

Documentation Standards Outreach and Education Session

April 25, 2017

Office for Sponsored Research and Award Administration

Aedra McCarthy - Associate Director, Award Compliance and Education

Sandy Cobb - Associate Director, Cash and Financial Management

Documentation Standards

- ▶ What is meant by “Documentation Standards” and how does this apply to sponsored projects?
 - Accounting records must be supported by source documentation
 - May be documents, authorizations, text and written descriptions
 - Relevant documents should be stored in Nolij
 - Sufficient records to provide reasonable assurance that all transactions are properly identified and recorded

Documentation Standards

- ▶ What is meant by “Documentation Standards” and how does this apply to sponsored projects?
 - Information that allows understanding of expense and why it is charged to a specific award
 - Test - would someone less familiar with transaction understand the “why” of the expense instead of the “what you are doing”
 - Written explanations must document all required elements of expense
 - Who will view this record? What does the reader need to understand?
 - Provide enough information without going overboard - is the explanation complete yet concise?

Fiscal Operations Manual

Section 1100: Banner Processes

Processing Rules:

- Text is **required** on all Journal Vouchers. Text must contain sufficient information as to the purpose of the JV transaction, as well as, the name (first and last), and phone number of the person inputting the JV. No text or the lack of clear information will cause the JV to be disapproved. For corrections involving grants and contracts (3GNT rule code), specific detailed information is required. See Grant, Contract & Gift Accounting (GCG) Manual for these requirements.
- Explain in the Description field what the transaction is for. Do not simply enter "See Text." Details should be provided which fully explains the transaction. Use the Text block to include additional information.

Grant, Contract & Gift Accounting Manual

209-08 Cost Transfers/Redistribution

Policy

- Transfers of costs to or from sponsored agreements that represent corrections must be made promptly after the errors are discovered. The transfer/redistribution must be supported by documentation that contains a full explanation of how the error occurred and a certification of the correctness of the new charge. An explanation that merely states that the transfer was made “to correct error” or “to transfer to correct project” is not sufficient.
- The documentation for cost transfers must be retained for the period stipulated in the record retention schedule and be made available for verification during the course of an audit or other review.
- Once a transfer is made, the new source of funding is considered correct. Further transfers of that same cost are not allowable.

Grant, Contract & Gift Accounting Manual

209-08 Cost Transfers/Redistribution

Types of Transfers or Corrections

- Correction of Errors
Correction of clerical errors must be made promptly after errors are discovered. The transfer must be supported by text explaining how the error occurred, i.e.: obvious typographical error.
- Unallowable Cost
If you have been notified by the Office for Sponsored Research and Award Administration that this cost is not appropriate on the grant/contract and is to be paid from state funds, just state that fact.
- Closely Related Work
When closely related work is supported by more than one funding source, a cost transfer may be made between those indexes, provided it is a proper charge and the transfer is supported by an explanation. **(this concept does not apply to salary charges)**

Sources of Documentation Requirements

- ▶ FIS Manual
- ▶ OSU policy documents and guidelines
- ▶ Sponsor-specific guidance documents
- ▶ Grant/Contract terms and conditions
- ▶ Federal regulation, such as Uniform Guidance

General Principles of Expense Documentation

- ▶ All costs on award must be Allowable, Allocable, Reasonable, and Consistently Applied
 - ▶ Is the cost allowable on this award?
 - ▶ If unsure, ask PAM Team for determination (include determination email as documentation)
 - ▶ Was the expense incurred during the performance period?
 - ▶ Has it been allocated according to the **relative benefit** to the award?
 - ▶ Keep records and document allocation methodology if the cost is being split
 - ▶ Is the cost reasonable?
 - ▶ How would it look on the **Front Page** of the newspaper?
 - ▶ Would a **Reasonable Person** agree that this belongs on this award?

General Principles of Expense Documentation

- ▶ Are we consistently applying OSU policies, procedures, rules, and guidelines?
- ▶ Transactions must be processed and posted in a **timely** manner
- ▶ Transactions must be **authorized** by a person with budget authority on this award
- ▶ Documentation for purchases needs to include information about how the vendor was selected to show that we adhered to the appropriate **procurement process**
- ▶ Uniform Guidance requires that we have strong internal controls and documenting these processes demonstrate to auditors and sponsors that we have internal controls in place
- ▶ It doesn't matter who is initiating the JV or LD, the documentation and justification rules apply
- ▶ Ensure that the documentation is accessible and relevant for the successful review of the transaction. (Not need to be “War and Peace”, but complete justification needs to be included)
- ▶ A copy of the JV is not considered appropriate supporting documentation
- ▶ The statement, “Moving from here to here” is not a complete justification

General Principles of Expense Documentation

- ▶ **Original Charges:** (Who? What? Where? Why? When? and How? Use document text and supporting documentation in Nolij to show that each transaction meets the tests above)
 - Invoices
 - Autopays
 - Travel
 - Purchase Orders
 - PCards
 - Pre-Award Costs should be posted to a Pending Index to avoid cost transfer LDs and JVs
 - E & G cost share costs should be posted to a Cost Share Index to avoid cost transfer LDs and JVs

General Principles of Expense Documentation

- ▶ **Cost Transfers: Labor Redistributions and Journal Voucher entries**
 - Requires same documentation standards as above plus inclusion of the Document Number for the original charge (Reference Document in Banner)
 - If not a timely transaction, needs to include reason for delay in processing
 - Cannot transfer lump sums, must be specific expenses
 - Will be reviewed to ensure that the original charge met the tests above, including that it was incurred during the performance period
 - Once transferred, there should not be any time when a second move is required, so long as due diligence is done to ensure that it is correctly posted during the cost transfer
 - Transfers to a prior year transaction will require additional justification and consideration. If they are over 90 days and prior year, it is likely that they will be denied (except to remove from the award)
 - For key personnel effort changes of 25% or more, need email from PAM Team showing effort change reviewed for award compliance and/or pre-approval from sponsor

General Principles of Expense Documentation

▶ Budget JVs:

- High Level Budgeting goal is to keep the Banner budget consistent with the approved budget categories (SF-424)
- Allows for better budget monitoring
- Need email from PAM Team showing budget change reviewed for award compliance and/or pre-approval from sponsor

Let's work through some examples

Example #1

- ▶ Dr. Potter is reviewing monthly expenses and notices research assistant payroll posted to his NSF grant
- ▶ This is an NSF conference grant and does not include any salary support in the budget
- ▶ What information do we need for adequate documentation?
 - How did payroll post to the wrong grant?
 - Where does the payroll belong?
 - Do we need to address how we'll prevent similar errors in the future?

Example #1

- ▶ It is determined that the index number was transposed on the employee's original hiring document
- ▶ Adequate text documentation for correction:

Research Assistant payroll was charged to S1243A due to a transposition error on the original hiring paperwork. The employee work performed was for tree sap research on S1234A, as budgeted.

Example #2

- ▶ Dr. Weasley turns in several receipts for expenses incurred on three of his research projects last summer
- ▶ The expenses are travel, field supplies and a bag of dog food
- ▶ What information do we need for adequate documentation?
 - How are these expenses related and allocable to the indexes?
 - If any costs are split between projects, what was the method for determining each project's share?
 - Why were they not submitted for reimbursement sooner?
 - What is the reason for delay in processing?
 - Dog food?

Example #2

- ▶ Dr. Weasley explains that the field work and supplies are similar to each other but each award funds work in a different region of Oregon. He has bundled the expenses by location and project.
- ▶ Adequate text documentation for expenses:

Reimbursement for field expenses in support of Chinook salmon research funded by USFS, BLM, and ODFW grants. Specific expenses are listed by location and index, as budgeted for each award. Due to extensive travel, the PI did not submit receipts for several months.

Example #2

- ▶ What about that bag of dog food?

- Due to the nature of use on the project, it's allowable. Document unusual or unexpected expenses so that allocability is clear

- ▶ Final explanation for documentation of expenses:

Reimbursement for field expenses in support of Chinook salmon research funded by USFS, BLM, and ODFW grants. Specific expenses are listed by location and index, as budgeted for each award. **Dog food is used as bait for the salmon, as it produces the most consistent response.** Due to extensive travel, the PI did not submit receipts for several months.

Example #3

- ▶ Dr. Granger requests that several charges posted over the last four months be moved from her NIH index to her new CDC index
- ▶ The expenses include lab supplies, reagents, human subject payments and 0.3 FTE of her payroll over the last four months

Example #3

- ▶ What information do we need for adequate documentation?
 - How are these expenses related and allocable to the receiving index?
 - Why were they charged to the original index?
 - Why were they not moved sooner?
 - What action will be taken in the future to prevent posting to an incorrect index? To ensure timely correction?
 - Does the change in PI effort require sponsor approval? Specific documentation?

- ▶ What other questions come to mind?

Example #3

▶ Adequate text documentation for expenses:

Dr. Granger requests that the attached expenses be corrected from index P0556A to P0632A. The project period for index P0556A ended 12/31/2016 and P0632A continues funding for the diabetes research project. The new index was just issued on 4/30/2017 and charges are allowable as of 1/1/2017.

***Note:** When possible, request a pending index for new awards to ensure timely posting of expenses while the award is accepted and set up by OSRAA*

Insufficient Explanation Examples

- ▶ Moving cost to fix error
- ▶ Correcting original charge
- ▶ Sandy told me to move it
- ▶ The charge belongs on this index
- ▶ The previous accountant didn't do it correctly
- ▶ No one looked at the index expenses last summer so we're fixing now
- ▶ OSRAA says I have to move salary
- ▶ There is a different index now
- ▶ There is no money left in the index so PI wants the expense on a different grant

Additional Example Correction Explanations

- ▶ Jane Doe's salary was set up on Dr. Bird's nest project N0254A due to a transposition error. The salary should have been set up on Dr. Lyon's jungle project N0524A. The error was not immediately discovered because Dr. Bird has numerous students assigned to N0254A. To avoid this type of error in the future, payroll charges are now reviewed and confirmed for each individual student, rather than only comparing aggregate salary to date to the project budget.
- ▶ Dr. Lyon's salary distribution is being updated from index N0524A to the continuation project index N0524B created for the current budget year.
- ▶ Dr. Green's salary distribution is being updated from P0123B to P0123C because a new index had to be set up for a change in F&A rate for year three of the grant.