

# OFFICE OF THE CONTROLLER

Policy and Procedure Updates  
Sponsored Award Matters – Part 1  
August 2025





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# Policy and Procedure Purpose



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# Purpose

Last fiscal year, the Controller's Office undertook a comprehensive policy and procedure update project.

This webinar series will provide a high-level overview of Controller's Office policies and procedures, including updates.



# University Policies and Procedures

The University-Wide Policies and Procedures Manual is maintained by the Office of the Provost.

Controller's Office policies are captured in the Administrative and Finance section (FINA) and are also included in our Resources and Training Toolbox (Policies & Procedures section) along with accompanying procedures and appendices.



# Policy and Procedure Basics



## Policy

Details what is required by federal, state, local, and/or University requirements and best practices



## Procedure

Accompanies policies and details how compliance with those requirements is achieved

Additional supplemental policies and procedures can be developed internally at the unit or departmental level, but they cannot contradict the overarching policies and procedures of the University.



# Policies and Procedures

Policy	Procedure
<u><a href="#">FINA 3.50 – Pre-Award Financial Review of Nongovernmental Entities</a></u>	<u><a href="#">Pre-Award Financial Review of Nongovernmental Entities</a></u>
<u><a href="#">FINA 3.40 – Cost Accounting Standards</a></u>	<u><a href="#">Cost Principles</a></u>
<u><a href="#">FINA 3.00 – Sponsored Awards</a></u>	<ul style="list-style-type: none"><li>• Award Set-Up – Coming Soon!<ul style="list-style-type: none"><li>• Appendix C: Standard GFM Invoice and Backup – Coming Soon!</li></ul></li><li>• <u><a href="#">Post Award Process</a></u></li><li>• <u><a href="#">Cost Share</a></u><ul style="list-style-type: none"><li>• <u><a href="#">Appendix A: In-Kind Contributions Form</a></u></li></ul></li></ul>

**FINA 3.50 – Preaward  
Financial Review of  
Nongovernmental  
Entities**



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# FINA 3.50 – Pre-Award Financial Review of Nongovernmental Entities

- When contracting with external sponsors, nongovernmental entities present the highest risk of nonpayment.
- A pre-award financial capability review should be completed by the Controller's Office prior to accepting these sponsored awards. This process includes gathering and assessing data on a sponsor's history of financial solvency.
  - This review will include an examination of the entity's audited financial statements using ratio analysis. Any past payment delinquencies or defaults will also be considered during the review.

# FINA 3.50 Procedure – Pre-Award Financial Review of Nongovernmental Entities

- The University/departments should not enter into agreements with entities identified as high-risk unless timely payment can be guaranteed unless all or a portion of the payment can be provided upfront.
- The Controller's Office maintains a list of high-risk nongovernmental entities, which is derived from the results financial capability reviews. This list is shared with the SAM Office and used to collaborate on award acceptance and payment terms.



**NEW** procedure



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# **FINA 3.40 – Cost Accounting Standards**



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# FINA 3.40 – Cost Accounting Standards

2 CFR 200.419 requires the higher education institutions receiving more than \$50 million in federal awards to comply with the following cost accounting standards (CAS):



## Estimating, Accumulating, and Reporting Costs

Sponsored award proposals/budgets should be established using the same methodologies and the same level of detail used to record and report actual costs (48 CFR 9905.501)



## Unallowable Costs

Costs expressly unallowable or mutually agreed to be unallowable must be identified and excluded from any billing, claim, or proposal applicable to a sponsored award (48 CFR 9905.505)



## Allocating Costs

Cost incurred for the same purpose, in like circumstances, must be given consistent treatment – all incurred costs are either direct costs only or indirect costs only (48 CFR 9905.502)



## Accounting Period

An established, consistent cost accounting period must be used (48 CFR 9905.506) – July 1<sup>st</sup> through June 30<sup>th</sup> for the University

**Formerly** FINA 9.10 (Cost Accounting Standards [CAS])



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# FINA 3.40 – Cost Accounting Standards



- In accepting a sponsored award, the University and PI assume responsibility for fulfilling the requirements of the program.
- The proper classification of expenditures (direct, indirect, unallowable) is a key component of CAS and of complying with the respective regulations.
- Expenditures incurred to meet cost sharing obligations require the same accounting, financial, legal, and regulatory practices as expenditures charged directly to sponsored awards.
- Noncompliance may result in financial penalties to the University and/or an impacted ability to qualify for future sponsored awards.

# FINA 3.40 Procedure – Cost Principles

Direct costs must be clearly identified with a sponsored award and adequately documented. If they are not, they must be treated as indirect cost.

The following cost principles **must** be met for an expenditure to be charged to a sponsored award (2 CFR 200.[403](#), [404](#), [405](#), [419](#)).



**Allowable:** Permitted by regulations, the terms and conditions of the award, and University's policy/procedure and its negotiated indirect cost rate agreement.



**Consistently treated:** Costs incurred for the same purpose and in like circumstances are treated uniformly either as direct or indirect costs. Costs incurred for the same purpose in similar circumstances cannot be charged both directly and indirectly.



**Reasonable:** The nature and price of the goods/services and reflect the action that a prudent person would have taken.



**Allocable:** The goods/services can be directly charged or assigned to the award based on the benefit provided.

# FINA 3.40 Procedure – Cost Principles

When charging non-salary administrative costs, such as general office supplies or utilities, to a sponsored award, these expenses must be clearly justified, thoroughly documented, and explicitly linked to the project's objectives within both the budget proposal and the award.

Unacceptable direct costing practices include:

- ✘ Rotating charges between awards without establishing a benefit.
- ✘ Assigning charges to awards simply to spend the remaining balance.
- ✘ Charging the budgeted amount rather than actual cost.
- ✘ Cost incurred outside the period of performance must not be charged to a sponsored award
- ✘ Identifying a cost as something other than what it actually is.
- ✘ Charging expenses to a single award when the expense supported multiple awards.
- ✘ Improperly charging expenses associated with general administrative support (indirect costs).

Refer to procedure for specific examples of unallowable costs.



# **FINA 3.00 – Sponsored Awards**



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# FINA 3.00 – Sponsored Awards

FINA 3.00 incorporates and consolidates topics previously covered in **former** policies below:

- FINA 3.03 (Cost Sharing)
- FINA 3.09 (Consultant Services)
- FINA 3.15 (Closeouts)
- FINA 3.17 (Uncollectible Receivables)
- FINA 3.19 (Elimination of Account Overdrafts)
- FINA 3.21 (External Audit Policy for Grant Transactions and Activities [Restricted Accounts])

Significant restructuring occurred for the Sponsored Awards section during the policy/procedure update effort.

**Formerly** titled “Contract and Grant Accounting – Restricted Funds”



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# FINA 3.00 – Sponsored Awards

- Federal sponsored awards must adhere to all parts of:
  - ❖ Uniform Guidance ([2 CFR 200](#))
  - ❖ any applicable state laws/regulations
  - ❖ sponsor requirements
  - ❖ terms and conditions of the award.
- Non-federal sponsored awards commonly refer to UG, making them subject to the same requirements of [2 CFR 200](#).
- When procuring goods or services using sponsored funding, established federal, state, and University regulations must be adhered to. In grant administration, "following the more restrictive rule" means that when multiple sets of rules or regulations apply to a grant, the grant recipient must adhere to the rule that places greater limitations or requirements on their actions.
- The University is a U.S. dollar-based institution. As such, the University only accepts and invoices funds in U.S. dollars.



# FINA 3.00 – Sponsored Awards

## SAM Office

Manages pre-award functions:

- proposal prep
- award negotiations,
- post-award modifications (e.g., extensions, re-budgets)

## Grants & Funds Management

Handles accounting and post-award management functions:

- award set-up in PeopleSoft
- invoicing
- financial reporting
- award close-out

## Departments & PIs

Responsible for accurate and timely posting and monitoring of all expenditures, including cost share

**Note:** Departments must not send invoices directly to the sponsor. GFM submits system-generated invoices to the sponsor.



# **FINA 3.00 Procedure – Award Set-Up**



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# FINA 3.00 Procedure – Award Set-Up

The terms and conditions of all sponsored awards must include acceptable invoicing terms, based on GFM's standard invoicing processes.

When sponsors will not accept standard invoicing terms after multiple attempts, any exceptions or non-standard terms will be documented within the Acknowledgement Form included in the award documentation. By signing this form, departments attest to the acceptance of any financial risk associated with terms or noncompliance.

GFM cannot invoice if:

- ✘ The sponsored award is not fully executed
- ✘ Expenditures are not posted to the general ledger
- ✘ The project is overspent or on risk
- ✘ The total expenses for the billing period are zero or a net credit

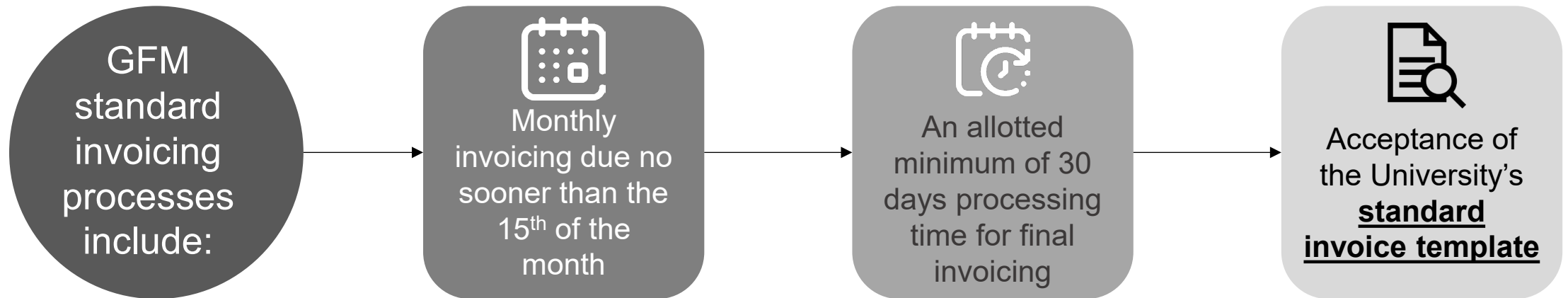


# FINA 3.00 Appendix C – Standard GFM Invoice and Backup

- For projects that span multiple years, a new project number must be created for each budget year under specific circumstances to ensure proper tracking of funds, reporting, and compliance with fiscal regulations. Considerations include Restricted Carryforward, Milestone-Based or Phased Awards, and State Agency Requirements.
- A new project number must always be created when the funding agency issues a new grant or contract number, which is critical for financial clarity and audit readiness.
- Refer to the procedure for the roles and responsibilities of the SAM Office, GFM, and PIs and departments regarding award negotiation, award setup, award monitoring, invoicing, carryforward, and communication.



# FINA 3.00 Appendix C – Standard GFM Invoice and Backup



When invoicing requirements fall outside GFM’s standard invoicing practices, it is the department’s responsibility to ensure the appropriate level of documentation is maintained. As such, the invoicing terms and conditions must be carefully reviewed and considered to ensure the department can reasonably comply.

**NEW** procedure – **DRAFT** (finalization in progress)



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# **FINA 3.00 Procedure – Post Award Process**



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# FINA 3.00 Procedure – Post Award Process

Incorporates topics previously covered in former policies:

- FINA 3.15 (Closeouts)
- FINA 3.17 (Uncollectible Receivables)
- FINA 3.19 (Elimination of Account Overdrafts)

This procedure details post-award topics such as award setup, financial management, invoicing and accounts receivable, reporting, and closeout, along with the roles and responsibilities of each party.

NEW procedure



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# FINA 3.00 Procedure – Post Award Process Award Setup

Once the SAM Office has received all required award documents and the award is fully executed by both parties, it is sent to GFM for review and setup in PeopleSoft Finance. The setup process by GFM typically takes 5 – 10 business days.

The department should ensure full compliance with the Notice of Award by following the [New Award Checklist](#) for award startup and ongoing management.



# FINA 3.00 Procedure – Post Award Process

## Financial Management



### Monthly Monitoring and Documentation

- PI and Departmental grant support staff must monitor financial activity monthly and ensure supporting records meet sponsor requirements



### End-of-Project Purchases

- Purchases in the final 90 days must be well-documented to show direct project benefit



### Risk Accounts

- If the award is not yet issued but work must start, request a risk account



### Overdraft Responsibility

- Departments cover and resolve sponsored award overdrafts
- If not resolved within 21 days of PAA notification, the balance moves to a departmental account



# FINA 3.00 Procedure – Post Award Process

## Invoicing and Accounts Receivable

### Invoicing Requirements:

- All sponsored award invoicing must be completed by GFM
- GFM will only invoice for expenses posted to the project in PeopleSoft
- Departments must post expenses promptly to ensure timely reimbursement and accurate reporting

### Accounts Receivable Monitoring:

- GFM monitors all outstanding balances
- If issues occur (e.g., unsubmitted reports, unallowable costs), the department is financially responsible for any uncollectible balance



# FINA 3.00 Procedure – Post Award Process Reporting

- Reporting is how the University confirms to sponsors that resources have been used appropriately and in compliance with the terms and conditions of the award agreement.
- Financial reports prepared by GFM ensure that the information provided to the sponsor aligns with the University's general ledger.
  - In most cases, the PAA in GFM prepares financial reports without direct involvement from the department. Departments should not submit financial reports unless specifically requested to do so by GFM.
- Performance and technical reports are prepared by the PI and coordinated with SAM, as necessary. GFM must be contacted to provide any requested financial data.



# FINA 3.00 Procedure – Post Award Process Closeout

- The PI and departmental grant support staff must confirm that all expenses are posted and that the project is complete, allowing GFM to complete the final invoices and any required final financial reporting.
- The University's financial records for sponsored awards will be closed by GFM once all accounts receivable have been collected, there is a zero cash balance, encumbrance and pre-encumbrance have cleared, and all reporting requirements have been met.
- PIs and departments should use the following Checklists to ensure appropriate and timely closeout:

90 Days Prior

30 Days Prior

15 Days After



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# **FINA 3.00 Procedure – Cost Share**



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# FINA 3.00 Procedure – Cost Share

- Incorporates topics previously covered in former policy FINA 3.03 (Cost Sharing)
- Cost share is the portion of sponsored award costs not provided/covered by the sponsor. Cost sharing occurs whenever a portion of the project costs are at the University's expense rather than at the expense of the sponsor.
- Cost share funds have the same restrictions as sponsored funds and must follow the same guidelines and restrictions included in the award.



# FINA 3.00 Procedure – Cost Share

Any shared cost, matching, and contributions, including cash and third-party in-kind contributions, can be accepted as part of the cost sharing requirement when all the following criteria are met:



Verifiable by University records.



Defined as an acceptable form of cost-sharing for the specific project.



Provided for in the approved budget when required by the sponsor.



Allowable, allocable, necessary, and reasonable for proper and efficient accomplishment of project objectives.



Not included as contributions for any other sponsored award.

**Exception:** Only allowed if the program's authorizing statute explicitly permits federal funds to be used for cost sharing on other federal programs.



Conform to other provisions of [2 CFR 200.306](#).



# FINA 3.00 Procedure – Cost Share

Types of cost share include:

## Mandatory



Cost share that is required by the sponsor (e.g., specific dollar amount or percentage of total costs). It is considered a binding commitment to the University.

## Voluntary Committed



### **Strictly prohibited in proposal submission.**

Committing a quantifiable amount of resources to a sponsored award in the proposal even though the sponsor does not explicitly state in the proposal guidelines that cost sharing is required.

## Voluntary Uncommitted



Not required by the sponsor or detailed in the proposal but necessary to reflect actual effort and expenses (e.g., salary cap overages, cost overruns). Though uncommitted, sponsor-imposed limits (like salary caps) must be recorded as mandatory cost share.



# FINA 3.00 Procedure – Cost Share

The method of meeting cost share requirements is determined at the proposal stage and must be approved by the sponsor. The primary ways of meeting cost share requirements include:

01

## Cash Match

Cash outlay by the University using departmental funds, sponsored award funds specifically designated for cost share, or external, third-party provided cash specifically designated for cost share.

02

## Waived Indirect Cost (IDC)

When IDC is waived, the University agrees not to charge its federally negotiated IDC rate to the sponsor – the “unrecovered IDC” can be used as cost share if approved by the sponsor.

03

## In-Kind Match

The value of non-cash contributions provided by an external, third-party (e.g., services, supplies, real property, equipment, etc.). In-kind match cannot come from internal, University sources.

04

## Subrecipient Cost Share

Commitments, expenditures, or in-kind cost sharing made by subrecipients (for sponsored awards where the University is the prime awardee).



# FINA 3.00 Procedure – Cost Share

To qualify as cost share, contributions from other units (e.g., service centers) must:

- Be based on published rates
- Be explicitly recorded and tracked in the financial system

## Non-Payroll

Cost share account codes are auto-generated in PeopleSoft Finance

## Payroll

Departments must request combo codes via the [Cost Share Request Form](#)

Sponsors may withhold reimbursement if cost share is not met. Cost share must align in ratio with project spending over the life of the award. PIs and departments are responsible for:

- Monitoring cost share
- Ensuring timely, consistent compliance





# Training and Communication



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## Office of the Controller

## Office of the Controller

## General Accounting

 Grants and Funds  
 Management

 Compliance and Tax  
 Management

## Payroll Department

 Operational Management  
 and Reporting

 External Financial Reporting  
 and Transparency

 Resource and Training  
 Toolbox

Business Manager

Grant Administration

Principal Investigator

## Policies &amp; Procedures

Tax Cuts and Jobs Act 2017

Forms

Newsletters

 PeopleSoft Finance Training  
 Schedule

## Policies and Procedures

The University-wide [Policies and Procedures Manual](#) is maintained by the Office of the Provost. The Controller's Office is the owner and designated administrative office for many of those policies, which are detailed below along with any accompanying procedures.

Policies detail **what** is required by federal, state, local, and/or University requirements and best practices, whereas accompanying procedures detail **how** compliance with those requirements are achieved. Additional supplemental policies and procedures can be developed at the unit or department level, but they cannot contradict the overarching policies and procedures of the University.

Chart of Accounts

General Accounting

Treasury Management

Compliance

Travel and Reimbursement

Capital and Assets

Sponsored Awards

Payroll

Expand all



# Where to Find the Resources

For Policy and Procedure resources, visit the [Policies and Procedures](#) page found in the Resource and Training Toolbox section.





## Office of the Controller

## Office of the Controller

## General Accounting

Grants and Funds  
ManagementCompliance and Tax  
Management

## Payroll Department

Operational Management  
and ReportingExternal Financial Reporting  
and TransparencyResource and Training  
Toolbox

## Business Manager

Grant Administration

Principal Investigator

Policies &amp; Procedures

Forms

Newsletters

PeopleSoft Finance Training  
Schedule

Listserves

Social Media

## Contact Us

## Business Manager

The role of each Business Manager at the University of South Carolina varies across each college and department. Each Business Manager handles several responsibilities that directly influence the success of their departments and the University overall. They provide business expertise on a variety of topics including, but not limited to budget, expenses, supplier onboarding, transaction corrections, and University policies and procedures.

Below is a list of tasks a Business Manager may be responsible for within their college/department. Sections include links to training resources that support each task.

**Note:** Each year the Controller's Office provides refresher trainings starting the month of February thru the end of April. Registration links for all scheduled trainings are sent to our BIZMANAGER listserv end of January, provided in our monthly newsletter, and in a prior week reminder email. On demand training can be found in the sections below.

## Account Funding Change

Expand all



## AP Uploads



## Business Expense Prepaid Cards



## Cash Advances



## Cost Transfer



## Departmental Deposits



## Employee Reimbursement (Non-travel)



## Endowments



## Finance Intranet

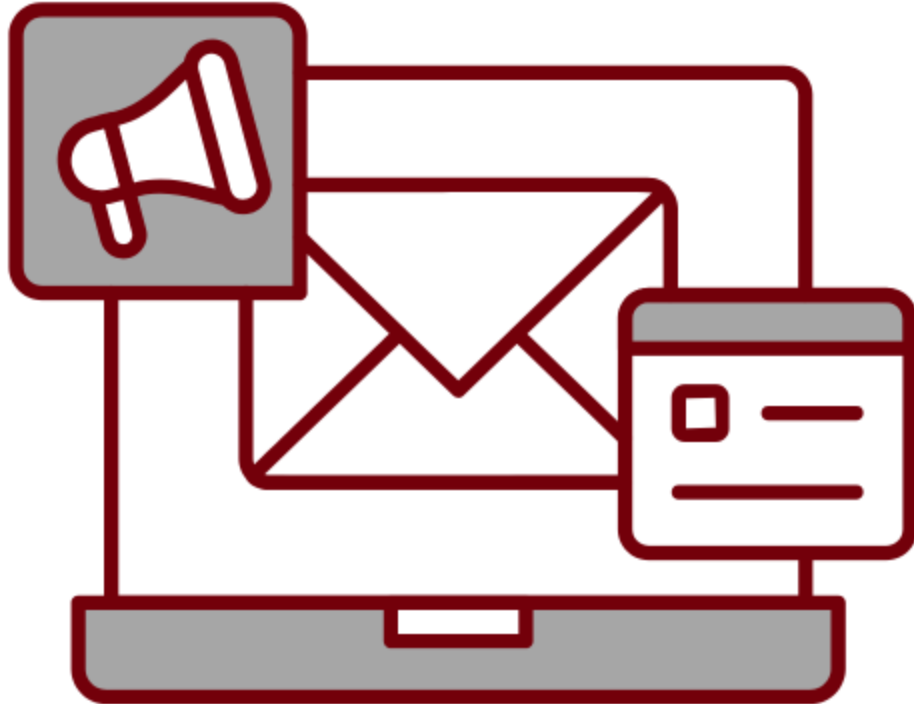


# Where to Find the Resources

For training resources,  
visit our Business  
Manager page in the  
Resource and Training  
Toolbox section.



# Contact Us



For specific questions, please visit our [website](#) to find the appropriate contact.



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# Questions



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# THANK YOU!

## Office of the Controller



Alone, we can do so little; together,  
we can do so much.



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