



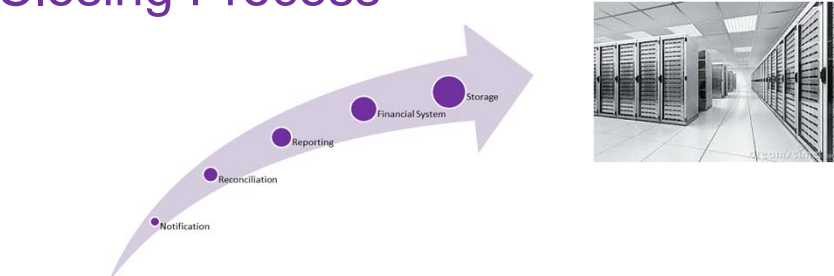
**Northwestern**  
ACCOUNTING SERVICES  
FOR RESEARCH AND  
SPONSORED PROGRAMS  
(ASRSP)

## Expense Review Process and Internal Controls for Award Closeout

Semi-annual Networking Event  
February 2017

*Kathy Mustea, Assistant Director Chicago*  
*Frank Cutting, Senior Grant & Contract Financial Administrator (GCFA)*  
*Jennifer Mitchell, Associate Executive Director*

## Closing Process

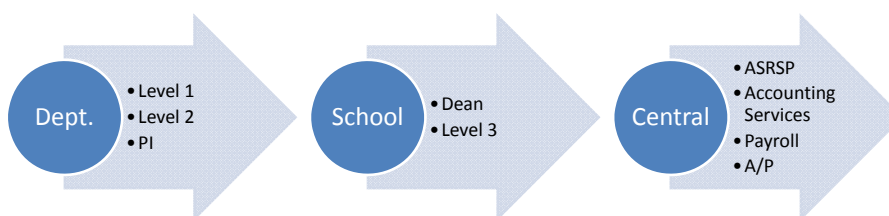


- Notification email (or by request)
- Reconciliation
  - FSP- Final Spending Plan
  - Transaction review & adjustments
- Reporting and final drawdown
  - Financial FFR (SF425)
  - Property, Inventions, Legal release and assignments
- Financial System Records Closed
  - \$Budget= \$Expense= \$Revenue= \$Reported
- Storage of closeout documents and files in OnBase

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## Compliant use of Grant Funds

- *Internal Controls*
  - *Multi-level reviewers; each has an important role for Checks and Balances*
- *Know what you are submitting/approving/certifying*
  - *It can be charged there, but should it be?*



## Internal Controls for Compliance Oversight

- Uniform Guidance – Focus on Internal Controls
- Definition (§ 200.61)
  - Internal controls means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
    - (a) Effectiveness and efficiency of operations;
    - (b) Reliability of reporting for internal and external use; and
    - (c) Compliance with applicable laws and regulations.

## Internal Controls Requirements

- § 200.303:
  - **Must** maintain effective internal control over the federal award that provides reasonable assurance...
  - **Should** be in compliance with *COSO and Standards for Internal Control in the Federal Government (the “Green Book”)*.
  - **Must** comply, evaluate and monitor compliance with federal statutes, regulations and the terms and conditions of the federal awards
  - **Must** take prompt action when non-compliance is identified
  - **Must** take reasonable measures to safeguard personally identifiable information and other information designated as sensitive

## Audit Based on Internal Controls – Example: NSF Data Analytics

- Salaries and wages
  - NSF 2-month summer salaries
  - Salaries vs. Effort
- Travel
- Procurement cards
- Supplies (office vs. lab)
- Equipment purchases
- Budget vs. expenses, burn rate
- Appropriate F&A rate
- Charges prior to pre-spending period and after award end date

## Mitigating Compliance Risks...

Institution	Date Settled/Agency	Issues	Audit or Settlement
University of Louisville	2016/NIH	Salary transactions, general purpose equipment/office supplies, & service center charges	Auditor estimated \$1.3m unallowable transactions
Duke University	2009	Charging administrative/clerical costs and other direct costs (e.g., office supplies)	Auditor recommended \$1.7m
Yale University	Dec 2008 / multiple agencies	Cost transfers, summer salary charges, effort reporting	\$7.6 million
Cornell University's Weill Medical College	Jun 2005/NIH	Effort reporting, payroll distribution, cost allocation, double billing Medicaid	\$4.38 million
The Mayo Clinic	May 2005/NIH, others	Cost allocation, cost transfers, inadequate accounting system	\$6.5 million
Harvard University	Jul 2004/NIH	Government billed for salaries & expenses unrelated to federal grants; self reported	\$3.3 million
Northwestern University	Feb 2003/NIH	Institutional Base Salary; K award; certifier assignment	\$5.5 million

## Ongoing Compliance Oversight = Swift Closing

### Sound Internal Controls and mitigating audit risks:

- Monthly project-level transaction review
- Setup accurate budgets and monitor performance
- Consider Cost Principles when approving anything – *allowable- allocable- reasonable- consistent treatment*
- Be aware of additional sponsor restrictions or requirements
- Create a Final Spending Plan with the PI



Check out our new....

## Cost Allowability Guide!



- Handy desk reference when you approve transactions
- Comprehensive- covers most categories and conditions
  - Office supplies, meals, software, memberships, books
- Cost Allowability Guide is located at:
  - <http://www.northwestern.edu/asrsp/expenses/cost-allowability-for-sponsored-charges.html>
  - Or pick one up on your way out!
- Always be 2 CFR 200 (Uniform Guidance) compliant

## Reconciliation and Review

*-Department Role*



- Work with PI to create and follow a final spending plan
- Assure cost sharing commitments are met
- Identify & promptly remove unallowable expenses
- Confirm effort is certified
- Update %funding in myHR (move personnel to other chart strings as appropriate)
- Clear encumbrances
- Redirect recurring charges
- Confirm submission of PI deliverables (technical reports, etc.)



## Reconciliation and Review

### -ASRSP/Cost Studies Role

#### ASRSP

- Review compliance with financial terms and conditions
- Document cost sharing and recognized revenue
- Review transactions; advise you of invalid / possibly unallowable expenses; work with you to address them
- Transfer remaining funds if CT or FP award
- Invoice or draw final funds from sponsor
- Prepare and submit final financial/property reports & other required closing documents
  - *Note: patent certification and submission responsibility will vary by sponsor*

#### Cost Studies (Effort Coordinator)

- Assure exempt payroll is backed by certified effort reports; notify you of effort issues; work with you to address them

## Collaborative Efforts



- **Computing Device Justification Form**
  - Developed with Chicago Campus Departments
    - For use when Feinberg School of Medicine (FSM) Chartstrings involved
- **Sponsored Project Purchase Justification Form**
  - Developed with Evanston Campus Departments
    - Can be used for computers and other items
- **Multiple Project Expense Allocation Form**
  - Developed with Evanston Campus Departments
    - A great tool to help guide allocation across projects
- **Next up: a new version of the Closing Checklist for Departments**

**Bookmark This Page!**  
<http://www.northwestern.edu/asrsp/expenses/cost-allowability-for-sponsored-charges.html>

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**COST ALLOWABILITY FOR SPONSORED CHARGES**

In determining whether it is appropriate to charge a given cost to a sponsored project, Northwestern University follows the Federal principles outlined in 2 CFR 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), including the Cost Accounting Standards contained therein, as well as specific terms and conditions of individual sponsored agreements.

For a given cost to be charged to a sponsored agreement, the cost must be reasonable, allowable, allocable, and consistently applied. Please see the **Charging Sponsored Projects** policy from the Office of Cost Studies. The following guide provides a general practice. However, special circumstances may apply depending on the sponsor's terms and conditions. If you have questions regarding the allowability of a specific charge, please contact your **Grant & Contract Financial Administrator (GCFA)**

- [Charging Sponsored Projects – Allowability Guide](#)

**Tools and Templates for Best Practices:**


Developed by various units, the following provides a collection of tools that facilitate the justification of charging sponsored projects

- [Computing Device Justification Form](#) – Developed by Chicago departments
- [Sponsored Projects Purchase Justification](#) – Developed by Evanston departments
- [Multiple Project Allocation Form](#) – Developed by Evanston departments

**A selection of the unallowable costs are listed below:**

- [Advertisement and public relation costs \(with specific exceptions\)](#)

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## Question 1

- A PI is organizing a seminar session and would like to provide lunch for attendees.
  - Under what circumstances is this allowable?
  - What could make it unallowable?

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## Question 2

- A researcher is registering for a conference and there is a higher fee for non-members; however an option to purchase a membership is available
  - What things should we be considering?



## Question 3

- You are submitting or approving a request for a service contract on a large piece of capital lab equipment
  - What things should we be considering?





## Last One!

- You are submitting or approving a request for a powerful new computer.
  - Would it be important that it was mentioned in the award proposal budget narrative?
  - Would it matter if a NRSA award is involved?
  - What would you attach to make the approval process go faster?

Thank You!