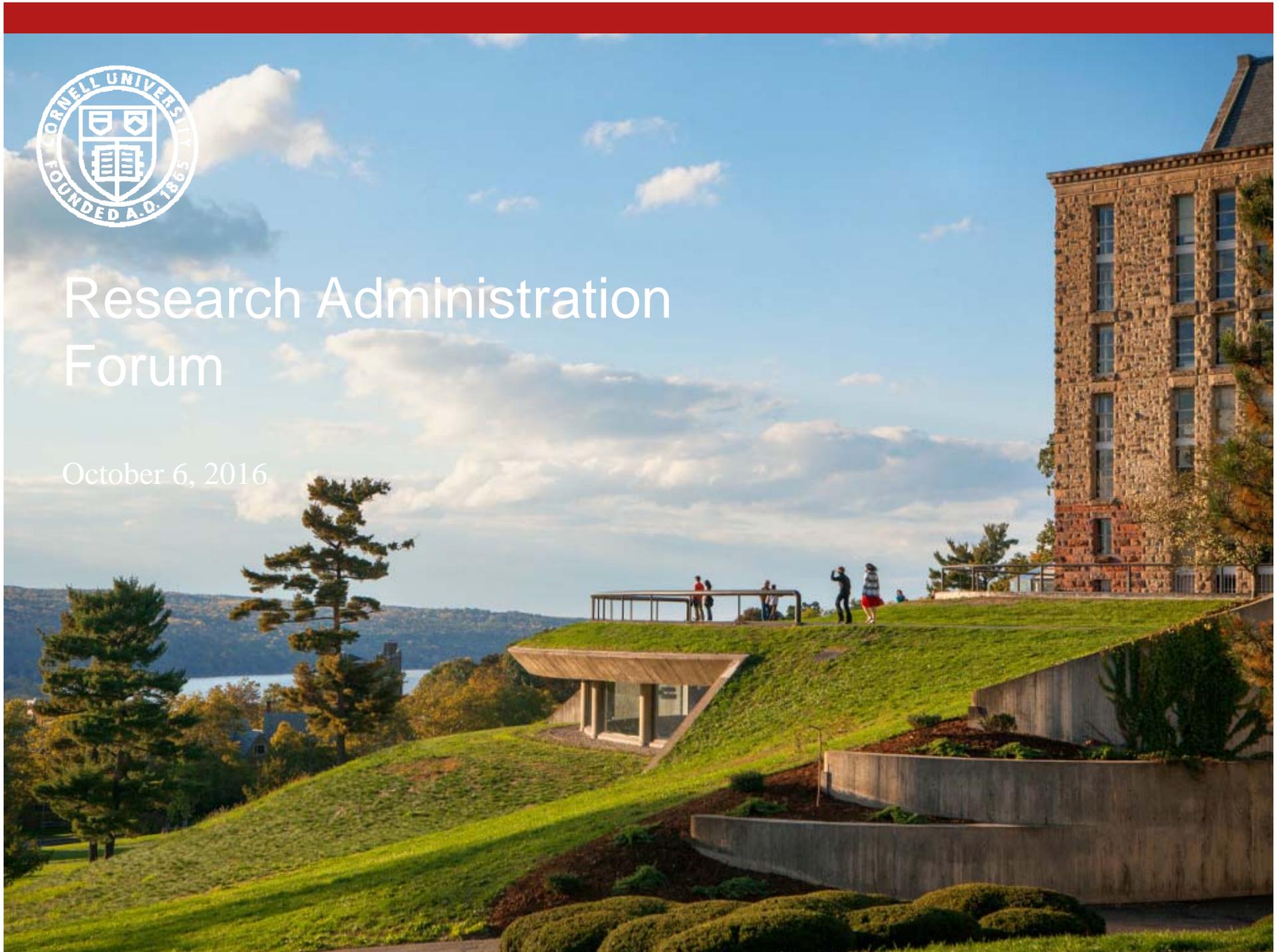




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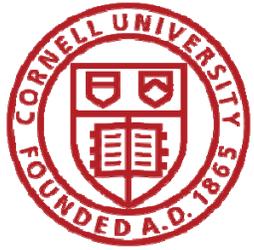
October 6, 2016





Agenda

- Allowability 101
- Unlike Circumstances and Direct Charging of Administrative Salaries or Normally Indirect Charges
- Back to the Basics: Timeliness and Documentation
- F&A Proposal and Site Review
- Students, Participants, Interns and Visitors paid from Awards
- Stealth Awards
- Q&A



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Allowability 101





Allowability 101 (2 CFR 200.403)

- As we learn more about grants management the more we recognize the importance of the basics. Chief amongst these is the principle of allowability
- For a cost to be allowable on an award it must be:
 - Necessary, reasonable and allocable
 - Conform to the cost principles and/or award.
 - Consistent with Cornell's policies and procedures that apply uniformly to both award and non-award activities
 - Accorded consistent treatment. When viewed in like circumstances a cost is either direct or indirect
 - In accordance with generally accepted accounting principles (GAAP)
 - Adequately documented

And it must not be included as a cost or used to meet cost sharing requirements of any other award



Reasonable and Necessary (2 CFR 200.404)

- A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
- In determining reasonableness of a given cost, consideration must be given to:
 - Whether the cost is of a type generally recognized as ordinary and necessary for the proper and efficient performance of the award.
 - The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the award.
 - Market prices for comparable goods or services for the geographic area.
 - Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to Cornell, its employees, its students, the public at large, and the government.
 - Whether it significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the award's cost.



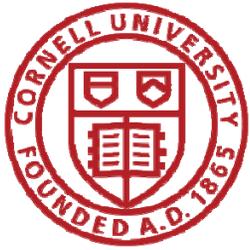
Allocable Costs (2 CFR 200.405)

- A cost is allocable to a particular award if the goods or services involved are chargeable or assignable to that award in accordance with relative benefits received.
- This standard is met if the cost:
 - Is incurred specifically for the award;
 - Benefits both the award and other work of Cornell and can be distributed in proportions that may be approximated using reasonable methods; and
 - Is necessary to the operation of Cornell and is treated as an F&A cost



Allocable Costs (2 CFR 200.405)

- Any cost allocable to a particular award may not be charged to other awards to overcome fund deficiencies, to avoid restrictions imposed by statutes, regulations, or terms and conditions of the awards, or for other reasons. This does not preclude Cornell from shifting costs that are allowable under two or more awards in accordance with existing rules.
- If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit.
- If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.
- Where the purchase of equipment or other capital asset is specifically authorized under an award, the costs are assignable to the award regardless of the use that may be made of the equipment involved when no longer needed for the purpose for which it was originally required.



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Unlike Circumstances and Direct Charging of Administrative Salaries or Normally Indirect Charges





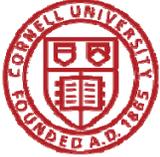
Changes under the UG

- Good news!
 - Specific language exists in the UG expanding the direct charging of administrative costs
- Bad news ☹️
 - The consistency standards did not go away.
 - Unlike circumstances must exist to permit direct charging
- Many of the questioned items in our 2012 NSF Audit (still not resolved) related to normally indirect costs



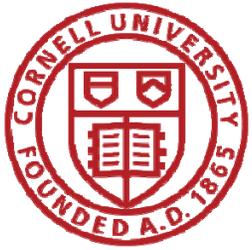
Policy 3.18

- Definition of charges and normal treatment
- Concept of unlike circumstances
 - Reduced rate is only considered unlike for non-federal activities
- Necessity of having the atypical treatment documented in the proposal and/or award



What are normally indirect charges

- Administrative salaries
- Postage
- Telephone charges
- Memberships
- Office supplies
- Maintenance (unless off campus and award at OC rate)
- General supply expenses that are difficult to allocate:
 - Toner cartridges
 - Paper
 - Pens and Pencils
 - Am I really still talking about these in 2016?



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Back to the Basics: Timeliness and Documentation





Timeliness

- Awards and regulations are replete with references to time
 - Pre-award period
 - Period of performance
 - Cost transfer periods
 - Invoicing intervals
 - Deliverable and report due dates
 - Closeout period
- Why?



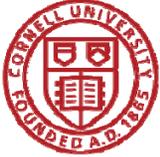
Documentation (2 CFR 200.302(b)(3))

- The financial management system of Cornell must provide for records that identify adequately the source and application of funds. These records must contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation [*emphasis mine*]



Policy Guide (2 CFR 200.400)

- The cost principles are based on the fundamental premises that:
 - Cornell is responsible for the efficient and effective administration of the award through the application of sound management practices.
 - Cornell assumes responsibility for administering funds in a manner consistent with underlying agreements, program objectives, and award terms and conditions.
 - Cornell, in recognition of its own unique combination of staff, facilities, and experience, has the primary responsibility for employing whatever form of sound organization and management techniques may be necessary in order to assure proper and efficient administration of the award.
 - The cost principles should require no significant changes in Cornell's internal accounting policies and practices. However, the accounting practices must be consistent with these cost principles and **must provide for adequate documentation to support costs** charged to the award.
- Who decides what is adequate?
 - Ultimately the agency, using Cornell, government and industry standards



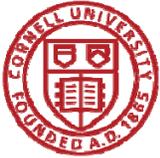
Are we managing the award well?

- Tom Peters once spoke about dirty tray-tables leaving airline passengers wondering about engine maintenance. “If they can’t get the little things right, what about the big things?”
- If we can’t meet the prescribed deadlines, something easily measured, how can the sponsor be sure that we’re managing the big things such as finances or, gasp, scientific conduct?
- If we want the sponsor’s funding, we need to follow the sponsor’s [and our] rules. It is not negotiable.



We are continually evaluated on our performance

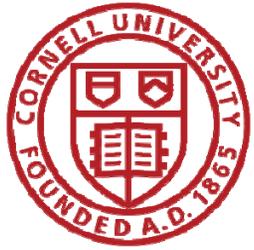
- Informally
 - How did we do?
- Formally
 - Audits
 - Vendor responsibility processes (NYC and NYS)
 - Federal Awardee Performance and Integrity Information System (fapiis.gov)



FAPIIS Screen Shot (as of yesterday)

Search Results		
Entity: CORNELL UNIVERSITY, INC	View Corporate Relationships	
DUNS:		
CAGE: 4B578		
FAPIIS Data	Records	Count
Administrative Agreement	No	0
Defective Pricing	No	0
DoD Determination of Contractor Fault	No	0
Information on Trafficking in Persons	No	0
Non-Responsibility Determination	No	0
Recipient Not-Qualified Determination	No	0
Subcontractor Payment Issues	No	0
Termination for Cause	No	0
Termination for Default	No	0
Termination for Material Failure to Comply	No	0

What will it look like next year?



Research Administration Forum F&A Proposal and Site Review





F&A Proposal Timeline

- Proposal was submitted to CAS at the end of May
- We received a list of questions from CAS at the end of September
- The site review will likely be October 26-27
 - Two weeks before the site review we will learn the PIs to be visited
- We anticipate a negotiation and rate agreement in November.
- Rates will be retroactive to July 1, 2016
 - However FY2017 rates will likely remain unchanged



F&A Site Visit Expectations

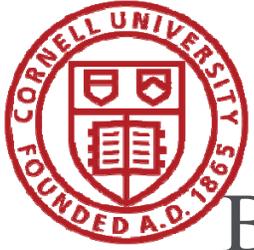
- It is probable that the visit will include the following buildings:
 - Physical Sciences Building
 - Clark Hall
 - Weill Hall
 - East Campus Research Facility
 - Others?
- The units to be visited may include:
 - BME, CARE, CCMR, Chemistry, CLASSE, LASSP, Physics, Weill Institute
 - Others?



F&A Site Visit Expectations

- PIs will be interviewed
 - CCA and unit admin will be present
- Space will be walked
- Reviewer is looking to see if the use of the space is consistent with the treatment in our proposal

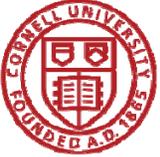
- Like all reviews, honest, concise answers should be provided targeted to the specific questions asked
- Faculty may be told what to expect, but must not be coached as to the “answers”



Research Administration Forum

Best Practices for Students, Participants, Interns and Visitors paid from Awards





Paying for People on an Award

- Q: What is the best documented method to provide money to an individual for their contribution to an award?
 - A: *An HR appointment following the practices of the institution (position description, search, offer, job description, performance review as applicable) accompanied by award monitoring and a salary certification*
- But not all cases fit the fact pattern associated with employment, so other types of appointments exist



Students

- Student appointments have two basic types.
 - Compensatory
 - Student or temporary employees
 - Deliver service to an award
 - Usually complete time reports
 - Are included in salary certification
 - May include tuition and health insurance as part of the compensation package
 - Allowable on most research awards
 - Generally no special approval from the sponsor required
 - May limit other employment or support
 - Paid through payroll (except tuition)



Students

– Financial Aid

- Trainees or Fellows
- Work on a project to further their education or training
- May complete periodic reports to sponsor
- Not part of salary certification
- May include tuition and health insurance as part of the support package
- Allowable only on awards where specifically authorized
- Requires sponsor approval if not stated in award
- May limit other employment or support
- Paid through Student Financial System



Participants or Interns

- Participants or trainees
- Participate in a program to further their education or training
- Must document participation
- Payment is typically in the form of a stipend and similar support
- Allowable only on awards where authorized or described in proposal
- May require sponsor approval if not stated in award
- May have citizenship or residency requirements
- Paid through Student Financial System, or Accounts Payable
- Interns are given an appointment in Workday



Visitors

- Short term participation in a project by someone with an appointment at another entity
- May receive travel reimbursement or subsistence support
- Invitation should tie participation to the award or be otherwise documented
- Visa requirements must be observed
- Support provided through Accounts Payable process.



For all types of engagements

- Use the right:
 - Commitment Process
 - Payment Method
 - Accounting Treatment
 - F&A application
 - Documentation of satisfactory completion



Stealth Awards

- Q: “What flies into the university under OSP’s and DFA’s radar”?
- A: *Stealth awards*
- Situations where an investigator enters into an arrangement with an entity to perform sponsored activity, however there is no agreement or the agreement is not executed centrally
- Funds are typically deposited into a discretionary or gift account



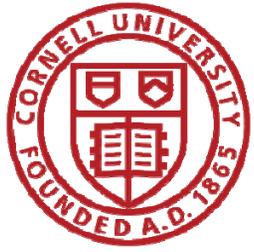
Policy 4.2 Transaction Authority

- Authority for sponsored agreements, i.e. proposals, contracts, agreements, and renewals, is vested in the Senior Vice Provost for Research, and exercised through delegation by OSP.
- Authority for intellectual property, i.e. patents, licenses, and related transactions, is vested in the Senior Vice Provost for Research and exercised through delegation by CTL



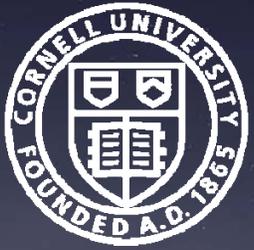
What to look at when receiving a payment?

1. Why we are receiving the payment
 2. What backup exists for the payment
 3. Was the transaction executed with appropriate authority
 4. Where should the payment be deposited
 5. Is the accounting appropriate
- If you suspect a stealth award please contact Jeffrey Silber and we will assist you with proper resolution



Research Administration Forum Questions and Answers





For further information:
write sfs-help@cornell.edu

