

Sponsored Projects Accounting

Effort Certification

Uniform Guidance Section 200.430 Compensation-Personal Services requires UT to maintain high standards for internal controls over salaries and wages.; therefore, it is critical that every necessary step be taken by departments to ensure effort is certified through first-hand accountability both timely and accurately. The resetting of effort creates audit red flags. A change of effort should only be made on rare occasions. In these occasions, please see below for the method UT has available for correcting effort. Note: Any changes to the effort worked raises a question regarding the strength of the internal control structure within your department and our institution. All effort changes must have justification documented and retained within the department during the required retention period of the project.

In the rare event effort needs changed, departments will need to send an email to Ms. Jay Taylor in SPA. The email request should include the person’s name and personnel number, the months that need to be reset, and the reason for why the reset is needed. Keep in mind, any change to effort brings into question why the effort was not certified correctly the first time; therefore, documented justification and support must be supplied in the email and then retained in the department. Ms. Taylor will either follow-up with the department if additional information is needed for the reset or will respond to the department that the reset had been completed.

Anytime effort is reset the department must ensure that effort is recertified timely. Any effort that is not recertified will place the person in a state of non-compliance with UT’s effort certification policy. Please see the link below for policy information.

http://policy.tennessee.edu/fiscal_policy/fi0215/

<https://www.federalregister.gov/documents/2013/12/26/2013-30465/uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards#p-677>



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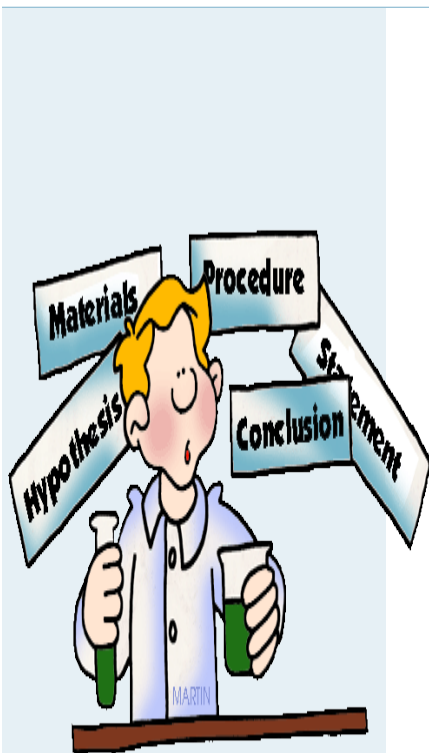
A LOOK at the BUDGET

Award General Ledger (GL) Budgets

Beginning April 1, 2017, Office of Sponsored Programs (OSP) is now requiring departments to provide a GL budget once a proposal is awarded. The budget is required before OSP will submit the award agreements to SPA for setup. The GL Budget Workbook (Excel Spreadsheet) can be found at the link below.

<http://osp.utk.edu/forms-osp/>

“When you create a basic budget and stick to it, it will suddenly seem like you have more money.” Dave Ramsey



Electronic Ledger Reconciliation

The new IRIS Electronic Ledger Reconciliation process has prompted several questions from the research community. There is one question that has been asked in several different ways involving different situations that we (SPA) thought would be good to answer in this newsletter.

A lot of questions that get asked by the research community to SPA normally get answered with “it depends.” Shockingly, there are some questions, well at least one, that we can actually give a direct answer to.

The question being asked is, “How do we get a different PI to receive the emails for needed ledger reconciliation approval?”

The answer: For sponsored projects, the PI listed in CJ20N is the PI on record to receive the email notifications because they are the Lead PI listed on the award agreements with the financial accountability requirement. Based on UT policy, see below, and Uniform Guidance only a PI (or a Co-PI) can approve ledgers. Therefore, it will not be possible to have anyone other than a Lead PI included in IRIS workflow to receive the emails for ledger approval.

http://policy.tennessee.edu/fiscal_policy/fi0115/

UT-Battelle Award & Incremental Funding

As most know, UT is no longer being awarded new fixed price contracts from UT-Battelle. All new contracts are cost reimbursement agreements. While the agreements will award a certain amount, chances are that only a portion of the award is available for spending. Sponsored Projects Accounting (SPA) will create the WBS element and only obligate and budget the funded amount. For example, if UT was awarded \$100,000, but only \$25,000 was funded or obligated for an estimated period through 9/30/2017, the budget for the WBS element will be \$25,000. In the past, it was reasonably safe to assume UT would eventually be funded the \$100,000. However, this puts UT and your department at risk if you spend over the \$25,000 funded amount with no assurance that that the remaining award will be funded.

Recently, there have been some instances where incremental funding was not promised or received and the WBS element was subsequently overspent. We reached out the UT-Battelle Procurement Office to discuss the funding process and to see what UT can do to help facilitate this. We learned that UT-Battelle has a system that will alert both their Procurement Office and the TPO when the estimated funding date has ended. It is solely up to the TPO to contact the Procurement Office to initiate the next increment of funding. If the TPO does not have budget available, they may opt to not fund our award.

When looking for guidance from UT-Battelle, it was suggested that our PI's keep their TPO's informed and alert them when funding is running low. As a rule of thumb, it is recommended that the PI notifies the TPO when 75% of the funded amount is spent and committed within 60 days before the current available funds run out. This will give the TPO time to complete the necessary paperwork for their Procurement Office to initiate the next contract modification to add the increment of funding. The goal would be to have the next increment of funding prior to UT overspending thus reducing the risk to your department. This will also allow SPA to bill in a more continuous basis.

As another measure to assist the Procurement Office, SPA will develop a report to alert the Procurement Office when the current obligation is at or above 75% expended. However, this has not yet been developed and the report will only reflect expenditures as posted to the ledger. It will not be able to provide a forecast of committed funds and therefore may not be able to be timely as to when funds are actually needed. Again, it is up to the TPO to determine if they will continue to fund the project, not the Procurement Office.

As a summary, spending in excess of the obligated or funded amount (not awarded) places UT and your department at risk. The preferred method to request the release of incremental funding is for the PI to work with their TPO. SPA will develop a report to notify the Procurement Office of those projects needing the next increment of funding released; however, it is ultimately the TPO that has the ability to commit the funds.



<http://insu-story.tistory.com>

Rebates to Federal Restricted Accounts

The University's contract with Bank of America (BOA) has concluded. This means that after March 2017, procurement card (P-card), direct airfare, and E payable rebates will no longer be credited to Federal and Federal flow-thru WBS Elements.

The Controller's Office conducted research among other institutions and found that several universities credit the rebates towards the cost of their procurement functions, benefiting all funds as allowable under Uniform Guidance 200.406b. In the future the credits will be recognized when preparing the campus/institute F&A rate proposals.



Federal Funding Possibilities

As there is a new administration in Washington, it is unclear what to expect as far as funding for research. Many comments have been noted in the press regarding the reduction of research funding in several areas, including NIH, DOE, NSF and EPA to name a few. One of our largest sponsors has commented how they have already seen a reduction of awards. Be mindful of spending outside of the obligated amount as future funding is not guaranteed until fully executed award agreements are received.

Upcoming Trainings

May 2017 SPA Training Topic:

Training Subject: Overview of Accounting
Date: May 23, 2017
Time: 8:30-11:30
Location: HR Conference Center Building
Registration Link: http://uthr.admin.utk.edu/TandD/management_Supervision.shtml

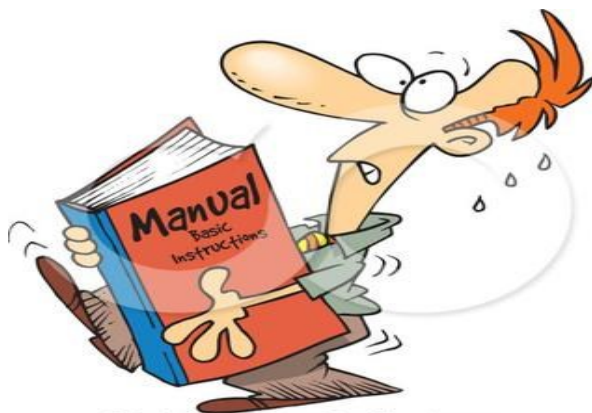
Training Sneak Peak!

This class will cover the importance of sponsored projects, who is involved, and the roles and responsibilities the individuals play in the sponsored projects life cycle. We will also discuss how much funding UT receives from sponsored projects each year and the types of accounts established to help manage these funds.

We will discuss the risks associated with the specific types of accounting structures. We will also identify the various IRIS transactions available to help departments in monitoring their accounts to mitigate the risks.

The types of costs associated with sponsored projects will be identified. Cost transfers will be highlighted, so that departments can become aware of the process for transferring costs when needed.

We hope each of you will consider attending this class. It is a required module for the SPA certification.



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