

3.10.4

Financial Resources: Control of sponsored research/external funds

The institution maintains financial control over externally funded or sponsored research and programs.

Judgment

Compliance Partial Compliance Non-Compliance Not Applicable

Narrative

Tennessee Technological University (TTU) publishes policies and procedures [1] regarding the management and administration of sponsored research/external funds, and maintains financial control over externally funded or sponsored research and programs.

Policies and Procedures

The policies and procedures that govern the pre-award administration of sponsored research/external funds are available on the Office of Research and Economic Development website [2]. The Research and Sponsored Programs Handbook provides a compilation of the processes and procedures that govern the management and administration of grants and contracts received by the University [3]. All of these policies and procedures are in concert with the Office of Management Budget Circulars (OMB) Uniform Administrative Requirements (A-21) [4], Cost Principles (A-110) [5], and Audit Requirements for Federal Awards (A-133) [6], which have now been combined and referred to as the Uniform Guidance (2CFR, Part 200, et al.) [7] and became effective December 26, 2014, for all institutions of higher education. TTU is also in compliance with the Tennessee Board of Regents (TBR), state, and local policies and procedures related to the management of sponsored research/external funds.

Administration of Sponsored Research

Administration of sponsored research at TTU consists of pre-award and post-award practices. It is a very comprehensive and collaborative effort among the principal investigator, the department, the college, the Office of Research (a unit within the Office of Research and Economic Development), and Grant Accounting (a unit within the Office of Planning and Finance). The Office of Research and Economic Development reports directly to the President (see Organizational Chart) [8], and Grant Accounting reports to the Vice President of Planning and Finance (see Organizational Chart) [9].

The Office of Research conducts pre-award administration, while Grant Accounting conducts post-award. The collaboration between the two units ensures that measures are in place for effective award management and financial control of funded or sponsored research and programs. The collaboration also ensures checks and balances between the proposed budget and award expenditures. The following narrative describes the pre-award and post-award policies and procedures related to regulatory compliance and control of funded or sponsored research and programs.

Pre-Award. The Office of Research oversees all aspects of pre-award activities, including the following:

- facilitate the identification of funding opportunities [10]
- train researchers in responsible conduct of research [11]
- assist researchers with developing competitive proposals [12]
- review proposal budgets to ensure proposal costs are reasonable, allowable, and allocable [13]
- approve proposal budgets to ensure accurate direct and indirect costs are budgeted
- submit proposals to the funding agency [14]

- review, approve, negotiate, and activate awards [15]
- request award modifications, if necessary, including no-cost extensions, as needed [16]
- monitor subcontractors and perform closeouts, as needed [17]
- review and accept legal terms and conditions for conducting externally sponsored program activities, including those involving human subjects [18], animal care and use [19], intellectual property [20], export controls [21], and financial conflict of interest [22]

Post-Award. The contract approval and project activation process is the mechanism for the implementation of the post-award process. The principal investigators/project directors and appropriate administrators review and agree to the University's obligations and the conveyance of all original contractual documents to the Business Office. The Grant Accountant establishes an account number, and all expenditures are charged to the account. Grants, contracts, etc., are reviewed in the Office of Research to ensure that they are in compliance with University, TBR, state, and federal policies and regulations prior to being accepted by the University. The Office of Grant Accounting maintains the accounting records and prepares various financial reports related to sponsored projects. The Banner System is the platform for financial and accounting records of the University.

The Office of Grant Accounting is responsible for the financial management, control, and regulatory compliance of externally sponsored awards in accordance with OMB A-133. Essentially, the Grant Accounting Office has the primary responsibility to:

- develop institutional policy and administration of financial reporting to grantor agencies
- ensure compliance with all applicable state and federal regulations
- identify proper costs for reporting
- assist in the development of the Facilities and Administrative cost rate
- report funds received
- provide financial monitoring and reporting for sponsored agreements
- prepare required financial reports and invoices for receipt of sponsored funds and input sponsored awards into the Banner Financial System

For all research accounts, the Office of Grant Accounting maintains internal control to ensure the compliance with relevant guidelines in the TTU Accounting Policy and Procedures [23], such as Budget Control; Accounting for Expenditures; Procedures for Payment of Invoices; Interdepartmental Transfers; and Request for Payment, Grants, Contracts, and Cooperative Agreements, etc.

Financial Reporting and Audits

The type and frequency of reports on federal programs vary according to the program and the type of agreement, and may include annual or interim project reports, invention disclosure reports, and financial reports. The principal investigators/project directors and appropriate administrators review and agree to the university's obligations and the conveyance of all original contractual documents to the Business Office. The Grant Accountant establishes an account number, and all expenditures are charged to the account. The Grant Accounting Office maintains the accounting records and prepares various financial reports related to sponsored projects.

Federal OMB Circular A-21 "Cost Principles for Educational Institutions" requires all institutions of higher education to have a method to document financial effort for sponsored agreements, whether treated as direct cost or facilities and administrative cost, and requires institutions to certify this effort after the fact. TTU uses the Plan Confirmation Method described in OMB Circular A-21 (j [10c] [1]).


In compliance with federal regulatory requirements, the annual financial audit report by the State of Tennessee Auditor includes reports on the basic financial statement as required by generally accepted accounting principles and the Single Audit reports [24] on compliance as required by OMB Circular A-133. The State of Tennessee conducted an A-133 Audit in FY 2009 [25], FY 2010 [26], FY 2011 [27], FY 2012 [28], and FY 2013 [29], and the corresponding management representation letters [30] [31] [32] [33] and [34] are submitted to the State of Tennessee Auditor General regarding federal awards. The A-133 Audit for FY 2013 (A-133) reported one instance of a non-financial finding. At the time of this submission, the FY 2014 Audit is in process. Consequently, TTU has demonstrated evidence of compliance with the SACSCOC standard. The Office of Internal Audit regularly audits sponsored

projects.

Conclusion

In the administration of sponsored research and external funds, TTU follows specific policies and regulations that are in concert with the Office of Management Budget Circulars (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, now known as the Uniform Guidance. Within this framework, the Office of Research offers pre-award management services, ranging from identifying funding opportunities to submitting proposals to funding agencies, and Grant Accounting offers post-award management services in terms of contract approval and activation. TTU also follows federal reporting guidelines through the submission of its basic annual financial statements. Through this system of administration, TTU demonstrates compliance with Comprehensive Standard 3.10.4.

Sources

-  [01] Award Management Regulations Policies and Procedures
-  [02] Research and Economic Development Home Page
-  [03] Research and Sponsored Programs Handbook 2014
-  [04] OMB Circular A21
-  [05] OMB Circular A110
-  [06] Federal Register on Uniform Guidance
-  [07] Uniform Guidance
-  [08] Organizational Chart Office of Research and Economic Development
-  [09] TTU Organizational Chart_1_2015
-  [10] Find Funding
-  [11] Responsible Conduct in Research Training
-  [12] Proposal Development Resources
-  [13] Proposal Budget Development
-  [14] Proposal Submission Assistance
-  [15] Review Awards
-  [16] No_Cost Extensions and Other Award Modifications
-  [17] Monitor Subcontractors and Perform Closeouts
-  [18] Human Subjects Research
-  [19] Animal Care and Use Policies
-  [20] Intellectual Property Advisory Committee
-  [21] Export Control and Trade Sanctions
-  [22] Conflict of Interest Policies
-  [23] Accounting Policies and Procedures Rev M_3-26-13: Sections 1.1_2.1_3.1_12.1

-  [24] Single Audit Report
-  [25] FY 2009 Audit Report
-  [26] FY 2010 Audit Report
-  [27] FY 2011 Audit Report
-  [28] FY 2012 Audit Report
-  [29] FY 2013 Audit Report
-  [30] Management Representation Letter 2010
-  [31] Management Representation Letter 2011
-  [32] Management Representation Letter 2012
-  [33] Management Representation Letter 2013
-  [34] Management Representation Letter 2014