

Compliance Considerations for F&A Proposals

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MAXIMUS Higher Education Practice

- Serves more than 150 colleges, universities and university hospitals in 49 states plus Puerto Rico and the U.S. Virgin Islands
 - 90 of top 100 research institutions
 - Ranging from <\$1M to >\$1B in research
- Headquartered in Northbrook, Illinois
 - Satellite offices in: Denver and Colorado Springs, Colorado
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Charlottesville, Virginia | Bluffton, South Carolina
- MAXIMUS is a leading provider of government services worldwide with more than 20,000 employees and >\$2.0 billion annual revenue
 - Gives our practice unparalleled financial stability and the resources to invest in developing expertise in federal regulations and guidance, e.g. 2 CFR Part 200

A CPE credit certificate (for 1 hour CPE) is available for a small administrative fee of \$20

F&A and Other Rate Consulting Services

- F&A Cost Rate Proposal Preparation (Long and Short Form) and Negotiation (DHHS-CAS & ONR/DCAA)
- Space Surveys/Reviews
- Fringe Benefit Rates
- Federal Disclosure Statement (DS-2) and Direct Costing Policy
- Service Centers and/or Recharge Centers Rates and Policies

F&A Software

- Comprehensive Rate Information System (CRIS®)
 - 150+ universities use CRIS
- WebSpace® – Space Utilization Software
 - 50+ universities use WebSpace

The logo for CRIS (Comprehensive Rate Information System) features the letters "CRIS" in a bold, blue, sans-serif font. The letter "C" is stylized with a white outline and a blue shadow.

WebSpace

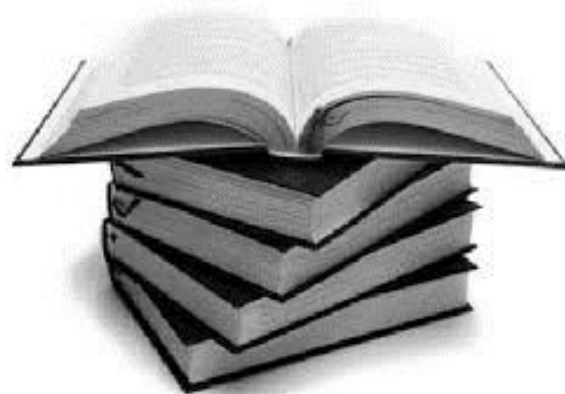
MAXIMUS Higher Education Products & Services

- Grant Management Compliance and Internal Controls
- Effort Reporting Consulting and Software
- Uniform Guidance Diagnostic – High Level Review
- Federal Compliance/Risk Assessment (C/RA) – In-depth Review
- Grant Management Help Desk Services
- Online Grant Management and Onsite Faculty Training
- Learning Management and Continuing Education Software
- Research Operational Reviews – Business Process Review and Improvement
- Policy and Procedure Assistance
- Transition Staffing
- Audit Response Assistance
- Export Control Compliance
- And more

Compliance Considerations for F&A Proposals

Two areas of compliance risk emerge during preparation of F&A rate proposal, due to the overarching nature of F&A:

- F&A compliance to 2 CFR 200, the “Uniform Guidance”
- Audit risk related to internal control weakness



Facilities and Administrative Basics

Depicts how the indirect costs of the university benefit:
Instruction, Research, Other Sponsored Activities, Other
Activities

Indirect costs include:

- Depreciation
- Interest
- Operations and Maintenance
- Library
- Administrative costs

Facilities and Administrative Process

Collect data for an entire fiscal year:

- Financial
- Organizational structure
- Space usage
- Faculty, staff & student numbers



Facilities and Administrative Process

Review financial information:

- Determine what costs are excluded or unallowable costs
- Determine if direct or indirect, which pool
- Scrub costs that don't belong in a particular cost pool at object code or salary title level



Key F&A Objectives

- Properly depict how much Organized Research costs the institution
- Allocate costs appropriately, based on what is in a given cost pool



- Make certain that federal government isn't double charged!
Remove federal costs

Remove Federal Costs



Building Depreciation

- Identify federal contribution
- Be sure you can identify when asset is fully depreciated!

Equipment Depreciation

- Identify federally-purchased equipment
- Identify if the contribution is less than 100%
- Cost shared equipment

Remove Federal Costs

Grants for Indirect Areas

- Public safety is most common
- Need to go in the direct cost base

Cost Exclusions

Per Uniform Guidance, exclude costs that shouldn't factor into the equation, non-cost bearing.

- F&A is not charged to these expense types

Examples

- Subcontract amount > \$25K
- Hospital/patient care costs
- Student aid
- Bad debt

Cost Exclusions - Risk

Subcontracts >25K

- Properly tracked?
- F&A charged for subcontracts <=25K Only

Hospital costs/space, Other Affiliated Entity

- Are there any space related costs?
- Are they burdened with their share of admin?
- Is their share of admin cost based, or a “hand shake” deal? Check by allocating costs to them

Asset Accountability

Capitalization Policies

- Useful lives – accuracy
- Retirement of assets as new are instated
- Write-offs

Asset Accountability

Location/Ownership

- Often used to allocate depreciation, so it is important to be accurate

Recharged equipment

- Remove from the rate as feds may be paying via service center rates

Retired/Missing assets

- Are these identified and removed from F&A?

Space Related Costs

External parties

- Unrelated Business Income Tax (UBIT)

Vacant space

Space shared with another entity

- Both claimed F&A with the federal government



Cost Sharing

- Tracked by award?
- Able to figure an annual amount?
- Are commitments being met?
 - Mandatory
 - Voluntary Committed
 - Salary over the cap unallowable costs
- Is the university over committing itself?
 - Voluntary Uncommitted Cost Share is not required to be tracked

Service Centers

- Can we identify who is direct charging?
- Do they all have approved rates
- Are feds getting the best deal?
- Are private entities full burdened?

Projected Costs

Universities are allowed to ask for additional consideration for buildings under construction

Be realistic in estimation – firm documentation needed of:

- Costs
- Completion/move in date
- Occupancy/Estimate usages



O&M Charges

- Are the Feds being direct charged O&M?
- May need a Direct Charge Equivalent calculation

Conclusion

F&A Risk

- Failure to exclude indirect costs paid by federal sources
- Inclusion of costs recovered elsewhere
- Improper classification of costs
- Lack of asset accountability

Internal Control Risk

- Failure to follow policies and procedures
- Poor integration of management systems

Questions ? ? ?

If you have questions, please send me an email at:

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Thank you for attending this MAXIMUS webinar!