
Post Award Overview

Part I

Session #15

USDA Administrative Officer's Meeting

Today's Instructors

- Carol Hillmer

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- Brian Sevier

Assistant Director, IFAS Sponsored Programs

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Today's Instructors

- Tracy Walters

Previous Director – Contracts & Grants Department

University of Georgia

Current Director – Grant & Contract Financial
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- Nancy L. Wilkinson

Director, IFAS Sponsored Programs

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Univ. of Wisconsin - Madison

- Total Students – 42,041
 - CALS Enrollment – 3,279
- AAU Membership (1900)
- NSF Ranking (2006) – #2 overall
- FY 2007 Funding Amount -\$1B
 - CALS Awards = \$80.7M



University of Florida

- Total Students = 51,599
 - CALS Enrollment = 4,728
- AAU Membership (1985)
- NSF Ranking (2006) – #17
- FY 2007 Funding Amount -\$583M
 - IFAS Awards = \$93.5M



University of Georgia

- Total Students = 33,831
 - College of Agriculture 1,816
- NSF Ranking (2006) – #53
- FY 2007 Funding Amount - \$210M
 - College of Agriculture & Environmental Sciences- \$40.8M



Agenda (Part I)

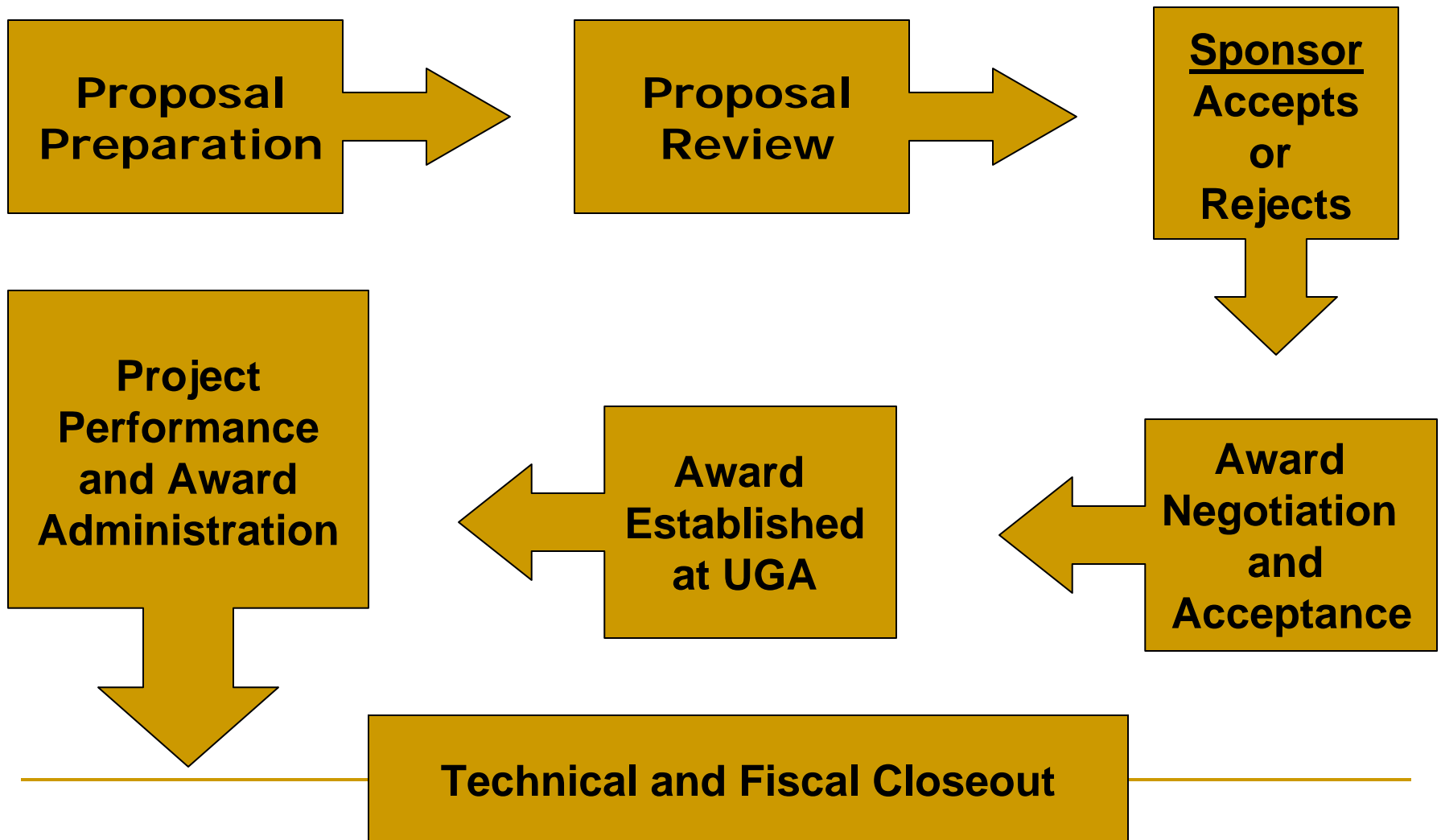
- What is Post Award? (Tracy Walters)
 - Regulatory Overview
 - OMB Circular A-21 (Carol Hillmer)
 - OMB Circular A-110 (Brian Sevier)
 - OMB Circular A-133 (Tracy Walters)
 - USDA CSREES (Nancy Wilkinson)
 - Questions?
-

What is Post Award?

Instructor: Tracy Walters

- Life Cycle
 - How is Post Award different than Pre Award?
 - Post Award Activities
 - Releasing Funds, Invoicing, Cost Sharing, Budget Transfers, A/R, Closeout
-

Life Cycle



Post Award Administration

- No Cost Extensions
 - Expanded Authorities Approval Form
 - Letter of Request
 - Changes Requiring Agency Approval
 - Patent & Invention Statements
 - Final Reports
 - Reminder Notice Sent
 - Require Copy of Transmittal Letter
-

Project Performance & Award Administration

- Central Post-Award Office oversees fiscal compliance of project
 - **Account Setup**
 - Receives signed award from University Pre-Award Office
 - Establishes Account Number in Financial Accounting System
 - Establishes Cost Share Accounts (when necessary)
 - Creates Budget which releases funding for spending
 - **Account Maintenance**
 - post cash receipts
 - review/approve journal vouchers (JV's) and Budget Amendments/Transfers
 - Monitors committed cost sharing requirements
 - **Accounts Receivable**
 - Follow up on late payment of invoices
 - Works with Principal Investigator and Department on Nonpayment
 - **Financial Reporting**
 - invoicing and cash requests through payment management systems
 - quarterly/annual expenditure reports, and final financial statements
 - **Financial Compliance**
 - monitor expenditures to ensure compliance with all applicable regulations
 - **Project Closeout**
 - Verifies all expenses match reported and cash collected
 - Closes account for delete and University retention cycle begins
-

OMB Circular A-21

Instructor: Carol Hillmer

- Cost Principles
 - Allowable vs. Unallowable
 - Cost Accounting Standards
 - F.6.B
 - Facilities & Administrative (F&A) Cost Guidance
-

Cost Principles *(continued)*

- OMB (Office of Management and Budget) Circular A-21 addresses Cost Principles for Educational Institutions

- Available at the OMB website:

<http://www.whitehouse.gov/omb/circulars/>

- Mini guide available from NCURA:

<https://www.ncura.edu/prev/store/>

Cost Principles *(continued)*

- Purpose of OMB Circular A-21:
 - Establishes principles for determining costs applicable to grants, contracts, and other agreements to educational institutions
 - Deals with the subject of cost determination
 - Provides that the Federal Government bear its fair share of total costs, determined in accordance with generally accepted principles, except where restricted or prohibited by law
-

Cost Principles *(continued)*

- In regard to Direct and F&A costs:
 - A-21 requires that institutions treat similar costs consistently as either Direct costs or F&A costs
 - OMB expects that certain types of costs will be included in the institution's F&A cost rate and will not be charged as Direct costs to Federal projects
-

Cost Principles *(continued)*

- Costs are reimbursable by the Federal Government ONLY if they are:

Necessary

Reasonable

Allocable

Allowable

Consistently treated

Permissible

See A-21 Section C

Cost Principles *(continued)*

- Necessary
 - Costs applied to the project **MUST** be necessary to accomplish the scope of work
 - To be necessary, the cost applied must be absolutely essential to achieve a certain result or results
-

Cost Principles *(continued)*

■ Reasonable

- ❑ If the nature of the goods or services acquired or applied to the project reflect the action that a “prudent person” would take under similar circumstances
 - ❑ Emphasis would be upon one acting in good judgment
 - ❑ Not excessive or extreme; fair
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Cost Principles *(continued)*

■ Allocable

- ❑ Cost is incurred solely for advancement of work on the project
 - ❑ Application of cost is in proportions that can be approximated through reasonable methods
 - ❑ Cost is necessary and deemed assignable to the project
-

Cost Principles *(continued)*

- Additional considerations for allocability
 - Costs allocable to a particular sponsored agreement may not be shifted to other sponsored agreements to meet deficits caused by overruns or other fund considerations, to avoid restrictions, or for other reasons of convenience
-

Cost Principles *(continued)*

- ❑ Costs allocable to activities sponsored by industry, foreign governments or other sponsors may not be shifted to federally-sponsored agreements
 - ❑ When equipment is purchased as authorized under a sponsored agreement, the costs are assignable to the sponsored agreement regardless of the use that may be made of the equipment after the end of the project
-

Cost Principles *(continued)*

- Allowable

- Allowability of costs is defined specifically in OMB Circular A-21 Section J General Provisions of the cost principles



Cost Principles *(continued)*

- Consistently treated
 - Like costs must be treated the same in like circumstances ... consistently.
 - Costs may be treated as Direct costs only or as F&A costs only
-

Cost Principles *(continued)*

- Permissible

- Costs must be permissible under the law

AND/OR

- Costs must be permissible under terms/conditions of the award
-

Allowable vs. Unallowable

- OMB Circular A-21 Section J defines 54 specific categories of costs and assigns them to the categories of allowable and unallowable
 - Section J instructs grantees on the acceptable treatment of allowable costs as either Direct costs or F&A costs
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Allowable ...

- Section J instructs that an Allowable Cost may be:
 - normally treated as a Direct cost;
 - normally treated as an F&A cost; or
 - normally treated as an F&A cost, except in “unlike” circumstances under which it may be treated as a Direct cost
 - Note that such “unlike” circumstances must be documented during the institutional CAS review and approval process
-

... vs. Unallowable

- Section J instructs that an Institution is required to separately track and account for all unallowable costs to ensure that they are not charged to Federal awards either as Direct costs or as part of the institution's F&A cost rate calculations
 - Examples: Alcoholic Beverages, Alumni Activity, Commencement Costs, Bad Debts, etc.
 - Costs that are named in Section J as unallowable are unallowable in any circumstance
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Cost Accounting Standards

- In OMB Circular A-21, Appendix A Part 99005 details *Cost Accounting Standards for Educational Institutions*
 - There are four standards each educational institution must follow:
 - ❑ CAS 501
 - ❑ CAS 502
 - ❑ CAS 505
 - ❑ CAS 506
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Cost Accounting Standards

- CAS 501—Consistency in estimating, accumulating, and reporting costs by educational institutions
 - Ensures that each educational institution's practices used in estimating costs for a proposal are consistent with cost accounting practices used by the educational institution in accumulating and reporting costs
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Cost Accounting Standards

- CAS 502—Consistency in allocating costs incurred for the same purpose by educational institutions
 - Requires that each type of cost is allocated only once and on only one basis to any sponsored agreement or other cost objective
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Cost Accounting Standards

- CAS 505—Accounting for unallowable costs
 - Facilitates the negotiation, audit, administration, and settlement of sponsored agreements by establishing guidelines covering: (1) identification of costs specifically described as unallowable ... , and (2) the cost accounting treatment to be such costs ... to promote consistent application of sound cost accounting principles ...
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Cost Accounting Standards

- CAS 506—Cost accounting period
 - Provides criteria for the selection of time periods to be used as cost accounting periods for purposes of estimating, accumulating, and reporting



A-21 F.6.b.

- Determination of departmental administrative costs as Direct or F&A costs
 - Emphasizes the requirement that when developing the departmental administration cost pool, care is exercised to ensure that costs incurred for the same purpose in like circumstances are treated consistently as either Direct or F&A costs
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A-21 F.6.b. *(continued)*

- ❑ Salaries of administrative/clerical staff should normally be treated as F&A costs
 - ❑ Items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as F&A costs
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F&A Guidance

- OMB Circular A-21:
 - Section E details the criteria for distribution
 - Section F details the identification and assignment of F&A costs
 - Section G details the determination and application of F&A cost rate or rates
 - Section H provides a simplified method for small institutions
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F&A Guidance

- A-21 Section E – F&A costs
 - F&A costs are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity
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F&A Guidance

- A-21 Section F – Identification and assignment of F&A costs
 - Facilities – depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses
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F&A Guidance

- Administration – general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, and all other types of expenditures not listed specifically under one of the subcategories of Facilities
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OMB Circular A-110

Instructor: Brian Sevier

Key Issues in Post Award:

- Purpose of A-110
 - Cost Sharing
 - Re-budgeting
 - Program Income
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OMB Circular A-110 *(continued)*

- This Circular sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations
 - Section B: Pre-Award Requirements
 - Section C: Post-Award Requirements
 - Section D: After-the-Award Requirements
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OMB Circular A-110

- Section C: Post-Award Requirements
 - Financial and Program Management

Sections C21 through C28 prescribe standards for financial management systems, methods for making payments and rules for: satisfying cost sharing and matching requirements, accounting for program income, budget revision approvals, making audits, determining allowability of cost, and establishing fund availability.

OMB Circular A-110

- C21. Standards for Financial Managements Systems
 - C23. Cost Sharing or Matching
 - C24. Program Income
 - C25. Revision of Budget and Program Plans
-

C21. Standards for Financial Managements Systems

- Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program.
 - Effective control over accountability for all funds, property and other assets.
 - Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of Federal costs principles and the terms and conditions of the award.
 - Accounting records including cost accounting records that are supported by source documentation.
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C23. Cost Sharing or Matching

- Must be verifiable
 - Not previously used on other Federally-assisted awards
 - Necessary, Reasonable, Allowable (A-21)
 - Not paid by the Feds from another award
 - Provided for in the awarded budget
 - Unrecovered indirect costs are only allowed with prior Federal approval
-

C23. Cost Sharing or Matching

- Volunteer services may be counted but at rates consistent with those of the recipient's organization for similar work



C24. Program Income

- The recipient organization must account for program income related to awards financed in whole (or in part) with Federal funds
-

C24. Program Income

- In most cases the recipient shall retain the program income, in accordance with the awards terms by:
 - The program income is added to committed funds from the awarding agency
 - Used to finance the NON-federal share of the award
 - Deducted from the total project or award's allowable costs (for the Federal share) this is the exception to the recipient retaining the program income
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C25. Revision of Budget and Program Plans

- The budget plan is the financial expression of the project or program as approved during the award process. It may include either the Federal and non-Federal share, or only the Federal share, depending upon Federal awarding agency requirements. It shall be related to performance for program evaluation purposes whenever appropriate.
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C25. Revision of Budget and Program Plans

- Recipients are required to report deviations from the budget and program plans and request prior approvals for budget and program plan revisions:
 - A change in scope
 - Change in key personnel
 - Absence of the approved PI/PD for >3 months or a 25% reduction of their time devoted to the project
 - Need for additional Federal funding
 - Transfers from indirects to absorb increases in direct costs or vice versa (if approval is required by the Federal awarding agency)
 - Unless described in the application and funded in the approved award, issuing a subaward (this provision does not apply to the purchase of supplies, material, equipment or general support services)
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OMB Circular A-133

Instructor: Tracy Walters

■ Key Issues in Post Award:

- ❑ sets forth standards for obtaining consistency and uniformity among Federal agencies for the audit of States, local governments, and non-profit organizations expending Federal awards.
 - ❑ Establishes audit requirements for organizations receiving federal funds
 - ❑ Defines federal responsibility for implementing and monitoring those requirements
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OMB Circular A-133 *(continued)*

■ Overview

- ❑ \$500,000 threshold
 - ❑ Risk based Approach
 - ❑ Program Clusters
 - ❑ Test of Controls
 - ❑ 9 month deadline
 - ❑ Data Collection Forms
 - ❑ Submission via <http://harvester.census.gov/sac/>
-

OMB Circular A-133 *(continued)*

- Compliance Requirements
 - ❑ Activities allowed or unallowed
 - ❑ Allowable costs and cost principles
 - ❑ Cash Management
 - ❑ Davis-Bacon Act
 - ❑ Equipment and Real Property Management
 - ❑ Matching, level of effort
 - ❑ Period of availability
 - ❑ Procurement suspension and debarment
 - ❑ Program income
 - ❑ Reporting
 - ❑ Subrecipient Monitoring
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USDA – Rules & Regulations

Instructor: Nancy L. Wilkinson

Applicable Federal Statutes and Regulations

■ 7 Code of Federal Regulations (CFR) Part 3015

http://www.access.gpo.gov/nara/cfr/waisidx_08/7cfr3015_08.html

□ OMB Circular A-21

- Cost Principles – 7 CFR 3015.190 (Subpart T)

■ 7 CFR Part 3019

http://www.access.gpo.gov/nara/cfr/waisidx_08/7cfr3019_08.html

□ OMB Circular A-110

■ 7 CFR 3052

http://www.access.gpo.gov/nara/cfr/waisidx_08/7cfr3052_08.html

□ OMB Circular A-133

USDA – Rules & Regulations *(continued)*

<u>OMB A-110</u> Section C.21	7 CFR 3019.21	Standards for Financial Management Systems
<u>OMB A-110</u> Section C.23	7 CFR 3019.23	Cost Sharing
<u>OMB A-110</u> Section C.24	7 CFR 3019.24	Program Income
<u>OMB A-110</u> Section C.25	7 CFR 3019.25	Revision of Budget & Program Plans

USDA – CSREES Standard Terms & Conditions *(continued)*

■ USDA – CSREES

<http://www.csrees.usda.gov/business/awards/awardterms.html>

□ General Terms & Conditions A

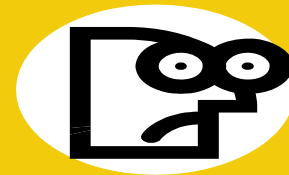
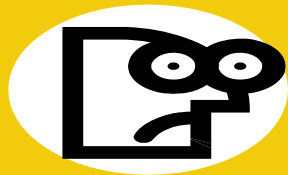
<http://www.csrees.usda.gov/business/awards/termsa205.pdf>

- Issued February 2005
- 23 Articles addressing a variety of topics including:
 - Article 1 – Applicable Regulations
 - Administrative Provisions (A-110)
 - Federal Cost Principles (A-21)
 - Article 4 – Prior Approval Requirements
 - Change in Scope
 - Absence of PI
 - No Cost Extension

USDA – CSREES Standard Terms & Conditions *(continued)*

- 23 Articles addressing a variety of topics including:
 - Article 5 – Unallowable Costs
 - Prior to 90 day pre award period
 - After the expiration of the award
 - Expenses outside the Scope of Work
 - Compensation to persons or damage to property arising out of project activities
 - Article 10 – Current Research Information System (CRIS) requirements
 - Article 14 – Program Income
 - General program income earned is added to CSREES' support
 - Article 17 - Patents, Inventions, and Copyrights
 - Article 23 - Award Closeout
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Questions & Comments



It's QUESTION TIME !!

Please don't forget to attend Part II of the Post Award Overview!

Reference Information

- To access OMB Circulars:

<http://www.whitehouse.gov/omb/circulars/index.html>

- Center for Grant & Contract Studies

- University of Oklahoma

<http://www.ou.edu/cgcs/>

- NCURA

<https://www.ncura.edu/prev/store/>
