

**WHAT EVERY PI AND DEPARTMENTAL ADMINISTRATIVE STAFF SHOULD
KNOW ABOUT GRANT ADMINISTRATION
“SPONSORED PROJECTS”**

Overview

The purpose of this session is to review over some topics based on questions that OSP has received from the Research Community.

TOPICS:

1. How NAU receives the money & how this impacts your award

Can you pre-bill the sponsor so I can get summer pay?

2. Federal Cost Principles

How do I know what expenses can be charged to my Federal Award?

3. PeopleSoft: NAU's grant management financial system

I received a notice of award from the agency, when will I get my Speedchart?

How long will it take?

4. Award Management (Verify and Monitor, Cost Share, Effort Reporting)

Why do I have to approve my expenses (ePARS, Req's, etc) in the PeopleSoft workflow?

TOPICS:

5. Sub-Awards

What do you mean “Federal Flow Through”?

6. Award Close Out

Why am I getting Financial Expense Reports from the OSP Fund Manager 90, 60 and 30 days prior to the end of the award?

7. Audit Red Flags (Cost Transfers, Burn Rate, Untimely Reports)

What is a Cost Transfer?

Topic: How NAU receives the money and how this impacts your award

Question:

Can you pre-bill the sponsor so I can get summer pay?

Answer:

No, because it isn't necessary

When the award is activated in PeopleSoft the PI receives spending authority up to the amount of the budget loaded in the financial system.

Most Federal/Governmental awards are cost reimbursable (CRB) which dictates that expenditures must occur before any money is received.

Topic: How NAU receives the money and how this impacts your award

Question:

My program officer contacted me to inquire if my project is on track, he/she said this was based on low expenditures. How does he/she know this ?

Answer:

- OSP submits financial reports to the sponsor, typically on a quarterly schedule.***
- Sponsored AR draws the funds down or invoices monthly based on the expenditures.***
- Sponsors review the information for progression of the project based on the rate of expenditures and the progress report.***

Topic: How NAU receives the money and how this impacts your award

Question:

Can Sponsored AR bill for the entire amount of my award ?

Answer:

Typically, No.

Foundations and Private Industry will often allow full payment up front and/or as events for billing a specific amount monthly or quarterly. These terms must be present in the award documentation.

On a Cost Reimbursable award you can only bill the costs after they occur (cash out) and does not include any encumbrances.

Topic: Federal Cost Principles

Question:

How do I know what expenses can be charged to my Federal award?

Answer:

OMB Uniform Guidance 2 CFR 200 subpart E Cost Principles

Allowable – ([§200.403](#)) necessary and reasonable for the performance of the project

Reasonable - ([§200.404](#)) an amount a prudent person would pay, and

***Allocable** – ([§200.405](#)) are clearly assignable to the award with relative benefits received

****Greatest level of scrutiny by auditors***

A more in-depth session is scheduled for October 9, 2018 on the topic titled “Cost Allowability”

Topic: Federal Cost Principles

Question:

Why can't I charge the cost to my federal award?

Answer:

OMB Uniform Guidance 2 CFR 200 subpart E Cost Principles

- ***The Uniform Guidance also list costs that are unallowable either as Direct or Indirect charge to Federal Grants and Contracts.***
- ***To name a few: ALCOHOLIC BERVERAGE, CONTRIBUTIONS/DONATIONS, ENTERTAINMENT COSTS, MEMBERSHIP FEES, GOODS AND SERVICES FOR PERSONAL USE.***

A more in-depth session is scheduled for October 9, 2018 on the topic titled "Cost Allowability"

Topic: PeopleSoft, NAU's grant management financial system

Question:

I received a notice of award from the agency, when will I get my Speedchart? How long will it take?

Answer:

3 to 5 days business days once the fully executed award, with no additional negotiation required, is received by OSP.

There are 4 steps with 2 steps requiring an over-night processes in the Cayuse SP and PeopleSoft

- 1. The award recorded in Cayuse SP**
- 2. Cayuse SP to PeopleSoft Financials Nightly Interface**
- 3. Budget and billing information is recorded in PeopleSoft**
- 4. PeopleSoft Financials combo codes to PeopleSoft HR, Nightly Interface**

Topic: PeopleSoft, NAU's grant management financial system

Question:

My award is forth-coming and I need to start the research project now, what can I do?

Answer:

You can request an Advance Account.

- 1. Do to the higher risk factor Advance Accounts are generally not recommended for Contractual Awards or when a Just in Time is required from the sponsor.*
- 2. Must have Chair and Dean approval by way of a guarantee.*
- 3. Reasonable assurance from the agency that the award is forth-coming.*

Policy: [Advance Account](#)

Form: [Sponsored Project Action Request Form](#)

Topic: Award Management (Verify & Monitor)

Question:

Why do I or designee (delegated signature authority) have to approve my expenses (ePARS, Requisitions, Check Requests, etc) in the PeopleSoft workflow?

Answer:

The PI is responsible for verifying that the expenditures are in direct support of the goals and objectives as stated in the scope of work.

Topic: Award Management (Verify & Monitor)

Delegation of Signature Authority for goods and services.

- 1. Delegate should have “direct knowledge” of the needs of the project.*
- 2. Delegates must follow the Federal Cost Principles.*
- 3. Delegates must be compliant with all applicable policies, procedure, rules and regulations.*
- 4. PI must maintain oversight to ensure that all expenditures on his/her award are allocable. (clearly assignable to the award with relative benefits received)*

NAU's [Delegation of Signature Authority policy](#) states that a PI cannot delegate signature authority for: Budget Modification, Sponsor/Agency Required Reports, Payroll and Effort Reporting.

Topic: Award Management (Verify & Monitor)

Question:

Why can't OSP handle all of my grant accounting?

Answer:

Segregation of duties - Duties are divided or segregated, among different people to reduce the risk of error or inappropriate actions (statement of audit standards, SAS 112) and NAU's Policy CMP603 [NAU's Comptrollers Policy CMP 603](#)

At least two people must be involved in a transaction stream.

- **OSP cannot be the sole resource to initiate, approve and reconcile transactions**

[OSP Staff Responsibilities](#)

Topic: Award Management (Verify & Monitor)

Question:

OSP denied my PeopleSoft Action, (ePAR, REQ, expense transfer) Why?

Answer:

OSP has checklists (key controls) for different types of PeopleSoft workflow.

- 1. Key Personnel is listed in the awarded budget.*
- 2. Is there available budget & within the project period.*
- 3. Does the expense follow the Federal Cost Principles for Federal awards.*
- 4. Does the expense follow the Sponsors Guidelines.*
- 5. Is the justification for the expense reasonable and allocable.*

Topic: Award Management (Cost Share)

Question:

What is Cost Share and what expenses can I charge to cost share ?

Answer:

- *Cost Share occurs when a portion of the costs of an award are not paid by the sponsor, but paid instead using resources within the institution and outside 3rd party.*
- *All cost share expenditures must conform to OMB Uniform Guidance 2 CFR 200 subpart E Cost Principles.*

Allowable – ([§200.403](#)) necessary and reasonable for the performance of the project

Reasonable - ([§200.404](#)) an amount a prudent person would pay, and

Allocable – ([§200.405](#)) are clearly assignable to the award with relative benefits received

A more in-depth session is scheduled for April 9, 2019 on the topic titled “Cost Share”

Topic: Award Management (Effort Certification)

Question:

Is Effort Reporting really required?

Answer:

Yes!

- *Effort reporting is a Federal requirement for institutions that receive a combination of Federal and Non-Federal funding.*
- *Failure to comply could have serious legal consequences for principal investigators and financial consequences for the University as a whole.*

A more in-depth session is scheduled for February 12, 2019 on the topic titled "EFFORT REPORTING"

Topic: Sub-Awards

Question:

What do you mean “Federal Flow Through”?

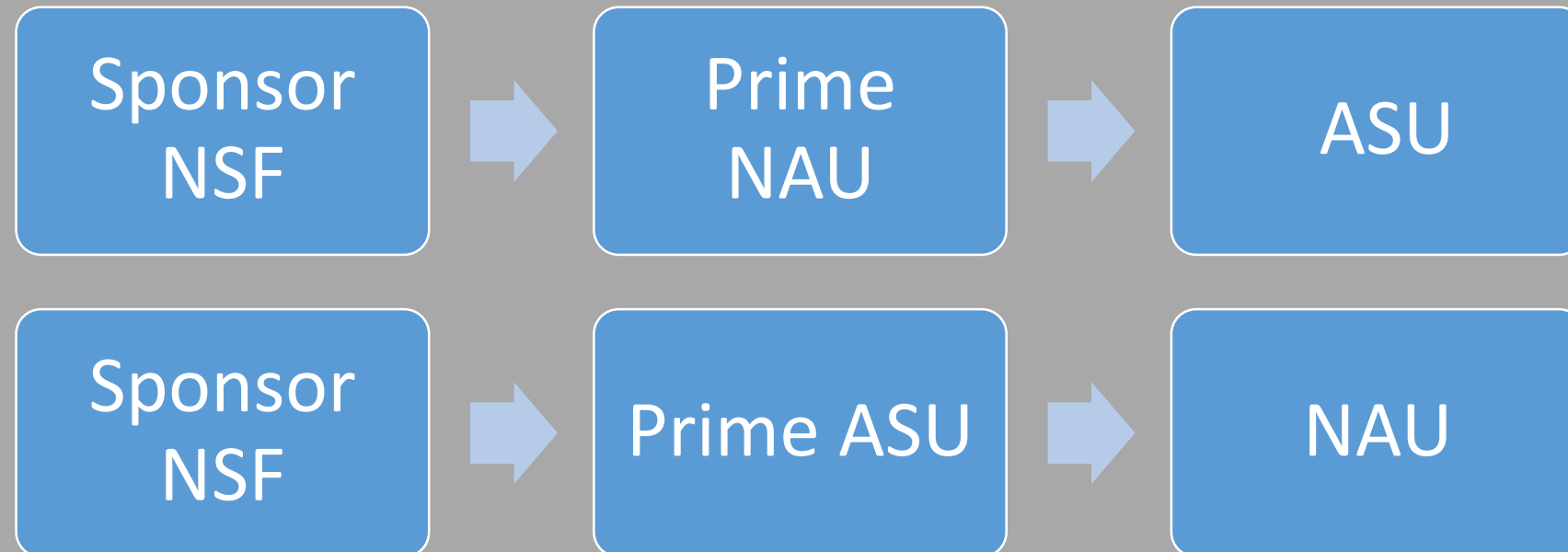
Answer:

Terms and conditions including governing regulations such and OMB Uniform Guidance 2 CFR 200 are flowed down to the sub-awardee.

Funding Agency

Recipient

Sub-Award



Topic: Sub-Awards

Question:

How do I pay the sub-awardee from my award?

Answer:

When the sub-award is fully executed a notification will go out to the PI and department.

Steps to be taken by the department immediately after receipt of the notification:

- 1. Department processes a PO within PeopleSoft (important to separate account codes: 750200 <25,000 & 750210 >25,000 to ensure IDC is charged correctly).*
- 2. Invoice is received, PI approves for payment based on programmatic progress.*
- 3. Department processes the invoice within PeopleSoft for payment.*

IMPORTANT, OMB 2 CFR 200.305(B)(3) payments to sub-awardees must be made within 30 days, unless the invoice is believed to be improper

A more in-depth session is scheduled for November 13, 2018 on the topic titled "subcontractor/sub-awardee vs Vender"

Topic: Award Close Out

Question:

Why am I getting Financial Expense Reports from the OSP Fund Manager 90, 60 and 30 days prior to the end of the award?

Answer:

- ***The Financial Expense Report is sent out 90, 60 & 30 days prior to the end date to provide financial information to the PI and department for preliminary review of expenditures and available budget before the project ends.***

Provides the PI with financial information to determine:

- ***How long can personnel continued to be paid on the award.***
- ***If the available budget is reasonable based on the progression of the sponsored project and for determination if a no cost extension is warranted.***
- ***Spending reasonable within the proposed budget categories.***
- ***If there is committed cost share, has it been properly documented and accounted.***

Topic: Audit Red Flags

Question:

What is a cost transfer?

Answer:

A cost transfer is an expense that is transferred from one award to another after the expense was initially recorded in the financial accounting system.

- To correct bookkeeping or clerical errors in the original charge.***
- Departmental administrators are responsible for preparing and submitting the cost transfer (within 90 days of discovery) via the IDT and IPT process within PeopleSoft with the knowledge and approval of the PI.***

A more in-depth session is scheduled of October 9, 2018 on the topic titled “Cost Allowability”

Topic: Audit Red Flags

- *In accordance with OMB Uniform Guidance, it is necessary to explain and justify transfers of charges onto federally funded sponsored awards.*
- *Timeliness and completeness of the explanation of the transfer are important factors in supporting allowability and allocability in accordance with federal guidelines.*
 - 1. How did this error occur?*
 - 2. What is the benefit of moving this expense to the project?*
 - 3. What is being done to prevent this type of expense transfer in the future?*
 - 4. Why is the expense being moved so late? (90 days or later from discovery)*

Topic: Audit Red Flags

Question:

Burn Rate? What is that and why is it important to me?

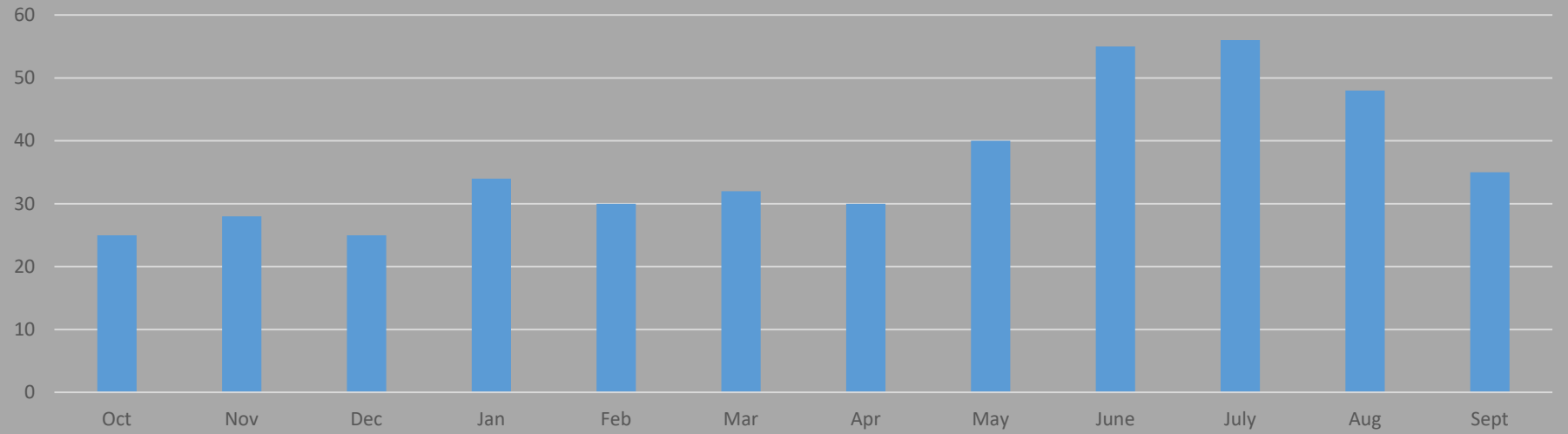
Answer:

Burn rate is the rate at which spending is occurring on an award .

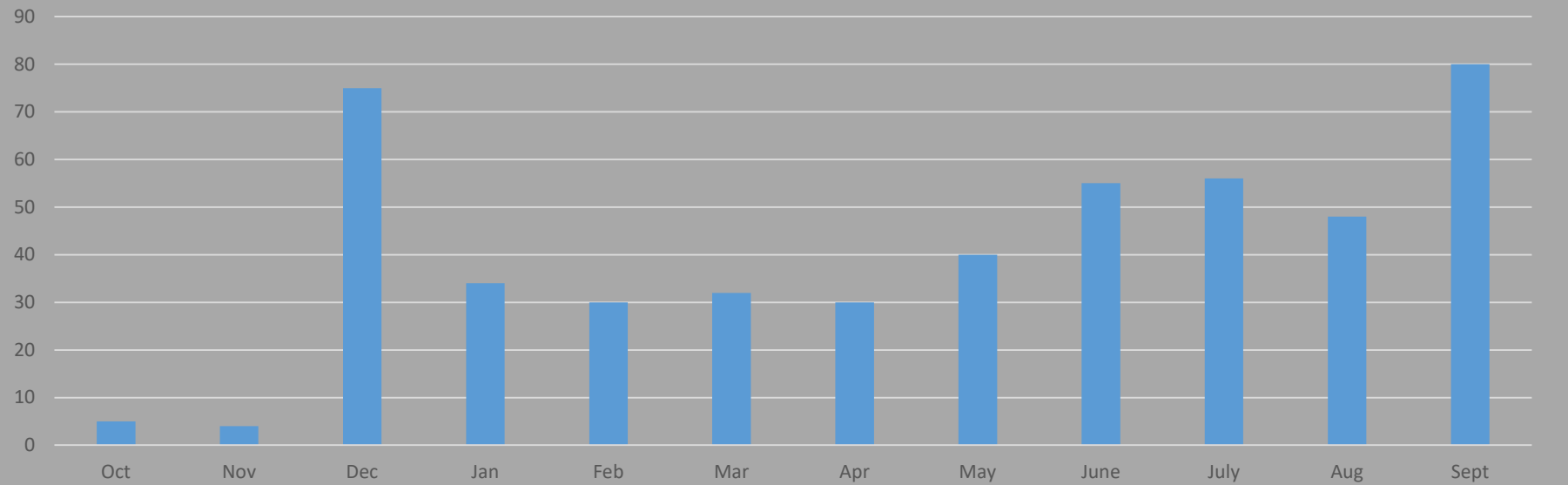
In keeping the balance of the progression of the research in alignment with the expenditures occurring.

- 1. For example if an award is 20% into its performance period and 60% of the funding has been spent, an auditor would likely investigate further.*
- 2. Similarly, a sharp increase in spending at the end of an award period will likely result in further investigation. Such as equipment purchases and/or cost transfers.*

Normal *Burn Rate*



Abnormal *Burn Rate*



Topic: Audit Red Flags

University Audits Related to Federal Programs Findings

- ***7/11/16 University of Washington: Unreasonable Equipment, Materials and Supplies Charged to 19 NSF Awards \$123K (\$12K purchased near the award expiration that did not appear to benefit the award or that did not appear necessary considering the limited time remaining) .***
- ***9/28/15 Florida State University: Expenditures Near Award Expiration (Travel was paid prior to award expiration, travel occurred after the award expiration).***
- ***8/17/15 Indiana University: Unreasonable or Unallocable Transactions (\$21.7K for purchase of lab supplies on the day of award expiration)***

Topic: Audit Red Flags

- ***9/24/14 University of Illinois Champaign: Cost Transfers made 21 days after the award ended.***
- ***6/27/14 University of North Carolina Chapel Hill; Cost not adequately documented (\$284K cost transfers without documenting the basis for the amount, the reason the transfer was necessary or why transfers occurred several months after the University initially recorded the charges)***
- ***6/13/14 University of California, Santa Barbara: \$2.8 million in unfulfilled cost share requirements, and \$500K of inappropriate Cost Transfers (to spend out grant funds)***

Presentation Conclusion

Next Brown Bag Sessions:

Oct. 9, 2017: Cost Allowability ; Time 12:00 to 1:30; Place ARD Large Pod

The guidelines and summary of generally allowable and unallowable expenses that can and cannot be charged to grants, cooperative agreements, etc.

This presentation will be available on the [OSP website](#) after September 15, 2018 (a notification will be sent out to all attendees).