Research Administration at Emory Foundation Program

DAY TWO:
The Financial Administration of Sponsored Programs

Revised October 9, 2015
Today’s Schedule

- Day 1 Recap
- FGC Organizational Structure
- Award Set-up
- Contract Set-Up
- Financial Overview
- Expenditure Monitoring
- Program Income, Cost Sharing, Foreign Exchange Rates
- PMS Transition, Other Reports, Transfers & Relinquishments
- Case Studies
Day 1 Recap

- Overview of funding opportunities, mechanisms and resources for seeking funding
- Review of elements of a proposal and general routing and proposal submission processes
- ‘Just-in-time’ procedures, award types and processing
- Contracts – negotiation and common terms and conditions
- Components and preparation of budgets
Research Administration at the Central Level

- **OSP** – Pre-award and Compass non-financial post-award set up
- **FGC Post Award Set Up** – Compass award set-up and maintenance
- **FGC Post Award Operations** – Billing, Financial Reporting, Closeout
Post Award Set Up

Presenter:
Jumionne Tiako, Associate Director
Post Award Set Up
Finance: Grants and Contracts
Award Set-Up

- Types of Awards
  - Examples
- What prompts an award to be set up?
- Electronic Notice of Award (eNOA) – FGC
- Compass Chartfields
- SmartKeys (in 9.2 - Speedtypes)
- Contract Types
Types of Awards

- **Provisional** – use a PAN (pre award number) for pre-award spending or for award period spending while actual award is still in process

- **New** – A project that has not been previously authorized that will be starting

- **Competing Continuation/Renewal** – additional funding for a period subsequent to that provided by a current award; renewal applications compete for funds with all other peer reviewed applications. *The previous NIH term was "competing continuation."*

- **Non-Competing Continuation/Award** – a subsequent budget period within a previously approved project period for which a recipient does not have to compete with other applicants.
Types of Awards

- **Supplement** – Additional funding authorized for a current award to cover increased costs (non-competitive) or to expand the scope of the work (competitive) during the current award period.

- **Extension** – Additional funding authorization for a current award to be used beyond the current award period. Limited to certain activities.
Setting up Awards – Example 1

PAC = Proposal/Award/Contract

Award 0000056789 – with automatic carryover authority
- 1 project (unless there are collaborate splits)
- 1 budget period for the full length of the award or it could be set up with budget periods

Grants>Awards>Award Profile
Setting up Awards – Example 2

PAC = Proposal/Award/Contract

Award 0000056789 – without automatic carryover authority

- Separate projects will be created to manage the out years
- 1 project for each budget period
- Each project has a different begin and end date

Grants>Awards>Award Profile
What prompts an award to be set up?

- Notice of Grant Award (NGA) – Funding Agency to OSP
- OSP-FGC Checklist (see example)
Electronic Notice of Acceptance (eNOA)

- Generated in FGC Post Award Set Up
- Reflects the finalized budget
- Shows the SmartKey number, the status, and the Chatfield values (in 9.2 - Speedtype)
- Continuations: New projects are added to the original award (in the cases where no carryover or funds are restricted)
- FGC Post Award Set Up sends NGAs, eNOAs and Agency documents to ComSquared
- The System generates an email to the departments notifying them that the documents are available in ComSquared
- An email also goes to the FGC Post Award team notifying them that a Contract is ready for set-up
### eNOA Example

**Emory University Official Award Acceptance**

#### Award ID:
Notification of acceptance (NOA) to the President of Emory University acting on behalf of the Board of Trustees.

<table>
<thead>
<tr>
<th>Title:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agency:</td>
</tr>
<tr>
<td>Award Date:</td>
</tr>
<tr>
<td>Province:</td>
</tr>
<tr>
<td>Sponsor, Cost Share:</td>
</tr>
</tbody>
</table>

#### Project Information

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Investigating Department</th>
<th>Project Title</th>
<th>Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Raz Personnel

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Project ID</th>
<th>Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stanley, Charles A</td>
<td>Co-Investigator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meuller</td>
<td>Co-Investigator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Na, Dara</td>
<td>Principal Investigator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ying, Lily</td>
<td>Project Leader</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Emory University
Research Administration

Office of Finance: Grants & Contracts
eNOA

- Shows
  - Section that had budget released
  - PI effort
  - Subcontracts
  - Comments
  - Chartfields
  - Status of SmartKeys (in 9.2 - Speedtype)
  - Cum total (excludes cost share amounts)
- Departments/RAS Units should validate the Chartfield Information to ensure accuracy
Compass Chartfields

- ChartField is a Compass term describing a field that stores a value, chosen from a table of valid values, used to capture, access, and report its financial information.

- Represents how a business gathers, stores, combines, and uses financial information in the course of its operations.
# Emory ChartFields

<table>
<thead>
<tr>
<th>ChartField Name</th>
<th>Required or Optional for Grant Budget</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Unit</td>
<td>Required</td>
<td>EMUNV</td>
</tr>
<tr>
<td><strong>Account</strong></td>
<td>Required</td>
<td>Filled in by PS from proposal page</td>
</tr>
<tr>
<td>Operating Unit</td>
<td>Required</td>
<td>Must be completed by FGC PAS</td>
</tr>
<tr>
<td><strong>Department</strong></td>
<td>Required</td>
<td>Filled in by PS from proposal page</td>
</tr>
<tr>
<td>Fund</td>
<td>Required</td>
<td>Must be completed by FGC PAS</td>
</tr>
<tr>
<td>Class/NACUBO</td>
<td>Required</td>
<td>Must be completed by FGC PAS</td>
</tr>
<tr>
<td><strong>Project</strong></td>
<td>Required</td>
<td>Filled in by PS from proposal page</td>
</tr>
<tr>
<td>Activity ID</td>
<td>Required</td>
<td>Filled in by PS from proposal page</td>
</tr>
<tr>
<td><strong>Project Business Unit (PCBU)</strong></td>
<td>Required</td>
<td>Filled in by PS from proposal page</td>
</tr>
<tr>
<td>Program</td>
<td>Optional</td>
<td>Blank</td>
</tr>
<tr>
<td>Event</td>
<td>Optional</td>
<td>Blank</td>
</tr>
<tr>
<td>Affiliate (InterUnit only)</td>
<td>Optional</td>
<td>Blank</td>
</tr>
<tr>
<td>Fund Affiliate</td>
<td>Optional</td>
<td>Blank</td>
</tr>
</tbody>
</table>
What is a SmartKey?

- A SmartKey is a 10-digit number that represents the individual values of the Chart of Accounts.
- After the proposal is generated but before the budget can be finalized, the budget line items must have all the required Chartfields.
- Emory uses SmartKeys within Compass to simplify transactional spending and budgeting.

<table>
<thead>
<tr>
<th>Project ID</th>
<th>SmartKey</th>
<th>Status</th>
<th>OU</th>
<th>Deptid</th>
<th>Fund</th>
<th>Class</th>
<th>Program</th>
<th>Event</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>00004146</td>
<td>0000033544</td>
<td>I</td>
<td>20000</td>
<td>739015</td>
<td>5200</td>
<td>A220</td>
<td>00000</td>
<td>0000</td>
<td>GRANT</td>
</tr>
</tbody>
</table>
SmartKey: Fund Definitions

- 5100 = Federal, budget level 1 (Direct & F&A only)
- 5200 = Federal, budget level 2 (Released at personnel, travel, supplies, etc.)
- 5300 = Non Federal, budget level 1
- 5400 = Non Federal, budget level 2
- 2272 = Cost Sharing
- 2282 = Program Income
Factors That Impact SmartKey Set-up

- Missing or incorrect information
- May be a federal flow through subcontract
- No budget attached
- Restrictions on the award
- Additional projects needed for collaborative splits
- Wrong department
Project Numbers

- If a project # begins with either a G5xxxxxx or a G6xxxxxx it represents a project that was converted from FAS.
- Any newly generated projects will be represented by an auto-generated # (the fund will tell you if it’s a grant project and if it’s federal or non-federal).
Exercise 1:
eNOA/NGA Information
<table>
<thead>
<tr>
<th>Contract Type</th>
<th>Description</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR_LOC</td>
<td>Cost-Reimbursable Letter of Credit</td>
<td>Require Emory to incur costs before being reimbursed. No invoice required, draw down of funds from sponsor system. FSR generally required.</td>
</tr>
<tr>
<td>CR_NON_LOC</td>
<td>Cost Reimbursable NON Letter of Credit</td>
<td>Require Emory to incur costs before being reimbursed. Invoice required. FSR generally not required.</td>
</tr>
<tr>
<td>AUTO SCHED PAY</td>
<td>Auto Scheduled Payment</td>
<td>DO NOT require Emory to incur costs before being reimbursed. No invoice required, payments made on pre-determined schedule. FSR may be required.</td>
</tr>
<tr>
<td>SCHED PAY</td>
<td>Scheduled Payment</td>
<td>DO NOT require Emory to incur costs before being reimbursed. Invoice IS required, but predetermined frequency and amount by funding source. FSR generally not required.</td>
</tr>
<tr>
<td>SCHED PAY TASK</td>
<td>Scheduled Payments – Task</td>
<td>DO NOT require Emory to incur costs before being reimbursed. Invoice IS required, but predetermined frequency and amount by funding source. FSR generally not required.</td>
</tr>
</tbody>
</table>
## Compass Contract Types (cont.)

<table>
<thead>
<tr>
<th>HYBRIDS</th>
<th>Part FIXED fee and Part Cost Reimbursable (CR)</th>
<th>Require Emory to incur costs before being reimbursed for the CR portion. Fixed Fee invoiced by RAS/Dept based on award requirements. FSR may be required.</th>
</tr>
</thead>
<tbody>
<tr>
<td>CLINICAL TRIALS</td>
<td>Used for all awards where the research purpose has been defined as Clinical Trial.</td>
<td>DO NOT require Emory to incur costs before being reimbursed. Industry Sponsored - Invoiced and submitted to sponsor by OCR/RAS/Dept. with copy to FGC. Federal – Invoice generated and submitted to sponsor by FGC. FSR is required for federal awards. FSR may be required for industry sponsored awards.</td>
</tr>
<tr>
<td>DEPT TO INVOICE</td>
<td>Used for awards where the Department is responsible to bill for items, not on ledger.</td>
<td>May require Emory to incur costs before being reimbursed. Invoice generated by RAS/Dept and submitted to sponsor with copy to FGC. FSR may be required.</td>
</tr>
<tr>
<td>OTHER</td>
<td>This type represents all other contracts not identified as CR_LOC, CR_NON_LOC, SCHED-PAY, Hybrids, or Clinical Trials.</td>
<td>Sponsor invoicing requirements will be outlined in the award.</td>
</tr>
</tbody>
</table>
Compass Contract Types

Grant → Award → View Contact

SCHED_PAY

Office of Finance: Grants & Contracts
Contract Types

Cost Reimbursable Letter of Credit: CR_LOC

- Awards that require Emory to incur the cost before being reimbursed.

- Controller’s Office Cash Team will electronically draw down funds from the U.S. Treasury for costs incurred (weekly, monthly, as needed) in time period.

- All expenditures must be on ledger to be included in draw down. All approved exceptions must be on ledger to be included in draw down.

- Annual or entire award budget is added during set up process.
Contract Types

CR Non Letter of Credit: CR_NON_LOC

- Awards that require Emory to incur the cost before being reimbursed.
- An Emory invoice IS required and is for costs incurred within time period.
- Invoice frequency is determined by funding source, e.g. State agencies, subcontracts from other institutions.
- All expenditures must on ledger to be included in invoice. All approved exceptions must be on ledger to be included in invoice.
- Annual or entire award budget is added during set up process.
Contract Types

Auto Scheduled Payments: AUTO_SCHED_PAY

- Awards that DO NOT require Emory to incur the cost before being reimbursed.

- Funding source will automatically (monthly, quarterly, semi-annual) make payments based on a predetermined schedule as listed in award documents, e.g. Foundations.

- An Emory invoice is NOT required.

- Sponsors who pay the award in full upfront are also classified as AUTO_SCHED_PAY.

- Annual or entire award budget is added during set up process.
Contract Types

Scheduled Payments: SCHED_PAY

- Awards that DO NOT require Emory to incur the cost before being reimbursed.
- An Emory invoice **IS** required but is not based on costs incurred.
- Schedule and payment amounts are listed in award documents, e.g. Foundations, VA Contracts.
- Annual or entire award budget is added during set up process.
Contract Types

Scheduled Payments: SCHED_PAY_TASK

• Awards that DO NOT require Emory to incur the cost before being reimbursed.

• An Emory invoice IS required but is not based on costs incurred.

• Schedule of tasks and payment amounts are listed in award documents, e.g. Foundations.

• Annual or entire award budget is added during set up process.
Contract Types

HYBRID: Part Fixed Fee & Part Cost Reimbursable

• A minimum of 2 projects set-up for the award (one for the fixed fee portion and one for the cost reimbursable portion).

• Awards that require Emory to incur the cost before being reimbursed for the CR portion but not for the Fixed Fee portion.

• CR portion is invoiced by FGC based on costs incurred on ledger.

• Fixed fee is invoiced by RAS/Dept based on award specific requirements – patients enrolled, phases completed, other requirements.

• Budget for cost reimbursable portion is added to first project during Set Up process.

• Budget for fixed fee portion is added to second project based on actual cash received and is not added during Set Up process.
Contract Types

Clinical Trials: CLINICAL_TRIAL

- Awards that DO NOT require Emory to incur the cost before being reimbursed.

- Invoice generated by OCR/RAS/Department and submitted to the sponsor with a copy of invoice to FGC for all non-federal clinical trials.

- Invoice generated by FGC and submitted to sponsor for all federal clinical trials.

- Sponsor will submit payments upon receipt of completed services documentation (e.g. patient records, data sets).

- Payment will vary based on the type of service performed: number of patients eligible for study, phases completed, and other award-specific requirements.

- Budget is based on actual cash received and is not added during Set Up process.
Contract Types

Department Invoice: DEPT_TO_INV

- Awards that may require Emory to incur the cost before being reimbursed.
- Invoice generated by RAS/Department and submitted to the sponsor with a copy of invoice to FGC.
- Sponsor will submit payments upon receipt of requirements outlined in the agency documentation (e.g. samples, data sets or expenses that may not be directly in the general ledger).
- Adjustments to budgets are based on sponsor agreement.
Contract Types

Other: OTHER

- This type represents all other contracts not identified as one of the previous categories.
- This category is generally not used with new awards.
Summary

We covered the following areas:

- How we classify awards
- Notice of Grant Award (NGA) Processing
- Electronic Notice of Acceptance (eNOA) Processing
- The various contract types used in Compass
Exercise 2:
Contract Types
POST AWARD OPERATIONS

Presenter:
Jennifer Crockett, Associate Director
Quality Assurance, Compliance & Training
Finance: Grants and Contracts
PART I -
FINANCIAL OVERVIEW
Part I - Overview

- Roles & Responsibilities
- Post Award Tools
- Billing
- Financial Reporting
- Closeout
Sponsored Research at Emory University

Emory University’s total sponsored revenue ($372.8m) including indirect cost recoveries ($113.9m), as well as government and other grants and contracts has increased to $486.7 million over the prior year.

During FY15 Emory received 2,923 sponsored awards totaling $572.4 million.
Roles & Responsibilities for Post Award

http://fgc.emory.edu/about/rolesandrespons.html
Post Award Tools

- As part of RAS unit preparation several years ago, two electronic tools were developed to assist staff with completing the analysis required at the end of the award for reporting Final Invoices and Final Financial Reports, and preparing for award closeout.

  - **ART** (Award Report Tool) – used to report final expenditures for final financial reports and final invoices

  - **PACT** (Projects and Awards Closeout Tool) – used to prepare for closeout of awards
    - Both are available on the FGC website.

- Training will be available quarterly in the Emory Learning Management System (eLMS) after January 2017.
ART (Rebranded from ARRT)
PACT
Billing Overview

- Invoicing is required for all contract types with the exception of CR_LOC and AUTO_SCHED_PAY.
- FGC is responsible for all invoicing with the exception of Non-Federal CLINICAL TRIALS and DEPT TO INV contract types.
- FGC relies on Departments/RAS units to provide detailed supporting documentation required by sponsors.
- All Final Invoices require an ART and PI confirmation of final expenses
- *See copies of invoices included in booklet as examples*
Billing Information

- The majority of invoices generated in Compass are based on paid expenditures that are on ledger for a specific award.

- Billing occurs in Proj Resources in the Grants module.

- If specifically required by sponsor, the department must put in a request to AP to pay the Subaward/supply invoice on the date requested so it is included in a specific invoice date range.

- If particular information should be included on an invoice or financial report, the Dept/RAS should notify FGC and provide that information.

- Compass does not allow for adjustments to be made to system generated invoices.

- *What you see in Proj Resource is what is invoiced.*
Financial Reporting Overview

- Federal Financial Reports/Financial Status Reports (FFR/FSRs) are required for contract type CR_LOC and often for other contract types.

- FGC is responsible for all financial reporting with the exception of Interim (IFSR) and Quarterly (QFSR) reports within established RAS units.

- FGC relies on Departments/RAS units to provide detailed supporting documentation required by sponsors.

- All FINAL FSRs require an ART and PI confirmation of final expenses.

- *See copies of financial reports included in booklet as examples*
Federal Financial Reporting Information

- Information needed to complete a federal financial report includes but is not limited to:
  - Identifying final expenditures for the period
  - Verifying that F&A and Fringe are properly calculated
  - Ensuring final subcontract invoices are received, in the A/P system, and on ledger

FSR Checklist: [http://www.fgc.emory.edu/forms/index.html](http://www.fgc.emory.edu/forms/index.html)

**REMEMBER:** Per OMB Circulars, all charges must be allowable, allocable, reasonable and consistent

**Expenditures on Ledger = FSR**
Consequences of Late FSRs or Absent FSRs

- Jeopardize Relationship with Funding Agencies
- Jeopardize Current and Future Funding Opportunities
- A-133 Audit Finding – a public report
- Negative reputation for the University
Sample Submission Due Dates to Funding Agencies

- **90-Day (due to agency)** Federal Financial Reports
- **60-Day (due to agency)** Billings, Foundations, NSF
- **30-Day (due to agency)** Billings, Foundations
- **15-Days (due to agency)** State of GA Awards
- **10-15 Days (due to agency)**
  - ART due to FGA the last day of the month it ends

- 60 days ART submission to FGC
- 30 days ART submission to FGC
- 15-Days ART submission to FGC
Closeout Overview

- Compass queries to determine which projects are ending
- Closeout Tool
  - PACT (Projects & Awards Closeout Tool)
- Final Progress or Technical Reports
- Final Invention Statements
- Project/Award Clean-up
- Closeout Checklist: [http://www.fgc.emory.edu/forms/index.html](http://www.fgc.emory.edu/forms/index.html)
Sample Closeout Timeline

30 days after Final Submission
PACT due from RAS unit to FGC

90 days after Final Submission
Closeout Process Completed by FGC
Summary – Part I

We covered the following areas:

• Roles & Responsibilities
• Billing Overview
• Financial Reporting Overview
• Closeout Overview
• Post Award Tools
PART II - EXPENDITURE MONITORING
Part II - Overview

- Policies
  - Cost Principles
  - Cost Transfers
  - Cost Overruns
- Subs In/Subs Out
- Restrictions/Regulations
Policies Involving Expenditures

- FGC Policies: [http://www.FGC.emory.edu/policies/index.html](http://www.FGC.emory.edu/policies/index.html)
- Policies & Procedures: [http://www.policies.emory.edu/](http://www.policies.emory.edu/)
- Cost Transfers & Payroll:
  - Cost Principles Policy
  - Cost Transfer Policy
  - Cost Overrun Policy
- Emory’s Financial Award Administration: [http://www.osp.emory.edu/handbook/-fin-award-admin/index.html](http://www.osp.emory.edu/handbook/-fin-award-admin/index.html)
Cost Principles Policy

- Determine if costs incurred are allowable or unallowable as direct costs or as facilities and administrative costs (F&A, Indirect costs, Overhead all refer to the same thing)

- Applies to both costs charged to sponsored agreements and cost sharing

- Based on requirements of A-21 and Cost Accounting Standards (CAS) 502
  - Most of the active awards at Emory continue to be subject to A21, A110 and A133.
    - [https://www.whitehouse.gov/omb/circulars_default/](https://www.whitehouse.gov/omb/circulars_default/)

- Newer awards will be based on Uniform Guidance
  - For NIH (via continuation or amendment) and NSF (via any award instrument), any funds awarded on or after 12/26/14 will be subject to the requirements of Uniform Guidance.
    - [http://osp.emory.edu/ugep/learning.html](http://osp.emory.edu/ugep/learning.html)
  - For DOD (including ONR, ARO, CDMRP, etc), any new awards issued on or after 12/26/14 will fall under the requirements of Uniform Guidance.

- Usually applies to Federal awards only, but other Sponsors may follow guidance in OMB Circulars
Cost Principles Policy (cont..)

- Allowable
- Reasonable
- Allocable
- Consistently Treated
- Not Excluded or Limited
Cost Principles Policy (cont..)

Definition from OMB Circular A-21, Section D:

“Direct costs are those costs than 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.”

Definition from Uniform Guidance, Section §200.413:

“Direct costs are those costs that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect (F&A) costs.”
Cost Principles Policy (cont..)

Direct Costs Includes:

- Salary
- Fringe Benefits (FB)
- Lab Supplies
- Travel
- Scientific Equipment
Facilities and Administration (F&A)

Definition OMB Circular A-21 Section E:

"Facilities is defined as depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses."

“Administration is defined as general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, and all other types of expenditures not listed specifically under one of the subcategories of Facilities (including cross allocations from other pools)."
Cost Principles Policy (cont..)

Facilities and Administration (F&A)

Definition Uniform Guidance Section §200.56:

*Indirect (F&A) costs* means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools must be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.
Cost Principles Policy (cont..)

F&A (Indirect Costs) Includes:

• Administrative Salaries and Benefits,
• General Purpose Equipment,
• Local Telephone,
• Postage,
• Membership Dues,
• Books (Departmental Administration)
• General & Sponsored Programs Administration
• Operations & Maintenance of Buildings and Equipment
• Interest on Research Buildings
• Student Services
Cost Principles Policy (cont..)

- Classification of Expenses is by account code within Compass

- Exceptional Circumstances
  - When normal F&A costs may be directly charged as Direct Costs to a Federally Sponsored Project
  - CAS Exceptions
    - Exceptions should be approved at the proposal stage
    - School approval is required prior to charging the expense to the award
  - Emory Allowability Panel

Reference: [http://www.osp.emory.edu/handbook/-fin-award-admin/cas-except.html](http://www.osp.emory.edu/handbook/-fin-award-admin/cas-except.html)
Exercise 3:
Cost Principles
Cost Transfer Policy

- Establishes requirements for processing transfers of Direct Costs to or from Sponsored Agreements
- Applies to all Sponsored Agreements
- Based on Federal Regulations, GAAP, and Good Management Practices
- Requires on-going monitoring of expenses
Cost Transfer Policy (cont..)

- Allowable and Allocable - Direct Benefit to Project
- Must be properly documented and processed within a reasonable period of time
- “Parking” of Costs are NOT allowed
- Cannot transfer an overrun/deficit to another sponsored award
- Once you’ve identified a cost as not belonging to an award it has to be moved

http://policies.emory.edu/7.19
Cost Transfer Policy (cont..)

- The policy allows 90 days from the end of the month in which the original charge occurred to make necessary non-salary cost transfers.

- The 90-day timeframe does not include transfers to correct an account code or to move expenses within the same award.

- Transfers over 90 days (from end of the month in which original charge occurred) requires the approval of the AVP of Finance, Grants & Contracts, specific explanation and justification for the delay in processing.

- Credits on grant accounts are always processed regardless of timeframe.
Late Cost Transfers

High Audit Topic – Red Flag for Auditors

- Over 90 day transfers should be the exception and not the normal business process
- Auditors sample late cost transfers in every audit
- An audit finding can effect current and future funding for the university
- An audit finding can be extrapolated to all awards under one agency which can significantly impact any funds to be returned
- Can put the university at risk
- A-133 Audit findings are public information and can effect current and future collaborations and subcontracts
- [http://www.FGC.emory.edu/reporting/a-133/a133.html](http://www.FGC.emory.edu/reporting/a-133/a133.html)
Exercise 4:
Cost Transfers
Lunch BREAK
Cost Overrun Policy

- Overrun /Deficit – Total Expenditures exceed the total amount authorized (budgeted) on any sponsored project agreement OR whenever line-item expenditures exceed an authorized amount and re-budgeting is not allowed

- Does not apply to cash deficits based on timing difference of payments OR to budget deficits where an additional funding authorization (budget) is known but not yet processed
Cost Overrun Policy (cont..)

- Overruns cannot be paid from other Sponsored agreements
- Five Business Days to clear overrun once Formal Notification has been sent from FGC
- Dedicated Overrun Account for each School/Division
- Early communication is key
Specific Expenditures
Subcontracts – Emory Receives (Sub In)

- Emory is the subcontractor to another entity.
- Fully executed Sub Agreement must be on file in OSP before award is set up in Compass.
- FGC generates invoices per terms of contract.
- Expenses must be on ledger in order to be invoiced.
Specific Expenditures
Subcontractors – Emory Issues (Sub Out)

- Emory issues subcontract to another entity.
- Fully executed Sub Agreement must be on file in OSP before creating purchase order in A/P system.
- PI must review and approve each subcontract invoice for payment
  - Programmatic reasons
  - Financial reasons
- RAS/Dept must receipt invoice in A/P system before payment can be processed.
- Payments must be on ledger to be included in financial reports/invoices to prime sponsor.
Restrictions & Regulations

Notice of Award – Terms and Conditions

• FDP Phase VI (initiatives to streamline and reduce administrative burden):
  http://sites.nationalacademies.org/pga/fdp/index.htm

• Automatic carryover (expanded authorities, SNAP, etc)

• Special instructions regarding published papers

• Usage of supplement funding

• NIH Salary Cap:

• Re-budgeting allowed/not allowed without prior approval
Restrictions & Regulations (cont..)

Executed Contracts/Agreements

• *Consultants*

• *Patient Care* – exceeding caps may require prior written approval

• *Equipment* – may not be allowable as a direct cost

• *Travel* – who may go & where (foreign travel may require prior written approval)
Summary – Part II

We covered the following areas:

- Policies
  - Cost Principles
  - Cost Transfers
  - Cost Overruns
- Subs In/Subs Out
- Restrictions/Regulations
PART III – PROGRAM INCOME, COST SHARING AND FOREIGN EXCHANGE RATES
Part III - Overview

- Program Income
- Cost Sharing
- Foreign Exchange Rates
Program Income

- Program Income is primarily a federal concept that is defined in OMB Circular A-110, Section C.24 or Uniform Guidance, Section § 200.80.
  - Occasionally non-federal sponsors will apply the federal definition.

- Program Income is defined as ‘gross income earned by the non-Federal entity that is directly generated by a supported activity or earned as a result of the Federal award during the period of performance.

- Unless otherwise provided “recipients shall have no obligation to the Federal Government regarding program income earned after the end of the project period” or any extension thereof.

- Awards with program income should have a separate project for tracking and reporting.
# Program Income...

<table>
<thead>
<tr>
<th>Includes</th>
<th>Does Not Include</th>
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<tr>
<td>• Income from fees for services performed such as laboratory tests</td>
<td>• Patient care credits</td>
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<tr>
<td>• Income generated from the use, sale, or rental of real or personal property purchased with project funds</td>
<td>• Interest earned on advances of federal funds</td>
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<tr>
<td>• Proceeds from the sale of supplies or equipment purchased or fabricated with project funds</td>
<td>• Receipt of principal on loans, credits, discounts, etc. or interest earned on them</td>
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<tr>
<td>• Proceeds from the sale of software, tapes, or publications</td>
<td>• Taxes, special assessments, levies, and fines raised by government recipients</td>
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<td>• Income from the sale of research materials such as animal models</td>
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<tr>
<td>• Fees from participants at conferences or symposia</td>
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<td>• Sales of products with an accompanying material transfer agreement</td>
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Program Income Restrictions

- Program income generally must be spent in accordance with the terms and conditions of the award.

- Expenses charged to the program income account must be allowable, allocable, and reasonable in relation to the activity supported by the sponsor, in accordance with OMB Circular A-21.

- Expenses that are unallowable on the sponsored project are also unallowable on the program income account.

- Exceptions may be costs incurred that are incidental to the generation of program income.
Program Income Methods

- **Additive** – Used to further eligible project or program objectives by increasing the total funds available

- **Deductive** – Used to first reduce the federal share of award costs

- **Matching/Cost Sharing** – Used to finance the cost sharing or matching requirement of the award

- **Combination** - Some awards may specify a combination of the alternatives
Program Income: New Project

- A new project, attached to the award/contract will be established to track Program Income.
- Department will be notified via email of the Program Income SmartKey, reflected by fund code 2282.
- The new project will have a project type of PGINC.
- The description should be ‘Program Income Award Title’.
Cost Sharing Overview

- Cost Sharing is the portion of total project costs related to sponsored programs that is not provided by the sponsor – see Circular A-110, Section C.23 or Uniform Guidance Section § 200.306.

- Cost sharing can be mandatory or voluntary, committed or uncommitted

- Failure to provide the minimum cost share agreed to/required can result in returning funds to the sponsor
Cost Sharing Definitions

- **Federal definition** – “Cost sharing or matching means that portion of a project or program costs not borne by the Federal Government.”

- **General definition** - That portion of project expenses related to a sponsored agreement that is contributed by parties other than the primary sponsor and is not directly charged to the sponsored project.

- **Mandatory Cost Sharing** – Cost sharing required by the sponsor/program, quantifiable cost sharing volunteered in the proposal or cost sharing specified in the award document. This is determined at the outset of the project.

- **Voluntary Cost Sharing** – Non-quantifiable cost sharing volunteered in the proposal or unplanned cost sharing incurred over the course of the project in excess of that required by the project and committed as mandatory cost sharing.
Common Sources of Cost Sharing

- External Partners
- Other Sponsored Programs
- Unrecovered F&A Costs
- Principal Investigator/Project Director Salaries & Fringe Benefits
- Non-PI/PD Salary Direct Costs
Cost Sharing Information

- A cost share SmartKey is created during the Award Setup process to separate the expenses – it has fund code 2272.
- There are two options available for mandatory and committed cost sharing of salary expenses:
  - Include cost sharing on the effort forms to document that the appropriate amount of time has been dedicated to the award.
  - Expense the salary to the cost share SmartKey.
    - If using the cost share SmartKey the effort form will automatically reflect the cost sharing SmartKey and you will not have to adjust the effort form.
Cost Sharing Information (cont.)

- For non-salary cost share expenses, use the cost share SmartKey that was setup for the awarded project.
- If you do not have a cost share SmartKey that is linked to the Awarded project please submit a request in SAM Kiosk to have one setup.
Foreign Award Exchange Rate Information

• The terms of the awards received from foreign entities should dictate whether the exchange rates to be used on invoices and/or financial reporting are based on rates at the end of the budget period, as of the reporting date, or as of another specific date.

• Errors in exchange rates may lead to rejected invoices and financial reports, as well as potential delays in receiving funding.

• Most common websites used:
  – http://www.xe.com/currencyconverter/
  – http://www.oanda.com/currency/converter/
Helpful Links

- Cost Sharing Related to Effort Reporting: [http://policies.emory.edu/7.17](http://policies.emory.edu/7.17)


- Sponsored Programs Handbook: [http://www.osp.emory.edu/handbook/](http://www.osp.emory.edu/handbook/)

- Sponsored Award Overrun Policy: [http://policies.emory.edu/7.27](http://policies.emory.edu/7.27)

- FGC Post Award Staff Listing by Department: [http://FGC.emory.edu/about/departmentlist.html](http://FGC.emory.edu/about/departmentlist.html)
Summary - Part III

We covered the following topics:

- Program Income
- Cost Sharing
- Foreign Exchange Rates
Exercise 5:
Program Income, Cost Sharing, Exchange Rate
BREAK
PART IV – PMS TRANSITION, OTHER REPORTS, TRANSFERS/RELINQUISHMENTS
Part IV - Overview

- Payment Management System (PMS) Transition
- Other Reports – Progress, Technical, Invention
- Award Transfers - PI Change, Relinquishment
Payment Management System (PMS) Overview

• All agencies under Department of Health and Human Services (DHHS) including NIH, CDC, HRSA draw down funds on grants designated as “Letter of Credit” through the Payment Management System (PMS).

• Draws are done as expenses are incurred and can be done as frequently as daily.

• Cash draws are reported quarterly and must tie out to financial reports submitted to those agencies.
  – ‘G’ docs are pooled funds
  – ‘P’ docs are individual award funds
Impacts - PMS System Transition

• NIH is issuing all new awards under the new subaccount system – currently referred to as ‘P docs’.

• Beginning October 1, 2015 the remaining NIH Letter of Credit (LOC) awards will transition to subaccounts (P docs) as their budget year ends:
  • HHS will have visibility of draws by award
  • Ability to draw will be turned off 120 days after award end date
  • All awards transitioned by September 30, 2016
  • Current population is just over 150 awards

• Increased effort is required to drawdown funds in a timely manner – funds will not be available after 120 days.

• Generally, funds must be drawn down within 90 days of the end of the award.
  – FFRs must be submitted on time.

• Core Facility and other feeder charges will need to ensure that their charges are processed timely and correctly (within 30 days).
Impacts - PMS System Transition (cont.)

- Awards affected have been identified and Dept/RAS units will be notified
- A new Emory contract number will be issued at the budget year end date
  - First priority – clear deficits on affected awards
  - Request PANs to ease transition
- Subawards may be terminated and reissued under new award
- A Subaccount Transition FFR will be required for each award
  - FFRs for awards with automatic carryover will be prepared in RAS Central
  - Unobligated balances on awards with automatic carryover will be transferred to new award
  - Carryover requests will be required for awards without automatic carryover (no change)
- No change in Progress Report due dates
Final Progress and Technical Reports

This report is the PI’s responsibility

- Reports are submitted to the Funding Agency
  - Most are now electronic submissions that require OSP to ‘hit the button’ after the PI uploads the documents
- Payment could be delayed when this report is not submitted to the agency
- Keep copies in departmental/RAS unit file in case of PI departures
- PI should also retain copies
- Copy of cover letter to FGC
Invention Statements

This report is the PI’s responsibility

- Reports are submitted to the Funding Agency
  - Most are now electronic submissions that require OSP to ‘hit the button’ after the PI uploads the documents and the information is confirmed with OTT
- Reports are sent to OSP, who will confirm the information with OTT
- Payment could be delayed when this report is not submitted to the agency
- Keep copies in departmental/RAS unit file in case of PI departures
- PI should also retain copies
Award Transfers or Change of PI

- **Transferring an Award:**
  [http://www.osp.emory.edu/handbook/transfers.html](http://www.osp.emory.edu/handbook/transfers.html)

- **Change of PI - Open Grants & Contracts Not Being Transferred**
  - Not overspent
  - Progress and Technical reports up to date
  - Suitable replacement PI identified
  - Approved in writing by Dean or Director overseeing award and Funding Agency
Award Transfers or Change of PI

- **Transfer Out - PI Changing Institutions**
  - Grants & Contracts Being Transferred OUT OF Emory
  - Typically called ‘Relinquishment’
  - Approved by Dean or Director overseeing award(s)
    - Resolves Co-PI issues
    - Resolves equipment issues
  - All expenses posted
  - Progress and Technical reports up to date
  - Subsequent expenses departmental responsibility
Relinquishment Information

- Relinquishments (PHS 3734)
- Forms should be completed at least 30-days prior to relinquishment date
- Project any outstanding expenses
- Terminations (when the award will end)
Remaining Balances on Awards

- On Federal R-series awards, funds will be returned to the agency if not fully expended.
- On fixed fee (non-cost reimbursable) awards, funds may be eligible to become residuals for the department/school.
- Determined by language in contract
  - When in doubt clarify with the funding agency.
Summary - Part IV

We covered the following topics:

- Payment Management System (PMS) Transition
- Other Reports – Progress, Technical, Invention
- Award Transfer - Change of PI, Relinquishment
Getting Assistance From FGC via the Help Desk

Navigation: http://FGC.emory.edu > About > Department Listing

FGC's Departmental Help Desk Contact Information

To promote personal service, each department is assigned to a team. Each team has a dedicated help desk. The team's email and phone will be monitored by FGC staff whose focus is to respond to calls, triage needs, and ensure escalation if needed. Your team assignment is available using the drop down menu below.

Search tip: Use the drop down menu to find your department. First, select your school using the first menu. Then, use the second drop down menu to locate your department. A list will appear below with the e-mail and phone number of the team that you should contact for your questions and concerns.

For cash needs including misapplied payments and residual transfers, all offices should email ogcatement4@emory.edu.

- Yerkes
- Director's Office

- FGC Email Contact: ogcatement3@emory.edu
- FGC Phone Contact: 404-727-8672
- OSP Contact: http://www.osp.emory.edu/about/dept-listing.html
Useful Links

- FGC Website
  http://FGC.emory.edu/

- NIH closeout

- NIH forms
  http://grants.nih.gov/grants/forms.htm

- eRA Commons
  https://commons.era.nih.gov/commons/
QUESTIONS?
Bringing It all Together
Using Case Studies
CASE STUDY #1

Dr. Elaine Benes flies out to New York City for a conference related to her research on ‘Brain Capacity of Male Subjects’. It’s a rainy day and she is standing on a street corner when a speedy yellow cab goes right into the pothole in front of her and sprays Dr. Benes with a few gallons of lovely NYC street water. Her very professional outfit is ruined! The very resourceful doctor slips into a women’s clothing store and purchases a replacement outfit, changes clothes, and makes it to the conference with minutes to spare before giving a very successful presentation. Upon returning to her home state, she submits a travel reimbursement form for the following items to be charged to her federally sponsored research grant:

- Airfare
- Hotel
- Meals
- Replacement outfit
- Dry cleaning for wet outfit
- Taxi fare

Would you approve all these charges for reimbursement on a federal research award?
Dr. Cosmo Kramer is doing a research study that involves how mentorship and immediate access to contact a mentor effects controlling blood sugar levels for patients on insulin. In order to contact the mentor the patients were provided with cell phones.

Dr. Kramer would like to pay for these cell phones off of his federally sponsored research award.

Would you approve the cell phone purchases for reimbursement on the federal research award?
CASE STUDY #3

As part of an HIV prevention research study, participants are recruited from a church through onsite pre-screening, via electronic media, and telephone calls. Participants are randomized to one of two three-session HIV prevention interventions, and two follow-up sessions at three months and six months post-intervention. Various supplies are needed for the two major areas. These materials are to be used in the recruitment of potential participants which includes items such as file folders, binders, clipboards, files cases, sign holders, tablecloths, presentation boards and other general office supplies. They also need supplies for various activities that make up the risk-reductions workshop such as nametags, bells, bowls/baskets, stop watch, mirrors, flip charts and markers, presentation materials, binders and art supplies.

• These supplies are solely for the use of participants in the study.
• The study anticipates recruiting participants during the course of the study.

Would you allow these costs on a Federal Grant?
CASE STUDY #4

We have an invoice to pay for calls from a cell phone. Is there any need to have the pages of cell calls when paying the bill for the cell phone or can I just include the first page of charges to submit for payment without all the detail pages when paying from a Federal award.

Also, if nights and weekends are free, do those calls matter?
A department would like to charge a personal desktop firewall router to a federal award. Because of the vulnerability of internet/networks these days and because of privacy and sensitivity issues of our work a hardware firewall (in addition of software firewall) is preferred. This is really a desktop computer accessory just like a printer or a network card. It is not institutional infrastructure equipment. It is needed to limit project data access to only project staff and allow access to University and ZORK websites that are required for this specific project from the Veterans Administration site.

Can I charge this router to a Federal award?
QUESTIONS?
Contacts

- **Jumionne Tiako**, Associate Director, FGC, Post Award Set Up
  - Email: jtiako@emory.edu
  - Phone: 404-727-1806

- **Jennifer Crockett**, Associate Director, FGC, Quality Assurance, Compliance & Training
  - Email: Jennifer.j.crockett@emory.edu
  - Phone: 404-727-1884

- **Rashonda Harris**, Associate Director, FGC, Post Award Operations
  - Email: rharr30@emory.edu
  - Phone: 404-727-4443
Thank you!