

NCURA 52nd Annual Meeting – 10/31/10 – 11/3/10

Workshop#14 – Advanced Issues in A-21, A-122, A-110 and A-133

Administrative and Clerical

1. You have received a budget to review for a major research center at your university. Included in the budget is \$2,500 for administrative costs for the department business manager to "oversee accounting and compliance issues" on the award. You are aware of the implications on administrative costs outlined in OMB Circular A-21 F.6.b, what other considerations and questions would you ask before approving the budget?

Effort Reporting

2. A prominent researcher at your institution has done extra work on a NSF project and was paid additional compensation for the effort. What effect does this extra compensation have on the researcher's effort report? Are these charges allowable to the NSF grant?
3. The Principal Investigator on a project went on sabbatical soon after the award expired and was not available to sign an effort report. In addition, the final project report was not completed until 6 months after the award ended. One year later the award is being audited by the sponsoring agency. What issues do you expect to be highlighted by the auditors? Which of the circulars discuss these issues?
4. You are working in the accounting office of a large university and have just been notified that auditors are coming to review your effort reporting system. They want to make sure the reports are accurate and that people charged to the award are actually doing the work. How would you prepare for this upcoming audit?

Sub-recipient Monitoring

5. You work in the central accounting office at your institution and you receive a call from a business manager in the Department of Engineering indicating that a sub-recipient on one of their awards had not billed for expenditures despite repeated calls to the sub. The business manager informs you that the PI has decided to spend the funds internally instead to support graduate students in your university lab. What potential issues are raised in this scenario? How can they be mitigated?

Travel

6. Your department is hosting a week-long symposium sponsored by a federal agency that will bring together the brightest minds in the field. You have arranged and paid for the airfare and lodging for all of the guests. Two weeks before the meeting one of your guests called and asked to change the flight so that he can visit relatives the weekend before the meeting. He is not asking for additional lodging time. Would you make the change? Assuming there was a change fee, would you charge the federal agency for the fees? In what circumstances would your answer be different?
7. A Principal Investigator returns from a conference where he presented the results of his research. Since he wanted to go out with many of his colleagues from the conference, he was not able to eat at the conference dinner (which was included as part of the conference fee). While the university per diem rate was \$25 for dinner, his portion of the bill was \$49 which he turned in and asked for reimbursement. Would you reimburse him for the meal? How much? How do you justify your decision?

Severance Pay

8. Three months ago you hired a technician for your state sponsored research project. As this was "soft-money", you gave the technician an employment contract that stated that if the funding was lost, he could be terminated with 60 days notice. Just before you receive your second year renewal, you receive notification from the State that they are cancelling your award because they have lost funding. You are required to pay the technician for the next two months. How are you going to cover this expense?

Cost Transfers

9. You were just hired as the Business Manager for a large academic department with a significant amount of research funding. You begin the new job by auditing existing accounts and uncover a number of errors by your predecessor. The most astonishing error is the discovery that no salaries have ever been charged to an award that started two years ago and will be expiring in the next 6 months. What should you do to rectify this situation? Would you transfer two years of salary or only the salaries for the last fiscal year? How would you document the changes for future audits?

Absence of the PI

10. The Principal Investigator of a large project has decided to spend the next four months overseas writing a book on his life. While he is away he informs you that the research in his lab will continue with graduate students doing the work. He promises to check in with them every Monday and be available via email and telephone if they have questions. Will you inform the agency of your PI's absence from campus?

Supplies Remaining

11. A federally funded project has ended and you have discovered that there are over \$4,000 in supplies remaining unused from the experiments. How should the excess supplies be handled? What do the regulations say about excess supplies?

Additional Compensation

12. A twelve month research faculty member that is totally supported by sponsored funds is asked to speak at a symposium on campus. The topic is well within his specialty, and he is highly qualified to make the presentation, but it is not being hosted by his department. He agrees to do the speech but only if he is paid \$1,000 stipend. What issues does this arrangement raise?

Cost Sharing

13. Your organization submitted a proposal to a federal agency that included a cost sharing commitment of 30% of the total cost of the project. You receive the award and begin the research. Just prior to the award expiring, you notice that none of the cost sharing commitment has been spent. What are your options?

Coffee Anyone?

14. As a major research center many of your supplies are paid directly on the center grant. Your boss likes to have coffee available for meetings and to offer the hard working staff each morning. Is it okay to charge the coffee expenses to your grant? Why or why not?

Vendor or Subcontractor

15. You are asked to write a budget and budget justification for a large research project. A significant amount of the budget is paying a local firm to test and analyze blood samples based on specifications that will be determined in the initial phases of the project. Your PI has requested that you treat that position of the award as a subcontractor to avoid paying F&A costs on the entire cost. What guidance exists in the circulars to justify this decision? Are there other legal considerations that might affect the type of agreement issued to the organization doing this work?

Cost benefitting two or more projects

16. You have been asked to place a large order for chemicals that will be used in the research labs in your department. All of the labs will have access to the chemicals so that they can be used as needed. The invoice comes in and you are asked to split the costs between those who will be using the chemicals, including federally funded research grants. How do you determine how to divide the cost of the materials purchased? What guidance exists in the circulars?

Buying the best equipment

17. Two researchers are working on a project that requires the use of the recording equipment to record the sounds that infants make when stimulated. Since the work will be done at field locations all over the state, the researchers have hired 6 graduate students to assist them in the recordings. You are asked to purchase 8 recording devices, 6 standard models and 2 deluxe models with additional features that substantially increase the cost. Are the two separate models allowed to be purchased? What guidance is available in the circulars to help you in making this decision?

Consultant or Subcontractor

18. Your PI has informed you that she plans on hiring a colleague from the University of NCURA to work on a research grant. She has promised her colleague that he/she will be paid an hourly rate as a consultant rather than issuing a subcontract to University of NCURA. The professor from University of NCURA is thrilled with this arrangement because it will allow him to make additional money. What are some of the legal and ethical issues that should be

OMB Circular References

1. A-21 - F.6.b on page 30 and A-21 page 97 Major Project Definition
2. A-21 - J10 Compensation for personal services, page 46 & J10d Salary rates for faculty, top page 52-53 – to get more salary (mostly summer), must pay at normal pay rate and put in proposal – should be in P&Ps of institution that PIs can receive up to 125% - consider academic year and overload
3. If sabbatical, check pay rate. PI responsibilities.
4. If PI left institution, use a proxy (department chair). If PI is out of the country, email the PI and word it in a way that the PI can just say “yes” to verify the work or use adobe form with electronic signature. Attach a list if multiple people.
5. A-133 pages 13-14. For this example use A-133 supplement page 69-71.
6. A-21 page 68 – go back to institutional travel policies & page 12 make decisions based on what is reasonable – document at the time the decision is made. The documentation may not win the argument with the auditor, but it will prove it is not a systemic problem at the institution.
7. A-21 page 76, losses unallowable; if conference fee included the dinner and agenda shows it, he won't get more money.
8. A-21 page 56, J10h(1-4) – for consistency may have to pay out for all not just those on grant; unemployment is not severance pay; department has to pay (have to find the money somewhere).
9. A-21XXX - where was their time paid from? If it was paid from another federal grant, it has to be moved off. Where did they certify their effort? Cost transfer policy may say only go back 90 days. Dealing with 2 closed fiscal years.
10. A-110, C-25, page 23. If name all key personnel on proposal, have to get approval from sponsor to change.
11. A-110, C-35, page 34. If supplies get spent for non-federal award, have to go back to page 12 (reasonable).
12. See previous.
13. A-110, page 6 & A-110, page 19 C23. If underspent award, have to still pay the committed cost share. A-21 definition of cost share – allowable as direct cost. Transfer some costs from award to cost share and refund a larger amount to agency.
14. No
15. A-133 page 10. A-110 says the subcontractor has to have a property policy & a travel policy. F&A issues if subcontractor not vendor.
16. A-21, page 12 & 13. Document at time of purchase, i.e., this lab uses twice as much because it does twice as many tests. Rarely are all awards the same, so can't usually charge to a different award each month. Faculty member to make determination.
17. A-110, page 38-39, C44. Go back to proposal for a reason why PIs needed better equipment. Can't just be personal preference.
18. IRS 20 questions re self-employed consultant – public law – determines if employee or not. Consultant is work-for-hire, no share of invention – legally a consultant gets a 1099 and pays all taxes. Contract would require buy from minority even if a little more \$ & small business rules. Use 20 questions and put signature line at bottom for PI to sign.