



COLLEGE OF WILLIAM AND MARY

MANAGEMENT AND COMPLIANCE

SPONSORED PROGRAMS

MANAGEMENT AND STAFF

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Administrators — help to get submissions together- call them first

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WHY ARE WE HAVING THIS PRESENTATION?

Recognition by WM administration of the need to ensure that the College and its faculty and staff are aware of and follow guidelines and regulations.

As a first step, the College is initiating a series of training sessions, beginning with Ethics, Procurement and Sponsored Programs.

Code of Ethics

- Integrity is one of the core values of the College of William & Mary. Thus, we are committed to lawful and ethical behavior in all of the university's activities. At William & Mary, we insist that all members of the university community -- our board members, employees, students, and volunteers -- comply with all laws, regulations, policies and ethical norms applicable to them. More generally, we are to be honest, fair, and trustworthy ourselves and to take care that other members of the university community are also.
- <http://www.wm.edu/offices/compliance/>

(Slide prepared by Kiersten Boyce, Chief Compliance Officer, Title IX/ADA Coordinator)

CODE OF ETHICS (CONT.)

- **Obey laws, regulations, and policies**
- **Protect & preserve university resources**
- **Avoid conflicts of interest**
- **Safeguard confidential data**
- **Make procurement decisions impartially**
- **Maintain effective internal controls**
- **Treat each other with dignity & respect; no discrimination or harassment**
- **Report illegal or unethical conduct for investigation**
- (Slide prepared by Kiersten Boyce, Chief Compliance Officer, Title IX/ADA Coordinator)

COMPLIANCE REQUIREMENTS

- **Accounting/Budget Control**
- **Procurement**
- **Travel**
- **Contracts/Consulting Agreements**
- **Property Management**
- **Time & Effort Reporting**
- **Ethics**
- **Conflict of Interest**
- **Research Compliance**
 - **Protection of Human Subjects**
 - **Responsible use of Animals in Research**
 - **Safety/Biosafety**
 - **Export Controls**
 - **Intellectual Property**

LAYERS OF REGULATION

- **State**
- **Federal**
- **Institutional**

**Procurement/Materiel
Management**

Human Resources

Safety

FUNDING SOURCES

Awards from more than 160 entities

Awards ranging from \$350 to \$5,000,000

Localities – 1%

Private companies – 2%

Virginia state agencies – 6%

Foundations – 9%

Federal government – 82%

AWARDS AND AGREEMENTS

- **Grants**
- **Contracts**
- **Cooperative Agreements**
- **Memoranda of Understanding**
- **Letter Agreements**
- **Fellowships**

MAJOR FUNCTIONS

- **Research**
 - **Basic**
 - **Applied**
- **Instruction**
- **Service**
- **Creative activities**
- **Other activities**

SOURCE OF FUNDS

If the College is a party to the business transaction, the transaction must follow state and university guidelines **regardless of the source of funds**

FUND TYPES

- **State funds** include state general funds (state allocated tax dollars); tuition and other Education and General revenues, auxiliary enterprise revenues, athletics revenues, grants and contract, and funds under the control of the Board of Visitors (even those sometimes referred to a “private BOV funds)
- **Local Funds** including funds beginning with “8,” 1Y, and 2Z.
- **Truly Private funds** include those from affiliated foundations or other private sources. If such funds are used in connection with a contract to which the College is a party, the contract is subject to the College’s contracting requirements.

SIGNATURE AUTHORITY

- Board of Visitors By-Laws delegates signature authority to President, Provost, Vice President for Administration or Vice President for Finance depending on contract type. They have authority to sub-delegate.
- Contracting and Signature Authority Policy
 - **To sign an award document or proposal submission, an employee must have written delegation to do so.**
 - Delegation is granted to specific position & individual and
 - Training is required to receive and retain authority

AUDITS AND REVIEWS

- **Commonwealth of Virginia – Auditor of Public Accounts**
- **Office of Naval Research/Defense Contract Audit Agency**
- **Individual Federal Agencies**
- **State Council of Higher Education (SCHEV)**
- **Joint Legislative Audit and Review Commission**
- **Commonwealth of Virginia – Inspector General**

AUDITS AND REVIEWS, cont.

- **US Department of Agriculture**
- **US Department of Labor**
- **Equal Employment Opportunity Commission**
- **Office of Federal Contract Compliance Programs**
- **US Citizenship and Immigration Services**
- **Virginia/US Office of Safety and Health**
- **WM Office of Internal Audit**

PROPOSALS

PROPOSAL SUBMISSIONS

Information for protocol submissions and training modules:

<http://www.wm.edu/offices/sponsoredprograms/proposaldevelopment/index.php>

Contact your OSP administrator

- **Submit a Routing/Review Form**
- **Send draft budget and proposal for initial review**

PROPOSAL SUBMISSIONS

- Confirm if there is a need for additional permissions for commitments such as:
 - **MATCH/COST SHARE**
 - Course buy-out
 - Student housing
 - Space
 - Special IT support or laboratory equipment
 - CWM Compliance training and funding agency mandated training

When in doubt – *call OSP*

- When an opportunity arises, start by discussing it with OSP.
- When any change is needed or required in execution of sponsored work, it should be submitted via OSP. (e.g., extensions, re-budgeting, change in PI commitment)

BASIC FEDERAL REGULATIONS

- A-21 defines the cost principles applicable to grants and contracts at educational institutions
- A-110 sets forth standards for consistency among federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profits
- A-133 sets forth standards for consistency in audits of organizations spending federal awards

Links to all these Circulars are on the OMB website:

http://www.whitehouse.gov/omb/circulars_index-education/

NEW FEDERAL REGULATION – THE UNIFORM GUIDANCE

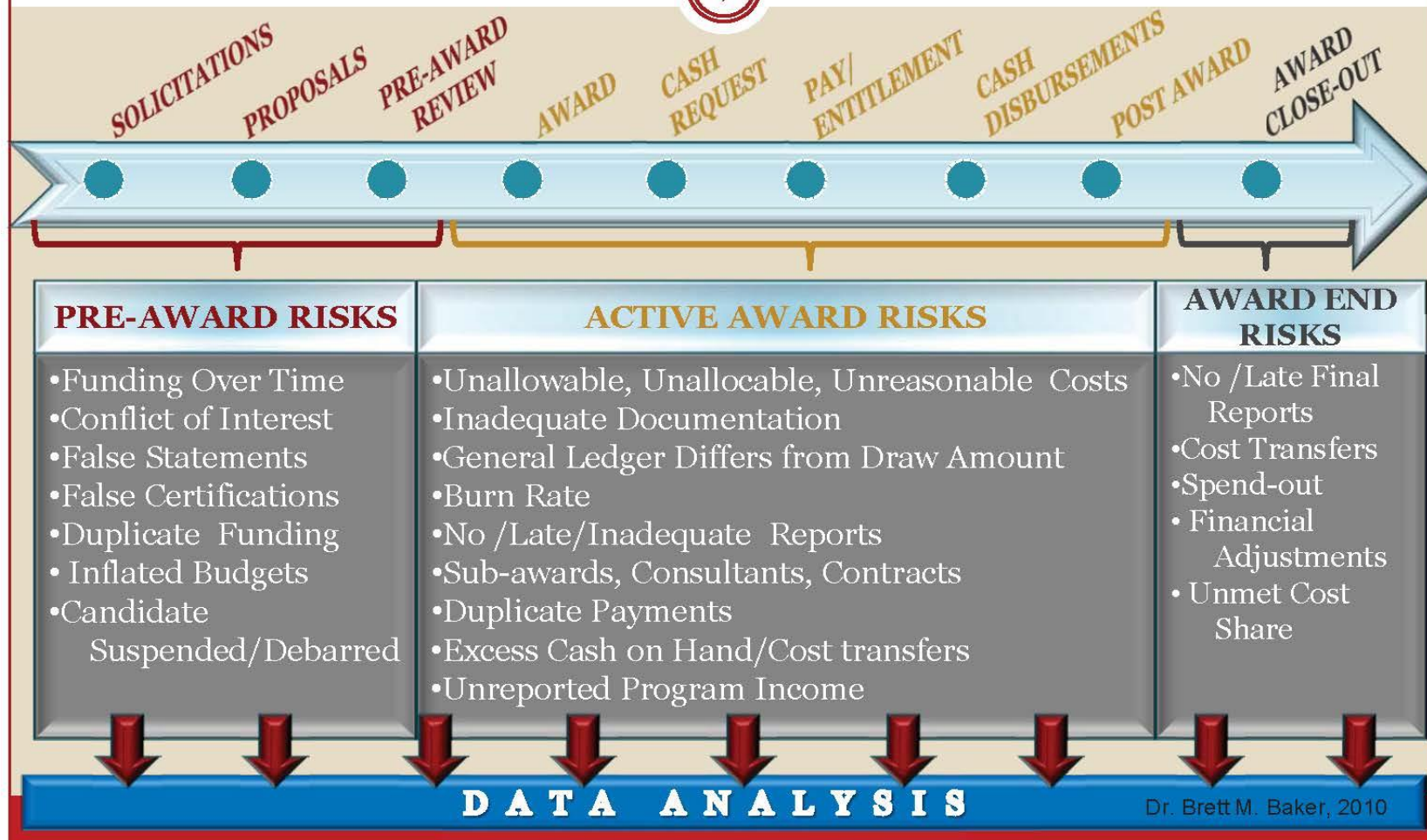
- http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

Effective for awards received after 12/26/14



End to End Process for Grant Oversight

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What are grantees responsible for?

- **Safeguarding all assets**
- **Spending funds in accordance with the authorized purpose**
- **Developing and implementing systems to ensure proper stewardship of funds**
 - **Financial management systems**
 - **Procurement systems**
 - **Time & effort reporting systems**
 - **Monitoring activities**
 - **Adherence to terms & conditions of award**

Compliance Pitfalls

- **Unallowable costs**
- **Misallocation of costs**
- **Excessive cost transfers**
- **Inaccurate effort reporting**
- **Inadequate subrecipient monitoring**
- **Administrative & Clerical costs**
- **Noncompliance with Assurances and special terms and conditions of award**
- **Delinquent closeout reporting**

MANAGEMENT TOOLS

- **Financial Management System - Banner**
 - **Review**
 - **Reporting**
- **Procurement – eVA, SPCC**
- **Human Resources – PeopleAdmin**
- **Research Compliance –**
 - **CITI Training**
 - **Protocol and Compliance Management Database**

MANAGING DIRECT EXPENSES

- **WHAT?**
- **HOW?**
- **WHEN?**

WHAT SHOULD BE CHARGED TO SPONSORED PROGRAM FUNDS?

A cost should be charged to a sponsored agreement **ONLY if:**

- (1) it is incurred solely to advance the work under the sponsored agreement;**
- (2) it benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods**

2 CFR §200

- **Be necessary and reasonable for the performance of the Federal award**
- **Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.**

Is the requested expenditure:

- **Allowable?**
- **Allocable?**
- **Reasonable?**
- **Consistent?**

Are adjustments/corrections:

- **Accurate/reasonable?**
- **Timely?**

IS IT DIRECT OR INDIRECT?

- **A direct charge is one that meets all the criteria to be charged directly to a grant or contract.**
- **An indirect charge is one that should be supported by the institution.**
- **At WM, direct means it can be charged to an index beginning with 7**
- **Indirect means institutional funds, usually an index beginning with 1 or 8.**

F&A (INDIRECT) EXPENSES

Common F&A Type Expenses:

- **Administrative and Clerical Salaries**
- **ITS Communications Charges**
- **Local Telephone and Internet Charges**
- **Cellular Telephone Charges**
- **Dues and Memberships**
- **Office Equipment (Facsimiles, Copiers, Printers)**
- **Computer Desktop/Laptop Purchases**
- **Books and Periodicals**
- **Paper Supplies and Envelopes**
- **Lab Coats and Laundering**
- **Annual Safety Cabinet/Hood Certifications**
- **Entertainment**

“UNLIKE CIRCUMSTANCES”

“Unlike circumstances”: A cost normally treated as an F&A cost may be appropriate as a direct cost on a federally sponsored project if:

- The cost is allowable (defined as necessary, reasonable, and allocable) and permissible under the law, terms and conditions of the award, and the circumstances are “unlike”
- Unlike circumstances may be determined by the nature of the project
- The project is considered a “major project”
(Note: There are some projects that are not considered “major” but may still qualify as “unlike circumstances.”)

NON-FEDERAL AWARDS

- **Many non-federal sponsors do not fully reimburse the College for its F&A costs. In recognition of this practice, it may be allowable to have these non-federal projects directly pay for costs which are normally F&A costs if:**
 - **the terms and conditions do not specifically prohibit such costs; and**
 - **a benefit exists to the sponsored project.**
- **While some state awards appear to be state funded, Federal pass-through awards received from a state agency must be treated as Federal Funded (may not be easily identifiable)**

PROCUREMENT

PROCUREMENT PROCESSES

- **Use of eVA/State/VASCUPP Contracts**
- **Use of Small Purchase Charge Card**

DIRECT PAYS & REIMBURSEMENTS

- A direct pay occurs when an item or service is purchased outside the procurement system and an invoice is presented to Accounts Payable for payment.
- A reimbursement occurs when individuals use their own funds to purchase a good or service and then request the College to pay them back.
- Either should be only used as exception for **emergencies, not as daily business practice**
- Not a short-cut to avoid use of EVa, Banner, or SPCC
- Only specific categories of items may be purchased using these methods
- Accounts Payable will screen for appropriateness of purchase

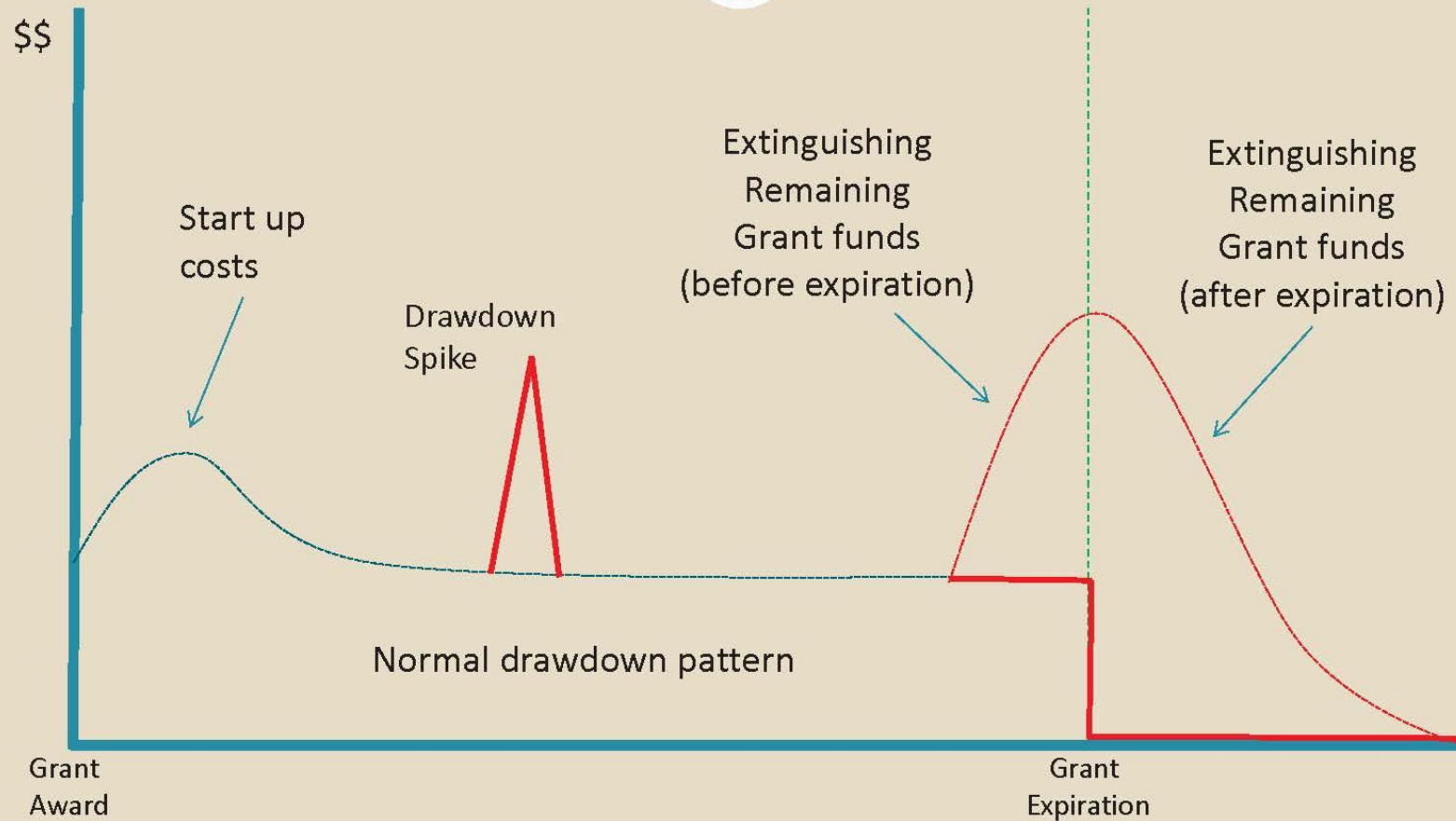
SUPPLIES AND MATERIALS

- **Must be necessary to perform the project**
- **Auditors are very aware of “last minute” supply expenses**
- **The federal government mandates that when there are residual supplies valued at more the \$5,000, the supporting agency should be reimbursed**



Anomalous Drawdown Patterns

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Dr. Brett Baker
AIGA, NSF-OIG

EQUIPMENT - ACQUISITION

- **Defined as any item valued at more than \$5,000 and must be certified for research use**
- **General use equipment should be covered by institutional funds.**
- **Special requirements for federal-funded equipment:**
 - **Cost/Price Analysis**
 - **Competition**
 - **No unnecessary items**

EQUIPMENT - DISPOSITION

- **Equipment purchased with institutional funds BELONGS TO THE INSTITUTION**
- **Federal Guidelines – “step-down approach” after the award period**
- **Coordinate w/Property Office**
- **No “Do It Yourself” disposal**

TRAVEL

- **Must be an integral part of the project**
- **Must be within state and agency guidelines**
- **Agency may have more stringent requirements than the state such as:**
 - **Fly America**
 - **Limits on meal reimbursements**

PARTICIPANT COSTS

- **Must be segregated from other project costs**
- **Employees may not be included as participants**
- **Usually budgets may not be re-allocated to support costs for non-participant expenses**

SUBCONTRACTORS/SUBRECIPIENT S

- Subcontractors are vendors and **MUST** be selected using the Commonwealth's Guidelines through the Office of Procurement
- Subrecipients are part of the grant application process are included in the award received from the funding entity. Subrecipients receive an award document from the College and are subject to audit (OMB Circular A-133) by the College and the funding agency.

Engage a Contractor; Hire an Employee

What's the Difference?

- **An Independent Contractor:**
 - Operates under a business name
 - Performs a specified task or provides a specified work product in a specified period of time
 - May have his/her own employees
 - Invoices for work completed
 - Has more than one client
 - Has own tools and sets own hours
 - Keeps business records
- **An Employee:**
 - Performs duties dictated or controlled by others
 - Performs multiple, on-going tasks
 - Is given training for work to be done
 - Works for only one employer

Please contact HR and/or Procurement for advice prior to entering into an agreement.

MONITORING AND ACCOUNTING REVIEW

- **Federal requirements for each project:**
 - **Separate account should be established**
 - **ALL expenses must be documented**
 - **Program Income must be identified and accounted for**
 - **Actual expenses should be periodically compared with budget**

CORRECTIONS AND ADJUSTMENTS OPERATING EXPENSES

- **Should be identified and corrected within 90 days**
- **Must have full justification for change**
- **Must be reviewed and approved by department's financial manager and OSP**
- **More than 90 days after initial posting must also have approval of the Dean**
- **Use the JV Correction Request Form**

HUMAN RESOURCES

- **Classification and Compensation**
- **Hiring and Advertising Positions**
- **Effort Certification**

HUMAN RESOURCES

- **All Personnel Positions at the College are subject to the same process, guidelines and benefits**
- **The source of funding does not affect the selection, classification or pay scale of the employee**
- **Employees paid by Sponsored Projects are required to confirm and certify their effort three times each year (June, September, January)**

FEDERAL MANDATE

As recipients of federal funding, educational institutions must abide by 2 CFR § 200.430, providing confirmation that reporting charges related to “compensation for personal services” on federal grants and contracts. That requires:

- **An effort certification system that includes all employee activities(100% effort)**
- **Confirms effort after-the-fact**
- **Requires certification to be performed by an individual who has first-hand knowledge to verify that the work was performed**
- **Requires certification to be encompassed in the institution’s official records**

WILLIAM & MARY PROCESS

- Anticipated personnel expenditures are included in the proposal submitted to the funding agency
- Planned expenditures are distributed within the Banner HR system by submission of a completed Personnel Action Form (PAF) indicating index(es) and percentages **PRIOR** to scheduled payroll dates

EFFORT CERTIFICATION

- **Effort certification is the process used to verify total professional activity including research, teaching outreach and service, administration and other activities.**
- **Total effort must equal 100%**
- **Not based on a standard 40 hour work week**
- **Salary distribution is based on a reasonable estimate of anticipated effort**
- **Does not include outside activities (e.g., external consulting)**

EFFORT CERTIFICATION

Effort certification verifies:

- **Effort supported (paid) by a sponsored project has been performed as promised, and**
- **Effort expended in support of a project but not paid by the external sponsor has been performed as promised (cost sharing)**

RATE OF COMPENSATION

- Effort included on the effort report should include 100% of the individual's total professional activities as covered by the individual's Institutional Base Salary.**
- Base salary should not change as the number of grants a PI has increases or decreases. Institutions are not permitted to make salary adjustments solely based on the number of grants an individual has.**

CERTIFICATIONS

- **Certification forms – generated at the close of each semester for all CWM faculty, salaried staff and students charged to sponsored projects**
- **Reviewed and certified by the individual or supervisor having FIRST-HAND knowledge of the employee's activity.**
- **Forms should be returned within 30 days of receipt.**

SUMMER SALARY

Charges for summer sponsored activities must be consistent with the level of effort provided during that time period and must be charged at the rate of Institutional Base Salary.

We are aware that the “summer semester” form may be confusing since the system automatically includes the portion of the faculty member’s 9-month salary paid during the summer. (9 month/24 pay)

CORRECTIONS AND ADJUSTMENTS PERSONNEL COSTS

- If changes or corrections are necessary, a revised distribution will be submitted through Banner HR and a revised form will be generated.**
- Changes requested after signed certifications have been submitted must be made in writing and approved by the appropriate Dean.**

OTHER TYPES OF COMPENSATION

- **SUPPLEMENTARY PAY** – may be awarded by the College for assigned duties of a limited duration that are outside the expectations of the faculty member's contract such as:
 - Service as a Department Chair or Center Director
 - Additional classroom teaching
 - Internally awarded research projects

EXTERNAL PAID EMPLOYMENT

Professional activity undertaken by a faculty member wherein an individual is not acting as an employee of the College and receives compensation directly from a party outside the College

Governed by guidelines in the William and Mary Policy on External Employment and the Faculty Handbook