Pre Award Decisions and the Impact on Post Award

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Overview

• Our presentation today will focus on four (4) case studies. The themes of the case studies will focus on three key themes.
  • Pre-Award decisions
  • Post Award issues created by the pre-award decisions
  • The overall impact on the institution and project
Case Study 1 – Budget Development

**Scenario:** The PI decides to not properly budget for the scope of work (SOW) they are proposing. This includes not including any cost escalations in out years and not including a piece of equipment needed for the work assuming another grant will pick up the expense.

**Pre Award Decisions**
- Decision to underbudget scope of work
- Submit a proposal budget to the sponsor that is insufficient for the scope of work

**Post Award Issues**
- Allocability of the equipment cost is not accurate because multiple projects are benefiting
- Escalating costs salaries and fringes leave insufficient funds to complete the work in out years

**Impact**
- Sponsors expectations of the SOW are not met
- Possible audit finding
**Case Study 2 – Account Set Up**

*Scenario:* The pre-award office is responsible for determining if an award is cost reimbursable vs. fixed price. The award is set up as cost reimbursable but it's actually milestone-based fix payments. The error is caught when the sponsor rejects an invoice.

**Pre Award Decisions**
- Decision to not seek post award input on ambiguous payment language
- Decision to negotiate with sponsor on payment terms

**Post Award Issues**
- Incorrect billing
- Revenue not equaling expenses because the general ledger records the award as cost reimbursable

**Impact**
- Exceptions in the reporting
- Specialized award management is required at the unit and central level to manage the award because it's incorrect in the system
**Case Study 3 – Negotiating Billing**

**Scenario:** The contract is negotiated with a retainage of 10% of the total award until acceptance of the final report by the sponsor.

- **Pre Award Decisions**
  - Pre-award decides not to “push back” on this complex billing language

- **Post Award Issues**
  - Complex bill plan not supported by the accounting system (PeopleSoft, BANNER, etc.)
  - Requires coordination of technical deliverable

- **Impact**
  - Specialized award management is required at the unit and central level to manage the award because its bill plan is complex
Case Study 4 – Subcontracting

Scenario: The institution lack proper controls for subrecipient monitoring, the pre-award issues the subcontracts and post award is responsible for monitoring

Pre Award Decisions
- The pre-award office does not gather all FFATA required data elements
- No risk assessment is done at the proposal stage

Post Award Issues
- Post award does not have necessary data elements for reporting
- Because there is no risk assessment; Post award does not understand why specific subs require closer scrutiny

Impact
- Audit findings
- Failure to meet reasonable standards of sub recipient monitoring
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Questions?

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