Fiscal Compliance Training Series:

Charging Salaries
Travel Expenses

Wed., April 26, 2017, 2:00 pm to 3:00 pm
Curry Student Center, Room No. 318-320-322
Fiscal Management Lifecycle

- Post Closeout
- Find Funding and Prepare Proposal
- Institutional Review and Submittal
- Sponsor Review; Negotiation & Award
- Award Fund /Account Setup
- Conduct Research and Manage Award
- Award Renewal or Closeout

Research Compliance
Conduct Research and Manage Award

- Perform Research
  - PI Project Management
- **Fiscal management**
- Project performance
  - Agency prior approval
- Responsible Conduct of Research (RCR)
- Review of costs for allowability
- **Reporting**
  - Annual and Interim
  - PI engagement/Change
Spending on the Award

• Once your grant fund has been established in Banner, you will receive notification from ORAF - spending may begin according to the award budget

• The following categories of expenditures may require additional oversight and review
  • Salaries
  • Travel
  • Visas
  • Equipment
  • Subrecipients
Charging salaries to a sponsored project - including the processing of Summer Salaries
General considerations for salaries charged to sponsored projects

- Uniform Guidance (200.430) states that charges for work performed on Federal awards by Faculty members are allowable at their Institutional Base Salary (IBS) rate.

- Faculty effort conducted during the academic term is deemed part of regular academic duties and processed via a Payroll Distribution Change (PDC) form.

- Faculty effort conducted outside the academic year, such as summer salary, is allowable at a rate not in excess of the IBS rate, based on the normal written policy of the Institution, and processed via an Extra Compensation Request form.
Uniform Guidance (200.413) states that the salaries of Administrative and Clerical staff should normally be treated as indirect (F&A) costs.

Direct charging of these costs may be appropriate if all of the following conditions are met:

- The services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the budget or have prior written approval of the agency;
- The costs are not also recovered as indirect costs.
What is Summer Salary?

• Summer Salary is compensation paid to faculty that perform research on a sponsored project during summer period (May 1<sup>st</sup> through August 31<sup>st</sup>).

• In order to receive extra compensation, a faculty member must expend their effort on the project during summer period months.
Summer Salary Forms Processed

- During the Summer period of 2016, there were 495 Extra Compensation Request forms that were processed for Faculty Summer Salary.

- This represented a 51% increase in the number of Extra Compensation Request forms that were processed just two years prior, during the Summer period of 2014 for Faculty Summer Salary.

- Through April 21, 2017, we have received 145 Extra Compensation Request forms for Faculty Summer Salary.

- Of those received, approximately one in five (20%) of the Extra Compensation Request forms did not comply with University policy or Federal regulations.
University Guidelines

• Summer Salary is subject to the University’s and Provost’s Office Policy for Faculty summer compensation.

• According to University policy, Faculty are allowed to receive up to a maximum amount of 40% of their annual base salary or 3.2 months in any combination of teaching and research over the summer period.

• The monthly rate of compensation for summer research shall not exceed the monthly rate of a faculty member’s regular base salary.
How do I calculate Summer Salary?

• To calculate summer salary simply divide your current academic year base salary by 8 and then multiply it by the number of months you will be performing summer effort on a research grant or contract.

• Please note that the maximum amount of extra compensation that can be charged to a grant or contract for summer research, depends on the time you have available to you after your other University obligations such as teaching as well as any personal and/or vacation time used during the summer period.
Federal and Sponsor Restrictions

• Salary charged to National Institutes of Health (NIH) awards is subject to an annual cap of $187,000. Therefore the most you can charge an NIH award is $15,583 per month.*

• Salary charged to National Science Foundation (NSF) awards is limited to no more than two months in any one year.*

• Other sponsors may have similar limits or restrictions on Summer Salary charged to the award.
Once you have determined that you are eligible to receive Summer Salary you will need to review the Daily Budget Statement of the Index you wish to charge.

Review the Daily Budget Statement to insure that there is salary budgeted and balance available.

Check the budget start and end dates that appear on the Daily Budget Statement to insure that the award is still active and that the costs are within the budget period.
Initiate an online Extra Compensation Request form by logging in to your myNEU account and click on Services and Links. Then click on the Extra Compensation Request Form under the HRM Benefits & Service box.

Be sure that the information on the Extra Compensation form clearly indicates, in the Description of Work Rationale, that it is for summer research.

Verify that the Work Start Date and Work End Date reflect the actual dates of when the summer effort is performed.

Check to insure the Earnings per Pay Period and Goal Amount do not exceed the faculty member’s base pay rate, or any sponsor limitations.
Prof. Smith would like to request two months summer salary on her two federal projects. One project is funded by NIH and the other by the Department of Energy. Prof. Smith’s institutional base salary is $160,000.

If Prof. Smith spends 50% of her effort each month working on the NIH project and 50% of her effort working on the Department of Energy project;

• What is the maximum amount that Prof. Smith can charge her NIH award?
• What is the maximum amount that Prof. Smith can charge her DOE award?
• What is the total payment amount that Prof. Smith can receive for her effort over the two month period?
Travel related costs

- Travel costs must be specified, itemized and justified
- Funds requested for field work, attendance at meetings and conferences, and travel associated with the proposed project at the time of proposal may be charged to the grant
- Meeting and Conference expenses are allowable as long as the primary purpose of the meeting or conference is to disseminate information related to the project.
- Generally allowable costs include:
  - Meals (no alcohol)
  - Transportation (coach, domestic carriers for flights)
  - Registration and other items incidental to the meeting or conference
- International travel may require additional reviews and approvals. Special rules may apply (e.g. Fly America Act)
- Travel expenses cannot be charged to the grant until after the travel has occurred (except registration fees)
Meals and Entertainment

• Allowable expenses related to travel include meals for the individual and others supported on the same grant
  • Guest meals (e.g. spouses traveling with the investigator) are not allowable

• Alcoholic beverages are not allowable on sponsored research awards unless specifically authorized in the approved budget and consistent with the purpose of the award
  • Alcohol purchased during meals, travel, conferences or meetings must be deducted from the amount to be charged to a sponsored research award

• Entertainment (such as tickets to shows or sporting events, meals, lodging, rentals, transportation and non-meal gratuities) is not allowed unless approved in the notice of award
Visas

• Travel Visa:
  – Short-term, travel visa fees are generally allowable expenses.
  – Short term visas are issued for a specific period and purpose, they can be clearly identified as directly connected to work performed on a grant
    • For example: senior key personnel travelling to a foreign country, or foreign research personnel coming to the US to work on the grant
• Other Visas
  – Long-term Visas cannot be charged to a federal award unless agency prior approval has been obtained.
Frequent compliance issues

- Sales tax included in purchases
- Purpose of travel missing or incomplete (200.474(b)(1) – travel must be necessary to the federal award. If travel expenses are charged to a federal award, the documentation for such charges must justify that travel by the individual is necessary to the federal award
- Receipts – insufficient
- End date has occurred
- Fly America Act
- Advance booking
Travel Agency

• Access to discounted fares
• The rental car rates can be found on the respective travel site. Northeastern has contracts with Hertz and Enterprise. Our account codes are:
  – Hertz – 347011
  – Enterprise – XZ10NEU
• Access information: www.northeastern.edu/travel/travel/groundtransportation
Travel Case Study 1

• Professor Smith has a Department of Energy grant. Travel has been budgeted for three sponsor meetings at their location in Washington. Professor Smith has booked a flight directly with Expedia on American Airlines and has used expedia’s service to book and prepay the hotel. While in Washington, Professor Smith has met her colleague from Georgetown University for dinner to chat about stuff in general and has submitted this expense in total for reimbursement.

• Expenses include:
  – Air travel – Expedia receipt showing Pcard payment
  – Hotel reservation receipt from Expedia
  – Dinner for two people @ $69
  – Taxis to/from airport in Boston and Washington

• What do you see as the documentation issues that will arise from this expense claim
Professor Smith has a Department of Defense grant. Travel has been budgeted for presenting a paper in Paris France. Professor Smith has booked a flight directly with Air France. Professor Smith is staying at the conference hotel and has booked directly with the hotel. While in France, Professor Smith has decided to take a couple of extra days vacation and has extended the stay at the hotel to support sightseeing tours of Paris. She has purchased a week Urail pass to support travel in Paris during her stay. The total stay is 7 days – the conference was only 4 days.

Expenses include:
- Air travel – Air France
- Hotel receipt for the conference stay only
- Per diem for 4 days
- Taxis to/from airport in Boston and Paris
- Urail pass total

What do you see as the documentation issues that will arise from this expense claim?
Questions?
Back up Slides
NSF regards research as one of the normal functions of faculty members at institutions of higher education. Key points to keep in mind are:

- Salary charged for **senior key personnel** on awards should be consistent with the level of commitment on the project, and calculated based on their institutional base salary;
- Fringe benefit is charged at the government approved rate
- NSF generally limits salary support for senior personnel to no more than two months in any one year
  - Under normal re-budgeting authority, Northeastern University can internally approve and increase or decrease a level of commitment even if doing so results in salary support exceeding more than 2 months as long as the SOW does not change [for more information click here ...]
  - NSF must be notified if senior personnel reduce their effort by 25% or more
- Effort must be documented in accordance with Northeastern University effort reporting policy
## Travel checklist

<table>
<thead>
<tr>
<th>Travel cost</th>
<th>Documentation details</th>
<th>Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dates</td>
<td>The dates must be within the POP of the grant</td>
<td>n/a</td>
</tr>
<tr>
<td>Description</td>
<td>Travel to [name] conference in [location] to present a paper entitled [title]</td>
<td>Copy of agenda; conference badge</td>
</tr>
<tr>
<td>NU suppliers</td>
<td>Use travel agency, airlines and hotels on website</td>
<td>Sponsor requires NU traveler to use best pricing available</td>
</tr>
<tr>
<td>Hotel</td>
<td>Name and location of accommodation</td>
<td>Actual receipt showing $0 balance; if prepaid explain why NU preferred supplier not used and ask hotel for a folio showing that the traveler stayed</td>
</tr>
<tr>
<td>Meals on a hotel bill</td>
<td>if details are not available, add “no alcohol was purchased”; provide guest information and reason for charging to the grant</td>
<td>Provide hotel meal receipt</td>
</tr>
</tbody>
</table>
## Travel checklist – air travel – refundable economy

<table>
<thead>
<tr>
<th>Travel cost</th>
<th>Documentation details</th>
<th>Documentation / other</th>
</tr>
</thead>
</table>
| Advance purchase             | Reimbursement for prepaid air travel or hotel against a grant or contract is not allowed; charge to a 2 or 3-ledger and then transfer the amount after the trip | Booking receipt
                                                Proof of payment
                                                If not using Egencia, reason |
| Post travel                  | Airline name; class of service, dates of travel                                         | E-ticket, proof of payment, boarding pass |
| US Carriers                  | The Fly America act applies to all federally funded travel                              | A summary of the act is available on the ORAF website |
| Upgrades                     | Seat upgrades are unallowable                                                           | Provide a non research account for costs incurred to upgrade; provide comparison details (economy vs class selected) |
| Additional luggage charge    | Allowable - Provide reason                                                             | Receipt and proof of payment                                                          |
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</thead>
<tbody>
<tr>
<td>Meals (73028)</td>
<td>Receipts should indicate the food/drinks purchased</td>
<td>if the receipt is not included, please state “no alcohol was purchased”; credit card receipt is insufficient;</td>
</tr>
<tr>
<td>Food (74320)</td>
<td>Food for meetings is unallowable unless part of the SOW and approved</td>
<td></td>
</tr>
<tr>
<td>Conference registration</td>
<td>Include the details of the conference (name, date, location, purpose)</td>
<td>Conference receipt</td>
</tr>
<tr>
<td>Conference costs</td>
<td>Define the conference, date, location</td>
<td>Include a copy of the program, the badge with your name and, if presenting, the portion of the program listing the paper and the individual presenting</td>
</tr>
<tr>
<td>Cell Phone</td>
<td>Unallowable unless specific to the project and/or included in the project budget</td>
<td></td>
</tr>
<tr>
<td>Car rental</td>
<td>Book under NU’s national account. Decline insurance. Justify renting a car vs. taxi</td>
<td>Detailed receipt.</td>
</tr>
</tbody>
</table>
# Travel checklist

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<tr>
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</thead>
<tbody>
<tr>
<td>Purchase items – sale tax</td>
<td>Not allowable</td>
<td>n/a</td>
</tr>
<tr>
<td>Entertainment</td>
<td>Unallowable unless there is a project related justification; cannot pay for the sponsor’s meal</td>
<td></td>
</tr>
<tr>
<td>Exchange rate</td>
<td>Define the conversion rate used</td>
<td>Attached conversion calculation or credit card statement showing the conversion</td>
</tr>
<tr>
<td>Flight change or cancellation fee</td>
<td>Allowable with an explanation as to why the project benefitted from the change</td>
<td></td>
</tr>
<tr>
<td>ATM fees</td>
<td>Unallowable</td>
<td>ATM fees</td>
</tr>
<tr>
<td>Cash/ATM</td>
<td>Use of Funds defined</td>
<td>Receipt for use of Cash if available</td>
</tr>
<tr>
<td>Travel approval</td>
<td>International travel Defined by award; not in budget</td>
<td>NU international travel form Sponsor documented approval</td>
</tr>
</tbody>
</table>
- In general, additional documentation is needed
- Advance booking must be within the POP
- Sales tax must be excluded
- Receipts > $75 required
- Check for duplicate charges and calculation errors
- Flight itinerary should be accompanied by boarding pass
- Hotel folio should reflect payment
- Foreign travel approval form needs to be completed
- Use NU provided resources: Amex card for payment; Agency for booking; preferred suppliers
- Mileage charge needs to include explanation
- Use correct account codes
  - Travel – Miscellaneous needs to be identified
- Flight change fee is unallowable unless there is sponsor approval for the change
- Visa fees – travel visas are allowable; F1 visas are generally not allowable
Documentation

• Document ALL charges
  – Special emphasis on those “exceptional charges”
• Receipts should have enough detail to support expense
• Written explanation of how expense benefitted the project
• Amounts charged should match the receipts submitted

Test: is there sufficient detail that the document speaks for itself
## Documentation: example – Travel - Concur

### Title section

<table>
<thead>
<tr>
<th>Activities</th>
<th>Purpose</th>
<th>Comment</th>
<th>Total Amount of Proposed Trip</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td>Conference attendance</td>
<td>Attend [name] conference on [date] in [city, state] to [activity]</td>
<td>$500</td>
</tr>
</tbody>
</table>

### Expense section

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Reason</th>
<th>Guest</th>
<th>Amount</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restaurant</td>
<td>Meeting with the Co-PI to review research results</td>
<td>Name, organization, role</td>
<td>$65.21</td>
<td>Detailed receipt missing. No alcohol was purchased</td>
</tr>
</tbody>
</table>
## Title section

<table>
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<th>Purpose</th>
<th>Comment</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td>Office Supplies</td>
<td>Training material supplies were included in the proposal budget</td>
<td>$500</td>
</tr>
</tbody>
</table>

## Expense section

<table>
<thead>
<tr>
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<th>Reason</th>
<th>Amount</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier name</td>
<td>100 White Binders</td>
<td>$70</td>
<td>Binders are necessary to complete the didactic courses for trainees as outlined in the SOW. These binders are 100% allocable to this project</td>
</tr>
</tbody>
</table>