

The Grant is Here! Now What?

Part I - Best Practices for Financial Management

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NU-RES Conference 2022



**Northeastern
University**

Objectives

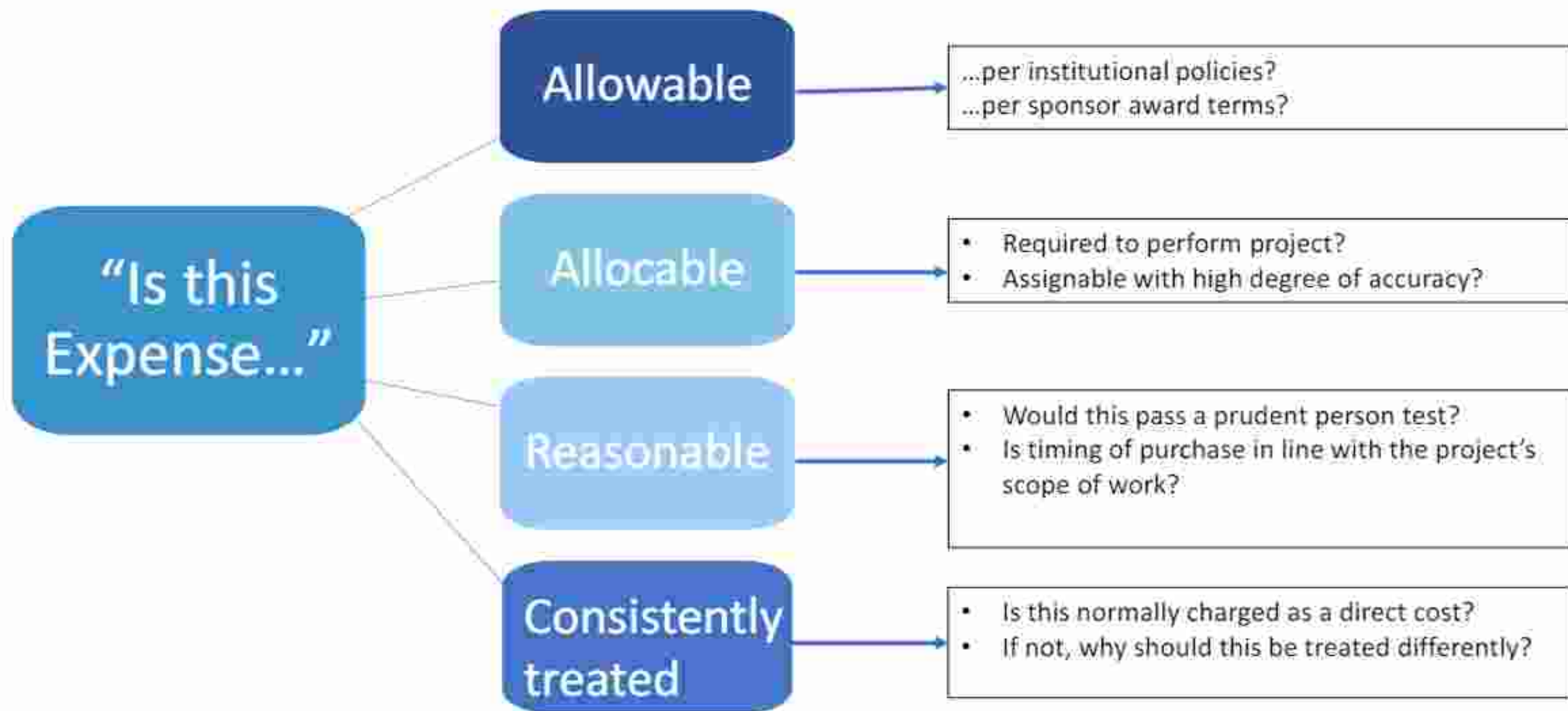
- To provide a refresher on UG cost principles
- To provide insight on the best practices used when processing an expenditure:
Journal Vouchers, Cost Transfers, Vendor Payments (Direct Pay Forms), and PO Requisitions
- Overview of outgoing subaward issuance process
- Overview of subrecipient invoice process
- Roles and responsibilities around subrecipient risk assessment and monitoring



NU-RES Finance Team Matrix

Activity	Research Finance Analyst (RFA)	Senior Compliance Specialist	Research Account Analyst (RAA)	Cash Management Team
Award Setup in Banner	X		X	
Expense Compliance Reviews: -Journal Vouchers -Cost transfers -Vendor Payments (Direct Pay Forms) -PO Requisitions	X			
-Concur Statements & Reimbursements -Payroll Distribution Changes -Summer Salary (Period Activity Pay)		X		
Research Annual Certification		X		
Financial Reporting	X			
Invoicing & Letter of Credit (LOC) Draws			X	
Payments & Collections			X	X
Closeouts	X		X	X

Allowability for Direct Costs



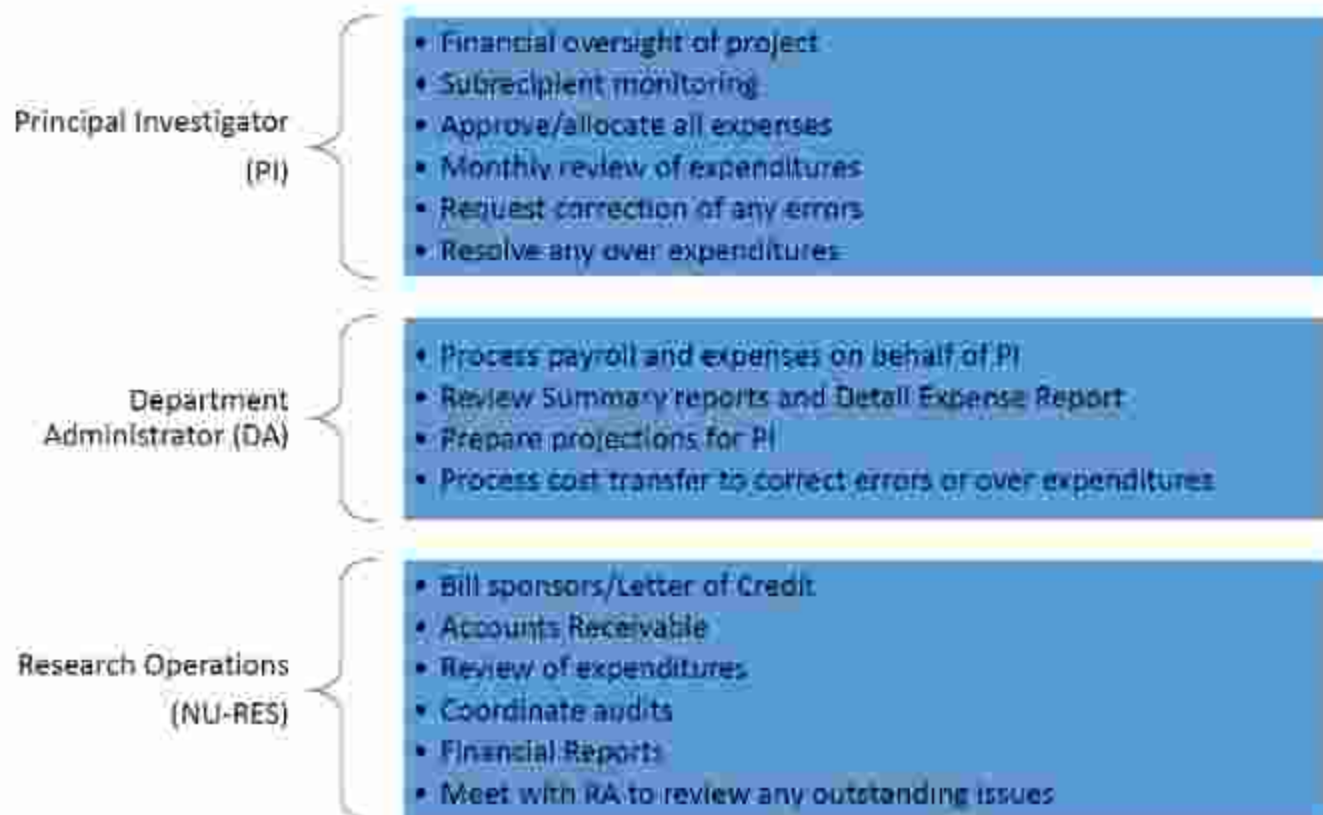
Areas of Scrutiny

- **Travel**
 - No alcohol allowed on sponsored awards
 - Meals should have an itemized receipt
 - Fly America Act
- **Equipment**
 - Be mindful of purchases towards end of project
- **Participant Support Costs**
 - Must be tracked separately (think child funds!)
 - Generally not full time NU employees
 - Are not human subject payments
- **Indirect Costs (F&A Costs)**
 - Administrative salary support
 - General office supplies



Managing Research Projects

Roles & Responsibilities – Financial Management



Direct Pays (DPAYS)

Purpose: To pay vendor invoices that are <\$5000 (i.e. vendor does not exist in Banner and NUCard isn't accepted), issue trainee stipends, subject payments, consultant payments. NU-RES Finance reviews all DPAY requests that include charges allocated to sponsored projects (funds 5xxxxx).

Types of DPAYS:

- Domestic (Processed through K2's Vendor Payment Requests).
- International (Paper Dpay via email: research_finance@northeastern.edu)


The workflow involves **Three Levels** of approval:

1. Division
2. NU-RES
3. Accounts Payable



Required Documentation - DPAYS

Domestic DPAY

- Copy of vendor's invoice *
- W-9 form * 
- Professional Services Agreement (if needed)
- *Processed through K2's Vendor Payment Requests*

International DPAY

- Direct Pay Form *
- Copy of vendor's invoice *
- Vendor's international banking information *
- International Supplier Registration Form *
- *Processed through paper DPAY via email*

*Forms that are required for *each* DPAY submission

Expense Reimbursement Vouchers

Purpose: Reimburse non full-time employees or students for expenses incurred on behalf of the University. NU-RES Finance reviews all expense reimbursement vouchers that include charges allocated to sponsored projects (funds 5xxxxx).

The workflow involves **Three Levels** of approval:

1. Division
2. NU-RES
3. Accounts Payable



Required Documentation – Expense Reimbursement

- Expense reimbursement voucher worksheet
- Itemized receipts for all expenses \$75 and more
- Recorded explanation for charges under \$75
- Relevant exchange rates for international travel

Self Service Banner (SSB) Requisitions

Purpose: To request Purchase Orders for domestic supplies, consultants, ad-hoc services, etc. NU-RES Finance reviews requisition requests that include charges allocated to sponsored projects (funds 5xxxx).

The workflow involves **Three Levels** of approval:

1. Division
2. NU-RES
3. Procurement

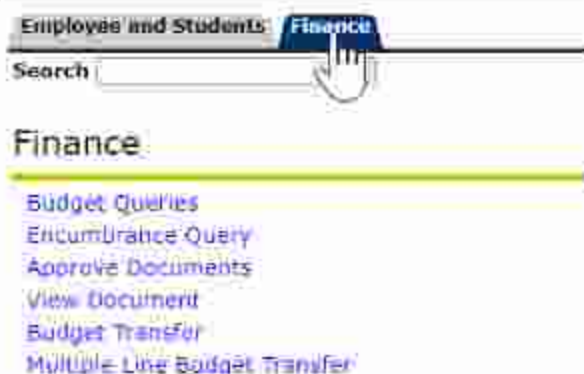


Self Service Banner (SSB) Requisitions Example

Step 1: Log in to myNortheastern. Go to Services & Links, then select Banner Finance (SSB). Click on Finance.

Step 2: Click on Requisition and begin process.

1) Northeastern University



2)

Requisition Header

Requisition	Order Date	Trans Date	Delivery Date	Print Date	Total
R0078854	Dec 07, 2020	Jan 12, 2021	Dec 07, 2020		9,204.00
Origin: SELF_SERVICE					
Complete:	Y	Approved:	N	Type:	Procurement
Cancel Reason:				Date:	
Requestor:			143000	Khury	
Phone Number:					
E-mail:					
Accounting:	Document Level				

Requisition Commodities

Item	Commodity	Description	U/M	Qty	Unit Price	Ext. Amount	
					Disc	Add	Tax
							Cost
3		Computer Workstation	EA	1	8204	9,204.00	
				0.00	0.00	0.00	9,204.00
						Total:	9,204.00

Requisition Accounting

Seq#	COA	Fy	Index	Fund	Orgn	Acct	Prog	Acty	Locn	Proj	USF	Susp	MSF	Seq#	Step	Amount
1	N	21		5	143070	73005	2010				N	N	N			9,204.00
Total of displayed requisitions:																9,204.00

Red Flags/Concerns

Timing

- Is the payment request occurring more than 12 months from the invoice date?
- Near the end of the award/budget period?
- Near the end of the fiscal year?

Budget

- Is the index in a deficit?
- Does this expense identify with the specific sponsor project?
- Was this expense budgeted in the original proposal?
- Costs that are IDC excluded should be charged to specific codes

Justifications/Backup

- Is there an explanation?
- Does it explain how the expense benefits the project?
- Are there receipts/backup for the expenditures posted?
- Was prior approval needed? *Ex: Restricted categories – capital expenditures*



Cost Transfers

Purpose: A cost transfer is a reassignment of an expense between cost centers (from one project/fund to another). Cost transfers may be needed to correct a clerical error on an original charge or to correct the allocation assignment of an expense.

Key Points:

- Cost Transfer requests are submitted in the K2 Workflow.
- Requests should be made promptly using the Cost Transfer Form and must contain supporting documentation and justification sufficient to stand the test of a formal audit.
- Transfer that are beyond 90 days of the original transaction date require additional justification.
- Frequent, late, and inadequately explained transfers – especially those involving projects with cost overruns or unexpended balances – raise concerns about the propriety of the transfers and call internal controls into questions during audit.

Cost Transfers

When cost transfers are moving expenditures onto projects, it is critical that the transfer meet the rules of allowability. The following are considered during the review process:

1. Is the project/fund active? Are funds available?
2. Does the request provide a clear explanation as to how the expense benefits the receiving project?
3. Are these costs allowable according to the award's terms and conditions?
4. Are they reasonable and do they meet the four key cost principles?

Other general requirements:

- ➔ Debit/credit amounts, fund/index numbers, and account codes are accurate.
- ➔ Cost Transfer Form is complete and signed.
- ➔ Backup documentation showing the original charges in Banner is included.

Other Transfer via Journal Voucher Funding Cost Share Index (K-2 Workflow)

JOURNAL VOUCHER FORM Reporting Department: **Admin**

Departmental Approval Date:

Submitted By: Smith, John Jan 27 2022 11:33AM

Level 1 Approval: _____

Level 2 Approval: _____

Central Finance/ Research Finance Approval Date:

Central Approval

Disbursement: 4000000

Total: 5004892.00

Transaction Date: _____

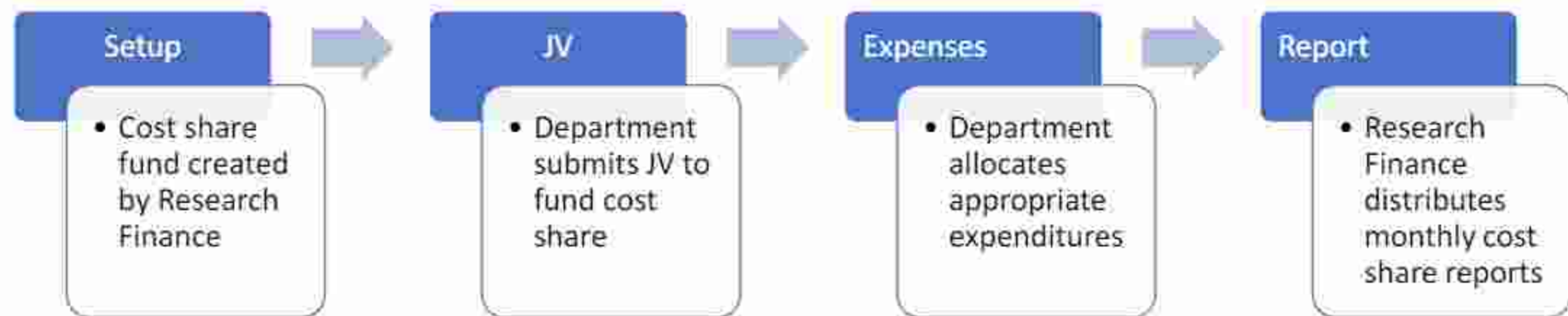
Is this a Cost Transfer to a qualified project? Yes No

Save
Cancel
Refresh

DEBIT				CREDIT			
AMOUNT	DEPT	ACCOUNT	DESCRIPTION	AMOUNT	FUND	ACCOUNT	DESCRIPTION
1,000.00	Dept 01 Account	20000	5000-11111111111111111111	1,000.00	DEPT01 CL	50000	5100-11111111111111111111

MARKET REFERENCE (BY CHARACTER LIMITATION)	BANK REFERENCE (REQUIRED FOR BANK DT)	NAME DATE (REQUIRED FOR BANK DT)	DETAILED EXPLANATION (OPTIONAL)
1 Fund 0105(30000) Cur Share			Department funding for mandatory cost share for 1234

Cost Share - Internal Process at Northeastern



Tracking Cost Share at Northeastern

Cost Share Report

Division: ABC College
 Fiscal Period: October
 Fiscal Year: FY22

Organization Description	Division Description	Class Code	Fund Code	Fund Description	Cost Share Budget	TTG Expenditures	Cost Share Account Funding	Cost Share Amount Due	Fund Budget Fnd Num	Fund Level & Code	Fund Status	Comments
Department 001	ABC College	00000000	5####	SPONS Award ###-CS/Manning, G.	\$51,771.25	\$51,360.00	\$51,771.00	\$51.00	9/29/2021	061000	A	
Department 002	ABC College	00000000	5####	SPONS Award ###-CS/Adams, A.	\$15,000.00	\$7,000.00	\$7,000.00	\$5,000.00	11/01/2021	061000	A	
Department 003	ABC College	00000000	5####	SPONS Award ###-CS/Walker, T.	\$18,000.00			\$18,000.00	11/01/2021	061000	A	
Department 004	ABC College	00000000	5####	SPONS Award ###-CS/McDon, J.	\$214,254.00	\$214,026.54	\$214,254.00	\$142.54	9/29/2021	061000	A	
Department 005	ABC College	00000000	5####	SPONS Award ###-CS/Mirvick, J.	\$94,400.00	\$25,896.00	\$25,759.00	\$65,700.00	11/11/2021	061000	A	
Department 006	ABC College	00000000	5####	SPONS Award ###-CS/Adams, J.	\$38,224.00	\$38,168.75	\$38,168.70	\$55.30	9/29/2021	061000	A	
Department 007	ABC College	00000000	5####	SPONS Award ###-CS/Jordan, R.	\$7,200.00	\$70.34		\$72.34	7/31/2020	061000	A	
Department 008	ABC College	00000000	5####	SPONS Award ###-CS/Hughes, K.	\$64,821.00	\$43,302.42	\$43,302.61	\$0.00	2/26/2021	061000	A	
Department 009	ABC College	00000000	5####	SPONS Award ###-CS/Harrison, W.	\$34,772.00	\$14,297.00	\$14,302.39	\$18,429.61	11/01/2021	061000	A	
Department 010	ABC College	00000000	5####	SPONS Award ###-CS/Tyler, J.	\$25,100.00	\$16,073.97	\$16,073.89	\$0.00	11/01/2021	061000	A	

✓ The monthly Cost-Share Funding Report is distributed to each Division on a monthly basis.



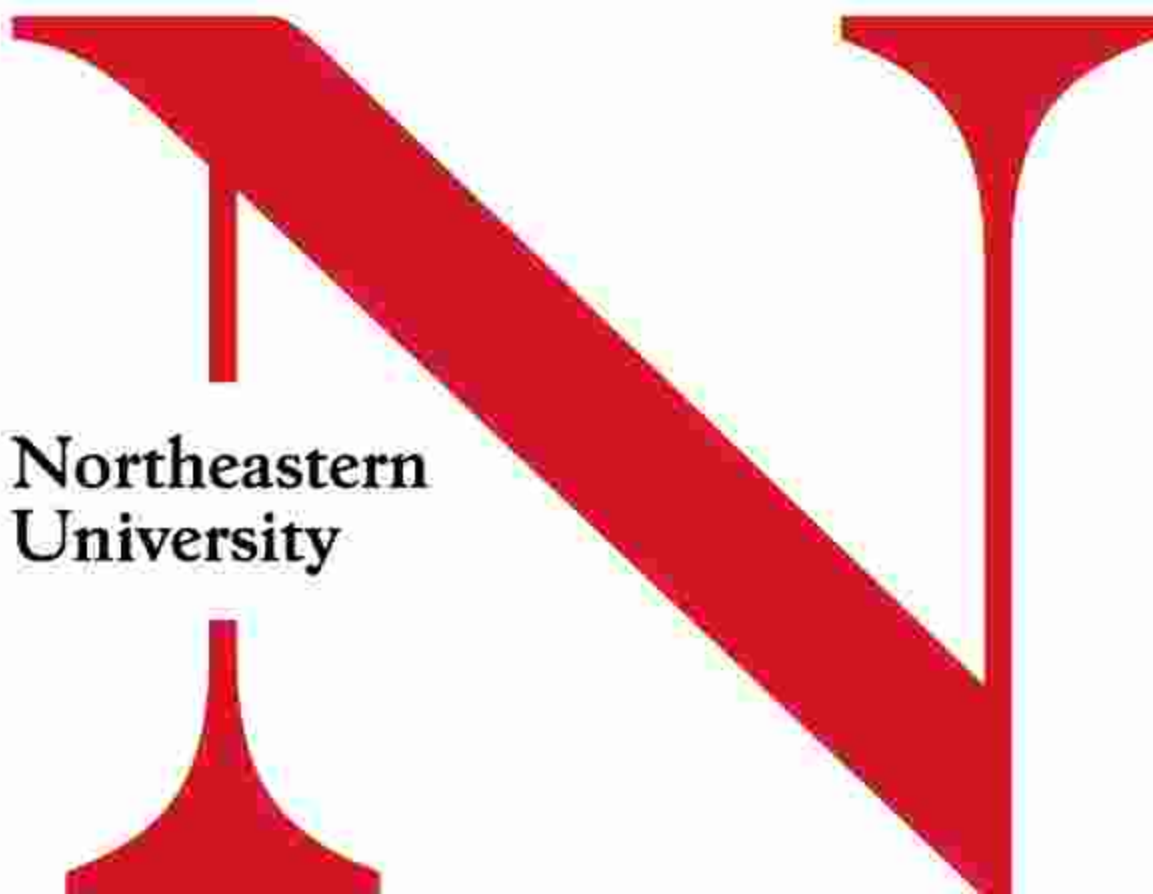
✓ Report contains full listing of Active cost share Funds. NEU Cost Share Fund Numbers (Numbers are exclusively for Cost Share). Example: CS/ 509004.

✓ Includes budget, actuals, and amounts transferred

Cost Share Takeaways

- If a cost share fund is established, the expectation is that the cost share amount should be met by the department. Cost share is contractual agreement between the university and the sponsor.
- Cost share expenditures are reportable to sponsors through both financial reporting and invoicing channels.
- Receiving funding transfers from departments is necessary to cover the expenditures and lead to a timely closeout.
- If the cost share is not met as outlined in the award agreement, the sponsor can refuse payment of an invoice until the cost share obligation is met.

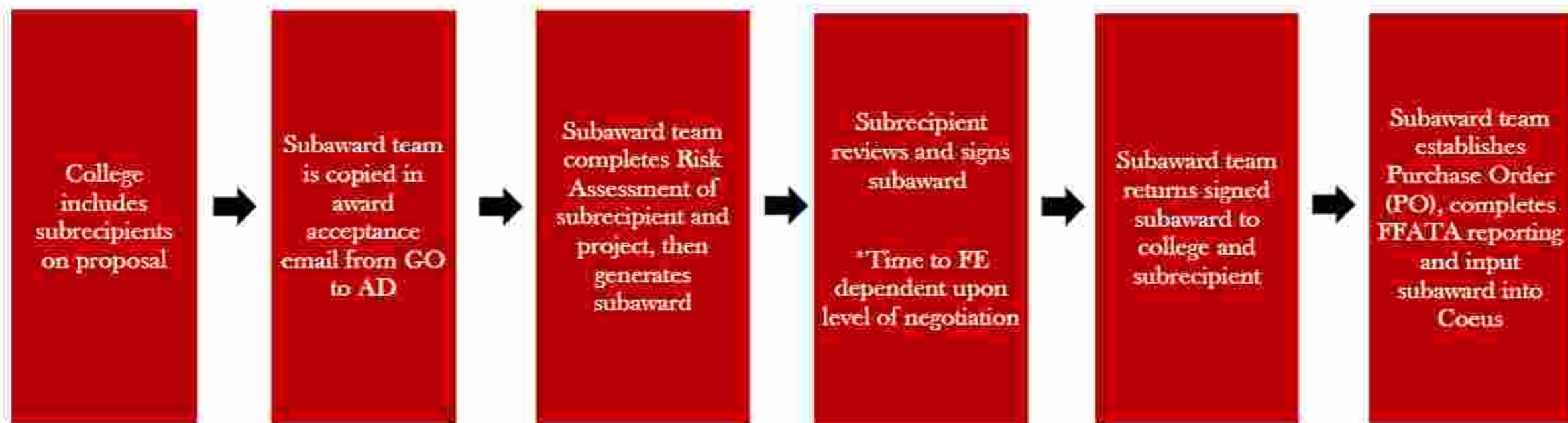
Subaward Management



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Subaward Issuance

A **subaward agreement** is a formal written contract made between NU and another institution or organization to perform an intellectually significant portion of NU's SOW (Statement of Work) under a NU sponsored project.



Initiating Subawards

- An eCLAWs record will be created for subaward, accessible to the college administrators and NU PI
- If an updated budget or Scope of Work is needed, Subaward team will request these from College Administrator and PI
- Depending on the funding agency, any additions of or changes to subrecipients may require prior approval from sponsor
- Subaward team performs **Risk Assessment** and before issuing subaward

Exceptions: College initiated subawards include: subawards not named at time of proposal and/or programmatic changes (PI change, budget changes etc.) - college admins should create an eCLAWs record for these instances

Risk Assessment

Subaward team evaluates each subrecipient entity and each subaward, irrespective of funding agency

Subrecipient Entity Assessment

- Performed annually;
- Review subrecipient's single audit for compliance with financial regulations;
- Check publicly available resources to determine if subrecipient has had any documented compliance or performance issues;
- Focuses on determining if subrecipient will be good steward for funds

Project Assessment

NEW SUBAWARDS

- Look at project specifics to determine if the project is high risk
- Examples of high risk may include:
 - Ratio of outgoing funding vs award budget
 - Type of work, such as a clinical trial

RENEWALS

- The PI must affirm if the subrecipient is performing satisfactorily
- College should also look for any red flags, such as lack of invoicing
- PI and College should discuss issues with Subaward team



Subaward Process

- A new PO is created in Banner to pay invoices

GRANT INCEPTION TO DATE							01	02	03	04	05	06	07	08	09	10	11	12	Total	
Account	Type	Description	Adjusted Budget	Actuals	Commitments	Available Balance														
71000	E	Fees Sub-Contract 1	174,299.00	0.00	0.00	174,299.00														0.00
71001	E	Fees Sub-Contract 2	99,990.00	0.00	0.00	0.00														80,000.00
71002	E	Fees Sub-Contract 3	100,000.00	0.00	0.00	100,000.00														0.00
71003	E	Fees Sub-Contract 4	575,001.00	0.00	0.00	575,001.00														0.00
71004	E	Fees Sub-Contract 5	175,000.00	0.00	0.00	175,000.00														0.00
71005	E	Fees Sub-Contract 6	80,000.00	0.00	0.00	80,000.00														0.00
71006	E	Fees Sub-Contract 7	100,000.00	0.00	0.00	100,000.00														0.00
71007	E	Fees Sub-Contract 8	125,000.00	0.00	0.00	125,000.00														0.00
71008	E	Fees Sub-Contract 9	250,000.00	0.00	0.00	250,000.00														0.00
71009	E	Fees Sub-Contract 10	200,000.00	0.00	0.00	200,000.00														0.00

- Once a subaward is fully executed, Subrecipients can invoice NU for expenses on their project.

Subaward Invoice Process



Closeout: Based on outreach from the GO, the Subaward Team contacts subrecipients to remind them to complete their final reports and submit final invoices within the timeframe specified in the subaward. Once final invoice is paid, PO is liquidated to remove remaining encumbrances, if any.

Subaward Invoice Review

College Administrator & PI Review	Subaward Manager Review
<ul style="list-style-type: none">• Ensure the expenses are allowable per the subaward and the subaward budget.• Period of the invoice is within the budget period and there are no other invoices in that period• Amount does not exceed authorized budget• Look for unexpected expenses:• While the subrecipient often has authority to re-budget, the College / PI has the right to ask about the changes• Red flags: travel or capital equipment – confirm if in awarded budget• Verify with the PI that the work is proceeding as expected, that the subrecipient PI has been responsive / is providing reports, etc.	<ul style="list-style-type: none">• Review the general demographic information on the invoice. Ensure key business information is correct such as subaward number, dates, PI name etc.• The subrecipient's institutional official signature and the 2 CFR 200.415 statement must be on all invoices related to federally funded sponsored projects.• Ensure any required backup documents are included with the invoice, if required in subaward terms• Ensure the cumulative expenses do not exceed the total approved subaward budget.• Ensure the approval from PI matches invoice attached.



The Subaward Team

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LeAnh Wong – **Subaward Finance Administrator**

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Subaward Management Key Takeaways

- Understand the steps involved of issuing outgoing subawards
- Understand the overall process of paying subrecipient invoice
- Understand roles and responsibilities around reviewing and approving invoices
- Meet your Subaward Team!

Useful Links

- **Policy on Costs for Sponsored Agreements:** https://cpb-us-w2.wpmucdn.com/sites.northeastern.edu/dist/b/620/files/2020/09/Policy_on_Costs_for_Sponsored_Agreements_rsal.pdf
- **Policy on Cost Sharing:** https://cpb-us-w2.wpmucdn.com/sites.northeastern.edu/dist/b/620/files/2020/09/Policy_on_Cost_Sharing.pdf
- **Policy on Cost Transfer:** https://cpb-us-w2.wpmucdn.com/sites.northeastern.edu/dist/b/620/files/2020/09/Policy_on_Cost_Transfer.pdf
- **Research and Sponsored Programs Participant Payment Guidance:** <https://research.northeastern.edu/app/uploads/sites/2/2019/01/Participant-Costs-Cash-Management-Guidance-8-8-17Final.pdf>
- **Financial Monitoring of Sponsored Programs Guidelines:** <https://research.northeastern.edu/app/uploads/sites/2/2022/03/Financial-Monitoring-of-Sponsored-Programs-Guidelines.pdf>
- **Procurement Policy:** https://www.northeastern.edu/policies/Policy_on_Procure_to_Pay.pdf
- **Link to NU Travel Policy:** https://www.northeastern.edu/policies/pdfs/Policy_on_Travel_and_Expense_Reimbursement.pdf
- **Prior Approval Matrix:**
https://northeastern-my.sharepoint.com/personal/msg1790_northeastern_edu/Documents/Microsoft%20Teams%20Chat%20Files/FDP%20Nor%20Approval%20Matrix.pdf



Questions?



Thank You!

LVX

VERITAS

VIRTUS