



Award Acceptance and Establishment

Policy Type: Administrative

Responsible Office: Office of Grants and Contracts Accounting and Effort Reporting, University Controller's Office

Initial Policy Approved: 07/01/2010

Current Revision Approved: 04/21/2017

Policy Statement and Purpose

The Office of Grants and Contracts (G&C) and Effort Reporting oversees pre-award spending account set-up and post-award administration of sponsored program awards. G&C's principal objective is to provide accurate and timely financial reports to sponsors, interpret rules and regulations of the financial operation for the research community, act as a depositor of federal and nonfederal funds and operate the university's effort reporting system. In furtherance of this objective, this document sets forth Virginia Commonwealth University's policy and procedures for the establishment of grants and contracts for sponsored program pre-award costs and post-awards within G&C Accounting. The policy applies to all sponsored agreements, federal and non-federal, and outlines the appropriate procedure.

Noncompliance with this policy may result in disciplinary action up to and including termination. VCU supports an environment free from retaliation. Retaliation against any employee who brings forth a good faith concern, asks a clarifying question, or participates in an investigation is prohibited.

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Who Should Know This Policy

All individuals involved in administering the financial components of sponsored programs are responsible for knowing this policy and familiarizing themselves with its contents and provisions.

Definitions

Sponsored Program - A grant, contract or other agreement awarded to accomplish a specific goal or project.

Contacts

The Office of Grants and Contracts (G&C) Accounting officially interprets this policy and is responsible for obtaining approval for any revisions as required by the policy *Creating and Maintaining Policies and Procedures* through the appropriate governance structures. Please direct policy questions to G&C at gcavcu@vcu.edu.

Policy Specifics and Procedures

A. How to Obtain a Grant Code, Index or Fund Number

Upon the formal receipt of a grant or award, and prior to the start of work on the sponsored project, the principal investigator (PI) must have an index number to charge expenses related to the sponsored program. There are three ways to get an index number, as discussed below:

1. **Notice of Award**
2. **Advance Banner Index Number Request Memo**
3. **90 Days' Notice**

For consistent Grant Establishment practices at VCU and to adhere to financial reporting requirements by sponsors, funds must be assigned in Banner based on the [Fund Assignment Matrix by Type of Award](#) document.

1. **Notice of Award**

G&C's accountants must assign a Banner index number upon receipt of an Award Summary Notice from the Office of Sponsored Programs Administration. When additional indices are required as listed below, the original index may sometimes be referred to as the "home" index.

Sub-accounts

A grant/contract home index may have multiple sub-funds to supplement the project. Separate indexes will be used to help the PI to better monitor the project, especially when the program performance has multiple

years and requires budget year financial reporting, or is divided among several co-PIs or different departments.

Sub-awards

When the project has sub-awards, G&C must assign separate Banner indices for each sub-award. Separate indices help the PI to more easily manage the project.

Cost Sharing

When the grants/contract includes matching or cost sharing, G&C must create an index using the data supplied on the cost sharing authorization form received with the award notice. This cost sharing index is a supplemental index to an existing primary index in another ledger, and in special circumstances it may be a research accounting index.

Program Income

When the project expects to generate program income, a separate Banner index must be requested from G&C to maintain such income. A separate index helps the PI to more easily manage sponsored projects. See the [Program Income](#) policy for details.

2. Advance Banner Index Number Request Memorandum

The PI must request from G&C an advance index number if costs must be incurred prior to the initial award, while Sponsored Programs Administration is waiting for the formal notice of award from the sponsoring agency. The PI may fax, email or mail the completed memorandum to G&C to secure the index number.

3. 90 Days' Notice

The PI must request from G&C a continuation (new) index number when new budget year cost are obligated in anticipation of the renewal, up to 90 days prior to the end date of the current index budget period.

When requesting an index number using the Advance Banner Index Number Request Memorandum and the 90 Days' Notice memorandum, the PI must supply an alternate index number to charge in the event that the project is not funded.

Note: Pursuant to section "C." below, pre-award cost incurred more than *90 days prior* to the effective date of any new or competing continuation award imposes no obligation on the federal government to make the award or increase the amount of the approved budget.

How to Monitor Grant/Contract Indexes

1. Monthly Financial Reports

Banner produces two financial reports for each grant or contract on a monthly basis: the Account Statement in Whole Dollars (FGRBDSC) and the Report of Transactions (FGRODTA) - **e-Print Financial Report Distribution**.

The FGRBDSC (Budget Status) is a summary of the budget, expenses, budget balances, and purchasing commitments for each index; balances are fiscal year budgets (not necessarily the university's fiscal year).

The FGRODTA (Organizational Detail Activity) reports the detailed budget allocations, expense transactions and purchasing commitments that occurred during a particular month for the index.

Both reports identify index number, budget and project periods, index name, grant number, and responsible person in the headings. The cost sharing index contains the index number of the sponsored program index. These reports must be reviewed monthly and corrections must be made when necessary.

2. Departmental Record-Keeping

PIs are required to maintain files of their financial transaction documents and reconcile them on a monthly basis with the university's Banner system.

3. Research Dashboard

Monthly Expense Reports (MER) in the PI dashboard are available for review, and certification.

B. Budget Establishment

How to Budget Grant/Contract Indices

1. Original Budget

Each grant or contract has a budget that has been negotiated with the awarding agency by the Office of Sponsored Programs Administration. G&C is responsible for entering the authorized original budget in Banner.

Generally, due to sponsor reporting requirements, each budget period of sponsored programs must be reported as a separate unit. Budget periods are on an annual basis for many sponsors. Expenses incurred or obligated less than one budget year must be reported against the same year's budget. To achieve this matching of budget year and expenditures, each budget year of a project is assigned a unique Banner index number. Many sponsors will permit the unobligated balance for the budget period to be carried to the continuation budget period.

2. Sub-index Budget

An original budget may be distributed among multiple indexes for managing the project more efficiently. The budget may be distributed among various schools, departments, co-PIs or for different phases of the project which require several indexes. For reporting purposes, these indexes are summarized by the Banner Grant Code. The original budget index is retained for the responsible PI and referred to as the “home index.”

3. Sub-award Budget

A sub-award budget is entered based on the executed sub-award. The dollars associated with the sub-award are transferred from the original Banner index budget pursuant to the award notice and entered into the sub-award index using Banner account 636XXX as appropriate on both the home index and the sub-award index.

4. Cost Sharing Budget

The department submits the budget reallocation document to the Office of the Vice President for Finance and Budget – Controller Office/Financial Reporting to enter the budget for the cost sharing index. The budget submitted at a minimum should be the amount in the sponsor approved budget, although it may be increased as needed to ensure that the index does not have a deficit balance.

Budget transfers from designated or gift funds (ledger 6) to the cost sharing supplemental index are permitted to be on a project period basis, but budget transfers of Educational and General (E&G) Funds must be on a fiscal year basis. It is preferable that transfers from gift funds be handled on a fiscal year basis. It is also preferable that cost sharing for a given fiscal year be identified at the beginning of the year when possible. The university’s [Cost Sharing](#) policy provides additional information.

5. Program Income Budget

Program income accounts do not have an original budget. PIs must monitor progress against the budget monthly. When a change in plans necessitates an expenditure pattern that varies significantly from the original budget, a **budget reallocation** (revision) must be prepared. Permissible variances are dependent upon the sponsors’ requirements.

C. Pre-Award Costs

Pre-award costs are incurred at the risk of the university. Pre-award costs incurred more than **90 days prior** to the effective date of any new or competing continuation award impose no obligation on the federal government to make the award or increase the amount of the approved budget.

The following federal agencies allow the grant to approve costs incurred prior to 90 days of a grant award date at the grantee’s risk:

Department of Health and Human Services
National Institutes of Health

Food & Drug Administration
National Science Foundation
Department of Energy
National Oceanic & Atmospheric Administration
Office of Naval Research
National Aeronautics & Space Administration
Air Force Office of Scientific Research
Army Research Office
Education Department
US Department of Agriculture

The PI must request an advance Banner index number if costs must be incurred prior to the initial award, while Office of Sponsored Programs Administration is waiting for the formal Notice of Award from the sponsoring agency.

The PI must request a continuation (new) index number when new budget year cost are obligated in anticipation of the renewal, up to 90 days prior to the end date of the current index budget period.

When requesting an index number using an [Advance Banner Index Number Request](#) memorandum and the **90 Days Notice memorandum**, the PI must supply a non-sponsored program alternate index number to charge in the event the project is not funded.

Pre-award expenditures must meet the same guidelines of allowable, allocable, and reasonable, as described by 2CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Forms

1. **Advance Banner Index Number Request Memo**
<http://www.controller.vcu.edu/grants/gc-admin/G&CBannerNumberRequest.pdf>
2. **90 Days Notice**
<http://www.controller.vcu.edu/grants/gc-admin/G&C90DayNotice.pdf>

Related Documents

1. VCU Policy: [Cost Sharing](#)
2. VCU Policy: [Program Income](#)
3. VCU Policy: [Office of Sponsored Programs Responsibilities](#)

4. [e~Print Financial Report Distribution](#)
5. Reconciliation of Banner Indexes/Orgs: <http://www.controller.vcu.edu/handbook/reconciliation.html>
6. 2 CFR 200, Uniform Guidance (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards): www.ecfr.gov
7. Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institution.
8. Office of Management and Budget (OMB) Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-profit Organizations

Revision History

This policy supersedes the following archived policies:

07/01/2010	<i>Grant Establishment</i>
04/21/2017	<i>Award Acceptance and Establishment</i> [Note: New policy document created on 04/21/2017 to combine and replace the individual <i>Grant Establishment</i> policy, <i>Budget Establishment</i> policy and <i>Pre-Award Costs</i> policy. No substantive changes in policy requirements. The three separate policy documents have been retired.]

FAQ

When will the index number be issued?

Generally, G&C assigns an index number within three working days upon receipt of the Notice of Award and a copy of the itemized budget from the Office of Sponsored Programs Administration. G&C will mail, email or fax the new index number to the PI. G&C will also send copies of the index number along with any corresponding cost sharing index to the department's fiscal administrator. See G&C's website for an example of the memorandum for the new Banner index number

<http://www.controller.vcu.edu/grants/grants.htm>