What Research Staff Needs to Know…

About Spending Sponsored Project Funds

Presented by:
Office of Sponsored Projects
Topics Covered

- Research Administration Overview
- Roles and Responsibilities
- Allowability of Costs
- Questions and Case Studies
- Allocating Allowable Costs
- Strategies for Purchasing
- Travel Charges
- Course Recap
- Record Retention
- Quiz
Research Administration Overview
What is our focus today?

- Seek or secure more funding
- Proposal development. Locate funding and write proposal
- Institutional approvals
- Proposal submission and sponsor review
- Funded: award terms and conditions
- Establishment project account(s) and PI briefing
- Closeouts and Sponsor reports
- Records / Audits
- Effort Reporting
- Travel
- Purchasing
- Monitoring, tracking and accounting
- Purchase goods and services
Fiscal Responsibility of Sponsored Awards
As an employee of an institution that accepts research dollars, you have a responsibility to:

- Abide by both sponsor requirements, Federal and State policies and regulations, and Yale University policies
- Exercise good stewardship of all sponsored funds

These are the sponsor’s dollars, NOT the PI’s or the department’s discretionary funds!

You play a critical role in properly managing sponsored funds!
Roles and Responsibilities

Overall responsibility, technical and fiscal oversight. Delegation of authority and creation of cost allocation methods.

Because 'you' have delegated authority from the PI, purchases made on sponsored projects must be in compliance with all internal and external policies, procedures and regulations.

Provides PIs and researchers with comprehensive guidance and support in all fiscal matters of sponsored projects administration.

University authorized official to review proposals, negotiate and accept awards, and administer awards. Provides information, guidance, training and advice on sponsored projects policy and regulations.
Roles and Responsibilities

- Your department’s Business Office (DBO) has established procedures for purchasing goods and services and managing sponsored funds
- Be sure to work closely with personnel in your Business Office!
Roles and Responsibilities

The Initiator
- Is typically the PI, Co-PI, or designee
- Must have first-hand knowledge of the following:
  - Goods or services purchased will benefit the project
  - The availability of funds
  - The expense must meet the tests of allowability
- Cannot be the same as the Approver

The Preparer
- Processes the request at the direction of the Initiator
- Must have proper documentation to support the charge
- Provides appropriate and complete description of the business purpose
- Ensures the appropriate Cost Center (CC) account is charged
- Can be the same individual as the Initiator or the Approver

The Approver
- Acknowledges compliance with applicable policies and procedures
  - Terms and conditions of the sponsored award
  - Federal and State regulations
  - University policies and procedures
- Verifies proposed charge is reasonable, appropriate, and benefits the project
- For Federal projects, ensures proposed charge is allocable under 2 CFR Part 200 when appropriate and the terms and conditions of the award
Allowability of Costs
What Makes a Cost Allowable?

Principles testing the allowability of costs:

- **Necessary, reasonable and allocable**: Goods or services acquired and amount involved reflect an action that a prudent person would have taken (prudent person rule).
- **Conform**: Items not restricted by federal regulations (2 CFR Part 200) or the specific award terms and conditions and agency requirements.
- **Consistent with policies/procedures of the University and Treated Consistently**: Consistent with policies and procedures that apply uniformly to both federally financed and other activities of the University. “Like” costs in similar circumstances treated consistently throughout the University.
- **Be determined to be in accordance with GAAP**: Financial information should be useful to individuals when making financial decisions, assessing resources, and maintaining records. *(GAAP: Generally Accepted Accounting Principles)*
- **Not be included as a cost or used to meet cost sharing on any other federal award**: A cost cannot be used to satisfy cost sharing requirements and also be charged to the award.
- **Be adequately documented**: Departments should keep complete records of all costs, including justifications of charges and any prior approvals.

**Costs that do not meet all of these principles should not be charged to the sponsored award**
Allowability of Costs

Reasonable and Necessary: Goods or services acquired and amount involved reflects the action a prudent person would have taken (Prudent Person Rule)

- Direct costs must be reasonable and necessary for the performance of the project.
- The individuals (Initiator/Preparer/Approver) involved in a transaction must act with due prudence.
- The actions taken with respect to the incurrence of the cost are consistent with established institutional policies and practices and sponsors’ terms and conditions.
- Is defined as not exceeding the limit prescribed by reason; not excessive.
Allowability of Costs

Allocable: benefits the project(s) that is to be charged.

– A cost is allocable to a sponsored agreement if:

1. It is incurred solely to advance the work under the sponsored agreement

2. It benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods, or

3. It is necessary to the overall operation of the institution and, in light of the principles provided in 2 CFR Part 200 and University policy, is deemed to be assignable in part to sponsored projects

Note: If a cost benefits more than one project is must be properly allocated.
Allowability of Costs

Conformance: Items not restricted by federal regulations (such as 2 CFR Part 200) or the specific award:

**Typical Allowable Costs**
- Salaries and benefits for employees who work directly on the sponsored award
- Supplies and materials necessary for the performance of the sponsored project including computing devices < $5,000 that are essential and allocable
- Travel associated with the project or presenting results of the project
- Equipment
- Consultants
- Subawards
- Laboratory fees and patient care costs
- F&A (Overhead or Indirect Costs)

**Typical Unallowable Costs**
- Alcoholic beverages
- Alumni/ae activities
- Bad debt, losses, collection and related legal costs
- Commencement and convocation
- Contingency provisions
- Donations and contributions
- Entertainment costs
- Fines and penalties
- Fund raising and investment costs
- Housing and personal living costs
- Lobbying
- Losses on sponsored awards
Allowability of Costs

Treated Consistently: Like costs in similar instances need to be treated consistently throughout the University

– Cost accounting standards require institutions to be consistent in the way that costs are estimated, accumulated and reported and in the treatment of costs as either direct or indirect (F&A)

– Costs must be allowable as either an indirect or direct costs only, not both

– Common F&A Type expenses:
  • Administrative and Clerical Salaries
  • Annual Safety Cabinet/Hood Certifications
  • Books and Periodicals
  • Cellular Telephone Charges
  • Dues and Memberships
  • ITS Communications Charges
  • Lab Coats and Laundering
  • Local Telephone and Internet Charges
  • Office Equipment (Copiers, Printers)
  • Office Supplies and Postage
  • Paper Supplies and Envelopes
  • Photocopy Costs
Allowability of Costs

Federal

- Under federal regulations and sponsor requirements, typical types of expenses should normally be treated as an F&A cost and recovered through the F&A cost rate calculation

- Costs must be allowable as either an indirect or direct cost only, but both

Note: Except in unusual circumstances, and with approval where applicable, typical F&A type expenses should not be directly charged to an award.

Non-Federal

- Many non-federal sponsors do not fully reimburse the University for its Facilities and Administrative (F&A) costs. In these cases the typical F&A type costs can be directly charged if:
  - The terms and conditions do not specifically prohibit such costs, and
  - A benefit exists to the sponsored project

Note: Federal pass-through awards received from a state agency or non-federal entity must be treated as federally funded.
Test Your Knowledge
1. Which of the following expenses are allowed to be charged to a federally sponsored award?

a) Beer and pizza for the lab’s celebration for successfully sequencing the DNA of Handsome Dan
b) Round trip train tickets to present lab findings at a conference in New York City
c) Box seats at Fenway for the Yankees vs. Red Sox
d) None of the above

*Answer is on next slide →*
1. Which of the following expenses are allowed to be charged to a federally sponsored award?

a) Beer and pizza for the lab’s celebration for successfully sequencing the DNA of Handsome Dan
   • Unallowable according to 2CFR Part 200
     Food, except when traveling, and alcoholic beverages are unallowable
     Does not directly benefit the award

b) Round trip train tickets to present lab findings at a conference in New York City
   • Travel relates to the project and can be directly charged to the award

c) Box seats at Fenway for the Yankees vs. Red Sox
   • Unallowable per 2 CFR Part 200:
     “Entertainment costs: cost of entertainment, including amusement, diversion, and social activities
     and any costs directly associated with such costs (such as tickets to shows or sports events, meals,
     lodging, rentals, transportation, and gratuities) are unallowable.”

d) None of the above
2. A PI is awarded a grant from the NIH for one year and charges an average of $1,000 per month for actual usage of lab supply costs during the first 9 months of the grant.

At the end of the award, there are $10,000 in funds remaining on the grant and the PI asks you to order $8,000 in lab supplies to restock the lab’s supplies in preparation for a NSF grant starting the following month.

The $8,000 in lab supplies you ordered and charged to the NIH award was reasonable since a balance remained at the end of the award.

a) True

b) False

Answer is on next slide →
2. A PI is awarded a grant from the NIH for one year and charges an average of $1,000 per month for actual usage of lab supply costs during the first 9 months of the grant.

At the end of the award, there are $10,000 in funds remaining on the grant and the PI asks you to order $8,000 in lab supplies to restock the lab’s supplies in preparation for an NSF grant starting the following month.

Was the $8,000 in lab supplies charged to the NIH award reasonable and allowable?

a) True

b) False

These costs are not reasonable, or allowable and are inappropriate costs to the NIH grant. While the grant wasn’t fully spent, it is improper to charge one award to replenish supplies to be used for another award. In addition, the NIH award will not be benefitting from the use of the supplies.
If costs benefit more than one project they must be properly allocated.

2 CFR Part 200 provides two methods for allocating an allowable direct cost to two or more awards:

- **Proportional Benefit**
  If a cost benefits more than one project in proportions that can be determined *without undue effort or cost*, the cost should be allocated to the projects.

- **Interrelationship**
  If a cost benefits more than one project in proportions that *cannot be easily determined* due to the interrelationship of the work, then the cost may be allocated on any reasonable basis.
Allocating Allowable Costs

- There are different methodologies that can be used as a basis for allocating costs. These include, but are not limited to:
  - Effort of research personnel (headcount of full-time equivalents, FTE)
  - Laboratory space (square footage)
  - Actual usage records
  - Number of experiments or procedures performed
Allocating Allowable Costs

- **Example of Proportional Benefit**
  - A PI has two awards which require the purchase of mice to conduct experiments. The specific aims for one award indicates 150 mice are needed and the second award requires 50 mice. The PI orders 200 mice and allocates the cost of the mice 75% - 25% between the awards.

- **Example of Interrelationship**
  - Acetone purchased for use in laboratory is needed for technicians working concurrently on three research projects. A reasonable method of allocating the costs of the Acetone could be based on FTEs.
Test Your Knowledge
3. Which is an appropriate method for allocating monthly lab supply charges among three grants (A, B, C), assuming that lab supplies benefited each of the three grants?

a) Charge all of the costs to the grant with the most money available

b) Charge the 3 grants proportionately based on the FTEs working on each grant

c) Charge the costs to grant A in month #1, grant B in month #2, grant C in month #3

d) Charge all of the costs to grant A and split the charges among the 3 grants once all 3 awards are complete

Answer is on next slide →
Test Your Knowledge: Question 3

3. Which is an appropriate method for allocating monthly lab supply charges among three grants (A, B, C), assuming that lab supplies benefited each of the three grants?

a) Charge all of the costs to the grant with the most money available

b) Charge the 3 grants proportionately based on the FTEs working on each grant

c) Charge the costs to grant A in month #1, grant B in month #2, grant C in month #3

d) Charge all of the costs to grant A and split the charges among the 3 grants once all 3 awards are complete

- Costs must be allocated to the sponsored awards in proportion to the actual benefit received by the awards
- There are several acceptable allocation methods - letter B above is just one reasonable example. FTE is a way to measure a worker's involvement/effort on a project, translating to the use of supplies.
- Your PI and business office determine which method to use in your lab. If you have any questions, consult your PI and/or Business Office.
4. A Lab Assistant is working on a NIH R01 grant for the PI. The Lab Assistant has a copying code and uses it to charge his copies of research articles in Science magazine to the grant.

Pam the Postdoc is working on the same NIH grant. Pam has a copying code to charge her copies of research articles in Science magazine to a non-sponsored discretionary account.

Which person is charging his/her copy costs appropriately?

a) The Lab Assistant  

b) The Postdoc

Answer is on next slide  →
4. A Lab Assistant is working on a NIH R01 grant for the PI. The Lab Assistant has a copying code and uses it to charge his copies of research articles in Science magazine to the grant.

Pam the Postdoc is working on the same NIH grant. Pam has a copying code to charge her copies of research articles in Science magazine to a non-sponsored discretionary account.

Which person is charging his/her copy costs appropriately?

a) The Lab Assistant   b) The Postdoc

The following charges are normally treated as a F&A cost and recovered as part of the F&A rate:

- Local telephone charges
- Office supplies
- Salaries of administrative and clerical staff
- Postage
- Local telephone charges
- Memberships

Note: Program Project, Center grants and awards supporting survey research may allow copy charges.

Policy 1403 Charging of Administrative and Clerical Salaries and Certain Other General Administrative Expenses to Federal Funds
Purchasing, Travel, Audits and Ethics
Strategies for Purchasing

Charge it right the first time!

▪ Insure the appropriate source of funds is applied

▪ When making purchases:
  – Provide purchase receipts to your business office as requested
  – Follow Yale policies and procedures regarding P-Cards
  – Animal Purchases
    • Provide the Yale Animal Resource Center with correct charging instructions
    • Ensure that the Office of Animal Research Support has approved and linked the protocol to the charging instructions.
Strategies for Purchasing in the Stockrooms

- **Questions you should consider when making purchases in the Stockrooms:**
  
  - Is the cost allowable?
    - Certain stockroom items – such as office supplies – are often not allowable as a direct charge to sponsored awards
  
  - Is this charge allocable to the project(s)?
    - Discuss purchases with the PI in advance of the purchase to ensure that the item is charged to the appropriate benefitting award(s)

- **Stockroom Cards**
  
  - Use the right card!
  
  - Can this be linked directly to a General Appropriation (GA) account or to a sponsored project account
  
  - If unsure, or you need a new card, contact or speak with your business manager
Strategies for Purchasing: Methods

- **Authorization and Education**
  - Initiator must be authorized to purchase goods and services by the PI
  - Initiator must understand how goods and services should be charged

- **Multiple awards**
  - If goods and services are purchased and benefit more than one award, the PI should be consulted to determine how the cost should be allocated
  - The allocation methodology must be documented for audit purposes
  - Use Workday and multiple charging instructions to split items among awards on a single order

- **For help**
  - Contact the Purchasing Helpdesk to obtain assistance in reducing prices: purchasing.helpdesk@yale.edu
Strategies for Purchasing: Thresholds

- **Competitive Bidding Requirements**
  - For all purchases greater than $10,000, the department must:
    - Obtain at least three competitive bids or quotes, or
    - Complete and submit 3205 FR.03 Explanation for Sole Source Supplier
  - Note: Purchases from vendors with whom the Purchasing Department has negotiated a University-wide contract do not require further documentation:

- **Single/Sole Source**
  - Justification is required for purchases made without bidding process

---

3201 General Purchasing Policy
3201 PR.02 Competitive Bidding Process: 3A Using Sole Source Justification
Equipment

Defined as “tangible non-expendable University property that has an estimated useful life of greater than one year and a unit value equal to or greater value than $5,000.”

**Purchases**

- Prior to purchasing equipment using sponsored project funds, discuss with the business office to ensure that items are budgeted correctly.

**Relocation**

- Yale is required to maintain a complete equipment inventory
- Equipment costing $5,000 or more must be tagged
- If you move tagged equipment from one lab to another, the business office must be notified

**References**

- Yale’s Policy on Equipment: [4209 Equipment](#)
- Contact the Controllers Office if you have questions: controllers.office@yale.edu
Traveling Using Federal Funds

The **Fly America Act** requires travelers to use United States air carrier service for all air travel funded by Federal awards

- **Fly America** – requires the use of a U.S. air carrier even if:
  - A foreign air carrier service is less expensive, or
  - A foreign air service is preferred by the traveler, or
  - A foreign air service is more convenient

- **There are exceptions to the Fly America Act policy**
  - Register for the [Fly America Act & Open Skies Agreement](#) class to become familiar with the exceptions to the Fly America Act

- Use the [Egencia](#) booking tool when making travel arrangements

- Contact your Business Office or OSP with any questions
Compliance with the Fly America Act is the responsibility of the traveler and department.

- Before making arrangements for air travel related to Yale business, find out:
  - What sponsor is funding the travel
  - Ensure the reservation is in accordance with the Fly America Act
  - If you believe an exception is applicable:
    • Consult your Business Office or OSP representative at the time of booking
    • Complete Form 3301 FR.06 Fly America Act Waiver

- Travel reimbursements are governed by Yale policies and procedures

Policy 3301: Travel on University Business
What is My Responsibility for Records Retention?

- **Receipts for reimbursements less than $75**
  - The University does not require retaining receipts for expense reimbursements less than $75
  - Some departments, or sponsors, may require receipts
  - Continue to retain receipts for other types of transactions, such as petty cash transactions.

- **Receipts for transactions under/over $200**
  - Preparers and Approvers should be fully trained and certified in the use of the Workday expenses system, which includes a document scanning process. In addition:
    - For expense transactions over $200, the department approver should validate the legibility of the scanned documentation as part of the approval process.
    - For expense transactions under $200, the Controller’s QA review will monitor the quality of scanned receipts within the 90-day window prior to the department’s shredding of receipts.
What is My Responsibility for Records Retention?

**Sponsored Awards**
- Financial records for federally sponsored awards should be purged 3 years after the final FSR has been filed; all other University financial records must be kept in accordance with sponsor requirements.
- Receipts associated with the Workday expenses system do not need to be retained in the department after 90 days since the Workday is the system of record for these transactions.

*Note:* If the Terms and Conditions of a sponsored award specify different or additional requirements, then those specific document retention requirements must be followed. If you are uncertain about the terms of a specific award, contact OSP.

**Provide your Business Office and/or Preparer with the following:**
- PCard and other receipts (as required)
- Business Purpose (as required)
- Order Forms
- Packing slips (as required)
- Other documentation pertaining to orders of goods and services
Time and Effort Certification

▪ What is effort?
  – Effort is the time spent on any activity by an individual expressed as a percentage of total University effort.

▪ What is effort reporting?
  – Effort reporting is a method for documenting activities paid by the institution for services rendered during the period of performance under sponsored agreements.

▪ Why is effort reporting required?
  – As a condition of receiving sponsored awards, Yale must assure sponsors that the effort expended on their sponsored projects is at a minimum commensurate with the salary charged to those projects and that commitments of effort made to the sponsor at the time of proposal are fulfilled.

  Note: Training grants and fellowships are excluded from the effort reporting requirement.
What Should I Do When My Lab is Audited?

- You may be asked by your business office to participate in an audit
- Types of audits that happen on campus
  - Internal Audit reviews/quality checks
    - Property audits
    - F&A space reviews/audits
  - External Audits
    - Audits (annual) as required by A-81 (2 CFR Part 200)
    - Financial audits by Yale’s external auditors PWC (Pricewaterhouse Coopers, LLC)
    - Federal audits (Office of the Inspector General, OIG, Financial, Programmatic, etc.)
- If you are asked by a Yale official to participate in any of these audits:
  - Cooperate
  - Answer all questions directly and honestly
  - Produce documents as directed
  - Don’t delete or modify any documents
  - If you have questions about the process, ask your Business Office or OSP

NOTE:
If you are contacted by someone other than your business office to participate in an audit, or contacted directly by an auditor, contact your Business Office or the University Research Compliance Officer immediately.
The University’s Training Management System (TMS) can help you assess what training you are required to take as it relates to your research activities, including:

- Use of Human Subjects
- Use of Animals
- Conflict of Interest
- HIPAA requirements
- Environmental Health and Safety
  - Use of Hazardous Materials and other restricted items
  - Research Materials Shipping
- Export Controls

The University published standards for conducting business for all faculty, staff, and students. These standards of business conduct should guide your ongoing business activities.

- Review Yale University's Standards of Business Conduct which includes:
  - Ethical Conduct
  - Respect for Others
  - Conflicts of interest
  - Compliance
  - Accountability
  - Stewardship
  - Individual responsibility and accountability
Course Takeaways

✓ If we accept sponsored awards we must adhere to the sponsor’s requirements and follow Yale’s policies and procedures

✓ All costs must meet the principles of allowability in order to be charged to a sponsored award

✓ Management of sponsored awards is a shared responsibility

✓ Costs benefiting more than one award must be properly allocated

✓ When in doubt, ask for help
Websites Referenced in this Presentation

Policies, Procedures, Guides, Forms and Additional Resources
Resources

- Fly America Act
  https://your.yale.edu/administrative-services/travel-relocation-fleet/travel/international-travel/fly-america-act

- Fly America Act and Open Skies Agreement Quick Guide
  https://your.yale.edu/policies-procedures/other/quick-guide-fly-america-act-and-open-skies-agreement

- Form 1304 FR.09 Cost Allocation
  https://your.yale.edu/sites/default/files/instructions/1304fr.09_cost_allocation_methodology_instructions.pdf

- Guide 1304 GD.02 Cost Allocation Methodologies
  https://your.yale.edu/policies-procedures/guides/1304-gd02-cost-allocation-methodologies

- Guide 1305 GD.07 Determining Allowability, Reasonableness, and Allocability of Costs for Sponsored Projects
  https://your.yale.edu/policies-procedures/guides/1305-gd07-determining-allowability-reasonableness-and-allocability-costs

- Procedure 1305 PR.04 Unallowable Costs
  https://your.yale.edu/policies-procedures/procedures/1305-pr04-unallowable-costs

- Policy 1315 Effort Reporting: Certifying Effort on Sponsored Projects
  https://your.yale.edu/policies-procedures/policies/1315-effort-reporting-certifying-effort-sponsored-projects

- Policy 1403 Charging of Administrative and Clerical Salaries and Certain Other General Administrative Expenses to Federal Funds
  https://your.yale.edu/policies-procedures/policies/1403-charging-administrative-and-clerical-salaries-and-certain-other

- Policy 1405 Charging of Facilities and Administrative Type Expenses to Non-Federal Sponsored Projects
  https://your.yale.edu/policies-procedures/policies/1405-charging-facilities-and-administrative-type-expenses-non-federal
Resources

- Policy 1405 Charging of Facilities and Administrative Type Expenses to Non-Federal Sponsored Projects
  https://your.yale.edu/policies-procedures/policies/1405-charging-facilities-and-administrative-type-expenses-non-federal

- Policy 3201 General Purchasing
  https://your.yale.edu/policies-procedures/policies/3201-general-purchasing

- Procedure 3201 PR.02 Competitive Bidding Process
  https://your.yale.edu/policies-procedures/procedures/3201-pr02-competitive-bidding-process

- Procedure 3215 PR.01 Yale Purchasing Card Procedure
  https://your.yale.edu/policies-procedures/procedures/3215-pro1-yale-purchasing-card-procedure

- Policy 3301 Travel on University Business
  https://your.yale.edu/policies-procedures/policies/3301-travel-university-business

- Policy 4209 Equipment
  https://your.yale.edu/policies-procedures/policies/4209-equipment

Resources

  https://www.ecfr.gov/cgi-bin/text-idx?SID=15d5184c2810c3eef54cd7109663b443&node=pt2.1.200&rgn=div5

- Office of Sponsored Projects
  https://your.yale.edu/research-support/office-sponsored-projects

- Purchasing
  https://your.yale.edu/work-yale/training/financial-training/purchasing

- Purchasing Card Policies, Procedures, and Forms
  https://your.yale.edu/policies-procedures/policies/1403-charging-administrative-and-clerical-salaries-and-certain-other

- Yale Planning and Financial Management
  https://your.yale.edu/work-yale/training/financial-training/planning-financial-management

- Yale Training Management System (TMS)
  https://yale.edu/training

- Yale Travel Management
  https://your.yale.edu/work-yale/travel-relocation-fleet/yale-travel-management
Where to get help:

When you have questions:

- Start by contacting your department’s business office
- Additional resources:
  - Office of Sponsored Projects ................................. 203-785-4689
  - Environmental Health and Safety ......................... 203-785-3550
  - Purchase Services ............................................. 203-432-9955
To successfully complete and receive credit for this course, you’ll need to pass the *What Research Staff Need to Know* online quiz.

*The quiz consists of 10 multiple choice questions.*

[Click here to start the online quiz](#)
Email questions to: osp.trainings@yale.edu

You will receive a response within 2 business days.