Sponsored Projects
Post Award

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Goals for this Presentation

✓ To provide some useful information, and not make sponsored projects experts
✓ To convey the importance of accuracy and timeliness
✓ To emphasize Importance of Leadership
✓ To have some fun
Presentation Overview

- Importance of Monitoring Sponsored Agreements
- Importance of Some Less Visible Activities
- Importance of Leadership
Importance of Monitoring Sponsored Projects

• Federal Regulations
• Categories of Costs
• Cost Accounting Standards
• Expense or Cost Transfers
• Cost Sharing
• Effort Reports & Payroll Certifications
• NIH Salary Cap
• NSF Salary Cap
• Application of the Facilities and Administration Rate
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.
Explaining the attempt at Fun
Cost Accounting Standards

Four Standards for Higher Education:

- 501
- 502
- 505
- 506
Cost Accounting Standards

- 501: Consistency in accumulating & reporting costs
- 502: Consistency in costs incurred for the same purpose
- 505: Accounting for unallowable costs.
- 506: Cost accounting period.
- Disclosure Statement, referred to as DS-2
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
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!!
NIH Salary Cap

• An Employee’s rate of pay can not exceed the approved NIH salary cap of $ per month ($ 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 = $ (10% of max rate $)
- Not $2,000 (10% of $20,000)
- The difference ($) must be charged to non-federal funds
Documentation to Support Salary Charges

- Applies to salary expenses charged to:
  - Federal awards
  - Federal flow-through awards
  - Cost sharing
- Effort Reports at most campuses
- Payroll Certification Reports at:
  - Riverside
  - Irvine
Effort Reporting (PARS)

- Requires reporting effort for 100% of an individual's activities
- After-the-fact certification
- Completed on a scheduled basis
- Charges are acceptable if % of effort = % of salary charged
Payroll Certifications

- Does not use “effort” concept
- Does not report on 100% of a person’s activities
- Salaries charges are “Reasonable in relation to work performed”.
- Certifies “special costing requirements”.
- Completed annually at the end of a project’s budget year.
- Also supports salary cost sharing.
Charging Awards for Facilities and Administrative Costs

Salary $100,000
Benefits $30,000
Lab supplies $70,000

Total Direct $200,000
F&A (% determined) $50,000

Total Charged $250,000
Importance of Less Obvious Post Award Activities

• Billing and Accounts Receivable
• Letters of Credit
• IDC Revenue
• Audit management
Billing and Accounts Receivables

- Generally electronic billing
- Billing frequency: generally monthly
- Monthly Accounts Receivable reconciliations
Billing and Accounts Receivables

- DPM (Division of Payment Management) for regular DHHS and ARRA DHHS; NASA
- Fastlane - for NSF regular and ARRA
- ASAP - Dept of Energy, EPA, DOI/USGS, DOC/NIST/NOAA, DOA/USDA
- G5 - Dept of Education
- PAYWEB - ONR Navy
- Grants Online- Dept of Justice
- Vipers - Dept of Energy
- WAWF - Army, Air Force
Letters of Credit

• DPM (Division of Payment Management) for regular DHHS and ARRA DHHS
• Fastlane - for NSF regular and ARRA
• Cash draws as often as needed and based on cash forecasting information
• Quarterly reconciliations
Facilities and Administrative (F&A) Revenue Management

• How is F&A revenue distributed to schools, departments, and/or PIs?

• Distribution order: Budget Office, Deans, Department Chairs, PIs

• At UCI, Accounting provides the Budget Office with F&A revenue by department
Managing Audits and Reviews

- A-133 (Federal)
- NSF (Federal)
- NIH (Federal)
- Other Federal Agencies
- State of California
- Private Industry
- Note: Always Keep Internal Audit and Contracts and Grants Accounting informed
Be Proactive with Auditors

• Recent auditor request for information at UCI:

“Please make the following available at the entrance conference: . . . 8. Supporting documentation for all expenditures charged to the grants (e.g., receipts, invoices, purchase orders, requisitions, contracts, consulting agreements, travel authorization forms, travel vouchers, time-cards, payroll registers, etc.)”
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
The University of California

**Business Officer Institute**

**Academic Business Officer’s Dilemma**

**Controls**
- Policies
- Pronouncements
- Processes
- People

**Independent Faculty**

**Numerous Departments**
Leadership Practices

- Vision
- Stewardship
- Expectations
- Model
THE END!
QUESTIONS??