Charge the Stuff that’s Easy to Defend

Tim Reuter, Director Post Award
Office of Sponsored Research

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### Typical Award

<table>
<thead>
<tr>
<th>Expenditure Type</th>
<th>Budget</th>
<th>Actual Costs</th>
<th>Closeout</th>
<th>Final Reported Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Costs</td>
<td>100,000</td>
<td>110,000</td>
<td>(10,000)</td>
<td>100,000</td>
</tr>
<tr>
<td>F&amp;A Costs (50% Rate)</td>
<td>50,000</td>
<td>55,000</td>
<td>(5,000)</td>
<td>50,000</td>
</tr>
<tr>
<td>Total Costs</td>
<td>150,000</td>
<td>165,000</td>
<td>(15,000)</td>
<td>150,000</td>
</tr>
<tr>
<td>Expenses moved to Cost Sharing Account</td>
<td></td>
<td>10,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Expenses Disallowed Later Under Audit or OSR Review

<table>
<thead>
<tr>
<th>Expenditure Type</th>
<th>Budget</th>
<th>Actual Costs</th>
<th>Closeout</th>
<th>Final Reported Expenses</th>
<th>Disallowed Expenses</th>
<th>Final Allowed Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Costs</td>
<td>100,000</td>
<td>110,000</td>
<td>(10,000)</td>
<td>100,000</td>
<td>(10,000)</td>
<td>90,000</td>
</tr>
<tr>
<td>F&amp;A Costs (50% Rate)</td>
<td>50,000</td>
<td>55,000</td>
<td>(5,000)</td>
<td>50,000</td>
<td>(5,000)</td>
<td>45,000</td>
</tr>
<tr>
<td>Total Costs</td>
<td>150,000</td>
<td>165,000</td>
<td>(15,000)</td>
<td>150,000</td>
<td>(15,000)</td>
<td>135,000</td>
</tr>
</tbody>
</table>

Expenses moved to Cost Sharing Account 10,000

Department/PI must now cover from non-sponsored funds $10,000

University loses $5,000 in F&A
High-Risk Expenditures

• Domestic and Foreign Travel
• General Purpose anything
• Computers
• Food
• Expenditures treated uniquely by Sponsor
• Cost Transfers
• Round Number transfers - $10,000
• Multiple transfers of the same dollar amounts
Benefits

• Smoother closeout
• No loss of funds for department/PI
• More F&A Recovery to Stanford
• Less negative publicity impacting reputation and possibly donations
What can WE all do to improve?

1. Post-Award Involvement
2. Where do you want to end up?
3. Where do I go for Guidance
4. The Golden Rule
5. Allowability, Allocation and Documentation Standards
6. Know your University Policies and Follow Them
7. Monitor the spending
8. Review expenditures with PI often
9. Compensation/Effort
10. Cost Transfers
OSR’s Involvement in a Sponsored Project
# Award Closeout Checklist

**Email Authorization From Department to Close Out**

**Financial Forms**
- Cover letter
- Financial report (FFR-425, agency-specific, standard)
- Contractor/subcontractor release and assignment

**Expenditure Review**
- RM3 #179 OSR-EXP-AWARD (with PTA information)
- Review unallowable and administrative expenses (i.e., stipend, equipment, travel, out-of-period expenses)
- Verify PI’s effort charged to project (budgeted vs. actual)
- Prepaid tuition cleared to “tuition allowance”
- Outstanding commitment on Report 179 cleared

**IDC and FB Reconciliation**
- RM3 240 OSR Cumulative Claim Report to verify F&A and FB charges
- Reconciliation backup and adjustment journal if RM3 240 shows variance

**Funding – Billing/Payment Verification**
- RM3 366 Sponsored Fund Statement
- RM3 235 AR History (for LOC award; contact OSR Oracle Superuser to resolve)
- RM3 115 Payment Register report (for non-LOC awards)

**Committed Cost-Sharing Reconciliation**
- RM3 #179 OSR-EXP-AWARD (with PTA information)
- Review unallowable and administrative expenses
- Cost-sharing commitment has been met (Y/N)
- Calculate F&A costs of direct charges. Report cost-sharing amount on financial report form

**Sub-Award – a copy of invoice marked “Final” is required**

**Write-Up or Write-Off Journal and Other Adjustment Journals (if applicable)**

**Fixed-Price Award**
- If revenue distribution rule – cost, set up a second award and prepare fund transfer journal to recognized revenue
- If full payment received, prepare journal to transfer direct cost to an income PTA and journal to charge F&A
- If payment not fully received, follow up on CWA

**Final Invoice – Have all costs been posted? Have overdrafts been cleared?**
- If yes, contact AR to general a final invoice
- If no, prepare a manual final invoice and attach signed PDF final invoice to Oracle
- When all costs posted, contact AR to general the final billing to match the manual final invoice

**Refund Check (if applicable)**

**ARC and Oracle Updates**
Where To Go For Guidance

Regulations, Policies, and Procedures
Order of Precedence

Institutional Policies and Procedures

Award

Special Conditions

Program Rules

Agency Rules

OMB Circulars and/or FAR

Public Laws

Research and Related Terms
The Golden Rule

Ask for permission, not for forgiveness.

Why?

I want to help you get to YES!
What are the ALLOWABILITY Criteria?

- Reasonable
- Allocable
- Consistently Treated
- Conform to limitations or exclusions of agreement
Know your Institution’s Policies and Procedures
Monitor Spending

• Monitor the spending over the life of the award
• At 3, 6, 9 and then 10, 11, and 12 months – before the end of the award.
• Meet with the PI regularly to review expenditures, rate of spending, prior approvals if required, and work of subawardees if appropriate.
Compensation/Effort

• Confirm with the PI monthly who is working on the award and for what percentage of effort.

• Is the PI or project director devoting at least 75% of the effort committed in the proposal.
Cost Transfers

• Limit them if possible
• Follow your institution’s policy
• Provide complete justification tied to the scope of work.
• A good justification is only good for one cost transfer not multiple ones
• Always remove expenditures you know are in error no matter what the time frame.