OFFICE OF THE VICE CHANCELLOR FOR RESEARCH

Research Administrators Monthly Meeting November 2019

Mee Mee Lee-Choi, Senior Associate Director
Office of Sponsored Programs – Post Award

Tiara Kimp, Assistant Director
Office of Sponsored Programs – Post-Award

Announcements

- Effective 11/16/19, the pre-award Office of Research Services (ORS) and the post-award Office of Grants and Contracts are merged under the new **Office of Sponsored Programs**

- Karen McCormack is the Executive Director of the new Office of Sponsored Programs

- New opportunities for exceptional service, expertise and education in the pre- and post- award administration of UIC's sponsored programs to advance the University's mission and promote collaboration, innovation and compliance

Announcements

❖ Office of Sponsored Programs (former ORS and GCO) will be closed 12/24 - 1/1

❖ REMINDERS:

➢ December is a "short" month, so many tasks (proposals, invoices, reports, closeouts, etc.) will need to be completed earlier

➢ AY19 Effort Reporting – THANK YOU! And remember to…

➢ Process PZAREDS for those effort worksheets you submitted with "Labor redistribution pending or will be submitted" comment

➢ Overpayments on grants should be removed and placed on a non-sponsored C-FOP.

Hot Topics in Post-award Administration

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH

Hot Topics

- Cost Transfers
- Cost Overrun/Overdraft
- Large Unexpended Balances
- Departmental Invoices
- Cost Share
- Project Closeout

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH

COST TRANSFERS

OFFICE OF
THE VICE
CHANCELLOR
FOR
RESEARCH
UIC

Cost Transfers

What is a Cost Transfer?

➢ A cost transfer is a reallocation or redistribution of a previously charged expenditure transferred from one system fund to another fund after the charge has been posted in Banner

What is not a Cost Transfer?

➢ Reallocate charges between active funds established for the same sponsored project with the **same grant code**

OFFICE OF
THE VICE
CHANCELLOR
FOR
RESEARCH
UIC

Cost Transfers

How many journal vouchers (cost transfers) are processed each fiscal year?

How many journal vouchers are being returned due to incorrect or insufficient information in FOATEXT?

How can we avoid or minimize the volume of cost transfers?

Governing Prinicples: Uniform Guidance (UG)

2 CFR 200.400 – Subpart E – Cost Principles

❖ 200.403 – Factors affecting **allowability**.

- Necessary and reasonable for the performance; in accordance with UG & University policies; consistent treatment; adequately documented

❖ 200.404 – **Reasonable** costs.

- Generally recognized as ordinary & necessary; market prices; acting in prudence; consistent treatment

❖ 200.405 – **Allocable** costs.

- Incurred specifically for the award; benefits the award and other work;
- Must be allocated based on proportional benefit with little effort/cost; or any reasonable documented basis if the proportional benefit cannot be determined due to the interrelationship of the work
- Any cost allocable … may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH

Basic Principles & Expectations

- In addition to the UG cost principles, in order for cost transfers to be allowable, the expense must be:

  – Incurred during the period of performance;

  – Treated consistently across like circumstances; and

  – Completed as soon as the need is detected and non-current transfers (older than 90 calendar days) should be kept to an absolute minimum.

Examples of Allowable Cost Transfers

- Transfer pre-award costs from *unrestricted* unit holding fund if pre-award costs are approved by the sponsor

- Move costs that were temporarily charged to an unrestricted fund prior to a new or renewal sponsored project being fully executed

- Correct typographical or data entry errors

- Correct **chart or fund** codes of the C-FOAPAL string

- Redistribute labor expenses to reflect actual effort expended

- Reallocate expenses for shared goods and services that benefit more than one sponsored project

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH

Examples of Unallowable Cost Transfers

- Move costs that do not directly benefit the project

- Transfers from one budget or project period to the next solely to avoid overdrafts (i.e., parking charges)

- Transfers from one sponsored project C-FOAP in overdraft status to another sponsored project C-FOAP for the sole purpose of eliminating overdraft (i.e., also parking charges)

- Transfers to a project having an unexpended balance for the purpose of spending the remaining balance

- Transfers in which the sponsored project C-FOAP was being used as a "holding" fund to redistribute expenses to other fund codes

Exceptions to the Cost Transfer Policy

❖ Correct data entry errors in the C-FOAPAL string related to the **org, account, program, or activity code**

❖ Reallocate charges between active funds established for the same sponsored project with the **same grant code**

❖ Remove expenditures by transferring charges to a non-sponsored fund

❖ Post original intra-University billings

13

Exceptions to the Cost Transfer Policy

- Process administrative adjustments such as entries by the Office of Sponsored Program – Post-Award or University Accounting and Financial Reporting (UAFR) to correct F&A assessments, fringe benefit errors, small balance adjustments, cost of education or administrative allowances, etc.

Although these exceptions are not considered cost transfers and do not need Form GC81: Cost Transfer Justification For Sponsored Projects, you should still maintain adequate documentation

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH
UIC

Types of Expenses

Non-Personnel

Transfer is processed on Journal Voucher FGAJVCD or FGAJVCQ in Banner.

Requires Grants & Contracts approval to post

Personnel

Transfer is processed on Labor Redistribution form (PZAREDS) in Banner.

Does not require Grants & Contracts approval to post

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH
UIC

Types of Cost Transfers

Current Cost Transfers

Initiated <u>within</u> 90 *calendar* days of the ***original underlying*** transaction date in Banner

Non-Current Cost Transfers

Initiated <u>more than</u> 90 calendar days after the original underlying transaction date in Banner

Non-current transfers require additional documentation

Additional Documentation That May Be Required

GC81: Cost Transfer Justification for Sponsored Projects

- For non-current cost transfers, keep the signed form on file in your unit.

Effort Recertification

- May be required if labor redistribution impacts pay event(s) that have already been certified.

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH
UIC

Cost Transfer Requirements

	Non-Personnel (JV)	Personnel (LR)
Current Transfers	To be noted in FOATEXT: ▪ Reason for initial posting to incorrect C-FOAP ▪ How this cost directly benefits the project being charged/debited (+) ▪ Original transaction date ▪ Original *Banner document* number ▪ Preparer's name and contact info	To be documented in personnel files or Banner PZAREDS Comments tab: ▪ Reason for initial posting to incorrect C-FOAP ▪ How this cost benefits the project being charged ▪ Effort Recertification if pay period was already certified
Non-Current Transfers	▪ Same as above ▪ Complete GC81 Form and note in FOATEXT "GC81 form is on file"	▪ Same as above ▪ Complete GC81 Form and keep on file ▪ Effort Recertification if pay period was already certified

Commonly Rejected FOATEXT

➢ **Intra-University billing JVs that do not use revenue account code on credit side of JV and/or lacks key information such as:**

1) Service period covered by the billing

2) Information on how the amount billed was derived/calculated

3) Brief description of services

Commonly Rejected FOATEXT

➢ **"Transferring expense to correct fund," or "Charged the wrong fund in error."**

  ○ *Missing explanation on "how" the error occurred*

  Example: The expense was inappropriately charged to fund 485213 due to a transposition error during the P-card reconciliation. The correct fund should be 485123.

  ○ *Missing explanation on the benefit to this project, fund 485123*

  Example: This cost is for specialized software used to analyze patient data collected under the Midwest HIV/AIDS project.

Commonly Rejected FOATEXT

➢ **"Reallocating costs that benefit more than one project," or "Transfer charges between E1234 and E4321."**

○ *Missing explanation on "how" the error occurred*

Example: Initially thought expense belonged on E1234, but during monthly review meeting, PI identified the cost should have been split between two projects.

○ *Missing explanation on "what" is the benefit to the award being charged and "what" allocation method is used to split between grants*

Example: To transfer 50% of the maintenance costs from E1234 to E4321 which are two closely related projects. The maintenance agreement is for the DNA sequencer used for specific aim 1 of the NIH project E1234 and Army grant E4321.

WHY

OFFICE OF
THE VICE
CHANCELLOR
FOR
RESEARCH
UIC

Commonly Rejected FOATEXT

➢ **"Reversing J1234567 posted 11/07/2019"**

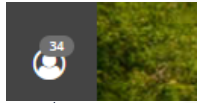- ○ *Missing explanation on "**how**" the error occurred*

  Example: The lab personnel who ordered supplies used the expired grant fund. Personnel has been instructed to use the new CFOP. Additional layer of approval prior to placing the order has been added in order to prevent this from occurring again.

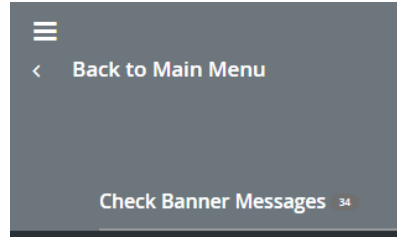- ○ *Missing the original document number and transaction date of the original cost*

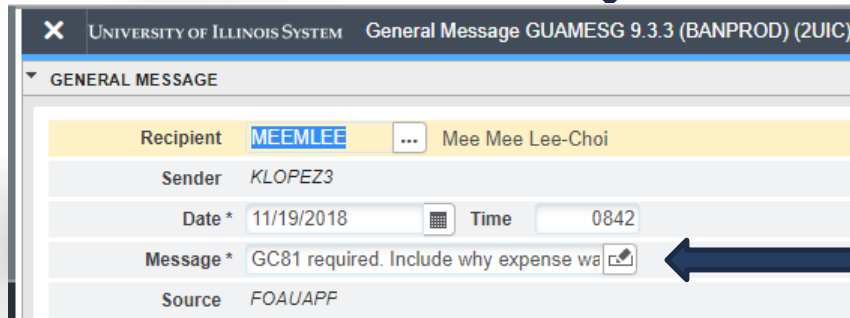 Example: Original transaction PCA87654 10/25/2019

Check for Disapproved JV (GUAMESG)

Click on this icon

Click on "Check Banner Messages"

Back to Main Menu

Check Banner Messages 34

UNIVERSITY OF ILLINOIS SYSTEM   General Message GUAMESG 9.3.3 (BANPROD) (2UIC)

GENERAL MESSAGE

Recipient	MEEMLEE ... Mee Mee Lee-Choi
Sender	KLOPEZ3
Date *	11/19/2018 Time 0842
Message *	GC81 required. Include why expense wa
Source	FOAUAPP

Click on the Message box

Message ✕

GC81 required. Include why expense wasn't originally charged to the correct foap and how it benefits the project being charged. Katrina 6-3782

You will see the reason why your JV was rejected and who to contact

Re-Submit Your Corrected JV

1. Enter rejected JV # in FGAJVCQ or FGAJVCD

2. Correct FOATEXT

3. Click complete!

Program:	191100 ▼	Research
Activity:	▼	
Location:	▼	
Project:	▼	
Percent:		Amount:
Description:	Reallocate supplies expense	Bank: DA ▼
Budget Period:		

Completion FGAJVCQ 8.6.1.5 (BANPROD) (0NONE)

Complete: 📗   In Process: ⧗

OFFICE OF
THE VICE
CHANCELLOR
FOR
RESEARCH
UIC

Best Practices to Reduce Cost Transfers

- ❑ Review terms and conditions of award to understand what is allowable, unallowable, and rebudgeting provisions

- ❑ Allocate charges *promptly* if the lab supplies or equipment benefits multiple projects

- ❑ Update personnel appointments and service center accounts on time or at regular intervals

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH

Best Practices to Reduce Cost Transfers

- ❑ Seek sponsor's approval if pre-award cost is anticipated

- ❑ Request anticipation account if appropriate

- ❑ Monitor your burn rate (i.e., accelerated or delayed expenditure pattern may indicate deficiency in internal control)

Federal Audit Findings

★ **Unsupported allocation of costs**

- **Scenario 1**: Travel split among 3 NSF awards, however, was only related to 1 of the awards; appeared to be allocated based on travel budgets available

- **Scenario 2**: Equipment cost was split evenly across four projects based on estimated/projected usage and no supporting documentation on how the usage was determined

  - **Citation**: Arbitrary and based on convenience & not allocated based on benefit to the project

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH

Federal Audit Findings

★ **Inadequately documented costs**

- ○ **Scenario**: Transferred pre-award expenses from 1 NSF award to another. Supporting documentation was not provided
  - ■ **Citation**: Unsupported transactions

★ **Cost transfer due to overrun**

- ○ **Scenario**: Personnel expenses transferred from one NSF award to another NSF award for the same PI and overlapping period
  - ■ **Citation**: Appear to have been transferred as a result of the overrun of the first NSF award

Cost Overrun (Overdraft)

How many expired sponsored projects are in overdraft status and have direct negative impact on timely closeout?

- ➢ Approximately 25% of expired awards
  - Due to pending modification
  - Due to continuous spending

How many active sponsored projects are in overdraft status and have negative impact on billing and collection?

- ➢ Approximately 6% of active awards
  - Expecting additional funding
  - Expecting continuation award

OFFICE OF
THE VICE
CHANCELLOR
FOR
RESEARCH
UIC

Cost Overrun (Overdraft)

What can you do to avoid or manage cost overrun?

- ✓ Reconcile and Monitor your awards regularly
- ✓ Prepare and request for additional funding at least 30 days prior to current budget end date
- ✓ Resolve or remove the overdraft immediately
- ✓ See Best Practices section under Manage Award on our website
  https://research.uic.edu/lifecycle/managing-an-award/best-practice-manage-award/

Large Unexpended Balance

How many expired sponsored projects have greater than 25% unexpended balance?

- ➢ Approximately 15% of expired awards
  - ➢ Due to a delayed start
  - ➢ Change in scope of work
  - ➢ Increased funding from other sources
  - ➢ Inaccurate cost estimates included in your grant proposal

Do you monitor your burn rate?

Recommended EDDIE Report (see example on next slide): **FIGR_Grants_Status_and_Billing_Summary_Report**

Provides a comprehensive financial summary of a grant, including budget and expense information, general ledger balances for a specific accounting period, current accounts receivable balances and individual sponsored project billings.

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH

University of Illinois - Grants Status and Billing Summary Report

Chart of Account:2 Fiscal Year:20 Grant Code:Gxxxx Period:04 Enter Principal Investigator:* Responsible Organization:*

Technical Data for OCU300

Grant Chart	2 University of Illinois - Chicago	Org Resp Grant	53xxxx	Award Type	Contract	Days in Project	364
Principal Investigator	Doe, Jane	College	Coll Medicine at Chicago - CS	Funding Method	Fixed Price Progress	Days Elapsed	748
Grant	Gxxxx Ocugen	Department	xxxxxxx	Grant Status	New	Percent Time Elapsed	100.00 %
Sponsor	Ocugen	Grant Start Dt	11/1/2017	Grant Status Date	11/2/2017	Percent of Award Spent	32.98 %
		Grant End Dt	10/31/2018	Authorized Antic Amt	48,280.00	Burn Rate(%Spent/%Time Elapsed)	32.98 %

Operating Ledger		General Ledger		Accounts Receivable	
Budget	48,280.00	Claim on Cash 51000	169.52	Total Bills	16,093.33
Current Month Expenses	0.00	AR Balance 53002	0.00	Total Collections	16,093.33
ITD Expenses	15,923.81	Cash Balance 53003	0.00	Refunds	0.00
Balance	32,356.19			Unpaid Balance	0.00

Billing Detail

Transaction Number	Transaction Date	Billing	Unpaid Balance
1	11/3/2017	16,093.33	0.00
		16,093.33	0.00

Large Unexpended Balance

What can you do to avoid large residual balance?

- ✓ Monitor your budget and expense regularly
- ✓ Ensure all allowable and applicable costs are charged to the appropriate projects
- ✓ Review the award terms and conditions to determine either a time extension or carryover is allowed

Departmental Invoices

What IS the process and what SHOULD the process be?

Departmental Invoices

There are circumstances where detailed or unusual expenditure reporting is required by the sponsor. For example:

- Classification of costs that significantly differ from Banner account code system
- Costs are categorized based on aims, function, services, etc.
- Invoice or financial information is part of the PIs progress or technical report

Departmental Invoices

But remember…

✓ Prior to sending the sponsor an invoice, send the invoice to Office of Sponsored Programs – Post-Award for review and approval

✓ Include supporting documentation as required or when requested by sponsor

✓ Provide invoice and documentation in advance

OFFICE OF
THE VICE
CHANCELLOR
FOR
RESEARCH
UIC

Common Issues with Departmental Invoices

✓ Department submits monthly, quarterly, or final invoices to sponsor

✓ Billed for expenses that were not in Banner

✓ Post-Award didn't review the invoice prior to submission

✓ Sponsor hasn't paid and BM asks Post-Award for assistance

✓ >90 days after project ended, costs haven't posted to the grant

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH

Audit Finding

- Department invoiced for full award amount on a cost reimbursable contract
- Invoice was not routed to Post-Award 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**

Best Practices

5 W's and 1 H:

WHAT:	Departmental invoices
WHO:	OSP-Post-Award is the authorized official
WHEN:	Every billing cycle and ≥5 days before due
WHERE:	Assigned Grant Specialist
WHY:	Review, approve/sign, and record accounts receivable
HOW:	Per billing terms or consult OSP-Post-Award

Cost Share

What is Cost Share?

Cost share represents the portion of total project costs not borne by the sponsor

- ➢ Committed
  - ▪ Mandatory
  - ▪ Voluntary
- ➢ Uncommitted

In general, cost share only when it is required

Cost Share

Understand what you have committed -

"The Recipient agrees to provide the Recipient's non-Federal Matching Share contribution for eligible project expenses <u>in proportion to</u> the Federal share requested for such project expenses."

Federal Share	$55,000.00
Non-Federal Matching Share	$55,000.00
Total Project Cost	$110,000.00

Cost Share

At the end of the project…

	Total Project Costs
Federal Share (Charge to Grant)	$50,981
Recipient Share (Charge to institutional CFOP)	$45,905
Total Costs	**$96,886**

You did not meet the 1:1 match as required and committed!

How much can we request from this sponsor?

Only 50 % of total cost = $96,886/2 = $48,443

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH

Can I use _____ to meet cost share?

- **NO!!!** *(Unless prior written approval is obtained)*
  - Costs unallowable on the prime award
  - Salary over the sponsor's cap
  - University facilities (e.g., lab space)
  - Unrecovered F&A
  - Capitalized equipment
  - Depreciation on capitalized equipment
  - Another grant's expenditures w/out prior approval

<p style="text-align:center; color:red">Remember: it's auditable!</p>

Cost Share Non-compliance

- Sponsor may:
  - ➢ reduce a portion of allowable funds
  - ➢ return invoices for lack of cost share expenditure
  - ➢ terminate the award
- Risk of audit finding
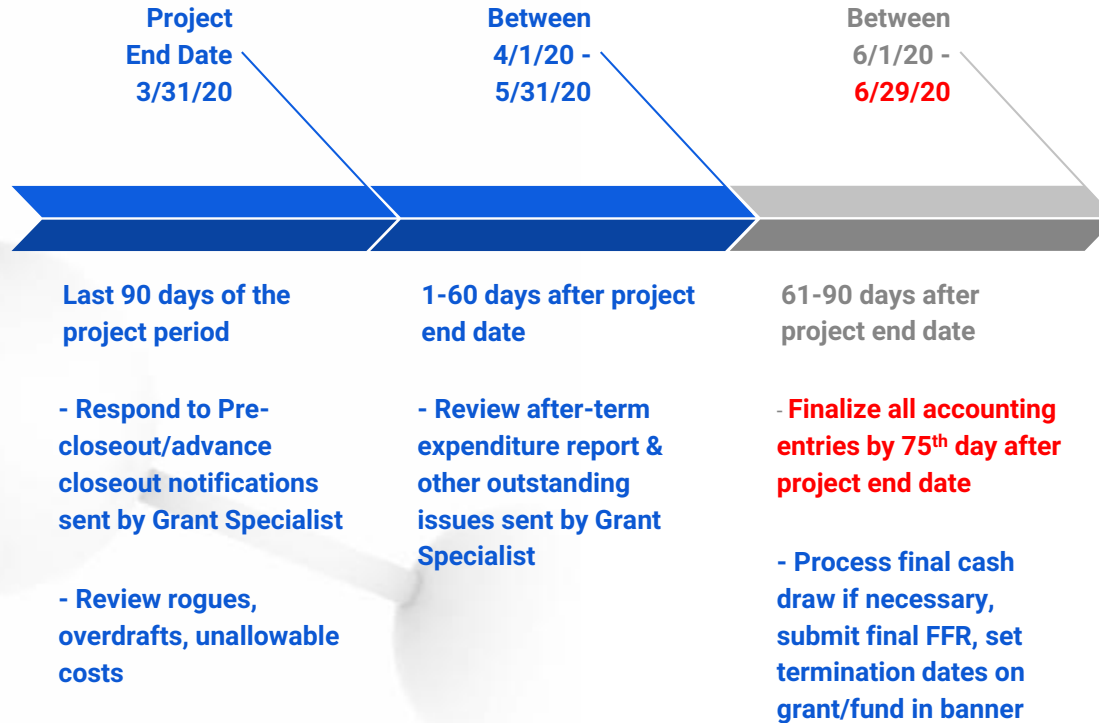- Risk for future funding opportunities

Project Closeout

Uniform Guidance says…

"(a) The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by or the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested by the non-Federal entity."

University Policy says…

"The University of Illinois has a responsibility to close out completed sponsored projects in compliance with federal regulations, sponsor policy, and award terms and conditions. Office of Management and Budget (OMB) Circular A-110 (2 CFR 215) and Uniform Guidance (2 CFR 200.343 Closeout) require that final financial, performance, and other reports be submitted within 90 calendar days after the project end date. …….."

45

Closeout Timeline

Project End Date 3/31/20

Between 4/1/20 - 5/31/20

Between 6/1/20 - 6/29/20

Last 90 days of the project period

- Respond to Pre-closeout/advance closeout notifications sent by Grant Specialist

- Review rogues, overdrafts, unallowable costs

1-60 days after project end date

- Review after-term expenditure report & other outstanding issues sent by Grant Specialist

61-90 days after project end date

- Finalize all accounting entries by 75th day after project end date

- Process final cash draw if necessary, submit final FFR, set termination dates on grant/fund in banner

Note: For non-federal awards, reports may be due within 30 days, 45 days or 60 days after the award end date

46

Common Issues/Barriers

- Overdrafts
- Continuous spending
  - salary
  - service center charges (RRC, BRL, telecom)
- No signed cost share certification
- Open POs & incomplete invoices
- Payments tied to deliverables (late)

How to Achieve a Successful and Timely Closeout?

- Communication is key amongst:
  - PI and project team
  - Research coordinators, grant managers and HR personnel
  - With service centers
  - With vendors and subcontractors
- Prevent late cost transfers
- Be responsive

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/*

49

Resources

- ❖ **Uniform Guidance 2 CFR 200**
  - ➤ Subpart E – Cost Principles (200.400)
  - ➤ https://www.ecfr.gov/cgi-bin/text-idx?SID=7ba4c7c94d3650dd41df28350db83173&mc=true&tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- ❖ **HHS UG – 45 CFR Part 75 (CDC, HRSA, etc.)**
  - ➤ Subpart E - Cost Principles (75.400)
  - ➤ https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=1&SID=df3c54728d090168d3b2e780a6f6ca7c&ty=HTML&h=L&mc=true&n=pt45.1.75&r=PART
- ❖ **NIH Grants Policy Statement**
  - ➤ Section 8 Administrative Requirements
  - ➤ https://grants.nih.gov/policy/nihgps/index.htm
- ❖ **NSF PAPPG**
  - ➤ https://www.nsf.gov/pubs/policydocs/pappg17_1/index.jsp
  - ➤ Chapter X – Allowability of Costs

Resources (cont.)

❖ **University of Illinois - Sponsored Projects Cost Transfers**
  ➢ Section 16-Grants and Research Contracts/Sponsored Projects Cost Transfers
  ➢ https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/cost-transfers

❖ **University of Illinois - Sponsored Projects Cost Principles**
  ➢ Section 16-Grants and Research Contracts/Sponsored Projects Cost Principles
  ➢ https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts/cost-principles

OFFICE OF
THE VICE
CHANCELLOR
FOR
RESEARCH
UIC

Next Meeting

January 2020 1-2pm

Topic

To Be Announced

OFFICE OF THE VICE CHANCELLOR FOR RESEARCH