OSRAA Outreach Series

February 29, 2024. Happy Leap Day!

We will begin in a just a few minutes.
Welcome

• Greetings and welcome to the OSRAA Outreach Series! My name is Kacey Parks, and I am the Research Administration Training Coordinator.

• This session is being recorded, and you will be notified via the OSRAA Outreach Listserv when the recording and presentation are ready to view.

• Chat is disabled. Please submit all questions via the Q & A button located at the bottom of your screen. **We encourage you to submit questions throughout the presentation as they come to mind, and we will answer them during the Q&A portion at the end.**

• Please note that when you submit a question in the Q & A, the question and your name will be visible to all participants unless you select “anonymous” before submitting it.
Upcoming Webinars:

- March 14th 10:00am PST: *Subrecipient Monitoring: Proposal to Closeout*
- April 18th 2:00pm PST: *Research Security*
- May 16th 2:00pm PST: *Uniform Guidance Overview and Updates*
- June 20th 2:00pm PST: *Navigating Sponsored Project Changes*

**Reminder**- all webinars are recorded and will be made available on the OSRAA Outreach Webinar page. You can also sign up to register for future webinars.
Documentation Standards for Sponsored Projects

Office for Sponsored Research and Award Administration
Outreach and Engagement
February 29, 2024

Aedra McCarthy, Director of Sponsored Programs Award Management
Heather Toro, Director of Sponsored Programs Financial Management
Alex Sims, Director of Vendor Payment Strategies, Controller’s Unit
Agenda

➢ Documentation Standards – Definition and Purpose
➢ Documentation at Each Stage of Project Lifecycle
➢ Concur Travel Business Purpose
➢ Policy References
➢ Examples and Case Studies
➢ Q&A
What Are Documentation Standards?

Common guidelines that establish the form, type and amount of documentation that is reasonable and appropriate to establish justification for sponsored project management decisions and financial transactions.
What is meant by “Documentation Standards” and how does this apply to sponsored projects?

- As a recipient of externally funded sponsored projects, OSU is responsible for demonstrating a system of internal controls, including documentation standards to confirm sound fiscal stewardship and project management. This includes:
  - Sufficient records to provide reasonable assurance that all transactions are properly identified and recorded
  - Written explanations that document all required elements of expense
    - Questions to consider when documenting
      - Who will view this record?
      - What does the reader need to understand?

Goal: Provide enough information without going overboard - make the explanation complete yet concise.
What is meant by “Documentation Standards” and how does this apply to sponsored projects?

Cost principles determine eligible expenses and are applicable to all sponsored projects:

- **Allowable** – cost is permissible according to the terms and conditions of the sponsored project agreement and in accordance with OSU policies

- **Allocable** – cost provides direct benefit to the project, including allocation methodology when a cost is split between awards

- **Reasonable** – cost is necessary for the performance of project and a prudent person would purchase at the same price

- **Consistently treated** – like expenses are treated the same under like circumstances, including the sponsor paying for the cost either as a direct charge or as part of F&A cost, not both

OSU documentation for sponsored projects must demonstrate these cost principles.
Importance of Ensuring Sufficient Documentation

- Demonstrate responsible stewardship of Sponsored Awards
- Demonstrate compliance with OSU’s internal controls
- Minimize cost disallowances that result in OSU units covering project expenses
Examples of Documentation Standards at Different Project Stages

Proposals

- Budgets and budget justification
  - Institutional base salary
  - Consistent use of approved rates
    - Fringe benefits (OPE)
    - Indirect costs (Facilities & Administration-F&A)

- Subawards
  - Budget compliance
  - Organizational approval (subrecipient letter of commitment)

- Institutional approvals for proposal
- Any other requirements under OSU institutional policy
Examples of Documentation Standards at Different Project Stages

Project Changes – Financial or Programmatic

Rebudgeting, no-cost extension, PI change, new subaward, scope change, etc.

- Award terms dictate how changes must be documented
  - Whether sponsor approval is required and how sponsor authorization is documented
    - Federal sponsor thresholds/specific prior approval requirements
    - Authorized sponsor approvers – varies by sponsor but most federal agencies require grants official in addition, or instead of, program officer
  - Whether OSU has institutional authority for changes – also known as “expanded authorities”
    - Internally documenting approval determinations
    - Compliance with OSU policy and procedures for documentation requirements
    - Ensuring documentation included in grant record (OnBase) or transaction records (JVs, LDs, Concur)
Examples of Documentation Standards at Different Project Stages

Project expenditures

Payroll, Purchasing, Procurement, Travel, etc.

- Accounting records
  - Must be supported by source documentation
  - May be in the form of documents, authorizations, text and written descriptions
  - Relevant documents should be stored in OnBase, BennyBuy, and/or Concur
  - Includes information that allows understanding of an expense and why it is charged to a specific award

➢ Test: Would someone less familiar with the transaction understand the “why” of the expense instead of the “what”?
General Principles of Expense Documentation

All costs on the award must be Allowable, Allocable, Reasonable, and Consistently Applied

➢ Is the cost **allowable on this award**?
  • If unsure, ask OSRAA for determination (use determination email as documentation)
  • Was the expense incurred within the performance period?

➢ Has the cost been **allocated** according to the **relative benefit** to the award?
  • Keep records and document allocation methodology if the cost is split between funding sources

➢ Is the cost **reasonable**?
  • How would it look on the **Front Page** of the newspaper?
  • Would a **Reasonable Person** agree that the cost 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 the award.
- Documentation for certain 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. Keep it concise but complete.
Examples of Documentation Standards at Each Project Stage

Closeout and Audit

- OSU records must include all documentation necessary to substantiate costs associated with a sponsored project
  - Salary and personnel documentation
    - Principal Investigator (PI) directed hiring/appointment of personnel paid on project
    - Labor Distributions include documentation of why effort was redistributed
    - Certified Personnel Activity Reports (PARs) on file to confirm actual effort associated with project payroll costs
  - Other expense documentation records
    - Travel - Concur
    - Procurement - BennyBuy
    - Subawards – OnBase, BennyBuy
### Non-Travel Business Purpose

**Addition by subtraction**

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<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
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<tr>
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<td>Non-Travel Expenses</td>
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<td>Report Start Date</td>
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<tr>
<td>Detailed Purpose</td>
<td>Buying stuff to use for things</td>
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<td>1</td>
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<tr>
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<td>(AAR084) AAR - ApEcon Works</td>
</tr>
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<tr>
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</tr>
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</table>
Non-travel business purpose

Expense Line Item

Expense Type *
Animal Care Supplies (21049)

Transaction Date *
11/16/2023

Vendor Name *
Bob's Burgers

Business Purpose
Expense for athletic events or competitions
None Selected
Expense for athletic events or competitions
Expense for use in a classroom or academic setting
Expense to further alumni and donor relations
Expense to further community outreach & engagement

Currency *
US, Dollar (USD)
Grant justification

Enhanced justification requirements for higher risk Expense Types.

- Grant Index + High Risk Expense Type.
- High Risk = higher likelihood for granting agency to disallow a cost.

New System Audit Rule

⚠️ This expense line item requires justification when charged to a grant. Please provide a comment on how it directly benefits the project being charged.
Sources of Sponsored Project Documentation Requirements

- OSU Policies and Procedures
  - Division of Research and Innovation Policies and Guidelines
  - Division of Finance and Administration Policies and Procedure Manuals
- Grant/Contract Terms and Conditions
- Sponsor-Specific Guidance Documents
- Federal Regulation, such as Uniform Guidance
Division of Research and Innovation (formerly Research Office) Policies Related to Documentation Standards

Located on OSRAA website: https://research.oregonstate.edu/osraa/osraa-policies

- Policy 17-001: Documentation Standards
- Policy 19-002: Cost Transfers on Sponsored Awards
- Policy 19-004: Unallowable Costs
- Policy 16-004: Sponsored Project Labor Distributions
- Policy 16-003: Effort Reporting

➢ Most policies are posted with an associated Policy Guidelines document that contain specific guidance and procedures

➢ Other policies not listed here include documentation guidance for those topics
Division of Research and Innovation Policies Governing Cost Transfers

➢ RO Policy 16-004: Labor Distributions

➢ RO Policy 19-002: Cost Transfers on Sponsored Awards

- Examples of documentation:
  - FOATEXT in Banner
  - Supporting schedules—such as Excel documents and stand-alone reports from independent operating systems
  - Other documents— if specific emails or documents provide a better understanding of the entry, attach those documents to the entry. Previous journal entries that were done incorrectly can provide support on a corrected journal entry
  - Original invoices or other source documentation (i.e. I docs, F docs, IC docs, VM docs, etc.)

- Examples of required approval
  - E-mail from PI directing, confirming, or approving change
  - Detail report signed by PI that includes correction
  - DocuSign Routing/PI signature
Division of Research and Innovation Policies Governing Cost Transfers

- Transfer of costs to or from sponsored projects that represent corrections must be made promptly after the errors are discovered.

- The transfer/redistribution must be supported by documentation that contains explanation of how the error occurred and PI confirmation of the correctness of the new charge. An explanation that states the transfer was made “to correct error” or “to transfer to correct project” is not sufficient.

- The documentation for costs transfers must be retained for the period stipulated in the record retention schedule and be made available for verification during an audit or other review.

- Once a transfer is made, the new source of funding is considered correct. Further transfers of that same cost to another sponsored project are not allowable.
Let’s work through some examples
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?
It is determined that the index number was transposed on the employee’s original hiring document.

Adequate text documentation for the 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.

Have we answered our questions 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?
Dr. Brown turns in several receipts for expenses incurred on three of their salmon research projects over the summer.

The expenses are for field research supplies, including a bag of dog food.

What information do we need for adequate documentation?

- How are these expenses related and allocable to the three 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?
- How is a charge for dog food applicable to salmon research?
Dr. Brown explains that the field work and supplies are similar to each other but each award funds work in a different region of Oregon. They share a list of bundled expenses by location and project.

Adequate text documentation for the expenses:

Reimbursement for field expenses in support of salmon research funded by USFS, BLM, and ODFW grants. Expenses are allocated to each index based on location use, as shown in the backup document. Due to extensive travel, the PI did not submit receipts for several months. The unit and PI have established a process for more timely submission of reimbursement requests in the future.

Have we answered our questions for adequate documentation?

- How are these expenses related and allocable to the three 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?
- How is a charge for dog food applicable to salmon research?
What about that bag of dog food?

- The PI shares via email that dry dog food is used as bait for the salmon, as it produces the most consistent response in research observations.
- The PI’s email explaining the unusual expense and the list of allocation methodology by project location should be included as back up.
- If the backup document includes explanatory information such as this, the information does not need to be restated in the Banner text.

Document unusual or unexpected expenses so that allocability to the project is clear.
• Dr. Granger requests that several charges posted over the last four months be moved from her NIH index to her new CDC index

• Expenses to be transferred between grants include lab supplies, human subject payments, and 0.5 FTE of her payroll during those months.

➢ 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?

➢ What other questions come to mind?
   • Does the change in PI effort require sponsor approval? Specific documentation?
   • Is there an approved protocol on the receiving project for human subject activity?
The PI shares that in order to avoid any delay in getting to work on the new project, her payroll and other expenses were charged to the open NIH grant while waiting for the new CDC award. Since the CDC award was back-dated by the sponsor, the PI and unit knew the charges could be moved once the new award was received and set up at OSU.

The cost transfer is prepared with the following text:

The attached expenses need to be corrected from index P0556A to P0632A. The project period for P0556A ended 6/30/2023 and P0632A continues as of 7/1/23 but the award was late so charges were kept on the PI’s other grant until it was set up.

**Have we answered our questions for adequate documentation?**

- Why were these expenses charged to the original index?
- Why were they not moved sooner?
- How are these expenses related and allocable to the receiving index?
- What action will be taken in the future to prevent posting to an incorrect index?
- Does the change in PI effort require sponsor approval? Specific documentation?
- Is there an approved protocol on the receiving project for human subject activity?
• Additional email follow up with the PI confirms that all charges after 7/1/23 were for work on the new award. The PI confirms that her effort was not reduced on either project, as work had been completed for the expired NIH project and the salary being moved was for work on the new CDC project as budgeted. The PI also provides a copy of the IRB approval email for the new project.

• The cost transfer text is updated to the following:

These expenses are for work that started 7/1/23 on index P0632A. The award was received late so charges continued on a prior index. In the future, a pending index will be requested so expenses can be identified with the correct project as they take place. See attached email for additional information.

Have we answered our questions for adequate documentation? YES – through a combination of text & backup

- Why were these expenses 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?
- How are these expenses related and allocable to the receiving index?
- Does the change in PI effort require sponsor approval? Specific documentation?
- Is there an approved protocol on the receiving project for human subject activity?
Documentation Standards Example #3

Key takeaways for this example:

Whenever possible, request a pending index for new awards or incremental funding to ensure timely posting of expenses while awaiting award acceptance. This prevents rework, posting of unallowable expenses to an incorrect index, and supports timely closeout and reporting on the expired index.

Parking of charges on an incorrect grant index is not allowable – request a pending index or post charges to a non-grant index in the interim. Incorrectly posted expenses can undermine OSU’s internal controls and result in audit findings, expense disallowance, and OSU units and colleges covering costs that should be borne by sponsored projects.

Additional note: If salary charges are moved onto a grant index after the Personnel Activity Reports (PARs) have been issued for that quarter, a revised PAR must be prepared to reflect the correct index for the associated effort. This can be done by marking up corrections on a PAR issued by OSRAA, or completing a Manual Personnel Activity Report for PI certification. (See OSRAA Forms page)
Additional Reference Materials
Fiscal Policy Manual #03-150-111 Journal Vouchers

- 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 in the text will cause the JV to be disapproved.
  - For corrections involving grants and contracts (3GNT rule code), specific detailed information is required. See Cost Transfer Guidelines within OSRAA Policies for these requirements.

- Explain in the Description field what the transaction is for.
  - Do not simply enter “See Text”
  - Provide details that fully explain the transaction
  - Use the Text block to include additional information
General Principles of Expense Documentation

- **Cost Transfers:** Labor Distributions 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 within 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 they will be denied (except to remove from the award).
  - Key personnel effort reductions of 25% or more require documented sponsor approval.
Examples of Insufficient Explanations

- Moving cost to fix error
- Correcting original charge
- Sandy told me to move it
- The charge belongs to this index
- The previous accountant didn’t do it correctly
- No one looked at the index expenses last summer so we’re fixing it 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
- Spending out grant that is ending
Examples of Sufficient Explanations

- Benny Beaver’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. Smith’s salary distribution is being updated from index N0524A to the continuation index N0524B created for the current budget year.

- Dr. Green’s salary distribution is being updated from P0123B to P0123C because a new index was set up for a change in F&A rate for year three of the grant.