



Sponsored Projects Post Award

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Presentation Overview

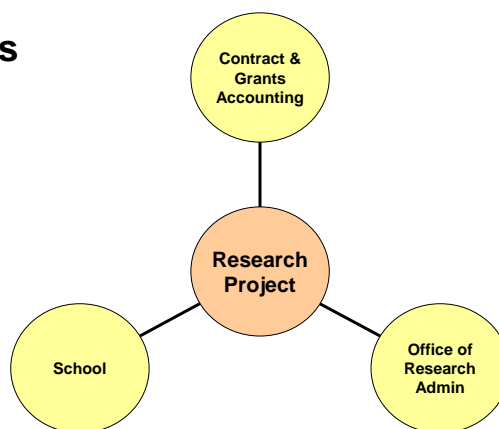
- ✓ Importance of the Business Officer
- ✓ Importance of Knowledge
- ✓ Importance of Leadership

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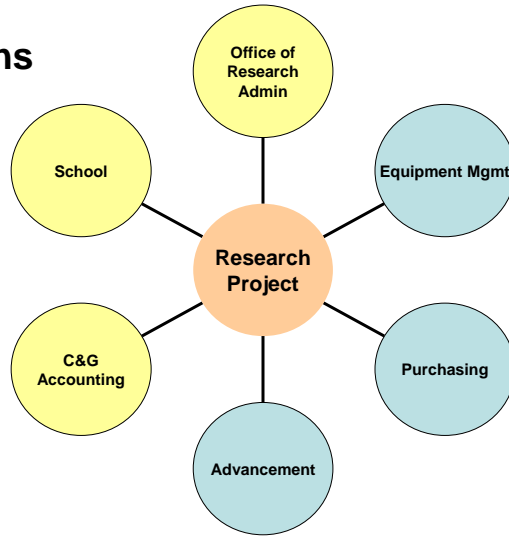
Business Officer's Environment

- ✓ **Campus Organizations**
- ✓ **Internal Controls**
- ✓ **Faculty**

Campus Organizations Supporting Sponsored Projects



Campus Organizations Supporting Sponsored Projects

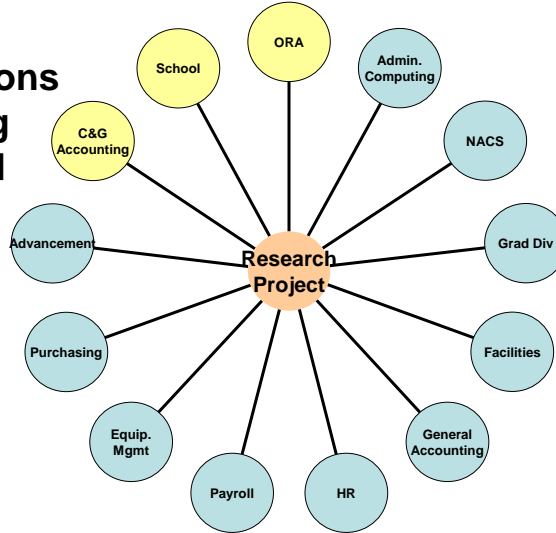


Campus Organizations Supporting Sponsored Projects



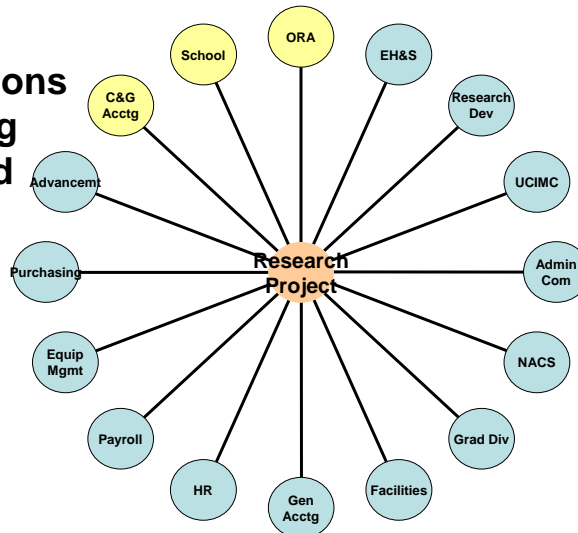
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Campus Organizations Supporting Sponsored Projects



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Campus Organizations Supporting Sponsored Projects



Campus Control Environment

- **Policies**
Numerous
- **Pronouncements** (laws, regulations, etc)
Numerous
- **Processes**
Payroll, Purchasing, Accounts Payable,
Accounts Receivable, Cost Sharing, etc.
- **People**
Monitoring, Reconciliations, Reviewing, Analyzing,
etc.

Faculty Factor

- Independent
- Focused on research
- Not excited about accounting compliance issues

Academic Business Officer's Dilemma

Controls

Policies

Pronouncements

Processes

People



Independent Faculty

Numerous Departments

Importance of Knowledge

- Federal Regulations
- Categories of Costs
- Cost Accounting Standards
- Expense or Cost Transfers
- Cost Sharing
- Effort Reporting
- NIH Salary Cap

Federal Regulations

OMB Circular A-21

- Cost Principles for Educational Institutions for Grants, Contracts, and Other Agreements.

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.

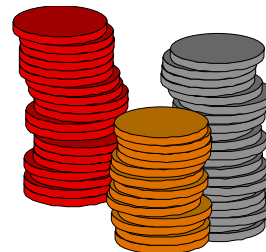
Federal Regulations

OMB Circular A-110

- **Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations.**

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.**



Expense Transfers



The process of moving expenses from one account/fund/sub/object code to another



Expense Transfers

Expense transfers can only be made under the following conditions:

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

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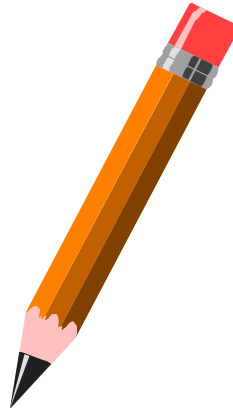
Expense Transfers

Expense 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).**

Expense Transfers

**Record the
expense
correctly the
first time!**



Cost Sharing

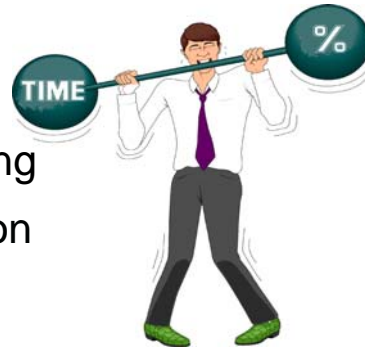


- **Costs which support a project, but not funded by the granting agency.**
- **Included as part of the project's budget.**
- **Allowable costs.**
- **Funded by the institution.**
- **Used only once.**
- **If you proposed cost sharing, make sure you meet you commitment!!**



Effort Reporting (PARS)

- ❖ Support salary charges paid directly from federal or federal flow-through awards
- ❖ Completed on a scheduled basis
- ❖ Can support cost sharing
- ❖ After the fact certification of effort



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NIH Salary Cap

- An Employee's rate of pay can not exceed the approved NIH salary cap of \$15,942 per month (\$191,300 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 = \$1,592**
(10% of max rate \$15,942)
- **Not \$2,000 (10% of \$20,000)**
- **The difference (\$408) must be charged to non-federal funds**

Audit Liability

- Univ. of Minnesota: Misuse of federal funds: \$32 million
- New York University Medical Center: inflated grant costs: \$15.5 million
- Florida International University: effort issues & direct costs: \$11.5 million
- Mayo Foundation: misuse of federal funds: \$6.5 million
- Northwestern University: committed time and effort: \$5 million



Leadership Practices

- Vision
- Stewardship
- Expectations
- Model



Leadership Practices

Vision

- Shared vision
- Clarify research administration objectives
- Communicate a strategic plan for managing research administration objectives
- Identify potential challenges
- Set a standard of excellence

Leadership Practices Stewardship

- Communicate the University's role in managing sponsored funds
- Clarify your objectives for responsible stewardship
- Maintain integrity in actions and decision-making

Leadership Practices Expectations

- Goal
- Progress
- Result
- Maintenance

Leadership Practices Model

- Set the example
 - Demonstrate
 - Integrity
 - Responsible work ethic
 - Professional/positive behavior
- Encourage
 - Inspire possibilities
 - Recognize accomplishments/contributions

Overview

The Role of the Business Officer:

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

Overview

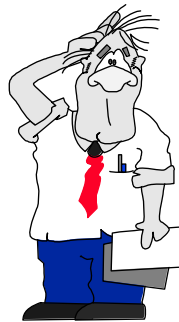
The Role of the Business Officer:

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



Conclusion

QUESTIONS??





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CELEBRATING OUR 10TH YEAR

THE END!



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