



# FEDERAL DEMONSTRATION PARTNERSHIP

Redefining the Government & University Research Partnership

## Current Issues and Opportunities Administrative Costs Working Group

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# Agenda

- Uniform Guidance: Updates and Issues
  - Internal Controls
  - Utilities Cost Adjustment
  - Travel & Dependent Care Expenditures
  - Procurement Costs
  - Compensation – Personal Services
  - CAS Disclosure Statement
- NIH SubAccounting and Project Closeouts



# Internal Controls

- Comply with Uniform Guidance Section 200.303:

*“Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”*

- Document internal controls over Federal sponsored research using the COSO framework; components include:
  - Control environment
  - Risk assessment
  - Control activities
  - Information and communication
  - Monitoring



# Internal Controls: Stanford Example

Phase I		Phase II
<p>Document Control Activities for select business processes (Process Narrative and Risks and Controls Matrix [RCM]):</p> <ul style="list-style-type: none"> <li>• Award Setup</li> <li>• Payroll</li> <li>• Procurement-to-Payment</li> <li>• Cost Transfers</li> </ul>	<ul style="list-style-type: none"> <li>• Property Management</li> <li>• Capital Accounting</li> <li>• Subrecipient Monitoring</li> <li>• Service Centers</li> <li>• Expenditure Allocation PTAs</li> <li>• Burdening</li> <li>• Financial Reporting</li> <li>• Billing/Collections/Refunds</li> <li>• PI Certification</li> <li>• Award Closeout</li> </ul>	<ul style="list-style-type: none"> <li>• Entity Level Controls</li> <li>• IT Controls</li> <li>• Safeguard Personally Identifiable Information (PII) and Sensitive information</li> <li>• Indirect Cost Pools</li> <li>• Financial Aid</li> </ul>
<p>Coordinate Review and Vetting Process of Controls Documentation</p>		
<p>Develop Controls Review Plan (Stanford Internal Audit Services to perform testing)</p>		



# Utilities Cost Adjustment (UCA)

- Uniform Guidance allows for a “2.0 Relative Energy Use Index” (REUI) – *developed from data from Lawrence Livermore Lab*
  - REUI may be updated on a periodic basis
- An REUI of 2.0 is not representative of energy usage for research laboratories and doesn't include all relevant space at Lawrence Livermore Lab
- COGR working with engineering experts at Attain LLC to recalculate the REUI to reflect current and comprehensive data
  - The revised REUI is ~ 4.2
- The issue is not yet resolved but institutions may want to bring up the REUI topic in F&A proposals and negotiations



# Travel & Dependent Care Expenditures

1. Commercial Airfare - least expensive unrestricted accommodations class offered by the commercial airline
2. Temporary dependent care costs (as dependent is defined in 26 U.S.C. 152) above and beyond regular dependent care that directly results from travel to conferences is allowable provided that:
  - (i) The costs are a direct result of the individual's travel for the Federal award;
  - (ii) **The costs are consistent with the non-Federal entity's documented travel policy for all entity travel;** and
  - (iii) Are only temporary during the travel period.

Travel costs for dependents are unallowable, except for travel of duration of six months or more with prior approval of the Federal awarding agency. See also § 200.432 Conferences.



# Travel Expenditures: Update

- Stanford: Not applying Unrestricted Class for airfare
  - Applying Lowest Available Airfare plus extra leg room, baggage charge, and other minor changes
  - Not providing travel costs for dependent care; may consider including as part of fringe benefits rate
- Duke: Similar approach as Stanford
- WU: In the process of updating travel reimbursement policies to reflect the wording in the UG, but the changes are not substantial.
  - Policy does not provide for dependent care.



# Procurement Update

- OMB FAQ 110-6 delayed procurement implementation for one full year after 12/26/14
  - 200.110(a) Technical corrections 9/10/15 extended for another year: i.e. 7/1/2017 or 10/1/2017 for most IHEs
  - During the delay your policies must indicate whether you follow the old or new procurement standards (usually at the procurement web site)
- Major concern is \$2,999 micro-purchase threshold
- Data from 55 FDP institutions collected
- FDP working with OMB to consider options



# Compensation – Personal Services

## Opportunities:

- Implement FDP Payroll Certification methodology
- Make minor changes to current Effort Reporting process/system
  - Decrease frequency of certification (possibly use existing payroll distribution system reports or other system notifications)
  - Review population of who is required to certify
    - Only sponsor funded staff? Just federally funded?
    - Should it differ between biweekly, staff, grad students, & faculty?
  - Review who has delegated authority to certify for others
  - How can one leverage existing management reports, budget reports, to support/replace/augment aspects of your institution's effort system?
- Consider surveying faculty and administrative staff for irritants and low-hanging fruit.



# CAS Disclosure Statement (DS-2)

## New DS-2 form:

- CASB (Cost Accounting Standards Board) is responsible
- Was to be released in Summer 2015 - ***NO NEW UPDATE***
- Will require public comment and COFAR policy update.

## Approach until then:

- Update the old DS-2 form and describe changes in the Continuation Sheet;
- Identify the changed sections of the DS-2
- Describe the changed accounting practices in a cover letter or a separate document in the F&A cost proposal

*After* the new DS-2 has been published, any IHE that has completed such filings shall complete and file a revised DS-2 within 90 days.



# NIH Subaccounting

## NIH Guide, NOT-OD-16-028

- Awards issued on/after 10/1/15 must be issued in a PMS P account
- Supplements on non-competing continuations utilize a Type 3 (not Type 4)
- NIH *may* issue Supplement in P subaccount, prior to awarding the non-competing continuation grant (parent)
  - Pay attention to the LOC type and doc #
- Transitional FFR (TFFR) for parent should only contain expenses related to pooled accounting in PMS



# NIH Subaccounts, cont.

- **Late RPPR for pooled segment could affect timing of NOA issuance for subaccount segment**
- **Transitional FFR acceptance – timing**
  - **Wash U – submitted seven TFFRs, three accepted; 50+ regular FFRs not accepted to date**
  - **MSU – submitted one TFFR in December, accepted early January; 15+ regular FFRs not accepted**
  - **Duke – submitted three TFFRs, one accepted; 75+ regular FFRs not accepted**
  - **Stanford – no TFFRs yet submitted; 25+ regular FFRs not accepted**
- **Balance transfer from pooled to subaccount – timing?**
  - **MSU & Duke's – TFFRs had balances transferred 1 day later to subaccount LOC doc**



# NIH Closeouts

## [NIH Guide, NOT-OD-15-136](#)

- **Unilateral closeout phase initiates at 180 days after project period end unless acceptable final reports are submitted, and NIH will unilaterally close at day 270**
- **The policy requirement technically remains for the FFR amount to reconcile to the most recent cash disbursement amount reported to PMS**
- **FDP and COGR reps continue to work with NIH on alternatives to avoid inappropriate unilateral closeouts**



# NIH Closeouts

- NIH is correcting the timing of the email that goes out on day 120 to state “you’re late”, switching to day 121
- Currently, the Final Invention Statement submission button goes away on day 181
- Progress on NIH FFR/TFFR Review?
  - Please submit data for your institution to Nate Martinez-Wayman ([nate.martinez-wayman@duke.edu](mailto:nate.martinez-wayman@duke.edu)) regarding the #s and timing of TFFRs submitted, accepted, and balances transferred to subaccount LOC doc, as well as volume/age of regular FFR backlog. Qualitative observations also welcomed.



# Discussion and Questions