Sponsored Projects
Post Award

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Presentation Overview

- Importance of the Business Officer
- Importance of Knowledge
- Importance of Leadership
Business Officer’s Environment

- Campus Organizations
- Internal Controls
- Faculty
Campus Organizations Supporting Sponsored Projects
Campus Organizations Supporting Sponsored Projects

- School
- Office of Research Admin
- Equipment Mgmt
- Purchasing
- Advancement
- C&G Accounting

Research Project
Campus Organizations Supporting Sponsored Projects
Campus Organizations Supporting Sponsored Projects
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
The University of California

Business Officer Institute

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.

Please see "OMB Circulars" at: http://www.whitehouse.gov/WH/EOP/OMB/html/circulars/a110/a110.html
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
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 your 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
NIH Salary Cap

• An Employee’s rate of pay can not exceed the approved NIH salary cap of $16,392 per month ($196,700 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 = $1,639
  (10% of max rate $16,392)
- Not $2,000 (10% of $20,000)
- The difference ($361) 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
Rich’s Big Deal List

- Academic Business Officers Rock!
- Effort Reports are money in the Bank!
- Expense transfers cause problems!
- Academic Business Officers Rock!
THE END!
QUESTIONS??