

## **GRANT COORDINATOR MEETING 11/17/11 SPONSORED PROGRAMS ACCOUNTING (SPA)**

### **OPEN SKIES AGREEMENT EXCEPTIONS TO THE FLY AMERICA ACT**

The Fly America Act requires the use of US flag carriers for air travel funded by Federal government money. Use of foreign-flag carriers is only permissible under certain limited circumstances. ISU policy requires the completion of the “Fly America Act Waiver Checklist” form when a foreign flag carrier is used. See:

<http://www.controller.iastate.edu/travelinformation/airfarerestrictions.htm>

The Federal Travel Regulations were amended on January 15, 2009 to reflect the Open Skies exceptions to the Fly America Act for all air travel paid for with federal funds. This exception occurs when a country has entered into an Open Skies Agreement with the United States. The amendment allows for air transportation to be provided under an agreement to which the United States and the foreign country are parties, provided that the US Department of Transportation has determined the agreement meets the requirements of the Fly America Act. Open Skies Agreements currently exist with the European Union, Australia and Switzerland. Please refer to the GSA website for current Open Skies Agreement information at:

<http://www.gsa.gov/openskies>

However, there are exceptions to the use of Open Skies Agreements. The government has prenegotiated rates with some US Airlines between points in the US and outside of the US. The rates are known as City Pair Contract fares. These rates are only available to US Government employees, but must still be taken into consideration when wanting to use the Open Skies Agreements. If the air transportation is between the origin and destination points for which a City Pair Contract is in effect, then foreign carriers of the Open Skies countries may not be used, and a US flag carrier should be used instead. The GSA website of airline city-pairs must be used to determine if a City Pair contract exists. See: <http://apps.fas.gsa.gov/citypairs/search>

GSA issued an amendment to the above restriction where City Pair Contracts exist on October 6, 2010, which Federal sponsors are just now starting to incorporate. If the travel involves the US-EU Open Skies Agreement, an existing City Pair Contract no longer nullifies the use of the EU carrier so long as the passenger is not eligible to travel on GSA City Pair Contract fares.

If the air travel is funded by the US Department of Defense, then foreign carriers of the Open Skies countries may not be used.

If a foreign carrier of an Open Skies country is used for air travel on Federal sourced funds, then the Fly America Act Waiver Checklist must still be filled out.

**A department will always be** in compliance with the Fly America Act if they choose to use only US flag carriers for travel funded from Federal sources.

## **NSF Revised Award Terms and Conditions**

The NSF Award Terms and Conditions have been revised implementing two significant changes. These revised Terms and Conditions will apply to all new NSF awards and funding amendments to existing NSF awards issued on or after February 1, 2012.

### **Travel:**

- Grantees may use Open Skies Agreement EU airlines to transport civilian agency-funded passengers who are NOT eligible to travel on GSA Airline City Pair Contract fares between a point in the US and a point outside the US, even if a City Pair contract fare exists between the origin and destination points.
- EU airlines are now authorized to transport passengers between points in the US and points outside the EU, if the EU airline is authorized to serve the route under the Agreement.

### **Academic Technology Transfer and Commercialization of University Research:**

This is a new article to the NSF Award Terms and Conditions which requires higher education institutions that have NSF research support and at least \$25,000,000 in total Federal research grants in the most recently completed federal fiscal year to submit to NSF the URL that contains information of technology and commercialization of research results efforts. The change was mandated by the America Competes Reauthorization Act. An institution will not be required to reveal confidential, trade secret, or proprietary information on its website.

For additional details please reference the following link:

[http://www.nsf.gov/awards/managing/award\\_conditions.jsp?org=NSF](http://www.nsf.gov/awards/managing/award_conditions.jsp?org=NSF)

## **NIH Revised Grants Policy Statement**

While there has been no new material added to the NIH Grants Policy Statement, there have been a few revisions and some editing changes for clarity. This revision is applicable to all NIH grants and cooperative agreements with budget periods beginning on or after October 1, 2011. Listed are a few of the revisions that have been made:

- Financial Conflict of Interest (FCOI) (NOT-OD-11-109) revised to strengthen accountability and transparency. The changes focus on Investigator's disclosure requirements of significant financial interests, Institution's reporting and management of identified conflicts of interest, and public disclosure of information regarding Investigator FCOI.
- Fly America Act revised to reflect updated GSA guidance related to US-EU Open Skies Agreements.
- Mandated use of the Commons system to submit No Cost Extension notifications (NOT-OD-11-098).

For additional details please reference the following link:

[http://grants.nih.gov/grants/policy/nihgps\\_2011/Significant\\_Changes\\_NIHGPS\\_2011.doc](http://grants.nih.gov/grants/policy/nihgps_2011/Significant_Changes_NIHGPS_2011.doc)

## **KC/KFS Update**

- ISU is continuing to work with the consultant building the data warehouse which will be used for the development of reports currently provided by VPR/ED, OSPA, and SPA .
- KC 3.1.1 (Kuali Coeus – a research administration system) is expected to be the go-live version and has been installed in a testing environment along with KFS 4.1.1 (Kuali Financial System – new financial system). This will enable ISU to investigate and test the interface capabilities between KC & KFS.
- Contracts & Grants Billing (CGB), an add-on to KFS which handles invoicing and letter of credit draws, continues in its development and testing. We anticipate this being available for testing by SPA in December 2011.
- SharePoint (a Microsoft content and document management system) should be available campus wide at the end of November 2011. A KFS page will be created with training information, calendars, and other resources.

## **HHS OIG AUDIT ACTIVITY**

The Office of Inspector General (OIG) of the U.S. Department of Health and Human Services recently released its audit report for The Research Foundation of the State University of New York (SUNY), State University of New York at Albany. HHS OIG identified \$82,922 in questioned costs, some of the questioned costs were:

- Expenditures that did not solely benefit the sponsored agreement
- Expenditures for office supplies
- Expenditures that required no unusual degree of clerical support

The audit found that the Foundation could not document that administrative expenditures for information technology supplies such as computers, monitors, printers, warranties, and digital cameras were solely used to advance the work under the sponsored agreement. Many of the purchases were made during the last week or after the end date of the associated project period where these purchases could not have benefitted the research project.

The audit found expenditures for office supplies such as toner, paper, binders, binder clips, tape, folders, and pens. These expenses should have been treated as F& A costs, but were charged as direct administrative expenses.

The audit also found that the Foundation improperly claimed direct clerical salaries. The Foundation could not provide evidence that the nature of the work performed on the sponsored agreements justified any unusual degree of clerical support to accomplish project objectives and could not find documentation that the sponsored agreement met the definition of a “major project.”

The following items are good reminders to assist in being ready for an audit at any time:

- Understand sponsor terms and conditions before incurring expenditures

- Document expenditures adequately, including justification for costs incurred
- Know that effort reporting, clerical and administrative salaries, cost transfers, office supplies and travel are areas that are most often reviewed by auditors

ISU developed the ISU Sponsored Programs Costing Policy to provide for consistent treatment of direct and indirect costs. This policy can be found at the following link:  
<http://ospa.iastate.edu/policies/docs/isucostingpolicy.pdf>

## **USDA Foreign Agricultural Service On-Site Compliance Review**

The U.S. Department of Agriculture Foreign Agricultural Service (USDA FAS) conducted an on-site compliance review at ISU September 19-20, 2011. The purpose of the compliance review was to review ISU's expenditures on one award issued under the Emerging Market Program (EMP).

The USDA auditor requested information that included:

- All original supporting documentation for all expenditures reimbursed
- Approval letters (for approval of 2<sup>nd</sup> year of funding)
- Agreement and amendments
- Proof of payments received
- Invoices
- Contracts (bids and procedures)
- Travel documentation
- Competitive bidding for contracts awarded to third parties
- Copy of general ledger (ISU accounts)

The expenditures types reviewed by the auditor included personnel costs and expenses from outside vendors.

The results of the review found:

- An employee was paid in excess of award's salary limitation. This limitation provided that salaries and benefits for employees or fees to consultants not exceed the daily gross rate of a GS-15 Step 10 (U.S. General Schedule for Civil Service Pay). In 2010 and 2011 this rate was \$129,517, or an hourly rate of \$62.06 and daily gross salary of \$496.48. The salary and benefits paid in excess of the salary cap were \$4,470.33.

For those with USDA FAS awards:

- Be aware of language in the award that may reference the daily gross rate salary limitation for employees and consultants to GS-15 Step 10.
- Be aware that when ISU submits a claim for reimbursement of expenses for similar USDA FAS awards, the claim must be broken down into the USDA FAS cost claim categories. These categories may be different than the ISU budget categories. In order to

provide this information, SPA may contact the department for assistance in breaking down the expenses for the claim.

- Be aware that the USDA FAS awards may require approval for each year of funding. Release of the next year's funding is issued via an approval letter.

## **UPDATE: SUBCONTRACTOR INVOICE VO APPROVALS – NEGATIVE APPROVAL**

On November 1, 2011, the Controller's Department implemented the VO System for the approval of tracking voucher payments to vendors, including subcontractors.

In the new VO System, all payments made to vendors under \$5,000 are subject to negative approval. This includes payments to subcontractors on sponsored projects. The negative approval means that a non-response to a VO voucher will result in the invoice being paid after five business days.

As discussed at the May 2011 Grant Coordinator meeting, with the new VO System the Principal Investigator should still continue to review subcontractor invoices. The department can choose the method that best suits their needs for PI approval of subcontractor invoices, either via e-mail or PI approval of the invoice in the VO System. Another option is paper approval of the invoice.

The Controller's Department developed training on the VO System which includes a training manual and a series of training videos. The training manual and video series can be located on the Controller's Department website at the following web address:

<http://www.controller.iastate.edu/controller/VOucher.htm>

Information on this process is located under Receiving in the VO System reference training manual on pages 50-51 and Video V 13 of the Panopto training videos.

## **SPA Website**

We have been adding items to the SPA website over the past months that we hope departments will find useful. Items on the website include cost transfer rules, incentive account information, subrecipient monitoring, and a guide on the treatment of unallowable costs.

This past summer an Effort Reporting program through WebCT was created for PIs with federal sourced accounts. We have included all the information provided to the PIs except for the assessment under the Effort Reporting link on the SPA website.

If you have other SPA topics you would like to see posted on the website, please contact Troy Nichols.

## **QUESTIONS/ NEXT MEETING**

Next GC Meeting: Thursday, February 16, 2012, Campanile Room, MU