. CFS provides detail by employee ID number. PIs can request from Corporation Payroll a list of employee ID numbers and names for each project in order to monitor payroll salaries and benefits by employee.
- Compare supporting documents on file – invoices, expenditure transfer requests, direct payments - to the Budget to Actual report for agreement.
- PIs may elect to keep track of all known project expenditures in a worksheet (aka “Shadow Book”) and use the Shadow Book to compare to CFS financial reports to discover discrepancies. Remember that CFS reports are historical and expenses might not be reflected in CFS for up to 30 days after expenses are incurred.

Program Income

Program income is income earned from activities of a sponsored project. An example of program income would be fees paid by participants for a workshop or conference funded by a sponsored project. Most federal agencies require that program income be used for the purpose of the project and be reported; however, terms will vary by award. It is critical to carefully review the terms of the award and to develop a plan with OSP to track and report program income.

Compliance

Maintaining and managing compliance with all applicable policies and regulations is integrated in all aspects of a sponsored project. It begins in pre-award and extends beyond the closeout process.

Common Regulatory Compliance

Financial Conflict of Interest

In accordance with state and federal conflict of interest (COI) regulations, CSUSM Corporation instituted a COI policy to manage, reduce, or eliminate any actual or potential conflicts of interest involving activities conducted under the authority of CSUSM or its auxiliary organizations. This policy requires investigators supported by external funds to disclose significant financial interests that may constitute conflicts of interest.

To ensure key personnel working on a sponsored project do not have a financial conflict of interest, specific sponsors require a financial conflict of interest (FCOI) disclosure before a proposal is submitted, or accepted, and often require interim statements to be submitted to the Office of Sponsored Projects. Please reference the [Sponsored Projects Conflict of Interest Policy](#).

Additionally, the State of California and awards from PHS agencies, require FCOI training. For additional training information, please see our [COI website](#) and [Sponsored Projects Conflict of Interest Policy](#).

Animal Subjects

All research involving animals must be reviewed and approved by the Institutional Animal Care and Use Committee (IACUC). IACUC ensures the humane treatment of all animals used in research. For additional information, please see the [IACUC website](#).

Human Subjects

When humans are used in research, whether through data collection identifiable as private information or interaction with the individual (as a recipient of the test article or a control), this is considered human subjects and must be approved by the CSUSM Institutional Review Board (IRB).

The IRB is an independent committee that protects the rights and well-being of research subjects. As part of the protocol and informed consent process, the IRB reviews all aspects of compensation and reimbursement made to a human subject including amount, proposed distribution method, timing, and if a human subject is either a CSUSM student or employee.

For additional information please see the [IRB website](#).

Responsible Conduct of Research (RCR)

California State University San Marcos (CSUSM) promotes the responsible conduct of research among CSUSM faculty, students, and staff. Federal legislation and agency policies (e.g., NIH, NSF, USDA) require that awardees of specific federally-funded research and training grants provide appropriate Responsible Conduct of Research (RCR) training. For additional information refer to the [CSUSM Institutional Plan for Training on the Responsible Conduct of Research](#).

Compliance Audits

Compliance audits are independent reviews of grantee records, verification of financial record accuracy, and confirmation of compliance with contract requirements. The auditor's objectives during the audit are to determine if grant funds were used as intended and specified in the contract, determine if the grantee's internal control allows for the accurate and timely development of accounting data, and verify compliance with applicable laws, regulations, and contract requirements. If an audit reveals non-compliance issues, an audit finding is often made public. Auditors do not generally have enforcement authority but are there to publicly disclose how grantees are operating.

Consequences of Audit Findings

- Required expansion of annual Federal Single Audit
- New requirements for procurements and contracts
- Rejection of future grant funding applications
- Paying back grant funds
- Negative publicity

OSP is involved in all financial audits of sponsored projects, serving as the liaison with auditors. In conjunction with other CSUSM Corporation and CSUSM departments, OSP provides financial reports, expenditure supporting documentation, and other sponsored project administration documents as requested by auditors. Certain records kept by the PI and staff must also be available for audit inspection, e.g. eligibility documentation for scholarships and human/research subject participant information.

OSP is routinely involved with the following audits:

a. Federal Single Audit - Uniform Guidance ([2 CFR § 200](#))

The OMB Uniform Guidance is a set of regulations that impact the proposals for federal funding, the way grants and contracts are managed, and the cost principles that guide research at CSUSM Corporation. Universities and other non-profit institutions must have audits conducted in compliance with [Subpart F—Audit Requirements](#). Auditors are required to determine if: (a) financial statements are presented accurately; (b) the Corporation has an internal control structure that provides reasonable assurance that federal awards are being managed properly and ensures compliance with laws and regulations that could have material effect on the financial statements; and (c) the Corporation has complied with those laws and regulations that could have a direct and material effect on its financial statement amounts and on each major federal assistance program. CSUSM Corporation is also responsible for submitting the single audit report to the federal government. Financial and single audit reports can be found on the CSUSM Corporation [website](#).



b. California State University Chancellor's Office (CO) Audits

[Audit and Advisory Services](#) assists university management and the Trustees by conducting and completing independent and objective operational and compliance audits, internal control reviews, investigations, and advisory services to add value and improve operations across the CSU. This assistance is provided through a series of independent and objective operational and compliance audits, internal control reviews, investigations, and advisory services designed to add value and improve operations.

c. Sponsor or Project Audits

Some sponsors send auditors to audit the projects funded by them. During these audits, the auditor(s) may review a sample of transactions funded by the sponsor to ensure that CSUSM Corporation has complied with the sponsor's policies and specific requirements and restrictions. In addition, CSUSM Corporation's internal controls are reviewed to ensure that they adequately safeguard the sponsor's funds.

d. Desk Audits

A newer, and increasingly more frequent, method of monitoring, is the desk audit. Desk audits can be quick and relatively easy, or an administrative burden depending on the extent and depth to which the agency chooses to audit its recipient. Desk audits are similar to sponsor or project audits but are performed via electronic methods.

Reporting

Reporting requirements for each sponsored project are identified in the Notice of Award document. These requirements often vary between projects and sponsors.

CFS Data Warehouse

CFS Data Warehouse is our internal financial system and can provide project specific expenditure reports. Expenditure reports should be run and reviewed by the PI every month. Reviewing expenditure reports monthly will ensure that unallowable/incorrect expenses are identified and removed in a timely manner.

The Financial Systems Operations department (FSO) offers instruction to employees on how to run various reports in Data Warehouse. For help on running reports for sponsored projects, visit the [FSO](#) and [OSP](#) websites. Your assigned SPA in OSP can also assist in running financial reports.

Technical, Progress, or Programmatic Reporting to Sponsors

Often, a sponsor will request technical, progress, or programmatic reports to evaluate the progress of the project. It is the PI's responsibility to submit programmatic reports in accordance with the sponsor's required format and due dates. A copy of the report should be forwarded to the SPA.

The PI is responsible for keeping all programmatic materials and reports as specified in the Notice of Award. For additional information on record retention, please see Closing a Project: Record Retention.

For additional information, please see the OSP [Progress Report Procedure](#).

Financial Reporting to Sponsors

If any sponsor, federal or non-federal, requires or requests a financial report, the report should be prepared and submitted by OSP.

Some federal agencies require a Federal Financial Report be filed every quarter, or at least semi-annually. OSP is responsible for submitting these reports. Federal regulations also require that a SEFA report (Schedule of Expenditures of Federal Awards) be submitted at the end of each fiscal year. It is very important to capture all expenditures, including those that have been incurred but not billed or paid. OSP works with University Auxiliary Accounting, subrecipients, PIs, and other staff to accrue those expenses at year end.

Additional reporting by OSP includes the National Science Foundation's Higher Education R&D Survey. This comprehensive survey is submitted annually in January, and tracks R&D expenses on our campus by type, discipline, sponsor, purchased equipment, number of persons employed, and other elements. If interested in the outcome of each year's survey, go to <http://www.nsf.gov/statistics/herd>.

Closing a Project

The final step in managing a sponsored project is the closeout period. The closeout period begins 90 days before the end date and depending on the sponsor are generally to be completed within 90-120 days after the end date. Refer to the Notice of Award specific to your project to confirm reporting requirements and closeout requirements for your project. For additional information, please reference [the Sponsored Project Closeout Procedures](#).

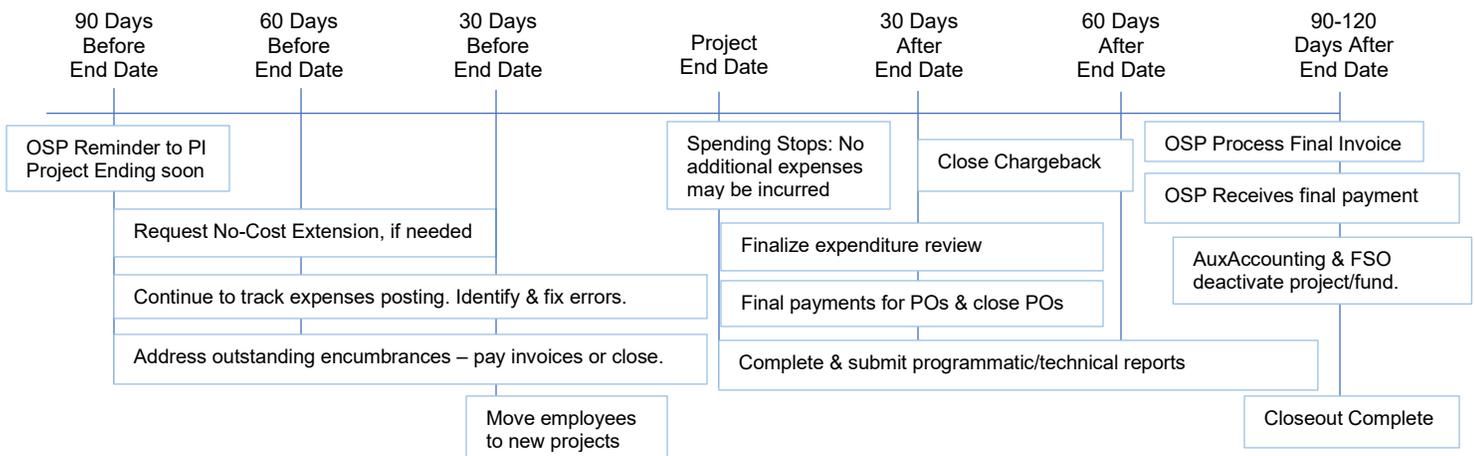
Timeline to Facilitate Smooth Close Out

- **3 Months prior to Expiration OSP will contact PI/PDs and staff to:**
 - Remind them of the project end date.
 - Will there be a balance at expiration?
 - Will the work be complete by the project expiration?
 - If work is not completed, work with OSP to request a no-cost time extension.
 - If project will end, check on the status of encumbrances.
 - Check on status of required cost share. Has the minimum been met? Is the documentation complete?
 - Check Accounts Receivable for any outstanding invoices. Resolve any outstanding issues.

- **1 Month prior to Expiration PI/PD and staff need to:**
 - Ensure all outstanding invoices are being paid and processed by Accounts Payable.
 - PI/PD and staff should begin preparing the paperwork to move personnel to new funds.
 - Once again ensure that any cost share or encumbrance issues have been resolved.

- **After the Expiration Date of the Fund/Project OSP will:**
 - Determine that all expenses posted after the end date were incurred prior to the end date.
 - Confirm with PI/PD and staff that all expenditures have been posted and the balance of funds remaining is accurate.
 - Remind the PI/PD to submit all other final reports required by the agency.
 - Prepare a final invoice or make a final drawdown.
 - Prepare final financial report (e.g. SF425, sponsor format) as required by sponsor.
 - Prepare a closing packet based on the closeout checklist.

Summary of Closeout Schedules



Final Reports

Most sponsors require final reports to be submitted. The final report deadlines are often 90 days from the project end date but do vary by sponsor. Please check with the Notice of Award and OSP if you are unsure as to when your report(s) are due. Meeting this deadline becomes especially crucial when the award document specifically stipulates that final invoices/billings received after the deadline are not acceptable and will not be paid. As previously stated, these deadlines can only be met when OSP and the PI/PD work closely together.

- **Final Technical/Programmatic Report**

Often a sponsor will require a final technical or programmatic report to evaluate the success of the project. It is the PI's responsibility to submit technical reports in accordance with the sponsor's required format and due dates. The final technical reports may include additional reports such as equipment and invention reports. A copy of the report should be forwarded to the SPA.

The PI is responsible for keeping all programmatic materials and reports as specified in the Notice of Award. For additional information on record retention, please see Closing a Project: Record Retention.

For additional information, please see the [OSP Progress Report Procedures](#).

- **Final Financial Report**

Once a final invoice is submitted, it is very difficult to get reimbursed for additional costs. It is critical that all project-related costs get allocated to the project before the final report is submitted. This means cost transfers, outstanding encumbrances, and other outstanding expenses must be processed 30 or 60 days **before** the respective due date of the final financial report.

- **Final Equipment, Property, or Invention Report**

Some sponsors require a final inventory of equipment acquired with sponsor funds. Even though not normally exercised, some sponsors retain the right to transfer title of the equipment to other sponsor funded projects, possibly at other institutions. Usually, this right must be exercised by the sponsor within a specified period of time, usually 90-120 days from the termination date of the project. If the equipment is owned by the sponsor, a request for disposition instructions must be sent to the sponsor.

Closing a Project

Projects are considered completed or "closed out" after the sponsor receives and approves all reports as required by the terms and conditions of the award.

Once a grant has been closed, OSP will verify that all fund balance sheet accounts are zero, and revenue and expense accounts net to zero. OSP will notify University Auxiliary Accounting and Financial Systems Operations to de-activate the fund and associated projects.

Record Retention

Most sponsors require that records be retained for a minimum of three (3) years from the date the final expenditure report is submitted, or final payment received. OSP will retain institutional records according to sponsor requirements. If paper documentation is only maintained with the department (e.g. eligibility documentation), it is imperative that the department retain the back-up documentation for the period required by the sponsor. This documentation may be requested in a future audit. Refer to the CSUSM Corporation [Records Retention Policy and Procedure](#).

Additional Resources

[CSUSM Corporation Website](#)

[OSP Glossary & Policy Definitions](#)

[OSP Policies & Forms](#)

[OSP Frequently Asked Questions](#)

[Financial Reporting Training on PeopleSoft Data Warehouse](#)

[CSUSM Corporation Travel Policy & Forms](#)

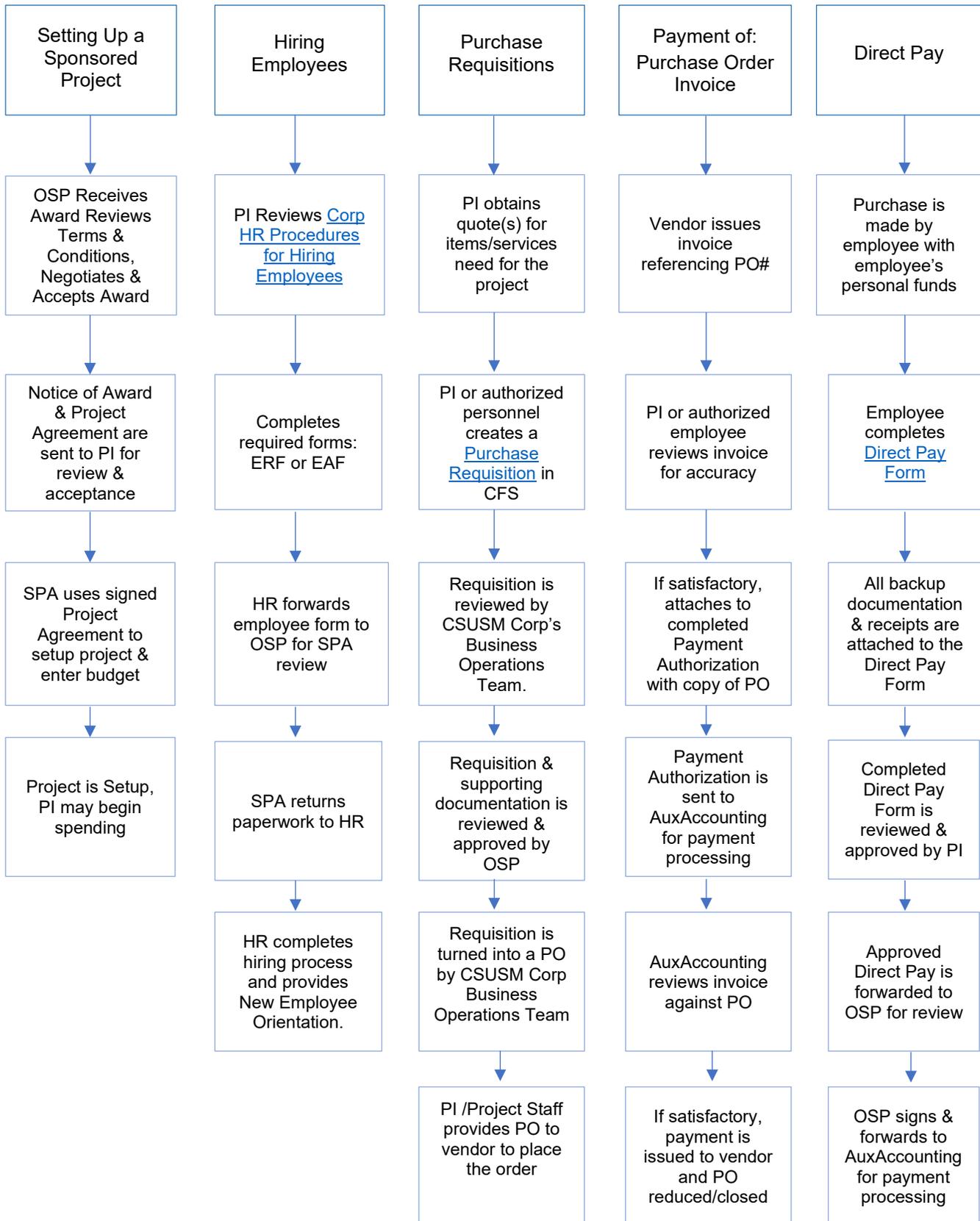
[CSUSM Corporation Procurement](#)

[Purchase Requisition How To](#)

[Commonly Used Account Codes](#)

Quick Reference Guide

Flow of Documents for Sponsored Projects



Glossary

Below are commonly used terms and definitions. Please find additional definitions located on the OSP Website under [Policies & Forms](#).

CFS – Common Financial System is the PeopleSoft financial software used by CSUSM and CSUSM Corporation. It is the same software used by the CSU system.

Chartfield – A Chartfield is a unique string of numbers assigned to identify the accounting activities of a project. The chartfield 'string' is made up of four (4) main components: fund number, project number, department ID number, and expense account code.

DeptID – The Department ID in the chartfield string defines academic areas, research units, or administrative offices with an appointed manager, that have programmatic, operational, fiscal and/or budgetary responsibility for a specific set of activities and projects/grant. This Chartfield corresponds to the campus's organizational structure.

Encumbrance - an outstanding purchase order whose goods or services have not been received or performed.

EAF - Employment Authorization Form is required by CSUSM Corporation [Human Resources](#) for every employee of the Corporation.

Fund – 9XXXX – The Fund is a unique 5-digit number in the chartfield string assigned to each sponsored project. For CSUSM Corporation purposes, the Fund represents the award life cycle. A fund may have multiple projects, but a project will only have one fund.

F&A/IDC – “F&A” and “IDC” represent the same thing: Facilities & Administrative Costs or Indirect Costs. These are overhead costs that cannot be charged directly to a sponsored project; such costs are reimbursed by sponsors through use of an “indirect rate.”

MTDC – Modified Total Direct Costs is the base to which F&A (indirect cost) rates are applied. MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the federal cognizant agency for indirect costs.

PI – “PI” stands for “Principal Investigator”, the individual (whether referred to in the contract or grant as a Principal Investigator, Project Director or other similar term) designated by the sponsor and CSUSM Corporation to be responsible for ensuring compliance with the academic, scientific, technical, financial and administrative aspects and for day-to-day management of the sponsored project. If more than one PI is designated, the term Co-PI is often used.

Project Number – Every sponsored project will have at least one project number associated with its fund. The project number identifies a special set of activities or time periods related to an award, e.g. Year 1, Year 2, etc. or Task 1, Task 2, etc.

Sponsor – Agency which funds a sponsored project with a Notice of Award.