

# Quality Research Administration Meeting – December 2015



## HIGHLIGHTS *for* Departmental Administrators



## Facilitating Research

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# CHARGING FOOD RELATED EXPENSES TO RESEARCH CONTRACTS AND GRANTS



## §200.438, 200.432, 200.474, 200.75/200.456—Food Costs

- Any food related costs charged to a research contract or grant must be charged under one of the four direct cost categories listed below. **See also Agency Specific Guidance.**
- *Business and Finance Bulletin-79, Chapter V, Section B6 entitled, “Funding Source Restrictions”, sets forth the requirements and limitations for posting to federal award fund source, food related expenses which qualify for reimbursement as a Business Meeting and Entertainment. Specifically, it states:*
  - a. State Funds: Expenses which require additional approval or are an exception to this Bulletin and expenses for alcoholic beverages or tobacco may not be charged to State funds.
  - b. Contract and Grant Funds: Federal or local government contract and grant funds may be used for entertainment expenses only as specifically authorized in the contract or grant budget or by agency policy, and only to the extent and for the purpose so authorized. When there is a conflict between agency and University policy, the more restrictive of the two shall apply. No alcoholic beverage or tobacco product purchases may be charged to federal funds.
  - c. Other Funds: Various University controlled fund sources other than those referenced in paragraphs a or b, above, may be used to fund the expenses authorized under this Bulletin, but only if costs conform to the restrictions imposed by the fund source and to the policy set forth in this Bulletin. When there is a conflict between the terms of the fund source and University policy, the more restrictive of the two shall apply.
- *Note: The category, “Business Meetings and Entertainment”, listed and defined in the UCI Administrative Policies and Procedures, Section 701-20, is not an acceptable category for this purpose. Additionally, the AUTHORIZATION afforded under said UCI policy is solely for the purpose of determining “when a food related expense associated with a University Business Meeting or other function or activity is “appropriate to be reimbursed” and should not be interpreted as authorization as to the source of the funding from which the expense should be paid. Specifically, this authorization does NOT automatically extend to authorize payment from a research award fund or account unless it ALSO meets the ALLOWABILITY requirements noted below in one of the listed categories and / or in the award.*

# CHARGING FOOD RELATED EXPENSES TO RESEARCH CONTRACTS AND GRANTS (continued)



## §200.438, 200.432, 200.474, 200.75/200.456—Food Costs

- **CHARGING CONFERENCE / MEETING FOOD (NON-TRAVEL, NON-PARTICIPANT SUPPORT):** “...a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity [UCI] and necessary and reasonable for successful performance under the Federal award.”
  - Allowable as follows:
    - Allowable conference costs paid by UCI as a sponsor or host of the conference may include costs of meals and refreshments unless further restricted by the terms and conditions of the Federal award.
    - When refreshments, meals or other food costs are part of a conference, such costs may be directly charged to a Federal award provided that the meeting meets the definition of conference.
  - **Unallowable as follows:**
    - **NIH (GRANTS POLICY STATEMENT dated 3/31/15) awards where the primary purpose of the grant was to support a conference or meeting.**
    - **NIH (GRANTS POLICY STATEMENT dated 3/31/15) awards where the food is for recurring business meetings, such as staff meetings, which are being broadly considered as meetings for the primary purpose of disseminating technical information in order to justify charging meals or refreshment to costs to grants.**
    - **NSF (15-1 December 26, 2014—Ch. II): [notwithstanding 200.432] No funds may be requested for meals or coffee breaks for intramural meetings of an organization or any of its components, including but not limited to, laboratories, departments, and centers.**
- **NIH: SUBJECTS / PATIENTS MEALS / PROJECT ACTIVITY:** Patients or subjects who are part of a study or where specifically approved as part of the project activity.
  - Allowable as follows:
    - When not duplicated in participants’ per diem or substance allowances.

# CHARGING FOOD RELATED EXPENSES TO RESEARCH CONTRACTS AND GRANTS (continued)



## §200.438, 200.432, 200.474, 200.75/200.456—Food Costs

### EXAMPLE:

- *E.G. A faculty member hosts an employee morale building meeting during the Winter holidays for all of his / her GSRs who are also working on various federal research grant. Non UCI researchers with whom the GSRs have collaborated with during the year are invited to the meeting, research topics in general are discussed and the Faculty member has met all of the requirements and obtained all required pre-approvals under the above referenced UCI Administrative Policy as well as Bus-Fin-79.*
- *Under the UCI policy, the Faculty member may be “entitled to reimbursement of the cost of the food” provided at the meeting as a morale building expense however, “such reimbursement cannot be charged to any of the federal awards” because it does not fall in any of the categories listed (prior slide). Specifically, the purpose of the “business meeting” does not meet the definition of meetings as defined by the UG. In these and similar instances, for reimbursement purposes, departments are responsible for identifying an account under one of the alternate fund sources in paragraphs a (State funds) or c (other Univ. funds) above.*
- *Determination as to whether the expense is reimbursable under the UCI policy is the responsibility of the Department, while determination as to whether the expense is allowable and chargeable to a federal award is the joint responsibility of SPA and C&G Accounting.*

# CHARGING FOOD RELATED EXPENSES TO RESEARCH CONTRACTS AND GRANTS (continued)



## §200.438, 200.432, 200.474, 200.75/200.456—Food Costs

- **PARTICIPANT SUPPORT COSTS:** “Direct costs for items such as stipends or subsistence allowances, travel allowances and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects”.
  - Allowable as follows:
    - Participant support costs are **not routinely allowed on research projects** but can be charged if the project includes an education or outreach component and the agency approves such costs.
    - All items (including food) in the Participant Support Category are allowable **with agency prior approval**.
    - If explicitly listed in the proposal budget or prior approval received by the funding agency (if will be charged after the award has been made) when the costs were not included in the initial proposal submitted to the agency. Note: Prior approval requests (to charge food associated with participant support) should be submitted to the Agency **via SPA**.
- **TRAVEL COSTS:** “...travel related expenses of a UCI employee (including food) which are reasonable and necessary to carry out the research project and which are otherwise in accordance with the terms and conditions of the specific award as well as UC’s travel policy...”
  - **Allowable as follows:**
    - Meets the requirements outlined in the definition above.



# CHARGING FOOD RELATED EXPENSES TO RESEARCH CONTRACTS AND GRANTS (continued)

## §200.438, 200.432, 200.474, 200.75/200.456—Food Costs

- **ENTERTAINMENT COSTS:** Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized under the terms of the award.

- **Allowable as follows:**

- Where specific costs that might otherwise be considered entertainment, have a programmatic purpose AND are authorized either in the approved budget for the federal award or with prior written approval of the federal awarding agency

Examples:

- A Faculty member is conducting a transportation study to measure the affects of alcohol on drivers. Drivers are provided alcohol and are then required to drive on a controlled course and the costs for alcohol was included in the proposal budget. The expense for alcohol may be allowable in this instance as it has a “programmatic” purpose.
- Nutrition study to measure the affect of certain or no foods on a class of individuals AND the costs of the food was identified in the proposal budget. The expense for food may be allowable in this instance as it has a “programmatic” purpose.

- **Unallowable as follows:**

- Where the costs have no “programmatic” purpose AND otherwise fall within the definition of entertainment costs. (i.e. the purpose would be considered for amusement, diversion, social activities, etc.)

# CHARGING FOOD RELATED EXPENSES TO RESEARCH CONTRACTS AND GRANTS (continued)



## • 200.303 – Internal Controls

- Effective internal controls help mitigate risks of waste, fraud and abuse.
- There are five “musts” and one “should” for non-Federal entities articulated in this section:
  - must establish and maintain effective internal control over Federal awards that provide reasonable assurance of managing in compliance with Federal rules and regulations;
  - should be in compliance with guidance in “Standards for Internal Control in the Federal Government” (i.e., the Green Book) issued by the Comptroller General of U.S. and the “Internal Control Integrated Framework”, issued by the COSO;
  - must comply with Federal statutes, regulations and terms and conditions of award; must evaluate and monitor compliance;
  - must take action on any instances of non-compliance; and,
  - must take reasonable measures to safeguard personally identifiable information any other designated sensitive information.
- The internal control principles outlined above must be considered at all levels (Departmental, Central Office (SPA), & C & G Accounting) to ensure proper controls are in place to prevent instances of inappropriately charging food related expenses to a federal award.

# CHARGING FOOD RELATED EXPENSES TO RESEARCH CONTRACTS AND GRANTS (continued)



- §200.407 - Prior Written Approval
- Reasonableness and allocability of certain items of cost *may* be difficult to determine. To avoid disallowance or dispute, non-Federal entity *may* seek prior written approval or clarification from the Federal agency *in advance of incurrence of the expense*.
  - The referenced section of the UG provides a one-stop comprehensive list of the circumstances under which non-Federal entities should seek prior approval from the Federal awarding agency.
    - e.g. certain instances where food and associated costs are contemplated to be charged to a federal award.
  - Department Administrators should review this section of UG to ensure that they understand when prior approval is needed before posting food related expenses to a federal fund.



## • Financial Management and Reporting

- PIs should work closely with departmental administrators to review the award activities and make the necessary changes in a timely manner.
- Sponsors may (and have recently) questioned and/or deny certain expenditures and related drawdowns.
- PIs should be aware of the new financial certification and how their actions could legally \* affect the institution or an individual at the institution.
- \*New UG Certification: The UCI Designated Official responsible for requesting payment on behalf of the PIs expenses under a federal award will now be required to certify and attest to be knowledgeable of appropriate expenditures when payments are requested from a federal agency (either via paper invoice or electronic draw). The certification subjects the certifying individual to criminal, civil or administrative prosecution for fraud, false statements, false claims or otherwise. As a result, certifying officials must be diligent in carrying out this function, adequate to ensure they are knowledgeable that all expenses are appropriate in order to prevent personal liability. As such, PIs will need to provide adequate and appropriate documentation to ensure these individuals can provide an accurate certification.

# CHARGING FOOD RELATED EXPENSES TO RESEARCH CONTRACTS AND GRANTS (continued)



## – Recommendations / Tips for Accomplishment:

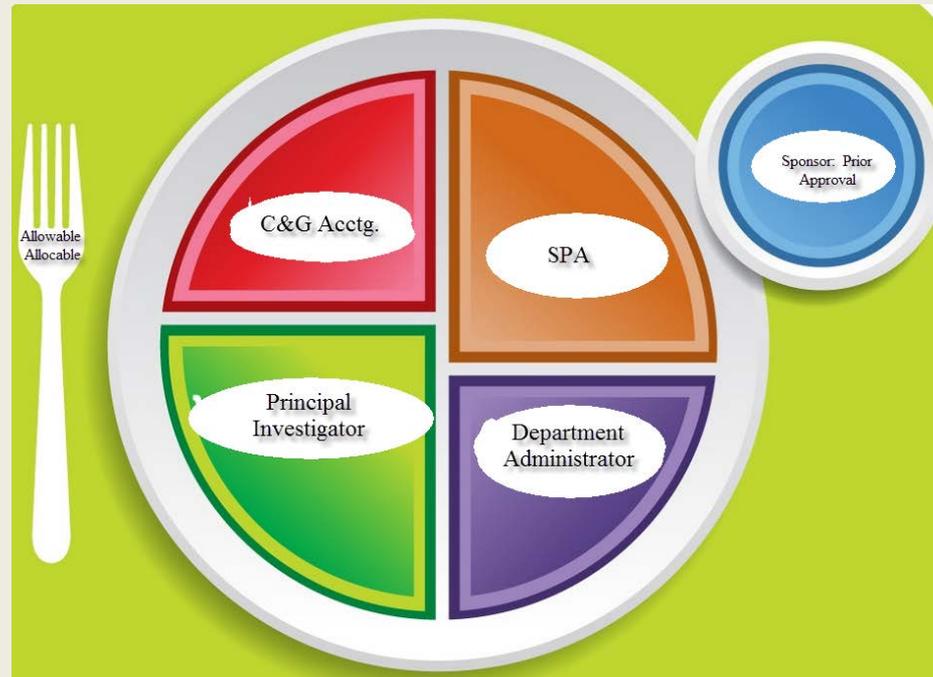
- When food related costs are contemplated for a federally funded research project, PI's and Departmental Administrators should not only explicitly list these costs in the proposal budget but also fully justify them in the budget justification. Otherwise, prior approval will be required by the funding agency after the award is made.
- As part of its Institutional review, SPA should carefully review proposals to determine if food related costs are fully justified and / or meet the requirements of the Uniform Guidance before approving such proposals for submission to a federal sponsor.
- C&G Accounting should review expenses posted to federal funds for all related food expense object codes as part of its (post) high risk expense review.
- C&G Accounting and SPA should collaborate when responding to post award questions from Departmental Administrators and provide unified and consistent responses. Additionally, SPA and CGA should remain knowledgeable of federal policies governing the allowability and allocability of food related expenses on federal awards by continually and carefully monitor and review agencies' implementation of the UG to determine if / when the policies for food related expenses change.

# CHARGING FOOD RELATED EXPENSES TO RESEARCH CONTRACTS AND GRANTS (continued)



## • CONCLUSION / GOAL

- To ensure successful and proper implementation of the requirements of the Uniform Guidance, to demonstrate that UCI has appropriate Internal Controls in place to adequately manage federal funds appropriated for food related expenses, and to manage federal awards in a manner that provides a balance of stewardship and facilitation of the UCI research enterprise, all levels of the Research Administration Circle must do their part, as it relates to the appropriateness of food related expenses being posted to a federal fund.



# RESOURCES TO DETERMINE APPROPRIATENESS OF CHARGING FOOD RELATED EXPENSES TO RESEARCH CONTRACTS AND GRANTS



- UNIFORM GUIDANCE – 2 CFR 200:
  - [http://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1&rgn=div5#se2.1.200\\_192](http://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1&rgn=div5#se2.1.200_192)
- UCI Business and Finance Bulletin 79:
  - <http://policy.ucop.edu/doc/3420364/BFB-BUS-79>
- UCI's Business Meetings and Entertainment Guidelines:
  - <http://www.policies.uci.edu/policies/procs/701-20.html>
- NSF Proposal and Award Policies and Procedures Guide:
  - [http://www.nsf.gov/pubs/policydocs/pappguide/nsf15001/nsf15\\_1.pdf](http://www.nsf.gov/pubs/policydocs/pappguide/nsf15001/nsf15_1.pdf)
- NIH Grants Policy Statement-March 31, 2015:
  - <http://grants.nih.gov/grants/policy/nihgps/nihgps.pdf>
- Standards for Internal Control in the Federal Government (Green Book):
  - <http://www.gao.gov/special.pubs/ai00021p.pdf>
- Internal Control Integrated Framework (issued by COSO):
  - <http://www.coso.org/documents/internal%20control-integrated%20framework.pdf>