



MONTHLY FINANCIAL ACCOUNT REPORT REVIEW PROCESS- SCHOOL OF MEDICINE

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What is the best way to monitor my organization's grant funds?

- Run the Discoverer report
“APH6N: Sponsored Programs
Analysis Reports by ORG”

What are the different award types?

- Cost Reimbursement – the sponsor reimburses the institution after expenses are incurred. UVA “draws down” or invoices funds at regular intervals based on expenditures. OSP invoices. Project is BUDGETED up front with awarded amount. This is NOT CASH.
- What do we review?
 - **Deficits** greater than \$100 on all **cost reimbursable** awards
 - **High Burn** cost reimbursable award ending in the current calendar year or prior that are not yet in deficit, but are at risk of going into deficit because they have a low budget balance relative to the amount of time remaining

Award types continued

Event Paid Reimbursement – the sponsor reimburses the institution when specific milestone events or other deliverables are achieved. OSP invoices except for clinical trials/contingent paid/sample testing award types. Funds are installed as they arrive

- What do we review?
 - **Deficits** greater than \$100 on all **event paid reimbursable** awards
 - **Low Burn** cost reimbursable or event paid reimbursable award ending within 6 months with a BBA% of Total Budget $\geq 50\%$ AND Budget Balance before Planned Expenses $> \$5000$. This happens with surprising frequency!
 - Subcontracts to outside agencies that have a high remaining balance. In this case an invoice should be requested from the outside agency so that financial reports can be submitted timely. This also, not so surprisingly, happens a lot!!

Award types continued

At Risk Preliminary or Extension- Where work is being started or continued in the absence of a signed agreement. This allows for expenses to be captured where they belong and for work to continue while the paperwork catches up. These are usually in deficit because funding is not installed until the agreement is finalized.

Note: Use of at-risk extensions is HIGHLY encouraged where work must be continued even though the final agreement is not in place

- What do we review?
 - At Risk accounts that are nearing the end

Award types continued

Contract, Clinical Trials – very variable, can use any of the award mechanisms depending on sponsor terms. Department usually invoices. Funds are installed as they arrive.

- Run the Discoverer report “VD9K: Awards Dept should invoice”

What do we review?

- **Deficits** greater than \$20,000 on all **clinical trial** awards, (but remember deficits are EXPECTED on clinical trials)
- Clinical Trials that have ended or will end within 3 months with large remaining balance
 - Example – NIH Clinical Trial that ended in 2011 with 0 expenditures. Can you see what the problem might be?

Award types continued

- Fixed Price or Advance Payment – The amount the sponsor is going to pay is established in advance. Usually there is not a requirement to return unspent balances to the sponsor for fixed price awards.

Advance Pay Budgets ARE CASH \$\$\$\$

Fixed Price Budget MAY be Cash – you have to check to be sure all funds have been received

- These are the only types of agreements that can be converted to RG funds. RG fund conversion requests will be considered IF

All allocable charges have been expensed to the award

As a note, the department should verify there is not a *significant* (>25%) percentage of the funds remaining and if so prepare a detailed explanation if there is a large residual.

What are the potential pitfalls if the above conditions have not been met?



Always, always, always

- Charge project expenses *where they belong*, from the beginning. This means everything, including PI salary, unless there are good reasons to cost share that expense.
- When you run out of money the project is finished unless the department makes the decision to continue the project and cost share the expenses. This means that the sponsor requirements have been met.
- Make decisions to commit cost share thoughtfully. There are often good reasons to share project expenses with a sponsor, but it should never be done because someone is neglecting their responsibility to allocate charges where they belong



THANK YOU