

ASRSP & Cost Studies Semi-Annual Networking Events

Evanston: Tuesday, 02/12/19
Chicago: Wednesday 02/13/19

Agenda

- Federal Regulations Focus in 2019/
ASRSP Summary – Mike Daniels
- Billing Types: Letter of Credit, Invoiced,
Scheduled, Fixed Price – Felice Patterson
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Agenda (cont.)

- New Online Processing for Over 90 Day Salary Cost Transfers – Erin Farlow
- FY19 KPMG Single Audit Preparation / NSF & NIH Audits: Lessons Learned– Jennifer Mitchell
- New Cognos Report: GM096 Grants Transaction History Queries –

Federal Regulations Update / ASRSP Summary

Semi-Annual Networking Event
February 2019

Mike Daniels / Executive Director, Research Financial Operations

Federal Regulations Update

Federal Regulations Update

- Cloud Computing & F&A
 - NSF recent program solicitation, NSF 19-510, prohibited the application of F&A to cloud computing costs
 - These costs are currently included in MTDC research bases, so prohibiting the application of F&A to these costs prompts more review and discussion

Federal Regulations Update

- Blockchain Technology
- Digital information (the “block”) stored in a public database (the “chain”)
- Information held on a blockchain exists as a shared — and continually reconciled — database. The blockchain database isn’t stored in any single location, meaning the records it keeps are truly public and easily verifiable
- By allowing digital information to be distributed but not copied, blockchain technology created the backbone of a new type of internet

ASRSP Summary

ASRSP Summary

Leadership Updates:

- Craig Johnson appointed Senior Vice President for Business and Finance
- Mandy Distel appointed Senior Associate Vice President for Finance and Treasurer
- Luke Figora appointed Senior Associate Vice President and Chief Risk and Compliance Officer

ASRSP Summary

ASRSP Staff Updates - thank you for your service:

- Frank Cutting, Senior Grant and Contract Financial Administrator (GCFA), Evanston Campus
- Karen Martin, GCFA, Chicago Campus

ASRSP Summary

- Implementation of Uniform Guidance Procurement Regulations
- Pilot Program for Subcontract Invoice Workflow Approvals
- Sponsored Project Online Training (SPOT) Subcontract Invoicing Micro Learning Module: <https://osr.northwestern.edu/training/spot>
- Effort Reporting Assessment – Frequency of Reporting & Best Practices for Northwestern

ASRSP Summary

- Audits in 2018
 - NIH Subaward – Multi-Year Audit
 - NSF Data Analytics – Multi-Year Audit
 - PwC Single Audit – FY17
 - KPMG Single Audit – FY18
 - State of IL Audits and Site Visits
 - City of Chicago Audit
 - Sandia Labs Audit

Billing Types Review: LOC, Invoiced, Scheduled, Fixed Price

Semi-Annual Networking Event

February 2019

Felice Patterson / Assistant Director

Objective

- Discuss NUFinancials Contract/Bill Types
- Define each Contract/Bill Type
- Discuss what each one could mean to your grant management practices

Contract/Bill Type

- Cost Reimbursable Types:
 - INV = Invoicing (ASRSP Bills)
 - LOC = Letter of Credit (ASRSP Bills)
 - SCH = Scheduled (Billing Varies: could be GCFA, dept., or pre-paid in some cases)



Contract Types in NUFinancials

- Path: Customer Contracts → Create and Amend → General Information
- Search your Award ID in Contract Number Field using the Award ID (SP0000009)



Contract Types

- Cost Reimbursable
 - NU is reimbursed for actual costs incurred
 - Costs must be allowable, allocable, reasonable and treated consistently
 - Supporting documentation, receipts, or timesheets may be required for some invoices
 - NU does not retain funds
- Fixed Price
 - Fixed Price Capitation
 - Negotiated Cost Per Unit
 - Per patient cost or non-clinical human subjects
 - Total award amount may be unknown when agreement is created
 - Fixed Price Deferred
 - Total award amount may be negotiated and paid upfront
 - Payment schedule may be based on milestones

Letter of Credit- Cost Reimbursable

- NUFinancials Contract Type: LOC
- Invoiced by ASRSP in NUFinancials either Weekly or Monthly, funds are drawn down from various Federal systems
- ASRSP reviews awards for FCOI holds & reductions in authorized amounts
- For HHS Awards: Funds expire 120 days after the award end date and require special approval from the HHS Grants Management Specialist

Scheduled –Cost Reimbursable

- NUFinancials Contract Type: SCH
- Financially reported by ASRSP
- Payments are made in various ways
 - Specified amounts billed per agreement (ASRSP)
 - Payments dependent on PI/Technical report (Dept.)
 - Payments arrive per schedule and/or milestone
 - Ex 1: as soon as we execute an agreement
 - Ex 2: PI sends a deliverable each quarter
- Since payments vary per agreement, Dept. and GCFAs must read the agreement carefully to understand all expectations in their entirety
- Permission to retain balance must be obtained from the sponsor and written into the agreement

Fixed Price

- NUFinancials Contract Type: FP
- Industry Clinical trials deliverables are com8 (gb1 (nie:)-mq96 0g (

Who is billing the award?

- If the invoice involves billing financial information, ASRSP is the authorized billing agent
- If the invoice involves non-financial deliverables, Dept. should bill and send a copy of the invoice to ASRSP
- Still not sure? Contact your GCFA to discuss
 - Some agreements are not always clear
 - Everyone benefits if ASRSP, OSR and the Dept. are on the same page

Areas to Watch

- When there is a FCOI hold, NU

Quick Grid

Treatment of Deficits/Cost Overrun

Semi-Annual Networking Event
February 2019

Katherine Mustea / Assistant Director

Order of Precedence

- Removing Costs due to Overrun

1. Non-Tuition/Non-Payroll

2. Tuition

3. Payroll

1. Clearing Cost Overrun with Non-Tuition/Non-Payroll Expenses

- If a cost overrun occurs and there are sufficient non-tuition / non-payroll costs to remove:
 - Department can provide a non-sponsored chart string to ASRSP
 - ASRSP will move related direct costs off the award to the department chart string provided. The journal will include a detailed listing of which costs are being removed from the award and paid by the department
 - Indirect costs are written off when the ASRSP journal posts
 - Audit Red Flag
 - Department Correction journals at closeout which move costs to other sponsored projects increase audit risks. The approach above shows the appropriate mechanism to cover the deficit

2. Clearing Cost Overrun with

Best Practices - Deadline to Address Deficits

- ASRSP needs departments' help to resolve cost overruns for timely submission of final financial reports. Cost overruns should be removed before submitting
- Please address cost overruns within 15 days of the award reporting deadline or 60 days after the award ends, whichever is earlier
 - Ex: State of IL awards have final invoices due 30 days after the end date (end date in June = report due in July). The cost overrun should be addressed no later than 15 days before the invoice is due
 - Ex: NASA awards are closed 90 days after the end date, so cost overrun should be addressed no later than 60 days after the end date
 - For awards with no report due, address the deficit within 60 days of the end date

Best Practices - ASRSP

Communication for Deficit Cleanup

- GCFA will email the department to address the deficit if necessary
 - Department response is requested within **1 calendar week**. The response should include a non-sponsored chart string for ASRSP to move non-payroll/non-tuition costs onto, and if applicable, details of how tuition and/or payroll will be removed (individuals, amounts, dates, etc.) in their systems of record
 - However, we encourage departments to proactively reach out to ASRSP to address deficits as soon as you identify them
- If ASRSP does not receive a reply within 1 calendar week of the first email (including specifics of how the deficit will be resolved), the GCFA may email a **second reminder**, copying the dean's office for their assistance

Prevention

- Reconcile budget statements monthly

Thank You

Payroll Journal Workflow

- Online over 90 day journals must be approved by your Dean's office no later than Wednesday evening in order for them to be approved by Effort/ASRSP in time for Thursday GL processing
- Journals approved by the Dean's office after Wednesday will be processed on the following week's GL
- If a journal is approved by the Dean's office on Thursday and needs to be rushed, please contact your Effort Coordinator and GCFA as soon as possible to request special review. We will accommodate if possible, but same day processing is not guaranteed. Please minimize rush requests by submitting journals timely

90 Day Threshold / Online Approvals

- 90 Day Threshold
 - A journal is Over 90 Days when more than 90 days has passed between the journal's Start Date and the date of entry (e.g. Journal Start 9/1/18, entered on 12/1/18)
 - If a journal is approaching 90 days old, you have the option to enter it as an over 90 day journal (useful if you think it may not be fully approved before 90 days is reached)
- Online Approvals
 - Approval of a journal also implies approval of the attached documents, if you have the authority to do so
 - Over 90-Day biweekly and stipend journals with a sponsored account *will* route to Effort Reporting, but will be “approved” without Effort review and passed to ASRSP

Required Documentation

- Over 90 Day Memo with Preparer & PI Signatures
- Certified Effort Report(s) if applicable (exempt payroll) and available (quarter has been released and the initial expected due date has passed)

Documentation Considerations

Since uploads cannot be deleted, care must be taken to ensure only relevant and complete information is attached

- **Approvers will reject transactions if documentation is insufficient or unreasonable**
 - “The PI told me it was okay.” / “I just found out the grant has 10K left that I need to spend down!”
 - Certified effort doesn’t support the transactions
 - Weak/vague/generic explanation
 - Conflicting documentation – the memo explanation does not match the transactions requested
 - Missing preparer or PI signatures on memo

- **Upload only what is necessary to justify your request**
 - Note: all uploaded documentation is permanently stored with the processed journal record

Journal Deletion

Journals *will* be deleted if...

- The transaction is denied by any approver
- An **Under 90 Day** journal has become over 90 days without final approval
- An **Over 90 Day** journal has passed three months from entry without final approval

When a journal is deleted...

- The Data Enterer is notified **only if** a journal is *denied by an approver*
- The transaction must be re-entered, if appropriate to do so (there is no copy function)

Other Journal Rules

Existing online journal rules...

- Valid Chart String approvers (PTAs) and School Approvers must exist
- Project and account codes must be open to allow the transfer
- Journals must be separated by quarter

Online journals are not available for...

- Emeritus funding
- Transfers between payroll and scholarship/stipend accounts
- Transfers over 12 months old
- 90-day temp journals (under 90-day temp journals are still online)

Additional Information

- For complete workflow and instructions, please visit:
- <https://www.northwestern.edu/myhr/admin/updates/90-day-journals.html>
- <https://www.northwestern.edu/myhr/admin/updates/hrs102-entering-payroll-journals.pdf>

FY19 Single Audit Preparation / NSF & NIH Audits – Lessons Learned

Semi-Annual Networking Event
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*Jennifer Mitchell, Associate Executive Director
ASRSP and Cost Studies*

What's New in FY18 Annual Single Audit?

- New auditor – KPMG
- New approach
 - 40 Routine Principal Investigator (PI) interviews
 - **THANK YOU FOR THE TEAMWORK!**
 - Preferred vendor listing
 - Effort Reporting System (ERS) audit
 - Cost Transfer listing
- Other updates
 - Increased selections
 - From 25 to 40 selections for most audit types (see the next slide)

Audit Types (Categories)

Type	Control
A, B	Allowable Costs and Cost Principles
C	Cash Management
F	Equipment and Real Property <ul style="list-style-type: none"> • Equipment inventory for assets funded by Federal sponsors • Equipment disposal
G	Matching and Earmarking <ul style="list-style-type: none"> • Cost share
H	Period of Availability
I	Procurement and Debarment <ul style="list-style-type: none"> • Bids and sole source justification (SSJ) • Preferred vendor verification
J	Program Income
L	Reporting
M	Subrecipient monitoring
N	Special Test and Provision <ul style="list-style-type: none"> • Personnel – salaries, effort, and commitment

<https://www.whitehouse.gov/wp-content/uploads/2018/05/2018-Compliance-Supplement.pdf>

Preparation for FY19 Annual Single Audit

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Communication with Auditor for Sponsored Project Financial Audit

- Responding to the auditor
 - Focus on the question; respond succinctly and truthfully
 - If not sure, do not guess the answer; getting back to the auditor with a response later is recommended
- If contacted by the auditor directly, please notify ASRSP at your earliest convenience
 - ASRSP supports financial audits for sponsored project administration
 - Example: Do not send certified effort reports to the auditor without notifying the Effort team

Update - Department Post Award Workgroup

- Sponsored Project Purchase Justification
 - <https://www.northwestern.edu/asrsp/docs/sponsored-projects-purchase-justification-v6.pdf>
 - Example: computing device
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HHS OIG – Subrecipient Monitoring Audit

- Audited period: Dec 26, 2014 to Dec 31, 2016 (2 years)
- All incoming and outgoing expenditures were submitted for review and sampling
- Testing
 - Incoming (as sub – fund code 620): 30 selections, totaling \$1.1m
 - Outgoing (as prime): 30 selections, totaling \$0.8m
- Audit report published November 2018
<https://oig.hhs.gov/oas/reports/region5/51700016.asp>
- **All costs we014506 -1.21dsts 0c 0 Tw 180.88 76 /Lbl /MCID 61 BDC 0 T**

Lessons Learned - HHS Subrecipient Monitoring Audit

	Incoming (as Subawardee)	Outgoing (as Pass-through Entity)
Northwestern Fund	Fund 620	Fund 610
Sampled Amount	\$1.1 million (30 samples)	\$0.8 million (30 samples)
Salaries and Wages	Northwestern employees -	

HHS OIG Subrecipient

NSF Data Analytics Audit

- Audited Period: July 1, 2013 to June 30, 2016 (3 years)
- Total NSF funding: \$129m
- All expenditures were submitted for audit
- 220 GL and 30 payroll transactions, totaling \$5.5m, were selected for testing
- Duration: June 2016 to January 2019 (thousands of hours devoted)
- Report released December 2018:
https://www.nsf.gov/oig/_pdf/19-1-001_NorthwesternU.pdf

Lessons Learned - NSF Questioned Cost by Finding

Description	\$Finding	Additional Details
Unreasonable Expenses Near Award Expiration	21,937	Equipment (e.g., computing Device) or supplies charged near or after end of awards.
Misapplication of Indirect Costs (IDC)	17,517	Capital Account Code must be used for eligible equipment over \$5k. Indirect Cost cannot be claimed for capital equipment.
Unreasonable or Unallocable General Expense Charges	7,174	Tuition must follow payroll charges. When a payroll charge is journaled from/to a sponsored project, the funding of tuition must be updated.
Unreasonable, Unallowable, or Unsupported Travel Costs	3,589	Travel should not occur after award end; duplicate hotel nights are not allowed.
Unsupported or Incorrect Charges to Participant Support	1,244	Limitation on participant support costs.
Total:	51,461	

GM096 - Grants Transaction History Queries

- Details of expense transactions and finalized budget lines by project or contract (2 queries)
- Easy access to all transactions charged to an award: run this report to proactively review sponsored charges and facilitate reconciliation
- ASRSP recommends running this report as part of your routine reconciliation process for sponsored projects
- Path to the report:
Team content -> Finance Facilities and Research Administration-> School -> Sponsored Program Management

Live Demonstration

Svetlana Kanev

