

# Contract & Grant Liaison Meeting

**Post award costs allowability associated with  
COVID-19. How to track  
expenses and the requirements of documentation.**

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# Federal Awards

- **Office of Management & Budget (OMB)** has issued guidance to all Federal awarding agencies stressing flexibility and accommodation to universities during the COVID-19 crisis.
- Most Federal Agencies have addressed OMB's guidance with their own versions of policy that for the most part stay consistent with one another, although each specific agency's policy should be consulted for specific guidance and rulings when it comes to your particular award.

# Allowability of Salaries and Other Project Activities

(2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405)

- Awarding agencies may allow recipients to continue to charge **salaries and benefits** to currently active Federal awards **consistent with the recipients' policy of paying salaries (under unexpected or extraordinary circumstances)** from all funding sources, Federal and non-Federal.
- President Napolitano has granted **16 Days (128 Hours)** of emergency administrative leave to eligible employees to across-the-board funding.

Awarding agencies may allow other costs to be charged to Federal awards **necessary to resume activities supported by the award, consistent with applicable Federal cost principles and the benefit to the project.**

- Charges necessary to resume work being completed on the award
  - Example: Personal Protective Equipment (PPE)

10. To ensure safety in my lab during this period, who pays for other supplies (masks, wipes, etc.) ?

Personal protective equipment needed to perform a grant can be a direct charge. Supplies needed for cleaning should be covered by a non-grant account.

- Awarding agencies may also evaluate the grantee's ability to resume the project activity in the **future** and the appropriateness of **future funding**, as done under normal circumstances based on subsequent progress reports and other communications with the grantee.

# **Continue to Follow Campus Procurement, Payroll, and Other Standard Policies & Procedures when incurring these Costs!**

- Awarding agencies must require recipients to **maintain appropriate records and cost documentation** as required by 2 CFR § 200.302 -*Financial management* and 2 CFR § 200.333 -*Retention requirement of records* **to substantiate the charging of any salaries and other project activities costs related to interruption of operations or services.**

# Document! Document! Document!

- In addition to adhering to all regular policies and procedures when charging these items, it is absolutely crucial to have **detailed documentation** to present to auditors.
- For the **administrative leave payroll charges**, they must be processed in the same payroll systems with all the same rules and requirements of all other UCSB payroll charges, including whatever backup is normally required for regular payroll of an employee. A copy of President Napolitano's leave policy should also be kept in the files.

# Document! Document! Document!

- For **Other Project Costs Related to Interruption of Operations or Services:**
- Besides following standard UCSB purchasing and procurement policies and procedures...
- Documentation is critical! Keep all invoices, vouchers, purchase orders, emails, everything else a department normally keeps when charging expenses to a Federal award. **Do not deviate from standard procedures.**

# Document! Document! Document!

- **Documentation is Essential**
  - In addition to standard invoices, vouchers, etc.
  - Keep detailed notes on dates, times, and most essentially why these purchases were necessary.
  - Remember that these notes need to be there **sometimes years later** during an audit and that an auditor will ask to see them to justify a purchase.
  - There may be an entirely new staff in the office at that time that will need these detailed notes that clearly explain things.



# **Allowability of Costs not Normally Chargeable to Awards.** (2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405)

- Awarding agencies may allow recipients who incur costs related to the: **cancellation of events, travel, or other activities necessary and reasonable for the performance of the award, or the pausing and restarting of grant funded activities** due to the public health emergency, to charge these costs to their award **without regard to** 2 CFR § 200.403, *Factors affecting allowability of costs*, 2 CFR § 200.404, *Reasonable costs*, and 2 CFR § 200.405, *Allocable costs*.

Awarding agencies **may allow recipients to charge full cost of cancellation** when the event, travel, or other activities are conducted under the auspices of the grant.

- Awarding agencies must advise recipients that they should not assume additional funds will be available should the charging of cancellation or other fees result in a shortage of funds to eventually carry out the event or travel.

# Pausing & Restarting of Activities

(some examples)

- Maintenance & Storage of items, especially perishable items needed for later usage.
- The hiring of a technician required to stop as well as re-start up again a sophisticated piece of equipment or machinery.
- Animal Costs to house/maintain during shut down while no experimentation is being conducted.
- Repurchasing chemicals that become obsolete during closure that are now needed to finish upon reopening.

# Document! Document! Document!

- **Awarding agencies must require recipients to maintain appropriate records and cost documentation as required by 2 CFR § 200.302 -*Financial management* and 2 CFR § 200.333 *Retention requirement of records*, to substantiate the charging of any cancellation or other fees related to interruption of operations or services.**

# Document! Document! Document!

- Vendor Invoices, payroll records, travel vouchers, Form 5s, etc.,
- Detailed notes regarding specifics for why the charges are necessary, days involved, timelines, specifics of travel, Vice Chancellor Incandela's letter regarding the On-Campus Lab Closures and other UC and UCSB communications, etc.

# RECORD RETENTION FOR ALL CHARGES

- Assume the **exact same** retention policies already in place for all other charges to Federal Contracts and Grants.
- Treat all purchases, charges, policies, documentations, etc. exactly as you would for all other charges to Federal Contracts and Grants! Do not deviate from standard procedures & policy.
- **Document especially thoroughly for all purchases not normally chargeable to C&Gs, such as the nonrefundable travel expenses and the pausing & restarting charges.**

# Expense Tracking Related to COVID-19

- On March 20, 2020 Kerry Bierman, Associate Vice Chancellor, Budget & Planning sent a notice to campus regarding tracking expenses related to COVID-19.
- UCSB is working to identify department financial impacts due to unanticipated business expenses attributable to COVID-19 (coronavirus).

# Expense Tracking Related to COVID-19

- For units that may be incurring additional costs related to the state of emergency, **please track all expenditures by using Cost Type: COVID**.
- If expenses are already on your ledgers, please process an expense transfer to add the Cost Type **COVID** for tracking purposes.



# Expense Tracking Related to COVID-19

- Please only include additional expenses that are clearly related to coronavirus impacts and are necessary to:
  - Support the health and safety of our campus population,
  - To comply with CDC guidance to prevent the spread of the disease,
  - To comply with UC/UCSB decisions to support campus operations (**such as Research**)

# Expense Tracking Related to COVID-19

- Tracking additional expenditures will provide our campus valuable information and allow us to apply for state and federal reimbursement, if available.
- If you have any questions, please email [bap-covid19finance@ucsb.edu](mailto:bap-covid19finance@ucsb.edu).
- BFS Has COVID-19 Section on BFS Website Broken Down by BFS Unit with Updates:
  - <https://www.bfs.ucsb.edu/administration/bfs-covid-19-status-updates>

# Expense Tracking Related to COVID-19

- **Non-Payroll COVID-19 Expense Tracking:**
  - Please make sure to use the **Cost Type** field on all expenses that fall into this category and populate the field with **COVID**.
  - TOEs, TEVs, Gateway, Flex card, Invoices, UFINs, Financial Journals, Form 5s, etc.
  - If expenses are already on your ledgers, please process an expense transfer to add the Cost Type **COVID** for tracking purposes

# Expense Tracking Related to COVID-19

- **Payroll COVID-19 Expense Tracking for Administrative Leave:**
  - On March 17 KRONOS System Administration communicated to campus Timekeepers and Payroll Managers regarding coding this leave.
  - UCPath has created two new unique Earn Codes for this leave (**RGC** and **RVN**).

# State of California Contracts & Grants

- While the hope is that The State of California will please provide the same flexibility guidelines as the Federal agencies, they have yet to rule or come out with their own policy at this time.
- UCOP has advised campuses to go ahead and charge these awards for the administrative leave at this time. If these charges are later disallowed by any sponsoring State agency, these charges will have to be moved off the award.

# Private & Other Non-Federal Awards

- Each individual private sponsor will have its own set of guidelines for the handling of these various COVID-19 related expenses.
- Again UCOP has advised campuses to go ahead and charge these awards for the administrative leave at this time. If these charges are later disallowed by the sponsoring private agency, these charges will have to be moved off the award.

# Latest Q&A from UCOP

**10. To ensure safety in my lab during this period, who pays for other supplies (masks, wipes, etc.) ?**

Personal protective equipment needed to perform a grant can be a direct charge. Supplies needed for cleaning should be covered by a non-grant account.

**13. I am a PI/researcher and I am required to work from home as a result of the coronavirus. Would I be able to charge supplies relating to telework (i.e., laptop, printer, office supplies) to my grant?**

These types of expenses are considered administrative costs (indirect costs), and generally are not appropriate as a direct cost unless specifically approved by the sponsor. Consult with our supervisor about your needs in order to be set up to work from home.

# Latest Q & A from UCOP

**17. What proactive efforts should I be undertaking for a project impacted by COVID-19 that is funded via a contract (as opposed to a grant) (e.g., industry, non-profit, federal, service, etc.)?**

The principal purpose of a contract is to acquire research services for the direct benefit or use of the other party – they are not as flexible as grants.

Be proactive in your engagement with your scientific counterparts at the sponsor to help them understand whether any/all work can proceed, and to discuss scope or financial impacts. Please involve your Contract and Grant Officer in any conversations with Contract Officers at the sponsors and formal prior approval requests or no cost extensions. If you are unsure if your project is funded by a grant or contract, please contact your Contract and Grant Officer.