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

OMB Uniform Guidance & Circulars


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

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)
Allowability Test

- **Reasonable:** A prudent person would purchase and pay that price for the item
- **Allocable:** Can be assigned to the activity on a reasonable basis
- **Consistently Treated:** Like costs must be treated the same in like circumstances (either direct or indirect)

When Do A21 Rules Apply?

- All Federal Projects prior to final Uniform Guidance 12/26/14
- State and Private Projects prior to final Uniform Guidance 12/26/14
- 40% of all State and Private Projects are Federal Pass-Through Projects

**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.”
OMB Circular A-133 (UG 200.5xx)

- Sets standards for audit consistency and uniformity
- Identifies compliance requirements
- Establishes criteria for testing internal controls
- Tests for reasonable assurance that financial statements are accurate

Award Set-up/Modification

- COEUS - Notice of Award (NOA) is generated by ORA
  Note: NOA will indicate if the Award is subject to Uniform Guidance
- OCGA reviews and approves the Notice of Award
- The Account and budget information are established in KFS
- The approved Notice of Award is sent to the department and spending can now begin
- AANA's – Advance Account Number Authorization

What Does KFS Web Do?

- Daily activity by KFS account number (Account Inquiry)
- Monthly activity by KFS account number, department (Month End KFS Report)
  Note: Month-end transaction cut-off
- Gives you the ability to download financial information into your workstation
Facilities and Administrative Costs (Indirect Cost or F&A)

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

F&A Costs on Sub-Contracts

- First $25,000 of each and every subcontract subject to F&A costs. Expenses should be charged to 3732.
- Expenses over $25,000 are exempt from F&A and should be charged to sub-code 3734.

Sponsored Billing & Payments

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

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

Deficit Procedures

- Can be charged to Department DRIF Accounts after three months
- Notify appropriate OCGA Accountant with sponsor documentation addressing anticipated funding & spending rates
Expiration Procedures

- Federal Regulations require Final Financial Report within 90 days of termination
  - Note: Under UG, NIH has extended this reporting requirement from 90 days to 120 days
- Departments should post final expenses to awards within 60 days of termination
  - If a subcontract of another University sponsor, post final expenditures within 30 days
- OCGA notifies departments of expiring awards

Transfers - What is Required?

- Document!
- Document!
- 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 90 days requires a written letter. This can be attached to the EDoc.
- "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)

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)

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
Questions with Transfers?

- Contact the appropriate OCGA Accountant assigned to your Sponsor
- Assignment sheet is located on page 15 of the supplemental materials

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

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
### Questions?

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11/18/15

ORA03: Accounting for Sponsored Projects