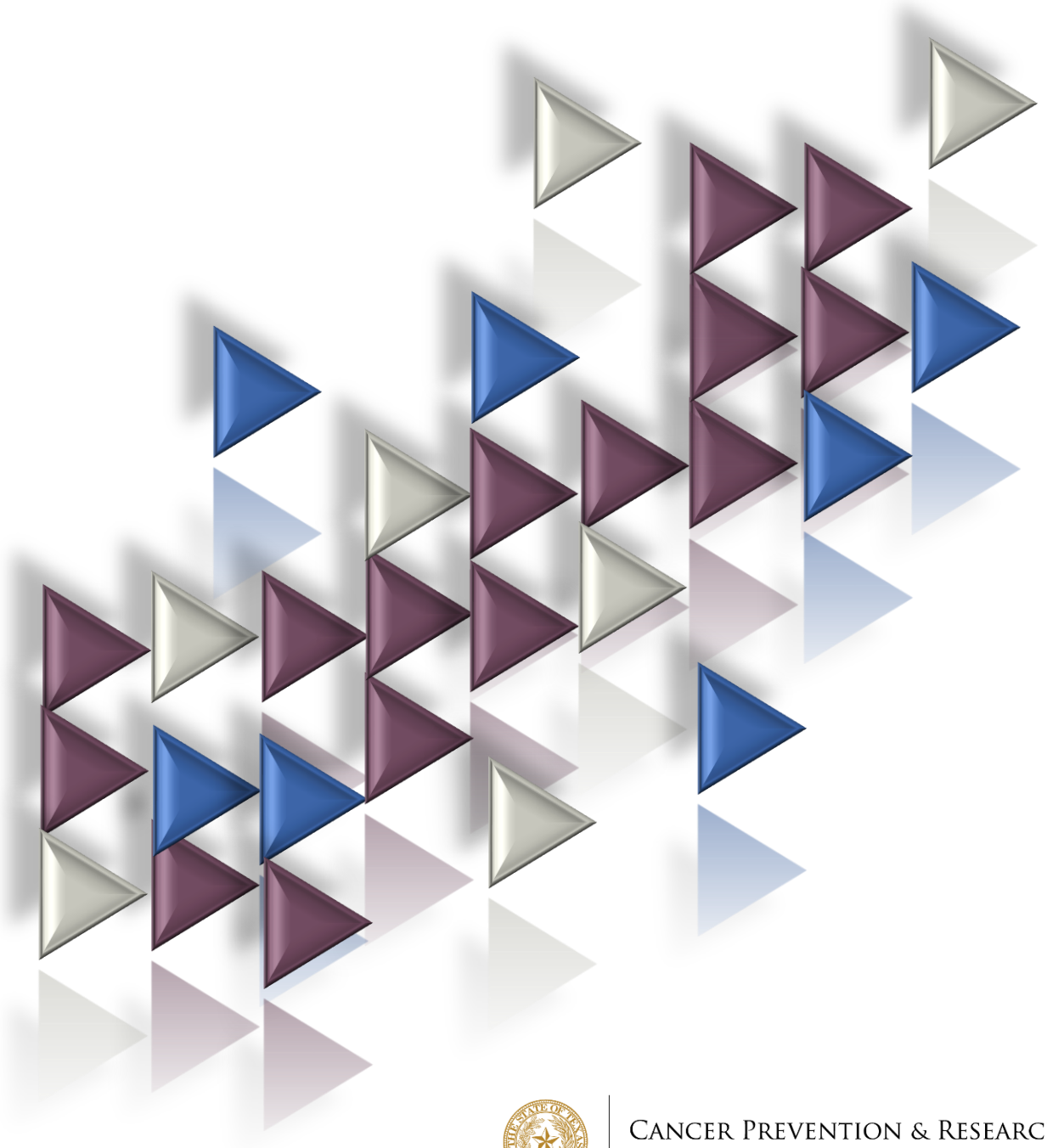
Grant Policies and Procedures Guide

A Resource for CPRIT Grant Applicants and Grant Recipients



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Cancer Prevention & Research Institute of Texas

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Version Control

Date	Author	Chapter/Section	Description of change
11/18/2009		n/a	Initial Draft
11/15/2013		Section N: Audit Requirement	Updated audit methodology for grantees regarding the single and program specific audit requirements
3/16/2016		See description of change	Content and formatting updates throughout. New Sections: Applying for CPRIT Grant Request for Application Approving Grant Award Recommendations Grant Contracts Disbursement of Grant Funds Cost Principles Grantee Budget/Expense Categories and Required Documentation
2/10/2017		Multiple	Changes throughout
3/3/2017		Multiple	Grammatical Changes throughout Additional Changes: • Submission Deadline and Late Submissions • CPRIT Application Receipt System (CARS) • Personnel Level of Effort and Non-Key Personnel Level of Effort forms • Allowable Travel Costs • Incidental Expenses • Other • Glossary
3/9/2017		Update Policy	Clarify Update Policy
6/12/2017	CPRIT	Chapters 3, 6, 8, 12, and 13; Table 5	Updates to: • Sections: 3.7.3, 3.18, 6.4, 8.2.2, 8.3.2, 8.3.3, 12.4, 13.4 • Table 5

Date	Author	Chapter/Section	Description of change
			Removed reference to a version and replaced with "last updated" and date
9/15/2017	CPRIT	Chapters 6, 8, 10; Table 3; Appendix	Updates to: • Sections: 6.6.3, 8.3.5, 10.1 • Table 3 • Appendix Replaced the term "Revenue Sharing Form" with "Revenue Sharing/Program Income Report Form" throughout.
12/2017	CPRIT	Chapters 6, 7, and 10	Updates to • Sections: 6.3.1, 6.4.4, 6.4.2, 6.4.4, 7.8.1, 10.2.2. 10.2.2.1, 10.2.2.2, 10.3, 10.4.3, 10.4.3.1, 10.4.3.2, 10.4.3.3, 10.4.3.4, 10.7, 10.7.1, 10.8.1 Section Deleted: • 10.2.4
3/2018	CPRIT	Chapters 6, 9, and 10; Glossary	Updates to Sections: • 6.4.3, 9.4.3, 10.2.4, 10.4.1, 10.4.3, 10.4.4, 10.7.1 (non-substantive), 10.8, Glossary
6/2018	CPRIT	Chapters 5, 6, and 10; Tables 3 and 5	Updates to Sections: • 5.15, 6.5.1, 10.2.2, 10.2.2.1, 10.2.5, 10.3.1, Table 3, Table 5
9/2018	CPRIT	Chapters 5, 6, 9, and 10	Updates to Sections: • 5.11, 6.4.1, 10.3.3.2, 10.7.1, Glossary New Section: • 9.4.3 CPRIT Conference
12/2018	CPRIT	Chapters 6 and 10	Updates to Sections: • 6.1, 6.8, 10.3.4
3/2019	CPRIT	Chapters 2, 6, 11, and 12; Tables 3 and 5	Updates to Sections: • 2.15, 6.3.1, 6.5.3, 6.5.4, 11.4.2, 12.3, Table 3, Table 5
6/2019	CPRIT	Chapters 5, 6, 9, 10, 13; Table 7	Updates to Sections: • 5.10, 5.11, 5.15, 6.4.3, 9.4.4, 10.3.3.1, 10.6, 13.3.3.1, Table 7
9/2019	CPRIT	Chapters 1, 5, 7, 8, 12, and 13	Stylistic redesign to the entire *Policies and Procedures Guide.*

Date	Author	Chapter/Section	Description of change
			Substantive updates to the following sections: • 1.4, 1.5, 2.2, 5.5.8, 5.15, 7.5.2, 8.3.2, 12.4, 12.4.2, 12.4.4.2, 12.4.4.3, 12.4.4.4, 12.4.4.5, 12.4.4.6, 12.4.4.7, 12.4.4.9, 12.4.4.10, 12.4.4.11, 13.3.1, 13.3.3
12/2019	CPRIT	Chapters 8, 10, and 13	Updates to sections: • 8.3.1, 10.3, 10.8, 13.3.1
3/2020	CPRIT	Chapter 6	Updates to section: • 6.4.4
6/2020	CPRIT	Chapters 6, 8, 13	Updates to sections: • 6.4.4, 8.2.2 New section: • 13.6 Renumbered sections: • Previous section 13.6 is now 13.7
3/2021	CPRIT	Chapters 2, 6, 9, and 10	Updates to sections: • 2.2, 6.3, 9.5.2, 9.5.4, 10.4.1, and 10.5.3
6/2021	CPRIT	Chapters 2, 3, 10, and 11	Revisions to sections: • 3.7.4, 10.6.2, 10.7, and 11.6 New section: • 2.14.1
9/2021	CPRIT	Chapters 9, 11, and 13	Revisions to sections: • 13.4 New section: • 9.5.4 Deleted sections: • 11.5.2; 11.7 Renumbered sections: • Previous section 11.8 is now 11.7; previous section 9.5.4 is now 9.5.5
12/2021	CPRIT	Chapters 6 and 9	Revisions to sections: • 6.5.2, 6.5.4, 9.5.4 New Section: • 6.4.2 Renumbered sections: • Previous section 6.4.2 is now 6.4.3 • Previous section 6.4.3 is now 6.4.4

Date	Author	Chapter/Section	Description of change
			• Previous section 6.4.4 is now 6.4.5

Acronyms

CPRIT's Commonly Used Acronyms	
AICPA	American Institute of Certified Public Accountants
ASO	Authorized Signing Official
AUP	Agreed-Upon Procedures
CARS	CPRIT Application Receipt System
CEO	Chief Executive Officer
CGMS	CPRIT Grants Management System
CPA	Certified Public Accountant
CPDO	Chief Product Development Officer
COI	Conflict of Interest
CPO	Chief Prevention Officer
CPRIT	Cancer Prevention and Research Institute of Texas
CR	Company Representative
CSO	Chief Scientific Officer
FICA	Federal Insurance Contributions Act
FICR	Federal Indirect Cost Rate
FSR	Financial Status Report
GAAP	Generally Accepted Accounting Principles
HUB	Historically Underutilized Business
IACUC	Institutional Animal Care and Use Committee
IRB	Institutional Review Board
NCE	No Cost Extension
OC	Oversight Committee
PD	Program Director
PDRC	Product Development Review Council

CPRIT's Commonly Used Acronyms	
PI	Principal Investigator
PIC	Program Integration Committee
PRC	Prevention Review Council
RFA	Request for Application
SRC	Scientific Review Council
TA	Technical Assistance
TAC	Texas Administrative Code
TPIA	Texas Public Information Act
UGMS	Uniform Grant Management Standards

Chapter 1: Introduction

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1.1 Introduction

Texas voters approved an amendment to the Texas Constitution in 2007 that establishes the Cancer Prevention and Research Institute of Texas ("CPRIT" or the "Institute") and provides the state with the authority to issue three billion dollars in general obligation bonds. Bond proceeds are to be disbursed as Grant Awards for the express purpose of expediting innovation in Cancer Research and lowering the incidence of cancer in Texas.

CPRIT is responsible to the Texas Legislature and to Texans to cost-effectively carry out its mission to expedite discoveries and innovations across Texas to reduce the burdens of cancer. In doing so, CPRIT acts with the highest standards of ethics, accountability, transparency and excellence. CPRIT is charged by the Texas Legislature to:

- Create and expedite innovation in the area of cancer research, thereby enhancing the potential for a medical or scientific breakthrough in the prevention of cancer and cures for cancer;
- Attract, create, or expand research capabilities of public or private institutions of higher education and other public or private entities that will promote a substantial increase in cancer research and in the creation of high-quality new jobs in this State; and
- Continue to develop and implement the Texas Cancer Plan by promoting the development and coordination of effective and efficient statewide public and private policies, programs, and services related to cancer and by encouraging cooperative, comprehensive, and complementary planning among the public, private, and volunteer sectors involved in Cancer Prevention, detection, treatment, and research.

📖 Tex. Health & Safety Code § 102.002, TAC § 701.1

1.2 Purpose

The *Policies and Procedures Guide* is made available for individuals and organizations interested in the CPRIT cancer research and prevention funding award program. It provides the framework for the review, award, implementation, and monitoring of CPRIT-funded research and prevention grant awards, as well as information on the rules and requirements that applicants and recipients of CPRIT grant awards must follow.

1.3 Relationship between Policies and Procedures Guide and Other Applicable Requirements

The *Policies and Procedures Guide* is intended to address major issues in the application and award process as well as grant management; however, these guidelines are not all-inclusive. A Grantee should always consult the administrative rules (Texas Administrative Code Chapters 701-703) and the award contract. When possible, the administrative rule(s) applicable to a

policy or procedure is noted in the *Policies and Procedures Guide*. CPRIT's statute, Texas Health & Safety Code Chapter 102, and administrative rules are available on CPRIT's website.

CPRIT's administrative rules, statute, contract provisions, and any other applicable state regulation or rule override the Policies and Procedures Guide.

If a conflict exists between a policy described herein and a state regulation, administrative rule, or contract provision, then the provisions of the applicable state regulation, administrative rule, or contract provision prevail. When specific guidance has not been developed, CPRIT relies upon the Uniform Grant Management Standards (UGMS).

1.4 How to Use/Navigate the Policies and Procedures Guide

Since there is no index, to search for and locate a specific word or term within the *Policies and Procedures* Guide, use "Ctrl + F" on a PC or "Command + F" on a Mac.

There are different types of hyperlinks throughout the *Policies and Procedures Guide* that are available as a resource:

- A royal blue hyperlink will direct to a website or email address outside of the *Policies and Procedures Guide* ;
- A green, bold hyperlink will direct to a different section within the *Policies and Procedures Guide* ; and
- A green, underlined hyperlink will direct to the Glossary at the end of the *Policies and Procedures Guide* .

1.5 Update Policy

CPRIT will review the *Policies and Procedures Guide* at least annually. The information in this document may be revised to address changes in state or federal statutes, regulations, or policies adopted subsequent to its effective date. Questions regarding the Policies and Procedures Guide may be directed to cpritpolicyguide@cprit.texas.gov.

CPRIT maintains a list of substantive changes made to the *Policies and Procedures Guide* in the ***Version Control*** section of this document. To receive updates about the *Policies and Procedures Guide*, subscribe to the list serve by clicking on the "Sign Up for Our Newsletter" link at the bottom of the CPRIT homepage.

Chapter 2: Applying for a CPRIT Grant

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2.1 Overview

Cancer research and prevention proposals are accepted for review in accordance with the requirements of the applicable Request for Applications (RFA). The RFA describes information specific to the grant award type, including eligibility requirements, funding limits, and special review considerations, if any. All applications must be submitted via CPRIT's electronic portal. In order to avoid influencing the review process, CPRIT observes a strict restriction on communication between a Grant Applicant and CPRIT employees and Oversight Committee Members that play a role in recommending or approving an application for a grant award.

2.2 Request for Applications (RFA)

The initial step in the CPRIT funding cycle is the release of a Request for Applications (RFA). The RFA includes important information about submitting a Grant Application to CPRIT, including applicable deadlines, eligibility, grant award requirements, evaluation criteria, review timeline, and special considerations related to the grant award. If the grant mechanism requires that a principal investigator, co-principal investigator, or any other key personnel commit to minimum levels of effort , the minimum level of effort will be stated in the RFA.

Certain issues related to CPRIT's grant application process are highlighted in this section, but applicants should always consult the RFA.

CPRIT publishes all open RFAs on its public website under "Apply for Funding". In addition to the RFA, a set of instructions may be provided with technical guidance on completing the on-line application. Modifications to an RFA will be available through the "Apply for Funding" page.

The release of a new RFA is announced by an email notice distributed to the subscribers of CPRIT's electronic mailing list. If any substantive modifications to a RFA are made after its initial release, notifications will be made by list serve. Potential applicants may sign up to receive email notices about RFA releases by visiting the "Apply for Funding" page on CPRIT's website and following the instructions to sign up to receive new funding opportunity announcements.

📖 TAC § 703.3(a)-(b)

2.3 Organization as Grant Applicant

A CPRIT grant is made to an organization, not an individual. The applicant organization is legally accountable for the accuracy of the application, the performance of the grant award, and expenditure of funds.

📖 TAC § 701.3(30)

2.4 Eligibility

General guidelines regarding eligibility are described in this section. Be aware that additional eligibility requirements may vary by Grant Mechanism.

Applicants should consult the applicable RFA for explicit guidance on eligibility requirements.

Submission via designated portal - Applications must be submitted via the designated electronic portal in order to be eligible for consideration of a grant award. For more information, see section, ***CPRIT Application Receipt System (CARS)***.

Submitting more than one application - An applicant should consult the RFA to determine if more than one application may be submitted by the same Principal Investigator, Program Director, or Company Representative for a particular grant mechanism or different grant mechanisms in the same review cycle. An applicant is eligible only for the grant mechanism specified by the RFA under which the application is submitted. This means that CPRIT will not award a grant for a grant application that does not match the grant mechanism in the RFA.

Donations to CPRIT make applicant ineligible for CPRIT award - An applicant that has donated money to CPRIT or to a foundation created to support CPRIT on or after June 14, 2013 is **not** eligible for a CPRIT grant award. During the application process, the applicant must certify that it has not made a donation to CPRIT or a supporting foundation. For purposes of the certification, in addition to the applicant entity, any Senior Member or Key Personnel listed on the application as well as the entity's officers or a director (or any person related to one or more of these individuals within the second degree of consanguinity or affinity) is considered the applicant. At this time, CPRIT is unaware of any foundation created to support CPRIT. The agency maintains a list of donations made directly to CPRIT on its website.

Grantees must be in Texas doing work in Texas - CPRIT grants may be awarded only to institutions, organizations and companies in Texas.

Applications submitted by out-of-state applicants are not eligible, except for applications in response to certain grant mechanisms that are designed to recruit exceptional researchers or

companies working on promising cancer treatments to relocate to Texas. For those grant mechanisms, the applicant (or recruitment candidate) may be outside of the state of Texas when the application is submitted and reviewed. However, the applicant is required to demonstrate that they will relocate to Texas as a condition of receiving a CPRIT grant award.

To meet the Texas location requirement, a Grant Applicant for a Product Development Research Grant Award must meet at least four of the following seven criteria: The U.S. headquarters is physically located in Texas; The Chief Executive Officer resides in Texas; A majority of the company's personnel, including at least two other C-level employees (or equivalent) reside in Texas; Manufacturing activities take place in Texas; At least 90% of Grant Award funds are paid to individuals and entities in Texas, including salaries and personnel costs for employees and contractors; At least one clinical trial site in Texas; and collaboration with a medical research organization in Texas, including a public or private institution of higher education. The Grant Contract will detail which location criteria will be fulfilled by the grantee who will report at least annually on the location criteria. CPRIT's CEO and a grantee may agree to alternative or additional criteria, which must be presented to the Oversight Committee at an open meeting. The alternative location criteria will be approved unless a simple majority of Oversight Committee members votes to reject.

📖 TAC § 701.19

Although grantees must be working in Texas, CPRIT permits grantees to use some grant funds to purchase goods and services out of state. For more information see section, ***Collaborations with Out of State Entities***.

Applicants with a history of grants terminated for cause or barred from receiving state or federal grants may affect CPRIT eligibility - Applicants must report whether the entity or individuals expected to conduct the work of the proposed grant award, including collaborators or contractors, are currently debarred, suspended, proposed for debarment, declared ineligible, or otherwise excluded from participation in grant awards by any federal or state department or agency. An application submitted by an entity or personnel that are debarred, suspended, and ineligible or otherwise excluded from participation in federal or state grant award is not eligible to receive a CPRIT grant.

Applicants must also report whether the individuals expected to conduct the work of proposed grant award had a grant terminated for cause by a federal or state department or agency within five years prior to the submission date of the grant application. This applies to the Principal Investigator, Program Director, or Company Representative, as well as other individuals who contribute to the execution of the proposed grant award in a substantive, measurable way, whether or not those individuals are slated to receive salary or compensation under the grant award. Termination for cause is not an automatic bar to consideration for a CPRIT award, but the status may be taken into account by the reviewers evaluating the CPRIT grant application.

📖 TAC § 703.3(d), (g), (h), (j)

2.5 Collaborations with Out of State Entities

CPRIT encourages collaborations, and collaborators are not required to reside in Texas. However, collaborators and collaborating organizations not located in Texas are **not** eligible to receive CPRIT funds.

2.6 CPRIT Application Receipt System (CARS)

Use of the electronic system to submit an application is required - All applicants must use CPRIT's designated application system located at www.cpritgrants.org to electronically submit applications to CPRIT. Below is a screenshot of the log-in page for CARS.

Figure 1: CPRIT Application Receipt System (CARS)

Create an account - An applicant must create a user account in CARS before an application may be submitted. Applicants should allow enough time ahead of a submission deadline to create user accounts.

Designate an Authorized Signing Official - As part of the registration process, an applicant is required to designate an individual at the institution or organization with the authority to approve the submission of the grant application. This person is considered the "Authorized Signing Official (ASO)." Generally, the ASO is not the Principal Investigator/Program Director/Company Representative; however, there may be instances

where one individual fulfills both roles. For more information, please see section, ***Authorized Signing Official (ASO)***.

📖 TAC §§ 701.25, 703.3(g)

2.7 Authorized Signing Official

The ASO, including the alternate ASO, is the designated representative of the applicant organization with the authority to act on the organization's behalf in matters related to the application for and administration of a CPRIT grant award.

By signing the application, the ASO certifies that the applicant organization:

- Complies with all applicable federal and state laws and regulations and that all eligibility requirements have been satisfied; and
- Will assume the obligations imposed by applicable state and federal laws and other terms and conditions of the grant award, including any assurances, if a CPRIT grant award is made. These responsibilities include accountability both for the appropriate use of grant funds and the performance of the CPRIT-supported program or activities as specified in the approved application.

📖 TAC §§ 701.3(6), 701.25

2.8 Submission Deadline and Late Submissions

CARS blocks applications from being submitted to CPRIT once the deadline stated in the RFA has passed. Deadlines are set by CPRIT to provide potential applicants at least 30 days from the release date of the RFA to complete the application. Applicants should allow sufficient time to familiarize themselves with the application format and instructions to avoid unexpected issues.

The submission deadline for each mechanism is stated in the applicable RFA.

Late submissions only in exceptional cases - CPRIT permits late submissions only in exceptional instances, usually for technology failures. The applicant's failure to adequately plan is not sufficient grounds to justify approval of a late submission.

Requesting an extension of the submission deadline - If an applicant has an issue that prevents the applicant from submitting the application when it is due, the applicant may request to extend the submission deadline for good cause. Because the consideration of the submitted requests and the re-opening of the portal (if approved) occur shortly after CARS closes (usually

within 24 – 72 hours), any request to extend the deadline should be submitted immediately after CARS closes. The request should be made to the CPRIT Helpdesk, which is managed by CPRIT's third-party grant administrator. The CPRIT Help Desk is available by phone Monday through Friday 8am to 6pm, CST, and by email at Help@CPRITGrants.org.

Approval/notification to extend the submission deadline - The Chief Program Officer considers any requests to extend the submission deadline and may approve submission of a late filing for good cause. When a request to extend the submission deadline is approved, the applicant is notified and CARS is reopened for a brief period – usually two to three hours – shortly after the due date for the applicant to complete the submission.

Late submissions address technical issues, not substantive issues - Allowances for late submissions are not designed to provide the applicant additional time to complete the substance of the application. Potential applicants that are unable to meet the deadline due to issues such as travel, sabbaticals, conferences, prolonged illness, or other leave should not request additional time to submit an application but should instead consider submitting the application in the next review cycle.

📖 TAC § 703.3(g)

2.9 Identification of Sources of Funding

An applicant must identify by name all sources of funding contributing to the grant award proposed for CPRIT funding. Product Development Research grant applications should include a comprehensive capitalization table that reflects all parties who have an investment, stock or rights in the company. The information will be made available to reviewers for purposes of identifying potential conflicts of interest prior to reviewing or taking action on the grant application.

📖 TAC § 703.3(i)

2.10 Resubmitted Applications Previously Reviewed by CPRIT

CPRIT reserves the right to limit the number of times an application may be resubmitted for grant award consideration. The RFA will state the resubmission guidelines, including specific instructions for resubmissions. Applicants who choose to resubmit should consider the reasons for lack of prior success. All resubmitted applications must conform to the structure and guidelines outlined in the RFA.

Applications that received overall numerical scores of 5 or greater are likely to need considerable attention.

What is considered a resubmission? An application is considered a resubmission if the proposed project is substantially the same project as originally submitted in a previous review cycle and the original application underwent Peer Review. A change in the identity of the applicant or the Principal Investigator/Program Director /Company Representative or a change to the title of the project does not constitute a new application. If the applicant has a question about whether CPRIT considers an application to be a resubmission, the applicant should contact CPRIT program staff.

Are previously withdrawn applications considered submissions? An application that was originally submitted to CPRIT in a previous review cycle but was administratively withdrawn from review, either by CPRIT or at the request of the applicant prior to undergoing peer review, is not considered a resubmission.

Resubmissions should be carefully considered A resubmitted application should be carefully reconstructed; a simple revision of the prior application with editorial or technical changes is not sufficient. Addressing previous critiques in the resubmission is advisable; however, it does not guarantee the success of the resubmission.

Undesignated resubmissions may be withdrawn from further consideration - An application that should have been designated as a resubmission but was not may be withdrawn from consideration. In the event of a disagreement between the applicant and CPRIT regarding whether an application is sufficiently similar to a previously submitted application to be considered a resubmission, CPRIT's determination is final.

2.11 Institutional Limits on the Number of Applications submitted to an Entity

CPRIT reserves the right to limit the number of applications submitted by an entity for a particular grant mechanism. Institutional limits are used to ensure timely and high-quality review when a large number of submissions are anticipated.

Institutional limits stated in RFA - Any institutional limits set for a particular grant mechanism will be specifically stated in the RFA.

Applications exceeding limit will not be reviewed - Institutions are encouraged to initiate an internal review process and only authorize submission of the appropriate number of applications that are responsive to the RFA. Applications exceeding the institutional limit will not be reviewed.

2.12 Competitive Renewals

CPRIT reserves the right to authorize competitive renewals for particular grant mechanisms. The RFA will state whether grantees that have previously received CPRIT grant funding may submit applications for competitive renewal under the RFA.

Demonstrate progress made - The applicant should be able to demonstrate their progress on the initial CPRIT funded grant award.

Timing of renewals - The applicant should time the submission of the renewal application so that the new contract execution date for the grant award comes after the contract expiration date of the initial CPRIT award; any overlap in funding should be avoided.

Consult with CPRIT - Prior to submitting a competitive renewal application, applicants should consult with CPRIT program staff to determine whether it is the appropriate time to apply for renewal consideration. The determination will be based upon the amount of original grant funds left to be expended and anticipated completion of the scope of work, as well as other factors specific to the grant award.

2.13 Questions During the Application Process

CPRIT's Helpdesk provides support to applicants regarding user registration and online submission of applications. A grant applicant may contact the Helpdesk via phone during business hours or by email (Help@CPRITGrants.org) at any time. Questions submitted via e-mail will be answered within one business day.

Helpdesk staff are not in a position to answer questions regarding programmatic, scientific and commercialization aspects of applications. Questions regarding the CPRIT Program, including questions regarding substantive elements of the application, should be directed to the appropriate CPRIT Program Manager.

Note: A grantee should not contact the CPRIT Chief Program Officer about substantive questions related to the application. For more information on the prohibition against communicating with a Chief Program Officer when applications are being accepted by CPRIT, see section, ***Restriction on Communication***.

2.14 Restriction on Communication

Communication regarding the substance of a pending application is prohibited between the applicant (including someone on the applicant's behalf) and the following individuals: an Oversight Committee Member a Program Integration Committee member, a Review Panel member, or a Review Council member. PIC members include CPRIT's Chief Executive Officer

(CEO), Chief Scientific Officer (CSO), Chief Prevention Officer (CPO), and Chief Product Development Officer (CPDO), as well as the Commissioner for the Department of State Health Services. CPRIT's CEO may waive the restriction on a case-by-case basis. Any waiver will be publicly available.

Restriction begins when the CARS system is opened for submission of applications to CPRIT - The prohibition on communication begins on the first day that grant applications for the particular grant mechanism may be submitted and extends until the grant applicant receives notice regarding a final decision on the grant application.

The restriction on communication begins the first day that any applications are accepted for the review cycle, even if the applicant has not yet submitted an application.

The application may be withdrawn from further consideration for serious violations - Intentional, serious, or frequent violations of this rule may result in the disqualification of the grant applicant from further consideration for a grant award.

📖 TAC § 702.19(a) – (c), (e)

2.14.1 Exception Related to Product Development Due Diligence Review

The Product Development Review Council Chairperson may assign a peer review member to participate in the due diligence interview during business and operations due diligence of product development research grant applications. The assigned peer review member and grant applicant may communicate directly with each other during the course of the due diligence interview without violating the general restriction on communication. This exception applies to all applicants that participate in due diligence review.

📖 TAC § 702.19(b)(3)

2.15 Product Development Research Application Review Fee

CPRIT reserves the right to assess an application review fee for Product Development company applications to offset the additional costs of the Product Development company application review process. The RFA will state the amount of the review fee.

Paying the review fee - Payment of the review fee should be made by check or money order payable to CPRIT; electronic and credit card payments are not acceptable. The application ID and the name of the submitter must be indicated on the payment.

Deadline to pay review fee - Unless a request to submit the fee after the deadline has been approved by CPRIT, CPRIT may administratively withdraw an application if the application

review fee is not received by CPRIT within seven business days of the application submission deadline.

📖 TAC § 703.3(k)

Refund of review fee – A grant applicant may request a refund of the grant application fee if the application is withdrawn from the grant review process prior to evaluation by the peer review panel.

The refund request must be sent via e-mail to the Chief Product Development Officer and Program Manager for Product Development and include a justification for a refund. The request should be submitted within 14 business days of the application withdrawing from review. CPRIT's decision whether to refund a review fee is final.

📖 TAC § 703.3(k)(4)

2.16 Confidential Information and Texas Public Information Act

CPRIT is a state agency and is subject to the Texas Pubic Information Act (TPIA) (Tex. Govt. Code § 552.101 *et seq*.). The TPIA gives the public the right to request access to government information, including information held by a government agency that was created by a third party. Although the TPIA makes most government information available to the public, the TPIA provides exceptions to public access for certain information, including Third-Party Information.

State law designates some information as public information, meaning that the following information will always be disclosed upon a TPIA request (and may be made publicly available even without a request).

2.16.1 Information that CPRIT Must Provide Upon Request

CPRIT must provide the following information upon request:

- The applicant's name and address;
- The amount of grant funding applied for;
- The type of cancer to be addressed by the grant application;
- A high-level summary of the grant application specifically created to be publicly disclosed; and
- Any other third-party information that the third party consents to disclose.

For all other information submitted by applicants, CPRIT undertakes reasonable efforts to protect the actual or potential value of information from unauthorized public disclosure. For more information, see section, ***Confidentiality and Nondisclosure***.

2.16.2 Information Considered Confidential

Consistent with CPRIT's statute (Tex. Health & Safety Code § 102.262) and the TPIA, the following information is confidential:

- Information that relates to an applicant's product, device, or process that has the potential for being sold, traded, or licensed for a fee, including the application or use of such product, device, or process;
- All technological or scientific information developed in whole or in part by the applicant that has the potential for being sold, traded, or licensed for a fee;
- All information that relates to the plans, specifications, blueprints, and designs, including related proprietary information, of a scientific research and development facility;
- Written comments made by peer reviewers that reveals, directly or indirectly, information relating to the applicant's product, device, or process that has the potential for being sold, traded, or licensed for a fee, including the application or use of such product, device, or process; and
- Information included in the business operations and management due diligence and intellectual property reviews that reveals, directly or indirectly, information relating to the applicant's product, device, or process that has the potential for being sold, traded, or licensed for a fee.

CPRIT considers that a product, device, or process and the technological or scientific information described in the application has the potential for being sold, traded, or licensed for a fee unless the applicant informs CPRIT that no economic potential exists.
The confidential nature of the information submitted by the applicant is not dependent upon whether the information is patentable or capable of being registered under copyright or trademark laws.

The Office of the Attorney General of Texas makes the final determination of whether third-party information held by CPRIT must be disclosed in response to a TPIA request.

2.16.3 CPRIT will Notify the Applicant if a Request is Made for Information in the Application

Consistent with statutory requirements, if CPRIT receives a public information request that may require potential public disclosure of the applicant or grantee's information, CPRIT will notify the entity so that the applicant or grantee has the opportunity to brief the Attorney General's Office regarding the confidential nature of the information. No information that may be considered confidential will be disclosed until the Attorney General issues a decision.

📖 TAC § 701.29

Chapter 3: Review Process

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3.1 Overview

CPRIT relies upon a multi-stage review process that incorporates peer review conducted by outside experts as well as programmatic review and alignment with CPRIT's statutory and funding priorities.

The decision to recommend a grant application for funding is based upon the sufficiency, merit, and if applicable, Product Development Prospects for the grant application, as determined by CPRIT's peer review and programmatic review processes.

In some cases, the PIC or the Oversight Committee may choose to defer making a final decision on one or more applications recommended for grant awards. Generally, a decision to defer an award recommendation until a future meeting is made because of budgetary concerns. An award decision must be acted upon by the end of the fiscal year (August 31) in which it was recommended by the Review Council. Deferred applications that have not been approved by August 31 will be considered not recommended for a grant award.

To minimize the potential for conflicts of interest in the review process, all research and prevention peer reviewers live and work outside of the state.

At each step in the review process, the reviewers' decision to not recommend an application to move forward to the next review stage is ***final***.

📖 TAC §§ 703.5, 703.6, 703.7, 703.8, 703.9

3.2 Finality of Grant Review Process

Grant applicants deserve a fair review unaffected by undisclosed conflicts of interest. CPRIT's RFAs specify the review criteria; applicants receive the reviewers' written critiques, and CPRIT documents steps taken to consistently follow the appropriate review process for every application. Nevertheless, the Grant Review Process is subjective; what may appeal to one group of reviewers one cycle is not guaranteed to be met with the same level of enthusiasm in another cycle.

The number of proposals CPRIT receives each year far exceeds the available funding for prevention and research awards. For many of CPRIT's grant mechanisms, the success rate for applicants is less than 20 percent.

As a condition of submitting an application to CPRIT for review, the applicant accepts that the only basis for reconsideration of CPRIT's final decision regarding the application is an undisclosed Conflict of Interest. For more information, see section, ***Reporting Undisclosed Conflicts of Interest***.

📖 TAC § 703.9

3.3 Administrative Compliance Review

Applications undergo an administrative compliance review to ensure the accurate and complete submission of all components of a grant application required by the RFA. Applications are checked for compliance against the grant mechanism's administrative requirements listed in the RFA.

📖 TAC §§ 703.3(d), (f), (g), (h)(1), (i), (j), (k), 703.6(a)

3.4 Peer Review Participants

Experts, scientists, and Patient Advocates are provisionally appointed to the Peer Review Panel by CPRIT's Chief Executive Officer and approved by the Oversight Committee. CPRIT's statue refers to peer review panels as "Scientific research and Prevention Program" committees. To minimize the potential for conflicts of interest, all reviewers live and work outside of Texas unless a special need justifies using a Texas resident. A current list of members by panel is available on CPRIT's website.

📖 TAC § 703.5(a)

3.4.1 Review Panel Chairperson

The chairperson oversees the review panel, works closely with the grants administrator staff on pre-meeting activities, presides at the panel meeting, and provides leadership in moderating and guiding panel members in their deliberations. The chairperson plays a key role in ensuring that each proposal receives a fair review based on its merit and on the review criteria and that the meeting proceeds expeditiously. Generally, the chairperson does not vote on individual applications.

📖 TAC § 703.6(c)

3.4.2 Expert/Scientist Reviewers

Each review panel is comprised of distinguished reviewers. Reviewers are assigned to panels in their area of expertise. The Prevention and Product Development Research programs use the term "expert reviewer," while the Academic Research program uses the term "scientist reviewer." These reviewers are leaders in their respective fields and have outstanding qualifications, including publications, patents, funding awards, honors, and significant achievements within their respective disciplines.

📖 TAC § 703.5

3.4.3 Advocate Reviewers

At least one advocate reviewer is appointed to each Peer Review Panel to specifically represent the interests of cancer patients. Advocate reviewers keep the needs of the patient and the community at the forefront of expert/scientist reviewers' discussions and remind them of the human dimension of the disease. This results in increased awareness of the importance of cancer prevention and research and a stronger relationship among the scientific, public health, and advocate communities.

CPRIT selects trained patient advocates on the basis of their patient advocacy and survivorship experience. Advocate reviewers are full voting members of a committee and assess the significance and impact of a grant award as well as provide an overall evaluation. Their participation, like all participants of CPRIT's review process, is governed by CPRIT's conflict of interest policies. For more information, see section, ***Reviewer Conflicts of Interest***. A list of advocate reviewers is available on CPRIT's website.

📖 TAC § 703.5(l)

3.4.4 Non-Participating Observers at Peer Review Meetings

Only the Chairperson and reviewers participate in the substantive discussion of applications and decision making at the peer review meetings. Although they do not participate in the substantive discussion or decision making, other individuals may attend the peer review meeting to provide assistance and observe the meeting.

3.4.4.1 CPRIT and Grants Management Staff

The Chief Program Officer and Program Manager attend the peer review meetings. Other CPRIT program staff or Oversight Committee members may also attend peer review meetings to observe the review process. CPRIT program staff does not participate in the discussion, deliberation, scoring, or vote on any grant applications. They may answer technical questions that do not address the substance of the application. Grant management personnel working for CPRIT's third-party grant administrator may attend the peer review meetings to assist the panel chairperson and reviewers with administrative issues and provide technical assistance before, during, and after the meeting.

📖 TAC § 703.6(f)

3.4.4.2 Third Party Observer/Chief Compliance Officer

CPRIT implemented the use of an independent third-party observer at peer review meetings in 2012 to document that panel discussions are limited to the merits of the application and adhere to established evaluation criteria. In addition, the third-party observer's written report issued at the completion of the review stage indicates whether any attendees other than the reviewers and panel chair at the peer review meeting participated in the discussion, scoring, or vote on the grant application. This report becomes part of the grant record and is publicly reported as part of the compliance certification of grant awards. The Chief Compliance Officer may fill the role of the independent observer if necessary.

📖 TAC § 703.6(g)

3.5 Primary Review and Panel Discussion

Generally, CPRIT's peer review process consists of two parts: a comprehensive review of the application by Primary Reviewers (usually three) assigned to review specific applications, followed by a full panel discussion. Certain exceptions to the general process described in this section are necessary for a particular program or grant mechanism. For more information, see section, ***Special Peer Review Processes***. Applicants should consult the RFA for information about the particular review process applicable to the grant mechanism.

3.5.1 Primary Review

Applications that have not been withdrawn for administrative reasons are assigned to primary reviewers based on the reviewer's area of expertise and undergo a rigorous peer review. Primary reviewers flag potential conflicts of interest prior to receiving full applications for review. For more information, see section, ***Reviewer Conflicts of Interest***.

An application is evaluated by primary reviewers who individually provide criteria scores and an initial overall score. For more information about scores and critiques, see section, ***Scores and Written Critiques***.

Expert/scientist reviewers focus on the merit and the key strengths and weaknesses of the proposal using the primary scored criteria. The secondary, unscored criteria contribute to their overall impression and evaluation of the grant award. Therefore, while the primary scored criteria will greatly influence the initial overall score, the reviewer's scores are not an average of the primary scored criteria. Primary and secondary criteria are listed in the RFA.

Advocate reviewers focus on the impact criterion such as the potential relevance of the proposed project to patients with cancer and survivors of cancer; the impact the proposed work may have on public health, cancer prevention, or patient care; and the relative importance (significance)

of this work. Advocate reviewers are required to evaluate significance and impact. Comments for other criteria are optional.

Each application is judged against an "ideal" application and is not compared against other applications assigned to the reviewers.

The primary reviewers' individual initial overall scores are averaged to produce a single initial overall score for the application. These primary reviewers' scores and critiques plus the panel discussions will be the principal basis for the final summary statement documenting the evaluation and the basis for the panel recommendation regarding the proposal.

📖 TAC § 703.6(c)(1) – (3)

3.5.1.1 Panel Discussion

After the primary reviewers have completed initial scoring and critiques, the full peer review panel (usually 12 – 15 reviewers) meets to discuss the applications assigned to the panel. If there is insufficient time to discuss all applications, the Review Panel chairperson determines the applications to be discussed by the full panel based on the initial evaluation scores.

After discussing an application, each panel member provides an individual overall score that is averaged with other panel members' scores to provide a final overall score for the application. Occasionally, points raised during the panel discussion will cause the primary reviewer to change his or her initial score.

Primary reviewers may revise their initial score for the application after the panel discussion.

Based upon the discussion and the scores, the peer review panel develops a list of applications it recommends for grant awards. The panel may recommend modifications to the budget, the project goals/timeline or administrative issues. Any modifications recommended by the panel are noted in writing and move forward with the application to the next stage of the review process.

Summary statements containing the Overall Evaluation Scores and critiques are provided to applicants that are not moving forward.

📖 TAC § 703.6(c)(4)

3.6 Scores and Written Critiques

Applications are scored as part of the evaluation process. Primary reviewers assess and score the criteria specified in the RFA as well as on overall evaluation of the application.
Primary reviewers choose a numeric score for each of the criteria he or she evaluated based on a scale from one (highest merit) to nine (lowest merit). This Criterion Score is a whole number and is consistent with the balance of comments on the strengths and weakness for that criterion.

Table 1: Criterion and Overall Ratings

Numeric	Guidance on Criterion and Overall Ratings
1	Exceptionally strong with essentially no weaknesses
2	Extremely strong with at least one minor weakness
3	Very strong with only a few minor weaknesses
4	Very good but with numerous minor weaknesses
5	Good but with at least one moderate weakness
6	Some strengths but also some moderate weaknesses
7	Some strengths but with at least one major weakness
8	A few strengths and a few major weaknesses
9	Very few strengths and numerous major weaknesses

For both the criteria and overall scores:

- A **"minor weakness"** is a weakness that can easily be addressed and does not lessen the impact of the project;
- A **"moderate weakness"** is a weakness that lessens the impact of the project; and
- A **"major weakness"** is a weakness that severely limits the impact of the project.

Reviewers also assign an Overall Evaluation Score based on their opinions about the criteria scores listed in the RFA. The overall score reflects the reviewer's overall impression and enthusiasm for funding. Although the overall score is not a mathematical average of the criteria scores, the overall score should make sense in comparison with the criteria scores. For example, an application with criteria scores of 1 and 2 would not be expected to have an overall score of 8.

Primary reviewers also write a critique to explain their assessment of the application. Scores and critiques should reflect one another. A critique with a lengthy list of strengths and no weaknesses should have an outstanding score. Conversely, a critique with a lengthy list of weaknesses and no strengths should have a poor score.

3.7 Special Peer Review Processes

Occasionally it is necessary to modify the standard review process to accommodate special circumstances. The RFA will describe the applicable special review processes, if any. Special

review processes may include use of preliminary review, in-person presentations, due diligence review, and programmatic review.

3.7.1 Preliminary Review

A preliminary evaluation process is used when the number of applications is expected to exceed the capacity of the review panels to conduct a full peer review of all submitted applications. The preliminary evaluation is conducted prior to the full review process. Use of a preliminary review process will be stated in the RFA; the process, criteria, and application components subject to preliminary review will be specifically described. Generally, a preliminary review process has been used to evaluate applications submitted for the Individual Investigator grant mechanism.

In the preliminary review, assigned Peer Review Panel members (usually three) conduct the preliminary evaluation for a grant application based on a review of a subset of materials presented in the application (usually the abstract, budget, and key personnel bio sketches). The assigned reviewers provide a preliminary score based on the criteria stated in the RFA. The Peer Review Panel chair determines grant applications that move forward to initial review based upon preliminary evaluation scores. A grant application that does not move forward to initial review is removed from further consideration and the applicant is notified after the preliminary evaluation stage has concluded. Due to the volume of applications to be reviewed, detailed comments are not made by reviewers at the preliminary evaluation stage.

📖 TAC § 703.6(e) (1)

3.7.2 Recruitment Review (Academic Research)

Applications for recruitment awards are reviewed by members of the Scientific Review Council (SRC). Following identification of conflicts of interest, the SRC chair assigns applications to primary reviewers on the SRC (usually three). Primary reviewers evaluate and score applications based on the criteria specified in the RFA. Following the primary review, the entire SRC convenes to discuss the applications. After discussing an application, each SRC member provides an individual overall score that is averaged with the other individual overall scores to provide a final overall score for the recruitment application.

Occasionally, points raised during the SRC's discussion will cause the primary reviewer to change his or her initial score. Primary reviewers may revise their initial scores for the recruitment application after the discussion.

Based upon the discussion and the scores, the SRC develops a list of recruitment applications it recommends for grant awards. The SRC may recommend modifications to the budget, the project goals/timeline or administrative issues. Any modifications recommended by the panel are noted in writing and move forward with the recruitment application to the next stage of the review process.

📖 TAC § 703.6(e)(2)

3.7.3 In Person Presentations (Product Development Research Company Applications)

Product Development Research company applicants that have sufficiently positive scores after the panel discussions are invited to present their proposal in-person to the full review panel and to answer reviewer questions. The presentation and question-and-answer session generally last about 45 minutes. Following the in-person session, the applicant leaves the room so that the reviewers may discuss the application. All reviewers individually submit an overall score for the application after the discussion. The individual overall evaluation scores are then averaged to provide a final overall evaluation score for the application.

The peer review panel submits a list of applications recommended for due diligence review to the Product Development Review Council (PDRC). The PDRC decides which grant applications submitted by the peer review panel will undergo business operations and management due diligence and intellectual property review.

📖 TAC § 703.6(e)(4)(A)-(B)

3.7.4 Due Diligence Review (Product Development Research Company Applications)

Product Development Research company applications that undergo due diligence review conducted by outside contractors hired by CPRIT or the Product Development Review Council, and overseen by the Chief Product Development Officer. Due diligence involves an in-depth evaluation of the proposal's underlying intellectual property, clinical trial design, regulatory affairs, manufacturability of product, marketing, etc. The Product Development Chair may assign a peer review panel member to participate in the interview phase of due diligence review. For more information, see section ***Exception to Restriction on Communication***. The due diligence information is provided to the Product Development Review Council (PDRC) members and the primary reviewers assigned to the application for their consideration.

Following a discussion of the due diligence information, the PDRC conducts a programmatic review and decides the applications that should be recommended for CPRIT grant funding. Criteria considered during the programmatic review are spelled out in the RFA. All product development research applications recommended for grant funding are numerically ranked by the Review Council and simultaneously submitted to the presiding officers of the PIC and the Oversight Committee.

📖 TAC § 703.6(e)(4)(B) – (C)

3.7.5 Prevention Programmatic Review (Prevention Applications)

The goals of the Prevention Programmatic Review are to meet budget guidelines and to balance the CPRIT prevention portfolio by selecting the best projects based on the programmatic priorities. Applications must be within the score range determined by the Prevention Review Council to be considered during programmatic review.

At this level of review, recommendations for funding are based on comparisons with applications from the prevention review panels and programmatic priorities. The scores are only one factor considered during programmatic review. Prevention Programmatic Priorities include but may not be limited to:

Potential for Public Health Impact and Return on Investment (ROI)

- Project's potential impact on cancer prevention and control (e.g. to reduce risk, prevent cancer, detect cancer early, improve quality of life for survivors) and demonstration of a strong evidence base
- Good investment given the cost of the program and potential reach and impact

Geographic Distribution

- High incidence, mortality areas for Texas
- Areas not well served in current CPRIT portfolio

Cancer Type

- CPRIT may support all cancers that have evidence-based prevention interventions but may prioritize based on high incidence, mortality, prevalence of risk factors. See individual RFAs for areas of emphasis.
- Geographic distribution of cancer type in CPRIT portfolio

Type of Program in CPRIT Portfolio

- Primary, secondary, tertiary prevention
- Public education and outreach, professional education and training, clinical service delivery

3.8 Oversight Committee Program Priorities

CPRIT's Oversight Committee establishes Program Priorities on an annual basis. The priorities provide transparency in how the Oversight Committee directs the orientation of the agency's funding portfolio between and within its three programs as well as guide CPRIT program staff and Review Councils on the development and issuance of program specific RFAs and the evaluation of applications submitted in response to those RFAs.

CPRIT's three programs are guided by established key principles essential to executing CPRIT's purpose. The main principle underlying all three programs is that they will continue to ensure that only applications with scientific merit will move forward in CPRIT's peer review process. The program priorities supplement these principles to direct the selection of meritorious

applications. It is important to note that these priorities do not exclude funding in areas outside of the identified priorities.

The Oversight Committee's program priorities are reviewed and adjusted annually as circumstances change and new information is found concerning cancer-related advances in prevention, academic research and product development research.

The Oversight Committee's program priorities for the fiscal year are available on CPRIT's website.

📖 Tex. Health & Safety Code § 102.107(2)(3)

3.9 Review Council Recommendations

At the conclusion of peer review panel evaluation, each panel chair submits to the Review Council the list of applications the panel recommends for grant awards. The Review Council undertakes programmatic review to evaluate alignment with the program priorities and determines which proposals will be recommended to the PIC and Oversight Committee for funding.

3.9.1 Ranking Grant Awards

The Review Council considers and prioritizes the recommendations of each of the peer review panels by assigning a Numerical Ranking Score to each application the Review Council recommends for a grant award.

The Review Council's numerical ranking score takes into account the final overall score, how well the grant application achieves program priorities set by the Oversight Committee, the overall Program portfolio balance, and any other criteria described in the Request for Applications.

3.9.2 Recommendation provided to PIC and Oversight Committee

The Review Council's final ranked list of grant recommendations is submitted in writing simultaneously to the Presiding Officers of the PIC and the Oversight Committee. If the Review Council ranks an application with a less favorable score ahead of an application with a more favorable score, then the Review Council must provide a written explanation for doing so. Any change to the grant application's goals, objectives, budget, or timeline recommended by the Review Council for a grant award is specified in writing. This information is made publicly available in the CEO packet.

3.9.3 Decision to not recommend an application is final

The Review Council's decision to not include a grant application on the list of grant recommendations submitted to the PIC and the Oversight Committee is final. Grant applications not included on the Review Council's list are not considered in subsequent stages of the review cycle. Applicants are notified at this stage that they are not moving forward in the review process and can access their summary statements in CARS.

📖 TAC § 703.6(d), 703.6(h)

3.10 Program Integration Committee (PIC) Review

The Program Integration Committee (PIC) is composed of CPRIT's Chief Executive Officer, the Chief Scientific Officer, the Chief Product Development Officer, the Chief Prevention Officer, and the Commissioner of the Department of State Health Services.

The PIC considers the prioritized list of applications submitted by the Review Council(s) and approves, by a majority vote, a final list of applications for recommendation to the Oversight Committee. The PIC's list of applications must provide an explanation for its recommendations, particularly if the PIC decides not to recommend an application for a grant award.

The PIC may recommend modifications to the budget, the project goals/timeline or administrative issues. Any recommended modifications are noted in writing and move forward with the application to the Oversight Committee.

The Chief Compliance Officer attends the PIC meetings to observe and document compliance with CPRIT's statute and administrative rules.

The PIC may defer a grant application. For more information on the deferral process see section, ***Deferring a Grant Award Recommendation***.

3.10.1 Statutory Priorities

The PIC's final list of grant recommendations is substantially based on the ranked lists submitted by the Review Council(s), and to the extent possible, gives priority to proposals that fulfill the following statutory priorities:

- Could lead to immediate or long-term medical and scientific breakthroughs in the area of cancer prevention or cures for cancer;
- Strengthen and enhance fundamental science in cancer research;
- Ensure a comprehensive coordinated approach to cancer research;
- Are interdisciplinary or inter-institutional;

- Address federal or other major research sponsors' priorities in emerging scientific or technology fields in the area of cancer prevention or cures for cancer;
- Are matched with funds available by a private or nonprofit entity and institution or institutions of higher education;
- Are collaborative between any combination of private and nonprofit entities, public or private agencies or institutions in this state, and public or private institutions outside this state;
- Have a demonstrable economic development benefit to this state;
- Enhance research superiority at institutions of higher education in this state by creating new research superiority, attracting existing research superiority from institutions not located in this state and other research entities, or enhancing existing research superiority by attracting from outside this state additional researchers and resources;
- Expedite innovation and product development, attract, create, or expand private sector entities that will drive a substantial increase in high-quality jobs, and increase higher education applied science or technology research capabilities; and
- Address the goals of the Texas Cancer Plan.

📖 Tex. Health & Safety Code § 102.251(a)(2)

In addition to the statutory considerations, the PIC considers whether a proposed recommendation achieves one or more program priorities set annually by the Oversight Committee. For more information on the Oversight Committee's program priorities, see section, ***Oversight Committee Program Priorities***.

3.10.2 Minority Recommendation

In the event that the PIC's vote on the final list of grant recommendations is not unanimous, a PIC member or members not voting in the majority may submit a written explanation to the Oversight Committee for his or her vote against the majority. The member's explanation may include his or her own list of grant recommendations.

Restriction on communication with an Oversight Committee member

A PIC member may not communicate individually with one or more Oversight Committee members about a pending grant recommendation until the PIC has submitted its list of grant award recommendations to the Oversight Committee and the CEO has submitted the written affidavits.

📖 TAC § 702.19(f), 703.7

3.11 Oversight Committee Review

The CEO, as presiding officer of the PIC, provides the PIC's recommendations to the Oversight Committee for consideration. Oversight Committee members may access information supporting the recommendations via a secure grant portal. The supporting information available to the Oversight Committee members for each application recommended by the PIC includes:

- The application;
- The application's scores and written critiques;
- Other materials relevant to the application (e.g. the due diligence assessment for a company product development grant recommendation);
- The Compliance Officer Certification - see section, ***Compliance Officer Certification***; and
- The CEO Affidavit – see section, ***CEO Affidavit***.

The Oversight Committee's review is not intended to replace the judgment of the peer reviewers.

By the time that the grant applications included on the PIC's list of final recommendations have been submitted to the Oversight Committee, the merit of each application has undergone between 20 – 100 hours of individual review and discussion. Oversight Committee members evaluate the applications and process documentation to ensure that the review process fairly and consistently followed CPRIT's policies and procedures and that the recommended applications fulfill CPRIT's program priorities.

The Oversight Committee may defer a grant application. For more information on the deferral process, see section, ***Deferring a Grant Award Recommendation***.

📖 TAC § 703.8

3.12 Deferring a Grant Award Recommendation

The Program Integration Committee or the Oversight Committee may choose to defer making a final decision on one or more applications recommended for grant awards. Generally, a decision to defer an award recommendation until a future meeting is made because of budgetary concerns. A decision on the deferred application must be made within the State Fiscal Year or it will be considered to be not recommended for an award.

3.12.1 Deferral by the Program Integration Committee

A majority of the Program Integration Committee may vote to defer a final decision on an application that has been recommended by the Review Council. The Program Integration

Committee must notify the Oversight Committee in writing of the decision to defer action on the application and provide a reason for doing so. No Oversight Committee action is necessary to approve the Program Integration Committee's decision to defer. The deferred application is eligible for consideration and recommendation at a future Program Integration Committee meeting held in the same fiscal year.

3.12.2 Deferral by the Oversight Committee

The Oversight Committee may defer action on an application recommended by the Program Integration Committee if at least two-thirds of the members present and voting agree to do so. The Oversight Committee's reason for deferring a grant award decision must be recorded in the minutes of the meeting. The deferred application will be considered by the Program Integration Committee at a future meeting held in the same fiscal year.

3.12.3 Action on Deferrals Must be taken by August 31st

An application that is recommended for a grant award by the Review Council but deferred for further consideration by the Program Integration Committee or the Oversight Committee must be acted upon during the state fiscal year that the recommendation was made. Any deferred applications that have not been approved by the Oversight Committee by August 31 will be considered not recommended for a grant award.

3.12.4 Deferred Applications Pending on August 31st

If the Program Integration Committee or the Oversight Committee defers action on an application and the application is pending on August 31 (not recommended), the application may be submitted in a subsequent review cycle without the submission counting against the resubmission limit, if any, stated in the RFA.

📖 TAC §§ 703.7(d), 703.8(7)

3.13 Confidentiality and Nondisclosure

Everyone involved in the review process or who has access to grant application information (peer review panel members, Review Council members, PIC members, Oversight Committee members, and CPRIT program staff) signs a nondisclosure agreement. This agreement details confidentiality of the review process and review materials.

Key points include the following:

- Individuals involved in the review process must not disclose, use, reproduce, or communicate confidential or proprietary information for any purpose other than to evaluate the application;

- Individuals involved in the review process must not publicly disclose funding decisions prior to the time that the CPRIT Oversight Committee has publicly announced the grant awards for applications in the same funding cycle. In certain, time-sensitive circumstances (e.g. recruitment or relocation decisions), applicants may be notified of the Review Council's decision prior to the public announcement. Generally, this notification will be made by CPRIT program staff;
- Individuals involved in the review process must treat all proposal materials, committee members' comments, committee discussions, and recommendations confidentially. None of this information may be disclosed outside of the review process, even after funding decisions are made;
- Individuals involved in the review process must not contact the applicant, a member of the applicant's staff, professional friends, or colleagues unless specifically authorized to do so by the CPRIT CEO or Chief Program Officer; and
- Individuals involved in the review process must return all originals and copies of confidential or proprietary information; non-CPRIT staff are directed to permanently delete all electronically stored confidential or proprietary information.

📖 TAC § 701.29

3.14 Reviewer Conflict of Interest

Everyone involved in the review process (peer review panel members, Review Council members, PIC members, and Oversight Committee members) agrees to CPRIT's COI policy prior to beginning review activities and must promptly report any COI for individual applications.

A COI exists when a reviewer has a real or apparent interest in the outcome of an application such that the member is in a position to gain financially, professionally, or personally from either a positive or a negative evaluation of the grant proposal. Certain types of COIs, noted below, may require the reviewer to be recused from reviewing any application submitted under the same grant mechanism.

Unless a COI waiver has been approved by the Oversight Committee, a reviewer with a COI does not participate in the discussion, presentation, or scoring of the application at any point in the process.

3.14.1 Financial COI

A reviewer has a financial COI if the reviewer or a person related to the reviewer within the second degree of consanguinity or affinity or any other person with whom the reviewer has a common financial interest either:

- Owns or controls, directly or indirectly, an ownership interest in an entity applying to receive money from CPRIT or in a foundation or similar organization affiliated with the

applicant. Interests subject to this provision include sharing in profits, proceeds, or capital gains. Examples of ownership or control include, but are not limited to, owning shares, stock, or otherwise and are not dependent upon whether voting rights are included. ***A reviewer with this COI is recused from reviewing all applications submitted for the same grant mechanism in the same review cycle***.

- Stands to receive a financial benefit of any amount from an application under review (excluding remuneration, if any, for services rendered in conducting the review).
- Has received a financial benefit from the grant applicant unrelated to the grant application of more than $5,000 within the past 12 months. This total includes fees, stock, and other benefits. It also includes current stock holdings, equity interest, and intellectual property or real property interest but does not include diversified mutual funds.

📖 TAC §§ 702.11(c), 702.13(c)

3.14.2 Professional COI

A reviewer has a professional COI if the reviewer or a person related to the reviewer within the second degree of consanguinity or affinity is (or was, if applicable):

- A member of the board of directors, other governing board, or any committee of the grant applicant, or serves as an elected or appointed officer of the entity or holds such a position at a foundation or similar organization affiliated with the grant applicant. ***A reviewer with this COI due to serving on the board of directors or as an elected or appointed officer is recused from reviewing all applications submitted for the same grant mechanism in the same review cycle.***
- An employee of either the grant applicant or the Principal Investigator on an application or a foundation or similar organization affiliated with the grant applicant. ***A reviewer with this COI is recused from reviewing all applications submitted for the same grant mechanism in the same review cycle.***
- Under active consideration for a position at the grant applicant's institution, organization, or company or at a foundation or similar organization affiliated with the grant applicant. "Under active consideration" includes activities such as submission of an employment application, resume, *curriculum vitae*, or similar document and/or interviewing with one or more representatives from the organization with no final action taken by the organization regarding consideration of such employment. ***A reviewer with this COI is recused from reviewing all applications submitted for the same grant mechanism in the same review cycle.***
- Represents the grant applicant or is actively seeking to represent the grant applicant in business or law, including serving as a consultant or a contractor to the applicant. "Actively seeking to represent" includes activities such as responding to a request for proposals or qualifications issued by the entity applying to receive money from the CPRIT, providing a solicited or unsolicited proposal for work to the entity applying to

receive money from the CPRIT, and negotiating terms of service for representation even if a final agreement has not yet been executed.

- A colleague, scientific mentor, or student of a senior member or key personnel of the research or prevention program team listed on the grant application, or is conducting or has conducted research or other significant professional activities with a senior member or key personnel of the research or prevention program team listed on the grant application within the past three years.
- A student, postdoctoral associate, or part of the laboratory research group of a primary member of the research or prevention program team listed on the grant application within the past six years.
- Engaged in, or are planning to be engaged in, collaboration with a primary member of the research or prevention team listed on the grant application.
- Known to have longstanding scientific differences or personal disagreements with a primary member of the research or prevention program team listed on the application that could be perceived as affecting the member's objectivity.

📖 TAC §§ 702.11(d), 702.13(c)

3.14.3 Personal COI

A reviewer has a personal COI if a close personal friend or a person who is related to the reviewer within the second degree of consanguinity or affinity is a primary member of the research or prevention program team listed on the grant application.

📖 TAC § 702.11(e)

3.15 Identifying COIs

3.15.1 COIs Identified by the Reviewer

To assist in identifying potential COIs, reviewers are provided the names of the applicant organization, key individuals working on the project, a non-confidential summary of the project, and a list of collaborators or other individuals disclosed by the applicant that are related to the project. Reviewers for Product Development Research awards are also provided the company's capitalization table.

Generally, COIs are apparent from the initial information, and the reviewer is not assigned to the application. Occasionally, however, a reviewer does not immediately recognize a COI and may identify the COI during the review process. If this occurs, the assigned reviewer is recused from further review of the application; the application is assigned to another primary reviewer if there is adequate time to complete a written review.

3.15.2 COIs Identified by the Applicant

CPRIT relies primarily upon the reviewer to identify COIs. In addition, CPRIT posts the review panel membership on its public website after the applications have been assigned to the review panels. Applicants may review the panel members and notify CPRIT of any potential COIs.

📖 TAC §§ 701.27(8), 703.5(k)

The peer reviewer panel information is posted to assist in identifying potential COIs; it is not an opportunity for an applicant to request specific peer reviewers be assigned or not assigned to review the application for any reason other than a potential COI.

Undisclosed conflicts of interest (COI) are the only grounds for seeking reconsideration of an application. For more information, see section, ***Finality of Grant Review Process***.

3.16.1 Notifying CPRIT of Undisclosed COI

An applicant who believes a reviewer involved in the evaluation of the applicant's grant application has a COI not disclosed by the reviewer should notify CPRIT in writing to request an investigation of the alleged COI. The written request should be filed with the CEO no later than 30 days after the CEO presents the final funding recommendations for the applicable review cycle to the Oversight Committee. The applicant is encouraged to file a request with the CEO as soon as possible so that the application may be assigned to another reviewer or review panel during the review process, if possible. If the request is filed more than 30 days after the final funding recommendations are presented, the applicant must provide good cause for failing to meet the deadline.

📖 TAC § 702.15(b)

3.16.2 Investigation and Final Decision of Alleged COI

CPRIT's General Counsel investigates and provides an opinion regarding the alleged COI to the CEO and presiding officer of the Oversight Committee. The CEO decides whether an undisclosed COI exists. The CEO's decision is final unless three or more Oversight Committee members ask that the issue be added to an Oversight Committee meeting agenda for discussion and vote. The person requesting the investigation will be provided written notice of the final decision.

📖 TAC § 702.15(c)(d)

3.16.3 Actions Taken if Undisclosed COI is Substantiated

The final decision finding that a reviewer has a COI not disclosed during the review process will include actions, if any, to be taken. Actions may include reconsideration of the grant application or referral of the application to a different peer review panel.

📖 TAC § 702.15(f)

3.16.4 Validity of Grant Decision Not Affected Unless Specifically Stated

Unless specifically stated in the final determination related to the undisclosed conflict of interest, the validity of an action taken with regard to the grant application is not affected by the fact that the reviewer who failed to report a COI participated in the review process.

📖 TAC § 702.15(g)

3.17 Conflict of Interest Waivers

In exceptional circumstances, the participation of an individual involved in the review process or responsible for grant monitoring activities outweighs the potential bias posed by a conflict of interest (COI) held by the individual. In those cases, the Oversight Committee may vote to approve a COI waiver to allow the otherwise conflicted individual to participate in the review process. CPRIT's Chief Executive Officer or an Oversight Committee member may propose granting a waiver on behalf of a conflicted individual. The request must be in writing and include information about the COI.

In order to approve a waiver, the Oversight Committee must publicly find in an open meeting that there are exceptional circumstances justifying the conflicted individual's participation in the review process. The Oversight Committee may adopt limitations on the conflicted individual's participation to mitigate any potential for bias.

The Oversight Committee may amend, revoke, or revise this waiver, including but not limited to the list of approved activities and duties and the limitations on duties and activities. Approval for any change to the waiver shall be by a vote of the Oversight Committee in an open meeting. COI waivers approved by the oversight committee are available on CPRIT website.

The waiver is limited to the conflict of interest specified in the CEO's request. To the extent that individual has a COI with an application that is not the conflict identified in the approved waiver, then the conflicted individual will follow the required notification and recusal process.

📖 TAC § 702.17

3.18 Prohibition on Providing Professional Services for Compensation

A peer review panel member and a Review Council member may not provide professional services for compensation exceeding $5,000 to any grant applicant whose application was reviewed by the member's review panel (or council). The term of this restriction is for one year from the due date of the grant application or the effective date of the grant award, whichever is later, unless waived by a vote of the Oversight Committee. Professional services do not include those services for which an honorarium is paid, but honoraria exceeding $5,000 should be reported to the Chief Executive Officer. Even if a payment is not otherwise prohibited, a grantee shall not pay the reviewer with grant funds.

📖 TAC § 703.5(g)

Chapter 4: Approving Grant Award Recommendations

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4.1 Overview

An application recommended by the Review Council and PIC is considered by the Oversight Committee for a CPRIT grant award. At least two-thirds of Oversight Committee members present and able to vote must approve the PIC's recommendation in order for an application to be eligible to receive a grant award. Prior to voting on the award recommendations, the Oversight Committee considers whether the review of the application has complied with all administrative rule and statutory requirements.

Approval by the Oversight Committee does not entitle an applicant to a grant award; all grant awards are made via contract.

4.2 Oversight Committee Approval

In order for an applicant to receive a grant award, Texas law requires approval by two-thirds of the Oversight Committee members present and able to vote. The votes are taken in a public meeting during which the Oversight Committee members have an opportunity to ask the Chief Program Officers and other CPRIT program staff questions about the recommendations, the review process, and program priorities.

- Oversight Committee members are governed by CPRIT's COI policies. For more information, see section***, Reviewer Conflicts of Interest***.
- Due to the volume of grant applications recommended by the PIC for awards and the Oversight Committee's agenda, the Oversight Committee may take up more than one grant award recommendation at a time for discussion and vote. This is generally done unless an Oversight Committee member requests that voting on grant recommendations be done individually or COIs held by Oversight Committee members require separate votes.
- The total amount of money approved to fund a multiyear grant award is specified at the time that the application is approved by the Oversight Committee.
- In the event that a grant award recommendation submitted by the PIC is not approved by the Oversight Committee, the reason for not approving the award is recorded in the minutes of the meeting.
- The Oversight Committee may not award more than $300 million in grant awards in a fiscal year.

📖 TAC § 703.8(2) – (5)

4.3 Compliance Officer Certification

CPRIT's Chief Compliance Officer is responsible for reporting to the Oversight Committee regarding the agency's compliance with applicable statutory and administrative rule

requirements during the grant review process. The Chief Compliance Officer reviews the compliance pedigrees for the grant applications, (see section, ***Compliance Pedigrees***), the Third Party Observer Report, supporting grant review documentation, and confers with CPRIT program staff and grant administrator personnel. Based upon satisfactory review, the Chief Compliance Officer certifies grant applications for the Oversight Committee's consideration prior to the vote by the Oversight Committee.

In the event that the Chief Compliance Officer identifies a compliance variance, the Chief Executive Officer may recommend to the Oversight Committee an option to address the compliance variance. The Oversight Committee must vote in order to approve the Chief Executive Officer's recommendation.

📖 TAC § 703.8(1),(2)

4.4 Compliance Pedigrees

Each grant application submitted to CPRIT has an individual compliance pedigree (also referred to as "grant pedigree"). The compliance pedigree tracks the grant application as it moves through each stage of the submission and review process to document compliance with applicable laws and administrative rules.

The information related to the procedural steps listed on the pedigree is entered and attested to by the third party grant administrator or CPRIT employee, as appropriate.
Oversight Committee members are provided a compliance pedigree for each application recommended for a grant award. The compliance pedigree is part of the CEO affidavit.
The grant pedigree is public record and is available through CPRIT's website after the Oversight Committee meeting.

📖 TAC § 703.8(1)

4.5 CEO Affidavit

The CEO submits a written affidavit for every application recommended for a grant award at the same time the list of PIC recommendations is provided to the Oversight Committee. The information contained in the CEO's affidavit describes the review process and includes:

- The applicable RFA;
- The number of applications submitted in response to the RFA for review;
- Whether a preliminary review process was used;
- An overview of the COI process and COI waivers granted;
- A de-identified list of the final overall evaluation scores and numerical ranking score (if applicable) assigned to all applications in the review cycle; and

- A high-level summary of the business operations and management due diligence and IP review, if applicable.

The CEO relies upon the information included in the compliance pedigree for each grant and the peer review panel observer report. Both documents are attached to the affidavit. Following the public announcement of the grant awards, the CEO affidavit for each award is publicly available.

📖 TAC §§ 702.19(f), 703.7

4.6 Request to Disburse Grant Funds in Advance of Incurring Expenses

CPRIT disburses grant funds on a reimbursement basis, except for grants that have been specifically approved for disbursement of funds in advance of expending the funds. Generally, fund advancement has been approved for grants awarded to companies, with advancement tied to achieving a specific set of objectives.

Disbursing grant funds for a particular project in advance of incurring expenses must be requested by the CEO and approved by a majority vote of the Oversight Committee. Such approval typically takes place at the time that the application is approved for a grant award.

The approval for disbursing grant funds in advance applies to the duration of the project; however, it is within CPRIT's discretion to revert to a reimbursement basis. Generally, the last 10% of grant funds will be disbursed on a reimbursement basis.

In no event will grant funds be disbursed until a grant award contract has been executed between CPRIT and the grantee.

📖 TAC §§ 703.7(j), 703.8(2)(B)

Chapter 5: Grant Contracts

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5.1 Overview

All CPRIT grants are awarded through a contract that specifies the responsibilities and obligations of the grantee and reflects reporting and other legal requirements. Award contracts include an intellectual property agreement and terms related to revenue sharing with the state. Academic research and product development research grantees must certify that they have funds dedicated to the project totaling at least half of the amount of CPRIT funds to be disbursed by CPRIT before the Grant Contract can be executed.

The grantee indicates acceptance of the grant and the associated terms and conditions by executing the grant contract in CPRIT's Grant Management System (CGMS/CARS) and accepting funds from CPRIT. CPRIT uses CGMS/CARS to create, exchange, execute, submit, and verify legally binding grant contract documents.

If the applicant is unable to agree to the grant contract terms or cannot perform in accordance with the legal obligations and contract provisions, the applicant should notify the appropriate CPRIT Chief Program Officer immediately. If resolution cannot be reached, the grant contract will not be executed and the grant record will be updated accordingly.

The grant award contract is binding upon the grantee and CPRIT unless the contract is terminated. However, certain contractual obligations continue after the contract termination date, even if the contract is terminated unilaterally or prior to the expected termination date.

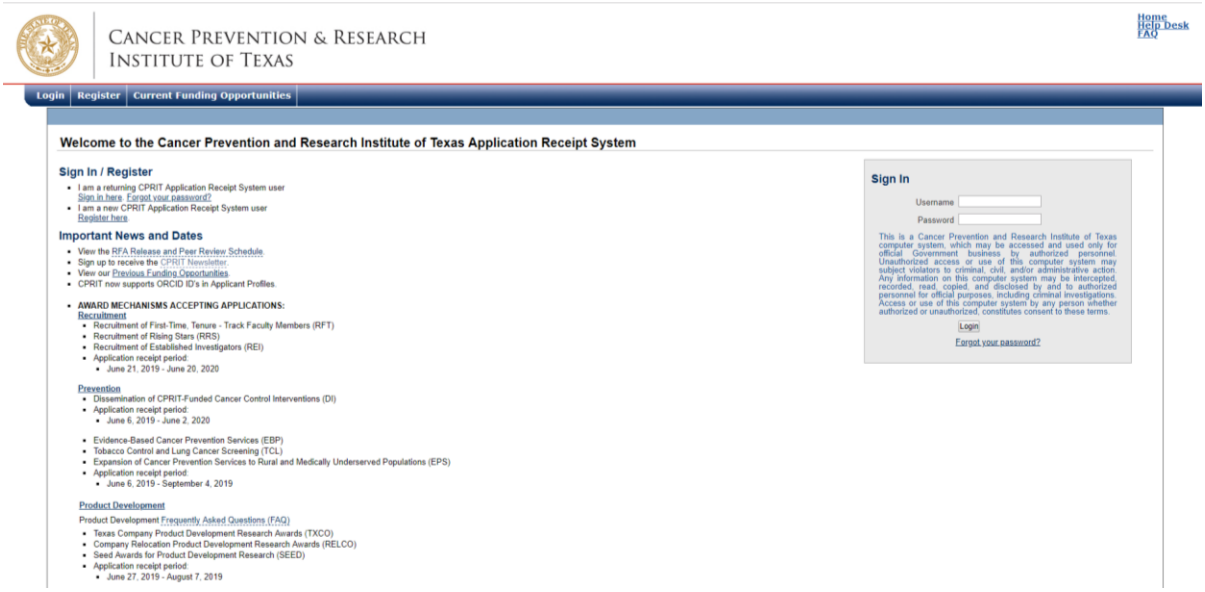
The Oversight Committee's approval of the recommendation to award a grant is not considered final until a contract is executed by CPRIT and the grantee.

5.2 CPRIT's Grant Management System (CGMS)

Once the Oversight Committee approves the grant award recommendation, the applicant organization and CPRIT finalize the grant contract terms. CPRIT uses an electronic grant management system, CGMS/CARS, to create, exchange, execute, submit, and verify legally binding grant contract documents. Unless directed otherwise by CPRIT program staff, all documents, reports, supporting information, notices, correspondence etc. should be submitted via CGMS/CARS.

📖 TAC § 703.4(1)(D)-(E)

Figure 2: CPRIT Grant Management System (CGMS/CARS)



5.3 Grantee Actions Necessary to Initiate a Grant Contract in CGMS/CARS

A new grantee must complete the following agreements and certifications before CGMS/CARS will make the grant contract available in the system. These documents are available to complete in CGMS/CARS and are submitted for CPRIT's review via CGMS/CARS. Once CPRIT has received the grantee's required agreement and certification, the grant contract will be available for review. The agreement and certification apply for all of the grantee's CPRIT projects.

5.3.1 Electronic Signature Agreement

The grantee's use of CGMS/CARS is governed by an agreement regarding the use of binding electronic signatures. The agreement requires the grantee to acknowledge that entering the ASO's password at certain specified points constitutes the legal equivalent of the ASO's manual signature. CPRIT will rely upon the fact that the ASO has entered his or her password as evidence that the grantee consents to be legally bound by the terms and conditions of the contract or related document. A grantee must have an executed electronic user agreement on file prior to executing a grant contract. The electronic user agreement form is available on the CGMS/CARS homepage.

📖 TAC § 701.25

5.3.2 Tobacco-Free Workplace Policy Certification or Waiver

The grantee must certify that the entity's board of directors or other governing body has adopted a tobacco-free workplace policy meeting the following minimum standards:

- Prohibits the use of all Tobacco products by employees and visitors to property owned, operated, leased, occupied, or controlled by the grantee;
- Applies to at least the buildings and structures where the grant award is taking place, including the sidewalks, parking lots, walkways, and attached parking structures controlled by the grantee;
- Designates additional property, if any, to which the policy applies; and
- Provides or refers employees to tobacco use cessation services.

If the grantee cannot meet the minimum standards required by CPRIT, a request to waive compliance must be submitted via CGMS/CARS and approved by the CEO before the grant contract may be initiated. The approved waiver is effective only for the State Fiscal Year in which it is granted. The certification and waiver forms are available in CGMS/CARS.

📖 TAC § 703.20

5.4 Grant Contract Components

CPRIT uses a standard contract form that is modified for format and requirements based upon the grant mechanism or Grant Program. The standard contract form consists of several parts:

Table 2: Grant Contract Components

Grant Contract Components	
Component	**Description**
Base Contract	The base contract contains the general terms of the contract, including the effective date and termination date, and the total amount of approved funding.
Attachment A	The scope of work for the grant award, including the project description, goals and associated timeline. The information is pulled from the application and reflects changes, if any, approved during the review process.
Attachment B	The Approved Budget for the grant award. The information is pulled from the application and reflects changes, if any, approved during the review process.
Attachment C	Required assurances and certifications the grantee agrees to in order to accept the grant award. For academic research and product

Grant Contract Components	
	development research grantees, the Matching Funds certification form is included in the contract as part of Attachment C.
Attachment D	The intellectual property provisions and required revenue sharing agreement that allow the state to benefit from proceeds generated by the sale of products developed pursuant to the grant award.
Attachment E	Required reports the grantee agrees to submit as a condition of receiving the grant award.
Attachment F (if applicable)	Any agreed change to one or more contract terms is reflected as a contract amendment in Attachment F, excluding budget amendments reflected in Attachment B.

An example of a standard grant contract for each program is included in the Appendix to the *Policies and Procedures Guide*. The contract example is provided for illustrative purposes only; the actual grant contract may differ from the format provided.

5.5 Grantee Actions Necessary to Complete and Execute a Grant Contract

Certain components of the grant contract are unique to the grantee. The grantee should review and approve these documents via CGMS/CARS before the contract can be executed. In addition to completing the grant contract components, the following forms must be submitted to CPRIT via CGMS/CARS prior to contract execution.

5.5.1 Scope of Work (Attachment A)

The scope of work includes the project description, deliverables, goals and objectives, and associated timeline. The information is pulled from the application and reflects changes, if any, approved during the review process. The grantee is responsible for reporting the project's progress against the goals and objectives included in the Scope of Work. The grantee reviews and approves Attachment A before the contract is executed.

Note: Any changes to the scope of work or budget should be consistent with the guidance provided by reviewers and must be approved by CPRIT.

📖 TAC § 703.10(c)(21)

5.5.2 Project Budget (Attachment B)

The project budget is the Approved Budget for the grant award. The information is pulled from the application and reflects changes, if any, approved during the review process. The grantee may need to revise the project budget based upon feedback during the review process or subsequent discussions with the contract negotiation team. The grantee should include these changes in the "Negotiated Budget Form." Once the form is approved by CPRIT, CGMS/CARS will generate Attachment B for the grantee's approval before the contract is executed. Note: Any changes to the budget should be consistent with the guidance provided by reviewers and must be approved by CPRIT. For more information, see the chapter discussing ***Grantee Budget/Expense Categories***.

5.5.3 Assurances and Certifications (Attachment C)

The grantee indicates its acceptance of certain assurances and certifications by approving Attachment C before the contract is executed. For more information on required assurances and certifications, see section, ***Organizational Assurances***.

5.5.4 Matching Funds Certification (Attachment C2)

An Academic Research or Product Development Research grantee must certify that the grantee has Encumbered Funds on hand equivalent to at least one-half of the first year budget before CPRIT may disburse any grant funds. Special provisions related to fulfilling the matching funds requirement apply to grantees that are public or private institutions of higher education, as defined by Texas Education Code § 61.003. For more information, see section, ***Matching Funds Certification and Verification***. The grantee must complete Attachment C2 before the contract is executed.

📖 TAC § 703.11(a)

5.5.5 Intellectual Property and Revenue Sharing (Attachment D)

The grantee indicates its acceptance of CPRIT's intellectual property standards and required revenue sharing terms by approving Attachment D before the contract is executed. For more information, see section, ***Intellectual Property and Revenue Sharing Terms***.

5.5.6 Reporting Requirements (Attachment E)

The grantee indicates acceptance of the required reports to be submitted for the grant by approving Attachment E before the contract is executed. For more information on reports required over the course of the grant, see chapter, ***Required Grant Reports***.

5.5.7 Duplication of Effort and Project Overlap Form

CPRIT will not duplicate payments made by others for the same work. The grantee must indicate whether PI/CR/PD has received other grant funding for some or all of the cancer research or prevention services that are the subject of the grant award. Occasionally, a grantee will receive a grant award from another entity before a final decision approving the CPRIT award is made. If other grant funds support some of the work to be funded by CPRIT, the grantee must revise the CPRIT budget request accordingly.

5.5.8 Personnel Level of Effort Form

The negotiated Personnel Level of Effort (PLOE) includes information for the key personnel working on the grant, such as the Program Investigator/Company Representative/Project Director. The grantee must indicate on the PLOE form the equivalent number of months each key person on the grant is expected to work in a given Grant Year. It is based on the number of months the person is expected to work in an individual grant year multiplied by the percent of time he/she will be working during that grant year. The PLOE form should reflect the information on key personnel included in the grant application, but may be updated if necessary. During an approved no cost extension project period, the PI is required to maintain a measurable level of effort. For a grant authorized to continue through a no cost extension, the grantee must enter all key personnel and level of effort in the PLOE because the PLOE does not automatically populate for the time period covered by a no cost extension. For more information, see section, ***Personnel Level of Effort***.

5.6 General Terms Applicable to Grant Award Contracts

Texas law and/or CPRIT administrative rules specify certain terms and conditions that must be included in the grant contract. Grant awards may be subject to additional requirements and conditions, which may be set forth in the specific RFA and will be reflected in the grant contract. Grantees should familiarize themselves with the grant award contract and CPRIT's administrative rules (particularly TAC § 703.10) for the required terms.

Certain required contractual terms and conditions are described more fully throughout this section for additional guidance.

5.7 Effective Date vs. Execution Date

Generally, the effective date will be the first day of the fiscal quarter following the grant award announcement. The effective date of the grant contract is set by the contract terms, not the date the grantee executes the contract.

The effective date is used to set deadlines for required grantee reports. The effective date stated in the grant contract is the first day of the grant year and is used by CPRIT to calculate the due date for required reports.

Project expenses will not be reimbursed until the contract is executed. Grantees may be reimbursed for allowable project expenses incurred on or after the contract effective date, even if the contract is executed after the effective date. However, the contract must be executed before any grant expenses will be reimbursed. Until the contract is executed, the grantee is assuming the risk for expenses incurred related to the project.

📖 TAC § 703.10(c)(17)

5.8 Organizational Assurances

CPRIT does not assume responsibility for the conduct of a cancer research or prevention program project or for the activities of a grantee; the conduct and activities are under the scope and direction of the grantee organization and subject to its policies.

By signing the grant contract, the ASO certifies that the grantee organization will comply with all applicable state and federal requirements. For example, the grantee must provide assurances that all personnel and equipment are certified, licensed, or permitted by the appropriate regulating agency, where applicable. Generally, the organizational assurances are found in Attachment C of the grant contract. Significant requirements are listed below.

📖 TAC §§ 701.25(2), 703.10(c)(5), 703.10(c)(6)

5.8.1 Grantee Responsibility for Fiscal and Programmatic Integrity

All grantees are legally responsible for the integrity of the fiscal and programmatic management of the organization. This obligation rests with the grantee's governing body. The responsibility of the grantee's governing body includes:

- Accountability for all funds, property and materials received from CPRIT;
- Compliance with CPRIT grant contractual requirements, applicable Federal and state laws, administrative rules, procedures, and regulations;
- Adherence to conflict of interest disclosure requirements and contract terms; and
- Correction of contract deficiencies identified through self-evaluation and CPRIT oversight processes.

Grantee's staff and board members must be familiar with and understand the contract provisions and other requirements contained or referenced in the contract. For more information regarding the governing body's responsibilities regarding fiscal management. For more information, see section, ***Standards of Conduct for Grantee Employees***.

The grantee is responsible for the actions of its employees and other research collaborators, including third parties, involved in the project. The grantee is responsible for enforcing its standards of conduct, taking appropriate action on individual infractions, and, in the case of financial conflict of interest, informing CPRIT if the infraction is related to a grant award.

📖 TAC §§ 703.10(c)(5), 703.10(c)(13)

5.8.2 Standards of Conduct for Grantee Employees

The grantee is responsible for the actions of its employees and other research collaborators, including third parties, involved in the project. The grantee is responsible for enforcing its standards of conduct, taking appropriate action on individual infractions, and, in the case of financial conflict of interest, informing CPRIT if the infraction is related to a grant award.

📖 TAC §§ 703.10(c)(5), 703.10(c)(13)

5.8.2.1 Objectivity in Research/COI

At all times, grantees and investigators must promote objectivity in research and ensure that the design, conduct, and reporting of research funded by CPRIT awards will not be biased by any conflicting financial interests. By signing the contract, the grantee certifies that written safeguards are in place to prevent employees, consultants, members of governing bodies, and others who may be involved in CPRIT-supported activities from using their positions for purposes that are, or give the appearance of being, motivated by self-dealing. The grantee must notify CPRIT of any conflicting financial interests and assure that the interest has been managed, reduced, or eliminated.

📖 TAC § 703.10(c)(13)

5.8.2.2 Research or Program Misconduct

By signing the contract, the grantee certifies that persons working on a grant award are not debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in research or prevention projects by any federal or state department or agency.

The grantee will inquire into and, if necessary, investigate and resolve promptly and fairly all instances of alleged or apparent misconduct related to the grant award consistent with the requirements adopted by 42 CFR Part 93, if appropriate. The grantee must promptly report to the Chief Compliance Officer issues involving potential civil or criminal fraud, such as claims or misappropriation of federal funds.

If a misconduct investigation has been initiated, the grantee must take any necessary steps, in addition to its normal and ongoing responsibilities under the award, to protect the scientific integrity of the project, protect human subjects and animals, provide reports to CPRIT, and ensure the proper expenditure of funds and continuation of the project during the investigation.

If the grantee finds misconduct by anyone working on a CPRIT grant award, the grantee must assess the effect of that finding on the ability to continue the project, as originally approved. This may include promptly notifying the Chief Compliance Officer in writing and requesting approval of any intended change of PI/PD/CR or other key personnel. If misconduct has affected the data validity or reliability, CPRIT may require the grantee and its employee and/or collaborator authors to submit a correction or retraction of the data to a journal, publish the corrected data, or both. CPRIT may also require the grantee to repay grant funds spent to support work by the person(s) responsible for the research or program misconduct.

CPRIT has a hotline for anonymously reporting allegation or Research or Program Misconduct. The hotline should not be used for active investigations and reporting to CPRIT is not intended to supplant internal reporting requirements established at the grant applicant's or grantee's organization.

5.8.3 Human Subjects/Animal Use

Whenever human or animal subjects are part of a CPRIT-funded project, the grantee certifies by signing the grant contract that the grantee organization has received Institutional Review Board (IRB) and/or Institutional Animal Care and Use Committee (IACUC) approval before funding can be released. This information is not required at the time of application submission. Grantees must notify CPRIT if IRB or IACUC approval is reversed during the grant award. Research involving human subjects will be guided by one of the following statements of ethical principles:

- The World Medical Association's Declaration of Helsinki (as adopted in 1996 or 2000);
- The Belmont Report: Ethical Principles and Guidelines for the Protection of Human Subjects of Research of the U.S. Commission for the Protection of Human Subjects of Biomedical and Behavioral Research; or
- Other appropriate international ethical standards recognized by U.S. federal departments and agencies that have adopted the U.S. Federal Policy for the Protection of Human Subjects, known as the Common Rule.

Research involving animals must comply with the U.S. Public Health Service Policy on Humane Care and Use of Laboratory Animals or the International Guiding Principles for Biomedical Research Involving Animals.

5.8.4 Research Involving Human Biological/Anatomical Material

Research involving the use of human biological and/or anatomical materials should comply with the recommendations of the National Institutes of Health, Office of Human Subject Research Medical Administrative Series (MAS) #MO1-2 entitled "Procurement and Use of Human Biological Materials for Research," and any other federal or state regulations.

5.8.5 Biosafety

For research involving the use of bioharzardous materials, radioisotopes, and or controlled substances, the grantee certifies by signing the grant contract compliance with all relevant state and federal regulations.

5.8.6 Confidentiality of Patient Records

Grantees must have a system in place to protect against inappropriate disclosure of patient records and all other documents deemed confidential by law that are maintained in connection with the activities funded by the CPRIT grant. A copy of the grantee's confidentiality guidelines must be provided to CPRIT upon request.

Programs working directly with patients are required to specifically address Health Insurance Portability and Accountability Act of 1996 regulations concerning confidentiality of personal and medical information. Any disclosure of confidential information (including information that may be required by reports and inspections) must be in accordance with applicable law.

5.8.7 Certification of Tobacco-Free Policy

By signing the contract, the grantee must certify that it has adopted and enforces a tobacco-free workplace in order to be eligible to receive a grant award.

The grantee may seek a waiver if it can show good cause for not implementing a tobacco-free policy. The approved waiver is effective only for the state fiscal year in which it is granted. For more information about the required tobacco-free policy certification and waiver, see section, ***Grantee Actions Necessary to Initiate a Grant Contract in CGMS***.

📖 TAC § 703.20

5.8.8 Certification of No Donation to CPRIT or a CPRIT-Supporting Foundation

By signing the contract, the grantee must certify that it has not donated money to CPRIT or to a foundation established to benefit CPRIT and that the grantee will not do so during the term of the grant contract. For purposes of the certification, the applicable time period prohibiting

donations is on or after June 14, 2013. At this time, CPRIT is not aware of any foundation established to benefit CPRIT. The agency maintains a list of donations made directly to the agency on CPRIT's website.

📖 TAC § 703.3(h)(1); Tex. Health & Safety Code § 102.251(e)

5.9 Indemnification of CPRIT

Unless prohibited by law, grantees must hold CPRIT harmless and indemnify CPRIT from and against all claims, demands, and causes of actions that may be asserted by any third party in connection with the performance of contracted services.

5.10 Acknowledgement of CPRIT Funding

Except as noted below, grantees must notify the CPRIT Communications Specialist prior to any press releases, advertising, publicity, or other promotional activities that arise during the course of or as a consequence of CPRIT funding. In the event that CPRIT wishes to participate in a joint press release, the grantee will coordinate with the CPRIT Communications Specialist.

Prior notification not required for academic or peer-reviewed journals - Grantees may publish research results in academic or other peer-reviewed journals without approval from CPRIT but are required to submit an electronic version of their manuscript to PubMed. For more information, see section***, Public Access to CPRIT-Funded Research*****.**

CPRIT acknowledgement and right of review - With the exception of research results to be published in academic or other peer-reviewed journals, CPRIT reserves the right to review the material prior to printing. CPRIT must be acknowledged on all print and visual materials that are funded in whole or in part by CPRIT grants. Beginning September 1, 2021, CPRIT funding acknowledgments must include the grant ID number of the project(s) that contributed to the publication. Examples of print and visual materials include, but are not limited to, publications, brochures, pamphlets, booklets, training fliers, project websites, videos and DVDs, manuals and reports, as well as on the labels and cases for audiovisual or videotape/DVD presentations. Funding acknowledgment must also appear within all project-related video or slide presentations.

Using CPRIT funds to disseminate work of others - When grant funds are used to disseminate works done by another entity, a label must be affixed acknowledging CPRIT's part in the activity. Written permission must be obtained from the copyright owner prior to printing works by others.

📖 TAC § 703.10(c)(3)

5.11 Public Access to CPRIT-Funded Research

To help advance science and improve public health, it is CPRIT's policy that the public has access to CPRIT-funded research, as well as needs assessment information and cancer control data collected pursuant to prevention program awards. Grantees must report all publications in annual progress reports.

Use of PubMed required - Grantees are required to submit an electronic version of their final peer-reviewed journal manuscripts that arise from CPRIT funds to the digital archive National Library of Medicine's *PubMed* upon acceptance for publication. These papers must be accessible to the public on *PubMed* no later than 12 months after publication. In addition, grantees are required to input the PubMed ID number into Progress Reports that aligns with the date of publication. This policy is not intended to supplant applicable copyright law.

5.12 Intellectual Property and Revenue Sharing Terms

State law requires that all CPRIT funded awards be subject to an intellectual property agreement that allows the state to collect royalties, income, and other benefits realized as a result of the grant award.

📖 Tex. Health & Safety Code § 102.256(a)

The determination of the state's Intellectual Property Rights will take into account the opportunity of the state to benefit from the patents, royalties, licenses, and other benefits that result from basic research, therapy developments, and clinical trials, or other programs or products resulting from the grant that may generate revenue. The agreement balances the need to ensure that essential medical research or other product development is not unreasonably hindered by the intellectual property agreement or unnecessarily dis-incentivized.

📖 Tex. Health & Safety Code § 102.256(b)

Grantee bears costs for patents - The grantee bears responsibility for costs associated with patents and patent applications claiming their CPRIT-funded inventions, unless the award contract specifically states otherwise.

The intellectual property agreement may include the following terms and conditions (sections 5.12.1-5.12.5).

5.12.1 Invention Reporting Requirements

To the extent applicable, grantee organizations are required to have written agreements with employees and subcontractors requiring prompt disclosure of Inventions made in the performance of CPRIT-funded research.

5.12.2 Notification Regarding Invention Discovery

The grantee organization must notify CPRIT of the invention within the period of time described in the contract. Grantees may submit notifications to CPRIT's general counsel via electronic mail (kdoyle@cprit.texas.gov), facsimile transmission (512/475-2563), or by regular mail to the Cancer Prevention and Research Institute of Texas, P.O. Box 12097, ATTN: Notification of Invention Discovery, Austin, Texas, 78711.

The notification should identify the CPRIT award under which the invention was made and the inventor(s), and be sufficiently complete in technical detail to convey a clear understanding of the nature, purpose, operation, and physical, chemical, biological or electrical characteristics of the invention. The notification will be considered confidential, trade secret information that will be protected from disclosure. The notification must also identify whether a manuscript describing the invention has been submitted for publication, and, if so, the publication and submission date.

5.12.3 Commercialization Strategy

A CPRIT grantee that develops plans to commercialize or bring new intellectual property made in performance of CPRIT-funded project to practical application should provide the plans to CPRIT. If a commercialization plan has not been previously provided to CPRIT, then the grantee should provide it within 60 days of filing a patent application or entering negotiations to license the Project Results to a third party. The grantee is under a continuing obligation to update, enhance, and improve the commercial development plan. CPRIT may provide comments regarding the commercial development plan, which the grantee should consider in good faith.

📖 TAC § 703.16(d)(6)

5.12.4 CPRIT-Funded Inventions Readily Accessible on Reasonable Terms

Unless the grant award contract provides differently, the grantee must agree to make its CPRIT-funded patented inventions readily accessible on reasonable terms, directly or through a licensee or licensees, to other CPRIT grantees for non-commercial purposes, upon request from a grantee organization.

In addition, other terms and conditions regarding exclusive and non-exclusive licenses, commercial development milestones and benchmarks, remedies for failure to develop technology, march-in rights, and revenue sharing will be specifically included in the award contract.

CPRIT reserves the right to negotiate separate intellectual property agreements applicable to for-profit and non-profit entities.

5.12.5 Standard Revenue Sharing Terms

Unless the grant award contract provides differently, CPRIT's standard revenue sharing terms will be used for product development research grant awards. These terms provide a fair and reasonable yield on the state's investment by taking into account its statutory public mission to accelerate development of cancer treatments and cures and stimulate company formation and job growth in Texas.

For academic research and prevention program grants, CPRIT's revenue sharing obligation generally equals 10% of the total revenue received by the grantee, but may be reduced by other revenue sharing obligations owed by the grantee.

Nothing prevents CPRIT from negotiating and the Oversight Committee approving a different revenue sharing agreement, such as equity ownership, based upon the grantee's particular circumstances.

For more information on reporting revenues received from intellectual property see section, ***Other Financial Reports***.

📖 TAC §§ 703.16, 703.17; Tex. Health & Safety Code § 102.256

5.13 Requirements Applicable to Subcontractors

Grantees may use subcontracts or other relationships with one or more sub-contractors described in the application and reflected in the Approved Budget. For more information, see section, ***Contractual Expense Category***.

The grantee must have written agreement with the sub-contractor with terms sufficient to ensure that the grantee and sub-contractor fully comply with the CPRIT grant contract terms, applicable statutory provisions, and administrative rules. In general, the fiscal requirements that apply to the grantee also apply to the sub-contractor that is paid with CPRIT funds, unless an exception is specified and expressly authorized by CPRIT.

CPRIT will look to the grantee for performance of the grant award and compliance with all requirements. Whether or not subcontractors are used on a project, the grantee is always accountable to CPRIT for:

- The performance of the project, program, or activity;
- The appropriate expenditure of funds under the award by all parties;
- Compliance with statutory and administrative rules; and
- All other obligations as specified in the grant contract between CPRIT and the grantee.

CPRIT is not in the position to resolve disputes between the grantee and the sub-contractor. Exceptions to this policy include allegations by the sub-contractor that the grantee failed to promptly pay any CPRIT grant funds to the sub-contractor; and any allegation of fraud, waste, or abuse in the use of grant funds.

5.14 Contract Amendments

CPRIT does not generally negotiate individual contract provisions with grantees. However, there may be exceptional reasons that justify revising one or more contract terms at the time of contract execution or during the course of the grant award.

For most contract change requests initiated by the grantee, the contract amendment is requested via the **"Change Request"** tab. Approval of the contract amendment request is at the discretion of CPRIT, and if approved, will be executed by the Chief Executive Officer.

Figure 3: CPRIT Grant Management System (CGMS) "Change Request" tab

CPRIT may also initiate a contract amendment. A change to one or more contract provisions is not final until executed by CPRIT and the grantee. All final contract amendments are reflected in Attachment F (Contract Amendment), unless the change is made to Attachment B (Project Budget).

5.15 Actions Requiring Specific Approval from CPRIT

Certain actions or events occurring during the grant award require the grantee to seek written approval from CPRIT for the change. Unless specified below, the approval process is initiated by the grantee submitting the request via the "Change Request" tab in CGMS/CARS. If CPRIT approves the requested change, the change is reflected as an amendment to the contract.

CPRIT Approval Required	CPRIT Approval May be Required
• Change in Research/Program Plan • Change in Grantee Organization • Gift Card Certification • Change in Contract Termination Date	• Budget Change • Change of Personnel • Out of State Purchases or Expenditure

Change in Research/Program Plan – Approval Required
Material changes in the design and/or specific aims described in the Scope of Work require prior written approval and are likely to result in an amended scope of work. Minor adjustments in approach do not require written approval, but should be communicated to the CPRIT grant manager assigned to the project/program.

Change in Grantee Organization – Approval Required
Prior written approval must be given by CPRIT for either the transfer of the award to another organization in Texas. CPRIT awards may not be transferred to organizations outside the State of Texas.

Gift Card Certification – Approval Required
Some grantees may provide gift cards to facilitate participation in a program supported with CPRIT funds. In order for a grantee to be reimbursed for these expenses, a completed Gift Card Certification Form must be approved by CPRIT. The form is located on CPRIT's website under grantee resources.

Change in Contract Termination Date – Approval Required
The contract end date may be changed to allow the grantee more time to complete work on the grant project. For more information on submitting a request to extend the contract termination date, see section, ***No Cost Extension of Grant Contract Termination Date***.

Budget Change – Approval May Be Required
The total approved budget and assignment of costs may be adjusted by submitting a "Rebudgeting Change Request".

A grantee may make transfers between or among lines within budget categories without prior approval as long as:

- The total dollar amount of all changes of any single line item within budget categories is not more than 10% in that line item;
- The transfer will not increase or decrease the total approved budget;
- The transfer will not materially change the project's nature, performance level, or scope of work; and
- The grantee submits a revised copy of the approved budget with a narrative justification of the changes prior to incurring costs in the new category.

All other budget changes or transfers require prior written approval from CPRIT. Transfer of funds between budget categories may be allowed if the request fits within the scope of work, is beneficial to the achievement of the project objectives, and is an efficient, effective use of grant funds.

📖 TAC § 703.25

Change of Personnel – Approval May Be Required
A grantee must request changes for all personnel or their level of effort on a CPRIT grant through a Change in Personnel Level of Effort form in CGMS/CARS, including any proposed temporary leave of absence of a Principal Investigator, Program Director, or Company Representative. Any change of personnel or level of effort must be approved by CPRIT for it to be effective.

A change of personnel includes an extended leave of absence. If a Principal Investigator, Program Director, or Company Representative intends to take a leave of absence from a grant project for a duration of three months or more, the grantee must notify CPRIT and CPRIT must approve of the leave of absence. The notification should include the time period the Principal Investigator, Program Director, or Company Representative expects to be away from the grant project and the anticipated date of return. A grantee should notify CPRIT at least 30 days before the leave of absence begins, or as soon as reasonably possible.

📖 TAC § 703.10(c)(22)

Out of State Purchases or Expenditure – Approval May be Required
A Grant Recipient that expends more than 40% of Grant Award funds budgeted for a Project Year on goods and services outside of the State must notify CPRIT in writing and provide an explanation of the good faith efforts undertaken to purchase from suppliers in the State. For more information, see section, ***Historically Underutilized Business (HUB) and Texas Supplier***.

📖 TAC § 701.21(2)

Chapter 6: Required Grant Reports

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6.1 Overview

CPRIT monitors grant awards to ensure that the grantees comply with applicable financial, administrative, and programmatic terms and conditions. The grantee should have the flexibility necessary to effectively manage the grant award while maintaining the highest standard of accountability and preserving the integrity of the peer review and funding process.
A primary tool for monitoring project progress and compliance is the evaluation of required reports.

CPRIT's administrative rules specify consequences for failing to file certain required reports by the stated due dates. The repeated and/or uncorrected failure to file required reports by the due date may result in the early termination of the grant contract and impact eligibility for future awards. CPRIT's compliance monitoring plan is discussed in the ***Grantee Monitoring*** chapter.

The table below lists the reports that must be submitted to CPRIT. More information regarding the reports including the consequences for failing to file one or more reports is provided in this section. It is within CPRIT's discretion to require that the grantee submit one or more additional reports based upon circumstances related to a specific grant award. For example, a grantee may be required to submit an interim progress report if the grantee's annual progress report rose issues necessitating follow up.

Table 3: Required Reports

Report	Filer	Due Date*	CGMS Tab
Financial Status Report	All Grantees	90 days after the end of the state fiscal quarter TAC § 703.24(d)(1)	"Financial Status Reports" under Budget & Financial Status Reports Tab
Final Financial Status Report	All Grantees	90 days after the end of state fiscal quarter that includes the grant termination date TAC § 703.14(d)(1)	"Financial Status Reports" under Budget & Financial Status Reports Tab
Quarterly Progress Reports	Prevention Grantees	15 days after the end of the state fiscal quarter	Progress Reports
Annual Progress Reports	All Grantees	60 days after the anniversary of the grant contract effective date TAC § 703.21(b)(3)(B)	Progress Reports
Tranche Reports	Commercialization/ Product Development grantees	Upon completion of milestones for specific tranche TAC § 703.21(b)(3)(J)(ii)	Progress Reports

Report	Filer	Due Date*	CGMS Tab
Final Progress Reports	All Grantees	Within 90 days of grant contract termination date TAC § 703.14(d)	Progress Reports
Matching Certification	Research Grantees	Initial certification upon contract execution; Annual certification and verification: 30 days following the due date of the last quarterly FSR of the grant year following completion (including approval) of the FSR, carry forward, Attachment B and budget verification forms TAC §§ 703.11(a)(g), 703.21(b)(2)(B)(x)	Documents and Forms
Inventory Reports	All Grantees	60 days after the anniversary of the grant contract effective date or within 90 days of grant contract termination date for final report TAC § 703.21(b)(3)(B)(iv)	"Other Financial Reports" under Budget and Financial Reports Tab
Revenue Sharing/Program Income Report Form	All Grantees	60 days after the anniversary of the grant contract effective date or within 90 days of grant contract termination date for final report	"Other Financial Reports" under Budget and Financial Reports Tab
Historically Underutilized Business (HUB) and Texas Supplier	All Grantees	60 days after the anniversary of the grant contract effective date or within 90 days of grant contract termination date for final report TAC § 703.21(b)(3)(B)(vi)	"Other Financial Reports" under Budget and Financial Reports Tab
Single Audit Determination Form	All Grantees	60 days after the grantee's fiscal year end or within 90 days of grant contract termination date for final report	"Other Financial Reports" under Budget and Financial Reports Tab

Report	Filer	Due Date*	CGMS Tab
		TAC § 703.21(b)(3)(B)(xii)	
Audit	Grantees that expend $750,000 or more in state funds in the grantee's fiscal year	Within 30 days of grantee's receipt from auditor, but no more than 9 months after the grantee's fiscal year end TAC § 703.13(b)(3)	
Closeout Documents	All Grantees	Final close-out reports must be filed within 90 days of the contract termination date TAC § 703.14(d)	

* If the due date of a required grantee report falls on a Saturday, Sunday, or federal holiday as designated by the U.S. Office of Personnel Management, CPRIT will not consider the required filing delinquent if the grantee submits it by the next business day.

📖 TAC §§ 703.11(k), 703.13(f), 703.14(i), 703.21(h), 703.24(e)

6.2 Financial Status Reports (FSR)

A quarterly Financial Status Report (FSR) is due within 90 days of the end of the state fiscal quarter (September 1 – August 31 fiscal year), with a grace period of 30 days following the FSR due date. See the FSR Due Dates table below. For more information about Allowable Costs, required documentation, and FSR submission, review, and approval, please see the chapters on ***Disbursement of Grant Funds*** and ***Allowable Costs***.

Table 4: FSR Due Dates

Fiscal Quarter	FSR/Deferral Due Date	Last Day of Grace Period
Sept 1 – Nov 30	Feb 28	Mar 30
Dec 1 – Feb 28	May 30	June 29
Mar 1 – May 31	Aug 29	Sept 28
June 1 – Aug 31	Nov 29	Dec 29

FSRs must be submitted in CGMS/CARS in the "Financial Status Reports" sub-tab located under the "Budget & Financial Status Reports" tab.

Figure 4: CPRIT Grant Management System (CGMS) "Budget & Financial Status Reports" tab

6.2.1 Request to Defer FSR Submission

If necessary, the grantee may request to defer submission of the FSR for the current fiscal quarter until the due date of the FSR for the next fiscal quarter (*i.e.* the next FSR will include six months of project costs rather than three months).

The deferral request must be submitted on or before the FSR due date and explain why the grantee is unable to submit the FSR on time. Submit the deferral request using "Change Not Otherwise Specified" option under the "Change Request" tab in CGMS/CARS.

Once CPRIT has approved the request to defer submission, the FSR for the current quarter must be submitted with zero expenses.

CPRIT reserves the right to deny the deferral request. Deferrals should be used for exceptional circumstances. Frequent deferral requests by the grantee may indicate increased financial risk and are likely to result in additional financial reporting requirements and/or compliance inspections.

📖 TAC § 703.21(b)(2)(B)

6.2.2 Grace Period and Waiver of Reimbursement for Delinquent Reports

CPRIT permits a 30-day grace period following the FSR due date for a grantee to submit the FSR. Failure to submit the FSR before the expiration of the grace period will result in the waiver of otherwise allowable project costs incurred during the reporting period.

Note: The request to defer submission of the FSR must be submitted prior to the FSR due date, not the expiration of the grace period. Waiving reimbursement of project costs also applies to grantees that receive disbursement of grant funds by advance payment.

6.2.3 Appeal of Reimbursement Waiver

The grantee may appeal the waiver of reimbursement if the grantee has good cause for failing to submit the required FSR by the expiration of the grace period.

The appeal must be submitted in writing via CGMS/CARS using the "Change Request" tab and selecting the "Change Not Otherwise Specified" option from the drop down menu.

CPRIT's CEO is responsible for reviewing and approving the waiver appeal for good cause. If the CEO denies the appeal, the grantee may seek reconsideration of the CEO's decision from the Oversight Committee within 10 days of the CEO's notification. The request for reconsideration should be submitted via the "Change Not Otherwise Specified" option.

The request for reconsideration must be submitted to the CEO, who then notifies the Oversight Committee. At least three Oversight Committee members must request to add the issue to the agenda of the next regular Oversight Committee meeting or the CEO's decision is final. If the grantee's request for reconsideration is taken up by the Oversight Committee, then the Oversight Committee's decision is final.

📖 TAC § 703.21(b)(2)(C)

6.2.4 FSRs Due at the Time of Contract Execution

The grantee may execute a contract after the effective date of the contract. If the time gap between the effective date and execution date is six months or more, the grantee will have one or more FSRs that will be due and may be delinquent. The Program Officer may approve more time to submit otherwise delinquent FSRs at the start of a contract. For more information, see section, ***Additional Time to Complete Reports Due when Contract is Executed***.

📖 TAC § 703.21(b)(2)(C)

6.2.5 Final Financial Status Report

The final financial status report covers the last fiscal quarter (or a shorter period, if applicable) prior to the termination date of the contract. The final report is due within 90 days following the end of the state fiscal quarter that includes the termination date of the grant contract.

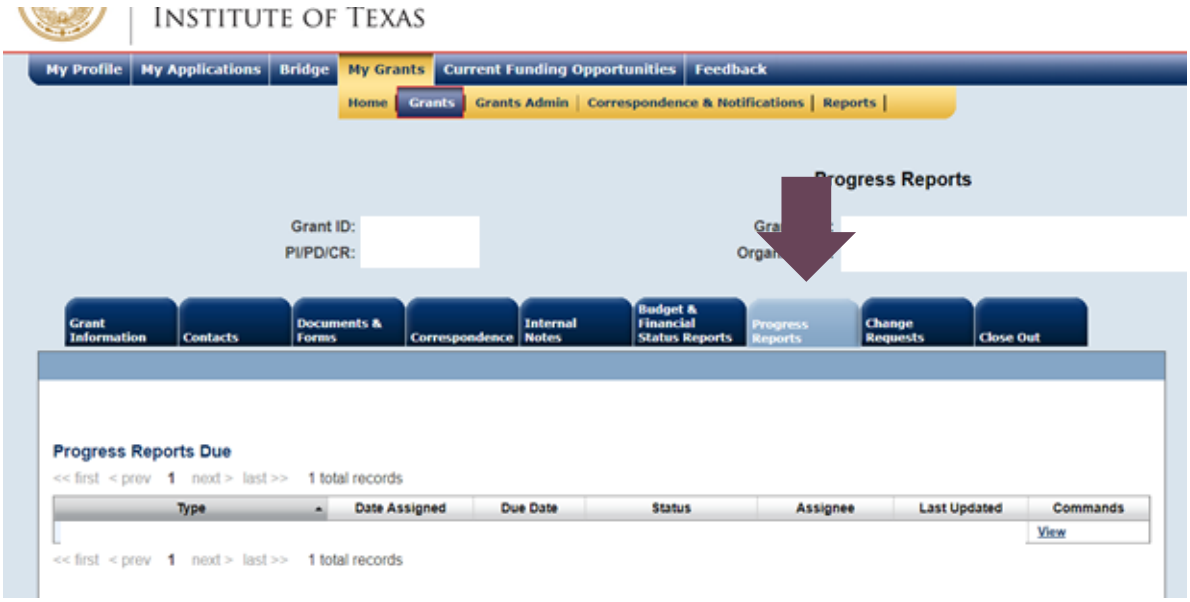
Failure to submit the final FSR within 30 days of the due date waives reimbursement of project costs incurred during that reporting period. Even if the FSR is submitted timely and is approved, CPRIT may hold the disbursement of the final reimbursement until all close out documents have been submitted and approved by CPRIT.

6.3 Progress Reports

Programmatic progress will be monitored by CPRIT to determine whether sufficient progress is made for the grant award. Progress reports must be submitted at least annually, but may be required more frequently. In most cases, CPRIT will not disburse grant funds until a progress report has been approved. Delays in submitting the progress report will delay reimbursement or advancement of grant funds. Failure to submit a final progress report for a project may impact the grantee's eligibility for future CPRIT grants.

All progress reports must be submitted in CGMS/CARS under the "Progress Reports" tab. All grant recipients should refer to the progress report instruction guide that is available on CPRIT's website.

Figure 5: CPRIT Grant Management System (CGMS) "Progress Reports" tab.



6.3.1 Quarterly Progress Reports (Prevention Grantees)

Prevention grantees must submit quarterly performance reports to CPRIT that verify the grantee's compliance with the contractual obligations as well as project data. Project data includes but is not limited to:

- Progress toward goals and objectives
- Public/professional education services provided and outcomes of that education
- Navigation services provided
- Clinical services provided
- Cancer precursors and cancers detected

In addition, the grantee should include a narrative description of the activities, achievements, barriers encountered, and other information of interest.

If corrections to a quarterly progress report are necessary after the report has been approved, a modifications form should be requested from the CPRIT Manager for Prevention. A separate modifications form is necessary for each reporting quarter.

After review and approval, these corrections will be made to the corresponding quarterly progress report in the grants management system.
The initial quarterly progress reporting period for a prevention grant award with a contract effective date that falls within the last quarter of a state fiscal year (June 1 – August 31) begins September 1 of the following state fiscal year.

📖 TAC § 703.21(b)(3)(K)

6.3.2 Annual Progress Reports (All Grantees)

Annual progress reports must be submitted within 60 days of the anniversary of the effective date of the grant contract. The annual progress report should reflect the progress made during the previous year. The grantee should report progress compared to information stated in the scope of work and timeline reflected in the grant contract.

In addition to a description of the progress made during the previous year, the progress report will include the following:

- Verification of compliance with grant contract terms and conditions;
- Number of new jobs created and the number of jobs maintained (for the preceding 12 months);
- Information related to scholarly articles, presentations, and educational materials; and
- Number of patents applied for or issued

Progress reports will be evaluated by outside experts to determine whether appropriate progress has been made. The progress report is approved by the Chief Program Officer based upon the evaluation. Failure to demonstrate progress consistent with the grant contract may result in termination of the grant contract.

📖 TAC § 703.21(b)(3)(E)

CPRIT will freeze disbursement of grant funds if the grantee fails to submit the progress report by the due date. Disbursement of grant funds will resume once the report has been submitted and approved. The grantee should continue to submit required FSR(s) during this time to avoid waiving reimbursement of grant expenditures.

📖 TAC § 703.21(b)(3)(I)

An extended delay in submitting the progress report may result in the termination of the grant contract.

📖 TAC § 703.21(b)(3)(B)

6.3.3 Tranche Reports (Commercialization/Product Development Projects)

As a condition of accessing the next tranche of funding, the grantee must report and CPRIT must approve the completion of all milestones associated with a tranche of funding as specified in the grant contract. CPRIT may require other reports or information necessary for evaluation of the successful completion of the project milestones. Disbursement of the next tranche of grant funds is contingent upon approval of the tranche report.

If the completion of the milestones for a particular tranche coincides with the end of a grant year, the grantee's annual progress report may also serve as the tranche report so long as the information is sufficient to evaluate completion of the stated milestones. If the grantee believes the annual report sufficiently describes the progress made against the goals and objectives for the tranche, the grantee should consult with the Chief Product Development Officer to determine whether a tranche report is necessary.

📖 TAC § 703.21(b)(3)(J)

6.3.4 Final Progress Reports (All Projects)

The final progress report must be filed within 90 days of the termination date of the grant contract. It should describe the progress made since the last annual progress report as well as a comprehensive discussion of the work undertaken on the grant award throughout the entire

project term. The grantee should report progress compared to information stated in the scope of work in the grant contract. For more information, see section, ***Final Reports and Closeout Documents***.

📖 TAC § 703.21(b)(3)(D)

If the grantee does not submit the final progress report within 180 days of the grant contract termination date, the grantee will be ineligible to receive new grant awards or continuation grant awards until the final progress report is submitted. Keep in mind that the entity or organization is considered the grantee, so the failure to submit a final progress report in one CPRIT-funded project means that the entire organization will be ineligible to receive any CPRIT awards until the late report is submitted.

📖 TAC § 703.14(d)(1)(2)

In exceptional cases, the grantee may request in writing that CPRIT waive the final submission of the final progress report. Such waiver is at the discretion of CPRIT and will be granted solely by the Chief Executive Officer, unless the Oversight Committee votes by a simple majority to overturn the decision.

📖 TAC § 703.14(d)(2)

6.4 Matching Funds-Certification and Verification

Before an academic research or product development research grantee may receive any grant funds, the grantee must demonstrate that the entity has available, unspent funds equal to at least one-half of the CPRIT grant award to be spent on the CPRIT-funded project.
This obligation, which is often referred to as "CPRIT's matching funds requirement," requires the grantee to first certify that it has matching funds to be spent on the project, and then at the end of the grant year, to verify that the promised matching funds were actually spent. In no event shall grant funds for a grant year be advanced or reimbursed until CPRIT approves the matching certification. Public and private institutions of higher education may use the institution's federal indirect cost rate as a credit toward the matching requirement.

- The grantee certifies that it has the required matching funds when the contract is executed; the certification may be for the full amount of the grant award or for the amount to be expended or advanced for the grant year.
- At the end of each grant year, the grantee must verify that it spent its own funds on the grant award.
- In some cases, the grantee may certify matching funds for expenditures less than one year; however, in no circumstances may the grantee receive grant funds in excess of two times the amount of the certified matching funds amount.

- A subcontractor may contribute toward the matching fund requirement. However, the subcontractor's portion of matching funds for a grant year may not exceed the percentage of the total grant funds paid to the subcontractor during the same time period.

CPRIT may require a grantee to demonstrate an amount of encumbered funds greater than one-half of the grant award available and not yet expended that are dedicated to the research that is the subject of the grant award. If a greater amount of matching funds is required, CPRIT will include the requirement in the Request for Applications and the grant contract.

📖 TAC § 703.11

6.4.1 Special Provisions Applicable to Institutions of Higher Education

In 2013, the Texas Legislature approved a significant statutory change related to the matching funds requirement for public and private institutions of higher education. The statute and CPRIT's rules allow an institution of higher education to use its federal indirect cost rate (FICR) as a credit toward the required 50% match. That credit is reduced by five percent (5%) to avoid double-counting CPRIT's Indirect Cost rate allowance.

FICR% - (minus) 5% = Applicable Indirect Cost Rate Credit for Match

A grantee that cannot fulfill the 50% match with its applicable indirect cost rate credit alone must show that it has other available funds to spend directly on the project to meet or exceed the 50% match.

For example, for a grantee with a 49.5% approved FICR, a credit of 44.5% can be applied toward the match requirement. The grantee must certify that it will spend non-CPRIT funds on direct grant expenses. In this example (also shown below), non-CPRIT funds must equal to at least five and one-half percent (5.5%) of that grant year's budget [for certification] and actual expenditures [for verification].

49.5% - 5% = 44.5% applicable matching funds credit

5.5% balance must be from cash spent on direct CPRIT grant costs to fulfill 50% match requirement

At the end of the grant year, the grantee in this example must verify that it spent its funds on the grant award equal to at least five and one-half percent (5.5%) of the total CPRIT grant funds actually disbursed for that grant year. Therefore, a grantee is responsible to document matching fund expenditures based on the **actual** expenditures from its CPRIT grant in the grant year, not

the grant year budget which may be higher than the expenditures for the year. Grantees that have been advanced grant funds for the project year must document matching fund expenditures based on the amount advanced, even if the amount expended in the project year is less than the amount advanced.

Matching verification forms are completed in CGMS. However, it is possible that CGMS incorrectly calculates a matching requirement. In that event, it may be necessary for a manual form to be prepared and uploaded in the adhoc section of a grant's CGMS page.

In the event that the grantee's FICR changes six months or less following the anniversary of the effective date of the grant contract, the grantee may use the new FICR for the purpose of calculating the grantee's matching funds credit for the entirety of the grant year. This applies on an annual basis.

📖 TAC § 703.11(b)(4)

6.4.2 Policy Applicable to Grantees who Receive Multiple Product Development Research Awards

For companies that have received more than one CPRIT Product Development Research award, the amount of matching funds required to be contributed by the recipient company is dependent on the total amount of CPRIT funds committed to the company.

A grantee approved for one or more product development grants that together total a commitment of $20 million or less must dedicate to each grant project $1 of their own funds for every $2 of CPRIT grant award funds.

A grantee approved for a product development grant award that causes the total amount of committed CPRIT product development grant award funds to exceed $20 million must increase their matching fund obligation to $1 for every $1 contributed by CPRIT. The increased matching fund obligation applies to the grant award that caused the grantee to exceed the $20 million threshold. For example, a company receives three product development grant awards of $3 million, $15 million, and $8 million (in that order) over the course of several years. Under the matching funds policy, the company must dedicate $8 million in matching funds to the $8 million project (a dollar-for-dollar match obligation) because that project caused it to exceed the $20 million threshold.

A company approved for a grant award that would result in more than $30 million in CPRIT product development grant funds must contribute $2 for every $1 provided by CPRIT. The increased matching fund obligation applies to the grant award that caused the grantee to exceed the $30 million threshold.

6.4.3 Sources of Matching Funds

In addition to grantee's revenue or other funds raised from private or public investors, appropriate sources for matching funds include:

- Federal funds, including, the fair market value of drug development support provided to the recipient by the National Cancer Institute or other similar programs;
- State of Texas funds;
- funds of other states;
- Non-governmental funds, including private funds, foundation grants, gifts and donations;
- Unrecovered Indirect Costs not to exceed ten percent (10%) of the Grant Award amount, subject to the following conditions:
    - These costs are not otherwise charged against the CPRIT- funded project as the five percent (5%) indirect funds amount allowed;
    - The grantee must have a documented federal indirect cost rate or an indirect cost rate certified by an independent accounting firm; and
    - The grantee is not a public or private institution of higher education as defined by §61.003 of the Texas Education Code.

The grantee may rely upon a subcontractor's FICR so long as the grantee has a documented internal policy for calculating the appropriate FICR for subcontracted work. However, a grantee that is not eligible to use the FICR credit as an institution of higher education may not apply a subcontractor's FICR as a credit toward the 50% match. Therefore, only cash match from an institution of higher education may be applied.

A grantee may also use funds contributed by a subcontractor or subawardee towards the grantee's match requirement. In order to do so, the subcontractor's or subawardee's portion of matching funds may not exceed the percentage of the total grant funds paid to the subcontractor for the same project year. For example, a grantee with a budget of $100,000 for a project year would be required to match $50,000. In this example, a subcontractor is allocated 20% of the project year budget. To determine how much subcontractor funds may count towards the match, apply the 20% to the grantee's match requirement of $50,000. Therefore, the subcontractor may only count for $10,000 of the $50,000 match requirement.

📖 TAC § 703.11(c)(6)

6.4.4 Examples of Appropriate Matching Funds Expenditures

In order to count towards the grantee's matching funds obligation, the grantee's expenditure must be direct costs spent on the CPRIT-funded project or spent on closely related work. CPRIT considers work to be closely related to the CPRIT project if the work supports, extends, or facilitates the CPRIT project, even if the work is not supported by CPRIT funding. Some

examples of appropriate expenses include compensation paid to an employee that exceeds the $200,000 salary limit and travel expenses for individuals working on the project that are not otherwise reimbursed with grant funds.

Expenses that are not otherwise allowable expenses for reimbursement from CPRIT grant funds cannot generally be counted toward the matching funds requirement. For example, the grantee's expenditures on food and beverage are not allowable expenditures that are reimbursable with grant funds; therefore, the grantee's expenditures on these items are not countable towards the grantee's matching funds obligation. Other examples of unallowable costs that cannot be counted toward matching funds include, but are not limited to: entertainment and social activities, fines and penalties, donations, bad debt, interest or financing payments on debt, general liability insurance and similar types of insurance, taxes that are not in effect user fees, etc.

In addition, a grantee that is not a public or private institution of higher education may count toward the matching fund requirement indirect cost expenses totaling up to 10% of the grant award amount spent on indirect costs. These indirect costs may not already be recovered by the grantee through the five percent indirect cost expenses allowed as grant reimbursement. In order to count 10% of indirect costs as matching funds, the grantee must have a documented federal indirect cost rate or an indirect cost rate certified by an independent accounting firm.

6.4.5 Documenting Compliance with the Matching Funds Requirement

CPRIT relies upon a certification and verification process to document compliance with the matching funds requirement. The grantee certifies that it has matching funds equal to at least one half of the project's first year budget at the time that the grant contract is executed. At the end of the grant year, the grantee verifies that it spent its matching funds on the project and provides supporting documentation. Unless the grantee is certifying the matching funds requirement for the entire amount of the grant, the certification and verification take place at the end of each grant year.

- The certification document is part of the grant contract and is a necessary step for contract execution.
- Following a recommendation in CPRIT's FY 2013 Internal Audit report, grantees are now required to provide detailed expenditure report. At a minimum a detailed expense report should include: date paid, vendor, description, budget category, and the amount. Supporting documentation for matching funds must be maintained and made available upon request and/or review. Examples of appropriate supporting documentation may include the institution's FICR letter, a written explanation from the grantee regarding the source of matching funds, copy of accounting reports/documents including ledgers and invoices or the term sheet for a scheduled round of financing.
- The grantee must verify that it expended its matching funds on the CPRIT project during the most recent grant year. When verifying that the required amount of matching funds have been expended on the grant project, a grantee must provide 100% of its supporting

document to CPRIT. This means, at the time a grantee completes the matching compliance certification form in CGMS, a grantee must also upload all supporting documentation to CGMS. CPRIT will not review or approve a matching compliance certification form until a grantee uploads all supporting documentation and CPRIT has reviewed it.

- If the grantee fails to expend the required matching funds for the previous year, CPRIT may impose various penalties (e.g. carry-forward of the obligation, contract suspension or termination).

📖 TAC §§ 703.11(a),(e),(f),(g),(h); 703.21(b)(2)(B)(x)

6.5 Single Audit Determination Forms, Audits, and Corrective Action Plans

Grantees expending $750,000 or more in CPRIT grant funds or a combination of CPRIT and other state grant funds in the grantee's fiscal year must complete a single audit, program specific audit, or agreed upon procedures audit. The audit period is the grantee's fiscal year.

All grantees must complete the Single Audit Determination form to determine whether an audit is required and, if the audit is required, to determine the submission deadline. For more information about completing the audit and corrective action plan, see the ***Grantee Audits*** chapter.

📖 TAC § 703.13(b)

6.5.1 Single Audit Determination Form

All grantees must submit a Single Audit Determination Form within 60 days of the grantee's fiscal year end. The form records information about the amount of state grant funds (including CPRIT grant funds) expended during the grantee's fiscal year. If the grantee has expended $750,000 or more in state grant funds, CGMS/CARS will calculate the deadline for submitting the completed audit based on the grantee's fiscal year. In determining the correct period, for a grant with less than a one-month difference between the grant year and fiscal year end, the audit required for the fiscal year end date should reference the fiscal year end date for the following fiscal year. For example, if the grant year begins on August 31, 2015, and the fiscal year ends August 31, 2015 (i.e., the grant year end date is 8/30/2016), then the audit required for the fiscal year end date should be input as "8/31/2016".

Following submission of the Single Audit Determination form, no further action is required by a grantee that expends less than $750,000 of state grant funds in the grantee's fiscal year.

📖 TAC §§ 703.13(b), 703.21(b)(3)(B)(xii)

6.5.2 Required Submission of an Independent Single Audit and Corrective Action Plan

A grantee that expends $750,000 or more of CPRIT grant funds or a combination of CPRIT and other state grant funds during the grantee's fiscal year must submit to CPRIT a full single audit, a program specific audit, or an agreed upon procedures engagement as defined by the American Institute of Certified Public Accountants. For more information, see the see ***the Grantee Audits*** chapter.

If the audit findings indicate action to be taken by the grantee related to expended grant funds or the grantee's fiscal processes, the grantee should develop and submit a corrective action plan and timeline to address identified weaknesses, deficiencies, wrongdoings, or other concerns. The corrective action plan should be submitted at the same time the audit is provided to CPRIT, unless additional time has been requested and approved by CPRIT.

The audit and corrective action plan should be submitted in CGMS/CARS. The grantee's audit report must be uploaded in CGMS/CARS at the organizational level. A grantee that has multiple CPRIT awards only needs to upload one audit report.

📖 TAC § 703.13(b)

6.5.3 Due Date for Completed Audits and Corrective Action Plans

Grantees that are required to conduct an audit must provide the completed audit and corrective action plan (if applicable) to CPRIT within 30 days of the grantee's receipt of the audit. In any event, the completed audit and corrective action plan must be provided no later than nine (9) months after the end of the grantee's fiscal year.

📖 TAC §§ 703.13(b), 703.21(b)(6)(A)

6.5.4 Request for Additional Time to Submit Required Audit

The grantee may seek additional time to submit the required audit and corrective action plan by providing a written explanation for the delay to CPRIT and the expected time for submission. **The request must be submitted via CGMS/CARS on or before the due date of the audit (*i.e.* nine (9) months following the end of the grantee's fiscal year.)** Grantees seeking additional time should submit the request in CGMS/CARS via the "Audit Extension Change Request" option under the "Change Request" tab. The grantee's request for additional time must be submitted in CGMS/CARS at the organizational level. Approval of additional time is at CPRIT's discretion and must be granted by the Chief Executive Officer.

📖 TAC § 703.13(b)(3)(A) – (C)

6.5.5 Failure to Submit Required Audit by Due Date

Unless the grantee received CPRIT approval for additional time, a grantee that is delinquent in filing the required audit and/or corrective action plan will not be reimbursed for grant expenses and is not eligible to receive a grant award (including a continuation grant award) until the audit and/or corrective action plan is submitted. CPRIT may approve additional time to submit the audit and/or corrective action plan but decline to authorize the grantee to receive reimbursements or advances of grant funds or to restore the grantee's eligibility to receive grant awards while the audit/corrective action plan is delinquent.

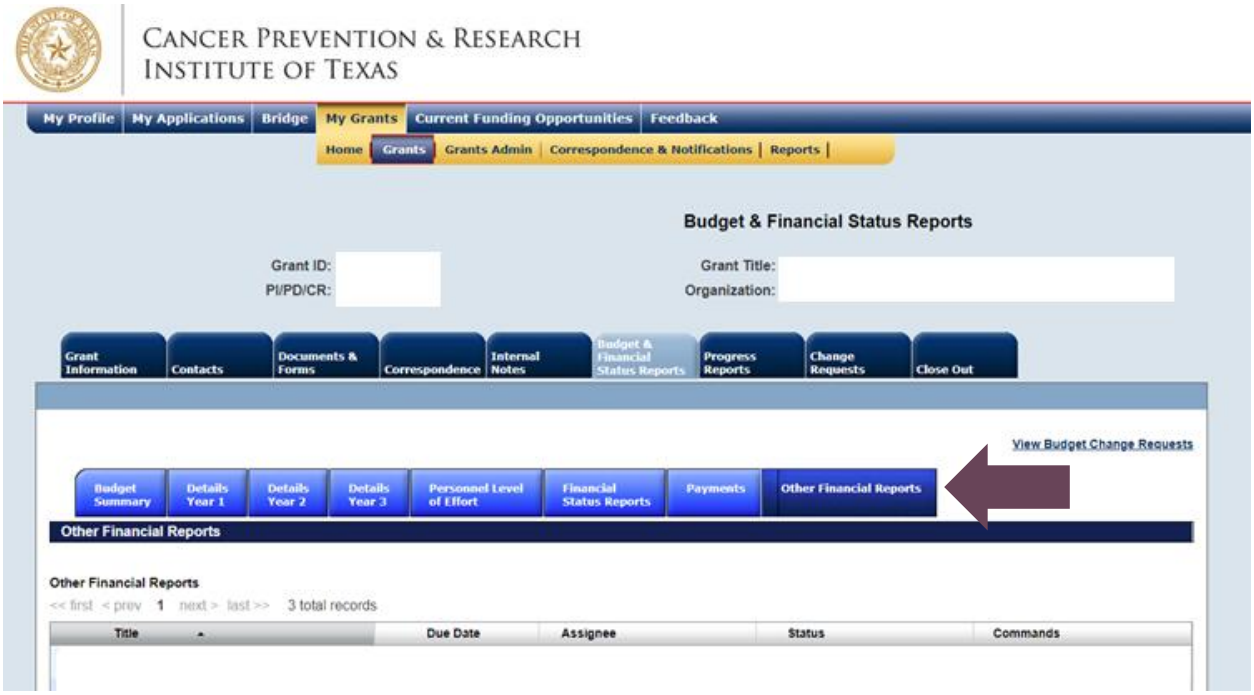
📖 TAC § 703.13(c), (d)

6.6 Other Financial Reports

Other financial reports must be completed at the end of each grant year, *even if the grantee has nothing to report*. This means that a grantee that has not purchased any equipment, made any purchases from Historically Underutilized Businesses (HUBs), or generated any revenue is nevertheless required to submit an Inventory Report, a HUB and Texas Supplier form, and a Revenue Sharing/Program Income Report form that indicates no purchases have been made nor has any revenue been generated. CPRIT may withhold reimbursement until these other financial reports are submitted and approved.

The other financial reports must be submitted through CGMS/CARS under the "Other Financial Reports" sub-tab under "Budget & Financial Status Reports."

Figure 6: CPRIT Grant Management System (CGMS) "Other Financial Reports" subtab



6.6.1 Inventory Reports

The grantee must submit an inventory of the equipment purchased for the project using grant funds. The annual inventory report is not cumulative; it should reflect only the equipment purchased during the relevant grant year. If no equipment was purchased during the grant year, the form should indicate "no purchases."

📖 TAC § 703.21(b)(2)(B)(iv)

6.6.2 Historically Underutilized Business (HUB) and Texas Supplier

The grantee must report the efforts used to work with HUBs in the annual HUB and Texas Supplier form. The annual HUB information is not cumulative; it should reflect only the HUB information during the relevant grant year. If no purchases were made from HUBs during the grant year, the form should indicate "no purchases."

A grantee that expends more than 40% of grant funds budgeted in a grant year on goods and services purchased outside of Texas must provide a written explanation of the good faith efforts the grantee used to purchase in-state goods and services. CPRIT may deny reimbursement or require repayment of grant funds if the grantee fails to sufficiently explain the reasons for doing so in the annual HUB and Texas Supplier form. The annual Texas Supplier information is not cumulative; it should reflect only purchases made during the relevant grant year. If purchases made from suppliers outside of Texas during the grant year do not rise to the 40% reporting

threshold, the form should indicate "purchases less than 40% of budgeted grant funds in the grant year."

📖 TAC §§ 701.21, 701.23, 703.21(b)(2)(B)(v)(vi)

6.6.3 Revenue Sharing/Program Income Report Form

The grantee that generates revenue or income from work associated with the CPRIT-funded project should identify the funding sources, amounts, and dates of funding for all revenue sources for the project, as well as all financial information necessary to verify the calculation of the revenue sharing amounts owed under the CPRIT contract. If no revenue or income was generated during the reporting period, the grantee should choose "no" in response to the first question to complete the form

📖 TAC §§ 703.17, 703.21(b)(2)(B)(xi)

6.7 Additional Time to Complete Reports Due When the Contract is Executed

A grantee may execute the award contract after the effective date of the contract. Because deadlines for required reports are based on the effective date of the contract, executing contracts after the effective date may result in required reports being past due or due imminently after signing. If this is the case, the Program Officer may approve additional time for the grantee to complete and submit required reports.

CPRIT staff and the grantee will discuss this issue during contract negotiation. If the Program Officer approves additional time for the grantee to submit required reports at the start of the grant award, the written approval will be communicated via CGMS/CARS.

Permitting additional time to submit required report(s) means that certain penalties associated with the otherwise delinquent reports will not be imposed, such as waiving the reimbursement for past due FSRs.

6.8 Past Due Reports and Consequences for Failure to Submit

Required reporting is an important tool CPRIT uses to monitor grantees' progress and compliance. Failure to file required reports when due affects CPRIT's ability to do its job and protect taxpayers' interest.

There are consequences associated with failing to submit a required report. Generally, a grantee will not be reimbursed and grant funds will not be advanced until a required report is approved by CPRIT. In some circumstances, the grantee is ineligible to receive future grant awards until a delinquent report is received and approved by CPRIT.

CPRIT may elect to terminate a contract if one or more reports are not submitted on a timely basis or if the grantee frequently fails to timely submit reports.

As explained below, CPRIT may approve a grantee's request for additional time to submit a report or to waive the consequences associated with the delinquent report. **In most cases, the grantee's request for additional time needs to be submitted before the report due date.**

Table 5: Consequences for Failing to Timely File Required Reports

Consequences for Failing to Timely File Required Reports *(Note – in addition to the consequences stated below, the failure to timely file required reports may also serve as grounds for contract termination)*		
Report	**Due Date***	**Consequence**
Quarterly Financial Status Report	90 days after the end of the state fiscal quarter The grantee may request to defer submission of the reimbursement request for the current fiscal quarter until the next quarter. The request must be submitted on or before the FSR due date.	Reimbursement of project costs incurred during the reporting period will be waived if the FSR is not submitted within 30 days of the FSR due date. TAC § 703.24(c)
Final Financial Status Report	90 days after the end of state fiscal quarter that includes the termination date of the contract.	Reimbursement of project costs incurred during the reporting period will be waived if the FSR is not submitted within 30 days of the FSR due date. TAC § 703.14(d)(1)
Quarterly Progress Report	15 days after the end of the state fiscal quarter	
Annual Progress Report	60 days after the anniversary of the grant contract effective date	No reimbursement or advancement of grant funds will be made until the progress report is approved. TAC § 703.21(b)(3)(H)
Tranche Report	Upon completion of milestones for specific tranche	The next tranche of grant funds will not be advanced until the tranche report is approved. TAC § 703.21(b)(3)(J)(ii)

Consequences for Failing to Timely File Required Reports *(Note – in addition to the consequences stated below, the failure to timely file required reports may also serve as grounds for contract termination)*		
Report	**Due Date***	**Consequence**
Final Progress Report	Within 90 days of the termination date of the grant contract. The grantee may request that CPRIT waive the final submission of close out documents for exceptional circumstances. TAC § 703.14(d)(1),(2)	The final reimbursement payment shall not be made until all close out documents have been submitted and approved by the Institute. Failure to submit all other one or more close out documents within 180 days of the Grant Contract termination date shall result in the Grant Recipient being ineligible to receive new Grant Awards or continuation Grant Awards until such time that the close out documents are submitted TAC § 703.14(d)(2)
Matching Funds Certification/ Verification Form	Initial certification upon contract execution; Annual certification and verification: 30 days following the due date of the last quarterly FSR of the grant year following completion of the carry forward, Attachment B and budget verification forms	The grant contract will not be executed until the initial certification is approved by CPRIT. No reimbursement or advancement of grant funds (or tranche, if applicable) will be made until the matching funds verification for the previous year and certification for the upcoming year has been approved. TAC § 703.11(f)
Inventory Report	60 days after the anniversary of the grant contract effective date (annual); within 90 days of grant contract termination date (final report)	No reimbursement or advancement of grant funds will be made until the other annual financial reports, including the inventory report, have been submitted and approved. TAC § 703.21(b)(3)(H)
Revenue Sharing/ Program Income Report Form	60 days after the anniversary of the grant contract effective date (annual)	No reimbursement or disbursement of grant funds will be until the other annual financial reports, including the revenue sharing/program income report form, have been submitted and approved.

Consequences for Failing to Timely File Required Reports *(Note – in addition to the consequences stated below, the failure to timely file required reports may also serve as grounds for contract termination)*		
Report	**Due Date***	**Consequence**
		TAC § 703.21(b)(3)(H)
HUB/Buy Texas Form	60 days after the anniversary of the grant contract effective date (annual); within 90 days of grant contract termination date (final report)	No reimbursement or advancement of grant funds will be until the other annual financial reports, including the HUB /Buy Texas form, have been submitted and approved. TAC § 703.21(b)(3)(H)
Single Audit Determination Form	60 days after the grantee's fiscal year end (annual); within 90 days of grant contract termination date (final report)	No reimbursement or advancement of grant funds will be until the other annual financial reports, including the single audit determination form, have been submitted and approved. TAC § 703.21(b)(3)(H)
Audit	Within 30 days of receipt, but no more than 9 months after the grantee's fiscal year end The grantee may request additional time to file the audit and corrective action plan. The request must be submitted on or before the audit due date.	No reimbursement or advancement of grant funds will be made until the delinquent audit and corrective action plan, if any, have been approved. The grantee is ineligible to receive a grant award during the time that the audit and corrective action plan are delinquent. TAC § 703.13(c) and (d)
Close Out Documents (excluding Final FSR)	Final close-out reports must be filed within 90 days of the contract termination date	The final reimbursement of grant expenditures will not be made until the progress report and other close out documents are approved. CPRIT allows for a 90 day grace period to submit close-out reports after the due date. If the grantee has not submitted the progress report and other close-out documents once the grace period ends (180 days after the termination date) the grantee is ineligible to receive new grant awards until all information has been submitted or a

Consequences for Failing to Timely File Required Reports *(Note – in addition to the consequences stated below, the failure to timely file required reports may also serve as grounds for contract termination)*		
Report	**Due Date***	**Consequence**
		waiver of final submission is approved by CPRIT. TAC § 703.14(d)(2)

* If the due date of a required grantee report falls on a Saturday, Sunday, or federal holiday as designated by the U.S. Office of Personnel Management, CPRIT will not consider the required filing delinquent if the grantee submits it by the next business day.

📖 TAC §§ 703.11(k), 703.13(f), 703.14(i), 703.21(h), 703.24(e)

Chapter 7: Financial Policies Applicable to CPRIT Grants

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7.1 Overview

This section explains and clarifies the financial management general terms and conditions for CPRIT grant awards and identifies applicable laws, rules, regulations, and CPRIT policies and procedures pertaining to the administration and financial management of funds and materials awarded under a CPRIT grant contract. These general terms and conditions are common across all grantees and apply to subcontractors unless there are statutory, regulatory, grant contractual or RFA-specific requirements to the contrary.

CPRIT relies upon the *Uniform Grant Management Standards* (UGMS) for financial management terms and conditions that are not otherwise specified by Texas Health & Safety Code Chapter 102 or other applicable statutes, administrative rules or contract provisions. UGMS was developed by the Office of the Governor to "promote the efficient use of public funds." The Texas Comptroller of Public Accounts has the responsibility for grant management related issues since September 1, 2011, and is responsible for maintaining UGMS. Grantees are responsible for the administration and financial management of all funds and materials received from CPRIT. All grantees must comply with CPRIT rules, policies and procedures, and follow all applicable federal and state laws, administrative rules, and regulations.

This section provides basic financial guidance that will assist grantees to maintain:

- Adequate internal controls;
- Detailed records that support receipts and expenditures;
- Timely reporting of financial activity; and
- A complete and well-documented audit trail for all financial transactions.

The financial management principles are not intended to replace existing procedures in use by a grantee. Grantees may use their established controls and policies, as long as they are consistent with CPRIT grant contract requirements and applicable statutory provisions, administrative rules, and policies.

Grantees should ensure that staff having responsibility for the financial administration of CPRIT grants are familiar with the guidance provided in this section.

7.2 Grantee Responsibility for Fiscal Integrity

The governing body of a governmental organization grantee may delegate fiscal management to an oversight committee or some other responsible group not directly associated with the day-to-day operations of the grantee organization. Documentation should be maintained that clearly delineates the chain of responsibility for the financial management of that organization.

7.2.1 Grantee Governing Board Review

CPRIT strongly recommends that the governing body meet at least quarterly and maintain minutes stating the meeting date and time, meeting location, names of the members present, and a summary of the discussion and actions taken. The governing body should review and approve:

- Detailed quarterly financial statements;
- The annual budget; and
- All executive-level salaries.

7.2.2 Audit Committee

CPRIT strongly recommends that the full board of directors or an audit committee (of at least three board members) review a monthly financial package consisting of at minimum:

- Statement of revenue and expenses;
- Balance sheets;
- Cash flow reports; and
- A report for each CPRIT award that compares the actual categorical expenditures incurred to the approved categorical budgets for each award.

Copies of the financial information presented to the governing body or audit committee and the minutes of those meetings should be retained and be made available for review by CPRIT, upon request.

7.2.3 Grantee Accounting and Personnel Policy Manual

CPRIT grantees must have written accounting and personnel policies that are approved by the board, reviewed periodically, and revised as needed. If the grantee does not have a governing board, these must be approved by the appropriate oversight authority. The policy manual should be current, consistent with federal and state laws and regulations applicable to grants, individualized to the projects (as needed), well organized, and easily accessible to all staff at all times. Grantees should require each employee to acknowledge they have read the policies and procedures applicable to the position and maintain documentation signed by the employee that the employee has read the policies and procedures.

The grantee's written accounting policies and procedures should at minimum address the following areas:

- Revenue/accounts receivable;
- Billing/payment requests;

- Cost allocation;
- Payroll;
- Expenditures/accounts payable;
- Procurement of goods and services;
- Matching funds (if applicable);
- Program Income;
- Fixed assets inventory and records;
- Petty cash;
- Travel; and
- Grantee fiscal compliance monitoring (if applicable).

📖 TAC § 703.15(b)

7.3 Financial Management System

Grantees must maintain a sound financial management system that provides appropriate fiscal controls and accounting procedures to ensure:

- Accurate preparation of reports required by the contract; and
- Adequate identification of the source and application of funds to ensure that such funds have not been used in violation of the contract terms and applicable laws and regulations.

A detailed description of the components of a basic financial management system is provided in this section. The system described is not intended to replace the grantee's systems and controls already in place if they meet the minimum acceptable standards as described.

📖 TAC § 703.15(b)

7.4 Internal Control

Effective internal control and accountability must be maintained for all CPRIT awarded funds. These controls must assure that funds are used solely for authorized purposes in accordance with contract terms and applicable state and federal laws, rules and regulations.

Sound management practices include systems, procedures, and methods that will ensure that the awarded entity and the CPRIT award objectives will be achieved. Information (reports, memos, data) generated by these practices are used as feedback for other management functions, such as planning, organizing and directing so that necessary adjustments can be made.

7.4.1 Internal Control

According to the American Institute of Certified Public Accountants (AICPA) Committee on Auditing Procedure, "internal control comprises the plan of organization and all the coordinated methods and measures adopted within an organization to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies."

This definition of internal control is broader than the meaning sometimes attributed to the term. It recognizes that a system of internal control extends beyond those matters that relate directly to the functions of the accounting and financial departments. The AICPA committee states that "internal control in the broad sense includes controls that may be characterized as either accounting or administrative."

7.4.2 Administrative Control

As described by the AICPA's Statement of Auditing Standards, administrative control includes, but is not limited to, the plan of organization and the procedures and records that are concerned with the decision processes leading to management's authorization of transactions. Such authorization is a management function directly associated with the responsibility for achieving the objectives of the organization and is the starting point for establishing accounting control of transactions.

7.4.3 Accounting Control

According to the AICPA's Statement of Auditing Standards, accounting control comprises the plan of organization and the procedures and records that are concerned with the safeguarding of assets to include the following:

- Proper authorization of transactions and activities;
- Design and use of adequate documents and records to help ensure the proper recording of transactions and events;
- Segregation of duties that reduce the opportunities to allow any person to be in a position to both perpetrate and conceal errors or irregularities in the normal course of his/her duties (for example, assigning different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets);
- Adequate safeguards over access to and use of assets and records, such as secured facilities and authorization for access to computer programs and data files; and
- Independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer-programmed controls, management review of reports that summarizes the detail of account balances (for example, an aged trial balance of accounts receivable), and user review of computer-generated reports.

7.4.4 Principles Involved in Developing a System of Internal Controls

The system of internal controls should encompass the five major concepts described below. These explanations illustrate the principles involved in developing a system of internal controls. The extent to which internal controls are established or practical is dependent upon the nature and size of the organization involved.

7.4.4.1 Segregation of Functions

The segregation of functions or duties is an important element in any system of internal control. For accounting control purposes, incompatible functions are those that place any person in a position to both perpetrate and conceal errors or irregularities in the normal course of the person's job. For example, anyone who records disbursements may fail to record a check. If this was done intentionally by the same person who also reconciles the bank account, the omission could be concealed through a false or inaccurate reconciliation.

7.4.4.2 Proper Authorization

Controls ensuring that transactions are carried out as authorized require independent verification that authorization was properly issued and that transactions conform to the terms of the authorization. This may be accomplished by independent comparison of transactions with specific authorization documents. For example, requiring two signatures on a check allows more than one person to review and approve that expenditure.

7.4.4.3 Proper Recording of Transactions

Accounting controls should also ensure that transactions are recorded in the proper amounts, in the appropriate accounting period, and classified in appropriate accounts.

Once an accounting period has been closed, no transactions should be posted to the closed period. If the period is re-opened (i.e., to post audit adjustments, year-end/contract-end adjustments) a revised CPRIT Financial Status Report (FSR) must be prepared and submitted to CPRIT when the adjustments affect the grant contract. This is important in order to ensure the preparation of financial statements in conformity with Generally Accepted Accounting Principles. An example of this type of accounting control is the comparison, on a test basis, of canceled checks returned by the bank with the recorded disbursements to reveal any unrecorded checks.

7.4.4.4 Limited Access to Assets

Limiting access to assets to only those individuals having direct responsibility for assets can be an important control in the safeguarding of those assets. Choosing the personnel to whom asset access is authorized should be influenced by the nature and susceptibility to loss of that asset.

7.4.4.5 Monitoring

Ongoing and periodic assessment of the quality of internal control performance is necessary to determine whether controls are operating as intended and modified when needed.

7.5 Budget Control

All expenses charged to a CPRIT grant award must be budgeted and reported in the appropriate budget category. Actual expenditures under each category are compared with budgeted amounts for each award. Grantees are responsible for monitoring expenditures to ensure that they do not exceed the amount authorized by the grant contract.

CPRIT will not reimburse costs exceeding the contract amount.

7.5.1 Transfers Between or Among Budget Categories

Recipients may make transfers between or among lines within budget categories listed on the FSR. Certain transfers require prior approval from CPRIT. For more information about the budget categories and the documentation required to support charges to each category, see the ***Allowable Costs*** chapter.

📖 TAC § 703.25(d)

7.5.2 Transfers That Do Not Require Prior Approval

In general, all budget changes or transfers require CPRIT approval. However, a grantee may make budget changes or transfers without prior approval from CPRIT, utilizing the "Rebudget" option on the "Change Request" tab in CGMS/CARS so long as the change or transfer meets all the following requirements:

- The total dollar amount of all changes of any single line item (individually and in the aggregate) within budget categories other than equipment is 10% or less of the total budget for the applicant grant year;
- The transfer will not increase or decrease the total grant budget; and
- The transfer will not materially change the nature, performance level, or scope of the project.

CPRIT may reverse one or more budget changes or transfers if it determines that the grantee made multiple individual budget changes or transfers within the same category that, if considered together, would require CPRIT approval.

📖 TAC § 703.25(e)

7.5.3 Transfers Requiring CPRIT Approval

All other budget changes or transfers require CPRIT's approval. Budget changes and transfers are requested utilizing the "rebudgeting tab" option on the "Change Request" tab in CGMS/CARS. CPRIT will approve a request to transfer funds between categories in a project's budget if the transfer meets all of the following requirements:

- The transfer fits within the scope of the contract and the total grant budget;
- The transfer is beneficial to the achievement of project objectives; and
- The transfer is an efficient, effective use of CPRIT funds.

CPRIT program approval is required on all requests to rebudget funds to support equipment purchases. Requests must provide compelling justification for the purchase of equipment not incorporated into the original grant proposal budget approved by the CPRIT Oversight Committee. A grantee must submit a "change not otherwise specified" request in CGMS.

7.5.4 Carry Forward at the End of a Project Year

A grantee awarded a grant award for a multiyear project that fails to expend the total Project Year budget may carry forward the unexpended budget balance to the next project Year. Approval from CPRIT is required if the amount of the unexpended balance for a budget line item in a Project Year exceeds 25% or more of the total budget line item amount for that year. If CPRIT approval is required, a grantee must also provide written justification for why the total Grant Award amount should not be reduced by the unexpended balance.

📖 TAC § 703.25(f)

7.6 Accounting System

The accounting system must conform to Generally Accepted Accounting Principles (GAAP) applicable to recipients of state and federal grant funds and comply with the standards for financial management described in UGMS.

An effective accounting system should:

- Identify and record all valid transactions;

- Record transactions to the proper accounting period in which transactions occurred;
- Describe transactions in sufficient detail to permit proper classification;
- Maintain records that permit the tracing of funds to a level of detail that establishes that the funds have been used in compliance with grant contract requirements;
- Adequately identify the source and application of funds of each grant; and
- Generate current and accurate financial reports in accordance with grant contract requirements.

Other accounting system requirements for the CPRIT award include the following (sections 7.6.1-7.6.3).

7.6.1 Separate Cost Center

A separate cost center must be maintained within the general ledger to capture costs incurred for carrying out the activities of each CPRIT grant. A cost center is defined as a unique series of general ledger accounts established for the purpose of accumulating and categorizing expenses related to a specific cost objective, e.g., CPRIT grant.

When a portion of the costs incurred for a CPRIT grant is captured, the costs must be recorded in unique general ledger accounts and be easily traceable to support documents. Multiple cost centers may be used, provided the total cost in each of the cost centers supports the reimbursement amount and the total allowable costs reported to CPRIT.

7.6.2 Program Income

Each CPRIT Award must have a unique revenue account(s) that captures all income generated from activities performed under a CPRIT grant.

7.6.3 Cash Basis Accounting

The accounting method used to record revenues and expenditures in the general ledger is referred to as the basis of accounting. Generally Accepted Accounting Principles (GAAP) prescribes using the same basis of accounting from one reporting period to the next to ensure consistency within the accounting records. CPRIT requires grantees to use cash basis accounting when reporting expenses to be reimbursed. Recording expenditures and revenue under the cash basis allows for more accurate reporting of grant funds expended on project activities. Cash basis accounting recognizes expenses when cash is paid and revenue when cash is received.

📖 TAC § 703.15(c)(1),(2)

A grantee that utilizes the accrual basis of accounting in its normal operations must make adjustments to the FSR submitted to CPRIT so that expenses/costs are presented on a cash

basis and reflect actual costs incurred during the payment period. Although a subcontractor is not required to record these adjustments in the general ledger, these adjustments should be documented by memo entries along with a reconciliation of costs billed/reported to CPRIT and cost recorded to the general ledger.

7.7 Accounting Records

Accounting records should identify, assemble, classify, record and report an entity's transactions and maintain accountability for the related assets and liabilities.

7.7.1 Minimum Records Requirements

Minimum records should include Books of Original Entry that include the following journals and ledgers:

- Cash Disbursements Journal;
- Cash Receipts Journal;
- General Journal;
- Payroll Journal;
- Payroll Expense Distribution (of each employee) for each pay period to support journal entries; and
- General Ledger with control accounts and sub-ledgers such as accounts payable and accounts receivable ledgers as applicable.

7.7.2 Additional Records

Additional mandatory records to be maintained for review include the following documents:

- Individual employee earnings records;
- Bank statements and canceled checks;
- Original vendor invoices and supporting documentation such as price quotes, authorizations, purchase orders, receiving reports, etc.;
- Executed contracts;
- Accounts payable detail;
- Accounts receivable detail;
- Payroll authorizations, W-4's (employee Federal income tax withholding information form), job descriptions, confidentiality statements, applications, transcripts, I-9's (Employment Eligibility Verification) and other related documents;
- Individual employee personnel activity/time sheets; and
- Journal entries - including all documentation and calculations necessary for understanding and independent evaluation.

7.8 Accessibility and Retention of Records

CPRIT, the State Auditor's Office, and/or the Office of the Comptroller have the right to request and receive from the grantee copies of any and all documents and other information related to a CPRIT grant at any time during or after the term of the grant contract. This right includes, but is not limited to, the right to review all financial books and records of the grantee and the grantee's subcontractor(s) related to the grant and to perform an audit or other accounting procedures of all expenses related directly or indirectly to the grant award. For more information on required audits, see chapter***, Grantee Audits***.

📖 TAC § 703.13(a)

7.8.1 Creating, Maintaining, and Retaining Financial Records

All grantees and their subcontractors paid with grant funds are expected to create and maintain complete and auditable fiscal records. The grantee shall make all documents and electronic records related to the grant contract available for inspection during regular working hours upon the request for review, investigation, or audit. The term for inspection includes the term of the grant contract and for a three (3) year period following the date the last disbursement of funds is made by the Institute or all reports required pursuant to the Grant Contract are submitted and approved, whichever is later.

These records must be kept a minimum of three (3) years following the date the last disbursement of funds is made by the Institute or all reports required pursuant to the grant contract are submitted and approved, whichever date is later. Annual financial statements, tax returns, and budgets during this post-grant period may be requested.

📖 TAC § 703.13(a)

7.8.2 State Auditor and Office of the Comptroller

The State Auditor and the Office of the Comptroller may conduct a review, audit or investigation of any entity receiving funds from the state directly under the grant contract or indirectly through a subcontract under the grant contract. Acceptance of funds directly under the grant contract or indirectly through a subcontract indicates acceptance of the authority of the State Auditor and the Office of the Comptroller to conduct an audit or investigation in connection with those grant funds.

📖 TAC § 703.13(a)

Chapter 8: Disbursement of Grant Funds

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8.1 Overview

CPRIT grants are reimbursable grants. CPRIT disburses grant funds on a reimbursement basis for a majority of CPRIT grant awards. In exceptional cases, CPRIT will disburse grant funds in advance of incurring the project expense. Disbursing grant funds in advance requires Oversight Committee approval and is specifically addressed in the award contract. When funds are disbursed in advance, disbursements are generally apportioned to coincide with the grant year or approved project tranche.

Whether grant funds are provided on a reimbursement basis or in advance of incurring expenses, grantees must submit a quarterly financial status report (FSR) and supporting documentation to document expenses incurred within each quarter of the grant.

8.2 Disbursement of Grant Funds

CPRIT grants are reimbursable grants. CPRIT utilizes two methods of disbursement of grant funds (1) Reimbursement and (2) Advancement.

8.2.1 Reimbursement Method

Under the reimbursement method of funding, the grantee is expected to finance its operations with its own working capital.

- CPRIT will reimburse the grantee for actual cash disbursements supported by adequate documentation.
- A grantee must pay their vendors and subcontractors prior to requesting reimbursement from CPRIT.

📖 TAC § 703.23(b)

8.2.2 Advance Funds Method

Under the advancement method of funding, CPRIT disburses grant funds in advance of the grantee incurring expenses. Grantees must be approved by the Oversight Committee to receive advancement of funds. CPRIT receives special approval to deviate from our standard reimbursement-based policy to advance grant funds to product development grantees. Consistent with CPRIT's administrative rule § 703.23(a), which requires grantees to minimize the time between the transfer of advanced funds and payment by the grantee:

- Approved grantees must request the advancement of grant funds. Advancements are requested by utilizing the "Advancement of Funds Form" option on the "Change Request" tab on CGMS/CARS.

- CPRIT will advance up to 50% of the project year budget at one time.
- The grantee must be in good fiscal and programmatic standing and have expended 90% of the advanced funds before requesting the next advance.
- A grantee may request an advance greater than 50% of the project year budget, but the grantee must fully explain the exceptional circumstances justifying the request. It is in CPRIT's sole discretion to approve the request; in no event will CPRIT advance more than the amount budgeted for the project year.
- Approval of advance payment of grant funds is not guaranteed. In most cases, the disbursement of grant funds may occur only after CPRIT approves required reports, such as the matching certification/verification form and the tranche report.

The Grant Recipient must expend at least 90% of the grant award funds in a tranche before the additional funds will be advanced. CPRIT will work with the grantee to coordinate the advancement of additional grant funds in such a way as to not unnecessarily affect work in progress or project planning.

CPRIT reserves the right to cease advance disbursements of grant funds to a grantee and convert to a reimbursement methodology. In most cases, the advancement of grant funds methodology will not be used to disburse the total grant award. CPRIT will disburse the last ten percent (10%) of the total grant funds awarded on a reimbursement basis. For more information on advancement of grant funds, see section, ***Request to Disburse Funds in Advance of Incurring Expenses***.

📖 TAC § 703.23(a), (c)

8.3 Financial Status Reports

A grantee may use grant funds for costs associated with the grant award made in accordance with the grant contract. Grant funds may not be used for purposes other than those for which the grant was awarded. CPRIT uses the FSR to review grantee expenditures and approve reimbursements from grant funds. For more information about FSR due dates and penalties for failing to submit the required FSR by the deadline, see section, ***Financial Status Reports***.

📖 TAC §§ 703.12(a), 703.21(b)(1)

8.3.1 Reporting Expenditures on the FSR

All grantees must report expenditures on the quarterly FSR form. Expenditures are reported by budget category consistent with the grantee's approved budget and are supported with appropriate documentation showing that the costs were incurred and paid.

The grantee should only include expenses incurred during the quarter covered by the FSR. If a grantee seeks reimbursement for an expense it paid prior to the period covered by the current

quarterly FSR but did not previously report the expense to CPRIT, the grantee must provide a written explanation for failing to claim the prior payment in the appropriate period. The grantee should submit the written explanation and any supporting documentation at the time that the grantee files its current FSR.

The FSR and supporting documentation must be submitted via CGMS/CARS, unless the grantee is specifically directed in writing by CPRIT to submit or provide it in another manner.

📖 TAC § 703.24(a)

8.3.2 Supporting Documentation

Generally, CPRIT requires supporting documentation for all costs reported on a FSR. An exception is made for grantees that are public or private institutions of higher education for costs in the "supplies" and "other" budget categories. Specific documentation requirements for each budget category are described in the ***Grantee Expense Category*** chapter.

📖 TAC § 703.24(a)(2)

The most common reasons that grant reimbursement approvals are delayed is the lack of proper supporting documentation and providing inadequately organized supporting documentation such that CPRIT program staff cannot interpret it and trace expenses.

Supporting documentation for each expense must be legible. The documentation must be numbered, and cross referenced with the FSR and organized by the grantee in a manner that is easily identifiable by CPRIT program staff. If submitting financial system reports (general ledgers or payroll reports) to act as a summary, the reports should be organized properly by budget category (or position/person in the case of personnel expenses) and totaled to equal the amount(s) reported in the FSR. To view what top level documentation is required for an FSR, refer to CPRIT's website, which directs to the Grantee Resources page.

The FSR and supporting documentation must be submitted via CGMS/CARS, unless the grantee is specifically directed to the contrary in writing by CPRIT.

8.3.3 CPRIT Review of FSR

CPRIT will review the FSR and the supporting documentation to determine whether expenses related to the grant award are allowable, allocable, reasonable, and adequately documented. Appropriate supporting documentation must be submitted for expenses reported on the FSR to show that a cost was incurred and paid. Supporting documentation may include a paid invoice, receipt, or contract with a copy of a cancelled check (electronic version acceptable). For more information on allowable costs, see section, ***Determining if a Cost is Allowable***.

CPRIT may deny reimbursement of an otherwise allowable expense for several reasons, including the following:

- Expenditures claimed in a category were not budgeted in the approved contract;
- Amount claimed is in a category exceeds the allowable budget amount for that category;
- Total amount claimed exceeds the total amount of the grant; or
- Supporting documentation does not match the reimbursement request.

If additional documentation and/or a correction is needed to support one or more expenses listed on the FSR, CPRIT program staff will contact the grantee. If the grantee does not provide the requested information within 21 days after the request is submitted, the FSR will be disapproved.

📖 TAC § 703.24(a)(4)

In the event that CPRIT identifies one or more unallowable expenses, CPRIT program staff will disapprove the FSR with an explanation for the disapproval. CPRIT program staff is not able to change the FSR submitted by the grantee. Disapproval of the FSR makes the form available again in the grantee's "To Do list" in CGMS/CARS for the grantee to revise and resubmit the FSR consistent with the direction provided by CPRIT program staff.

8.3.4 Payment to Grantee

When the FSR is approved in CGMS/CARS, CPRIT staff verify that all required reports and forms have been submitted and approved. Once the verification shows that funds can be released for payment, CPRIT processes the payment request and remits payment to the grantee.

Note that CPRIT may withhold payment of otherwise approved expenses if the grantee has failed to submit required reports. For more information on withholding reimbursements, see section, ***Past Due Reports and Consequences for Failure to Submit***.

📖 TAC § 703.23(c)

8.3.5 "Fifth Quarter" FSR

State law requires grant contracts to be awarded in the same fiscal year that the application was recommended for approval by a Review Council. This means that the grant contract effective date is August 31 for all grant awards approved by the Oversight Committee between June 2 – and August 31 of each year. A Grant Award with a contract effective date within the last quarter of a state fiscal year will have an initial financial reporting period beginning September 1 of the following state fiscal year. A Grant Recipient that incurs authorized expenses after the contract effective date but before the beginning of the next state fiscal year may request reimbursement

for those authorized expenses. The expense must be reported in the FSR reflecting expenses for the initial financial reporting beginning September 1st.

📖 TAC § 703.24(c)

8.3.6 Common Mistakes Made When Submitting FSRs

Reimbursement for expenses will not be made until both the FSR and supporting documentation are correct. To be reimbursed for the allowable expenses, the grantee must provide evidence that costs were incurred and paid. Generally, this will take the form of a paid invoice, receipt, or contract supported by a copy of a cancelled check/electronic copy or other document supporting that the transaction was enacted.

Common reasons CPRIT will deny a reported expense:

- Unallowable expenses, such as tips or alcohol;
- Claiming both per diem and meals;
- No itemized receipt when claiming meals;
- Placing expenses on wrong budget category;
- Missing receipts/invoices;
- PLOE is not updated;
- General Ledger does not match FSR;
- Purchases claimed outside of the quarter being reported on FSR;
- No invoice for purchases;
- Inaccurate calculations;
- Overbilling for conferences;
- Exceeding the allowable budget amount for a category; and/or
- Supporting documentation does not match the reimbursement request.

Chapter 9: Allowable Costs

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9.1 Overview

All costs charged to a CPRIT grant must meet the general allowability criteria established by the Uniform Grant Management Standards (UGMS).

Although a cost may meet the allowability criteria established by UGMS, CPRIT may restrict or cap the reimbursement of Allowable Costs. Any restriction and/or limitation of allowable costs will be specified in the applicable statute, administrative rule, contractual term (including the approved budget), or the request for application. If the grant contract limits payment of allowable costs, the total allowable cost allocable to a CPRIT grant should still be captured in the general ledger and reported on the FSR. Unallowable costs should not be recorded in the grantee's cost center.

📖 TAC § 703.26

9.2 Time Period for Incurred Costs

The grantee must have incurred a cost within the contract term of the award to be eligible for reimbursement under a CPRIT award, unless the grantee has received written approval from CPRIT's Chief Executive Officer to receive reimbursement for grant award costs incurred prior to the grant contract effective date.

The benefit from the cost of goods or services charged to the grant award must be realized within the applicable term of the grant award. The grant should not be charged for the cost of goods or services that benefit a subsequent period or another CPRIT grant award.

📖 TAC § 703.26(c), (d)

The following guidelines must be used when charging the cost of consumable goods, services, and property to a CPRIT grant award.

9.2.1 Consumable Goods

A CPRIT grant may be charged only for the cost of consumable goods that are received within the contract term of the award and are reasonably expected to be consumed within the contract term.

9.2.2 Services

A CPRIT grant may be charged only for the cost of services that were rendered within the contract term.

9.2.3 Property, Equipment, and Controlled Assets

A CPRIT grant may only be charged for the cost of property, equipment, and controlled assets that are received within the contract term. With prior approval from CPRIT, property, equipment, and controlled assets may be received after the end of the contract term but within the contract close-out period, provided the purchase order or contract was executed prior to the end of the contract term. In this case, the grantee should record a memo entry that identifies the equipment expenditures that were reported to CPRIT but recorded in the general ledger in an accounting period subsequent to the end of the contract term.

If the grantee's accounting system does not allow for the recording of memo entries, the grantee must have documentation on file that identifies the cost as a reconciling item to expenditures reported to CPRIT and provides an audit trail to the recording of the equipment cost in the general ledger. These transactions must be completed in time to meet the close-out requirements of the contract including submission of the Financial Status Report and the supporting documentation.

9.3 Composition of Total Cost – Direct Costs, Indirect Costs, and Applicable Credits

The total cost of an activity funded by a CPRIT award is the sum of allowable direct and allocable indirect costs less any applicable credits.

9.3.1 Direct Costs

Direct costs are those that can be identified specifically with a particular final cost objective of the organization. Direct costs charged to a CPRIT award are those allowable costs that are attributable to carrying out project activities of a CPRIT grant. The cost of administrative and support activities should be budgeted and reported as indirect costs.

9.3.2 Indirect Costs

Indirect costs are those that have been incurred for a common or joint purpose benefiting more than one cost objective and cannot be readily identified with a particular final cost objective. Indirect costs do not include the cost of goods or services used to carry out direct activities under a CPRIT contract. Be aware that indirect cost amounts charged to CPRIT projects are limited to five percent of the total grant award. For more information on indirect costs, see section***, Indirect Costs***.

9.3.3 Applicable Credits

Applicable credits refer to those receipts or reduction of expenditure-type transactions that offset or reduce expense items allocable to an award as direct or indirect costs. Examples of such

transactions are purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. For additional information, see section, ***Determining if a Cost is Allowable***.

9.4 Determining if a Cost is Allowable

A cost is allowable if it is reasonable, allocable, and adequately documented. Additional guidance regarding allowable expenses for a specific project may be provided by the statutory provisions, administrative rules, terms of the grant contract, and/or Uniform Grant Management Standards (UGMS) adopted by the Comptroller's Office. If guidance from UGMS on a particular issue conflicts with a provision of the statute, administrative rule, or the grant contract, then the specific provision shall prevail over UGMS.

CPRIT is responsible for making the final determination regarding whether an expense is an allowable expense.

9.4.1 Reasonable

As a general rule, a cost is reasonable if the cost:

- Does not exceed that which would be incurred by a prudent individual or organization under the circumstances prevailing at the time the decision was made to incur the cost; and
- Is necessary for the performance of the grant award defined in the scope of work in the grant contract.

In determining that a given cost is reasonable, consideration must be given to factors such as whether the cost is generally recognized as ordinary and necessary for the performance of the grant award. Other considerations are the market price of comparable goods or services and whether there was arms-length bargaining.

📖 TAC § 703.26(a)(1)

9.4.2 Allocable to the CPRIT-Funded Project

A cost may be charged to an award if the cost:

- Benefits the grant award either directly or indirectly, subject to indirect cost limits stated in the award contract;
- Is assigned (charged to CPRIT) in accordance with the relative benefit received;
- Is allowed or not prohibited by state laws, administrative rules, contractual terms, or applicable regulations;

- Is not included as a cost or used to meet matching fund requirements for any other grant award in either the current or a prior period; and
- Conforms to any limitations or exclusions set forth in the applicable cost principles, administrative rules, state laws, and terms of the contract.

📖 TAC § 703.26(a)(2)

Any cost allocable to other federal or state grant awards may not be shifted to a CPRIT grant award to overcome funding deficiencies or to avoid restrictions imposed by law or by the terms of the award.

9.4.3 Necessary for the Proper and Efficient Administration of the Proposed Project

An allowable cost must be necessary to carry out the objective of the grant award defined in the scope of work of the project.

9.4.4 Consistently Treated as a Direct or Indirect Cost

Costs must be treated consistently in accordance with the grantee's established accounting system without regard to the source of funds supporting the expenditures. This means that costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect.

9.4.5 Net of Applicable Credits

Applicable credits refer to those receipts or reduction of expenditure-type transactions that offset or reduce expense items allocable to an award as direct or indirect costs. To the extent that such credits accruing to or received by the grantee relate to allowable costs, they must be credited to the award either as a cost reduction or cash refund, as appropriate.

9.4.6 Adequately Documented

An allowable cost must be supported by the organization's accounting records and be adequately documented. Generally, supporting documentation all allowable expenses incurred should be included with the FSRs. For more information on supporting documentation, see section, ***Financial Status Reports***. The grantee is responsible for summarizing and tying ALL submissions where applicable. If the data is too cumbersome for CPRIT program staff to come to a conclusion in a reasonable time, then reimbursement will be delayed.

📖 TAC § 703.26(a)(3)

As an example, a cash disbursement by the organization must:

- Have an invoice indicating that the goods or services were received and approved for payment;
- Have time sheets or other record of actual work hours by cost objective, along with employee signature and supervisory signature;
- Have the appropriate authorized signature(s) on the check; and
- Be recorded in the appropriate check register, disbursement journal and general ledger.

The source documentation should explain the basis of the costs incurred as well as show the actual dates of the expenditure, amount, and the general ledger account number charged. Documentation may include, but is not limited to the following:

- Travel records;
- Time sheets;
- Purchase orders;
- Receiving reports;
- Invoices;
- Contracts;
- Mileage records;
- Billing records; and
- Telephone bills.
- Other documentation that verifies the expenditure and appropriateness to the Award, include bank statements and cancelled checks.

Specific documentation requirements for each budget category are described later in this section. For more information, see chapter, Grantee ***Budget Expense Categories***.

9.4.7 Permitted under the Appropriate Cost Principles in UGMS

Allowable costs must be aligned with applicable cost principles set forth in UGMS.

9.4.8 Not Restricted or Prohibited by Grant Contract

Certain costs that are otherwise attributable to carrying out the objectives of the grant award are not allowable if the type or amount of the expense is specifically prohibited by the grant award contract or CPRIT's administrative rules.

9.4.9 In Accordance with GAAP

Financial systems should be able to produce data in this format if set up properly. Any invoices submitted for the general categories should equal the amounts reported in the FSR expense categories.

9.5 Limitation on Cost Recovery

Certain expenses incurred by the grantee are not eligible for reimbursement with CPRIT grant funds. A cost/expense determined to be unallowable in accordance with the applicable cost principles or other terms and conditions in the contract must be identified and excluded from any billing or claim applicable to the contract. In other cases, the maximum amount of otherwise allowable administrative costs eligible for reimbursement may be limited.

Expenses that are cost-limited or ineligible for reimbursement include the following (sections 9.5.1-9.5.4).

9.5.1 Food and Beverage

The costs for food and beverages are unallowable unless food costs are specifically approved as part of the grant award for an education purpose such as nutrition education (food may only be distributed in sample sizes, not meals) or the food and beverage costs are part of a per diem or subsistence allowance provided in conjunction with allowable travel.

📖 TAC § 703.26(e)(5)

9.5.2 Salary Limits

The maximum salary amount supported by CPRIT grant funds for an individual with 100% level of effort on a grant award is $200,000. If a principal investigator is working on multiple CPRIT grants, the Institute may allow a maximum salary amount of $200,000 per grant project. CPRIT has the sole discretion to permit a grantee to exceed the salary limitation for one or more individuals working on the grant award. Approval will be reflected as a contract amendment.

9.5.3 CPRIT Conference

A grantee may send employees to a conference that is hosted by CPRIT (e.g., 2017 CPRIT Conference). In most cases, a grantee will only be eligible to be reimbursed for up to two attendees per grant at a CPRIT conference. There are two exceptions: if a grantee receives prior authorization or the attendees are part of a Research Training Award.

9.5.4 Clinical Trial Participation Costs

CPRIT may reimburse certain expenses incurred by participants in a cancer clinical trial pursuant to the authority provided by Texas Health and Safety Code 102.203(b). In 2019, the Legislature amended CPRIT's statute to allow reimbursement for certain clinical trial participant costs, including transportation, lodging, and costs reimbursed under a program established under Texas Health and Safety Code Chapter 51. In order to be eligible for reimbursement, the cost must be otherwise allowable and part of the approved grantee budget

📖 TAC § 703.26(f)

9.5.5 Unallowable Administrative Costs

Unallowable expenses include, but are not limited to, the following:

- Advertising and public relations, except that, advertising to recruit personnel, procure goods and services, dispose of materials, or promote a CPRIT project is allowable;
- Alcoholic beverages;
- Bad debts such as losses arising from uncollectible accounts and other claims and related costs;
- Contributions to a contingency reserve or any similar provision for unforeseen events;
- Contributions and donations made to any individual or organization;
- Costs of entertainment, amusements, social activities, and incidental costs relating thereto, including tickets to shows or sports events, meals, lodging, rentals, transportation and gratuities;
- Fines, penalties, or other costs resulting from violations of or failure to comply with federal, state, local, or Indian tribal laws and regulations;
- An honorary gift or a gratuitous payment;
- Legislative expenses such as salaries and other expenses associated with lobbying the state or federal legislature or similar local governmental bodies, whether incurred for purposes of legislation or executive direction;
- Liability insurance;
- Benefit replacement pay or legislatively-mandated pay increases for eligible general revenue-funded state employees at grantee state agencies or universities;
- Fundraising;
- Immigration visa fees and associated costs;
- Interest on borrowing or other financial costs, including the cost of financing (unless specifically authorized by applicable OMB Circulars and/or Uniform Grant Management Standards);
- Professional association fees or dues for the grantee or an individual employed by the grantee;

- Membership in business, technical, and professional organizations involved in lobbying efforts. However, if the professional/technical organization is not involved in lobbying efforts and the grantee can demonstrate how the grantee's membership in the organization benefits the CPRIT project(s), the cost of the grantee's membership may be allowed with prior approval from CPRIT;
- Lobbying;
- Tips or gratuities;
- Promotional items and costs relating to items such as T-shirts, coffee mugs, buttons, pencils, and candy that advertise or promote the project or grantee; and
- Payments to a subcontractor if the subcontractor working a Grant Award project employs an individual who is a Relative of the Principal Investigator, Program Director, Company Representative, Authorized Signing Official, or any person designated as Key Personnel for the same Grant Award project (collectively referred to as "affected Relative"), and:
    - the Grant Recipient will be paying the subcontractor with Grant Award funds for any portion of the affected Relative's salary; or
    - the Relative submits payment requests on behalf of the subcontractor to the Grant Recipient for payment with Grant Award funds.
    - For exceptional circumstances, the Institute's Chief Executive Office may grant an exception to allow payment of Grant Award funds if the Grant Recipient notifies the Institute prior to finalizing the subcontract. The Chief Executive Officer must notify the Oversight Committee in writing of the decision to allow reimbursement for the otherwise unallowable expense.
    - Nothing herein is intended to supersede a Grant Recipient's internal policies, to the extent that such policies are stricter

This is not intended to be an exhaustive list of unallowable expenses. Additional guidance regarding authorized expenses for a grant award may be provided by the statutory provisions, administrative rules, the terms of the grant contract, or UGMS office. If guidance from UGMS on a particular issue conflicts with a provision of state law, administrative rule, or the grant contract, then the specific provision shall prevail over UGMS.

CPRIT is responsible for making the final determination regarding whether an expense is allowable.

📖 TAC § 703.26

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10.1 Overview

CPRIT grant contracts require that costs be budgeted and reported in eight expense categories. All costs charged to a CPRIT project should be classified and reported under one of the eight expense categories below, which are reported on the quarterly Financial Status Report (FSR) and other grant budget documents.

- Personnel
- Fringe Benefits
- Travel
- Equipment
- Supplies
- Contractual
- Other
- Indirect Costs

A description of the eight expense categories and documentation requirements is provided in the following sections. A general information page of FSR Required Supporting Documentation is also available in the appendix.

Personal health information of individuals who may receive services through a CPRIT funded award should be redacted from documentation provided to support grant expenses in compliance with the Health Insurance Portability and Accountability Act of 1996.

10.2 Personnel Expense Category

Personnel costs are the actual cost of salaries and wages paid to employees of the organization devoted to the grant award. Personnel costs are allowable to the extent that they are reasonable and conform to the established policy of the organization and reflect no more than the time actually devoted to the grant award.

FSR and onsite documentation should contain consistent employee names.

10.2.1 Salaries and Wages to Include in Personnel Budget Category

The Personnel budget category should include only the gross salary/wages of employees who perform activities directly related to carrying out a grant's Statement of Work in Attachment A of the grant contract.

Employees who work on administrative activities directly related to a grant award may be classified as direct costs and budgeted under the Personnel category. The time an employee

spends on these activities must be allocated to all grantee projects in accordance with the relative benefit received from the functions performed by the employee.

In order to be allowable as a direct cost the salary costs of employees performing these administrative activities cannot be included in determining an organization's indirect cost rate or be allocated as an indirect cost.

- The salary/wages of employees (i.e., executive office, accounting office, etc.) who do not perform activities directly related to carrying out a grant's Statement of Work in Attachment A of the grant contract should be classified under the "Indirect" budget category.
- Employees who work on both direct and indirect activities must record on their time sheet the actual time worked on each activity. For example, if during a given day, the Chief Executive Officer (CEO) works 3 hours performing grant award activities and 5 hours performing general administrative activities, the CEO's time sheet must reflect the hours worked on each activity.

10.2.2 Documentation Required for Personnel Payroll Costs

Documentation required to support personnel payroll costs for all professional and nonprofessional staff charged to the grant award, whether charged directly or indirectly must be maintained onsite and must include:

- Time sheets or other records of actual hours worked (see additional guidance below related to time sheets requirements, exceptions for government employees that work on a sole cost objective);
- Payrolls approved by a responsible official(s) of the organization; and
- Accounting records supporting payroll expenditures and payroll deductions posting to the general ledger along with proof of payment (e.g., payroll journal; cash disbursement journal; payroll expense distribution report; check register).

For supporting documentation with an FSR, all grantees must submit a personnel cost report for each pay period that includes names and pay for each individual charged for the grant. Names must match PLOE. For profit and non-profit grantees must also submit timesheets, payroll summaries, and pay stubs or other pay documentation with the FSR.

Budget estimates, time studies or other distribution percentages determined before the services are performed do not qualify as support for grant expenses.

Time sheets or other records of actual hours worked that are submitted for supporting documentation with an FSR must:

- Reflect an after-the-fact distribution of the actual time spent on each activity;
- Be signed by the employee and supervisor having first-hand knowledge of the activities performed by the employee. An electronic means to sign time sheets is acceptable provided the grantee can demonstrate and document that only the employee's actions would result in the identification of the activities to be charged, and that it complies with UGMS (Attachment B, paragraph 11.h);
- Be prepared at least monthly and coincide with one or more pay periods;
- Account for the total activity for which employees are compensated by the organization.
- Identify the various programs/cost objectives and time that the employee worked each day on a specific program/cost objective; and
- Be maintained onsite.

10.2.2.2 Special Provisions for Governmental Employees

Employees of a governmental entity who work solely on a single program or cost objective may use periodic certifications as support for personnel costs. See OMB Circular A-87 (2 CFR Part 225). The certification must specify the program/cost objective that the employee worked on, be prepared at least semi-annually, and be signed by the employee and supervisor having first-hand knowledge of the activities performed by the employee.

10.2.3 Direct Allocation of Costs

Personnel costs of staff that spend time overseeing multiple programs or multiple direct activities (e.g., program director) may be captured in a unique cost center and allocated as a direct cost using a base that results in an equitable distribution to all benefited programs/activities. Other costs associated with the office of this position may also be allocated using the same base if it results in an equitable distribution. Costs must not be allocated based on proportion of funding, estimates, or predetermined percentages.

Staff time (e.g., of the program director) or other costs that can be identified as only benefiting a specific program/activity should be charged as a direct cost to the specific program/activity. These costs should be reported under the respective budget category on the FSR.

10.2.4 Overtime

Overtime is an allowable expense. An overtime premium, defined as pay at a differential pay rate of 50% or more (i.e., rate of pay of at least one-and-a-half times the standard compensation), to grant employees may not be paid with grant funds except under the following conditions:

- With the prior written approval of CPRIT;
- Temporarily, in the case of an emergency or an occasional operational bottleneck;

- In performance of tests, laboratory procedures, or similar operations that are continuous in nature and cannot reasonably be interrupted or otherwise completed; or
- When lower overall cost to CPRIT will result.

A request submitted by a grantee and approved by CPRIT in CGMS correspondence prior to the grantee's employee(s) incurring premium overtime suffices as prior written approval for the circumstance described in the first bullet. Any approval obtained outside of CGMS must be documented and submitted with the supporting documentation for each FSR on which a premium overtime expense is being claimed. To support an expense related to any of the circumstances described in the other three bullets above, a grantee must provide an explanation about the circumstance including the calendar dates necessitating the premium overtime payment with the supporting documentation for each FSR on which a premium overtime expense is being claimed.

10.2.5 Personnel Level of Effort

Charges for personnel payroll costs must correspond to the names of personnel listed on the Personnel Level of Effort in CGMS/CARS.

Grantees must ensure all information related to personnel whose salary or partial salary is paid by a CPRIT grant is updated and current to reflect actual personnel costs for a given quarter. CPRIT requires this information to verify payroll changes submitted with FSRs. CPRIT also compares travel expense claims and trainee tuition payments against these forms to verify expenses are for project personnel.

10.3 Fringe Benefits Expense Category

Fringe benefits are allowances and services provided by the organization to its employees as compensation in addition to regular salaries and wages. Examples of fringe benefits include the employer portion of FICA and Medicare, the cost of employee insurance, pensions, and unemployment benefit plans.

The cost of fringe benefits is allowable to the extent that the benefits are reasonable and are incurred under established policies of the organization. However, fringe benefits may not exceed 35% of total salary expense for the period being reported.

Fringe benefit costs should be allocated on the same basis as salary and wages.

Supporting documentation that must be submitted with an FSR includes a general ledger report and a fringe benefit summary, which includes employee's name, type of benefit, and the amount with a total.

Grantees reporting pooled fringe benefits in accordance with a federally approved fringe benefit rate agreement may report a total fringe amount by employee without categorization of each type of benefit. Grantees must provide a copy of the agreement that was in effect during the FSR reporting period and the agreement must describe the categories of benefits included in the pool.

In addition to documentation submitted with an FSR, onsite source documents must be available for examination even when payroll processing services are out sourced. Source documents include the following:

- Quarterly payroll tax reports for FICA and unemployment taxes;
- Original vendors' invoices; and
- Proof of payment.

Unemployment claims for grantees that qualify as "reimbursing employers" under the Texas Unemployment Compensation Act (Texas Labor Code Chapter 201) must be supported by the original billing statement from the Texas Workforce Commission. Grantees that have established reserves under a self-insurance program should charge claims against the reserve. Grantees that do not have a reserve established for unemployment claims must allocate claim expenses to all activities of the organization as an indirect cost.

10.4 Travel Expense Category

Travel costs are generally considered to be transportation, lodging, meals and related expenses incurred by employees of the organization while performing duties relevant to the grant.

10.4.1 Allowable Travel Costs

Travel costs are allowable based on the State of Texas travel policy, provided that costs are deemed by CPRIT to be reasonable and necessary. The State of Texas travel regulations, including maximum per diem and subsistence rates prescribed in those regulations will be used to determine the maximum reimbursable amount of travel costs CPRIT will pay. General information regarding State of Texas travel policies can be found on the Texas Comptroller of Public Accounts website at https://fmx.cpa.state.tx.us/fmx/travel/textravel/index.php. Travel costs should correlate to personnel listed on the Personnel Level of Effort.

For overnight travel, an employee may be reimbursed for the actual cost of the employee's meals (unless requesting per diem) and the actual cost of lodging, up to the maximum rate allowed by the U.S. General Services Administration (GSA) rate as published on the GSA webpage at http://www.gsa.gov/portal/content/104877. If the GSA does not provide a rate for that area, then the maximum allowable rate should be based on the guidelines provided by the Texas Comptroller of Public Accounts. CPRIT will not reimburse a grantee for meal expenses incurred during non-overnight travel.

For approved international travel, an employee may be reimbursed for the actual cost of the employee's meals and the actual cost of lodging, up to the maximum rate allowed by the U.S. Department of State rate as published on the U.S. Department of State webpage at https://aoprals.state.gov/web920/per_diem.asp.

📖 TAC § 701.37

10.4.2 Allocating and Classifying Travel Costs

Allowable travel costs related to the general administration of a grantee should be allocated as indirect costs. This includes auto mileage paid to employees on the basis of a fixed mileage rate for the use of their personal vehicle. The following additional allocations apply:

- Recovery of subcontractor's travel costs should be specified by the terms of the contract between the grantee and subcontractor. The grantee should include the subcontractor's travel expenses under the "Contractual" expense category.
- Travel advances should be recorded as prepaid expenses and not recorded as an expense until after the trip has been completed when actual expenses are known.

When meals are furnished without charge or at a nominal cost (e.g., as part of the registration fee), the proposed per diem or subsistence allowance must take this into consideration and be adjusted accordingly.

10.4.3 Travel Source Supporting Documentation

Source documents for travel expenses vary by the type of expense submitted for reimbursement. Unless specifically stated below, CPRIT will accept electronic versions or copies of the required documents. Receipts or itineraries that are altered by any person other than the entity issuing the receipt is unacceptable. However, a receipt to which additional information has been added is considered unaltered if the additional information does not conflict with the original information on the receipt. Unless otherwise noted, travel supporting documentation that falls within 10.4.3 or any subsections, must be submitted with an FSR and also maintained by the grantee to make available for an onsite review.

📖 TAC § 701.37(b)

10.4.3.1 Travel Expense Reports

A separate travel expense report should be submitted in the supporting documentation for each trip taken. The documentation must reflect approval of travel by the employee's supervisor or other responsible administrator in the grantee organization. At a minimum, a travel expense report must include:

- Grantee name;
- Printed name of the employee traveling;
- Dates of travel;
- Travel destination;
- The purpose of the trip;
- An itemization of expenses; and
- Proof of payment.

An expense report should include an attachment of GSA rate printout for the travel location(s) zip code.

An individual may claim less than the maximum meal reimbursement rate for a duty point and use the amount of the reduction to increase the maximum lodging reimbursement rate for the duty point. This will have to be noted on the expense report.

10.4.3.2 Meal Expenses

Meal costs may be charged on an actual cost basis or on a per diem in lieu of actual costs incurred, provided the method used is applied to an entire trip. If actual costs of meals are requested for reimbursement, supporting documentation for FSRs includes itemized receipts are required per traveler for all meals including those listed on lodging receipts. If there is more than one meal on a receipt, the grantee must designate what food and/or beverage is requested for reimbursement.

If per diem is requested on the travel authorization and expense report, the maximum allowable by the State of Texas travel regulations will be reimbursed and receipts are not required. Expenses for alcohol and gratuity are unallowable. When requesting per diem, a grantee must submit an expense report.

10.4.3.3 Lodging Expenses

The receipt must be issued by one of the following: The commercial lodging establishment or its central reservations office, the travel agency used to reserve the lodging, or the broker who purchased the lodging.

The receipt must include:

- The name and address of the commercial lodging establishment;
- The name of the employee;
- The single room rate;
- A daily itemization of the lodging charges; and

- Proof of payment (e.g., zero balance folio, receipt).

If a lodging receipt is unavailable, then the supporting documentation, for FSR and onsite, must include the canceled check or credit card slip used to pay the lodging expense, the credit card billing on which the lodging charges appear or a copy of the check, slip or billing. If the original or a copy of a canceled check, credit card slip or credit card billing is included in the supporting documentation, then the name and address of the establishment, the name of the employee, the single room rate and a daily itemization of the lodging charges must be included in that documentation.

If the individual listed on a lodging receipt is not the employee named on the voucher, the supporting documentation must include proof that the employee paid the lodging expenses for which the employee is claiming reimbursement. The proof may be in the form of a credit card slip, a credit card billing, a canceled check or a receipt from the individual. If the slip, billing, check or receipt is unavailable, then a copy may be submitted.

10.4.3.4 Mileage Expense

This documentation must be supported by a detailed record of actual point-to-point mileage with odometer readings or copies of mapping web site mileage (e.g., Bing). Maps from a mapping web site must also display point-to-point miles, with a separate map between each destination. If an organization uses an online mapping web site to determine mileage, the name of the mapping web site should be designated in the organization's travel policy. The same information is required for mileage logs. Do not round mileage to the nearest decimal point. For grantees with an automated travel system that rounds mileage, CPRIT will accept the rounded number.

10.4.3.5 Transportation Expense

If neither the passenger receipt nor the itinerary is available, then the supporting documentation must include the canceled check or credit card slip used to pay for the transportation, the credit card billing on which the transportation charges appear or a copy of the receipt, check, slip or billing.

If the original or a copy of a canceled check, credit card slip or credit card billing is included in the supporting documentation, then documentation must also include:

- The name of the employee;
- The name of the transportation service provider;
- The ticket number;
- The class of transportation;
- The travel dates;
- The amount charged for the transportation; and

- The origin and destination of travel.

An awardee whose organization has a central travel department that books airline flights for all employees of that organization may provide the transactional documentation (must include Grant ID, amount, travel dates, traveler name) from the central travel department for airfare purchases as proof of payment.

If reimbursement is sought for business class or first class airfare, the supporting documentation must include a signed statement that a lower class airfare was not available.

10.4.3.6 Motor Vehicle Rental

The supporting documentation, both for FSR submission and onsite review, for the reimbursement of the cost of renting a motor vehicle must include a receipt and/or rental contract that includes:

- The name of the motor vehicle rental company;
- The name of the renter;
- The starting and ending dates of the rental; and
- An itemization of expenses incurred.

If the individual listed on the receipt is not the employee named on the voucher, the receipt is acceptable if the supporting documentation includes proof that the employee paid the expenses for which the employee is claiming reimbursement. The proof may be in the form of a credit card slip, a credit card billing, a canceled check or a receipt from the individual.

10.4.3.7 Incidental Expenses

Supporting documentation, both for FSR submission and onsite review, for incidental expenses must include an itemization of the expenses incurred. Incidental expenses include but are not limited to:

- Toll charges;
- Internet charges (CPRIT-related travel);
- Telephone charges (The supporting documentation for a reimbursement of a telephone call expense must include a determination that the call was related to state business); and
- Gasoline charges must be supported with a receipt to be reimbursed (Gasoline changes associate with travel are listed as incidental expenses on the general ledger but CPRIT requires receipts to reimburse gasoline (i.e., for a rental car).

10.4.4 International Travel Requires Prior Approval

International travel requires prior approval if the international travel is added subsequent to contract execution, the grantee can seek approval by submitting a request via the "Change Not Otherwise Specified" form in CGMS/CARS before the travel occurs. If the grantee reflected the international travel in the original grant application in the budget and budget justification approved through CPRIT's peer review process, the international travel is considered approved. If the grantee expends any funds on international travel before receiving approval in CGMS/CARS, CPRIT may not reimburse those costs through the grant.

When submitting supporting documentation, both for FSR submission and onsite review, for international travel a grantee must:

- Use United States Department of State rates; and
- submit supporting documentation in US dollars; if conversion from foreign currency is required, a grantee must calculate the conversion to US dollars.

📖 TAC § 701.37(c)

Note: CPRIT will not reimburse any international travel that is not specifically pre-approved by CPRIT. CPRIT's grant management system automatically approves rebudgeting change requests if changes are less than or equal to 10% of the total budget for the grant year. To the extent that the grantee rebudgets to accommodate international travel, be advised that the system's automatic approval does not constitute the specific CPRIT approval required for international travel.

10.5 Equipment Expense Category

The Equipment budget category includes the following items:

Equipment - Tangible, nonexpendable personal property with an acquisition cost of $5,000 or more for each item and a useful life of more than one year.

Other Intangible Property - Non-copyrightable intangible property costing $500 or more that is developed, produced or obtained by contractor, including domain names, URLs, software licenses, etc.

10.5.1 Reimbursement for Acquisition Cost of Equipment

CPRIT will reimburse grantees for the acquisition cost of the equipment. Acquisition costs are considered the net invoice unit price of an item of equipment, including freight and shipping costs, and the cost of any necessary modifications, attachments, accessories or auxiliary apparatus necessary to make the property usable for the purpose for which it was acquired.

10.5.2 Prior Approval

Grantees must have written approval from CPRIT prior to the purchase of any equipment. If the equipment is clearly defined in the grantee's budget submitted with the grant application, then approval of the grant award constitutes "prior approval" for the purchase.

If the equipment was not included in the grant application, then written approval is obtained by submitting the request via the "Change Not Otherwise Specified" option on the "Change Request" tab in CGMS/CARS. The request must contain a description of the equipment and a justification. Some equipment purchases may require a Contract Amendment – Attachment F. In these cases, the CPRIT contract manager will contact the grantee after review of the request. If an adjustment to the equipment budget is needed, a "Rebudgeting Change Request" must also be submitted and approved.

Changes to the equipment budget category must have pre-approval from CPRIT.

Note: The system automatically approves rebudgeting change requests if changes are less than or equal to 10% of the total budget for the grant year. Although the system automatically approves rebudgeting to a certain threshold, CPRIT will not reimburse any equipment purchase that is not pre-approved by CPRIT

10.5.3 Equipment Source Documentation

Source documents of equipment expenses include the following sources, related to both FSRs and onsite grantee requirements.

Equipment Source Documentation	
Supporting documentation that must be submitted with an FSR	**Supporting documentation that must be maintained onsite by a grantee**
• Copy of invoice for each expense • Evidence of CPRIT's prior approval of the purchase	• Proof of payment; • Original invoice for each expense; • Inventory list of equipment purchased with CPRIT funds.

10.5.4 Annual Inventory Report

A physical inventory of property acquired in whole or in part with CPRIT funds must be taken each year and be reconciled with the grantees property records. An annual property inventory report must be submitted to CPRIT in CGMS/CARS no later than 60 days after the end of the grant year. The annual report should include all property acquired under each CPRIT Award during the year. Property acquired with non-CPRIT funds should not be listed in this

report. For more information on annually reporting equipment to CPRIT, see chapter, ***Required Grantee Reports***.

10.5.5 Must be Necessary and Essential to the Grant

Equipment purchased with CPRIT funds must be necessary and essential to the successful operation of the project and reasonable in cost. The equipment must be used by the grant award for which it was acquired. The equipment cannot be used for any other purpose if the use will hinder the grant award from fulfilling its goals.

10.5.6 Title and Disposition of Equipment

Title to the property is held by CPRIT during the term of the award. During the project term, the title or ownership of the equipment shall not be encumbered or transferred without the prior written approval of CPRIT. Property acquired in whole or in part with CPRIT funds must stay within the State of Texas during the term of the contract.

Equipment may be exchanged or sold with the prior written approval of CPRIT. The proceeds must be applied to the acquisition cost of replacement equipment or applied as a credit to the grant budget.

If authorization is given by CPRIT to sell equipment or if the equipment has exceeded its useful life in and is being disposed of and has salvage value, then sales procedures must be established to ensure the highest possible return that represents the current fair market value of the equipment.

If any item of major equipment, real property, or intangible property is no longer needed to perform services under the award grant or becomes inoperable during the grant award term, the grantee should request disposition approval and instructions through a "Change Not Otherwise Specified" request in CGMS/CARS. The request should include complete identifying information for each item of equipment/property and the reason for the disposition.

If the grantee is indemnified, reimbursed, or otherwise compensated for any loss of, destruction of, or damage to the equipment purchased with grant funds, grantee shall use the proceeds to repair or replace the equipment. The grantee bears responsibility for ensuring that equipment is kept in good working condition through repair and maintenance.

Note: Federal and state regulations applicable to grants prohibit donating property acquired with federal and state grant funds, regardless of the recipient.

10.5.7 Inventory Management Requirements

Procedures for managing equipment whether acquired in whole or in part with CPRIT funds, until disposition takes place, must meet terms set forth in UGMS, A-102 and should at a minimum include:

- Equipment records must be maintained for all equipment acquired with CPRIT funds. Records must include a description of the equipment; the serial number of the item if it has one, otherwise other identification such as tag number; the CPRIT program funding the equipment; acquisition date; total acquisition cost; percentage of CPRIT participation in the cost of the equipment; the estimated useful life according to Generally Accepted Accounting Principles (GAAP) set forth by the AICPA guidelines, and the location where the equipment is housed.
- Disposition records, if appropriate.
- Equipment that meets or exceeds the useful life stipulated in the AICPA guidelines and continues to be used must be reported until it is disposed of.
- Prior to submitting the annual inventory report the total amount of current year major equipment acquisitions listed on the annual inventory report for each award should be reconciled to the total cumulative project costs reported on the last quarter Financial Status Report (FSR) of the grant year on the Equipment budget category line.
- The grantee control system must be developed to ensure adequate safeguards against loss, damage or theft of the property. Any loss, damage, or theft of property must be investigated, fully documented, and promptly reported to the CPRIT Program Manager.
- The grantee is responsible for any loss and must maintain insurance or other means of replacing property purchased with CPRIT funds.

10.6 Supplies Expense Category

The “Supplies” budget category includes costs related to consumable supplies and controlled assets.

10.6.1 Consumable Supplies

These are items associated with and necessary to carry out the activities in the grantee’s Scope of Work. These may include medical supplies, drugs, office supplies, patient educational supplies, software, and any other consumable items necessary to carry out the CPRIT grant award.

General facility and maintenance supplies (e.g., janitorial, exterminator, etc.) may also be charged to this category if allocated using a direct cost allocation plan. Otherwise these expenses should be allocated as an indirect cost. Similarly, supplies used in the general administration of the organization (e.g., executive director’s office, accounting office) should be allocated as an indirect cost.

10.6.2 Controlled Assets

These are nonexpendable, tangible personal property having a useful lifetime of more than one year and an acquisition cost of between $500 and $5,000. Controlled assets include:

- Desktop and laptop computers (including notebooks, tablets and similar devices);
- Non-portable printers and copiers;
- Emergency management equipment;
- Communication devices and systems such as but not limited to FAX machines, cellular/mobile telephones, hand-held radios, Blackberry devices, pagers, and telecopiers;
    - Cell phones must be purchased by the grantee institution; CPRIT will not reimburse cell phone stipends.
- Medical and laboratory equipment; and
- Media equipment, such as but not limited to video recorders, cameras, CD players, TVs, VCRs, camcorders, and DVD players.

If prior to the end of the useful life any controlled asset item is no longer needed to perform services under the contract, or becomes inoperable, the awardee must request disposition approval and instructions in writing from the CPRIT Program Manager assigned to the Award. The request should be submitted via the "Change Not Otherwise Specified" option under the "Change Request" tab in CGMS/CARS.

If a controlled asset item has met the end of its useful life but is still in use, it must be listed (internally inventoried) until it is actually disposed of.

When a controlled asset item has met the end of its useful life but is no longer needed to perform services under the award, the awardee does not have to request disposition instructions from CPRIT. However, the awardee must indicate on the inventory that the controlled asset item was disposed of.

10.6.3 Supplies Source Documentation

Source documentation for "supplies" includes the following items related to what must be submitted with an FSR and what must be maintained onsite.

Supplies Source Documentation	
Supporting documentation that must be submitted with an FSR	**Supporting documentation that must be maintained onsite by a grantee**
• Copy of Invoices or transactional document from the central supply department. A transactional document should include Grant ID, item description, and amount. • For profit and not-for-profit organizations receiving CPRIT grants must provide documentation for all "supplies" costs reported on the FSR. Public or private institutions of higher education as defined by Texas Education Code § 61.003, must provide documentation for "supplies" costs of $750 or more.	• All Original invoices and proof of payment, regardless of amount, for consumable supplies transactions and controlled asset purchases. • An awardee whose organization has a central supply department that purchases supplies on behalf of the entire organization may provide the transactional document from the central supply department for the supplies received from that department as proof of payment. • Proof of payment

10.7 Contractual Expense Category

The "Contractual" category should include all contracts for the provision of goods and/or services that are directly associated with carrying out the grant's Statement of Work in Attachment A of the grant contract. CPRIT will reimburse a grantee only for the actual cost of a contractual expense and will not reimburse any markup added by the subcontractor. Contracts for the provision of goods and/or services that are ancillary to the CPRIT program such as contracts for accounting, audit, payroll, and temporary staffing are appropriately budgeted in the "Other" or "Indirect" cost categories.

Indirect costs on contractual invoices are not reimbursable unless the grantee is counting those indirect costs towards their 5% indirect costs reimbursement limit. These indirect costs should be reflected in the indirect cost budget category.

10.7.1 Contractual Source Documentation

Source documentation for contractual expenses must be maintained by a grantee and made available upon request. Required source documentation includes the following:

Contractual Source Documentation	
Supporting documentation that must be submitted with an FSR	**Supporting documentation that must be maintained onsite by a grantee**
• Itemized costs for all contractual expenditures; and • If there are travel costs on contractual services the grantee should provide documentation that shows the name of the traveler and provide detail to include amounts for airfare, mileage, hotel, itemized receipts for transportation, itemized meal receipts if not claiming per diem, and other travel related costs.	• An executed contract or purchase order that at minimum includes the name and address of all parties, a detailed description of the goods and/or services to be provided, a measurable method and rate of payment and total not-to-exceed amount of the contract, and the term of the contract (beginning and ending dates); • Invoice that clearly identifies service(s) performed and the rate of payment (i.e., number of units x rate of payment; number of hours x hourly rate); • Proof of payment that supports payments made to the subcontractor and evidence of approval by responsible employee who is able to attest to the performance of the subcontractor in relation to the payment amount; and • Evidence of programmatic and financial monitoring efforts (i.e., review/analysis of supporting documentation, reconciliation of costs to general ledger, reports, etc.).

10.8 Other Expense Category

All other allowable direct costs not listed in any of the above budget categories are to be included in the "Other" category. This includes vendor contracts for goods and services that are acquired for the general use of an organization, such as accounting, auditing, and payroll services.

Some of allowable costs may be defined as indirect costs. The grantee's categorization of these "Other" costs as direct or indirect should be consistent throughout the organization.

This is not an exhaustive list but, typical costs that may be budgeted in the "Other" category are the approved CPRIT award's share of:

- Space and equipment rental;
- Utilities and telephone expenses;
- Data processing services;
- Printing and reproduction expenses;
- Postage and shipping;
- Patient participation incentives, such as nominal gift or gas cards or direct billed patient services;
- Equipment repairs or service maintenance agreements (warranties);
- Periodical subscriptions or professional organization memberships in the name of the grantee organization, not an individual within the organization; (professional organization cannot be involved in political lobbying);
- Conference and seminar registration fees (if paid at the time of travel then it is a reimbursable expense on a travel voucher);
- Advisory council meeting costs, except for food and beverages;
- Organization's costs for the participation of human subjects in a clinical trial or study not paid through a contractual agreement;
- Organization's animal subject care costs in an animal study not paid through a contractual agreement; and
- Training costs.

10.8.1 "Other" Source Documentation

For profit and not-for-profit organizations receiving CPRIT grants must provide documentation for all "other" costs reported on the FSR. Public or private institutions of higher education as defined by Texas Education Code § 61.003, must provide documentation for "other" costs of $750 or more. Regardless of cost, if conference registration fees are budgeted in the "other" category, a grantee must submit supporting documentation.

The following supporting documentation must be maintained by a grantee and made available upon request. Contracts for the procurement of goods and services that fall within the in the "Other" category must be in writing and be supported by the following source documentation:

"Other" Source Documentation	
Supporting documentation that must be submitted with an FSR	**Supporting documentation that must be maintained onsite by a grantee**
• Copy of invoice	• An executed contract that at minimum includes the name and address of all parties, a detailed description of the goods and/or services to be provided, a measurable method and rate of payment and total amount of the contract; and the term

"Other" Source Documentation	
Supporting documentation that must be submitted with an FSR	**Supporting documentation that must be maintained onsite by a grantee**
	of the contract (beginning and ending date); • Original invoice; • Evidence of receipt (e.g., receiving report); and • Proof of payment.

10.9 Indirect Costs

Indirect costs are those costs incurred for a common or joint purpose benefiting more than one cost objective and not readily assignable to the cost objectives specifically benefitted. Because of the diverse characteristics and accounting practices of organizations, it is not possible to specify the types of costs that may be classified as indirect costs in all situations. However, typical examples of indirect costs may include the following:

- Central service costs of a governmental unit;
- General administration and general expenses such as salaries and expenses of executive officers;
- Personnel administration;
- Accounting, and contracted administrative services;
- Depreciation or use allowances on buildings and equipment; and
- Costs of operating and maintaining facilities, etc.

Costs that are clearly associated with the project funded by the CPRIT award will be considered direct costs.

10.9.1 Limitation on Recovery of Indirect Cost

State law limits the amount of award proceeds that may be spent on indirect costs associated with research projects to no more than five percent (5%) of the total award.

CPRIT-funded cancer prevention programs approved on or after September 1, 2016 may expend up to five percent of the total award on indirect costs.

10.10 Disallowances and Overpayments

Unallowable costs and overpayments may be identified through desk review, on-site monitoring, independent audit or other financial reviews performed by CPRIT program staff, State Auditor's Office (SAO) staff, or an independent auditor resulting in a disallowance. Such costs and

overpayments will result in disallowances, which may be repaid by reducing the amount of a subsequent reimbursement.

10.10.1 Disallowances

Disallowed costs will require an adjustment to the cumulative program costs previously reported to CPRIT and may require a repayment of the disallowed amount and revisions to the Financial Status Report (FSR).

During the term of the contract, unallowable costs and overpayments previously reimbursed by CPRIT may be resolved by an offsetting adjustment on a subsequent billing. CPRIT will make such adjustments to the payment amount on a subsequent billing for the award and notify the grantee of any adjustment.

In the event the final voucher/billing has been submitted to CPRIT and paid, the disallowed amount must be refunded to CPRIT.

Disallowances identified after the term of the contract, but within the closeout period prior to the submission of the final FSR, will need to be reflected in the final FSR by correcting the cumulative cost total for the disallowed amount. If the contractor has received payments in excess of the adjusted cumulative cost total, then a refund to CPRIT will be required.

Disallowances identified after submission of the final FSR, but before contract closeout procedures are completed, can be resolved by submission of a revised FSR. The revised FSR must be clearly marked in the upper right hand corner as the "revised" version. If the contractor has received payments in excess of the adjusted cumulative cost total, then a refund to CPRIT will be required.

Disallowances not identified prior to the completion of the contract closeout procedure do not affect the authority of CPRIT, or SAO, to recover funds on the basis of a later audit or review; nor do they affect the awardee's obligation to return these funds to CPRIT.

10.10.2 Overpayments

Awardees are required to reconcile general ledger account balances with financial reports (i.e., FSR) submitted to CPRIT and maintain supporting documentation on site. The awardee should reconcile the total cumulative Award costs and program income reported on the FSR to the amount of reimbursements received. Reconciliations of cumulative costs and program income to amounts reimbursed may disclose incidences of payment(s) in excess of cumulative costs. Such overpayments may be handled by reducing the amount of a subsequent reimbursement.

10.10.3 Double Billing

Double billing occurs when a grantee is reimbursed by CPRIT for the same cost or service more than once or is reimbursed by CPRIT and another funding source for the same cost or service. Only costs incurred for providing authorized CPRIT program activities may be charged to CPRIT, and the same costs must not be allocated or included as a cost of any other program or funding source.

Allowable costs of a CPRIT-funded activity described in the award that are also funded by two or more funding sources must be properly apportioned in the awardee's financial accounting system. Grantees must ensure that costs billed to each funding source are properly recorded in the general ledger in order to prevent duplicate billing for the same expenditures.

A separate cost center should be maintained within the general ledger for each CPRIT award in order to identify costs applicable to each Award. Reconciliations of total operating expenditures and program income recorded in the general ledger to costs and program income reported for each award must be made available upon request for examination by CPRIT.

Double billing can result in disallowance of costs and/or overbilling and should be treated accordingly.

Chapter 11: Grantee Monitoring for Progress and Compliance

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11.1 Overview

Texas law requires CPRIT to continuously monitor and ensure that grantees comply with the terms and conditions of their grant contract. CPRIT is required to track the dates that grantee reports are due and monitor the status of any required report that is not timely submitted. The Ethics and Compliance Program of CPRIT has made a strong commitment to providing effective oversight and monitoring throughout the life of each grant. Effective monitoring is not a one-time event, but an ongoing process of planning, training, implementation, communication, and follow-up.

To facilitate and monitor the submission of reports, CPRIT maintains an electronic grants reporting system. The system allows CPRIT to continuously monitor the report status for timeliness. As reports are received, they are reviewed by CPRIT programmatic and finance staff to ensure that the filed reports comply with all applicable laws and reporting rules.

11.2 Monitoring versus Auditing

The Ethics and Compliance Program provides fiscal and administrative oversight of all CPRIT grants through review of grantee processes to ensure compliance with rules, regulations, laws, as well as internal codes of conduct, and policies and procedures. CPRIT accomplishes this oversight function through compliance monitoring. In contrast, the Internal Audit function is designed to monitor and evaluate the internal control environment as to its adequacy, efficiency and effectiveness. One component of the internal control environment is the compliance function itself, which should be subject to independent audits, as are all other functions within the environment.

11.2.1 Monitoring is Preventative

Monitoring is an on-going process that agency management has in place to ensure processes are working as intended. Monitoring practices are:

- Less structured than auditing, though audit techniques may be utilized;
- Performed by compliance staff;
- Used to resolve issues before audits;
- Useful to possibly identify need for an audit; and
- Communicated formally to Chief Compliance Officer.

11.2.2 Auditing is Corrective

Auditing is a formal, systematic and disciplined approach designed to evaluate and improve the effectiveness of processes and related controls. Auditing encompasses the following:

- Formal review governed by professional standards;
- Performed by auditors;
- Involves planning, sampling, testing and validating; and
- Formal communication to the Oversight Committee.

11.3 Goals and Objectives

CPRIT has established a grants monitoring program for all CPRIT grant awards. The goal is to provide a level of oversight and monitoring for grants that will allow for and ensure adequate performance throughout the life of the grant. Specific objectives include the following:

- Provide ongoing oversight and monitoring of grantee performance and progress in accordance with contract requirements;
- Review grantee compliance with applicable state rules, regulations, policies and related statutes;
- Identify and address training and technical assistance needs of staff and grantees;
- Monitor expenditures to ensure they are timely, allowable, and properly supported;
- Take appropriate steps to limit the potential for fraud, waste, and abuse; and
- Monitor and track the resolution of corrective actions.

11.4 Grantee Training

Grantee training and technical assistance includes initial onboarding and ongoing training and technical assistance as required. The methods for providing training include onsite, web-based, and self-review. The type of training provided is determined based on risk. Onsite training is generally required for grantees as part of the onboarding process, but is also available to established grantees.

11.4.1 New Grantee Training

A grantee that is approved for their first grant award after September 1, 2015, is required to complete initial compliance training prior to receiving disbursement of any grant funds. In addition to new grantees, the Chief Compliance Officer, in his sole discretion, may require a grantee to complete initial compliance training, even if the grantee received its first grant before September 1, 2015. Generally, initial compliance training is completed by a training webinar with CPRIT staff.

📖 TAC § 703.22 (b)

11.4.2 Required Annual Grantee Training

Grantees with at least one active grant are required to complete annual compliance training by December 31st of each year.

📖 TAC § 703.22 (c)

11.4.3 Grantee Personnel Required to Attend Training

The ASO and at least one other person employed by the grantee must attend the initial and/or annual training. If the ASO is unable to attend the training, the Chief Compliance Officer may allow the grantee to substitute another employee upon a showing of good cause. If the grantee changes the person assigned to be the ASO on or after November 1, 2016, and the new ASO has not completed the annual compliance training, the new ASO must complete the required training within 60 days of the change. CPRIT may withhold grant funds until the new ASO completes the required training.

📖 TAC § 703.22 (d)

11.4.4 Technical Assistance

The objective of technical assistance is to aid the grantee in their day-to-day compliance with state laws, regulations, and contractual requirements as they administer their individual projects. The nature and extent of technical assistance is determined by CPRIT program staff in collaboration with the grantee. Some examples of technical assistance may include:

- Verbal or written advice;
- Formal training; and/or,
- Documentation and guidance.

When deficiencies are identified as a result of monitoring, technical assistance may be required to assist in the resolution of the deficiency.

If common deficiencies are noted among multiple grantees, organized training or technical assistance activities may be provided on-site, through web-based tutorials, or other outreach efforts.

11.4.5 Follow-Up

In the event that findings or concerns are identified during the monitoring engagement, follow-up actions should be scheduled to address the progress of the proposed resolution. The timing and frequency of the follow-up communication and activities should be determined based on the

resolution dates agreed to by the grantee, based on the severity of the deficiency, and at the discretion of the Grant Compliance Specialist.

If previous findings or concerns remain unresolved, or if previously identified monitoring deficiencies remain uncorrected, these issues will also require follow-up activity. The status of corrective actions should be included in weekly and monthly reporting to CPRIT. Corrective actions should be resolved prior to final closeout of a grant.

11.5 Desk Reviews

The goal of the desk review is to verify financial, administrative, and programmatic compliance based on information available in CGMS/CARS. The desk review can also help to identify potential problems and technical assistance issues for follow up during an onsite visit, areas of non-compliance, and grantee performance issues. Desk reviews are conducted during the life of the grant and at closeout to verify that grantees are expending funds and administering the grant in compliance with applicable laws, rules, policies, and the grant contract.

The scope of desk reviews includes, but is not limited to, the following:

- Grantee financial and administrative processes;
- Grantee programmatic, financial, and other required reporting;
- Grantee single audit status; and
- Grantee closeout status

11.5.1 Selecting Grantees for Desk Reviews

Desk reviews are performed for select grantees during a fiscal year based on the annual risk assessment. Grantees with multiple awards may receive more than one desk review over the course of a year. Once active grants have been selected for review, the assigned Compliance Specialist completes the *CPRIT Desk Review Checklist*.

11.6 On-Site Reviews

On-site reviews are CPRIT's most comprehensive monitoring activity and involves field visits led by the compliance grant monitoring staff. CPRIT conducts periodic on-site monitoring that is an effective way to identify and/or research discrepancies, and more closely monitor high-risk program components. Grantees are chosen for onsite monitoring based on their risk assessment score, which is assigned by the CPRIT compliance team. Similar to desk reviews, on-site monitoring allows CPRIT compliance staff to assess the capability, performance, and compliance of grantees against applicable laws, rules, and policies.

11.6.1 Selecting Grantees for On-Site Review

On-site reviews are conducted during the course of the grant award for select grantees. On-site reviews are generally performed for company grantees and grantees that are community organizations. However, additional grantees may be selected for onsite visits based on previous compliance issues, the need for hands-on training or technical assistance, or other factors.

11.6.2 Preparing for On-Site Review

On-site reviews are performed at the grantee's physical location where activities are conducted and project records are maintained. The assigned Compliance Specialist starts preparation for the on-site visit by completing the *CPRIT On-site Review Checklist* using information available in CGMS/CARS. This checklist builds on the desk review checklist to include additional procedures. Specialists also review any previously completed desks reviews, internal audits, A-133 audits, and other available resources to identify any potential focus areas and prepare for the onsite visit.

11.7 Corrective Action

To assist in resolving findings of noncompliance with policies, statutes, regulations, or process weaknesses identified in the Monitoring Report, the grantee must submit a written management response. The management response should also include a plan for completing the required corrective actions. The management response and associated corrective action plan should be submitted within 30 days of receiving the monitoring report.

In the corrective action plan, the grantee must describe the corrective action taken or planned in response to the findings identified during the review. If the grantee response does not adequately address areas of non-compliance, a *Response Follow-Up Letter* will be drafted to inform the grantee that further action is needed. In the follow-up response, the grantee will be given at least 15 days to resolve the areas of non-compliance. Upon receipt of the follow-up response, the Grant Compliance Specialist will review grantee response to determine if it is acceptable. If the grantee follow-up response addresses the non-compliant issues as requested, a close-out response will be drafted and routed for review.

Chapter 12: Grantee Audits

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12.1 Overview

Grantees expending $750,000 or more in CPRIT grant funds or a combination of CPRIT and other state grant funds during the grantee's fiscal year must complete a single audit, program specific audit, or an agreed upon procedures engagement. The audit period is the grantee's fiscal year. Grantees may use CPRIT grant funds to pay for the audit if the cost of the audit is included in the approved grantee budget.

The Statewide Single Audit may not be used to fulfill a grantee's audit requirement because this audit does not include a review of state-funded grants.

For information on the deadline for submitting the audit and corrective action plans (if applicable), and the consequences for failing to submit the audit and/or corrective action plan see section ***Single Audit Determination Forms, Audit, and Corrective Action Plans***.

12.2 Allowable Audit Expense

Grantees may use CPRIT grant funds for the relative cost (or proportionate share) of the required audit only if the cost of the audit has been included in the grantee's budget approved by CPRIT.

12.3 Program Specific Audit and Single Audit Requirements

Grantees subject to the Generally Accepted Government Auditing Standards (GAGAS), also known as the Yellow Book, published by the U.S. Government Accountability Office may provide a single or program specific audit to CPRIT to fulfill their audit requirement.

12.3.1 Program Specific Audit Methodology

The program specific audit methodology for CPRIT grants must address the items outlined in the table below.

Table 6: Program Specific Audit Methodology

Program Specific Audit Methodology	
Sample	• Select an appropriate sample of CPRIT awards to address the audit methodology elements when it is not feasible to audit all of the CPRIT awards received.
Reporting	• Select a sample of reporting time periods and determine if grants include required reports. • Determine if the relevant reports were submitted according to the contract guidelines.

Program Specific Audit Methodology	
	• For closed grants, determine if the required final reports were submitted timely.
Indirect Cost	• Determine if there is an indirect cost rate specified in the contract. • Verify that the rate is calculated accurately in the financial status report submissions.
Matching Funds	• Determine if there is a matching funds requirement in the contract. • If so, verify that matching funds were certified prior to grant start and that matching funds supporting documentation is maintained. • Determine if a tracking mechanism, such as a separate fund/account, was created to track matching fund expenditures. • Determine if the matching fund requirement was fulfilled as reported at the end of the program year to CPRIT.
Expenditures	• Select a sample of expenditures from each grant. • Determine if the costs were allowable and that the goods were received and the services rendered during the grant period. • Determine if any travel occurred and whether it was appropriate to the grant. • If there was international travel, determine if it was approved by CPRIT prior to the initiation of travel. • Determine if any pre-contract costs were authorized by CPRIT. If so, determine that the authorization was received prior to the expenditure of those funds.
Reimbursement and Expenditure Reporting	• Determine if financial status reports were submitted within 90 days of the end of the quarter covered. • For grants in close out status, determine if the 4th quarter financial status report was submitted within 90 days of the end of the fiscal quarter. • Determine if any reimbursements payments have been withheld. Identify the reason for a delay in payment related to not complying with a grant contract requirement or any state or federal law.
Personnel Level of Effort Reporting	• Determine if the organization has a formal system to track time and effort of employees associated with the grant.

Program Specific Audit Methodology	
	• If there is a formal time and effort tracking system, determine if reports from the system were reviewed and certified for accuracy. • Determine if certified time and effort reports include only employees or positions listed on the Personnel Level of Effort in the approved grant budget.
Grant Closeout	• Determine if grantees submitted all required reports to CPRIT within the 180 day closeout period following the end of the contract term. • Select the last financial status report for the grant and determine if it was submitted in a timely manner and that payment was received. If payment was delayed, identify the reason for the delay related to not complying with a grant contract requirement or any state or federal law.
Performance Measures	• Determine if required performance measures are reported accurately based on supporting documentation.
Publications and Acknowledgements	• Determine whether any publications have been prepared as a result of the grant work or results. • If publications exist, determine if they meet contract guidelines regarding acknowledgements.
Title to Equipment	• For any equipment purchases identified: was the purchase included in the contract budget; were internal procedures for recording the receipt of the equipment followed; and, was the item included in the grant inventory report submitted to CPRIT. • For items over $5,000, verify that the purchase was authorized by CPRIT prior to purchase *(performed as part of expenditure testing above*). • Determine if the grantee organization has title to equipment purchased or fabricated with grant funds. • Verify the physical location of the equipment is at the Texas-based organization and that the equipment's property tag matches the property identification number reported in the inventory report to CPRIT.
Contract Certifications	• Determine if the proposal involved Institutional Review Board approval for the use of human subjects, animals, or biohazards. If so, verify that it was reviewed by the appropriate board. • Determine if the organization is required to have a written standard of conduct and comply with federal law to promote

Program Specific Audit Methodology	
	objectivity in research. If so, verify that a conflict of interest statement was signed prior to the effective date of the grant and that the conflict of interest statement was updated as necessary to comply with these provisions. • Verify compliance with all other assurances and certifications in Attachment C, Assurances and Certifications, of the contract not listed elsewhere in the guidance.
Changes in Principal Investigator or Program Director.	• Determine if a Principal Investigator (PI) or Program Director (PD) of a grant left the organization prior to expiration of the grant. • For changes, determine if CPRIT was notified prior to a PI or PD leaving an organization or relinquishing active direction of the project to another PI or PD and that CPRIT approved of the action.
Intellectual Property and Revenue Sharing	• Determine if the organization management and principal investigator(s) are aware of any violations of the intellectual property policies of their organization. • Determine if principal investigators have completed training on the organization's intellectual property policies. • Determine if a grant generated revenue and, if so, that the appropriate portion of revenue sharing was paid to CPRIT based on the contract.
Early Termination and Event of Default	• Determine if events have occurred that would cause early termination of the contract or event of default and review the notification process and documentation related to these.

12.4 Agreed Upon Procedures Engagements

The option to perform an agreed upon procedures engagement is intended for grant recipients not subject to GAGAS such as non-profit and for-profit organizations. These procedures test and report on grant recipients' compliance with the stated terms of their grant and state regulations and guidelines. The professional standards for the American Institute of Certified Public Accountants (AICPA) describe an agreed-upon procedures engagement (AUP) as an engagement in which an independent certified public accountant is hired by individuals responsible for governance over the grantee to issue a report of findings based on specific procedures to be performed on a subject matter. The findings from these procedures must be compiled in an Independent Accountant's Report on Applying Agreed Upon Procedures. A certified public accountant (CPA) currently licensed by the Texas State Board of Public Accountancy and selected by those charged with governance over the entity shall perform an

agreed upon procedures engagement. Those charged with governance means the person(s) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity.

12.4.1 Attestation Standards

The agreed upon procedures engagement will be conducted in accordance with attestation standards established by the AICPA. Guidance for the performance of such engagements is found in the AICPA professional standards AT Sections 201 and 601. The role of the CPA is to perform procedures (prescribed by CPRIT) and to report his or her findings attesting to whether the subject matter (in this case, the grantee records) is in agreement with stated criteria. This AUP outlines procedures to be performed by the CPA in order to report their findings. Distribution of the report is limited to CPRIT.

📖 TAC § 703.13(e)(2)(3)

12.4.2 Agreed Upon Procedures Objective

The objective of the engagement is to determine the grantee's compliance with the following:

- CPRIT grant contract;
- Grant budget, and terms and conditions of the awards;
- Grantee's internal policies and procedures;
- CPRIT's administrative rules and applicable statutory requirements; and
- CPRIT Policies and Procedures Guide.

📖 TAC § 703.13(e)(5)

Please note the following procedures apply to all CPRIT grants a grantee has received with current year expenditures. Therefore, if a grantee has multiple grants with expenditures in the current year these procedures would cover all the grants. If a sample is referenced, or implied, the total CPRIT grant(s) should be the population. Please see the sample table on page 213 to determine the appropriate sample size to use (using statistical sampling) unless stated in the procedures. For example, if a grantee had six (6) different CPRIT grants during the year then the sample used would be three (3) of the six (6) grants based on the table at the end of this document (rounded to the higher number). These three (3) grants would be used for all the testing below

12.4.3 Monitoring and Evaluation by CPRIT

CPRIT will continue to monitor awards in accordance with its regular procedures in addition to these agreed-upon procedures. Additionally, CPRIT may conduct extensive examinations of the grantees' operations as deemed necessary for the success of the program. The person conducting

the AUP may wish to give consideration to these examinations when testing for compliance. The level of reliance, if any, placed on the procedures and findings from monitoring or examinations are solely at the discretion of the independent accountant.

12.4.4 Agreed Upon Procedures

The procedures provided below should be customized for each individual grantee. When using the framework provided, the auditor should consider the specific grant type(s) awarded to the grantee and should update and/or modify the procedures accordingly to meet the requirements of each grant and the respective grant contract(s).

12.4.4.1 Processes and Controls

1. Inquire of the organization's management about whether they have assessed the adequacy of internal controls addressing grant noncompliance, errors, and fraud. Review documentation of that assessment. Compare the items listed in the risk assessment to the following controls and note if the following were included:
    - Contract compliance, including submission;
    - Expenditures, including payroll and equipment;
    - Program income; and
    - Reporting, including performance measurement, matching, indirect cost application, and early termination.
2. Confirm that the organization has documented policies and procedures to account for the receipts and disbursements of CPRIT funds.

12.4.4.2 Contract

1. Obtain the contract for each grant and review to see if the contract included internal Institutional Review Board approval for the use of human subjects, animals, or biohazards. If so, obtain documentation from the grantee showing that the applicable review was done by the appropriate board prior to contract execution as evidenced by signature of board meeting minutes.
2. Review the organization's policies to determine if the organization is required to have a written standard of conduct and comply with federal law to promote objectivity in research. If so, verify that a conflict of interest statement(s) for all individual principal investigators and note whether it was signed prior to the effective date of the grant and that the conflict of interest statement(s) was/were updated as necessary to comply with these provisions.
3. Inquire of management and/or those charged with grant oversight to ensure that the grantee completed all assurances and certifications in Attachment C, Assurances and Certifications, of the grant contract.

12.4.4.3 Indirect Costs

1. Obtain and read each grant contract and note if there is an Indirect Cost rate specified.
2. To test the indirect cost rate, select a sample of the lesser of 10% or 25 indirect costs charged to the grant(s) and perform the following:
    - Obtain a list of eligible indirect costs from the entity. Agree the description of the costs in the sample to the list of eligible costs. Obtain supporting documentation for the transactions in the sample and confirm that the description is valid. Document any exceptions.
    - Obtain from the organizations accounting records the listing of direct costs charged to the grant. Compare the sample of indirect costs to the listing of direct costs to confirm they were not included as direct costs. Document any exceptions.
3. Select a sample of 2 financial status report (Form 269a) submissions for each grant and recompute the indirect cost rate used based on the requirements noted in the grant contract obtained in Step 1. Compare the reallocated rate to the rate used and document any variance.

12.4.4.4 Matching Funds (Academic & Product Development Research Awards)

1. Obtain each grant contract and make note if it includes a matching funds requirement. If it does not, no further procedures in this section are necessary. Note: Matching fund requirements applicable to public and private institutions of higher education allow the grantee to receive partial or full matching funds credit. See section, ***Matching Funds Certification and Verification***.
2. Inquire of management and/or those charged with grant oversight to determine if a tracking mechanism, such as a separate fund/account, was created to track matching fund expenditures. Document management's response.
3. Obtain the grantee's matching certification to verify that matching funds (as noted in the grant contract obtained in 1 above) were certified prior to grant start. View the grantee's documentation supporting that the matching funds were set aside to be spent on the funded grant only. Document any variance in the amount of matching funds.
4. As of the end of the CPRIT program year, view the grantee's documentation supporting that the matching funds were set aside to be spent on the funded grant(s) only that is/are the subject of the award(s). Obtain the bank statement(s) related to the account(s) that holds the match funds and tie in the total bank balance per the grantee's records to the month-end reconciliation.

12.4.4.5 Expenditures (Excluding Payroll Related Transactions)

1. Inquire of management and/or those charged with grant oversight as to whether the organization has a purchasing policy that establishes a competitive procurement process, and safeguards against bias or conflicts of interest.

2. Inquire of management and/or those charged with grant oversight to determine whether the organization has a process in place to ensure that entities only purchase from a vendor list (which excludes vendors that are federally debarred or suspended) that has been approved by management and/or those charged with governance as evidenced by signature and date. Document management's response.
3. To test non-payroll direct expenditures for each grant, select a sample of the lesser of 10% or 60 non-payroll related expenditures. For each item selected perform the following:
    - Agree the sample disbursement to the receipt or invoice supporting the amount and payee;
    - Determine that the purchase was approved and/or reviewed by management or those involved with oversight of the grant (with knowledge of the grant requirements);
    - Trace the description of the purchased goods and/or services received to the underlying supporting documentation and agree to the description to items allowable per Uniform Grant Management Standards (UGMS), the grant contract, and the CPRIT Policies and Procedures Guide;
    - If the item selected is travel related, determine if the travel was related to the grant based on the inquiry of management or review of supporting documentation. Compare the description of the travel to the narrative and note any discrepancy;
    - If the item selected is related to international travel, determine if it was approved by CPRIT prior to the initiation of the travel;
    - If the expended item was transacted prior to the related CPRIT grant being awarded, determine that the costs were authorized by CPRIT per review of correspondence or other verification documentation;
    - Confirm that the vendor was preapproved by the organization prior to the purchase, by agreeing the vendor to the preapproved vendor list noted in 2 above;
    - Review the approved grant budget and determine that the purchase was included in the approved grant budget provided to CPRIT; and
    - Note by obtaining supporting documentation that the transaction occurred during the period covered by the grant award.

12.4.4.6 Expenditures (Payroll Related Transactions)

1. Inquire of management and/or those charged with grant oversight to determine if the organization has a formal system to track time and effort of employees associated with the grant.
2. To test payroll direct expenditures for each grant, select a sample of the lesser of 10% or 60 payroll related transactions from the fiscal year:
3. For employees that work solely in a single award/funding stream or cost objective, review documentation covering the period in which the transaction occurred showing that the employee had a semi-annual certification signed by the employee or a supervisory official;

- Note that the budgeted payroll costs pertaining to the selected employee or the position related to the selected employee have been included in the approved grant budget;
- Note by obtaining supporting documentation that the transaction occurred during the period covered by the grant award;
- Agree the time allocated to the grant for the related pay period to the employee's time sheet or similar support;
- Determine that the employee's time sheet or similar documentation was approved by a supervisor;
- Agree the employee's pay rate per the transaction to the employee's pay rate per their employee file, and that the rate was properly approved;
- Confirm that the grantee has reported each employee whose salary or partial salary is paid by a CPRIT grant in the original Personnel Level of Effort (PLOE) submitted with the grant application.

12.4.4.7 Equipment

1. For each grant, select a sample of the lesser of 10% or 25 equipment purchases during the fiscal year, and determine that:
   - The purchase was included in the contract approved budget;
   - The organization's internal procedures for recording the receipt of the equipment were followed;
   - The item was included in the grant inventory report submitted to CPRIT;
   - If the purchase was greater than $5,000, verify that the purchase was authorized by CPRIT prior to the purchase;
   - Review the purchase documentation and determine that the organization has title to the equipment purchased or fabricated with grant funds;
   - If the organization still owns the equipment, observe the equipment's physical location ensuring that it is located at the organization, and that the equipment's property tag matches the property identification number reported in the inventory report to CPRIT; and
   - Note by obtaining supporting documentation that the transaction occurred during the period covered by the grant award.

12.4.4.8 Revenue Sharing and Program Income

1. Inquire of management and make note of any revenue generated by the grant project during the preceding fiscal year.
2. Confirm that revenue or project income collected by the organization for the year has been identified for each grant in accordance with the grant contract or CPRIT approval and reported on the annual Revenue Sharing/Program Income Report form to CPRIT.
3. For revenue sharing, obtain documentation to confirm that the revenue generated by the sale or licensing of products or research developed through a CPRIT grant resulted in

payment made to CPRIT and that the payment is accurate based on the grant contract and Revenue Sharing/Program Income Report form.

12.4.4.9 Reporting

1. Inquire of the organization's management and those charged with oversight over the CPRIT grant as to whether they are aware of any instances of fraud, illegal acts, or noncompliance, and whether they have been properly reported to the granting agency. Document management's response regarding any such acts that were reported.
2. To test the reporting requirements, select a sample of reporting time periods for each grant for the following reports:
    - Quarterly – Select 2 Financial Status Reports, due within 90 days of the end of the fiscal quarter). For prevention grants, also select 2 quarters of data elements.
    - Annual – Select the current years, Grant Progress Report and Project Data, and other required reports (due within 60 days of the anniversary date of the Contract). The Grant Progress Report is filed along with the Single Audit Determination form, Historically Underutilized Business report, listing of equipment, inventory, and Revenue Sharing/Program Income Report form.
    - End of Contract Term – Grant Final Report, a final grant progress report shall be filed no more than ninety (90) days after the termination date of the Contract. The final grant progress report shall include a comprehensive description of the grantee's progress toward completing the scope of work specified by the Contract as well as other information specified by CPRIT.
    - Tranche Grant Progress Report (Product Development grantees only) - In addition to annual Grant Progress Reports, Product Development grantees may submit a Grant Progress Report at the completion of specific tranches of funding specified in the Award Contract. A Tranche Grant Progress Report is not required when the completion of the tranche coincides with the end of the grant year. In that event, the annual Grant Progress Report is sufficient.
3. Perform the following procedures over the reports:
    - Obtain applicable documentation and/or correspondence to determine that required reports were filed within required timeframe as noted above.
    - Review documentation and/or correspondence to determine if the reports were reviewed and approved by management and/or those charged with oversight over the grant prior to submission.
    - Agree all financial information included in reimbursement request reports for each request, and cumulatively for the reporting period, to the organization's general ledger.
    - If applicable, note whether any reimbursements payments have been withheld by inquiring of management and/or those charged with grant oversight. Document management's response for the reason for a delay in payment related to not complying with a grant contract requirement or any state or federal law. If funds had been withheld note whether the withheld payment were released per review of applicable documentation.

- For the Grant Progress Report, in addition to the procedures above, confirm that the progress report includes a Single Audit Determination form, an inventory form, a Revenue Sharing/Program Income Report form, and a Historically Underutilized Business/Texas Supplier report. Note any missing reports.
- For the Grant Progress Reports, in addition to the procedures above, confirm that the other key data points related to project data (i.e. publications, patent information, commercialization etc., etc.) are accurate for the period and supported by documentation from the organization. Note any incorrect amounts.

12.4.4.10 Grant Closeout

1. Obtain correspondence and/or related documentation showing the date that the grantee submitted all required reports (as defined by the contract) to CPRIT to ensure that submission was completed within the 145 day closeout period following the end of the contract term for each grant.
2. Select the last financial status report for the grant and note if it was submitted in a timely manner (as defined by the Contract) and that the related payment was received. If payment was delayed, inquire of management the reason for the delay and document the response.

12.4.4.11 Sampling

When selecting a sample, it is recommended that the auditor use the guidance from the AICPA's Audit and Accounting Guide: Government Auditing Standards and Circular A-133 Audits, Chapter 11 – Audit Sampling Considerations of Circular A-133 Compliance Audits. This sampling methodology should also be used for Program Specific Audits and Agreed-Upon Procedure reviews.

Table 7: Audit Sampling Considerations

Frequency or Population Size	Sample Size
Quarterly (4)	2
Monthly (12)	3
Semimonthly (24)	6
Weekly (52)	8
Greater than 52 transactions:	
Expenditures	Lesser of 10% or 60
All other	Lesser of 10% or 25

Chapter 13: Termination, Extension, and Closeout of Grant Contracts

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13.1 Overview

The termination date of the grant award is stated in the grant contract. There may be circumstances that justify terminating the grant award earlier or later than the original date stated in the grant contract. Changing the termination date requires a contract amendment, which may be initiated by CPRIT or the grantee.

Close out reports, including a final Financial Status Report and final Progress Report, must be filed within a specified time period following the termination date. Failure to file required reports may waive any final payments, and, if uncorrected, may cause the grantee to be ineligible to receive other CPRIT grants.

Certain contractual obligations extend beyond the termination date, unless specifically waived by CPRIT.

13.2 Early Termination of Grant Contract

Funding for the grant award may be terminated prior to the date stated in the grant contract. Early termination may occur if:

- The grantee fails to comply with any applicable federal or state law, agency rule, regulation, or a specific contract term and/or condition;
- Funds available to the agency are reduced, depleted, or unavailable during the grant period, and CPRIT is unable to obtain additional funds for such purposes; or
- CPRIT and the grantee mutually agree to terminate the grant contract.

📖 TAC § 703.14(a); Tex. Health & Safety Code § 102.255(b)(3)

13.2.1 Notice of Termination

If CPRIT elects to terminate the grant contract for the grantee's failure to comply with required terms or because funds have become unavailable, then CPRIT will give at least thirty (30) days written notice to the grantee prior to the intended date of termination. The notice will state the reasons for the termination and, if applicable, provide the grantee an opportunity to seek reconsideration of the decision.

There may be some instances where it is necessary to terminate the grant contract immediately.

📖 TAC § 703.14(b)

13.2.2 Grantee Should Incur No New Obligations

The grantee should not incur new obligations after the date the written notification is received, unless expressly permitted by CPRIT in writing and shall cancel as many outstanding obligations as possible. CPRIT will allow full credit to the grantee for obligations that cannot be cancelled and are properly incurred prior to the termination date. CPRIT is not liable for any services performed or cost incurred after the effective date of termination.

13.3 No Cost Extension (NCE) of Grant Contract Termination Date

The termination of the grant contract may be extended to allow the grantee additional time to complete the work on the grant award. Because only time, not additional funds will be granted, this is generally referred to as a no cost extension (NCE). The grantee may request a NCE via the "Change Request tab" of CGMS/CARS within the last six months of the grant. If the request is approved, the grant contract will be amended to reflect the new termination date.

📖 TAC § 703.14(c)

13.3.1 NCE Eligibility

The grantee should be in good fiscal and programmatic standing to receive a NCE. Good fiscal and programmatic standing means that all required financial and programmatic reports have been filed and approved at the time that the request is submitted. If a grantee has outstanding reports that have not yet been approved by CPRIT, the grantee may request approval of a NCE by providing written justification for the outstanding reports. CPRIT's CEO will notify the Oversight Committee of NCE requests approved for grantees that have outstanding reports.

A grantee seeking an extension of more than six months or more than one NCE must specify special circumstances in addition to other eligibility requirements.

📖 TAC § 703.14(c)(1)

13.3.2 NCE Timing of Request

A NCE may be requested no earlier than 180 days and no later than 30 days prior to the termination date of the grant contract. The CEO may approve a NCE requested outside of the required timeframe, but the grantee must show good cause for failing to file the request by the deadline. The CEO must notify the Oversight Committee in writing if he/she approves a NCE filed outside of the required timeframe and provide justification for the approval.

📖 TAC § 703.14(c)(2)

13.3.3 NCE Duration

CPRIT may approved one or more no cost extensions. The duration of each no cost extension may be no longer than six months from the termination date of the contract, unless CPRIT finds that special circumstances justify authorizing additional time to complete work. If a grantee requests a second no cost extension, or a no cost extension greater than six months, the grantee must provide good cause for the request.

📖 TAC § 703.14(c)(3)-(4)

13.4 Final Reports and Closeout Documents

The grantee must file certain information with CPRIT via CGMS following the contract termination date. The information is collectively referred to as "close out documents."

- Final Progress Report;
- last Inventory Report;
- Single Audit Determination Form;
- Matching Verification (research grantees);
- HUB/Preference for Texas Businesses;
- Revenue Sharing/Program Income Report Form; and
- Other documents may be required post close out by the grant contract or by the request of CPRIT.

Close out documents to be filed in CGMS by the grantee within 90 days after the end of the state fiscal quarter that includes the termination date of the grant contract:

- last Financial Status Report

CPRIT Review - Close Out Documents

CPRIT compliance, program, grant accounting, and operation staff - as appropriate for the information submitted - review and approve close out documents to ensure the grant conforms with agency rules and the grant contract.

After the last Financial Status Report has been reviewed and approved, CPRIT completes a FSR Grant Award Pedigree to verify that all close out documents have been submitted and approved. The completed FSR Grant Award Pedigree is necessary for CPRIT to authorize the final grant payment in the Centralized Accounting and Payroll/Personnel System (CAPPS).

📖 TAC § 703.14(d)(1)

13.4.1 Failure to Submit Closeout Documents

CPRIT allows for a 90-day grace period following the deadline for the final reports and close out documents. If a grantee fails to submit all of the required reports and close out documents by the end of the grace period (180 days after the termination date), the grantee is ineligible to receive new grant awards or continuation grant awards. Keep in mind that the entity or organization is considered the grantee, so the failure to submit close out documents in one CPRIT-funded project means that the entire organization will be ineligible to receive any CPRIT awards until the late report is submitted.

The grantee will remain ineligible until the reports and close out documents are submitted. The grantee may request that CPRIT waive submission of the reports and close out documents. CPRIT's Chief Executive Office is responsible for acting on the waiver; the decision will be considered final unless the Oversight Committee votes to overturn the decision regarding the waiver.

📖 TAC § 703.14(d)(2)

13.5 Cost Adjustments and Disallowances Following the Submission of Closeout Reports

CPRIT may adjust the grantee's allowable costs within 90 days of the receipt of close out reports. Costs may be disallowed after the 90 day period based on audit finding or other financial review.

📖 TAC § 703.14(e)

Any grant funds paid to the grantee that are subsequently determined to be in excess of the amount authorized by the grant contract will be considered a debt owed to the state. If the grantee does not repay the debt within a reasonable time, then CPRIT may take an administrative offset against other requests for reimbursements otherwise due to the grantee, withholding advance payments, or other action permitted by law.

13.6 Final 10% of Grant Funds for Grantees Receiving Advance Payments

For grantees that receive funds via advance payments, CPRIT will withhold the last 10% of grant award funds from a grantee until the grantee has completed the contract close out process and all grant reports have been submitted to and approved by CPRIT. A grantee that falls under this requirement may request that CPRIT withhold less than 10%. The request must be submitted no sooner than the start of the final year and no later than the start of the final financial status reporting period of the grant project. CPRIT's CEO may approve or deny the request. If

approved, the Chief Executive Officer will provide written notification to the Oversight Committee of the decision, which is final.

📖 TAC § 703.23(a)(6)

13.7 Contractual Obligations Extending Beyond the Contract Termination Date

Certain contractual obligations extend beyond the termination date of the contract. This is the case whether the contract reached its natural conclusion, was terminated earlier than the original date specified by the contract by mutual consent, or unilaterally terminated by CPRIT for cause. Nothing prohibits CPRIT from agreeing to waive certain continuing obligations. The agreement to do so will be in writing and maintained as part of the grant record. Table 7 lists the ongoing contractual obligations.

Table 8: Ongoing Contractual Obligations

Contract Term	Ongoing Obligation
Confidentiality of Documents and Information	CPRIT will use reasonable care to protect the confidentiality of information submitted by the grantee or related to information submitted by the grantee during the course of the contract for a period of three years following the termination date of the grant contract. The period of time may be extended by agreement.
Requests for Reimbursement	The final financial status report must be submitted within 90 days of the termination date of the contract.
Recordkeeping	Grantee must maintain books, records, documents, and other evidence related to the grant award performance and compliance with applicable contract terms. Records must be maintained for four years from the termination date of the contract.
Audits	Grantee must permit CPRIT or auditors working on behalf of CPRIT to review, inspect, audit, copy, or abstract all records related to the grant award for a period of four years from the termination date of the grant contract.
Duty to Resolve Deficiencies	Any fiscal, programmatic, or performance measure deficiencies determined by an audit should be resolved and/or cured within a reasonable time frame set by CPRIT.
Repayment of Grant Proceeds for Improper Use	Grantee must repay grant proceeds that have not been used for purposes as specified by the grant contract. Repayment should occur within 45 days of a request made by CPRIT and include interest, unless CPRIT agrees to a different schedule or to waive the interest.

Contract Term	Ongoing Obligation
Repayment of Grant Proceeds Upon Early Termination	Grantee must repay any unused grant proceeds that have been disbursed to the grantee. CPRIT may seek applicable interest.
No New Encumbrances When Contract Terminated Early	Grantee must not incur new obligations after receiving notice of early termination from CPRIT. The grantee shall make every effort to cancel outstanding obligations. CPRIT is not responsible for fees, penalties, or other amounts for early termination. Early termination does not nullify grantee obligations, unless expressly agreed to otherwise.
Title to Equipment When Contract Terminated Early	The title to equipment purchased with grant funds vests with the grantee upon termination of the contract unless the contract is terminated early. In the event of early termination, CPRIT will determine the disposition of equipment.
Public Access to Results of Grant award	Grantee will submit electronic versions of final peer-reviewed journal manuscripts related to grant awards to PubMed Central upon acceptance of publication.
Work to be Conducted in Texas	Grantee will use reasonable efforts to direct new or expanded preclinical testing, clinical trials, commercialization or manufacturing associated with the grant award to take place in Texas.
Duty to Notify	Grantee must notify CPRIT of any adverse event or condition that materially impact the performance or general public perception of the conduct or results of the grant award. Notice to CPRIT shall occur at the same time that any federal or state entity is notified.
Disclaimer of Damages	Grantee and CPRIT are not liable to the other party for indirect, special, punitive, exemplary, incidental or consequential damages.
Indemnification and Hold Harmless	To the extent legally possible, grantee fully indemnifies CPRIT against claims by third parties related to grantee's action or inaction.
Alternative Dispute Resolution	Claims for breach of contract will be resolved via the process described in Texas Government Code Chapter 2260, if applicable.
Applicable Law and Venue	Contract is construed pursuant to Texas law and the venue for any contract claims is Travis County, Texas.
Attorney Fees	Grantee pays attorneys' fees if CPRIT prevails in legal action to enforce contract provisions.
Attachment D	Revenue sharing terms and provisions related to intellectual property created with CPRIT support are enforceable as set forth in the contract or until the governmental grant of exclusivity expires.

Glossary

This glossary offers a list of commonly used definitions by CPRIT. For the complete and most current list of definitions, refer to TAC § 701.3.

Term	Definition
Advisory Committee	A committee of experts, including practitioners and patient advocates, created by statute or the Oversight Committee to advise the Oversight Committee on issues related to cancer.
Allowable Cost	A cost that is reasonable, necessary for the proper and efficient performance and administration of the project, and allocable to the project.
Annual Public Report	The report issued by the Institute pursuant to Texas Health and Safety Code §102.052 outlining Institute activities, including Grant Awards, research accomplishments, future Program directions, compliance, and Conflicts of Interest actions.
Approved Budget	The financial expenditure plan for the Grant Award, including revisions approved by the Institute and permissible revisions made by the Grantee. The Approved Budget may be shown by Grant Year and detailed budget categories.
Authorized Expense	Cost items including honoraria, salaries and benefits, consumable supplies, other operating expenses, contracted research and development, capital equipment, construction or renovation of state or private facilities, travel, and conference fees and expenses.
Authorized Signing Official (ASO)	The individual, including designated alternates, named by the Grant Applicant, who is authorized to act for the Grant Applicant or Grantee in submitting the Grant Application and executing the Grant Contract and associated documents or requests. (The term also includes Application Signing Official, which is used during the application process)
Bylaws	The rules established by the Oversight Committee to provide a framework for its operation, management, and governance.
Cancer Prevention	A reduction in the risk of developing cancer, including early detection, control and/or mitigation of the incidence, disability, mortality, or post-diagnosis effects of cancer.
Cancer Prevention and Control Program	Effective strategies and interventions for preventing and controlling cancer designed to reduce the incidence and mortality of cancer and to enhance the quality of life of those affected by cancer.
Cancer Prevention and Research Fund	The dedicated account in the general revenue fund consisting of legislative appropriations, gifts, grants, other donations, and earned interest.

Term	Definition
Cancer Research	Research into the prevention, causes, detection, treatments, and cures for all types of cancer in humans, including basic mechanistic studies, pre-clinical studies, animal model studies, translational research, and clinical research to develop preventative measures, therapies, protocols, medical pharmaceuticals, medical devices or procedures for the detection, treatment, cure or substantial mitigation of all types of cancer and its effects in humans.
Chief Compliance Officer	The individual employed by the Institute to monitor and report to the Oversight Committee regarding compliance with the Institute's statute and administrative rules. The term may also apply to an individual designated by the Chief Compliance Officer to fulfill the duty or duties described herein, unless the context clearly indicates otherwise.
Chief Executive Officer	The individual hired by the Oversight Committee to perform duties required by the Institute's Statute or designated by the Oversight Committee. The term may apply to an individual designated by the Chief Executive Officer to fulfill the duty or duties described herein, unless the context clearly indicates otherwise.
Chief Prevention Officer	The individual hired by the Chief Executive Officer to oversee the Institute's Cancer Prevention program, including the Grant Review Process, and to assist the Chief Executive Officer in collaborative outreach to further Cancer Research and Cancer Prevention. The term may also apply to an individual designated by the Chief Prevention Officer to fulfill the duty or duties described herein, unless the context clearly indicates otherwise.
Chief Product Development Officer	The individual hired by Chief Executive Officer to oversee the Institute's Product Development program for drugs, biologicals, diagnostics, or devices arising from Cancer Research, including the Grant Review Process, and to assist the Chief Executive Officer in collaborative outreach to further Cancer Research and Cancer Prevention. The term may apply to an individual designated by the Chief Product Development Officer to fulfill the duty or duties described herein, unless the context clearly indicates otherwise.
Chief Program Officer	Used to refer to the individual hired by the Chief Executive Officer to oversee the Institute's Cancer Prevention, Cancer Research or Product Development Research program, as may appropriate by the context
Chief Scientific Officer	The individual hired by the Chief Executive Officer to oversee the Institute's Cancer Research program, including the Grant Review Process, and to assist the Chief Executive Officer in collaborative outreach to further Cancer Research and Cancer Prevention. The term may apply to an individual designated by the Chief Scientific Officer to fulfill the duty or duties described herein, unless the context clearly indicates otherwise.

Term	Definition
C-Level Employee	C-level employees are the highest level executives at an organization. They typically report to the CEO, manage an entire business function (Finance, Marketing etc.) and are responsible for making key, strategic level, business decisions. The "C" in their title stands for "chief". Examples of C-level titles may include Chief Executive Officer (CEO), Chief Scientific Officer (CSO), Chief Medical Officer (CMO), Chief Financial Officer (CFO), Chief Operating Officer (COO), etc.
Code of Conduct and Ethics	The code adopted by the Oversight Committee pursuant to Texas Health and Safety Code §102.109 to provide guidance related to the ethical conduct expected of Oversight Committee Members, Program Integration Committee Members, and Institute Employees.
Compliance Program	A process to assess and ensure compliance by the Oversight Committee Members and Institute Employees with applicable laws, rules, and policies, including matters of ethics and standards of conduct, financial reporting, internal accounting controls, and auditing.
Conflict of Interest	A financial, professional, or personal interest held by the individual or the individual's Relative that is contrary to the individual's obligation and duty to act for the benefit of the Institute.
CPRIT Help Desk	Contact the HelpDesk, which is managed by SRA, for questions about the CPRIT Grants program, RFA requirements, electronic submission, or application format and documentation. HelpDesk staff are not in a position to answer questions regarding the scientific aspects of applications.
Criterion Score	The score assigned to a grant application by Scientific Research and Prevention Programs Committees during the review process.
Encumbered Funds	Funds that are designated by a Grantee for a specific purpose.
Financial Status Report	Form used to report all Grant Award related financial expenditures incurred in implementation of the Grant Award. This form may also be referred to as "FSR" or "Form 269-A."
Grant Applicant	The public or private institution of higher education, as defined by §61.003, Texas Education Code, research institution, government organization, non-governmental organization, non-profit organization, other public entity, private company, individual, or consortia, including any combination of the aforementioned, that submits a Grant Application to the Institute. Unless otherwise indicated, this term includes the Principal Investigator or Program Director.
Grant Application	The written proposal submitted by a Grant Applicant to the Institute in the form required by the Institute that, if successful, will result in a Grant Award.
Grant Award	Funding, including a direct company investment, awarded by the Institute pursuant to a Grant Contract providing money to the Grantee to carry out

Term	Definition
	the Cancer Research or Cancer Prevention project in accordance with rules, regulations, and guidance provided by the Institute.
Grant Contract	The legal agreement executed by the Grantee and the Institute setting forth the terms and conditions for the Cancer Research or Cancer Prevention Grant Award approved by the Oversight Committee.
Grant Management System	The electronic interactive system used by the Institute to exchange, record, and store Grant Application and Grant Award information.
Grant Mechanism	The specific Grant Award type.
Grant Program	The functional area in which the Institute makes Grant Awards, including research, prevention and product development.
Grant Progress Report	The required report submitted by the Grantee at least annually and at the close of the grant award describing the activities undertaken to achieve the goals and objectives of the funded project and including information, data and program metrics. Unless the context clearly indicates otherwise, the Grant Progress Report also includes other required reports such as a Historically Underutilized Business and Texas Supplier form, a single audit determination form, an inventory report, a single audit determination form, a Revenue Sharing/Program Income Report form, and any other reports or forms designated by the Institute.
Grant Review Cycle	The period that begins on the day that the Request for Applications is released for a particular Grant Mechanism and ends on the day that the Oversight Committee takes action on the Grant Award recommendations.
Grant Review Process	The Institute's processes for Peer Review, Program Review and Oversight Committee approval of Grant Applications.
Grant Year	The intervals of time (usually 12 months each) into which a Grant Award is divided for budgetary, funding, and reporting purposes. The effective date of the Grant Contract is the first day of the first Grant Year.
Grantee	The entire legal entity responsible for the performance or administration of the Grant Award pursuant to the Grant Contract. Unless otherwise indicated, this term includes the Principal Investigator, Program Director, or Company Representative.
Indirect Cost	The expenses of doing business that are not readily identified with a particular Grant Award, Grant Contract, project, function, or activity, but are necessary for the general operation of the Grantee or the performance of the Grantee's activities.
Institute	The Cancer Prevention and Research Institute of Texas or CPRIT.
Institute Employee	Any individual employed by the Institute, including any individual performing duties for the Institute pursuant to a contract of employment.

Term	Definition
	Unless otherwise indicated, the term does not include individual providing services to the Institute pursuant to a services contract.
Intellectual Property Rights	Any and all of the following and all rights in, arising out of, or associated therewith, but only to the extent resulting from the Grant Award: (A) The United States and foreign patents and utility models and applications therefore and all reissues, divisions, re-examinations, renewals, extensions, provisionals, continuations and such claims of continuations-in-part as are entitled to claim priority to the aforesaid patents or patent applications, and equivalent or similar rights anywhere in the world in Inventions and discoveries; (B) All trade secrets and rights in know-how and proprietary information; (C) All copyrights, whether registered or unregistered, and applications therefore, and all other rights corresponding thereto throughout the world excluding scholarly and academic works such as professional articles and presentations, lab notebooks, and original medical records; and (D) All mask works, mask work registrations and applications therefore, and any equivalent or similar rights in semiconductor masks, layouts, architectures or topography.
Invention	Any method, device, process or discovery that is conceived and/or reduced to practice, whether patentable or not, by the Grantee in the performance of work funded by the Grant Award.
License Agreement	An understanding by which an owner of Technology and associated Intellectual Property Rights grants any right to make, use, develop, sell, offer to sell, import, or otherwise exploit the Technology or Intellectual Property Rights in exchange for consideration.
Matching Funds	The Grantee's Encumbered Funds equal to one-half of the Grant Award available and not yet expended that are dedicated to the research that is the subject of the Grant Award. For public and private institutions of higher education, this includes the dollar amount equivalent to the difference between the indirect cost rate authorized by the federal government for research grants awarded to the Grantee and the five percent (5%) Indirect Cost limit imposed by §102.203(c), Texas Health and Safety Code.
Numerical Ranking Score	The score given to a Grant Application by the Review Council that is substantially based on the final Overall Evaluation Score submitted by the Peer Review Panel, but also signifies the Review Council's view related to how well the Grant Application achieves program priorities set by the Oversight Committee, the overall Program portfolio balance, and any other criteria described in the Request for Applications.

Term	Definition
Overall Evaluation Score	The score given to a Grant Application during the Peer Review Panel review that signifies the reviewers' overall impression of the Grant Application. Typically it is the average of the scores assigned by two or more Peer Review Panel members.
Oversight Committee	The Institute's governing body, composed of the nine individuals appointed by the Governor, Lieutenant Governor, and the Speaker of the House of Representatives.
Oversight Committee Member	Any person appointed to and serving on the Oversight Committee.
Patient Advocate	A trained individual who meets the qualifications set by the Institute and is appointed to a Scientific Research and Prevention Programs Committee to specifically represent the interests of cancer patients as part of the Peer Review of Grant Applications assigned to the individual's committee.
Peer Review	The review process performed by Scientific Research and Prevention Programs Committee members and used by the Institute to provide guidance and recommendations to the Program Integration Committee and the Oversight Committee in making decisions for Grant Awards. The process involves the consistent application of standards and procedures to produce a fair, equitable, and objective evaluation of scientific and technical merit, as well as other relevant aspects of the Grant Application. When used herein, the term applies individually or collectively, as the context may indicate, to the following review process(es): Preliminary Evaluation, Individual Evaluation by Primary Reviewers, Peer Review Panel discussion and Review Council prioritization. Peer Review Panel--a group of Scientific Research and Prevention Programs Committee members conducting Peer Review of assigned Grant Applications.
Peer Review Panel	A group of distinguished reviewers and advocate reviewers responsible for conducting peer review. Texas Health & Safety Code Chapter 102 refers to peer review panels as “Scientific Research and Prevention Program Committees.”
Prevention Review Council	The group of Scientific Research and Prevention Programs Committee members designated as the chairpersons of the peer review panels that review Cancer Prevention program Grant Applications. This group includes the Review Council chairperson.
Primary Reviewer	A Scientific Research and Prevention Programs Committee member responsible for individually evaluating all components of the Grant Application, critiquing the merits according to explicit criteria published in the Request for Applications, and providing an individual Overall Evaluation Score that conveys the general impression of the Grant Application's merit.

Term	Definition
Principal Investigator, Program Director, or Company Representative	The single individual designated by the Grant Applicant or Grantee to have the appropriate level of authority and responsibility to direct the project to be supported by the Grant Award.
Product Development Prospects	The potential for development of products, services, or infrastructure to support Cancer Research efforts, including but not limited to pre-clinical, clinical, manufacturing, and scale up activities.
Product Development Review Council	The group of Scientific Research and Prevention Programs Committee Members designated as the chairpersons of the peer review panels that review Grant Applications for the development of drugs, drugs, biologicals, diagnostics, or devices arising from earlier-stage Cancer Research. This group includes the Review Council chairperson.
Program Income	Income from fees for services performed, from the use or rental of real or personal property acquired with Grant Award funds, and from the sale of commodities or items fabricated under the Grant Contract. Except as otherwise provided, Program Income does not include rebates, credits, discounts, refunds, etc. or the interest earned on any of these items. Interest otherwise earned in excess of $250 on Grant Award funds is considered Program Income.
Program Integration Committee	The group composed of the Chief Executive Officer, the Chief Scientific Officer, the Chief Product Development Officer, the Commissioner of State Health Services, and the Chief Prevention Officer that is responsible for submitting to the Oversight Committee the list of Grant Applications the Program Integration Committee recommends for Grant Awards.
Program Priorities	Texas Health & Safety Code 102.107 requires the Oversight Committee to annually set priorities as prescribed by the legislature of each grant program that receives money. The Oversight Committee considers the set program priorities in awarding CPRIT grants.
Project Results	All outcomes of a Grant Award, including publications, knowledge gained, additional funding generated, and any and all Technology and associated Intellectual Property Rights.
Real Property	Land, including land improvements, structures and appurtenances thereto, excluding movable machinery and equipment.
Relative	A person related within the second degree by consanguinity or affinity determined in accordance with §§573.021 - 573.025, Texas Government Code. For purposes of this definition: (A) Examples of an individual within the second degree by consanguinity are a child, grandchild, parent, grandparent, brother, sister;

Term	Definition
	(B) A husband and wife are related to each other in the first degree of affinity. For other relationship by affinity, the degree of relationship is the same as the degree of the underlying relationship by consanguinity. (C) An individual adopted into a family is considered a Relative on the same basis as a natural born family member; and (D) An individual is considered a spouse even if the marriage has been dissolved by death or divorce if there are surviving children of that marriage.
Request for Applications	The invitation released by the Institute seeking the submission of Grant Applications for a particular Grant Mechanism. It provides information relevant to the Grant Award to be funded, including funding amount, Grant Review Process information, evaluation criteria, and required Grant Application components. The Request for Applications includes any associate written instructions provided by the Institute and available to all Grant Applicants.
Review Council	The term used to generally refer to one or more of the Prevention Review Council, the Product Development Review Council, or Scientific Review Council.
Scientific Research and Prevention Programs Committee	A group of experts in the field of Cancer Research, Cancer Prevention or Product Development, including trained Patient Advocates, appointed by the Chief Executive Officer and approved by the Oversight Committee for the purpose of conducting Peer Review of Grants Applications and recommending Grant Awards. A Peer Review Panel is a Scientific Research and Prevention Programs Committee, as is a Review Council.
Scientific Research and Prevention Programs Committee Member	An individual appointed by the Chief Executive Officer and approved by the Oversight Committee to serve on a Scientific Research and Prevention Programs Committee. Peer Review Panel Members are Scientific Research and Prevention Programs Committee Members, as are Review Council Members.
Scientific Review Council	The group of Scientific Research and Prevention Programs Committee Members designated as the chairpersons of the peer review panels that review Cancer Research Grant Applications. This group includes the Review Council chairperson.
Scope of Work	The goals and objectives of the Cancer Research or Cancer Prevention project, including the timeline and milestones to be achieved.
Senior Member or Key Personnel	The Principal Investigator, Project Director or Company Representative and other individuals who contribute to the scientific development or execution of a project in a substantive, measurable way, whether or not the individuals receive salary or compensation under the Grant Award.

Term	Definition
State Fiscal Year	September 1 – August 31
Technology	Any and all of the following resulting or arising from work funded by the Grant Award: (A) Inventions; (B) Third-Party Information, including but not limited to data, trade secrets and know-how; (C) Databases, compilations and collections of data; (D) Tools, methods and processes; and (E) Works of authorship, excluding all scholarly works, but including, without limitation, computer programs, source code and executable code, whether embodied in software, firmware or otherwise, documentation, files, records, data and mask works; and all instantiations of the foregoing in any form and embodied in any form, including but not limited to therapeutics, drugs, drug delivery systems, drug formulations, devices, diagnostics, biomarkers, reagents and research tools.
Texas Cancer Plan	A coordinated, prioritized, and actionable framework that helps to guide statewide efforts to fight the human and economic burden of cancer in Texas.
Third Party Observer Report	The report documenting that CPRIT's grant review process is consistently followed when a peer review panel or Review Council meets to discuss one or more grant application pending a final grant award decision. The report may be issued by the Chief Compliance Officer or by an independent third party hired by CPRIT to serve as a neutral observer.
Third-Party Information	Generally, all trade secrets, proprietary information, know-how and non-public business information disclosed to the Institute by Grant Applicant, Grantee, or other individual external to the Institute.
Tobacco	All forms of tobacco products, including but not limited to cigarettes, cigars, pipes, water pipes (hookah), bidis, kreteks, electronic cigarettes, smokeless tobacco, snuff and chewing tobacco.

Appendix

Financial Status Report Supporting Documentation

Frequently Asked Questions

Program Priorities

Revenue Sharing

Review Processes