

STANDARD ADMINISTRATIVE PROCEDURE

15.01.01.M0.01 Administration of Sponsored Agreements

Approved December 5, 2000

Revised January 24, 2011

Revised June 6, 2017

Revised September 13, 2024

Next scheduled review: September 13, 2029

SAP Statement

In accepting sponsored agreements, the University agrees to administer agreements in full compliance with federal, state, and other public and private sponsor regulations. Funds received from a sponsor for a particular activity are restricted to that purpose. Many University offices share responsibilities for the effective administration of sponsored agreements regarding the oversight of funds, personnel, and facilities involved in conducting a sponsored activity.

Official Procedure

1. GENERAL

- 1.1. The primary purpose of sponsored agreements awarded to Texas A&M University is to further the instructional, research, and public service objectives of the University in a manner consistent with its status as an agency of the State of Texas.
- 1.2. In accepting sponsored agreements, the University is obligated to fulfill the purposes and requirements of the agreement. The funds or other resources are restricted to the sponsored activity and cannot be comingled with other funds or directed to other uses.
- 1.3. The University is entrusted with the use of federal, state and other public funds, private funds, facilities, and property. Funds, personnel, or facilities cannot be diverted to serve the specific interests of a private firm or individual. (Refer to [System Policy 07.01, Ethics](#) and [University Rule 15.01.03.M1 Financial Conflicts of Interest in Sponsored Research](#)). Each faculty member participating in a sponsored project is responsible for ensuring that all activities are in compliance with all applicable rules ([see System Policy 15.01 Research Agreements](#)).

- 1.4. Texas A&M University will comply with [System Regulation 15.01.01 Sponsored Agreements - Research and Other](#) in administering sponsored agreements.

This applies to agreements being managed within the University or by Texas A&M Sponsored Research Services (SRS) as delegated by Texas A&M University.

2. ROLES AND RESPONSIBILITIES FOR PERFORMANCE OF SPONSORED PROGRAMS

- 2.1. The President has delegated authority to the Vice President for Research (VPR) as the University's Institutional Official with a primary responsibility for all University research sponsored programs.
- 2.2. The Vice President for Research or designee provides the final institutional review and approval for each University proposal to resolve any financial or administrative questions, and to concur with any commitments of University space, facilities, and services.
- 2.3. Oversight of the research activity within individual colleges is the responsibility of the respective dean or designee. Each college has designated an assistant or associate dean for research to work with the Vice President for Research through the University Research Council (URC)).
- 2.4. The University is responsible and accountable to sponsors for the performance of sponsored research activities and the proper use of funds. The University has delegated grant management services to SRS including proposal administration, contract negotiation, account establishment, project administration, and sponsored billing.
- 2.5. Principal investigators are delegated the responsibility for writing proposals, determining the project budget, and conducting research in accordance with terms of agreements, funding agency guidelines, [University Rule 15.01.01.M5 Preparation, Review, and Submission of Sponsored Project Proposals](#), and other related System policies and University rules.
- 2.6. Compensation of faculty and staff members participating in sponsored research programs is governed by University rules and System policies concerning salary and wage administration regardless of the source of funding or the organization that processes the proposal and manages the project.

3. ALLOWABILITY AND DOCUMENTATION OF COSTS ON SPONSORED AGREEMENTS

- 3.1. Direct and indirect costs for sponsored agreements are subject to general tests of allowability, reasonableness, allocability, consistency, conformity, and timeliness.
 - 3.1.1. Reasonable. A cost may be considered reasonable if the nature of the goods or services acquired or applied and the amounts involved reflect the

action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made.

- 3.1.2. Allocable. A cost is allocable to a sponsored agreement if (1) it is incurred specifically to advance the work under the sponsored agreement; (2) it benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through the use of reasonable methods, or (3) is necessary and assignable.
- 3.1.3. Consistency. A cost must be given consistent treatment through application of generally accepted accounting principles appropriate to the circumstances. Consistency in this context means that costs incurred for the same purpose, in like circumstances, must be treated uniformly as either direct costs or as indirect costs.
- 3.1.4. Conformity. All costs must conform to any limitations or exclusions set forth in these principles and in the sponsored agreement as to types of amounts of cost items.
- 3.1.5. Timeliness. Costs must be incurred or obligated within the project period specified by the sponsored agreement.

4. TREATMENT OF COSTS FOR SPONSORED AGREEMENTS

4.1. Definitions for treatment of costs for sponsored agreements:

Sponsored Agreements: Contracts, grants, and other agreements which establish requirements for accepting funds in support of a specific project or program. Entering into a sponsored agreement creates a contractual obligation to fulfill requirements and comply with terms and conditions.

Facilities and Administrative (F&A) Costs or Indirect Costs: F&A cost rates are negotiated with the federal government and are applied to sponsored project direct expenditures to compensate an institution for indirect or overhead costs, such as the use of its facilities and administrative services provided to the projects. These costs are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. Examples of F&A costs are general administrative expenses, departmental administration, sponsored projects administration, equipment and building use allowances, and physical plant operation and maintenance. Classification of costs are described in the Office of Management and Budget (OMB) Uniform Guidance, Section 200.412.

Direct Costs: Those costs that can be identified specifically with a particular sponsored project, or that can be directly assigned to such activity relatively easily with a high degree of accuracy. Examples of costs charged directly to a sponsored agreement are the compensation of employees for performance of work on the project, the costs of materials expended on the project, and other items of expense incurred

for the project. Direct costs are described in OMB Uniform Guidance, Sections 200.420.

4.2. Federally sponsored agreements are subject to the following:

4.2.1. OMB Uniform Guidance 2 CFR 200 (*Grants and Agreements*)
<https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200>.

Sponsored agreements with industry, state, foreign entities, etc., will be conducted in compliance with the terms and conditions of the written agreement. However, costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs. Charges to a sponsored project should support the project's purpose and activity, and represent those costs necessary to meet the project's scientific and technical requirements. Such charges cannot be assigned arbitrarily or for the purpose of simplified budget management that is unrelated to the sponsored agreement's purpose.

4.3. Treatment of Costs:

Costs for sponsored agreements are subject to general tests of allowability, reasonableness, allocability, consistency, conformity, and timeliness.

4.3.1. Consistent treatment of direct costs:

Direct costs are those costs which can be specifically identified or assigned to a particular sponsored agreement or activity with a high degree of accuracy. For the purpose of consistent application of the treatment of costs, sponsored agreements are administered in accordance with OMB Uniform Guidance, Sections 200.420 – 200.475.

Direct costs are separately identified in the Financial Accounting Management Information System (FAMIS) by object codes which are listed on the Texas A&M University System Account Controls and Object Codes table <https://apps1.system.tamus.edu/objcodes/>.

4.3.2. Consistent treatment of facilities and administrative costs (F&A):

F&A Costs, or indirect costs, are costs that are incurred for common or joint objectives. These costs cannot be identified readily or specifically with a particular sponsored agreement. For the purpose of consistent application of the treatment of F&A Costs, sponsored agreements are administered in accordance with OMB Uniform Guidance, Section 200.414.

It is the intent of the state legislature that all state agencies and institutions establish guidelines to recover all F&A costs based on the rates negotiated with the federal cognizant agency. Any exceptions, unless mandated in a federal, state, or private sponsor solicitation, to the use of the negotiated rate will

require a waiver approved by the applicable department head/director, college dean and the Vice President for Research or designee. The Texas A&M University System rates for FY 2022 – 2026 for College Station based members can be found here: https://www.tamug.edu/assets/files/budgets-acct/pdf/FA_Rates_College_Station_Based-FY2022-26.pdf

4.3.3. Consistent treatment of unallowable costs:

Unallowable costs for sponsored agreements are identified in accordance with OMB Uniform Guidance, Section 200.403-411.

Sponsored agreements are also subject to any other restrictions or limitations further imposed by a sponsor and defined within the approved agreement. In the absence of reference to specific rules or regulatory guidelines for application to an individual agreement, federal guidelines will be administered. Any exceptions to general policy will be considered on a project-by-project basis.

4.3.4. Based on the Texas A&M System federally negotiated F&A Costs rate agreement, F&A Costs will be applied to all Sponsored Awards. The rate applied will be based on the categories listed below:

On Campus: On Campus locations include: a) space in buildings owned by The Texas A&M University System and considered part of the Texas A&M University Bryan/College Station campus and b) space in buildings leased by some entity of The Texas A&M University System for the purposes of conducting research and other sponsored activities on the Bryan/College Station campus. Rent may not be charged to projects applying the On Campus rate.

Off-Campus: For all activities performed in facilities not owned by the institution and to which rent is directly allocated to the project(s) the off-campus rate will apply. Grants or contracts will not be subject to more than one F&A cost rate. If more than 50% of a project is performed off-campus, the off-campus rate will apply to the entire project.

Instruction: Instruction (2 CFR Part 200 Appendix III Section 1.a) includes the teaching and training activities of an institution offered on a credit or noncredit basis, and offered through regular academic departments or separate divisions, such as a summer school division or an extension division. Sponsored instruction and training (2 CFR Part 200 Appendix III Section 1.1) includes specific instructional or training activities established by grant, contract, or cooperative agreement.

Organized Research: Organized Research (2 CFR Part 200 Appendix III Section 1.b) means all research and development activities of an institution that are separately budgeted and accounted for in the University's financial system. It includes the following: (a) Sponsored Research (2 CFR Part 200 Appendix III Section 1.b.1) means all research and development activities that are

sponsored by federal and non-federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function. (b) University Research (2 CFR Part 200 Appendix III Section 1.b.2) means all research and development activities that are separately budgeted and accounted for by the institution under an internal application of institutional funds.

Other Sponsored Activities: Other Sponsored Activities (2 CFR Part 200 Appendix III Section 1.c) means programs and projects financed by federal and non-federal agencies and organizations that involve the performance of work other than instruction and organized research. Examples are health service projects and community service programs when these activities are undertaken with outside support.

Clinical Trials: Clinical Trials research will be conducted at the same F&A rate as Other Sponsored Activities.

Intergovernmental Personnel and Other Personnel Agreements: An agreement between Texas A&M University and the federal government or other entity where Texas A&M University personnel work on an assignment at a federal agency or other off-site location.

5. PAYROLL COSTS ON SPONSORED AGREEMENTS

- 5.1. Time and Effort Reporting. Time and effort reports reflect the allocation of 100% of an individual's actual time and effort for specific University activities, whether or not reimbursed by an external sponsor. Time and effort reporting is separate from and can be independent of payroll charges. Cost-shared or contributed effort must also be included. The University uses the automated Time and Effort System to certify effort for employees contributing effort to Federal, State of Texas, and any other sponsored agreements which specifically require time and effort certification.
- 5.2. “Zero percent” effort or “as needed” is not an acceptable level of involvement for key personnel. Texas A&M University requires a commitment of effort based on the best estimate needed to complete the scope of work on the part of key personnel during the period in which the work is being performed. This is not required for the following types of proposals: equipment grants, travel grants, professional society editorships, conference support, dissertation support, training grants, scholarship/fellowship grants, capstone agreements, collaboration with no funding or other awards intended as student augmentation (an award whose primary purpose is to fund a student or postdoc activity).
- 5.3. Any effort less than 1% effort for non-exempt proposals will require prior approval for justification of diminimus effort.

- 5.4. For payroll costs on Time and Effort see [University SAP 15.01.04.M0.01 Time and Effort Reporting.](#)
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Related Statutes, Policies, or Requirements

[2 CFR 200, OMB Guidance for Grants and Agreements](#)

[System Policy 07.01, Ethics](#)

[System Policy 15.01, Research Agreements](#)

[System Regulation 15.01.01, Sponsored Agreements – Research and Other](#)

[University Rule 15.01.01.M5 Preparation, Review, and Submission of Sponsored Project Proposals](#)

[University Rule 15.01.03.M1. Financial Conflicts of Interest in Sponsored Research](#)

[University SAP 15.01.04.M0.01, Time and Effort Reporting.](#)

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