Mount Sinai School of Medicine

Sponsored Projects Accounting

Commonly Asked Questions

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- **When re-budgeting for a modular grant at what point do we actually need to get the permission from NIH for the changes to the grant?**

Grantees are required to allocate and account for costs related to their awards by category (natural classification of expense) within the school's accounting system.

- NIH allows flexibility to re-budget for unforeseen situations.
- All prior approvals must be requested 30 days prior to the planned expenditure.

Prior Approval is required in the following situations: -

- Significant re-budgeting requires prior approval.
- Generally, deviation from a direct cost category by more than 25% of the award.
- For example, current year total award (DC+F&A) $200,000, 25% of the award $50,000,
- Any deviation that is more than $50,000 in the above example requires NIH's prior approval.
- The Base for calculation excludes carryovers but includes supplementary awards.

Commonly Asked Questions

- Prior approval is required for re-budgeting that causes a change in the specific aims of the project.

- Other prior approval requirements are included in the School's Grant policies on the Finance Website (137-D).

- The request for prior approval must be submitted as soon as the need for re-budgeting is identified. Prior approvals -must be approved prior to incurring expenditures, not after.

Commonly Asked Questions

- **If a PI takes a leave of absence from a grant, what is the window that is allowed before we need to notify the NIH?**

There is no grace period for notifying the sponsor of a leave of absence. The sponsor should be notified immediately of the absence or possible absence of a PI. The notification requirements are for a change in status, including absence of the Principal Investigator and/or other key personnel identified in the award letter.

The grantee is required to notify the GMO in writing:

- if the PI, or key personnel specifically named, withdraws from the project entirely.
- is absent from the project during any continuous period of 3 months or more.
- reduces time devoted to the project by 25 percent or more from the level that was approved at the time of the award; for example, a proposed change from 40 percent effort to 30 percent or less effort.

NIH must approve any alternate personnel arrangement proposed by the grantee, including any replacement of the PI or key personnel named in the NGA.

Commonly Asked Questions

- **Can administrative salaries be charged to NIH Training Grants?**

Funds are provided to defray training grant costs such as **staff salaries**, consultant costs, equipment, research supplies, staff travel, and other expenses directly related to the training program. Funds are requested and awarded as a lump sum on the basis of the predetermined amount per predoctoral and postdoctoral trainee approved for support. Levels are published in the *NIH Guide for Grants and Contracts.* Interested applicants should consult the program announcement regarding the specific level for programs such as the short-term training program, the MARC U*STAR program, or the COR program.

Commonly Asked Questions

- **If a PI budgeted for computers and then chooses to purchase additional computers, because of theft, is that a problem?**

Purchasing new computers to replace stolen computers and charging both the new and stolen computers to the grant is unallowable. The replacement computers should be charged to institutional/departmental fund. Any loss in excess of $250,000 may be recoverable through the School's property insurance policy.

Commonly Asked Questions

- **Explain non-competing continuation vs. competing continuation.**

NIH typically awards grants for 1-5 years, to be re-authorized at the beginning of each budget period. For a five year award, years 2 - 5 are called non competing continuation, because there is a commitment from NIH to fund these years without an additional peer review.

If the PI applies for funding for year 06, it would be a competing continuation. The application undergoes a peer review and competes against other grant applications.

Commonly Asked Questions

- **Consultant Agreements: For a Mount Sinai PI serving on a VA grant – who is responsible for keeping the consultant agreement on file? Which office specifically?**

- The faculty member and the department are responsible for maintaining documentation for the consulting agreement. The Compliance Office should be consulted when the potential for conflict of interest exists.

- For faculty with joint appointments at the VA and MSSM, a Memorandum of Understanding, (MOU) indicating how the faculty member's effort is allocated at both the VA and MSSM is required to be maintained by the MSSM department. A sample MOU is available on the School Finance website under the Time and Effort Policy # 174.

Commonly Asked Questions

- **How are the financial ledgers best used to effectively monitor grant finances?**

Four financial reports are available on Sinai Central:

- GLM 402 Fund Budget Report – Summary of the budget vs. actual costs of the grant (direct costs only).
- GLM316 – Account Detail Transaction Display –lists current month and project to date expenses.
- GLM 185 – Salary Projection Report –lists all personnel and the percentage of effort for the reminder of the budget period.
- GLM 180 – PO Status Report –lists all purchase orders issued and remaining unpaid balances.

These reports should be reviewed each month by the PI/administrator following the Monthly Expenditure.
Review Checklist that is available on the School Finance website under the Grants and Contracts section.
Sponsored Projects Accounting is available to assist PIs/administrators in reviewing/understanding the ledger reports.

Commonly Asked Questions

- **To calculate the actual total direct costs of a grant, I seem to remember that we need to first credit the indirect costs. Is that correct?**

Direct and indirect costs, now called Facilities and Administrative costs (F&A),are generally segregated in the grant award budget and are budgeted separately in the general ledger account for the grant. Facilities and Administrative costs (F&A) are applied as a percentage (69.5%)of the Modified Total Direct Costs. As a result, as long as the direct costs do not exceed the grant award budget, the indirect costs will operate within their budget. The exception is when costs meant for equipment/subcontracts which are not charged the F&A rate are re-budgeted into categories such as personnel and supplies which are charged F&A. In these cases, re-budgeting is required from DC to cover appropriate F&A.

Commonly Asked Questions

Please clarify the 25% carry forward rule.

Funds are automatically carried over to the subsequent budget period if the carryover is approved in the award letter.

However, there is no automatic carry forward for:

- Center grants (P50, P60, P30, other), cooperative agreements (U), NRSA institutional research training grants (T), non-Fast Track Phase I SBIR and STIR awards (R43 and R41)

Unobligated balances (including prior-year carryover) cannot exceed 25 percent of the current year's total approved budget.

Current year award	$200,000
Carry over from last year	$32,000
Total available	$232,000

At the end of the current year, the unobligated balance cannot exceed $50,000 (25% of $200,000).

Commonly Asked Questions

- **How is Federal grant revenue coded in the ledgers?**

The total award is booked as receivable under object code 3022 and as spending occurs, cash, equivalent to each month's expenses, is credited to 3022 by debiting the cash object code 3023. Therefore,

Revenue object Codes 3022 + 3023 = Total Award.

Revenue object Codes 3011 and 3017 are unobligated balances restricted from prior years and not available for spending.

Commonly Asked Questions

- **Explain how facilities and administrative rates are charged to grant accounts?**

Facilities and administrative rates are charged based on the rates awarded and/or rates established by institutional policy (Financial Memo 157 on the Grant Account web page).

- Federal grants – F&A is based on the School's approved F&A rate agreement with DHHS 69.5% for On Campus organized research.
- 26 % for Off Campus.
- 34 % for Other Sponsored Projects (non research projects).
- 8% for Training

F&A costs charged are based on Modified Total Direct Costs (MTDC) Total Direct Costs Less:

- Equipment
- Subcontracts over $25,000
- Patient Care Costs
- Tuition
- Major alterations

= MTDC

MTDC x F&A Rate = F&A recovery

- *Non-Federal grants* – the F&A rate and the MTDC basis are based on the individual sponsor's policies.
- Industry – the 35% F&A rate is applied.
- F&A charges are applied to Sponsored Projects on a monthly basis, based on the actual direct expenditures.

Commonly Asked Questions

- **Describe the process of getting the subcontracts established, from both the prime grantee's perspective and the subcontractor's perspective**

- Subcontracts are generally budgeted in the grant application.

- After the sponsored project account is created, the PI must notify Sponsored Projects Accounting of the subcontract(s) to be issued with the following information:

  1) Subcontract Institution
  2) PI at the Subcontract Institution
  3) Contact information of the G.C.O at the other institutions.

Sponsored Projects Accounting will then issue the subcontract.

- The Department will initiate a purchase order based on the signed subcontract.

- Invoices are sent to the PI/Dept for review and approval based on the Budget progress of the project.

- Checks are prepared by Accounts Payable and mailed by Finance.

Commonly Asked Questions

Explain the Federal Financial Report (FFR) process.

- Reports of expenditures are required as documentation of the financial status of grants according to the official accounting records of the School. Financial or expenditure reporting is accomplished using the FFR.

- Except for awards under Streamlined Non Competing Award Procedures (SNAP) and awards that require more frequent reporting, the FSR is required on an annual basis and must be submitted no later than 90 days after the close of the budget period. The report also must cover any authorized extension in time of the budget period. If more frequent reporting is required, the Notice of Grant Award will specify both the frequency and due date.
- For awards under SNAP, an FFR is required only at the end of a competitive segment. It must be submitted within 90 days after the end of the competitive segment and must report on the cumulative support awarded for the entire segment. An FFR must be submitted at this time whether or not a competing continuation award is made.

Commonly Asked Questions

- Before submitting FFRs to NIH, grantees must ensure that the information submitted is accurate, complete, and consistent with the grantee's accounting system. The AOO's signature on the FFR certifies that the information in the FFR is correct and complete and that all outlays and obligations are for the purposes set forth in grant documents, and represents a claim to the Federal government. Filing a false claim may result in the imposition of civil or criminal penalties.

Failure to submit complete, accurate, and timely financial status reports may indicate the need for closer monitoring by NIH or may result in possible award delays or enforcement actions, including withholding, removal of expanded authorities, or conversion to a reimbursement payment method.

- Sponsored Projects Accounting (SPA) prepares an analysis of the expenditures – each salary charged to the project and the non salary expenses by category such as supplies, travel etc. The PI and the department administrator review the draft FFR for correctness, completeness and certify that the costs are reasonable and allocable to the project. Any correction to the FFR must be communicated to SPA and the paperwork initiated as soon as possible. The FFR will be filed after all the costs are confirmed by the PI and the administrator responsible for the grant.

Commonly Asked Questions

What is the process for closing accounts past their termination dates?

- An account is usually closed because the sponsor's support has ended and/or the research project is completed and the final report has been filed with the sponsor and the GCO.

– *Closing accounts that require an FFR*

- First, ensure that the sponsor (non federal) has paid the grant in full according to the award budget. SPA prepares a draft of the FFR based on the general ledger account. The department administrator assigned to the grant works with the SPA to ensure the FFR is complete and accurate. The PI signs off on the accuracy of the FFR. The FFR is submitted to the sponsor by SPA. Based on the FFR approved by the PI, SPA will close out the account; any overruns or charges that are posted after the approved FFR is filed are the responsibility of the department.

Commonly Asked Questions

- *Closing accounts supported by the Industry and accounts that don't require a FFR*

- If the remaining balance in the general ledger account is $2,500 or less;

- Submit a memo from the PI certifying that the project has been completed, all obligations to the sponsor have been performed and final project report submitted to the GCO along with a request that the remaining balance be transferred to the departmental account.

- If the remaining balance is greater than $2,500; in addition to the above, a letter from the sponsor is required confirming that the PI and MSSM have fulfilled all obligations under the project.

- If the account balance is negative-, the department has to provide a funding source to cover the deficit, so the account can be closed out.