



**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

# 2024 NECA Conference



**Welcome!**

September 10<sup>th</sup> - 11<sup>th</sup>  
Old Saybrook, CT



**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

## ***National Science Foundation (NSF) – Office of Inspector General (OIG)***

**Daniel Buchtel**, Deputy Assistant Inspector General for Audits, Inspections, and Evaluations

**Erica Wilkins**, Audit Manager

Tuesday, Sept. 10<sup>th</sup>

# National Science Foundation Office of Inspector General

## *Audit Update*

**Dan Buchtel**  
Deputy Assistant Inspector  
General



**Erica Wilkins**  
Audit Manager



## What are we covering today?

- Federal Audit Environment
- Who We Are & What We Do
- Common Findings & Data Analytics
- Ongoing Audit Work
- Whistleblower Information



# Federal Audit Environment



## Single Audits

- Required
- Standardized



## Internal Audits

Customized at organization's discretion



## Agency Reviews

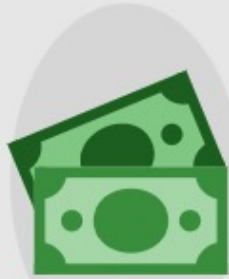
- Required
- Varying scopes and objectives



## Inspector General Audits

- Required
- Varying scopes and objectives
- Internal and External to NSF
- Independent

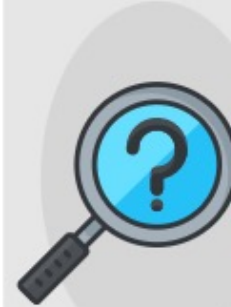
# WHO WE ARE & WHAT WE DO



## Office of Audits

We conduct audits of:

- NSF operations and programs
- NSF award recipients (grantees and contractors)
- Financial / IT Reviews



## Office of Investigations

We investigate allegations of:

- Fraud, waste, and abuse
- Research misconduct
- Violations of law, regulation, directive, or policy



## Outreach

We invest in outreach:

- Presentations
- Briefings
- [www.nsf.gov/oig/reports](http://www.nsf.gov/oig/reports)
- [www.nsf.gov/oig/outreach](http://www.nsf.gov/oig/outreach)

# Audit Communication Process

Step 1



## Engagement Letter

Define audit objective and scope

Step 2



## Entrance Conference

- Discuss audit with Auditee management
- Identify key points of contact
- Discuss audit process

Step 3



## Fieldwork Discussion Draft

- Discuss potential audit issues and recommendations with NSF management
- May also use NPFRs during audit

Step 4



## Exit Conference

Discuss audit results and final recommendations with management

Step 5



## Official Draft Report

- Provide Auditee official Draft Report of audit
- Auditee typically has 30 days to for official response
- OIG includes response in final report in its entirety

Step 6



## Final Report

- Award Recipient, NSF, & Congressional Committees
- <https://www.nsf.gov/oig/reports/reviews.jsp>
- [www.oversight.gov](http://www.oversight.gov)
- Twitter feed @NSFOIG



# Data Analytics

**How to  
evaluate risk  
using a data  
analytics  
approach?**

Reconcile award draw downs against the general ledger and sub-ledgers

Develop analytic tests that identify potential instances of non-compliance

Conduct document reviews and refine analytic tests



# Promising Practices for NSF Award Management

REPORT PREPARED BY COTTON & COMPANY LLP

NATIONAL SCIENCE FOUNDATION  
OFFICE OF INSPECTOR GENERAL



January 21, 2022  
OIG 22-6-002



<https://oig.nsf.gov/sites/default/files/reports/2022-01/22-6-002-Promising-Practices-NSF-Award-ManagementRedacted.pdf>



# Promising Practices for NSF Award Management

Common Findings	Percentage of Audit Reports with Finding	Auditor Suggestions for Strengthening Controls
Unallowable Expenses	94%	Continually Monitor and Verify the Allowability of High-Risk Expenses
Inappropriately Applied Indirect Costs	83%	Strengthen Controls Over Applying Indirect Cost Rates
Inadequately Supported Expenses	67%	Ensure Award Recipients Create and Maintain Sufficient, Appropriate Documentation
Inappropriately Allocated Expenses	55%	Document and Justify Reasonable Allocation Methodologies
Non-Compliance with Policies and Procedures	50%	Regularly Review and Update Grant Management Policies and Procedures

## Finding Areas from Recently Issued Audit Reports

- Unallowable Expenses
- Inadequately Supported Expenses
- Indirect Cost Rates Not Appropriately Applied
- Inappropriately Allocated Expenses
- Non-Compliance with Internal Policies

# Ongoing Audit Work

NSF's Oversight  
of Awardee  
Compliance  
with  
Harassment  
Term and  
Condition

## Grant General Conditions

19. Safe and Inclusive Working  
Environments for Off-Campus or Off-Site  
Research

49. Notification Requirements Regarding  
Sexual Harassment, Other Forms of  
Harassment, or Sexual Assault



# Ongoing Audit Work

## Subaward Oversight and Management

2 CFR § 200.331 Subrecipient and contractor determinations

2 CFR § 200.332 Requirements for pass-through entities

2 CFR § 200.333 Fixed amount subawards



# WHISTLE BLOWER PROTECTION

## Who is protected from Retaliation for making Protected Disclosures?



Current and Former NSF Employees



Applicants for NSF Employment



Employees of a Federal Contractor or Subcontractor



Employees of Grantee or Subgrantee

## What are protected disclosures?



Violations of any law, rule, or regulation



Gross waste of funds, gross mismanagement, and abuse of authority



Substantial and specific danger to public health and safety

Protected disclosures can be made to management, OIG, or Congress  
Additional Information: [www.nsf.gov/oig/whistleblower.jsp](http://www.nsf.gov/oig/whistleblower.jsp)



# whistleblower OMBUDSMAN/COORDINATOR

William J. Kilgallin  
Senior Advisor, Investigations  
NSG OIG  
[ombudsman@nsf.gov](mailto:ombudsman@nsf.gov)





Email

Congressional and Media  
Inquiries: [oigpublicaffairs@nsf.gov](mailto:oigpublicaffairs@nsf.gov)  
FOIA Officer: [foiaoig@nsf.gov](mailto:foiaoig@nsf.gov)



Phone

Business Hours: 703-292-7100  
Anonymous Hotline: 800-428-2189



Report Fraud, Waste, & Abuse

<https://oig.nsf.gov/hotline>

# CONTACT US



Website

<https://oig.nsf.gov>



Mail

2415 Eisenhower Avenue, Alexandria,  
VA 22314  
ATTN: OIG HOTLINE



Follow us on Twitter

@NSFOIG





# Questions?

## General

703-292-7100

[oigpublicaffairs@nsf.gov](mailto:oigpublicaffairs@nsf.gov)

## Semiannual reports

<https://oig.nsf.gov/reports-publications/reports/semiannual>





**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

# ***NSF - Resolution and Advanced Monitoring (RAM)***

**Liz DeHart**, Cost Analyst – Resolution and Advanced Monitoring Branch

**Cindy Galyen**, Cost Analyst – Resolution and Advanced Monitoring Branch

Tuesday, Sept. 10<sup>th</sup>



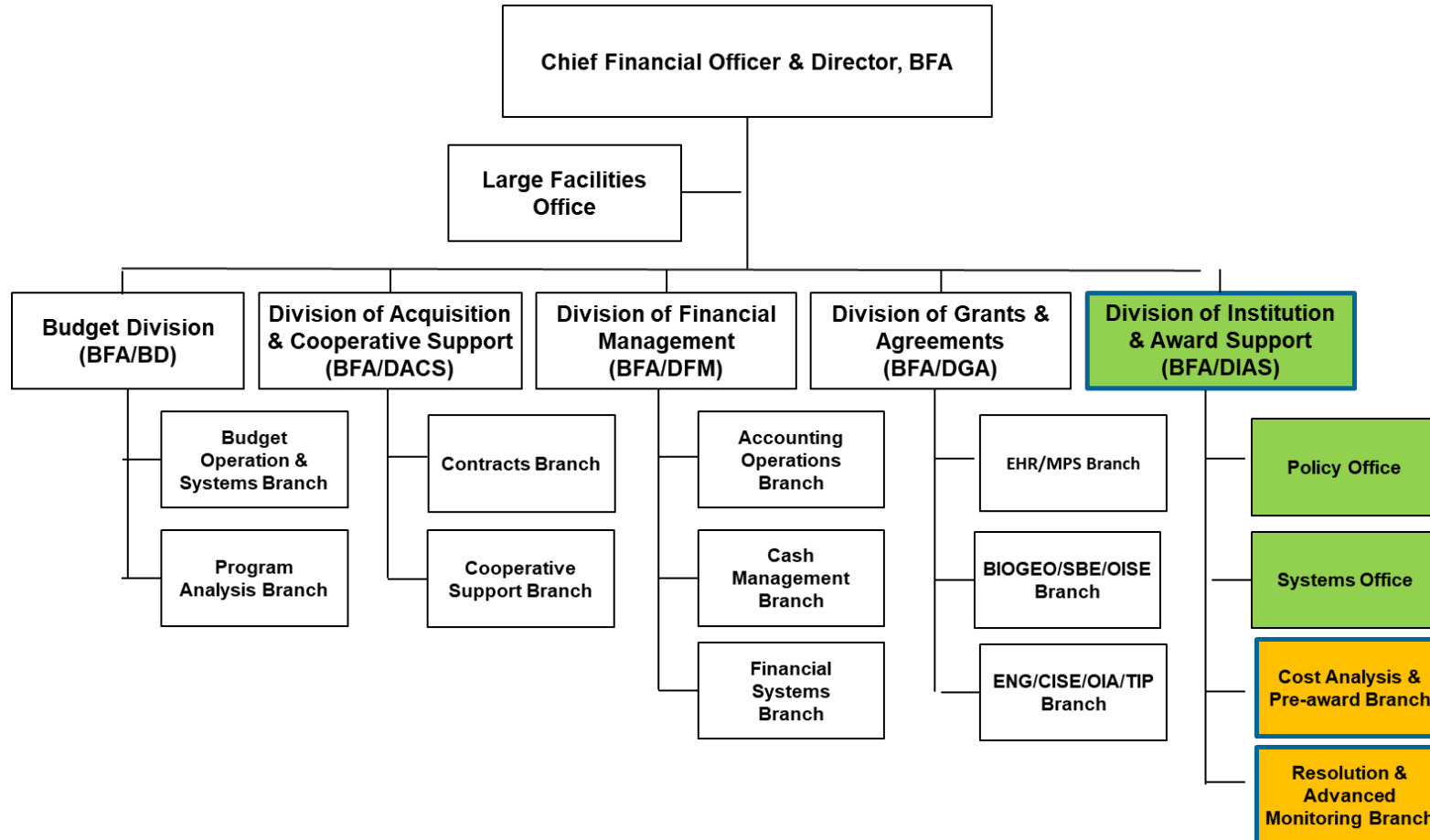
# NSF Audit Resolution and Compliance Insights

NECA Conference  
September 2024





# Introductions



Cindy Galyen + Liz DeHart  
Cost Analysts in the  
Resolution and Advanced  
Monitoring Branch



# NSF's Division of Institution and Award Support (DIAS)

DIAS plays a key role in the oversight of NSF investments. DIAS staff conducts post-award activities including advanced monitoring and audit resolution. DIAS staff also provide expert assistance in matters related to NSF policies and procedures, business assistance to awardee organizations, and advice on issues of federal compliance for financial assistance awards.

**Resolution & Advanced Monitoring (RAM) Branch:** responsible for compliance with federal requirements for audit resolution and follow-up, advanced monitoring, as well as allowance of major expenditure adjustments to financially closed awards.



# Focus

- Share insights on...
  - Recent IG audit findings, potential future findings
  - Resolution and Advanced Monitoring (RAM) updates
- Suggest proactive approaches to some common compliance challenges



# Common Findings

- Subawards & Subrecipient assessment monitoring (2 CFR 200.331-334)
- Participant Support Costs (2 CFR 200.456)
- Allowability & Allocation of Costs – (2 CFR 200.402-405)
  - w/ particular emphasis on 405(d)
- Promotional Items (2 CFR 200.421)
- Application of Indirect Cost Rates [2 CFR 200, Appx III (IHEs)]
- Purchases Near or After POP (See Allocable Costs above)
- Unsupported Costs [2 CFR 200. 302(b)(2)]



# Subaward Reminders

- Subawards & Subrecipient pre-award risk assessment + regular monitoring
- Documentation
- Performance Reporting
- Indirect Cost Rate review
- Closeout + final invoicing
- FFATA reporting requirements
  - a. Reporting of first-tier subawards.

Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that equals or exceeds \$30,000 in Federal funds for a subaward to a non-Federal entity or Federal agency (see definitions in paragraph e. of this award term). (2 CFR Appendix-A-to-Part-170 a.)





# Participant Support Costs + Indirect Costs Reminders

## Participant Support Costs

- Meals (2 CFR 200.456)
- Entertainment (200.456)
- Promotional Items (200.421)

## Indirect Costs

- Provisional and during negotiation rates
- Subaward Rates
- Exclusions of PSC, equipment, etc. (based on agreement)
- Policies for rate fluctuations



# New Compliance Findings

## Fixed Cost Subawards

§ 200.333 Fixed amount subawards.

With prior written approval from the Federal awarding agency, a pass-through entity may provide subawards based on fixed amounts **up to the Simplified Acquisition Threshold**, provided that the subawards meet the requirements for fixed amount awards in § 200.201.



# New Compliance Findings

## Publication Costs

PAPPG: Chapter XI: E. Publication/Distribution of Award Materials ... 4. Recipient Obligations

a. Acknowledgement of Support. Unless otherwise provided in the award, the recipient is responsible for assuring that an acknowledgment of NSF support is made:

(i) in any publication (including World Wide Web pages) of any material based on or developed under this project through use of the following language:

"This material is based upon work supported by the National Science Foundation under Award No. (NSF award number)."

§ 200.405 Allocable costs.

(c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons...

(d) Direct cost allocation principles: If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit...



# New Compliance Findings

## IDC on Fabricated Equipment + other costs

### Total cost is greater than \$5,000, life expectancy is more than one year, title is retained by the university

If a piece of equipment is to be fabricated, the cost of its components plus all materials, labor, supplies, and services from outside vendors or authorized internal recharge activities provided by campus recharge units used in the fabrication process are exempt from indirect costs if all of the following three requirements are met:

- The total cost is greater than \$5,000
- The item has a useful life expectancy of more than one year
- The title is retained by the university

Department labor, travel, or other operating expenses associated with the fabrication such as salaries of Principal Investigators, graduate student researchers, or other comparable personnel who participate in the fabrication process are not included in the acquisition cost of the item and are subject to indirect costs.

From time to time for reasons of cost efficiency, timeliness of delivery, non-availability, or uniqueness of a particular piece of equipment, it may be necessary or advantageous for a research project to fabricate a piece of equipment rather than purchase the item. Such Fabricated Equipment is exempt from the Indirect Cost (F&A) Rate, subject to the following policy and procedure.

Costs that should be budgeted and charged as fabricated equipment include materials and supplies necessary for the fabrication, as well as any internal- or external-shop service fees. Although project personnel may participate in the fabrication, their salaries will not be exempt from the indirect costs (F&A) rate assessment. Only labor costs that are implicit in the internal- or external-shop rates will be exempt from indirect costs. Labor, travel and other costs associated with the services of an outside party in a fabrication should be incorporated in the external-shop service fees.

If a proposal anticipates that the total fabrication will cost more than \$5,000 but the final product ends up aggregating to less than \$5,000, all component costs will then be subject to indirect costs.



# Proactive approaches to ensure compliance: Subawards

## Subawards and Fixed-Cost Subawards

- Create a checklist of all required steps before subaward can be issued, including NSF approval
- re: Fixed cost subawards
  - Ensure that the award letter from NSF references approval for the fixed cost subaward(s). If not:
    - Verify that it has been approved &
    - Request a revised award letter from NSF Division of Grants and Agreements (DGA) that contains the approval for the fixed cost subaward in writing.



# Proactive approaches: Participant Support Costs

## Participant Support Costs

- Ensure that attendance at workshops and other participant related events is documented and maintained.
- Policies and procedures should document what PSC costs are allowed and what costs are not allowed.
  - Conference/workshop support costs (such as facility rental, building services, video recording, audio transcription, program printing, catering, supplies, or media equipment rental) *cannot be included in PSC*.



# Proactive approaches: Policies and Procedures

## Policies and Procedures

- Establish a routine schedule for P&P review and updates
- Engage new staff in policy/procedure review, to help you identify and correct “gaps” more easily
- Review internal SOPs to ensure they align with formal policies and procedures



# Proactive approaches: Documentation

## Documentation

- Get into the mindset of “how will this look to an auditor X number of years into the future?”
- Leverage your project reports: document unanticipated expenditures to demonstrate how these were essential and necessary for the project.
- Confirm any verbal confirmations/conversations with NSF staff in writing for your records...and save those confirmations!





# Updates

## Updates from NSF RAM Team

- Internal processes for audit resolution
- Advanced Monitoring Program modifications:
  - ✓ making process improvements to ensure we are more agile and better positioned to provide critical business assistance to awardees that present greater risks



# Key Takeaways

- Documented Policies
- Implemented & Informed Policies
- Document All Costs
- Prior Approval Matrix
- Ask Questions
  - (Sponsored Projects Office, Program Officers, Grants Officers, DIAS team)





# Resources

- IG Promising Practices for NSF Award Management



NATIONAL SCIENCE FOUNDATION  
OFFICE OF INSPECTOR GENERAL

## AT A GLANCE

Promising Practices for NSF Award Management  
Report No. OIG 22-6-002  
January 21, 2022

### WHY WE ISSUED THIS REPORT

Since September 2018, Cotton & Company LLP (C&C) has conducted 18 performance audits on behalf of our office of costs claimed by NSF award recipients. As part of those audits, C&C observed, identified, and cataloged strengths and opportunities for improvement within each recipient’s award management environment. We then engaged C&C to write a capstone report communicating the most common audit findings, suggestions for how to improve compliance in these areas, and promising award management practices implemented by audited institutions. This

## TABLE OF CONTENTS

<b>BACKGROUND</b> .....	<b>1</b>
<b>SUGGESTIONS FOR IMPLEMENTING A STRONG AWARD MANAGEMENT ENVIRONMENT</b> .....	<b>1</b>
CONTINUALLY MONITOR AND VERIFY THE ALLOWABILITY OF HIGH-RISK EXPENSES .....	2
STRENGTHEN CONTROLS OVER APPLYING INDIRECT COST RATES .....	2
ENSURE AWARD RECIPIENTS CREATE AND MAINTAIN SUFFICIENT, APPROPRIATE DOCUMENTATION .....	2
DOCUMENT AND JUSTIFY REASONABLE ALLOCATION METHODOLOGIES .....	3
REGULARLY REVIEW AND UPDATE GRANT MANAGEMENT POLICIES AND PROCEDURES .....	3
<b>CAPSTONE REPORT OBJECTIVES AND METHODOLOGY</b> .....	<b>3</b>
<b>APPENDIX I: CAPSTONE REPORT OBJECTIVES AND METHODOLOGY</b> .....	<b>5</b>
CAPSTONE REPORT OBJECTIVES AND METHODOLOGY .....	6
<b>APPENDIX II: AUDITOR SUGGESTIONS FOR IMPROVING GRANT MANAGEMENT ENVIRONMENTS</b> .....	<b>7</b>
AUDITOR SUGGESTIONS FOR IMPROVING GRANT MANAGEMENT ENVIRONMENTS .....	8
A. <i>Continually Monitor and Verify the Allowability of High-Risk Expenses</i> .....	9
B. <i>Strengthen Controls Over Applying Indirect Cost Rates</i> .....	15
C. <i>Ensure Award Recipients Create and Maintain Sufficient, Appropriate Documentation</i> .....	18
D. <i>Document and Justify Reasonable Allocation Methodologies</i> .....	21
E. <i>Regularly Review and Update Grant Management Policies and Procedures</i> .....	24
<b>APPENDIX III: GLOSSARY</b> .....	<b>27</b>
GLOSSARY .....	28



# Resources

- [DIAS Tools and Resources](#)

## **FACT SHEETS**

---

- [Desk Review Fact Sheet](#)
- [Site Visit Fact Sheet](#)
- [Accounting System Review Fact Sheet](#)
- [Unallowable Costs Fact Sheet](#)

## **FREQUENTLY ASKED QUESTIONS**

---

- [NSF Monitoring Desk Review FAQs](#)

## **TRAINING TOOLS**

---

- [Participant Support Costs Self-Assessment Tool \(Interactive\)](#) | [Participant Support Costs Self-Assessment Tool](#)
- [Subrecipient Monitoring Self-Assessment Tool \(Interactive\)](#) | [Subrecipient Monitoring Self-Assessment Tool](#)
- [Consultant Services Self-Assessment Tool \(Interactive\)](#) | [Consultant Services Self-Assessment Tool](#)
- [Travel Costs Self-Assessment Tool \(Interactive\)](#) | [Travel Costs Self-Assessment Tool](#)

## **OTHER HELPFUL DOCUMENTS**

---

- [ACM\\$ Payment Calculation Tool](#)
- [Recording Project-Related Indirect Cost Recovery Charges](#)
- [Constructing Effective Policies and Procedures](#)

## **MORE INFORMATION**

---

- [2 CFR 200](#)
- [FAR Contract Cost Principles and Procedures](#)



# Resources

- NSF Prior Approval Matrix

**Research Terms and Conditions Appendix A  
Prior Approval Matrix  
November 12, 2020**

	Reference	RTC Overlay	NSF
<b>Prior Written Approval (prior approval)*</b>	200.407		
<b>Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts</b>	200.407(a)		
Changes in principal investigator (PI), project leader, project partner, or scope of effort.	200.201(b)(5)	Required	Required
<b>Cost sharing or matching</b>	200.407(b)		
Use of unrecovered indirect costs, including indirect costs on cost sharing or matching.	200.306(c)	Waived	Waived
Use of current fair market value to determine the value of non-Federal entity contributions of services and donations of property for the purposes of cost sharing or matching.	200.306(d)(2)	Waived	Waived
Costs of the fair market value of equipment or other capital assets and fair rental charges for land when the Federal award supports activities that require use of equipment, buildings or land.	200.306(h)(2)	Required	Required
<b>Program Income</b>	200.407(c)		
Use of program income during the period of performance (additive method).	200.307(e)(2)	Waived	Waived
<b>Revision of budget and program plans</b>	200.407(d)		
Change in the scope or the objective of the project or program.	200.308(c)(1)	Required	Required
Change in a key person specified in the application or Federal award.	200.308(c)(2)	Required	Required <sup>14</sup>
Disengagement from the project for more than three months, or a 25 percent reduction in time devoted to the project by the approved Project Director (PD) or PI.	200.308(c)(3)	Required	Required <sup>14</sup>
Inclusion, unless waived, of costs that require prior approval in accordance with Subpart E -- Cost Principles.	200.308(c)(4)	Required	Waived <sup>1</sup>



# Resources

- [Cooperative Agreement Definition](#)
- [NSF Prior Approval Matrix](#)
- [NSF Division of Grants & Agreements](#)
- [NSF Cost Analysis and Pre-award Branch](#)
- [NSF Resolution and Advanced Monitoring \(RAM\)](#)
- [DIAS Tools and Resources](#)
- [Finalized NSF Management Decisions](#)
- [IG Promising Practices for NSF Award Management](#)



# Questions?





# Contact Us

Liz DeHart  
Cost Analyst  
[edehart@nsf.gov](mailto:edehart@nsf.gov)



Cindy Galyen  
Cost Analyst  
[cgalyen@nsf.gov](mailto:cgalyen@nsf.gov)





**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

## *Department of Health and Human Services (HHS) – Cost Allocation Services (CAS)*

**Mike Leonard**, College and University National Specialist/Branch Chief

**Mike Stanco**, Non-Profit and Hospital Branch Chief, Department of Health and Human Services

Tuesday, Sept. 10<sup>th</sup>



Program Support Center

**MANAGING**  
THE BUSINESS OF  
**GOVERNMENT™**

[www.psc.gov](http://www.psc.gov)



## Dept. of Health & Human Services - Program Support Center, Cost Allocation Services (CAS)

Presenters: Michael Leonard, C&U National Specialist/Branch Chief

### **NECA**

Old Saybrook, CT

September 2024

# INDEX

- **CAS Organizational Update**
- **Effects of Regulation Changes**
- **Executive Level II Salary Limitation**
- **Trends & Issues**



# Mission Statement

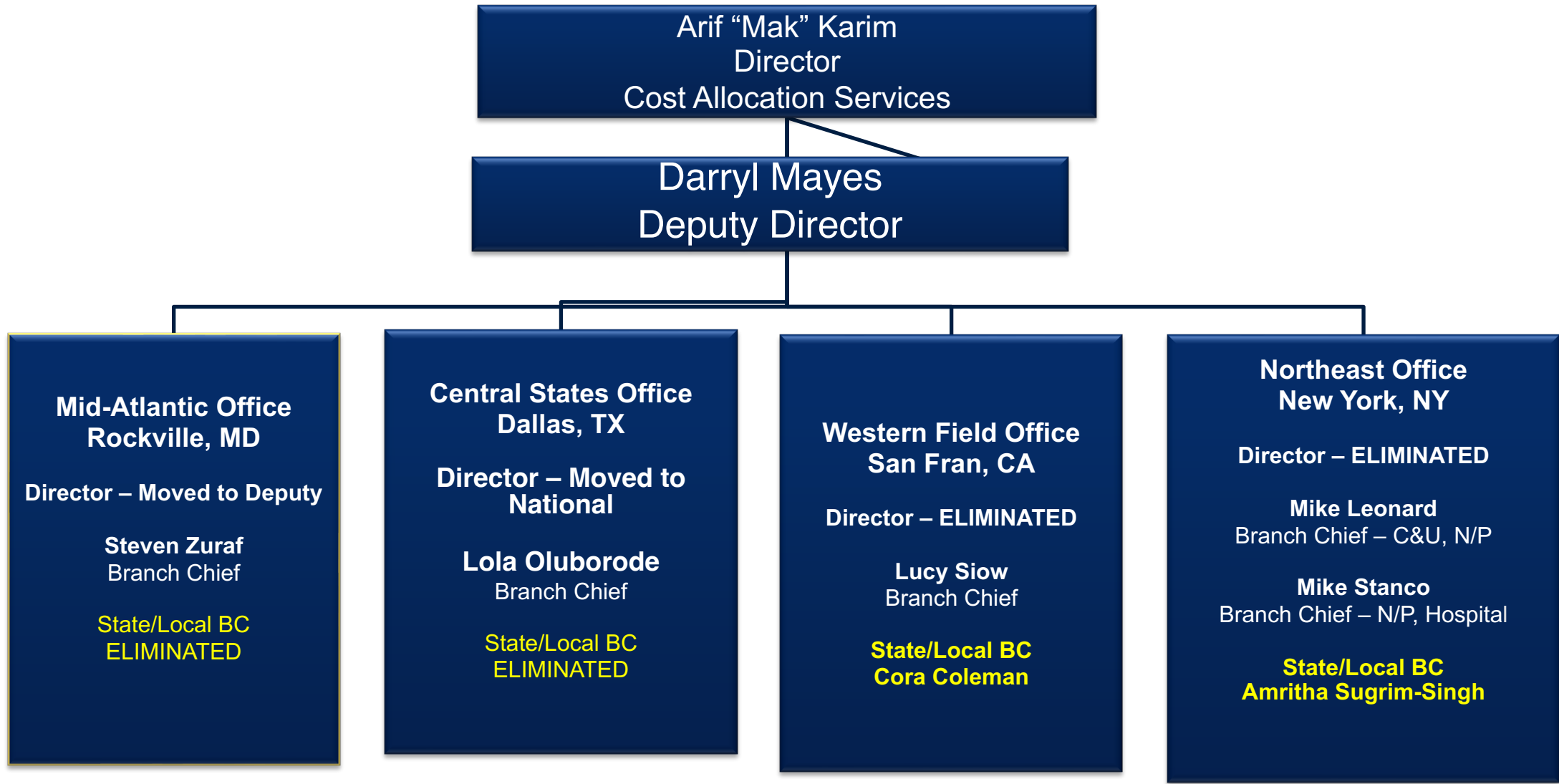
---

**Cost Allocation Services (CAS) is committed to providing the highest level of indirect cost rate and cost allocation plan negotiation services to Federal Departments and Agencies where HHS is designated by OMB as the cognizant Federal Agency. We will be the Agency of choice for providing technical guidance and assistance regarding the development of indirect cost rates and cost allocation plans. Our professional staff is recognized for their technical knowledge and professional expertise. Although CAS represents the Federal Government during negotiations and has a fiduciary responsibility to protect the public funds, we will be fair, reasonable and equitable when communicating and negotiating with the grantee community.**

# CAS Accomplishments

## Rate Agreement Update:

- *Awarding agencies do not currently have access to a Rate Agreement Distribution System (RADS)*
- *Signed Rate Agreements are provided to awarding agencies by the institution, or when requested by the awarding agency CAS will provide*
- *New CAS Workflow and Rate Agreement System is close to release*
- *The new system will have a grantee portal and each grantee will have their own portal access*
- *Proposals and documentation will be submitted through the portal. Rate Agreements will be issued through the portal.*



# 2 CFR Regulation Changes

Subaward Threshold Increase in MTDC

Equipment Capitalization Threshold Increase

Disclosure Statements Eliminated

Terminal Leave Disallowed in Fringe Benefits

De Minimis Rate Raised to 15%

# New Thresholds

- OMB will be making the new threshold for equipment (up to \$10,000) and subawards in the MTDC base (up to \$50,000) available for fiscal years beginning October 1, 2024, and later



# New Thresholds

CAS cannot change the new thresholds until:

- the change is either made in a rate proposal and effective with the new rates negotiated (or)
- changed with an impact statement submitted with a rate extension request

# New Thresholds

- **CAS will not open predetermined F&A rates.** Therefore, for example, if an institution has predetermined rates through June 30, 2028, they can't make the change until we negotiate new rates based on the fiscal year 2027 actual cost proposal which must be prepared using the new thresholds, and the changes would be effective July 1, 2028

# Subaward Threshold Change

- Example:

<b>Base Increase:</b>		
<b>Average New Subawards</b>		<b>Impact of Calculated</b>
<b><u>Per Year</u></b>		<b><u>Capped F&amp;A Rate</u></b>
<b>\$1,800,000</b>		<b>-0.70%</b>

# Equipment Threshold Change

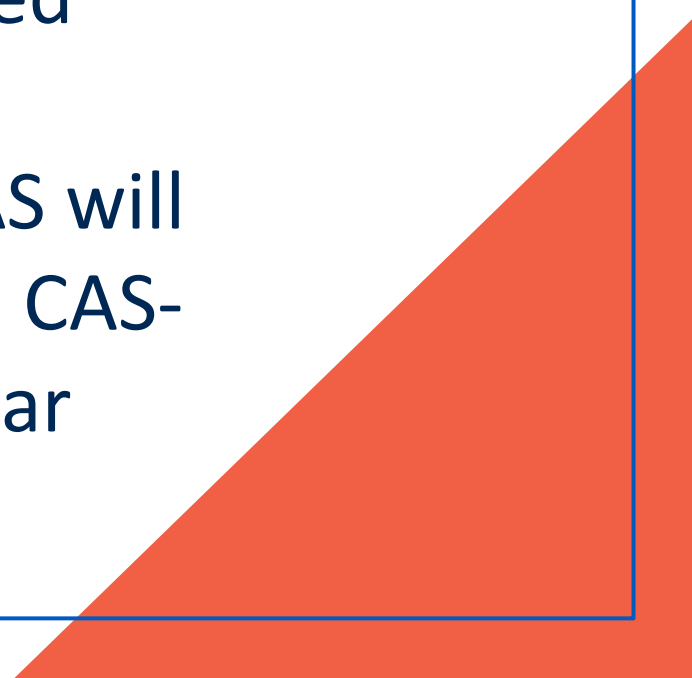
Example:

Base Increase: Average Annual Acq <u>Cost of Assets \$5k-\$10k</u>	Depreciation to be written off as of <u>June 30, 2025</u>	Prior column divided by years <u>negotiated</u>	Est Annual Depreciation <u>\$5k - \$10k</u>	Impact on the Calc Capped <u>F&amp;A Rate</u>
\$450,000	\$2,100,000	\$700,000	-\$400,000	-0.05%
		3 years		

# Disclosure Statements (DS-2)

- Also, effective October 1, 2024, as per OMB, the Disclosure Statement (DS-2) will no longer be required for long-form Institutions of Higher Education (IHE). This does not apply to IHE with CAS-covered contracts of over \$50 million per year. Those IHE will still be required to submit a DS-2

# Disclosure Statements (DS-2)

- A DS-2 already received by CAS, or received before October 1, 2024, will be reviewed. Beginning October 1, 2024, CAS will no longer accept DS-2 except for IHE with CAS-covered contracts over \$50 million per year
- 
- A large red triangle is positioned in the bottom right corner of the slide, pointing towards the top right.



# Terminal Leave

- ***200.431(b)(3)(i). Leave*** When a recipient or subrecipient uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment and **must be allocated as a general administrative expense to all activities.**
-

# Terminal Leave

- Implemented on fringe rates beginning in fiscal years beginning after 10/1/2024. Therefore, an institution can keep it in their fiscal year ending 6/30/2025 fringe benefit rates, and we will finalize those actual costs on that basis, however it will be removed from the fringe benefit rates for fiscal year ending 6/30/2026 (beginning 7/1/2025)



# De Minimis Rate

The de minimis rate is increasing from  
**10%** to **15%** beginning October 1, 2024

# Executive Level II Salary Limitations

- As stated in the Department of Health and Human Services Appropriations Act, (Consolidated Appropriations Act) contains a salary rate restriction not exceeding \$221,900
- Applies to all salaries in indirect cost pools
- The limitation applies to all types of grantees

# Executive Level II Salary Limitations

- CAS is anticipating implementing this review on all open fiscal years beginning on or after October 1, 2024
- CAS adjustments apply to open years without predetermined, fixed or final rates already negotiated; not reissuing rate agreements
- May apply to all Federal awards beginning on or after October 1, 2024

# Executive Level II Salary Limitations

- Anticipated Effect on College & University Long-Forms
- Admin salaries will need adjustment, however many institution's administrative components are well above the 26% administrative cap
- Some O&M and Library salaries will need adjustment

# TRENDS IN RATE NEGOTIATIONS

- Direct Cost Bases have been skyrocketing!
- Why? Significant salary increases due to inflationary trends and a tight job market
- Over 60% of the direct cost base is made up of salaries & wages
- Salaries & wages in the pool are mostly under Admin (capped)
- Construction of new buildings has slowed considerably due to higher interest rates and less demand for building space
- **RESULT???????**

# TRENDS IN RATE NEGOTIATIONS

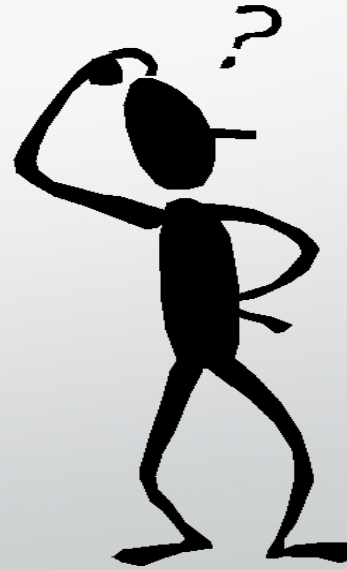
- **RESULT????????**
- **Facility & Administrative (F&A) rates have been dropping significantly**
- Trend started in fiscal year 2021 proposals
- Recent rate negotiations have resulted in lower F&A rates and cash refunds for closed fiscal years
- Rate extensions are always case-by-case, however, many rate extensions might not be approved, or will be for shorter time periods

# Treatment of Rebates & Credits

- Federal awarding agencies require all applicable Federal awards and projects receive a credit for all Rebates & Credits applicable to each Federal award or project
- Working with CAS on submitting a cash refund for the Federal share of the Rebates & Credits will ONLY be used for the Federal share of rebates & credits that cannot be credited back to the Federal award or project because that award or project is already closed or untraceable. This calculation and refund may be done on an annual basis



# QUESTIONS







**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

# *Department of Health and Human Services, Office of Inspector General (OIG) Update*

**Tiffany Friguletto**, Senior Auditor, HHS-OIG-OAS

Tuesday, Sept. 10<sup>th</sup>



# A Look Inside HHS-OIG

U.S. Department of Health and Human Services  
Office of Inspector General

September 2024





# Presenters

- Steven DeGroff, CPA, CFE, CGFM
  - *Assistant Regional Inspector General*
  - *Region 2 (NY, NJ, PR) – Albany, NY Field Office*
  - [steven.degroff@oig.hhs.gov](mailto:steven.degroff@oig.hhs.gov)
- Tiffany Friguletto, CPA, CFE
  - *Senior Auditor*
  - *Region 2 (NY, NJ, & PR) – Albany, NY Field Office*
  - [tiffany.friguletto@oig.hhs.gov](mailto:tiffany.friguletto@oig.hhs.gov)





# Agenda

- HHS-OIG Background
- Grant and Contract Fraud 101
- Recent OIG Results
- OIG Strategic Plan and Workplan
- OIG Compliance Guidance and Tools





# HHS-OIG Background

**Inspectors General (IGs)** –  
Are intended to be independent, nonpartisan officials who prevent and detect waste, fraud, and abuse.





# HHS-OIG Background

- The largest civilian Office of Inspector General (OIG), responsible for oversight of the Department of Health and Human Services' (HHS's) approximately \$2.7 trillion portfolio of programs.
- Approximately 1,650 auditors, investigators, and evaluators, supplemented by staff with expertise in law, technology, cybersecurity, data analytics, statistics, medicine, and more.





# HHS-OIG Background

- OIG's mission is to provide objective oversight to promote the economy, efficiency, effectiveness, and integrity of HHS programs, as well as the health and welfare of the people they serve.

<https://oig.hhs.gov>





# HHS-OIG Background



**Inspector General  
Christi A. Grimm**

- The Honorable Christi A. Grimm was sworn in as the sixth Inspector General of the U.S. Department of Health and Human Services on February 22, 2022.







# HHS-OIG Background

- Office of Audit Services (OAS)
- Office of Evaluation and Inspections (OEI)
- Office of Investigations (OI)
- Office of Counsel to the Inspector General (OCIG)
- Office of Management & Policy (OMP)

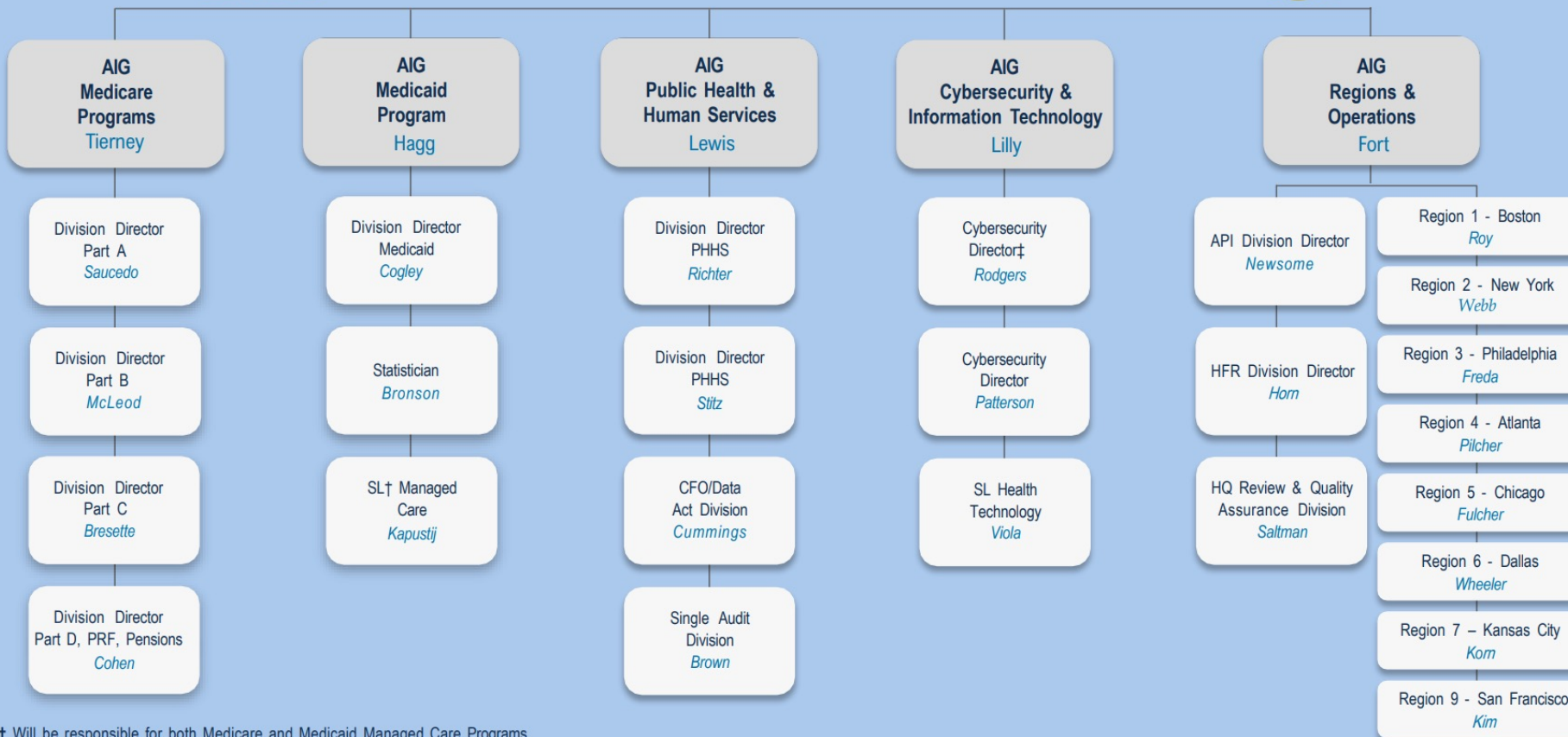




# HHS-OIG Background



Deputy Inspector General for Audit Services  
**Amy J. Frontz**



† Will be responsible for both Medicare and Medicaid Managed Care Programs  
‡ Support CFO IT Audits and FISMA





# Grant and Contract Fraud 101

- HHS is the largest grant making agency in the United States and the fourth largest contracting organization.
- HHS provides grants and contracts through 12 Operating Divisions.
- Funds must be used for their intended purpose, and awardees must account for costs and justify expenditures.
- OIG is responsible for investigating allegations of fraud, waste, and abuse.





# Grant and Contract Fraud 101

- Fraud is any activity that relies on deception in order to achieve a gain.
- Fraud becomes a crime when it is a “knowing misrepresentation of the truth or concealment of a material fact to induce another to act to his or her detriment” (Black’s Law Dictionary).
- In other words, if you lie in order to deprive a person or organization of their money or property, you’re committing fraud.





# Grant and Contract Fraud 101

## The Fraud Triangle

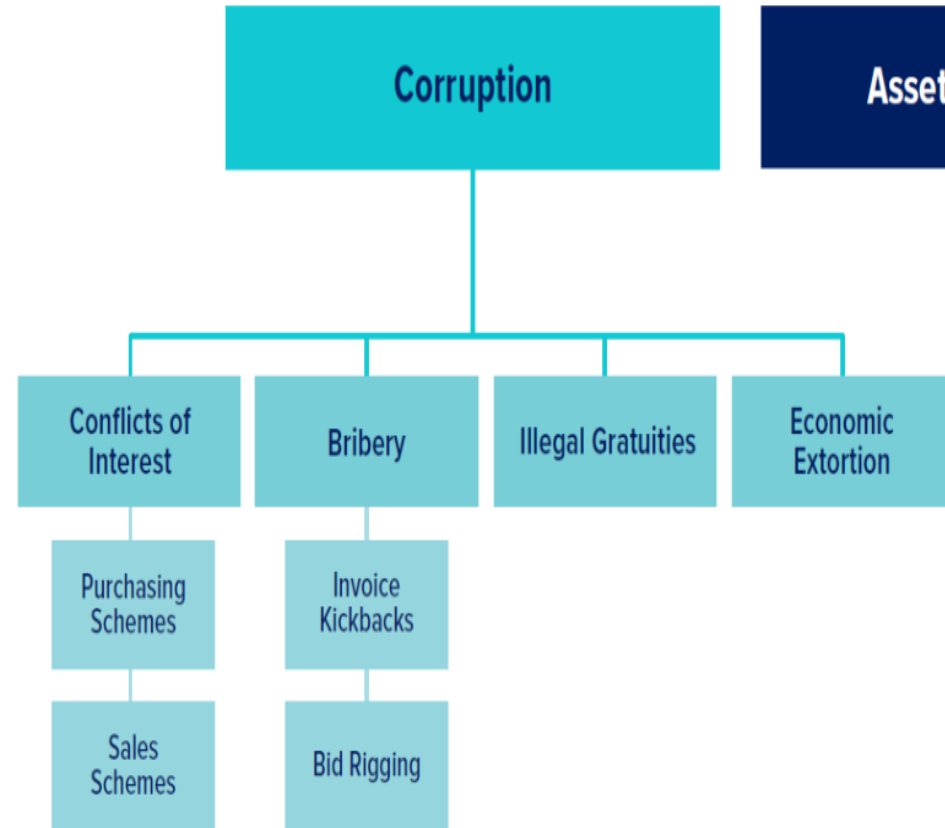
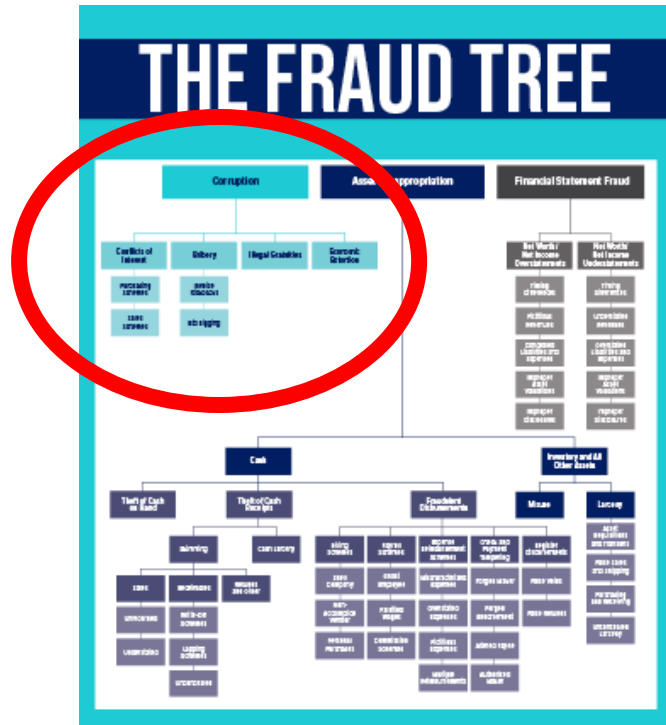
- Developed by Dr. Donald Cressey, a criminologist whose research on embezzlers produced the term “trust violators.”







# Grant and Contract Fraud 101







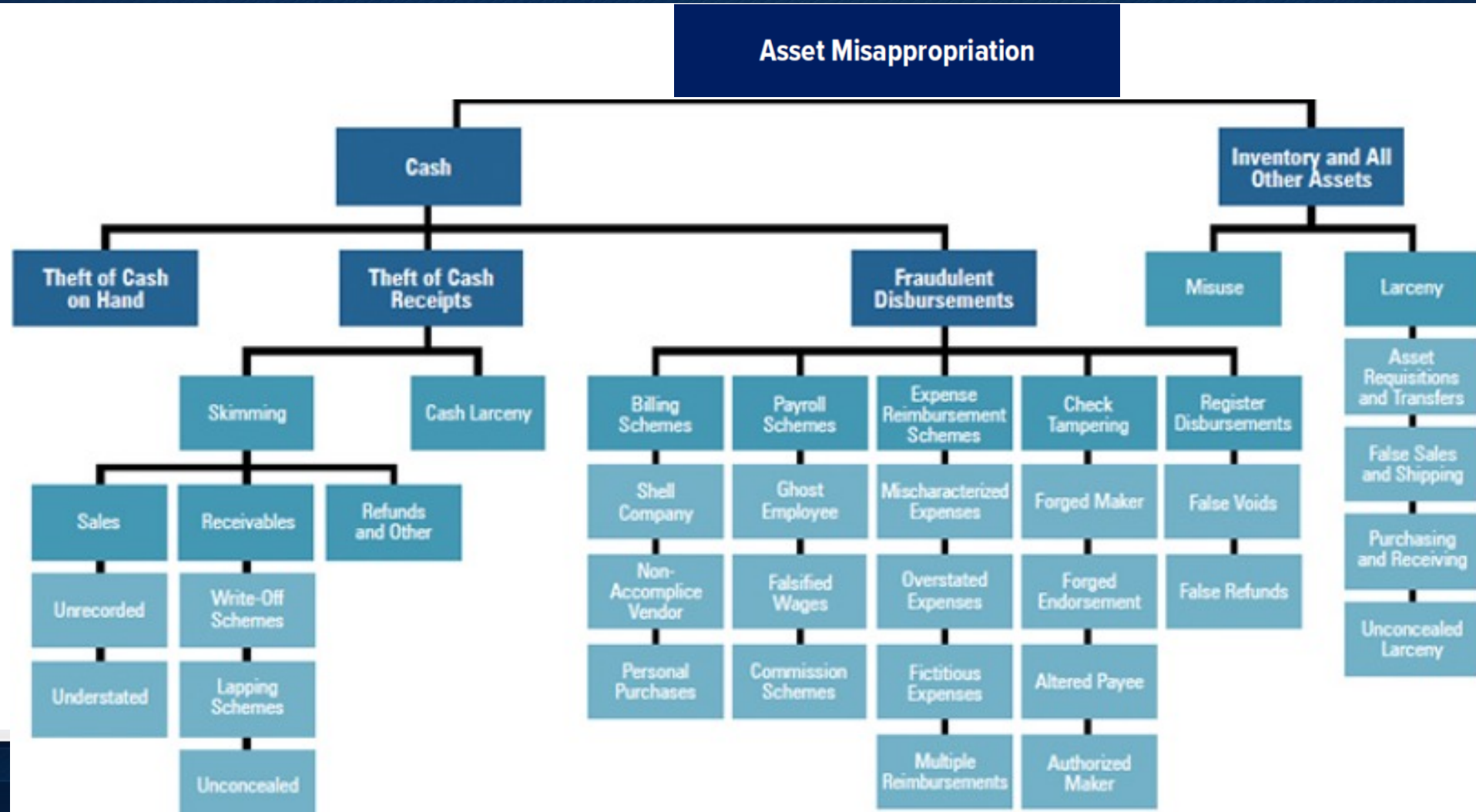
# Grant and Contract Fraud 101

## THE FRAUD TREE





# Grant and Contract Fraud 101

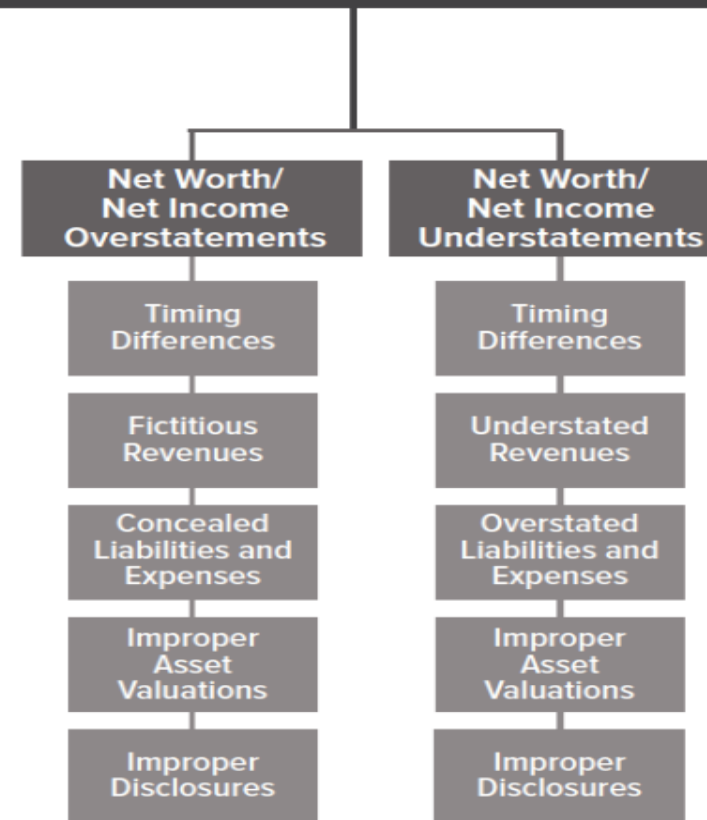




# Grant and Contract Fraud 101



## Financial Statement Fraud





# Grant and Contract Fraud 101

- While not specifically mentioned in the Types of Fraud listed by ACFE, grant and contract fraud can be a subset or combination of all other fraud types.
- Fraud can be committed by a grant/contract recipient itself, or by bad actors employed by the grant/contract recipient.

Types of Possible  
Grant Fraud





# Grant and Contract Fraud 101

- Theft or embezzlement.
- Misuse of grant funds.
- Falsifying information in award applications.
  - e.g. misrepresenting facts about qualifications or eligibility, personnel, facilities, or budget
- Falsifying information in progress reports or other submissions.
  - e.g. misrepresenting project status or results
- Falsifying data or results, including research data.
- Falsifying documents, such as time and effort records.
- Billing for work that was not performed.
- Billing for expenses not incurred as part of the award.





# Grant and Contract Fraud 101

- Falsifying information on contract proposals.
- Using Federal funds to purchase items that are not for Government use.
- Billing more than one contract for the same work.
- Billing for expenses not incurred as part of the contract.
- Billing for work that was never performed.
- Falsifying data.





# Grant and Contract Fraud 101

- Substituting approved materials with unauthorized products.
- Misrepresenting a project's status to continue receiving Government funds.
- Charging higher rates than those stated or negotiated for in the bid or contract.
- Influencing government employees to award a grant or contract to a particular company, family member, or friend.





# Recent OIG Results



**Evaluation**

- OUTSTANDING
- Excellent
- Very Good
- Average
- Below Average







# Recent OIG Results

## [The National Institutes of Health Administered Superfund Appropriations During Fiscal Year 2023 in Accordance With Federal Requirements](#)

Audit - August 2024

- During Fiscal Year 2023, the National Institutes of Health (NIH) administered Superfund appropriations in accordance with applicable Federal requirements.
- Specifically, NIH obligated and disbursed Superfund appropriations in accordance with Federal requirements and in similar proportions to prior years. In addition, the Institute's monitoring of Superfund grants generally ensured that recipients met requirements for financial, performance, and audit reporting.





# Recent OIG Results

## [Non-Profit Executive Convicted Of Conspiring To Defraud Federal Government And To Obstruct Federal Administrative Proceeding](#)

Criminal Investigation - August 2024

- ARIE RANGOTT was found guilty following a two-week trial before U.S. District Judge Jennifer H. Rearden guilty of conspiring to defraud the federal Head Start program, to submit a false document to the federal government, and to obstruct a federal administrative proceeding.
- Numerous fictitious documents were submitted to HHS that fraudulently asserted Project Social Care Head Start Inc. (“PSCHS”) had an independent board of directors and had in place controls to guard against fraud, waste, and abuse.
- PSCHS’s Head Start funding was directed to for-profit companies owned by co-conspirators.





# Recent OIG Results

## [The National Institutes of Health Has Made Progress But Could Further Improve Its Closeout Process for Grants and Similar Awards](#)

Audit - June 2024

- The National Institutes of Health (NIH) did not follow Federal requirements to close awards within 1 year of the period of performance end date for 22 of the 40 awards we judgmentally selected. NIH did not take corrective action to report recipient noncompliance into the designated integrity and performance system, as required.
- NIH made improvements to its organizational structure, monitoring program, and control activities in its closeout process for awards.





# Recent OIG Results

## [NIH Did Not Close Contracts in Accordance With Federal Requirements, Resulting in the Increased Risk of Fraud, Waste, and Abuse](#)

Audit - June 2024

- The National Institutes of Health (NIH) did not always close contracts in accordance with Federal regulations and HHS policies and procedures.
- Of the 30 judgmentally selected contracts totaling \$2.1 billion that we reviewed, NIH met all administrative closeout requirements for contract totaling \$140 million. However, for the remaining 29 contracts, totaling more than \$1.9 billion, NIH did not meet one or more administrative closeout requirements.





# Recent OIG Results

## [Plans and Enrollment Often Fell Short for Underrepresented Groups in a Sample of NIH-Funded Clinical Trials](#)

Evaluation - May 2024

- A longstanding concern in clinical research has been the underrepresentation of racial groups, ethnic groups, and females. Diverse representation in clinical trials is crucial because the efficacy and safety of an intervention may differ among these groups, potentially exacerbating existing health disparities.
- New findings reveal that the National Institutes of Health (NIH) funded clinical trials that often fell short in enrolling underrepresented groups and meeting NIH's requirements for inclusion enrollment plans.





# Recent OIG Results

## [Cleveland Clinic To Pay Over \\$7 Million To Settle Allegations Of Undisclosed Foreign Sources Of Funding On NIH Grant Applications And Reports](#)

DOJ Settlement - May 2024

- The Cleveland Clinic Foundation (CCF) has agreed to pay \$7,600,000 to resolve allegations that it violated the False Claims Act (FCA) by submitting to the National Institutes of Health (NIH) federal grant applications and progress reports in which CCF failed to disclose that a key employee involved in administering the grants had pending and/or active financial research support from other sources. NIH has also imposed Specific Award Conditions on all CCF's grants for a one-year period.
- The settlement also resolves allegations that CCF violated NIH password policies by permitting CCF employees to share passwords.





# Recent OIG Results

## [New York Medical College Claimed Unallowable Grant Costs and Did Not Meet Certain Financial Conflict of Interest Requirements](#)

Audit - May 2024

- Prior to July 2019, the New York Medical College (the College) used budget estimates instead of actual activity to claim \$7.5 million in salaries, fringe benefits, and indirect costs.
- Specifically, the College's system and procedures for accounting for personal services costs did not produce records that reasonably reflected the actual activity for which employees were compensated. We also found that subsequent to July 2019, the College created time and effort certification reports that contained illegible signatures or were not dated.



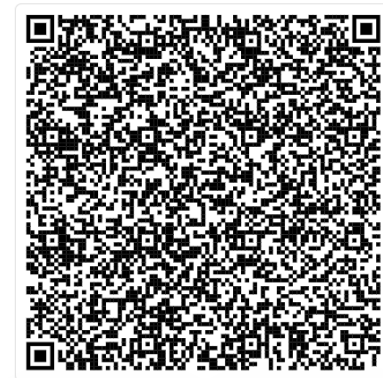


# Recent OIG Results

## [Former Inland Empire Nonprofit CEO Arrested On Indictment Alleging She Embezzled Federal Grant Funds For Wedding And Crypto](#)

Criminal Investigation - May 2024

- Donise Warren, 51, a.k.a. “Donise Warren-Jackson,” “Donise Jackson,” and “Donise Conerly,” , the former CEO and executive director of two San Bernardino County nonprofit organizations, was arrested on an indictment alleging she embezzled federal grant money intended for the nonprofits.
- She used \$225,000 of Department of Labor and Department of Health and Human service grant money of for unauthorized expenditures such as wedding and travel expenses and cryptocurrency.







# Recent OIG Results

## [NIH Generally Implemented System Controls Over the Sequence Read Archive But Some Improvements Needed](#)

Audit - February 2024

- Brown & Company CPAs and Management Consultants, PLLC (Brown & Company) found that the National Institutes of Health (NIH) adequately implemented most of the system and information integrity controls that ensure the integrity of the Sequence Read Archive (SRA) data.
- However, control weaknesses were identified that should be addressed to improve the security of the SRA and its data. While NIH stated the overall security categorization for the SRA was low-impact, NIH did not document the rationale for the security categorization as required by the National Institute of Standards and Technology Special Publication 800-60 Volume 1, Revision 1.



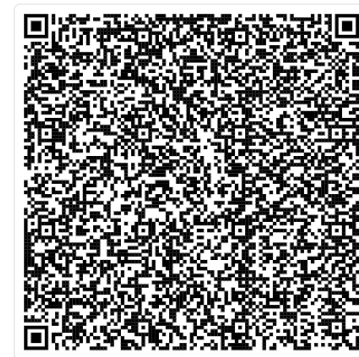


# Recent OIG Results

## [Florida Research Hospital Agrees To Pay More Than \\$19.5 Million To Resolve Liability Relating To Self-Disclosure Of Improper Billing For Clinical Trial Costs](#)

Self-Disclosure - January 2024

- H. Lee Moffitt Cancer Center & Research Institute Hospital Inc. (Moffitt), a non-profit cancer treatment and research center based in Tampa, Florida, has agreed to pay \$19,564,743 to resolve its civil liability under the False Claims Act for improper claims submitted to federal healthcare programs for certain patient care items and services provided during research studies that were not eligible for reimbursement and should have been billed to non-government trial sponsors.





# Recent OIG Results

## [NIH Did Not Consistently Meet Federal Single Audit Requirements for Extramural Grants](#)

Audit - December 2023

- NIH did not consistently ensure that recipients took appropriate and timely corrective action on single audit findings, as required by Federal regulation. Specifically, for over half of the single audits in our review, NIH did not issue management decision letters (MDLs) that met the required 6-month deadline to document that it had assessed whether recipients were taking corrective actions to address single audit findings. On average, late MDLs were about 10 months beyond the 6-month deadline.





# Recent OIG Results

## [NIH Did Not Receive 81 of 109 Required Audit Reports for Foreign Grant Recipients](#)

Audit - December 2023

- The National Institutes of Health (NIH) did not ensure that NIH foreign grant recipients completed and submitted required annual audit reports. NIH did not receive 81 of the 109 annual audit reports for foreign grant recipients that met the requirements for an audit and for which NIH provided the majority of HHS funding.
- As a result, NIH did not have information needed from the 81 annual audit reports to effectively monitor these foreign grant recipients for potential findings or recommendations noted in the audit reports.





# Recent OIG Results

## Illinois State University's Management of NIH Awards Complied With Federal and Financial Conflict of Interest Requirements

Audit - October 2023

- The Illinois State University (the University) managed the National Institutes of Health awards in accordance with Federal and award requirements. We reviewed 698 expenditures totaling \$1,234,300 that the University charged to 5 awards, and we determined that the costs complied with Federal and award requirements.
- We determined that the University had policies and procedures in place that were designed to meet Financial Conflict of Interest requirements for training and monitoring of outside interest disclosures.





# OIG Strategic Plan and Workplan





# Strategic Plan

- The OIG Strategic Plan outlines the vision and priorities that guide the office as we carry out our mission to provide objective oversight to promote the economy, efficiency, effectiveness, and integrity of HHS programs, as well as the health and welfare of the people they serve.
- We have three clear goals:
  1. Fight fraud, waste, and abuse
  2. Promote quality, safety, and value in HHS programs and for HHS beneficiaries
  3. Advance excellence and innovation.





# New OIG Workplan Items

- [Audit of NIH Other Transactions Award Recipients' Costs](#)
- [Audit of NIH's Oversight of the "All of Us Research Program" Award Recipients](#)
- [NIH's Use and Oversight of Its Other Transaction Authority](#)
- [Audit of the National Institutes of Health's Efforts To Ensure a Safe and Respectful Workplace](#)







# OIG Compliance Guidance and Tools





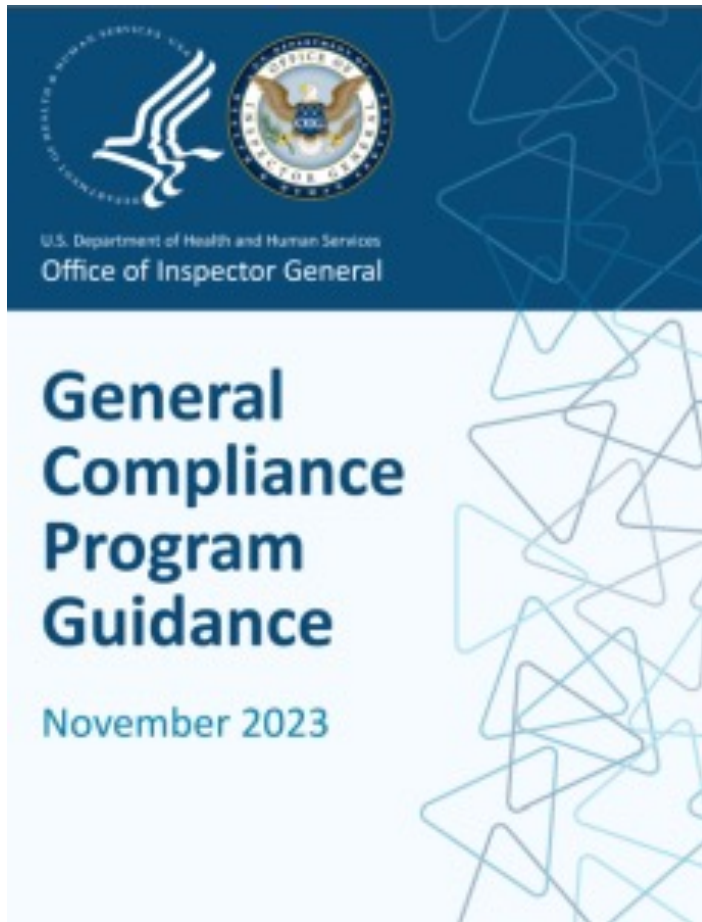
# OIG Compliance Guidance and Tools

- Online compliance training series for recipients of Federal awards:
  - Compliance
  - Fraud, Waste, and Abuse
  - Using Internal Controls
  - Understanding Single Audits
- Provides information and tools that can be applied to help ensure compliance with applicable statutes, regulations, and program requirements.
- Training is Free!





# OIG Compliance Guidance and Tools





# OIG Compliance Guidance and Tools

[Compliance Training](#)

[Consumer Alerts](#)

[Grant Self-Disclosure Program](#)

[Contractor Self-Disclosure Program](#)

[Whistleblower Protection Coordinator](#)

[Notice to the HHS Contractors, Subcontractors,  
Grantees, Subgrantees or Personal Services  
Contractors](#)





# Questions?





# Submit a Hotline Complaint

1-800-HHS-TIPS (1-800-447-8477)

TTY: 1-800-377-4950





**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

# *Office of Naval Research (ONR)*

**Brian Bradley**, Director, Indirect Cost Branch

Tuesday, Sept. 10<sup>th</sup>



# Office of Naval Research Update

## Northeast Conference on College Cost Accounting

September 2024

Presented by: Brian Bradley, Director, IDC Branch





# Today's Topics

- I. Introduction
- II. Organizational Structure
- III. IDC Branch Responsibilities
- IV. ONR Field Office Responsibilities
- V. Delivery Schedule Manager

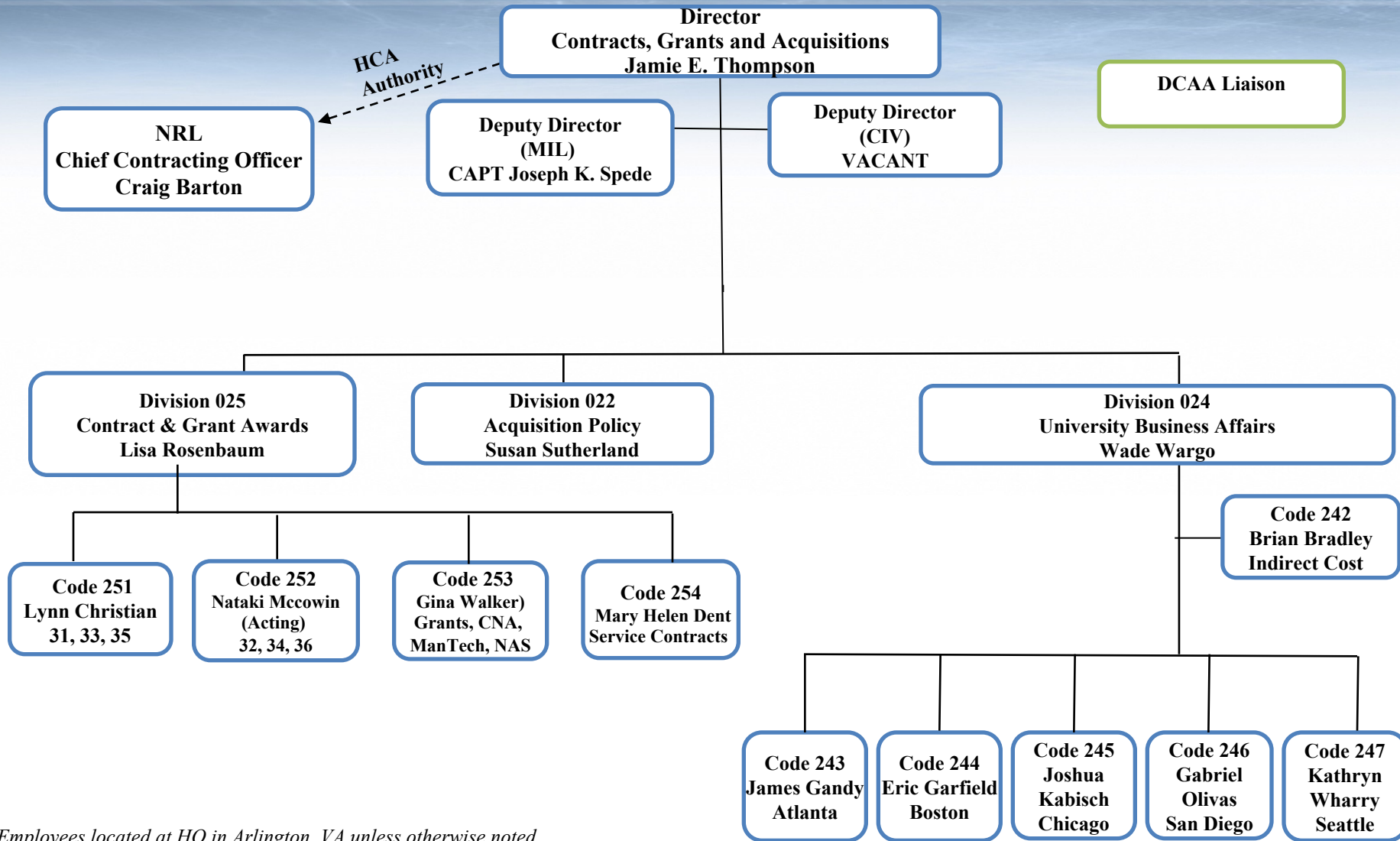


# Today's Topics

- VI. ONR Audit Resolution Focus
- VII. ONR Process and Timeframes
- VIII. Valuable DCAA Audits
- IX. Submission Errors/Audit Findings
- X. Updates to ONR Grant T&Cs
- XI. ONR's Implementation of the New Revision to 2 CFR Part 200



# ONR 02 Acquisition Organization

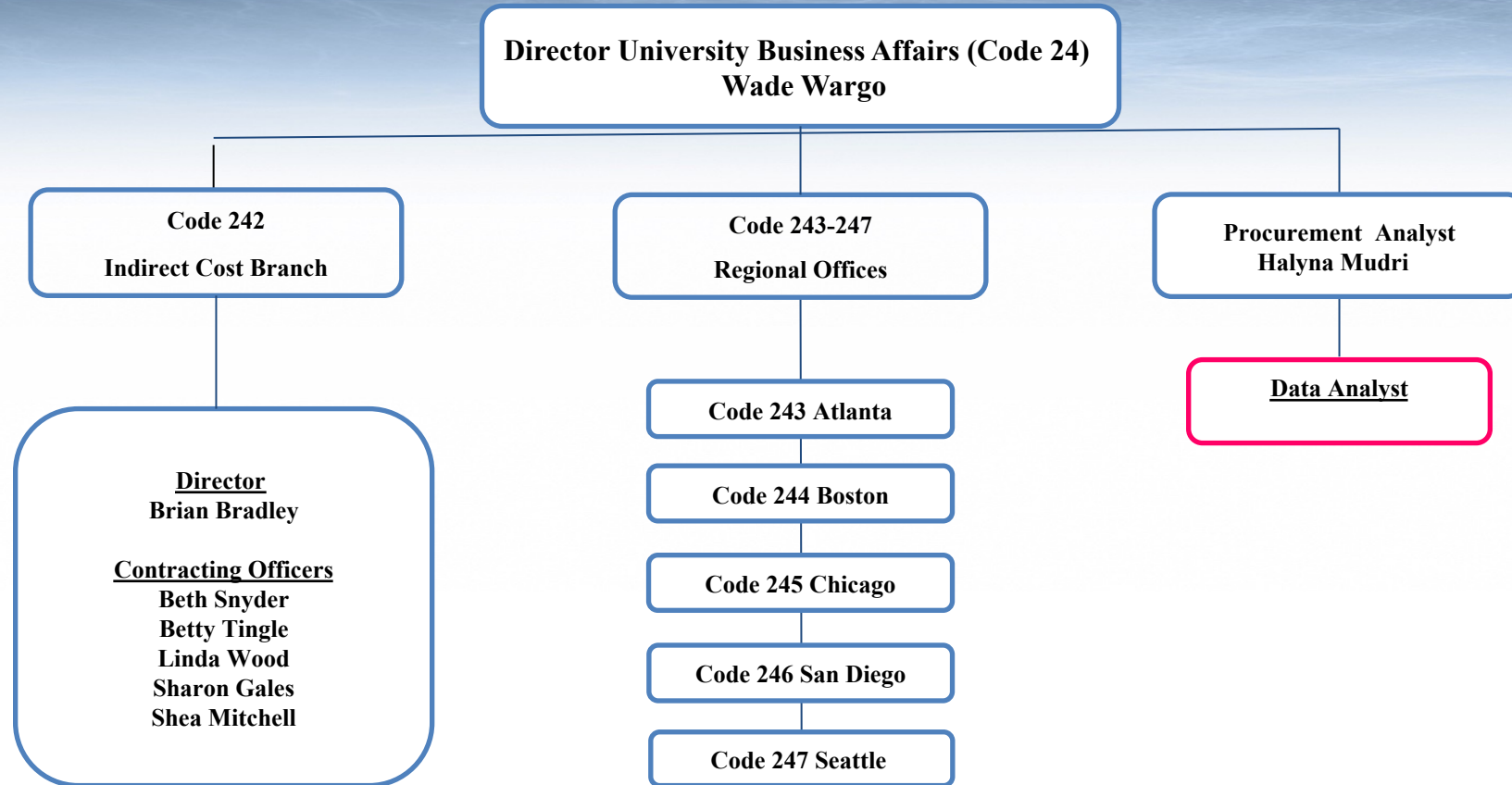


Employees located at HQ in Arlington, VA unless otherwise noted.





# University Business Affairs Division



Government Contractor



# ONR Indirect Cost (IDC) Branch Code 242

Brian Bradley, Director

Beth Snyder, Contracting Officer/Negotiator

Betty Tingle, Contracting Officer/Negotiator

Linda Wood, Contracting Officer/Negotiator

Sharon Gales, Contracting Officer/Negotiator

Shea Kersey, Contracting Officer/Negotiator



# Indirect Cost Branch Responsibilities

## Authority to Establish Rates

- Educational Institutions FAR 42.705-1 (Which takes you to the OMB UG at 2 CFR part 200)



## IDC Branch Services Provided

- Indirect/F&A Rate Negotiations with Universities and Nonprofit Organizations  
38 Universities, 71 NPO's
- Administration of CAS matters
- Audit resolution assistance and oversight
- Provide guidance to internal/external PCO's
- Special Projects



## Services Provided

- Pre-Award Assistance
- Post-Award Orientation
- Award to Closeout Administration
- Payment Approvals & Follow-ups





## Services Provided (Continued)

- Business System Reviews/Audit Coordination
- Audit Resolution
- Payment and Cash on Hand Reviews
- Property Administration



## Services Provided (Continued)

- Assist Contractors/Grantees Understand Award Requirements



# Delivery Schedule Manager (DSM)

- The Delivery Schedule Manager (DSM) is a module in DoD's Procurement Integrated Enterprise Environment (PIEE). PIEE is a platform that includes applications used by DoD awarding offices and their awardees, e.g.,
  - Wide Area WorkFlow (WAWF),
  - Electronic Data Access (EDA), and
  - Government Furnished Property (GFP) Module.
- One of the goals for the DSM enhancements was to leverage the use of a DoD-wide, web-based portal, in lieu of using emails or office-specific portals, for report delivery and communications.



# Delivery Schedule Manager

ONR started implementing an application called Delivery Schedule Manager (DSM) for receiving from awardees:

- contractual reports (e.g., interim and final financial, performance, and intangible property reports),
- requests for award changes,
- notices/communications from awardees.



# Delivery Schedule Manager (DSM) First ECP

- ONR worked on two Engineering Change Proposals (ECP) for DSM.
- The first of the two DSM ECPs provided the following capabilities:
  - Portal for awardees/contractors to submit reports, requests and communications
  - Reports will auto file to ONR's post-award file in PIEE
  - Communications to awardee with reminders, e.g., due dates or overdue notices
  - Implemented in August 2023 as part of PIEE version 6.17
- ONR successfully tested the first DSM ECP functionalities on ONR awards. We had approximately 20 universities volunteer to submit reports in DSM.



# Delivery Schedule Manager (DSM) First ECP

- Intended Benefits: (1) reduce administrative burden, (2) help streamline the receipt & acceptance of contractual reporting requirements, and (3) provide clear audit trail for submissions that lowers chance of submissions getting lost or being sent to outdated POCs.
- Implementation Delay: ONR did not broadly implement DSM after the first ECP because at the time the only role that allowed awardees (vendors) access to DSM was the WAWF Vendor role, which also allows access to WAWF. Many universities indicated that they required their principal investigators to deliver certain reports to the Government, and they expressed concern with also providing them access to WAWF.



# Second DSM ECP

- Functionalities from second ECP went live in PIEE on April 26, 2024.
- Functionalities in second ECP include capability for:
  - Government grant administrators to create a delivery schedule in DSM for an award that identifies: (1) required interim and final reports, (2) the due date of each report, and (3) email/org of gov't acceptor and other POCs.
  - Various partners of the award, e.g., awardee business office staff, principal investigator, and Gov't staff (AGO, GO, PM, IP office), to have the same ground truth on the delivery schedule dates, status of deliverable receipt, and status of acceptance.
  - Awardees to deliver reports within the overall delivery schedule, which allows them to easily review for past due reports, reports soon to be due, and overall compliance with reporting under award.
  - Awardees to provide DSM Vendor role to applicable staff. This new role allows awardees to provide DSM access to staff involved in the reporting process without also giving access to WAWF. Previously the WAWF Vendor role was the only role that provided DSM access. See [DSM Instructions for Awardees](#) document on ONR's website for more information on this topic.



- Ongoing Initiative Started in 2020
- Purpose was to Strengthen Internal Control for Grant Payments
- Started Hold Monthly Open Office Hours
- Enhanced our Procedures
- Made Significant Progress in Tackling Single Audit Backlog
- Started on Oldest Audits First
- Largely Successful
- Passed PPMAP (Self Assessment)





## University Timeframes

### Forward Pricing

- Submit proposals **6 months** before their fiscal year begins, not less than 4 months before.
- Based upon **most recently completed fiscal year (FY25 based upon FY23)** and any accounting or business changes.



## University Timeframes (Continued)

### Forward Pricing

- Ideally ONR negotiates rates **BEFORE** the university fiscal year begins.
- **Not later than** the last day of the University's fiscal year (for fixed or predetermined rates).



## University Timeframes (Continued)

**Actual CFW Proposals** – submit within the six-month period following the expiration of its fiscal year.



## University Timeframes (Continued)

**Audit Request** – sent out within one week of receiving proposal, usually sooner.

- Request **90 days** for completion of Forward Pricing audit.
- Request **12 months** for completion of CFW audit.
- Extensions



## University Processes

1. ONR Receives audit report and sends to university for comment.
2. ONR reviews audit report, university comments, performs analysis and may discuss findings or questions with DCAA.



## University Processes (Continued)

3. ONR holds pre-negotiation conference, if necessary, (with DCAA input as required) and arrives at pre-negotiation position.
4. ONR submits business clearance for review and approval. (Generally two levels of approval are required.)



## University Processes (Continued)

5. After business clearance approval ONR sends agreement to university for signature.
6. ONR signs agreement.
7. ONR sends DCAA copies of business clearance and fully executed rate agreement.



## Forward Pricing

- We generally rely on DCAA audits to express opinion on the allowability, allocability and reasonableness of the university costs.

- Some areas of interest include:

Changes in Rates

Allocation Base Changes

Historical Under/Over proposing of rates





## Forward Pricing (Continued)

- The DCAA Audit is a **Tool** in our negotiation of Provisional, Fixed and Predetermined Rates.
- We include DCAA in negotiations when there are audit findings, particularly when there are difficult issues.



## Incurring Cost

- We rely on DCAA audits to express opinion on the allowability, allocability and reasonableness of the costs.
- The DCAA audit is **the main tool** ONR uses to negotiate final rates.



## Incurred Cost (Continued)

- We involve DCAA in negotiations when there are findings that are difficult to resolve or understand.



## Cost Accounting and Disclosure Statement Audits

- We rely heavily on DCAA for these audits.
- The DCAA audit is **the main tool** ONR uses to approve cost accounting changes and issues and disclosure statement adequacy and compliance.



## **Cost Accounting and Disclosure Statement Audits (Continued)**

We involve DCAA in these negotiations particularly in determining the impact of any non-compliances.



## **Cost Accounting and Disclosure Statement Audits (Continued)**

DCAA audits are very important to the ONR Indirect Cost Branch. In some negotiations we use the audit as a tool; whereas, in other negotiations it is the main tool .



## Historical Audit Findings

- Special Projects Issue
- Conflict of Interest Issue
- Ineligible Dependent Expenses
- Library Costs
- Reasonable fuel and utilities costs



## Historical Audit Findings (Continued)

- Unallowables improperly excluded from the allocation base
- Misallocation of square footage
- Depreciation
- Duplicate expenses





# Submission Errors/ Audit Findings

## Common Submission Errors

- No breakout of the UCA
- Escalation on everything
- Projections not separately identified



# Submission Errors/ Audit Findings

## Item of Concern (Not Inclusive)

- Changes in rates
- Allocation base changes
- Historical over or under-recoveries
- Historical over and under-proposing of rates
- **\*\*Allocations\*\***
- Space – policies and allocations
- New buildings



# ONR Recent Projects

- Nonprofit Cognizance Issues
- Depreciation Issues
- Rate Proposals New Nonprofits
- Fixed Rates at Nonprofits



## Updates to ONR Grant T&Cs

- Primary Terms and Conditions (T&Cs) in ONR grants are provided in two documents:
  - DoD R&D General Terms and Conditions, and
  - ONR Addendum to the DoD R&D General Terms and Conditions and ONR Programmatic Requirements (or “ONR Addendum” for short).
- Revisions were made to the following ONR Addendums dated July 2024 for DSM and other reasons:
  - Domestic Research
  - Foreign Research
  - Domestic Education & Symposium



# ONR Grant T&Cs Update for DSM

- Phase I Plan – Revise ONR Grant T&Cs (i.e., ONR Addendum) to:
  - Incorporate requirement to submit the following reports in DSM:
    - Final Financial Report (SF-425)
    - Final Patent Report (DD-882) and Subject Invention Disclosures
    - PDF of Interim & Final RPPRs (after submission in Army Research Office’s (ARO) extranet site)
  - Encourage awardee use of DSM to request award changes, submit notices, or submit any communications to ONR Regional Offices.
  - Plan I Plan is complete. The first awards including these changes will reference an ONR Addendum dated July 2024. The first ONR grants referencing that addendum would have been signed after July 26th.
- Phase II Plan –
  - ONR is discussing with other DoD awarding offices the use of DSM for delivery of reports/communications to ONR Regional Offices and is requesting changes to their T&Cs.
  - Update the ONR Addendum of existing ONR grants to include changes above. Exact date for this change has not been determined.



## RPPR in ONR Grant T&Cs

- ONR currently uses ARO's extranet site to receive interim Research Performance Progress Reports (RPPR) submissions from recipients:
  - Used in ONR Addendum as single delivery location for interim RPPRs going back at least to September 2017.
  - Site is designed to comply with Governmentwide RPPR format standard.
  - Collects the report as data.
  - Location at <https://extranet.aro.army.mil/>.



# RPPR Updates in July 2024

## ONR Grant T&Cs

- Included ARO Extranet site also for collection of final RPPRs.
- As mentioned previously, included DSM for the delivery of:
  - interim RPPRs (pdfs) to allow Administration Office review of reporting compliance, and
  - final RPPRs (pdfs) to allow for timely closeout.
- Removed requirement to submit final RPPRs to NRL Library and DTIC.
- Removed email as method of report delivery.
- Streamlined existing language about RPPR requirements.
- Added statement restricting the uploading of pre-prepared RPPR documents while entering “see attached” into the various data fields. ONR can’t use the RPPR data for analysis if recipients attempt to by-pass the data fields and just upload a pre-prepared document.
- Added statement clarifying that products (e.g., journal articles, conference papers) be reported in the product section of RPPR and uploaded to RPPR as pdfs, while also cross-referencing to existing requirement that final peer-reviewed manuscripts be submitted directly to DTIC website.



# Other Updates to ONR Grant T&Cs

## No-Cost Extensions (NCEs)

- Allows recipient to unilaterally elect a one-time NCE up to 3 months without prior approval assuming:
  - A notice is provided at least 10 calendar days before the current end date with supporting reasons and revised end date of the period of performance that doesn't exceed 3 months of current end date.
  - The extension does not require any additional Federal funding.
  - The extension does not involve any change in the scope or objectives of the project or program.
- Other than the notices above, specifies a 21-day (instead of 10-day) notice for other NCE requests.
- Streamlined existing language related to no-cost extensions.





# Changes due to 2 CFR part 200 Revisions

## RATE EXTENSIONS

- For extension agreements signed before October 1, 2024 we will use the base contained in the most recent rate agreement.
- After October 1, 2024, if an organization requests an extension, we will only consider approval of the extension if the organization is agreeable to using the base on the most recent negotiation agreement.



# Changes due to 2 CFR part 200 Revisions

## FORWARD PRICING F&A RATES

- ONR does not intend to re-issue any existing rate agreements to apply the new MTDC base.
- For proposals submitted prior to October 1, ONR will use the proposed base. Please note, however, that the new MTDC base cannot be used for Fiscal Years beginning prior to October 1, 2024.
- For proposals submitted after October 1, we will process using the proposed base (which will need to include the new subaward threshold).



Questions ???



## Common Issues with Grant Packages:

- R&R Budget forms reminder complete the entire form to include salary and months of dedication to the project sections
- Incomplete budget justification details, not aligned with LRBAA or FOA guidelines for R&R budget line item categories
- Missing current and pending support and affiliations documents



## Continued

- Lack of travel cost breakdowns
- Missing or incomplete human and animal use documentation
- Missing subaward budget forms and budget justifications
- Missing Indirect Cost base amount for each budget period year on R&R budget
- Missing Consultants agreement letters



## ONR Website Includes Information on Indirect Rate Proposal Requirements:

<https://www.onr.navy.mil/work-with-us/manage-your-award/manage-grant-award>



**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

## ***COGR Update on UG Changes and Other Costing Related Issues***

**Sarah T. Axelrod**, Assistant Vice President, Office for Sponsored Programs, Harvard University

**Cynthia Hope**, Director of Costing and Financial Compliance, Council on Governmental Relations

Tuesday, Sept. 10<sup>th</sup>



# Uniform Guidance (UG) and COGR Updates

NECA Conference

September 10, 2024

Sarah T Axelrod – Harvard University

Cindy Hope – COGR





## Agenda

- Uniform Guidance Update
  - General Information
  - Significant Changes
  - Implementation Dates
  - Open Items and COGR Advocacy
- COGR – Costing Priorities
  - Last Year
  - Next Year

# General Information

## Uniform Guidance 2 CFR - Update

- <https://www.federalregister.gov/documents/2024/04/22/2024-07496/guidance-for-federal-financial-assistance>
- **Key dates**
  - October 5: Published in Federal Register (FR)
  - December 4: Comments due
  - April 4: Rolled out
  - April 22: Final revision in FR
  - Aug 15: COFFA [Agency Implementation Information](#)
  - October 1: Final version with technical corrections to be published in the eCFR
- **Awaiting**
  - Technical corrections
  - Agency award T&C changes

# General Information

## Uniform Guidance 2 CFR - Update

### **Goals of UG Update**

- Streamline and clarify requirements for federal funding
- Reducing agency and recipient burdens
- Clarifying sections that had led to inconsistent interpretations
- Use of plain language

# Significant Changes

## **Definitions (Subpart A – 200.1) - New and/or Updated**

- Capital Equipment threshold of up to \$10,000
- MTDC – Subawards up to the first \$50,000 included
- Recipient & Subrecipient, new terminology for Non-Federal Entity
- IDC – Indirect Costs replaces F&A
- Participant Support, new and expanded definitions
- Special Purpose Equipment, now includes associated software

# Significant Changes

## Other Changes

- *De minimis* rate increase to 15%
  - Still requires an Institution of Higher Education (IHE) to negotiate rates if requested
- Fixed Price Awards, raises allowed amounts to \$500,000
- Reaffirms handling of Voluntary Uncommitted Cost Sharing (VUCS)
- DS-2, eliminates requirement if <\$50M in CAS covered contracts
- Data and Evaluation Costs, now explicitly allowed

# Significant Changes

## **Other Changes** (continued)

- Requires unused leave, if on a cash basis, to be included in General Administrative (GA) costs
- Close Out Costs can be incurred until report due date at 120 days
- Unused supplies, added flexibility on usage and higher threshold for retaining
- Rate disputes can be reported to the Office of Management and Budget (OMB)
- Subrecipient certification requirements

# Significant Changes

## Other Changes (continued)

- Reductions of Prior Approval Requirements
  - Administrative Costs charged directly (no longer needs to be in budget or receive prior approval)
  - Participant Support Costs
  - Entertainment (if included in award)
  - Memberships, Subscriptions and Prof activities
  - Selling and Marketing
  - Taxes

# Implementation Effective Dates

Revisions will be effective 10/1/24 for awards issued on or after that date

**BUT**

Not all revisions are effective immediately

**Acceptance of certain changes may require modifications to policies**

- Threshold changes
- Allowability of costs
- Close out costs
- Elimination of DS-2



# Implementation Effective Dates

**What changes can/must be made effective immediately after October 1, 2024:**

- *De minimis* rate increase to 15% for new subawards
- Prior approval changes
- Rate disputes reported to OMB
- Relaxation on close out costs
- Subrecipient certification

# Implementation Effective Dates

**What is effective at the beginning of the next fiscal year:**

- DS-2 requirement
- Single audit threshold (changed to \$1,000,000)
- Other items that require a policy change that can only be made at the beginning of a fiscal year

**What cannot be changed until the next rate negotiation (or other action?):**

- Change in equipment and supply threshold to \$10,000
- Change in subcontract MTDC threshold to \$50,000

# Implementation Planning

- **Policy changes documentation**

- Research policies
- Procurement policies
- Mandatory disclosure policies
- Indirect cost policies (especially with DS-2 elimination)
- Financial statement policies
- Internal control policies

- **Indirect cost planning**

- Effective for next indirect cost (IDC) proposal submission
- Must renegotiate rates if want benefit from subawards and equipment threshold changes
- Equipment depreciation recapture allowable

- **Current project proposals**

- Changes for equipment threshold
- Changes for subaward threshold
- Possible change for IDC rate
- Allowable data and program evaluation costs
- Direct administrative costs
- Change for fixed amount award
- Subrecipient monitoring (< \$1M)
- Monitor agency implementation plans

# COGR Advocacy & Open Items

## **Letter from COGR to OMB, June 28, 2024 (included):**

- Issue of equity regarding timing of threshold changes
- Clarification of treatment of unused leave
- Language re: fixed price awards
- Language re: VUCS
- Requirement of prime awardees to negotiate IDC rates for subs
- Timely negotiations of IDC rates

# COGR Advocacy & Open Items

## **OMB Open Items:**

- Add audit requirements for for-profit organizations
- Add research security requirements (NSPM-33)
- Remove more prior approval requirements
- Address challenges related to IDC rate negotiations

# COGR – Focus on Costing

## **Costing and Financial Compliance Committee (CFC) – Primary Topics**

- IDC
- UG Costing Principles
- UG Single Audits
- Effort Reporting/Payroll Certification
- Payment Systems
- Internal Controls & Post Award Financials
- Cost of Compliance

# COGR – Costing Priorities FY24

## **Uniform Guidance**

- Communications with OMB during re-write of the UG
- Comment letter on the proposed changes
- Letter requesting technical corrections and clarifications
- 4 “Looks” at the UG changes, 5<sup>th</sup> look on the way

## **F&A**

- F&A Survey – Capstone report underway
- Data provided to COGR community

# COGR – Costing Priorities FY24

## Other Topics

- NASA – FCTR to FFR transition
- Library costs and IDC – working with Association of Research Librarians (ARL)
- Timeliness of IDC negotiations
- HERD survey data
- Access to the PMS system – use of ID.me
- Potential requirement to adjust cost pools for NIH salary cap
- Responses to member questions (e.g. DOE lab)





**Questions!**

Cindy Hope – [chope@cogr.edu](mailto:chope@cogr.edu)

Sarah T Axelrod - [sarah\\_axelrod@harvard.edu](mailto:sarah_axelrod@harvard.edu)



**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

# *Planning Considerations for Annual Uniform Guidance Audits*

**Ralph DeAcetis**, Managing Director- PricewaterhouseCoopers (PwC)

Tuesday, Sept. 10<sup>th</sup>

# Planning

## Uniform Guidance Audit

September 10, 2024



# Planning

What is planning all about?

*Setting up the appropriate plan is vital to a Uniform Guidance audit. Topics include:*

- Scoping of major programs*
- The considerations for risk assessments*
- Materiality*
- Use of internal audit*
- Use of service organizations*

“

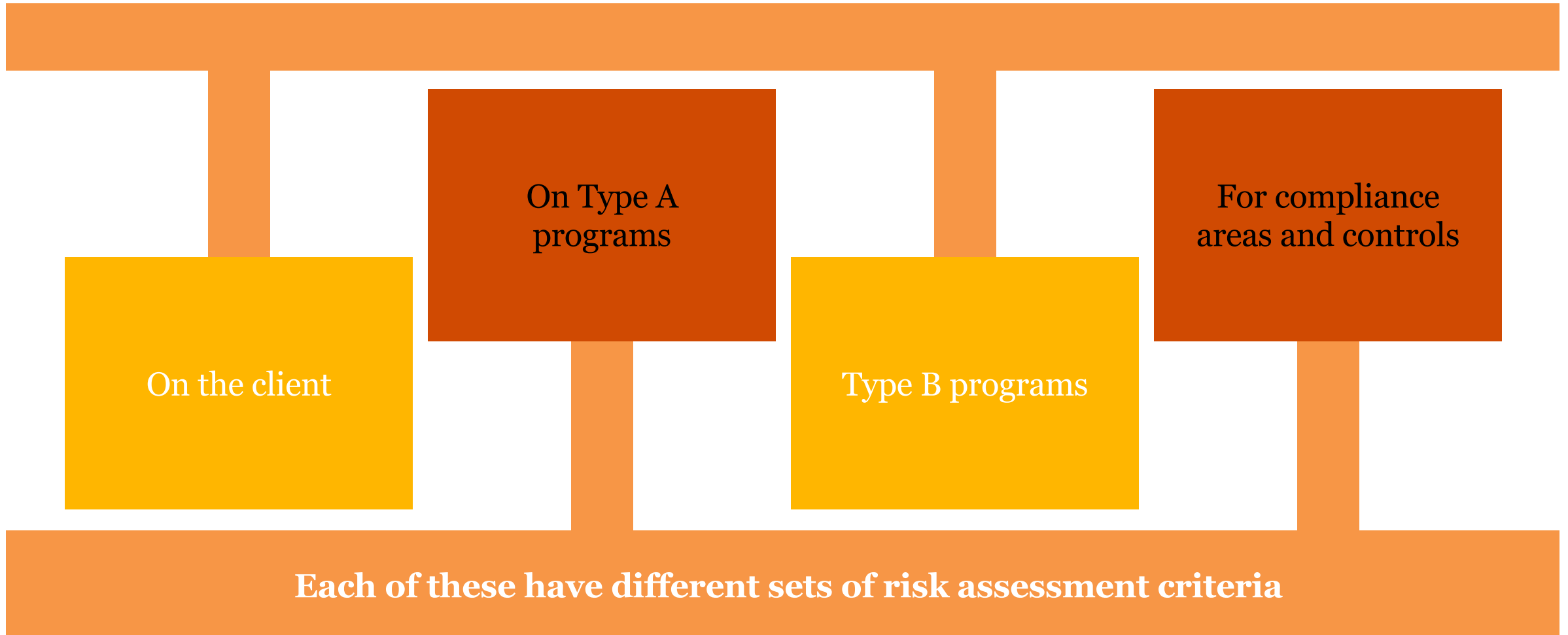
At the onset of the audit, ensure that your plan has been developed appropriately as it will drive the rest of the compliance and control testing.

# Index

1. Low risk auditee determination
2. Determination and identification of expenditures under federal awards
3. Defining and identifying programs and clusters
4. Determination and identification of major programs
5. Materiality
6. Use of internal audit
7. Service organizations
8. UG changes
9. PwC Centers Of Excellence
10. Summary

# Low risk auditee determination

# *Various types of risk assessment in the uniform guidance*





# Client level – Low/high risk auditee determination

**To be a low risk auditee, an entity must satisfy ALL of the following in each of the previous two years:**

- Uniform Guidance audit was performed
- Data Collection Form submitted to the Federal Audit Clearinghouse timely
- Audit opinion on the financial statements and SEFA is unmodified
- No material weaknesses
- No going concern in audit opinion
- Opinion on major programs is unmodified
- No known or likely questioned costs that exceeded five percent of the total federal awards in a Type A program

# Determination and identification of expenditures under federal awards

# ***Determination and identification of expenditures under federal awards***

- ***SEFA will be the starting point for our UG audit***
- ***2 CFR §200.101 (“Applicability”) describes what types of awards should be in scope***
- ***Federal grant agreements, cooperative agreement, contracts, and subcontracts are included***
- ***Federal agreements for loans, loans guarantees, interest subsidies and insurance are included***
- ***UG revisions clarified only fixed price awards under FAR are excluded from the SEFA.***
- ***Management is responsible for preparing SEFA and identifying federal awards***
- ***Errors on the SEFA of exclusion of awards can lead to incorrect scoping***

# ***Award/grant/contract***

- ***Generally, these terms are used interchangeably***
- ***These terms all relate to a single contract document and the underlying work that can be tied back to a single contract***
- ***In certain organizations, they may apply different meaning to these terms, so it is important to be cognizant of how the auditee uses these terms.***

# *Determination and identification of expenditures under federal awards (continued)*

## **As auditors we should**

- Review the SEFA, including the accuracy of assistance listing numbers.
- Document our understanding of the internal controls in place surrounding preparation and completion of the SEFA and selected key SEFA related controls to test.

## **The following items are important to do during the financial statement audit**

**1**

Reconcile the SEFA to the audited financial statements.

**2**

Review the trial balance and/or grant and contract subsystem reports.

**3**

Review the prior two years Uniform Guidance reports (to aid in the low risk vs high risk auditee determination).

**4**

Review state and local government agency monitoring reports.

# Defining and identifying programs and clusters

# Defining programs

*A federal program is defined in the Uniform Guidance (2 CFR §200.42) as:*

1

All Federal awards which are assigned a single assistance listing # (previously CFDA #).

**OR**

2

When no assistance listing number is assigned, all Federal awards to non-Federal entities from the same agency made for the same purpose must be combined and considered one program.

# *Assistance Listing Number (formerly CFDA number)*

*Assistance listing #'s are the formal way federal programs are identified and organized. Assistance listing numbers are in the following format:*

The first two digits represent the federal agency. Every agency has its own two digit code.

12.510

The second three digits are the specific program number for that agency.

Our scoping for a Uniform Guidance audit is performed at the **program** level.



# Clusters of programs

- *Known as a “cluster” for short*
- *Certain programs are required to be grouped together into a “cluster” for purposes of scoping and testing*
- *Part 5 of the Compliance Supplement specifically identifies assistance listing numbers that are required to be considered part of a cluster*
- *The Research & Development Cluster is an exception which requires a qualitative determination based on the nature of the work being performed*
  - *National Science Foundation and National Institute of Health awards are always considered R&D*
- *Clusters not being appropriately identified on the SEFA can lead to incorrect scoping and an insufficient audit*

## PART 5 – CLUSTERS OF PROGRAMS

### OTHER CLUSTERS

Programs included in this Supplement deemed to be other clusters

Agency	Assistance Listing No.	Name of Other Cluster/Program
		<b>SNAP Cluster</b>
USDA	10.551 10.561	Supplemental Nutrition Assistance Program (SNAP) State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
		<b>Child Nutrition Cluster</b>
USDA	10.553 10.555 10.556 10.559 10.582	School Breakfast Program (SBP) National School Lunch Program (NSLP) Special Milk Program for Children (SMP) Summer Food Service Program for Children (SFSPC) Fresh Fruit and Vegetable Program (FFVP)
		<b>Food Distribution Cluster</b>
USDA	10.565 10.568 10.569	Commodity Supplemental Food Program Emergency Food Assistance Program (Administrative Costs) Emergency Food Assistance Program (Food Commodities)

*Example only - There are many more in the 2024 OMB Compliance Supplement*

# ***Major program***

- ***A program (or cluster of programs) that has been identified by the auditor to be in scope for testing in the current year***

Determination and  
identification of  
major programs

# *Four steps of major program scoping*

**01**

Identify programs as either Type A or Type B

**03**

Identify all high risk Type B programs

**02**

Identify all low risk Type A programs

**04**

Determine programs to be audited as major

# Step 1– Identify programs as either Type A or Type B

- *The Type A threshold is determined based on total expenditures using the chart on the right*
- *Programs above the threshold are Type A, programs below the threshold are Type B*
- *When determining the total expenditures “large loan balances” should be removed for the purpose of Type A and Type B determination.*
- *Long balances are added back and may need to be audited as Type A programs accordingly.*

Total Expenditures of Federal Awards (includes both cash and noncash awards)		
Between	And	Threshold for Type A is any Program that Exceeds
\$750k	\$25M	\$750k
\$25M	\$100M	3% (0.03) of Federal Awards
\$100M	\$1B	\$3M
\$1B	\$10B	0.3% (0.003) of Federal Awards
\$10B	\$20B	\$30M
\$20B+		0.15% (0.0015) of Federal Awards

## ***Step 2 – Identify all low risk type A programs***

***To be considered low risk, a Type A program must have***

- been audited as a major program in one of the previous two years***
  - not had any MWs in controls over compliance in the most recent audit period***
  - not had a modified compliance opinion in the most recent audit period***
  - not had known or likely questioned costs that exceed 5% of the program expenditures.***
- Further, certain scenarios could trigger a high risk designation:***
- Federal agencies may identify certain programs as high risk annually (e.g. FFEL School as a Lender program)***
  - Certain COVID-19 programs have been identified as high-risk in the OMB Compliance Supplement***
  - Unsatisfactory audit follow-up or any changes in personnel or systems affecting the program indicate increased risk and preclude the program from being low risk***

# Step 3 – Identify all high risk type B programs

## Type B Threshold

- *The Guidance doesn't require testing small Type B programs*
- *As such, the Type B threshold is calculated as 25% of the Type A threshold*

## Number of Type B programs to test

- *We are not required to test more Type B programs than at least one fourth the number of low-risk Type A programs (rounded up)*
- *We only need to risk assess enough programs to meet this minimum number*
- *Once you have identified the requisite number of high risk Type B programs, you can stop risk assessing. If an extra program has been identified as high risk, it must be audited.*

### Type B threshold determination

Threshold for Type B Risk Assessment		# of Type B High Risk Programs to Identify	
Type A Threshold from Above	Type B Threshold = 25% of Type A Threshold	# of low-risk Type A programs from above	1/4 the # of low-risk Type A programs
\$ 3,000,000	\$ 750,000	2	1

## ***Step 3 – Identify all high risk type B programs (continued)***

***The risk assessment criteria for Type B programs are contained in 2 CFR §200.519 “Criteria for Federal program risk.” Some of the general factors include:***

- Current and prior audit experience***
- Oversight exercised by Federal agencies and pass-through entities***
- Inherent risk of the Federal program.***
- Timing of most recent audit***
- Presence of subrecipients***
- Presence of multiple internal control systems***



# Step 4 – Selection

**Select all high risk Type A programs as major programs**

**Select the requisite number of High Risk Type B programs ( $\frac{1}{4}$  of the low risk Type A's)**

**If there are not enough high risk Type B's, it is possible to scope fewer than the required number (or none)**

**Check your expenditure coverage: 20% for low risk auditees, 40% for high risk required**

**If the coverage requirement isn't met based on the scoping of high risk programs, additional programs may be selected using any methodology.**

# ***Four steps of major program scoping***

## ***Additional important points***

**01**

Be cautious when scoping based on interim balances

**02**

Federal agencies may require certain programs be audited

**03**

Perform a review of the major program selection because errors found at the end of the audit can be costly.

Materiality

# Materiality

1

Materiality should be calculated separately for each major program

2

Materiality is a matter of audit and judgement, 3-5% of the program's expenditures is common.

3

Does not impact major program scoping or risk assessment

4

Materiality primarily used to assess severity of exceptions

5

Materiality can also be used to determine if some compliance requirements can have a “direct and material” effect on compliance

# Use of internal audit

# *Use of internal audit on a uniform guidance engagement*



# Service organizations

# *Use of service organizations*

Why are servicers used by certain organizations?

Areas we most frequently see servicers used

Types of reports provided by service organizations

- Compliance attestation reports
- SOC-1/SSAE 18 reports





# UG Changes

# UG Revisions

OMB issued final revisions to the UG in a [Federal Register notice](#) on April 22, 2024

A [redline document](#) showing the UG revisions is also available with several [reference guides](#)

The effective date stated in the FR notice is October 1, 2024 (applied to awards issued on or after that date)

A [memo to federal agencies](#) further discusses effective date and the implementation of the new regulation

- Federal agencies can apply the new guidance prior to October 1, 2024, but they are not required to do so
- Federal agencies cannot apply the new changes prior to June 21, 2024 (60 days from the release of the final rules)
- COFFA issued [implementation guidance](#) regarding specific aspects to the UG changes to federal agencies at August 15, 2024.

# UG Revisions effective date (Compliance Supplement Appendix VII)

- **Appendix VII clarifies the effective date of the increase in the single audit threshold to \$1 million (established in the recently revised UG).**
- **Effective date threshold increase is for auditee fiscal years beginning on or after October 1, 2024 (that is, fiscal year ends September 30, 2025, and later).**
- **Although Appendix VII is silent, it is our understanding that this same effective date applies to increase in the type A threshold to \$1 million.**
- **This section also discusses the broader government-wide effective date of the UG (for awards issued on or after October 1, 2024), how federal agencies may elect to implement the revisions as early as June 21, 2024, and the related auditor implications.**

# UG Revisions – Key Auditor Changes (Subpart F)

## **Section 200.501 *Audit Requirements***

- Increased the single audit threshold from \$750,000 to \$1,000,000

## **Section 200.518 *Major Program Determination***

- Increased the Type A threshold to \$1 million and the amount of awards expended for which it applies increased from \$25 million to \$34 million

## **Section 200.514 *Standards and Scope of Audit***

- Clarified that the auditor must determine whether the financial statements are presented fairly in accordance with GAAP or a special-purpose framework
- Added a statement that the compliance testing must include tests of transactions or other auditing procedures necessary to provide the auditor with sufficient appropriate audit evidence to support an opinion on compliance

## **Section 200.516 *Audit Findings***

- Added that when there are known QC, but the dollar amount is undetermined or not reported, a description of why the dollar amount was undetermined or otherwise could not be reported, must be documented.

# Single Audit Report Reissuances

There has been an uptick in questions around reissuances, often due to pandemic funding that was overlooked by auditees

The key question is when does an auditor need to reissue prior year single audit reports and what are the auditor's responsibilities in doing that?

- In many cases, auditor judgment will be needed
- Relevant auditing standards are AU-C Section 560, *Subsequent Events*, AU-C Section 585, *Omitted Procedures After the Report Release Date* and AU-C Section 935, *Compliance Audits*

# Auditor Reissuance Considerations

***Does the SEFA need to be revised by the auditee and, if so, what is the impact on the auditor's in-relation-to report on the SEFA?***

***Does the auditor need to perform additional audit procedures?***

***What is the impact on the single audit opinion on compliance for each major program and on the reporting on internal control over compliance?***

***What is the impact, if any, on the report on internal control over financial reporting and on compliance and other matters (i.e., the Yellow Book report)?***

***Does the single audit need to be resubmitted to the  
FAC?***

# Final Thoughts on Single Audit Reissuances

- There are many scenarios with differing facts and circumstances involved with reissuances
- Auditor judgment is always needed
- Consider need for dual dating, updated representation letter, subsequent events
- Documentation is critical

# PwC Centers of Excellence



# Summary

# *Key messages*

01

Ensure you are utilizing the appropriate risk assessment criteria for the risk assessments being performed

02

Ensure that your major program scoping has been put together appropriately and timely.

03

The partner and manager should be involved in the planning process.

# Thank you

Ralph DeAcetis – Managing Director  
617.529.9873

[pwc.com](https://www.pwc.com)

© 2024 PwC. All rights reserved. PwC refers to the US member firm or one of its subsidiaries or affiliates, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](https://www.pwc.com/structure) for further details.



**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

# *Advanced Questions in Service Centers*

**Caroline Beeman**, Director – Maximus

**Danielle Feldman**, Associate Director – Compliance and Costing, Yale University

Tuesday, Sept. 10<sup>th</sup>

---

# ADVANCED QUESTIONS in SERVICE CENTERS

---

*CAROLINE BEEMAN, DIRECTOR, MAXIMUS  
DANIELLE FELDMAN, CPA, ASSOCIATE DIRECTOR,  
COMPLIANCE AND COSTING, YALE UNIVERSITY*

# AGENDA

---

## **Costing Services/Rate Setting**

- Capital Equipment
- Cost of Loss/Evaporation/Reruns
- Classroom vs Tool-specific Training
- Cancellation Fees
- Auxiliaries
- One-time vs. Recurring Costs

## **Federal Fund Balance Surpluses/Deficits**

- Allowable Adjustments
- Surplus Balances
- Using surplus across services/species?

## **Subsidies**

- Setting rates
- Documentation
- Accounting methods

## **External Users**

- Thresholds?
- External Academic Users
- External Federal Users
- External Start-up Users
- Unfair Competition

# QUESTION

---

Are your rate adjustments done on a fixed schedule, such as annually or biennially, or is it triggered by specific financial or operational factors?

---

# Costing Services/Rate Setting

How do you fund capital equipment?

## Accumulated Depreciation

- How do you transition to including equipment depreciation in service center rates?
- How do you transition to excluding equipment depreciation from service center rates?
- How do you treat departmental equipment that is used in a service center, but its depreciation is not included in service center rates?
- Is it OK to put in the F&A depreciation pool and distribute to all departmental activities the same as building depreciation?



## Cost of Loss, Evaporation and Reruns

- Bottom-up unit costing does not reflect the loss if there is staff or equipment error, and the process must be rerun.
  - Add a percentage to the cost to offset the losses due to reruns. You could start by using an estimate.
  - Then you will need to start keeping track of the losses so that you can demonstrate that the percentage is based on the actual cost of the losses.
  - While it would be most accurate to track the loss constantly, you could instead use a statistically valid sample conducted periodically.
- FAR includes a clause regarding discounts plus it specifically tells you that you can include loss in the cost that you charge contracts at 31.205-26.

## Is there a charge differentiation for classroom-type and tool-specific training?

---

- Suggest using hourly fees for trainers, then complexity or classroom vs individual does not matter. One hour of trainer's time is one hour. If trainer must prepare course material beforehand, then those hours are included in the fee.
- Could have 2 different rates, one with trainer and one without trainer.

# Cancellation Fees

- What should institutions be doing with cancellation fees or no-show fees when slotted users do not show up? How do you calculate the costs for something that didn't happen? Is there benefit to an award to have the facility reserved even if it was never needed? SC want to charge them to discourage cancellations and get people to free up scheduled time that won't be used, but are they allowable? How should they be calculated?
  - Opinion - I would say they are not allowed, as I would consider this to be similar to a "fine" which is not allowable on federal grants. In addition, charges should be based on usage, with a cancellation, there is no usage.
  - I would charge the cancellation fee to the PI's non-grant funds, for example if they get IDC returns. Or charge to the department operating funds.
- Some universities may consider cancellation fees on an exception-basis when well documented and supportable.

# QUESTION

---

How do you handle it when auxiliaries charge federal grants? Do you make them develop federal rates?

---

# Auxiliaries

- 
- Large and complex central services that might be auxiliary but might also send costs to IDC pools as well as to federal grants. More broadly, should auxiliaries comply with service center costing rules?
    - Define auxiliary enterprises in your policies. Suggest you refer to that definition in your service center policy or put it there if it doesn't exist anywhere else. National Center for Education Statistics (NCES) defines auxiliary enterprises expenses in their IPEDS glossary. NACUBO defines auxiliary enterprises essentially the same in the FARM.

# Auxiliaries

- FAR 2.101 defines Commercial Products and Commercial Services as those provided to the general public for non-governmental purposes. Then in FAR 15.403-1 lists commercial products and services as acquisitions that are not subject to “certified cost or pricing data”.
- Certain auxiliary enterprises provide goods or services to the general public – catering, bookstore, parking, theatre, summer camps, printing services, athletics (at some schools this is an auxiliary), etc. Could we conclude that these types of auxiliaries do not need to follow service center costing policy?
- Opinion - IT services are not available to the general public at most institutions and when charging federal grants should follow service center costing policy. There have been direct audit findings concerning the costing of IT services charged to federal grants.

## One Time vs. Recurring Costs

---

- If the cost would not materially affect that year's users compared to other years' users, then expense it
- If the cost is significant, you could/should amortize it.
- Recurring cost (non-capital)
- Non-capital one-time unusual costs (i.e., personnel payout, large repair)

# QUESTION

---

What threshold does your school use for Surpluses/Deficits, and is this in addition to the 60 days working capital?

---



# Federal Fund Balance Surpluses & Deficits

What is appropriate treatment for a  
Surplus Balance?

## Adjustments & Refunds

- Among the adjustments that could be allowed for surplus balances are:
  - Up to 60 days of working capital for normal cash expense
  - Equipment replacement based on depreciation contained in recharge rates
  - Difference between higher rates charged for external users as opposed to internal users
- Still have a surplus?
  - Refunding surplus balance
  - Incorporate the surplus into a reduction of the subsequent rates

## May Surplus from One Subsidize Another Service/Species?

---

- 3 different services –the billing rates are calculated separately. At the end of the fiscal year, one service has a surplus and the other two are in deficit. Can the surplus offset the deficits?

If you want to be 100% compliant - absolutely not.

- If the costs of all three services were accounted for under one charge code, then you would have just one surplus/deficit. You wouldn't know if one had a surplus and the others had deficits.
- If you know the surplus or deficit amount for each service, you must apply them only to the specific service.

## Developing Rates

# Subsidies

Can we subsidize service centers?

- When we develop a rate, if the amount we ‘want’ to charge is significantly less, is it ok to do so as long as we always give the lowest rate to the feds?
- For example, the rate calculates out at \$75/hour, but we know the market won’t bear more than \$50 for this type of project. Can we charge \$50?

**Yes.** This is a subsidy.

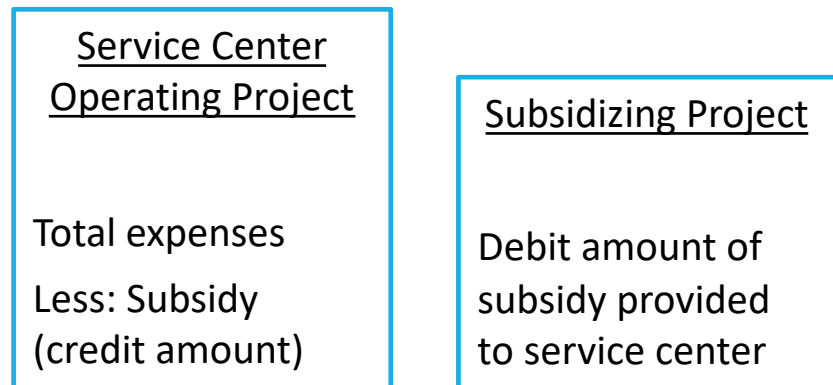
# Documentation

---

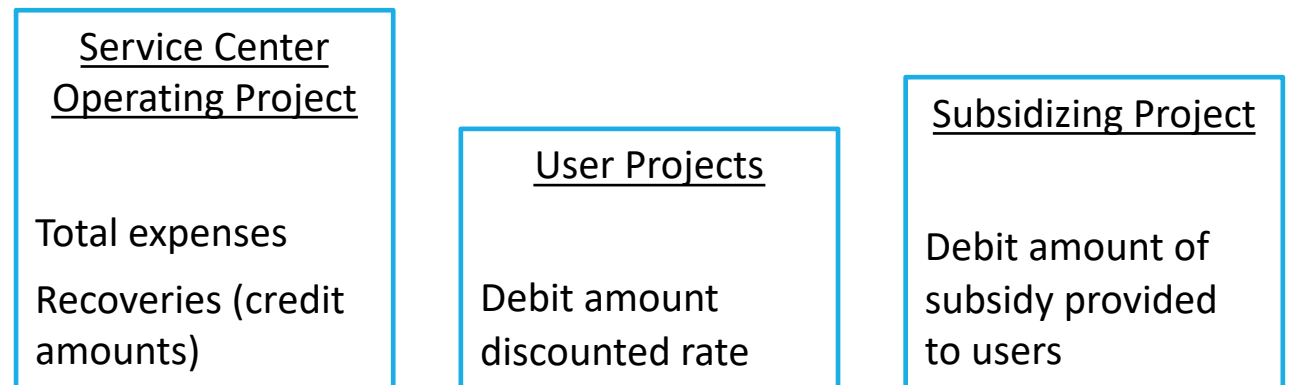
- What type of documentation would be needed?
- The best practice is to document the subsidy in your rate calculation and record accounting/budget entries that show the subsidy.

# A couple possible accounting methods

Record the full subsidy amount as a debit to the Subsidizing project and a credit to the Service Center Operating Project



Record the subsidy amount as a debit to the Subsidizing project each time a subsidized user is billed. Record the full subsidy amount as a debit to the Subsidizing project and a credit to the Service Center Operating Project charged



# QUESTION

---

What do you call units that primarily engage in sales to external users?

---

# QUESTION

---

Do you have a threshold for how much external activity a service/recharge center can do and still be considered a service center?

---

# External Users

## External Academic User's Funding

- Are External Users only those who are not using federal funds to pay for the service?
  - Anyone that does not provide an institutional charge code is an external user.
- It is common practice to ask external academic users if the source of funds is federal and then not charge F&A if the source is federal. However, it is technically allowable to charge F&A to all external users, no matter where that external user received their funding.
- Also, would it be okay for external academic users using non-federal funds to be charged an F&A cost?
  - Yes. However, there is often a quid pro quo arrangement between academic institutions to refrain from charging each other full external rates.



## External Federal Users

---

- Don't we have to give Feds the best rate whether Feds contract with us directly or indirectly?
- Do not confuse sub-recipient and vendor. Service centers charging fee-for-service rates are vendors. This is not federal pass-through.

## External Start-up Users

---

- Should service centers have “affiliate” rates for some outside users, like hospitals or non-profits where their faculty have appointments? What about start ups for PIs or former grad students? What about university-based incubators?

# Unfair Competition

- 
- Per NSF General Standards and Conditions for federal awards:
  - Competition. The grantee shall not use equipment acquired with Federal funds to provide services to non-Federal outside organizations for a fee that is less than private companies charge for equivalent services, unless specifically authorized by Federal statute for as long as the Federal government retains an interest in the equipment in accordance 2 CFR § 200.313(c)(3).
  - Some of these services could be provided by equipment on an active federal grant. Would we be required to charge the full market rate (i.e. no discount) to private companies in those circumstances?
  - Yes, you should charge the full market rate to avoid unfair competition.

---

# Questions?

---

CAROLINE BEEMAN, [CAROLINEMBEEMAN@MAXIMUS.COM](mailto:CAROLINEMBEEMAN@MAXIMUS.COM)

DANIELLE FELDMAN, [DANIELLE.FELDMAN@YALE.EDU](mailto:DANIELLE.FELDMAN@YALE.EDU)



**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

# *The Cost Analysis Implications of Revisions to the Uniform Guidance (UG) April 2024*

**Eric Wang**, Director, Huron Consulting Group

**Roseann Luongo**, Senior Director, Huron Consulting Group

**Lisa Mosley**, Executive Director, Office of Sponsored Projects, Yale University

Tuesday, Sept. 10<sup>th</sup>

---

# The Cost Analysis Implications of Revisions to the Uniform Guidance (UG) April 2024

---

CAPITALIZATION THRESHOLD \$5K TO \$10K

SUBCONTRACT THRESHOLD \$25K TO \$50K

OTHER COST CONSIDERATIONS

## How will my rate be impacted by this change?

# Subaward Threshold

**Redefines *Modified Total Direct Costs (MTDC)* to include “up to the first \$50,000 of each subaward (regardless of the period of performance)” and exclude “portion of each subaward in excess of \$50,000”**

### Objective

Impact to the Base(s): Organized Research, Other Sponsored Activities, etc.

### Analysis

For each subaward:

- Expenditures by fiscal year
- Which year(s) does \$25,001-\$50,000 occur?
- Model multiple years
- Calculate the base increase

### Impact

Using Schedule B from your latest rate proposal, recalculate each component using the new base (Original Base + additional base due to subcontracts)

# Expenditures by Fiscal Year

Award Number	Sponsor	Award Value	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
100001	Gift	\$ 295,000	\$ 50,000	\$ 45,000	\$ 60,000	\$ 75,000	\$ 65,000	\$ -	\$ -
100002	NIH	\$ 45,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ -	\$ -
100003	NIH	\$ 100,000	\$ -	\$ 7,000	\$ 25,000	\$ 30,000	\$ 18,000	\$ 20,000	\$ -
100004	NSF	\$ 70,000	\$ -	\$ 8,000	\$ 7,000	\$ 18,000	\$ 18,000	\$ 19,000	\$ -
100005	Foundation	\$ 375,000	\$ -	\$ -	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000
100006	NIH	\$ 40,000	\$ -	\$ -	\$ 30,000	\$ 10,000	\$ -	\$ -	\$ -
	<b>Total</b>	<b>\$ 925,000</b>	<b>\$ 59,000</b>	<b>\$ 69,000</b>	<b>\$ 206,000</b>	<b>\$ 217,000</b>	<b>\$ 185,000</b>	<b>\$ 114,000</b>	<b>\$ 75,000</b>



# Baseline

## Subcontracts \$25,000 Threshold

<b>Award Number</b>	<b>Sponsor</b>	<b>Prior to FY2021</b>	<b>Remaining MTDC</b>	<b>Allowable in FY2021</b>	<b>Excluded in FY2021</b>	<b>Total FY21 Expenditures</b>
100001	Gift	\$ 155,000	\$ -	\$ -	\$ 75,000	\$ 75,000
100002	NIH	\$ 27,000	\$ -	\$ -	\$ 9,000	\$ 9,000
100003	NIH	\$ 32,000	\$ -	\$ -	\$ 30,000	\$ 30,000
100004	NSF	\$ 15,000	\$ 10,000	\$ 10,000	\$ 8,000	\$ 18,000
100005	Foundation	\$ 75,000	\$ -	\$ -	\$ 75,000	\$ 75,000
100006	NIH	\$ 30,000	\$ -	\$ -	\$ 10,000	\$ 10,000
	<b>Total</b>	<b>\$ 334,000</b>	<b>N/A</b>	<b>\$ 10,000</b>	<b>\$ 207,000</b>	<b>\$ 217,000</b>

# Identify new base amounts

## Subcontracts \$50,000 Threshold

Award Number	Sponsor	Prior to FY2021	Remaining MTDC	Allowable in FY2021	Excluded in FY2021	Total FY21 Expenditures
100001	Gift	\$ 155,000	\$ -	\$ -	\$ 75,000	\$ 75,000
100002	NIH	\$ 27,000	\$ 23,000	\$ 9,000	\$ -	\$ 9,000
100003	NIH	\$ 32,000	\$ 18,000	\$ 18,000	\$ 12,000	\$ 30,000
100004	NSF	\$ 15,000	\$ 35,000	\$ 18,000	\$ -	\$ 18,000
100005	Foundation	\$ 75,000	\$ -	\$ -	\$ 75,000	\$ 75,000
100006	NIH	\$ 30,000	\$ 20,000	\$ 10,000	\$ -	\$ 10,000
	<b>Total</b>	<b>\$ 334,000</b>	<b>N/A</b>	<b>\$ 55,000</b>	<b>\$ 162,000</b>	<b>\$ 217,000</b>

\*\$25k threshold MTDC was \$10,000

# Impact

	Original	
	Indirect	Rate
Building Depreciation	\$ 6,899,000	8.1%
Equipment Depreciation	\$ 4,719,000	5.6%
Interest	\$ 2,140,000	2.5%
Operations and Maintenance	\$ 13,287,000	15.6%
Library	\$ 1,084,000	1.3%
<b>Total Facilities</b>	<b>\$ 28,129,000</b>	<b>33.1%</b>

	Revised	
	Indirect	Rate
Building Depreciation	\$ 6,899,000	8.0%
Equipment Depreciation	\$ 4,719,000	5.5%
Interest	\$ 2,140,000	2.5%
Operations and Maintenance	\$ 13,287,000	15.4%
Library	\$ 1,084,000	1.3%
<b>Total Facilities</b>	<b>\$ 28,129,000</b>	<b>32.5%</b>

Impact
Rate
-0.14%
-0.10%
-0.04%
-0.27%
-0.02%
<b>-0.57%</b>

General Administration	\$ 7,104,000	7.2%
Department Administration	\$ 19,787,000	20.2%
Sponsored Projects Admin	\$ 5,153,000	5.3%
Student Services Admin	\$ -	0.0%
<b>Total Admin</b>	<b>\$ 32,044,000</b>	<b>32.7%</b>
Adjustment for 26%		-6.7%

General Administration	\$ 7,104,000	7.1%
Department Administration	\$ 19,787,000	19.9%
Sponsored Projects Admin	\$ 5,153,000	5.2%
Student Services Admin	\$ -	0.0%
<b>Total Admin</b>	<b>\$ 32,044,000</b>	<b>32.2%</b>
Adjustment for 26%		-6.2%

-0.11%
-0.30%
-0.08%
0.00%
<b>-0.49%</b>
0.00%

**59.1%**

**58.5%**

**-0.57%**

On Campus Base	\$ 85,000,000
Off Campus Base	\$ 13,000,000
<b>Total On/Off Base</b>	<b>\$ 98,000,000</b>
Sponsored Base	\$ 98,000,000

On Campus Base	\$ 86,500,000
Off Campus Base	\$ 13,000,000
<b>Total On/Off Base</b>	<b>\$ 99,500,000</b>
Sponsored Base	\$ 99,500,000

## Assumptions

Base increase due to subcontracts \$1.5m

Predetermined OR rate of 55.0%

Rate impact of -0.57%

Additional indirect recovery \$825,000

## How will my rate be impacted by this change?

# Equipment Threshold

*The Uniform Guidance 2024  
Revision increases the threshold of  
equipment capitalization from  
\$5,000 to \$10,000.*

### Objective

Impact to the Indirect Cost Rate (depreciation cost pool, other indirect cost pools, and bases)

Write off amount

### Analysis

- Use a single fiscal year to model the impact
- Identify equipment with acquisition costs between \$5,000-\$10,000
  - Funding sources to determine appropriate treatment in model

### Impact

Rerun your rate calculation with the changes to depreciation and other expenses.

# Analysis

---

## **Threshold Impact**

Remove depreciation associated with assets with an acquisition cost between \$5,000 - \$10,000

For equipment purchased in the fiscal year, analyze funding sources to identify which cost pool or base made the purchase

## **Write Off Amount**

Identify the Net Book Value (NBV) of assets with an acquisition cost between \$5,000 - \$10,000

Do not include federally purchased assets

Model the write off in a single year as well as spread over a 3-year period

## **Additional Indirect Recovery**

Items formerly considered capital equipment will now be considered a part of Modified Total Direct Cost

# Implementation

---

## Scenario

Yale University included the new thresholds in the new F&A rate proposal (still awaiting final agreement)

New thresholds for equipment and subawards will be effective July 1, 2025

# Implementation

## Subawards

Currently the threshold for applying F&A to a subaward is \$25,000. Amounts greater than \$25,000 do not receive F&A.

As of 7/1/25, the threshold increases to \$50,000.

The new threshold will be applied for outgoing subs on new awards on or after 7/1/25.

During award set up, the set-up team creates the custom subaward limit for each subaward in Workday – no systematic changes are necessary.

## Equipment

Currently the capitalization threshold is \$5,000.

As of 7/1/25, the threshold increases to \$10,000.

The new threshold will be applied for all equipment purchases on or after 7/1/25.

The spend category in Workday will be renamed to reflect \$10,000 vs \$5,000 – very minimal impact to Workday

May negatively impact faculty who have MEI budgeted in the \$5,000-\$10,000 range which did not get F&A under the old method and will now be assessed F&A in the new method.

# Implementation

---

## Challenges

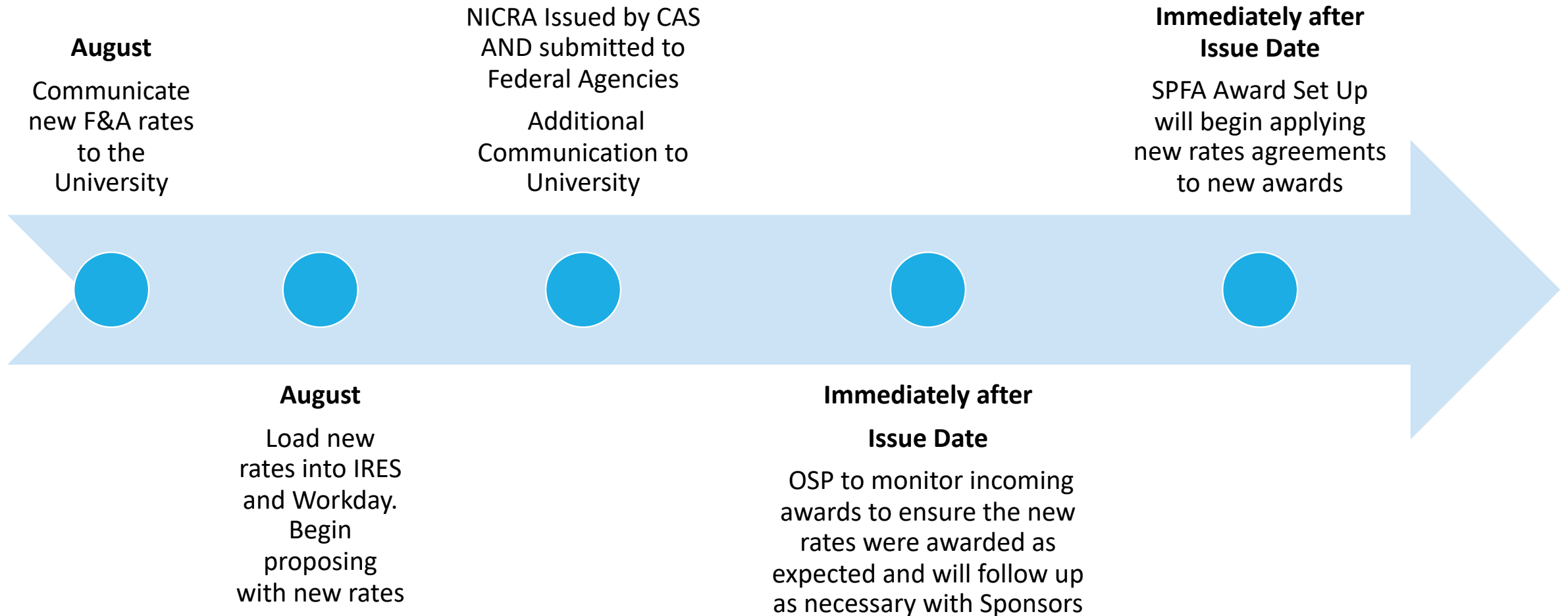
Pre-award system doesn't have ability to have an 'effective date' for the new thresholds

- Option 1: update system with new thresholds and manually adjust for proposals with an anticipated start date prior to July 1, 2025
- Option 2: update the system 3-6 months prior to July 1, 2025



# Implementation

**Date TBD**





# Implementation

---

Still under discussion with Senior Leadership

To apply new rates or not apply new rates to existing awards in FY27 and FY28 – that is the question!

# Other Cost Considerations

---

15% de minimis rate for subrecipients that do not have a federally negotiated F&A rate

- **Cannot** be charged prior to 10/1/2024

## Fixed Amount Awards

- Increased threshold from \$250K to \$500K
- Removed language “there is no governmental review” of actual costs incurred by recipient with “There is no expected routine monitoring of actual costs incurred... Therefore, no financial reporting is required.”
- Added 200.201 (b)(4) At end of fixed amount award, must certify in writing that project was completed “or the level of effort was expended” “as agreed to in Federal Award or identify those activities not completed, and that all expenditures were incurred in accordance with 200.403.”
- How can PTE ensure all expenditures were incurred in accordance with 200.403 if not reviewing invoices?



**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

# *Planning & Development of Depreciation Components and Space Management for the F&A Proposal*

**Greg Sheahan**, Director, HCA Asset Management

**Mariana Traetta**, VP Operations, HCA Asset Management

**Tommy Nunez**, Assistant Director of Facilities Cost Analysis, Boston University

Wednesday, Sept. 11<sup>th</sup>

# Speakers

- **Greg Sheahan** – HCA Asset Management  
President, [gsheahan@hcamgt.com](mailto:gsheahan@hcamgt.com) 941.544-2369
- **Mariana Traetta** – HCA Asset Management  
VP Operations, [mtraetta@hcamgt.com](mailto:mtraetta@hcamgt.com) 913.271.2546
- **Tommy Nunez** – Boston University  
Assistant Director of Facilities Cost Analysis – Research Financial Operations  
[tnunez@bu.edu](mailto:tnunez@bu.edu) 617.358.3570

# Agenda

## ○ F&A Planning and Development

### Building

- Analysis of new construction
- Opportunities to optimize component
- Componentization Studies

### Equipment

- Review of existing processes
- Preliminary data analysis
- Allocations and data clean-up

### Space

- Considerations to optimize space inventory process
- Considerations to optimize space survey process
- Boston University space process



---

# F&A Planning & Development – **Building**

# F&A Planning

- Building Component
  - Keep an eye for **major construction projects** since last proposal
  - For new buildings, know:
  - **Activity – Research intensive?**
    - Know which departments are moving into new space and what will happen to space vacated
    - PIs with established research portfolio vs. new faculty
  - **Funding – How will building be funded?**
    - Bond issuance? Any fed funding?
  - **Dates – When will building be substantially complete and occupied?**





# F&A Planning

- Building Component

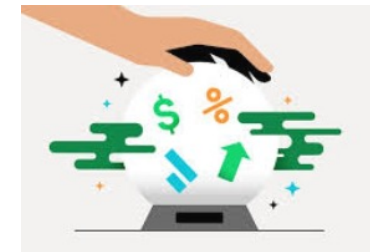
- **Componentization Studies**

- Building Componentization studies analyze the work done during capital construction projects, classifies this work into categories, and assigns useful lives to each category/component
- Typically done for **research-intensive** facilities
  - Shorter and more accurate useful lives given type of facility
  - Criteria for building selection must be consistent to prevent ‘cherry-picking’
- **Fixed equipment costs** – depreciation can be allocated to the space functional percentage at the room level



# F&A Development

- Building Component
- Identify componentized vs. non-componentized
- Exclude depreciation for buildings paid for with federal funds
- Identify buildings that may have significant research activity coming online in off-years
  - Potential for facilities projections
    - Importance of type of space, occupancy type and timing, funding sources, research base estimate, composite useful life





# F&A Planning & Development – Equipment

# F&A Planning



- Equipment Component

- **Review Physical Inventory Process**

- UG requirement to conduct physical inventory every 2 years
- Other compliance requirements (e.g. state statutes, sponsor-owned, etc.)
- Should be done before base year in case new baseline is needed
- Timely additions and tag application

- **How is physical inventory being conducted at your institution?**

1. Centralized – by central department
2. Outsourced – by external party
3. Decentralized – by departments, self-certification

# F&A Planning

## ○ Inventory Resource Options – Pros/Cons

Centralized	Outsourced to a Third Party	Decentralized (not recommended)
<ul style="list-style-type: none"> <li>• <b>PROS:</b> <ul style="list-style-type: none"> <li>• Complete control over the process and accountability</li> <li>• Limited amount of hardware and software license.</li> </ul> </li> <li>• <b>CONS:</b> <ul style="list-style-type: none"> <li>• Many resources needed to keep up with tagging and verification</li> <li>• Training of new staff</li> <li>• Success highly dependent on the dedication and aptitude of few employees.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>PROS:</b> <ul style="list-style-type: none"> <li>• Third party verification for audit support</li> <li>• Consulting expertise with industry best practices</li> <li>• Efficient completion of task with minimal departmental or central office resources</li> <li>• Often times more cost effective than full time staff and departmental resources.</li> </ul> </li> <li>• <b>CONS:</b> <ul style="list-style-type: none"> <li>• Trusting an independent firm with your data</li> <li>• Negative perception of sub-contracting work.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>PROS:</b> <ul style="list-style-type: none"> <li>• Can accomplish many simultaneously</li> <li>• Resources not required from Accounting or central office.</li> </ul> </li> <li>• <b>CONS:</b> <ul style="list-style-type: none"> <li>• Self-certification leads to audit findings</li> <li>• Significant amount of hardware and software license needed</li> <li>• Policy and Procedures interpreted in multiple ways</li> <li>• Tags not placed on correct assets</li> <li>• Many resources utilized across campus to accomplish task.</li> </ul> </li> </ul>

# F&A Planning



- Equipment Component

- **Inventory Process** – spreadsheet, inventory system?
- **Tag Type** – None, RFID, barcode?
  - Increased adoption of **RFID technology** due to reduced costs
    - Fewer disruptions to operations
    - Increased efficiencies by an average of 30-40%
    - No line of sight necessary for scans
    - Passive technology – no interference with other equipment
- Do you have **personnel resources** to conduct physical inventory?
  - Administrative staff at central and departmental levels working remotely

# F&A Planning

- Equipment Component
- **Review Disposition Process**
  - Disposition process:
    - Form? Electronic or paper?
    - Validation against current records?
  - **Proper approvals** within institution
  - Process for **PI transfers** in/out
  - Clearly communicate disposition requirements to departments
  - Accurate and **timely updates** to asset system
  - Periodically review expiring awards to ensure equipment disposition is handled properly



# F&A Planning

- Equipment Component
  - **Make it easy for departments to communicate dispositions, transfers, donations to central office**
    - Communicate and educate:
      - Simplify policies and procedures
      - Clarify roles and responsibilities
      - Automate approvals and updates as much as possible
      - Develop culture of accountability
    - **Have a robust asset system**
    - **Keep the data clean**



# F&A Planning

- Equipment Component

- **Preliminary Institutional Analysis**

- Review if there are any **audit findings** related to equipment
  - Single audit, financial audits, state audits, etc.
- Review last F&A proposal or mock rate components for potential **growth opportunities**
- Perform internal physical **audit samples**
  - Focus on research intensive departments

Assets Accounted For

**99%**

✓ 10253 / 10366 Total



Net Book Value Located

**100%**

✓ \$67,045,457.61 / \$67,287,724.02 Total



Acquisition Cost Located

**99%**

✓ \$252,388,099.06 / \$254,783,485.28 Total



# F&A Planning

- Equipment Component

- **Preliminary Data Analysis**

- Review asset **last verification date**
- Review **common inconsistencies**:
  - Account/expense codes
  - Bulk purchases
  - Fabricated items
  - Upgrades to existing assets and partial payments
  - Construction and renovation projects
- Review asset acquisition details to ensure **funding sources** can be easily identified and flagged
  - Federal, sponsored-owned, government-furnished, etc.
  - Review assignment of asset title



# F&A Development

- Equipment Component
- **Allocate as much of equipment to the room level as possible**
  - Allocations by Department and Building not as beneficial to OR Rate
    - **F&A depreciation recovery on equipment using % of research by room predicated on institutions ability to demonstrate accurate accountability/location of assets**
    - Review space survey functionalization results in conjunction with rooms with high depreciation dollars

# F&A Development

- Equipment Component
  - **Data Clean-up**
  - Review **location** information at the room level
    - Validate building and room against space records
  - Review **custodian people** responsible for asset
    - Fix inconsistencies and ideally validate against employee table
    - PIs that may have left institution, deceased, etc.
  - Review **custodian departments** responsible for asset
    - Fix inconsistencies between cost centers
    - Internal asset transfers
  - Confirm that **proper exclusions** are in place
    - Federal funds, matching, service centers





# F&A Planning & Development – **Space**

# Space Considerations

- Space Inventory Process
  - Importance of space inventory data **BEFORE** survey starts.
  - Ideally should be updated throughout the year.
  - Consistent **room numbers** across university systems:
    - Physical Signage/Plaque
    - Floor plans
    - Space Records
    - Asset Management Records
  - Accurate **room type/HEGIS/FICM** designations
    - Research intensive room types
    - Alternative Space Methodology



# Space Considerations

- Space Inventory Process

- Accurate assignment of **space users**:

- Pls – or primary space occupant
    - Departments
    - Movement, lost/gained space

- Accurate assignment of **occupants**:

- Faculty, staff, paid and unpaid, visiting faculty, etc.
    - Will need occupant payroll with corresponding functions for space survey

- Measurement of **assignable square footage**, if necessary



# Space Considerations

- Space Survey Process

- **Determination of the threshold**

- Dollars and research room types
- Based on threshold, identify departments that will participate

Things to consider:

- No cherry picking
- Will discover interesting data
- Data elements by department, for on-campus OR: salaries, MTDC, research labs, research lab service.





# Space Considerations

- Space Survey Process
  - **Space System**
    - Home grown, external?
  - **Departmental space coordinators**
    - Training, identify any new coordinators who may need more hand-holding
  - **Extract data from various systems**
    - Financial – COA, Departments, function, recharge
    - HR/Pay – Employee ID, name, title, dollars and funding source (sponsored and non-sponsored), FTE
    - Space management – Bldg., room number, room type, department, assignable square footage

# Space Considerations

- Space Survey Process
  - **Good space data = functionalization support**
  - Importance of reviewing functionalization results collected against payroll dollars for occupants in space
  - Ensure sponsored activity is supported by sponsored accounts
  - Match space & base

# Boston University

## About our university

- Total Student Body: 36,729
  - 17,590- Undergraduates
  - 17,937- Graduate & Professional Students
- Total Employees: 10,468
  - 4,187- Faculty
- Urban University
- Three Campuses
  - Charles River Campus (Main Campus)
  - Fenway Campus (School of Education)
  - Medical Campus
    - Medical School
    - Dental School
    - School of Public Health
    - National Emerging Infectious Diseases Laboratory (NEIDL)



# Boston University Space



## Space

- 13+ million Gross Square Feet
  - 10+ million Assignable Square Feet
- 350+ Buildings
- 40,000+ rooms
  - 3,000+ research rooms
    - 800,000+ Assignable Square Feet
    - Traditional Research Laboratories (FICM Codes: 250/255)
    - Computational Research Offices

## Sponsored Award FY 2022 Portfolio

- 600~ million sponsored award expenditures
  - 100+ million in F&A recovery
- 221+ million Organized Research Base (MTDC)
  - 205+ million Organized Research on Campus Base (MTDC)

# Boston University Space Survey Methodology



## Alternative Space Methodology

- Surveying research intensive space within high organized research departments
  - Surveying departments with total Organized Research MTDC expenditures above 500,000
    - Captures 95% of university's total Organized Research MTDC expenditures
  - Surveying buildings with a high volume of research
  - Traditional Research Laboratories (FICM Codes: 250/255)
  - Computational Research Offices
- Space Survey Data
  - 65+ Survey Departments
  - 40+ Buildings
  - 2,500+ Rooms
    - ~700,000 Assignable Square Feet

# Boston University Space Survey Methodology



Space Survey Functionalization Method Matrix

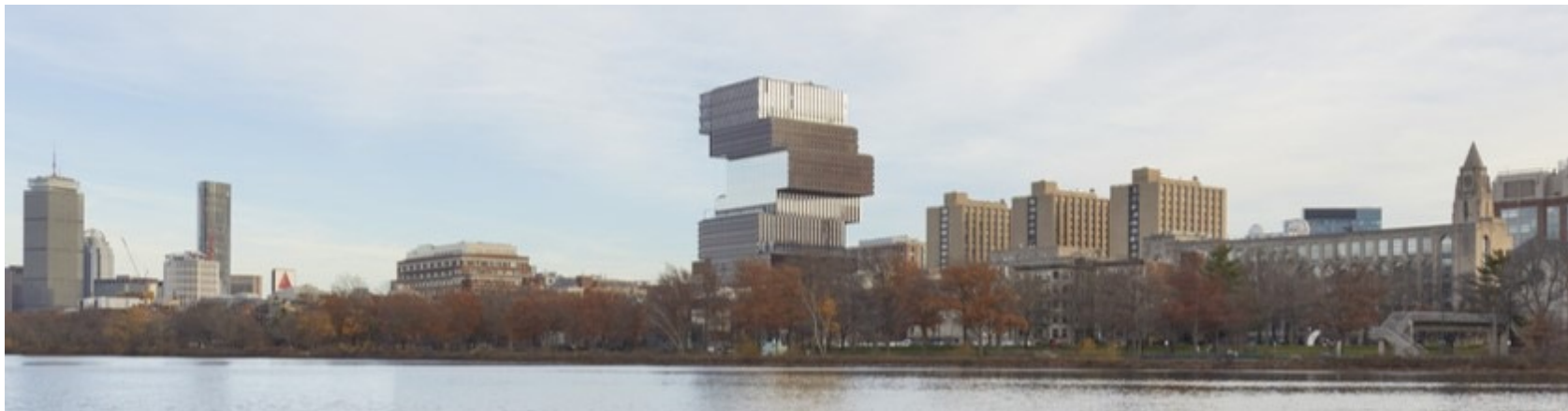
Group Reason	Functionalization Method				Notes
	Research Labs (250)	Research Labs Service (255)	Computational Office (311)	All Other Room Types	
1 Department has above 500K in organized research MTDC	Survey	Linked to Lab(s)	Payroll of Occupant(s)	Depart S&W	
2 Department has above 500K in organized research MTDC, <b>but no research labs</b>	N/A	N/A	Payroll of Occupant(s)	Depart S&W	
3 Department has above 500K in organized research MTDC, <b>but no space</b>	-	-	-	-	Department rollup
4 High Research Building	Survey	Linked to Lab(s)	Payroll of Occupant(s)	Depart S&W	
5 Service Centers with research labs	Billings	Linked to Lab(s)	Billings	Depart S&W	
6 Service Centers with no research labs; High research billings	N/A	N/A	Billings	Depart S&W	
7 All other Service Centers	N/A	N/A	N/A	Depart S&W	
8 Department has below 500K in organized research MTDC	Depart S&W	Depart S&W	N/A	Depart S&W	
9 Department has below 500K in organized research MTDC, <b>but no research labs</b>	N/A	N/A	N/A	Depart S&W	
10 Department has below 500K in organized research MTDC, <b>but no space</b>	-	-	-	-	Department rollup
11 Department has other sponsored awards MTDC	N/A	N/A	N/A	Depart S&W	
12 Department with research labs, <b>but no sponsored awards</b>	Depart S&W	Depart S&W	N/A	Depart S&W	
13 Remaining departments with space	N/A	N/A	N/A	Depart S&W	

# Boston University Space Survey Challenges



Biggest challenge during our last Space Survey (FY 2022)

- Identifying non-traditional research space (Computational Research space)
  - Research conducted outside of Research Laboratories (Wet Labs)
  - Comparing Research Laboratories from FY 2013 to FY 2022
    - Drop of ~30K (4%) in ASF
  - Center for Computing & Data Sciences



# Boston University Space Survey Challenges

Biggest challenge during our last Space Survey (FY 2022)

- Center for Computing & Data Sciences
  - The building is designed to enable cutting-edge interdisciplinary research
  - Tenants include
    - Faculty of Computing & Data Sciences
    - Mathematics & Statistics Department
    - Computer Science Department
    - Rafik B. Hariri Institute for Computing and Computational Science & Engineering
  - Number of Research Laboratories (250/255): 0





# Boston University Space Survey Challenges



Biggest challenge during our last Space Survey (FY 2022)

- Our Solution
  - Computational Research Offices
    - A room used primarily for experimentation, research, or training in research methods; or professional research and observation; data gathering; computational/theoretical or a structured creative research activity within a specific program or sponsored research
  - Identifying departments with computational space
  - Worked with departments to identify employees with a primary focus on research
    - Research Professor, Research Assistant, Research Scientist, Research Technician, etc.
- Conclusion
  - Increased our survey space by ~86K



**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

## *Enduring Relevance of Libraries in Indirect Costs*

**Hilary Craiglow**, Library Consulting Practice Lead, Attain Partners

**Sarah T. Axelrod**, Assistant Vice President, Office for Sponsored Programs, Harvard University

Wednesday, Sept. 11<sup>th</sup>

# NECA: Enduring Relevance of Libraries in Indirect Costs

**Sarah T. Axelrod**

Harvard University

**Hilary A. Craiglow**

Attain Partners

HARVARD  
UNIVERSITY



➤ **Attain** Partners



# Introduction



## Hilary A. Craiglow

Library Consulting Practice Lead  
Attain Partners

- ▶ Experience
  - Vanderbilt University
    - Libraries  
Leadership of Divinity, Biomedical, Management, Music, Education, Science and Engineering Libraries  
Acting University Librarian
    - Graduate School of Management  
Operations and Strategy Leadership Cabinet  
Senior Lecturer



## Sarah T. Axelrod

Assistant Vice President, Office for Sponsored Programs  
Harvard University

- ▶ Experience
  - Harvard University
    - Office for Sponsored Programs  
Assistant Vice President
    - Office for Sponsored Programs  
Director of Cost Analysis
    - Harvard Medical School  
Director of Cost Analysis

# Agenda

---

## Agenda

---

Modern Research Libraries

---

Library Expenses

---

Library Component of Indirect Cost Rates

---

Special Library Cost Studies

---

Library Cost Pool Development

---

Demonstration of Library Expenses

---

Conversation





**A modern research library extends far beyond being a quiet building and repository of books.**





# Modern Research Libraries

---

- ▶ Access to Resources
- ▶ Research Support Services
- ▶ Technology and Infrastructure
- ▶ Training and Development
- ▶ Networking and Community Building
- ▶ Innovation and Experimentation
- ▶ Collaborative and Third Spaces

# The Research Lifecycle



# Libraries and the Research Lifecycle



# Regulatory Developments


## Open Science Open Access



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF SCIENCE AND TECHNOLOGY POLICY  
WASHINGTON, D.C. 20502

August 25, 2022

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Dr. Alondra Nelson   
Deputy Assistant to the President and Deputy Director for Science and Society  
Performing the Duties of Director  
Office of Science and Technology Policy (OSTP)

SUBJECT: Ensuring Free, Immediate, and Equitable Access to Federally Funded Research

This memorandum provides policy guidance to federal agencies with research and development expenditures on updating their public access policies. In accordance with this memorandum, OSTP recommends that federal agencies, to the extent consistent with applicable law:

1. Update their public access policies as soon as possible, and no later than December 31<sup>st</sup>, 2025, to make publications and their supporting data resulting from federally funded research publicly accessible without an embargo on their free and public release;
2. Establish transparent procedures that ensure scientific and research integrity is maintained in public access policies; and,
3. Coordinate with OSTP to ensure equitable delivery of federally funded research results and data.

# Research Data Management and Infrastructure

---

- ▶ Data Management Planning
- ▶ Metadata Creation
- ▶ Data Repositories
- ▶ Tools and Software
- ▶ Policy Development
- ▶ Data Curation and Preservation



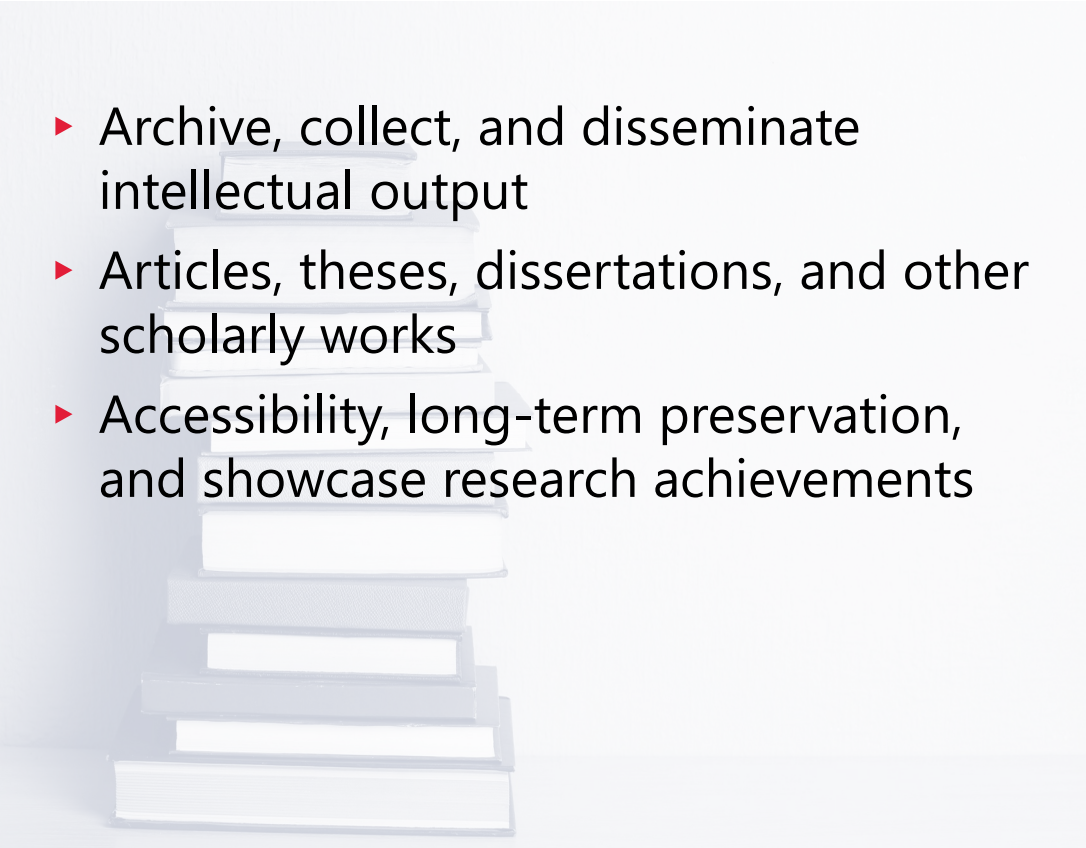
# Scholarly Communications

---

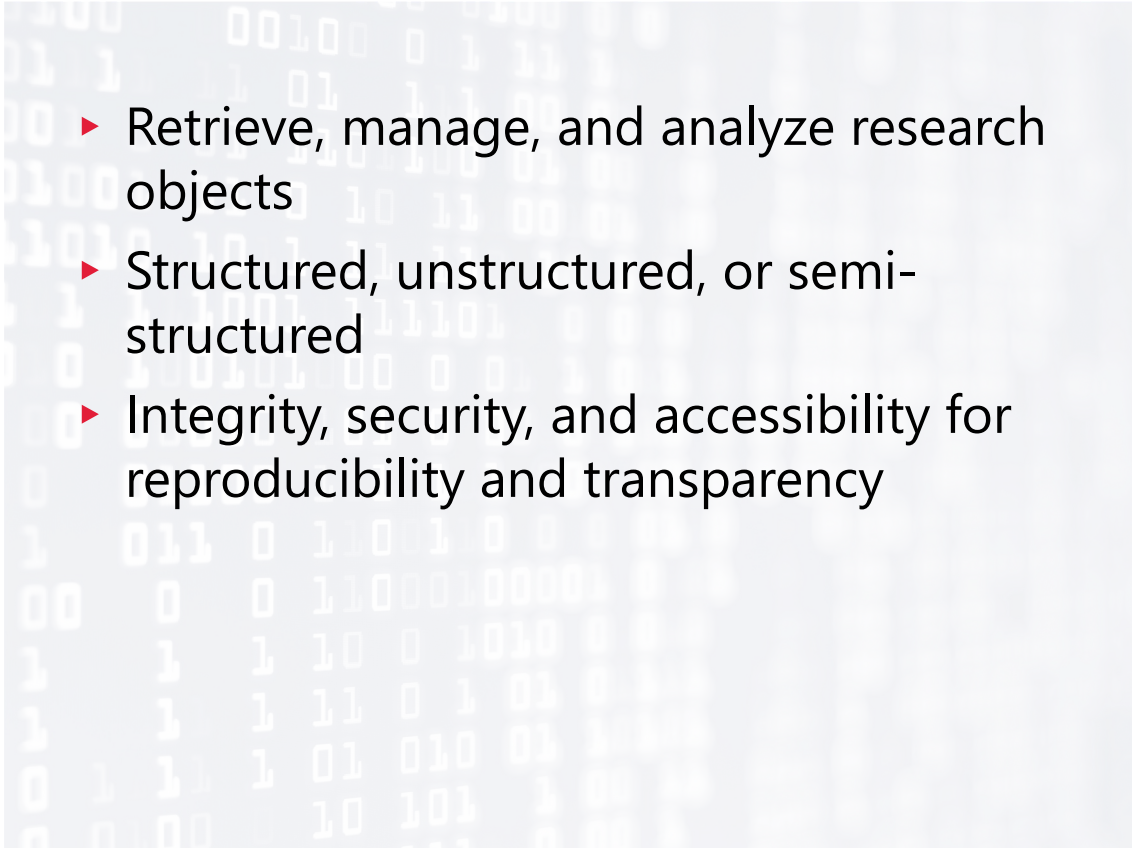
- ▶ Curated Collections
- ▶ Digital Libraries
- ▶ Publishing Platforms
- ▶ Discovery Systems
- ▶ Copyright and Licensing
- ▶ Bibliometrics
- ▶ Altmetrics
- ▶ Research Promotion



## Institutional

- 
- ▶ Archive, collect, and disseminate intellectual output
  - ▶ Articles, theses, dissertations, and other scholarly works
  - ▶ Accessibility, long-term preservation, and showcase research achievements

## Data

- 
- ▶ Retrieve, manage, and analyze research objects
  - ▶ Structured, unstructured, or semi-structured
  - ▶ Integrity, security, and accessibility for reproducibility and transparency

# Licensing Scholarly Research

## "Read and Publish" and "Pure Publish" Licenses



Access to publisher's subscription-based content, allowing read access to research articles behind paywalls.

Cover publishing fees for researchers, enabling open-access publication without individual researcher payments.

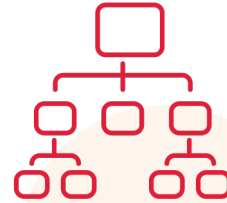


# R1 Research Libraries



**\$26M**

*Total Annual Budget*



**150**

*Faculty / Staff*



**5 – 10**

*Branches*



**100s**

*Material Formats*



**840k**

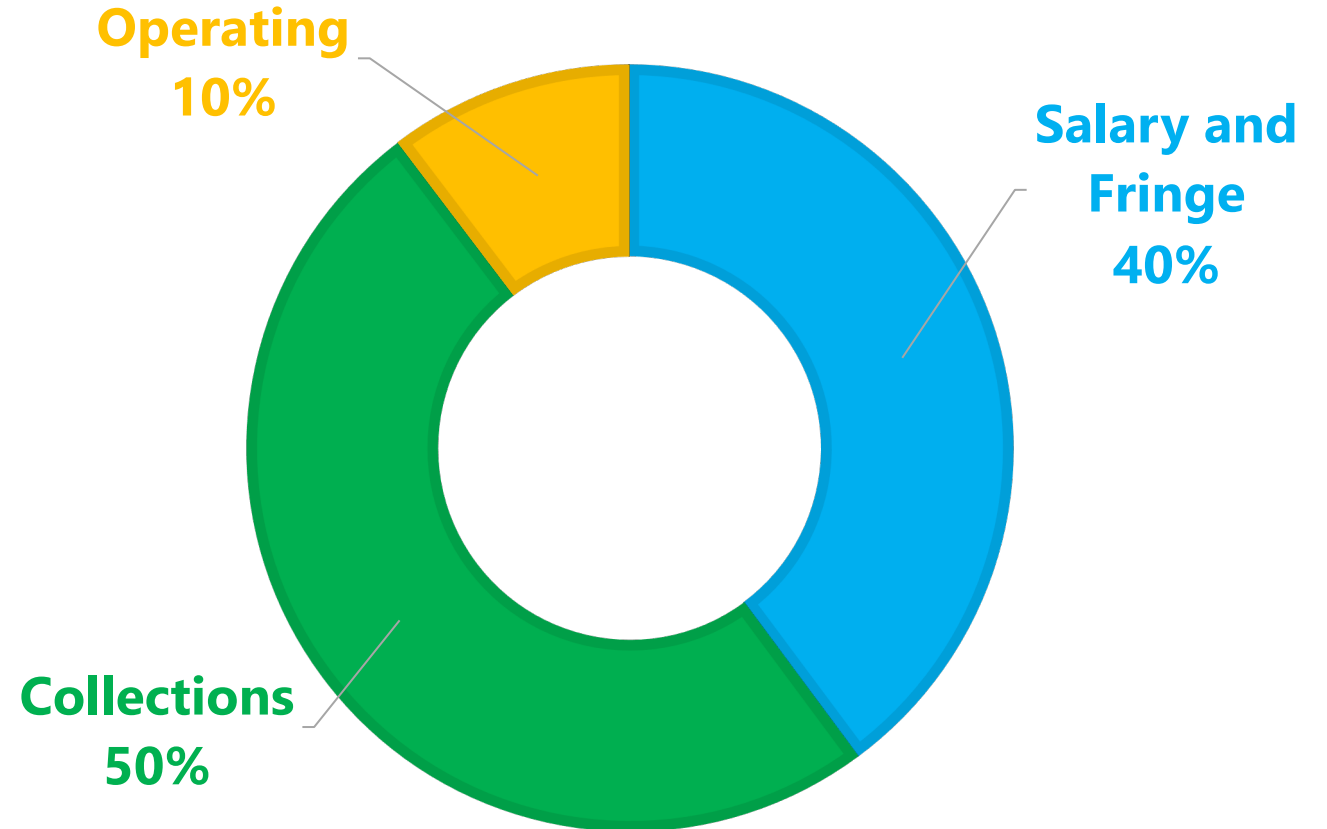
*In-Person Users Annually*



*Virtual Users*

# University Library Budget

R1 Library  
Expenditures  
\$26,004,503  
(Median)



# Library Expenses in Support of Research

Enhance the  
research  
capabilities at  
your institution

- ▶ Staff
  - Collection management, strategy, access
  - Consultation & Training
    - Systematic reviews
    - Research Data Management
    - Author rights
    - Coding and metadata creation
    - Data analysis
  - Other services
    - e.g., InterLibraryLoan, data lakes, repositories
- ▶ Facilities
  - Conference and meeting space
- ▶ Collections
  - Licensed data and published scholarship
    - Journals
    - Databases
    - Datasets
    - eBooks
  - Discovery services, catalog
- ▶ Operations
  - Technology infrastructure
  - Hosting services

# Library Component of Indirect Costs

## *Uniform Guidance*

### 2 CFR Part 200 Appendix III

- ▶ FTE
  - A standard calculation
  - Simple systematic approach to determining library costs
  - Allocates all library costs by FTE
  - Assumes 5-15% other users
  
- ▶ Special Study
  - Refines and strategic assignment of library costs
  - Costs pooled and allocated based on the purpose of use
  - Specific to the institution
  - Accounts for the changing nature of library support for research
  - Documents actual other users

## 2 CFR Chapter 2, Part 200, Appendix III

---

Cost analysis studies may take into consideration weighting factors, population, or space occupied if appropriate. Cost analysis studies, however, must

- (a) be appropriately documented in sufficient detail for subsequent review by the cognizant agency for indirect costs,
- (b) distribute the costs to the related cost objectives in accordance with the relative benefits derived,
- (c) be statistically sound,
- (d) be performed specifically at the institution at which the results are to be used, and
- (e) be reviewed periodically, but not less frequently than rate negotiations, updated if necessary, and used consistently.

Any assumptions made in the study must be stated and explained. The use of cost analysis studies and periodic changes in the method of cost distribution must be fully justified.

## 2 CFR Chapter 2, Part 200, Appendix III



**Method and data gathered is documented and stored**

(a) be appropriately documented in sufficient detail for subsequent review by the cognizant agency for indirect costs,



**Cost centers specific to library**

(b) distribute the costs to the related cost objectives in accordance with the relative benefits derived,



**Tested, valid, and reliable**

(c) be statistically sound,



**Data and insight derived from one institution is not used at another**

(d) be performed specifically at the institution at which the results are to be used, and



**Study is done specifically for a negotiation base year expenses**

(e) be reviewed periodically, but not less frequently than rate negotiations, updated if necessary, and used consistently.

# Library Cost Study Methodology



# Library Cost Study Activities

## Planning

- ▶ Perform a detailed inventory of library services and collections
- ▶ Create a detailed project timeline
- ▶ Identify team members
- ▶ Conduct a site visit
- ▶ Assign project tasks
- ▶ Develop survey instruments
- ▶ Document survey schedules
- ▶ Provide in-house survey instructions
- ▶ Integrate and test web survey
- ▶ Provide a detailed list of study materials
- ▶ Finalize project plan

## Data Collection

- ▶ Collect all study materials, e.g., organizational charts, financial data, collections expenditures, detailed facility data, community categories and affiliations
- ▶ In-House surveys; performed at select libraries; two-hour survey periods, monthly for twelve months
- ▶ Web Point-of-Use Surveys; integrated through the library portal, pop-up surveys during two-hour survey periods, monthly for twelve months
- ▶ Survey data is compiled and analyzed quarterly

## Costing & Analysis

- ▶ Analyze survey data, expenditures, space, resource, and service use, in accordance with the OMB *Uniform Administrative Guidance*
- ▶ Develop Cost Centers
- ▶ The purpose or function of library use sponsored research, instruction, patient care, and other sponsored are assigned to cost centers
- ▶ Final report includes allowable library expenditures, the amount and percentage of library expenditures supporting sponsored research



# Library Cost Study

Performed over  
**130 times**  
at more than  
**40 institutions**



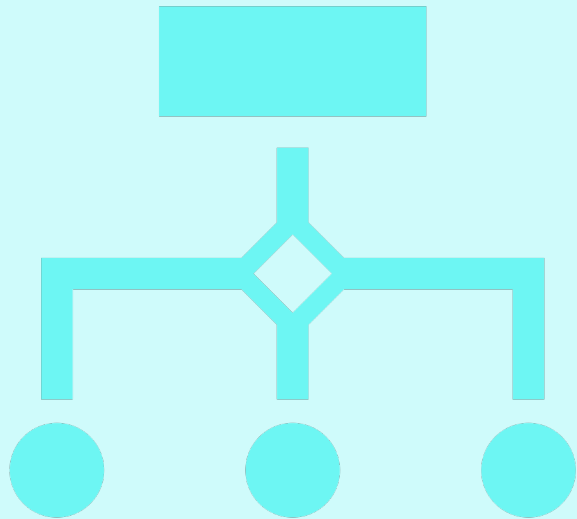
***Northeast R1 Institutions***  
Submitted Rates

*FTE*  
**2.45 points**

*Library Cost Study*  
**3.74 points**

## Developing Library Sub-Pools

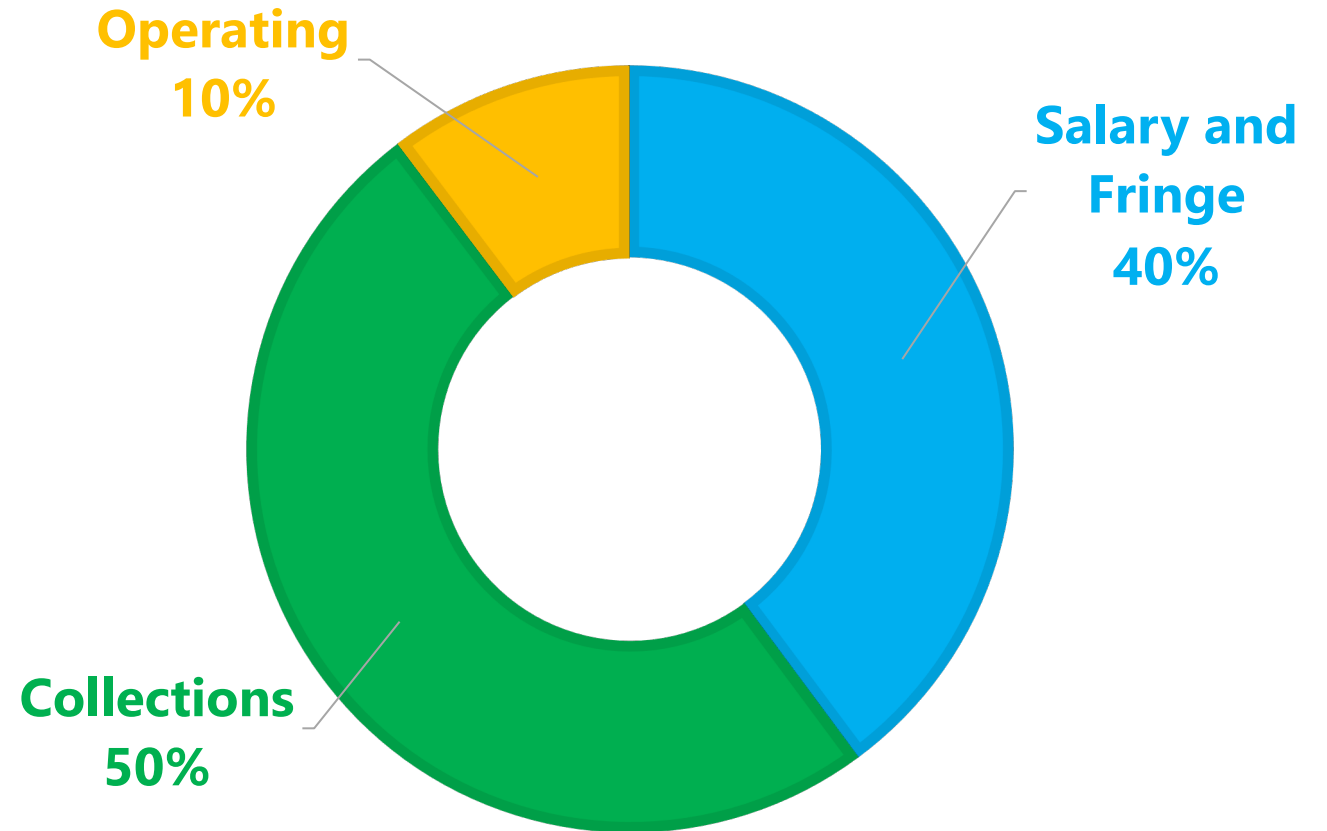
Reflect a more accurate cost distribution of library services and materials



- Identify relevant library cost centers
  - functions
  - locations
  - collection expenditures
  - access and discovery systems
  - salary and fringe supporting online collections, access, and discovery systems
- Allocate library costs

# University Library Budget

R1 Library  
Expenditures  
\$26,004,503  
(Median)



# Library Sub-Pool Construction

## Collections

Physical Collections

Online Collections

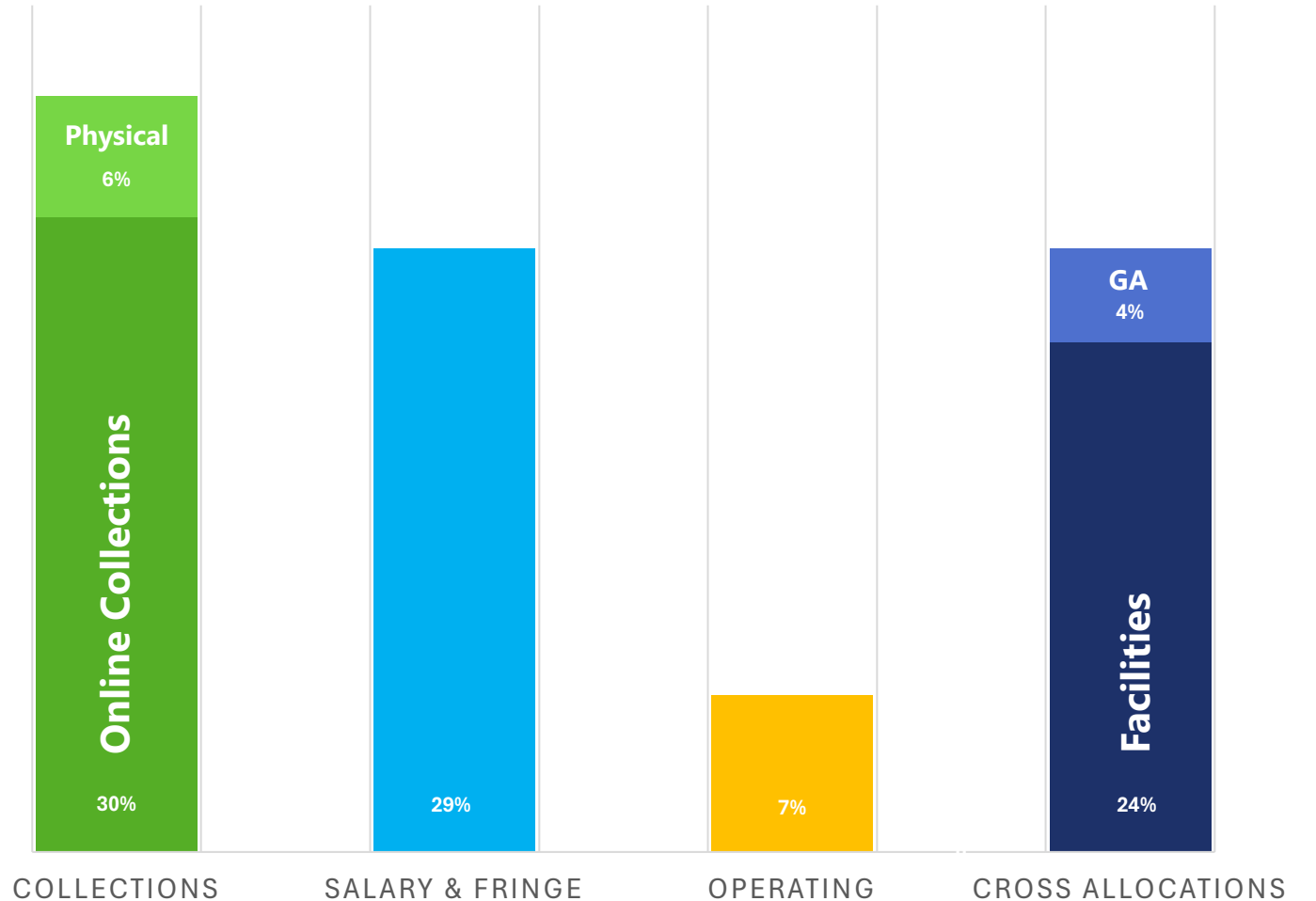
## Salary & Fringe

Support for Online Collections

## Facilities

Main Library

Embedded Branches



# Documenting Other Users

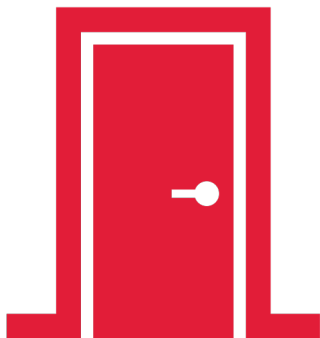
---



## Physical Locations

- Library access policies
- Card swipe data
- Survey

0 – 7%  
**Other Users**



## Online Collections

- License agreements
- Authentication systems
- Weblogs

0 – 3%  
**Other Users**

# Library Sub-Pool Construction

## Collections

Physical Collections

Online Collections

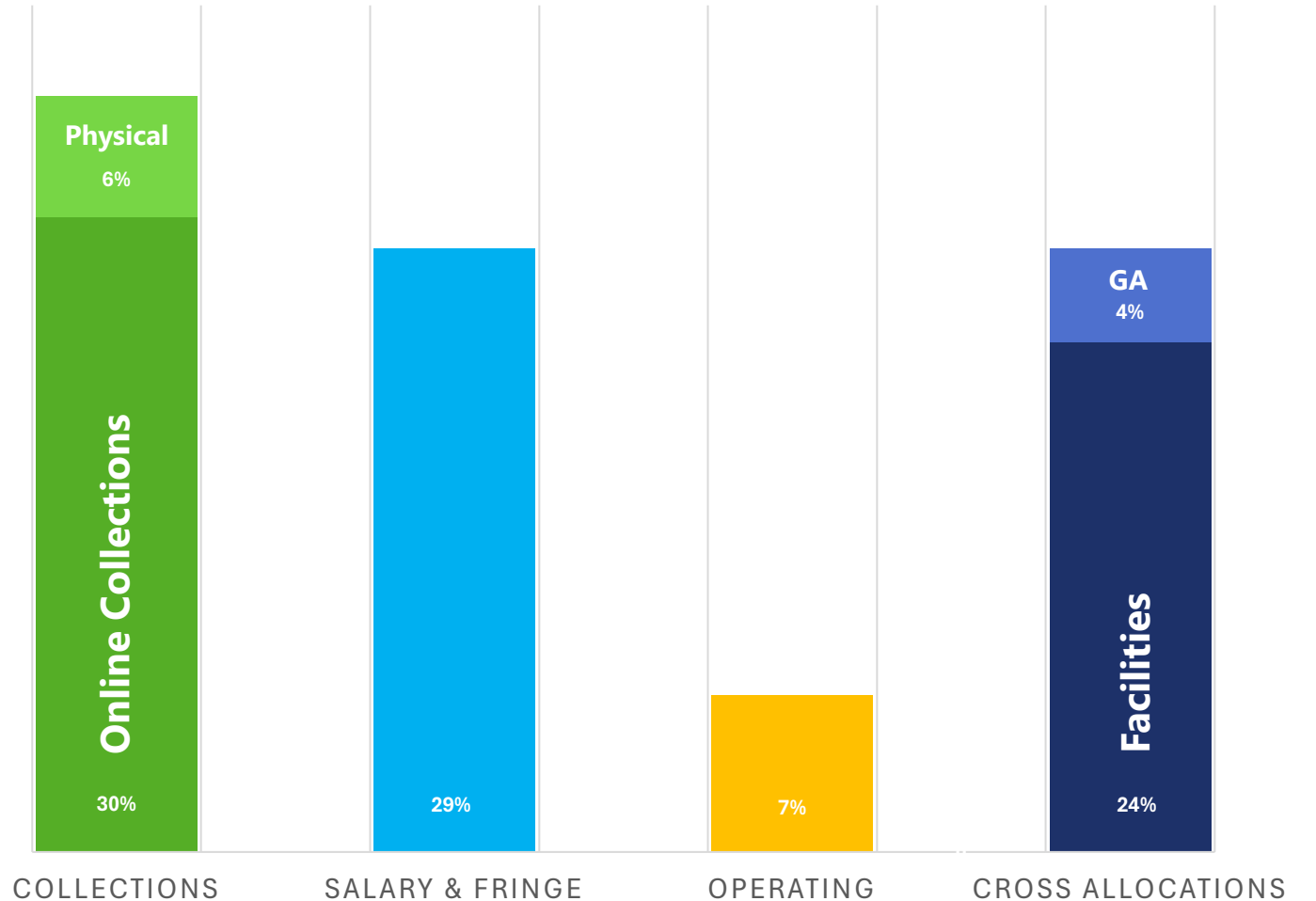
## Salary & Fringe

Support for Online Collections

## Facilities

Main Library

Embedded Branches



# Sub-Pool Construction & Other Users

## Collections

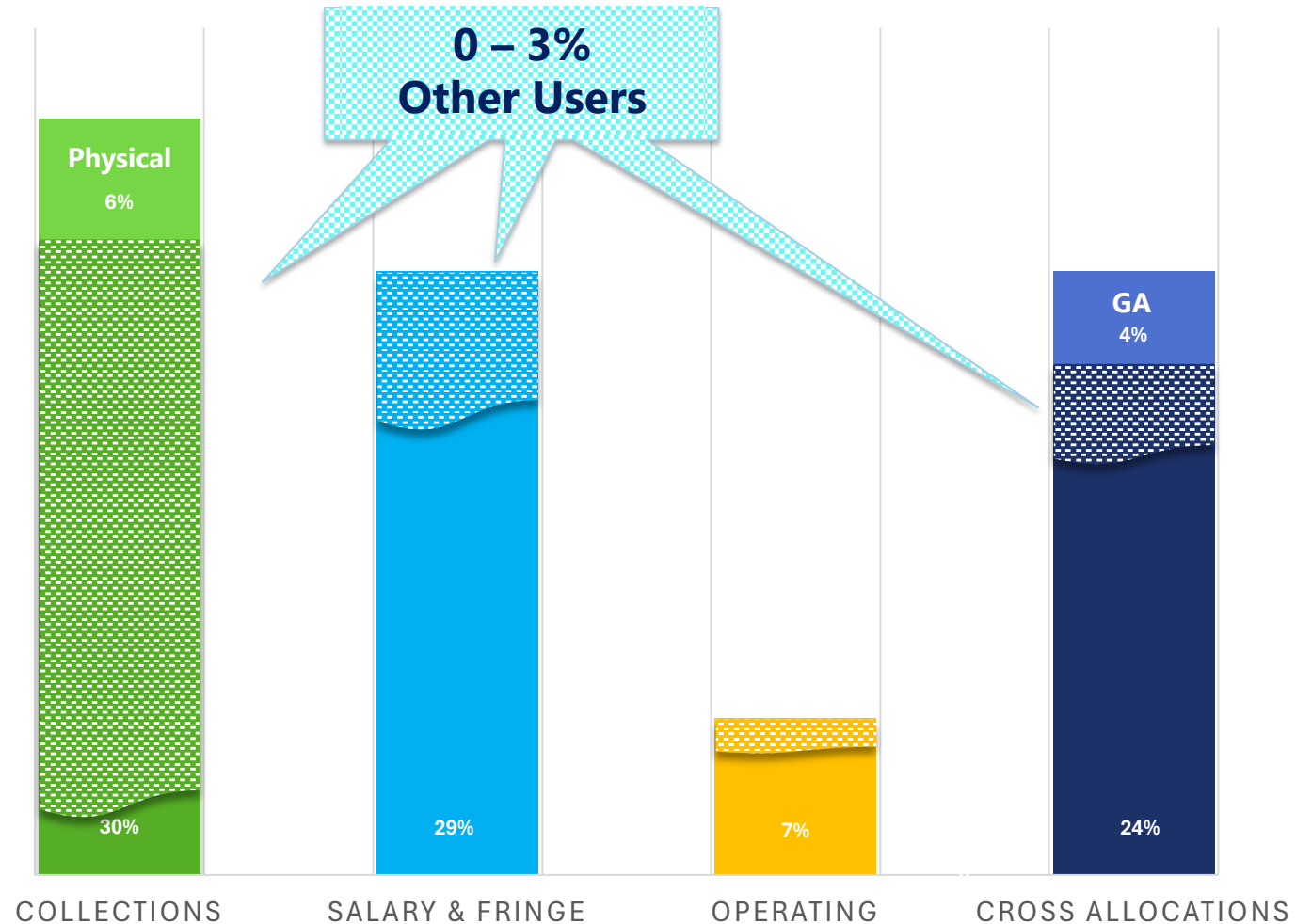
Physical Collections  
Online Collections

## Salary & Fringe

Support for Online  
Collections

## Facilities

Main Library  
Embedded Branches



# COGR & Association of Research Libraries

---

## RADS - Realities of Academic Data Sharing

A federally funded research project investigating the costs and practices of public access to research data across academic institutions.

1. What service and cost models do institutions use to support research data management and sharing policies?
2. What are the direct expenses for institutions, particularly academic libraries, in implementing federally mandated data-sharing policies?
3. What costs do researchers incur to comply with funded research data-sharing policies?

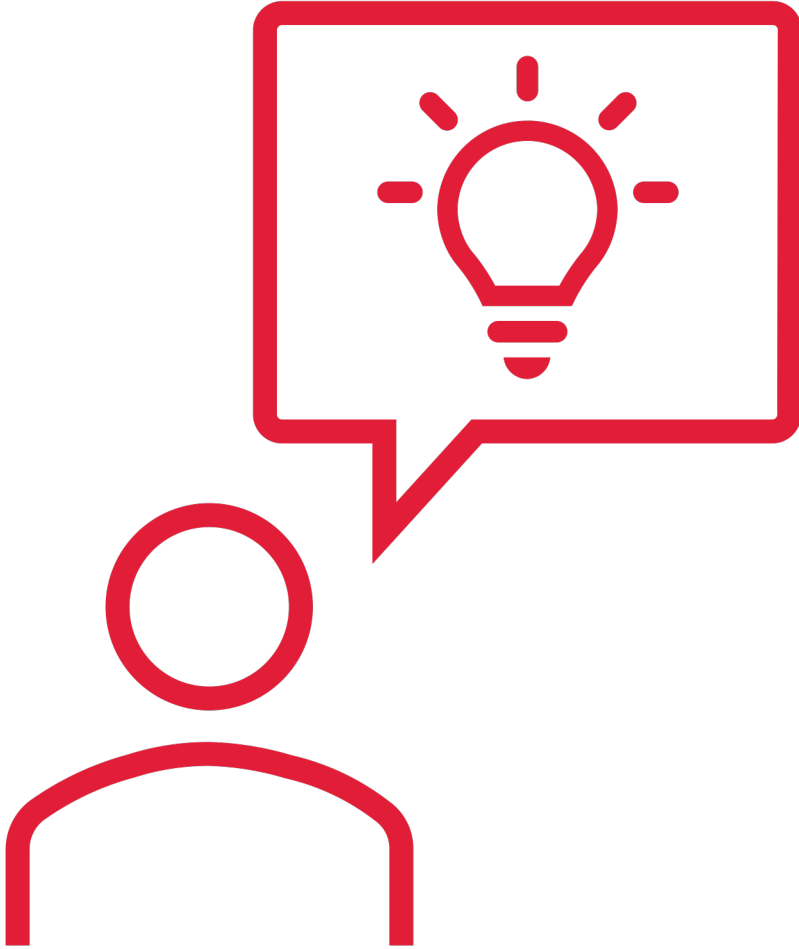


***Does anyone use library sub-pools?***

***Does your department have a relationship with your library?***

# Final Thoughts

---



# Contact Information

---

## **Hilary A. Craiglow**

Library Consulting Practice Lead

Attain Partners

[hacraiglow@attainpartners.com](mailto:hacraiglow@attainpartners.com)

615.480.0523

## **Sarah T. Axelrod**

Assistant Vice President, Office for Sponsored Programs

Harvard University

[sarah\\_axelrod@harvard.edu](mailto:sarah_axelrod@harvard.edu)

617.496.2513

Thank You

➤ **Attain** Partners





**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

## ***Federal Panel Q&A Session***

### ***Panelists/Participants:***

***Robert (Brian) Bradley (ONR)***

***Daniel (Dan) Buchtel (NSF OIG)***

***Tiffany Friguletto (HHS OIG)***

***Cindy Galyen and Liz DeHart (NSF RAM-DIAS)***

***Mike Leonard (HHS CAS)***

### ***Moderator:***

***Gil Tran***, Senior Specialist Leader and Regulatory Compliance  
Capability Lead, Attain Partners (*OMB Emeritus*)

Wednesday, Sept. 11<sup>th</sup>



# FEDERAL PANEL Q&A SESSION



# INTRODUCTION

## **Panelists:**

Robert (Brian) Bradley (ONR)

Tiffany Friguletto (HHS OIG)

Mike Leonard (HHS CAS)

Daniel (Dan) Buchtel (NSF OIG)

Cindy Galyen and Liz DeHart (NSF RAM-DIAS)

## **Moderator:**

Gil Tran, (Attain Partners - OMB Emeritus)

## **UG Change -Equipment**

1. Equipment threshold restriction for FAR-covered contracts - 200.1
2. Treatment of remaining book values - 200.439 (5)
3. Property inventory requirement for federal assets with new threshold - 200.313 (d) (2)
4. Location used for equipment under new threshold - Appendix III.B.2

## **UG Change - Subs**

5. Using new subs threshold without a rate decrease - 200.110 (b)
6. NIH's 8% cap on foreign subs in light of new 15% de minimis rate - 200.414 (f)



## UG Change -Timing

7. Change of equipment threshold between base year - 200.110 (b)

8. Effective date for charging F&A to the higher sub threshold and adding it to the research base -200.110 (b)

9. Effective timing for using the 15% de-minimis rate - 4 separate questions - 200.414 (f)

## UG Change - Other

10. Allocation of unused leave as general administrative indirect cost pool - 200.431 (b) (3) (i)

11. Prior approval requirement for participant support costs - 2 separate questions - 200.1, 200.456

12. OMB role in rate dispute - 200.414 (c) (2)

## **Compensation**

13. Treatment and calculation of Institutional Base Salary (IBS) - 3 separate questions - 200.430 (h) (2) (revised 200.430 (i) (2))

14. Treatment of severance pay for "work security" payments to union staff - 3 separate questions - 200.431 (i) (1)

## **Service Centers**

15. Treatment of on-campus cafeterias deficits - 4 separate questions - 200.468

16. Treatment of a specially equipped van to monitor air quality - 200.468, Appendix III.B.4

## **Space and Depreciation**

17. Relation of PI effort and research base (as committed cost sharing) - new 200.306 (k), Appendix III.A.1.b

18. Codification of research space and research bases based on PI effort commitment - Appendix III.A.1.b

19. Allocation of depreciation and O&M costs for arrays of servers - Appendix III.B.4

## Space and Depreciation

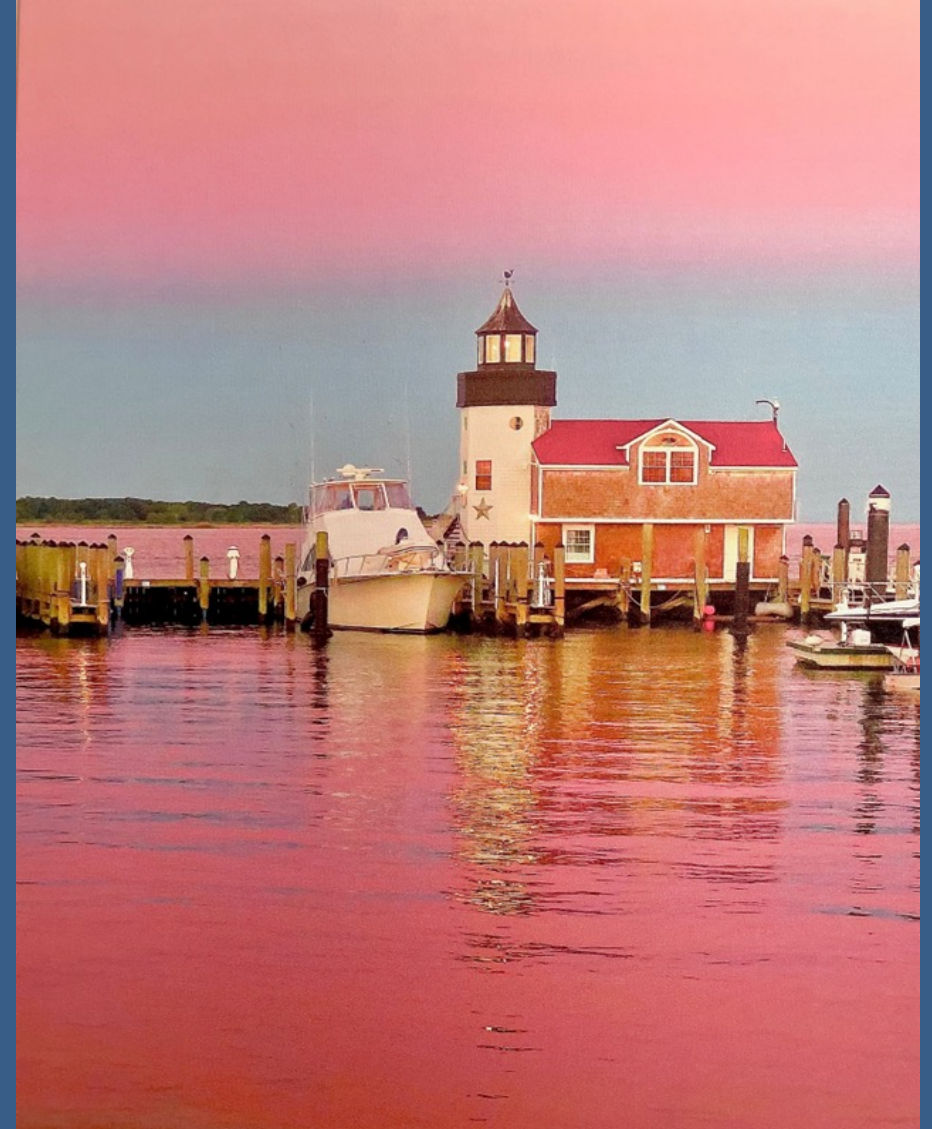
- 20. Depreciation of capital equipment purchased “solely for the performance of a non-federal award - 2 separate questions - 200.436 (c) (4)
- 21. Treatment of space used only for research versus jointly used space for the allocation of depreciation - Appendix III.B.2

## Other

- 22. Treatment of tax exemptions (sales, meals, hotel, etc.) and responsibility of grantees for their exclusions as federal charges - 200.406
- 23. Property physical inventory requirement for non-federal assets- 2 separate questions - 200.313 (d) (2), 200.436 (e)
- 24. Treatment of interest costs associated with refinancing or retiring older debts - 200.449 and Best Practices Manual (page 42)
- 25. Treatment of interest- only bonds interest costs - 200.449, Best Practices Manual (page 42)

**THANK YOU  
FOR THE QUESTIONS AND THE ANSWERS**

Happy Fall 2024





**NECA** NORTHEAST CONFERENCE ON  
COLLEGE COST ACCOUNTING

A special thanks to our speakers,  
sponsors, and organizers for making  
this event possible!

