Research Administration Forum

November 20, 2019
Agenda

- Welcome
- Documentation of Expenditures
- Managing Salary Caps
- Matching on Federal Capacity Grants
- Monitoring Project Activity
- SFS Updates
- Update on Foreign Gift/Contract Reporting
- Q&A
Factors affecting allowability of costs
Documentation

• Costs must be:
  – Reasonable and Necessary
  – Allocable to the project
    • Within the period of performance
    • Cost benefiting two or more projects must be allocated in accordance with .405
  – Permitted by agreement terms and conditions
  – Adequately Documented
Documentation

• “Adequately” Documented?
  • Required Transactional Documentation
    • Detailed invoices/receipts
    • Policy 3.14: Business Expense Policy
  • Foreign Currency
    • Conversion rates documented
Documentation

• Business Purpose:
  • How does it relate to the project?
  • Brief Summary:
    • What was bought?
    • Why was it bought?
    • How will it be used?
Allocation of Costs

• How much money is left should not be a factor
• Funding Restrictions
  • Do not use allocation to circumvent
• Institutional use (e.g., Lab Equipment, Repairs)
  • Ensure that the institutional use is incorporated into allocation
  • Note that necessary equipment identified in an award budget may follow that allocation regardless of the eventual use (.405(d))
Allocation of Costs

- Principal Investigator (PI) may determine appropriate allocation
  - Benefit to project(s)
- Documented in transaction supporting materials
Cost Transfers

• Cost transfer must be clearly explained with supporting documentation.
  • Business Purpose
  • Benefit to project(s)
• Late Cost Transfers
  • Exception, not normal business
• Cost Transfers on Sponsored Agreements
Salary Caps

**Public Law 115-245:**
Restricts DHHS direct salary to Executive Level II of the Federal Executive Pay Scale
Salary Cap

- U.S. Office of Personnel Management
  - Salary Table No. 2019-EX
- U.S. Dept. Health and Human Services
  - National Institutes of Health (NIH)
    - Effective January 2019, $192,300
- USDA-NIFA has separate requirements limiting salary to Executive Level IV unless salary is stated in the proposal budget.
- See also specific sponsor or award requirements
Salary Cap

• “An individual's institutional base salary [IBS] is the annual compensation that the applicant organization pays for an individual's appointment, whether that individual's time is spent on research, teaching, patient care, or other activities.”

• Excludes salary supplements and allowances
Salary Cap

Based on the IBS below, what is annual rate of pay:

- Vet professor, with a 12-month, full time, appointment, earning $8,333.33 semi-monthly?
- Plant Biology professor, with a 9-month, full time appointment, earning $150,000 per year?
- Research scientist, with a 3-month, summer, quarter time appointment at $4,166.67 per month?
Salary Cap

– Vet professor, with a 12-month, full time, appointment, earning $8,333.33 semi-monthly?
  • $8,333.33 \times 2 \times 12 = $200,000

– Plant Biology professor, with a 9 month, full time appointment, earning $150,000 per year?
  • \((150,000/9) \times 12 = $200,000\) (or 150,000 x 12/9ths)

– Research scientist, with a 3-month, summer, quarter time appointment at $4,166.67 per month?
  • $4,166.67 \times 4 \times 12 = $200,000
Salary Cap

- If the salary cap is $192,300 for full-time effort charged to an NIH award over a 12-month period, how much is charged to an award with 30% budgeted for faculty earning $173,070 annually on a 9-month appointment?

  - \( \frac{192,300}{12} \times 9 = 144,225 \) (capped rate)
  - \( 0.30 \times 173,070 = 51,921 \) (total earned – 30%)
  - \( 0.30 \times 144,225 = 43,267.50 \) (direct charged – 25%)
  - \( 51,921 - 43,267.50 = 8,653.50 \) (exceedance – 5%*)

  - *Must be recorded on a cost share sub account of the project with a title that includes “NIH Cap”
Salary Cap

- Policy 3.11, Salary Confirmation, details this procedure (for NIH cap)
- At least one KFS cost sharing (type CS) sub account must be established for each award on which capped individuals are working.
  - This sub-account cannot be used for any other purpose (e.g. cost shared effort or other expenses) and the title must begin with ‘… CAP’.
Salary Cap

• NIH guidance: proposal should budget and indicate the full, institutional base salary (IBS), for all individuals.
  – In practice, in some cases, units use the capped amount.

• The agency will reduce the award to the capped level in effect at the time of award or increment.
  – For example, an award made in September 2019 will only award funds salaries up to a full-time twelve-month rate of $192,300.
Salary Cap

• Expenditures may be made up to the level in effect at the time the expense is incurred.

  – For example, if the salary cap increases this coming January, a payment that will post in 2020 can be charged to the award at the higher rate.

  – Caution: Some DHHS contracts include terms and conditions that limit the expense throughout the period of performance to the capped level in effect at the time of award or increment.
Salary Cap

• Managing Cap
• Calculators
  • Online Calculator – anticipated
  • Excel template
  • Contact Beth Peet eap2@cornell.edu for assistance.
Federal Capacity Grants

Hatch, McIntire Stennis, and Multistate Match Requirements
Federal Capacity Grants

- REEport Annual and Final Progress Report
  - Submitted by the PI
- REEport Financial Report
  - Submitted by SFS
Federal Capacity Grants

- **REEport**
  - FTEs are required for both the REEport Financial Report and for individual Progress and Final Reports.

### Staff Support

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Federal Capacity Grants

• Review your Capacity Grant project accounts
  – Ensure that a cost share sub-account is established, and utilized

• Additional Information:
  https://cuaes.cals.cornell.edu/funding/funding-research/
  https://www.dfa.cornell.edu/sfs/managingawards/activity/costshare
Monitoring Activity

Monitor Project Activity
Monitoring Project

- University sponsored accounts must be reviewed at least every other month (but preferably monthly)
  - review transactions for allowability and allocability
- When a sponsored project crosses unit lines, each unit is responsible for ensuring that the accounts in their organization are monitored
Monitoring Project

• Why is this important?
  • An agency is expected to be invoiced regularly
    • Based on general ledger activity, with certified invoices
  • Corrections should be addressed timely
    • Prevents improper billing to sponsors
Monitoring Project

• Why is this important?

• Agency questions spend patterns
  • Why hasn’t Cornell invoiced?
  • Why did Cornell invoice for this restricted item?
Monitoring Project

• Why is this important?
• Sometimes a subaward can be a significant portion of the project
  • Subaward invoices should be submitted timely
  • And paid within 30 days of receipt
    • Unless circumstances warrant otherwise (and these should be documented)
Monitoring Project

• Project closeout
  • Monitoring activity ensures a seamless closeout
  • 90 days prior to expiration
    • Review the need and availability of an extension
      • Request, if warranted
    • Review project plan for close
Monitoring Project

• Project closeout
  • Update staffing allocations
  • Finalize Subaward activity (invoicing)
  • Review activity to ensure compliance
  • Cost Share commitment met, if applicable
  • All financial activity complete:
    • 30 days prior to final financial report due (and no more than 60 days after termination date)

https://www.dfa.cornell.edu/sfs/managingawards/closingout
SFS Updates
What’s going on?
Staffing updates

• Entire team supports transition of responsibilities to create efficiencies
• Portfolio Transitions
• Welcome Kyle!
  • Supports project establishment
  • Reviews/Approves new project accounts
  • Submits initial agreement budget
SFS updates

• Implementation of Contract & Grant Billing
  • Minimize reliance on manual process (excel files) for invoicing
  • Shift focus to other aspects of post-award administration
    • Including: Education and Outreach
SFS updates

• 2020 - Resume SFS Dialogs
• Consider trainings related to sponsored administration:
  • FIN 114 – Financial Management of Sponsored Projects
  • FIN 116 – 13 Online Modules – targeted topics
Research Administration Forum

Update on Foreign Gift and Contract Reporting (HEA 117)
HEA 117 Reporting

- As a condition of receiving federal student financial aid Cornell must report gifts and contracts from foreign entities pursuant to section 117 of the Higher Education Act
- This information is reported semi-annually
- A requirement exists to report similar data to New York State annually
Cornell History

• Cornell reported the foreign gifts and contracts, but due to a variety of factors some activity was omitted

• U.S. Department of Education launched an inquiry into the reporting at Cornell and several other institutions

• Cornell thoroughly researched past data, responded to ED and updated past reports
Issues for Today

• Going forward the university is committed to improvements
• A senior-level advisory group and a working group are developing policies and procedures to facilitate compliance
• Central offices (In Ithaca: OSP, AA&D, CTL, Global Operations) will take the lead in submitting data under their management.
• Each college has responsibility for agreements not managed centrally, and moving towards incorporating them in Icertis.
  • Watch for information from your college with detail
• DFA will receive and process data for review and submission
• Next report is due at the end of January.
Contact us at sfs-help@cornell.edu for further information on any of these topics.

Thank you!