1. Activities Allowed or Unallowed
2. Allowable Costs/Cost Principles

• How UM Complies with the Requirement:
  – Appropriate Authorization—Each expenditure must be approved by the PI or delegate—signature, email or PS WorkFlow approval
  – Verify Accuracy—The PI/delegate must validate all expenditures on each grant, include cost sharing and program income, use the checklist, or evidence review offline
  – Record approvals or supporting documentation online if possible
  – EVRs
    • completed by the deadline—ensure timeliness
    • accurately reflect complete activity
    • manager validates that all are signed and returned
    • include all individuals who work on any sponsored project—including work study, Smith-Lever and Experiment Station
1. Activities Allowed or Unallowed
2. Allowable Costs/Cost Principles

- Critical Actions:
  - Retain documentation to initiate/approve expenditures
    - Who initiated/approved the action
    - When was the action initiated
    - Includes authorization of payroll allocation changes (PAF), purchases, transfers, etc.
  - Completion of effort reports
    - Check accuracy of funding for period
    - Check completeness of funding for period
    - Complete the effort allocation estimate
    - Sign and date
    - Initiate appropriate PCEs
    - Return before deadline
3. Cash Management

- How UM Complies with the Requirement:
  - Immediate Needs—UM must expend before reimbursement
  - Supervisory Review—department reviews expenditures
    - Timely processing of corrections
    - OSP sends the invoice or draw-downs made
    - Evidence of review and support for draw-down
3. Cash Management

- Critical Actions:
  - Recording of expenditures on the correct ChartField string
    - Reimbursement requires expenditures to be recorded in the correct ChartFields
    - Use pre-award projects as appropriate
    - Move expenditures exceeding budget to other funding sources
  - Timely transfers/adjustments
    - Adjustments/transfers are easier to make sooner rather than later—delay risks unallowability
    - Moving large expenditures off a project shortly after an invoice is issued (usually near the end of the month) risks a positive cash balance for the project
  - Timely recording of cost share
    - When cost share is required, sponsors generally will not accept an invoice without cost share documentation
6. Equipment & Real Property Management

• How UM Complies with the Requirement:
  – Accurate Records of Asset Management
  – Physical Inventory of Capital assets
  – Tags on all University equipment
  – Notify Procurement Office of Non-University Owned Equipment provided to UM
  – Tags on Non-University Owned equipment
  – Initial Purchase from Final ChartFields-not thru a clearing ChartField
6. Equipment & Real Property Management

• Critical Actions:
  – Make equipment purchases on appropriate ChartFields for final expenditure
  – Notify Accounting Office of transfers and/or split-funded equipment so that Asset Management records can be adjusted as necessary
  – Notify Procurement Office when receiving Non-University owned equipment that must be tracked (several federal agencies have these types of programs)
  – Document location changes during physical inventory process (this is also critical for accurate preparation of the F&A cost proposal)
7. Matching, Level of Effort, Earmarking

• How UM Complies with the Requirement:
  – Record Cost Share with a ProjectID and Fund
  – Cost Share Recorded in Budget
  – Monitor Budget using Reporting Tools
  – Timely Documentation of Cost Share in PS
  – Track Third-Party Cost Share Offline
7. Matching, Level of Effort, Earmarking

**Critical Actions:**

- Record cost share as the project proceeds rather than waiting until the end.
- Regular monitoring of expenditures on the project is good management, and promotes compliance by ensuring that expenditures are appropriate and allows for timely corrections of errors.
  - Budget variance 8 used to monitor expenditures against budget, has capability to drill down to detailed expenditures (via Income Statement 9).
  - And, Income Statement 9 can be directly accessed to review detailed expenditures.
- Minimize voluntary cost share.
  - Documenting cost share takes effort.
  - Once a dollar is cost shared for a project, it is no longer available to cost share on another project where we could have used it for mandatory cost share.
- Excessive (voluntary) cost share artificially (we still have the costs, but cannot recover them) reduces the institution’s F&A rate.
8. Period of Availability of Federal Funds

- How UM Complies with the Requirement:
  - Avoid/Minimize Transfers
  - Monitor Start and End-Date of Projects
  - Request No-Cost-Time-Extension as appropriate thru OSPA
  - Timely Review of Expenditures-Including Payroll
    - Make Necessary Corrections within 60 days of Expenditure
  - Review Appointment compared with End Date
8. Period of Availability of Federal Funds

**Critical Actions:**
- Monitor end dates of projects
- Initiate cancellation of “feeds” (payroll, telecom, computer, etc.) to coincide with end of project
- Work with OSPA to initiate No-Cost-Time-Extensions as appropriate
- Regularly monitor project expenditures so that any required corrections are made on a timely basis rather than at the end of the project
- Use pre-award ChartField strings as appropriate
  - Work with OSPA pre-award personnel to ensure award terms cover time period of pre-award expenditures
10. Program Income

• How UM Complies with the Requirement:
  – Program Income is recorded with ProjectID and Fund 2199
  – Program Income is considered part of the project funding and carries the same requirements as the core award
  – Award terms dictate use of Program Income and disposition of residual during and after the funding period
10. Program Income

- Critical Actions:
  - If program income is anticipated and/or realized for a project, it must be set up and budgeted with the appropriate ChartField string.
  - Transfers out of the program income ChartField string must be clearly justified and approved in accordance with the award terms.
  - Expenditures from program income ChartField strings are subject to the same limitations and regulations as the core award.
  - Program income is the sponsor’s money.
12. Reporting

• How UM Complies with the Requirement:
  – Requirements Identified in PS (coming soon)
  – Monitor Upcoming Reporting Deadlines (all types)
  – Track Completion of Technical and Financial Reports
  – Independent Review of Accuracy and Completion of Required Reports
  – Data Integrity is Maintained
12. Reporting

• Critical Actions:
  – Develop comprehensive tools to document reporting requirements and allow management to monitor timely completion of required reports
  – Research ability to maintain documentation of required reports—plans are under discussion to expand electronic document storage
13. Subrecipient Monitoring

• How UM Complies with the Requirement:
  – OSP Monitoring Sub’s A-133 Compliance
  – OSP Monitoring Sub’s Correction of Findings
  – OSPA Monitoring of Debarment and Suspension
  – Turn-About is Fair Play--Others are Required to Monitor UM, Our Findings, Our Corrective Actions
  – Coming Soon—Tracking Online in PS
13. Subrecipient Monitoring

• Critical Actions:
  – Timely communication to OSPA on need for a subrecipient—if the subrecipient was not identified in the original proposal and approved by the sponsor, then the sponsor’s approval will be required before a subrecipient agreement can be produced
  – Understand the difference between a subcontractor and a vendor (a consultant is a vendor)
  – Timely response to OSPA requests for PI review of subrecipient invoice
  – Documentation of PI review and approval of subrecipient technical performance