

Just the Facts 101: Acronyms, A-21

Allowability Criteria & Section J

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Welcome Newcomers !

And who are you?

What is the Newcomer/Just the Facts track?

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■ Terms You Should Know

Grant	Direct Costs
Cooperative	Facilities &
Agreement	Administrative Costs
Contract	OMB Circulars
Subaward	FAR
OTA's	
RFP, RFQ,	Acronyms:
RFA, BAA, PA	http://sites.nationalacademies.org/PdA/fdp/PdA_054592

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Grants and Cooperative Agreements

- ▶ Project conceived by PI
- ▶ PI defines details and retains scientific freedom



Likely fundamental research or institutional research and training

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Grants and Cooperative Agreements = Assistance

- ▶ For transfer of money, property or services to the recipient
- ▶ To provide support to accomplish a public purpose of support

(Usually) Anticipates no substantial programmatic involvement of the sponsor

➤ Cooperative Agreements include substantial sponsor involvement

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Grants and Cooperative Agreements

- ▶ Government generates general program goals & priorities
 - > BAA – Broad Agency Announcement
 - > PA – Program Announcement
 - > RFA – Request for Applications

You prepare the project description, budget, proposed timeframe

The Government accepts the project description, budget, proposed timeframe

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Grants and Cooperative Agreements – Post-Award

- Often Letter of Credit

Ability to rework proposed / accepted work plan, budget (within reason) without sponsor approval

Reallocate funds (within reason) to various aspects of scope

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Contracts

- Project conceived by agency

- Agency exercises direction or control

Agency closely monitors

Usually developmental research rather than fundamental research or training



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Contracts = Procurement

- Agency procures service

- Outlines specific goals and requirements

For goods/services to be provided to the sponsor by the University / entity

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Contracts = Procurement

- ▶ VERY RESTRICTIVE – can have high demands, procurement and property clauses, etc. (FAR)
- ▶ Government generates scope of work
 - > RFP – Request for Proposal
 - > RFQ – Request for Quote
 - > RFA – Request for Application

You respond with how you will accomplish the task within the budget, time frame, etc. provided

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Contracts – Post-Award

- ▶ Cost-Reimbursement
- ▶ Funds by Task “ordered”

Constant contact with sponsor to move on to the next procured service within the project

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■ Office of Management and Budget (OMB) Circulars <http://www.whitehouse.gov/omb/circulars/>

- ▶ Cost Principles
 - > **A-21, Cost Principles for Educational Institutions**
 - > A-87, Cost Principles for State, Local and Indian Tribal Governments
 - > A-122, Cost Principles for Non-Profit Organizations

Other Cost Principles

- > OACS-3: Principles for Determining Costs Applicable to Research and Development Under Grants and Contracts With Hospitals
 - A Guide for Hospitals, reprinted from 45 CFR, Appendix E

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■ Office of Management and Budget (OMB) Circulars

► Other

- > A-110, Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Nonprofit Organizations
- > A-133, Audits of States, Local Governments and Nonprofit Organizations

Federal Acquisition Regulations (FARs)

Regulations applicable to federal procurement actions

- > A good website for searching the FAR:
<https://www.acquisition.gov/far/>

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Office of Management and
Budget (OMB) Circulars

Federal Agencies

Institutions / Entities

Subrecipients

Who cares/counts the most?

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A-21: Cost Principles

► Factors affecting allowability of costs (section C.2.)

“The tests of allowability of costs under these principles are”:

Reasonable
Allocable
Consistent Treatment
Allowable

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A-21: Cost Principles

Reasonable

“Prudent person” test

Necessary for the performance of the project

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A-21: Cost Principles

Allocable

Identifiable Benefit to the project

- > Chargeable in accordance with the relative benefit received
 - Proportional benefit
- > Costs of one project may not be shifted to another

Document, document, document!

- Enough detail to support the charge
- Explanation of how the expense benefited the project

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A-21: Cost Principles

Consistent treatment

Like costs are treated the same in like circumstances....

Estimating, accumulating and reporting

- > **Just the Facts 203: F&A and F.6.b** (Tuesday afternoon)
 - Salaries of administrative and clerical staff should normally be treated as F&A costs
- > **A-21 and the Cost Accounting Standards** (Wednesday am)
 - CAS 501 – Consistency in estimating, accumulating and reporting costs

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A-21: Cost Principles

► Critical Costing Terminology!

Direct Costs

- > Identifiable and assignable to a specific project or activity
- > Support the project's purpose and activity
- > Included in award budget or sponsor approval for re-budgeting

Facilities & Administrative:

- > aka – F&A, Indirect Cost, Overhead
- > Cannot be clearly identified or allocated to an individual project
- > Not identified readily to a specific program or activity

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Direct Costs

A-21 Definition: Costs that can be identified with a particular sponsored project ... , or directly assigned relatively easily with a high degree of accuracy.

My Definition: Costs to hands-on do the sponsored project.

Examples:

- Salaries & benefits of employees working on the project
- Lab Supplies
- Travel where research findings are disseminated
- Approved equipment
- Tuition

Facility & Administrative Costs*

A-21 Definition: Costs that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular direct activity.

My Definition: General support costs to complete the sponsored project that I can't track.

It is NOT profit ... It is the cost of doing business.

* AKA ... Indirect Costs, Overhead, F&A, IDC, IC, ICR, Indirect Cost Recovery

F&A Examples?

It is the cost of completing sponsored agreements over and above the direct costs

- Lights to see
- Water supply
- Maintenance of buildings and lab space
- Internet connections, phones
- University personnel infrastructure to support research - secretaries, Central Services, most of us in this room!!

A-21: Cost Principles

WHY? Research Rate – Simplified F&A Calculation
Numerator Expenses

Allocations to Research from:

Library
Building Depreciation
Operation & Maintenance (Utilities)
General Administration (Payroll)
Department Administration (Dean, Business Mgr.)
Sponsored Projects Administration

_____ = F&A Rate
Denominator Expenses

MTDC of:

Sponsored Research Agreements
University Research
Cost Sharing/Matching on Research Agreements

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A-21: Cost Principles

▶ Allowable --

- Did you budget for it?
- Was it addressed in the guidelines?

▶ Sometimes it's easier to talk Unallowable costs

Unallowable costs are not eligible for Federal reimbursement either directly or indirectly*

Unallowable Activities

- ~ Fundraising
- ~ Lobbying
- ~ Alumni Activities
- ~ Public Relations

Unallowable Transactions

- ~ Alcoholic Beverages
- ~ Fines & Penalties
- ~ Advertising
- ~ Entertainment

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A-21: Cost Principles

OMB A-21, J., 'General provisions for selected item of cost'

Some items needing special attention:

Allowability depends on the facts and circumstances

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A-21, Section J

- > Alcoholic Beverages (J.3.)
- > Entertainment (J.17.)
- > Equipment (J.18. Equip and other cap exp.)
- > Meetings (J.32. Meetings and Conferences)
- > Proposal Costs (J.38.)
- > Tuition (J.45. Scholarship and student aid costs)
- > Travel (J.53. Travel costs)
 - ~ Remember, your institution's policy is applicable
 - ~ Allocability is a typical audit question (particularly 100%)
 - ~ Fly America Act

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**Some things to keep in
mind about:**

EFFORT



Time & Effort (T&E) Reporting (J.10. Compensation)
Methodology for documenting salary distribution

A-21, Section J

Time & Effort (T&E) Reporting

Intense Federal audit scrutiny in this area

- > Salaries and wages represent the largest portion of sponsored expenditures
- > Dedicated focus on ensuring commitments are met
- > Issues with 100% salary charged to sponsored projects, even in summer
 - ~ e.g. new proposal submissions

Teaching + Advisement + Committee Work + Clinic + Proposal Writing + Misc. = 100%

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What does effort mean...

- ▶ How someone spends their time
- ▶ Although we talk about effort as a %, you have to know the hours associated
- ▶ Keep in mind: the number of hours in a work week varies by individual

hours on activity / # hours in week = effort

- > **Just the Facts 103: Effort Reporting** (Monday afternoon)

Preaward to Postaward Issues

- ▶ Propose a reasonable effort based on
 - the work to be done
 - other activities already committed
 - the amount of time that will be available
- ▶ Proposed effort becomes the expectation
- ▶ Changes may need sponsor prior approval
- ▶ Track by the time period the work happens

Big Picture “Not” Concepts

- ▶ Effort is how you spend your time, *not* how you are paid
 - Effort drives dollars, *not* the reverse
- ▶ Effort is *not* the same as a Full Time Effort
 - Regardless of FTE, a person has 100% University effort
- ▶ There is *not* a night or weekend for faculty

Who Certifies?

Those who:

- ▶ Perform work on a sponsored project
- ▶ Perform work on a cost share account associated with a sponsored project
- ▶ Perform more than one functional activity

Responsibilities? *As administrator...*

- ▶ Quarterly review of activity to see if effort levels are current
- ▶ Any material change needs to be addressed in the Time & Effort reporting system
- ▶ Help individuals understand that the certification needs to be accurate and that changes are appropriate if it isn't correct

What do I want to do?

- ▶ Make sure individuals sign their own effort certification
 - Is it ever OK to be an alternate signer for someone else?
- ▶ Realize that all sponsored projects should have some sort of effort committed level of effort
- ▶ Know this is a sensitive issue – to the institution to be correct, to the individual to be accurate

A-21, Section J

Time & Effort (T&E) Reporting (J.10. Compensation)

Bottom Line:

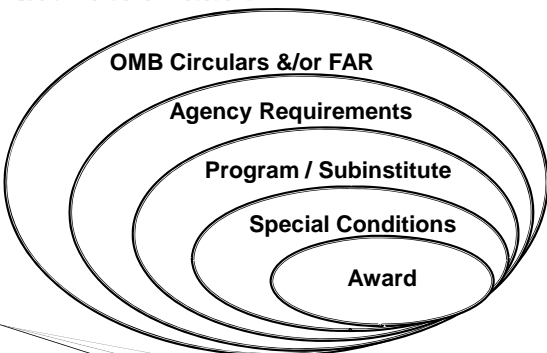
- > Must reasonably reflect the activity for which the employee is compensated by the Institution

Special Caveats:

- > Extra (Supplemental) Compensation (OMB A-21, J.10.d)
 - ~ May not exceed 100% base salary without special permission from the agency
 - ~ Must follow your institution's Policies & Procedures

Regulations, Policies & Procedures

Federal – Order of Precedence



Best Practices

Get it right from the beginning

Know your resources

<http://www.whitehouse.gov/omb/circulars/>

> OMB Circulars

<http://www.whitehouse.gov/omb/memoranda/m01-06.html>

> January 5, 2001 OMB Memorandum on Voluntary Uncommitted Cost Share

http://grants.nih.gov/grants/policy/nihgps_2003/index.htm

> NIH Grants Policy Statement

http://www.nsf.gov/publications/pub_summ.jsp?ods_key=papp

> NSF Proposal and Award Policies and Procedures Guide

YOUR INSTITUTION'S POLICIES AND PROCEDURES!!!!!!

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Best Practices

Utilize NCURA!

Including us:

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