Reviewing Expenditures

1. Get to know your portfolio
2. Maintain your records
3. Reconcile
4. Make necessary corrections
Get to know your portfolio

- Award Terms and Conditions
- Sponsor Agency/ Organization Guidance
- OMB Uniform Guidance
### Cost Principles

<table>
<thead>
<tr>
<th>Allowable</th>
<th>Reasonable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permitted to be charged to the sponsored project</td>
<td>In its nature and amount does not exceed that which a prudent person would incur under similar circumstances</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Allocable</th>
<th>Consistently Treated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and services are chargeable and assignable to the award relevant to the benefits received.</td>
<td>Similar costs are treated as either a direct or indirect cost in similar circumstances</td>
</tr>
</tbody>
</table>
Is it allowable?

- Was this expense included in the sponsor-approved budget?
- Was the expense necessary for proper and efficient performance and administration of the award?
- Does the expense conform to all limitations contained in the law, regulations, and grant terms and conditions?
- Was this expense made in accordance with institutional policies and procedures?
- Is this expense charged only to the federal award to which it relates, and not included as a cost or used to meet cost sharing or matching requirements of any other federal award?
- Is there adequate documentation of the expense?
Is it allocable and consistently treated?

- Does this expense directly benefit the project?
- Was this expense treated consistently as either a direct or an indirect cost in like circumstances?
  - general office equipment and supplies
  - salaries for administrative personnel
Is it reasonable?

- Does the expense, in its nature and amount, exceed what would be incurred by a prudent person under the circumstances at the time the decision was made to incur the cost?
- Does the amount of this expense align with market prices for comparable goods and services for the geographic area?
Get to know your portfolio

Institution Policies and Procedures

- University Research Services & Administration
  - Office of Sponsored Proposals & Awards
  - Research Integrity
- University Finance & Administration
  - Human Resources
  - Budget & Planning
  - Facilities Management
  - College and Department
Maintain Records

- Keep a copy of award documents and award budget
- Keep copies of correspondence regarding changes to the award and budget
- Keep hard copies of invoices and receipts
- Save any prior expenditure reviews and supporting documents in electronic files on a Shared Drive
- According to federal regulations documentation should be maintained for up to 3 years after payment of the last invoice
  - Start Date 09/01/2009 - Project End Date 08/31/2012, last invoice paid 12/15/2012, maintain records until 12/14/2015
Reconcile

What is reconciliation?

- Process of comparing the entries on expense reports to supporting documentation and resolving any discrepancies.

- Reconciling project accounts on a monthly basis after month-end close will help you manage sponsored funds to ensure that expenses charged to these projects meet the standards set by federal regulations.
Reconciliation Entails

Expenditure Review

- Confirming all expenses were incurred during the project’s period of performance.
- Reviewing all expenditures and encumbrances to ensure that they are allowable, allocable, and reasonable
- Matching each transaction on the Project Drilldown report to its corresponding source document and supporting and verifying that it is allowable and that the quantities and amounts are correct.
Reconciliation Entails

Corrections and Cost Transfers

- Correcting any errors discovered as soon as possible and in accordance with GSU’s cost transfer policies and procedures.
- Monitoring cost transfers to ensure that they are completed in a timely manner.
Reconciliation Entails

Supporting Documents and Signatures

- Maintaining documentation that will support expenses in the event of an audit.
- Verifying PI’s progress on the project/statement of work to confirm status of deliverables.
- Obtaining PI signature
  - Recognizing PI responsibility for day-to-day management of the project
  - Review/Reconciliation report approving all expenditures as appropriate.
Certification of Review

Certification Documentation

- Check with your unit for the format of certification documents
  - forms
  - emails
  - other notation from VP/Dean
- Documentation should include
  - Name of person completing the review
  - Review date
  - Speedtype(s) reviewed
Salary

- The correct account code is used
  - PSS000- Salaried Employees
  - PLS000- Summer Faculty
  - PLG000- Graduate Assistant
  - PLM000- Misc Lump Sums
- For hourly employees, hours are correct
- That the amount charged reflects the effort percentage
  - Check their effort, does it match award budget?
  - Are there any outstanding PAFs that require follow-up?
Reviewing Effort

Dr. Etan is a faculty member who has a 9-mo academic appointment with an option for an additional 3-mo appointment during the summer.

He is paid $1,666.65 this month (July) to work on a sponsored project.

The award document states he has committed 0.45 summer months to the project. What is the percentage of effort committed to this project?

0.45 summer months / 3 summer months = 0.15 or 15%

Does his pay reflect his effort commitment for this project?

Summer salary is based upon academic salary. Monthly amount is the same.

Dr. Etan earns $100,000 during the academic year.

$100,000 / 9 months = $11,111 per month

$11,111 x 0.15 = $1,666.65

Yes. The amount charged to the project reflects his documented effort commitment.
Travel
GSU Travel Services

- Has person traveling has contributed effort to the project?
- Consultant travel should be included in consultant costs
- Is travel allowed on the project?
- If foreign travel, was flight in accordance with Fly America Act?
- Was the correct account code used?
  - Conference registration is a materials and supplies cost
Travel
GSU Travel Services

- Do travel expenses correlate with receipts?
- Are there any unallowable costs included in the travel reimbursement amount?
  - Alcoholic beverages
  - Entertainment
  - Goods or services for personal use
  - Charges occurring outside of the budget period
Equipment

- Does the amount charged match the amount on the supporting documentation?
- Was the correct account code used?
- Was the equipment received in the award budget period, if the purchase is near the start or end date of an award?
Payments to Human Subjects or Participant Support

Can be paid through two mechanisms

1. Project Advance or Imprest Fund accounts
   - Cash payments or Gift Cards

2. Purchase vouchers

[Link: GSU Finance & Administration]
Human Subjects Remuneration

- Human Subject: An individual from whom an investigator collects data through intervention or interaction.
- Remuneration: Small payments made to individuals who are participating in a research project as a “human subject.”
- These costs should be posted to the expense code 727140.
- Transparency in Government Act
  - It is therefore important to use this correct account code when paying human subjects with a payment request form to ensure this private information is not made available to any searchable public websites.
Participant Support

- Paid to or on behalf of participants or trainees for participation in meetings, conferences or other training projects
- Costs for participant support should be separated into:
  A. Tuition/Fees/Health Insurance
  B. Stipends
  C. Travel
  D. Subsistence
  E. Other Related Costs
- Expense Codes
  - 783110 - Participant Support Reimbursement of Expenses
  - 783120 - Participant Support Services
Required Documentation

- Proper receipts must be obtained to show funds were used for allowable expenditures
  - Receipts signed by individuals
  - Form with multiple signatures acknowledging receipt of funds
  - Anonymous individuals can acknowledge receipt with an “X” next to the assigned study identification number
    - Identification number must be linked to some documentation that the individual participated in the research project
  - For example, data collected from the individual
Required Documentation

- GSU Employee must sign the receipt or form as having witnessed that the individual received payment
- If this is not possible, a memo explaining the reason why the receipt was not witnessed should accompany the receipts when turned into the Cashier
- Acceptable forms can be printed from the URSA website
- Proper cash handling procedures must be followed
- Department should keep a copy of all receipts for audit purposes
Materials and Supplies

- Were the expenses charged to the appropriate speedtype?
- Was the item purchased an allowable expense to the project (P-card)?
- Was the amount charged accurate?
- Was the correct expense code used?
Is the invoice amount within the budget?

Is the invoice for charges that occurred within the budget period?

Is the invoice charged to the correct account?
Contractors (Vendors)

- Contractor - provides goods and services that may be used to complete a portion of the work
- Usually provides goods and services within normal business operations
- Provides goods and services that are ancillary to the operation of the proposed work
- Policies and procedures regarding contractor payments
Subawardees

- Subaward: Agreement with another institution/entity to perform a portion of the proposed work
- Subawardees perform work that is integral to the design, conduct, and/or reporting of the proposed work
Subawardees

- Invoices should be sent directly to the Principal Investigator (PI)
- PIs should sign the invoice prior to payment
  - Confirm the performance of the subcontract is being satisfactorily accomplished per the terms of the subagreement
  - Reviewed expenses to ensure they are allowable and appropriate for the project
Subawardees

- Each subaward will have two budget account codes:
  - 1. SUBX01- First $25,000 of the obligation
    - SUBX01- first subaward, amount up to first $25,000
    - SUBX02- second subaward, amount up to first $25,000
    - Recovers indirect costs
  - 2. SUB000- Remaining obligation
    - SUB001- first subaward, remaining costs beyond the first $25,000
    - SUB002- second subaward, remaining costs beyond the first $25,000
      - Does not recover indirect costs
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Subawards (more than $25,000 in first invoice)

<table>
<thead>
<tr>
<th>Subaward 1</th>
<th>September</th>
</tr>
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<tbody>
<tr>
<td>Kennesaw State</td>
<td>$27,367</td>
</tr>
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</table>

<table>
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<th>Steps</th>
<th>September</th>
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<tr>
<td>Find the difference</td>
<td>27,367 - 25,000 = 2,367</td>
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<tr>
<td>SUBX01</td>
<td>$25,000</td>
</tr>
<tr>
<td>SUB001</td>
<td>$2,367</td>
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Slide 35

Subawards (more than $25,000 in first invoice)

Invoice #2

<table>
<thead>
<tr>
<th>Subaward 1</th>
<th>September</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kennesaw State</td>
<td>$27,367</td>
<td>$27,367</td>
</tr>
</tbody>
</table>

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<tr>
<td>Find the difference</td>
<td>27,367 - 25,000 = 2,367</td>
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<tr>
<td>SUBX01</td>
<td>$25,000</td>
<td>$0</td>
</tr>
<tr>
<td>SUB001</td>
<td>$2,367</td>
<td>$27,367</td>
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### Subawards

<table>
<thead>
<tr>
<th>Subaward 2</th>
<th>September</th>
</tr>
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<tbody>
<tr>
<td>Georgia Southern</td>
<td>$13,901</td>
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</table>

### Steps

<table>
<thead>
<tr>
<th>Steps</th>
<th>September</th>
</tr>
</thead>
<tbody>
<tr>
<td>Find the difference</td>
<td></td>
</tr>
<tr>
<td>Subtract difference from current invoice</td>
<td></td>
</tr>
<tr>
<td>SUBX02</td>
<td>$13,901</td>
</tr>
<tr>
<td>SUB002</td>
<td>$0</td>
</tr>
<tr>
<td>Subaward 2</td>
<td>September</td>
</tr>
<tr>
<td>---------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Georgia Southern</td>
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<th>December</th>
</tr>
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<tbody>
<tr>
<td>Find the difference</td>
<td>25,000-13,901=11,099</td>
<td></td>
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<tr>
<td>Subtract difference from current invoice</td>
<td>13,901-11,099=2,802</td>
<td></td>
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<tr>
<td>SUBX02</td>
<td>$13,901</td>
<td>$11,099</td>
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<tr>
<td>SUB002</td>
<td>$0</td>
<td>$2,802</td>
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<tr>
<th>Steps</th>
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<tr>
<td>Find the difference</td>
<td>25,000 - 13,901 = 11,099</td>
<td></td>
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<td>13,901-11,099= 2,802</td>
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<td>$0</td>
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<td>SUB002</td>
<td>$0</td>
<td>$2,802</td>
<td>$13,901</td>
</tr>
</tbody>
</table>
Consultants

- Individuals who will provide professional services to further the project’s goals
- Consultants typically charge an hourly rate for services
- GSU employees are prohibited from acting as paid consultants on GSU projects
- Policies and procedures regarding consultant payments
Other Direct Costs

Publication and Printing Costs

- Consider allocability and reasonability
- Is this above and beyond typical office printing?
  - Mass printing for recruitment or dissemination of research results
  - Specialized printing
Other Direct Costs

Phone Charges

- Consider allocability
- Is this phone used only for grant-related purposes?
  - 1-800 number used for study recruitment, screening, or interviews
Treatment of Unallowable Costs

- Unallowable costs cannot be charged to a sponsored project
- Cost Transfer
  - Movement of expense(s) between two different university accounts
- Here are some acceptable ways to resolve unallowable costs
  - Department non-discretionary accounts
  - PI non-discretionary funds
Cost Transfers Between Projects

• What if an expense is charged to the incorrect project (speedtype)?
• Cost transfer between two sponsored projects can be made under the following conditions:
  • The cost is proper and allowable under the project’s sponsor and university policies
  • Justification for the transfer is documented
  • Transfer is made within 90 days of the discovery of the error
Cost Transfers Greater Than 90 Days

- All transfers requested more than 90 days after the original discovery date must be submitted to OSPA for approval via the Research Portal
- Should include original voucher information
- Should include a written justification signed by the PI, detailing
  - When the error was discovered
  - What the charge was for,
  - Why the charge was incorrectly made, and
  - How it specifically relates to the sponsored project account to which it will be transferred
- Charges older than one year may not be transferred onto or between sponsored project accounts
## Types of Cost Transfers

<table>
<thead>
<tr>
<th>Personnel</th>
<th>Non-Personnel</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Changes to personnel costs or distributions after certifying a Personnel Effort Report (PER)</td>
<td>• Requestor should contact College Administrator or Dept. Business Manager</td>
</tr>
<tr>
<td>• Requestor must notify OSPA</td>
<td>• Must include a justification in the description field of the journal voucher</td>
</tr>
<tr>
<td>• Requestor must send a written justification approved by the PI</td>
<td></td>
</tr>
<tr>
<td>• Corrected PAF</td>
<td></td>
</tr>
</tbody>
</table>
Summary

- Be knowledgeable of the rules and regulations that impact the awards you review
- Be knowledgeable of institutional policies and procedures regarding expenditures
- Maintain documentation of expenditures
- Regularly schedule time to review expenditures with Principal Investigators
- Allowable, Allocable, Reasonable, and Consistently Treated
- Know how to appropriately handle costs that do not meet these standards (unallowable costs)
Thank you for watching

http://ursa.research.gsu.edu/