

GRANT COORDINATOR MEETING 2/17/05 SPONSORED PROGRAMS ACCOUNTING

FY06 SCHOLARSHIP CLASS CODES

Starting with the implementation of the new scholarship system sometime in FY06, a new class code of 618-00 will be used for graduate and vet med scholarships. Class code 611-00 will be used for undergraduate scholarships. Currently, class code 611-00 is used for all graduate, vet med, and undergraduate scholarships.

This change should improve the department's ability to track graduate scholarships in the FM accounting system and Hyperion. The new scholarship system will have departments enter aid information directly into the scholarship system. More information on the new scholarship system will be distributed at a later date by the Graduate College.

NSF GRANT POLICY MANUAL- ALLOWABILITY OF MEALS AND COFFEE BREAKS AT MEETINGS

The NSF Grant Policy Manual (GPM) provides information on various NSF policies and procedures. The current GPM is effective for proposals submitted after August 1, 2002. The NSF General Grant Conditions (GC-1) also provide information on NSF policies and procedures that must be followed by grantees. The GPM and GC-1 are available at <http://www.nsf.gov/awards/managing/>

Several departments raised concerns that the ISU grant community may be unfamiliar with the GPM policies for meeting expenses. It is important to remember that departments must follow both ISU policies and the sponsor's policies. The most restrictive of the two policies must be followed.

Section 625 of the GPM is listed below in its entirety. The specific policies regarding meals or coffee breaks are in bold.

625 Meetings and Conferences

The points below summarize the allowability of various items of cost associated with conferences, symposia, workshops or other meetings supported by an NSF grant. Any costs charged to an NSF grant also need to be reasonable and directly allocable to the supported activity. Meeting and conference costs identified below, are only allowable if such costs are specifically and clearly identified in the proposed scope of work and budget, as modified and approved by NSF. **NSF funds are not otherwise to be spent for meals or coffee breaks for intramural meetings of an organization or any of its components, including, but not limited to, laboratories, departments and centers.**

- a. Conference Facilities. Rental of facilities and necessary equipment is allowable. (See GPM 623, "Rental or Lease of Facilities or Special Purpose Equipment".)

- b. Supplies. Purchase of expendable materials and supplies necessary for the meeting is allowable.
- c. Conference Services. Costs of translation services and of recording and transcribing the proceedings are allowable.
- d. Publication Costs. Costs of publishing the proceedings are allowable if approved in the grant.
- e. Salaries. Salaries of professional personnel, editorial and clerical assistants and other staff members are allowable in accordance with GPM 611, "Salaries, Wages and Fringe Benefits," in proportion to the time or effort devoted to the preparation and conduct of the conference and summarizing its results.
- f. Consultant Services and Speaker Fees. Reasonable fees and travel allowances and per diem (or meals provided in lieu of per diem) are allowable as prescribed in GPM 614, "Travel Costs," and GPM 616, "Consultant Services."
- g. Meals and Coffee Breaks. When certain meals are an integral and necessary part of a conference (e.g., working meals where business is transacted), grant funds may be used for such meals. Grant funds may also be used for furnishing a reasonable amount of hot beverages or soft drinks to conference participants and attendees during periodic coffee breaks.**
- h. Participant Support Costs. Participant support costs allowable as prescribed in GPM 618, "Participant Support Costs." (See also GPM 633.2, "Exceptions to Basic Policy.")
- i. Entertainment. Costs of entertainment, amusement, diversion and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation and gratuities) are unallowable.** Expenses of awardee employees who are not on travel status, serving as hosts, or otherwise participating at meals that are primarily social occasions are not allowable. Costs of employees on travel status are limited to those allowed under the governing cost principles for travel expenses (see GPM 614, "Travel Costs").
- j. Alcoholic Beverages. No federal funds may be spent on alcoholic beverages.

In summary, meal and coffee break expenses are **unallowable** for intramural (only ISU participants) meetings. Meal and coffee break expenses are **unallowable** for social events (e.g. social banquets). Meal and coffee break expenses are allowable for conference and workshop events where business is transacted **and** these costs have been specifically and clearly identified in the scope of work and budget.

4XX ACCOUNT CLOSING PROCEDURES

Sponsored Programs Accounting (SPA) and departments need to communicate and work together in closing out sponsored projects. The following items need to be addressed when closing out projects.

Departments need to review cost reimburseable accounts at termination to ensure:

- all costs have posted to the account
- all costs posted to the account were initiated before the termination date
- all encumbrances have cleared within the specified closeout period
- all costs incurred are allowable and appropriate, and any overspent balances are removed

SPA prepares final invoices and various reports at termination. Often SPA needs to obtain information from the PI or the department in order to prepare these reports. SPA submits the following items when required by the sponsor:

- invoices
- financial reports, which may include the reporting of cost share
- patent and invention reports
- property reports
- MBE/WBE reports

Departments can assume that SPA will submit invoices by the due date stated in the agreement, unless SPA is waiting for information to be provided by the PI, department or another third party. SPA normally will close an account when the final invoice is submitted.

Sponsored Programs Financial Reports will continue to print until all funds have been received from the sponsor and the account has a zero free balance (zero cash balance and no encumbrances).

PIs and departments are responsible for ensuring the required deliverables, technical reports, progress reports, and hazardous materials reports are submitted to the sponsor. The department should notify SPA if the technical report or other deliverable will not be submitted by the due date specified in the agreement.

SPA occasionally has problems with the collection of payments due from sponsors. If collection issues arise, SPA will need to work with departments in obtaining payment. OSPA and Legal Services may also be asked to assist with collection efforts. PIs and Departments are ultimately responsible for covering expenses incurred if it is determined that payment from the sponsor is unlikely.

SPA VISITS TO DEPARTMENTS

Sponsored Programs Accounting (SPA) will provide one-on-one informal training to ISU staff new to working with sponsored program accounts. Please contact your department's assigned Sponsored Programs Accountant to arrange a visit.

This spring, SPA will be contacting a few departments to arrange visits to discuss specific sponsored projects. These projects will be selected based on either their size or complexity. Please feel free to contact Becky Musselman if you have any questions or concerns regarding these visits.

FOLLOW-UP: USE OF INCENTIVE FUNDS FOR PI's SALARY

With an appropriate level of effort by the PI and approval from the Department Chair, incentive funds can be used to pay a PI's salary. The Department Chair's approval of this personnel action is required before the effort is actually incurred.

INTERNAL AUDIT UPDATE

FY05- Internal Audit Review of First Specific Sponsored Project

Observations:

1. Effort Reporting

Proposals often indicate an estimated amount of paid and non-paid effort that will be devoted to the project by the PI. Employee Activity Summary of Effort (EASE) reports are completed by University employees to certify their actual effort. The effort identified in the proposal to the sponsor, the information certified on the EASE forms, and the effort reported by the PI in the progress reports should accurately reflect the amount of effort devoted to the project.

For federal awards, if the amount of actual effort differs significantly from the proposed original estimate, then the sponsor is to be notified of the reduction in effort devoted to the project. Section _____.25(c) of OMB Circular A-110 states in part that:

“...recipients shall request prior approvals from Federal awarding agencies for one or more of the following program or budget related reasons. ...

(3) The absence for more than three months, or a 25 percent reduction in time devoted to the project, by the approved project director or principal investigator.”

For example, the federal agency would need to be notified in writing if the proposed effort was 40 percent and the actual effort was 30 percent or less effort.

For this specific project, the percentage of effort listed in the proposal's budget justification did not closely correspond with the effort certified in the EASE reports or effort listed in the project reports. Project personnel need to compare their actual effort with their proposed estimates to ensure that sponsors are notified when changes in effort occur. Also, effort certified by project personnel on EASE reports should be consistent with effort reported to sponsors.

Please encourage your PIs and project personnel to review proposed effort included in funded proposals and to review reported effort included in progress reports before EASE forms are completed to ensure accurate and consistent effort reporting.

2. Expenditure Transactions

Thirty expenditure transactions were reviewed. This department was doing a very good job of documenting expenditures. The following issues were identified:

- a. Visiting Scientist's Health Insurance was paid twice in error, as a visiting scholar and as a payroll benefit.
- b. Graduate tuition scholarship charged to the project was not removed when the corresponding salary was removed from the project.
- c. Toner cartridge was charged to the project. This type of supply item is unallowable as a direct cost, as it is included in the recovery of indirect costs.
- d. Five sets of chair casters were charged to the project. Only materials and supplies used for the performance of the project may be charged as direct costs.
- e. Class codes used for some lab supplies were not completely accurate.

OTHER COMMENTS/QUESTIONS???

May Grant Coordinator Meeting – 5/12/05 – Gallery, MU