NURAMP SERIES MODULE 5

Administering the Award
Office Contact Information

OSP Director:
Jeanne Wicks  472-1825  jwicks2@unl.edu

Associate Director:
Suzan Lund  472-1930  slund2@unl.edu

Assistant Directors:
Deb Arent  472-6327  darent1@unl.edu
Mike Behne  472-6323  mbehne@unl.edu
# Office Contact Information

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Derek Bargmann</td>
<td>2-1894</td>
<td><a href="mailto:dbargmann2@unl.edu">dbargmann2@unl.edu</a></td>
</tr>
<tr>
<td>Donna Geviss</td>
<td>2-6321</td>
<td><a href="mailto:dgeviss2@unl.edu">dgeviss2@unl.edu</a></td>
</tr>
<tr>
<td>Belinda Gillam</td>
<td>2-7061</td>
<td><a href="mailto:bgillam@unl.edu">bgillam@unl.edu</a></td>
</tr>
<tr>
<td>Angela Gonzalez</td>
<td>2-0390</td>
<td><a href="mailto:agonzalez5@unl.edu">agonzalez5@unl.edu</a></td>
</tr>
<tr>
<td>Kathi Malone</td>
<td>2-3430</td>
<td><a href="mailto:kmalone2@unl.edu">kmalone2@unl.edu</a></td>
</tr>
<tr>
<td>Terri Murray</td>
<td>2-3112</td>
<td><a href="mailto:tmurray2@unl.edu">tmurray2@unl.edu</a></td>
</tr>
<tr>
<td>Trudy Nienaber</td>
<td>2-4370</td>
<td><a href="mailto:tnienaber2@unl.edu">tnienaber2@unl.edu</a></td>
</tr>
<tr>
<td>Mary Ellen Reeves</td>
<td>2-4334</td>
<td><a href="mailto:mreeves1@unl.edu">mreeves1@unl.edu</a></td>
</tr>
<tr>
<td>Suzanne Reinke</td>
<td>2-8633</td>
<td><a href="mailto:suzanne.reinke@unl.edu">suzanne.reinke@unl.edu</a></td>
</tr>
</tbody>
</table>
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 OMB Circulars 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 OMB Circulars and Code of Federal Regulations (CFR).
Definitions

- **Firm-Fixed Price Contract**: A 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

- OLD - OMB Circular A-21, OMB Circular A-110, OMB Circular A-133
- NEW - 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 – CHANGES!

- 2 CFR 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

- Resources: [https://cfo.gov/cofar/](https://cfo.gov/cofar/)

- Combines 8 OMB Circulars into 1

- Covers $600 billion awarded annually for grants and other types of financial assistance in over 2,000 programs under the Catalog of Federal Domestic Assistance

- *The single biggest regulatory change in the last 50 years of research administration*
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](http://www.ecfr.gov/cgi-bin/text-idx?SID=6214841a79953f26c5c230d72d6b70a1&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

- **FAR:** [http://www.acquisition.gov/far/](http://www.acquisition.gov/far/)

- **FDP:** [http://www.thefdp.org](http://www.thefdp.org)

- **UNL:** [http://bf.unl.edu/NUPoliciesProceduresInfoLinks.shtml](http://bf.unl.edu/NUPoliciesProceduresInfoLinks.shtml)

- **State of Nebraska:**
  - [http://www.das.state.ne.us/accounting/nis/amcon.htm](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

- Strongly suggest maintaining 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

200.403 Factors Affecting Allowability of Costs

- Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:
  - (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
  - (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
  - (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
  - (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
  - (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
  - (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also § 200.306 Cost sharing or matching paragraph (b).
  - (g) Be adequately documented. See also §§ 200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.
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

200.404 Reasonable Costs

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
- (c) Market prices for comparable goods or services for the geographic area.
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
- (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.
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

200.405 Allocable Costs

- (a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:
  - (1) Is incurred specifically for the Federal award;
  - (2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
  - (3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart.

- (b) All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.
Basic Consideration for Costs

200.405 Allocable Costs

- (c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.

- (d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also § 200.310 Insurance coverage through 200.316 Property trust relationship and 200.439 Equipment and other capital expenditures.
Basic Consideration for Costs

- **Treated consistently**: A cost type can’t be treated as an indirect and as a 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 versus Indirect 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)
Direct versus 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/](http://research.unl.edu/sponsoredprograms/facilities-and-administrative-cost-rates/)
Direct versus 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 versus 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
(i) Standards for Documentation of Personnel Expenses

- (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
  - (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
  - (ii) Be incorporated into the official records of the non-Federal entity;
  - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities.
(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
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,
- and the costs are not also recovered as indirect costs.
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.

**UNIVERSITY OF NEBRASKA**
**PERSONNEL ACTIVITY REPORT**

<table>
<thead>
<tr>
<th>NAME: Jane Jones</th>
<th>EMPLOYEE NO: 99999</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEPARTMENT: Any Department</td>
<td>50009999</td>
</tr>
<tr>
<td>POSITION: Professor</td>
<td></td>
</tr>
</tbody>
</table>

**WORK PERIOD FROM: 09/01/2013 TO 12/31/2013**

**RESPONSIBLE PERSON: Jones, Jane**

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>% OF EFFORT</th>
<th>WORK PERIOD</th>
<th>COST OBJECT</th>
<th>DESCRIPTION</th>
<th>ACCOUNT</th>
<th>SALARY</th>
<th>BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Instruction</td>
<td>_________ 1.</td>
<td>09/1/2013 to 09/30/2013</td>
<td>25-0506-0081-001</td>
<td>Sponsored research</td>
<td>511100</td>
<td>1,000.00</td>
<td>200.00</td>
</tr>
<tr>
<td>2. Research</td>
<td>_________ 2.</td>
<td>25-0506-0081-001</td>
<td></td>
<td>Sponsored public service</td>
<td>511100</td>
<td>2,000.00</td>
<td>100.00</td>
</tr>
<tr>
<td>3. Public Service</td>
<td>_________ 3.</td>
<td>10/1/2013 to 10/31/2013</td>
<td>25-0506-0081-001</td>
<td>Sponsored research</td>
<td>511100</td>
<td>1,000.00</td>
<td>200.00</td>
</tr>
<tr>
<td>4. Other Sponsored Activities</td>
<td>_________ 4.</td>
<td>26-0116-0145-001</td>
<td></td>
<td>Sponsored public service</td>
<td>511100</td>
<td>2,000.00</td>
<td>100.00</td>
</tr>
<tr>
<td>5. Agricultural Experiment Station</td>
<td>_________ 5.</td>
<td>216220001</td>
<td></td>
<td>Departmental research</td>
<td>511100</td>
<td>1,500.00</td>
<td>25.00</td>
</tr>
<tr>
<td>6. Cooperative Extension Service</td>
<td>_________ 6.</td>
<td>216220001</td>
<td></td>
<td>Departmental teaching</td>
<td>511100</td>
<td>500.00</td>
<td>25.00</td>
</tr>
<tr>
<td>7. Patient Care Services</td>
<td>_________ 7.</td>
<td>216220001</td>
<td></td>
<td></td>
<td>511100</td>
<td>1,000.00</td>
<td>200.00</td>
</tr>
<tr>
<td>8. Administration</td>
<td>_________ 8.</td>
<td>216220001</td>
<td></td>
<td></td>
<td>511100</td>
<td>2,000.00</td>
<td>100.00</td>
</tr>
<tr>
<td>9. Other Institutional Activities</td>
<td>_________ 9.</td>
<td>216220001</td>
<td></td>
<td></td>
<td>511100</td>
<td>1,500.00</td>
<td>25.00</td>
</tr>
</tbody>
</table>

*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** ____________

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

200.306 Cost sharing or Matching

(b) For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-Federal entity's cost sharing or matching when such contributions meet all of the following criteria:

(1) Are verifiable from the non-Federal entity's records;
(2) Are not included as contributions for any other Federal award;
(3) Are necessary and reasonable for accomplishment of project or program objectives;
(4) Are allowable under Subpart E—Cost Principles of this part;
(5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
Cost Share

200.306 Cost sharing or Matching

- (6) Are provided for in the approved budget when required by the Federal awarding agency; and
- (7) Conform to other provisions of this part, as applicable.
- (c) Unrecovered indirect costs, including indirect costs on cost sharing or matching may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency. Unrecovered indirect cost means the difference between the amount charged to the Federal award and the amount which could have been charged to the Federal award under the non-Federal entity's approved negotiated indirect cost rate.
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

200.453 Material and Supplies Costs, Including Costs of Computing Devices

- (a) Costs incurred for materials, supplies, and fabricated parts necessary to carry out a Federal award are allowable.

- (b) Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms must be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.

- (c) Materials and supplies used for the performance of a Federal award may be charged as direct costs. 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.
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. **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](http://research.unl.edu/sp1/USFlagAirCarriers.doc)
Travel – State of Nebraska

**Mileage Rate:** $0.56/mile

**Meal Reimbursement:**
- Capped based on the GSA rate for each day rather than for each meal
- Based on actual expenses
- Itemized receipts required to document actual
- **NO PER DIEM**
- No reimbursement for any meal provided as part of an event if you choose to eat elsewhere
**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](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.

- (2) 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
## Procurement Services

### Board of Regents Purchasing Policy

<table>
<thead>
<tr>
<th>ACTION</th>
<th>LIMITS</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board approval required</td>
<td>Formal BOR agenda item</td>
<td>$400,000+</td>
</tr>
<tr>
<td>Sealed bids required by purchasing</td>
<td>Includes written specification, formal vendor bids, bidding timelines and deadlines. Invitation to bid or request for proposal</td>
<td>$150,000</td>
</tr>
<tr>
<td>Informal bid process by purchasing</td>
<td>Verbal or written quotations conducted by UNL purchasing required</td>
<td>$25,000 - $149,999</td>
</tr>
<tr>
<td>Informal bid process by requesting unit</td>
<td>Verbal or written quotations conducted by requesting unit</td>
<td>$5,000 - $24,999</td>
</tr>
<tr>
<td>No bids required</td>
<td>Department option. P-Card</td>
<td>Less than $5,000</td>
</tr>
</tbody>
</table>
Procurement Services

Single/Sole Source Purchase

- Any purchase made from only a single contractor or vendor without competitive bidding
- Single/sole source purchases up to $24,999 can be approved by dean, director or department chair
- $25,000 to $149,999 requires approval by Procurement Services
- Greater than $149,999 requires approval by Vice Chancellor for Business and Finance
- Single/sole source justification form can be found at:
  - http://purchasing.nebraska.edu or at http://sapphire.nebraska.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.
Cost Transfers

- Link transfer to original transaction & include:
  - Document number
  - Original date posted
  - Original amount
  - Scanned copy of document

- Use extra text field for full explanation.
  - (Use ‘cut & paste’ or scan in documents.)

- Expenditures should always be direct charged to the grant WBS. Don’t post to a revolving account and then transfer to a grant account.

Note: Internal consulting is not allowed.
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 your post award specialist

- 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 a good 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 10 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

Prior to end date:

- Process PAFs – move salary to other cost centers or WBS
- Process PARs
- Complete all required technical reports and retain documentation of their submission
- Stop any recurring internal charges
- Liquidate commitments
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

- 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
Project Closeout

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
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 Whittier Research Center
2200 Vine Street
472-3171
http://research.unl.edu/sp1/

NURAMP
472-7003
http://research.unl.edu/nuramp/