

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:

<http://www.whitehouse.gov/WH/EOP/OMB/html/circulars/a021/a021.html>

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:
<http://www.whitehouse.gov/WH/EOP/OMB/html/circulars/a110/a110.html>



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



Categories of Costs

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

- Record the cost correctly the first time!



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



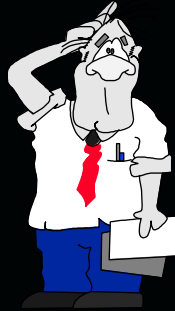
Overview

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!

