

# Post Award Financial Management

*Presented by Post Award-Office of Sponsored Programs, Post Award-School of Engineering & Applied Sciences, Post Award-College of Arts & Sciences*

*December 6th, 2018*

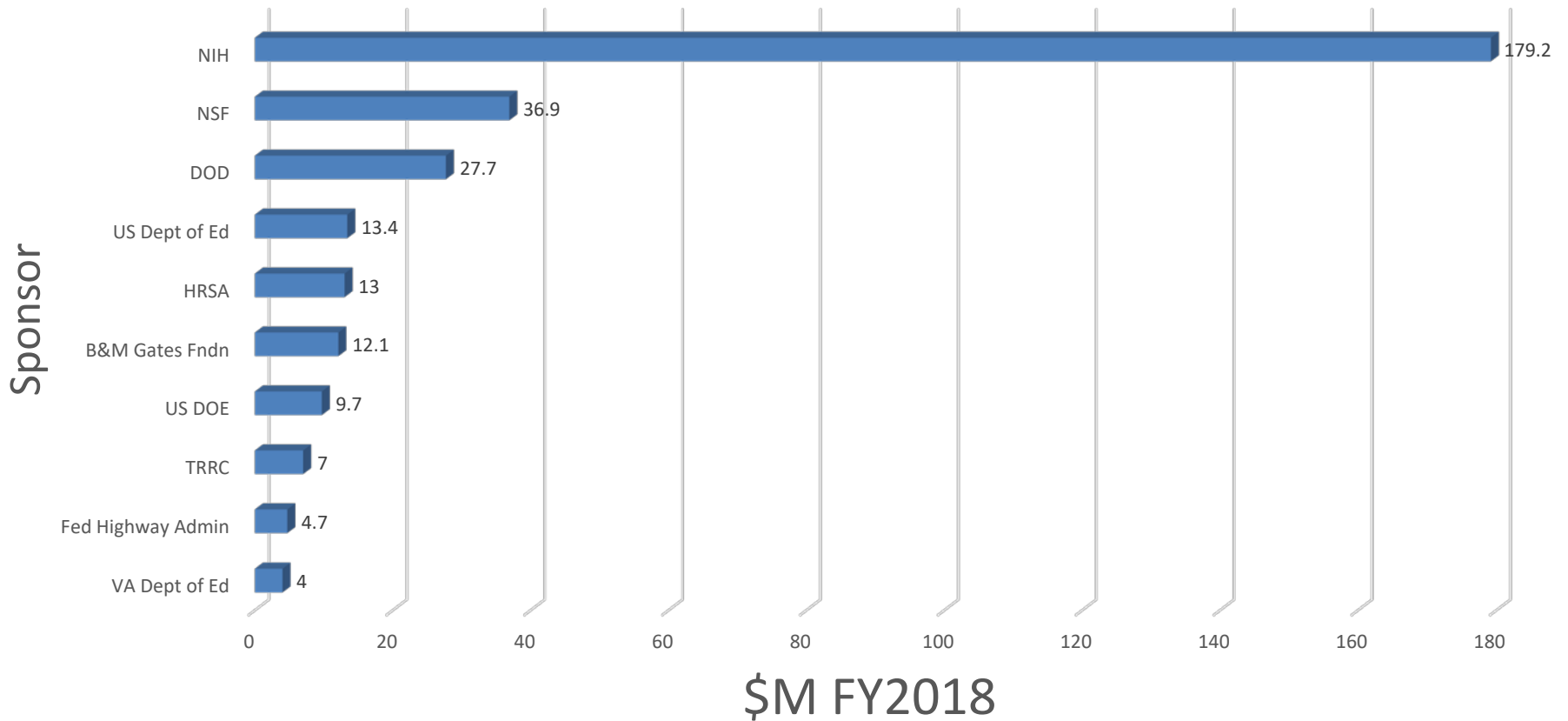


# Agenda

- Sponsored Research FY18
- Quick Recap
- Financial Management-Upon Receiving OSP NOA
- Understanding Expenditures
- Ongoing Financial Monitoring & Tools for Financial Monitoring
- Sponsored Award Closeouts
- Sponsored Project Management Resources
- Post Award Financial Training-Part 2

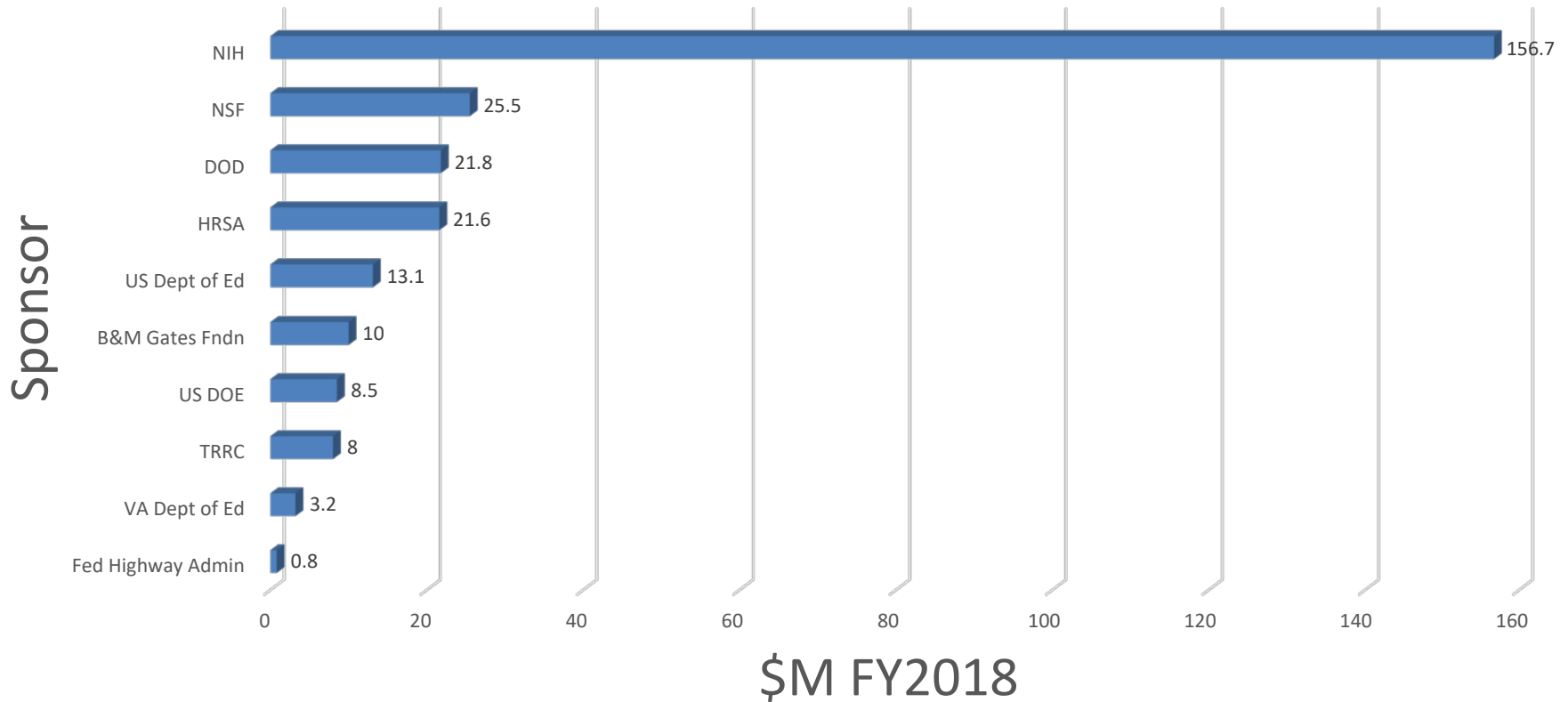
# UVA Sponsored Research Awards FY2018

What is the breakout by **Originating Sponsor** for **Award Dollars**?



# UVA Sponsored Research Expenditures FY2018

What is the breakout by **Originating Sponsor** for **Expenditure Dollars**?



# Quick Recap-Award Mechanisms

## GRANTS

- Financial assistance for public benefit
- Low level sponsor involvement, more flexibility for grantee, few restrictions
- Typically funds research aims and objectives
- Cost reimbursable, flexible re-budgeting
- Governing framework 2CFR200, UG

## CONTRACTS

- Purchasing action of tangible goods/services for sponsor benefit (R&D, supplies, services, construction)
- Stricter agreement terms: long and detailed specifications, clauses, regulations (PoP, scope of work, deliverables and reporting)
- Governing framework FAR/Agency specific

## COOPERATIVE AGREEMENTS

- Financial assistance for public benefit with more significant sponsor involvement (e.g. sponsor often writes scope of work)
- Typically larger scale projects (e.g. NIH U01/CTSA)
- Cost reimbursable, usually flexible re-budgeting
- Governing framework 2CFR200, award specific

## GIFTS (NOT managed by OSP)

- Given by a donor with no contractual obligations or deliverables due
- Donor can specify how the gift is to be utilized

# Quick Recap-2CFR200/Uniform Guidance (UG)

Governs GRANTS and COOPERATIVE AGREEMENTS, terms can be referenced in other award mechanisms, comprises of administrative requirements, cost principles and audit requirements for recipients

UG requires the nonfederal entity to be assigned designated cognizant agencies (federal agencies)

- ✓ for reviewing, negotiating, & approving F&A rate proposal
- ✓ oversight for audits
  - ✓ Department of Health and Human Services (DHHS) has both responsibilities for UVA

UG requires universities receiving aggregate federal awards totaling \$50M or more in most current fiscal year to

- disclose accounting practices in Disclosure Statement-2 (DS-2), reviewed and approved by DHHS
- comply with Cost Accounting Standards Board's cost accounting standards (CAS)
  - 48CFR 9905.501, 9905.502, 9905.505, 9905.506

2CFR Part 200 or the Uniform Guidance has six subparts

A – acronyms, definitions explanation

B – General Provisions

C – Pre-award requirements

D – Post-award requirements

E – Cost Principles - Allowable, Allocable, Reasonable, Consistent

F – Audit requirements – Single Audits

# Quick Recap-Research Terms & Conditions

RTCs implement the requirements of the Uniform Guidance (issued by OMB) as it applies to research awards from participating executive agencies. NSF is the agency sponsor and latest to implement RTCs was NASA.

Includes flexibility for additional individual agency clarification through the use of appendices and matrices (UG terms appear side by side to the RTC clarification).

Also includes:

- Prior Approval Matrix  
Specific agency requirements for prior approval requests
- Subaward Requirements  
Specific agency requirements for subaward issuance to range of institutions
- National Policy Requirements

Aims:

1. Increase consistency in administration of Federal research
2. Reduce administrative burden associated with research awards

<https://www.nsf.gov/awards/managing/rtc.jsp>

# Post Award Financial Management

## OSP Notice of Award (NOA)

- Generated once Project-Award-Task-Organization (PTAO) is set up in Oracle, distributed to Principal Investigator (PI), OSP, Fiscal Contact and others
- Contains important award information
- NOA is an indication that an award has been received at UVA (with the exception of advance PTAO aka At Risk account)
  - Central Office Review
  - Departmental Review



# OSP Post Award Review of Award Upon Receiving OSP NOA

OSP Post Award reviews sponsor award document and UVA NOA for

- ✓ Sponsor name, CFDA #, NIH Document Number, FAIN #
- ✓ Award grant or contract number=Funding Source Award Number
- ✓ Sponsor terms and conditions, including special requirements (cost sharing, NIH salary cap, budget restrictions, non-standard equipment terms, subcontracting plans, etc.)
- ✓ Sponsor Authorized Period of Performance = PTAO Start and End Dates
- ✓ F&A Rate/s
- ✓ Funding Source = Award Purpose Codes
- ✓ Invoicing & reporting requirements
- ✓ Budget, authorized spending amount=PTAO funding, subawards

# Financial Invoicing and Reporting Requirements

Award Type	Invoice	Financial Report
Federal Contract	SF1034	None
Non Federal Contract	Sponsor template, try to send SF1034	May be
Federal Grant/Cooperative Agreement	SF270	SF425
Non Federal Grant	Sponsor template, try to send SF270	Sponsor template

Funds on federal sponsored projects rarely paid upfront – we invoice or perform LOC drawdowns to get reimbursed for expenses

Federal agencies are required to use Standard Forms (SF) for all types of reporting & invoicing

Federal agencies use Standard Form 425 (aka Federal Financial Report, or FFR) for reporting

# Department Review of Award Upon Receiving OSP NOA

- Award, Project, Task – start and end dates
- Internal sub-projects – start and end dates
- (Labor Encumbrance End Date) LEED date for labor encumbrance
- Sponsor deliverables, progress reports, cost projections, other deliverables
- Sponsor terms and conditions, especially non-standard terms (equipment terms, restrictions on foreign travel, re-budgeting restrictions, etc.)
- Budget reductions (e.g. under continuing resolution) may need to be addressed with the sponsor (adjust effort or SOW)
- Roles and responsibilities for fiscal management, Effort Reporting Coordinator
- Special award requirements
  - Cost sharing
  - Program income
  - Interest bearing projects
  - NIH salary cap
  - Prior approvals for carrying forward balances between budget periods

# Department Review of Award Budget

- Budget
  - Effort commitment of the PI/Co-PI/other key personnel
  - External subawards
  - Equipment
  - Materials and Supplies
  - Travel
  - Graduate Research Assistants/tuition remission
  - Participant support costs
  - Patient care costs

# Understanding Expenditures

# Cost Principles-Uniform Guidance, Subpart E (2CFR 200.400)

## Basic Considerations

- allowable
- allocable
- reasonable
- consistently applied

## Direct or F&A

- Classification of costs

## Special Considerations

- Cost Accounting Standard (CAS)
- Disclosure Statement (DS-2)

## General Provisions for Selected Items of Costs

- Principles to apply for allowability
- Includes examples of costs 421-475

# Cost Accounting Standards

- Cost Accounting Standards (CAS) located at 48 CFR 9905 require:
  - Consistency in estimating, accumulating, and reporting costs (.501);
  - Consistency in allocating costs incurred in like circumstances for the same purposes (.502);
  - Identification and exclusion of specifically identifiable unallowable costs (.505); and
  - Consistency in the selection and use of a cost accounting period (.506).

# System Controls for Financial Management via PTAOs

- Award
  - “Allowable Cost Schedule” controls expenses that can be charged to the PTAO
  - Burden schedules control Facilities & Administrative (F&A, aka, indirect costs) rate application on Project expenses
- Project
  - “Transaction Controls” limits expenses that can be charged to the Project
  - Some expenditure types (e-types) are locked at the Project level and require a Federal Cost Exception Request (FCER) for OSP to allow posting of expenses (example: patient care costs)
  - For subaward projects, only subcontract and F&A e-types are allowed
  - Burden schedule override feature, used to apply different F&A rate than the PTAO



# Oracle Expenditure Categories

- Expenditure categories are major cost categories :
  - Faculty Salaries
  - Classified Salaries
  - University Staff
  - Scholarships and Fellowships
  - Supplies & Materials
  - Contractual Services
  - Travel
  - Equipment
  - UVA, F&A Costs
  - UVA, Fringe Benefits
    - and many more.....

# Oracle Expenditure Categories Vs. OSP Budget Categories

- Faculty Salaries
  - Classified Salaries
  - University Staff
  - Scholarships and Fellowships
  - Supplies & Materials
  - Contractual Services
  - Travel
  - Equipment
  - UVA, F&A Costs
  - UVA, Fringe Benefits
    - and many more.....
- OSP Only, Personnel
  - OSP Only, Personnel
  - OSP Only, Personnel
  - OSP, Trainee Stipend
  - OSP Only, Mats & Supp
  - OSP Only, Consultant Svc
  - OSP Only, Travel
  - OSP Only, Equipment
  - OSP Only, F&A
  - OSP Only, FB

# Expenditure Types - Descriptions

- Expenditure types are more definitive cost types linked to expenditure categories:
  - Salaries may be: Bi-weekly salaries, faculty salaries, student wages, etc.
  - Stipends may be: trainees, fellowships, participant support
  - Supplies & Materials include: Supplies & Materials-pcard; Supplies, Books; Supplies, Lab, etc.

# Expenditure Types

- More examples of expenditure types
  - SVCs, Subcontracts, OSP No F&A
  - SVCs, Subcontracts, Spon Prgm
  - SVCs, Temp, UVA
  - Travel, Subsist & Lodging, For
  - Travel, Subsist & Lodging, US
  - Eq Capital Electronic
  - Employee, Moving Exp, Taxable

# Expenditure Types with Special Conditions

under federal awards & some other sources -

- Administrative salaries and other F&A type expenses
- Equipment
- Foreign travel
- Honoraria
- Participant support costs
- Relocation costs

# Administrative costs

- Administrative salaries are normally charged as F&A costs, but may be acceptable if (2CFR200.412):
  - (1) Administrative or clerical services are integral to a project or activity;
  - (2) Individuals involved can be specifically identified with the project or activity;
  - (3) *Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and*
  - (4) The costs are not also recovered as indirect costs.

# Equipment

- General Purpose Equipment (not allowed as direct cost)
  - Equipment not limited to research, scientific or other technical activities
  - Examples: office equipment and furnishings (please don't try to buy a sofa), telephones, information technology equipment, printing equipment, etc.
  - Unallowable as direct charges except where approved in advance by the sponsor
- Special Purpose Equipment (may be allowed as direct cost)
  - Equipment limited to research, scientific or other technical activities
  - University definition of equipment:
    - Stand-alone movable item, acquisition value of \$5,000 or more AND useful life of at least one year
  - University-wide equipment tracking required if research sponsor is Federal government
    - Loaned or sponsor furnished equipment needs to be tracked by UVA Fixed Asset
  - Special considerations for equipment funded by ETF

# Travel – Domestic and Foreign

- Travel
  - Airfare in excess of lowest available (economy) rate is unallowable
    - Exceptions usually available if “lowest available” would result in traveling at unreasonable hours, excessively prolong the duration of travel, etc. and to accommodate traveler’s medical need (documentation required)
  - International travel
    - Often requires prior approval from sponsor
    - Federal funds: Fly America Act and Open Skies Agreement
      - Exceptions to the Fly America Act should be obtained prior to travel, even if international travel is included in the budget



# Honoraria

## Definition of honorarium

- General description of honorarium is a one time payment to a non-employee for showing appreciation for participation in university educational, research, or public service activities

Per federal guidelines, it is:

- **Unallowable** when the primary intent is to confer distinction on, or to symbolize respect, esteem, or admiration for, the recipient of the honorarium
- **Allowable** when a payment is made to an individual for services rendered, such as a *speaker's fee* under a *conference grant* or conference is included in the approved budget

# Participant Support Costs

- Federal research grants may include funds for participants or trainees attending meetings, conferences, symposia or training projects
- Allowable direct costs are stipends or subsistence allowances, travel allowances and registration fees paid to or on behalf of participants or trainees (not *employees*) in connection with conferences, or training projects
- Sponsor approval is required both to use funds for participant support, and to use such funds for other purposes (re-budgeting from this category)

# Recruitment Costs

- **Relocation Costs** are allowable when
  - incurred for recruitment of a new employee
  - Employee is being funded in whole or in part to a Federal award
- Important to remember that relocation costs will be refunded when:
  - the newly hired employee *resigns for reasons within the employee's control within 12 months after hire*
- Short term travel visa costs (as opposed to longer-term, immigration visas) are allowable when proposed as direct cost
  - Need to be consistently treated per UVA's accounting practices & policies
  - Premium processing fees, dependents fees are not allowable

# Subawards

*Subaward means an award provided by a pass-through entity (PTE) to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity.*

UVA (PTE) issues an award to another legal entity charging the costs of performance of the entity to a sponsored award

- formal binding agreement between UVA and the entity where:
  - A defined portion of the intellectually significant activity (scope of work) is performed by an outside entity at its site
- ✓ Sub is responsible for programmatic decision making
- ✓ Sub must comply with sponsored compliance requirements (IRB, IACUC, sponsor restrictions, publication, IP rights)
- ✓ Sub uses sponsored funds to undertake the research as compared to providing goods or services

# Upcoming Changes in Subaward Set-Up & Management

- Starting January 2019, when submitting the standard documents for *outgoing subcontracts (SP-30)*, the Grants Administrator at the Departments will be required to include an Oracle Requisition Number
- Requisitions in Oracle will be similar to other 'open/standing' PO's – they will be open for the award period of performance to receive invoices
- Workflow in Oracle has been changed to route all subcontract requisitions directly to OSP
- OSP will change the requisition to Purchase Order
- Fully executed agreement and PO will be distributed to Subrecipient, PI, and Grants Administrator in the Department
- OSP Post Award will review and enter invoices in Oracle
- Department will obtain PI approval and receipt and upload invoice in Oracle PO

*More on the new process during Part 2 of this training*

# Understanding F&A Rates



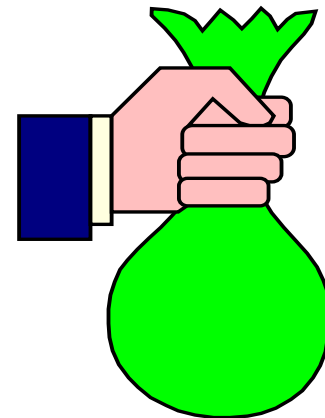
# Why an F&A Cost Rate?



- It is federal policy to provide for the reimbursement of facilities and administrative (F&A) costs except when specific limitations and prohibitions exist
- This is accomplished through use of an F&A rate
- The cognizant agency negotiates and approves the F&A rates for an educational institution on behalf of all Federal agencies (2 CFR 200 App III C.11.a(1))

# What is the F&A Cost Rate?

- A single number that reimburses the institution for the use of:
  - Buildings
  - Equipment
  - Interest on Debt for Buildings
  - O&M
  - General Administration
  - Departmental Administration
  - Sponsored Projects Administration
  - Library





# Calculation of the Facilities & Administrative Cost Rate (aka = Indirect Cost Rate)

## F&A COSTS

- Building Depreciation
- Equipment Depreciation
- Interest on Debt
- Operations & Maintenance
- Library Support
- General Administration
- Departmental Administration
- Sponsored Project Administration

## DIRECT COSTS

- Research Salaries & Fringes
- Consultant Services
- Travel
- Technical Services
- Research Supplies
- Subcontracts up to \$25,000
- Committed Cost Sharing

\$69,540,000 ← F&A Costs ÷ Direct Costs → \$114,000,000

0.61 = 61%

# The Direct Cost Bases

- Bases represent an institution's direct costs activities  
*App III A.1:*
  - Instruction and departmental research (IDR)
    - Sponsored instruction and training
    - Departmental research
  - Organized research (OR)
    - Research Training
    - Sponsored research
    - University research
  - Other sponsored activities (OSA)
  - Other institutional activities (OIA)

# The Direct Cost Bases

- *App III C.2* discusses the distribution basis for F&A cost rates and defines it as modified total direct costs (MTDC).
- MTDC usually includes
  - Salaries and wages & associated fringe benefits
  - Materials and supplies
  - Services
  - Travel
  - Sub-grants and subcontracts up to the first \$25,000

# The Direct Cost Bases

- MTDC excludes
  - Sub-grant and subcontract costs over \$25,000
  - Equipment (capital equipment only)
  - Capital expenditures
  - Patient care
  - Tuition remission
  - Scholarships and fellowships
  - Space rental costs
  - Participant support costs

# Ongoing Financial Monitoring

# Ongoing Financial Management By OSP Post Award

- OSP Post Award reviews
  - Expenses are allowable, allocable and consistent
  - Expenses are all within POP
  - Confirms subaward payments are complete
  - F&A is calculated correctly
  - Expenses incurred are billed to the sponsor
  - Financial reports are verified & submitted timely,
    - cost shared expenses
    - Program income earned/expensed
    - Interest on advance payments are added to the award
  - Effort certificates are distributed and returned with PI signature
  - Retro cost corrections are reviewed for appropriate justifications
  - Re-budgeting requests, Federal Cost Exception Requests (FCERs) are processed timely

# Ongoing Financial Monitoring-Subrecipients By OSP Post Award

- Ensure invoices received are in accordance with the subaward requirements with correct level of detail/backup (including cost sharing if required)
- Check for duplicate costs and that all items are allowable, allocable, reasonable and consistent
- Verify expenses are within POP, verify receipt of invoice marked FINAL
- Ensure PI acknowledgement of alignment of expenses with technical progress

# Ongoing Financial Monitoring By Departments

- Perform monthly reconciliation of expenditures using recon@ <http://recon.vpfinance.virginia.edu/index>
  - Timely processing of cost corrections (aka cost transfers, OTPS-other than personnel services and labor adjustments)
- Track spending patterns, burn rates, address projected deficits or large unspent balances, re-budgeting needs, funding needs
  - Include similar tracking on cost sharing companion accounts
- Keep labor schedules updated for research personnel changes
- Effort reports are reviewed and certified timely



# Financial Management – Areas of Concern

*UG required certification by institutional official (2CFR200.415): “By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).”*

## Areas of concern:

- Misuse of funds – fraud, waste, abuse
- Unallowable costs
- Allocation of costs (directs/F&A)
- Accelerated expenditures
- Unobligated balances
- Cost share tracking and reporting
- Cost transfers (late, weak justification)
- Late and incorrect reporting
- Posting of refunds/rebates

# Tools for Financial Monitoring

# Tools for Financial Monitoring

- UBI reports
  - GA module Analysis\_Actuals, BBA (budget balance available), GA reference (Award information, no financials)
  - A/R module-Inv Detail reports (OSP invoices submitted to sponsors)
- ResearchUVA
  - Pull up award document by Research Idea, PI, sponsor award no, Oracle award no, etc. – note that at the RI level, you will see the widest range of documents/actions
- recon@
- effort@

# Tools for Ongoing Financial Monitoring

## Award Prefixes

GA	NSF-LOC	National Science Foundation - LOC
GB	DHHS-LOC	Division of Health & Human Services - LOC-Sub Accounting
GC	DHHS-LOC	Division of Health & Human Services - LOC-Pooled Accounting
GD	NASA, Langley-LOC	NASA, Langley - LOC
GE	CIT-LOC	Center for Innovative Technology - LOC
GF	Foundations	Foundations
GG	Government (non-LOC)	Government (non-LOC)
GH	End. for Humanities-LOC	Endowment for the Humanities - LOC
GI	Industry	Industry
GJ	End. for Humanities (VFFTH)-LOC	Endowment for the Humanities (VFH) - LOC
GK	EPA-LOC	Environmental Protection Agency - LOC
GL	DOCommerce (NOAA)-LOC	Department of Commerce (NOAA) - LOC
GM	DOEducation-LOC	Department of Education - LOC
GN	Not used	Not used
GO	Other Universities	Other Universities
GP	NASA, Goddard-LOC	NASA, Goddard - LOC
GQ	DOEnergy, Chicago-LOC	Department of Energy, Chicago - LOC
GR	NASA, Glenn-LOC	NASA, Glenn - LOC
GS	State	State
GW	DOEducation, College at Wise	Department of Education For College at Wise - LOC

# Award Closeout

# Award Closeout

## OSP Post Award

- sends 90 day notifications to divisions
- closes all projects under main (sponsor) and cost sharing awards
- submits final financial report/invoice/refund check

## Department

- clears open encumbrances/POs
- approves subawardee' s final invoices
- ends labor distribution schedules
- assigns personnel to other projects

## PI

- Submits final technical report/deliverables

# Award Closeout (cont.)

## Fixed Asset

- submits final property report

## OSP Pre-award

- submits final patent report
- follows up on late technical reports

## Sponsor

- accepts final reports/deliverables
- releases final payment

## Record Retention

- records are retained according to UVA policies

# Resources



# Sponsored Project Management Resources

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (aka UG)

[https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

UVA Policy Directory

<https://uvapolicy.virginia.edu/>

Office of Sponsored Programs- Policies and Procedures

<http://sponsoredprograms.virginia.edu/policies-and-procedures>

OSP Award Management FAQs

<http://sponsoredprograms.virginia.edu/faqs>

OSP Important Institutional Information

<http://sponsoredprograms.virginia.edu/important-institutional-information>

Research Terms and Conditions

<https://www.nsf.gov/awards/managing/rtc.jsp>

National Science Foundation – Proposal & Award Policies & Procedures Guide (PAPPG)

[https://www.nsf.gov/publications/pub\\_summ.jsp?ods\\_key=nsf19001](https://www.nsf.gov/publications/pub_summ.jsp?ods_key=nsf19001)

National Institute of Health Grants Policy Statement

<https://grants.nih.gov/policy/nihgps/index.htm>

# OSP Post Award Contacts

## Post Award Contacts

<http://sponsoredprograms.virginia.edu/contact>

## Portfolio Responsibility

### **Taylor Hoelscher**

Accountant

teh6c | (434) 243-7294

**Portfolio Responsibility**

### **Taylor Hoelscher**

- 40025 - HS-Health Sciences Library
- 40400 - MD-BIOC Biochem/Mole Genetics
- 40455 - MD-NESC Neuroscience
- 40530 - MD-CPHG Ctr for Public Health Genomics
- 40450 - MD-MPHY Mole Phys & Biophysics
- 40525 - MD-CVRC Ctr/CV Research
- 40760 - MD-INMD Gen, Geri, Pall, Hosp
- 40470 - MD-VCTR-0
- 40820 - MD-NERS CV Disease
- 40860 - MD-OBGY Ob & Gyn, Admin
- 40865 - MD-OBGY Gyn Oncology
- 40880 - MD-OBGY Midlife Health
- 40916 - MD-ORTP Ortho Research
- 41005 - MD-PATH Surgical Path
- 41010 - MD-PATH Clinical Pathology
- 41017 - MD-PATH Research

# Topics for Post Award Financial Management-Part 2

Award Special Conditions, tools and resources for monitoring

- Cost Sharing
- Cost Transfers
- Prior Approval Requirements
- Effort Reporting
- Subaward Management
- Program Income and Investment Income