

HEALTH CARE COMPLIANCE ASSOCIATION

Research Compliance Conference

Grant Accounting Compliance

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Topics

- Requirements
- OMB Circulars
- Indirect Costs
- Direct Costs
- Cost Transfers
- Cost Sharing
- Service Centers
- Closeout

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Requirements

Compliance Requirements At A Glance			
Grantee Type	Admin Requirements	Cost Principles	Audit Requirements
State & Local Governments	<u>A-102 (45CFR Part 92)</u>	<u>A-87 (2 CFR Part 225 - PDF 362 KB)</u>	<u>A-133</u>
College & Universities	<u>A-110 (2 CFR Part 215) Formerly at (45 CFR Part 74)</u>	<u>A-21 (2 CFR Part 220 - PDF 384 KB)</u>	
Non-Profits		<u>A-122 (2 CFR Part 230 - PDF 362 KB)</u>	
Hospitals		45 CFR Part 74, App E	
For-Profits		<u>FAR 31.2 (48 CFR Subpart 31.2)</u>	
Foreign	<u>2 CFR Part 215 (formerly 45 CFR Part 74 or Part 92)</u>	As stated above for grantee type	----- <u>45 CFR Part 74.26</u> <u>NIH GPS (same as 45 CFR Part 74.26)</u>

<http://grants.nih.gov/grants/oer.htm>

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OMB Circulars

- **Circular A-1:** System of Circulars and Bulletins to Executive Departments and Establishments
- **Circular A-21:** Cost Principles for Educational Institutions; relocated to 2 CFR, Part 220
- **Circular A-110:** Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations; relocated to 2 CFR, Part 215
- **Circular A-122:** Cost Principles for Non-Profit Organizations
- **Circular A-133:** Audit of States, Local Governments, and Non-Profit Organizations (includes revisions published in the Federal Register)

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Indirect Costs

- Known as Facilities & Administrative (F&A) or overhead costs
- Negotiated with the Department of Health and Human Services (DHHS) or the Department of Defense's Office of Naval Research (DOD)
- Represent the expenses of doing business that are not readily identified with a particular grant or activity, but are necessary for the general operation of the organization and the conduct of activities it performs, such as:
 - Salaries of administrative and clerical staff
 - Office supplies
 - Local telephone
 - Postage

Indirect Costs

Types of costs not allowed when calculating F&A rates, include but are not limited to the following:

- Advertising
- Alcohol
- Bad debt
- Entertainment
- Fund raising
- Goods for personal use
- Memberships
- Pre-award costs

Indirect Costs

$$\frac{\text{Allowable Indirect Costs}}{\text{Allowable Direct Costs}} = \text{F\&A Rate}$$

Direct Costs

- Salaries and Wages
- Fringe Benefits
- Supplies
- Services
- Travel
- Equipment
- Sub-awards
- Tuition Remission

Direct Costs

- Allowable
- Allocable
- Reasonable
- Consistent

Cost Transfers

- For costs transferred between federally sponsored programs
- Should not occur when charges are 90 days or older
- Guidance can be found in Circular OMB-133
- Can set up “red flag” to indicate an organization’s poor financial management

Cost Sharing

- Represents costs funded by the organization rather than the sponsor
- Types of cost sharing:
 - Mandatory
 - Voluntary Committed
 - Voluntary Uncommitted
- Cost sharing may result in a lower F&A rate and requires that organization be cognizant of impacts

Service Centers

- When a service center provides multiple services, the direct costs for each service provided should be segregated and unique billing units should be used for each separate service
- If direct costs cannot be segregated, the costs related to each service must be separately identified through a cost allocation process
- Surpluses and deficits should be identified for each service
- The surplus from one service cannot be used to offset the deficit of another service
- If services are similar in nature, those services should be grouped together and one rate should be developed for those services

Closeout

- Verify all salary/labor distributions for accuracy
- All open commitments to be liquidated or closed 30 days prior to the Financial Status Report (FSR) due date
- Best efforts to ensure all cost transfers are submitted and approved by the end of the project period
- All payments made 30 days prior to the FSR due date
- Complete all billing/invoicing of sponsors and collecting of receivables
- Cost overruns closed out per appropriate department procedures
- Provide final invention statement/scientific report, if required