

2016 BRINGING ADMINISTRATORS TOGETHER CONFERENCE

It's Not What You Do, It's What You Can Prove: Trends in Post-Award Research Administration

April 14, 2016 (10:15 – 11:15AM)

UIC UNIVERSITY OF ILLINOIS
AT CHICAGO

UIC

Lincoln Hall

707 South Morgan Street

Workshop Presenter(s)

Grants & Contracts

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Please ...

- Turn off cell phones.
- Avoid side conversations.
- Hold your questions until the end.
- Sign the attendance roster.
- Complete the evaluation at the end of the workshop.

Workshop Objectives

- ❑ Describe best practices for managing after-the-fact expenditure review, departmental billings, cost sharing, and effort reporting
- ❑ Avoid common mistakes in processing and documenting after-the-fact expenditure reviews, departmental billings, cost sharing, and effort reporting
- ❑ Identify resources and tools to assist with managing these complex topics

Topics

1.  **Key Personnel** & Effort Reporting

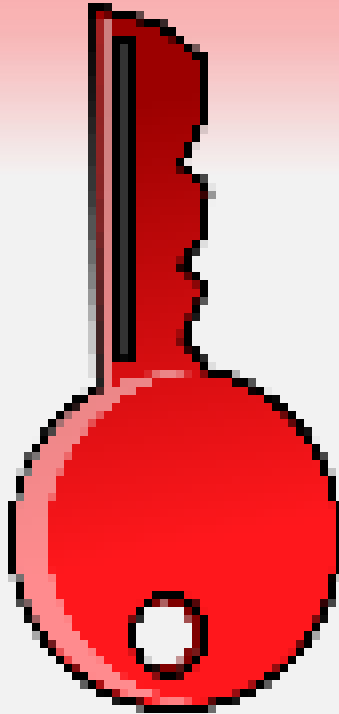
2. Cost Share Commitments



 3. After-the-Fact Expenditure Review

4. Departmental Billing/Invoicing





Key Personnel & Effort Commitments

Who IS managing and who SHOULD manage this?

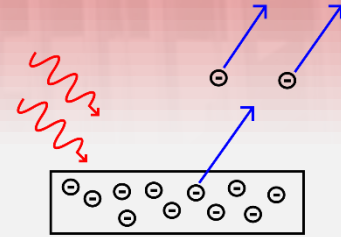
What just happened???



- ✓ Lapse in communication between the PI or HR and Business Manager (BM)
- ✓ BM clarifies his understanding of the situation
- ✓ PI corrects understanding
- ✓ BM realizes the various implications to this correction

Common Issues & Hot Topics

1. Labor redistributions may require effort recertification



Effective Date	Shift	Earning Code	Disposition	Type	Posting	
16-JUL-2012	1	RCG	70	R	Redistribution	28-AUG-2014

- ? *Was this LR incorporated into the AY12 Effort Report?*
- ? *Was a new FOAP included in this LR?*
- ? *Are state funds being affected?*
- ? *Was a GC-81 completed?*

Common Issues & Hot Topics

2. Tracking whether effort commitments are being met for all key personnel

Budgeted

vs.

Certified

% Effort
25%

<u>EFFORT</u>
14%

- ? Does effort proposed match actual effort?
- ? Is there a valid reason for the deviation?
- ? Has the sponsor approved this deviation?

Common Issues & Hot Topics

3. Recognizing Salary Cap

- Example:

- NIH salary cap is \$185,100
- Dr. Gru's Institutional Base Salary (IBS) = \$200,000
- **The percentage of salary above the cap is an unallowable cost to the grant, but must be documented to capture total effort on the award.**
- % of salary > the cap:
$$\frac{(IBS - Cap)}{IBS}$$
- $$\frac{(\$200,000 - \$185,100)}{\$200,000} = 7.45\%$$
 (**Unallowable cost to the grant**)

Common Issues & Hot Topics

- Salary Cap Example (cont'd):

- NIH salary cap = \$185,100
- Dr. Gru's Institutional Base Salary (IBS) = \$200,000
- 25% effort on an NIH R01 grant

$$(\$200,000 \times 25\%) - (\$185,100 \times 25\%) = \$3,725$$

or

$$(\$200,000 \times 25\%) = \$50,000 \times 7.45\% = \$3,725$$

- **Over-the-cap salary = \$3,725**

Common Issues & Hot Topics

- Salary Cap **INCORRECT** Example (cont'd):

Effort Certification Worksheet for: [REDACTED]
 UIN: [REDACTED]
 Home Department: [REDACTED]
 Contract Year: August 16, 2014 through August 15, 2015
 Institutional Base Salary: \$393,172

FUND: [REDACTED]	Fund	Org Code	Related Salary	Effort
<u>2015 Effort to be Certified</u>				9%*
Effort (Salary) Charged to Grant	[REDACTED]		\$36,309	9%
Committed Cost Sharing (?)				0%
Cost Shared Effort/Salary Cap	[REDACTED]			<input type="text"/>
Cost Shared Effort/Salary Cap	[REDACTED]			<input type="text"/>
<u>Variance</u> (Click for Details)				<input type="text" value="0"/>
None - Please select a comment if required <input type="text"/>				
Effort Accounted For on Fund [REDACTED]				9%

Common Issues & Hot Topics

- Salary Cap **CORRECT** Example (cont'd):

Business Manager Form

FUND: [REDACTED]	Fund	Org Code	Related Salary	Effort
2015 Effort to be Certified				16%*
Effort (Salary) Charged to Grant	[REDACTED]		\$29,800	8%
Committed Cost Sharing (?)				0%
Cost Shared Effort/Salary Cap	[REDACTED]			8
Variance (Click for Details)				0
None - Please select a comment if required				
Effort Accounted For on Fund [REDACTED]				16%

Certifier Form

123456, Grant E1234 - Federal	16%
Cost Shared Effort/Salary Cap for 123456 - 8%	

Common Issues & Hot Topics

4. Bi-weekly paid on sponsored funds: WEB TIME is your friend...NO MORE PAPER

The key elements required are:

a. Number of hours worked & time period



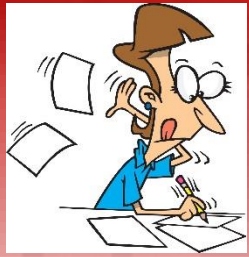
SMILE,

YOU HAVE THE INTERNET.

b. Sponsored award (C-FOAP) being charged

c. Employee signature/attestation

d. Approved by individual with best knowledge of time spent and account distribution



Effort-Related Best Practices

- ✓ Complete a GC-81 for those labor redistributions >90 days & determine if a recertification is necessary
- ✓ Track all key personnel effort commitments on a continuous basis
- ✓ Ensure salary cap(s) are properly documented on the annual effort certification
- ✓ Use web time, but if not an option be sure to incorporate all required elements





Cost Share Commitments

What is it, who is involved and how do we track this?

What just happened???



- ✓ There is a \$1M cost sharing commitment documented in the proposal
- ✓ PI identified cost sharing as “donated”
- ✓ BM was not tracking the commitment but now needs to provide documentation
- ✓ BM may potentially need to do cost transfers and effort recertifications

Common Issues & Hot Topics

- Real Life Example: A Federal program requires 30% cost sharing of the *total project costs* over a 3-year award period.

Type	Funding Source	Award	Cost Sharing
Acquisition Expense	Federal agency	\$1,995,000	
Acquisition Expense	Provost		\$250,000
Acquisition Expense	Research Center		\$150,000
Acquisition Expense	Academic Units		\$150,000
Operating Expense	Research Center/ Academic Units		\$305,000
Total Budget		\$1,995,000	\$855,000
Total Project Cost	\$2,850,000		

Common Issues & Hot Topics

Expense	Amount
Installation	\$17,000
Passage Opening	\$12,000
Room Alterations	\$33,700
Electrical	\$16,700
Helium Compressor	\$30,000
Supplemental Cooling	\$10,000
Install Vent	\$10,000
Fire System	\$35,000
Management Fees	\$35,000
Total	\$199,400

On top of the 30% match, the institution is contributing these expenses per the budget justification...

- YES! This is voluntary committed

Common Issues & Hot Topics

Originally Proposed Operating Budget

Operating Expenses	Year 1	Year 2	Year 3	Total
Director Salary	\$7,000	\$7,140	\$7,283	\$21,423
Operator Salary	\$61,000	\$62,220	\$63,464	\$186,684
Electronic Engineer	\$6,000	\$6,120	\$6,242	\$18,362
BL1 Service Plan		\$7,550	\$7,550	\$15,100
Helium Service		\$28,500	\$28,500	\$57,000
O2 Sensor	\$2,000			\$2,000
Data Storage	\$4,431			\$4,431
Operating Totals	\$80,431	\$111,530	\$113,039	\$305,000



Common Issues & Hot Topics

What did we receive for support?

- ✓ Eddie ledgers & spreadsheets = \$10,000
 - Is the burn rate on target?
 - Is the large deficiency due to poor tracking or lack of expenses?
- ✓ An itemized spreadsheet of cost shared expenses



LN	PCA1	1/12/2012	THE HOME DEPOT #1950	\$58.17	Snow brushes for SUV
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? Are snow brushes an appropriate expense???

- Was this part of the original budget?
- Is there a justifiable explanation?



Cost Sharing Best Practices

What should the business manager do at the time of the award?

- ✓ Set up a new fund or program code
- ✓ For effort/salary cost sharing commitments, return the completed cost sharing spreadsheet to GCO
- ✓ Create/Update tracking mechanisms for personnel and non-personnel commitments

It's what you can prove....





After-the-Fact Expenditure Review

Do you know what has been charged to your grant?

What just happened???



- ✓ PI does not have the time to review reports (i.e., not seen as a priority)
- ✓ Reluctantly, the PI takes a quick glance and signs off
- ✓ BM approaches student in the PI's lab to complete the outstanding review
- ✓ Student identifies erroneous charges on the project

Common Issues & Hot Topics

- Erroneous charges (un/detected)
- Multiple and/or delayed cost transfers

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GC81 - Cost Transfer Justification for Sponsored Projects

This form is required to process non-current cost transfers and other cost transfers as outlined in policy and must be completed by departments, with the exception of GCO and other University Administration departments.

- Large unobligated balances
or overdrafts
- Undocumented reviews



Expenditure Review Best Practices

- ✓ Get into the routine of reviewing reports with PIs/designees on a monthly basis



- ✓ Develop a framework for your review process

- Familiarize yourself with award terms & conditions
- Continuously track & monitor effort commitments
- Consistently monitor expenditures (pre and post)



- ✓ Determine which reporting tools works best for you and your PIs/designees



Expenditure Review Best Practices



✓ Process timely labor redistributions and cost transfers

✓ Resolve overdrafts and manage high unobligated balances

✓ Document your review





Departmental Billing

What IS the process and what SHOULD the process be?

What just happened???



- ✓ Final invoice submitted by **department** for \$80,000
- ✓ Billed for expenses that were not posted in Banner
- ✓ Department didn't send a copy of the invoice to GCO for review
- ✓ Sponsor hasn't paid the final invoice and BM asks GCO for assistance
- ✓ >90 days after project ended, costs haven't posted to the grant



Common Issues & Hot Topics

It Really Happened!

- Department invoiced for full award amount on a cost reimbursable contract
- Invoice was not routed to GCO for review & signature
- Sponsor subsequently paid
- Grant was audited - University received audit finding because...
 - Failure to adhere to billing terms
 - Lack of adequate support for costs
- **Institution had to return the money, plus interest**



Common Issues & Hot Topics

❖ Invoicing for unrecorded/unsupported cost

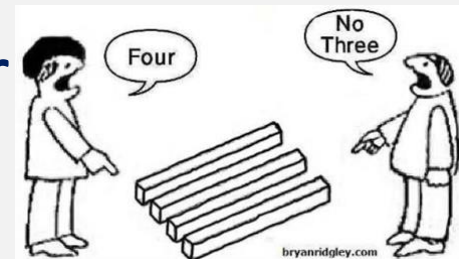
❖ Untimely/improper cost transfers

- Charges not “allocable” to the grant
- “Spending down” remaining grant funds



 Using sponsored projects as holding funds

❖ Discrepancies between the ledger and invoices/reports sent to sponsor





Dept. Billing Best Practices

5 W's and 1 H:

WHAT: Departmental invoices

WHO: GCO is the authorized official

WHEN: Every billing and ≥ 5 days before due

WHERE: Grants & Contracts contact or office

WHY: Record accounts receivable

HOW: Per billing terms or consult GCO

Dept. Billing Best Practices



In some cases, it is appropriate for the department to prepare the invoice. Please remember...



Prior to sending the sponsor an invoice, send a copy of the invoice to GCO.

- ✓ Provide as much detail in the invoice as required
- ✓ Only bill for expenses posted in Banner for the period
- ✓ Assign a unique invoice number
- ✓ Include the billing period and billing date
- ✓ CLEARLY indicate that this is an invoice/bill

Dept. Billing Best Practices

- Include grant/contract details:



ILLINOIS

INVOICE

Originating Office:

Grants and Contracts (MC 551)
Ofc of Business and Financial Services
809 S Marshfield Ave, 511 MB
Chicago, IL 60612-7205
(312)-996-5961

Bill to:

University of Pennsylvania
Attn Hermon Mebrahtu
3620 Walnut St

Philadelphia, PA 19104-6220

Sponsor Agreement #: UPENN Sub 567370/10039997/1563

Long Description:

UPENN TCORS Tobacco Product Messaging in a Complex Communication Environment

Make Check Payable to:

University of Illinois

Remit to:

University of Illinois
Grants & Contracts
28395 Network Place
Chicago, IL 60673-1283

Date: 09-Mar-16

UI Ref #: E1995

Invoice #: 001 - 000

Period: 01-Sep-15 - 29-Feb-16


Dept. Billing Best Practices

- Clearly indicate the total direct costs, indirect cost total, and total payment due

University Expense Group	Budget	Previous Billings	This Billing	Total Billings
Budget Pool	31,966.00	.00	.00	.00
Salaries & Wages	.00	.00	1,005.11	1,005.11
Fringe Benefits	.00	.00	403.44	403.44
Total Direct Costs		.00	1,408.55	1,408.55
F&A Costs		.00	842.32	842.32
Total	31,966.00	.00	<u>2,250.87</u>	2,250.87
Less Previous Vouchers				.00
Total Billing				<u>2,250.87</u>

Dept. Billing Best Practices

- 
- Include supporting documentation as required or when requested by sponsor

- 
- Received the sponsors check?
 - Be sure to forward it to Grants & Contracts with a copy of the invoice



Workshop Summary

Strong internal controls provide reasonable assurance that*:

- Information is reliable, accurate, and timely
- Policies, plans, procedures, laws, regulations, and contracts are followed
- Assets (including people) are safeguarded
- Resources are used in an economical/efficient manner
- Established objectives and goals are met

* *Excerpt from OBFS website:* <https://www.obfs.uillinois.edu/accounting-financial-reporting/fciaa/>

Resources

- **UIC Policies of Institutional Base Salary and Effort Reporting**

https://www.uic.edu/home/images/Key_Effort_reporting_and_related_policies.pdf

- **Cost Share Job Aid**

<https://www.obfs.uillinois.edu/common/pages/DisplayFile.aspx?itemId=95356>

- **OBFS Business & Financial Policies & Procedures: *Section 16-Grants & Research Contracts***

<https://www.obfs.uillinois.edu/bfpp/>

Resources

- **UIC Guidelines for Managing An Award**

<https://www.obfs.uillinois.edu/grants/essentials-post-award-administration/chicago/managing-award/>

- **UIC Guidelines for Monitoring Expenditures**

<https://www.obfs.uillinois.edu/grants/monitoring-expenditures/>

Questions / Concerns?

