

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 13th, 2018



Agenda

- Recap Award Governing Principles (Uniform Guidance vs FAR)
- Standards of Financial Management
- Cost Sharing
- Cost Transfers
- Effort Reporting
- Program Income
- Subaward Management
- Audits

Contracts vs. Grants/Cooperative Agreements

Contract

- Acquisition/Procurement
- Research topic stipulated
- Intent to accomplish Gov purpose
- Terms based on FAR & other contract language

Grant & Cooperative Agreement

- Financial Assistance
- PI develops research theme/goals
- Intent to accomplish public purpose
- Terms based on Uniform Guidance

Quick Recap-Award Governing Principles Uniform Guidance (UG) & Federal Acquisition Regulations (FAR)

2CFR Part 200 or the Uniform Guidance governs GRANTS and COOPERATIVE AGREEMENTS, terms can be referenced in other award mechanisms, comprises of administrative requirements, cost principles and audit requirements for recipients

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

Research Terms and Conditions (RTC) implement the requirements of the Uniform Guidance as it applies to research awards from *participating federal agencies*, includes flexibility for additional individual agency clarification through the use of appendices and matrices (UG terms appear side by side to the RTC clarification).

Federal Acquisition Regulations (FAR) are for federal contracts, intent is to contain all administrative requirements for acquisitions across federal agencies and apply to all entities (commercial, educational, non-profit, etc.). Full text of the clause may be in the contract or incorporated by reference, supplemented by Agency specific clauses that either implement existing, basic FAR clauses or provide supplemental guidance to basic FAR.

STANDARDS FOR FINANCIAL MANAGEMENT-SUBPART D



Subpart D: Standards for Financial and Program Management

Financial system must:

1. Be able to identify federal awards received and expended
2. Accurate, current and complete disclosure of financial results of federal program for financial reporting
3. Records identifying source and application of funds for federally funded activities
4. Effective control over, and accountability for, all funds, property and other assets
5. Comparison of expenditures with budget amounts for each federal award
6. Written procedures for payment and determining the allowability of costs

Subpart D: Standards for Financial and Program Management

Internal controls per the UG:

1. Award recipient is required to establish and maintain effective internal controls to provide reasonable assurance that the federal awards are managed in compliance with federal regulations and statutes
2. The internal controls should be in compliance with “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)

Subpart D: Standards for Financial and Program Management

Revision of budget and program plans per the UG:

- a) For the federal agency, approved budget summarizes financial aspects of the program
- b) Deviations from budget or project scope or objective needs to be reported to the agency
- c) Request for prior approvals are required for one or more of the following:
 - a) Change in scope/objective, even without budget revision
 - b) Change in key person specified in the award application
 - c) Disengagement of the PI or PD from the project for more than 3 months, or a 25 percent reduction in time devoted to the project
 - d) Inclusion of costs that require prior approval per subpart E (2CFR200.407)
 - e) Re-budgeting from participant support costs to other categories
 - f) Changes in subawards or contracting out of any work under award
 - g) Changes in approved cost sharing or matching
 - h) Need for additional federal funds to complete the project

Subpart D: Standards for Financial and Program Management

Federal awarding agency is authorized to waive prior approval request for:

- a) Incurring project costs 90 calendar days before the award is made at the recipient's risk
- b) A one-time extension of the period of performance by up to 12 months, recipient must notify the agency in writing and 10 days before the end of the period of performance
 - May not be exercised merely for the purpose of using unspent balance
- c) Carry forward unobligated balances to subsequent period of performance

Case Study-1

PI, Prof. Smith, requests her department research administrator to send an email to OSP to extend her NSF grant by 12 months. The request does not get processed, and the PI asks the DRA as to why OSP is late in processing the no cost extension. What should have been the appropriate process for requesting a no cost extension:

- a) Send an email to the grant assistant and when an out of office message is received, forward to another grant assistant
- b) Submit a SP23 form to ospnoa email address
- c) Contact post award contact to process the no cost extension request

Case Study-2

The department fiscal contact is invited to a farewell party for a faculty who is moving to Florida State University within the next two days. The fiscal contact helps this faculty reconcile his accounts/PTAOs, which include 4 sponsored projects. Who should the fiscal contact notify of this faculty's resignation:

- a) Department Chair
- b) Office of Sponsored Programs
- c) Fixed Asset
- d) Department Post Award Office
- e) All of the above

COST SHARING

Cost Sharing

Cost Sharing represents the sponsored project costs (direct and indirect) that would normally be borne by the sponsor, but instead are covered by the institution or a third party, such as a subcontractor

Types of cost sharing

- **Mandatory** – Required by the sponsor & an award condition included in the solicitation which needs to be included in the MTDC base for F&A rate calculation
- **Voluntary Committed** – Not required by the sponsor, but PI offers *quantifiable* institutional resources in the proposal; when awarded, becomes a binding commitment which needs to be included in the MTDC base for F&A rate
- **Voluntary Uncommitted** - Institution supports research costs, which are not included or quantified in the proposal; when awarded, does not become a binding commitment and does not need to be included in the MTDC base for F&A rate calculation
- **Over-the-cap commitments** (e.g., *NIH salary cap*) – *statutory requirements, needs to be included in the MTDC base for F&A rate calculation*

Considerations Before Committing to Cost Share

- Federal guidelines specifically state “**voluntary committed** cost sharing” is not expected in proposals and cannot be used as a factor during the merit review process (2CFR200.306)
- Cost sharing increases *administrative* burden on the research team, increases *audit risks* for the institution, & negatively impacts the *F&A rate and thus F&A recovery*
- Commitments from non-UVA organizations require the research team to confirm third party collaborations via letters of intent
- PIs could avoid voluntarily offering cost sharing (*in most of the cases*):
 - If the solicitation does not call for it, consider including institutional resources in *non-monetary* terms and in “facilities, equipment and other resources” section, not as cost sharing
 - Non-quantified support is not a commitment of cost sharing

KNOW THE RULES!



Relationship Between Budget, PI Effort, Cost Sharing

Federal guidelines require federally funded programs to have “some level of committed faculty (or senior researchers) effort, paid or unpaid”

UVA FIN-028 Policy: The minimum amount of effort committed to a specific sponsored program may be no less than 1% of the employee’s ‘*University effort*.’ Beyond this minimum, the specific amount of effort committed to a particular sponsored program is left to the judgment of the Principal Investigator/Program Director, based on his or her estimate of the effort necessary to meet the technical goals and outcomes of the project.

Relationship Between Budget, PI Effort, Cost Sharing

Key personnel effort in the proposal = formal commitment

Key personnel effort in the *proposal* but no corresponding salary in the budget = cost sharing

Award resulting from *proposal* with key personnel effort, without corresponding salary in the budget = *committed (mandatory or voluntarily offered)* cost sharing

Higher effort spent than *committed*, and not charged to award = voluntary *uncommitted* cost sharing

Case Study 1

The PI submits a research proposal to NASA. As part of the budget justification, the sponsor requires a table detailing the FTE commitment of any individual involved in the project, even if the individual will not receive any salary from the project.

OSP Pre-Award reviewer notices that there are two individuals included in the FTE Commitment Table who are not included in the budget, each of whom is listed at 5% time. She asks the department administrator if these individuals were accidentally left out of the budget and is informed that they are collaborators who will contribute their time but who will not be paid from the grant. The EPRF (proposal routing form) signed by the PI and the Chair indicates that there is no cost sharing.

Is this cost sharing? If so, what kind? Will it have to be tracked and reported? What additional information does Pre-Award require before submitting the proposal?

Award with Cost Sharing – Now What?

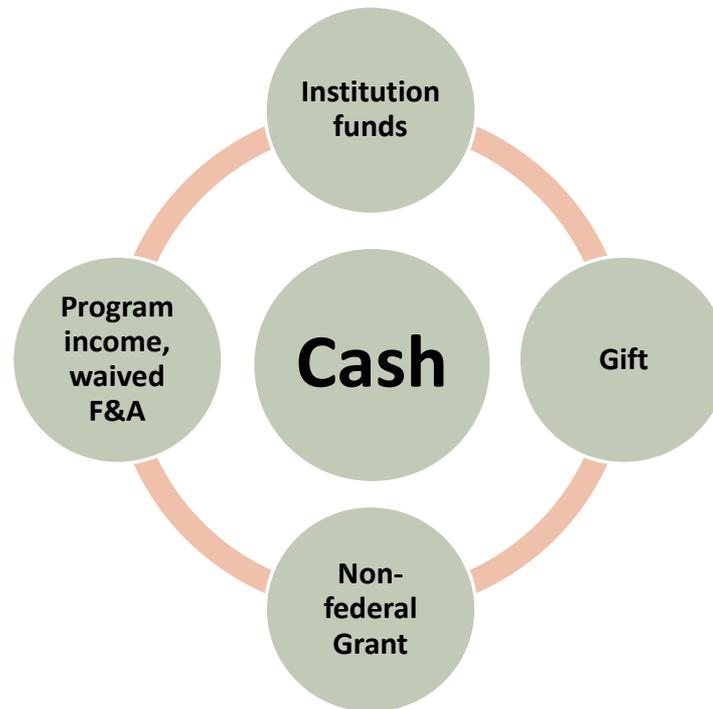
Review of cost sharing commitment during Award acceptance

- Award arrives with same \$s as requested
- Award arrives with fewer \$s and without formal discussion between sponsor and awardee
- Award arrives with fewer \$s after negotiation and revised budget

Award with Cost Sharing – Now What?

- Cost sharing requirement is entered in Oracle/Reference tab with cost share code which is included in the OSP Notice of Award
- Cost share codes used at UVA:
 - 0-Salary/effort; 2- No cost sharing; 3-OTPS; 4-OTPS and Salary; 5-MTDC exclusions; 6-Waived indirect costs; 7-Third party external; 8-External sub; 9-External sub and UVA
- Cost sharing funding source/s re-confirmed at the Award acceptance stage & cost share companion account (CS award) is set up by Post Award
- Important to remember that, cost shared expenditure are...
 - Subject to federal cost principles
 - Subject to audit
 - Easily identifiable for F&A rate proposal

Cost Sharing Funding Source-Cash



Cost Sharing Funding Source-Cash

Required by the Federal guidelines

- easily verifiable from financial records
- not included as contributions for another award
- necessary and reasonable for accomplishing program objective
- allowable per federal cost principles
- not paid for by another federal award (few exceptions)
- unrecovered indirect costs (waived F&A on the sponsored award or unrecovered F&A on cost shared direct costs) have sponsor approval

Funding and Expending CS Companion Accounts

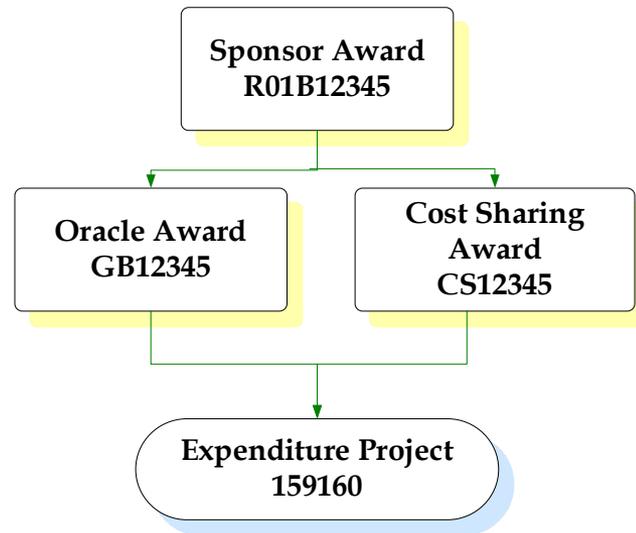
Cost sharing companion awards are funded from institutional funding source/s identified by the department

CS award is linked to the Revenue Project of the Institutional non-G Award (e.g., ER12345.155960)

Cost sharing companion awards expend through sponsored award expenditure project

CS award is linked to the Expenditure Project of the sponsored award (e.g., GB12345.159160)

Cost Sharing Companion Account Structure



Cost Sharing Funding Source-Non Cash

Sub-awardee cost sharing

- request sub-awardee to submit periodic cost sharing reports
- Sub-awardee invoices should reflect inception to date cost shared amounts
- UVA PI approval/acceptance of sub's certification is a must

Donated property

- Document value of the donation

Unfunded collaborators

- request cost share certification quantifying amounts

Case Study 2

The PI submits a proposal to the Department of Energy which *requires* 20% cost sharing. The PI intended to meet the cost share requirement with technical services provided by a local utility company at no cost to UVA since they were interested in the research. DOE issued the award, and gave the PI the exact amount requested in the proposal. PI's department administrator contacted the company to follow up on its portion of the cost share commitment, but was surprised to find out that company had decided against participating in the research.

The PI and Department Chair were immediately notified by the department administrator who also informed OSP. OSP presented three options: 1) Cover the cost sharing from discretionary funds; 2) Cover the cost sharing from another award; or 3) Return the award to DOE. The PI responded to OSP that he had a NSF grant that was for similar research which he would use to meet the cost sharing requirement.

What do you think; will this straight forward solution to cover the cost sharing commitment work for this PI? Could this situation been avoided? Who would perform the work that was going to be done by the local utility company? How will UVA PI fulfill the commitment?

Impacts of Cost Sharing

- Financial-F&A Rate: Reduces F&A rate
- Administrative Burden: PI and department administrators need to reconcile additional PTAO
- Compliance: Increases audit risks
- *Surely some positive impacts – supporting award-winning research!*

Calculation of the Facilities & Administrative Cost Rate

No Cost Sharing

F&A COSTS

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

DIRECT COSTS (Research Base)

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

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

↓

0.61 = 61%

Calculation of the Facilities & Administrative Cost Rate

With Cost Sharing

F&A COSTS

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

DIRECT COSTS (Research Base)

- Research Salaries & Fringes
- Consultant Services
- Travel
- Technical Services
- Research Supplies
- Subcontracts up to \$25,000
- **Cost Sharing \$1.5M**

\$69,540,000 ← F&A Costs ÷ Direct Costs → \$115,500,000

↓

0.60 = 60%

Impact of Cost Sharing-Administrative

- Need to track cost shared expenditures in the financial system using CS awards
- Funding source/s used for cost sharing to be identified, documented with appropriate approvals
- Expenditures reviewed with same scrutiny as the sponsored award
 - Companion account set up with same transaction controls as sponsored award
 - If no companion account, the cost share funding source PTAO/s need to have unique Project or Task for tracking as cost sharing for the sponsored award
- Third party (external subaward) cost sharing needs to be certified by the sub-awardee PI and UVA PI
- Late invoicing or reporting since OSP Post Award will not submit a final invoice or financial report until cost share commitments are reviewed for propriety

Impact of Cost Sharing-Compliance

Regulatory Expectation

Verifiable from recipients records

Allowable under federal cost principles

Necessary and reasonable for proper and efficient accomplishment of project goals

Not included as contributions for any other federal projects

Not paid by federal government under another award

Auditor Expectation

Costs recorded separately for identification & inclusion in the F&A rate calculation

Costs being subject to same regulatory oversight as the sponsored award

Costs claimed as cost sharing are benefitting the research project

PI certification including third party cost sharing

Cost sharing is not coming from a federally funded "G" award





Still want to cost share??????

Cost Transfer

Cost Transfers

- UVA is required to provide reasonable assurance that federal awards are managed in compliance with federal regulations
 - UG 200.405 specifically stipulates that allocable costs need to be necessary and benefitting the award
 - Excessive cost corrections indicate lack of internal control and create audit risk
- A *cost transfer* is a journal entry to transfer an expense to or from a sponsored award, altering the original recorded transaction in the financial system.
- A *retroactive cost transfer* is a journal entry to transfer an expense to or from a sponsored award, 90 days after the original posting of the transaction.

Cost Transfers

- NIH GPS 7.5 has clear guidelines for cost transfers
- Cost transfers to correct clerical or bookkeeping errors should be accomplished within 90 days of when error was discovered; such transfers must
 - be supported by documentation that fully explains how the error occurred
 - have a certification of the correctness of the new charge by a responsible organizational official of the recipient, consortium participant, or contractor
- An explanation merely stating that the transfer was made "to correct error" or "to transfer to correct project" is not sufficient.
- Transfers of costs from one project to another or from one competitive segment to the next solely to cover cost overruns are not allowable.

Case Study 1

- The PI and Administrative team meet to discuss the budget of a NSF award as it is coming to an end and notice the award is in a deficit due to a labor misallocation.
- The department's administrative team submits a LD adjustment to move the salary from the NSF award in a deficit to another NSF award correcting the misallocation and also clearing the deficit to the penny. The adjustment transferred \$50.12.
 - Is this an allowable cost transfer, if so, what kind of arguments may make it allowable
 - What are the issues with this kind of transfer
 - What will be the best action in order to avoid audit risks

Cost Transfers

- Two types of cost transfers, Labor Adjustments and Other Than Personnel Service (OTPS)
- Labor adjustments
 - are to correct salary distributions and processed through Oracle LD
 - are forwarded to OSP Post Award through Oracle workflow for review and approval
 - Retro adjustments require justification forms, signed by PI/s & department chair and submitted to OSP for review & approval
- OTPS transfers
 - are to correct non-labor costs and are processed through Oracle GA module
 - are submitted as batch upload, posted by General Accounting
 - Retro cost transfers require justification forms, signed by PI/s & department chair and submitted to OSP for review and approval

Cost Transfers

New on-line Retro Transfer Justification Form with the following features:

- approval routing workflow utilizing the email system
- approvers with multiple roles receive single email, need to approve once
- system generates retro numbers and status notifications
- reduced data keying
- dashboard allows for tracking status of forms
- reporting capabilities to identify training needs
- searchable repository, systematically archived, used as the system of record

Cost Transfer Resources

THE OFFICE OF SPONSORED PROGRAMS

[HOME](#) [ABOUT OSP](#) [PROPOSALS](#) [AWARDS](#) [AGREEMENTS](#) [RESOURCES](#) [CONTACTS](#) [NEWS](#) [RESEARCHUVA LOGIN](#)

HOME / OSP - COST TRANSFERS ON SPONSORED AWARDS

OSP - Cost Transfers on Sponsored Awards

Procedure Area: Vice President for Research

Responsible or Contact Office/Role: [Office of Sponsored Programs](#)

Approval Date: 8/14/2018

THE OFFICE OF SPONSORED PROGRAMS

[HOME](#) [ABOUT OSP](#) [PROPOSALS](#) [AWARDS](#) [AGREEMENTS](#) [RESOURCES](#) [CONTACTS](#) [NEWS](#) [RESE](#)

RESOURCES

[EFFORT@UVA](#)

[EFFORT REPORTING
REFERENCES](#)

[FORMS](#)



HOME / FORMS

Forms

Pre-Award Forms

- [Non-Funded Agreement Form](#)
- [Instructions - Non-Funded Agreement Form](#)
- [Grant Change Form – SP23](#) (if needed, use the budget transfer instruction worksheet with the SP23)

EFFORT REPORTING

Effort Reporting

2CFR200.430 (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:

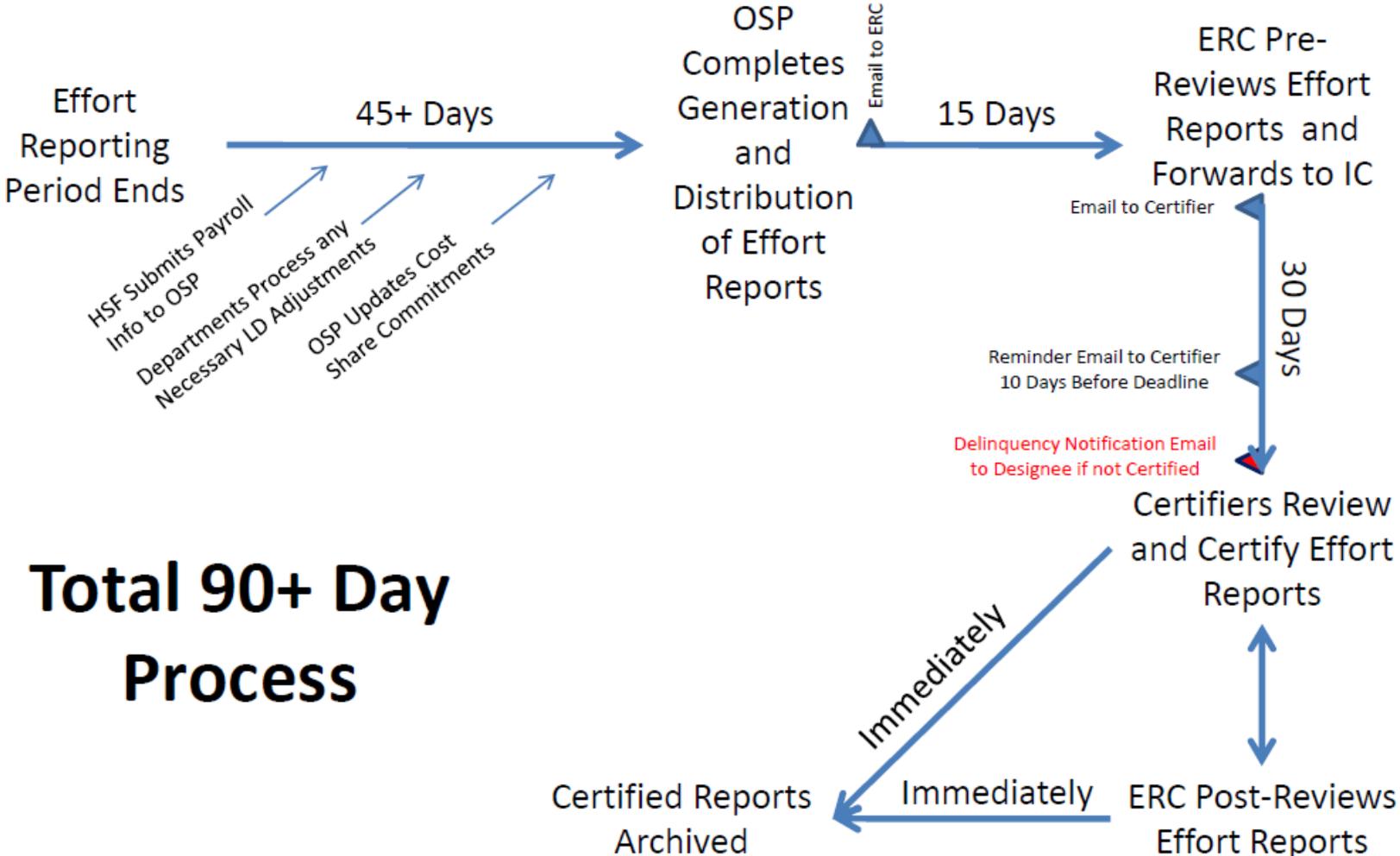
- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
- (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;

UVA Effort Reporting

- Effort report sources are Oracle HR, LD and GA modules
- Four types of effort reports are generated at specific schedules
- Effort report Coordinators (ERC or Alternate ERCs) receive 15 days for pre-review
- Effort reports are generated and PIs notified with 30 day turnaround for review and certification
- Effort reports are certified by the PI or designee with sufficient knowledge of work performed

Type	Frequency
Non-clinical & clinical faculty	Semi annual
Non SOM faculty	Semester
Graduate Research Assistants	Semester
Staff/Wages	Quarterly

Effort Report Certification Timeline – Online System



I. SPONSORED ACTIVITIES

(Any sponsored activities to which you have committed and performed effort at any time during the period above, that are not listed below, should be added in Section I. Use the 'Add Award/Project' button below)

+ Add Award/Project								
Award/Project	Project Title	Principal Investigator	CY/AY Salary Cap Cost Share %	Cost Share Proposal %	Payroll %	Calculated Effort %	Certified Effort %	
▶ GF13274/149218	AS-DEAN The Global South: An Agenda for Advanced Research and Curricular Innovation in the Humanities	[REDACTED]			4.57	5		
▶ GF14705/157443	AS-MDST ASNE Diversity Census	[REDACTED]			1.55	2		
▶ GF13861/158986	Dem Fund Diversity Census	[REDACTED]			74.98	75		
Section I Total:			0		81.1	82		0

II. OTHER UNIVERSITY ACTIVITIES (e.g. Instruction, Administration, Non-Sponsored Research, Competitive Proposal Preparation, University Service)

(Cost share effort certified in Section I must be supported by reduced effort in Section II)

Award/Project	Project Title				Payroll %			
▶ SG00105/102580	Media Studies Operating							
▶ SG00080/153411	AS-DEAN Faculty Summer Stipends							
▶ ER01853/148933	LB-Academic Engagement							
Section II Total:					18.89			
Grand Total:					99.99			0

PROGRAM INCOME

Program Income

2CFR200.80 + 2CFR200.307 - Uniform Guidance: “gross income earned by the non-federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance.”

Includes but is not limited to:

- Income from fees for services performed (e.g. registration fees from participants attending conference or workshop)
- The use or rental (NOT SALE) of property/equipment acquired under federal awards (e.g. use of computing or laboratory equipment)
- Sale of commodities or items fabricated under a federal award (e.g. tissue cultures, cell lines, research animals, educational materials, software, digital media, publications)

Program Income does NOT include: rebates, credit, discounts, and interest earned on advances

Program Income

Program Income must be recognized, recorded, accounted and reported appropriately and separately from the award itself (At UVA we use a separate PTAO from the main award).

There are three main ways to account for program income:

- **Deductive** – program income funds are deducted (i.e. used as off-set) from the total award amount received from the sponsor
- **Additive** – most commonly used for sponsored awards in IHEs where program income is added to the total award amount received from the sponsor, to expand project total budget
- **Use as cost-sharing** – with prior approval, amounts earned in program income can be used toward the institutional cost share commitment/requirement (rare)

Program Income

Use of program income (i.e. expenses posted to the program income PTAO) must be allowable per the terms and conditions of the main award

Generally, if you can charge the expense to the main award, it is allowable on the program income account and vice versa

There are no federal requirements governing the use of program income earned after the period of performance of the federal award, *unless* the agency regulations or terms of the award provide otherwise, or agreements are negotiated during the closeout process

We report annually to NSF, all program income earned from active NSF awards, via Program Income worksheet

Most other sponsors, program income data is reported via SF425 lines I. thru o.

SUB-AWARD MANAGEMENT

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

Subrecipient Monitoring By Department

Current Process – once prime award is set up, Department requests the set up of external sub awards.

- Required documentation should be obtained up front by pre-award proposal group
- SP30 indicating POP, contact information and the increment of funding to be provided (based on current prime funding).
- ✓ Department/PI must review the sub invoices for accurate information, appropriate costs and research deliverables are being met as expected.
- ✓ If sub is responsible for cost share, the Dept RA must obtain cost share information (typically provided in sub invoices) and track for reporting purposes.
- ✓ Dept/Research Admin submits payment to external sub once invoice is approved by PI

Sub-Award Process Improvement Projects Purchase Orders

Today

- Department submits SP30, requesting new project for sub-award
- Subcontracts group
 - performs risk analysis, negotiates and issues sub-award
 - creates new project for sub-award
 - reduces funding & budget in the main project and allocates funding & budget to sub-award project
 - notifies department via OSP NOA
- Post Award receives invoices directly from subawardee, reviews and forwards to department
- Department reviews invoices, obtains PI approval, retains invoices
- Department enters Payment Vouchers in Oracle
- A/P issues check per the Payment Voucher

As of January 2019

- Department creates a requisition, submits SP30 with the requisition #
- Subcontracts group
 - Performs risk analysis, negotiates and issues sub-award
 - Creates PO in Oracle
- Department receives Oracle workflow notification of PO
- Post Award receives invoices from subawardees, reviews and enters invoice in Oracle and notifies department
- Department and PI review, approve invoice & create a receipt in Oracle
- A/P pays invoice

AUDITS

Audits

- Single Audit (2CFR200 Part F & App XI): A non-federal entity that expends \$750,000 or more during a fiscal year, must have a single or program specific audit conducted for the fiscal year
 - An auditee may be a recipient, a sub-recipient and a contractor. Federal awards expended as a recipient or a sub-recipient are subject to this audit
- *Single Audit Reporting package must include the:*
 - (1) Financial statements and schedule of expenditures of Federal awards
 - (2) Summary schedule of prior audit findings
 - (3) Auditor's report; and
 - (4) Corrective action plan discussed
- A data collection form (DCF) stating audit was completed and results of the audit is submitted is uploaded in the Federal Audit Clearinghouse (FAC) website within 30 calendar days after receipt of the auditor's report

Audits

OMB Compliance Supplement (Matrix) Used in Single Audits

- Identifies the Federal programs and compliance requirements addressed in the Supplement
- Associates the programs (by CFDA #) with the applicable compliance requirements
- Organized by Federal Agency (e.g. DHHS, USDA, DOD, DOE, USAID, Dept. of Ed etc)
- Clusters of programs: a grouping of closely related programs that have similar compliance requirements (e.g. R&D – Research and Development, SFA – Student Financial Assistance)

Audits

12 Compliance Requirements:

- Activities allowed or unallowed
- Allowable Costs/Cost Principles
- Cash Management
- Eligibility
- Equipment and Real Property Management
- Matching, Level of Effort, Earmarking
- Period of Performance
- Procurement, Suspension, Debarment
- Program Income
- Reporting
- Subrecipient Monitoring
- Special Tests & Provisions

Audit findings from across the country

University of Florida has to return \$19.9M to the federal government:

- Weak internal controls relating to effort reporting (could not substantiate payroll charges on NIH awards from 2005-2010)
- Charging administrative costs normally booked as indirect costs

Harvard has to return \$4.6M to the federal government

- Weak internal controls in School of Medicine and Public Health relating to payroll/effort

Columbia University has to return \$9.5M to the federal government

- Using on campus F&A rate when research was off campus
- NSF payroll charges exceeding 2 month limit
- Other unsupported transactions, unallowable or excessive costs

Northwestern has to return \$3M to the federal government

- PI fraud – travel costs for dependents, using unqualified family members as consultants

Yale has to return \$7.6M to the federal government

- Inadequate documentation and justification of cost transfers
- Incorrect summary salary charging

Mayo Clinic \$6.5M (DOJ settlement)

- Whistleblower: false claims that NIH was charged for unrelated research work (unallocable)
- Moving overspent grants balances to unrelated awards with available budgets

MIT has to return \$331,000 to the federal government

- Overcharging F&A
- Charging unrelated travel to award, non-compliance with Fly America Act, mixing personal travel with business travel with no cost comparisons to ensure sponsor not charged excess
- No allocation methodology when charging expenses to multiple awards
- Equipment purchase less than one month before 5 year award ends

Actions to avoid

Travel:

- Duplicate nights charges
- Lack of itemized hotel folios/receipts (personal items not excluded e.g. room service, laundry, hotel bar, fitness center etc)
- Airline cancellation/rebooking fees
- Hotel no show fees
- If personal travel is added on, not comparative quotes to show cost adjustment made

Capital equipment

- Equipment purchases out of award dates or near end of period of performance
- Warranties, supplies, installation not coded correctly on expenditure
- Lack of approval or justification for capital equipment purchases if not originally budgeted (is this a change in scope?)

Cost transfers

- High number of late cost transfers
- Lack of justification
- Lack of allocation methodology
- Lack of corrective action to avoid repeat occurrences

General

- Out of period of performance expenditures, pre-award spending greater than 90days prior to award start date
- Payroll does not represent effort expended on a project (including tuition)
- Keep participant support costs protected

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

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>

Research Terms and Conditions Prior Approval Matrix

https://www.nsf.gov/bfa/dias/policy/fedrtc/appendix_a.pdf

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

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>