

Administering Non-Labor Expenditures on Sponsored Projects

Office of Sponsored Programs



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Overview



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Purchasing Goods & Services

- Sponsored projects often have budget restrictions
- Review award document for terms and conditions and award budget prior to charging expenditures
 - These will determine if costs are allowable on a particular award
- Determine if the costs are direct expenditures (DE) or indirect expenditures (IND)
- If there are questions whether an expenditure is allowable under a specific sponsored project, contact OSP
- Confirm transaction details with PI
- Initiate paperwork for charging appropriate fund(s) in a timely manner



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Sample Award Budget

	YEAR	YEAR	YEAR	YEAR	TOTAL
	ONE	TWO	THREE	FOUR	
C. CONSULTANTS					
1. Consultants	12,000	12,000	12,000	12,000	48,000
Dr. Adam Owen	20,000				20,000
Yanlei Shi	5,000	5,000	5,000	5,000	20,000
IND fee for services					
TOTAL CONSULTANTS	37,000	17,000	17,000	17,000	88,000
D. TRAVEL					
1. Domestic Travel	3,000	3,000	3,000	3,000	12,000
2. Foreign Travel					
TOTAL TRAVEL	3,000	3,000	3,000	3,000	12,000
E. SUPPLIES					
1. Technical and Laboratory	38,208	58,874	57,709	58,198	212,989
TOTAL SUPPLIES	38,208	58,874	57,709	58,198	212,989
H. OTHER INDIRECT COSTS					
1. Tuition & Fees					
- In State Tuition					
- Out of State, if applicable					
- SEP @ \$100 FT or \$60 FT (SEP = number of students * number of semesters)					
2. OSHA Health Insurance (Enter Number of OSHA's)					
\$3.03/day - Based upon \$10,000+ salary level	3,705	3,705	3,705	3,705	14,820
3. OSHA PPE - 175 days x 1 person x 1 entry/day x \$37					
4. OSHA room fee - 175 days x \$140 per day					
5. Animal per dem					15,000
6. Animal costs					5,000
7. Subcontracts					
IND Fee 25%	25,000	150,000	150,000	150,000	575,000
IND Above 25%		150,000	150,000	150,000	450,000
TOTAL OTHER	160,558	160,824	161,179	161,532	644,113
TOTAL DIRECT COSTS	343,840	346,169	348,883	357,822	1,436,683
I. FACILITIES & ADMINISTRATIVE COSTS					
Original Research Cost					
12.5% MTDC (On-Campus, OR) F115-16	110,253	97,787	99,530	124,813	432,383
TOTAL COSTS	654,693	642,955	648,480	633,636	2,580,081



Sample PI Report Budget

PI	Grant	Fund	Project	Acct Pooled Budget Level	Funded Amount	
	202	202	NSF	70000	Other Direct Expenditures	3,000.00
				73400	Consulting Services	12,000.00
				73600	Subcontracts (25K or Less)	25,000.00
				73700	Subcontracts (GT 25K)	50,000.00
				73800	Travel	10,000.00
				76000	Equipment	15,000.00
				78500	Tuition and Stipend	3,500.00
				78525	Graduate Health Subsidy	2,500.00
					Direct Total	121,000.00
				79000	Indirect	26,000.00
					Indirect Total	26,000.00
					Total	147,000.00



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Indirect Costs



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What are Indirect Costs?

- Also known as Facilities & Administrative Costs (F&A)
- Costs that are incurred for common or joint objectives
- Cannot be identified readily and specifically with a sponsored project, an instructional activity, or any other institutional activity
- Recovered as a means for reimbursing the University for administrative services and facilities that support sponsored projects



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Examples of Indirect Costs

- Salaries & fringe benefits for administrative staff (not DE)
- Operation & maintenance costs (e.g., electricity, building repairs, equipment repairs)
- Office telephone
- Department printer
- Office Supplies
- Postage
- Books
- Membership Dues



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F&A Rates

- Rates negotiated on a three year cycle with the Office of Naval Research
- Current Rates can be found at <https://osp.gmu.edu/?s=f%26a&submit=Go>
 - Examples:
 - On-campus research (non DOD) 57.0%
 - Off-campus research adjacent 27.7%
 - Off-campus research remote 26%
 - On-campus DOD Contracts 59.7%



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Costs (mostly) Excluded from F&A

- Tuition
- Subsidized Graduate Student Health Insurance (SGHI)
- Fellowships
- Participant Support
- Portion of any subcontract in excess of \$25,000
- Equipment over \$5,000
- Space Rental
- Sponsor specific items



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Indirect Calculation Sample

Pooled Budget Level	Pooled Budget Desc	Funded Amount	Expenses To Date	Commitments	Avail Amount
61100	Faculty Salaries	23,487.00	5,470.88	18,023.04	-6.92
61130	Faculty Special Payments	30,064.00	14,680.66	0.00	15,383.34
61190	Graduate Assistants	32,000.00	7,135.92	433.25	24,430.83
61900	Fringe Benefits	9,508.00	2,179.69	5,531.27	1,797.04
73400	Consulting Services	50,000.00	19,814.88	29,675.12	510.00
73800	Travel	8,400.00	5,849.00	0.00	2,551.00
73800	Subcontracts (25K or Less)	25,000.00	25,715.00	4,335.00	-5,050.00
73700	Subcontracts (G1-25K)	163,625.00	71,563.55	92,061.44	0.00
70300	Other Direct Expenditures	2,074.00	171.47	0.00	1,902.53
78500	Tuition and Stipend	23,700.00	9,870.00	0.00	13,830.00
		367,858.00	162,451.06	150,059.12	55,347.82
79000	Indirect	82,142.00	36,862.93	0.00	45,279.07
Grand Total		450,000.00	199,313.99	150,059.12	100,626.89

Indirect Calculation	
Total Labor & Direct Expenses	367,858.00
Items excluded from (Indirect) F&A	187,325.00
Adjusted Amount	180,533.00
Indirect F&A Rate	45.50%
Indirect F&A Costs	82,142.00



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Indirect Distribution Sample

- For an award that generates \$10,000 in indirect, a typical on-campus research distribution is as follows:

29.40%	University	\$ 2,940
34.30%	Provost	\$3,430
2.00%	BRL	\$200
17.15%	School/College/Institute	\$1,715
6.86%	Department/Center	\$686
10.29%	PI/Co-PIs	\$1,029

- The above % distribution may vary
- OSP will enter the distribution as approved on the proposal routing form
- The BRL only receives a portion on sponsored research charging the full negotiated F&A rate for on-campus research



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When can an Indirect Cost be Charged Directly?

- Costs generally considered indirect cannot be charged directly to a federally sponsored project unless the following three criteria apply:
 1. The project has characteristics that make it one of “different purpose and circumstance”
 2. The cost can be specifically identified with the project with a high degree of accuracy
 3. The cost is identified in the budget and approved by the sponsor



PI's Indirect Org

The PI's recovered indirect funds are used to

- Support travel
- Purchase equipment
- Support students
- Other traditional research expenditures

MicroStrategy Reports

Administrative – Shared Reports – Department Reports – OSP – Billing – Grant Indirect Cost Distribution Analysis



Direct Costs



What are Direct Costs?

- Costs that can be:
 - Identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity
 - Directly assigned to such activities relatively easily
 - Assigned to such activities with a high degree of accuracy



Examples of Direct Costs

- Salaries & fringe benefits for effort on award
- Equipment
- Travel
- Consulting services
- Lab supplies
- Publication costs
- Tuition
- Subsidized Graduate Student Health Insurance (SGHI)



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What can be Directly Charged to a Project?

- All four criteria must apply for a cost to be charged directly to a federally sponsored project:
 1. Allowable under both the provisions of Uniform Guidance and the terms and conditions of the specific award
 2. Allocable meaning it can be associated to a project with a high degree of accuracy
 3. Reasonable meaning it reflects what a “prudent person” would pay in like circumstances
 4. Consistently treated across the University in the same or like circumstances



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Steps for Charging DE

- Review the budget
 - Are there sufficient funds to make the purchase?
 - ✓ Check the fund's available balance and if not, a guarantee org will be needed
 - Is the purchase budgeted?
 - ✓ Check the budget and if not, determine if a rebudget (internal or sponsor) or prior approval from the sponsor is needed
 - ✓ Is the purchase allowable and allocable to the project?
 - ✓ Is it reasonable to make the purchase under the circumstances?
- Review the period of performance (POP)
 - Is the purchase within the award start and end dates?



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When is OSP Review Required?

- OSP provides a review/approval of the following direct expenditure transactions prior to being sent to General Accounting, Accounts Payable, or Purchasing:
 - Food and Beverage (F&B) Payments
 - Journal Vouchers (JV) with **Federal awards** greater than \$200
 - Petty Cash Requests
 - Purchase Orders (PO) greater than \$25,000
 - Scholarship/Fellowship Requests
 - Telecom Requests
 - Tuition
- OSP will forward/route the documents to the appropriate office after review/approval
- Other transactions not listed are reviewed on a Post Audit basis by OSP



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What is reviewed by OSP?

- Available Funds (\$)
- Available Budget and Allowability (B)
- Period of Performance (P)



Pre-Award Spending

- Some awards allow for pre-award expenditures to be charged directly
- If the award terms do not reference allowability of pre-award spending, contact OSP as a request will need to be made to the sponsor
 - Example: A major piece of equipment must be purchased prior to the award start date
- Should be noted on any paperwork submitted



Tracking DE Cost Share

- Review award budgets for direct expenditure cost share
 - DE expenditures not charged directly to a sponsored project
- Confirm cost share expenditure with PI(s)
- Identify org where cost share expenditure is charged
 - Included on proposal routing form
- Submit paperwork or JV with activity code(s) to track expenditures associated with sponsored project(s)
 - Activity codes are assigned to sponsored projects during award set-up and included in OSP award letters
 - ✓ 00 followed by last four digits of fund number for federal award activity code
 - ✓ 99 followed by last four digits of fund number for non-federal award activity code



Types of Transactions



Transaction Types

- eVA Purchase Orders & Invoice Payments
- Purchase Card Payments
- Payment Requests
- Wire Transfer Requests
- Honorarium Payments
- Petty Cash Requests
- Food & Beverage Payments
- Tuition
- Subsidized Graduate Student Health Insurance
- Scholarship Payments
- Fellowship Payments
- GMU Chargebacks
- Travel Reimbursements



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Transaction Codes

- Fxxxxxxx** Chargeback
 - Mail / Telecom / Copy Center / Patriot Tech / SGHI
- Ixxxxxxx** Invoice
- Jxxxxxxx** Journal
 - JP P-Card transactions
 - JG Tuition Workflows
 - J Individual initiated Journal
 - JL FAST uploaded Journals
- Encumbrances will show the 7 digit PO number
 - eVA orders (1234567)
 - Subcontracts **E2043221, E2043222, MOD952**
(E/fund number/each subcontract will be numbered sequentially)



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eVA Purchase Orders

- Most goods and services are required to be purchased via eVA, Virginia's electronic procurement system
- Review award document and budget prior to making purchases
- Ensure appropriate fund number and account code are used
- Remember to enter an activity code if purchase is to be cost shared
- Upload required backup documents
- Most purchases made through eVA integrate with Banner Finance and generate an immediate encumbrance
- See <https://fiscal.gmu.edu/wp-content/uploads/2017/07/eVAManual.pdf> for full GMU policies and procedures



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Invoice Payments

- Invoices are sent directly to Accounts Payable (AP)
- eVA PO number should be listed on the invoice for payment
- AP requests email certification of receipt or approval of payment
 - Confirm items were received and everything is correct including fund to be charged
- Once an invoice is paid, the PO encumbrance will be reduced by the invoice amount and posted as an expense in Banner

Summary by Fund		Labor Detail by Account		Labor Detail by Employee		Labor Commitments		Direct Expenses	
August 5, 2018 Start Month: End Month:									
Fund: 203		Org Desc: CCSA Grants & Contracts		Account Group L3: Direct Expenditures					
Pooled Budget Level: Total Total									
Pooled Budget Level	Acct	Document ID	Transaction Date	Transaction Desc	Expenses Between Start and End Month		Commitments Between Start and End Month		
Consulting Services	73442	Research Consulting	11	8/4/20	Research, K.	6,000.00		(6,000.00)	
			22	7/23/20	Research, K.	0.00		36,000.00	
		Total				6,000.00		30,000.00	
	Total					6,000.00		30,000.00	
						6,000.00		30,000.00	

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Purchase Card Payments

- Review award document and budget prior to making purchases
- Maintain a Monthly Purchase Log to track expenditures
- Ensure appropriate fund number and account code is used when allocating transactions in Bank of America Works and do so in a timely manner to avoid defaulting to **74093 Suspended P-card Transactions**. FISCAL SERVICES USE ONLY. Used as a default account for P-card purchases that aren't coded to a specific account code at the time the charges post to Banner. The charges should be cleared to the correct account code by journal voucher (JV)
- Remember to note an activity code if purchase is to be cost shared
- Maintain all back-up documentation for P-Card transactions (records must be maintained for 10 years when charging sponsored funds)
- See <https://fiscal.gmu.edu/wp-content/uploads/2017/09/P-CardManual.pdf> for full GMU policies and procedures (most recent version is September 2019)



Payment Requests

- Designed to facilitate and expedite requests for payment in specific situations as listed on the form

Use of this form is limited to payments that are one of the following types (check one):		Optional Tracking #: _____
<input type="checkbox"/> Reimbursements (excluding travel, food/beverage expenses)	<input type="checkbox"/> Conference Registrations	
<input type="checkbox"/> Payments to US Dept of Homeland Security or US Postal Svc	<input type="checkbox"/> Other (pre-approval required; see instructions)	

- Review award document and budget prior to making purchases, appropriate itemized receipts should be submitted (60 days of purchase date)
- Ensure appropriate fund number and account code are used on the form
- If purchase is to be cost shared, be sure to include the activity code on the form
- See <https://fiscal.gmu.edu/wp-content/uploads/2017/04/Reimbursements-Guidelines.pdf>



Honorarium Payments

- One time payment that is a token of appreciation
- Paid to an individual who is not a Mason employee or student for a special and non-recurring activity or event for which no payment is required
- There is no contract, the fee is not set or negotiated by the recipient, and cannot be paid to a third party
- Needs to be included in award budget
- Include a detailed description of service performed on the form; letter of invitation and independent contractor evaluation form are also required
- See <http://fiscal.gmu.edu/accountspayable/process-honorarium-payment/> for procedures



Petty Cash Requests

- Payments made to **research subjects** for purposes of recruitment or encouragement for participation in the project study
- Needs to be included in award budget
- Use the Petty Cash Request Form and maintain a Petty Cash Expenditure Log to track disbursements
- Must have an active IRB (Institutional Review Board) Protocol associated with the project
 - Include approved protocol number on form
- Start and end dates for the petty cash funds must be within the award period of performance and within the approved IRB protocol dates
- See <https://fiscal.gmu.edu/accountspayable/request-petty-cash/> for procedures





Purchase Gift Cards with PCard

- Payments made to **research subjects** for purposes of recruitment or encouragement for participation in the project study
- Needs to be included in award budget
- Must have an active IRB (Institutional Review Board) Protocol associated with the project
- Colleges implement procedures differently, please check for internal policies and procedures
- See <https://fiscal.gmu.edu/wp-content/uploads/2018/08/Gift-Cards-for-Research-Subjects-Payment-Guide.pdf> for procedures



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Food & Beverage Payments

- “Business meals are not an allowable charge on federally sponsored funds.” University Policy Number 2102
- Provide detailed information on form for F&B to charge sponsored awards:
 - Purpose of event
 - List of attendees and their affiliation
 - Justification as to why F&B belongs on award
- F&B **must** be included in award budget
- See <https://fiscal.gmu.edu/training/obtain-training-materials/> for procedures



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Tuition for GRAs

- Tuition can only be charged to an award when the associated Graduate Research Assistant (GRA) appointment salary is paid from the same award
 - If GRA is being paid from more than one funding source, tuition should be charged proportionally to the salary
 - If GRA appointment changes funding sources or is terminated, tuition charges should be moved accordingly
- Enter tuition request in Banner Workflow
 - Confirm GRA appointment in comments
 - Mandatory Student Fee may be included
 - Ensure correct term is used
 - ✓ 2019**7**0 Fall Semester
 - ✓ 2020**1**0 Spring Semester
 - ✓ 2020**4**0 Summer Semester



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Tuition for GRAs

- Tuition is excluded from F&A
- Non-resident GRA may be eligible for in-state tuition rates
 - Full-time Doctoral or M.F.A (Master of Fine Arts) program
 - \$10,000 or more per AY (full time 20hrs/week) assignment covering both Fall and Spring semesters
 - Tuition waiver or tuition grant to support full-time load
- If non-resident student leaves position early, out-of-state tuition may be reinstated
- See University Policy 6003 <https://universitypolicy.gmu.edu/policies/in-state-eligibility-for-doctoral-and-mfa-students/> for full GMU policy and additional information



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Subsidized Graduate Health Insurance

- GRAs may be eligible for SGHI
- SGHI is charged proportionally based on where GRA appointment salary is charged
 - Posts when semi-monthly pay posts during the academic year
 - If GRA appointment changes funding sources or is terminated, confirm SGHI charges move accordingly
 - ✓ Only automatic during academic year, needs to be done manually over the summer
- SGHI is excluded from F&A
- See <https://provost.gmu.edu/academics-and-research/graduate-education/subsidized-graduate-health-insurance> for full GMU policy and additional information



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Scholarship Payments

- Aid in the pursuit of the student's studies or related research
- No work component
 - Otherwise, must be processed through payroll
- Needs to be included in award budget
- Attach award letter provided to student outlining the scholarship to the Request for Scholarship Payment Form
- See <https://fiscal.gmu.edu/wp-content/uploads/2017/11/Payments-to-Students-Guide-Detailed.pdf> for procedures



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Fellowship Payments

- Pay externally funded fellowships to graduate students, has no work component
- Qualifying awards, must meet basic eligibility criteria
 - <https://universitypolicy.gmu.edu/wp-content/uploads/2013/01/Policy-6001-and-6003-Procedures.pdf>
 - Student also receives 5 hour (0.25 FTE) \$4,000 assistantship assignment for GA eligibility
- A sponsored fund may be established
- Stipends and expenses that involve a student reimbursement will be processed through AP using the Externally Funded Fellowship Payment Form (updated May 2019)
- Tuition support provided as part of the fellowship should be processed through Banner Workflow (tuition grant)
- Reference and guide for payments to Students:
 - <https://fiscal.gmu.edu/wp-content/uploads/2017/11/Payments-to-Students-Guide-Detailed.pdf> for procedures
 - <https://fiscal.gmu.edu/wp-content/uploads/2017/11/Payments-to-Students-Flowchart.pdf>



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GMU Chargebacks

- Several departments bill automatically
 - Bookstore
 - Facilities
 - Mail Services
 - Patriot Computers
 - Print Services (copy center, copy cards)
 - Telecom
- If there are questionable charges, contact the above department directly
- Review award document and budget to confirm that charges are appropriate as direct costs versus indirect costs



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Travel Reimbursements

- Review award document and budget to confirm if domestic and/or foreign travel is budgeted and allowable
- If sponsor pre-approval is required, contact OSP
- Ensure appropriate account codes are used depending on the location of the travel:
 - 73830 Airfare, Domestic – Except AK & HI 73890 Domestic Conferences
 - 73895 Airfare, Domestic – AK & HI only 73891 Foreign Conferences
 - 73894 Airfare, Foreign
- Note: 73893 Employee Training Travel account code can not be used for sponsored funds – work with the Travel Office to prepare a JV to correct account codes
- See <https://fiscal.gmu.edu/wp-content/uploads/2013/11/TravelManual.pdf> for procedures



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Fly America Act

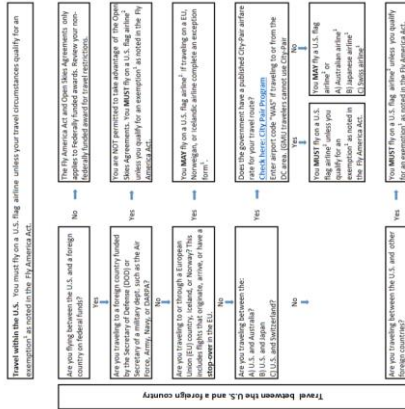
- When federal funds are used, provisions of the Fly America Act are applicable and travel is restricted to a U.S. air carrier unless extenuating circumstances apply
- International travel will route (workflow) to OSP for approval on federally sponsored awards
- Please use the Fly America Decision Tree <https://osp.gmu.edu/wp-content/uploads/FAA-Decision-Tree.pdf> to determine if flights meet the federal requirements at the booking stage. The “Certification of Exception to Fly America Act” and supporting documentation will be need to be uploaded in TRS if required.



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Fly America Act: Decision Tree

George Mason University "FLY AMERICA AND OPEN SKIES AGREEMENTS" DECISION TREE



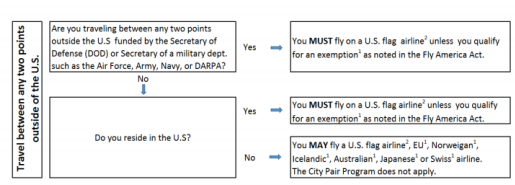
Click here to complete the "Certification of Exception to Fly America Act" form. Service performed by U.S. flag airline, as indicated on ticket, or under code-sharing arrangement which identifies the U.S. flag airline's designator code and flight number on ticket document. For example United Airlines UA708 operated by "Thai Airline".

See page 2 for travel outside the U.S.

Revised 10/17

Fly America Act: Decision Tree

George Mason University "FLY AMERICA AND OPEN SKIES AGREEMENTS" DECISION TREE



¹ Click here to complete the "Certification of Exception to Fly America Act" form.

² Service performed by U.S. flag airline, as indicated on ticket, or under code-sharing arrangement which identifies the U.S. flag airline's designator code and flight number on ticket document. For example United Airlines UA708 operated by "Thai Airline".



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Fly America Act: Exception Certificate

George Mason University Certification of Exception to Fly America Act

This form is a statement executed by the traveler justifying the use of a foreign flag air carrier for travel charged to a federally sponsored project.

Instructions: Complete this form and include it with backup documentation submitted with your Travel documents.

1. Check the appropriate allowable exception:

Used if foreign air carrier is a matter of necessity due to medical reasons

Used if foreign air carrier is the only air carrier available for the flight

Used if foreign air carrier is the only air carrier available for the flight

Used if foreign air carrier is the only air carrier available for the flight

Used if foreign air carrier is the only air carrier available for the flight

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2. Certification of Traveler

Traveler Name: _____ Flight Number: _____

Travel Sponsor / Parent Sponsor (if applicable): _____

The use of _____ between _____ and _____

Name of Foreign Flag Air Carrier: _____ Airport or City Designation: _____

Date of Travel: _____ (When necessary as indicated above)

OSP Approver: _____

Signature of Traveler or Authorizing Official: _____ Date: _____

Form 10/17

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What is Participant Support?

- Direct costs for items such as participant stipends or subsistence allowance, travel allowances and registration fees paid to or on behalf of participants or trainees in connection with conferences, or training projects
- Participant Support must be detailed in separate line items of the proposed and awarded budget
- Excluded from F&A
- A separate fund will be set up for participant support costs on an award for accounting purposes
 - Participant support account codes should ONLY be used on a participant support fund



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Who is a Participant?

- A non-Mason employee who is a recipient of a service or training session associated with a workshop, conference, seminar, symposium, or other information sharing activity funded by a sponsored award
- Participants are beneficiaries of the event and do not perform work or services for the event or for the benefit of the award or institution
- A Mason student who is employed in a non-research position may be a participant



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Participant Support Costs

Account Code	Definition	How to Process	Comments
73641 – Participant Services Excluded from F&A	TOEFL exam fee, event registration fees, group (field trip) travel	eVA, PCard	Purchase following purchasing policies and procedures.
73865 – Participant Travel Excluded from F&A	Reimbursable domestic airfare, lodging, transportation to and from event, parking, subsistence allowances	Travel Request System (for reimbursement to participant), PCard (if airfare only)	In TRS be sure to check the box for participant support travel.
73867 – Airfare, Foreign, Participant Excluded F&A	Airfare for travel to or from a foreign country	Travel Request System (for reimbursement to participant), PCard (if airfare only)	Foreign travel must comply with Fly America Act (FAA). In TRS check the box for participant support travel. Use FAA decision tree for flight compliance.
78583 – Participant Allowance Excluded from F&A	Payment to help defray personal expenses such as meals, incidentals and transportation costs incurred by a participant	Participant Support Allowance Form	



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Participant Support DOES NOT Include

- Participant support costs do not include the following
 - Event support costs (room rental, AV, etc.)
 - Event catering
 - Research subject payments
 - Travel, F&B, or other costs for PI and other Mason faculty/staff involved in the project
 - Honoraria or fees for speakers, lecturers, consultants
 - Workshop materials and supplies
 - Reimbursement to participant employers (i.e. cost of substitute teachers)



Participant Support

- Monitor the project – verify charges are posted to the correct fund and account codes
- Tax Reporting
 - US Citizens/Permanent Residents \geq \$600
 - Non Residents: <http://fiscal.gmu.edu/wp-content/uploads/2015/07/Travel-Reimbursements-to-Foreign-Nationals-2015.07.24.pdf>
- Rebudgeting
 - Rebudgeting funds out of participant support requires prior approval



Participant Support

- Fiscal Services Step-by Step guide
 - <https://fiscal.gmu.edu/accounts payable/pay-participant-support/>
- OSP Participant Support Guidelines
 - <https://osp.gmu.edu/wp-content/uploads/Participant-Support-Quick-Guide.pdf>



Subrecipient Payments



What is a Subrecipient?

- A non-federal entity that receives a subaward from a pass-through entity for the purpose of carrying out a portion of a federal award
- Creates a federal assistance relationship with the subrecipient
- Does not include an individual that is a beneficiary of such program
- May also be a recipient of other federal awards directly from a federal awarding agency



Determining Who is a Subrecipient

- Characteristics which support the classification of the non-federal entity as a subrecipient include when the non-federal entity:
 - Determines who is eligible to receive what federal assistance
 - Has its performance measured in relation to whether objectives of a federal program were met
 - Has responsibility for programmatic decision making
 - In accordance with its agreement, uses the federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity
- Entities that include these characteristics are responsible for adherence to applicable Federal program requirements specified in the Federal award



Subrecipient Process

- Identified in budget
- OSP will negotiate the terms of the agreement
- OSP will set up the encumbrance on the appropriate sponsored fund
- Subrecipient will invoice GMU
- PI will monitor work and approve invoices received
- Encumbrance will be reduced by the amount of the paid invoice



How is Indirect is Charged on Subawards?

- Indirect costs are normally applied to the first \$25,000 of each subaward (some sponsors may have other terms & conditions)
- If a sponsored award has multiple subawards, each subaward will be charged indirect on the first \$25,000
- Amount over \$25,000 will not be assessed indirect
 - Example: Subaward A is for \$75,000
 - ✓ \$25,000 will incur indirect
 - ✓ \$50,000 will not be charged indirect



Subaward Pooled Budget

▶ Pooled Budget Level	▶ Pooled Budget Desc	▶ Funded Amount	▶ Expenses To Date	▶ Commitments	▶ Avail Amount
▶ 81100	Faculty Salaries	222,951.00	190,228.84	6,856.75	26,765.61
▶ 81130	Faculty Special Payments	60,021.00	42,948.12	13,072.40	24,000.48
▶ 81190	Graduate Assistants	56,840.00	42,103.61	3,702.89	11,033.70
▶ 81300	Classified Salaries	25,000.00	11,544.93	0.00	13,455.07
▶ 81400	Wages	0.00	39,551.34	0.00	-39,551.34
▶ 81500	Other Personnel Payments	0.00	574.33	0.00	-574.33
▶ 81900	Fringe Benefits	78,822.00	54,938.98	2,104.33	21,578.69
▶ 73800	Travel	18,937.00	8,929.58	0.00	10,107.44
▶ 79000	Equipment	0.00	5,795.49	0.00	-5,795.49
▶ 73900	Subcontracts (25% or Less)	50,000.00	41,479.35	0.00	8,520.65
▶ 73700	Subcontracts (GT 25%)	110,000.00	115,000.00	20,000.00	-25,000.00
▶ 70000	Other Direct Expenditures	126,578.00	84,073.45	0.00	72,504.55
▶ 79500	Tuition and Stipend	0.00	16,340.00	0.00	-16,340.00
		788,848.00	613,507.80	45,736.17	109,705.03
▶ 79000	Indirect	286,864.00	206,749.67	0.00	79,238.33
▶ Grand Total		1,054,933.00	820,253.47	45,736.17	189,943.36

Subaward A = \$100,000

Subaward B = \$60,000

- \$25,000 each in 73600 (indirect charged)
- Remaining \$75,000 of A and \$35,000 of B in 73700 (indirect not charged)



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Contractor Payments



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What is a Contractor?

- An entity that receives a contract, which is a legal instrument by which a non-federal entity purchases property or services needed to carry out the project or program under a federal award
- For the purpose of obtaining goods and services for the non-Federal entity's own use
- Creates a procurement relationship with the contractor



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Determining Who is a Contractor

- Characteristics indicative of a procurement relationship between the non-federal entity and a contractor are when the non-federal entity receiving the federal funds:
 - Provides the goods and services within normal business operations
 - Provides similar goods or services to many different purchasers
 - Normally operates in a competitive environment
 - Provides goods or services that are ancillary to the operation of the federal program
- Entities that include these characteristics are not subject to compliance requirements of the federal program as a result of the agreement, though similar requirements may apply for other reasons



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Contractor Process

- Identified in budget
- Cannot be a GMU employee
 - See <http://fiscal.gmu.edu/wp-content/uploads/2013/09/IndependentContractorEvaluationForm.pdf>
- Submit eVA PO and **upload required documentation**
 - See <https://fiscal.gmu.edu/knowledge-base/consulting-services/> for procedures
- Contractor will invoice GMU
- Encumbrance will be reduced by the amount of the paid invoice



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Journal Vouchers



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What is a JV used for?

- Correcting errors on posted transactions
- Transfer posted transactions from one funding source to another
- Reclassify posted transactions
 - Correct account code
 - Correct transaction description
 - Add activity code for cost share
- Expenditure recovery for services rendered between internal GMU offices



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JV Process

- Fund or org and account code to be charged (debited/ +)
- Fund or org and account code to be relieved of charge (credited/ -)
 - Should match what is currently posted
 - Include original Reference (transaction code)
 - Include original Date Posted for transaction
- Remember to include an Activity Code if transaction is to be cost shared
- Include a transaction description that clearly states what the transaction is for
 - This is what will show in Banner
- Include a detailed explanation as to the reason the expense is being transferred
- If expense is transferred to a federally sponsored project, questions 1 & 2 must be answered



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Sample Electronic JV

Journal Voucher Entry - FGAJVCD

Document Number: J01 Submission: 0 Document Total: 2,000.00

Journal Voucher Document Header

Transaction Date: 27-Jul-2010 Document Total: 2,000.00
 Distribution Total: Incomplete
 Document Status: Banner
 Create Source: Banner

Transaction Date: 27-Jul-2010
 Reversal Date
 NSF Checking
 Defer Edit
 Document Text Exists

General Text Entry - FGAJTEXT

Type: JV Code: J01 Default Increment: 10

Text	Print	Line
1. Lab supplies temporarily charged to indirect org while awaiting award to be fully executed and set-up in Banner.	<input type="checkbox"/>	10
	<input type="checkbox"/>	20
	<input type="checkbox"/>	30
2. Award 202 was set-up in Banner on 7/20/2010 and reagents were used in initial data analysis for start of project.	<input type="checkbox"/>	40
	<input type="checkbox"/>	50
	<input type="checkbox"/>	60
Reference: I0321654 dated 6/29/2010	<input type="checkbox"/>	70



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Sample Electronic JV

Transaction Detail - FGAJVCD

Document Number: J01 Submission: 0 Document Total: 2,000.00

Status: Postable Sequence: 1 Journal Type: XSR Interfund Rule Code for CARS

COA	Index	Fund	Orgn	Acct	Prog	Actv	Locn	Project
1		202	1	74410	20100			

Percent: Amount: 1,000.00 Debit/Credit: Debit NSF Override

Description: Lab Supplies- Reagents/JS Bank Code: 12 Deposit:

Encumbrance Number: Item Number: Sequence: Action: (None) Commit Type:

Document Reference: Budget Period: 01 Accrual Indicator Currency:



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Sample Electronic JV

Transaction Detail - FGAJVCD

Document Number: J01 Submission: 0 Document Total: 2,000.00

Status: Postable Sequence: 2 Journal Type: XSR Interfund Rule Code for CARS

COA	Index	Fund	Orgn	Acct	Prog	Actv	Locn	Project
1		10111	1	74410	10100			

Percent: Amount: 1,000.00 Debit/Credit: Credit NSF Override

Description: Lab Supplies- Reagents/JS Bank Code: 12 Deposit:

Encumbrance Number: Item Number: Sequence: Action: (None) Commit Type:

Document Reference: Budget Period: 01 Accrual Indicator Currency:

Journal Voucher Summary - FGAJVSUM

Document: J01 Submission: 0 Transaction Date: 27-Jul-2010 Document Total: 2,000.00

Status	Sequence	Type	COA	Index	Fund	Orgn	Acct	Prog	Actv	Locn	Transaction Amount	Debit/Credit
Postable	1	XSR	1		202	1	74410	20100			1,000.00	Debit
Postable	2	XSR	1		10111	1	74410	10100			1,000.00	Credit

Sample Correction

- Original charge on org then moved to fund via JV:

Account	Account Desc	Reference	Date	Description	Amount
74410	Lab Supplies	J01	07/27/20	Lab Supplies-Reagents/JS	(1,000.00)
74410	Lab Supplies	I0321654	06/29/20	Reagents	1,000.00

- Charge moved from org to fund:

Account	Account Desc	Reference	Date	Description	Amount
74410	Lab Supplies	J01	07/27/20	Lab Supplies-Reagents/JS	1,000.00



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Cost Transfers for Direct Expenditures



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Cost Transfer Policy

- Ensure compliance with federal policies and guidelines related to the transfer of expenses to federally funded sponsored projects
- Defined as a transfer of expenses to a federally funded sponsored project for a transaction previously recorded elsewhere
- All cost transfers must be approved by OSP
- See <http://universitypolicy.gmu.edu/policies/cost-transfer-policy/> for full policy details



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Reasons for Cost Transfers

- The federal government recognizes that there are instances when it is appropriate to transfer expenditures to a federally sponsored project if:
 - There is sufficient justification
 - The transfer is done in a timely manner
- Appropriate reasons include:
 - Allocate costs that benefit more than one project
 - Correct erroneously charged expenses
 - Transfer pre-award costs
- Should occur infrequently



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Cost Transfer Approval

- Cost transfers will only be approved in extenuating circumstances such as the following:
 - A new sponsored fund was created under the same sponsored award with concurrent budget periods and no restrictions on carryforward between funds
 - Award set-up delayed because of late award notice (transfer of costs incurred elsewhere need to be done within 60 days of the establishment of new fund)
 - Failure of another department or central office to take corrective action (submitting department should show documentation indicating continued follow-up efforts)
- The following are not considered appropriate extenuating circumstances:
 - Administrative oversight
 - Absence of PI or departmental staff
 - Shortage of staff
 - Lack of experience of staff



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Cost Transfer Form

- Form is not required if the transfer is 119 days or less from the original posting transaction date of the expense in the Banner financial system to the date JV is received in OSP
- Form is required if the transfer is 120 days or more from the original posting transaction date in Banner to the date JV is received in OSP
 - Form should provide a clear and detailed explanation for the cost transfer
 - Sufficient supporting documentation should be included



Fiscal Year End Deadlines

- GMU fiscal year (FY) ends June 30th
- Controller will post a memo prior to fiscal year end with cut-off dates for processing cost transfers
- Transfers that involve direct expenditure charges incurred after the deadlines outlined in the memo will require prior approval from the Controller before processing
- OSP will review all prior fiscal year transactions that impact sponsored funds before submitting request to Controller
- Additional information and/or documentation may be requested for the prior fiscal year transactions (such as reconciliations)



Best Practices

- Expectation that all PIs and responsible departmental staff charge the correct sponsored project initially
- The PI or designee with direct knowledge of the sponsored project must review and monitor the sponsored project on a regular basis to ensure:
 - Expenditures are charged appropriately
 - Errors are identified in a timely manner
 - Appropriate corrective actions are taken within the specified timeframe



Monitoring Direct Expenditures

- Regularly review the direct expenditure transactions charged to each sponsored project
 - Is the amount and account code charged correct?
 - Are any transactions missing?
 - Do you need to move any transactions off of the sponsored project?
 - Confirm all JVs were processed
- Correct errors in a timely manner
- Monitor budget lines/balances



Reconciliation

- Regular reconciliation and review/ monitoring of sponsored project expenditures will eliminate the chance for disallowed cost transfers
 - University Policy 2114 requires that all sponsored funds be reconciled at least every two months, but monthly reconciliation is strongly encouraged
 - See <http://universitypolicy.gmu.edu/policies/reconciling-departmental-and-sponsored-fund-accounting-records/> for full GMU policy



Unacceptable Practices

- At no time should sponsored project funds be used as a holding account for charges that are known to belong elsewhere
- Not monitoring/reconciling projects
- Rotation of charges among projects
- Charging projects based on available budget
- Charging budget, not actual amount
- Charging projects in advance of when cost is incurred
- Charging indirect costs as direct costs
- Describing a cost as something other than what it is



Questions?

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