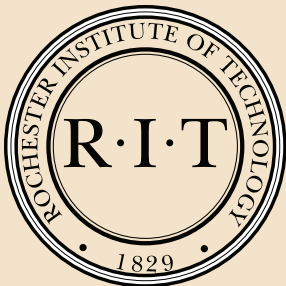


Sponsored Programs Accounting



NEWSLETTER

This newsletter is published four times a year and will include regular features, process changes, sponsoring agency announcements, a calendar of upcoming events, and personal introductions to SPA staff.



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Message from the Director

YALE UNIVERSITY TO PAY \$7.6 MILLION TO RESOLVE FALSE CLAIMS ACT AND COMMON LAW ALLEGATIONS

A recent press release by the Department of Justice (DOJ) highlights a growing concern among research administrators about the continued use of the legal system to resolve alleged noncompliance with federal grant regulations and the courts’ strict interpretation of grant regulations and documentation standards.

In its lengthy investigation, the Federal government focused on allegations involving the improper transfer of costs between federal grants and/or University accounts and on faculty summer salary payments. In both instances, the government alleged that Yale University charged costs to grants that were not “allocable,” that is the costs in question did not relate to the specific objectives of the funded project. To respond to the allegations, Yale provided over a million documents and devoted significant time and talent that could have been better spent on other initiatives. In the end, the University denied any wrong-doing but entered into the settlement agreement with the DOJ “to avoid the delay, uncertainty, and expense of litigation.”

I wish I could say that this was unusual. Unfortunately, this is only one of a series of very large settlements in recent years between research institutions and the Federal government. Each settlement had its own unique set of circumstances; however, one factor that seems to be consistent throughout are allegations that they used grant money for purposes unrelated to the funded purpose of the award(s), a violation of the basic principle found in OMB Circular A-21 that to be allowable, grant costs must be “allocable,” i.e., specifically related to the objectives of that project.



In response to the settlements and on-going federal audits, many institutions have updated or issued new policies and procedures related to research grant compliance. Even the best policies and procedures, however, can’t guarantee compliance. Therefore, there has been a growing movement among the best research institutions (including RIT) to establish rigorous compliance programs that communicate and promote an institutional approach and commitment to stewardship and compliance.

In this issue of the SPA Newsletter, the FAQ section focuses on a current compliance challenge – cost transfers. Since the summer will soon be here, we also include in this issue a discussion of RIT procedures for processing summer EAFs. Finally, two members of the SPA team are featured.

As always, we welcome your comments and suggestions and I encourage you to visit the SPA website to view some recent additions to our compliance resources.

Bill Harrison
Director

New SPA Procedure

2009 Summer Salary Payments

YES, summer has finally arrived and if you are a faculty member working on grants and contracts starting this June – hopefully you have already processed or worked with your administrator to process your summer salary compensation. If not, here is some information to help you determine the amount of summer salary to charge to each of your projects and how to process your summer salary payment.

How is summer salary calculated?

The actual amount of summer salary paid is based on the percentage of effort expended by the faculty member during the summer quarter (June 8 through August 21). A faculty member who expends 100% effort may earn 26.3% of his/her 9.5-month salary for the 2008-09 academic year. When a faculty member works less than 100% during the summer quarter, the amount he/she is entitled to earn will be adjusted proportionately.

What does it mean to commit 100% effort?

The payment of summer salary obligates the faculty member to provide the proposed percentage of effort working on the sponsored project for the full period for which compensation is paid. For example, a faculty member who requests summer salary for 100% effort on sponsored project activities for all 2.5 months of the summer must forego vacation entirely during the 2.5 month summer period.

When can I expect my summer salary payment?

Summer salary is paid during each pay period over the time span that the employee actually works. Payments for faculty who work on summer contracts cannot be paid in a lump sum, nor can they be made in advance of the work actually being performed. For faculty who expend 100% effort over the summer quarter, the total summer salary will be paid over six (6) pay periods beginning June 15th and ending August 31st.

How are summer salary payments processed?

While the process used to calculate summer salary payments has not changed, new tools have been put in place to streamline the payment process. This year summer salary payments will be processed online using the RIT Employee/Adjunct Payment Entry in Oracle.

To assist you with the calculations of summer salary payments the SPA team created the SPA 2009 Summer Salary Charged to Grants and Contracts Worksheet/EAF available on the Sponsored Programs Accounting website: <http://finweb.rit.edu/controller/sponsored/summersalarycontractsworksheet>

There are two forms available: one to process payments for one month only (June, July, or August) and a second version to process payments for effort throughout the entire summer quarter - June 8 to August 21. The worksheets will automatically calculate the payment amount based on the faculty member's 9.5-month salary for the 2008-09 academic year, the percentage of effort, and the period of time the work will be performed.

How do I get access to or additional information for the Online Payment System?

For step by step instructions and further information regarding the RIT Employee/Adjunct Payment Entry in Oracle please refer to the Customer Support website: <http://finweb.rit.edu/customersupport/managerselfserve.html>.

For access to the RIT Employee/Adjunct Payment Entry responsibility please contact Dina Stier at x5-4905.

Best Practices

Reconciling Procurement Card Statements

What is the procurement card statement reconciliation?

The procurement card (pro card) statement reconciliation process is the (1) monthly comparison of original purchase receipts to the transactions listed on your monthly procurement card statement, and (2) the review and approval of the transactions to confirm that the purchases were made in accordance with RIT purchasing policies and procedures and the purchases were for official RIT business use only.

Are there ways to expedite the reconciliation process?

Yes, to facilitate the reconciliation process, many departments rely on the [Grant/Contract Procurement Card Purchase Approval Form](#). The form is designed to document that all purchases have an official business purpose including who, what, and why the purchases were made and the appropriate 24 digit account number that should be used to allocate a specific charge. Remember, alcohol must always be reported on object code 79050. Additionally, all purchases charged to externally sponsored grants and contracts require the Principal Investigator's (PI) approval. Therefore, this form can be used to document their approval, particularly if the PI is not the procurement cardholder or the approver (usually the department head or individual with budget authority). You should obtain the PI's signature on the form authorizing the purchase shortly before or at the time the transaction occurs.

What documentation is required when I submit the pro card reconciliation?

Once the reconciliation is complete, return the **pro card statement**, the [Grant/Contract Procurement Card Purchase Approval Form](#), **original receipts**, and the [Monthly Statement Certification Form](#) signed by the cardholder and approver, to Valerie Russell, the Pro Card Administrator, within two weeks of the date of receipt. A second authorized approver is required on the form for a department card. Keep a complete copy for your files.

What if I want to move a transaction to an account that is not the default account for my pro card?

Cardholders are given access to the PaymentNet Internet reporting system to view transactions and to make on-line account number changes during the month, before the transactions are posted to the general ledger. Once logged into PaymentNet, the posting dates can be viewed to ensure account number corrections, if any, occur. Timely review and correction of account numbers in PaymentNet eliminates the need for journal entries and cost transfers.

If changes are not made on-line in PaymentNet prior to the posting date, individuals with access to the Oracle applications may make account number changes in the general ledger with a cost transfer journal entry within their Oracle responsibility.

Why perform a monthly reconciliation of the pro card statements?

Timely reconciliations are a best practice and internal control that is effective in preventing and detecting errors or irregularities on sponsored programs. In addition, since data entry errors or other mistakes may occur when information is entered into the Oracle system from various sources, it is important to identify the errors quickly and make corrections each month to avoid reporting and billing errors to sponsors and to prevent cost disallowance in the event of an external review or audit.

Best Practices at R.I.T - A Real-Life Example

Merry Schading, Financial Coordinator and 2003 recipient of RIT Staff Recognition Award Excellence in Increasing Work Productivity, manages and reconciles over twenty Pro Cards each month for student clubs in the RIT Center for Campus Life.

Although Merry acknowledges that untimely reconciliations and corrections could be very time-consuming, she has developed a reconciliation process that is extremely effective, quick and easy. In fact, according to Merry, corrections are rarely needed.

Best Practices

Merry says it's all in the training provided to each card user. To use the card, each user must learn about and follow Merry's process, which includes the following steps:

- Log out the card properly for each use by signing a form including the user name, card number and purpose
- Provide the proper account number for each transaction
- Check while still in the store to be sure no sales tax is charged
- Provide a receipt (without a sales tax charge) for each transaction or a print out for on-line purchases
- Return cards and receipts by 11:00 a.m. the next business day

Because card users are well trained, at any given time she can quickly determine who has each card, for what purpose and when it will be returned. Armed with this information, Merry is able to regularly update the account numbers in Payment Net, and eliminate the need for cost transfer journal entries.

“When deciding a default object codes for cards, we pick an object code we would normally never use, for instance we might use object code 73009. When we see an amount show up in Oracle with that object code, we know there was an error and it needs correction.”

- Merry Schading, Financial Coordinator

Spotlight – Meet:



Jason Sabel
Analyst

Jason Sabel joined Sponsored Programs Accounting on January 27, 2008. He comes to RIT with valuable expertise in sponsored programs administration. In his most recent position at SUNY Geneseo, Jason worked for five years as a Sr. Research Analyst managing all financial aspects of the University's sponsored research portfolio. During his time at SUNY Geneseo, Jason also worked with the Budget Office as a College Budget Assistant giving him an even broader view of university operations. Since arriving at RIT, Jason has been able to “hit the ground running” due to his familiarity with the regulations for a variety of federal and state sponsors, compliance and regulatory risks, and federal cost principles and administrative requirements. Over the last 16 months he has focused on getting to know all the principal investigators, department administrators, and sponsored projects for the areas he supports – the **College of Engineering** and the **Division of Academic Affairs**. This coming Fall Rachel Guy will become the SPA representative for the Division of Academic Affairs to provide Jason with additional capacity to support research growth in the College of Engineering.



Rachel Guy
Sr. Staff Accountant

Rachel Guy joined Sponsored Programs Accounting on December 1, 2008. She comes to RIT with many years of experience in accounting and financial reporting. In her most recent position as the Business Manager at the Seneca Park Zoo Society, she was responsible for the day-to-day accounting transactions, development of departmental budgets, preparation of financial reports, and supporting the management team in the completion of the yearly independent audit. Prior to that, Rachel served as Staff Accountant for an event management company. While there is always more to learn, in her brief time at RIT Rachel has quickly become acquainted with RIT processes and procedures and the sponsored projects for the areas she supports - the **College of Imaging Arts and Sciences (CIAS)** and the **College of Applied Science and Technology (CAST)**. This coming Fall, Rachel will also support the **Division of Academic Affairs**. Additionally, in her role as a Sr. Staff Accountant/Effort Reporting Coordinator, Rachel spends a significant amount of her time overseeing the University's effort reporting process, including the preparation and distribution of Quarterly Monitored Workload Reports - a requirement for all federal awards with charges related to salaries or wages.

Cost Transfer FAQs

What is a Cost Transfer?

A cost transfer is any movement of expenses to a sponsored project via a journal entry. The term “cost transfer” rather than journal entry is used because the federal government uses the term “cost transfer” in the Federal circulars and in Agency policy.

Why is the time period for processing cost transfers 90 days?

Based on grant policy statements issued by the National Institutes of Health (NIH) and the Department of Health and Human Services (DHHS), the university research community (including RIT) has widely adopted 90 days as the standard used to determine whether or not cost transfers to sponsored projects are timely.

How do you calculate the 90-day period?

The 90-day period begins at the end of the accounting month that the original transaction is posted in Oracle. The “clock” runs until the transfer has been prepared and all departmental signatures have been obtained.

For example, if the transaction occurred February 1, 2009, the last date for the cost transfer to be processed timely is May 29, 2009 (February 28, 2009 plus 90 days).

Why do I have to provide a detailed explanation with the cost transfer?

The government expects that we have in place accounting and internal control systems that provide for appropriate monitoring of grant accounts to ensure that obligations and expenditures are reasonable, allocable, and allowable. Therefore, to ensure that we are fulfilling our monitoring responsibilities, any request for a cost transfer must be accompanied by a full explanation of how the error occurred and how the cost directly relates to the specific objectives of the grant.

What happens if a cost transfer is over 90 days old?

Cost transfers over 90 days old will be approved on an exception basis only by Sponsored Programs Accounting. The request for cost transfer must be accompanied by a full explanation of how the error occurred, how the transferred cost directly relates to the specific objectives of the grant, and how the department will implement new procedures to prevent the untimely transfer of costs in the future.

Is the 90-day standard applicable to all university funds?

No, the 90-day standard is being applied only to externally sponsored projects. Although this standard is not a requirement for other funds or gift accounts, it should be considered useful guidance. It is important for the University as a whole to record its costs (and associated revenues) in a timely fashion. The accuracy and auditability of our records is improved when transactions and corrections are made in a timely manner.

We Moved!

Sponsored Programs Accounting has moved!

We are now located on the second floor of the new University Services Center (USC).

Building 87, Suite 2440

Feel free to stop by to see our new location.



Workshop Events

Workshop

Workshop	Date	Day	Time
Annual Refresher Workshop	June 23, 2009	Tuesday	9 am - 12 pm
Introduction to Accounting for Grants and Contracts	July 27, 2009	Monday	9 am - 12 pm
Accounting for Cost Share Commitments	July 27, 2009	Monday	1 pm-4 pm
Compensation and Effort Reporting for Grants and Contracts	July 29, 2009	Wednesday	9 am - 12 pm
Other Direct Costs	July 29, 2009	Wednesday	1 pm-4 pm
Audits and Compliance	July 31, 2009	Friday	9 am - 12 pm



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