

# University of Missouri System

## Accounting Policies and Procedures



**Policy Number:** APM-60.35

**Policy Name:** Establishing an Award

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### General Policy and Procedure Overview:

The Curators of the University of Missouri receive funds to support sponsored awards from federal and non-federal funding agencies/sponsors. This policy provides guidance for the University to process and set up an Award and/or process a Pre-Award project request.

### Definition of Key Terms:

**Award** – Agreement providing or obligating funds from a funding agency/sponsor in support of a sponsored project.

**CFDA number**- Catalog of Federal Domestic Assistance (CFDA) number associated with an award. The CFDA is a federal government-wide compendium of financial and non-financial assistance programs. External auditors may request this number and seek to verify it with external documentation available.

**Fully Executed Award**– A document signed (executed) by both the University and Sponsor to provide funding for a sponsored project.

**Negotiation** – Any exchange of information pertaining to, or that may lead to an alteration of, the terms of an agreement.

**Pre-Award Project** – This is a project established in the financial system prior to receiving a fully executed award document.

**Proposal** – A document sent to a potential sponsor seeking funding for a project.

**Proposal Signature Routing Sheet (PSRS)**: Report generated out of the financial system with proposal data and signature lines, where signatures signify approval of the proposal to be submitted. It is also used to document approval of cost share and time commitments included in the proposal.

**Project**— The characteristics of a sponsored project are:

- activities relating to a proposal funded by an entity outside the University,
- funded for a specific purpose,
- an exchange transaction where the sponsor receives value in return for the funding provided to the University,
- executed by an award, contract, cooperative agreement, memorandum of understanding, or other formal mechanism,
- for the purpose of supporting any research, scholarly, instructional or public service activity,
- the sponsor may retain some claim (option or otherwise) to intellectual property that may be developed as a result of a sponsored project,
- the sponsor may have a direct interest in the development and ownership of the intellectual property resulting from the activity, and
- the project may have restrictions requiring regulatory compliance.

## **Detail Policy and Procedure:**

- **Proposal Submission**

In accordance with the University's Business Policy Manual for Grants and Related Contracts ([BPM 210](#)), all proposals seeking funding from a potential sponsor must be reviewed and approved by the campus Sponsored Programs Office (SPO) before being submitted to the sponsor.

The Principal Investigator (PI) completes the proposal, with the required approvals documented on the Proposal Signature Routing Sheet (PSRS). When appropriate signatures are obtained from the department and division or college, the PI forwards the proposal and the PSRS to SPO for review. The SPO review includes matters of sponsor and University compliance, budget calculations, setup in the PeopleSoft system, and ensures the PSRS is proper and complete. A proposal checklist (included in the Pre-Award Standard Operating Procedures) is used to guide the reviewer and to ensure no major points are overlooked. The SPO evidences the completion of the review by the SPO signature on the PSRS. When the review is completed, the proposal is routed for the authorized institutional signature.

- **Receipt of Award**

All awards must be reviewed by the SPO before being set up in the financial system.

The University receives award notifications in various locations on campuses that a sponsor has decided to fund a proposal. If a department receives a notification of award, the department must transmit the award to SPO. Upon receipt of the award, the review and processing by the SPO is documented using notes in the PeopleSoft Proposal Note Pad.

The SPO is responsible for:

- Reviewing the terms of the award,
- Obtaining review from other University representatives as required (minimally to include the Principal Investigator and General Counsel),
- Negotiating any terms that require negotiation,
- Executing any agreement that is finalized,
- Ensuring that regulatory approvals are in place as required,
- Creating the award in the financial system.

The SPO review of the completed award is a control to ensure the final award agrees with the proposal authorized by management and that other University policies are complied with.

- **Award Setup**

No spending or work on a sponsored project may take place related to an award or pre-award project until the Project ChartField string has been created and activated. The ChartField string will not be created and activated until the reviews and approvals noted above have been completed (except execution of the agreement in the case of a pre-award project).

Once an award has been fully executed (or accepted by the University, in the case of unilateral awards; or guaranteed by the department in the case of pre-award projects) and received by the SPO, the award must be set up in the financial system. Setup of the award consists of making the appropriate entries in the financial system and notifying the PI so that funds can be expended. A review of the award package must be performed by the SPO to ensure completeness and accuracy of the set-up.

The Catalog of Federal Domestic Assistance (CFDA) number associated with federal and federal flow through projects should be obtained as early in the process as possible. If available at the proposal stage, CFDA data should be entered in the Maintain Proposal page. By federal law (Public Law 106-107 (1999)), the CFDA number is usually specified on the face page of the Request for Proposal (RFP) or Request for Application (RFA). The CFDA number may also be stated within the program guidelines. Awards from federal agencies such as NIH, NSF, Dept. of Education, etc. will normally include the CFDA number in the award notice. On any award where the status of federal funding and CFDA number is not clear from the documentation received from the sponsor in connection with the award, a written request (including fax or email) must be made to the sponsor to obtain this information and documentation maintained in the award file. Once a project has been created, it is the responsibility of the SPO accountant to follow up on any outstanding CFDA questions.

The identification of the cluster associated with the project must be verified at least twice by SPO designees using one of the two following processes:

1. before submitting the proposal and again while setting up the award (the preferred method), or
2. while setting up the award and reviewed by a second individual while setting up the award.

Once the SPO Accountant receives the project file from the individual who set up the award, the SPO Accountant reviews the setup for accuracy and completeness.

Quarterly, the SPO Management will select a sample of awards to verify the accuracy of the setup information in the system, including the CFDA and cluster information. Documented evidence of this review will be retained.

The Controller's Office will test a sample of awards quarterly to ensure the CFDA and cluster information have been obtained and accurately documented to agree with the award. Documented evidence of this review will be retained.

- **Pre-Award Project Setup**

Under certain circumstances, a pre-award project will be set up for activity where a fully executed award is not yet in place. Care must be taken by SPO managers, PIs and departments to ascertain from RFPs, RFAs, or bid solicitations, that federal grantors and state contracting authorities will cover pre-award expenses should any be incurred before the start date of an eventual award.

The following criteria must be met in order for a pre-award project to be set up:

1. The academic unit creating the proposal agrees to cover any costs that are not covered by an eventual award (or by an award not materializing), and notifies the SPO to that effect.
3. A pre-award request must be authorized and approved by the PI, Department Head and Dean or equivalent.
4. The academic unit notifies the SPO in writing (including email or fax) of:
  - a) their desire to begin work on the project before an award is finalized;
  - b) compliance with pertinent requirements (e.g., IRB (Institutional Review Board), IACUC (Institutional Animal Care & Use Committee), etc.);
  - c) the discretionary spending source to be charged for any costs not covered by an eventual award or due to an award not being granted.
5. These reviews and guarantee of funding by the PI, Department Head and Dean or equivalent are noted and documented in the PeopleSoft Awards Note Pad.

Once these criteria are met, a pre-award Project is set up and spending on that Project can begin. After a fully executed or unilateral award is received, the pre-award Project is converted to fully awarded status. The status of the Project is changed from Pre-Award to Awarded and appropriate billing information is entered.

- **Pre-Award Monitoring**

Quarterly, a Pre-Award Project review must be conducted by the SPO individual responsible for handling the award. A summary of this review will be provided to the Management in the SPO. The Controller's Office will prepare and disburse a quarterly report of Pre-award Projects older than 90 days (based on the project start date), and provide the report to SPO Management. The SPO should review the listing to ensure there is no build-up of unfunded Projects and that appropriate follow-up occurs with the PI and departmental administrators. The review of this listing ensures that management is aware of the existence of Pre-award Projects and provides the opportunity to question the status.

Any Pre-Award project in place for more than 6 months must be reviewed and its continuation affirmed by written approval of the PI, department chair and dean or equivalent. If the existence of the pre-award project is not affirmed at that time, and an award has not been made, the pre-award project is to be closed with all expenses transferred to the discretionary spending source committed by the academic unit.

A Pre-Award Project will be terminated and expenses transferred to the discretionary spending source controlled by the academic unit immediately upon receipt of knowledge that an award will not be issued or at the withdrawal of department's commitment to cover expenses that was given at establishment of a Pre-Award Project.

## **Responsibilities**

### **PI:**

- Completes the proposal and PSRS and routes it for approvals and submission.
- Authorizes all spending.
- Obtains departmental and college/division approval for the proposal.

- Confirms accuracy of information for proposal such as budget, F&A rate, and DepartmentID (including PCS).
- Provide positive confirmation of the acceptance of the award set up within PeopleSoft including budget(s), F&A rate and program income disposition if any.
- Obtains departmental approval and backup funding source for pre-award project.
- Gives formal acceptance and approval of Award to the SPO.

**Department Head (Chair/Director/Dean or designee):**

- Approves the Proposal
- Agrees to cover any pre-award spending not covered by an ensuing award.

**Controller's Office:**

- Prepare and disburse a quarterly report of Pre-award Projects older than 90 days (based on the project start date) to the SPO for follow-up.
- Perform quarterly review of Awards to ensure the CFDA and cluster information is obtained and accurately documented to agree with the sponsored agreement.

**SPO:**

- Reviews proposal ensuring appropriate approvals are in place.
- Checks proposal for compliance requirements.
- Tests proposal and award budget calculations.
- Ensures proper proposal and award setup in the financial system.
- Reviews every award setup for consistency with proposal.
- Ensure PI approval and acceptance of the award.
- Quarterly managerial review of award setup and PSRS to ensure the review is complete, approvals exist, and all steps have been followed.
- Follow-up and managerial review of Pre-Award Projects.
- Ensure that spending ceases on Pre-Award Projects if departmental backing is withdrawn.
- Obtain award review from other University representatives as required (minimally to include the Principal Investigator and General Counsel).
- Review and negotiate the terms of the award.
- Execution of any agreement that is finalized.
- Creation of the award in the financial system.
- Verify CFDA number and cluster during award set-up.
- Complete follow up on any outstanding CFDA questions once award is set up.

*Effective Date: December 1, 2007*

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**Questions and Comments?**

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.