



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 per year).**
- **The salary cap amount usually changes every year.**

NIH Salary Cap Example

- **Monthly Salary = \$20,000**
- **Sponsored Project Percentage = 10%**
- **Chargeable to the Project = \$1,529.20**
(10% of max rate \$15,292), not \$2,000
(10% of \$20,000)
- **The difference (\$470.80) 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

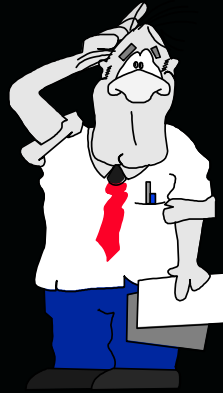
The Role of the Business Officer:

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



Conclusion

QUESTIONS??



THE END!

