

Michigan State University
Contract and Grant Administration
Post-Award Newsletter- Issue 3 – February 2013
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Michigan State University

Contract and Grant Administration

Post-Award Newsletter

A light-hearted collection of tips, hints and useful information to help you better administer your sponsored research projects.

Breaking News

There is now an object code for Speaker Fees! Please do not use Honoraria object code 6415 any longer to pay speakers. The new object code is 6414.

We have a new email for all subaward questions! If you have a question about the subcontracts associated with your award, send an email to subawards@cga.msu.edu.

Audits and Records and Bears*, oh my!

*Audits and record retention are real concerns. Bears on campus, not so much. You should watch out for the geese though!

There is a very good chance that you either have received, or will receive, an email from someone in CGA notifying you about a spot audit of certain expenses that our office is conducting. It might seem like a strange request, because it will be asking you to document expenses that have already hit your operating statement. You might think, *"They want records of an expense that cleared six months ago now? I barely remember what I had for lunch!"*

There are a variety of expenses that are charged to RC accounts that are not reviewed by CGA when the expense documents are processed, such as, direct billed airfare, p-card expenses, domestic travel, service billings, PSC (domestic) payments, internal billings, etc. Some of these expenses do not have supporting documentation attached in KFS. Instead of having to review each transaction as it is processed, which would be very time consuming for all

of us, CGA picks some transactions randomly to review for compliance.

Again, you might be thinking, *"OK, but isn't the electronic document the official record? Per MSU policy we destroy our original documentation once the expenses hit the operating statement. It's nice; we go outside on Fridays at lunch and make a little fire. Sometimes we roast marshmallows."*

Yes, the electronic document is the official record, however, just seeing University Stores as an expense on the operating statement is not always enough information. Federal audit requirements expect documentation to be maintained explaining how the expense benefits the project. As part of CGA's monitoring role, CGA may ask you specifically what you ordered. For example, they sell very cute temporary Spartan tattoos, and an adorable Sparty bobblehead, and while they will rock at your next tailgate, they are SO unallowable on your grant. Therefore, don't destroy any RC account documentation until you are sure all of it is available in an electronic format that is visible in KFS.

Real life scenario: A Service Billing from the Kellogg Center routes to you for approval. Did you attach the agenda, list of participants and business purpose to the e-doc? You didn't? Then don't destroy those required documents! Only supporting documents that are electronically attached to KFS transactions can be destroyed. If the documents support the expense but are not electronically attached to the KFS transaction, they

need to be retained in the department. Or better yet....attach them to the KFS transaction.

Prior Approvals

You may be thinking, *“What do you mean I need prior approval from the agency to make a change to my project? Isn’t it better to ask forgiveness than to ask permission?”*

Maybe if you are a teenager sneaking in after curfew, or a radio talk-show host making inflammatory comments, you might just ask forgiveness, but not if you are dealing with a Federal agency that has awarded MSU taxpayer money - especially in this economy! So, what changes can you make on your own, and what changes require prior approval? Well, just to keep things interesting, it varies between agencies and depending on whether your award was issued as a grant or contract! For the purposes of this discussion, we are going to focus on Federal grants. When in doubt, please contact the Awards Group, awards@cga.msu.edu.

First and foremost, if whatever it is you are considering doing results in a change to the scope of work, agency approval is needed before making the change. The agency awarded those funds to MSU based on the original scope and may not like it if you turn around and do something else. (The Federal Program Officer may think the change is a great idea but the Federal Grant’s Officer, who issues disallowances, may not!) There are times when it’s appropriate to revise the scope of work, such as when the research results go in a direction you didn’t expect. Just be sure to let CGA know when this happens so that we can request agency Grant’s Officer approval.

Other things that almost always require prior approval:

- Change of PI.

- Significant reduction of key personnel effort (>25%).
- Pre-award costs more than 90 days before the award effective date.
- A second no-cost extension.
- Reallocating participant support funds.

Rules regarding other things, like the addition of a subcontract, an initial no-cost extension, re-budgeting, equipment, foreign travel, etc., vary greatly between agencies. These restrictions are specified in your agreement, usually by reference to that agency’s standard research terms and conditions. Additionally, check out this handy prior approval matrix included below! There is a lot of good information here that we in CGA refer to regularly. You might want to bookmark this one! [Prior Approval Matrix](#)

I Didn’t Know That!

There seems to be a misconception out there about how funds are actually received by MSU. A lot of people seem to be under the impression that when an award is received from an agency, it comes with a very large check attached to it or, perhaps, a briefcase full of cash! This is not the case.

Despite having a group called “Cash Management,” CGA doesn’t really deal with actual cash very often. Sometimes foundation grant funding is paid upon signature, but the vast majority of the grants at MSU are paid on a reimbursable basis. That means we don’t get any money until we spend money. Sometimes, such as with NSF grants, these funds are drawn down from the federal Payment Management System via a Letter-of-Credit. For other awards, MSU submits an invoice to the sponsor requesting reimbursement.

Additionally, the reverse of this is also true. When MSU issues a subaward to another institution, we

do not include a check. MSU reimburses based on actual expenses in most cases.

Helpful tips to get your transactions through KFS in a timely fashion.

- Don't write in all caps. It's difficult to read.
- Use a detailed explanation that describes how the expense benefits the project.
- Include required information, documentation, and detailed notes. Limit acronyms.
- If CGA requests additional information because your transaction initially lacks supporting documentation, please let us know when you add it! If we don't hear from you, with our workload, it might be several days before we look at that doc again.☺
- Ask a colleague to read your justification. If it makes sense to someone unfamiliar with the details of the project, it's probably good.
- In an effort to protect the innocent (well mostly), CGA is now disapproving transactions after 5 business days from our request for additional information, if it has not been received or attached. (Some thought CGA was just sitting on these transactions waiting for a slow day!?)

How are Federal Contracts and Grants different?

At the most basic level, they are similar. They are both legally binding agreements in which MSU agrees to do something in exchange for money. (That makes it sound much more illicit than it actually is!)

Federal grants are assistance agreements and do not usually involve deliverables, except for a report, and the publication of research results is usually encouraged. Grants are governed by OMB Circulars A-21 and A-110.

Federal contracts, on the other hand, are procurement agreements for the exclusive benefit of the

buyer, i.e., the Federal government. They exchange money for specific deliverables, i.e. goods or services. Publications may be restricted and they are governed by the Federal Acquisition Regulation (FAR). They very rarely allow preaward costs and usually cannot be terminated by MSU.

For a more detailed chart on the differences between grants, cooperative agreements and contracts, refer to: [Grants and Contracts - How They Differ](#). Please check it out!

Questions & Answers

I'm so confused about when I need to have CGA sign a travel authorization document/approve a travel advance.

Good news! You don't. Having CGA approve these documents is not a good use of anyone's time. Requirements such as agency notification or approval of travel will be audited at the time of reimbursement. The Manual of Business Procedures has been updated to reflect this change.

CGA approved my document, but Accounting disapproved it. Why did you approve just to have Accounting disapprove?

CGA and Accounting are two different departments that audit expenses based on different criteria. You have to meet the requirements of both the agency and MSU.

I don't like using your group emails; I don't feel like I'm sending my issue to a real person. How do I know someone is actually reading my email?

We do look at all group email in-boxes and, because it is monitored by many people, it is likely to get a faster response than sending your email to an individual. However, you are free to contact whomever you like. We try to respond to all emails within two business days. If you want to contact a specific person, look at our staff list and find an interesting name!

<https://www.cga.msu.edu/PL/HR/OfficeStaff.aspx>

What in the world is a CGA Post-Award Newsletter?

CGA is working to improve communication with campus. If you have questions about anything you have read here, would like to make comments, have a topic or a question you want covered in a future issue, please contact Kristy Smith at smith@cga.msu.edu. Thanks!!!