Post-Award Administration for Department Administrators

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Session Topics

• Part 1 – Post-award basics
• Part 2 – Award setup and sponsor T&C
• Part 3 – Award oversight and management
• Part 4 – Making corrections
• Part 5 – Projections
• Part 6 – Award closeout
• Part 7 – Award audit
Part 1 – post-award basics
The Regulatory Pyramid

- Your institution’s Policies
  - Individual Grant/Contract Terms
  - University Policies
  - Sponsor-Specific Policies
  - NIH, NSF etc. Grants Policy
- Uniform Guidance
- Federal Policies
- Your award
Post-award basics

Allowable...

Allocable...

Reasonable...

Consistent...
(Federal Only)

...per institutional policies?
...per sponsor award notice terms?

• Required to perform project?
• Assignable to project with high degree of accuracy?
• If partially allowable, is there an “allocation methodology”?

• Would a prudent person pay for this?
• Is the timing and nature of the purchase in line with the project’s scope of work?

• If a Federal award, is the expense normally charged directly? If not normally charged to federal projects, why should the expenses of this project be treated differently?
Unallowable Transactions on Federal Awards

- alcohol
- airfare costs in excess of “coach
- donations
- charitable contributions
- entertainment
- fines & penalties
- gifts & flowers
- personal expenses

- sales tax
- transfers to cover overspending on other sponsored awards
Costs Not Normally Charged Directly to Sponsored Projects

- administrative & clerical salaries & fringe
- books & subscriptions
- conference fees – when for the general benefit of the individual
- hazardous waste disposal
- membership dues
- office supplies
- personal computers
- postage & shipping
- proposal preparation
- software - general
- telephone & fax service (basic costs)
“…I want employees to ask themselves whether they are willing to have any contemplated act appear the next day on the front page of their local paper – to be read by their spouses, children, and friends – with the reporting done by an informed and critical reporter.”

--- Warren E. Buffet
PART 2 – AWARD SETUP / SPONSOR TERMS AND CONDITIONS
Before an Award is Signed...

- At-risk (Advance) account
  - If PI knows funds are coming
  - If there are delays in receipt/acceptance of an award
  - Other unforeseen delays in the sponsor generating the award.

- **Benefit**: Project account string created will minimize transfers later on

- **Drawback**: If award doesn’t come in, the department will have to cover the costs
Once an Award is Signed...

- Central Office (OSP/SPA)
  - Account is created (consider account structure to make the award management easier)
  - If account is At-Risk, it will be removed from At-Risk status
  - Data confirmed & updated in grant management system
  - Department is notified
  - Other?
What Should Departments Do?

- **Review the Award Notice**
- Ensure detailed budget is on file and entered into grant management system
- Set up and maintain award files (e.g. original proposal, award notice, protocols, etc.)
- Schedule report reminders as needed
- Set up personnel working on this award with proper account string in
- Set up account string as needed in the procurement system
- Plan records retention
Analyze Terms and Conditions

Reviewing the Award Notice

• Terms and conditions show the expectations and obligations between the sponsor and the PI/institution
• The award notice is a blueprint for acceptable charges and proper award management
• Award notice is primary reference, sometimes references other terms and conditions
• Award elements
  • What are they?
  • Which ones are important?
PART 3 – AWARD OVERSIGHT AND MANAGEMENT
Day-to-day post-award transaction approvals

• Ensure the right departmental staff is involved in the salary allocation and requisition process
• Focus on financial responsibility and compliance concerns
• Department administrators should have an awareness of the proper actions to justify a transaction in compliance with Uniform Guidance / Sponsor T&C
Day-to-day post-award transaction approvals

- **Training**: Staff should be familiar with allowability, allocability, reasonableness and consistency
- **Communication**: The PI should be included in the payroll and purchase decisions relating to daily transactions
- **Oversight**: Each transaction should be checked for available funds and compliance
Institutional Systems for grant management

- Budget-to-actuals reports
- Monitor financial activity of sponsored accounts
- A picture of the financial position of an account on a specific date
- Roll-up view: per expense type
- Aggregate numbers useful for reports
- Quick look-up for balances and issues
- Detailed transaction reports
- Detailed and comprehensive report
- View of individual transactions on accounts
Effort Reporting

• Salary costs are often 70% or more of total direct costs
• Effort reporting is a key part of a research compliance program
• Effort reports = support for salary (and fringe benefit) costs charged to sponsored activity.
• Effort reporting is a focus of review by federal agencies and is part of the OIG’s work-plan. It is always tested by the UG Single Audit
Invoicing

Best practices include:

• Monitoring due dates to ensure invoices are processed timely
• Reading and understanding invoicing requirements when the award is received
• Monitoring the project and obtaining a modification, if required, before sending the invoice
• Not randomly transferring costs off the project that was previously invoiced
PART 4 – MAKING CORRECTIONS
Journals vs. Cost Transfers

• **Journals** are used to make corrections of an expense that has already posted to the GL

  ![Checkmark]

• **Cost Transfers** are high-risk journals of debits to federal accounts and require institutional approval

  ![Stop Sign]
Cost Transfers (CTs)

• CTs are correction of errors or potentially “gaming the system” to manipulate costs
• Circumstantial evidence refutes the best of justifications
• CT explanations should include how and why the error occurred (if applicable)
• The CT should address timeliness when it is processed 90 days after the transaction occurred
Cost Transfers (CTs) cont’d

Signs of risk....

• Transfers are high in volume
  • This can indicate a lack of internal controls or an unreliable accounting system

• Transfers made between closely related work
  • Cost transfers made between projects that are “similar enough”

• Transfers based on fund availability
  • Costs are transferring to awards with excess funds available, not because they directly benefited

• Transfers are inconsistent with previously certified effort
  • Salary costs are transferred that would change an already certified effort report
Cost Transfers (CTs) cont’d

Signs of risk....

• Transfers are not made in a timely manner
  • This can indicate a lack of internal controls or an unreliable accounting system

In summary, systemic issues causing CTs should be addressed immediately, instead of continuing to process CTs to correct the individual errors.
Monitoring account financials

Goals:
• Reduce corrections (esp. CTs)
• Ascertain compliance
• Technical progress = expenditures
• Plan ahead (financial projections and identifying need for new proposals)

Related issues:
• How frequently to monitor each project
• Defining roles and responsibilities
• Key costs to focus on during the review
• Timing of transactions
PART 5 – PROJECTIONS
Monitoring project balances

Periodic monitoring to ensure fiscal responsibility and conformity to compliance:

- Checking the validity of the actual expenses, and the projected salary and non-salary costs that are encumbered through the end of the award
- Use of a budget control spreadsheet (Excel) or an institutional sponsored system
- Columns typically include:
  - Budget
  - Actuals (current month and YTD)
  - Salary projections
  - Non-salary encumbrances
  - Projected available balance
Detailed Projections: Strategies

- Different strategies used for different types of expenses
  - **Actual data** (salary and fringe benefits)
  - **Average monthly spending** (lab supplies)
  - **Intermittent Costs** (tuition, travel)
  - **Budgeted (unspent) line items** (equipment, publications)
PART 6 – AWARD CLOSEOUT
What is “Closeout”?

Three basic components of closeout:

- Technical Deliverables
- Financial Deliverables
- Administrative and Internal Procedures
TECHNICAL Closeout

• Completion of expected deliverables by PI
• Most Common Deliverables:
  • Final Technical Report
  • Publications / Presentations
  • Other deliverables as specified in the terms and conditions of the award
    • Invention reports
    • Equipment reports
    • Property reports
FINANCIAL closeout

• Final reconciliation of expenses against the authorized amount
• Removal of over-expenditures & account coding errors
• Final review of expenses for compliance
• Confirmation of final expenses, a.k.a. “Final Figure”
• Submission of final financial report or invoice to sponsor
• Income reconciliation
PART 7 – AWARD AUDIT
Audits

External Audits

- Office of Management and Budget (OMB) Uniform Guidance [Subpart F](#) (formerly A133) – Single Audit
- HHS OIG (Office of Inspector General)
- Desk audits and site visits
- Ad-hoc sponsor audits (federal and non-federal)

Internal Audits

- Institutional Audits
- School/departmental reviews
How to avoid audit findings?

• Ensure all staff understand the project and award requirements
• If in doubt, **ASK QUESTIONS**
  ➤ Get answers and approvals **BEFORE** moving forward
• DOCUMENT, DOCUMENT, DOCUMENT!
• Communicate frequently throughout the project
• Respond fully and timely at every opportunity during the audit and resolution
• Attend training
• Know your key contacts at the school and central levels, they can prove to be invaluable during the audit process
Common Audit Finding Themes

- Policies and procedures
- Training
- Evidence of review and approval
- Timeliness
- Monitoring
- Documentation
Questions?

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