

- The purchase of goods or services from a business in which an employee or his family has a financial interest, or may directly benefit from such purchase, is a potential conflict of interest. Such situations should be disclosed to the University's executive director for Resource Management for review prior to the purchase
- Employees may not accept any sum from any supplier attempting to "reward" the employees for the decision to do business with the supplier.

**External:**

2 CFR 200 (Uniform Guidance)

[http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200\\_main\\_02.tpl](http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl)

NIH Grants Policy Statement

<http://grants.nih.gov/grants/policy/policy.htm>

NSF Proposal and Award Policies and Procedures Guide

<http://www.nsf.gov/bfa/dias/policy/>



## Financial Management Guide for Sponsored Projects

The purpose of this document is to provide faculty, staff and students with a quick reference tool for the financial management of sponsored projects awarded to Washington University (WU).

### OTHER FINANCIAL COMPLIANCE GUIDE-LINES

Additional compliance guidelines for the topics not below are available on the SPA website, see <https://financialservices.wustl.edu/wfin-topic/sponsored-projects-accounting/>

- Check Requests
- Federal F&A Rate Agreement
- Financial Closeout Guidelines
- Off-campus Policy
- PI Salary Authorization
- Procurement Card

### ADDITIONAL RESOURCES

**Internal:**

Research at WUSTL

<http://research.wustl.edu/>

University Compliance Office

<http://complianceoffice.wustl.edu/>

Administrative Information Systems (FIS Help)

<http://fishelp.wustl.edu/>

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### EXECUTIVE MESSAGE

Each employee of Washington University (WU) who is involved in sponsored projects administration has an obligation to ensure compliance with sponsor and University requirements for managing sponsored funds.

Compliance is WU's commitment to conform to all rules and regulations relating to sponsored projects.

This includes:

- WU Policies and Procedures
- Sponsor Rules and Regulations

### WHY IS COMPLIANCE IMPORTANT?

- Sponsors have the expectation that we will be responsible stewards of the funds we receive.
- Non compliance can result in
  - ◊ Financial & Criminal Penalties
  - ◊ Loss of existing and future research funding
- It's the right thing to do.

### COMPLIANCE MISSION

Be responsible stewards of funds we have received. WU does this by providing faculty and staff with a solid foundation that:

- Clearly identifies roles and responsibilities.
- Provides resources and training to build a proficient research administration workforce

### CODE OF CONDUCT

Washington University is committed to the highest ethical and professional standards of conduct as an integral part of its mission, the promotion of learning. To achieve this goal:

- The University relies on each community member's ethical behavior, honesty, integrity, and good judgment.
- Each community member should demonstrate respect for the rights of others.
- Each community member is accountable for his/her actions.

The University and each community member must transact University business in compliance with all laws, regulations, and University policies related to their positions and areas of responsibility. Managers and supervisors are responsible for teaching and monitoring compliance in their areas.

Please refer to <http://codeofconduct.wustl.edu/index.html> for additional information.

## ROLES & RESPONSIBILITIES SUMMARY

A comprehensive list of Roles & Responsibilities is available at <http://roles.wustl.edu/>.

## PRINCIPAL INVESTIGATOR

- The Principal Investigator (PI) or Program Director (PD) is responsible for the direction and oversight of compliance, financial, personnel, and other related aspects of the research program in accordance with sponsor and WU policies and procedures.
- Coordinates with WU personnel to determine whether project charges are reasonable, allowable and allocable to the project.
- Supports and endorses cooperation with University compliance and monitoring efforts related to financial management.
- Complies with technical, progress and compliance reporting requirements.
- Discloses all significant financial conflicts of interest to the appropriate Disclosure Review Committee and complies with recommend management strategies.

## DEPARTMENT ADMINISTRATOR

The term Department Administrator (DA) encompasses Grant Managers, Business Managers and Financial Designees.

- Assist PI and department head in the administration and oversight of sponsored research and related activities.
- Assists the PI to verify authenticity and accuracy of expended funds.
- Processes financial (FIS/on-line) transactions and reviews and analyzes financial reports/data to verify that costs are in accordance with WU and sponsor guidelines.
- Provides data and assistance to PI so that transactions related to cost sharing, cost transfers, effort reporting and financial close

-out are completed in an accurate and timely manner.

- Cooperates with University compliance and monitoring efforts related to financial management and reports instances of noncompliance to the appropriate compliance office.

## DEPARTMENT HEAD/CHAIR

- Responsible for establishing and promoting a culture of compliance within the department.
- Provides direction, resources, and oversight to help ensure that project funds are managed in accordance with WU and sponsor regulations.
- Supports and endorses cooperation with University compliance and monitoring efforts related to financial management and reports instances of noncompliance to the appropriate compliance office.
- Requires that the PI comply with technical, progress and compliance reporting requirements in accordance with sponsor and WU policies and procedures.
- Complies with and directs department faculty and staff to comply applicable School, University, and sponsor agency conflict of interest policies and procedures.

## DEAN

- Responsible for the ethical conduct of research and for establishing and maintaining a culture of compliance and integrity among faculty, staff and students.
- Provides direction, resources and oversight to help ensure that project funds are managed in accordance with WU and sponsor regulations.
- Provides school oversight for federal costing regulations by identifying direct and F&A costs.

## SUBRECIPIENT MONITORING

The PI and/or their designee are primarily responsible for monitoring and ensuring that:

- The progress of the subrecipient work scope.
- The amounts invoiced by the subrecipient are commensurate with the work performed and within budget parameters.
- The format and frequency of the invoices adhere the requirements of the subagreement.

## EXPENDITURE MONITORING

- PIs should review each grant's overall financial status no less frequently than quarterly to ensure that:
  - ◊ All such authorized charges benefit the receiving grant.
  - ◊ Resources spent should correspond to scientific progress toward the grant's objectives.

## FACULTY FINANCIAL REPORTING

- The Faculty Financial Reporting system (FFR) provides WU faculty with integrated information from the University's financial systems.
- The FFR provides faculty with :
  - ◊ Budget, Expenditure and Available Balance data on all of your WU accounts/funds.
  - ◊ View access to Co-PI allocations/ accounts in other divisions/ departments/schools.
  - ◊ Drill down capability to reports and detail transactions (including payroll).
  - ◊ Download reports to Excel or PDF formats.
- Faculty can access the FFR 24/7 via the ePARS portal: <https://eparsprod.wustl.edu/ecrt/>

## PROGRESS REPORTING

Most sponsoring agencies require the PI to provide reports about the scientific conduct and technical progress of the project.

The specific reporting criteria and due date(s) are listed in the award notice. For NH & NSF funded projects, the general requirements are as follows:

- Annual Progress Report—due within 45-60 days prior to the start of the next grant period (submitted by PI).
- Final Progress Report—due within 90 days of end of the project period (submitted by PI).
- Final Invention Statement—due within 90 days of end of the project period (initiated by PI and submitted by OSRS).

## EXTERNAL AUDITS & INQUIRIES

- WU will reasonably cooperate with all legitimate and appropriate inquiries from government authorities and other external agencies.
- However, laws and regulations and their enforcement are often complex, and the University may also need to act to protect personal health and financial information and other data/interests .
- Any contact by a government auditor or other third party auditor should be reported at once to the appropriate area-specific compliance office.

## PROCUREMENT CONFLICT OF INTEREST

- WU employees will conduct business ethically and objectively, in compliance with all applicable laws.
- Employees must not accept gifts, entertainment, meals or travel that might directly or indirectly influence the employees' business judgments or decisions, or that might give the appearance of impropriety.

## COST TRANSFERS

The transfer of an expense between two accounts/funds, one of which must be a sponsored fund. Transfers are a means of correcting errors, NOT managing project funds.

- The correction of erroneous charges should be:
  - Documented and signed/approved by the PI or his/her designee.
  - Supported by documentation which provides sufficient information to allow for a clear audit trail. This includes why the transfer was necessary and a detailed explanation - Not just what was done but why the transfer was necessary.
  - Processed within 90 days of when the error was discovered.

## EFFORT REPORTING (ePARS)

WU faculty and staff are required to certify that the salaries charged to sponsored projects are reasonable in relation to the work performed.

The University supports the effort reporting requirements through the online certification of an electronic Personnel Activity Report (ePAR). Certification is completed through the electronic Personnel Activity Reporting System (ePARS).

The ePAR is:

- A measure of the total effort/activity for which an employee is compensated by WU to perform
  - Regardless of the actual number of hours worked
  - Varies from individual to individual
  - NOT based on a 40 hour work week
  - NOT just Monday through Friday
- Faculty/Staff must certify that their effort percentage on a project or activity is

“reasonable” in relation to the actual work performed.

- WU considers “reasonable” to be within +/- five percent points of actual effort.
- Each faculty or staff member should certify their own ePAR. If that individual is not available, a person that has suitable means of verification (a.k.a., Proxy) can certify the ePAR. The Proxy must identify why the certifier is not available in the Comment section of the ePAR.
- Training on effort reporting is required for faculty, and strongly recommended for other University personnel, that work on sponsored funds. The University has developed effort reporting training videos and other reference materials that are available at <https://financialservices.wustl.edu/wfin-topic/sponsored-projects-accounting/personnel-cost/effort-reporting/>

- ePARS training for certifiers and effort coordinators is available at the **ePARS** website: <http://epars.wustl.edu>.

## FACILITIES & ADMIN. (F&A) COSTS

- The negotiated F&A rate is used to recover the certain costs WU incurs for administering research. Examples include:
  - Operating and maintaining buildings and grounds
  - Building and equipment depreciation
  - Administrative & clerical services
  - Accounting, payroll and procurement services
- The PI must utilize the applicable F&A rates in all competitive and non-competitive proposals submitted.
- Normally, the F&A rate should not be applied to the following direct cost items:
  - Equipment
  - Patient care
  - Rental costs of off-site facilities
  - The portion of each subagreement in excess of \$25,000

## OFFICE OF SPONSORED RESEARCH SERVICES

- Reviews and provides institutional signature on proposals, awards, contracts and sub-agreements.
- Functions as liaison between sponsors and PI's in matters of policy, procedures, and regulations.
- Provides communication, education, and training on proposals and awards to the WU research community.
- Reviews and validates account actions as required by award/agreement terms and conditions.

## SPONSORED PROJECTS ACCTG. (SPA)

- Serve as financial intermediaries between sponsors and PI's.
- Provide the institutional signature for financial reports.
- Interpret and communicate sponsor and WU regulations governing incurring, reimbursing, and reporting costs under sponsored agreements.
- Provide communication, education, and training on the financial administration of sponsored projects.
- Reviews and approves FIS/on-line transactions in compliance with WU and sponsor guidelines.

## MANAGEMENT & COSTING GUIDELINES

Washington University and other educational institutions receiving federal funds are to comply with financial guidelines such as:

- 2 CFR 200 Uniform Guidance, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards
- NIH Grants Policy Statement

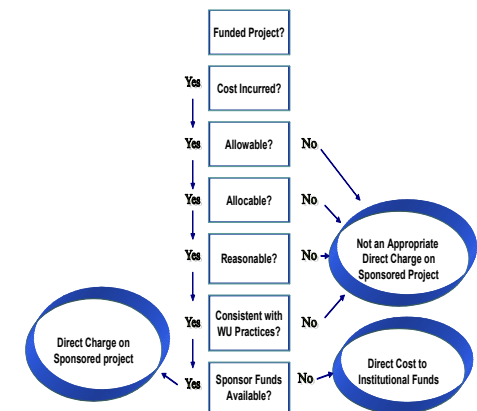
- NSF Proposals and Award Policies and Procedures Guide

The complete text of WU and sponsor financial guidelines regarding sponsored projects can be obtained from <https://financialservices.wustl.edu/wfin-topic/sponsored-projects-accounting/>.

## DIRECT COSTS

Costs that can be identified specifically with a particular sponsored project or that can be directly assigned to such activity relatively easily with a high degree of accuracy.

### Direct Costs Guidelines



- Must be specifically identified with a particular project – Charge it where you used it!
- Must be **allowable** (i.e., certain costs, such as entertainment, may not be charged to a Federal sponsored project under any circumstances).
- Must be **allocable** (i.e., costs must be charged in proportion to their benefit to a particular project).
- Must be **reasonable** (i.e., charging costs to a particular project should reflect the actions of a prudent person).
- Costs must be charged to a sponsored project in a **consistent** manner (e.g., costs normally included in the WU's research F&A

cost rate CANNOT be directly charged to a sponsored project, such as administrative and clerical expense.

### UNALLOWABLE COSTS

- Certain types of costs cannot be charged (directly or indirectly) to federally funded sponsored agreements. This includes:
  - ◊ Alcohol and food
  - ◊ Entertainment
  - ◊ Fines and penalties
  - ◊ Personal use items
  - ◊ Losses on sponsored agreement (deficits)
  - ◊ Charitable donations
- These items should be **excluded** from budget data contained in proposals submitted to Federal agencies.

- Some sponsors have restrictions on other items such as; foreign travel, equipment purchases and consultant fees.

### ADMINISTRATIVE COST

- Administrative costs are generally prohibited from being directly charged to federal grants and contracts. These costs are normally treated as indirect costs and would include:
  - ◊ Salaries of administrative/clerical staff
  - ◊ Office supplies
  - ◊ Postage
  - ◊ Local telephone, fax and data line costs
  - ◊ Pagers and cellular phones
  - ◊ Memberships and professional dues
- The PI should normally exclude administrative costs from proposals submitted to federal agencies.
- The federal guidelines stipulate that administrative costs can be direct charged to a project when exceptional (special/unlike) circumstances exist.

### COST SHARING

The portion of project costs that are not supported by the sponsoring agency but instead paid for by:

- ◊ Department/division or school funds
- ◊ Other non-federal sponsored projects
- ◊ Third Party (In-kind) contributions

Cost sharing includes the following expense categories:

- ◊ Personnel (salaries and fringe benefits)
- ◊ Non-personnel (equipment, supplies, other...)
- ◊ Facilities & Administrative (F&A) costs

A commitment for cost sharing or contributed effort may not be made without the concurrence and approval of the appropriate department/division/school official.

### SALARY SOURCING

- The salaries of faculty, staff and students that are working on a sponsored project should be sourced/charged to the corresponding account/fund .
- The PI or their designee should initiate prospective and retro-active salary sourcing modifications via the HRMS system.
- Updates and revisions to sourcing should be document, as necessary, per HR guidelines and/or department requirements.

### NIH SALARY CAP

The NIH and all other DHHS Agencies restricts the amount of direct salary charged to their grants.

- Direct salary is exclusive of fringe benefits and facilities and administrative (F&A) expenses.
- Compensation for individuals on NIH grants cannot exceed a stipulated rate of pay per year or per academic appointment.
- WU is authorized to use Executive Level II of the Federal Executive Pay Scale as our salary cap.
- Actual salary amounts that exceed the NIH Cap are automatically charged to mandatory cost sharing accounts.

- Refer to <https://financialservices.wustl.edu/wfin-topic/sponsored-projects-accounting/personnel-cost/nih-salary-cap/>

### TRAVEL

- Expenses are reimbursed via a Travel Report form filed within 15 days after completion of the trip.
- The individual traveler and their supervisor must sign the travel report.
- Original receipts must be submitted for **all** travel expenses that are \$30 or more.
- Meals are reimbursed based on actual costs or a daily per diem method. A single method must be utilized for each Travel Report.
- The Fly America Act states that U.S.-flag air carriers should be utilized for foreign travel on federal grants and contracts, regardless of cost or convenience.
- The best way to book the flight is to go directly through a U.S. Flag Air Carrier, but if you have to use a travel website or travel agency, then you should verify that the flights you are purchasing are being issued by the U.S. Flag Air Carrier.
- Fly America Act must be utilized by all individuals that are seeking reimbursement for travel cost from a federally funded project, including trainees, students, consultants, collaborator and/or other non-WU personnel.

### EQUIPMENT

- Defined as a non-expendable item having a useful life of more than two years and an acquisition cost of \$5,000 or more.
- The PI and/or the custodial department must maintain the physical security, safety and storage of equipment items.
- The custodial department is responsible for the input and maintenance of asset information to the Asset System.
- An Equipment Screening Certificate must be completed for equipment purchases that are:

- ◊ \$100,000 or more and charged to a FDP award.
- ◊ \$25,000 or more and charged to a non-FDP award.

### CONSULTANT

A consultant is a particularly well qualified person who is retained as an individual to give professional advice or services for a fee.

- This term includes paid guest lecturers and speakers.
- The consultant may be paid a reasonable fee, that is appropriate considering the qualifications of the individual and the nature of the services to be performed.
- Travel expenses will be reimbursed to the consultant in accordance with WU's Travel Policy.
- The WU Consultant Service Request Invoice (or similar document) should be completed and submitted with each payment to the consultant.

### PAYMENTS TO HUMAN SUBJECTS

A human subject is defined as: a living individual with whom an investigator conducts research to obtain (1) data through intervention or interaction with the individual or (2) identifiable private information.

Human subjects participating in a trial may be remunerated for their time and effort from a sponsored project.

- The payment can be in the form of a check, cash, gift card or any distribution of monetary value.
- The payment amount, distribution method and timing of disbursement must adhere to the applicable portions of the IRB approved protocol.
- Human subject can also receive reimbursement for out-of-pocket expenses incurred as a result of participating in the study, including expenses such as study-related travel, lodging, or meals.