

RESEARCH FINANCE: PRINCIPAL INVESTIGATORS AND GRANT MANAGERS SESSION

POST-AWARD FINANCIAL ADMINISTRATION BEST PRACTICES (SEPT 23/22)

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INTRODUCTION

Topics to be covered today

- US Fed Grants & the Annual Single Audit
 - Payroll
 - Non-Payroll (Procurement, Equipment)
 - Approvals/Appportionment of Expenses
 - Sub-granting
- TAGFA and UBC's Business Expense Rules
- Tri-Agency Form 300s - Head of Unit Signature Clarification



Subject matter: Payroll expenses

- Payroll expenses form the most common request captured in research grant budgets, and may include:
 - Students and Post-docs training under the research topic being funded
 - Technical and project staff
 - Principal Investigators and Co-Investigatorsalong with their fringe benefits such as statutory deductions (EI, pension, extended health, tuition waiver)
- The US Government's expectation is that the supporting documentation for the expense should be able to demonstrate the time and effort that the employee expended is not being overcompensated by the grant



Subject matter: Payroll expenses (cont.)

- Auditors will be seeking to ensure that:
 - Compensation is accurately recorded (% allocation of salary or hours worked, within appointment period, within grant's active period)
 - Benefits are properly attributed (amount assessed is appropriate based on the salary it's associated with)
 - Adjustments are backed up properly with supporting documentation
 - Appointments and adjustments are approved by PI or Grant Manager



Subject matter: Payroll expenses (cont.)

- Another consideration: National Institutes of Health (NIH) salary cap
- NIH puts out [annual guidance](#) that limits how much an individual can be compensated from the grant
- Compensation (if extrapolated to 100% effort) may not exceed "Executive Level II" max salary
- This figure changes from year to year - for this year, it's USD \$203,700 (approx. \$275k CAD)
- Particularly important to note that when part of PI's salary is being charged to an NIH grant, it's not the portion of the salary that's the concern, but how much it would be if effort were extrapolated to 100%
- Possible mitigation: PI claims less than the actual effort expended



Subject matter: Non-payroll expenses

- Broad domain - many considerations
- Procurement: Micro-purchase vs. Small purchase thresholds, competitive bidding
- Equipment: proper tracking, required biennial certification, disposals
- Sanctioned or Excluded Parties
- Accuracy of charges & related tax assessments



Subject matter: Non-payroll - Procurement

- UBC's \$ thresholds requiring increased requirements are less than US Fed's - key is to adhere to UBC's stated requirements
- Thresholds are as follows:
 - [Below \\$3.5k CAD](#) - no purchase order (PO) required, though some suppliers may require a PO number; UBC Visa Card as an option
 - [Above \\$3.5k CAD](#) - PO is required (can be waived under specific exception conditions - see exemption matrix); three quotes recommended (or rationale for why three is not possible)
 - [Additional consideration if above \\$75k CAD](#) - competitive bid process is required



US FED / SINGLE AUDIT

Subject matter: Non-payroll - Equipment

- [2 CFR 200.313](#) outlines the expectations of the US Government on us for handling equipment purchased using their funds
- Tracking, safeguarding, and maintenance are key expectations
- Best practice - make note of serial numbers/other identification numbers on the equipment upon receipt, log this information locally (for asset management as well as audit purposes), and include location of item(s)
- Auditors will be asking for this information for newly purchased equipment during annual US Fed audit, so Research Finance will be reaching out to you in the spring to collect this info
- We are also required to do biennial certifications of all equipment purchased using US Fed funds - next certification: Spring 2023



Subject matter: Non-payroll - Equipment (cont.)

- The US Government also outlines what needs to be done when disposing of equipment purchased using US Fed funds:
 - If item still has utility, it's expected to be sold at fair market value (FMV)
 - If FMV is less than \$5k USD, there is no further responsibility to the US Fed agency that awarded the funds to purchase the equipment
 - If FMV is greater than \$5k USD and item is sold, UBC may retain 10% or \$500 USD (whichever is less) and the US Fed awarding agency is entitled to the remainder of their share
 - US Fed awarding agency may direct UBC to take close-out disposition actions as per terms and conditions of their agreement with UBC



Subject matter: Approvals/Appportionment of Expenses

- The US Government expects recipients of their assistance funding to have appropriate internal controls in place to safeguard their funds and assets arising from their funding
- Some of the internal controls in place include:
 - assignment of spending responsibility (UBC [Policy LR2 - Research](#))
 - delegation of signing authority (UBC Policy LR2 - Research)
 - payments and procurements (outlined in various UBC policies and guidelines)



Subject matter: Approvals

- Central to these internal controls is the responsibility of the PI and Grant Managers for effective management of spending through approvals and proper apportionment of expenses
- From Policy LR2 (Research):



2.1 Without limiting the generality of section 1.2 of the Policy, UBC Researchers must:

2.1.6 ensure all Research Funds are properly managed, which will include ensuring all expenditures authorized against UBC accounts conform with the approved budget and with UBC policies on financial management including the Research Over-Expenditure Policy;

Subject matter: Approvals (cont.)

- Current workflow routing has PI / Grant Manager included on majority of transactions going to Grant worktags (as "Budget Owner" step)
- There are some transactions that do not flow through "Budget Owner" step, such as:
 - courier (ie. Fed Ex, UPS) charges
 - PST self-assessment
 - indirect costs (F&A)

For the first two: Financial Operations guidelines direct the approvals workflow (FinOps approves these to be posted)

The third is governed by funding agreement; PI approval not necessary



Subject matter: Approvals (cont.)

- As a best practice:
 - Keep a close watch of the ledgers for your grants
 - Ensure charges are appropriate and correctly captured - especially those where the approvals don't route through you
- Auditors will be looking to ensure that all expenses were approved by PI or their delegate



Subject matter: Apportionments

- When a purchase is being paid for by multiple grants, it's important to make note of how the apportionment (allocation of \$) is arrived at
- Apportionment can happen
 - at time of initial processing of expense
(ie. when allocating an expense to various worktags, splitting it up at time of data entry)
 - or afterwards through a Journal Entry
(ie. to transfer expenses out of one Grant worktag to another - partially or in its entirety)



Subject matter: Apportionments

- Auditors will be wanting to understand rationale for allocation and/or transfers, especially for transfers happening months after the initial expense is posted
- This is particularly important for items such as equipment, where the cost can be significant, and there are implications when the item may need to be sold/disposed of
- Another best practice: don't transfer the same expense many times to different grant worktags unless absolutely necessary
 - such as from Grant A to Grant B, and then from Grant B to Grant C
 - likewise in FY x, and then the same (or portion of) expense again in FY x+1



Subject matter: Sub-granting funds

- [2 CFR 200.332](#) outlines the considerations placed on institutions when sub-granting funds to other entities
- Lots of moving parts - ORS/UILO, Research Finance, PI all have responsibilities related to subgranted funds
- ORS/UILO: performs risk assessment (§ 200.332 (b)), negotiates and signs agreements
- Research Finance: monitors subrecipient's financial/audit reports, conducts annual subrecipient certification process
- PI: monitors subrecipient's scientific/performance activities, approves payments to subrecipients based on terms and conditions of agreement



Subject matter: Sub-granting funds (cont.)

- As payments are approved independent of ORS & RF, a best practice is to be aware of limitations as outlined by agreement (end date, total funding released to subrecipient, requirements to be met in order for payments to be made) and to keep track of amounts already sent
- If limits have been met (date/funding amount), then further payments need to be withheld until an amendment extending further time and/or funds has been completed by ORS/UILO
- In addition to ensuring terms and conditions of the subagreement are adhered to, auditors will also be looking to ensure risk assessments are completed for subagreements and all subsequent amendments, as well as annual subrecipient monitoring certifications have been conducted (with necessary follow-up as required)



TAGFA and UBC's Business Expense Rules (BERs)

- [Tri-Agency's Guide on Financial Administration](#) (TAGFA) governs usage of funds for Tri-Agency Grants; principles and directives are very general
- [UBC's BERs](#) covers all operations (including research)
- Where TAGFA remains silent on specific matters, institutional policy and business processes (including UBC's BERs) are expected to address
- If something isn't explicitly covered in UBC Policy or the BERs:
 - follow the principles/guidelines on Page 6 of the BERs
 - check if there is a local (ie. Faculty/Dept/School) guideline or rule governing the type of activity in question
 - if anything is uncertain, feel free to contact Research Finance at rf@finance.ubc.ca or tri-agency.renewal@finance.ubc.ca



TAGFA & BERs (cont.)

Example: childcare services for travelling PI (ie. attending a conference)

- TAGFA is silent on this type of expense (historically, TAGFA's predecessor outlined specific conditions of allowability for this type of expense)
- BERs are also silent on this type of expense
- Using the principles/guidelines on the BERs, if the determination of eligibility remains unclear, then check Dept/Faculty guidelines to see if there is anything governing childcare services for a travelling PI

Generally speaking, if there are no Departmental guidelines, then it will be up to the Head of Unit to determine: (1) if the travel is necessary, (2) if the circumstances surrounding the childcare are warranted, and (3) if the cost of childcare is reasonable and appropriate



TRI-AGENCY (FORM 300)

When can the Head of Unit sign on behalf of PI?

- Generally speaking, Form 300s should be signed by the PI as grantholder
- There are specific circumstances under which PI is not available and the PI's Head of Unit may sign on their behalf
- These are:
 - No expense re-classifications necessary, and
 - PI is incapacitated/passed away or is currently on extended leave (medical/sabbatical/doing fieldwork in a remoter/rural locale)



As Tri-Agency is willing to accept digital signatures/scanned signatures on the Form 300, the expectation is that the PI should sign their own Form 300s

SUMMARY

What we covered today:

- Some US Fed post-award best practices in relation to the Single Audit
- TAGFA and UBC's Business Expense Rules
- Clarification regarding Head of Unit signing Form 300s on behalf of PIs



CONTACT DETAILS

How to contact us:

- Edmund Gin - Acting Senior Manager, Research Finance Compliance and Training; email: egin@finance.ubc.ca



Alternately, you can also reach us at rf@finance.ubc.ca – Research Finance inbox (regularly monitored)

And ISC via the UBC Self-Service Portal at <http://ubc.service-now.com/selfservice> (requires CWL login)



**THANK YOU FOR
ATTENDING TODAY'S
PRESENTATION!**