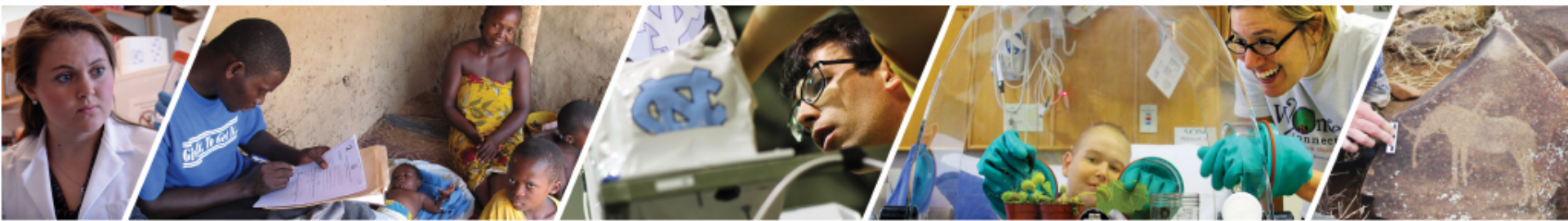


Updates from OSR Cost Analysis and Compliance

Ben Wright – Assistant Director, Audit and Financial Compliance, OSR

J.R. Pike – Cost Accounting and Central Effort Manager, OSR



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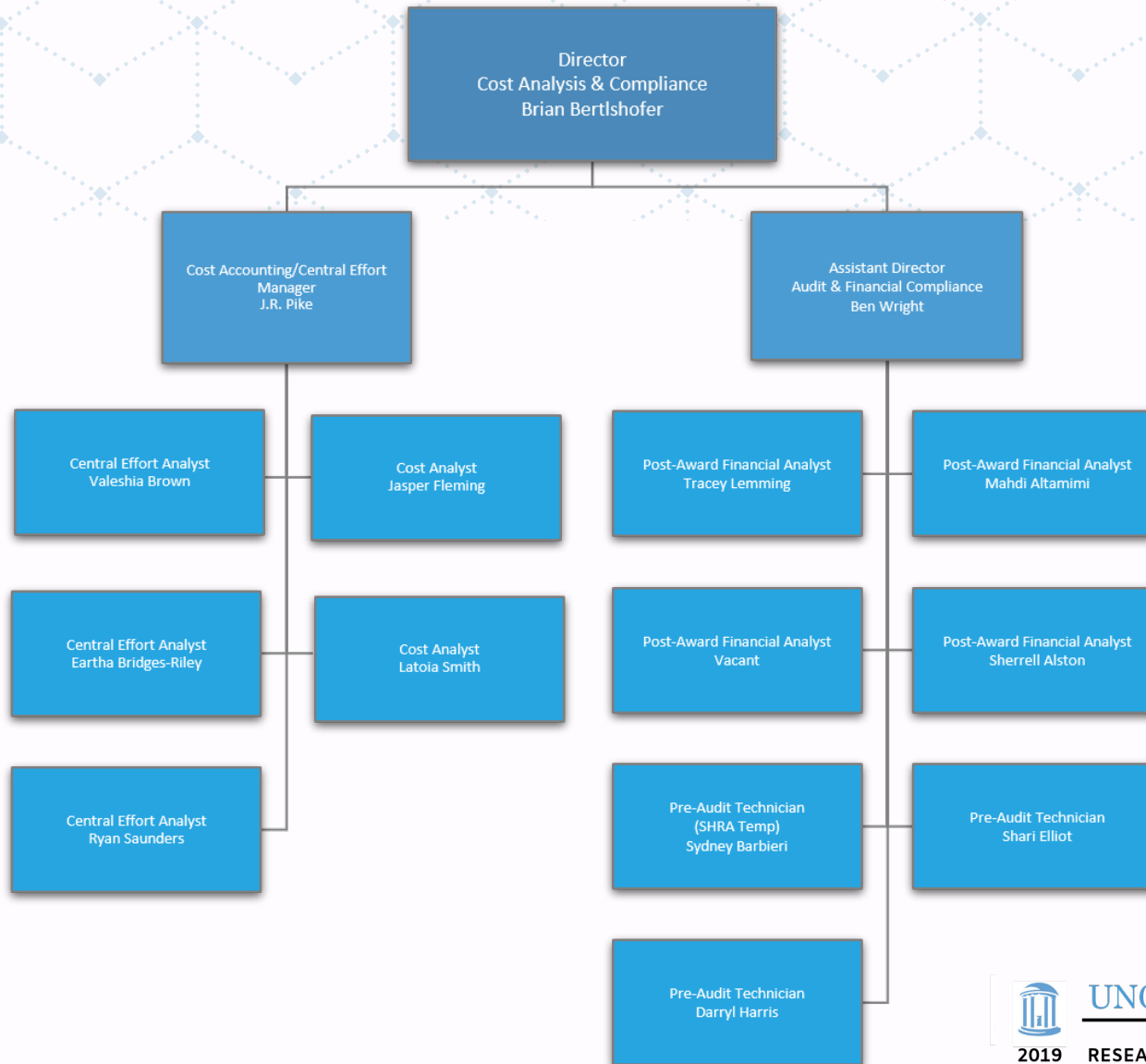
for

RESEARCH ADMINISTRATORS

Thursday, August 15, 2019

UNC Friday Conference Center

OSR Cost Analysis and Compliance



OSR Effort Reporting/Payroll Action Team

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- Brian Bertlshofer, Director, Cost Analysis and Compliance
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OSR Cost Analysis Team

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- Brian Bertlshofer, Director, Cost Analysis and Compliance
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Review/Approval of Electronic Payroll Action Requests (ePARs)

- New Hires
- Job Changes
- Lump Sum Payments
- Funding Swaps
- Payroll Accounting Adjustment Tool (PAATs)
- Position Changes

The Central Effort Analysts must review and approve all ePARs impacting sponsored projects and meet the biweekly (SHRA) and monthly (EHRA) processing deadlines, based on the HR Payroll Lockout and Confirm Schedule.



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Effort Reporting

- Federally required per the Uniform Guidance, previously OMB Circular A-21.
- The University must assure sponsors that the effort expended on sponsored projects justifies the salary charged to those projects.
- Effort is the proportion of time (reasonable estimate) devoted to sponsored projects, teaching, and other university activities, expressed as a percentage of total university effort.
- Effort certification is our retrospective review and attestation of how salary and cost share were actually expended during the Period of Performance (January 1 – June 30; July 1 – December 31).



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Fall 2019: Effort Certification Period Timeline

- Thursday, August 15, 2019: Pre-Review Begins.
- Tuesday, September 3, 2019: Certification Period Begins.
- Thursday, October 3, 2019: Escalation Period Begins.
- Friday, November 1, 2019: Certification Period Ends.
- Wednesday, November 27, 2019: All True-Ups Due in OSR's Worklist.



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Facilities and Administrative Cost Rate Proposal

What is the F&A Cost Rate?

- A single number that reimburses the institution for the use of:
 - Buildings
 - Equipment
 - Interest on Debt
 - Operations and Maintenance
 - General Administration
 - Departmental Administration
 - Sponsored Projects Administration
 - Library



Facilities and Administrative Cost Rate Proposal

What is the space survey?

- The space survey is the process of assigning institutional space into functional categories in accordance with OMB Circular A-21 and Appendix III to 2 CFR Part 200 based on institutional use of the space.
- The results are used to calculate the percentage of space that is used to support Organized Research and support the subsequent allocation of space related costs to Organized Research
- Used to allocate Building and Equipment Depreciation, Interest and O&M, i.e. all the “F” components except Library



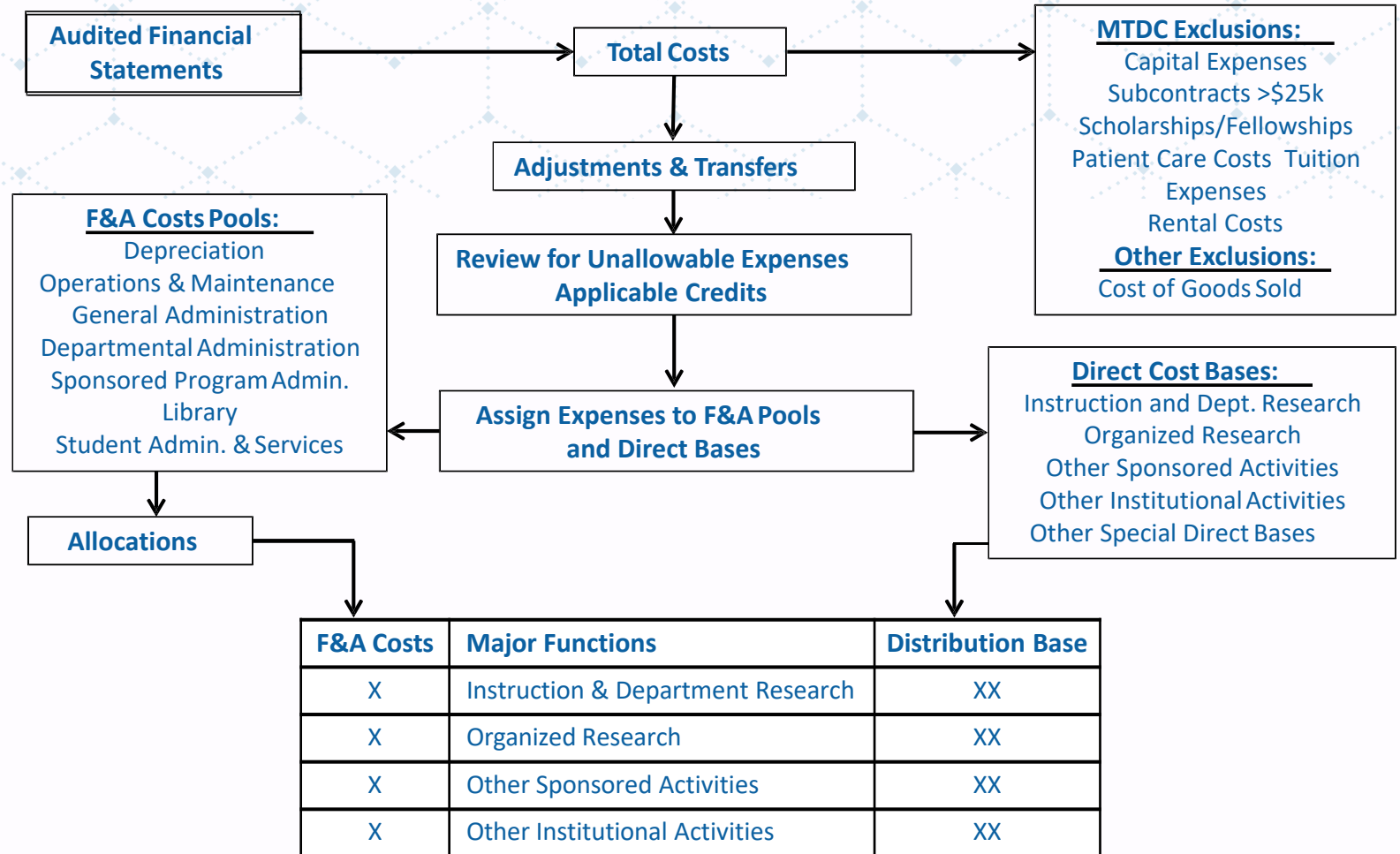
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The F&A Rate Calculation



Research Service Center Overview

- **Research Service Center:** RSCs provide specialized services or products to University users for a predetermined fee. The costs are separately accounted for and recovered on a break-even basis by charging a fee to users in proportion to services rendered.
- The primary purpose of the RSC is to support University researchers; however, services may also be provided to external users.
- OSR Cost Analysis team provides oversight.



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Audit and Subrecipient Monitoring Team

Pre-Audit:

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- Darryl Harris, Pre-Audit Technician
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Post Award:

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- Mahdi Altamimi, Post Award Financial Analyst
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- Tracey Lemming, Post Award Financial Analyst
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Audit and Subrecipient Monitoring Team

Primary Functions

- OSR Pre Audit Workflow Approval
- Subrecipient Monitoring
- Post Audit Review
- Point of Contact for External Audits



OSR Pre Audit Workflow Approval

Approval History [Close]

Business Unit UNCCCH Total 235.00
Voucher ID 518 [Redacted]
Approval Status Approved

Department Stage

BUSINESS_UNIT=UNCCCH, VOUCHER_ID=518 [Redacted] Approved [View/Hide Comments]

Department Path I

Approved [Redacted] → Approved [Redacted]
Voucher Dept Level 1 07/08/19 - 12:32 PM → Voucher Dept Level 1 Parent 07/09/19 - 9:07 AM

Comments
Comment History

PreAudit UNCCH AP

BUSINESS_UNIT=UNCCCH, VOUCHER_ID=518 [Redacted] Approved [View/Hide Comments]

PreAudit UNCCH AP 1

Approved Ben Charles Wright
NC_WF_CH_OSR_APPR1
07/16/19 - 4:21 PM

Comment History

Central Office Stage

BUSINESS_UNIT=UNCCCH, VOUCHER_ID=518 [Redacted] Approved [View/Hide Comments]

UNCCH AP Central Office

Approved Alex Schaffer
UNCCH Voucher Cent Office
07/17/19 - 8:27 AM

Comment History

Return



OSR Pre Audit Workflow Approval

Vouchers

- Cash advances
- Subcontract payments
- Consultant payments
- Reimbursements
- Traineeship stipends/reimbursements
- Travel reimbursements / Web Travel
- Study participant reimbursements

Journals

- Cash advance reconciliations
- Residual balance transfers
- Prepaid cards
- Cost transfers

Requisitions

- Most items over \$5,000
- Items requiring purchase order



Subrecipient Monitoring

Outgoing Desk Review

- Selection and review of subrecipient invoices
 - OSR will work directly with subrecipient but will alert administering department staff

Annual Audit Report Review

- Review of subrecipient audit reports

Collaborate with OSR Subaward Team

- Risk assessment and monitoring



OSR Post Audit

Review/monitoring of expense transactions charged to sponsored projects

Pcard Review

- Independent of review by Pcard Office
- Access to BOA Works has streamlined
 - The more documentation available in BOA Works, the less we have to reach out

Post Audit

- Review of transactions not approved by OSR Pre Audit



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Point of Contact for External Auditors

Point of contact for incoming financial audits of sponsored projects:

State of NC Single Audit (Federal R&D)

- NC Office of the State Auditor

Federal Audits

- DHHS (completed 2016)
- NSF (on-going 2019)

Sponsor audits (usually project-specific)

- NC DHHS
- Sandia
- DOJ
- Kellogg Foundation
- Americorps
- Dept of Education
- European Commission
- Etc.



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NSF OIG Audit 2018

- Routine audit- other Universities have received these as well
- Covers 10/1/2015 – 9/30/2018 (3 years!)
- Approx. \$121 million in expenses under audit
- Approx. 222,000 transactions
- Approx. 500 NSF awards covered
- Audit began October 2018, not yet complete
- Includes site visit (just finished)

Expense Sample for Testing:

- 250 transactions
- Total \$7 million
- 36 UNC Departments
- Payroll, fringe benefits, equipment, subcontracts, supplies, travel, participant support, consultants, F&A



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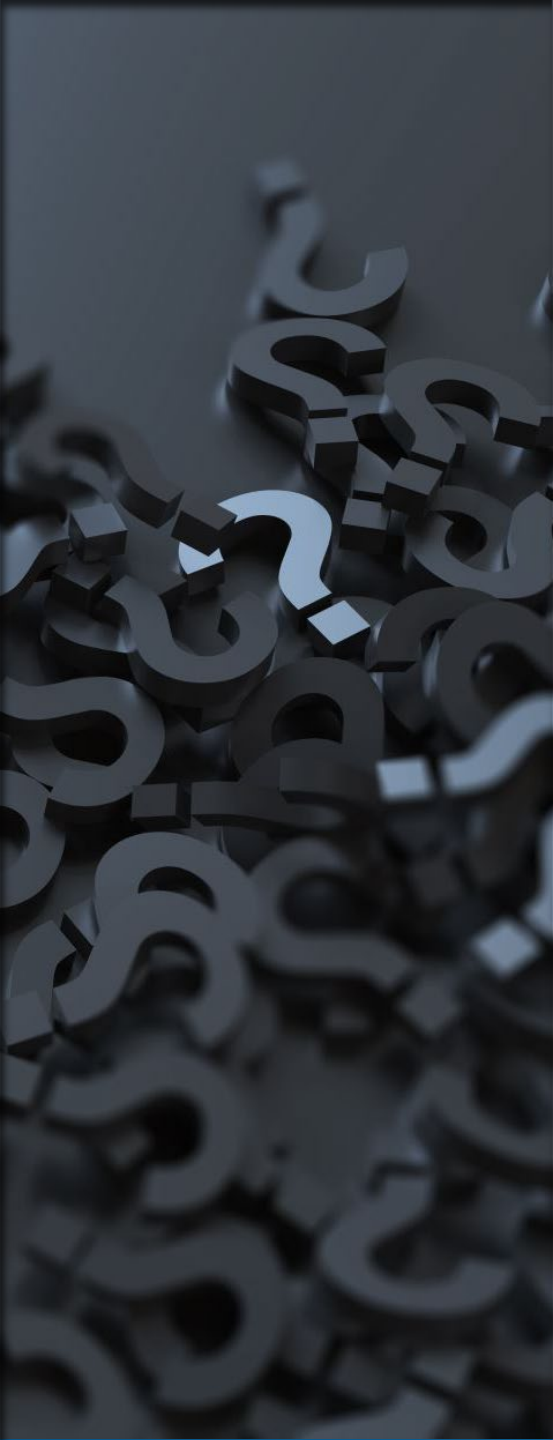
Current Takeaways from NSF Audit

- Documentation
- Documentation
- Documentation
- Documentation
- Documentation
- Documentation
- Documentation
- Documentation
- Documentation
- Documentation
- Documentation



Current Takeaways from NSF Audit

- Documentation
 - How does/did this expense benefit the project?
 - When was this item received and available for use?
 - Was this item used exclusively for this project?
- Allocation of expenses to multiple projects
 - Cannot be based on available budget
 - High degree of accuracy
 - Must be a reasonable/justifiable allocation method
- Travel justifications
- Period of performance (prior to award and after award)
- Timely payments of invoices
 - Including subrecipient invoices



QUESTIONS?

