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A P R O A C T I V E A P P R O A C H

TO POST AWARD ADMINISTRATION



By Kathy Kuhns and Steve Koogler

The Office of Research & Commercialization (ORC) at the University of Central Florida (UCF) serves UCF scholars as the official liaison between UCF and funding sources, and by helping faculty work through the pre and post award management process. The ORC consists of departments including Financial Compliance, Contracts & Grants, Research Information Systems, Ethics & Compliance, and Technology Transfer.

The Financial Compliance office (FC) is an integral part of post-award administration of sponsored projects assisting the Principal Investigator (PI) and department administrator during the closeout process of all awards. The FC provides each college/department administrator a compliance point of contact (FC coordinator), who monitors and tracks specific performance and audit based data such as:

- ✓ ePAFs (electronic personnel action form)
- ✓ Cost Transfers
- ✓ Effort Certification
- ✓ Cost Share Monitoring
- ✓ Expenditure Review

Identifying Expenditure Data

A major financial compliance burden at closeout is identifying and removing unallowable costs,

which can lead to residual balances that can no longer be utilized towards the project. To alleviate this problem, FC decided to review high risk and highly questionable expenditures during the life of the project. This expenditure review process provides financial data in a timely manner so project funds are utilized appropriately during the remainder of a sponsored project.

Each month, ORC's database administrator runs a query extracting unique expenditure account codes posted on sponsored projects in the previous month. These specific account codes were provided by internal audit and include, but are not limited to:

- ✓ Office Supplies
- ✓ Equipment Rental
- ✓ Rental of Facilities
- ✓ Food

Once the query is complete, FC separates the data into each FC coordinators' designated college because the coordinator is familiar with their college's unique spending habits. For example, the FC coordinator for College of Education may understand binders (traditionally deemed office supplies) as an allowable cost on teacher training project whereas the FC coordinator for College of Engineering might probe further to determine if the expense is allowable.

Streamlining this data process by including a unique set of account codes and separating the data by FC coordinator/college, allows FC to analyze expenditures that pose the most auditable risk for UCF in a timely manner.

Analyzing the Data

The query provides data including the PI, department, expense, account code, expense amount, and the date purchased. Using knowledge from the OMB Circulars, Uniform Guidance, agreement terms, and internal procedures, FC begins analyzing the expenditure data for allowability. The FC coordinator is also able to use their knowledge of the PI, project, and expense type to assist in performing this analysis.

When an unallowable expense is identified, the department administrator must remove it and the remaining funds can be utilized towards other allowable expenses. FC also analyzes the expenditure for account code accuracy: is the correct account code being used? For example, the department administrator used the account code for Scientific Equipment when Research Supplies was the appropriate account code to use for the expenditure.

This communication with the department administrator and PI is documented and uploaded into a repository as part of the audit records for the project.

By reviewing expenditures monthly, FC is able to track the misuse of account codes, improper allocation of charges, and unallowable expenses to determine if patterns exist specific to project personnel, departments, colleges, or university wide. When FC starts to see a pattern, immediate and specific training can be completed.

Benefits/Results

Analyzing expenditure data during the life of a project has many benefits, including **reducing**:

- ✓ Necessity and amount of cost transfers requested more than 90 days after an expenditure posts to a project
- ✓ Potential incorrect billing of unallowable or unallocable expenses
- ✓ Financial cleanup at project closeout

While also, **improving**:

- ✓ Outreach to department administrators/PIs
- ✓ Consistent treatment of costs
- ✓ Internal policies and procedures

Since the expenditure review process began, FC has seen a significant reduction in cost transfers processed more than 90 days after an expenditure posts. The remainder of these cost transfers are primarily moving costs off of sponsored projects. By running a monthly expenditure query, FC communicates with the Principal Investigator (PI) and/or department administrators within 30 days of a questionable expense. As a result, they are more likely to remember what was purchased and the reason or justification for the purchase. This significantly reduces the risk and number of cost transfers requested more than 90 days after an expenditure and the potential for unallowable or unallocable costs remaining as an expenditure at project end. The data shows a decrease in cost transfers submitted over 90 days but also a significant increase in cost transfers submitted under 90 days. Although there is an increase in cost transfers, the timeliness of removing unallowable costs is improving. This timeliness leads to more accurate invoicing and reduces the time spent reviewing expenditures at project completion.

This review process also gives FC the opportunity to reach out to provide guidance to department administrators about identifying these types of unallowable costs in the future. FC provides training on using the ORC eRA system to review expenditures and consider:

- ✓ How do I know if this cost is allowable?
- ✓ How do I find the project scope of work and budget?
- ✓ When should I ask for a justification for a purchase?

This, in turn, empowers the department administrators to analyze and question any expense prior to purchasing. Recently, FC has noticed that department administrators are reaching out to seek guidance for allowability prior to purchase. This continuous communication also builds rapport between the central research office and department administrators.

FC provides monthly deliverables to ORC leadership including expenditure review data. Quantifying the data provides vital information for making business decisions such as:

- ✓ Staffing needs
- ✓ Distribution of workload
- ✓ Annual performance measures
- ✓ Knowledge gaps in departments
- ✓ Internal communication of policies and procedures
- ✓ Consistent process application and treatment of costs

Dissemination

As part of the on-going use and review of data, ORC hosts a monthly meeting to disseminate important information regarding sponsored research. This meeting includes personnel from the sponsored research office, colleges/departments, Human Resources, Internal Audit, and the Finance and Accounting (F&A) department. At these meetings, ORC is able to communicate any data trends, policy changes, audit updates, etc. The expenditure review data is communicated as part of FC's best practices discussion. Meeting attendees are able to make any announcements, ask any questions, and discuss any concerns relating to sponsored research. This monthly meeting provides the opportunity for the UCF research community to share data and improve research administration.

Future Considerations

The expenditure review process has been in place for over a year. Now that FC has gathered data and trends on project expenditures, FC plans to look at:

- ✓ Reducing or eliminating cost transfers under 90 days by working with department administrators allocating expenditures properly before they are incurred.

- ✓ Methods to streamline data review process by
 - reducing the review process of certain expenditures (lower volume or risk) to a longer time frame, i.e. bi-monthly instead of monthly
 - Implementing minimum thresholds for some expenditure categories
- ✓ Options for an automated workflow to allow for pre-expenditure review of high volume, high risk categories (pre-expenditure review workflow in the University financial system is currently for only equipment and certain travel categories)

Conclusion

Identifying, analyzing, and reporting expenditure data consistently provides the PI, department administrators, and University with an added layer of protection for ensuring financial compliance on the research aspect as well as the financial aspect of sponsored research. Our data demonstrates that through the constant review of existing data, research administrators are receiving feedback in a timely manner. This allows the PI to maximize the use of their entire budget. In addition, with limited personnel resources, making the expenditure review processes part of a monthly procedure alleviates a significant amount of work at project closeout. Streamlining this process also reduces possible audit and awarding agency issues or findings. FC is continuously providing customer service by working closely with department administrators during the life of projects. For UCF, this initiative has proven successful. **N**



Kathy Kuhns, is the Compliance Coordinator at the Office of Research & Commercialization at University of Central Florida. Her responsibilities include cost share monitoring, expenditure reviews, and project closeouts. She can be reached at Kathy.Kuhns@ucf.edu.



Steve Koogler, Koogler is the Financial Compliance Manager at the Office of Research & Commercialization at the University of Central Florida. He has worked in Research Administration for six years and within the Financial Compliance office at the University of Central Florida for over a year. He works with PIs and department administrators to ensure financial compliance in areas of cost share monitoring, expenditure reviews, and closeout of projects. He is also responsible for FEATA and Small Business Reporting. He can be reached at Steven.Koogler@ucf.edu.