



College of Health, Education and Social Transformation

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To: Research Faculty and Staff in the College of HEST

From: Michael C. Hout, Associate Dean of Research, College of HEST

CC: Rick Marlatt, Dean, College of HEST *Rick Marlatt*

CC: Juanita Hannan, Director of Research Operations Center, College of HEST

Date: 10/9/2025

Subject: Policy on Financial Responsibility for Sponsored Projects

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1. Purpose

This policy establishes clear guidelines for the financial management of externally funded grants and contracts within the College of Health, Education, and Social Transformation (HEST). It ensures accountability and clarifies the responsibilities of Principal Investigators (PIs), departments, and the College in cases of budgetary errors, mismanagement, or project overruns.

PIs, Co-PIs, and Unit leads are also encouraged to refer to relevant university ARPs, including Chapter 11 ([Research and Intellectual Property](#)). More specifically:

- 11.00 – [Research Guiding Principles](#)
- 11.01 – [Research Oversight and Risk Management](#)
- 11.20 – [Responsibilities and Accountability for Sponsored Project Awards](#)

2. Scope

This policy applies to all HEST faculty and staff serving as PIs or Co-PIs on sponsored projects, and to their home academic units.

3. Principles

- Sponsored funds are a privilege and carry responsibilities for stewardship.
- The PI is responsible for managing their award in compliance with sponsor, University, and College policies.
- The College does not assume responsibility for covering project overruns, deficits, or mismanagement.
- Financial accountability follows a defined order of responsibility:
 1. The Principal Investigator (PI)
 2. The PI's academic unit
 3. The College (only in exceptional cases, at the discretion of the Dean)

4. Responsibilities of Principal Investigators

PIs are expected to:

- Manage project budgets in compliance with sponsor guidelines, College/University policy, and agreed upon timelines.
- Monitor expenditures regularly and reconcile accounts in coordination with departmental business staff or the Research Operations Center (as appropriate). It is recommended that this be done monthly.
- Take corrective action promptly when potential deficits or disallowed costs are identified.
- Maintain sufficient unrestricted funds (e.g., IDC return accounts, start-up funds, discretionary funds) to address errors or overruns if they occur.
- Respond promptly (i.e., within 1 business day) to any communication from the Office of the Associate Dean of Research, the Research Operations Center, Research Administration Services (RAS), or Sponsored Projects Accounting (SPA).

5. Order of Accountability in Addressing Deficits

When deficits or financial errors occur on a sponsored project:

Step 1: PI-Level Correction

- The PI must first apply available unrestricted funds (e.g., IDC return funds, professional development accounts, start-up balances, or other PI-controlled resources).

Step 2: Department-Level Correction

- If the PI lacks sufficient unrestricted funds, the PI's home unit is responsible for resolving the deficit using departmental operating funds or other discretionary resources.
- In the event that the PI does not have sufficient available funds to address the deficit, corrective action may be taken, including (but not limited to): verbal or written reprimand, restriction of ability to apply for future external funding.
- Additionally, if PI funds are not available, the home unit may use discretionary funds to make up the shortfall, and then withhold Professional Development funds or ongoing IDC to the PI until such time as the shortfall is paid back to the home unit.

Step 3: College-Level Involvement

- The College will not automatically assume responsibility for deficits. In rare and exceptional cases, the Dean may consider support on a case-by-case basis. Such support should be regarded as extraordinary, not precedent-setting.
- In the rare event in which the College must make up for a shortfall, the College may recoup funds from the unit over time, until such time as the shortfall is paid back.

6. Implementation & Oversight

- The PI is the primary person responsible for monitoring financial performance of their grants.
 - All PIs are expected to attend the PI Academy offered by the office of [Research, Creativity, and Economic Development](#) (RCED), and to learn the systems available to them to monitor expenditures and balances.

- Department Heads/School Directors will meet with PIs at least once per year to discuss grant activity progress and financial standing.
- Additional support can be requested from the Research Operations Center, or Associate Dean of Research.
- The PI is expected to comply with (and in a timely fashion) all correspondence and guidance coming from RAS and SPA with respect to ongoing grant activities, accounting, and so on.
- Requests for College-level financial assistance (e.g., in the case of budget shortfalls) must be submitted in writing by the Department Head or School Director, with full documentation of corrective actions already taken.
- Separate entities (e.g., STEM Outreach, DAC Head Start, Myrna's Children's Village) are responsible for absorbing any deficits or unallowable costs associated with restricted funds. They must closely monitor expenses and utilize their own resources to address any cost increases, ensuring compliance with funding restrictions.

7. Purchases and Expenditure Tracking

- College of HEST PIs have two options for making purchases and tracking their expenditures.
 1. PIs can work with ROC staff to make purchases and track expenditures. This is the recommended course of action.
 2. PIs can work within their home department (relying on the support of their departmental administrative assistant) to make purchases and track expenditures.
- In either instance, however, PIs are expected to maintain their own separate budgets sheets and track expenditures routinely.
- PIs are expected to pick one of these options, and maintain that selection throughout the life of their grant or contract. Departmental staff will not have access to ROC budget tracking sheets and vice versa, so asking for both offices to support the expenditures and purchases is not viable.

8. Effective Date

This policy is effective October 9th, 2025, and applies to all active and future sponsored projects.

Principal Investigator (PI) Responsibility Checklist

College of Health, Education, and Social Transformation (HEST)

This checklist summarizes your responsibilities as a PI to ensure sound stewardship of sponsored funds. Please review and follow these steps throughout the life of your grant or contract.

1. Before the Award

- Read and understand sponsor guidelines and allowable costs.
- Work with pre-award staff (at Research Administrative Services, Research Operations Center, and/or with the Associate Dean of Research, as appropriate) to ensure budget accuracy before submission.

2. During the Award

- Review budget-to-actual reports monthly (in coordination with departmental business staff or the Research Operations Center, as appropriate).
- Ensure all costs are allowable, allocable, and within budget.
- Approve expenditures promptly and ensure they align with sponsor and University policies.
- Monitor effort commitments and subawards to avoid overruns or disallowed costs.
- Distribute effort throughout the funding period at a specific FTE to ensure that there are sufficient staff to carry out all activities specified in the grant.
- Document all programmatic and financial decisions.
- Plan for sustainability: identify unrestricted funds (IDC returns, start-up, discretionary) in case corrections are needed.

3. If Problems Arise

Follow the **Order of Accountability** to resolve deficits or disallowed costs:

1. **PI-Level Resources** – Use available unrestricted funds (IDC return, start-up, discretionary accounts).
2. **Department-Level Resources** – If PI resources are insufficient, the department must resolve the deficit with operating or discretionary funds.
3. **College-Level Resources** – The College does not automatically assume responsibility. Support may be considered only in extraordinary circumstances, at the Dean's discretion. Requests for College-level financial assistance must be submitted in writing by the Department Head or School Director, with full documentation of corrective actions already taken.

4. At Closeout

- Submit final technical and financial reports on time.
- Work with department staff (or ROC, depending on who has been helping make purchases and monitor expenditures) to confirm the account is closed with no deficit.