UNIVERSITY OF MARYLAND

Accounting for Sponsored Projects

Office of Contract and Grant Accounting (OCGA), Compliance, and Cost Accounting

November 2015

You Will…

- …understand the roles of the Offices of Contract and Grant Accounting (OCGA), Compliance, and Cost Accounting

- …review KFS (Kuali Financial System) and Facilities & Administration(F&A) calculation

- …review E-docs

- …review Cost Sharing and Cost Share Accounts

Roles - OCGA, Compliance, and Cost

- OCGA: Establish and amend sponsored accounts
  - Invoice and Payment processing of all sponsored accounts
  - Monitor spending on sponsored accounts (ref: OMB Uniform Guidance Part 200 Sections 4XX & OMB Circular A-21)
  - Prepare and submit all financial documents to sponsoring agencies (ref: OMB Uniform Guidance Part 200 Sections 3XX & OMB Circular A-110)
- Compliance: UMCP Audits (ref: OMB Uniform Guidance Part 200 Sections 5XX & OMB Circular A-133)
- Cost: Prepares and submits Indirect Cost (IDC) Proposal for "new" UMCP F&A rates. (Ref. OMB Uniform Guidance and OMB Circular A-21)

Regulations Governing Sponsored Programs

- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards = "Uniform Guidance"(UG) 2 CFR Part 200 as of December 26, 2014

- OMB Circular A-21 Cost Principles for Educational Institutions (UG Part 200.4XX)

- OMB Circular A-110 Uniform Administration Requirements-Grants and Cooperative Agreements (UG Part 200.3XX)

- OMB Circular A-133 Audit Requirements (UG Part 200.5XX)

- Federal Acquisition Regulations (FAR)-Contracts Only

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OMB Uniform Guidance & Circulars

December 26, 2014 – Uniform Guidance release incorporating OMB Circulars A-21, A-110 & A-133

http://www.ora.umd.edu/resources/federal/uniform-guidance

http://www.ora.umd.edu/resources/omb-circulars

https://www.federalregister.gov/articles/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards

http://www.whitehouse.gov/omb/grants_circulars

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OMB Circular A-21

(UG = 200.4xx)

- Establishes principles for determining costs applicable to grants and contracts

- Determines what costs can be included in the F&A calculation

- Section J contains all information for both direct, indirect and allowable costs

(UG 200.421-475)

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Allowability Test

o <u>Reasonable</u>: A prudent person would purchase and pay that price for the item

o <u>Allocable</u>: Can be assigned to the activity on a reasonable basis

o <u>Consistently Treated</u>: Like costs must be treated the same in like circumstances (either direct or indirect)

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When Do A21 Rules Apply?

o All Federal Projects prior to final Uniform Guidance 12/26/14

o State and Private Projects prior to final Uniform Guidance 12/26/14

   o 40% of all State and Private Projects are Federal Pass-Through Projects

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OMB Circular A-110

(UG 200.3xx does not include hospitals)

"Sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals and other non-profit organizations."

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OMB Circular A-133
(UG 200.5xx)

o Sets standards for audit consistency and uniformity

o Identifies compliance requirements

o Establishes criteria for testing internal controls

o Tests for reasonable assurance that financial statements are accurate

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Award Set-up/Modification

o COEUS - Notice of Award (NOA) is generated by ORA
   Note: NOA will indicate if the Award is subject to Uniform Guidance

o OCGA reviews and approves the Notice of Award

o The Account and budget information are established in KFS

o The approved Notice of Award is sent to the department and spending can now begin

o AANA's – Advance Account Number Authorization

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What Does KFS Web Do?

o Daily activity by KFS account number (Account Inquiry)

o Monthly activity by KFS account number, department (Month End KFS Report)

   Note: Month-end transaction cut-off

o Gives you the ability to download financial information into your workstation

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Facilities and Administrative Costs (Indirect Cost or F&A)

o MTDC – Modified Total Direct Costs

  o All Expenses excluding:
    o Capital Equipment (costing $5,000 or more)
    o Tuition Remission (subcodes 2775, 2776)
    o Sub-contract costs over $25,000 (subcode 3734)
    o Grants, Subsidies, & Contributions (sub codes 4600, 4610)
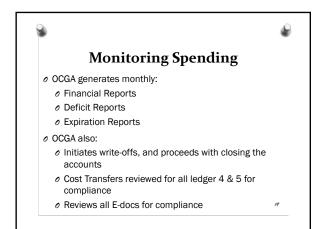
  UG Note: Began charging F&A on obj code 4361- 7/1/15

o TDC – Total Direct Cost

  o All Expenses

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F&A Costs on Sub-Contracts

o First $25,000 of each and every subcontract subject to F&A costs. Expenses should be charged to 3732.

o Expenses over $25,000 are exempt from F&A and should be charged to sub-code 3734.

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Sponsored Billing & Payments

o Sponsored accounts are billed (invoiced) based on the terms in the agreement. i.e., monthly, quarterly.

o All payments from the sponsor must be sent to Office of the Comptroller at the following address:

  Office of the Comptroller
  Room 4100 Chesapeake Building

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Monitoring Spending

o OCGA generates monthly:
  - o Financial Reports
  - o Deficit Reports
  - o Expiration Reports
o OCGA also:
  - o Initiates write-offs, and proceeds with closing the accounts
  - o Cost Transfers reviewed for all ledger 4 & 5 for compliance
  - o Reviews all E-docs for compliance

Deficit Procedures

o Can be charged to Department DRIF Accounts after three months

o Notify appropriate OCGA Accountant with sponsor documentation addressing anticipated funding & spending rates

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SPONSORED PROGRAM ACCOUNTING & COMPLIANCE
OFFICE OF CONTRACT AND GRANT ACCOUNTING

Dept 13XXX-XX TEST DEPARTMENT

Deficit Analysis for Period Ending November 30, 2014

Account	Agency Number and Name	Fund Type	Months In Deficit	Start Date	Term Date	Deficit 6358 - 6356	Comments
4328690	010951 Neocera, Inc	65	1	11/15/10	11/01/14	($986.63)	
5234530	000500 NSF	10	2	03/01/10	04/30/15	($19,696.78)	
5237130	000500 NSF	10	1	07/01/11	07/31/15	($5,109.56)	
					Total Deficit Amount	($25,792.97)	

Please review the deficit report and take corrective action as soon as possible. If you are expecting additional funds on any of the awards, please have your contract administrator at ORA confirm that additional funds are forthcoming. If you believe that the deficit has been recorded in error, please contact OCGA immediately. Please complete the comments section and return to

After ninety days in deficit, the balance in the account will be charged to your department's operating account. Please be certain to correct your payroll entries to ensure expenses do not continue to be charged to these accounts.

Expiration Procedures

o Federal Regulations require Final Financial Report within 90 days of termination

   o Note: Under UG, NIH has extended this reporting requirement from 90 days to 120 days

o Departments should post final expenses to awards within <u>60</u> days of termination

   o If a subcontract of another University sponsor, post final expenditures within 30 days

o OCGA notifies departments of expiring awards

SPONSORED PROGRAMS ACCOUNTING & COMPLIANCE
OFFICE OF CONTRACT AND GRANT ACCOUNTING

Dept 13XXX-XX TEST DEPARTMENT

Award Expiration Dates For Period 08/01/2014 to 02/28/2015

Account	Agency Number and Name	Fund Type	Start Date	Term Date	Balance	Comments
2280740	010846 AFOSR-Air Force Office of Scie	42	04/16/09	01/14/15	$53,894.45	
5280740	010846 AFOSR-Air Force Office of Scie	65	04/16/09	01/14/15	$247,304.82	
5280750	010846 AFOSR-Air Force Office of Scie	65	04/16/09	01/14/15	$54.08	
5296220	010323 Central Intelligence Agency	65	07/14/10	12/31/14	$1,048.52	
				Total Balance	$302,301.87	

According to OCGA records, the account/s listed here have expired or are about to expire. This information is being provided as a courtesy, so that you can better manage the closing of your accounts. All costs associated with these awards should be posted as soon as possible.

Please keep in mind that government regulations strictly prohibit the indiscriminate spending of funds merely to fully utilize award dollars. Furthermore, OMB Circular A-21 states "any cost allocable to a particular research agreement..may not be shifted to other research agreements in order to meet deficiencies caused by overruns or other fund considerations..."(C.4.b). However, if a legitimate explanation exists as to why the funds can not be expended prior to the expiration date, please contact ORA immediately to discuss a no-cost extension.

This report also serves as a reminder that OCGA is required under OMB Circular A110 to submit final financial reports within ninety (90) days of the expiration date of the award. If the University of Maryland is a subcontractor on an award, this deadline for the final financial report could be as short as forty-five (45) days after the expiration date of the award.

Transfers- What is Required?

o Document!

o Document!

o Document!

Auditors want to know WHY you are charging the award!

Defend the debit!

Transfer of Expenses-Documentation

- "Transfer(s) must be supported by documentation that contains a full explanation of how the error occurred..." (Older than <u>90</u> days requires a written letter) This can be attached to the E-doc

- "An explanation that merely states "to correct error" or "to transfer to correct project" is not sufficient."

- "Transfers can be ad-hoc routed in KFS to the Principle Investigator."

- "Frequent errors in the recording of costs may indicate the need to review the accounting system and/or internal controls." (National Institutes of Health Grants Policy Statement)

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Transfer of Expenses- Consistency

- "Any costs allocable to a particular research agreement... may not be shifted to other research agreements in order to meet deficiencies caused by overruns or other fund considerations..."

   A-21, C.4.b, UG 200.405 (c)

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OCGA's Role in Transfers

- All ledger 4 and 5's are sent to OCGA for approval

- OCGA will verify appropriateness of transfer based on budget, justification, and compliance regulations

- If questions arise, the e-doc initiator will be contacted

   - Note: Ledger 1 & 2 accounts route to General Accounting; Ledger 4 & 5 accounts route to OCGA

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Questions with Transfers?

○ Contact the appropriate OCGA Accountant assigned to your Sponsor

   ○ Assignment sheet is located on page 15 of the supplemental materials

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Cost Sharing: What Is It & When Is It Expected?

○ UMCP contributes resources toward a sponsored project

○ Should be included in the proposal only when required by the awarding agency

○ Imposes a substantial burden on PI to account for and provide supporting documentation

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Cost Sharing: What is Required?
OMB Circular A-110 (Subpart C.23), UG 200.306

○ Be verifiable from University records

○ Necessary for the accomplishment of the project

○ Allowable under A-21 (UG guidelines Part 200.4XX)

○ Must be incurred during the effective dates of the award

○ Not paid for by the federal government under another award

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Questions?

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