

University of California, Riverside
Contract and Grant User Group
November 13, 2007

- I. 2006-07 C&G Workshop Certificate Presentation. Certificates of Completion of the FY 2006/07 Contract and Grant Workshop series were presented to;
 - Clementine (Teeny) Ellis
 - Myriam Chuquin
 - Teresa Cross
 - Dorothea Sisto
 - Trudi Loder
 - Cecelia Morentin
 - Leighsa R. Washington

- II. Central Office Updates
 - A. Bruce updated group on training initiatives. For the short term, in March and May new or newly assigned analysts would take a 3-day class. In the long term OR is developing a robust training program that will lead to a certificate program after completion of a final assessment. They will use resources already available and will use various modes, i.e. web-based, classroom, etc.
 - B. Office of Research Updates
 1. DOD appropriations bill, Section 115 – cap on F&A costs. A recent bill was passed that put a restriction of 35% of **total** costs for facilities and administrative (F&A) costs. Our current rate of 50% still complies with this cap.
 2. Overview of the SPA proposal process.
 - a. Proposal is received.
 - b. Logged in.
 - c. Reviewed.
 - d. Identification and resolution of institutional issues.
 - e. Approve.
 - f. Delegated authority to C&G analyst.
 - g. Submission of proposal or returned to unit for submission.
 1. Expectations.
 - a. To conduct an analysis of each proposal, to identify and resolve institutional issues.
 - b. Act in a facilitative manner.
 - c. Use reason at all times.
 - d. Resolve low risk issues.
 2. Direct communication with department.
 3. OR does **not review or verify:**
 - a. Formatting.
 - b. Pages are within limitations.
 - c. Budget calculations.
 - d. Information on biosketches.
 - e. Current and pending support data.

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4. OR **does** review:
 - a. Solicitation.

Question: What are OR's expectations?

Answer: The best effort with the understanding that we aren't the only ones involved in the process.

Question: What is the time frame?

Answer: For a standard proposal, three full working days. For a non-standard proposal, seven full working days. If a proposal is brought in at 4:30 on deadline day there are no guarantees.

3. Increased activity by animal rights activists – impact on sponsored programs. Bruce has been informed of increased activity by animal rights activists at other institutions. Keep in mind the titles of your grants. Question strangers; people who do not belong. Contact appropriate authorities.

C. Accounting Updates

1. A-133 Compliance statement warns Auditors about cost transfers published in September 2007 edition of Federal Grants News. Steve had a handout regarding excessive cost transfers. This is a hot topic right now.

If you have any questions or suggestions for agenda items please send them to Steve Wilson (steve.wilson@ucr.edu or Sharon.shanahan@ucr.edu)

III. eCAF Session – 4 new FAQs have been added.

Question: I work in a unit with PIs who have multiple appointments and I want to prepare an eCAF, but the department he should be affiliated with for this particular submission is not available. How do I proceed?

Answer: The SAA has to allow access to the PI in the other organizational structure. You will need to work out the logistical issues in your unit. Once this has taken place, you will have access to a drop down menu with that other PI's name.

Question: What if the other department is not using eCAF?

Answer: You will have to use a paper CAF.

Bruce demonstrated on the eCAF Home Page 'Departments that are using eCAF' statistics page. http://pamis.ucr.edu/coeus/ucr_ecaf_report.eCAF_departments

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Question: How can we reach a broader audience than just the eCAF listserv?

Answer: Have the SAA set up everyone in EACS. Training is based on the most current eCAF list.

Question: What is the status of the Visa Processing policy?

Answer: No update; Bruce is still prompting those involved.

Question: There is concern that it will just be implemented.

Answer: There will be no implementation without guidance. It will be done in an orderly fashion.

Question: The retroactive pay raises, there does not seem to be a campus policy. The departments have to cover it which requires cost transfers that go beyond 120 days, even prior fiscal year.

Answer: There is no campus policy. Agreed it seems to be a problem.

Question: Could Payroll send a list of those involved so the departments can redirect it before it hits?

Answer: Steve will check with Gabe and Bobbi.

Question: Can the fund be absolutely closed?

Answer: No.

IV. User Group Requested Topics. - None

V. User Group Session

A. Request to have eCAF item first.

Nov 13 handouts;

- Institutional Proposal Review – An Overview
- September 2007 Federal Grants News article “A-133 Compliance Supplement Warns Auditor About Cost Transfers”.

Next scheduled meeting December 11, 2007.

Institutional Proposal Review – An Overview

Bruce Morgan
Assistant Vice Chancellor for Research
UCR C&G User Group
November 13, 2007

What Happens in SPA?

- Receive proposals
- Log in proposals
- Review proposals
 - Identification and resolution of institutional issues
- Approve proposals
 - Delegated authority
- Submit proposals or return them to the unit for submission

VCR and AVCR Expectations of CGOs

- Conduct an analysis of each proposal to identify and resolve institutional issues
- Act in a facilitative manner
- Use reason at all times when analyzing issues and determining level of risk
- Resolve low risk issues after proposal submission
- Direct communications to the PI and unit CGA

Things We Don't Do in the Review

- The following is not an all inclusive list:
 - Verify formatting (i.e., fonts, margins, etc.)
 - Verify that pages are within limitations
 - Verify budget calculations
 - Verify information in biosketches
 - Verify current and pending support information

The Review - Key Elements

- Solicitation
 - CAF/eCAF
 - Application face page
 - Abstract
 - Budget and justification
 - Facilities and resources
 - Special issues
-
- Brief (not all inclusive) review of each key element

The Review - Solicitation

- Institutional eligibility
- Certifications, representations, assurances
- Cost sharing requirements
- Special approvals
 - Institutional, regulatory committees
- F&A cost rate limitations
- Special commitments or requirements
 - Limited submissions
 - Intellectual property issues/policies
 - Export control issues
 - Publication and citizenship restrictions, classified research

The Review – CAF/eCAF

- Information consistent with that contained on the face page and elsewhere in the proposal?
- Correct information provided?
- Location of work: on-campus v. off-campus
- Cost sharing commitments
- Financial disclosures
- Research integrity issues
- Appropriate department/school or unit approvals

The Review – Application Face Page

- Verify institutional information
 - Legal Name
 - Type of organization
 - Contact information
 - Institutional identity codes and numbers
- Verify protocol approval dates and assurance numbers
- Amount requested consistent with budget?
- Subject to EO 12372 review?

The Review – Abstract & SOW

- Intellectual property issues?
- Export control, foreign nationals/citizenship issues?
- Material transfer issues?
- Research subject issues?
- Human embryonic stem cell use?
- rDNA or environmental hazards?
- Program management issues?
- Cost sharing commitments?

The Review – Budget & Justification

- Consistent with costing principles and cost accounting standards?
 - Costs in proper categories?
 - Costs treated consistently?
 - Costs allowable and allocable?
- Cost sharing commitments?
- Proper F&A rate used?
 - Type of activity (e.g., research v. instruction)
 - Location (on-campus v. off-campus)
- Adequate justification/explanation of how costs were estimated and how they relate to the proposed work?

The Review – Facilities & Resources

- Are non-UCR facilities or resources listed?
 - Evidence of the other party's commitment?
 - Requirement for use or access agreement?
- Are facilities and resources of another unit being committed?
 - Evidence that the other unit has agreed to the commitment?
- Does the use of special or shared facilities require additional coordination?
- Cost sharing commitments?

The Review – Special Issues

- Subawards
 - Subrecipient institutional approval
 - Subrecipient proposal
 - Certs and reps from subrecipient
 - Debarment and suspension
 - Institution and Subrecipient PI
 - Delinquent federal debt
 - Use of approved F&A cost rates

The Review – Special Issues

- Consultants or Collaborators
 - Letters of support/commitment
 - Debarment and suspension
- Export controls
 - Transfer of controlled articles outside U.S.
 - Provision of goods, services or currency to embargoed countries
- Human embryonic stem cell use or manipulation

Post-Review

- Issues are communicated to PI and unit CGA
 - Describe the actions or process necessary to resolve each issue
- Issues involving moderate to high-level risks generally need to be resolved prior to proposal approval
- Issues that are lower-level risks are resolved after the proposal is approved and submitted

Resources – Proposal Process

- Proposal Preparation and Submission section of the OR Website (<http://or.ucr.edu/SP/Lifecycle/Prepare/index.aspx>)
- SPA's FAQ webpage (<http://or.ucr.edu/SP/Faq.aspx>)
- CGO Unit Assignments (<http://or.ucr.edu/home/Staff.aspx?t=3>)
- eCAF (<http://iviews.ucr.edu>) and the eCAF website (<http://cnc.ucr.edu/ecaf/>)



Questions?

FEDERAL GRANTS NEWS

for Colleges and Universities

In This Issue

- 2** Don't Forget Constitution Day
- 2** SACHRP OKs Minimal Risk Concepts and Examples
- 3** DoD F&A Cap Could Be Imposed

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A-133 Compliance Supplement Warns Auditors About Cost Transfers

OMB Circular A-133 establishes the principles for the conduct of A-133 audits, and the *OMB A-133 Compliance Supplement*, issued annually, provides suggested audit procedures for compliance and internal controls testing. Part 5 of the supplement includes the guidance for auditing the research and development cluster, and the 2007 supplement (see *Federal Grants News* June 2007) appeared to contain few changes that would affect colleges and universities. However, the following language addressing cost transfers is much more ominous than in previous supplements, making it clear that they remain an audit target:

"Transfers of unallowable costs between cost centers or research projects are a common method used to circumvent the institution's internal control over the spending of R&D funds. These transfers of unallowable costs are often made to use unexpended funds from a project, as a source of available funding for overspent projects, or as a source of funds to complete projects." (Part 5, Clusters of Programs, p. 5-2-3)

This guidance for A-133 audits along with other recent audit initiatives the government is undertaking suggest that now may be a good time for institutions to review their policies on cost transfers. The National Institutes of Health (NIH) *Grants Policy Statement* (Part II, Subpart A) serves as a good reference for cost transfer issues, some of which are highlighted below.

(1) **An excessive number of cost transfers within the institution.** The NIH *Grants Policy Statement* contains language indicating that excessive cost transfers may be an

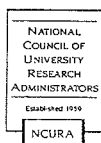
continued on p. 4

'Combating Trafficking in Persons' Clause Revised in FAR to Ease Compliance

Federal Acquisition Regulation (FAR) 52.222-50 was published as an interim rule in April 2006 to implement the Trafficking Victims Protection Reauthorization Act of 2003 (amended in 2005). The act establishes a "zero tolerance" toward the trafficking of persons and requires federal awards to include a clause allowing the funding agency to terminate a grant, contract, or cooperative agreement if the grantee or contractor (or subcontractor) engages in severe forms of human trafficking, procures a commercial sex act during the period of performance, or uses forced labor.

Unfortunately, the interim FAR went well beyond the statutory requirements. Those institutions that could not negotiate the clause out of the federal agreement have been required to develop a policy to combat trafficking in persons, communicate the policy to employees, require certification of compliance from employees, and monitor and report violations to the federal government. While these requirements applied only to contractors with non-commercial contracts for services, their employees, and subcontractors, they still imposed a significant burden on institutions with contracts.

continued



could be a "risk of inflicting psychological, social or other harm by contacting individuals or families."

◆ Whether there is a scientifically and ethically justifiable rationale why the research could not be conducted with a population from whom consent can be obtained.

The recommendations regarding minimal risk and informed consent were forwarded to the secretary of HHS, and if approved, should result in guidance. The presentations and transcripts of the discussions are posted on SACHRP's Web site—www.hhs.gov/ohrp/sachrp/mtgings/mtg07-07/mtg07-07.htm. ◆

Reviewing Cost Transfers

continued from p. 1

indication of poor internal controls. This concern is also reflected in the Department of Health and Human Services Office of Inspector General work plan. In essence, an excessive number of cost transfers begs the question, "Why can't you charge the correct project the first time?"

(2) **Transfers made near or after the end of a project that result in additional charges to a federal project.** Transfers of this nature are suspect because they give the appearance of either utilizing unexpended funds or moving deficits to another project, and, in both instances, the presumption is that the costs are unallowable.

(3) **Transfers that give the appearance of moving deficits from one federal project to another.** These types of cost transfers are specifically mentioned as highly questionable in the NIH guidance and often are questioned by auditors. These transfers are difficult to adequately defend.

(4) **Salary cost transfers that are made after effort has been certified.** Effort certification indicates that effort has been reviewed and judged to be reasonable. Auditors view any change in effort that constitutes an additional charge to a federal project and occurs after this certification as highly suspect.

(5) **Transfers that provide an inadequate explanation.** Transfers explained by statements such as "to charge correct project" or "to correct error" would not be considered sufficient documentation in the event of an audit. Proper documentation includes an adequate explanation of the specific nature of the error and/or any other reason for the cost transfer; the way in which the error occurred; and if 90 days or more have passed since the original charge, the reason why the transfer was not processed in a timely manner and how the situation will be prevented in the future.

(6) **Transfers made more than 90 days after the discovery of the error.** The NIH *Grants Policy Statement* indicates

Correction/Clarification

The June 2007 *Federal Grants News* (p. 4) referred to the new *National Science Foundation Proposal & Award Policies & Procedures Guide* and explained a policy change made in Part II of the guide, the "Award and Administration Guide" (AAG). The discussion indicated that NSF had changed its policy regarding indirect costs and participant support costs in V.D. This is not the case: NSF still does not provide indirect costs for participant support costs except in unusual circumstances such as extraordinarily large programs. However, NSF did change its policy regarding direct costs and participant support costs for local school districts in V.B.

that transfers should be accomplished within 90 days of the discovery of the error. Does this mean that if an error is discovered 120 days after the date of the transaction that you have an additional 90 days to correct the error? In discussions with federal auditors, it is clear that they expect responsible individuals to review charges on a monthly basis; thus, many institutions are adopting a 90 days from the date of the initial transaction rule in their cost transfer policies, rather than adopting the NIH language.

To mitigate the risk associated with cost transfers, institutions should ensure that their policies are current, their practices comply with their policy, and training is provided periodically. Of greatest interest to the government auditors are those transfers that result in additional charges to federal programs.

Cost transfers should be monitored centrally to determine that the institution does not have an excessive number of transfers and that each transfer has an adequate explanation and a certification of the correctness of the new charge by a responsible organizational official.

Additional review and approval processes should be in place for cost transfers that occur more than 90 days from the date of discovery, are made near the end of the project, give the appearance of moving deficits to another federal project, or recertify effort. Approval of these transfers should be made on an exception basis. Institutions should discuss each of these transfer scenarios and decide under what circumstances they are willing to approve these transfers. One common approach is to review each transfer individually based on the circumstances. Above all, careful written documentation is a key to successfully defending these transfers. ◆