UNIVERSITY OF CENTRAL FLORIDA

Guidance for Cost Share and Other Internal Funding for Research Grants

Financial Affairs Directive beginning in FY23:
The Florida Board of Governor's provided a clarification of the requirements in s. 1011.45, F.S. to track and report unexpended amounts in any fund in the university current year operating budget as carried forward and included as the balance forward for that fund in the approved operating budget for the following year. The statute also requires the Chief Financial Officer to certify the accuracy of the unexpended fund amounts. For the statute's purpose a transfer between funds does not constitute an expenditure, because the university still possesses the funds.

This means funding may no longer be transferred from one fund to another fund. (ex. FD110 Educational and General (E&G) to FD560 Overhead Research Administration)

Funding transfers within a fund from one Cost Center to another Cost Center are still allowed. (ex. all Cost Centers in FD560 Overhead Research Administration)

This change will result in transfers being ***reduced but not eliminated.***

Historically, funding for internal grants, such as Cost Share, Florida High Tech Corridor Council (FHTCC/I4), Inhouse Awards, and State Appropriations ("Internal Grants"), was transferred into a Contracts and Grants Fund (2XXXX) from another funding source. Because of the change to no longer allow transfers between funds, Internal Grants may no longer be setup in *FD515 Sponsored Programs - Non-sponsored*, which replaced PeopleSoft Funds 21033, 21088, and 21089. Now transactions must be recorded in the funding source (i.e., E&G FD110, E&G Carryforward FD140, Overhead Research Administration FD560, etc.) being used to support the Internal Grant. All Internal Grants converted from PeopleSoft to Workday ("Converted Internal Grants") must spend from their converted worktags. This includes Converted Cost Share Grants but excludes Converted Release Grants. Worktags on new Cost Share Grants and Converted Release Grants must be updated on each transaction to reflect the appropriate funding source. Once all "Converted Internal Grants" are phased out, *FD515 Sponsored Programs - Non-sponsored* will be used for Program Income Grants only (formerly known as PeopleSoft Fund 21045).

Definitions:

- Cost Share - a portion of the project or program costs not borne by the sponsor, and therefore covered by some other source
- Internal Grants – grants that are setup to track expenses for Cost Share, Florida High Tech Corridor Council (FHTCC/I4), Inhouse, State Appropriations, and other internal research programs that are paid for with university resources. For purposes of this Guidance, Program Income grants, although funded by external sources are not billable to Award sponsor, will be considered an Internal Grant.
- Release Grant – a type of Grant used to certify time Principal Investigator's (PI) spent working on an award. With the onset of Workday, PI effort will be included in the

proposal as either sponsor or university funded cost share. Release Grants will be phased out.
- Unit – College, Institute or Research Center responsible for requesting Internal Grants
- Worktag – a field used to track and report financial information in Workday

Unmet Cost Share or other unspent Internal Grants at fiscal year-end:

- Refer to University Policy 3-212 *Allocation and Use of Education and General Carryforward Funds* and other official University guidance regarding Budget and E&G Carryforward. **Unspent Internal Grant in their source fund must adhere to these guidelines beginning in FY23 and will no longer be exempt from carryforward rules**.
- A new Internal Grant is required if funds are rolled into E&G Carryforward and approved for use in the new fiscal year for Other Internal Grants (non-Cost Share and non-Program Income Grants) (i.e., Florida High Tech Corridor Council/I4, Space Research Initiative, Inhouse Awards, and State Appropriation Awards). See note below regarding Other Internal Grants.
- Adjustments to the HRS and Workday Award Budgets are only needed if UCF's/Research Foundation's cumulative Cost Share requirements change (ex. unmet 3rd party Cost Share that UCF/Research Foundation must take responsibility for, or a new funding increment increases UCF's/Research Foundation's Cost Share requirement). This type of change is not typically tied to UCF's fiscal year end cycle. See Examples 4 & 5 above.
- Reminder: Award Budget is *Cumulative* whereas Operating Budget is *Annual*. Adding year-over-year Operating Budget allocated to your Internal Grant may not tie to your Cumulative Award Budget in HRS and Workday Grants. *The Award Budget represents our contractual commitment and will be used to monitor commitment against.*
- Note: Internal programs, such as SRI and MGRP/FHTCC, may use Carryforward funds for time limited salaries unless legislatively prohibited. Please exercise caution on individual awards that extend beyond 3 years. While it technically is time limited, a longer-term award may be difficult to explain to the Board of Governors. Please work with University Budget Office on programmatic funding questions, such as legislative intent, time limited salaries, etc.

Grant Budget/Funding:

- Internal Grants created after 7/1/22 (GR107XXX and above) (non-Converted) must be recorded in the funding source being used to support the Internal Grant (i.e., FD110 E&G, FD140 E&G Carryforward, FD560 Overhead Research Administration, etc.).
    - Cost Share Grants will be setup for the Award Principal Investigator and their Unit only (responsible Unit). Worktags must be changed on all transactions to the Unit providing funding source(s) to support the Internal Grant. It is not unusual that multiple Unit funding sources (i.e., Divisions, Cost Centers, Funds,

etc.) could be used to support Cost Share Grants. Only Company and Program will default. All other worktags must be manually updated.
    - Other Internal Grant (Florida High Tech Corridor Council/I4, Space Research Initiative, Inhouse Awards, and State Appropriation Awards) worktags will be based on the source of funds for each program. Internal programs typically only have one funding source. Currently all worktags will default for non-Cost Share Internal Grants. ***An evaluation will be performed to see if worktags for other new UCF Internal Grants can be setup like the new Cost Share Grants, as their funding source may change from FD110 E&G to FD140 E&G Carryforward during the life of the grant. With the existing setup, a new grant would be required if the funding source changes. Note: Setup for Research Foundation Grants in this category may not change as a result of this analysis.***
    - For all types of Internal Grants, unspent E&G funds may convert to Carryforward at year end (6/30), which requires the use of a different Fund along with other additional worktags, such as Project. See guidance from Budget Office on use of Carryforward Funds and appropriate worktags.
- Converted Program Income Grants will remain in converted grant worktags and budget will be added as additional program income is received.
- Converted Release Grants will be updated to allow worktags to be changed on all transactions with the Unit's funding source being used to support the Internal Grant (i.e., FD110 E&G, FD140 E&G Carryforward, FD560 Overhead Research Administration, etc.). New Release Grants will be created for RF on UCF Company to allow for this legacy Converted Release Grant setup.
- For all other Internal/Cost Share Grants (i.e. not Program Income or Release Grants) converted from PeopleSoft to Workday on 7/1/22 (GR106999 and below):
    - Continue charging to the Converted Internal Grant using the converted default Worktags.
    - If expenses are greater than revenue, the deficit must be funded by **Debiting SC0524 Interfund Transfer Out (WD Ledger Account 69700 Interfund Transfer Out) and Crediting RC1163 Interfund Transfer In (WD Ledger Account 49700 Interfund Transfer In**. **This is a one-time exception for FY23 only.** If the grant extends past 6/30/23, a new Internal Grant must be created to begin spending from the funding source(s) being used to support the grant. The new Internal Grant must be setup before 6/30/23 as no fund transfers will be allowed after FY23.
    - If revenue is greater than expenses, continue spending from the grant until the funding is depleted. If the grant extends past the fiscal year the funding is depleted, a new Internal Grant must be created to begin spending from the funding source(s) being used to support the grant. **No additional revenue may be transferred into the Internal Grant**.
    - Award Budget represents the commitment to the sponsor. Expenses may not exceed budget. Review sponsor agreement and request budget be revised per most recent agreement or transfer excess costs off the Converted Internal Grant.

- As award modifications are received for future funding years, a new Internal Grant should be created (one for the remainder of the award). Any excess funds in the Converted Internal Grant should be spent prior to spending from the new Internal Grant. Once excess funds are depleted and/or deficits are funded in the Converted Internal Grant, the Converted Internal Grant should be closed and all spending should occur in the new Internal Grant.

Internal Grant Closeout:

- The following conditions must be met to close out an Internal Grant in Workday:
  - For Converted Internal Grants:
    - Run UCF Award Budget Position Report
    - Funds must be transferred from funding source used to support the research activity to C&G Fund *FD515 Sponsored Programs - Non-sponsored*.
    - Revenue must equal Expenses
    - For required Cost Share Grants, expenses must equal budget unless an exception is approved by the sponsor. For all other Internal Grants, expenses should be less than or equal to budget. Units should refer to guidelines/requirements of Internal Grant Program and consult with Program Director as needed.
    - Excess funding should be transferred back to the funding source used to support the research activity.
    - The closeout of Internal Grants will follow the same closeout process as all other Grants.
  - For Internal Grants created in Workday in their true funding source (i.e. FD110 E&G, etc.):
    - Run UCF/RF Operating Budget vs Actual report
    - Expenses may not exceed the Operating (or Award) Budget.
      - If LTD expense exceeds Award Budget, excess expenses must be moved out of the Internal Grant using an Accounting Adjustment or Accounting Journal, as appropriate.
      - Once LTD expenses have been finalized:
        - The Unit must add Operating Budget if current year expenses exceed the current year Operating Budget.
        - The Unit must remove Operating Budget if current year expenses are below the current year budget.
    - For Internal Grants that are not externally funded, revenue must be transferred at least annually by the Financial Affairs Financial Reporting and General Accounting (FRGA) team. ***This includes Internal Grants not in FD515*.** If Grant revenue has not been funded, contact FRGA Team.

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