

Research Administration and Finance Post Award

Presenters:

Jay Barclay, Director, RAF

Mary Ellen Mainello, Sr. Grant Administrator, RAF

Caitlin Watts, Business Manager, School of Humanities, Arts,
and Social Sciences

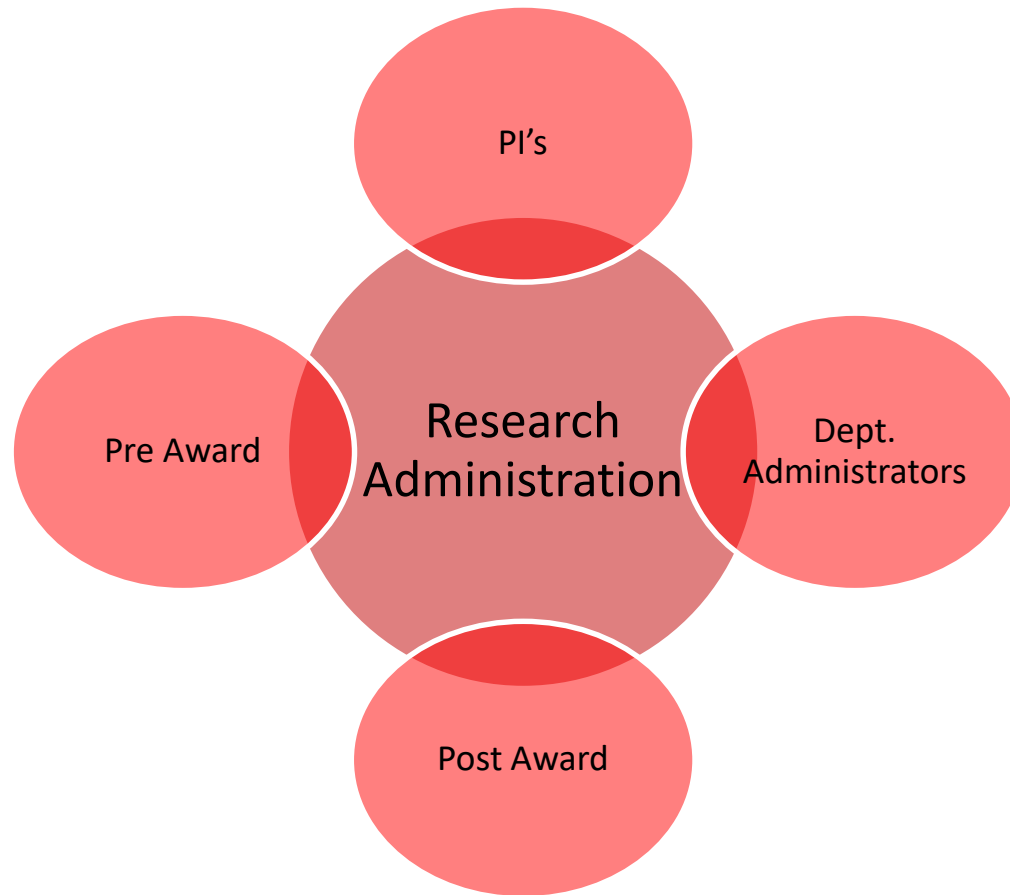
Objectives:

1. Provide description of stakeholder relationships
2. Define roles & responsibilities
3. Provide explanation of Best Practices in post-award management

Topics to be covered:

- OMB Uniform Guidance
- Direct Costs
- Cost Transfers
- Labor Verifications
- Bridge Funding
- Timely Expenditure Review
- Labor & Non-labor
- Audit “Hot Topics”

Relationships & Responsibilities



Institutional Responsibilities

When accepting an award from a sponsor in support of a specific project, Rensselaer is required to:

- Manage the funds prudently and **ensure costs incurred directly benefit** the award charged
- Adhere to OMB 2 CFR 200 “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”
- Adhere to special terms and conditions of an individual award when incurring costs
- Comply with Rensselaer policies and procedures

Principal Investigator (PI) Responsibilities

PI's are ultimately responsible for all aspects of their sponsored awards, including:

- Scholarly activities
- Financial, personnel, & compliance aspects
 - Approval of direct charge expenses
 - Periodic review of award budget & expenses
 - Initiation of extensions and/or award revisions
 - Certification that work is complete & expenses are accurate
- Adherence to Federal regulations
- Adherence to award special terms and conditions
- Compliance with Rensselaer policies and procedures

Departmental Administrators (DA) Responsibilities

DA's are responsible for providing administrative and financial guidance and support to PI's to help ensure compliance.

These activities include:

- Preparing bridge funding requests
- Reviewing and processing direct charge expenses
- Periodic review of award budget & expenses
- Managing return of labor verification forms
- Overseeing and preparing requests for cost transfers
- Final expenditure review prior to award close-out

Research Admin & Finance (RAF) Responsibilities Post-Award

RAF Post-award is responsible to ensure Institute-wide fiscal compliance with sponsor regulations and guidelines. Primary activities:

- Monitoring fiscal & regulatory compliance for sponsored awards
- Assisting with annual financial statement audit, annual Uniform Guidance audit, individual sponsor audits, and other external audits
- Preparing and submitting invoices to sponsors
- Preparing and submitting financial status reports to sponsors
- Reconciling research receivables
- Approving and processing cost transfers to/from awards
- Preparing & distributing “grants ending” notices to PI’s
- Overseeing final financial award close-out

Post-Award Guidelines

- A Federal Grant is a contractual arrangement between the Government, Rensselaer, and you.
- Don't "color outside of the lines" without permission:
 - Review Project Director Notification form (PDN) provided by RA&F with your Business Administrator to identify specific award terms and conditions.
 - Don't move funding between categories without checking with your Business Administrator.
 - In the extreme, formal variations from approved terms and conditions need to be approved by the sponsor.
 - When in doubt, ask your sponsor's program director and get email verification of their response to your request.
- Send in all required paperwork (reports, etc.) on time. New funding can be held up until these are completed.
- Keep your program director apprised of your progress.

OMB 2 CFR 200 “Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards”

What is 2 CFR 200 - Uniform Guidance

- On December 26, 2014, the Office of Management and Budget (OMB) issued [“Uniform Administrative Requirements, Cost Principles, and Audit Requirements”](#) (Uniform Guidance) for federal awards in the Federal Register
- Uniform Guidance streamlines and supersedes guidance that was previously contained in eight different OMB Circulars
- Included in the new guidance are definitions, uniform administrative requirements (both pre- and post-award), cost principles, and audit requirements

Direct Costs

- Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity; or that can be directly assigned to such activities relatively easily with a high degree of accuracy
- Examples of Direct Costs:
 - Salary of Researcher (including benefit costs)
 - Laboratory Supplies purchased for project
 - Project-related Travel

Facilities and Administrative (F&A) Costs

- Costs that are incurred for common or joint objectives, and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity
- Examples of F&A Costs:
 - Salary of Department Administrator
 - Building utility and maintenance costs
 - President, Provost, and CFOs offices

Unallowable Cost and Activities

- Specifically defined as unallowable on a federal contract or grant as a direct or indirect charge and cannot be included in F&A rate calculations.
- Examples of unallowable costs:
 - Advertising and public relations
 - Alcoholic beverages
 - Alumni/ae activities
 - Entertainment costs

Basic Considerations for Costs

- Always ask:
 - Is it allowable?
 - Is it reasonable?
 - Is it allocable?
 - Is it consistent?
 - Is it timely?
 - Is it budgeted?

Allowable Costs

A cost is allowable if:

- It conforms to any limitations or exclusions set forth in the terms and conditions of the sponsored agreement as to types or amounts of cost items
- It follows applicable sponsor regulations, [Uniform Guidance 200.403](#), and University policies and practices

Reasonable Costs

- A cost is reasonable if:
 - The nature of the goods or services acquired, and the amount involved, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made
 - Cost is necessary for the operation of the institution or performance of an award
 - Cost is consistent with University policies and practices
 - Key factors in determining reasonableness are defined in [Uniform Guidance 200.404](#)

Allocable Costs

- A cost is allocable if:
 - The goods or services involved must benefit the project and be directly attributable to the project or activity being performed
 - The cost can only be assigned and allocated to the project(s) based on that portion of the expense that represents the direct benefit to the project

Allocable Costs Continued

- Considerations in determining if cost is allocable:
 - It is solely to advance the work under the sponsored agreement
 - It benefits both the sponsored agreement and other work of the institution
 - It is necessary to the overall operation of the institution and is deemed to be assignable in part to sponsored projects
 - Refer to [Uniform Guidance 200.405](#) to ensure standards are met

Consistent and Timely Costs

- A cost is consistent if:
 - Costs incurred for the same purpose, in like circumstances, are either direct or F&A costs in order to avoid possible double charging of federal awards
- A cost is timely if:
 - The transactions occur in a timely manner, and adjustments are made within prescribed time limits of the university or sponsor
 - Exceptions must document why adjustments (cost transfers) are late
 - [Uniform Guidance 200.412-200.414](#) outline the requirements

Timely Expenditure Review

- Monthly review of expenditures will help:
 - ensure the accuracy of costs charged to award
 - identify potential budget problems
 - quickly detect transactions requiring correction
 - ensure compliance with financial regulations

Cost Transfers

- An after-the-fact reallocation of the cost associated with a transaction from one fund/org/account to another.
- The reassignment of an expense to or from a sponsored project after the expense was initially charged elsewhere.
- This includes both labor and other direct costs such as travel, supplies, etc.

Cost Transfer Requirements

- Timing
 - Should be requested within 30 days of discovery.
 - Must be prepared and submitted within 90 days of incurrence of the cost.
 - Requests for transfers 90 days or more after incurrence of costs are generally unallowable and will only be considered under special circumstances.
- Documentation
 - Cost transfer form (LCT or FTR)
 - Backup documentation
 - How error occurred
 - How it will be avoided in the future
 - Payroll cost transfers may require more detailed information
- Must also meet the tests of allowability

Cost Transfer Approval

- Reminder:
 - Cost transfers to a sponsored project are allowable only if there is a **direct benefit** to the project being charged
 - Not allowed for resolving
 - An overrun (unless the “to” fund is unrestricted)
 - An unexpended balance, or
 - A disallowed cost (unless the “to” fund is unrestricted)
 - Cost transfers are not a means of managing sponsored awards

Avoiding the Need for Cost Transfers

- **Monthly Monitoring** of Fund Activity:
 - Review appointments, student labor and tuition
 - Review non labor charges, i.e. lab supplies, etc.

- Seek **Bridge Funding** when appropriate
 - Ensures costs are charged to the right fund initially
 - Eliminates the need for most cost transfers

2 CFR 200.330 Subrecipients

- (a) [Subrecipients](#). A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. See [§ 200.92 Subaward](#). Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:
 - (1) Determines who is eligible to receive what Federal assistance;
 - (2) Has its performance measured in relation to whether objectives of a Federal program were met;
 - (3) Has responsibility for programmatic decision making;
 - (4) Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
 - (5) In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

2 CFR 200.330 Contractors

- (b) [Contractors](#). A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. See [§ 200.22 Contract](#). Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the non-Federal entity receiving the Federal funds:
 - (1) Provides the goods and services within normal business operations;
 - (2) Provides similar goods or services to many different purchasers;
 - (3) Normally operates in a competitive environment;
 - (4) Provides goods or services that are ancillary to the operation of the Federal program; and
 - (5) Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

2 CFR 200.330 Subrecipient vs. Contractor

- (c) Use of judgment in making determination. In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

Labor Verification/Effort Reporting

- Labor Verification is the method of documenting the proportion of effort on a sponsored project as a percentage of total effort compensated by the university
- Required once per academic period and each summer
- Verifies that direct labor charges or cost shared on sponsored agreements are reasonable and reflect actual work performed
- Managed through the use of Labor Verification Statement form that is submitted to RAF to confirm the amount of actual effort charged to the sponsored project is correct.

Audit Hot Topics

1. Cost Transfers
2. Time and Effort (Labor Verification) Reporting
3. Cost Allocation Methodology 2 CFR Part 200
4. Technical Reports
5. Purchasing office supplies, hiring administrative staff
6. Fly America Act
7. No cost extensions
8. Adherence to sponsor expenditure restrictions
9. Subcontractor monitoring
10. Key personnel changes

1. Cost Transfers

- Late transfers (more than 90 days)
- Transfers at the end of a project to spend down the fund balance
- Transfers between federal projects
- Not reconciled to accounting records
- Lack of clear, specific, detailed explanations
- Transferring-out account is in deficit
- Salary transfers where effort was previously certified as correct

2. Time and Effort Reporting

- Performed three times a year
- Labor Verification Forms must be:
 - Timely
 - Accurate
 - Signed by the individual or person with “suitable means of verification”.

3. Cost Allocation Methodology

Direct Costs

- Must be specifically identified with a particular project
- Must be allocable, or charged in proportion to their benefit to a project;
- Must be allowable (i.e., entertainment may not be charged to a Federal grant under any circumstances);
- Must be reasonable, reflecting the conservative actions of a “prudent person”;
- Should be charged correctly the first time to avoid cost transfers; and
- Must conform to any limitations or exclusions in the award agreement.

4. Technical Reports

- Comply with all reporting requirements per the terms of the sponsored agreement.
- Must be submitted on a timely basis per the schedule of the sponsored agreement
- Must be complete, accurate and in the correct format.

5. Office Supplies, Administrative Salaries

- Office supplies that are normally used in the general administrative support of a project may not be included in the budget or charged to the award.
- Local telephone rentals used to conduct routine business of the project may not be included in the budget.
- Cell phone and pager expenses are usually considered “local telephone costs” and may not be included in the budget if they are used to conduct routine business of the project.
- Salaries of administrative and clerical staff are normally considered as part of the F&A rate and therefore unallowable as a direct cost.

5. Office Supplies, Administrative Salaries (Continued)

- General purpose computers especially laptops can be used to support a variety of activities and are rarely dedicated to one specific purpose. As a result, general-purpose computers and laptops are typically F&A costs and are seldom proposed in budgets or directly charged to awards.
- Aforementioned normally only allowable on "Major Projects"
 - defined as a project that requires an extensive amount of administrative or clerical support, which is significantly greater than the routine level of such services provided by academic departments (e.g., program project grants, large center awards, clinical translational science awards).

6. Fly America Act

- The [Fly America Act](#) requires that foreign air travel funded with Federal dollars be performed on U.S. flag air carriers.
- [Open Skies Agreements](#) have eased some of the burden on travelers.

7. No Cost Extensions

- The request should contain:
 - The length of time for which the extension is being requested.
 - A justification for the extension request.
 - A brief statement as to the progress and work remaining to be completed.
 - Unobligated funds currently remaining on the scheduled expiration date.
- Not allowed just to spend down project balance
- Don't incur costs unrelated to original award

8. Sponsor Expenditure Restrictions

- Refer to Notice of Grant Award, Contract, and/or “PDN” from RAF
- Discuss proposed changes with your program officer
- Official requests must be in writing, endorsed by RAF and sent to grant/contracting officer
- Program officers typically cannot approve changes to award terms and conditions

9. Subcontractor Monitoring

- During the term of the subaward, the principal investigator is responsible for monitoring the activities of subrecipients to ensure that Federal awards are being used for their authorized purpose and that performance goals are achieved
- The PI (or departmental designee) is required to review and approve all invoices, technical and financial reports.
- RAF is required to perform subrecipient monitoring prior to a new subaward being issued and also on an annual basis.

10. Key Personnel Changes

- Changes in key personnel
- Significant changes in PI effort, often defined as:
 - the absence of the PI from a project for more than 3 months and/or
 - a reduction in effort of 25% or more.

Summary

- Review monthly financial reports
- Work closely with your department/center business manager
- Know your sponsored agreement terms and conditions
- Adjust expenditures and commitments promptly
- Review and sign Labor Verification Reports promptly – adjust as necessary
- Contact RAF with any question or if you need assistance

Resources

- Finance website: <http://finance.rpi.edu/setup.do>
- Guide to Sponsored Programs:
[http://www.rpi.edu/dept/finance/docs/research/Guide to Sponsored Programs.pdf](http://www.rpi.edu/dept/finance/docs/research/Guide%20to%20Sponsored%20Programs.pdf)
- 2 CFR Part 200 – Uniform Guidance: http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl