FAQs for Expense Verification for Federally-Funded Sponsored Projects

This Frequently Asked Questions (FAQ) document is a companion to RO Policy 20-001 "Expense Verification for Federally-Funded Sponsored Projects" to provide additional clarification on responsibilities and processes.

Frequently Asked Questions

Q.   Why do I have to do this Expense Verification process?

A.   As the lead PI for an award, you have the ultimate responsibility to ensure that all costs charged to your award are allowable, allocated appropriately, reasonable, and directly benefit the project. This tool was developed to provide you with an electronic method that is easy to use and that also provides assurances to OSU's federal sponsors that expenses are being reviewed and corrections are being made in a timely manner. This is one example of an internal control established to ensure compliance as required by federal regulations.

The OMB 2 CFR Part 200 (also known as the Uniform Guidance or UG) requires that each entity receiving federal funding have a set of strong internal controls to ensure that federal funds are used appropriately and that we actively review costs posted to federal awards, particularly in regards to labor charges.

Having documented expense reviews at regular intervals will provide greater confidence in expenses posted to federal awards. This will ensure more accurate reimbursement claims (invoices and draws) and will allow us to transition to a single annual project-based effort certification by the lead PI on only federal awards and away from quarterly reviews by individual workers (PAR forms) for all sponsored projects.

Q.   How will I benefit from this change in process?

A.   The GRS Expense Verification tool is a modern, user-friendly, and streamlined vehicle to provide PIs a quick view of charges that have posted to your grant and an efficient communication tool to ensure timely corrections of identified errors. As the PI, you are responsible for the accuracy of grant expenses and labor allocations on your grants and this tool will allow you to do it quickly. Without this tool, we have no way to demonstrate to external auditors that our PIs take this responsibility seriously and that they are performing regular and timely reviews of their awards.

Also, at this time, PIs must approve all BennyBuy/eProcurement purchases and invoices on their grants, regardless of the dollar amount. This tool will replace these approvals within BennyBuy, allowing grant funds to follow the same approval processes as are used for non-grant funds for purchases up to $5,000.

It is anticipated that this expense verification will take the place of PI approvals of travel and Pcard transactions, again, removing cumbersome PI touches of each transaction. New processes, policies and systems are currently under development by the Department of Finance and Administration Business

Operations Project as Operational Excellence activities, and they have expressed an interest in utilizing this approval tool to streamline those processes as well.

This tool is the cornerstone for our ability to transition to annual project-level payroll certification for federal awards, which will save time for everyone who is engaged in the PAR form process or who must sign PAR forms every quarter for all sponsored projects. The new effort certification process will be online and will be performed annually for each federal grant.

The time saved preparing expense reports for review, and on PAR form processing each quarter will free up resources to support research in other, more meaningful ways.

Q.   **Do I have to do this for all of my grants?**

A.   At this time, the Expense Verification tool is only required for awards funded by the federal government, either as a direct award or as pass-through from another entity. Effort certification is a federal requirement and when we move to a project-based annual effort certification process in GRS, it will only be required on federally-funded awards.

Q.   **Will I be reminded to review expenses on my award indexes?**

A.   An automated reminder will be sent by the GRS system to your OSU email account on a quarterly basis. The message will include instructions and hotlinks to your pending expense verifications.

Q.   **How often is this required?**

A.   Expense verification may be performed monthly and must be completed at least quarterly. In case of non-compliance, the escalation process is described in the PI and BC sections of the Guidelines for Expense Verification for Federally-funded Sponsored Projects document.

Q.   **How will changes be made once I have identified them?**

A.   The BC will investigate the exception and make the appropriate cost transfer and/or adjustments as needed and as discussed with the PI. The change may involve a Journal Voucher, Labor Distribution, just review and explain, or other action. These will be noted in the Expense Exception Resolution section of the screen.

The exception will be cleared in the expense verification tool by recording the JV number, indicating the date that a labor distribution was completed, noting that some other action taken with a text box to record that action, or confirming that the item was investigated and that the transaction is valid, making notes as required. Pressing the Resolve Exception button will clear the exception and complete the verification in the system.

Q.   **Will I have to do anything to complete the verification process after I submit it to the BC with expenses?**

A.   Once you have identified an exception and provided guidance to the BC, the BC will complete the expense verification by recording the steps taken to resolve the exception.

Q.   **What if I discover something that needs to be changed after expenses have been verified? Will I still be able to make changes?**

A.   Generally, changes will not be encouraged after the verification process has been completed, but if changes are identified, additional documentation and justification will be required to show why the

change is now necessary, how it was overlooked during review, and a description of what steps that will be taken to ensure that future late changes are avoided.

Q. **If I have lots of indexes on a single grant (such as 50 or even 100), is there an easier way to review them?**

A. To retrieve a list of expense verifications by PI org or grant number, go to the home page of GRS. In the "Expense Verification" section, click "View all Verifications and Exceptions". On the "Federal Award Expense Verification Administration Dashboard" report page, enter values for any desired search parameters, then click "View Report". Current search parameters are calendar year, month, FOAPAL Index and Org, grant code, PI OSU ID, and expense verification state (ready for verification; exception; verified; or exceptions resolved.)

Q. **I would like to have someone else in my unit review some or all of the expenses and provide feedback before I verify my expenses. Is this possible?**

A. We have provided a view-only option of the verification report that allows someone other than the PI to view the report to provide feedback before approval. Others who have GRS access to your grant indexes may now view the expense verification screens, though they are unable to verify expenses unless they have been given express delegation authorization. This way, you may enlist the assistance of staff to review expenses and provide feedback prior to the verification step.

Q. **Why am I still seeing an index after my award has ended?**

A. If your award has ended, trailing expenses may post until the fund and index are terminated in Banner. If expenses post to your index outside of the performance period, they will be presented to you for review. Please keep in mind that the timing for final claims is limited and that late posting expenses may not be eligible for reimbursement if they fall outside of this closeout period.

One project project having more money available or charging an expense to "use up" remaining funds is not an acceptable methodology. We must be prepared to provide an allocation methodology to our sponsors if requested.

If expenses have posted to your closed award in error, the expense verification tool provides a mechanism to request that the erroneous charges are redirected to the correct index in a timely manner by the BC.

Q. **Why do I need to verify the index if there were no expenses posted this month?**

A. If the award is in an active performance period, and no expenses posted in a month, you will be asked to verify that this is accurate. This way, we know that there was no activity and that no labor or other expenses supporting this award have been misdirected or overlooked.

Q. **What is an allocation methodology?**

A. When sharing a cost between indexes, the amount posted to a grant index must be represent the relative benefit to be received by each sponsored project. The allocation methodology is an explanation of how the split is justified. This could be by tracked use or a reasonable estimate of use of a purchased resource which could be by hours/days/months or some other unit of measure. If two projects will share the resource equally, each should support the expense equally (a 50/50 split), but if one will use the resource more heavily, it must absorb a larger amount of the cost commensurate with the amount of use/benefit it will receive.

One project having more money available or charging an expense to "use up" remaining funds is not an acceptable methodology. We must be prepared to provide an allocation methodology to our sponsors if requested.

Q. **I would like to authorize someone else to do expense verifications for my grants. How do I set up a delegate to do this for me?**

A. A PI may authorize a person with a role of Research Assistant (RA) in the Grant Reporting System to review expenses on their behalf. However, this does not relieve the PI of their responsibility for the accuracy of their grant expenses and labor allocations on their grants. The Research Assistant role has delegated fiscal review authority on a PI's grants, to view grant index reports that have been manually assigned in the Grant Reporting System.

To add an RA in the GRS system, request access to the System using a [Request for Access form](#). Complete the form as directed and under the Grant Reporting & Reimbursement System heading, check the Research Assistant box, and include the Grant Index/Org information under Other.

During the system roll-out, PIs will have the chance to name a delegate for a bulk upload to the system. After that the access request form must be submitted as described above.

Q. **If I set up a delegate, am I still responsible for the completed verification and the posted expenses?**

A. As the lead PI for an award, you will still have the ultimate responsibility to ensure that all costs charged to your award are allowable, allocated appropriately, are reasonable, and directly benefit the project.

Q. **I clicked on a link to view a document, but nothing showed up. How can I verify that expense?**

A. Sometimes the hotlink to the Nolij record will not bring up a document. Documents beginning with IB are created in BennyBuy. At the time of this writing, IB documents are not available in Nolij and only reside in BennyBuy, but there is an active project underway to fix this.

This could just be a timing issue, and J, IC, or Z documents may not have been scanned into Nolij at the time of your review. If you cannot approve the expense based on the description and amount, mark the item as an exception to begin a conversation with the business center about the questioned expense.

Q. **What is effort certification and why do we have to do it?**

A. OMB 2 CFR Part 200 (also known as the Uniform Guidance or UG) requires that we have systems in place to ensure that costs posted to federal awards are consistent with the relative benefit to the supported project. This includes a means to ensure that committed effort is met by key personnel on the award. While they are not prescriptive about how we do this, they are emphatic that we must have strong internal controls and mechanisms in place to ensure compliance.

Effort certification is a process where labor posted to a grant is reviewed and certified as accurate up to an acceptable margin of error. This report reflects total activity for which an employee is compensated (grant and non-grant labor paid at the Institutional Base Salary rate) not exceeding 100%. It represents and confirms the distribution of the employee's salary or wages among the various indexes/programs that the individual works on and is paid from. Federal

Budget estimates alone do not qualify as support for charges to Federal awards, but are used for interim accounting purposes. Records at OSU include both pay amounts and a percentage of effort for the reporting period. OSU has committed to a process of posting and reviewing charges for accuracy.

Currently, OSU uses the PAR form process, which is completed quarterly. The next major goal in this project is to transition from quarterly PAR forms signed by individuals on all sponsored projects to project-based certification to be completed by the PI on an annual basis. This will apply to only federal

awards and will be a further extension of the GRS Grant Reporting System and the GRS Expense Verification tool.

Q. **I am 100% grant-funded and I only have one award in house at this time. What should I do if I am not working on that award 100% of the time?**

A. The time you charge to your grants needs to represent the amount of time worked on them. You will need to charge your other activities to other indexes. Below are some suggestions for your planning and review:

- Estimate the amount of time you have committed and that you plan to spend so it posts directly to the correct grant index when payroll runs.
- If you are doing work that supports a project that has not been awarded yet, request a Pending/Pre-Award Index through your BC/OSRAA. This way, you are able to charge your time to the project(s) that benefit from the effort you are putting in, and no labor redistribution action will be required when the award comes in. Please note that parking costs on one grant that belong on another is not allowed.
- Time spent developing proposals and applying for new grants is not an allowable grant expense and must be charged to a non-grant index.

Q. **Do you expect me to keep track of every hour of time I spend on my research and other projects? Do I have to create a log of "billable hours"?**

A. No, it is not necessary to keep a log or track your hours/minutes doing your work, but it is necessary to reflect on how your time was spent and to ensure that your payroll distribution matches within reason.

It is appropriate and acceptable to budget, review, and adjust your effort (and those working on the award) in reasonable percentage increments of time, recognizing ebbs and flows. For instance, it is reasonable for a person to anticipate spending half of their time on project (50%), to split their time amount 3 or 4 projects (33.33% or 25%), to spend a workday per week on a project (20% - 4 out of 20 days) or to spend one day per month on a project (5% - 1 out of 20 days). If actual work does not reasonably reflect the budgeted amounts, a labor distribution would be initiated by contacting the BC or marking an exception on the expense verification tool.

When auditors see labor distribution entries with percentages to multiple decimal points, they will likely request additional information, as this can be a red flag as it is not possible for a person to reflect on whether they spent time on a project to this degree of accuracy.

Q. **How is project-based annual effort certification different from what we do now? How will it benefit me?**

A. Currently, OSU uses a PAR form process, which is manual and is completed quarterly. It is required for all sponsored programs, regardless of the funding source. The forms are printed in OSRAA and routed to the BC PAR Form Coordinator, who reviews the information and routes the sheets to each person who worked on any grant for review and certification. Forms are routed and signed through DocuSign and, after they are signed, the documents are saved in Nolij as PDF files. There are roughly 11,000 individual PAR forms processed each year.

The next major goal in this project is to transition from quarterly PAR forms signed by individuals on all sponsored projects to project-based certification to be completed by the award's lead PI on an annual basis. This will apply to only federal awards and will be automated through further extension of the GRS Grant Reporting System and the GRS Expense Verification tool.

There are approximately 1900 active federally-funded sponsored projects, which will each require review by the lead PI (or their delegate) within the GRS system on an annual basis. The reminders will be generated by the system through an email with links to the items that are ready for certification. Documentation of the certifications will be recorded in the system, and completion will be monitored through with a process similar to that used for the GRS Expense Verification tool.

The time saved on reviewing, routing, tracking, and filing close to 3,000 individual PAR forms each quarter will free up resources in units, BCs, and OSRAA that will support PIs and their research in other, more meaningful ways.

Q. **Who do I contact if I have questions about this process or my award?**

A. Please contact OSRAA or your BC if you have questions about this process, your award, and posted expenses. We are all here to support the important research being done at OSU and to make sure that we are compliant with all federal, state, and local laws and operating within OSU policies.

Q. **How do I find my Business Center?**

A. The Department of Finance and Administration assigns BC resources and provide guidance about which BCs support which OSU units. A guide is available online at https://fa.oregonstate.edu/osu-shared-services/finding-my-business-center.

Q. **Who participated in the development of this tool and did you get PI and/or BC input on it?**

A. The GRS Expense Verification tool was developed cooperatively with the Department of Finance and Administration Business Operations Project as an Operational Excellence activity, with a work group consisting of representatives from the Office for Audit, Risk, and Compliance, the Controller's Office, Business Center Managers and Finance and Accounting Managers from AMBC, HSBC, BEBC, and FOBC/CEOAS, PIs and Procurement, Contracts, and Materials Management (PCMM), OSRAA and Institutional Analytics and Reporting.

We held PI and BC forums at various stages of development, and we were fortunate to have a group of 20 active PIs participate in a pilot over the last year, and the tool that we are rolling out now is a better product for their enthusiastic input and feedback.