

## **Sponsored Projects Post Award**

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## **Presentation Goals**

- Provide basic information on post award administration.
- Instill an understanding that compliance with Federal Regulations is important.
- Emphasize that Business Officers provide compliance leadership.

## 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 cannot exceed the approved NIH salary cap of \$15,550 per month (\$186,600 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 = \$1,555  
(10% of max rate \$15,550)
- Not \$2,000 (10% of \$20,000)
- The difference (\$445) must be charged to non-federal funds

## Overdrafts and Final Reports

### Overdrafts

- Overspent your budget
- Need to find alternate unrestricted 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

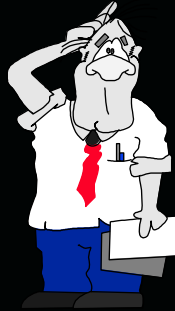
### The Role of the Business Officer:

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



**Conclusion**

**QUESTIONS??**



**THE END!**

