

Managing Award

Award management, also referred to as post award administration includes compliance with university and sponsor policies and procedures in accomplishing the statement of work within the awarded budget. Sound management of all sponsored awards is critical in maintaining the public trust in research and outcomes, the related research participants, and financial performance of the award.

The principal investigator (PI) serves as the primary individual responsible for the scientific integrity and fiscal and administrative management throughout the period of the award.

Our office provides an infrastructure that supports the PI and his/her department, ensures that expenditures incurred are allowable, and submits all invoices and required financial reports timely and accurately to the sponsor.

Authorized Expenditures

What qualifies as a direct cost?

Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Direct costs must be allowable.

Direct costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting the grant-supported project or activity.

When a cost is considered allowable?

A cost is allowable if it meets the following criteria:

- Necessary and reasonable for the project incurred
- Allocable
- Consistent with UM policies
- Consistently treated as either a direct or indirect cost
- In accordance with Generally Accepted Accounting Principles (GAAP)
- Not also included as a charge or used to meet cost share on another project
- Adequately documented

What are unallowable costs?

Unallowable costs are activities or expenditures that are specifically disallowed by the federal government as either a direct cost or as part of the F&A rate. In addition, charges that do not meet the allowability criteria stated above will not be reimbursed by the sponsor and cannot be charged as a direct cost to the project.

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The following costs are unallowable charges to sponsored projects as either direct costs or as part of the F&A rate. They must be identified by the financial system coding designated for those expenses:

- advertising and public relations, other than advertising for help wanted or for the procurement of goods or services necessary for the performance of the award (i.e. human subjects)
- alcoholic beverages
- bad debt expense
- contributions and donations
- entertainment, unless specifically provided for in the award
- fines, penalties, damages, and other settlements
- goods and services for personal use, such as automobiles
- cost for interest on borrowed capital, temporary use of endowment funds, or the use of UM funds
- individual memberships in business, technical, and professional organizations
- memberships in social, dining or country clubs or organizations

In addition to the specific costs listed above, costs associated with the following activities are unallowable direct charges to sponsored projects. They must be identified and accounted for in funds specified for their purpose:

- alumni activities
- commencement and convocation costs
- executive and legislative lobbying
- fund raising and investment management
- losses on other awards or contracts
- costs for prosecuting claims against the Federal government

The PI has the overall responsibility for the technical and fiscal management of a sponsored project. This includes the management of the project within funding limitations, adherence to reporting requirements and assurance that the sponsor will be notified when significant conditions related to project status change. Responsibility for the day-to-day management of project finances may be delegated to administrative or other staff, however, accountability for compliance with UM's

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policy and sponsor requirements ultimately rests with the PI. UM requires all PIs to review their obligations of stewardship of sponsor funds and compliance with applicable regulations.

The signatory of each account bears the responsibility of ensuring that funds are available and that proposed expenditures are allowable and will benefit the related project. The signatories will also bear the responsibility for the resolution of any overdrafts or audit disallowances.

The university will limit expenses on awards to those expenditures made or obligations incurred during the designated project period unless pre-award spending is allowed by the sponsor. The project period will begin with the effective date of the award as indicated on the award notice. The period will continue until the completion date, as indicated on the award notice, including approved extensions.

To authorize expenditures to be charged directly to sponsored projects, the PI and originating department must ensure that the:

- charge is reasonable and necessary
- expenditure is allowable by the funding source and, if charged to a federally funded project, by the Uniform Guidance
- expenditure is allocable to the project, i.e., provides benefit to the project
- funds are available within the authorized award amount and funding limitations
- where appropriate, justification for the expenditure is documented
- method of allocation of costs is appropriate and documented
- charge is coded with the correct expenditure type and charged to the correct project
- charge has been processed through the appropriate University system
- salaries and wages charged are reasonable in relation to the work performed and to the individual's total payroll distribution
- payroll charge to each sponsored project account does not exceed the effort devoted to that project

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Expenditure requests are made by using the appropriate forms and/or systems. Expenditure/payment requests on sponsored projections are sent to ORA for approval if one of the following applies:

- Amount is greater than \$5,000
- The good or service is for one of the following, regardless the amount:
 - eBerfs/eChecks
 - Equipment
 - Sub recipients
 - Travel related cost
 - Cost transfers

Although sponsors allow certain flexibilities with respect to rebudgeting, unobligated balances, and preaward costs, UM and sponsors expect expenditures to be reasonably consistent with the approved project and budget. Sponsors may question or restrict expenditures that appear inconsistent with the project plan and budget. PIs are obligated to request prior approval when budget and program plan revisions indicate a significant change in scope. Indicators of a change in scope can include, for example, significant expenditures beyond the amount authorized on the award, or requests for additional funding.

Expenditures for sponsored projects and cost sharing accounts must be reviewed by a knowledgeable individual, i.e., the PI or designee (typically the financial or research administrator) so that required corrections can be made in a timely manner, and rates of expenditures can be monitored to ensure availability of funds. To be considered timely, expenditures must be reviewed at least bi-monthly.

The Financial Records System FBM090 (Report 90) is the official record of project expenses and the basis for cost reimbursements to UM. Information available through DMAS may be used for monitoring/reviewing expenditures and other activities posted to accounts.

Any questionable charges must be promptly brought to the PI's attention, and, if needed, corrected by an appropriate transfer. Transfers should be initiated as soon as possible after a need has been identified. Whenever expenses are moved to or between sponsored accounts, the PI must ensure that the project that ultimately pays the expense is the project that benefited from that expense, and that there is adequate documentation to support the appropriateness of the transaction. Non-personnel expenditure transfers should be completed within ninety days of the original transaction.

Proposal preparation costs are the costs of preparing award proposals, including the development of data necessary to support UM's proposals. These costs typically include salary for the PI and/or others. The cost of proposal preparation activities in support of new and competing sponsored proposals cannot be charged to sponsored projects except when explicitly allowed or required by the sponsor (e.g. NIH Mentored Career Development Awards). The cost of effort related to proposal

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preparation for a non-competing extension or continuing research may be charged to current related projects. Work performed by physicians, faculty, researchers, and other staff related to current projects may be interrelated with work related to proposal preparation. Only the incremental effort associated with proposal preparation that does not benefit the existing project(s) needs to be identified and charged to an appropriate non-sponsored account.

The Award Administration team in ORA is responsible for monitoring expenditures, providing guidance to the PI/department during the life of the project, processing closeout reconciliations, submitting financial reports, and closing out all expired project. As part of their monitoring responsibilities, they perform the following functions:

- Review the allowability of expenditures or commitments;
- check for adequate supporting documentation;
- ascertain a close approximation of account balances at any given time;
- confirm that sufficient funds are available prior to processing a source document that will generate an encumbrance or expenditure, and reject further processing of transactions due to a negative balance available;
- notify departments when a transaction will result in an overdraft situation;

ORA reserves the right to question, request justification, or deny any expenditure they judge to be inconsistent with a use restriction or one which exhibits possible conflict with sponsor or university policy.

When a commitment or expenditure is in conflict with sponsor or university policy, the item will be rejected by ORA and returned to the initiator with an explanation. If during a post review it is determined that the expenditure is unallowable, ORA will contact the PI/department to obtain a departmental account to transfer the unallowable expenditures.

When an expenditure will cause an overdraft in the sponsored account, the item will be rejected by ORA and returned to the initiator, indicating that the item will create or increase the overdraft. The initiator will be advised of possible actions:

- discuss and review the accounting records to ensure their accuracy;
- reprocess the item to an acceptable alternate account;
- pursue a budget amendment process for additional funds and contact ORA, Pre Award if applicable.

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If ORA notices that an account has been overspent, the PI/designee will be notified for corrective action. If the deficit continues, ORA reserves the right to initiate a journal entry to cover the deficit with departmental funds.

When a sponsored award is anticipating a renewal, additional funding, or a no-cost extension, an expenditure may be processed prior to receipt of the renewal, additional funding, or no-cost extension if it is accompanied by one of the following:

- a copy of a document giving evidence of the renewal;
- a statement from the initiating department guaranteeing the expenditure against an unrestricted departmental account should the renewal not materialize.

Some federal agencies issue multi-years awards. These awards may be funded by the sponsor in annual increments called budget periods. When incrementally funded, the expenditure control process is applied to the budget periods within the project period of these multi-year grants as if they were annual grant awards. Unspent funds from one budget period may be available for use in the next budget period. This is referred to as carryover. Specifics regarding agency approval of carryover authorization vary based on the total amount to be carried over, the awarding agency involved and, in some cases, different programs of the same agency. Based on these variables, carryover could either not be allowed, be allowed based on prior approval, or automatically allowed without prior approval.

Personnel Cost

Personnel on sponsored awards typically have a portion of their salary paid from the award, based on the effort spent on the project as a percentage of the employee's institutional Base Salary, and subject to the sponsor's salary cap if applicable.

Effort reporting is the process of providing assurance to sponsors that:

- Salaries charged to sponsored programs are reasonable in relation to the work performed, and
- Faculty & Staff have met their commitments to sponsored programs.

Institutional Base salary is the annual compensation paid by UM for an employee's appointment, whether that individual's time is spent on research, teaching, patient care, or other activities.

Salary cap: Federal and nonfederal sponsors may limit the salary amounts paid on sponsored awards. UM complies with all sponsor-imposed limitations of salaries charged to sponsored awards. The salary cap is the maximum allowed rate that can be charged to a sponsored award. Actual salary charged to projects subject to the cap is the lower of the individual's IBS and the salary cap.

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Procurement and Employee Reimbursement (procedure)

Purchases and charges on sponsored projects have to support the needs of the sponsored project or program, and cannot be personal in nature unless expressly referenced in the sponsored award. Examples of personal items include business cards, coffee pots, microwaves, and refrigerators for personal use, etc.

Purchases on Federally funded projects will meet the following procurement requirements:

- All possible effort is made to ensure that small business, minority-owned firms, and women's business enterprises are utilized to the fullest extent possible.
- Utilize a procuring instrument (e.g. fixed price or cost reimbursable contracts, purchase orders, incentive contracts) that is appropriate for the particular procurement and promotes the best interest of the sponsored project involved. The cost-plus-a-percentage-of-cost or the percentage of constructions cost methods cannot be used.

All UM agreements will include clear payment and deliverable terms, including milestones where applicable, and deliverables which need to be approved by the administrator of the contract (Principal Investigator or his/her designee) prior to any payment(s) being made.

Purchase requests are made by processing a Requisition through ARIBA. Subcontracts are initiated through Purchase Requisitions. Requisitions and payment requests on sponsored projects are sent to ORA for approval if one of the following applies:

- Requisition amount is greater than \$5,000.
- The good or service is for one of the following, regardless the amount:
 - Eberfs/echecks
 - Equipment
 - Sub recipients
 - Travel related cost

Employee reimbursements are processed through ARIBA/eBERF, are typically for travel related expenses, and should not be used for reimbursements of non-travel related expenses.

Basis for Contractor Selection: The Supply Chain Services Department has the authority to develop specifications, selection and solicitation of sources, and prepare award of contracts for commodities and services, often working in tandem with the Principal Investigator or his/her designee.

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Fair Competition: Unless otherwise exempt, UM purchases shall ensure free and fair competition. UM requires a minimum of two quotations or bids for purchases with a value of \$25,000 or more.

Leases: When appropriate, an analysis for lease vs purchase should be made to determine which one would be the most economical and practical alternative. All leases on sponsored projects will be subject to UM's lease policy.

Cost transfers

Cost transfers have to meet the following criteria:

- Must be processed within 90 calendar days of the posting of the original transaction.
- Must be properly justified and accompanied with sufficient supporting documentation.
- Must be allowable (allocable, consistently treated, and reasonable) for the project that the cost will be transferred to.

Examples of allowable cost transfers:

- Cost Transfers with written approval from sponsor
- Correction of a clerical error such as a keypunch or transposition error
- Reallocation of expenses where multiple projects are benefitting
- Reallocation of shared resource costs
- Reallocation of a salary expense to properly reflect effort (processed through a PAA)
- Cost Transfers to move unallowable charges, or to eliminate a deficit, to *non-sponsored project*

Examples of unallowable transfers:

- Transfer of costs that were not incurred during the project period (incurred before the start date other than pre-award cost if allowable or after the project end date).
- Transfers to move costs from one sponsored project to another sponsored project for the sole purpose of removing a deficit.
- Transfers that do not appear to be of direct benefit to the project, but that are intended solely to use up unexpended funds, i.e. transfers of costs during the last months of a project.
- Transfer of unidentified expense.

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- Random or regular rotation of cost, absent any information on actual use i.e., arbitrary charging of pooled cost such as photocopies or lab supplies.
- Multiple transfers of the same cost. Cost should not be transferred more than once. Since the transfer has already been justified, documented and accepted as appropriate, any additional transfer would be highly suspect.

Salary Cost Transfers

The transfer of salary and wages must correspond to the percentage of effort expended on the sponsored project.

- All salary cost transfers should be processed prior to certifying effort. Once effort has been certified, subsequent changes must be justified. Typically, expenses related to the subsequent change in effort will be charged to the department
- The cost transfers are processed online in Workday HCM using the Payroll Accounting Adjustment (PAA).

The appropriate supporting documentation must be attached to the PAA referred to above. This includes the Costing Allocation Template, providing details on the initial salary cost allocation, the Hourly Staff PAA or Monthly Staff PAA Template (as appropriate), and a justification for the transfer. The Costing Allocation Template can be found under http://www.miami.edu/finance/index.php/ora_homepage/forms/ under Post Awards Forms. The Hourly Staff PAA and Monthly Staff PAA Template templates with instructions can be found on http://www.miami.edu/finance/index.php/ora_homepage/post-award-1/managing_award/grant_management_tool_box/ under the Payroll Accounting Adjustments Worksheets. A justification must be attached separately. The PAA is routed to ORA, Post Award for approval.

Non-Salary Cost Transfers

The form to transfer non-salary charges is the “Retroactive Transfer of Non-Salary Charges” form (FA-11).

The appropriate supporting documentation must be included with the FA-11 form and a memo with a complete explanation detailing the necessity of the cost to be transferred to/from the sponsored account. The explanations must also include a certification that the costs are a proper charge to the award now to be charged. Additional backup may be required for special cost categories. If the cost transfer exceeds ninety days of the initial cost, the justification memo must also include the following:

- Reason why the cost transfer exceeds ninety days
- Corrective action plan to prevent this from recurring in the future

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The completed form is to be transmitted to ORA, Post Award for approval. ORA reviews all cost transfers, regardless of the amount. Inter Departmental Requisitions (IDR's) less than \$5k are not subject to review by ORA.

Note: Transfers are made for actual or individual items of expenditure and may not represent a prorated amount or a fixed percentage of usage determined by a department on a monthly or quarterly basis.

Equipment

The PI prepares a University of Miami ARIBA purchase requisitions for the equipment and a Non-Availability of Equipment form, certifying there is no available equipment that can be used or shared. The completed Non-Availability of Equipment form must be attached to the ARIBA purchase requisition when purchasing equipment on federal, federal pass-through, state, and state-pass-through grants. This Non-Availability of Equipment form is certified as indicated below based on the total amount of the equipment:

<u>Acquisition Cost</u>	<u>Certification</u>
\$ 2,500.00 - \$ 4,999.99	Principal Investigator or designee
\$ 5,000.00 - \$ 9,999.99	Departmental Chairperson (or designee)
\$10,000.00 - \$24,999.99	Dean (or designee)
\$25,000.00 or more	Property Accounting

Note: Capital acquisitions of \$5,000,000 or more are subject to approval by the Executive Committee of the Board of Trustees. Acquisitions of computer equipment with a unit value of \$7,500 or more (\$5,000 on software) are subject to approval by the Vice President for Information Technology.

If the acquisition cost is \$25,000 or greater, the non-availability form should be forwarded to the Property Accounting Office, which will then research the university's records to determine if UM has similar equipment available that is not being used. If surplus equipment is located, the holding department will be contacted to ascertain whether the equipment is available for use or time sharing.

Sponsor agency approval: Equipment purchases may require prior approval from the sponsor. When prior approval is required, the purchase must be justified either in the

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original proposal and provided for in the approved budget or specifically approved in writing prior to the purchase.

Items of equipment costing \$2,500 or more with a useful life of more than one year will be recorded in the university's accounting system using the following object codes:

6103 purchased, university title

6105 confabricated, university title

6810 purchased, non-university title

6811 confabricated, non-university title

6810 & 6811 are mainly used for sponsored accounts with specific equipment terms and conditions where equipment title remains with the sponsoring agency.

Purchases of equipment are subject to the terms and conditions of the sponsored agreement. In addition, purchases of equipment requested within six months of the end of a sponsored project are not allowed, unless the Principal Investigator submits a written justification and receives prior approval from the sponsor.

UM typically holds title to all equipment purchased with federal assistance and non federal sponsors, unless otherwise indicated in the agreement. Equipment should be inventoried as UM equipment, but clearly flagged if purchased on a federal award.

Equipment Purchased With Federal Funds

UM incorporates a security system for the safeguarding of all equipment. Equipment is bar-coded to insure asset identification; the serial number is recorded. Research laboratories are secured. Principal Investigators must notify ORA and Property Management for any loss, theft or damage of equipment purchased with Federal funds.

UM does not hold title to equipment purchased on cost reimbursable federal contracts or equipment furnished by the federal government. The federal government holds title in this equipment and it should not be inventoried as UM owned equipment. UM is required to complete and submit an annual inventory report to the federal government (SF 1428) and request disposition instruction at the end of the project. ORA will be responsible for submitting the annual SF1428 form and request the disposition guidance at the end of the contract.

There may be other situations where equipment is provided to UM to which we do not hold title. For example, devices provided for in clinical trials may need to be returned at the end of the trial. The Controller's Office will track all equipment provided to UM but to which we do not hold title. Disposition guidance has to be requested from the sponsor for all equipment that is not owned by UM when the project expires. ORA will contact the PI/department to coordinate this request.

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UM shall use the equipment in the project for which it was acquired as long as needed, whether or not the project continues to be supported by federal funds. During the time that equipment is used on the project for which it was acquired, UM will make it available for use on other projects if such use does not interfere with the work on the project for which it was originally acquired.

Federally funded equipment cannot be used to provide services to for-profit organizations for a fee that is less than private companies charge for equivalent services unless authorized by Federal statute.

When Federal equipment is no longer needed for the original project, UM shall use the equipment in connection with its other federally-sponsored activities in the following order:

1. Activities sponsored by the Federal awarding agency which funded the original project then.
2. Activities sponsored by other Federal awarding agencies.

Disposal

Appropriate disposition of equipment is critical. The source of funding for an asset has a direct impact on how it can be disposed. Sponsor funded purchases and donations

in addition to the basic monitoring steps described below, sub-recipients with a high risk score will be subject to additional monitoring procedures.

All sub-recipients are subject to the following monitoring procedures:

- Annual review of the Single Audit Report or Internal Control Questionnaire if not subject to Single Audit requirements.
- Ensure that invoices submitted by the subs include a signed certification.
- Review and approval of invoice from PI/designee, indicating that the invoice is reasonable in relation to the work performed. The approval should include the following statement:

“In signing below I approve payment of this invoice and attest that the charges appear reasonable, and progress to date on this project is satisfactory and in keeping with the statement of work.”

Invoices should be prepared in accordance with the sub-recipients' agreement. Cost-reimbursable invoices should be reviewed to ensure that the both current period and cumulative expenses are provided and that they are accurate. Evidence

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of the regular review of invoices by both the PI and the department administrator should be in place and retained on file.

Department administrators should request clarification of charges invoiced by the sub-recipient that are unusual, miscellaneous, apparently excessive, or which otherwise stand out. If explanations provided are insufficient to render a prudent judgment on the allowability of the cost, and the terms of the subcontract so permit, department administrators may request detailed justifications from sub-recipients.

In circumstances where questionable costs remain unresolved, particularly when subcontract terms do not permit requesting supporting documentation, it may become necessary to conduct a formal audit of all or a portion of questionable costs. (see Audits below) In these cases, department administrators may contact ORA for coordination of subsequent actions.

- Review technical performance reports.
- Site visit/ regular phone conferences between PI and PI at sub-recipient.
- Random post audit desk review of invoices paid to sub-recipient. A sample of invoices will be selected each quarter and supporting information will be requested and reviewed.

Examples of supporting information that may be requested from sub-recipients include, without limitation:

- Payroll records/data.
- Copies of paid invoices showing the cost of items purchased and a vendor justification if required by federal contract.
- Descriptions of services rendered by consultants including hourly rates and time reports.
- Details of incurred travel charges stating the purpose, airfare, meals, ground transportation, and other costs.
- Costs determined to be unallowable or unreasonable should be disallowed.

In addition to the steps identified before, the following monitoring procedures will be used for high risk sub-recipients:

- Sub-recipient may be required to provide supporting information for invoices they submit and ORA will review on a post audit basis.

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- Audits. Discretionary audits of sub-recipients are an acceptable monitoring procedure under federal regulations, and all of the University's cost-reimbursement sub-recipient agreements contain "right-to-audit" clauses. Formal audits are performed infrequently.

Roles & Responsibilities

- Principal Investigators. Principal Investigators ("PIs") are primarily responsible for monitoring sub-recipients to ensure their compliance with federal, state, and other sponsors' regulations and with the primary and sub-recipient award terms and conditions.
- Department administrators. Department administrators are responsible for assisting PIs in carrying out their monitoring responsibilities, as indicated below, for reviewing invoices from sub-recipients and questioning expenditures if necessary, and for maintaining documentation of monitoring efforts. Department administrators will immediately report any financial concerns to ORA, Post Award.
- ORA is responsible for ensuring that the University's sub-recipient monitoring procedures are compliant with the sponsors' applicable regulations and are consistent with sound business practices. ORA provides training, monitoring and guidance in interpreting applicable regulations, sub-recipients' award terms and conditions, and executing these procedures.

PIs/Department Administrators:

The frequency and scope of departmental monitoring procedures should be determined jointly by the responsible PI and department administrators. Department administrators, with guidance or assistance from ORA, should perform the following sub-recipient monitoring procedures when appropriate:

- Review of technical performance reports. Technical performance reports should be reviewed on a timely basis by the PI. Any unusual or unforeseen items should be investigated and documentation thereof should be retained in the department's files and easily accessible. In some cases, sub-award terms may require specified deliverables in addition to, or in lieu of, technical reports.
- Review of invoices. Department administrators should request clarification of charges invoiced by the sub-recipient that are unusual, miscellaneous, apparently excessive or which otherwise stand out. If explanations provided are insufficient to render a prudent judgement on the allowability of the cost, and the terms of the subcontract so permit, department administrators may request detailed justifications from sub-recipients
- On-site visits. On-site visits are discretionary monitoring procedures. On-site visits are typically conducted by the PI to evaluate both compliance with the scientific objective of the project and the appropriateness of the sub-recipient's administrative

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systems, processes, and charges. Such visits should be documented via correspondence, meeting notes, and/or trip reports and retained on file.

- Reporting results of monitoring procedures. Department administrators will confirm to ORA as requested that these monitoring procedures have been followed.

ORA:

- Review Single Audits on-line. ORA reviews Single Audits filed by sub-recipients which expend \$750,000 or more of federal funds during the fiscal year and are subject to Single Audit requirements. ORA may view the sub-recipient's Single Audits in the Federal Audit Clearinghouse (FAC) database (<http://harvester.census.gov/sac>) or the FDP Pilot Clearinghouse. These websites provide evidence to verify that the sub-recipient has completed the Single Audits and to assess the presence of audit findings. These Clearinghouses should be verified in lieu of requesting audit reports from sub-recipients. If the audit reports are not available on the clearing houses, ORA will contact the sub-recipient to obtain their report. In cases of a sub-recipient's continued inability or unwillingness to have the required audits, ORA may consider taking appropriate sanctions. Examples of sanctions may include withholding of final payment, withholding of further obligations of time and funding to the sub-recipient.
- When sub-recipients have findings in their Single Audit report. ORA may consider issuing a management decision on audit findings, when appropriate, and evaluating the sub-recipient's corrective actions in response to audit findings. Corrective actions provided by the sub-recipient should be verified to ensure sub-recipient compliance and may necessitate on-site monitoring. ORA may also consider whether sub-recipient audit findings necessitate adjustment of their own records.
- Sub-recipients not subject to Single Audit requirements, including foreign and for-profit entities. Because Single Audit requirements do not apply to foreign or for-profit sub-recipients, UM has established requirements to ensure compliance by such sub-recipients. Contracts with foreign or for-profit sub-recipients are still subject to the risk assessment, and proper monitoring levels are established based on the risk level. However, all foreign or for-profit sub-recipients not subject to Single Audits are required to complete a questionnaire in order for UM to assess capability of compliance with federal regulations.

Sub-recipient Contract Language Advice

All subcontracts under federal government primary contracts and grants should contain language, requiring subcontractors to report promptly to UM any problem related to UM subcontractors identified in their annual Single Audits and to submit corrective action plans.

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No Cost Extension

A no-cost extension extends the project period beyond the project end date, at no cost to the sponsor, to give the PI some additional time to complete project work. There is no additional funding, as the phrase "no cost" suggests. A no-cost extension should be requested before the award end date as specified by agency, when all of the following conditions are met:

- There is a programmatic need
- No term of the award specifically prohibits the extension
- Funds are left in the project budget to support the no cost extension period
- The project's originally approved scope will not change

An extension may not be granted, just because there is money left over. Written request should include a proper justification as to why the extension is needed, and how the money will be used. It is always a good idea to request the extension in enough time to manage an orderly accomplishment of the project work, and to have a contingency plan in case the sponsor does not approve the extension.

Federal Awards

Under the Uniform Guidance, federal agencies are allowed to waive the prior written approval requirement for one-time extension requests of the period of performance up to twelve months. When the agency waives this requirement, the authority to approve the no-cost extension request is delegated to UM; the PI is still required to submit a prior approval form, which will be reviewed by ORA. This request must be made at least 30 days in advance of the project end date. If approved, ORA will notify the sponsor. This does not happen automatically!

Second NCE's or any extension exceeding twelve months require sponsor approval and must be submitted at least sixty days in advance of the project end date.

Non-Federal Awards

Cost reimbursable projects awarded by nonfederal agencies, including state, foundations, and industry funded awards typically require prior approval from the sponsor.

ORA may approve an extension of fixed-price awards without sponsor restrictions for a maximum of two years after the project end date if the similar research is continuing. Otherwise, the project will be reviewed for completeness of deliverables and expenditures. After all appropriate F&A has been assessed, residual balances will be transferred to the department according to the University Residual Balance Policy.

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Audits

Notification

- All notifications of intent to perform a desk review, site visit, audit, or other investigation on a specific award proposal, funded award or program, must be referred to ORA, Audit and Compliance,
- The notifications must include the award number, period of performance and objective and any turn around requirements for requests to allow the university time to properly coordinate this.
- ORA will coordinate the request, including, but not limited to scheduling of the visit, responding to requested information, and to begin gathering data necessary for the audit/investigation.
- If the audit/ investigation relates to a specific project, the PI and department staff involved will be notified. This notification is done in writing and will be filed in the award file.
- Prior to any audit or inquiry, ORA reviews the official sponsored award file of affected projects to ascertain the status of the accounts.

Assistance

ORA is responsible for ensuring the auditor/investigator has a knowledgeable university representative available to answer questions, verify data, and act as a liaison between the auditor/investigator and the university (i.e., arranging and attending meetings at mutually acceptable times.). All reviews and audits on sponsored projects will be handled by ORA, Audit and Compliance in Post Award.

Questions

The auditor/investigator will be requested to discuss questions with the Executive Director, Post Award or designee as the need arises.

Entrance Conference

- ORA will schedule a formal entrance conference for all audits with the auditor to discuss the audit plan.
- ORA will determine the university personnel who should be in attendance and will arrange to ensure these individuals are in attendance.

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Exit Conference

- ORA will schedule a formal exit conference for all audits with the auditor to discuss the audit results. Any potential issues will be determined and agreed upon.
- ORA will determine the university personnel who should be in attendance and will arrange to ensure these individuals are in attendance.
- The auditor will be requested to include any university positions expressed at the exit conference in the audit report and to furnish the university a copy of the audit report when completed.
- A memorandum of the exit conference will be included in the official project file.
- If the auditor raises questions at the exit conference, which the university is not prepared to answer, the university will arrange a mutually agreed upon time to respond.

Reports

- The audit report or any other report issued as a result of the audit or inquiry is sent to ORA Post Award, Audit and Compliance.
- If applicable, ORA will distribute the various findings of the report to the most appropriate university personnel for comment and drafting of a response to each finding. More than one source of comment may be selected to provide input to the same audit report finding. Deadlines are to be set to allow proper time for a professional response to be prepared once all comments and subsequent discussions are made. The results of the review, areas of disagreement, a summary of information available to rebut the auditor's conclusions, and a recommended course of action will be sent to ORA. If several audit reports deal with the same topic, they may be considered jointly.
- ORA will issue a written response to the auditors/investigators. A copy of this

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response, along with all other pertinent documentation and correspondence (including the report), will be filed in the official project file.

The report is submitted to the sponsor of the activity to which the report pertains. This may be sent either directly by the auditor or by ORA, depending on the requirements

- Review project financial activity on a regular basis.
- Review project cost share activity, if applicable, on a regular basis.
- Verify that all costs charged to the project are allowable and allocable.
- Identify errors and initiate the process to correct errors.
- Transfer overspent expenditures.
- Liquidate all commitments (for final reports only).

Principal investigator and their departmental designees must contact ORA immediately:

- with questions regarding transactions posted to the project before the financial report is submitted, or
- if refunds, rebates or other credits are received and posted after the financial report has been submitted so that a revised financial report can be prepared and sent out to the sponsor.

All Financial reports will be prepared based on the information in UM's accounting system. ORA will maintain a list of projects and reporting due dates and will prepare the reports as required. For Final Financial Reports, the PI gets notified 90 days prior to project end date to take action to close out the project. Unless a No-Cost extension is needed, the PI or departmental designee is required to complete the following upon notification:

- Review project financial activity.
- Review project cost share activity, if applicable.
- Verify that all costs charged to the project are allowable and allocable.
- Identify errors and initiate the process to correct errors.
- Remove cost overruns from project.
- Inform ORA immediately of any errors charged to projects.
- Clear out all commitments.
- Communicate to ORA that all intended expenditures and corrections have posted.

If there is a requirement to return unspent funds, a refund check is remitted and the PI is notified. Financial reports are prepared and approved by ORA to ensure accuracy.

Managing Award

Receivables

On a monthly basis, the award account receivable's activity is reviewed, summarized, and aged, via computerized reports, to determine the payment status of each account. Proper follow up is made with all outstanding receivables exceeding 120 days, ORA will contact the sponsor to ensure that the invoice and other documentation required to pay the invoice are received.

Application of funds

Payments are received via ACH, Electronic Fund Transfer (EFT), or checks.

ACH Payment: payments made by ACH are deposited directly into UM's concentration account. A daily bank statement is sent electronically to ORA. This file is used to identify ACH payments made on sponsored projects and applied accordingly. Funds received through LOC are deposited to one unique cash account by sponsor.

EFT Payment: Some sponsors may pay via EFT (mostly state agencies and foreign entities). Payments made by EFT are wire transferred into UM's concentration account. A daily bank statement is sent electronically to ORA. This file is used to identify d EFT payments made on sponsored projects and applied accordingly.

Check Payment: All checks sent to the university by sponsors are to be mailed directly to the following university's lock box address:

University of Miami
Office of Research Administration
P.O. Box 405803
Atlanta, GA 30384-5803
Checks sent through overnight courier:

University of Miami
Office of Research Administration
Lockbox 405803
6000 Feldwood Road
College Park, GA 30349

Managing Award

- The bank used by the university will receive the checks and deposit them directly to the university's concentration account on a daily basis. This account does not earn interest. By having payments received and deposited directly by the bank, cash is credited to the university's accounts without any handling delays that typically occur when checks are mailed directly to the university departments.
- The bank transmits an electronic file with all sufficient details regarding the deposits to ORA, who, in turn, applies the payment receipts to the proper sponsored project.

Bad debts

- When a recorded receivable remains unpaid after 120 days, ORA contacts the sponsor in regards to the payment. If this proves unsuccessful, additional contacts are pursued with the sponsor requesting payment, or reason for nonpayment. Copies of all correspondence between ORA and the sponsor can be shared with the award's PI.
- If nonpayment is due to nonperformance on the part of the university (i.e. technical report not completed), the PI, the department chair, and the dean of the school are contacted to solve the nonperformance problem. If the problem continues to exist, and payment is ultimately not received, the department chair and the dean of the school are responsible for the deficiency in the award account caused by the nonpayment.
- If the sponsor remains unresponsive for more than six months of the initial invoice date, or commits to making payments which are not received within one month after the promised date, the Directors and Executive Director, Post Award will be notified.
- Principal investigators (PI) are also advised by ORA of any collection problems.
- At this time, after contacting the PI, ORA may place a "freeze" on the award account to stop future expenditures from occurring. If PI wishes to continue incurring expenditures on the award account, he/she must seek the approval of the chair and dean and provide ORA with an account that will eventually be used to move off all charges in case of non payment by the sponsor.
- When ORA believes that continued collection efforts on its part will not produce results, it may, on a case by case basis, contact General Counsel via a memorandum or via email.
- If legal action is ultimately recommended by General Counsel, all parties will be informed of the decision prior to its implementation. In all instances, ORA will consult with and advise all parties involved at all critical stages of the collection process.