Postaward Expenditures and Monitoring

Sponsored Projects & Contracting Services

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Objectives

- Proactive and continuing education to mitigate audit risk – 2 institutional NSF audits in past 10 years
- Evaluating risk level of expenditures
- Understand how to properly justify and document
- Identify the UAccess Financials documents that SPCS reviews and what we look for
- Apply knowledge to real cases

Cost Allowability

- Reasonable
- Allocable
- Conforms to terms
- Consistent

High Risk Costs

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- Overtime
- General Rebudgeting
- Late Cost Transfers
  - > 120 Days
  - After End Date
- Equipment not Budgeted
- Purchases near term
  - Computers
  - Equipment

- Relocation Costs
- Travel
  - During a period with no payroll
  - Allocated to multiple awards over long period
  - Foreign
  - Excessive PI travel to workshops/conferences

Risk Level of Transactions

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- **Federal & Sub-Federal Cost-Reimbursement**
  - Federal Fixed Price
- State and Local Govt Cost Reimbursement
- Nonfederal Cost Reimbursement
- Nonfederal Fixed Price
- UA Gift and IDC Accounts

Documentation

- Expenditures on sponsored projects should be supported by a business purpose.
- It can either be in the proposal budget justification, or accompany the transaction in Financials.
- <u>The level of documentation should scale with the level of risk of the cost.</u>

SPCS Transactional Document Review

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- SPS reviews certain high risk documents for:
  - Incurred within the budget period
  - Available budget or backstop
  - Clear benefit to project or business purpose
  - Within award closeout period
  - Spending down at or near end of project

Action List Routing

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- Salary Expense Transfer, General Error Correction, Effort Certification routing is hard coded into Financials
- Other documents are setup via UAccess Financials Org Review which we can customize ourselves (and departments can for themselves)

Disbursement Vouchers

- When?
  - Expired accounts
- Travel Example:
  - Airline ticket purchased prior to end date

Internal Billings

- When?
  - Hospitality: Business Meeting expense
- Special Requirements
  - Agenda
  - List of attendees
  - Food allowable or pre-approved

Internal Billings (cont.)

- When?
  - Capital Equipment
- Special Requirements
  - Allowability on account and prior approval
  - Titling issues

Procurement Cards

- When?
  - Expense over $5,000
  - Expired accounts
- Special Requests
  - Attach receipt
  - Include dates
- Auto-Approval

Requisitions/Purchase Order Amendments

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- When?
  - All subawards
  - Amount over $5,000
  - All capital equipment
  - Tagged, non-capital equipment

Requisitions/Purchase Order Amendments (cont.)

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- What?
  - Sponsor approval/notification for subaward & equipment
  - Equipment titling issues
  - Closer review near end of project
  - Cost Allocation

Question for the Audience

- Does SPCS review all transactional documents for each sponsored account?

A. Yes

B. No

C. I can’t remember.

Question for the Audience

- When does SPCS review Disbursement Vouchers?

A. On all 3XXXXXX and 4XXXXXX accounts

B. Only on Expired SPCS accounts

C. Only on Federal or Subfederal accounts

D. On all university accounts

Question for the Audience

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- Which item(s) is/are required for Internal Billings for Business Meetings with Food?

A. Signed affidavits by all attendees to benefit to project

B. Pre-Published Meeting agenda

C. List of attendees

D. Social Security Numbers

E. B & C only

Expense Transfers

- General Error Corrections
- Effort Certifications
- Salary Expense Transfers
- Distributions of Income and Expense

- When? All sponsored accounts

General Error Corrections

- Must be used on SPCS accounts, unless fiscal year object code balance is insufficient
- Used to move expense between accounts or correct an object code

Effort Certifications

- Effort must be certified regularly for employees paid on federal or sub-federal accounts.
- UA chooses to certify every six months.
- If effort is changed on any project, system automatically generates an SET.

Distribution of Income & Expense

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- Should only be used for prior fiscal year transfers or when inadequate balance on object code
- Should be treated like a GEC:
  - Non-timely: Requires Error Certification
  - Timely: Explanation of reason for transfer
  - Description: “General Error Correction”
  - Line description: “GEC” Original Document Number

Cost Transfers: What SPCS looks for

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- Enough funding to cover or up-to-date backstop
- Expense incurred within award dates
- Business Purpose/Explanation of reason for transfer
- Sponsored to Sponsored
- Deficit Removal
- Spends out account to the penny
- Allowable?
- Original Document/Reference Numbers
- Cost Allocation

Why does SPCS ask so many questions?

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- Too many accounts to have detailed knowledge of each one
- Ensure policies are followed
  - Uniform Guidance
  - University Policy
  - Sponsor Policy
- Mitigate audit risk/Good stewardship

What is required in all cost transfer documents?

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A. An error certification

B. PI signature

C. Explanation of the reason for the transfer

D. A thank you note to your fund accountant

Which of the following is a possible audit red flag?

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A. Cost transfers that spend out to the penny

B. Removing a deficit onto a federal sponsored account

C. A large number of purchases at the end of the project

D. Equipment purchased near the end of the project

E. All of the above

Error Certifications

- When?
  - (sub)Federal – 30 days
  - Nonfederal – 90 days
  - Note: Payroll according to months, not pay periods.

Error Certifications (cont.)

- What?
  - Questions answered
  - Makes sense to someone unfamiliar with project
  - Satisfy an auditor:
    - Allowable/Benefit to project
    - Focus on why error happened & how it won't happen again
    - Will you remember if audited five years later?

Recent UA NSF Audit Findings

- Compassionate leave
- Subaward without prior approval
- Pre-award costs outside of 90 days
- Travel charged to the wrong award
- Campus rec fees for student participants

How do we Compare? Recent NSF Audits

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- **Arizona State University: $1.2 million**
- **Princeton University: $436,021**
- **University of Wyoming: $441,683**
- **Massachusetts Institute of Technology: $331,114**
- University of Arizona $56,904

*Figures include direct and F&A costs

Recent NIH Findings

- University of Louisville – $1.3 million for administrative costs
- University of California San Diego – $202,000 of administrative costs
- University of North Carolina - $353,000 of administrative & unallowable costs
- University of Colorado - $1.2 million of unallowable costs

Next up

- SPCS is building workshops to address specific cost types, and UAccess Financials document types
- Quick references and other tools
- In person training at your unit or our location

Thank You!