1. **Background**

The agency receives grant and contract awards to help fund its programs and activities. These awards are sponsored agreements. The majority of the awards are federal, but there are also some state, local, and private awards.

**2. Responsibilities**

The grants administrator is responsible for administering all sponsored agreements (including Excepted Research Projects) for the agency.

The agency is responsible for having written standards for the following area:

1. Preparation, approval, and submission of proposals for sponsored agreements;
2. Negotiation and acceptance of sponsored agreements;
3. Determination of allowability of costs on sponsored agreements;
4. Documentation of costs charged to sponsored agreements;
5. Recovery of all Facilities & Administrative (F&A) costs, based on rates approved by the federal cognizant agency;
6. Documentation and other aspects of cost sharing; and
7. ownership, management, and use of data and project results arising from the performance of sponsored agreements, consistent with System Policy *17.01 Intellectual Property Management and Commercialization*.

 The following guidelines document the agency’s standards.

1. **Proposal Preparation**

Proposals (including applications) are prepared by project leaders (principal investigators) and routed to the relevant associate director or designee and to the grants administrator. The associate director or designee reviews the proposal and notifies the grants administrator that he/she has approved the proposal for submission. The grants administrator reviews the proposals, ensuring that the budgets are prepared correctly and that the match sources are identified and available for the proposal. The grants administrator prepares any required application forms as well as a routing sheet for each proposal. The routing sheet provides a quick, financial overview of the project. The routing sheet is reviewed and signed by the grants administrator, the Associate Director for Finance and Administration (ADFA) and the Director. The Director also signs all required signature pages in the proposal package. The grants administrator submits the approved proposal (electronic or hard copy) to the funding agency. Both electronic and hard copies are retained by the grants administrator.

1. **Contract Negotiations**

Contract negotiations involve a coordinated effort between the grants administrator, the contracts officer, the project leader, and funding agency. Guidance is sought from the ADFA as needed.

1. **Project Modifications**

Whenever modifications become necessary, the project leader provides the grants administrator with the following (as applicable): 1) revised budget, 2) revised narrative for changes in scope, and 3) justification statement for proposed revisions. Substantive changes to the project are sent to the applicable associate director or designee for approval.

The grants administrator prepares the required modification paperwork and routes it to the Director for approval. The grants administrator submits the approved modification request (electronic or hard copy) to the funding agency. Both electronic and hard copies are retained by the grants administrator.

1. **Research Compliance**

The agency is primarily a service agency and performs very little research. When research is performed, it does not involve animals or human subjects. The agency’s research activities are related to forest inventory data collection and analysis, tree improvement, and forest pest management. Should a research compliance issue arise, it would be handled by the agency’s designated chief research officer with assistance from AgriLife, as needed.

1. **Project Setup**

Grant accounts are set up in the following account ranges:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Division** | **Type** | **Formula (Entitlement) Grants-Federal** | **Non-formula Grants-Federal** | **Non-formula Grants-Local** |
| DIRC | Program | 130xxx | 41xxxx | 44xxxx |
| Cost-Share (Sub-awards) | 131xxx |  |  |
| FRP | Program | 132xxx-133xxx | 42xxxx | 45xxxx |
| Cost-Share (Sub-awards) | 134xxx | 429xxx | 459xxx |
| FRD | Program | 135xxx-136xxx | 43xxxx | 46xxxx |
| Cost-Share (Sub-awards) | 137xxx | 439xxx | 469xxx |

Upon receipt of a new financial assistance award, an appropriate account number is selected using the account structure above. A New Account Request form and a Budget Change Request form are completed by the grants administrator for the award and for any match support accounts that may be required. Based upon the grant budget, subcode edits are established to allow or disallow certain object class codes. The completed forms are submitted to Budgets and Accounting for processing. Once the account has been established, the grants administrator: 1) notifies the project leader by email that the account is setup and ready to use, and 2) enters the project and sets up billing in Maestro and the corresponding information is updated on screen 009 in FAMIS.

1. **Project Financial Compliance**

Accounts Payable staff route vouchers on grant accounts to the grants administrator for review and approval. The review process involves checking the budget to ensure that the expenditures were budgeted and that the expenses are sufficiently identified as being project-related. Periodically during the month, the grants administrator does a review of grant account balances and investigates any expenses that may appear out of the ordinary or are unusual for that grant.

Many of the federal reimbursements are processed through the Federal Government’s Invoice Processing Platform (IPP) in Austin, Texas. The grants administrator receives email notifications of these payments from IPP and makes a note to the files when they are made. The grants administrator follows up on outstanding invoices from the monthly drawdowns that are >30 days old. This often involves contacting the funding agency to see if there are any problems that need resolving.

The grants administrator routes payroll certification reports, for both grant accounts and related match accounts, to the project leaders each month for review, certification, and return. Discrepancies, if any, are noted on the reports and payroll corrections are initiated at the departmental level. Reminder e-mails are sent out by the grants administrator monthly for any missing reports.

Sub-awards are issued at the departmental level. For sub-award grants, departments use standardized grant templates that have been reviewed and approved by the Contracts Officer and the Office of General Counsel (OGC). For sub-award contracts, departments use standardized contract templates approved by the Contracts Officer and OGC; individual contract awards are reviewed by the Contracts Officer and approved by the Director (or his designee). For subrecipients that are not individuals, an A-133 audit certification form is also sent to the sub-recipients as part of their award packets. This form must be completed and returned to the agency before an award can be finalized.

Sub-awards (grants or contracts) totaling $25,000 or more are recorded on the Federal Funding Accountability and Transparency Act (FFATA) website by the grants administrator, as required under P.L. 109-282. Original fully executed sub-award contracts are maintained in the central contracts file by the Contracts Officer. The awarding department retains a copy of all sub-awards in its official files.

1. **Indirect Cost**

The System Office of Budgets & Accounting is responsible for preparing and negotiating the indirect cost rate agreement, also known as the F&A agreement. It is the intent of the state legislature that all state agencies establish guidelines to recover all F&A costs based on the rates negotiated with the federal cognizant agency. Any exceptions to the use of the negotiated rate will require a statement of explanation to be included in the internal member routing documentation. The statement must outline the benefits to the system and to the state of Texas that justify cost sharing a portion of the F&A costs of a particular program by the agency and must have CEO or designee approval. The agency generally limits exceptions, except when the sponsor restricts the amount of indirect cost that is permissible. Exceptions are documented on the routing sheet and must be approved by the ADFA and Director.

1. **Cost-Sharing**

Cost-sharing is identified and approved with the proposal. Once an award has been received, any necessary cost-share accounts and/or support accounts are established in FAMIS. In addition, these accounts are incorporated into the drawdown work sheet and linked to the grants they match. Cost-share expenses are periodically reviewed by the grants administrator to ensure that the match requirements are being met on a timely basis and that the expenses are in agreement with the grant budget.

1. **Project Deliverables**

Project leaders are responsible for completing the deliverables for each of their projects. These deliverables are typically identified on the accomplishment reports. Accomplishment reporting dates are identified in the “Comments” section of screen 008 in FAMIS, as well as on the “Attributes” tab in Canopy. Generally, the grants administrator collects, reviews, and forwards accomplishment reports to the funding agencies. If a project leader submits an accomplishment report directly to the funding agency, the grants administrator is copied on the transmittal.

1. **Project Billing**

Prior to the end of each month, the grants administrator updates the drawdown work sheet and looks for variances (e.g., too little or too much indirect cost, over-expenditures/encumbrances, negative drawdown amounts, too little or too much match, etc.). These variances are addressed and monitored through the end of the month. Once month-end close-out has processed in FAMIS, the drawdown work sheet is updated, and invoice totals are compared to the Maestro invoice total report as well as to FAMIS. Invoice documents and drawdown requests are prepared and verified for accuracy. These documents are routed to the Payroll and Support Services Department Head for review and approval and digital signature. The grants administrator electronically prints from Maestro the signed invoice and submits the invoices and drawdown requests to the respective funding agencies or prints SF270 from drawdown with signed page for agencies requiring the SF270, instead of Maestro invoice. A list of all invoices is forwarded from the grants administrator to Accounts Receivable so that the payments can be verified upon receipt.

Periodic financial reports are often required as part of the terms and conditions of an award. These reports are prepared by the grants administrator and follow the same approval process as the invoices.

1. **Project Closeout**

Once a project is closed and all final expenditures have cleared FAMIS, a final invoice and/or final financial report is prepared. This is typically done right after the month-end close in FAMIS. Most grants have a 90-day close-out period. Sometimes, expenses such as credit card bills and hotel invoices are slow to be sent to the agency. Project leaders and voucher preparers are instructed to expedite submission of all final bills to Accounts Payable so that they can be entered into FAMIS within 60 days. The close-out paperwork is then prepared in the final 30 days.

The project leader is notified when the grant is closed and that a final accomplishment report is due. If the accomplishment report is remitted to the grants administrator in time, it will be sent to the funding agency along with the final invoice and financial report. If not, it will be sent separately.

If there are funds remaining in the grant account, a Budget Change Request form is processed by the grants administrator and sent to the Budgets and Accounting Department Head to zero out the residual budget. Once the remaining budget is at zero, the grants administrator sends the Budget and Accounting Department Head an email requesting that the Freeze and Delete flags be set to “Yes.”

The Status in Maestro is changed from Active to Terminated and the Bill Mode is changed from “A” for Automatic to “N” for No Bill.

When the final accomplishment report is submitted, a “Closed” date is noted on the grant file. The records retention period for grants is 6 years from closeout.

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