

Procedure for Compliance with the THECB Restricted Research Classification Process

Responsible Officer(s): Directors, Grant and Contract Services (OGCS), Development, Research Reporting, and Grant and Contract Accounting (GCA)

Sponsoring Department(s): Office of Grant and Contract Services

Revision Date: February 27, 2020

Errors or changes to: ogcs@uta.edu

PROCEDURE OBJECTIVE

Institutional compliance to the Texas Higher Education Coordinating Board's (THECB) Standards and Accounting Methods for Reporting Restricted Research Expenditures.

SCOPE

- All restricted funds

Procedure Exclusions:

- Unrestricted funds
- Certain subgroups of restricted funds dedicated to research, later detailed in this procedure.

PROCEDURE

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- **SPONSORED PROJECTS (FUNDS 5100-5400)**
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Restricted Research Award Determination/Pink Sheet – All sponsored projects are reviewed prior to award set up to determine proper classification for the purpose of meeting the requirement of the THECB's Standards and Accounting Methods for Determining Restricted Research Expenditures. The classification determination will be documented on the "Research Award Determination Form and Checklist" (Pink Sheet).

After reviewing definitions in the Coordinating Board's Standards and Accounting Methods (SAMs) for reporting restricted research expenditures and considering the intent of the source of funding and the nature of the sponsored program agreement, the proper classification of an award should be based on the indicators shown in these criteria. Several factors should be considered in making this decision. The analysis of the terms of the agreement, and a review of other documentation, such as the CFDA number descriptor, the sponsor's program solicitation, or a requirement for Institutional Review Board (IRB) approval, should assist institutional officials in properly and consistently classifying awards.

If the funded work activities (scope of work) are for mixed purposes, code the project according to the primary purpose:

Primary purpose will be demonstrated by more than half of the funds having been budgeted or expensed for research, or by the sponsor's statement of purpose, or other documented evidence. If the primary purpose is research, expenditures made as a part of that grant, unless explicitly prohibited, qualify as restricted research

expenditures. If the primary purpose is not research, none of the expenditures made as a part of that contract, gift or grant qualify as restricted research expenditures. Awards are classified as restricted research awards through the transparency review described in this document.

Additional justification can be provided on the form with references to SAM sections as appropriate.

Page 2 of the Pink Sheet provides a rating scale to assist in the determination of whether or not a sponsored project should be considered research related. Numbers correlate as follows:

- 3 Strongly Agree
- 2 Agree
- 1 Neutral
- 0 Disagree

- GIFTS (FUNDS 5500-5600)

Restricted Gift Determination – Unlike sponsored, projects, gifts do not often contain detailed statements of work or detailed budgets and often provide great latitude to the institution for how funds are used to donor's intent (within its' restrictions). The SAM states restricted gifts can be research if designated primarily as research through institutional accounting processes.

For gifts without such detail, there are multiple accounting processes for managing and documenting gifts and their use within the institution. This includes the departmental request for a cost center to determine the classification of the gift or its description for its use, the intake and gift process within the Office of Development, or periodic reviews in the award transparency process that gift cost centers are primarily research according to the THECB's Standards and Accounting Methods for Determining Restricted Research Expenditures.

In addition, there are some donor or department specified uses of restricted funds that are inherently research consistent with the SAM. This includes but is not limited to:

- PhD Student support
- GRA support
- Master Student Thesis or Graduate Research Fellowships
- Endowed Chairs or Professorships
- Funds dedicated to Research Centers

- OTHER

Restricted Research Fund Determination – Certain types of restricted funds do not necessarily go through either of the above initial review process due to the inherent nature of the purpose of the funds or their dedication to a specific institutional research function

North Texas Genome Center (NTGC) is a research center for genomics using modern research equipment and to train students in research techniques (SAM 1.3.2). Through various research collaborations and funded engagements to perform high throughput genome sequencing and the research data stored and analyzed from these restricted funds, the NTGC conducts research in drug development, disease prevention, cancer treatments and fundamental aspects of genetics. The NTGC houses a variety of high-end research equipment and instruments as well as research staff to assist in analysis, collaboration, and dissemination of research findings. The NTGC helps to mentor student in research experiences through the activities of the center and retains all usual and customary rights to disseminate their research. As a core research facility dedicated to

only conduct R&D, it has its own accounting processes for invoicing and engaging research partners with restricted research funding.

Various Sponsor Accounts: There are multiple sources of funds for this restricted funds cost center. These restricted funds were determined to be research when the cost center was requested or by the continued use of these restricted funds from the original sponsored project.

- **TRANSPARENCY LIST**

UT Arlington will submit annually a list of all new restricted research awards, including those not previously submitted or reviewed, to the Coordinating Board at a date specified by the Commissioner. The listing of the new restricted research awards is referred to as the transparency list. A restricted research award is defined by its official Notice of Award or Award Number. If the institution receives an extension of an existing award for which the scope did not change, that award is not considered new. Renewed awards that keep the same scope of work as a previous award, but with different Notice of Award or Award Number, should be declared as such in the “Descriptive Note” field of the transparency list.

The Director, OGCS, compiles the list for UT Arlington performing a secondary review of all Sponsored Project and Gifts included on the transparency list for submission. Additional information and clarification may be requested at a part of this process to ensure the accurate classification of funds.

FORMS AND TOOLS/ONLINE PROCESSES

Pink Sheet
Cost Center Request Form

DEFINITIONS

- A restricted research expenditure is an expenditure of funds that an external entity has placed limitations on and for which the use of the funds qualifies as research and development.

Entities external to an institution that provide research funds include federal, state, or local government agencies; private philanthropic organizations and foundations; industry associations; for-profit businesses; and individuals. The following examples are intended to illustrate the types of restricted funds:

- When a federal agency provides a grant for a specific purpose, the grant would be considered a restricted fund.
- When a non-profit or community/educational foundation provides a grant for a specific purpose, the grant would be considered a restricted fund.
- A contract from a private sector company would typically be a restricted fund.
- When a donor provides a gift for current expenditure for a specific purpose, or for creation of or addition to an endowment fund, the income from which is for a specific purpose, the funds expended would be considered restricted funds.

RELATED STATUTES, POLICIES, REQUIREMENTS OR STANDARDS

UT System Administration Policies and Standards	Other Policies and Standards
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	Texas Higher Education Coordinating Board Standards and Accounting Methods for Reporting Restricted Research Expenditures

APPENDICES

None

CONTACTS

If you have any questions about UT Arlington Procedure contact the following departments:

Subject	Office Name	Telephone	Email/URL
All topics in Policy	Grant and Contract Services	817-272-2105	ogcs@uta.edu