



Award Management Seminar



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Checklist for Proposal Budget Items (*U. Michigan*)



Checklist for Proposal Budget Item

Checklist for Proposal Budget Items

A. SALARIES AND WAGES

1. Academic personnel
2. Research assistants
3. Stipends (training grants only)
4. Consultants
5. Interviews
6. Computer programmer
7. Tabulators
8. Secretaries
9. Clerk-typists
10. Editorial assistants
11. Technicians
12. Subjects
13. Hourly personnel
14. Staff benefits
15. Salary increases in proposals that extend into a new year
16. Vacation accrual and/or use

B. EQUIPMENT

1. Fixed equipment
2. Movable equipment
3. Office equipment
4. Equipment installation

C. MATERIALS AND SUPPLIES

1. Office supplies
2. Communications
3. Test materials
4. Questionnaire forms

4. Questionnaire forms
5. Duplication materials
6. Animals
7. Animal care
8. Laboratory supplies
9. Glassware
10. Chemicals
11. Electronic supplies
12. Report materials and supplies

D. TRAVEL

1. Administrative
2. Field work
3. Professional meetings
4. Travel for consultation
5. Consultants' travel
6. Subsistence
7. Automobile rental
8. Aircraft rental
9. Ship rental

E. SERVICES

1. Computer use
2. Duplication services (reports, etc.)
3. Publication costs
4. Photographic services
5. Service contracts
6. ISR services (surveys)

F. OTHER

1. Space rental
2. Alterations and renovations
3. Purchase of periodicals and books
4. Patient reimbursement
5. Tuition and fees (training grants)
6. Hospitalization
7. Page charges
8. Subcontracts

G. INDIRECT COSTS

Submitted by: April 27, 2015



Checklist for Proposal Budget Items

A Unit of the U-M Office of Research:



CONTACT US

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Contact Form

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Budget Review Checklist – Grant

GRANT

RAFM Budget Review Checklist

RAFM 11.13.15

Due Date: _____

Date Received: _____

PI: _____ Title: _____

Sponsor: _____ RFP#: _____

Method of submission: _____ Project Period: _____ - _____ LLeRA#: _____

Email Cindy or Sherie to obtain LLeRA #

Personnel

- | Yes | N/A | |
|--------------------------|--------------------------|---------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Enter all personnel in LLeRA using the Personnel Wizard User Guide . |
| <input type="checkbox"/> | <input type="checkbox"/> | Email COI Coordinator list of personnel that have been entered into LLeRA but do not have COI clearance |
| <input type="checkbox"/> | <input type="checkbox"/> | Institutional base salary verified |
| <input type="checkbox"/> | <input type="checkbox"/> | Fringe benefit rates applied and accurate |
| <input type="checkbox"/> | <input type="checkbox"/> | Effort spreadsheet completed for salaried and key personnel |

Animal Care Costs

- | Yes | N/A | |
|--------------------------|--------------------------|---------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Suggest PI obtain quote from Animal Care Facility |

F&A Costs

- | Yes | N/A | |
|--------------------------|--------------------------|------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Verify MTDC for federal, fed flow-through, or state |
| <input type="checkbox"/> | <input type="checkbox"/> | Verify TDC for all others (Ex: non-profit, private, industry sponsored, etc) |
| <input type="checkbox"/> | <input type="checkbox"/> | F&A Waiver - see Budget Planning Rate Guide |

Cost Sharing

- | Yes | N/A | |
|--------------------------|--------------------------|---------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Cost Sharing Authorization Form |

Inflation

- | Yes | N/A | |
|--------------------------|--------------------------|-------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Percentage: _____ |

Program Income

- | Yes | N/A | |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | |

International

- | Yes | N/A | |
|--------------------------|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Send list of personnel and/or institutions to Sabrina to check if debarred or suspended & save the email confirming clearance with the budget review package |
| <input type="checkbox"/> | <input type="checkbox"/> | Notify Director of Research Integrity of any foreign components |

Additional Notes:

Subrecipients: (list)

- | Yes | N/A | |
|--------------------------|--------------------------|-------------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Request SF424 budget & PDF justification |
| <input type="checkbox"/> | <input type="checkbox"/> | Subrecipient Commitment Form (upload into LLeRA under "Attachments") |
| <input type="checkbox"/> | <input type="checkbox"/> | Verified SAM for both organization and personnel |
| <input type="checkbox"/> | <input type="checkbox"/> | Audit Certification form sent (only if not sent w/in last 12 months) |
| <input type="checkbox"/> | <input type="checkbox"/> | Verify subrecipient information is correct in Subcontract Tracker . |

Personal Service Agreements

- | | | |
|--------------------------|--------------------------|-------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Contractor vs. Employee Status determination completed by HRM |
| <input type="checkbox"/> | <input type="checkbox"/> | PSA Contractor Certification form sent (only if not sent w/in last 12 months) |

Consultant Costs

- | Yes | N/A | |
|--------------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Verified SAM |
| <input type="checkbox"/> | <input type="checkbox"/> | If additional compensation is requested for internal consultants, ensure all requirements are met according to LLUH policy Direct Costs |

Budget Justification

- | Yes | N/A | |
|--------------------------|--------------------------|-----------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Matches budget line items, including personnel effort and roles |

Budget Approval Notification

- | Yes | N/A | |
|--------------------------|--------------------------|--------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Once AD has signed-off, notify Cindy via email. Include link to proposal folder on shared drive. |

Attachments:

- | Yes | N/A | |
|--------------------------|--------------------------|--------------------------------------------------------------|
| <input type="checkbox"/> | <input type="checkbox"/> | Copy of Transmittal |
| <input type="checkbox"/> | <input type="checkbox"/> | Funding announcement |
| <input type="checkbox"/> | <input type="checkbox"/> | Subrecipient Commitment Form (and all attachments) |
| <input type="checkbox"/> | <input type="checkbox"/> | SAM printouts |
| <input type="checkbox"/> | <input type="checkbox"/> | System printout of finalized budget detail and justification |

Analyst: _____ Date: _____

AD: _____ Date: _____



Budget Review Checklist – Contract

CONTRACT

RAFM Budget Review Checklist

Date Received: _____

Banner#: _____ LLeRA#: _____

PI: _____ Title: _____

Sponsor: _____ Project Period: _____ - _____

☐ New ☐ Amendment

Personnel

- Yes N/A
- ☐ ☐ Institutional base salary verified
- ☐ ☐ Fringe benefit rates applied and accurate
- ☐ ☐ Effort spreadsheet completed for salaried and key personnel

COI

- Yes N/A
- ☐ ☐ Email list of personnel to COI Coordinator

Consultant Costs

- Yes N/A
- ☐ ☐ Verified SAM
- ☐ ☐ If additional compensation is requested for internal consultants, ensure all requirements are met according to LLUH policy Direct Costs.

Animal Care Costs

- Yes N/A
- ☐ ☐ Suggest PI obtain quote from Animal Care Facility

F&A Costs

- Yes N/A
- ☐ ☐ Verify MTDC for federal, fed flow-through, or state
- ☐ ☐ Verify TDC for all others (Ex: non-profit, private, industry sponsored, etc)
- ☐ ☐ F&A Waiver

Program Income

- Yes N/A
- ☐ ☐

Additional Notes:

If amendment, state changes:

Cost Sharing

- Yes N/A
- ☐ ☐ Cost Sharing Authorization Form

Export Control

- Yes N/A
- ☐ ☐ Notify Director of Research Integrity of any foreign components

Budget Justification

- Yes N/A
- ☐ ☐ Matches budget line items, including personnel effort and roles


Inflation

- Yes N/A
- ☐ ☐ Percentage: _____

Attachments:

- Yes N/A
- ☐ ☐ SAM printouts

Analyst: _____ Date: _____ AD: _____ Date: _____



Budget Review Checklist – Clinical Study

CLINICAL STUDY

RAFM Budget Review Checklist

Date Received: _____ To be managed by: _____

☐ New ☐ Amendment ☐ Study drug or device (no budget)

PI: _____ Title: _____

Sponsor: _____ LLeRA/STAR#: _____ IRB#: _____

☐ Master Agreement ☐ Federal flow-through Prime Sponsor: _____

Section 1: Complete for ALL Studies

(including School of Dentistry & Cancer Center)

Budget and Financial Language

Yes N/A
☐ ☐ Received Protocol and Budget Worksheet (includes Billing Grid unless non-patient billing study). For SD & CC studies, budget included in agreement/protocol.

☐ ☐ Correct Entity and contact information

☐ ☐ Payment terms included and reasonable

Method of reimbursement: _____

Fees

Yes N/A
☐ ☐ IRB initial review (\$2,500)
☐ ☐ IRB annual renewal (\$750)
☐ ☐ Non-refundable start-up fees (amount): _____
☐ ☐ Closeout fees
☐ ☐ Pharmacy set-up fee (\$750)
☐ ☐ Advertising expenses
☐ ☐ Storage costs
☐ ☐ Travel

F&A Costs

Yes N/A
☐ ☐ Verify MTDC for federal, fed flow-through, or state
☐ ☐ Verify TDC for all others (Ex: non-profit, private, industry sponsored, etc)
☐ ☐ F&A Waiver - see Budget Planning Rate Guide

Export Control

Yes N/A
☐ ☐ Notify Director of Research Integrity of any foreign components

Amendment Changes and Additional Notes:

Section 2: Complete for RAFM Managed Studies

(including School of Dentistry & Cancer Center)

Personnel & Effort

Yes N/A
☐ ☐ Rates comparable with geographic averages
☐ ☐ Effort spreadsheet completed for salaried and key personnel
☐ ☐ SAM verified for both external individuals and entities

Cost Sharing

Yes N/A
☐ ☐ Cost Sharing Authorization Form

Section 3: Complete for RAFM Managed Studies

(**excluding** School of Dentistry & Cancer Center)

Yes N/A
☐ ☐ Feasibility meeting held and checklist provided
☐ ☐ If final budget has significant changes of 25% or more, send a copy of finalized budget to CTC
☐ ☐ Finalize Feasibility Checklist (completed by AD)
☐ ☐ Once AD signs Feasibility Checklist, send with Billing Grid (unless non-patient billing study) for IRB to PI and Coordinator for inclusion with IRB Submission

Section 4: Complete for ALL Studies

(including School of Dentistry & Cancer Center)

☐ Email finalized documents *and* this completed checklist to the Contract Analyst for RAFM managed studies (federal/non-industry sponsored) or Amy Casey for CTC managed studies (industry sponsored)

Analyst: _____ Date: _____ AD or FA on behalf of AD: _____ Date: _____



Budget Review Checklist - Subaward

CLINICAL STUDY

RAFM Budget Review Checklist

Date Received: _____ To be managed by: _____

☐ **New** ☐ **Amendment** ☐ Study drug or device (no budget)

PI: _____ Title: _____

Sponsor: _____ LLeRA/STAR#: _____ IRB#: _____

☐ Master Agreement ☐ Federal flow-through Prime Sponsor: _____

Section 1: Complete for ALL Studies

(including School of Dentistry & Cancer Center)

Budget and Financial Language

Yes N/A
☐ ☐ Received Protocol and Budget Worksheet (includes Billing Grid unless non-patient billing study). For SD & CC studies, budget included in agreement/protocol.

☐ ☐ Correct Entity and contact information

☐ ☐ Payment terms included and reasonable

Method of reimbursement: _____

Fees

Yes N/A
☐ ☐ IRB initial review (\$2,500)
☐ ☐ IRB annual renewal (\$750)
☐ ☐ Non-refundable start-up fees (amount): _____
☐ ☐ Closeout fees
☐ ☐ Pharmacy set-up fee (\$750)
☐ ☐ Advertising expenses
☐ ☐ Storage costs
☐ ☐ Travel

F&A Costs

Yes N/A
☐ ☐ Verify MTDC for federal, fed flow-through, or state
☐ ☐ Verify TDC for all others (Ex: non-profit, private, industry sponsored, etc)
☐ ☐ F&A Waiver - see Budget Planning Rate Guide

Export Control

Yes N/A
☐ ☐ Notify Director of Research Integrity of any foreign components

Amendment Changes and Additional Notes:

Section 2: Complete for RAFM Managed Studies

(including School of Dentistry & Cancer Center)

Personnel & Effort

Yes N/A
☐ ☐ Rates comparable with geographic averages
☐ ☐ Effort spreadsheet completed for salaried and key personnel
☐ ☐ SAM verified for both external individuals and entities

Cost Sharing

Yes N/A
☐ ☐ Cost Sharing Authorization Form

Section 3: Complete for RAFM Managed Studies

(**excluding** School of Dentistry & Cancer Center)

Yes N/A
☐ ☐ Feasibility meeting held and checklist provided
☐ ☐ If final budget has significant changes of 25% or more, send a copy of finalized budget to CTC
☐ ☐ Finalize Feasibility Checklist (completed by AD)
☐ ☐ Once AD signs Feasibility Checklist, send with Billing Grid (unless non-patient billing study) for IRB to PI and Coordinator for inclusion with IRB Submission

Section 4: Complete for ALL Studies

(including School of Dentistry & Cancer Center)

☐ Email finalized documents *and* this completed checklist to the Contract Analyst for RAFM managed studies (federal/non-industry sponsored) or Amy Casey for CTC managed studies (industry sponsored)

Analyst: _____ Date: _____ AD or FA on behalf of AD: _____ Date: _____



Subrecipient vs. Contractor FINAL

Checklist to Determine Subrecipient or Contractor Classification

OBJECTIVE: Generally, the determination of the relationship with an entity is verified through the institutional review of the proposal narrative, budget justification, and other related proposal documents, as well as through discussions with key personnel prior to proposal submission. When the relationship remains unclear, this form may provide assistance in making an accurate determination.

DEFINITIONS FROM UNIFORM GUIDANCE (2 CFR, PART 200):

Subrecipient:

§200.93 Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding

Contractor:

§200.23 Contractor means an entity that receives a contract as defined in §200.22 Contract.

§200.22 Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award.

INSTRUCTIONS: Complete sections one and two of the checklist by marking all characteristics that apply to the outside entity. The section with the greatest number of marked characteristics indicates the likely type of relationship the entity will have with the University. On occasion there may be exceptions to the type of relationship indicated by the completed checklist. In these situations, the substance of the relationship should be given greater consideration than the form of agreement between the University and the outside entity. Section 3 should be used to provide documentation on the use of judgment in determining the proper relationship classification.

NAME OF OUTSIDE ENTITY: _____

SECTION 1 - SUBRECIPIENT

Description: A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. Characteristics which support the classification of the non-Federal entity as a subrecipient include when the non-Federal entity:

- ☐ 1. Determines who is eligible to receive what Federal assistance;
- ☐ 2. Has its performance measured in relation to whether objectives of a Federal program were met;
- ☐ 3. Has responsibility for programmatic decision making;
- ☐ 4. In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.

Entities that include these characteristics are responsible for adherence to applicable Federal program requirements specified in the Federal award.

SECTION 2 - CONTRACTOR

Description: A contract is for the purpose of obtaining goods and services for the non-Federal entity's own use and creates a procurement relationship with the contractor. Characteristics indicative of a procurement relationship between the non-Federal entity and a contractor are when the non-Federal entity receiving the Federal funds:

- ☐ 1. Provides the goods and services within normal business operations;
- ☐ 2. Provides similar goods or services to many different purchasers;
- ☐ 3. Normally operates in a competitive environment;
- ☐ 4. Provides goods or services that are ancillary to the operation of the Federal program.

Entities that include these characteristics are not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.

FINAL DETERMINATION:

☐

SUBRECIPIENT

☐

CONTRACTOR

OPTIONAL - SECTION 3 - USE OF JUDGMENT (use only when the determination cannot clearly be made using the above criteria)

Description: In determining whether an agreement between a pass-through entity and another non-Federal entity casts the latter as a subrecipient or a contractor, the substance of the relationship is more important than the form of the agreement. All of the characteristics listed above may not be present in all cases, and the pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract.

Explanation of Use of Judgment Determination:

Prepared By: _____

Date: _____

FDP Sub Risk Assessment



Risk Assessment Questionnaire

Institution Questions (Scored)

Score

Subrecipient Institution			
Subject to Single Audit?	Yes	No	
Relevant Findings?	Yes	No	
Internal Project Identifier			
Prime Sponsor			
DUNS			
FAC EIN			
See other tab for guidance and frequently asked questions			

Threshold Questions (Not Scored)

If yes to 1, 2, or 3, consider alternatives to initiating agreement:

1. Is the Subrecipient Institution presently debarred or suspended?
2. Is the Subrecipient Institution's PI presently debarred or suspended?
3. Does the Subrecipient show "delinquent federal debt" in SAM?

Yes No

--	--	--	--

If no to 4, 5, 6, or 7, consider alternatives to initiating agreement:

4. If required by the sponsor, does the Subrecipient have a compliant conflict of interest policy?
5. Does the Subrecipient have an acceptable accounting system?
6. Does the Subrecipient have an acceptable procurement system?
7. If required, has the Subrecipient completed audit under A-133 or Uniform Guidance for the most recent fiscal year?

--	--

--	--	--	--

Other Considerations (Not Scored)

8. Has there been a PTE-issued management decision on audit findings that may affect this award?
9. Does the Subrecipient have a negotiated indirect cost rate (or experience setting up such a rate)?
10. Does the project include work covered by ITAR or EAR (at Subrecipient, or Subrecipient accessing at PTE)?
11. Is there a potential or identified conflict of interest?
12. Is cost-share required or included?
13. Is participant support included in the Subrecipient's budget?
14. Does the Subrecipient have adequate experience receiving same or similar federal awards?
15. Have other risks been identified? If yes, explain in Notes below.

--	--

--	--

--	--

--	--	--	--

--	--	--	--

Notes:

Project Questions (Scored)

16. Is the Subrecipient institution foreign or domestic?
<click to select>
17. What is the Subrecipient Organization type?
<click to select>
18. Does the Subrecipient have a Negotiated IDC Rate Agreement?
<click to select>
19. Were the results of the most recent Single audit (or similar) satisfactory?
<click to select>
20. Is the Subrecipient Institution mature?
<click to select>
21. Does the Subrecipient Institution have experience with determining conflicts of interest (evidence of an acceptable COI Policy)?
<click to select>
22. What is the Prime Sponsor type?
<click to select>
23. What is the Prime Award type?
<click to select>
24. Amount of Outgoing Funds?
<click to select>
25. What is the percentage of the Prime Award being subcontracted (specific to this Subrecipient—not total)?
<click to select>
26. Does the work include Human Subjects, Animal Subjects, or Embryonic stem cells?
<click to select>
27. What are the Subrecipient's Scope of Work/Deliverables?
<click to select>
28. Where is the Place of Performance?
<click to select>

Assessment Performed:	
Initials	Date

Assessment Incomplete

Assessed Risk	Score
Institution	0
Project	0
Total	0

Risk Assessment Questionnaire – Guidance Document

The purpose of this document is to provide an overview of using the Risk Assessment Questionnaire (RAQ) and the intent behind some of the questions. Please note using this questionnaire is not mandatory. It is not designed to be prescriptive in how your institution will determine or manage risk, nor does it represent every possible scenario. The RAQ focuses on federal and federal flow-through funds but could be used to assess risk of subrecipients regardless of funding source. It is a tool to assist a pass-through entity (PTE) with determining the risk of a subrecipient, and should not be recycled as a questionnaire to send to a subrecipient to complete. Use of the RAQ does not guarantee a clean audit.

The working group encourages the use of the FDP Subaward ListServ (FDPSUBAWARD-L@LSW.NAS.EDU) as a resource for feedback from other research administrators on more atypical scenarios.

The RAQ is organized into four separate sections: Threshold Questions, Other Considerations, Institutional Questions, and Project Specific Questions.

The Institutional Questions and the Project Questions are scored independently. This is intentional as there could be an instance where the risk of issuing an agreement to a subrecipient is determined to be very low, but the project is determined to be very high risk or vice versa. The working group determined that showing the score for institutional questions versus project questions would assist the PTE in evaluating these factors. The total score is also provided.

Institutions are free to craft policy and procedures around specific answers as well. For instance, an institution with a large volume of subawards to foreign entities may require an extra review step for only those subawards. Or a high score in response to questions 24 (dollar amount) and 25 (percentage passed-through) may prompt specific terms and conditions related to invoicing requirements.

Entities Subject to Single Audit

Many institutions and organizations that are part of the Federal research enterprise are subject to the single audit and act as both direct recipients and subrecipients of Federal funding. Because these entities are subject to the single audit, the FDP community deemed it important to focus reviews of these entities primarily on project specific factors. The RAQ offers an option to indicate in the header that an entity is "Subject to Single Audit." Designating this option creates auto-populated responses to Threshold Questions 5, 6, & 7; Other Considerations 9 & 14; and Institutional Questions 16-18, 20, & 21. In the RAQ header, the PTE may also respond "No" to whether the subrecipient has "Relevant Findings", which creates an auto-populated response to Institutional Question 19. These auto-populated responses should help streamline completion of the RAQ for entities subject to the single audit. Even for those questions with auto-populated responses, the PTE should review each response and determine its appropriateness. If an auto-populated response should be altered for a specific subrecipient/subaward, the PTE is empowered to do so.

Entities Not Subject to Single Audit

If a subrecipient entity is not subject to Single Audit, then the PTE is strongly encouraged to collect other financial information to assess a subrecipient entity's capacity to manage Federal funds appropriately. For example, the subrecipient may provide audited financial statements, with an independent auditor's letter; DCAA audit; unaudited financial statements; and/or information about their financial systems, policies, and procedures. The recommendation is to collect information sufficient to complete Threshold questions 5 & 6; Other Considerations 9 & 14; and Institutional Questions.

Threshold Questions

These questions are intended to quickly identify the highest risk candidates: debarred or suspended, lack of COI policy, and the existence or not of an established accounting system, and acceptable procurement system. "Yes" answers should prompt your institution to carefully evaluate its ability to issue and successfully manage a project with that subrecipient. The working group felt that each of these questions was important enough to consider on its own merit.

Other Considerations

The questions included in this section are intended to assess risk that may or may not result in additional language in the subaward, depending upon your institutional policies. This section can also be used as a historical record of what considerations were made when issuing an agreement.

Institutional Questions (Scored)

These questions focus on institutional characteristics and are independently scored. For institutions that receive \$750,000 or more in federal funds, this institutional score should be static during the year, but may change after their single audit has been completed. For institutions under the \$750,000 threshold, this number may change during the year. Some of these questions are similar to those in other sections. For example, the question related to COI in this section is trying to evaluate the institution's experience with COI, not just if they have a compliant policy (where compliant policy may depend on the sponsor/specific project).

Project Questions (Scored)

These questions focus on the characteristics of the project and are independently scored. Again, some are similar to prior questions. For example, Question #28 related to place of performance in this section is trying to evaluate the risk of a project being awarded to a domestic institution, but where the research may be performed in a foreign country, or where the work is being performed outside of their institution.

Question #22 is intended to provide guidance regarding the type of sponsor and the challenges of adhering to sponsor guidelines. An example of a more stringent sponsor would be one that may require nonstandard reporting (technical and/or financial), frequency and/or required detail. An example of a very stringent sponsor would be one that has nonstandard reporting requirements (technical and/or financial), frequency and/or required detail, extreme prior approval requirements for any award changes and/or any deliverable requirements that may necessitate manual preparation of information.

Scoring Methodologies

Institutions should devise a methodology for using the scores to assess risk that works with their institutional culture. The working group recognizes that institutions have different types of projects and types of subrecipients, and believes that institutions should be free to adjust the scores, the actions taken to mitigate risk, and the questionnaire overall. What one institution considers low risk, another may consider high risk. Please note that these scores are not intended to be best practice cutoffs (minimums) nor absolute maximums. To assist institutions in getting started on the risk assessment process, two examples of possible scoring methodologies are

Simple Scoring Methodology

Some institutions may review their subaward scores and decide upon fixed thresholds for determining risk pools. For instance, a medium risk subaward might be one with an institutional score of at least 8 or 9, or a project score of at least 12 or 13. A total score in the upper 20s might constitute a high risk subaward. Some institutions may have only two risk pools (low and high), and some may have more than three.

Complex Scoring Methodology

One institution has implemented a scoring methodology based on a formula. Their methodology is described below as an example of a complex methodology.

Medium risk is set by the institutional and project thresholds. The thresholds are calculated as the mean plus the average deviation from the mean of the institution's scores from the previous twelve months. The Excel formula for this calculation is $AVERAGE(range)+AVEDEV(range)$.

High risk is set by the total score threshold. The threshold is calculated as the mean plus twice the average deviation from the mean of the institution's scores from the previous twelve months. The Excel formula for this calculation is $AVERAGE(range)+(AVEDEV(range)*2)$.

Thresholds are then reset every six months. The first thresholds set by this institution were 8 (institutional score) and 13 (project score) for medium risk, and 28 (total score) for high risk.

Risk Assessment Questionnaire – Frequently Asked Questions

GENERAL

1) What is the goal of completing the Risk Assessment Questionnaire (RAQ)?

2 CFR 200.331(b) requires that institutions, at a minimum, "evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. . ."

The RAQ as a tool provides a good starting place for institutions to craft a risk assessment process and to document assessment of risk. It supports responsible stewardship of awarded funds and other institutional needs as well as compliance with the Uniform Guidance and other sponsor requirements.

One objective of scoring the RAQ is to better understand a subrecipient's policies and practices; another is to prompt consideration of subrecipient monitoring of the subrecipient. Negative answers may not constitute a basis for rejection, but will assist your institution in effectively monitoring subrecipients to ensure success of activities.

2) Who should complete the RAQ?

Who completes the RAQ depends on several factors. Some institutions will delegate risk assessments entirely to their contracting officers or subawards team. Other institutions delegate risk assessments to their Controller's Offices, in close collaboration with pre-award offices. The FDP does not prescribe who should complete it, but rather, leaves it to institutions to decide how best to implement it internally.

3) Should the RAQ be sent to subrecipient institutions to complete?

No. The RAQ is a tool for pass-through entities to determine the risk of subrecipients. It should not be recycled and sent to subrecipients for completion as a commitment form. A separate FDP working group is working on standardizing subrecipient commitment forms to reduce administrative burden. Information about the progress of that working group will be communicated at a later date.

4) When should the questionnaire be completed?

Some institutions will want to complete the questionnaire at the time the prime award proposal is made. At other institutions, the volume of proposal submissions may preclude this. In general, less established and more obviously high risk subrecipients should be evaluated earlier in the process, to allow time to assess and mitigate any risks.

5) Which sponsors should this questionnaire apply to?

The RAQ is intended for all federal funding. It is applicable to other types of funding if the institution chooses to use

6) Are there specific questions for state or industry-funded subawards?

No, but some institutions have chosen to develop additional questions to refine their scoring of non-federal awards.

7) What mechanisms are being used to track and collect answers?

In addition to subrecipient name, ID number, score, and risk category, one institution is tracking the following data on each subaward in an Excel workbook:

- a. Subrecipient entity type (College/University, Non-profit, University Affiliate, Foreign, Large Company, Small Company)
- b. Funding source (Federal, State, Local, Private)
- c. Prime sponsor
- d. Principal Investigator
- e. Research Unit

The first three data elements are used to draw general conclusions about the sources of subrecipient risk. The last two data elements are used to calculate the average subrecipient risk level of the institution's PIs and research units. PIs and research units with high risk subawards will be given additional training in subrecipient monitoring and risk mitigation.

8) How does the RAQ respond to the four examples of subrecipient risk factors listed in 2 CFR 200.331(6)(b)?

The four risks are:

- a. The subrecipient's prior experience with the same or similar subawards;
- b. The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
- c. Whether the subrecipient has new personnel or new or substantially changed systems; and
- d. The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

The first factor is addressed by question 14. The second factor is addressed by questions 7 and 8. The third factor is addressed in part by questions 5 and 6. The fourth question is addressed by question 19.

In general, question 15 can be used to address other risks not specifically listed elsewhere in the questionnaire. The risks cited as examples in the Uniform Guidance may be measured, but tend to be difficult to quantify. New personnel and substantially changed systems, for instance, may constitute a short-term risk, but may also produce a long-term reduction in risk when those new personnel and systems function better than those they replaced.

Institutions may decide that certain answers given to scored or non-scored questions may prompt an additional set of questions outside of the RAQ, or a broader assessment of risk by means other than a questionnaire.

9) Why are certain risk factors addressed in both the scored and non-scored questions? For instance, questions 4 and 21 both address conflict of interest, and questions 7 and 19 both address audits.

The questions differ in the degree of risk being measured. A 'no' to question 4 is a stronger statement than a 'no' to question 21. Question 4 refers to a prime sponsor requirement for a conflict of interest policy, and question 21 does not. The risk implied by this question is therefore greater. Similarly, a 'no' to question 7 is a stronger statement than a 'no' to question 19. Question 7 indicates that an audit is required but has not been performed, and that the subrecipient is non-compliant. Question 19 does not specify that the audit is required.

Question	Answer	Score	Combo Box Output
16	U.S. based institution	0	
	Foreign location with stable government and financial systems	3	
	Foreign location with unstable government or financial systems	6	
	Restricted foreign location	9	
17	University	0	
	Other non-profit	4	
	Industry	6	
	Subject to Single Audit	0	
18	Yes	0	
	No	3	
19	Yes, audit is clean (no findings) or no relevant findings	0	
	Single audit has findings but no significant deficiencies or material weaknesses	1	
	Single audit has qualified or adverse opinions	4	
	No Single audit, but completed mini-audit (or similar audit) with no problem(s)	2	
	No Single audit, but has alternative recurring annual audit with no findings	1	
	No Single audit, but passed an audit or major review by a federal agency	2	
	No Single audit, and mini-audit (or similar audit) identified problem(s)	6	
	No audit	6	
20	Subrecipient experience 10+ years	0	
	Subrecipient experience 5-9 years	2	
	Subrecipient experience 1-4 years	4	
	Subrecipient is start-up (less than 1 year)	6	
	Yes	0	
21	Yes	0	
	No	6	
22	Foundation or Routine Granting Agency	0	
	State, Corporate, or more stringent Federal Sponsor	4	
	Federal Contracting Agency	4	
	Corporate Sponsor flowing down Federal Prime	6	
	Government Owned/Contractor Operated	6	
	Foreign sponsor or other very stringent sponsor (from any funding source)	8	
23	Grant	0	
	Grant with conditions	2	
	Contract or Subcontract	6	
24	Outgoing Funds > \$650,000	3	
	Outgoing Funds \$150,000 – \$649,999	2	
	Outgoing Funds \$25,000 - \$149,999	1	
	Outgoing Funds \$1 - \$24,999	0	
25	0-24%	0	
	25-49%	3	
	50% +	9	
26	No	0	
	Human or Animal Subjects approved by Subrecipient IRB or IACUC	1	
	Embryonic stem cells	4	
	Sponsor must approve	6	
	Subrecipient using Prime Recipient's IRB or IACUC	9	
27	Subrecipient will only submit progress reports	0	
	Subrecipient is responsible for tangible products	1	
	PTE's PI's work is dependent upon Subrecipient's work	3	
	PTE's work is dependent upon Sub's & continuation funding is tied to performance	6	
28	All work will be performed at the Subrecipient's Institution	0	
	Some work will be performed at the PTE's Institution	4	
	All work will be performed at the PTE's Institution	6	



Cost Sharing Authorization Form

Cost Sharing Authorization Form

(The use of this form is required for all projects that include cost sharing, matching, or in-kind contributions)

LLeRA#:

Banner#:

Principal Investigator/Project Director

Department

School

Sponsor

LLU

Project Title

*Proposed cost sharing type: ☐ Mandatory ☐ Voluntary Committed ☐ Voluntary Uncommitted

Cost share expense category	Inclusive dates		\$ Amount	Source of funding	*Authorizer's Name	Authorizer's signature
Effort						

If other, please list the cost share expense type(s):

***Proposed cost sharing type - choose the type of cost sharing involved using the definitions below.**

Mandatory: cost sharing, matching, or in-kind contributions either required by the sponsor as a condition of funding or by federal statute.

Voluntary Committed: cost sharing, matching, or in-kind contributions quantified in the budget, budget justification, or in the award/contract documents and not required or funded by the sponsor.

Voluntary Uncommitted: cost sharing, matching, or in-kind contributions not required by the sponsor and not committed in the proposal or in any other communication with the sponsor.

****Cost share expense category - in this column, indicate the expense type by selecting from the drop down menu using the categories below.**

Salary cap: Congressional mandate limiting the maximum base salary for an individual performing on a federal project. Determined by taking the individual's base salary (including benefits) less the maximum rate imposed (including benefits) multiplied by the percent effort.

Effort: the portion of effort (salary and benefits) not funded by the sponsor.

Equipment: includes purchased or donated equipment.

Unrecovered Facilities and Administrative (Indirect) Costs: when F&A is used to fulfill a cost sharing requirement. Only allowed on federal grants if approved in advance by the agency. Determined by taking the amount of fully recoverable F&A (negotiated rate) less the amount requested.

Other: any other project cost category not funded by the sponsor.

*****Authorizer - Financial officer for the entity responsible to provide the cost share contribution.**

Complete below *only* for effort cost sharing. Please enter percentages in decimal form (for example: enter .50 for 50%).

Name	Employer	% Effort	Base Salary	No. of Budget Periods	Salary Amount	% Benefits	Benefit Amount	Total

For **Mandatory** cost sharing, please provide a copy of the sponsor's notice that cost sharing is required.
For **Voluntary** cost sharing, substantial evidence that cost sharing is a basis for competitiveness is required. Please attach the written statement from the grant application where voluntary cost sharing is encouraged or institutional commitment is encouraged or required; or, provide a compelling explanation, with evidence such as a case history, as to why voluntary cost sharing will increase the competitiveness of the proposal. An explanation which relies solely on the perception of the PI is not substantial evidence and is not acceptable.

COMMENTS:

	NAME	SIGNATURE	DATE
PI			
Chair			
Dean			
RAFM			
Assoc. VP for Research Affairs			



Award Information

Detailed Information

Designated Code 692340 Switch Award Principal Investigator: Data Last Updated On: Apr 15 2016 04:46 AM

[Return to My Awards](#)

Award Descr: Fund Type 803 Grants & Contract Govt.
 Award Date: 02/02/2015 POP Start Date: 10/01/2014 POP End Date: 09/30/2016 Allotted Thru Date: 09/30/2016
 Sponsor: UNIVERSITY OF CALIFORNIA-DAVIS Sponsor Award #: 201403200-05
 CO-PI(s):

Payroll Information

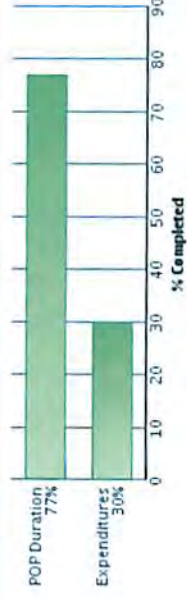
Last Effective Pay Period: 201605 Posted on: 04/07/2016
 Status

Budget Status: ☒ Open ☐ Hold ☐ Closed

☒ ITD ☐ YTD Inception to Date

Budget: 1,050,400.00
 Actual Expenditures: 319,300.99
 Encumbrances: 91,928.39
 Pre-Encumbrances: 0.00
 *Estimated Current Month IDC: -1,224.69
 Estimated Expenditures: 410,004.69
 Estimated Available Budget: 640,395.31
 Revenue: -311,791.13
 * Estimated Current Month IDC includes Actual Expenditures, Pre-Encumbrances, and Encumbrances

Overhead Rates



Class	Budget Amount	Actuals Current Month	Actuals Current Fiscal Year	Actuals Inception To Date	PreEncumbrance	Encumbrance	Available Budget
11XX - Personnel Compensation	\$72,029.00	\$-3,900.96	\$53,555.37	\$83,855.16	\$0.00	\$0.00	\$-11,826.16
12XX - Personnel Benefits	\$0.00	\$-1,076.31	\$-979.07	\$0.00	\$0.00	\$0.00	\$0.00
1230 - Pool Benefits	\$16,010.00	\$0.00	\$15,776.72	\$23,141.60	\$0.00	\$0.00	\$-7,131.60
2111 - Travel in USA	\$5,775.00	\$0.00	\$-266.33	\$2,986.27	\$0.00	\$0.00	\$2,788.73
2112 - Travel Outside the USA	\$43,143.00	\$0.00	\$24,489.37	\$89,650.98	\$0.00	\$33,438.02	\$-79,946.00
23XX - Rent, Communication&Util	\$0.00	\$0.00	\$185.00	\$185.00	\$0.00	\$225.94	\$-410.94
24XX - Printing and reproduction	\$501.00	\$0.00	\$50.00	\$50.00	\$0.00	\$0.00	\$451.00

Re-Budgeting



Financial Administration

Office for Sponsored Programs

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Re-budgeting

During the life of a federally funded grant award, it may become necessary to modify certain aspects of the original award. Such changes may involve rebudgeting of funds among expense classes or adjusting the length of a project period. Many federal agencies have transferred the authority to approve such changes to awardee institutions.

Background

In December 2014, the Federal Government streamlined the administration of sponsored research through issuance of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR §200) ("Uniform Guidance").

The Uniform Guidance provides more flexibility to institutions in the administration of grants and Federal agencies are authorized, at their option, to waive administrative prior written approvals. Harvard's process includes expanded authorities (e.g., approval of pre-award costs and no-cost extensions) and internal approvals (e.g., approval of equipment purchases or foreign travel).

The process at Harvard applies to some federal grants and some cooperative agreements; contracts are excluded, as are non-federal awards (unless authorities are passed down under a federal prime award).

University Internal Approvals and Expanded Authorities

The Principal Investigator (PI) may report deviations from budget and program plans, and request prior approvals from the University for any of the following:

- **Pre-Award Costs**

To create a sponsored research account for the purpose of incurring pre-award costs up to a maximum of 90 calendar days prior to award start date. Note, however, that any expenditures that precede the award are **solely** at the financial risk of the unit requesting these expenditures (i.e., PI)

- **Extension of Award Expiration Date**

To initiate a **one-time** extension of the award expiration date of up to 12 months (funding agency must be notified of extension at least ten days prior to original termination date). This extension may not be exercised merely for the purpose of using any unobligated balance.

- **Adding Scientific or Special Purpose Equipment**

To **rebudget** funds for the purchase of scientific or special-purpose equipment not identified in the approved budget. General-purpose equipment is not allowable unless used solely or primarily for the objectives of the sponsored project.

- **Foreign Travel (Air Force Only)**

To AFOSR and ONR Subawards and Subcontracts

To **rebudget** funds to establish a subaward or subcontract with another institution (limited to AFOSR and ONR).

- **NEH Stipends and Travel**

To **rebudget** funds for stipends and travel for conference participants, printing and publication costs (NEH only).

University Approval Procedures

- Internal prior approvals will be made via GMAS.
- In some exceptional circumstances and with reasonable justification, prior approval actions may be **retroactively approved** (i.e., after the funds have been reallocated in conformance with governing cost principles)
However, in all instances any request for a no-cost extension must be approved in advance of the original date of project termination, to allow adequate time for agency notification. It is advisable to contact your **OSP representative** in advance to discuss your intentions.
- *The signatures of the Principal Investigator, Department Chair/Designee, Dean/Designee, and OSP are required to complete the prior approvals.
For HMS, SPH, FAS and SEAS the signature of the Dean/Designee is the authorizing signature (i.e., the date of this signature is the date the action is approved).
Following local approval, OSP, HMS-SPA and SPH-SPA will review local actions to verify consistency with University policy. For other schools and departments, the approval is authorized on the date of OSP signature.
***Please note that practices may vary across tubs and you should check with your Sponsored Programs Representative to find out what signatures are needed.**
- For research and technical equipment purchases specifically included in the approved budget, prior approval is **not necessary** for the following:
 - Change in vendor or model; or

- Change in acquisition price of 25% or less.

For **equipment not specifically included** in the approved budget, **prior approval is required**. Equipment purchased with federal funds must be used for technical or scientific purposes and solely or primarily for the sponsored project.

- Prior approval requirements for domestic **travel and for most foreign travel are deleted in accordance with** the current issue of the federal cost principles outlined in the Uniform Guidance, Subpart E §400.407 and individual agency implementation of federal regulations. For information on agency-specific prior approval requirements, please refer to the **Federal Demonstration Partnership Prior Approval Matrix**.

Approval Required from the Funding Agency


The Principal Investigator of a federally sponsored project is required to report deviations from budget and program plans, and request prior approvals through OSP directly from federal awarding agencies for any of the following program- or budget-related reasons:

- Change in the scope or the objective of the project or program.
- Change in the Principal Investigator.
- Absence for more than three months or a 25% reduction in time devoted to the project, by the approved PI.
- Additional federal funding.
- Transfer of funds allotted for training expense (direct payment to trainees - stipend, tuition, fees) to other categories of expense.
- Subawards, transfers, or subcontracting out of a substantive programmatic portion of work, unless described in the application and funded in the approved award.

Reference

Uniform Guidance Prior Approvals Guidance (Log in required)

See also: **Approvals**



Uniform Guidance Monitored Expenses (Formerly A-21)



Uniform Guidance Monitored Costs (formerly A-21)

Cost principles and restricted expenditures for federal projects are covered in the Uniform Guidance at 2 CFR 200 and are referred to as UG monitored costs (formerly A-21).

The **UG (2 CFR 200)** establishes principles to help determine the applicability of costs to Federal grants, contracts, and other agreements. It prescribes which costs are allowable for recovery from the government and, of the allowable costs, whether the educational institution should treat them as **direct** or **indirect** costs.

Use of the qualifier "normally" gives the University some latitude in interpreting the Uniform Guidance cost principles. Whenever such costs are incurred in unlike circumstances (i.e., the actual activities charged as direct cost are not the same as the actual activities normally included in the institution's indirect cost pools), it may be possible to charge them as direct costs.

Following are the categories of UG monitored costs. These costs are generally unallowable as direct charges to Federally sponsored projects unless they are incurred in unlike circumstances.

ADMINISTRATIVE/CLERICAL STAFF EXPENSES

Direct charging may be appropriate when the participation of the individuals being charged to a federal project meet *all four* of the following conditions as set forth in §200.413 of the Uniform Guidance:

QUICK LINKS

- Budget & Cost Resources
- Cost Accounting Standards
- Direct and Indirect Costs
 - Indirect Cost Rates
 - Full Recovery Indirect Costs (Space)
 - Direct Costs Other Than Salaries
 - UG Monitored Costs (formerly A-21)
- Salaries in Sponsored Projects
- Staff Fringe Benefits
- GSRA Cost Estimates
- Participant Support Costs

JOB AIDS

- A job aid titled **Review of Uniform Guidance Monitored Budgets** exists on the **Finance Website**. It presents the accounts and budget lines Sponsored Programs reviews and monitors pursuant to the Uniform Guidance.
- A job aid titled **Review of Uniform Guidance Reports** exists on the **Finance Website**. It presents

“(1) Administrative or clerical services are integral to a project or activity;
 (2) Individuals involved can be specifically identified with the project or activity;
 (3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and
 (4) The costs are not also recovered as indirect costs.”

The meaning of (4) is the same as that of 200.403(d) above. That is to say, the project must require support services beyond the normal scope necessary for the typical sponsored project (i.e., it is an unlike circumstance).

Examples of when direct charging of administrative or clerical staff salaries *may be* appropriate include:

- Large, complex programs such as Program Projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a significant number of institutions.
- Projects that involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials, and retrospective clinical records studies).
- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
- Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).
- Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels, radio astronomy projects, and other research fields sites that are remote from campus.

the criteria Sponsored Programs uses to review Uniform Guidance Reports.

ALLOWABLE, ALLOCABLE, REASONABLE & CONSISTENTLY TREATED

In particular, the UG states in 200.403 that a cost must meet the following general criteria **in order to be an allowable cost under a federal award**:

- "(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP)...
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period...
- (g) Be adequately documented."

OFFICE SUPPLIES

This category includes, for example, computers (under \$5,000), printers, monitors, fax machines, printer paper, toner cartridges, pens, pencils, legal pads, clips, rubber bands, post-it notes, books, individual subscriptions to journals, notebooks, binders, folders, diskettes, and departmental stationery.

The category does not include printing, photocopying and duplication, research publication costs, and page charges, (i.e., these are generally treated as allowable

Given (d) above, the Uniform Guidance cost principles mandate that U-M normally treat the following items as **indirect costs**: administrative and clerical staff, office supplies, postage, local telephone costs, memberships, and hosting (of guests).



ALLOWABLE, ALLOCABLE, REASONABLE & CONSISTENTLY TREATED



direct charges).

The category also does not include laboratory supplies such as lab notebooks, data storage supplies (e.g., CDs, CD jackets and wallets, and zip storage), aluminum foil and plastic wrap for packaging and preserving specimens, and materials required for poster or publication preparation (poster board, photographic supplies,

color paper).

The circumstances surrounding the expenses in this category play a major role in determining whether to treat as an exception, i.e., to permit as a direct charge. As an example, computers are necessary to the overall administration of a sponsored project. Purchasing computers for this purpose would generally be considered an indirect cost expense -- part of the normal wherewithal the institution can reasonably be expected to provide for its research staff. Purchasing computers to control and monitor scientific equipment, however, represents a different circumstance or use of that equipment and would typically be allowed as a direct charge.



POSTAGE (STAMPS)

The postage costs associated with the normal administration of a project are generally not allowable as direct charges to the project. Examples include interactions with vendors, routine correspondence with the sponsor, colleagues, and potential publishers, and students. In general however, the costs of overnight shipping and handling (e.g., Federal Express) are allowable assuming they are directly associated with the conduct of the project. The principal reason for this distinction is that the latter can be directly assigned to a particular project relatively easily and with a high degree of accuracy. Stamps are generally purchased in bulk and consumption cannot, in a cost effective manner, be assigned to a specific activity.



TELEPHONES

The costs of local telephone lines used to conduct routine business of the project should not be direct charged to a project. Telephones used for the conduct of surveys are allowable as this would represent an unlike circumstance to routine business purposes. Telephone toll charges are allowable if they are directly related to the project activities.

The University takes the position that cell phones and prepaid long distance calling cards also should not be direct charged to Federal sponsored projects because there is no easy or accurate way to monitor usage to ensure project relatedness.



MEMBERSHIPS

The dues to maintain individual memberships in professional and scientific organizations are not allowable direct costs to federal sponsored projects. They are considered professional development expenses and should be covered with discretionary or personal funds.

HOSTING



There are very few cases where hosting is allowable on Federally sponsored projects. These circumstances are stated during the proposal budgeting process and are only allowable when the sponsor gives express consent. ORSP will not utilize the rebudgeting authority to give authorization for hosting expenses. Written authority will need to be obtained directly from the sponsor by the department.

PROPOSAL BUDGETS

To charge the above costs to a Federally sponsored project, the criteria listed in **2 CFR 200.403** must be met. In addition, ***the following two criteria must be met during the proposal process:***

1. The costs are **specifically identified with the objectives of the project or activity.**
2. The costs are **explicitly listed in the University-proposed and sponsor-approved budgets.**

The **preferred test for allowability is explicit approval from the sponsoring agency.** For all the items



listed above, the charges should be explicitly justified and explained in the budget and budget narrative section of the proposal. Before any charges will be allowed against sponsored agreements, awards must provide evidence that the budget has sponsor approval. Principal Investigators and their units are responsible for ensuring that costs assigned to the project are appropriate.

To justify in proposal budgets costs that would normally be treated as indirect costs, the following items should be addressed in the budget or budget narrative:

- Because all projects require a certain level of account reconciliation, correspondence, communications, and office expenses, how does the proposed charge differ from the standard level expected to be provided by the institution for all projects?
- The job title within the HR system may imply that the effort is dedicated to administrative purposes. Is the nature of the work different from the general administrative work conducted for all sponsored projects? Are the charges necessary to meet the technical needs of the award rather than to support the administrative needs?
- The cost category (e.g., office supplies) may imply that the items are being used for administrative purposes. How will the items be used to meet the technical needs of the project? Explain in detail their relevance to the methods used in conducting the project.
- Can the proposed charges be easily and accurately documented as appropriate to the project? How will this be done?

Post Award Rebudgeting

As an exception, local rebudgeting authority may sometimes be exercised by ORSP and Sponsored Programs, and can substitute for explicit sponsor approval in those instances where 1) the terms of the award allow such post-award rebudgeting flexibility, and 2) the need for the expense was not contemplated at the time the original budget was prepared. It should be noted that in most cases local rebudgeting authority is given only on grants. It is rarely allowed on contracts. On subcontracts, it is advisable to check with the appropriate ORSP or Sponsored Programs representative to discuss local rebudgeting flexibility.

This post-award authority should be used on rare occasions only and should never be used to circumvent the integrity of the proposal budgeting process.



UNACCEPTABLE PRACTICES

Unacceptable direct charging practices include:

- Purchasing items simply to exhaust an unobligated balance.
- Rotating charges among projects.
- Assigning charges to a project on the basis of the remaining balance to resolve availability of funding issues or simply to avoid the loss of carry-forward balances.
- Charging the budgeted amount (in contrast to an amount based on actual usage), unless the

project allows a fixed price or other type of approved reimbursement method that does not require tracking of actual charges to the project.

- Assigning charges to an award before the cost is incurred.
- Charging an expense exclusively to a single award when the expense clearly has supported other activities.
- Applying a unit "tax" to projects to distribute clerical and administrative expenses.
- Transferring an overdraft from one sponsored project to another, without express sponsor approval.

POST EXPENSE REVIEW PROCESS



An annual review will be done on all Federal projects to ensure that the expenditures incurred on the projects are in accordance with the budget categories stipulated in the award document. The categories above are indicated on the Project Budget Status Report (PBSR). If those categories have not been requested through the proposal process or not indicated on the award document from the sponsor, the expenditures in those categories will be questioned by Sponsored Programs. Justification for those expenditures will be required to allow the expenses to remain on the project. If justification is not received, those expenses must be removed from the sponsored project.

AUDIT RESOLUTION

All sponsored projects are subject to audit by their respective agencies. Receiving justification will not guarantee that the expenses may not be questioned at a later date. While the procedures outlined above are in place to put the University in a strong position with respect to potential disallowances, they may still occur. In the event of a disallowance, the responsibility for covering any disallowance will belong to the academic unit.

References and Resources



Project/Grant Budget Status Report Label and Rollup Changes



Restricted Expenditures on Federal Projects (Finance website) Viewable under Sponsored Programs, Rules and Compliance, Restricted Expenditures.



Job Aid - Review of Uniform Guidance Monitored Budgets This document presents the accounts and budget lines that Finance - Sponsored Programs reviews and monitors pursuant to the Uniform Guidance.



Job Aid - Review of Uniform Guidance Reports This document presents the criteria that Finance - Sponsored Programs uses to review reports, pursuant to the Uniform

Guidance.

TAGS: A-21 (Uniform Guidance Cost Principles formerly known as A-21) / Direct Costs
/ Indirect Costs (IDC, F&A, Facilities and Administrative Costs) / Uniform Guidance (2 CFR 200)

◀ 3

Submitted by: January 28, 2016



A Unit of the U-M Office of Research:



CONTACT US

Give Us a Call: 734.764.5500

Contact Form

Email: orsp-info@umich.edu

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Sponsored Expenditures Guidelines

Financial Administration

Office for Sponsored Programs

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Sponsored Expenditures Guidelines

Effective Date: March 1, 2016

Early adoption strongly encouraged

Revision Date: March 7, 2016

PDF Version: **Sponsored Expenditures Guidelines**

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I. Introduction

Purpose

This document provides guidance on appropriate budgeting and expenditures of sponsored funds, whether from federal or non-federal sources and whether directed toward research, training, or other purposes.¹

¹ All federal awards issued after December 26, 2014 must comply with OMB 2CRF2002CFR200 (Uniform Guidance), the basis for this document. Most awards issued before that date must comply with OMB Circular A21 (unless the agency has notified Harvard of adoption of the new guidelines). There are a limited number of areas where the Uniform Guidance differs from previous federal regulations, specifically OMB Circular A-21. These include, but are not limited to, administrative and clerical expenses, direct charges of computing devices, visa costs for recruiting purposes, and expenses relating to fluctuations in exchange rates.

Who Should Use This Guidance

All Principal Investigators and administrators at Harvard University within all schools, units, divisions, University-wide initiatives, and centers who are responsible for budgeting and expenditures charged to sponsored awards must comply with these guidelines.

Key Cost Principles for Federal Awards

This guidance is based on the interpretation of federal regulations, and adherence is required for all federal awards.

For any costs to be charged directly to a federal award the expense must be:

1. **Allowable** under both the provisions of federal guidance AND the terms of a specific award
2. **Allocable**: the expense can be associated to a project with a high degree of accuracy
3. **Reasonable**: the cost reflects what a “prudent person” would pay in a similar circumstance
4. Charged **consistently** as direct expense (versus an indirect cost). Note that certain types of projects constitute exceptions to the consistency requirement as referenced in Section II.

An expense is a “direct cost” if that expense can be identified specifically with a particular sponsored project or other activity with a high degree of accuracy. “Indirect costs” (sometimes referred to as facilities and administrative (F&A) costs or overhead), are costs that benefit many activities (e.g., building operations and maintenance, IT expenses, security, administrative personnel such as grant managers, etc.). F&A costs are recovered through the federally negotiated rate. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct expenses or indirect costs.

Non-Federal Awards

Harvard treats all non-federal awards as “different purpose and circumstance” (see section II, “Unlike Purpose and Circumstances Criteria” below); therefore, barring any sponsor or grant restrictions, the grant expenditures fall under general University policies.

However, proper stewardship of non-federal awards, including those from non-US governmental sponsors, requires adherence to these key principles:

1. **Allowable** under Harvard policies and complies with the terms and conditions of the award
2. **Directly benefits the purpose of the award:** that is, the expense can be associated with, and is in support of, the project or program
3. **Reasonable:** the expense reflects what a “prudent person” would pay in a similar circumstance

Expenses on non-federal awards require the careful review of terms and conditions and any other supporting documentation (e.g., approved budget, sponsor guidance) in order to determine appropriateness of charges. Any questionable expenses (e.g., alcohol), if not specifically captured in the approved budget, should be reviewed by the appropriate Harvard or school authority prior to expending funds. Specific sponsor approval may also be required in some cases. School guidance and policies may be more restrictive on questionable expenses than those of the University, and it is important to involve your school contact when determining the allowability of an expense.

Direct and indirect (or overhead) costs on non-federal awards are dictated by the sponsor’s policies. Variability among non-federal sponsors’ policies and a lack of specificity in policies or award terms may require additional scrutiny and judgment in determining what costs can be charged as direct expenses that may normally be considered indirect costs when associated with federal awards (e.g., rent or space, administrative support staff). It is also important to consider that many non-federal sponsors pay a nominal indirect cost rate and it may be appropriate to direct charge costs that normally would not be direct-charged to a federal award that pays the full indirect rate.

Sponsored Expenditures Questions and the Escalation Process for Disagreements

The Sponsored Research Expenditures Guidance provides general and specific guidance regarding allowability of charges to federal and non-federal awards. There may be situations where a PI and the local department or research administration staff have questions or do not agree on the treatment of specific expenses.

The first step is to seek guidance from your school or unit’s research administration staff or group responsible for reviewing allowability of costs. If a school or unit does not have a research administration staff or group responsible for this type of decision making, or if there is a lack of agreement at the school level, the question should be sent to the Sponsored Expenditure Review Committee (SERC) via email at serc@harvard.edu. The SERC is comprised of 5-7 members, including senior members of Harvard OSP and senior school-based research administration staff, and is coordinated by the OSP Director of Cost Analysis and Compliance.

When a question is submitted via email to the SERC, the committee members will all receive the inquiry and will be asked to review it within two business days. If necessary, there will be discussion among the committee members. A written decision will be made based on the majority recommendations of those who respond within the time frame, provided that there are a minimum of 3 responses. The research administration staff and leadership of the school that posed the question will be included in correspondences, any discussion, and informed of the SERC’s decision. Once a determination has been made by SERC, the department and school are expected to follow the decision.

In most circumstances, a response to a question posed to the SERC will be delivered within three business days.

School-Level Contacts

If you have any questions regarding the allowability of specific expenses please contact:

Director of Cost Analysis and Compliance – Sarah T Axelrod (OSP)

Manager of Research, Finance, and Policy Compliance – Rita Bergemann (HMS)

Associate Director of Sponsored Programs – Paula Cornelio (Wyss)

Manager of Cost Accounting – Judy Lo (HSPH)

Director of Research Finance and Compliance – Nuala McGowan (FAS)

Assistant Dean for Research Administration – Helen Page (GSE)

Director of Research Administration – Melissa Siegel (HKS)

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II. Cost Principles for Federal Awards

Applicable Federal Regulations

The spending of any funds awarded by the federal government to Harvard is governed by 2CFR200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance, or UG), published by the Office of Management and Budget (OMB). The Uniform Guidance includes four Standards, listed below and promulgated by the Cost Accounting Standards Board, that apply to colleges and universities.

See Appendix C: Related Policies and Guidance.

Applicability to Federal Awards

2CFR §200.101

The cost principles in Subpart E and the audit requirements in Subpart F of the Uniform Guidance are applicable to all Federal awards. All Harvard expenditures must comply with Harvard policies and follow Harvard guidelines.

Cost Accounting Standards

2 CFR §200.419

In addition to the Uniform Guidance, Harvard must comply with the Cost Accounting Standards (CAS) located in 48 CFR §9905.501, §9905.502, §9905.505, and §9905.506. The purpose of the CAS is to ensure consistency in:

- Estimating, accumulating, and reporting costs (CAS 501)
- Allocating costs incurred for the same purpose in like circumstances (CAS 502)
- Accounting for unallowable costs (CAS 505)
- Cost accounting periods (CAS 506)

“Unlike Purpose and Circumstances” Criteria

The CAS consistency standard (CAS 502) states that costs must consistently be treated as direct expenses or indirect costs when the costs are incurred for similar purposes and circumstances. Costs normally considered indirect costs – e.g., administrative salaries, postage (excluding HSPH) and express mail, telephone, copier expenses, general office supplies, and space-related costs – may be allowable as direct costs if they meet **all three** of the following criteria:

1. An unlike circumstance exists in which a sponsored project requires resources beyond those normally expected for a typical research project;
2. The cost can be associated with the specific sponsored project with a high degree of accuracy; **and**
3. The awarding agency has approved the cost, if significant, as a direct expense in the awarded budget. If the expense was not included in the awarded budget, sponsor approval should be obtained prior to expenditure for any significant expense.

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III. Documentation and Justification for Expenditures

Documentation is required to justify any expense charged to a sponsored award. The backup for expenditures should be adequate to support and justify that:

- The expense provides a direct benefit to the award
- The expense complies with any award restrictions and approval requirements outlined in the terms and conditions of the award
- If needed, the expense qualifies as “unlike purpose and circumstance” on a federal award

Special documentation is required under certain circumstances. Please refer to specific sections for individual requirements.

Documentation and justification must be maintained according to the **Research Record Retention and Management Policy** on the Office of the Vice Provost for Research website.

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IV. Treatment of Specific Types of Expenses for Federal Awards

This section provides guidance for some of the more common types of costs associated with federal research expenditures. Refer to the Cost Principles in Subpart E, §200.400-200.475 of the Uniform Guidance for the full listing of types of costs. Please contact your school research office or OSP with any specific questions.

In general, there are three categories of expenses:

1. **Direct Expenses** – These expenses can normally be directly charged to federal awards. However, the terms and conditions of the sponsored award must be reviewed prior to determining the appropriateness of expenses for each individual project.
2. **Indirect Costs** – Sometimes referred to as facilities and administrative (F&A) costs or overhead, these expenses may not be charged as direct expenses to federal awards unless the costs meet the “unlike purpose and circumstances” criteria noted in Section II.
3. **Unallowable Expenses** – These costs may not be charged to a federal award either as a direct charge or indirectly as recovered through the F&A rate.

Administrative and Clerical Salaries

2 CFR §200.413(c)

*See the **Administrative and Clerical Salaries on Federal Awards Policy***

Definition: Administrative and clerical personnel provide non-technical support services that benefit departmental, institute, center, or school activities. The services of these individuals could include: clerical support, financial management, procurement of materials and services, budget and planning, and personnel management.

The salaries of administrative and clerical personnel are normally treated as an indirect cost unless they meet the definition of “unlike purpose and circumstance” and are integral to the project. As stipulated in the Uniform Guidance, direct charging of administrative salaries is allowable when **all** of the following 4 conditions are met:

1. Administrative or clerical services are integral to a project or activity;
2. Individuals involved can be specifically identified with the project or activity;
3. Such expenses are explicitly included in the budget or have the prior written approval of the federal awarding agency; **and**
4. The costs are not also recovered as indirect costs.

Advertising and Public Relations

2 CFR §200.421

Definition: The costs of advertising media, including magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and related administrative expenses.

Advertising/media expenses are only allowable as a direct charge if used solely for **one** of the following uses:

1. The recruitment of personnel required for performance of a federal award (subject to the requirements in Recruiting section and 2 CFR §200.463);
2. The procurement of goods and services for the performance of a federal award; **or**
3. Program outreach and other specific purposes necessary to meet the requirements of the award.

Alcoholic Beverages

2 CFR §200.423

Alcoholic beverages and related expenses are unallowable costs and can only be charged to a federal award if alcohol is specifically necessary for the aim and scope of the project and the agency has provided specific approval in the award notice or if they are approved in writing by the sponsor.

In order to charge a business meal on a federal award, an itemized receipt should be presented even if the total amount of the bill is less than \$75. If an itemized receipt is not available, use a Missing Receipt Affidavit (MRA), and:

- If the meal(s) did not include alcohol, the traveler must attest in writing that no alcohol was charged, and

the entire amount can be charged to the appropriate federal award.

- If the meal(s) did include alcohol and the traveler can attest the alcohol cost in writing, then the alcohol portion of the meal costs, along with the applicable tax and tip, must be charged to a non-sponsored account (using object code 8450). The remainder of the meal costs can be charged to the appropriate federal award.
- If alcohol was included and the traveler CANNOT attest to the alcohol cost, no portion of the meal costs can be charged to a federal award.

Bad Debts

2 CFR §200.426

Bad debt or uncollected billings, including losses (whether actual or estimated) from uncollectable accounts and other claims, are unallowable and may not be charged to a federal award. Collections and legal expenses related to bad debt are also unallowable.

For treatment of bad debts relating to service center unpaid charges, please refer to the **Academic Service Center Policy**.

Compensation (Bonuses, Maternity or Parental Leave, Severance)

2 CFR §200.430, 440

Compensation costs are generally allowable as a direct expense when the paid effort provides a direct benefit to the award and when the amount is within the federally allowable limits (e.g., agency-specific salary caps).

Special Considerations:

- Level of compensation may not increase solely due to an increase in available sponsored funding.
- Payments to supplement a fellowship are unallowable on any federal award.
- All Harvard employees must be budgeted as salary and cannot be included as consultants or vendors.

Bonuses

2 CFR §200.430

Incentive compensation paid to faculty or staff can be charged to awards if **all** of the following criteria are met:

- Payment is part of a performance based bonus program available to all employees, or groups of employees, at the University or a specific school or tub;
- The overall compensation to the individual is reasonable; **and**
- The bonus program is consistently applied and allocated based on proportional benefit.

Maternity or Parental Leave

No explicit federal guidance exists for maternity leave for employees; refer to the **Guidance Concerning Charging Staff Parental Leave to Sponsored Awards**.

The eight weeks of short-term disability pay associated with maternity leave is paid directly through short-term disability and therefore may not be charged to any sponsored award. The four weeks of parental leave can be charged as paid time off to a grant in proportion to the normal percentage of effort associated with the project(s). The thirteenth week can be taken as vacation time or personal time, per Harvard University policy.

Severance

2 CFR §200.431(i)(1)

Definition: Severance pay is compensation in addition to regular salary and wages paid by an institution to employees whose services are being terminated. Expenses of severance pay are allowable only to the extent that such payments are required by law, or by Harvard-employee agreement, or by established policy and available for specific categories of employees or all employees at Harvard. Refer to the Harvard University policy **Severance on Sponsored Awards**.

Under certain circumstances, severance pay can be charged to sponsored awards. The exact criteria are listed in the policy.

Note for Harvard T.H. Chan School of Public Health: Standard severance payments are incorporated into the school's supplemental fringe benefit rate and are therefore not allowable as direct expenses on sponsored awards.

Communication Expenses (cell phones, internet)

2 CFR 200 Appendix II

Due to the difficulty in identifying portions of a communications bill to a specific award or other university activity with a high degree of accuracy and certainty, communication expenses are generally included in the indirect cost calculations and treated as indirect costs. Only when a communication expense meets the "unlike purpose and circumstances" criteria noted in **Section II** can they be directly charged to a sponsored award.

Communication expenses charged as indirect costs include the following:

- Charges for landline telephone services
- Cell phones, smart phones, or other personal digital assistant, "PDA," device charges
- On-campus or home Internet access or network connectivity fees

What communication costs can be charged as a direct expense?

Communication expenses that can be linked to a specific sponsored project with a high degree of accuracy and are used primarily for the sponsored project may be charged as a direct expense. Examples of communication expenses that may be charged as a direct cost include the following:

- Itemized long distance telephone charges for communication related specifically to an award
- Communication devices used exclusively for conducting surveys
- Telephones and PDAs used exclusively to manage a multi-site research project
- Dedicated telephone lines set up to receive data feeds from the field or conduct surveys
- Hotel and airline Internet fees during travel related to an award
- Incremental expenses for international coverage for Harvard employees in travel status
- Cell phones in remote locations where communication infrastructure is limited

See the University's **Staff Mobile Phone Policy**.

Conferences

2 CFR §200.432

A conference fee may be charged as a direct expense if **one** of the following circumstances is met:

- The researcher and /or research team are presenting results of the research obtained during the course of his or her work on the project;
- The researcher can confirm that the purpose of the conference is directly related to that of the award being charged; **or**
- An aim of the award is for the PI to host a conference to disseminate information from the sponsored project.

Conference fees are treated as an indirect cost when the employee attends the conference to gain a general understanding of the topics presented, rather than to receive or present specific information related to a sponsored award. Conference fees that are not specifically related to an award should be charged to a faculty discretionary, departmental, or school account.

Information regarding membership fees associated with conference registrations is found in the Membership section.

Contributions and Donations

2 CFR §200.434

The value (either monetary or in-kind) of donated services and property are unallowable and may not be charged as either a direct expense or an indirect cost.

Depreciation

2 CFR §200.436

Depreciation should not be charged directly to an award. Harvard is compensated for the use of its buildings, capital improvements, equipment, and software projects capitalized in accordance with the Generally Accepted Accounting Principles (GAAP) through the F&A rate.

Depreciation may be included in service center rates in accordance with the **Academic Service Center Policy**.

Equipment**2 CFR §200.439, §200.33, §200.452**

See the **Capital Equipment Policy** for more information.

Equipment, including fabrications, with a total acquisition cost of \$5,000 or greater is considered capital equipment and may only be charged as a direct expense when it is necessary for the performance of the sponsored award.

- “Special purpose equipment” is equipment that is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, genomic sequencers, imaging equipment, and spectrometers.
- “General purpose equipment” is equipment which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, telephone networks, information technology equipment and systems, air conditioning equipment, and reproduction and printing equipment. General purpose equipment is generally treated as an indirect cost because it cannot be easily linked to a particular cost objective. Equipment types that are typically considered “general purpose” may only be appropriate as a direct expense when the PI is able to justify that the equipment is necessary for the unique scientific/technical tasks of the specific agreement, not already available, and will be initially utilized almost exclusively for the award objectives.

Equipment Repairs

Routine repair and maintenance of general purpose equipment are normally treated as indirect costs.

Service, repairs or warrantee costs for special purpose equipment dedicated to a sponsored project may be charged directly.

Equipment Purchases at the End of Award

Equipment purchases charged directly to an award must be necessary for performance on the project; therefore, equipment purchases near the end of an award period should have additional scrutiny and may be subject to project-specific justification and/or sponsor approval.

Exchange Rates**2 CFR §200.440**

Expense increases for fluctuations in exchange rates can be treated as a direct expense when existing funding is available to cover the difference and there is prior approval by the federal awarding agency.

Fines, Penalties or Settlements**2 CFR §200.441**

Expenses resulting from violations (or alleged violations) of, or failure to comply with, federal, state, local or foreign laws and regulations are unallowable. Examples of items that may not be charged to a federal award include:

- Parking ticket or traffic violation
- Regulatory violation fines
- Late returned book fee

In very rare situations, if the expense is incurred as the result of complying with a specific provision of the federal award or with prior written approval from the federal awarding agency, the expense may be directly charged to the award.

Materials & Supplies (Books, journals, periodicals and subscriptions; Computing devices; Copier charges and copy cards)

2 CFR §200.453, §200.94

General purpose materials and supplies purchased and used by departments for all activities should not be directly charged to federal awards. Examples include copy paper, office supplies, and cleaning materials. Items purchased specifically for one or more research projects may be charged as direct expenses. If the use of the items is shared among projects or labs, an allocation methodology should be created, documented and periodically reviewed. See **Appendix B: Cost Allocation Methodologies**.

Examples of office supplies that may be charged as a direct expense include:

- Office supplies specifically purchased for a program project or a survey funded by a grant
- Material required for poster or publication preparation (poster board, photographic supplies, color paper for a presentation that is directly attributed to the sponsored project)
- Computing Devices – see section below

Books, Journals, Periodicals and Subscriptions**2 CFR §200.454**

Books, journals, periodicals, and subscriptions are normally treated as indirect costs.

Examples of unallowable charges:

- General or reference texts, including medical dictionaries
- Books, manuals, reprints that generally assist the PI in keeping up with his/her field of research
- Publications that provide a general benefit to research and teaching activities
- Subscriptions to journals

These expenditures may be charged as direct expenses only in unusual circumstances. Examples include:

- The book or journal is not available in the library and can be associated specifically with the sponsored award
- The book or journal is available from the library but is utilized so frequently for a specific award that a library copy is not sufficient
- A book contains a specific research technique or information that will introduce efficiencies to the research or improve the quality of results

Computing devices**2 CFR §200.453, §200.94, §200.20, §200.33**

Definition: Machines used to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or “peripherals”) for printing, transmitting, and receiving or storing electronic information.

Computing devices that cost less than \$5,000, and are essential and allocable to the performance of an award, may be charged directly either as a purchase or a lease. For computing devices costing greater than \$5,000, systems or equipment fabrications, please see the **Capital Equipment Policy**.

Examples of computers that can be charged as direct expenses include:

- A laptop specifically needed to record data in field research
- A computer physically attached to another piece of scientific equipment and/or required for collection and analysis of information/data
- A computer used primarily on the designated sponsored award
- A computer that will remain property of the University (and not the personal property of an individual)

Computing devices may be allocated to multiple sponsored awards if the project's portion of the use can be reasonably estimated and is directed by the PI. The expense should be properly allocated to all benefitting activities.

- If a device will be used only in part for an award's activities, the award may only be charged for a portion of the device's expense.
- University-funded activities such as instruction and administration should bear at least their fair share of the acquisition expense.
- De Minimis use of the device for other activities is allowed as long as the device is using the device primarily on the sponsored project(s).

See Appendix B: Cost Allocation Methodologies.

Copier Charges and Copy Cards

Copier charges for general administrative support of a project should not be charged as a direct expense.

Copy charges may only be an appropriate direct charge in cases when **both** of the following criteria are met:

- The awarding agency has approved the direct charge in the awarded budget or there is subsequent agency approval. The copy expenses associated with a project are extraordinary and meet the “unlike purpose and circumstance” criteria, **and**
- The copy expenses are an integral part of the specific tasks associated with the sponsored award and can be separately tracked.

Memberships, Dues and Professional Activity Expenses

2 CFR §200.454

Dues and memberships in professional organizations are normally charged as indirect costs because their purpose is more general in nature – i.e., furthering a PI's knowledge in his/her field – and cannot be identified with a high degree of specificity to an individual research project. Membership may be charged only if it is required for conference attendance where the researcher is presenting his or her research or obtaining, circulating, or distributing information to advance the performance of the project.

Note: the membership fee is allowable as a direct cost to the project if it reduces the overall cost of attending the conference.

Participant Support Costs (excluding training grants)

2 CFR §200.75, §200.456

Definition: Direct expenses for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects.

Participant support costs are allowed if all of the following criteria are met:

- The costs are programmatically justified;
- The costs are explicitly included in the budget and the budget is approved or prior written approval is received from the Federal awarding agency; **and**
- The expense does not take indirect costs.

Note: NIH will only allow Participant support costs to be charged if they were approved in the original Funding Opportunity Announcement.

Who is a participant?

A participant is defined as a non-Harvard employee who is the recipient, not the provider, of a training associated with a workshop, conference, seminar, symposium, or other short-term instructional or information sharing activity. Participants are not required to provide any deliverable to the university and they are not subject to Harvard human resources policies (e.g., they cannot be terminated for failure to perform).

Participants may include students, scholars, and scientists from other institutions, representatives of private sector companies, teachers, and state or local government agency personnel.

A person classified as an intern would be paid as an employee and not as a participant, because the intern, while receiving certain training, is also providing services.

What expenses can be included in participant support costs?

Participant support costs include expenditures for items such as the following:

Stipend. A stipend is a set amount of money to be paid directly to the participant in connection with a short-term training activity. Note that short-term means the appointment period approved by the sponsor.

Travel. Travel includes the costs of transportation and associated costs and must follow sponsor guidelines (e.g., US flag carrier, coach class, most direct route) as well as Harvard's travel policies and guidelines. The sole purpose of the trip must be to participate in the project activity. If a training activity involves field trips, the cost of transportation for participants may be allowable.

Subsistence allowance. The cost of a participant's housing and per diem expenses necessary for the individual to participate in the project are generally allowed, provided these expenses are reasonable and limited to the days of attendance. Although they may participate in meals and snacks provided at the meeting or conference, participants who live in the local area are not entitled to subsistence payments.

Fees. The fees paid by a participant in connection with meetings, conferences, symposia, or training projects are generally allowable costs. These fees may include laboratory fees, passport or visa fees for foreign participants, and registration fees.

Other. Certain other costs paid on behalf of or to the participant as required for their involvement may be allowable, including training materials, laboratory supplies, and insurance.

What expenses CANNOT be included as participant support costs?

Participant support costs *do not* include the following types of payments:

- Honoraria paid to a guest speaker or lecturer
- Conference support costs such as facility rentals, media equipment rentals, or conference food
- Subaward to a provider for multiple training events (i.e., an ongoing contract with specific terms and conditions)
- Agreements with employers (e.g., public school system) to reimburse the employer for the costs related to sending its employee to a conference or workshop. It is recommended that the PI inform participants prior to the initiation of the project about any costs associated with their participation in the project that are not covered.
- Expenses for collaborators to meet at a single destination and discuss a research project's progress and direction. Such expenses should be budgeted under travel or other expenses as allowed by the sponsor.
- An incentive payment to encourage an individual to participate as a human subject in a research study is not a participant support cost and should be budgeted as an "other direct costs" bearing full overhead.

Rebudget

Per 200.308(c)(5), prior approval is required to transfer funds budgeted for participant support costs to other categories of expenses.

Postage and Express Delivery

2 CFR §200.473

Postage or express mailing expenses are generally treated as indirect costs.

Note for Harvard T.H. Chan School of Public Health: Postage and express delivery specifically associated with individual sponsored awards is treated as a direct cost.

If the expenses are required for a project and can be linked to that specific project, the cost may be charged as a direct expense. Examples of shipping and postage expenses that may be charged as direct costs:

- Shipping specimens to a lab facility for processing
- Postage for surveys
- Shipment of animals for use on a specific project
- Sharing model organisms as required by the terms and conditions on the award
- Shipping research presentation materials for a conference

Professional Service Expenses

2 CFR §200.459, §200.435

Costs of professional and consultant services are allowable as direct expenses when **all** of the following conditions are met:

- The service has been determined as allowable and necessary for the federal award;
- The professional or consultant is not an employee of Harvard; **and**
- The expenses are reasonable in relation to the services rendered (i.e., the service cannot be performed more economically by direct employment).

All Harvard employees must be budgeted as salary and cannot be included as consultants, advisors or vendors.

Retainer fees for professional services must be supported by evidence of bona fide services available or rendered. Any professional service costs related to defense and prosecution in criminal and civil proceedings are unallowable.

Also see the **Statement on Outside Activities of Holders of Academic Appointments Policy** and **Independent Contractor Classification** policy.

Recruiting Expenses (Short-term visas)

2 CFR §200.463

Definition: Expenses associated with the hiring of staff and are not normally allowed as direct charges.

Recruiting expenses, for all potential candidates, can be directly charged when the hiring of the individual is

essential to achieving the objectives of the project. In this circumstance, the following costs may be allowed as direct charges:

- The expense of employee recruitment directly related to the project
- Travel expenses of applicants for interviews
- Relocation expenses of new employees (see Relocation Expense of Employees)

Please see the Travel and Related Expenses Section for additional information.

Recruiting costs **not** allowed as a direct expense include:

- Special payments
- Gifts
- Fringe benefits
- Salary allowances incurred to attract professional personnel that do not meet the test of reasonableness

Additionally, where recruitment costs incurred have been funded in whole or in part as a direct expense on a federal award, but the newly hired employee resigns within 12 months after hire, Harvard is required to refund or credit the federal share of those recruitment expenses.

Please see the local business meals section on pages 20 and 21 for additional information.

Short-Term Visas for Recruiting

2 CFR §200.463

Short-term travel visa expenses, in certain justifiable circumstances and only when associated with recruiting, may be charged as a direct expense on an award. Short-term visas differ from longer-term immigration visas in that they are issued for a specific period and purpose and therefore can be clearly identified as directly connected to recruitment of personnel for a federal award. For the expenditure to be directly charged to a federal award, the individual applying for the visa must meet **both** of the following criteria:

- Is critical and necessary for the performance of the project; **and**
- Is working on the project funding the visa expense when they are hired.

Additionally, where visa costs incurred have been funded in whole or in part as a direct expense on a federal award but the newly hired employee resigns within 12 months after hire, Harvard is required to refund or credit the federal share of the visa expenses.

Relocation Costs of Employees

2 CFR §200.464(J)

Relocation costs are allowable as direct expenses if there is a permanent change of assignment of an existing employee or upon recruitment of a new employee. If the relocation of the employee directly benefits and is essential to the project(s), then the costs can be charged as direct expenses to the award(s).

Considerations when evaluating the allowability of relocation expenses of an individual include the following:

- The work performed will directly benefit the objectives of the award
- Reimbursement to the employee is in accordance with Harvard policies
- The reimbursement does not exceed the employee's actual (or reasonably estimated) expenses

See the University Office of the Controller guidelines on **Employee Moving and Relocating Expenses Tax Treatment** for more information.

Specialized Service Facilities

2 CFR §200.468

See the **Academic Service Center Policy**.

Academic service center fees and charges are allowable as a direct charge on a federal award when **all** the following criteria are met:

- The service center charges are based on actual usage;
- The service provided is directly applicable to the award;
- The charge is based on an established rate schedule or methodology that does not discriminate between activities on federal awards and is designed to recover only the aggregate costs of the services; **and**
- The charge is compliant with the **Academic Service Center Policy**.

Taxes

2 CFR §200.470

There are allowable federal taxes that Harvard is required to pay; in most circumstances, these costs are treated as indirect costs.

In certain instances, taxes, including sales tax and Value Added Taxes (VAT), are legally required and are associated with expenditures on federal awards. These taxes can be charged as direct expenses on the associated federal award. When a refund can be requested, due to exemptions, the original charge should not be charged to a federal award.

See the **University Sales Tax Exemption Form**.

Travel and Related Expenses**2 CFR §200.474**

See the University Travel Policy and Fly America Act.

Travel-related expenses are allowable as direct expenses when they provide a direct benefit to the sponsored award.

Unallowable travel expenses include:

- Limousines
- Commuting or travel expenses when not on “travel status”
- Airfare above “lowest economy fare class” (coach or equivalent)

Domestic and foreign travel charged to a sponsored project must follow these guidelines as well as the Harvard University Travel Policy and funding agency requirements, whichever imposes the greater restrictions.

Travel expenses that directly support the sponsored project may be charged on an actual expense basis, on a per diem or mileage basis in lieu of actual expenses incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip.

In order to charge a business meal on a federal award, an itemized receipt should be presented even if the total amount of the bill is less than \$75. If an itemized receipt is not available, use a Missing Receipt Affidavit (MRA), and:

- If the meal(s) did not include alcohol, the traveler must attest in writing that no alcohol was charged, and the entire amount can be charged to the appropriate federal award.
- If the meal(s) did include alcohol and the traveler can attest the alcohol cost in writing, then the alcohol portion of the meal costs, along with the applicable tax and tip, must be charged to a non-sponsored account (using object code 8450). The remainder of the meal costs can be charged to the appropriate federal award.
- If alcohol was included and the traveler CANNOT attest to the alcohol cost, no portion of the meal costs can be charged to a federal award.

Air Travel**2 CFR §200.474.3(d)****Lowest Economy Fare Class**

Federal regulations require travelers to incur the lowest possible expense to the federal award; in most circumstances, this is a non-refundable (restricted) economy class airfare.

Federal regulations require that airfare costs in excess of the lowest economy fare class are unallowable except when such accommodations would:

- (i) Require circuitous routing;
- (ii) Require travel during unreasonable hours;
- (iii) Excessively prolong travel;
- (iv) Result in additional costs that would offset the transportation savings; or
- (v) Offer accommodations not reasonably adequate for the traveler's medical needs.

Once these criteria are met, the traveler must justify and document the exception for the use of business-class or upgraded economy airfare to be allowable on a federal award. Complementary (no-cost) upgrades are allowed. The **Federal Lowest Economy Airfare Travel Reimbursement Exception Form** must be completed and signed by an authorized signer and submitted with the travel reimbursement documentation. There may be circumstances where there is a high likelihood that the itinerary may change; in these

situations it is appropriate to purchase a refundable (unrestricted) ticket. Include in the business purpose section of the reimbursement request the reason for purchasing a refundable ticket.

Business Class Airfare or Upgraded Economy

If business class travel or upgraded economy is allowed under the Harvard Travel Policy but cannot be charged to the federal award, the traveler may still fly business class or upgraded economy. However, the difference in fare between the least expensive economy fare class and the business class fare must be charged to a non-sponsored account. Business class airfare can only be charged to a federal award if one of the federal exceptions noted above is met. There are no exceptions to this rule.

The traveler must obtain, within one business day of booking the flight, a price quote for the economy fare for the same itinerary. The economy class fare can be charged to the federal award, and the difference **must** be charged to a non-sponsored account. The **Lowest Economy Airfare Split Coding Job Aid** can be utilized to calculate the charges and retained as supporting documentation.

If the traveler does not obtain written documentation of the lowest available economy fare for the same itinerary within one business day of booking the flight, NO portion of the fare may be charged to the federal award. Post-booking quotes are not allowed as substitute documentation.

Fly America Act

All air travel on federal awards must comply with the Fly America Act and use US Flag Carriers, even when a less costly foreign flag carrier is available, unless the flight meets the circumstances and exceptions described in the Harvard University **Federal Awards Fly America Act Exception Form**. Departments/local units need to retain documentation of the Fly America exceptions.

The Open Skies Agreement is an exception to the Fly America Act requirement and it allows travelers to fly on airlines from the European Union, Australia, Switzerland and Japan under certain circumstances. To determine if a flight meets the Open Skies Agreement criteria, check the Fly America Act and Open Skies Agreements Decision Tree.

Examples of **allowable** air travel expenses on federal awards:

- A researcher purchased an economy fare and it was upgraded to business class for free (no additional costs)
- A research fellow traveled on a foreign airline but the ticket has a US carrier code (code share) next to the flight numbers

Examples of **unallowable** air travel expenses on federal awards:

- A PI purchased a nonstop business class ticket for domestic travel because the coach class fare was not available and there were alternative flights available
- A PI booked a business class ticket for an 8 hour international flight on a US carrier and charged the full fare to the federal award without any written documentation of an exception
- A Co-PI booked the lowest available economy class fare for a flight from Boston to Amsterdam on a European carrier with the business purpose to present a paper on a DoD funded award
- A post-doc purchased a ticket from a US Airlines website for attending a conference in Vancouver, but the ticket has a foreign carrier's code (code share) next to the flight numbers (the seat does not qualify as US flag carrier)

Airline Incidentals

- Reasonable airline internet fees during travel related to an award are generally allowable costs on federal awards.
- Some airlines charge fees for snacks, non-alcoholic drinks, pillows and blankets, etc. Where permitted by local policies and budget, reasonable costs for these items are reimbursable. Expense categories typically ineligible for Federal Reimbursement like entertainment (e.g., in-flight movie) and alcohol cannot be charged to a federal award.

Local Business Meals

Meals consumed in the local environs (i.e., the Longwood Medical Area Campus, the affiliated hospitals, or the Harvard Cambridge and Allston campuses) are rarely allowed to be charged to federal awards.

The **Harvard University Travel Policy** may permit the expenditure of Harvard funds for these types of expenses, but they are generally unallowable on federal awards. In these cases, the expense should be charged to a faculty or departmental discretionary account or other appropriate non-federal account.

Examples of food charges that should not be directly charged:

- Researchers and/or staff meeting to discuss progress on the grant
- PI has lunch/dinner with a colleague to discuss research (the meal of the visitor, if they are on travel status, may be charged to the award)

Local business meals may be directly charged to an award if they are linked to a formal meeting or conference at which technical information directly related to the award is being shared or disseminated. Note that specific federal sponsors may have varying terms and conditions that differ from the federal definitions. Please refer to the award's terms and conditions for any specific treatment of expenses.

Examples of meal charges that may be allowed as a direct expense:

- Lunch and refreshments are provided for a periodic all-day meeting with collaborators on a program project where technical information closely related to that project is being shared. There is a formal agenda and documented attendee list.
- A researcher is being recruited to fill an open position on a research grant and travels to Harvard University local environs. Only the researcher's meal may be charged to the grant since he/she is on travel status.

In order to charge a business meal on a federal award, an itemized receipt should be presented even if the total amount of the bill is less than \$75. If an itemized receipt is not available, including the use of a Missing Receipt Affidavit (MRA), and:

- If the meal(s) did not include alcohol, the traveler must attest in writing that no alcohol was charged, the entire amount can be charged to the appropriate federal award.
- If the meal(s) did include alcohol and the traveler can attest in writing the alcohol cost, then the alcohol portion of the meal costs, along with the applicable tax and tip, must be charged to a non-sponsored account (using object code 8450). The remainder of the meal costs can be charged to the appropriate federal award.
- If alcohol was included and the traveler CANNOT attest to the alcohol cost, then no portion of the meal costs can be charged to a federal award.

Local Parking

Parking expenses incurred in the local environs are normally not allowed to be directly charged to a federal award. Parking can be charged as a direct cost if the local travel benefits the project directly and there is a clear and reasonable business case.

Examples of parking charges that may be charged as a direct cost:

- A PI drives to another institution within the local environs to meet with collaborators on a specific project
- A researcher is working on a federally funded project that includes several Boston hospitals, requiring occasional trips from Harvard University to the affiliated hospitals
- Subjects in a research study are reimbursed for parking expenses incurred when they visit the study site
- Local parking is associated with an out-of-town collaborator on the project who is in travel status when incurring the parking charge

Local Transportation

- Car Services – The use of private sedan, limousine or car services to attend meetings on or around campus is unallowable as a direct expense
- Local Transportation Services – Where available, public transportation and shuttle services may be allowable as a direct cost. Taxis may also be used where other methods of travel are unavailable or impractical.

Communication Expenses

Communication expenses that can be linked to a specific sponsored project with a high degree of accuracy and are used primarily for the sponsored project may be charged as a direct expense.

Examples of communication expenses that may be charged as a direct cost include the following:

- Itemized long distance telephone charges for communication related specifically to an award
- Communication devices used exclusively for conducting surveys
- Telephones and PDAs used exclusively to manage a multi-site research project
- Dedicated telephone lines set up to receive data feeds from the field or conduct surveys
- Hotel and airline Internet fees during travel related to an award
- Incremental expenses for international coverage for Harvard employees in travel status
- Cell phones in remote locations where communication infrastructure is limited

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V. Prior Written Approval

2 CFR §200.407

Under any given Federal award, the reasonableness and allocability of certain items of cost may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, Harvard may seek the prior written approval of the awarding agency in advance of the incurrence of special, or unusual, costs. Prior written approval should include the timeframe or scope of the agreement. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically required for allowability as described below. Items requiring prior approval must be requested specifically and approved in the proposal budget or must be requested, in writing, before the expense is charged to the award. In most cases written approval from the program officer is not sufficient; refer to the terms and conditions of the award for information regarding who can authorize changes to the award budget.

Only those costs that meet the criteria for direct expenses on a federal award, per these guidelines, can be directly charged to an award under any circumstances.

Per the Uniform Guidance, prior written approval from the sponsor is explicitly required for:

- Change of key personnel (200.308 (c)(2))
- Change of scope (200.308 (c)(1))
- Cost sharing or matching (200.308 (c)(7))
- Effort reduction of key personnel greater than 25% or PI disengagement from project of greater than 3 months (200.308 (c)(3))
- Equipment and other capital expenditures (200.313, 439)
- Exchange rates (200.440)
- Fines, penalties, damages and other settlements (200.441)
- Fixed amount subawards (200.332)
- Fund raising and investment management expenses (200.442)
- Goods or services for personal use – housing only (200.445)
- Memberships in any civic or community organization (200.457 (c))
- Organization costs (200.455)
- Participant support costs, any transfer of budget (200.308 (c)(5))and (200.456)
- Rearrangement and reconversion expenses (Renovations) (200.462)
- Selling and marketing costs (200.467)
- Travel costs (200.474 (c)(2))
- Use of program income (200.307)

The following require either inclusion in the proposal budget OR prior approval from the sponsor if not originally budgeted:

- Administrative expenses (200.413 (c))
- Entertainment costs (200.438)
- Subawards, any changes or transfers (200.308) (c)(6))
- Supplemental compensation for incidental activities (200.430 (h) (ii))

The following may require prior approval OR be allowable under Expanded Authorities:

- Carry forward (200.308 (d)(3))
- No cost extension (200.308 (d)(2))
- Pre-award Expenses (200.458)

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VI. Other Related Information

Collection of Improper Payments

2 CFR §200.428

Definition: Any payment that should not have been made including those made in an incorrect amount, made to an ineligible party, made for an ineligible good or service, made in duplicate, made for a good or

service not received, made without account for credit of applicable discounts, or made with insufficient or lack of documentation.

The costs to recover improper payments are unallowable expenses. If an improper payment has been charged to an award, it should be immediately removed from the sponsored fund.

Cost Sharing

Expenses incurred to meet cost-sharing commitments require the same accounting, financial, legal, and regulatory burdens as expenses charged directly to Harvard sponsored awards. Expenditures recorded as cost sharing must follow the guidance in this document.

See the Harvard University **Cost Sharing Policy** for more information.

Pre-Award Expenses

2 CFR §200.209

Pre-award expenses are expenses incurred on grant awards typically during the 90 days prior to the award start date that are necessary for effective execution of the project. These expenses require sponsor approval and follow the same cost principles as expenses charged during the project period. For some federal sponsors with awards under expanded authorities, such as NSF and NIH, the incurrence of pre-award expenses, up to 90 days, is allowed without sponsor approval.

Any expenditure incurred while an account is in advance status is made at the department's or school's risk. See the **Advance Account Policy** for more information.

Procurement

It is a compliance requirement to follow the University Procurement guidelines when procuring goods and services using sponsored funds. Additionally, you should pay attention to individual sponsor award terms and conditions to ensure that award procurement requirements are noted and followed. University Procurement Guidelines can be found [here](#).

Changes to Federal Procurement standards as a result of the Uniform Guidance are currently under review; please stay tuned to the OSP Blog and Policy page for more information this fiscal year.

The Uniform Guidance (2CFR200), in effect 12/26/14, allows for the Harvard University to follow previous OMB guidance (superseded by this part as described in § 200.104) and existing University procurement standards for an additional fiscal year before implementing Uniform Guidance Procurement Standards, as described in §§ 200.317–200.326. Harvard University is taking advantage of this opportunity to follow previous guidance and implement new procurement standards in FY16.

Unallowable Expenses

2 CFR §200.410

Payments made for costs determined to be unallowable (either as direct or indirect) must be refunded to the federal government. Departments are responsible for working with OSP to ensure that direct and indirect funds relating to unallowable expenditures are either returned to the federal government or offset in the award.

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Appendix A: Special Considerations for Federal Training Grants

Each year, NIH and other DHHS agencies award institutional research training grants to eligible institutions to develop or enhance research training opportunities for individuals (predoctoral and postdoctoral), selected by the institution, who are training for careers in specified areas of biomedical, behavioral, and clinical research.

NIH Training Grants generally include the following cost categories: Stipend, Tuition and fees, Training-Related Expenses and Trainee Travel Costs.

Tuition and fees are allowable trainee costs only if such charges are applied consistently to all individuals in a similar training status at the organization, without regard to their source of support. Tuition at the postdoctoral level is limited to that required for specific courses in support of the approved training program

and requires prior agency approval.

Trainees are generally supported for 12-month full-time training appointments for which they receive a stipend as a subsistence allowance to help defray living expenses during the research training experience.

Stipends must be paid in accordance with established stipend levels. Trainee-related Expenses (TREs) are "funds provided to defray such training expenses as staff salaries, consultant expenses, equipment, research supplies, staff travel and other expenses directly related to the training program." TRE is generally requested in a lump sum, based on the number of trainees requested in the application, and entered on the budget page without further stipulation.

NIH may provide funds for Trainee Travel costs (attending scientific meetings, etc.) when requested by the recipient institution.

NIH Training Grant Specific Rules for Rebudgeting of Funds

Funds may be rebudgeted only as follows:

- **Trainee-Related Expenses.** Rebudgeting of funds awarded in a lump sum for trainee-related expenses does not require prior agency approval.
- **Trainee Travel.** For rebudgeting purposes, trainee travel is not considered a trainee cost and, therefore, may be rebudgeted into any other budget category without prior approval of the NIH awarding IC.
- **Trainee Costs.** For rebudgeting purposes, trainee costs include funds awarded in the stipends or tuition/fees budget categories. These costs may not be used for other purposes except under unusual circumstances and then only with the prior approval of the NIH awarding IC. Unless otherwise restricted, rebudgeting into or within the stipends and tuition/fees is allowable without prior approval of the NIH awarding IC.

Unlike participant support costs, which do not take indirect costs, stipends on NIH training grants can take 8% indirect costs. Tuition and fees cannot take indirect costs. The unspent stipend plus the 8% indirect costs can be re-budgeted into the tuition category, but it cannot be re-budgeted into TRE.

For more guidance on NIH training grants and rebudgeting funds, please see **NIH Research Training FAQs** on NIH website.

The following trainee-related expenses may be treated as direct expenditures on fellowships and training grants:

- Consultant expenses, including seminar speakers (and their travel and honoraria) and related seminar/symposium expenses
- Announcements, posters, and brochures
- The cost of videotaping seminars because the seminars are trainee-related and trainees would benefit from the educational value of the seminars
- Trainee travel
- Health insurance
- Professional membership fees
- Book allowance
- PI travel and conference fee when attending a conference with trainees

Trainee-related expenses that may be charged to training grants and fellowships, as defined by the NIH, include:

Note that per IRS regulations, some of these expenses represent gross income to the recipient. See the **Fellowships vs. Reimbursements Policy**.

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Appendix B: Cost Allocation Methodologies

Whenever possible, specific expenses should be individually charged to a specific sponsored award. When it is not possible or efficient to determine how much of the cost is used for each award, allocation of the expenses is allowable. Allocation is the process of assigning a cost to one or more awards in reasonable and realistic proportion to the benefit provided to the individual projects.

Allocation Methodology Criteria

Type of Costs	Allowable or Unallowable?	Considerations
Honorarium	Allowable	Speaker for seminar for trainees
Administrative Salaries	Allowable	May be allocated to help defray such expenses as staff salaries (such charges must meet the tests of allocability and reasonableness)
Books/Journals	Allowable	May be allocated if these items directly benefit the research and training of the project
Domestic Travel	Allowable	Only trainees or PIs w/ trainees may travel to enhance research experience (not from residence to institution)
Foreign Travel	Allowable	Only trainees or PIs w/ trainees may travel to enhance research experience (not from residence to institution)
Videotaping of Seminars	Allowable	If seminars are trainee-related and trainees would benefit as they provided unquestionable educational value, then may be allocated
Business Cards	Unallowable	Would not benefit research or training directly
Computers	Allowable	May be allocated if computer is purchased by department for trainee use while appointed to the project or if sponsor approved and under \$5,000
Visa	Unallowable*	* May be allocated only on Fogarty Training Grants
Food (e.g., pizza or soda)	Unallowable	General food expenses for internal meetings are unallowable. Described in this manner, these would be considered entertainment expenses and as such are unallowable
Moving expenses	Unallowable	Project funds may not be used for a prospective trainee's travel expenses to or from for the purpose of recruitment or relocation
Health Insurance	Allowable	Health insurance is allowable for individual and his/her dependents
Advertising	Allowable	Recruitment expenses may be allocated

At Harvard, allocation methodologies must meet **ALL** of the following criteria:

- The allocation must provide a reasonable linkage between the cost incurred and the benefit to individual sponsored agreements,
- The allocation methodology must be identified in advance for the allocation of expenses and documented in a way that a person unfamiliar with grants management would understand,
- Each methodology should be applied consistently for similar costs that meet the criteria of the allocation methodology, **and**
- Allocation methodology must be reviewed and adjusted periodically.

Documentation

Once the allocation methodology has been determined, it needs to be documented and the documentation retained within the department/center. Documentation should include the costs to be allocated and the basis for distribution.

If the allocation requires a calculation for each distribution, this backup should be attached to each monthly/quarterly allocation journal. Monthly documentation is not required if the journal contains all the information necessary to support the expenditure, provided that the standard methodology is on file in the departmental and reviewed periodically.

Allocation Methodology Best Practices

- Ensure that the allocation methodology is documented prior to, or contemporaneously with, the costs being incurred and allocated.
- Document how measures, such as headcount, logically relate to the costs being allocated and the benefit received by the awards.
- Retain the supporting documentation in the department (in accordance with the University's Records Retention policy) so it is available for review and audit.
- Review allocation methodologies periodically to ensure they are reasonable.

Significant changes to the allocation statistics may signal the need to review the allocation methodology. For example, allocations based on FTEs must be updated to reflect any changes in headcount or effort.

Methodologies based on sampling, surveys, etc., should be reviewed, updated, and approved by the PI at least once each fiscal year and/or when new awards are received and awards expire.

- Identify the allocation method that will be used in advance of purchasing or at the time of ordering the goods/services whenever possible (to avoid the need for manual journals and/or cost transfers).
- Do not use allocation methodologies that result in an over- or under-recovery of expense. An over-recovery of expense may result in a refund to the sponsor while an under-recovery may need to be funded by the department as cost sharing.
- Do not use any allocation methodology that is based on available sponsored funds, budgets, or to avoid restrictions imposed by law, terms of the sponsored award, or for other reasons of convenience
- Do not allocate expenses after the fact by use of journals and/or cost transfers without appropriate documentation.

Some Acceptable Allocation Methodologies (and examples)

Different allocation methodologies may be required for different types of expenses.

- Allocation based on FTEs
 - Acetone purchased for use in a laboratory is needed for the technicians working concurrently on Projects A, B, and C in the amount of \$500/month. There is one technician working on Project A, two working on Project B, and three working on Project C. The expense allocated to Project A is \$83/month (1 technician / 6 total technicians x \$500/month). The expense allocated to Project B is \$167/month (2 technicians / 6 total technicians x \$500/month). The expense allocated to Project C is \$250/month (3 technicians / 6 total technicians x \$500/month).
- Allocation based on usage
 - The monthly cost of supplies/expendables to maintain a lab computer system is \$1,000. The computer system is solely used for Projects A and B. The computer operating system keeps a log of users and their time on the system. A reasonable base to allocate the expense would be computer user hours. Project A assistants have 100 combined user hours a month and Project B assistants have 80 combined user hours a month. The expense allocated to project A is \$560 (100 user hrs / 180 total user hrs x \$1,000). The expense to Project B would be \$440 (80 user hrs / 180 total user hrs x \$1,000).
- Allocation based on effort
 - A research assistant spends 80% effort on Project A and 20% effort on Project B. The research assistant uses supplies totaling \$3,000/month on the two projects. Usage is directly related to the amount of effort devoted to each project. Therefore, \$2,400 (80% of \$3,000) is charged to Project A and \$600 (20% of \$3,000) is charged to Project B.

Unacceptable Allocation Methodologies

The following direct costing practices are generally unacceptable because they do not meet the standard for a high degree of accuracy in the assignment of costs to sponsored projects.

- Rotation of charges among sponsored projects by month without establishing that the rotation schedule credibly reflects the relative benefit to each sponsored project
- Assigning charges to the sponsored project with the largest remaining balance
- Setting the allocation based on the budgeted amount in contrast to charging an amount based on actual usage
- Assigning charges to a sponsored project in advance of the time the actual expense is incurred
- Describing a expense as something other than what it actually is
- Charging expenses exclusively to sponsored projects, when the expense also supports non-sponsored activities
- Assigning charges that are part of normal administrative support (indirect costs) for sponsored projects (e.g., computer charges, administrative salaries, office supplies, etc.)

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Appendix C: Related Harvard Policies, Guidance, and other Resources

Please find documentation and applicable pages linked below.

Academic Service Center Policy

Administrative and Clerical Salaries on Federal Awards Policy

Advance Account Policy

Capital Equipment Policy

Consulting or Related Service Agreements Contracted through Harvard Policy

Cost Accounting Standards

Cost Sharing Policy

Employee Moving and Relocating Expenses Tax Treatment

Fellowships vs. Reimbursements Policy

Federal Lowest Economy Airfare Travel Reimbursement Exception Form

Federal Awards Fly America Act Exception Form

Independent Contractor Classification Policy

Guidance Concerning Charging Staff Parental Leave to Sponsored Awards

Moving, Recruiting, and Related Expenses (University Travel Policy)

Prior Approvals Grid

Retention of Research Data and Materials Policy

Severance on Sponsored Awards Policy

Uniform Guidance 2CFR200 – Uniform Administrative Requirements

University Sales Tax Exemption Form

University Travel Policy

Revisions

- November 2015:
 - Updated both the Alcoholic Beverages and Travel and Related Expenses section to include clarification regarding missing receipts
 - Revised the Memberships, Dues and Professional Activity Expenses section to include the revised wording
 - Updated the Travel Section to include the clarification on business class and economy upgrade airfares
 - Additional information added to Appendix A regarding information on training grants
- December 2015
 - Delay implementation date to March 1, 2016
 - Change Prior Approval section to indicate that approval is required for effort reductions of 25% or greater

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See also:

Administrative Costs, Cost Principles, Monitoring Expenditures, Proposal Budget, Travel, Preparing a Proposal, Managing an Award

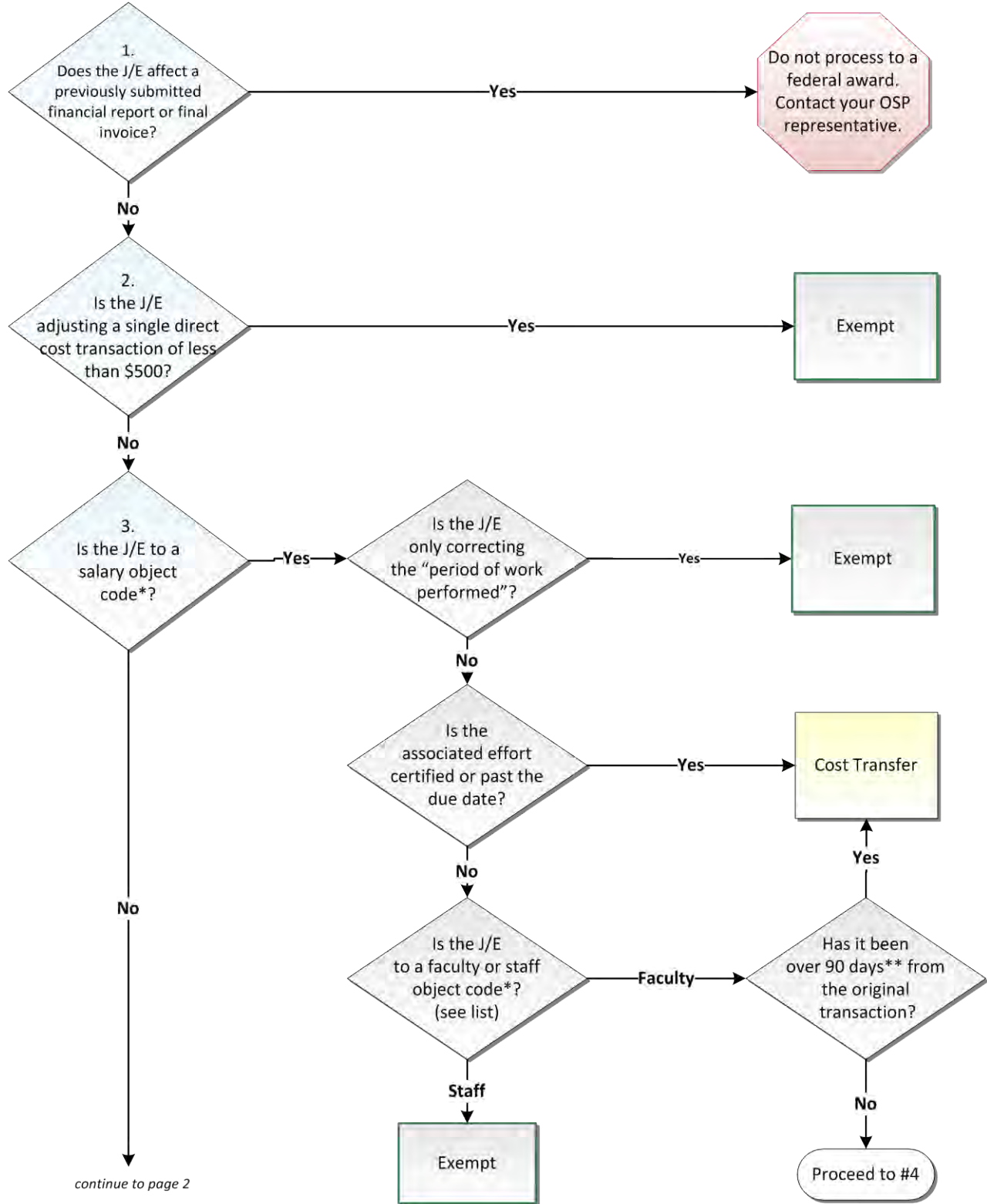
Harvard Cost Transfer Flow Chart





COST TRANSFER FLOW CHART

For the Cost Transfer Policy, please visit <http://osp.finance.harvard.edu/cost-transfer-policy>

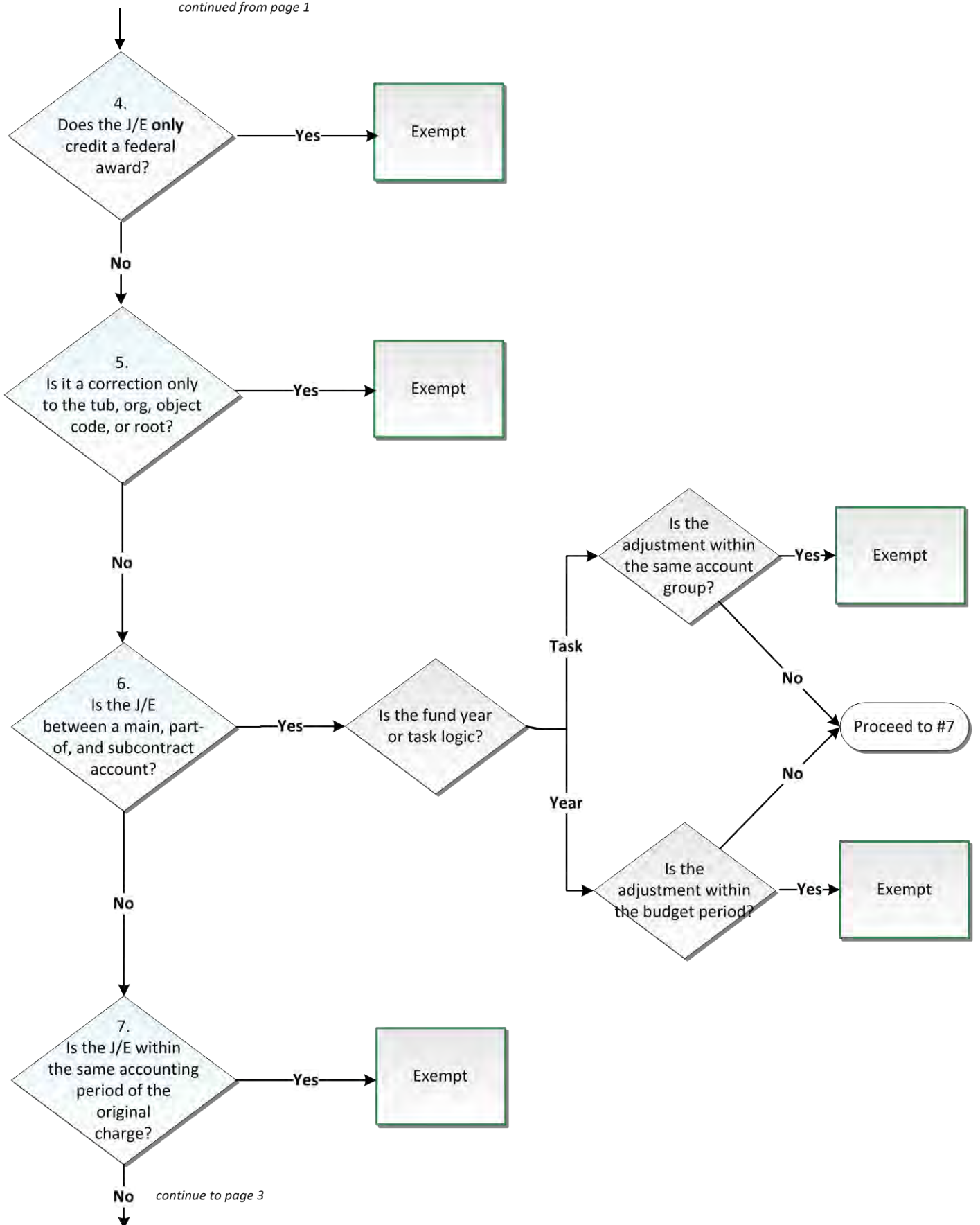


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*Faculty object codes (annually certified): 6010, 6020, 6030 & 6040, Staff object codes (quarterly certified): 6050, 6051, 6070, 6071, 6079, 6080, 6089, 6090, 6110, 6120, 6140, 6150 & 6152

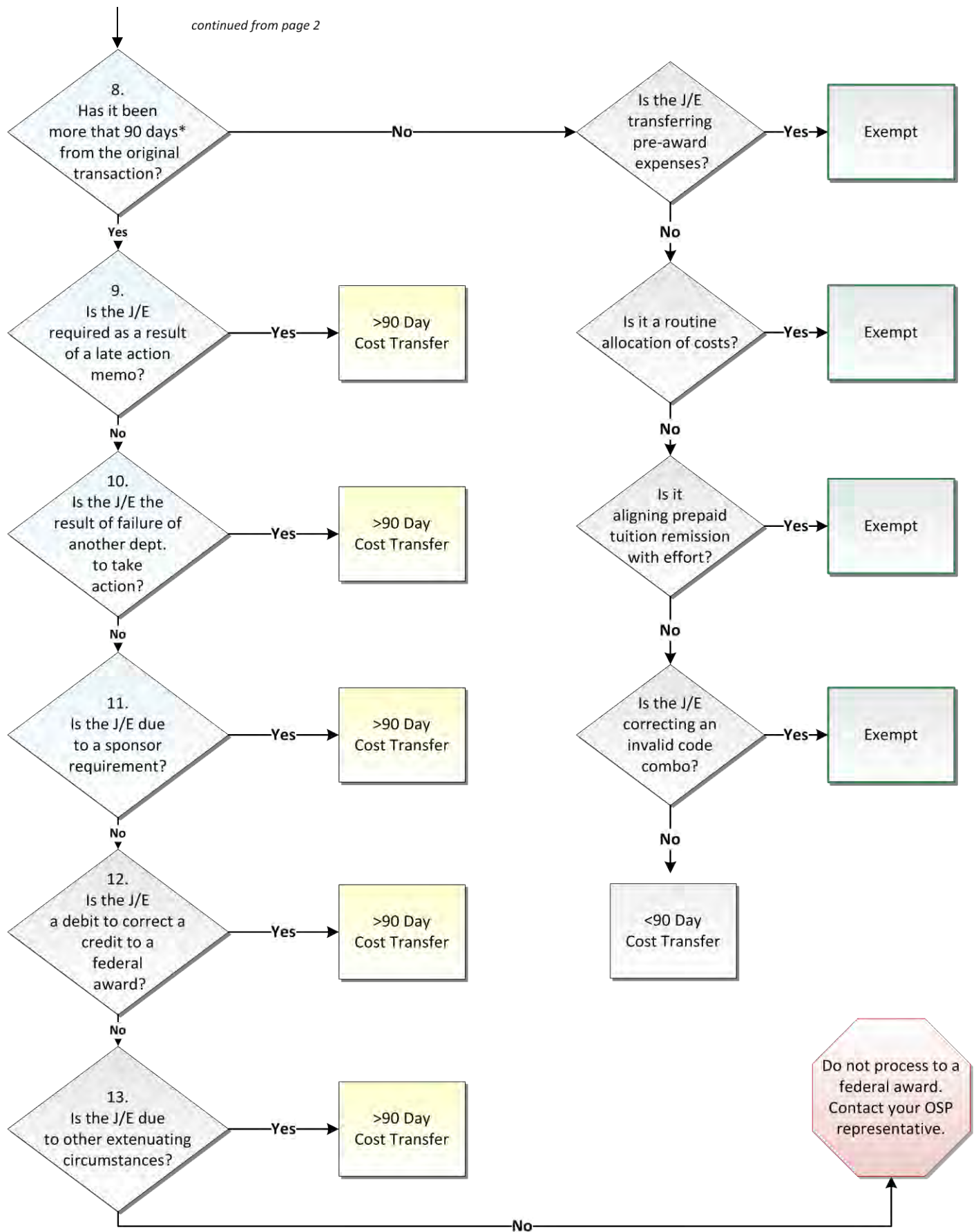
**90 days means 90 calendar days from the 15th of the following month in which the charge was originally transacted.

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*90 days means 90 calendar days from the 15th of the following month in which the charge was originally transacted.

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*90 days means 90 calendar days from the 15th of the following month in which the charge was originally transacted.

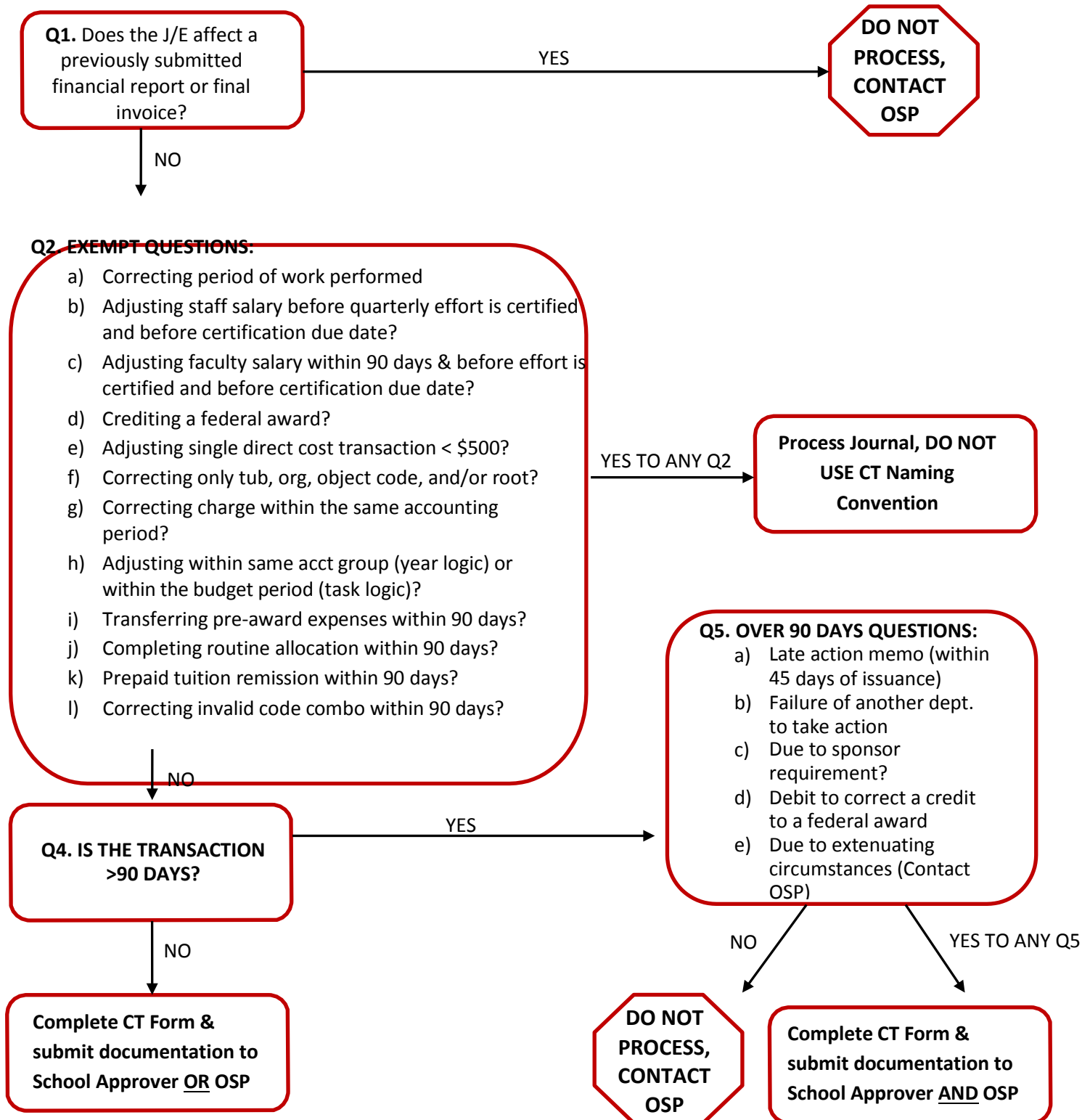
Harvard Cost Summary Flow Chart





COST TRANSFER SUMMARY FLOW CHART

For the Cost Transfer Policy, please visit: osp.fad.harvard.edu/content/cost-transfer-policy



Cost Transfer Form





Cost Transfer Form

Instructions

A cost transfer (CT) is a journal entry that transfers expenses onto a federally-funded sponsored award that was previously recorded elsewhere on Harvard's General Ledger and requires institutional approval before it can be posted to the General Ledger. The completed Cost Transfer Form serves as institutional approval and is required for all journal entries subject to the Cost Transfer Policy.

Please complete this form accurately, attach all supporting documentation, and send it to your school-level approver and/or OSP for approval. The Cost Transfer Policy, accompanying FAQs and Cost Transfer Determination tool provide guidance on determining if the journal entry requires the following Cost Transfer Form.

Cost Transfer Timing

Does the journal entry affect a previously submitted financial report or final invoice?

Yes

No

If the journal entry affects a previously submitted financial report or final invoice, do not process the journal entry to the federal award. Journal entries that affect a previously submitted financial report or final invoice cannot be submitted. Contact your [OSP Post Award Representative](#).

What is the date of the original transaction?

Has it been more than 90 days* since the original transaction date?

Yes

No

**Note:* 90 days means 90 calendar days from the 15th of the following month in which the charge was originally transacted. For example, if the original charge posted on 1/1/14, 90 calendar days are counted from 2/15/14. See the [Cost Transfer Calculator](#).

Cost Transfer Journal Entry Identifying Information

Debit:	Tub	Org # and Name	Fund*	Total Debit
---------------	------------	-----------------------	--------------	--------------------

Credit:	Tub	Org # and Name	Fund*	Total Credit
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**For identification purposes, list the first fund being debited and credited.*

Under 90 Day Cost Transfer Justification

The supporting documentation must provide a brief explanation why the journal is reasonable, allocable, and allowable on the federal award. Please attach explanation or provide an explanation below.

Explanation: (required if no additional documentation is attached)

Over 90 Day Cost Transfer Justification

Over 90 day cost transfers must be submitted to the school level officials and OSP for approval. Approval for cost transfers submitted later than 90 days will only be granted in extenuating circumstances. Examples of extenuating circumstances include the following. Please select the circumstance for which a cost transfer is required.

Late issuance of a relevant Action Memo for reasons beyond the control of the requestor

Note: The deadline for submission of cost transfers is 45 calendar days after the issuance of a relevant Action Memo.

Sponsor requirement dictates the need for the cost transfer (e.g. NIH fellowship stipend adjustments to comply with NIH X-train requirements or sponsor approved the expenses that were previously removed)

A debit to correct a credit to a federal award

Failure of another department to take action (e.g. on a properly submitted payroll distribution change request or service center charges). Departments are required to provide evidence of timely follow-up.

Other extenuating circumstances

If the reason for the >90 day cost transfer is due to failure of another department to take action or other extenuating circumstances, please describe the situation for which the cost transfer is required.

Supporting Documentation

For journal entries under 90 days from the original transaction, attach all supporting documentation including: a draft or out-of-balance journal or a copy of submitted (but not approved) AP adjustment screenshot (for equipment), and detail listing of original charge.

For journal entries over 90 days from the original transaction, attach all supporting documentation including: a draft or out-of-balance journal or a copy of submitted (but not approved) AP adjustment screenshot (for equipment), and detail listing of original charge.

Please include supporting documentation as attachments with the completed cost transfer form.

Cost Transfer Preparer Information

Date:

Name and title:

E-mail:

Phone:

Signature:

By entering name/signing above, the requestor certifies that the cost(s) to be transferred is an appropriate expenditure for the sponsored award and that the charge is allowable, reasonable, and allocable under the governing cost principles and terms of the award.

Cost Transfer Approver Information

Please fill in the name, dept. and email of the appropriate approver(s) for your cost transfer. The signature and date will be filled in by the approver upon review and approval.

Cost transfers submitted under 90 days from the date of the original transaction should be submitted to the school/tub level authorized approver or to OSP, depending on tub-level policy. Cost transfers submitted more than 90 days from the date of the original transaction must be submitted to school/tub level approver and to OSP. See the cost transfers approvers list to determine your school's CT approver.

Under 90 Day Approver: (school-level approver, authorized approver, or OSP, depending on tub-level policy)

Name:

Dept/Org:

E-mail:

Signature:

Date:

Over 90 Day School-level Approver:

Name:

Dept/Org:

E-mail:

Signature:

Date:

Over 90 OSP Approver:

Name:

Dept/Org:

E-mail:

Signature:

Date:

Please email the completed form and all attachments to the appropriate [cost transfer approver\(s\)](#).



Stanford Cost Transfer Checklist

Cost Transfer Checklist


When preparing a cost transfer, review the transaction and the documentation provided to support it. Use the following checklist to guide you through the process:

Have you clearly shown:	Yes	No
The expense directly benefits the receiving PTA.		
The expense is allowable on the receiving PTA.		
There are no restrictions which preclude this transfer (e.g., restrictions on travel or equipment).		
The transaction meets all sponsor requirements.		
The transfer complies with all Stanford policies. RPH 15.8 and AGM 3.2.2		
For sponsored projects:		
<ul style="list-style-type: none">The transaction is timely (within three months of when the error is discovered, and no later than six months after the expense is posted to an award)		
<ul style="list-style-type: none">After six months cost is transferred to a cost sharing PTA (Transfers onto sponsored PTAs after six months are generally not allowed and must be transferred to a cost sharing PTA unless the expense also benefitted a non-sponsored award)		
The reason why the expense was charged incorrectly to the first PTA.		
The reasons for any delay in a timely processing of the transfer.		
Any systemic problems which might cause this problem to be repeated have been addressed.		
The allocation methodology used if transferring expenses to multiple PTAs		

Any "No" answers on this checklist could result in delays or ultimately in the disapproval of the transfer.

Reminders:

- If the journal is allocating expense(s), ensure it complies with Guide Memo 3.2.3 [Allocations and Offsets](#)
- If the transfer is "University Research", "cost sharing", or an "overdraft", the transfer must be into a designated cost sharing PTA.
- Journal transfers involving capital equipment ET's may not be permitted. (refer to [Accounting for Capital Equipment](#) – scroll down to **Reclassifying or Transferring Capital Equipment Expenditures**).
- Keep this standard in mind:** Would an outside auditor reviewing this documentation three years from now understand this explanation?



Request for Cost Reimbursement Over 90 Days



LOMA LINDA UNIVERSITY
ADVENTIST HEALTH SCIENCES CENTER
VICE PRESIDENT FOR RESEARCH AFFAIRS
Financial Management

Request for Cost Reimbursement Over 90 Days of Original Transaction

Principal Investigator:

Banner Number:

Approval is requested for the action(s) checked below:

- ☐ Pre-Award Costs
- ☐ Transfer costs from/to departmental account from/to a sponsored project account (above)
- ☐ Transfer costs between sponsored project accounts. (List detailed transfer instructions in the comment area below)
- ☐ Initial cost (e.g. invoice)

ALL explanation/justification questions must be answered before transfer can be made.

1. Why was this/these expense(s) originally charged to the fund from which it is now being transferred?

2. Why should this charge be transferred to the proposed receiving sponsored project?

3. Why is this cost transfer being requested more than 90 days after the occurrence of the original transaction?

4. What action is needed to eliminate future need for cost transfers of this type?

5. Has this action been implemented?

Additional Comments:

I certify that the above information is true and correct and the cost(s) transferred are an appropriate expenditure for the award charged and complies with the terms and restrictions governing that grant/contract. This request is consistent with the scope and objectives of the project as approved by the sponsor.

Principal Investigator/
Authorized Personnel Signature

Date:

*** Return completed form to Research Affairs - Financial Management ***

Closeout Checklist



Departmental Financial Closeout Checklist for Sponsored Projects

Project:

Project End Date:

- ☐ Final Reconciliation and invoice received from SFR on:
 - ☐ End Payroll and Cost Share Distributions
 - ☐ Verified Effort Commitment was met
 - ☐ Fund Cost Share to full detail Chartfield string (Program-Project) using Analysis type CSR
 - ☐ Encumbrances released/closed
 - ☐ Capital Asset/Equipment – completed UM 1556 ☐ N/A
 - ☐ Overdrafts removed
 - ☐ Fixed Price Transfer
- non-sponsored Chartfield string sent to SFR on:
- ☐ Completed Departmentally Specific Closeout tasks

- ☐
- ☐
- ☐
- ☐
- ☐

Ending Direct Balance:

Ending Indirect Balance:

Date:

Final Invoiced Amount:



Closeout Checklist (Hardcopy Files)

Award Closeout Checklist

Research Affairs | Financial Management

Banner #:

LLeRA #:

PI:

Project End Date:

1. 60 days **before** the project end date

Yes N/A

- ☐ ☐ Send a closeout notification to the PI. Emailed on Place copy in Correspondence folder.

2. 30 days **before** the project end date

Yes N/A

- ☐ ☐ Evaluate the account balance for possible overspent or residual amount
- ☐ ☐ Obtain a Labor Requisition/Rate Slip from the PI to remove all sponsored project funded personnel effective the first day of the pay period closest to the project end date.

3. 30 days **after** the project end date

Yes N/A

- ☐ ☐ Review the most current operating statement and address the following:
- ☐ All income and expenses have been posted to the account and expenses were incurred during the project period.
 - ☐ Encumbrances are cleared. Attention should be given to unpaid POs with receiving documents.
 - ☐ Double-check the benefit calculation to make sure it was calculated correctly.
 - ☐ Double-check the subcontract calculation to make sure IDC was calculated correctly.
 - ☐ Double-check the IDC calculation to make sure it was calculated correctly. If not, you may have to wait another month for the calculation to be updated.
- ☐ ☐ For final financial report (FFR) submissions, begin preparing a FFR worksheet.
- ☐ ☐ Evaluate the account balance (overspent or residual funds):
- ☐ Overspent Amount -- Obtain a memo/email from the PI to move overspent amounts to a discretionary account. Prepare a journal voucher to remove any over-expenditure (use exact object codes).
 - ☐ Residual Funds -- Work with the PI and the sponsor to determine whether the institution may retain residual funds. If so, transfer residual funds to the departmental residual account that is managed by RAFM (do not use account codes 81180 or 82280) and remember to charge any remaining budgeted F&A. If not, process a payment voucher for the residual amount to be paid to the sponsor.
- ☐ ☐ Notify Stacey to remove PI and other personnel from purchasing access (FOMPROF).
- ☐ ☐ Ensure that all personnel are cleared from the account.
- ☐ ☐ Ensure institutional service department charges (i.e. library, animal care, or telecommunications) are no longer being charged to the account.
- ☐ ☐ Confer with RPP if IRB closeout has been completed, if applicable.
- ☐ ☐ Initiate final reports, as required.
- ☐ Equipment Report.
 - ☐ Final Progress Report - For NIH awards - If a competitive renewal (type 2) application has been submitted, whether funded or not, the progress report contained in the application may serve in lieu of a separate final progress report.
 - ☐ Final Invention Statement - List of Inventors: O:\Central\Research Administration\Tech Transf Inventor List.

***If PI or any key person on project is **NOT** listed as an inventor:* Request a confirmation email from PI there were no inventions, forward PI's email to TT (OIPC@llu.edu), and convert the inventor list to PDF and save in the Project Accounting file with PI's email.

***If PI or any key person on project **IS** on the inventor list:* work with TT to determine if there were inventions related to the project & submit the statement, if necessary. Include the submission method/system & form required in your email request to TT.
- ☐ ☐ For non-federal and clinical trial awards, obtain one of the closeout documents listed below:
- ☐ End of study letter from the sponsor (preferred).
 - ☐ IRB closeout notice from RPP.
 - ☐ Memo/Email from the PI stating that the project is completed and the sponsor is satisfied.
- ☐ ☐ For clinical trials, notify CTC to inactivate study in the LLEAP system.
- ☐ ☐ Notify Alice (SOM Assist. Dean of Finance) if unable to obtain PI and/or department approval to move over-expenditure.

Yes N/A

☐ ☐ Equipment:

- ☐ Confirm with PI if disposing any equipment purchased on award. If yes, one Equipment Release Authorization form for each asset (PO) is required and needs to be sent to LLU Accounting. Save a copy of the form in the Reporting folder.
- ☐ Save *all* of the following on the shared drive O:\Central\RAFM\LLU\Equipment\Award Documentation: 1. NOA, 2. Proposal justification, 3. Sponsor approval of purchase if not in proposal, 4. PO and invoice, 5. EPLS/SAM check done at time of purchase.

4. 60 days *after* the project end date

Yes N/A

- ☐ Perform an account analysis. The operating statement bottom line (year-to-date) should be zero (income = expenses).
- ☐ ☐ Federal Financial Report (FFR):
 - ☐ Download a FRRGITD statement to verify all income and expenses were charged to the correct organization code.
 - ☐ Send FFR to PI to review and approve.
 - ☐ Save copies of FFR along with FRRGITD, FFR worksheets, and PI approval in Reporting folder .
- ☐ ☐ Request AD to review and approve FFR. Work with AD, PI, and/or Research Affairs to submit all final reports to sponsor as necessary.

5. Final closeout steps (account balance is zero)

Yes N/A

- ☐ ☐ Verify all labor requisitions/rate slips have been completed to move off personnel charges. If not completed yet, send AD email notification with list of personnel to be moved. AD will work with school finance dean or department head to resolve.
- ☐ Update Banner forms:
 - ☐ FRAGRNT:
 - ☐ Put "C" for closed under the status.
 - ☐ Enter the date the account was zeroed under the termination date and the expenditure end date.
 - ☐ FTMFUND/FRMFUND: Notify Stacey to update the effective, termination and expenditure date.
- ☐ ☐ Update Status in InfoEd:
 - ☐ Ensure there are no outstanding personnel activity reports (PARs and AIECs), as required.
 - ☐ Change the project status to "Closed" under the Status History tab in InfoEd. Make sure child records/subprojects are changed to "Closed" as well.
 - ☐ Upload final reports and important communication into InfoEd under the applicable tab.
 - ☐ Verify all deliverables have been completed.
- ☐ ☐ If the award had a subaward, make sure the payment log matches what's been posted to the award in account codes 72525 and 72530. Update the [Subawards Tracker](#). Send [Subcontract Closeout Letter](#).
- ☐ Ensure all PARs/Affiliated Invoices have been received. Update the Effort spreadsheet in the notes section with the date the award was closed in the financial system.
- ☐ ☐ Notify Stacey to type "CLOSED" in the second column of the Banner spreadsheet.
- ☐ Send Financial Management Award Account Now Closed memo to PI. Save under the Correspondence folder.
- ☐ Add "Closed FYXX" to the award folder name, e.g. 604130-5572 (Closed FY15).
- ☐ ☐ If a retention period of greater than three years is noted in the contract, agreement, or notice of award, note the retention date by adding the date to the Award folder name, e.g. 604130-5572 (Closed) (Retain until 06-01-20XX).
- ☐ Deactivate the account by listing it in the current fiscal year closeout list.
- ☐ Save the following documents under the Award folder:
 - ☐ Closeout checklist (once fully approved).
 - ☐ FRRGITD statement (showing a zero balance).
- ☐ Sign below that all closeout steps have been completed.
- ☐ Send checklist to appropriate Associate Director to review and approve.

6. Comments

Preparer's Signature: _____

Date: _____

Reviewer's Signature: _____

Date: _____



Closeout Checklist (Electronic Files)

Award Closeout Checklist

Research Affairs | Financial Management

Banner #:

LLeRA #:

PI:

Project End Date:

1. 60 days **before** the project end date

Yes N/A

- ☐ ☐ Send a closeout notification to the PI. Emailed on Place copy in Correspondence folder.

2. 30 days **before** the project end date

Yes N/A

- ☐ ☐ Evaluate the account balance for possible overspent or residual amount
- ☐ ☐ Obtain a Labor Requisition/Rate Slip from the PI to remove all sponsored project funded personnel effective the first day of the pay period closest to the project end date.

3. 30 days **after** the project end date

Yes N/A

- ☐ ☐ Review the most current operating statement and address the following:
- ☐ All income and expenses have been posted to the account and expenses were incurred during the project period.
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- ☐ ☐ Confer with RPP if IRB closeout has been completed, if applicable.
- ☐ ☐ Initiate final reports, as required.
- ☐ Equipment Report.
 - ☐ Final Progress Report - For NIH awards - If a competitive renewal (type 2) application has been submitted, whether funded or not, the progress report contained in the application may serve in lieu of a separate final progress report.
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- ☐ Confirm with PI if disposing any equipment purchased on award. If yes, one Equipment Release Authorization form for each asset (PO) is required and needs to be sent to LLU Accounting. Save a copy of the form in the Reporting folder.
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4. 60 days **after** the project end date

Yes N/A

- ☐ Perform an account analysis. The operating statement bottom line (year-to-date) should be zero (income = expenses).
- ☐ ☐ Federal Financial Report (FFR):
 - ☐ Download a FRRGITD statement to verify all income and expenses were charged to the correct organization code.
 - ☐ Send FFR to PI to review and approve.
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5. Final closeout steps (account balance is zero)

Yes N/A

- ☐ ☐ Verify all labor requisitions/rate slips have been completed to move off personnel charges. If not completed yet, send AD email notification with list of personnel to be moved. AD will work with school finance dean or department head to resolve.
- ☐ Update Banner forms:
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- ☐ Sign below that all closeout steps have been completed.
- ☐ Send checklist to appropriate Associate Director to review and approve.

6. Comments

Preparer's Signature: _____

Date: _____

Reviewer's Signature: _____

Date: _____



Audit Tips from an Inspector General

Words of Wisdom from an Inspector General*

***David Sheppard**

**Deputy Assistant Inspector General for Regional Audits
U.S. Department of Commerce**

■ To Avoid an Audit or Audit Findings

- Prepare a thorough, fact-based proposal.
- Review and tune-up financial, administrative, and project management systems.
- READ and UNDERSTAND before you sign and revisit award requirements frequently during the project

■ To Avoid an Audit or Audit Findings

- Ensure all staff understand the project and award requirements and that they communicate fully and frequently throughout the project.
- If in doubt, ASK QUESTIONS and get answers and approvals BEFORE acting.
- Know your contacts.

■ To Avoid an Audit or Audit Findings

- DOCUMENT, DOCUMENT, DOCUMENT!
- Attend training.
- Respond fully and timely at every opportunity during the audit and resolution.

■ How an Inspector General Audits

- They audit in accordance with:
 - Government Auditing Standards
 - AICPA Standards
 - The Inspector General Act, as amended
- They build upon your A-133 and other audits where relevant to an audit objective.

■ How An Inspector General Audits

➤ An Inspector General Audits in accordance with criteria:

- Award
- Terms and Conditions
- Proposal and Amending Letters
- Assurances
- Uniform Administrative Requirements
- Federal Cost Principles
- Laws, Regulations, and Program Guidance
- Prudent Business Person



Websites for Policy Reference

Websites for Policy Reference

www.rsp.wisc.edu

University of Wisconsin – Madison

www.policy.umn.edu

University of Minnesota

www.osp.fad.harvard.edu

Harvard University

www.dfa.cornell.edu/treasurer/policyoffice/policies/

Cornell University

<https://doresearch.stanford.edu/policies/research-policy-handbook>

Stanford University

http://www.virginia.edu/finance/polproc/Pol_toc.html#sectionVIII

University of Virginia

<http://research.wustl.edu/PoliciesGuidelines/Pages/PoliciesGuidelines.aspx>

Washington University St. Louis

<https://www.washington.edu/research/?page=ospolicy>

University of Washington