Today’s Agenda

• Post Award Accounting Function
• USC closeout process and sponsor reporting requirements
• Rules and regulations
• Different types of auditors and audits
• Other Grant Related topics
  – Cost Transfer Policy
  – Cost Share
  – Time and Effort Reporting
• Coming Soon – Grants Dashboard
• Resources
• Contacts
Sponsored Programs Team

Examples: PAA (Post Award Accountant)
Examples: Engineering, SOM
Examples: SAM Administrator
Examples: NIH, NASA, NSF

Post Award (Grants and Funds Management)
Dept
Pre-Award
Sponsor
Post Award Process

1. Initial Award Setup & Review of Terms and Conditions
   SAM, PI & GFM
   Billing is set up (CRB vs. Fixed)

2. Spending of Award
   Payroll
   Travel, Supplies, etc.

3. Monitor Award
   Budget vs. Actuas & Overages
   Allowable vs. Unallowable & In-period vs. Out-of Period

   Review Sub-Awards (if applicable)
   GFM prepares Final Reporting based on Expenses

5. Audit
   Various audit requests may arise
   All requests should be forwarded to PAA in GFM
1. Initial Award Setup & Review of Terms and Conditions

• Cost Reimbursable or Fixed Price?

• Review Budget
  – Ensure you know allowable vs. unallowable expenses
  – Review your Indirect Costs (IDC) rates (also commonly referred to as Facilities & Administrative (F&A) costs)
  – Are there exclusions for IDC (certain expenses aren’t allowed to receive IDC)
  – Is there Cost Share required?
    • Are there restrictions on what can be used towards cost share
    • Ensure you are using PeopleSoft to track (via analytical fields)
  – Pay attention to Budget Categories
    • Overages or Re-budgets may require sponsor approval
1. Award Setup & Review of Terms and Conditions Cont’d

• Review invoicing requirements
  – Monthly or Quarterly? Is back-up documentation required
  – Invoices are prepared and submitted by PAA in GFM
  – Coordination may be required if back-up documentation is required by Sponsor

• Review important dates for reporting
  – What type of reports are required and how often?
## Types of Reporting

<table>
<thead>
<tr>
<th>Progress &amp; Technical Reports</th>
<th>Financial Reports</th>
<th>Equipment, Property Reports &amp; Relinquishing Statements</th>
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<tr>
<td>• PI prepares &amp; coordinates with SAM as necessary</td>
<td>• PAA in GFM prepares and submits</td>
<td>• PAA in GFM prepares and submits &amp; coordinates with SAM as necessary</td>
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<tr>
<td>• However, if report has any financial data or figures – MUST be coordinated with PAA in GFM</td>
<td>• Any sponsor questions regarding reporting (or billing) should be directed to your PAA</td>
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2. Spending of Award

- Travel Expenses
- Payroll / Effort Reporting
- Direct Payment Requests
- Intra-Institutional Transfers
- Purchase Orders/Requisitions
- Purchasing Cards / Expense Reports
- Sub recipients/Sub-awards
Payroll Expenses

• Submit Account Change Forms, ensure charges begin and end appropriately
  – Will need to be updated for next year of funding if its set-up on another project

• In order to be compliant with Uniform Guidance, errors should be identified and corrected in a timely manner (within 90 days)
  – Be sure to review frequently vs. the end of the grant - otherwise expense may have to be covered by E or A fund

• Ensure Time & Effort Reporting corresponds with actual effort expended and is supported by Payroll

• Contact your Payroll or Human Resources representative if you have questions
Direct Payment Requests

- Used to pay expenses not tied to a Purchase Order or purchasing Card
- Must be approved by GFM (routed via worklist in PeopleSoft)
- Corrections must be made using a Journal Voucher (JV), Journal Entries (JEs) cannot be used.
- Contact Accounts Payable if you have any questions.
Intra-Institutional Transfers

• Charges for Goods/Services provided by another University Department
  – Postage
  – Motor Pool Charges
  – Animal Care Charges
  – Some occur at a lag or delay
  – Important to consider for final invoices and reporting
  – Most back-up documentation is kept at department level
Sub-recipients / Sub-awards

• SAM completes purchase orders for Sub-recipients / Sub-awards through PeopleSoft

• Reimbursement Steps:
  – Sub-recipients must submit invoices to the sub-invoice mailbox: subinv@mailbox.sc.edu
  – PI must approve all sub-recipient invoices
  – GFM will submit approved invoices to AP for payment
3. Monitor Award

• Monitor grant expenses
  – Ensure only appropriate expenses are charged to the grant
  – Ensure you stay within budget and overages are moved timely

• Monitoring Tools:
  – PeopleSoft Queries
    • General Ledger = System of Record
  – USC Finance Intranet HUB
    • Payroll – HCM Distribution
    • All Expenses - GL Dashboard
HCM Payroll Distribution Tool

• To access this reporting tool go to www.admin.sc.edu.

• The tool displays payroll information by employee, including their pay group, funding chartfield, gross earnings, and the cost of each employee’s benefits to the project.

• Use it to complete a monthly review and reconciliation by someone in the department who is familiar with the payroll data and will be able to detect any errors or problems.

• Verify correct employees are funded by the project, employees are charged appropriately, and process account changes and retro account changes as needed.
Modifications

• If modifications to a project are needed, contact your SAM administrator
  – Re-budgets
  – Scope of work changes
  – PI Changes
  – Sub-recipient Changes
  – Extension Requests
    • Notify your PAA as this may affect reporting or invoicing requirements
4. Final Report & Close-out

Departments will receive an email from Finance PeopleSoft notifying them that the Award is 90 Days from ending and again at 30 days.

90/30 Notice Received - Department:

- Begin Reviewing and balancing Expenses to budget
- Move overages and any out-of-period expenses
- Prepare and submit any needed Payroll documents
- Close-out any outstanding Commitments
- Ensure Purchase Card expense reports are submitted
- Remind Sub-recipients that final invoices are due
- Notify Service Areas (IITs) of account expiration
- Coordinate & Confirm final expenditures with GFM

Example: Project ends 6/30/2020 – you will receive an email on or about 3/30/2020 and 5/30/2020.
4. Final Report & Close-out Cont’d

Once the project ends, Final invoice and report preparation will begin.

**Department within 30 days of End Date:**

- Final review and balancing of Expenses to budget
- Move overages and any out-of-period costs
- Review and Confirm Cost Share Commitment have been met

**GFM:**

- Prepare & Submit Final Invoice based on Expenses posted
- Prepare Property/Equipment Reports
- Prepare & Submit Final Financial Report based on Expenses posted

Example: Project ends 6/30/2020 – all corrections should be completed by 7/31/2020.
Important Notes:

- Different Sponsors have different deadlines and due dates for final invoicing and reporting
  - 30 / 60 / 90 / 120 days
- All invoicing and reporting are required to match the General Ledger
- Manual invoices are not permitted
- Department has 30 days to confirm final expenses to ensure timely submission to sponsors
- Delays may effect carry-over requests, delay reporting, and result in non-payment from a sponsor
Cost Reimbursable Grants:

• Two Types:
  – Invoice / Draws: Grant is billed monthly or quarterly based on expenses incurred.
    • Invoice – Prepared and sent to sponsor
    • Draw – reimbursement is drawn from sponsor payment system
  – Event Billing: Some grants have a pre-determined payment schedule (four equal installments of $25,000).

• Cost Reimbursable Grants require any unspent funds to be returned at closeout.

• “Spending out Grants” is unallowable.
Uniform Guidance:

• 2 CFR 200.451 specifically states:
  “Any excess of costs over income under any other award or contract of any nature is unallowable. This includes, but is not limited to, the non-Federal entity’s contributed portion by reason of cost-sharing agreements or any under-recoveries through negotiation of flat amounts for indirect (F&A) costs. Also, any excess of costs over authorized funding levels transferred from any award or contract to another award or contract is unallowable...”
Fixed Price Awards:

• Any unspent funding can be kept and is not required to be returned to the sponsor, as long as scope of work is accomplished

• The sponsor agrees to give funding based on specific deliverable or scope of work

• 75% Rule: If at least 75% of the award hasn't been spent, an explanation is required otherwise a refund or No Cost Extension may be required
Fixed Price Awards:

• After close out and final reporting, Residual Funds are distributed based on the following rules:

• **Fixed Price without IDC (or F&A)**
  – Money that has not been spent will be split between the University and the Department

• **Fixed Price with IDC (or F&A)**
  – If IDC is up to budget, the department will receive all of the remaining funding
  – If IDC is not up to budget, the department will receive the remaining funds AFTER IDC is collected up the Budget (via journal entry)
5. Audit

- Three main types of auditors:

<table>
<thead>
<tr>
<th>Federal Auditors</th>
<th>External Auditors</th>
<th>Internal Auditors</th>
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<tbody>
<tr>
<td>Perform Audits on behalf of Federal Agency</td>
<td>Perform audit as required by Uniform Guidance Part 200 Subpart F</td>
<td>Perform quality control and performance / efficiency audits</td>
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<tr>
<td>Review Operations, both Programmatic and Financial</td>
<td>Primary focus is Financial &amp; Internal controls</td>
<td>Focus can be operational or financial</td>
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Federal Auditors

Perform Audits on behalf of Federal Agency

Review Operations, both Programmatic and Financial

Federal Audit Objectives include:

- Reviewing agency operations to ensure that financial, administrative, and programmatic aspects of agency operations are conducted economically and efficiently
- Determine if costs are allowable, allocable, and reasonable
- Office of Inspector General (OIG)
  - Fraud, waste, & abuse
- Reviews invoices/draws to ensure they match expenses that posted
External Audits

Scope of work includes:

- If Schedule of Expenditures of Federal Awards (SEFA) is presented fairly
- Gain understanding of internal controls over Federal programs, assess control risk, test controls
- Determine if auditee is in compliance with Federal Statues, regulations, and terms and conditions of Federal awards
- Reviews invoices/draws to ensure they match expenses that posted

External Auditors

Perform audit as required by Uniform Guidance Part 200 Subpart F

Primary focus is on Financial
Most Common Audits

NIH
- Federal Award issues Grant funding
- Can Perform Audit themselves or
- Have OIG audit on their behalf

Clemson University
- Prime Award
- Can issue sub-awards to other institutions
- Responsible for all sub-awards issued
- Required to conduct sub-monitoring

USC
- Receives Sub-award from the Prime (Clemson)
- Funds maintain Federal status and are subject Sub-recipient Monitoring by Clemson and External Financial Audit (Single Audit of SEFA)

Note: Pass-through Federal funding retains federal treatment & requirements!

• If you receive an audit request (Desk Review, Internal Control Questionnaire, please forward to PAA)
• Remember, Sponsors that request backup documentation are auditing it!
National Institutes of Health (NIH) Common Findings

- Unallowable costs
- Misallocation of costs
- Excessive cost transfers
- Delinquent closeout reporting
National Science Foundation (NSF) Common Findings

• Inadequate procedures for determining allowable costs and lack of approvals
• Effort reporting not timely or approved by appropriate official
• Participant support reallocated without NSF approval
Risk of Noncompliance

Sponsors may:

• Disallow expenses and/or require repayment
• Require additional oversight of systems and controls
• Reduce or eliminate future funding
• Pursue other remedies legally available, including federal fines and penalties
Example of Non-Compliance

Duke University (2018)

- NIH issued additional regulations and revoked their expanded authority after discovery of research misconduct. Misconduct included falsified research and embezzlement of research funds dating back to 2010.

- $112.5 million paid back to the government
Maintain Compliance By:

• Being familiar with rules and regulations
  – Including sponsor specific guidelines
• Reviewing expenditures **timely** to ensure they are:
  – Allowable – expense is in line with the terms and conditions of the award
  – Allocable – expense is a direct benefit to the award
  – Reasonable – prudence is exercised and expense is reasonable
• Ensure Time & Effort Reporting is completed
• Maintaining appropriate documentation
Rules & Regulations to Know


- 2 CFR 200.430 (Compensation-Personnel Services), sets the criteria for acceptable methods of charging salaries and wages and requires that institutions follow acceptable methods for documenting the distribution of effort for all project personnel.
Uniform Guidance

• **2 CFR 200.302 Internal Controls**
  – Establish and maintain effective internal control over the federal award that provides reasonable assurance that the award is being managed in compliance with regulations
  – Take prompt action when instances of noncompliance are identified
Applicable Credits

• If you discover erroneous charges have been placed on a grant or award, the 90 day time frame does not apply.

• **2 CFR 200.406** specifically states that the charge needs to be removed and credit applied as needed.

• However, remember – cost overruns are specifically disallowed as an expense on a different grant.
USC’s Cost Transfer Policy

**Policy Title:** Grants and Funds Management – Cost Transfer Policy (FINA 3.35)

**Purpose:** The purpose of this policy is to set forth the University of South Carolina’s requirements for cost transfers to, from, or between sponsored projects.

**Definition:** A Cost Transfer is a reassignment (transfer) of charges between accounts. *This includes both direct charges and cost share.*

- Transfers between projects with the same budget year and funded under the same Federal award are considered “*intra-award reallocations*” and are not subject to this policy.

A cost transfer should be processed **within 90 days** following the end of the month in which the original charge was initially recorded.
What is Cost Share?

- Cost sharing is the portion of project costs not provided by the sponsor. Cost sharing occurs whenever any portion of project costs is provided at USC’s expense rather than at the expense of the sponsor.
- For example a sponsor may award $400,000 for research and USC may pledge to contribute $50,000 to buy a piece of equipment needed for the research or USC may agree to charge less than the federally allowed overhead.
- There is a cost share query that can be used to verify the data. The name of the cost share query in PeopleSoft is: `SC_GM_CS_RECON_PC_DETAIL`
- Always reach out to your Post Award Accountant (PAA) to verify cost share if you have questions.
- Most sponsors expect cost share to be charged in ratio throughout the life of the project.
Time and Effort Reporting

• **What is Effort?** – “the portion of time spent on a given activity expressed as a percent of total activity for which an individual is employed by the institution.”

• Total activity may include but is not limited to teaching, clinical practice, research, preparing proposals, administrative responsibilities, etc.

• Must equal 100%

• Is **NOT** based on workweek of 40 hours
Time and Effort Reporting

• A T&E Report will automatically be generated for any individual where a portion of their salary is:
  – Directly charged to a sponsored project and/or
  – Used as cost share on a sponsored project
  – NEW process will include HOUPLY employees (students, temporary workers, etc.)

• GFM will generate the reports and send a mass notification to Business Managers when they are ready!
Coming Soon – Grants Dashboard

• Provide the ability to access real time expense data using the following search criteria: PI, Contract, and Project.

• Expenses will be grouped in the categories as shown on the USC Invoice submitted to sponsors.

• Will have the ability to expand categories to show detail account codes similar to the GL Dashboard.

• Will show budget and actual expenses for direct expenses and cost share.

• Track cost share to help ensure you are spending within ratio.

• Training invitations coming soon! Please encourage PIs to attend.
Resources

Grants and Funds Management
Grants and Funds Management is responsible for the accounting and management of all restricted grants and contracts within the university system.

Our Services
The Grants and Funds Management team:

- monitors grants and contracts
- prepares invoices
- prepares financial reporting in accordance with grant award documents and federal, state and local laws and regulations

Contact Grants and Funds Management
For questions about any Grants and Funds Management services, please contact us directly:
1600 Hampton Street, 6th floor
Columbia, SC 29208
Phone: 803-777-4850

Webinars and Training

- Post Award and Grant Closeout
- Uniform Guidance and Effort Reporting
- HCM Payroll Distribution Reporting Tool
- New Time and Effort Reporting System
- New Cost Transfer Policy and Retro Funding Change
## Contact Information

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<tr>
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<th>Email Address: <a href="mailto:generalaccounting@sc.edu">generalaccounting@sc.edu</a></th>
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<tbody>
<tr>
<td>Contact General Accounting for questions regarding:</td>
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<tr>
<td>* Journal Entries</td>
<td>* RQs</td>
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<td>* Banking Transfers</td>
<td>* Assets</td>
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<td>* Capital Projects</td>
<td>* Tax</td>
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<td>* Journal Vouchers</td>
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<td>* Endowments</td>
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<td>* Team Travel</td>
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<td>* International Suppliers and Sales Use Tax Returns.</td>
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<tr>
<td>* Vendor Payments</td>
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<td>* AP Uploads</td>
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<tr>
<td>* W-9</td>
<td>* New Suppliers</td>
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<tr>
<td>* W-8</td>
<td>* Changes to Supplier</td>
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For additional questions, please reach out to your **Post Award Administrator (PAA)** directly.
Questions