Sponsored Projects
Post Award

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Presentation Goals

• Provide some very basic information
• Instill an understanding that compliance with Federal Regulations is important
• Emphasize that Business Officers provide compliance leadership
• Have some fun!
Federal Regulations

OMB Circular A-21

• Cost Principles for Educational Institutions for Grants, Contracts, and Other Agreements

Please see “OMB Circulars” at:

Federal Regulations

OMB Circular A-21

• Defines types of costs
• Defines principles for consistent treatment of costs
• Incorporates certain Cost Accounting Standards Including Disclosure Statement (DS-2) Requirement
Federal Regulations

OMB Circular A-110
  • Uniform administrative requirements for grants and agreements with institutions of higher education, hospitals and other non-profit organizations

Please see “OMB Circulars” at:

Federal Regulations

A-110: Financial Management Standards
  • Sufficient Internal Controls
  • Requires complete financial results of each sponsored project
  • Procedures for determining reasonableness, allocability, and allowability of costs
  • Requirements for supporting documentation
  • A-133 Audits
  • Procurement standards
Categories of Costs

- Direct
- Facilities and Administrative (a.k.a. Indirect)
- Unallowable

Direct Costs
- Costs easily identified with a specific sponsored project
- Costs assignable with a high degree of accuracy to a sponsored project
- Program-specific activities
- Examples: salaries, lab supplies, travel, equipment, sub-contracts
Categories of Costs

Facilities and Administrative Costs
- Costs that cannot be specifically identified with a particular sponsored project
  - Examples: Chancellor’s Office, Dean’s Office, Payroll Office, building maintenance
- F&A costs are recovered through the application of a negotiated rate
- Sometimes called: “Indirect costs”

Categories of Costs

Unallowable Costs
- Costs which may not be allocated to sponsored projects, either as direct or indirect costs
  - Examples: lobbying, public relations, alcoholic beverages, first-class air travel, fund raising
Cost Accounting Standards

• 501: Consistency in estimating, accumulating & reporting costs
• 502: Consistency in allocating costs incurred for the same purpose
• 505: Accounting for unallowable costs
• 506: Cost accounting period

Cost Accounting Standards

• Goal is consistent charging of expenses throughout the Campus
  – Example: For all departments, equipment maintenance agreement expenses would have to be consistently charged as direct or F&A
• Important to understand your campus’ costing practices
Cost Transfers

Cost transfer
- The process of moving expenses from one account/fund/sub/object code to another
Cost Transfers

Cost transfers can only be made under the following conditions:

• To correct an erroneous recording,
• To record a change in the original decision, or
• To redistribute high-volume, low-cost charges.

Cost Transfers

Cost transfers must meet the following tests:

• Have general ledger reference from the original charge
• Fully explained, justified, and authorized.
• Supporting documentation
• Timely (within 120 days of original charge)
Cost Sharing

- Costs which support a project, but not funded by the granting agency
- Included as part of the project’s budget
- Allowable costs
- Funded by the institution
- Used only once

Effort Reporting (PARS)

- Support salary charges
- Directly paid from a federal or federal flow through award
- Completed on a scheduled basis
Effort Reporting (PARs)

- Supports cost sharing
- Effort report reflects the cost share commitment
- After the fact certification of effort

NIH Salary Cap

- An Employee’s rate of pay can not exceed the approved NIH salary cap of $15,292 per month ($183,500 / year)
- The amount usually changes every year
NIH Salary Cap Example

- Monthly Salary = $20,000
- Sponsored Project Percentage = 10%
- Chargeable to the Project = $1,529 (10% of max rate $15,292, not 10% of $20,000)
- The difference ($471) must be charged to non-federal funds

Overdrafts and Final Reports

Overdrafts
- Overspent your budget
- Need to find alternate funding source

Final Reports
- Technical Reports
- Financial Reports
Types of Audits

- Internal Audits
- External Audits
- Funding Agency Audits

Impact of Disallowances

- Disallowance for “unallowable” costs
- Projecting errors to large populations results in large audit adjustments
- Multiple years
- Actions against employees where misconduct leads to disallowance
Overview

The Role of the Business Officer:

- Understand OMB A-21
- Be aware of additional award restrictions
- Exercise good judgment

The Role of the Business Officer:

- Demonstrate accountability
- Know where to find help
- Strengthen internal controls
- Document! Document! Document!
- Business Officers provide essential leadership
QUESTIONS??

THE END!