OGRD Memorandum 20  
Fiscal Responsibilities on Grant and Contract Accounts  

WASHINGTON STATE UNIVERSITY  
The Office of Research  
Office of Grant and Research Development  

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SUBJECT: Fiscal Responsibilities on Grant and Contract Accounts

The purpose of this memorandum is to reiterate and clarify Executive Policy #1, Policy on Budget Responsibility, as to the fiscal responsibilities on grant and contract accounts. Executive Policy #1 is available on the web at http://www.wsu.edu/~forms/links.html

Grants and contracts are awarded to the University, not to individual investigators, departments, colleges, newer campuses, or other administrative units. Acceptance of a grant or contract by the Office of Grant and Research Development (OGRD) on behalf of Washington State University (WSU) signifies the University's willingness to assume responsibility for the administration of the funds in accordance with the terms specified by the awarding agency. Fiscal responsibility is shared within the institution by the principal investigator, his or her chairperson, director, dean, chancellor and other unit administrators. All of these people help to see that the terms of the award are observed and all expenditures during a given period are not in excess of funds awarded. The complementary roles are as follows:

A. Principal Investigator

1. Develops an over-all plan for the commitment of grant and contract funds, working with the authorized person(s) in the department, college, or urban campus, and consults other University officers as appropriate.

2. Approves all expenditure requests to be charged against the grant or contract account.

3. Reviews expenditure of grant or contract funds to assure:

   a. That funds are used only for purposes directly related to the activity supported and that these funds are reasonable, allowable, and allocable as defined in OMB Circular A-21. OGRD, SPS, and departmental administrators can provide additional information and understanding of OMB Circulars as necessary.

   b. That expenditures are consistent with all special terms, conditions, or limitations applicable under the particular grant or contract.

   c. That expenditures do not exceed the total funds authorized for a given period under the grant or contract. In many cases, the grant or contract
may also specify expenditure limits by budget category or line item. It is understood that management, administrative, and system situations may occur where expenses exceed revenue, therefore, it is important to follow the prescribed policies set forth in Executive Policy #1 to prevent overspending.

4. Reviews, on a regular basis, the grant or contract account expenditures with appropriate departmental, college, or urban campus administrator(s).

5. Certifies, or has someone with first-hand knowledge of her/his effort, certify her/his effort and the effort of other employees working on her/his project via the University's Effort Certification System.

6. Certifies all cost-sharing required for the project.

7. Initiates requests for cost-transfers and rebudgeting of costs on the project.

8. Initiates and approves subcontract agreements and payments.

9. Notifies the Sponsored Programs Services (SPS) office of any program income (such as revenue from sales and services of goods developed in conjunction with a sponsored project).

10. Assumes fiscal responsibility for overdrafts, deficits, uncollectibles, and/or disallowances that occur under a grant or contract account.

B. Chairperson, Director, Dean, urban Campus Chancellor, or other unit administrator

1. Establishes systematic procedures in the department, college, or urban campus for supervision of grant and/or contract accounts.

2. Provides administrative support for the management of grant or contract accounts. Often, this responsibility is delegated to the departmental manager, fiscal officer, administrative assistant, or other administrative official.

3. Consults with principal investigator concerning the resolution of an overdraft, deficit, uncollectible, and/or disallowance incurred under a grant or contract account and is responsible for settling the problem. In the case of uncollectibles and/or disallowances it may be necessary to communicate with SPS for assistance in obtaining an appropriate resolution.

C. Office of Grant and Research Development

The Office of Grant and Research Development has the institutional responsibility to assist the University's faculty, students, and staff in securing extramural support for their scholarly work, research, teaching, and service activities. The core responsibilities are (1) effective information dissemination and outreach, (2) efficient proposal and award processing, (3) oversight of regulatory compliance and (4) signature authority to bind the institution to complete the tasks, as guided by the appropriate administrators and PI's. Functions provided by OGRD that relate to grant and contract fiscal responsibility include the following:

1. Sponsored program budget approval, training, and certification.
2. Establish and maintain current proposal, award, and account setup data and status in the OGRD Electronic Gateway database and provide regular database training for faculty and staff.

3. Educate and train faculty, staff, and student employees regarding the management of sponsored projects. This is a shared responsibility with SPS.

4. Provide assistance to employees on issues related to the interpretation of regulations, special terms, conditions, and those pertaining to University, state, and federal policies and procedures.

5. Interact with SPS and central administration in the management of sponsored projects.

6. Signature authority to bind the university to accept the terms and conditions of the grant or contract. This authority is granted to the Director of the Office of Grant and Research Development by the Board of Regents via the President of the University, and others not so authorized do not have the authority to negotiate for or bind the University.

7. Review sponsor financial status and determine appropriate action for poor financial status, including but not limited to, requiring advance payments, obtaining credit reports, requesting financial statements or reference letters and/or reference checks. If OGRD determines that a sponsor exhibits poor financial status, the department will need to provide written approval for OGRD to execute the agreement.

D. Sponsored Program Services

Sponsored Program Services (SPS) has the institutional responsibility for assuring the Regents, the public, and the sponsoring organization that the University has adequate systems for fiscal accountability and internal controls in place for managing funds awarded to WSU. Functions provided by SPS include the following:

1. Fiscal administration for grants and/or contracts, cooperative agreements, subcontracts, and financial assistance agreements negotiated with federal, state, and private sponsors.

2. Establish accounts in a central database and input budget allocations in a timely manner. Code accounts for editing and processing rules and account aggregation selections. This financial data will assist PI’s and/or departmental administrators in making intelligent fiscal and programmatic decisions during the course of a sponsored project. To ensure PI’s and departmental administrators know how to access financial data, training is provided on BALANCES, FACTS and Datawarehouse.

3. Maintain data systems for monitoring status of all sponsored projects, for receivables, overdrafts, revenue, effort certification, cost sharing, invoices, letter of credit draws, electronic funding, and timely financial reporting. Timely final financial reporting is a shared responsibility between SPS, departments and PI’s. Following is a list of selected items that must be completed before an accountant in SPS may submit a final
financial report and/or invoice: (1) All cost sharing information provided to SPS, (2) expenditures posted by the department and, (3) a technical report submitted by the PI when required.

4. Provide assistance to departmental, college, and urban campus administrators and project investigators for interpreting regulations, special terms and conditions, and responding to issues pertaining to University, state, and federal policies.

5. Periodically notify departments of overdraft accounts.

6. Prepare and submit financial reports, invoices, property reports, and patent reports in accordance with award terms and conditions.

7. Obtain and/or provide audit reports for sub-recipient compliance with OMB Circular A-133. In addition, conduct desk audits and/or site visits for sub-recipients when necessary.

8. Annually calculate federal interest for WSU accounts and refund accrued interest to the U.S. Department of Health and Human Services.

9. Maintain record retention schedules and project files in accordance with state and federal guidelines and/or regulations.

10. Request the establishment of international bank accounts and manage the transfer of funds and financial reporting.

11. Educate and train staff and the research community regarding the management of sponsored projects. This is a shared responsibility with OGRD.

12. Interact with OGRD and central administration in the management of sponsored project activity.

It is important to note that after-the-fact transfer of expenditures from one grant or contract account to another to correct a deficit or disallowance are unallowable as noted in the WSU Business Policies and Procedures Manual (BPPM) under section 30.25. The federal government has stringent audit requirements on these types of transfers.

Questions relating to accounting matters or requests for assistance in the establishment of record-keeping systems for monitoring grant and contract expenditures should be directed to SPS (5-2058).

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Business Affairs