MSU’s Financial Administrator Development Program

Post-Award Contract and Grant Administration

Presenters:
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AGENDA

1. About CGA
2. Account Setup
3. Financial Administration
4. Award Closeout
5. Audits and Compliance
Contract and Grant Administration

Mission Statement:

Contract and Grant Administration (CGA) is a unit dedicated to superior post-award administration. Our mission is to support MSU's research and creative endeavors by providing timely, accurate, and courteous assistance to faculty and support staff with the financial and contractual administration of their grants, cooperative agreements, and contracts. CGA is also the "official" designated point of contact for external financial audit.

webpage: www.cga.msu.edu
The Award Life Cycle: Account Setup

Proposition (Pre-Award)

Award Closeout

Financial Administration

Account Setup

*Post-Award starts here*
About CGA: Group Descriptions & Duties

**Awards Group:** Takes new awards from OSP and turns them into active accounts for use by PIs. Duties include: account assignment, amendments and preparing subcontracts (FDP template).

**Transactions Group:** Reviews expenditures on restricted sponsored projects (RC accounts). Expenditures include: travel disbursements, Personal Service Contracts, and subcontract payments.

**Reports Group:** Completes financial reports within agency prescribed time frame. Duties include: preparing financial reports, monitoring cost share requirements, account closeout and archiving

**Cash Management Group:** Manages the inflow of cash from sponsored project accounts. Duties include: Letter of Credit draws, invoicing, deposits, account receivable follow-up, ARRA reporting, and Effort Reporting.

For more information, please view at:

https://www.cga.msu.edu/PL/Portal/DocumentViewer.aspx?cga=aQBkAD0AMQA5ADQA
Account Setup in KFS

Responsible Group: Awards Group

- New awards received from OSP are set up into active accounts for use by the PIs.
  - RC = Restricted funds
    - Transactions route to CGA for approval
  - RG = Restricted funds
    - Transactions do not route to CGA for approval

- Budget Reallocation (BA) eDocs initiated in KFS
  - BA docs set up the revenue (obj code 4057) and budget (obj code 7XXX) amount for an award.
Dates in KFS

- **Project End Date:**
  - This is the *anticipated* project period end date if fully awarded.

- **Budget End Date:**
  - This is the date the project has been *funded through*

- **Salary Encumbrance End Date:**
  - This date determines how far out the PET’s salary encumbrance calculates through

- **Account Expiration Date:**
  - Set to the budget end date & impacts PO’s, P Cards, and hourly student appointments.
Account Setup: Account Explorer

Account Explorer: *restricted to MSU employees*

- CGA view into the contractual and financial parts of an award without using KFS.
  - Provides account specific notes.
  - Identifies PI and departmental administrator responsibilities
  - Updated throughout life of a project to reflect accurate award information.
  - Identifies subcontractor information per award.

- Provides functions not easily available in KFS.
  - Budget vs. Actual (easily accessible)
  - Subcontractor encumbrances
  - Cost Share
  - Payroll (easily accessible)

webpage: [https://www.cga.msu.edu/PL/Accounting/AE2/AE2.aspx#Account](https://www.cga.msu.edu/PL/Accounting/AE2/AE2.aspx#Account)
Account Setup: Subawards
The Award Life Cycle: Financial Administration

- Proposal (Pre-Award)
- Award Closeout
- Financial Administration
- Award (Pre-Award)
- Account Setup
Welcome to CGA - Post-Award!  

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- **Cost Share Policy**
- **Cost Transfer Approval Documentation**
- **Federal Cost Policy**
- **Manual of Business Procedures**
- **Salary Changes and Routing for Grant Accounts**
- **Signature Authority - Who is authorized to sign?**
- **VPRGS Policies - Authorship, COI, RC, Data Management**

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**Contact Information**

MICHIGAN STATE UNIVERSITY
Office of Sponsored Programs
Contract and Grant Administration

**Our Office Location:**
Michigan State University
301 Administration Building
East Lansing, MI 48824-1046
Phone (517) 355-5040
Fax (517) 353-9812
Hours M-F 8-12 & 1-5
Financial Administration: CGA accounts

Why are CGA accounts different?

- Monitored in compliance with Sponsors’ terms and conditions.
- Subject to audit by A-133 auditors, internal auditors and external auditors.
- PI’s responsible for financial management
  - Departmental administrators, CGA and other central administrators (purchasing, payroll, accounting, etc.) are available to assist.
Financial Administration: Basic Federal Principles

To charge a cost to a project it must be:

- **Allowable** – per terms of the agreement and/or agency and university guidelines
- **Allocable** – directly benefits the project
- **Consistently Treated** – direct (project) or indirect (university) cost
- **Reasonable** – prudent, complies with applicable laws, necessary, and consistent with University policy
Financial Administration: Basic Federal Principles

Needed, Received & Used Concept

- An expenditure must be...
  - **NEEDED** by the project
  - **ALLOWABLE** according to the cost principles
  - **PURCHASED** and **USED** during the project period
    - Exception for publication costs – since they are likely to occur after the end date

- Especially important to consider for anticipated expenses toward the end of a project.
Financial Administration: RC accounts

Why does CGA review transactions?

- Compliance
- Risk Assessment
- Independent review of documentation

What is CGA looking for on transactions?

- Supporting Documentation – attach in KFS
- Explanation of Project Support
  - Describes transaction & it’s benefit to the project.
- Accuracy

Understand the checks and balances of the system – CGA can say no.
Financial Administration: RC accounts

What Routes to CGA?
- Distribution of Income and Expense (DI)
- General Error Correction (GEC)
- Disbursement Voucher (DV)
- Purchase Orders (PO) > $5k
- Transfer of Funds (TF)
- Personnel Transactions > 60 days retroactive

Ad hoc Routing – Not Required!
- If CGA approval is required, CGA is in workflow.
- If in doubt e-mail the Transactions Group at: transactions@cga.msu.edu
Financial Administration: RC accounts

General Error Correction (GEC):

- Viewed as admission that expense was charged in error to the account.
- If over $500, the PI must be ad hoc’d as an approver to certify the transfer.
- The federal government refers to this these as “cost transfers”.
  - The most likely type of transaction to be picked in an audit sample.
- Be supported by justification and documentation
  - A full explanation of how the error occurred and why it was not charged properly initially.
  - How the expense benefits the project
  - Supporting documentation must be attached
Financial Management: GEC Helpful Hints

Acceptable comments on GEC’s

- “Remove allowable costs due to lack of funds”
- “Move expenditures to continuation project”
- “Move expenditures to proper accounts. New account just assigned.”

Unacceptable comments on GEC’s

- “Move expenditures due to overdraft.”
- “Transfer expenditures to accounts with available funds.”
- No explanation of why expenses are being moved.
Financial Administration: Cash Management

- CGA provides the service of preparing and submitting the financial invoices or draws cash via letter of credits.
  - Approximately 1,000 reports for Letter of Credit accounts quarterly.
  - Approximately 1,140 Account Receivable reports submitted quarterly

- CGA may contact you with questions regarding the financial report.
  - **Final** financial reports are emailed for approval prior to submission.
  - Required cost share, other than effort, needs to be sent to CGA so it may be included in the financial report.

- CGA tracks payments made through either Account Receivable (billing tab of Account Explorer) or Letter of Credit (LOC).
### Account Explorer

Account: RC063381 (Federal)  |  App: 90434  |  New $  |  Award: $2,135,780.00  |  Expenses: $1,961,691.92  |  Encumb Bal: $29,558.23

CG Account Type: GRANT

#### Project Details

<table>
<thead>
<tr>
<th>Project Title</th>
<th>Center For Advancing Microbial Risk Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Dates</td>
<td>9/1/2005 - 3/30/2013</td>
</tr>
<tr>
<td>Budget Dates</td>
<td>9/1/2005 - 3/30/2013</td>
</tr>
<tr>
<td>F&amp;A Rate / Base</td>
<td>51 / MODIFIED TOTAL DIRECT COST +</td>
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<tr>
<td>Costshare Required?</td>
<td>No ()</td>
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<tr>
<td>Account Type</td>
<td>Standard (LOC: Yes)</td>
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<tr>
<td>PI List</td>
<td>Rose, Joan</td>
</tr>
<tr>
<td>Acct Grantor</td>
<td>Environmental Protection Agency (E0046U)</td>
</tr>
<tr>
<td>Department</td>
<td>FISHERIES AND WILDLIFE MABR (57344)</td>
</tr>
<tr>
<td>Prime Grantor</td>
<td>Neuman, Lorie</td>
</tr>
<tr>
<td>Parent Account</td>
<td>RC063381 (Subs)</td>
</tr>
<tr>
<td>Acct Name/Award #:</td>
<td>EPA RD83236201-0 / RD83236201-0</td>
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</tbody>
</table>

#### Billing

Link RC063381 to app  |  Account Notes  |  App Notes  |  Add New Account  |  Copy to New Account  |  Edit »
The Award Life Cycle: Award Closeout
Award Closeout: Final (Federal) Reports

- **Final Reports** - Typically, for federal awards, the reports must be submitted **within 90 days** of the end date of the award. For flow through awards most final reports are due **within 60 days** of the end date.

- **What are the most common final (federal) reports required?**

<table>
<thead>
<tr>
<th>Type of Report</th>
<th>Prepared By</th>
<th>Signed By</th>
<th>Submitted By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>CGA</td>
<td>CGA</td>
<td>CGA</td>
</tr>
<tr>
<td>Equipment</td>
<td>Department</td>
<td>CGA</td>
<td>CGA</td>
</tr>
<tr>
<td>Patent</td>
<td>Department</td>
<td>MSUT</td>
<td>CGA</td>
</tr>
<tr>
<td>Technical/Progress</td>
<td>PI</td>
<td>CGA</td>
<td>Department or CGA</td>
</tr>
</tbody>
</table>

*Other reports may be needed as specified in the award*
Award Closeout: Responsibility

PI responsible for the following:

- Final Technical/Progress reporting.
  - To create and submit.
  - To ensure reporting is in the appropriate sponsor format.
- Frequency of performance reports depends on the agency and award.
- Some performance reports require an authorized signature.
- Some agencies require performance reports to be submitted electronically using agency systems
  - Ex. NIH eSNAP
Award Closeout: Responsibility

Department responsible for the following:

- Remove and/or close all encumbrances
- Remove any expenses on the ledger incurred after the end date.
- Ensure expenses have been “Needed, Received and Used”
- Get the account to a zero balance
- Complete the Final Closeout Checklist
Award Closeout: Responsibility

CGA is responsible for the following:

- Notify the department of any expenses that need to be transferred to a departmental account
- Prepare Final Closeout Checklist to ensure all required reports have been completed (financial, technical, invention, equipment, etc.)
- Determine record retention
  - If not included in agreement, 3 years from later of final financial report submission, final payment or project end date
  - Input destroy date in Account Explorer
- Close the account in KFS
The Award Life Cycle: Audits and Compliance

- Proposal (Pre-Award)
- Award Closeout
- Award (Pre-Award)
- Financial Administration
- Account Setup

AUDITS!
Audits and Compliance: Why is it Important?

- To protect MSU’s reputation
- Sustain a relationship of trust between sponsors and MSU
- Protect future research investment
- Avoid repercussions of non-compliance
- Withholding future awards.
- Audit findings and cost disallowances.
- Lawsuit settlements.
- Criminal, civil and/or administrative penalties and fines.
- Loss of administrative flexibility:
  - Automatic carryover
  - No-cost extensions.
Federal Paybacks Resulting from Audits

- Dec. 08, Yale University, $7.6 million
- July 08, St. Louis University, $1 million
- April 06, Clark Atlanta University, $5 million
- Jan. 06, University of Connecticut, $2.5 million
- Dec. 05, Rush University, $1 million
- June 05, Cornell University, $4.3 million
- June 05, Mayo Foundation, $6.5 million
- March 05, Florida International Univ., $11.5 million
- July 04, Harvard University, $2.5 million
- March 04, John Hopkins University, $2.6 million
- Feb. 04, Lawrence Livermore National Lab operated by UC, $3.9 million
- Sept. 03, University of South Florida, $4.1 million
- Feb. 03, Northwestern University, $5.5 million
Audits and Monitoring Activity: FY 2012

<table>
<thead>
<tr>
<th>FY 13-14 Annual</th>
<th>80 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal Audit</td>
<td>30 Also includes CGA accounts</td>
</tr>
<tr>
<td>External Audits</td>
<td>*1 *includes approx. 30 CGA related accounts</td>
</tr>
<tr>
<td>Plante Moran</td>
<td></td>
</tr>
<tr>
<td>Federal A-133</td>
<td></td>
</tr>
<tr>
<td>NCAA</td>
<td>1</td>
</tr>
<tr>
<td>MSU Annual Audit</td>
<td>1</td>
</tr>
<tr>
<td>WKAR (Radio and TV)</td>
<td>2</td>
</tr>
<tr>
<td>Federal and State of MI Audits</td>
<td>42</td>
</tr>
<tr>
<td>Foundation Audits</td>
<td>3</td>
</tr>
</tbody>
</table>

Total 80
Audits and Compliance: How do we comply?

- Establish and maintain policies and procedures
- Adequate systems
- Clearly defined roles and responsibilities
- Sufficient training
- Monitoring programs
- Sufficient documentation
- Understand Federal regulations and policies
Audits and Compliance: Who Monitors Compliance?

- PI’s!!!!
- Departmental and College Administrators
- CGA – Reviews and approves some expenditure transactions.
- Internal Auditors – Mission: “Assist University units in effectively discharging their duties while ensuring proper control over University assets.”
- A-133 Auditors – Conduct our annual A-133 audit
- Grant Officers of Federal Agencies – Review cost claims, financial reports and question expenditure items.
- Non-Federal Sponsors – Conduct audits of programs and projects.
- Inspector General – Conducts audits to detect and prevent fraud, waste, abuse and mismanagement of government programs and operations.
Thank you!

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