



Symposium for Research Administrators

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Allowable Costs? It Depends

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Agenda

- Overview
- Case Studies
 - Travel
 - Equipment
 - Cost Transfers
 - Participant Support Costs
 - Etc.
- Resources



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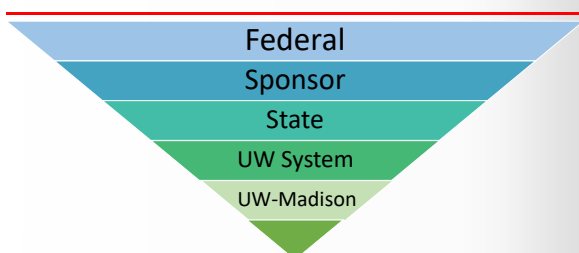
Objectives

- Participants will practice identifying key issues.
- Participants will learn about resources available for problem solving.
- Participants will discuss potential approaches to answer cost-related questions.

Allowability of costs - [2 CFR 200.403](#)

- Necessary and reasonable in the performance of the award
- Conform to cost principles and terms and conditions of the award
- In accordance with:
 - Institutional policies & procedures
 - Generally accepted accounting principles
- Treated consistently
- Adequately documented
- Not included as cost sharing on another federal award

Policies and Policies and Policies



Case studies

- The case studies in this presentation are **NOT** from UW-Madison.
- Examples covered today are from **other institutions'** audit reports.

Case study: NSF participant support costs



- Research Experiences for Undergraduates summer program
- 21 student participants
- 21 amusement park tickets purchased on participant support project for students participating in program

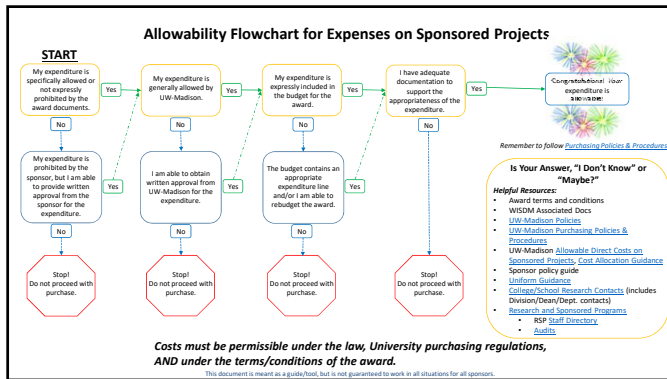
Reflection

Themes

- Purpose of the cost was unclear
 - Could be interpreted as an entertainment cost
- Benefit of the cost to the project unclear
- Was this cost reviewed and approved by the sponsor?

Citations

- [NSF PAPP](#): "Any additional categories of participant support costs other than those described in 2 CFR § 200.75 (such as incentives, gifts, souvenirs, t-shirts and memorabilia), must be justified in the budget justification, and such costs will be closely scrutinized by NSF."
- [200.438](#): "Costs of entertainment, including amusement, diversion, and social activities...are unallowable..."



Case studies: travel




Photo by [Jesse Paul on Unsplash](#)

1) Travel charged to grant: PI from X university visited Y university
Purpose: To discuss potential collaborations

2) Travel charged to grant: PI visited with A & B universities
Purpose: To discuss potential collaborations and to recruit graduate students

3) Travel charged to grant: PI traveled to conference
Purpose: To present paper and discuss new ideas for joint proposals with colleagues

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Reflection

Themes

- Proposal costs cannot be charged to sponsored projects
- Institutions visited did not become project collaborators, as evidenced in the award documents and progress reports
- Graduate students not identified in progress reports
- Paper presented at conference was not grant related

Citations

- UW-Madison Guidelines for Effort Reporting:**
 - "Salary support for...proposal preparation effort must come from non-sponsored funds."
 - Activities that **CANNOT** be allocated to sponsored projects include:
 - Proposal-writing, except for non-competing continuations (progress reports); this includes:
 - Developing necessary data to support the proposal
 - Writing, editing, and submitting the proposal
- 200.460:** "...proposal costs should normally be treated as indirect (F&A) costs"

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Case study: student airfare



Photo by [Michael Kucharski](#) on [Unsplash](#)

- Student traveled to a conference
- Travel was charged to award
- Student was not identified in progress reports
- Student did not allocate effort (was not paid) on the award

Reflection

Themes

- Graduate student
 - Not identified in progress reports
 - Did not allocate effort to the award
- No clear benefit for the student's travel on the award
- Unclear why the student's travel was charged to the award

Citations

- [200.405](#): A cost is allocable to a particular Federal award...if the goods or services involved are chargeable or assignable to that Federal award...in accordance with relative benefits received. This standard is met if the cost:
 - (1) Is incurred specifically for the Federal award...

Case studies: travel (continued)



Photo by [Jana McLaren](#) (@jmcmlen) on [Unsplash](#)

Case A

- PI traveled to foreign country to discuss possible topics for future collaborations
- Travel charged to award
- PI did not report international travel in the progress report
- PI purchased an airline ticket from a foreign carrier, rather than a U.S. flag air carrier

Case B

- Senior personnel on the grant traveled to Germany to attend a grant-related conference
- The person purchased a business-class airfare ticket
- The business-class airfare was charged to the award

Reflection

Themes

- Proposal costs cannot be charged to sponsored projects
- Institution visited did not become project collaborator, as evidenced in the award progress reports
- International travel not reported in progress reports
- Foreign air travel must be compliant with Fly America Act
- Business class airfare is not allowable (unless disability-related accommodation is approved in advance)

Citations

- See [UW-Madison Guidelines for Effort Reporting](#) and [200.460](#).
- [UW-Madison International Travel policy](#): All travelers must comply with the Fly America Act unless exceptions in the Open Skies Agreement pertain.
- [UW-Madison Air Travel policy](#): Travel by air shall be limited to the lowest, logical, non-refundable, coach/economy class fare available.
- [200.474](#): Travel costs are...charged...in accordance with the non-Federal entity's written travel reimbursement policies.



Group activity case study: travel



Sponsor: NSF
Award Period of Performance:
 9/1/2010 – 8/31/2013
Project: The Merits of Pita Bread versus Nanobyte Bread
Final technical report due: 12/31/2013
Final reported cumulative costs:
 11/30/2013
Plane ticket purchased: 8/15/2013
Conference dates: 11/5/2013 – 11/10/2013
 PI met with the Co-I from collaborating institution, performed last review of results, and finalized the project report after presenting the results at the conference.

Reflection

Themes

- Airfare ticket purchased 2 weeks before end of period of performance
- Travel occurred after period of performance ended

Citations

- [200.403](#): Conform to any limitations or exclusions set forth in these principles or in the Federal award...
- [NSF PAPPG](#): NSF funds may not be expended subsequent to the end date of the grant, except to liquidate valid commitments that were made on or before the end date, e.g., commitment of project funds for subrecipient or contractor for services rendered during that award period but not billed to the grantee until after the grant ended.

Case studies: equipment/supplies



Photo by [Jennifer Peltier](#) on [Unsplash](#)

Case X

- Equipment purchased 48 days before the end of the period of performance
- Full cost allocated to award
- Available for 48 of 1,460 days (4-year project)

Case Y

- Software upgrade and data loggers purchased 10 days before the end of the period of performance
- Full cost allocated to award
- Available for 10 of 3,272 days (9-year project)

Case Z

- The full cost of an incubator was charged to the award.
- University acknowledged that the incubator was used on the award and for other research projects.

Reflection

Themes

- Full cost of items charged to the award
- No clear benefit for the items that were available for a fraction of the period of performance
- Question of why item used for multiple projects was charged 100% to award

Citations

- [200.405](#): A cost is allocable to a particular Federal award...if the goods or services involved are chargeable or assignable to that Federal award...in accordance with relative benefits received. This standard is met if the cost:
 - (1) Is incurred specifically for the Federal award;
 - (2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods...

Case study: equipment



- The university ordered a piece of equipment after the award's period of performance expired.
- The PI stated that the equipment was needed to finalize the grant objectives.

Reflection

Themes

- Item purchased after period of performance ended
- Questionable benefit to the award if not purchased until after grant ended

Citations

- [200.403](#): Conform to any limitations or exclusions set forth in these principles or in the Federal award...
- [NSF PAPPG](#): NSF funds may not be expended subsequent to the end date of the grant, except to liquidate valid commitments that were made on or before the end date, e.g., commitment of project funds for subrecipient or contractor for services rendered during that award period but not billed to the grantee until after the grant ended.

Case study: Rebudget of participant support costs



- The university requested a rebudgeting of participant support costs to pay a portion of the PI's salary on the grant.
- The NSF approved a rebudget request of \$13,895 out of participant support to pay PI salary.
- The university charged \$19,650 to the grant for PI salary.

Reflection

Themes

- University obtained approval to rebudget out of participant support costs
- University charged more than what was approved in the rebudget request

Citations

- [200.403](#): Conform to any limitations or exclusions set forth in these principles or in the Federal award...
- [NSF Agency-Specific Requirements](#): Funds provided for participant support may not be used by grantees for other categories of expense without specific NSF prior written approval. Such requests must be submitted electronically via use of NSF's electronic systems.

Case study: cost transfer



Photo by [Luisa Reed](#) on [Unsplash](#)



Photo by [Quentin van der Vliet](#) on [Unsplash](#)



Photo by [Nathan Thomas](#) on [Unsplash](#)

- Days before the award expired, the PI emailed grant administrative staff noting that the award budget had not been fully spent.
- The PI then requested that \$7,000+ of supply expenses, previously allocated to the PI's start-up fund, be transferred to the expiring award.
- The PI stated that these supplies were used to conduct award-related research and were originally charged to the start-up fund due to a delay in the award being transferred to the university.

Reflection

Themes

- Discretionary funds were used while award transfer was in process
- Charges might have been appropriate, but timing of transfer was questionable
- Email noted that full balance had not been spent, and to transfer expenses to award

Citations

- [200.405 Allocable costs](#), part (c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons...

UW-Madison Resources

- UW-Madison Policies <https://www.wisc.edu/policies/>
- UW-Madison Purchasing Policies & Procedures <http://www.bussvc.wisc.edu/purch/pppindx.html>
- School/college/departamental policies
- Research and Sponsored Programs <https://www.rsp.wisc.edu>
 - RSP Staff Directory <https://www.rsp.wisc.edu/directory.cfm>
 - Audits <https://www.rsp.wisc.edu/awardmgt/audits/index.cfm>
 - Allowable Direct Costs on Sponsored Projects <https://www.rsp.wisc.edu/awardmgt/directcosts.cfm>
 - Cost Allocation Guidance https://www.rsp.wisc.edu/_/Cost_Allocation_Methods_WI_Guidance.pdf
 - College/School Research Contacts (includes Division/Dean/Dept. contacts) <https://www.rsp.wisc.edu/ResearchContact/>
 - Cost Transfer Policy <https://www.rsp.wisc.edu/policies/costtransfer/>
- WISDM Associated Docs Tab: award agreement, modifications, no-cost extensions, etc.
- WISDM Requirements Tab: lists common terms and conditions for the award

Additional Resources

- Uniform Guidance <https://www.ecfr.gov>
- Federal agency regulations
- Sponsor policy guide
- Funding Opportunity Announcement, Request for Proposal, Request for Application, etc.
- Sponsor terms and conditions
- Individual award documents
- NSF Audit Reports: <https://www.nsf.gov/oig/reports/reviews.jsp#external>
- NSF Management Responses to Audits: <https://www.nsf.gov/bfa/responses.jsp>
- Your Peers on Campus

Questions?

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