

# Grant Compliance

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## Office of Cost Analysis & Compliance

November 12, 2007

Presented By:  
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Office of Cost Analysis & Compliance



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- Risk Areas:
  - Effort Reporting
  - Cost Transfers
  - Effort Commitments
  - Cost Sharing
  - Record Retention

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## □ Effort Reporting

- Accounting for all institutional activities
- Charging payroll based on reasonable estimates
- Using Appropriate Certifiers
- Actual Effort vs. Budgeted Salary
- Timely Certification
- Record Retention

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## □ Cost Transfers

- Limit Frequency
- Document How & Why Error Occurred
- Why Costs are Necessary for Project?
- Correcting Common Errors
- Suitable Backup Documentation
- Involve the Principal Investigator

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- Effort Commitments
  - Managing Committed Effort
  - Basis for Effort Percentage is Reasonable
  - Considers All Activities
  - Is Validated Against Actual Effort
  - OMB Circular A-110 is Followed for Reductions in Effort
  - Commitments are Reconciled with Actual Effort Certification



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- Cost Sharing
  - Is Verifiable in Records
  - Not Spending the Same Dollars Twice!
  - Necessary for Completion of Project
  - Conform to Allowable Costing Standards
  - Not Paid by Another Award

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## □ Record Retention

- Determine Requirements for Your Awards
- Understand Institution's Policy
- Scope of Documents Necessary to Retain
- Records Needed to Create Proper Audit Trail
- Organizing Award Files
- Accessing Records When Needed

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and now...

## *9 Steps to Implementing Change!*

...even if your Department does not have a formal procedure on the subject



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## *9 Steps to Implementing Change!*

### 1) Establish Rules for Proper Certifiers in Your Department!

- Named Employee, PI, Supervisor, or Another University Official Using Suitable Means to Verify the Work Was Performed;
- Enforcement—Refuse to Certify Effort if you are not the appropriate person and do not have suitable means to verify actual effort!
- Use Temple's Grant Accounting Policy on Effort Reporting.

[http://www.temple.edu/controller/grant\\_accounting/pol\\_proc/pdf/grpl05.pdf](http://www.temple.edu/controller/grant_accounting/pol_proc/pdf/grpl05.pdf)



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## *9 Steps to Implementing Change!*

### 2) Update All Employees' Payroll Distributions in Your Department!

- Complete an “EDF” Expense Distribution Form as soon as you are aware that a change needs to be made
- Reconcile Current Distribution with Proposal Budgets;
- Verify those Percentages with the likely certifier (PI or Research Project Manager)



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## *9 Steps to Implementing Change!*

### 3) Get a Handle of Your Award's Financial Reports to Fix Errors Promptly!

- Look for potential deficits;
- Analyze object codes for potentially unallowable costs;
- Make sure all project employees are paid on the award;
- Test whether F&A rate is being charged correctly (test MTDC modifiers)
- Familiarize your self with Temple's Grant Accounting Policy on F & A rate also know as direct and indirect cost.

[http://www.temple.edu/controller/grant\\_accounting/pol\\_proc/pdf/grpl01.pdf](http://www.temple.edu/controller/grant_accounting/pol_proc/pdf/grpl01.pdf)



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## *9 Steps to Implementing Change!*

### 4) Document, Document, Document!

- Support All Costs with Proper Documentation;
- Obtain PI Approval for All Transactions;
- Log Allocability & Rationale if not Apparent;
- Keep Justifications not already in Budget Justification;
- Document Emails to Authorize Transactions in Potentially Gray Areas



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## *9 Steps to Implementing Change!*

- 5) First Impressions are long lasting—Eliminate Cost Transfers!
- Look for Systemic Problems;
  - Establish Stricter Controls in Your Department;
  - Allocate Costs on the Front-End and save the Cost Transfers for Mistakes

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## *9 Steps to Implementing Change!*

### 6) Organize Your Award Files

- Know Your Sponsors' Record Retention Requirements;
- Learn Your Institution's Record Retention Policy;
- Know your Grant Analysis
- Reconcile Both and Follow the Stricter Standard;
- Keep All Documents that Properly *Tell the Story* of the Transaction



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## *9 Steps to Implementing Change!*

### 7) Rely on Your Own Information—Create a Shadow System

- Use MS Excel, MS Access, Quicken, MS Money, QuickBooks, Peachtree, or a Marble Notebook;
- Don't Let Unknown Transactions Spoil Your Closeout;
- Be in a Better Position to Manage the Award Finances

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## *9 Steps to Implementing Change!*

- 8) Arm Yourself with the Right Answer by Eliminating *Word-of-Mouth Advice*—Look it up Yourself!
- Sponsor's Regulations;
  - Terms and Conditions of the Award Document;
  - Institution's Policies and Procedures
  - Interpretations from Colleagues at Other Institutions





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## *9 Steps to Implementing Change!*

### 9) Keep Developing Your Research Administration Skills

- Take Advantage of All Professional Development Opportunities;
- Stay Connected through List-Servs, Newsletters, Publications, and Professional Contacts;
- Ask for Support for your Initiatives from your Supervisor, Chairperson or Dean!

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## Communicating Changes

- Balancing Department Needs with Compliance Best Practices;
- Providing Solid Guidance to Faculty will yield Better Cooperation;
- Have Good Intentions, Be Confident, Act Appropriately, and You Will Succeed!!!

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*FY!!!!!!!*

- We are currently in the 1<sup>st</sup> Quarter of Effort Certification.
- The Office of Cost Analysis & Compliance has implementing a new Effort Reporting System, know as ERS. This system went live October 5, 2007.
- For Training sessions, please log onto the human resources website,  
<https://atlas.ocis.temple.edu/hr/main.asp>?

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□ Q & A

*Thank You!*

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- The Office of Cost Analysis & Compliance is located in Wachman, Room 1007.
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