



RESEARCH

Administering the Award

NURAMP Spring 2017



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Session Objectives:

- Basic Cost Considerations
 - Direct vs Indirect
 - Personal Services – PARS
 - Operating Expenses and Supplies
 - Travel
 - Cost Transfers
 - Equipment
- Cost Share
- Rebudgeting
- Subawards
- Special Issues
- Closeout and Audit



Definitions

- **Grant:** Financial assistance for a project that will benefit the public. Includes no involvement from the federal government except to provide funds. Governed by Uniform Guidance and Code of Federal Regulations (CFR).
- **Contract:** Provides a product or service to government for funding provided. Governed by Federal Acquisition Regulation (FAR).
- **Cooperative Agreement:** The government is involved in shaping the activities for this grant. Governed by Uniform Guidance and Code of Federal Regulations (CFR).



Definitions

- **Firm-Fixed Price Contract:** Contract specifies a set or “fixed” price to perform an agreed upon set of specified deliverables. The sponsor approves the scope and value of work to be performed, but provides no direction about how the funds are to be spent. Any excess funds are not returned to the sponsor. Any deficits are not covered by the sponsor.
- **Gifts or donations:** Gifts for large dollar amounts are normally processed through the NU Foundation because of various tax implications. Donations or small gifts are normally processed on the Donation Form.
- *If there is a report or other deliverable due, it is not a gift.*



Governing Regulations

- **Uniform Guidance 12-26-14**
- **Code of Federal Regulations (CFR)**
- **FAR (Federal Acquisition Regulations)**
- **FDP (Federal Demonstration Partnership)**
- **Agency specific regulations**
- **University of Nebraska regulations**
- **State of Nebraska regulations**



Rules Covering Awards

- Federal awards are covered by federal, state, and university policies and regulations
- Awards are covered by specific regulations of the funding agency
- Awards are covered by specific terms and conditions of the award and your proposal



Know the rules – follow the most restrictive!



Uniform Guidance – Dec 26, 2014

- Eliminating duplicative and conflicting guidance;
- Focusing on performance over compliance for accountability;
- Encouraging efficient use of information technology and shared services;
- Providing for consistent and transparent treatment of costs;
- Limiting allowable costs to make the best use of Federal resources;
- Setting standard business processes using data definitions;
- Encouraging non-Federal entities to have family-friendly policies;
- Strengthening oversight; and
- Targeting audit requirements on risk of waste, fraud, and abuse.

Important Web Sites



➤ **Uniform Guidance:**

➤ http://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

➤ **Resources:** <https://cfo.gov/cofar/>

➤ **FAR:** <http://www.acquisition.gov/far/>

➤ **FDP:** <http://www.thefdp.org>

➤ **UNL:**

<http://bf.unl.edu/NUPoliciesProceduresInfoLinks.shtml>

➤ **State of Nebraska:**

<http://www.das.state.ne.us/accounting/nis/amcon.htm>

Layout of Guidance



- 6 Subparts A through F
 - ✓ Subpart A, 200.XX –Acronyms & Definitions
 - ✓ Subpart B, 200.1XX –General Provisions
 - ✓ Subpart C, 200.2XX –Pre Award -*Federal*
 - ✓ Subpart D, 200.3XX –Post Award –*Recipients*
 - ✓ Subpart E, 200.4XX –Cost Principles
 - ✓ Subpart F, 200.5XX –Audit Requirements

- 11 Appendices -I through XI



Type of WBS's

- 24's – U.S. Education; NIH; U.S. DHHS
- 25's – All other federal direct agencies
- 26's – State agencies, other universities, industry, foundations and others
- 27's – Donations and NU Foundation

WBS start/end date vs. **PROJECT** start/end date



Department Responsibility

- Maintain records centrally
- Review expenditures/reconcile SAP reports monthly
- Document allowability/allocation of expenditures
- Use commitments and workflow notices for planning purposes – be proactive rather than reactive
- Manage deficits – remove excess charges immediately
- Document cost share other than payroll
 - Maintain copies of invoices or other documentation for travel, equipment purchases, third-party cost share
- Review/complete and return PARS on time
- Communicate with OSP



Post-Award Responsibility

- All financial reporting (including sponsor special requests for financial information should come from OSP)
- Invoicing (including accrual requests)
- Revenue collection
- F&A adjustments
- Budget adjustments
- Reallocation of direct/indirect, if allowed
- Project closeout



Basic Consideration for Costs

Be *reasonable*:

Reflect the action that a **prudent** person would have taken under the **circumstances prevailing at the time** the decision was made to incur the cost.

- **Necessary?**
- **Benefits the grant?**
- **Arm's-length bargaining?**
- **Agreements/terms?**
- **Meets federal & state laws & regulations?**

Document the prevailing circumstances!



Basic Consideration for Costs

Be *allocable*:

- Incurred *solely* to advance the work under the sponsored agreement
- Benefit both the sponsored agreement and other work of the institution, in proportions that can be approximated using reasonable methods
- Necessary to the overall operation of the institution and deemed to be assignable in part to sponsored projects



Basic Consideration for Costs

Be treated consistently:

- A cost type can't be treated as both an indirect and direct cost unless granting agency specifically authorizes.
- In the specific case of computing devices, charging as direct costs is allowable for devices that are essential and allocable, but not solely dedicated, to the performance of a federal award.
- Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency.



Basic Consideration for Costs

- Costs must conform to any limitations or exclusions set forth in the principles or in the sponsored agreement as to types or amounts of cost items.
- Some auditors are taking the stance that if you budgeted for 6 widgets at \$1200, you are limited to 6 widgets – even if you have the budget to purchase 7.



Direct Costs

- Direct costs can be identified specifically with a particular sponsored project with a high degree of accuracy
- Necessary for the completion of the project
- Examples:
 - PI salary
 - Lab supplies
 - Special purpose equipment
(with sponsor approval)





Indirect Costs

- Indirect costs are incurred for common or joint objectives and cannot be readily and specifically associated with a particular sponsored project
- Indirect costs are also referred to as facilities and administrative (F & A) costs. Is based on a rate negotiated and approved by the federal government
- A copy of our most recently approved F & A rate agreement can be obtained at:
<http://research.unl.edu/sponsoredprograms/facilities-and-administrative-cost-rates/>



Indirect Costs

- Examples of indirect (F & A) supported costs:
 - Utilities and building costs, including depreciation
 - Departmental administration
 - Library costs
 - Interest
 - Operational and maintenance costs
 - Office supplies
 - General purpose equipment
 - Student administration and services



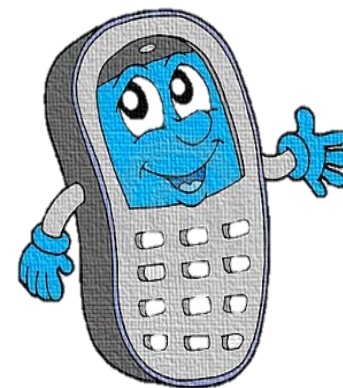
Direct or Indirect Costs?

- Ensure that costs incurred for the same purpose in like circumstances are treated *consistently* as either direct or indirect (F&A) costs.
- Items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as indirect (F&A) costs.

Discussion of Specific Costs

Unallowable:

- × Advertisement (except for grant specific positions – requires written permission)
- × Alcohol
- × Entertainment, alumni activities
- × Charitable donations and contributions
- × Lobbying
- × Fines and penalties
- × Fund-raising costs
- × To cover losses on other sponsored agreements or contracts
- × Travel beyond lowest commercial fare – Fly America Act
- × Goods and services for personal use
- × Monthly regular telephone charge



Personal Services (Salaries/Wages/Fringe Benefits)

The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate where all of the following conditions are met:



- Administrative or clerical services are integral to a project.
- Individuals involved can be specifically identified with the project.
- Such costs are explicitly included in the budget.
- Costs are not also recovered as indirect costs.

Return to: Post Award Admin 151 Whittier Research Ctr 0861

**UNIVERSITY OF NEBRASKA
PERSONNEL ACTIVITY REPORT**

NAME: Jane Jones
DEPARTMENT: Any Department
50009999

EMPLOYEE NO: 99999
POSITION: Professor

WORK PERIOD FROM: 09/01/2013 TO: 12/31/2013
RESPONSIBLE PERSON: Jones, Jane

GRANTS AND CONTRACTS OFFICE USE ONLY							
ACTIVITY	% OF EFFORT	WORK PERIOD	COST OBJECT	DESCRIPTION	ACCOUNT	SALARY	BENEFITS
1. Instruction	_____ 1.						
		09/1/2013 to 09/30/2013	25-0506-0081-001	Sponsored research	511100	1,000.00	200.00
2. Research	_____ 2.		26-0116-0145-001	Sponsored public service	511100	2,000.00	100.00
25-0506-0081-001			2162220001	Departmental research	511100	1,500.00	25.00
			2161220001	Departmental teaching	511100	500.00	25.00
3. Public Service	_____ 3.	10/1/2013 to 10/31/2013	25-0506-0081-001	Sponsored research	511100	1,000.00	200.00
26-0116-0145-001			26-0116-0145-001	Sponsored public service	511100	2,000.00	100.00
			2162220001	Departmental research	511100	1,500.00	25.00
4. Other Sponsored Activities	_____ 4.		2161220001	Departmental teaching	511100	500.00	25.00
		11/1/2013 to 11/30/2013	25-0506-0081-001	Sponsored research	511100	1,000.00	200.00
			26-0116-0145-001	Sponsored public service	511100	2,000.00	100.00
5. Agricultural Experiment Station	_____ 5.		2162220001	Departmental research	511100	1,500.00	25.00
			2161220001	Departmental teaching	511100	500.00	25.00
		12/1/2013 to 12/31/2013	25-0506-0081-001	Sponsored research	511100	1,000.00	200.00
6. Cooperative Extension Service	_____ 6.		26-0116-0145-001	Sponsored public service	511100	2,000.00	100.00
			2162220001	Departmental research	511100	1,500.00	25.00
			2161220001	Departmental teaching	511100	500.00	25.00
7. Patient Care Services	_____ 7.						
8. Administration	_____ 8.						
9. Other Institutional Activities	_____ 9.						
*Cost share/Match	100%	TOTAL EFFORT					

I certify that I have direct knowledge of all the effort of this employee for the indicated work period. I certify further that to the best of my knowledge the effort reasonably reflects the actual effort expended.

Printed Name _____ **Signature** _____ **Date** _____

Remarks

Only individuals having direct knowledge of all an employee's effort may certify effort.



Documenting Effort/PARs

- **PAR = invoice for services**
- Use a “Personal Activity Report (PAR)” to document personal services. A PAR is also required for any direct charges and cost share for an award.
- PARs and payroll charges should support one another.
- Retro payroll adjustments should prompt a review of the PARs for that time period.
- You must justify in detail any retro payroll adjustments over 60 days. Keep this information in grant file for audit supporting documentation.



Cost Share or Matching

Cost share is the portion of a project that is borne by the University

- If required as part of the project, UNL must document it was provided
- Items must be in conformance with same rules/regulations as direct charges the award falls under
- Must support the work of the project
- Can include salary and non-salary items as well as third party



Third-Party Cost Share

- Cost share provided by a **third party** requires added documentation to include:
 - Copies of the supporting documentation
 - Certification that third party provided the cost share and that it wasn't used as cost share for another grant
- **Volunteer** certification must substantiate:
 - time was provided
 - a reasonable value was assessed to volunteer time
- Assign a reasonable value to **donated items** and document how the value was determined.



Material & Supplies

- Be prepared to justify the necessity for the grant award.
- Do not direct charge items such as keys, telephones or general office supplies to a grant without specific granting authority.
- Keep all information for a transaction together (invoice, bid documents, purchase order, notes, etc.).
- Timing is important. Purchase must be made during the grant period. Purchases made during the last 60-90 days of a project are scrutinized to ensure they benefit the project.





Travel


State Statute 81-1174 (passed in 2009) requires:

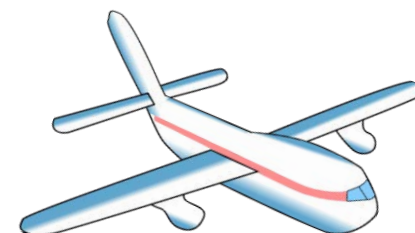
- Detailed receipts for all food/meal expenses equal to or greater than \$5.00.
- Expense reimbursement requests must be submitted no later than sixty days after the final day on which expenses were incurred.
- Each foreign receipt should be converted to U.S. dollars. Please specify the exchange rate used for these transactions.
- Each request must be fully itemized, including the amount, date, place, and essential character of the expense incurred.
- Only actual employee expenses are to be reimbursed up to the GSA maximum per day for the location in which the meal is purchased. State of Nebraska – Travel Policies Section: **Claiming per diem rates is not allowed.**

<http://travel.unl.edu/QuickLinks/ReimbQuickRef.shtml>



Travel

- Be alert for special travel conditions
- Travel must **occur** during the grant period
- Many sponsors require specific approval for foreign travel. Caution on taking laptops that contain sensitive information or software (Export Controls)
- Fly America Act 
 - U.S. flag air carrier
 - Document the requirement for travel
 - Refer to:



<http://research.unl.edu/sp1/USFlagAirCarriers.doc>



Travel – Federal (UG section E 200.474)

- **General.** Travel costs include expenses for transportation, lodging, subsistence, and related items.
- **Lodging and subsistence costs** must be considered:
 - reasonable and allowable
 - necessary to the Federal award
 - consistent with the University's established travel policy.



Travel with Students

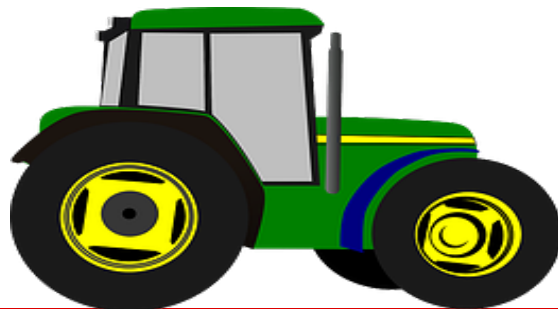
- Student Trip Insurance
 - May be purchased at a nominal daily cost
 - Is required for travel outside Lincoln and encouraged for travel within Lincoln
 - Submit requests for student trip insurance to UNL Benefits Office at least 3 days prior to departure.
- For more information:
<http://hr.unl.edu/benefits/riskmanagement/studenttrip.shtml>



Equipment

200.439 Equipment and other capital expenditures

- Capital expenditures for **general purpose equipment**, buildings, and land are unallowable as direct charges, except with the prior written approval of the federal awarding agency or pass-through entity.
- Capital expenditures for **special purpose equipment** are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the federal awarding agency or pass-through entity.

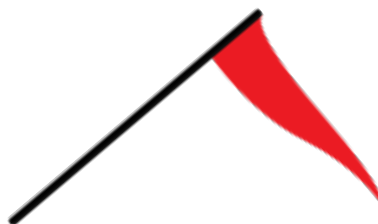




Equipment

- Keep procurement documentation in your grant file to meet retention requirements (particularly for multi-year awards.)
- Fabricated equipment updated procedure—see link
 - <http://accounting.unl.edu/asset-management/fabricatedequipment>
- **Follow UNL Business & Finance and Procurement rules**
 - <http://procurement.unl.edu>

Cost Transfers



➤ **Red** flags to auditors:

➤ Multiple transfers – “Don’t you guys know what you are doing?”

➤ Late transfers – “Aren’t you guys checking your reports?”
Or “Aren’t you just using up funds?”

➤ Incomplete or no explanations – “Why aren’t you telling us the whole story? What are you hiding?”

Cost Transfers

Explanations such as:

- to correct error
- to transfer cost
- to use up excess funds
- to close account

... are not acceptable and do not explain what happened.

All transfers of costs must provide detailed explanation as to why transfer is being made.





Cost Transfers

- Must be valid charges to the award – allowable, allocable, reasonable, consistent!
- Can't be transferred to an award to **“use up”** excess funds
- NOTE: Transfers of large, even dollar amounts look suspicious and will always be questioned.



Rebudgeting

- Required in some cases – 0% - ??%
- Consider cumulative affect when determining if grantor approval is needed
- Management tool
- Getting approval to rebudget is not the same thing as getting approval to purchase an item requiring sponsor approval



Extensions

- Timely project review makes it evident a time extension request will be needed – contact post award
- Use SAP Workflow notices to trigger extension discussions
 - Workflow notices at 90/60/30 days prior to end of grant period
- Document the need for an extension
 - Where is the project at in its timeline?
 - What is the probable time to finish the project? (Give yourself a cushion.)
 - What challenges do you have to complete this project?

“I still have money to spend” is not an acceptable reason to extend.



Extensions

- Sponsor-granted “No Cost” extensions are available on some, but not all awards
- Grantee-exercised “No Cost” extensions are available on some, but not all awards
 - If not exercised early, some sponsors revoke our ability to exercise a grantee “no cost” extension (e.g., NSF requires this option be exercised no later than 30 days prior to grant end.)




Subawards - Federal Pass-Through

- A fully-executed prime award must be in place prior to issuance of a subaward.
- Must have a signed subaward agreement before work begins, and work must be performed within the time frame of the agreement.
- Use of a subaward must be included in original proposal or have subsequent granting agency approval (agency specific). Cost share required by the subaward agreement must be reported.
- Technical progress (deliverables) must be monitored by the PI or department. At PI's request – payments can be withheld if deliverables are late or not received.



Subawards - Federal Pass-Through

- Post award will work with PI to assure deliverables are received and acceptable prior to processing invoices

- **HOT** topic with sponsors/auditors 
 - Audit supplement requires extra attention to this area
 - Audit findings at the subrecipient result in financial findings for the recipient
 - Incorporation of FFATA (Federal Funding Accountability and Transparency Act) requirements into subagreements.



Overspending an Award

- Use commitments to avoid deficits.
- Is there an additional award in process?
- Costs overruns *must* be removed from the grant within 30 days of occurrence.



Special Issues

- Changing a PI during the grant
- Reduction of effort promised
- Leave of absence (3 months or more)
- Pre-Award costs / IPAS
- Subawarding part of the grant
- Transferring award to another institution
- Timing of expenditures – last 60 – 90 days!
- When working with federal sponsors, we have a program officer and a contracts officer assigned to the project. The program officer typically has NO financial authority.



Get written permission for financial issues from the contract officer.

Remember that working with the sponsor takes time!





Other Consideration

My PI says that it is okay to purchase something that may not be allowable for this project. Who am I to question the PI?"

- Use the Uniform Guidance summary to show that the purchase is normally not an allowable expense.
- Direct your question to your project specialist or internal audit office.

How do you want your name spelled in the headline?





Project Closeout

- Normal federal closeout timeline is 90 days. If your award has less time, you have less time to complete your closeout activities.
- If your award requires a final report on the end date of the award or within 30 days, your financial transactions **MUST** be completed prior to the end date of the award.
- If your award WBS begins with a “24” and does not end on the last day of a month, you lose 30 days of the 90 day closeout period.
- Remember: 90 days means that ALL UNL is work is complete – OSP needs time for final report preparation after the departmental work is finished.



Project Closeout

SAP Workflow Notices 90-60-30 days

- Process PAFs – move salary to other cost centers or WBS numbers
- Submit all outstanding PARs
- Stop any recurring internal charges
- Do not initiate new orders for supplies or equipment and liquidate existing commitments



Project Closeout

PI responsible for final technical or progress report submission

- Final payment is sometimes contingent on receiving report
- Some sponsors will not process additional awards to a PI with delinquent reports
- Document final report submission – maintain e-mail showing submission or report cover page



Record Retention

UNL RECORD RETENTION POLICY

**** 7 years ****

- Multi-year awards
- File documentation centrally
- Retain project notes with documentation
- Make a plan for retaining PI information should PI leave the university
- Destroy financial records at end of retention period unless notified of an audit or review
- Policy under Business and Finance at:
 - [http://bf.unl.edu/policies/bf/RecordsRentention.shtml](http://bf.unl.edu/policies/bf/RecordsRetention.shtml)

What Sponsors Look For When Monitoring Us

- Effort falls below proposal levels
- Unreasonably slow progress
- Slow or accelerated expenditure of funds
- Multiple rebudgeting
- Rebudgeting funds with a restricted purpose
- Expenditures outside the approved scope of the project
- Not responding to phone calls or emails
- Habitually late reports
- Indications on the financial statements of a lawsuit or wrongdoing by an officer of the organization





Audit

Notify OSP immediately if notified of an audit or review.
Obtain contact information of reviewer and OSP will contact and manage the review or audit.



Audit Risk/Consequences

- Risk to:
 - Principal investigator
 - Department
 - UNL
- Consequences:
 - Future loss of awards
 - Financial payback
 - Loss of reputation
 - Debarred/suspended
 - Criminal charges



Questions?





Contact Information

Office of Research and Economic Development

301 Canfield Administration Bldg

<http://research.unl.edu>

Office of Sponsored Programs

151 Prem S. Paul Research Center

2200 Vine Street

472-3171

<http://research.unl.edu/sp1/>

NURAMP

472-7003

<http://research.unl.edu/nuramp/>