Research Administration – Quarterly Forum
November 19, 2014
Cost Allocations & Reengineering
Project Closeout

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Office of Sponsored Research
Costing on Federal Projects – Basic Standards
AARC

- 200.403
- The following factors or standards are to be considered when applying costs to federal projects:
  - A =
  - A =
  - A =
  - R =
  - R =
  - C =

  AND don’t forget the T =

*Note: Cost Accounting Standards did not go away in the new Federal Grant Reform regulations.*
Cost Allocations

- 200.405
- A cost is allocable to a specific federal project or other cost objectives (funded sources) IF the goods/services involved are chargeable/assignable to that federal project or cost objective based upon a relative benefit received. This costing standard is met when the expense is:

  - Incurred specifically for a single federal project
  - Beneficial to both the federal project and another university ‘activity’ - allocated in proportions that can be approximated using reasonable documented methods
  - Beneficial to multiple projects/activities - allocated in proportions that can be approximated using reasonable documented methods (done with relative ease)

Note: Let’s talk about the recent OIG audit at Florida State University – what happened that cost them $3 million?
The following are some examples of **inappropriate** allocation methods:

- Charge one project for 100% of the cost when 100% of the benefit was not received – it’s just easier
- Charging the cost evenly between/among projects when the benefit is not the same
- Charge to the project that: a) was” funded for the most $$; b) has the largest remaining balance; c) is ending first; d) is the oldest active project; e) is federally funded
- Charge to a federal project(s) and later cost transfer the expenses to other projects/activities (using the federal funds as a ‘parking/holding’ place)
Cost Allocations – Con’t.

The following are some examples of acceptable allocation methods/bases:

- Number/frequency of experiments
- Number of hours of item is used and where/by project
- Number of clients/participants served
- Effort percentage of lab personnel – who is using the lab supplies and how is their effort being allocated?
- Proportional level of usage based on budgeted costs

Note: The chosen allocation method(s) need to be documented and in place prior to purchasing/ordering the items so that it can be relied upon and supported.
Cost Allocations – How Do I Get Started?
UNC Cost Allocation Guidance

http://research.unc.edu/offices/sponsored-research/policies-procedures/sop/
Closeouts

- 200.343
- The process by which the determination that all applicable administrative actions and all required work of the federal award have been completed, within a specific time frame
- Most federal projects are to finally close no later than 90 days after the awarded end date of the period of performance
- Some closeout time frames are much shorter in duration

Some questions for us.................
When does project closeout begin?
What should take place during a closeout period?
Reengineering Project Closeout

- Why are we taking a new approach?
  - Strict Federal expectations in timely final reporting for successful cash recovery
  - Experiencing untimely and delayed closeout actions
  - New process will be more proactive and less burdensome for all

- Old versus New?
  - OLD = Notice of Termination Reply (NOTR)
  - NEW = Advance Notifications and Closeout Tools

- Implementation Time Frame
  - Advance Notifications Generated in January 2015
  - Transition for 2 months (January and February)
  - Go-Live in March 2015
Reengineering Project Closeout – Con’t.

- Ramses will generate Advance Notification emails for distribution as follows:
  - Notifications are directed to Account Manager(s) and NOTR Submitter(s)
  - Notifications are copied to the Principal Investigator
  - 90 days from the expected project end date
  - 30 days from the expected project end date
  - Upon Project End Date

- The email language/instructions and associated tools will guide you through a closeout process:
  - Is a no cost extension needed?
  - Have any cost sharing commitments been met?
  - After project closeout where will personnel be compensated from?
  - Are you expecting any procurement/vendor credits?
  - Are subawardees preparing for closeout and final invoicing/reporting? Do they understand their reporting deadlines?
  - Much more......
90 Day Advance Closeout Notification

To: [Insert Account Manager(s) and NOTR Submitters]

CC: [Insert PI]

Date: [Insert Date]

Subject: UNC Project ID: XXXXXXX
Project ID Begin Date:
Project ID End Date:
Project Title:
Sponsor:
Sponsor Award Number:

FINAL TECHNICAL REPORT DUE TO AGENCY: xx/xx/xxxx
FINAL FINANCIAL REPORT DUE TO AGENCY: xx/xx/xxxx

According to our records, the project ID listed above is scheduled to end in approximately 90 days. Sponsors are subjecting the University to increased pressure for the timely submission of final reports, both technical and financial. Future awards and final payments can be contingent upon timely submission of these reports.

If you are in need of an extension of time for this award or are anticipating additional funding please contact your OSR Program Administrator immediately [insert program administrator name and email].

If an extension is not needed, proceed with reviewing the project ID using the closeout checklist (hyperlink) to ensure timely reconciliation and final posting of award expenditures. It is important to review the checklist, however it is for your records and does not need to be returned to OSR.

Please note that the following employees are currently being paid on the project ID. A personnel action form will need to be initiated prior to the budget end date to move the employees identified to another source of funding.

Personnel: [list those paid on the account in the most recent payroll period]

Final technical reports should be submitted by the principal investigator directly to the sponsor according to the instructions provided in the terms and conditions of the award notice.

This notification has been automatically generated as a result of a routine review of account records. If you have any questions or concerns, please contact your OSR Program Administrator at [insert contact information].
<table>
<thead>
<tr>
<th>TASK</th>
<th>COMPLETED (Y/N)</th>
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</thead>
<tbody>
<tr>
<td>Review award terms &amp; conditions</td>
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<tr>
<td>Outstanding Transactions</td>
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<td>Check with the PI to obtain information on any pending transactions or unresolved items that are not reflected in ConnectCarolina. Initiate transactions in the financial system prior to the project end date.</td>
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<tr>
<td>Unallowable Expenditures</td>
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<td>Review transactions for all potential unallowable costs based on OMB Circular A-21 or Uniform Guidance (2 CFR 200) and the applicable sponsor regulations (including but not limited to food, foreign travel, telephone equipment, line charges, general office supplies, and office furniture etc.). Remove all unallowable charges to a non-sponsored research chartfield string.</td>
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<tr>
<td>Over Expenditures</td>
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<tr>
<td>Remove all over expenditures</td>
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<tr>
<td>a. Transfer eligible expenditures to continuing project ID (if applicable)</td>
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<tr>
<td>b. Transfer expenditures to non-sponsored research chartfield string</td>
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<td>Payroll Distributions</td>
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<td>Review payroll distributions to verify they are in line with award budget. Process a salary source change to prevent additional charges from being recorded on the account after project period end date.</td>
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<td>Clear Encumbrances</td>
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<td>Review encumbrances related to direct expenditures and take action as appropriate to ensure they will be cleared.</td>
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<td>Cash Advance</td>
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<td>If applicable, review outstanding cash advances and submit original receipts with reconciliation or return funds.</td>
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<td>Subcontracts</td>
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<td>If applicable, contact subcontractor to ensure timely submission of final invoice.</td>
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<td>Cost Share/Match</td>
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<td>If applicable, verify that cost share requirements have been met and are recorded in the financial system.</td>
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<tr>
<td>Equipment Inventory</td>
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<td>If required by sponsor, verify location of all equipment purchased.</td>
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<tr>
<td>Technical Report</td>
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<td>If required by sponsor, review the reporting obligations in the award terms and conditions and obtain confirmation that all required technical or program reports will be submitted to the sponsor by the due date.</td>
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<tr>
<td>Potential Inventions or Other Intellectual Properties</td>
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<td>If applicable, consult with the PI and contact the Office of Technology Development to report all intellectual property and inventions related to the project ID.</td>
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Reengineering Project Closeout – Con’t.

- As we finalize the processes, stay tuned for details:
  - Attend the upcoming quarterly forum
  - Watch for updates in the OSR Newsletter
  - Look for announcements through ‘resadmin’ listserv
  - The OSR website will be updated
  - Talk with your OSR contacts

*The outcome will be a WIN-WIN for all and will help to ensure that we are able to recover our costs via sponsor payments!!*
I have questions !!!!!!