Introduction to Sponsored Research at Boston University

POST AWARD, DAY 2

November 28, 2018
Cost Principles
Salary Management
Subawards
F&A
Service Center
Property and Cash Management
Cost Transfers
Closeouts
Grant Flow and Roles
There are a handful of important ongoing financial responsibilities in post-award, including:

- Ensuring that direct charges are allowable, reasonable, allocable and consistently treated
- Reviewing the ledger to ensure that transactions are charged to the correct cost center or project
- Tracking funding as compared to budget and projections
- Ensure Burn Rate is appropriate
- Completing journal entries and cost transfers as needed and timely (with documentation)
- Communicating spending with the PI
The Four Cost Principles

Gretchen Hartigan
4 Cost Principles

- Allowable
- Reasonable
- Allocable
- Consistently Treated
Allowable

**Major Considerations:**
- Are there any terms, conditions, regulations or institutional policy prohibiting this charge?
- Was the cost incurred during the Project Period?

**Definition:** If it conforms to any limitations or exclusions set forth in the regulations that govern the award (UG 200.403) or in the sponsored award.

**Challenges to Allowability:**
- Lack of understanding/awareness of sponsor terms and conditions
- Workplace conflict of interest:
  - Individuals with authority insisting a charge should be applied when it should not
Painting a House - ALLOWABLE
**Reasonable**

**Definition:** 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. (UG 200.404)

**Major Considerations:**
- Generally recognized as necessary for the operation of the institution or the performance of the sponsored agreement?
- Actions are consistent with established institutional policies and practices, including sponsored agreements.
- Would you buy this item and pay this price if you had to pay for it personally?

**Challenges to Reasonableness:**
- Late Fees associated with a bill paid late for an allowable charge to a sponsored project due to departmental inefficiency
- Charging valet parking $22/day when daily parking is available at $14/day
Painting a House - REASONABLE

Manage an Award
**Allocable**

**Definition:** the goods or services involved are chargeable in accordance with relative benefits received; incurred for the benefit of only one project or can be readily assigned to multiple projects which benefit from the cost (UG 200.405)

**Major Considerations:**
Is the cost incurred solely to advance the work under a single sponsored award?
- Allocated on proportional benefit when costs easily attributed
- Allocated on reasonable benefit when costs can’t be reasonable attributed

**Challenges to Allocability:**
- Lack of proper documentation for allocation decision and methodology
- Determination of a “Reasonable Basis” for allocation
Painting a House - ALLOCABLE
Consistently Treated

Definition: The costs incurred for the same purpose, in like circumstances, are either direct costs only or F&A costs only with respect to final cost objectives. This assures that the same types of costs are not charged to awards as direct AND as indirect costs. (UG 200.403 – Sections C and D)

Major Considerations:
• Have you verified “unlike circumstances”? 
• Have you thoroughly documented / demonstrated an “unlike circumstance”?

Challenges to Consistently Treated:
Indirect types” of costs are the most at risk:
• Clerical and Administrative Costs 
• Office Supplies 
• Local Phone Charges 
• Memberships 
• Postage
Painting a House – CONSISTENTLY TREATED

Manage an Award

Research
Allowability

**Allowable**

Typical allowable direct costs include:
- Salaries and Wages
- Fringe Benefits
- Subawards
- Lab Supplies
- Equipment
- Participant Support Costs

**Unallowable**

Not all charges are allowable on Federal awards. Typical unallowable charges include:
- Alcohol
- Alumni/ae Activities
- Audit Services
- Bad Debt
- Lobbying

**Resources**

- Charging direct costs to Sponsored Awards
- Travel on Sponsored Awards

**Participant support costs**
- Recruiting costs
- Relocation costs

**Administrative and clerical staff salaries**
- Unused supplies exceeding $5000
- Computing Devices
You are reviewing expenses on an account... below you will see the table of expenses for the month of October. Which costs might you question and why?

<table>
<thead>
<tr>
<th>Tran Date</th>
<th>Type of Expense</th>
<th>Transaction Line Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct 31, 2018</td>
<td>Exempt Staff Wages</td>
<td>Oct 2018 Salary: Prof X</td>
<td>$4,119.54</td>
</tr>
<tr>
<td>Oct 31, 2018</td>
<td>Exempt Staff Wages</td>
<td>Sept 2018 Vaca Corr: Prof X</td>
<td>$127.11</td>
</tr>
<tr>
<td>Oct 30, 2018</td>
<td>Foreign Travel</td>
<td>First Class Airline Tickets To Mexico</td>
<td>$3,056.00</td>
</tr>
<tr>
<td>Oct 22, 2018</td>
<td>Office Supplies</td>
<td>Extra Thick Card Stock For Brochures</td>
<td>$265.09</td>
</tr>
<tr>
<td>Oct 20, 2018</td>
<td>Postage</td>
<td>US Postage For 5000 Surveys</td>
<td>$2,500.00</td>
</tr>
<tr>
<td>Oct 12, 2018</td>
<td>Equipment</td>
<td>5x iPhones For Team</td>
<td>$6,099.00</td>
</tr>
<tr>
<td>Oct 31, 2018</td>
<td>Periodicals</td>
<td>Journal Subscription</td>
<td>$129.00</td>
</tr>
</tbody>
</table>
Cost Principles: Roles & Responsibilities

**PI Responsibilities**
- Monitor spending to ensure compliance with Notice of Award
- Ensure compliance with BU applicable policies including Sourcing, HR, and Accounts Payable

**DA Responsibilities**
- First line of defense, should review and be aware of what costs can be charged to the award
- Escalate to PAFO Research Administrator with concerns of misuse or abuse of funds

**PAFO Responsibilities**
- High Level overview of expenses
- Complete internal audit, and contact DA when necessary
- Quarterly review of travel, internal audit of a range of invoices based on risk assessment and if RAs find any issues then RAs reach out to DAs to fix problems. (Percent of invoices PAFO looks at, and % of issues that come out of it)
BU conducts two audits each fiscal year

1. Uniform Guidance
   • If Institute has > $750K in Federal Research

2. Financial Statement Audit
   • BU as a 501(c)3 has to do a Financial Statement Audit to comply with GAAP – Generally Accepted Accounting Principles
      • KPMG is our external auditor
      • They do a random sampling of 20-25 grants per year
      • If your grant is chosen, PAFO will inform you accordingly
      • Audit is managed within PAFO but we will reach out to Departments as needed

   • Please Note: If a Sponsor reaches out to you or your PI directly as it relates to Audits or Site Visits, please immediately contact Craig Gerome, Assistant Director, Compliance, PAFO at cgerome@bu.edu or 617.353.8085 as we need to be involved and/or lead the process.
Key Takeaways

Four Cost Principles
• Allowable
• Reasonable
• Allocable
• Consistently Treated

YOU are the gate keeper to ensure costs are charged accordingly
Salary Management

Shelly Stewardson
&
Craig Gerome
Salary is typically the biggest expense on any Grant

- Student Salary
- Staff Salary
- Faculty Salary
• All salaries on grants need to be for the people who are working on that Grant, within the start and end date of that Grant

• Any expense on the Grant is to further the research (Allowability)
Student (grad or undergrad) is defined as someone who is taking classes at Boston University.

PI makes initial hiring decision

DA sets the new hire up on the IO number using legacy number

Student paid through student financial system

Hourly paid
- Use timesheets, not PARs
- Not assessed fringe

Monthly paid
- Receive PARs
- Assessed fringe benefit rate

F&A and Fringe Rates
Manage an Award

Student Salary

PI / DA Responsibilities

• Hire, monitor expenses are going to appropriate account
• Do adjustments and terminate timely (so students are not paid incorrectly)
• Schools have salary benchmarks, follow department policy and work with Student Employment Office

PAFO Responsibilities

• Approve adjustments and cost transfers, which all require two PAFO signatures before they can be processed
• Sends to student employment office (SEO) for keying into the student financial system which then feeds nightly to SAP

Resources

Student Employment Office
Student SARF form
Fringe rates
Effort FAQs
RA/DA directory
Staff on Grants are typically research staff, rarely administrative staff.

- PI makes initial hiring decision
- DA helps to initiate hiring paperwork
- Hired by HR into SAP

Hourly paid:
- Receive PARs
- Assessed fringe benefit rate

Monthly paid:
- Receive PARs
- Assessed fringe benefit rate

F&A and Fringe Rates
PI / DA Responsibilities

• Ensure allocations are appropriate and within period of performance
• Monitor payroll expenses on Grant, initiating adjustments and cost transfers in SAP using salary cost distribution form, with appropriate justification
• Timely termination

PAFO Responsibilities

• Approve adjustments and cost transfers in SAP, which all require two PAFO signatures before they can be processed

Resources

- Salary Adjustment Procedure
- Salary Adjustment Request Form
- Fringe rates
- Effort FAQs
- RA/DA directory
Faculty Salary

Includes faculty who teach and do research, and those who just do research

- Appointed via an offer letter from the School or Provost
- Appointment paperwork completed
- New hire processed by School to HR for input into SAP

9-month faculty
- CRC campus faculty with September-May appointment
- Receive PARs
- Assessed fringe benefit rate

12-month faculty
- MED campus faculty and research only faculty on CRC
- Receive PARs
- Assessed fringe benefit rate

F&A and Fringe Rates
Faculty Salary

PI / DA Responsibilities
- Process payroll and terminations timely
- Notify PAFO if PI is leaving BU well in advance
- Ensure no key personnel has reduced effort by 25% or more without first notifying sponsor
- Complete salary cost distribution form for cost transfers or adjustments

PAFO Responsibilities
- Approves all retroactive payroll forms (staff and faculty), system will automatically include PAFO in approval path if date is in the past

Resources
- Salary Accrual video
- Summer Salary guidance
- Fringe rates
- Effort FAQs
- RA/DA directory
**Effort** is the amount of time someone spends on any University activity.

**Effort Reporting** Uniform Guidance requires a system of Internal Controls to track effort on Grants after the fact.

**Personnel Activity Reports (PARs)** are the mechanism BU uses to report and certify effort after the fact.
What is “Effort”

• **Expressed as a percentage**
Not an exact measurement, because it is based on the “average” percentage, which will vary over time and does not hinge on a 40-hour work week.

• **Based on time spent**
All of a person's activities that are part of his/her institutional responsibilities (regardless of how many hours per week) are part of his/her effort.

• **Unrelated to who pays**
Allocation based on effort spent, regardless of monetary compensation.
The first two columns reflect the % based on Salary Charged and is printed directly from SAP.

The last column is intentionally left blank for the BU employee to enter the corresponding Effort.

If no changes, simply fill in the Effort percent column, sign, and return the form to PAFO.

### Categories

**I. BU Non-Sponsored Activity**

- This includes Instruction, Departmental Research, Hospital Duty, Department Administration or Student Services.
- 1xxxxxxx – Administration
- 11xxxxxxx – Teaching

**II. BU Sponsored Activity**

- **A. Sponsored Agreements**
  - 955xxxxxA – NON-FED Sponsored Research Grant A
  - 950xxxxxA – FED Sponsored Research Grant A
  - 950xxxxxB – FED Sponsored Research Grant B

**B. COST SHARING ACTIVITY - Time spent working on a sponsored agreement funded by BU Sponsored Program Number**

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### Total Effort (must equal 100%)

<table>
<thead>
<tr>
<th>Unrestricted Breakdown</th>
<th>% of Salary Charged</th>
<th>Effort Expended</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>15%</td>
<td>15%</td>
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<tr>
<td>25%</td>
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<td>25%</td>
</tr>
</tbody>
</table>
• If the % of Effort Expended column does not match salary, next steps depend on what the changes are.

• Employees can always have more effort than salary. When this occurs, the difference has to be added to cost share.

• If an Employee has less effort than salary paid, a salary adjustment has to be made to reduce the salary charged to the award. If not, this is considered fraud. i.e. the employee received more pay than work performed which is not allowed.
Reminder: PARs are only printed from the system if salary is charged to a sponsored research account (950xxxxxxx, 955xxxxxxx, or 994xxxxxxx).

If a BU employee performed effort that was not charged to the sponsored research account, you must contact effort@bu.edu so that a PAR can be manually printed from the system.
Based on Fiscal year not calendar year
Example: FY18 Period 2 translation to calendar year is Jan to Jun, 2018

When are PARs generated

Period 1
July to December

Period 2
January to June

http://www.bu.edu/researchsupport/project-lifecycle/managing-an-award
## Top tips

### Salary Adjustments
- If adjustment is needed for staff or faculty after they terminate then DA needs to complete paper SARF because you can’t adjust someone no longer in the system.

### Budget Proposal
- Best practice is to have individuals being paid listed in budget from proposal, and ensure everything is within budget requirements of sponsor.

### After-the-Fact Review
- Find payroll information on labor distribution reports, if you have access. There is also a GM report called ‘Labor Distribution by Grant.’

### Vacation Time
- For employees who earn vacation time, vacation related to Grant effort is charged to the fringe pool based on allocation of salary distribution. If 10% of someone’s effort is charged to a Grant, then 10% of vacation payout is charged to fringe pool, and 90% to Dept.
• **Reduced effort** for key personnel without advance notification to sponsor could result in a fine

• **Late adjustments** could lead to disallowed costs or additional fines depending on sponsor

• **Not terminated timely** leads to overpayments

• If on a Grant:
  • DA needs to move salary off Grant and onto Department account until staff pays it back
  • Untimely terminations could lead to disallowance of expenses, fines and findings, late cost transfers
Key Takeaways

• Return PARs on time, don’t wait until the last minute!
• Review your accounts on a regular basis with the PI
  • Reviewing accounts regularly reduces the need for cost transfers
  • Monthly is best practice (see After-the-fact review guidelines)

Contact effort@bu.edu for effort related questions
Research Support Website:

- http://www.bu.edu/researchsupport/
- Effort guidance and FAQs
- Manage an Award
Subawards & Audit expectations

Craig Gerome
Subaward: An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity.

Pass-Through Entity (PTE): A non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

Subrecipient: A non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program.

There are a variety of reasons why the University would enter into a subaward agreement. (E.g., Subrecipient has resources or skills necessary to complete a task that are not readily available at BU).

Treating entity as a subrecipient or a contractor is determined at Pre-Award stage.
PAFO receives over 2,500 subrecipient invoices annually.
Invoice Approval Process

PI completes initial review of invoice, raises any issues with DA and PAFO RA

PI must approve the invoice: Signature on invoice or via email

DA completes and submits the online Subrecipient Invoice Disbursement Form with invoice & PI approval

PAFO RA receives Form, invoice, and PI approval via Workflow. Once approved, it’s routed to AP for final processing

- Sufficient technical progress has been made to justify payment
- A brief review of the invoice, with special attention to salary and wage costs invoiced
- A review of travel expenses to verify need for the travel during the billing period
- A review of material and supply charges for reasonableness

Manage an Award located on the AP forms website: http://www.bu.edu/ap/resources/forms/
## Subrecipient Invoice Disbursement Form

This form may take a moment to load...

If the form does not load in Internet Explorer, please try using another browser like Firefox or Chrome.

## Disbursement Request Form

**Source Document No.**

<table>
<thead>
<tr>
<th>Disbursement Request Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUBAWARD</td>
</tr>
</tbody>
</table>

Please review the Subrecipient Invoice with the Principal Investigator (PI). The PI should review the invoice to determine if sufficient technical progress has been made to justify payment of the subrecipient invoice.

This review should include:

- A brief review of the invoice, with special attention to the salary and wage costs invoiced;
- A review of travel expenses to verify need for the travel during the billing period; and
- A review of material and supply charges for reasonableness.

The signature of the PI on the invoice is required. Alternate signatures (e.g., department administrator, graduate research assistant, postdoctoral fellow, etc.) are not considered adequate. In the instance where PI signature is not available, an email evidencing the PI approval will be accepted.

### Subrecipient / Payee Name

<table>
<thead>
<tr>
<th>Submitter Name</th>
</tr>
</thead>
</table>

### Address Line 1

<table>
<thead>
<tr>
<th>Address Line 2</th>
</tr>
</thead>
</table>

### Address Line 3

<table>
<thead>
<tr>
<th>City</th>
<th>State</th>
<th>Zip Code</th>
</tr>
</thead>
</table>

### Date Submitted

11/07/2018

### Submitter Phone


### Submitter Email Address

*Must be an @bu.edu address*
F&A is only charged on the first $25,000 in subaward expenses (unless F&A is waived)

**GL 517510:** Used to pay the first $25,000 in subrecipient invoices. F&A charged.

**GL 517520:** Used to pay subrecipient invoice expenses in excess of the first $25,000. F&A excluded

Ensure name and email are spelled correctly in order for proper processing through Workflow

Fund Reservation Number (FRN) is the subaward number (45xxxxxxxx)
• Department should ensure invoices are sent directly to subinv@bu.edu 😊
• Uniform Guidance certification with actual signature is required if Federal sponsor (UG Certification)
• Final balance/invoice
  • Final subrecipient invoices must be paid and posted to the account in order to be included in the final financial report, so please work with the subrecipient and PAFO RA to get the final invoice.
• GL Account Distribution
  • F&A is only charged on the first $25,000 in subaward expenses (unless the F&A charges on the entire subaward have been waived)
  • GL 517510: Used to pay the first $25,000 in subrecipient invoices. F&A charged.
  • GL 517520: Used to pay subrecipient invoice expenses in excess of the first $25,000. F&A excluded.
• Advances: Most subawards are cost reimbursable. For those set up as Advances:
  • Process through AP (not PAFO) using standard AP Disbursement Request
  • Charged to departmental/unrestricted account
  • Inform PAFO of invoice
  • Desk Review conducted
  • Journal entry completed to move expenses onto Grant
Review your subawards to ensure they are spending accordingly

- PAFO conducts a periodic review (bi-annually) of all active Fund Reservation Numbers:
  - If a FRN has had $0 expenditures charged against it and has no pending invoice within six (6) months of the execution date.
  - PAFO contacts the PI and DA for additional information as to why spending has not occurred.
PAFO Subrecipient Monitoring - Annual Review

PAFO conducts an annual subrecipient monitoring review as required by Uniform Guidance.

Review of every subrecipient with an expense in the given fiscal year.

If subrecipient is subject to UG:
Review and assess any UG audit findings.

If subrecipient is not subject to UG:
Subrecipient must complete an Audit Certification and Questionnaire.

Over 200 subrecipients are reviewed and logged annually.
### PAFO Subrecipient Monitoring - Desk Reviews

PFO conducts desk reviews of subrecipient invoices for a variety of reasons:

<table>
<thead>
<tr>
<th><strong>All high risk and foreign subrecipients</strong> are subject to desk review</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Based upon Risk Analysis completed by SP. Works with PAFO to mitigate risk.</td>
</tr>
<tr>
<td>- E.g. additional subaward terms and/or desk review</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>As a result of the annual subrecipient monitoring review</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- E.g. multiple UG findings, issues with responses to Questionnaire</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>At the request of the PI, DA, or PAFO RA</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- E.g. certain charge(s) do not appear appropriate, charges not commensurate with science</td>
</tr>
</tbody>
</table>
PAFO Subrecipient Monitoring - Desk Reviews

Desk reviews audit an individual invoice received from the subrecipient.

Subrecipient must provide supporting documentation for all costs associated with the invoice.

Compliance Team reviews the invoice and documentation for accuracy and content.

Compliance Team informs subrecipient of changes needed for invoice presentation and/or disallowed costs.

- DA/PI/PAFO RA on both initial email and conclusion email from Compliance Analyst.
- If subrecipient is unresponsive may lead to nonpayment of invoices. Compliance Analyst informs RA/DA/PI.
As recipients of sponsored projects, our awards may be audited by Federal agencies, Federal sponsors, non-federal sponsors, and Pass-through Entities.

**Types of Audits:**

1. Uniform Guidance Audit;
2. External Audit (Specific award, specific invoice - desk review, Site visit, specific payment)

**PAFO:**
- Works directly with auditor as BU “point of contact” on financial matters;
- Informs PI and DA;
- Works with DA to obtain any supporting documentation or respond to auditor questions.

- Please notify Craig Gerome (617.353.8085; cgerome@bu.edu) upon receipt of an audit/site visit notice.
Key Takeaways

- Department should ensure invoices are sent directly to subinv@bu.edu
- Department should work with PAFO RA to confirm final balance with subrecipient
- Please notify Craig Gerome (617.353.8085; cgerome@bu.edu) upon receipt of an audit/site visit notice
Fringe and F&A

Tommy Nunez
Gretchen Hartigan
Fringe Rate

- Benefit costs regardless of employee status, e.g. vacation, retirement, health, dental, etc.
- Negotiated with Federal government every 2 years
- Rates for: Federal (Pro / Non Pro / Grad health plan); Non Federal (Pro / Non Pro); Admin Rate

F&A Rate

- Expenses that can’t be directly assigned to an award, e.g. buildings, utilities, central staff
- Negotiated with Federal government every 4-5 years
- Rates for: Organized Research, Instruction, Other Sponsored Activity, Off Campus
Fringe Rate

What you need to know
• Some Sponsors cherry pick components of the award; BU allows but it is a manual manipulation as the system is only set up to charge our negotiated rates.

F&A Rate

What you need to know
• Some Sponsors limit the allowable F&A Rate; BU accepts that when it’s a Sponsor limitation
• Provost approval is required when the Sponsor does not limit the F&A Rate and Department wants a lower rate then the Standard
We use cost share from the PARs to help determine MTDC base for F&A rate proposal preparation.

\[ \text{Indirect costs} \quad \text{Modified Total Direct Costs} \quad = \quad \text{F&A rate} \]

“F” = Utilities; Building Costs; Interest; Depreciation; “A” = PAFO/SP; HR; AP; etc

Base less Exclusions (capital equip; subs >25k, etc) + Cost Share including Over the CAP (OTC)
Scaffolding would be considered an “Exclusion” from MTDC as it is a piece of Equipment.

Paint would be considered a Direct Expense and included within MTDC.

The Paint Store Utilities would be a part of the “F” for Facilities.
**PAFO Responsibilities**

- Calculating and negotiating rates
- Updating SAP with rates (system generated calculation in SAP)
- Ensuring new GL numbers are assigned F&A or fringe accordingly

**PI/DA Responsibilities**

- Using the correct rates at proposal time
- Using the stepped up rates accordingly
- When viewing your IO using BW reports, look at “Overhead Key” free characteristic to find the rate

**Resources**

- F&A Cost Rate Training Video
- F&A Cost Analysis Webpage
- Current F&A Rates

KPMG, our external auditors, have tested SAP to ensure the system is calculating fringe & F&A rates accordingly
Institutional Numbers and Rates

On this page: Name of Applicant, Identification Numbers, Dates, Rates, F&A (Indirect) Cost Rates
Service Centers

Herb Lewis
Service Center Administration provides guidance and information concerning compliance with federal regulations and University policies and procedures as they pertain to service center operations. They provide oversight and review of the financial aspects of service centers, and analyze and approve the rates charged to users for their services. This office also evaluates proposals for new service centers.

Service Center Examples

- Animal Science Center
- Flow Cytometry Core Facility
- Chemical Instrumentation Center
- Single Cell Sequencing core
- Cognitive Neuroimaging Center – MAGNETOM 3T Prisma Scanner (fMRI)

- Primarily scientific/research related facilities
- Fee for service
- Service Centers operate as central facility everyone can use and pay for use, more economical than each having their own
- High end instruments are often established as a service center
DAs should know how to utilize services if PI or lab staff wants to use research service center

**Service Centers**

Go to appropriate service center website to determine access criteria or method

Submit ISR (internal service request) or other required documentation

Service provider fulfills request and charges Grant

**Resources**

Rates are published on service center websites, hourly or project based. [www.bu.edu/cores](http://www.bu.edu/cores) and [www.bu.edu/researchsupport/tools-services/core-facilities/](http://www.bu.edu/researchsupport/tools-services/core-facilities/)

For questions, use the contact listed on the specific service center website.
Property & Cash Management

Missy Downs
Cash Management is responsible for all non-student University Billing, both sponsored and non-sponsored. This area oversees all Miscellaneous Receivable billing and collection that is handled directly by University departments. In addition, the team is responsible for the collection of outstanding Accounts Receivable.

**Billing Types**
1. Cost Reimbursable
2. Milestone

**Award Statuses (as listed in SAP)**
1. Approved Award – allows for billing
2. Pre-Award Billable – allows for billing
3. Pre-Award Not Billable
4. Compliance Hold
5. Department/OSP – allows for billing
6. PAFO/OSP – allows for billing
7. Pre-close
8. Closed

**Resources**
Property Management oversees all moveable capital equipment matters, from pre-purchase considerations, purchase & sale, accounting for, and disposal of equipment.

Capital equipment is any tangible, non-expendable property that has a useful life of one year or greater with a cost of $5,000 or more.

**Property Team Responsibilities**
- Maintain accurate equipment records
- Comply with federal regulations
- Tag all moveable capital equipment owned by or located at BU
- Supply information to Risk Management and University departments
- Database is sub-ledger for the University’s financial statements
- Conduct physical inventories at least every two years

**DA Responsibilities**
- Contact Property Management when equipment moves permanently within University, is disposed of, transferred, sold, stolen, destroyed, damaged, or no longer in use.
- Assist in locating equipment for tagging, physical inventories, or audit
- When using shopping carts to purchase capital equipment include a detailed description of the equipment, use the address where the equipment will be located, and use the PI’s name

If equipment is not in our asset system it will not be covered by insurance if anything happens to it.
Cost Transfers

Shelly Stewardson
Reviewing accounts regularly with your PI is vital to ensure that the costs on the account are correct, and nothing is missing.

Remember to ask:
- Are the people whose salary is being charged to the grant correct? Is anyone missing?
- Expenses as expected? Any big purchases that aren’t showing up?
- How is spending looking against proposal and projections? (Bring an award file when you meet with your PI. E.g. *The proposal shows 3 domestic trips and none have been booked yet, are they still happening?*)

⭐ Spot any errors and make cost transfers timely.
A Cost Transfer is an after-the-fact reallocation of the cost associated with a transaction from one project (account) to another.

An Adjustment or Cost Transfer has to move from the account that the charge currently appears on to the account you want the charge to go to, and must be of an expense that has posted to an account already.

The PI who approves the cost transfer should be on the debit side of the transaction, from the account charge is going to, not coming from.

**DA Responsibilities**
- Initiating all adjustments and cost transfers after meeting with PI

**PAFO RA Responsibilities**
- Review all salary and non-salary cost transfers and approve or reject
So for example...

- Expense was recorded under a University Cost Center by error
- An unallowable expense is moved from a Grant account to a Department account
- Lab supply expenses that need to be allocated to multiple Grant accounts
- Moving salary off of an account for a terminated employee
Non-Salary Adjustments

Moving expenses or correcting GL within the same SAP Grant

- Moving an expense from Y1 I/O to Y2 I/O under the same SAP Grant
- Process via ZJ type Journal Entry
- Does not route to PAFO
Non-Salary Cost Transfer

Moving non-salary expense from Department to Grant, or from one SAP Grant to another SAP Grant, or from Grant to Department account

DA initiates transfer in SAP → Completes required explanation based on under/over 90 days → SAP generates email to PI of debit grant as selected by initiator

PI signature or email approval → Routes to PAFO for signatures x2
ZK and ZV Journal Entries

< 90 days

(ZK Journal Entry)

Explain how expense relates to account it’s being moved to

Cause of the error, ie why it wasn’t on correct account to begin with

> 90 days

(ZV Journal Entry)

Explain how expense relates to account it’s being moved to

Cause of the error, ie why it wasn’t on correct account to begin with

Why it took 90+ days to do correction

What control will be put in place to ensure it doesn’t happen again
Cost transfer requests must include **justification** and explanation of error.

“DA inadvertently used wrong award code to purchase supplies; the transfer would charge the award originally intended. It was noticed during PI’s review of monthly financial report.”
Cost transfer requests must include justification and *explanation of error*.

“DA inadvertently used wrong award code to purchase supplies; the transfer would charge the award originally intended. It was noticed during PI’s review of monthly financial report.”
Salary Adjustments or Cost Transfers

Moving salary expense from Department to Grant, or from one SAP Grant to another SAP Grant, or from Grant to Department account

DA initiates transfer in SAP using Cost Distribution Form → Completes required explanation based on under/over 90 Days → SAP generates email to PI of debit grant as selected by initiator

PI signature or email approval → Routes to PAFO for signatures x2
<table>
<thead>
<tr>
<th>Time Frame</th>
<th>Cross PAR Periods</th>
<th>Required Attachments</th>
<th>Required Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 90 days of Effective Date</td>
<td>No</td>
<td>None</td>
<td>• Authorized Department Designee&lt;br&gt;• PAFO RA&lt;br&gt;• PAFO Manager</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>PAR</td>
<td>• Authorized Department Designee&lt;br&gt;• PAFO RA&lt;br&gt;• PAFO Manager</td>
</tr>
<tr>
<td>&gt; 90 days of Effective Date</td>
<td>No</td>
<td>PI Approval</td>
<td>• Authorized Department Designee&lt;br&gt;• Principal Investigator&lt;br&gt;• PAFO RA&lt;br&gt;• PAFO Director or AVP</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>PAR and PI Approval</td>
<td>• Authorized Department Designee&lt;br&gt;• Principal Investigator&lt;br&gt;• PAFO RA&lt;br&gt;• PAFO Director or AVP</td>
</tr>
</tbody>
</table>

Please note it is at the discretion of PAFO to approve salary cost transfers; cost transfers will not always be approved, especially if entries are > 1 year old or are requested after final invoice or FFR has been submitted.
Salary Adjustment Request Form (SARF)

- For salary adjustment or cost transfer of terminated employee (because system is locked)
- Adjustment to recurring payments could be additional payments, salary payments, or EPU

Find SARF on Research Support website

Complete form and send to PAFO RA

Complete explanation fields about why transfer is being made

Get PI signature or email

PAFO approves and submits to HR who key it on the backend

*Employees overpaid due to late termination cannot stay on a Grant and must be moved to Dept account. Once individual pays back University the payment will post to the Dept account that the overpayment was moved to.*
Stipend adjustments

**Historical end date in the past**
- Journal entry (ZK, ZV, ZJ) to do a correction

**Historical end date not in the past**
- Use the stipend request form in SAP

*Example 1:* You set a student up with stipend semester to semester, and you find out that distribution for the prior semester was incorrect then the historical end date is in the past.

*Example 2:* You set up student for the academic year and discover the error within that time, you can use the stipend request form.

*Typically your school sets the rules on the period that you set stipends up for (some schools do semester by semester, some for whole academic year)*
Audit Issues and Risks

• Cannot use adjustments to clear overexpenditure to another Grant

• Cannot be used to spend down an award
  
  • In either case PAFO will likely ask for supporting documentation that this is not what you’re doing, in the form of written communication

• Frequent cost transfers that are 90 days+ could indicate to auditor that you have no internal controls, so it’s important to meet with PIs regularly to ensure expenses are where you expected them to be
To determine if expense is over or under 90 days, use the date that the expense posted to the incorrect account

- For example, you order test tubes Feb 1, and the invoice came in and posted on April 30 to the wrong account. April 30 is the date you use to determine if transfer is under or over 90 days.
Top tips - Salary

To determine if over or under 90 days, use first date of the payroll period

- For example, June salary being adjusted in late September could generate the over 90 day explanation fields because SAP is based on initial effective date of salary, not posting date of payroll
- Any retroactive adjustments to a payroll form still routes to PAFO, even if not changing distribution, but only requires 1 approval (example annual merit increases for faculty on Grant)

- Payroll posted: June 29
- Adjustment made: Sept 6
- Date SAP counts as effective date of salary: June 1
- Adjustment made: Sept 6

> 90 days
• The key to a successful cost transfer lies in the documentation you provide.

• References to phone calls or undocumented meetings are weaker cost transfers, so document with an email.

• Timely review of accounts should minimize need for most cost transfers.
Closeouts

Shelly Stewardson
Closeouts Process

PAFO emails PI and DA annual ending notice or award ending notice (AEN) for accounts with end date 60 days in the future → Good time to initiate a No Cost Extension if necessary, DA should reach out to SP RA → DA works with PI and PAFO RA to confirm ending balances for submission of annual or final invoices or reports

DA ensures reported expenses are posted and paid, open commitments closed, and over expenditures cleared → PAFO changes account status in SAP to PAFO/OSP or Closed (once budget = expenses + revenue, no open AR) → PAFO RA submits final invoices and Final Financial Reports (FFR) to manager for review before submission to Sponsor
Is it the end?

Sometimes it’s the end

Just because the grant or contract is ending doesn’t mean that the PI and research team have completed this line of inquiry or answered all the research questions.

While it does sometimes mean the end of that PI’s line of research, especially if he/she has exhausted all funding sources. It usually means that it is the end of this particular funding source.

Sometimes it isn’t the end

For many sponsors, it is possible to renew an existing grant to extend its lifecycle by adding another segment of 2, 3 or 5 years; often called a renewal or competing continuation and the process is very similar to that of a new grant submission.

It may also be possible to extend the final budget period of the current grant without undergoing the competitive process. Most institutions that have expanded authority can approve the extension of the final budget period without sponsor approval because it does not involve additional funds from the sponsor. That is why it is called a no cost extension.
Roles & Responsibilities

**PI Responsibilities**
Ultimate responsibility in closeout rests with the PI; required to:
- write the final progress report
- approve the final financial statement
- report on any administrative issues (disposal of equipment, etc.).

**DA Responsibilities**
Review and preparation of financial reports. Ensure that initiators of transactions work to close commitments.
- Sourcing closes shopping carts or purchase orders
- PAFO closes subaward commitments
- Internal service providers close commitments on ISRs

**PAFO Responsibilities**
Produce and submit to sponsor final and annual invoices and financial reports including:
- final property reports if required
- Manpower reports
- Small business plans reporting
- Supplies in excess of $5000 reporting

**SP Responsibilities**
- Assist with Carry Forward and No Cost Extension requests
- Assist with preparation and submission of invention statements when required
Non Financial Closeout

- Like annual reports, part of grantee’s obligation to the sponsor
- Some sponsors send reminders about these deadlines, others do not. It is the PI’s/DA’s responsibility to track this deadline and compile the necessary reports
- Some non-financial closeout documents require SP’s involvement (for signature or to submit), others are submitted directly by the PI
- Does not require internal transmittal form

Always refer to the award documents to find out sponsor requirements:
- What is required? Final technical report? Final invention statement?
- What period is to be covered (e.g., is it a final annual report or an overall summary)?
- Is there a special format or form required?
- How is it submitted?
Key Takeaways

• Late closeouts can lead to sponsors indicating that the University or PI is not compliant with sponsor rules and regulations.

• If award closeout falls on weekend date, we will always report on the preceding Friday not the following Monday. Check Award notices for closeout timelines as each award and sponsor can be different.

• In some rare cases, usually foundation awards, PI is asked to submit reports. In these cases PAFO will still generate and send to PI for submission and DA should let PAFO know when submitted.

Resources

- Closeout an Award Webpage
- Award Finance FAQs
- Carryover and No Cost Extension Guidance