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
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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
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 $16,642 per month ($199,700 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 = $1,664 (10% of max rate $16,642)
- Not $2,000 (10% of $20,000)
- The difference ($336) 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!
✓ ARRA Reports have to be correct!
✓ Academic Business Officers Rock!
THE END!
QUESTIONS??