

### **Case Study 1: Allowable Costs and Cost Transfers**

It's time for the final financial report on an NIH R01 research award for Prof. Jasper's project "Evaluating the Effectiveness of Video Games as Monitoring Devices for Blood Sugar Levels of Diabetic Children."

Original Budget:

	Amount	Additional Description
PI 30% effort, (\$150,000 per year, 12-month appointment)	\$45,000	
Grad. Assistant 50% effort (\$38,000 per year, 9-month appointment)	\$19,000	
Fringe Benefits (Faculty @ 44%, Grad Assistant @ 27%)	\$24,930	
Tuition Remission (\$8,000 per year)	\$8,000	
Research Supplies	\$25,000	25 tablet computers @\$700/ea. \$17,500; glassware, needles, biological compounds, general lab materials \$7,500
Travel	\$3,000	Travel to professional meeting to present research.
Incentive Payments to Research Participants	\$2,500	\$100 payments to 25 research study participants
Total Direct Costs	\$127,430	
F&A (50% MTDC of \$119,430 )	\$59,715	TDC less \$8,000 Tuition Remission
Total	\$187,145	

Last Accounting Ledger (October 2018)

Project Title: "Evaluating the Effectiveness of Video Games as Monitoring Devices for Blood Sugar Levels of Diabetic Children."			
PI: Dr. Jasper			
Grant Period: October 1, 2016 to September 30, 2018			
Expense Category:	Budget:	Month to Date:	Inception to Date:
Salaries	\$64,000	\$3,750.00	88,750.00
Fringe Benefits	\$24,930	\$1,650.00	38,485.00
Tuition Remission	\$8,000	0	2,000.00
Equipment	\$0	1500.00	18,500.00
Research Supplies	\$25,000	0	10,000.00
Travel	\$3,000	1,000.00	4,500.00
Other Services	\$2,500	0	3,000.00
Total Direct	\$127,430	7,900.00	165,235.00
F&A	\$59,715	3,200.00	72,367.50
Total	\$187, 415	11,100.00	237,602.50

Detailed Accounting Transaction Journal:

Grant Period: October 1, 2016 to September 30, 2018:

Object Code/Description	Transaction Detail	Posted Date	Amount
<b>Salaries:</b>			
Dr. Jasper	July 2017	8-15-2017	3,750.00
Dr. Jasper	October 2018	10-31-2018	3,750.00
Dr. Jasper	Trf June 2016-Dec 2017	4-6-2018	26,250.00
Dr. Jasper	Trf Jan 2018-Apr 2018	7-23-2018	15,000.00
Susan Becker, Grad Asst	Sep 2016	9-30-2016	2111.11
Susan Becker, Grad Asst	Oct 2016	10-30-2016	2111.11
Susan Becker, Grad Asst	Nov 2016	11-30-2016	2111.11
Susan Becker, Grad Asst	Dec 2016	12-30-2016	2111.11
Susan Becker, Grad Asst	Jan 2017	1-30-2017	2111.11
Susan Becker, Grad Asst	Feb 2017	2-28-2017	2111.11
Susan Becker, Grad Asst	Mar 2017	3-30-2017	2111.11
Susan Becker, Grad Asst	Apr 2017	4-30-2017	2111.11
Susan Becker, Grad Asst	May 2017	5-30-2017	2111.11
Susan Becker, Grad Asst	Trf Sep 2016 – May 2017	12-15-2017	(9,500.00)
Dr. Ed Hopper	Trf Apr 2017-May 2017	8-1-2018	9,000.00
Ashley Oakwood, Student	July 2017	7-30-2017	500.00
Jason Ford, Research Technician	Trf Apr 2017-May 2017	8-1-2018	21,000.01

<b>Total Salaries</b>			<b><u>88,750.00</u></b>
<b>Fringe Benefits:</b>			
Dr Jasper	Faculty @44%	(assume multiple end-of-month dates)	21,450.00
Susan Becker, Grad Asst	Grad Asst @27%	(assume multiple end-of-month dates)	2,565.00
Dr. Hopper	Faculty @44%	8-30-2018	3,960.00
Jason Ford	Res. Tech @ 50%	8-30-2018	10,500.00
Ashley Oakwood	Student Hourly @2%	7-30-2017	10.00
<b>Total Fringe Benefits</b>			<b><u>38,485.00</u></b>
<b>Tuition Remission:</b>			
Susan Becker, Grad Asst	50% appt @ \$8,000/yr.	(assume multiple end-of-month dates)	4,000.00
Susan Becker, Grad Asst	Trf Sep 2016- May 2017	12-15-2017	(2,000.00)
<b>Total Tuition Remission:</b>			<b><u>2,000.00</u></b>
<b>Equipment:</b>			
Computers	25 Apple I-pad Pro @700/ea.	10-14-2016	17,500.00
Computers	2 Apple I-pad Pro@750/ea.	10-25-2018	1,500.00

<b>Total Equipment:</b>			<b><u>18,500.00</u></b>
<b>Research Supplies:</b>			
Lab supplies	HTP Medical Supply	10-21-2016	1,500.00
Lab supplies	HTP Medical Supply	1-31-2017	2,500.00
Lab supplies	Trfr HTP Med Supply Aug 2017	1-31-2018	4,000.00
Lab supplies	Target	3-17-2018	150.00
Lab supplies	Party City	3-17-2018	50.00
Lab supplies	Jackson Supplies	4-30-2018	1,000.00
Lab supplies	Target	6-30-2018	150.00
Lab supplies	Party City	6-30-2018	50.00
Lab supplies	Jackson Supplies	9-29-2018	600.00
<b>Total Supplies:</b>			<b><u>10,000.00</u></b>
<b>Travel:</b>			
Dr. Jasper	San Francisco	5-4-2018	1,250.00
Dr. Hopper	San Francisco	5-4-2018	1,250.00
Dr. Bradshaw	San Francisco	5-4-2018	1,000.00
Dr. Jasper	Rome, Italy	10-15-2018	1,000.00
<b>Total Travel:</b>			<b><u>4,500.00</u></b>
<b>Other Services:</b>			

Research Services	Jasper Partners LLC	8-31-2017	1,000.00
Telephone-Local Service	Trf 10-2016 thru 09-2017	11-13-2017	500.00
Memberships	Juvenile Diabetes Fndn	12-31-2017	100.00
Computer Services	Dept of Admin Computing	8-2-2018	400.00
Medical Services	Dept of Pediatrics Research Nurse Svcs	9-18-2018	750.00
Facility Services	Building Maintenance Dept.	7-1-2017	250.00
<b>Total Other Services</b>			<b><u>3,000.00</u></b>
<b>Total Direct Costs</b>			<b>165,235.00</b>
<b>F&amp;A</b>	<b>MTDC (excl. tuition remission &amp; equipment)</b>		<b>72,367.50</b>
<b>TOTAL COSTS</b>			<b><u>237,602.50</u></b>

Questions (Central Office Perspective):

1. Before preparing the financial report, what costs would you question?
  - a. Why do these costs raise questions?
  - b. What explanations would you accept to allow them to remain on the project?
2. What other specific information would you want to see before preparing the report?
3. What explanations would you accept on the cost transfers that need to be submitted?

Questions (Departmental Administrator Perspective):

1. What expenses do you plan on correcting before the financial report can be submitted?
  - a. Why did you select these costs?
  - b. What explanations do you have to allow the remaining expenses to be reported?
2. What other specific information would you want to see before the expenses can be reported?
3. What explanations would you provide on the cost transfers that need to be submitted?

**Case Study 2: Documentation**

In the second interview, the auditor has requested copies of the source documentation for the following transactions:

--Dr. Jasper salary for period of Jan 2017 through July 2017

--Equipment: 2 Apple I-Pad Pros, purchased 10-25-2018

--Tuition Remission, posted 12-15-2017

--Travel Expenses for Dr. Bradshaw (San Francisco), posted 5-4-2018

--Research Services: Jasper Partners LLC, posted 8-31-2017

--Research Services: Building Maintenance Dept., posted 7-1-2017

Questions:

1. For the salary expenses, Jake (the department's research administrator) provides a printout of the salary system transaction, a copy of the effort card, and a copy of the PI's calendar documenting the hours spent each day on the project. Is this appropriate documentation?
2. For the I Pads, Megan (the department's financial specialist) provides a screenshot of the procurement card online system showing the funding string and the entry date. She also provides a copy of the packing slip used in the shipment. Is this appropriate documentation?
3. For tuition remission, Stan (RSP research administrator) provides a screenshot of the monthly accounting ledger showing the charge. He also provides a copy of the University's tuition

remission policy and a copy of the documentation of the monthly allocation process. Is this appropriate documentation?

4. For the travel expenses, Jake provides a screenshot of the completed transaction from the online travel reimbursement system. Is this appropriate documentation?
5. For the research services from Jasper Partners, Megan provides a copy of the paid invoice, with her approving initials. Is this appropriate documentation?
6. For the research services from the Building Maintenance department, Megan provides a copy of the monthly accounting ledger showing the internal fund transfer between the grant and Building Maintenance. Is this appropriate documentation?