Star Course #7
Part B
Financial Management

Tyler Clark
Manager, Extramural Funds Accounting
July 14, 2021
Topics

I. Effort Reporting

II. Cost Sharing/Project Contribution Reports

III. Award Close Process
I. Effort Reporting

• The federal government requires an effort report when an individual is compensated from a federally sponsored project or a federal flow-through project. In addition, cost share labor in support of a federally sponsored project must also be certified on effort reports.

• All faculty who serve as investigators on sponsored agreements are personally responsible for certifying all reports of which they have first hand knowledge of the amount of effort that they and their employees spent on sponsored activities.
What is Effort?

- Effort is defined as **the amount of time spent on a particular activity**, on which salary is directly charged to a federal sponsored project or a federal flow-through project.

- Effort reporting is the **mandated method** of **certifying** to the granting agencies that **the effort charged to each award has actually been completed**.

- Confirmation of “after-the-fact” effort which was expended on federally funded projects.
Why do we Report Effort?

Effort reporting is required and is designed to substantiate effort spent for employees paid directly from a federal or federal-flow-through award.
Non-Compliance Risk

- Large **financial penalties** can be levied against the institution by a federal agency.

- **Withholding or suspension** of federal research funding.

- **Erosion in sponsor confidence** leading to reduced federal funding.

- Audit **Disallowances** (As in returning money back to sponsoring agency for charges already incurred by UCSB)
Disallowances can result if...

- **Certifier** does not have *first-hand knowledge* of employee’s time.

- Effort does not reflect *all* activities performed by the employee.

- The effort levels do not appear to be *reasonable* in comparison to the responsibilities of the individual.

- Effort report is *falsified*.
UC Policy

- All effort must be certified within 120 days of the end of the reporting period. UCSB has three 4 month periods as well as a Summer Academic period.
  - June – September (non-academic) & June – September (Academic – PI Summer Salary)
  - October – January
  - February – May

- **Effort reporting system access and guidance:**
  - [http://www.bfs.ucsb.edu/extramural-funds/effort-reporting](http://www.bfs.ucsb.edu/extramural-funds/effort-reporting)
Effort Reporting System

- UCSB Effort reporting point of contact: tyler.clark@bfs.ucsb.edu, extension 3068 (until filled)

- Available 24/7 through web-based interface.

- Roles:
  - DSA
  - Coordinator
  - Certifier
  - Viewer access
Effort Reporting System

- Eliminates risk of document lost and misrouting.
- Maintains historical information, system becomes official record.
- System interacts with UCPath.
- Required to report certification rates to Office of the President.
- Most recent reporting period compliance was 99%! (Before conversion to UCPath)
# Effort Report - Example

## University of California ~ Effort Reporting System

**ADAMS,BENJAMIN T | 1 PERIOD JUNE-SEPT 2010**

Emp. ID: 878534573 | Home Dept: COMPUTER SCIENCE

**Version:** 2.0 (12/15/2010 04:58) | **Status:** Certified
**Service Period:** June 1, 2010 to September 30, 2010
**Pay Periods:** June 1, 2010 to September 30, 2010

<table>
<thead>
<tr>
<th>Sponsored Projects</th>
<th>Original Effort %</th>
<th>Adjusted Effort %</th>
<th>Original Cost Sharing %</th>
<th>Adjusted Cost Sharing %</th>
<th>Original Total %</th>
<th>Adjusted Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>8-444032-24973</td>
<td>85%</td>
<td>85%</td>
<td></td>
<td>0%</td>
<td>85%</td>
<td>85%</td>
</tr>
<tr>
<td>DOD HM1582-10-1-0007 10/11</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Sponsored Projects</td>
<td>85%</td>
<td>85%</td>
<td></td>
<td>0%</td>
<td>85%</td>
<td>85%</td>
</tr>
<tr>
<td>requiring certification</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Sponsored Projects</td>
<td>12%</td>
<td>12%</td>
<td></td>
<td>0%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Non-Sponsored Activities</td>
<td>3%</td>
<td>3%</td>
<td></td>
<td>0%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Total Other Effort not requiring certification</td>
<td>15%</td>
<td>15%</td>
<td></td>
<td>0%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td>0%</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

**Report options:**
- Report requires multiple certifications.
- Report allows for Cost Sharing Offset Against Other Sponsored Projects.
- Report under preliminary review.

**Comment for v2.0:** 12/15/10 4:58 PM by Martin Raubal
- Certified
Effort Report Example with Cost Share

Effort report after cost share is added:

<table>
<thead>
<tr>
<th>Sponsored Projects</th>
<th>Original Effort %</th>
<th>Adjusted Effort %</th>
<th>Original Cost Sharing %</th>
<th>Adjusted Cost Sharing %</th>
<th>Original Total %</th>
<th>Adjusted Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>8-442400-22660-CVAR01 ARMY W011NF1110232 WALLE 12/12</td>
<td>47%</td>
<td>47%</td>
<td>4%</td>
<td>47%</td>
<td>51%</td>
<td>51%</td>
</tr>
<tr>
<td>8-442400-22660 ARMY W011NF1110232 WALLE 12/12</td>
<td>26%</td>
<td>26%</td>
<td>5%</td>
<td>26%</td>
<td>31%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Total Sponsored Projects requiring certification: 73% | 73% | 9% | 73% | 82%

Other Sponsored Projects: 0% | 0% | +0% | 0% | 0%

Non-Sponsored Activities: 27% | 27% | -9% | 27% | 18%

Total Other Effort not requiring certification: 27% | 27% | -9% | 27% | 18%

Grand Total: 100% | 100% | 0% | 100%

Report options:
- Report requires multiple certifications.
- Report allows for Cost Sharing Offset Against Other Sponsored Projects.
- Report is under preliminary review.

Add a comment: Add comment

Comments can be up to 255 characters long. (Total characters: 11)
ERS Reporting Periods

- **Period 1**
  - June-September

- **Period 2** (Academic only)
  - June-September (Summer pay only)
  - Run Date – mid-November
  - Effort Reports due end of January

- **Period 3**
  - October-January
  - Run Date – mid-March
  - Effort Reports due end of May

- **Period 4**
  - February-May
  - Run Date – mid-July
  - Effort Reports due end of September
Effort Reporting Resources

- http://www.bfs.ucsb.edu/extramural-funds/effort-reporting
- Effort Reporting (ERS)
  - Manuals
  - Job aids
  - Training for the PI
  - Adding cost-share to effort reports
II. **Project Contribution (often called Cost Sharing)**

*Project Contribution* is resources that are contributed to a sponsored project over and above the support provided by the Extramural sponsor of the project. This means that the project sponsor does not fully reimburse the institution for all allowable costs associated with the specific project.
Mandatory versus Voluntary Committed Cost Share

- **Mandatory** cost sharing is required by a sponsor as a condition of obtaining an award.

- **Voluntary Committed** cost sharing represent resources offered by the PI – but is not a specific sponsor requirement. This is discouraged by Uniform Guidance.

- During the **proposal process** departments need to identify the funding source that will cover the cost share costs.
Project Contribution Reports

- **Project Contribution Reports** (used to report Proj. Cont.) are mailed by EMF to departments annually to track project contribution data.

- **Departments** are the office of record for tracking and reporting project contributions and maintaining proper documentation.
Types of Project Contribution

- **UC Cash** (formerly University Participation) - university resources committed to the project – example: cash contribution.

- **UC In-Kind** (formerly Cost Sharing) - university resources available to the project – example: P I’s academic year time commitment.

- **Third Party Contribution** (formerly Matching) – external funds committed to a project – example: equipment provided by an industry partner.
Procedure to Arrange Cost Share

- Arranged at the time the proposal is prepared and submitted to the Agency.
- See Office of Research Website for “Project Contribution Guidance”.
  - [https://www.research.ucsb.edu/spo/proposal-prep/project-contributions](https://www.research.ucsb.edu/spo/proposal-prep/project-contributions)
  - When the commitment is made the funding source that will cover the cost share needs to be identified.
- Completing **Project Contribution Report** Form Training for depts:
Where Do you Find Cost Share Recorded?

OFFICE OF RESEARCH
AWARD SYNOPSIS

Record #: 20120856
Proposal Submitted: Contract
Award Action: Continuation
Date: 02/09/2012
Dept.: ELEG
Fund #: 442530 59666

Agency: Semiconductor Research Corporation
Award #: 2006-VC-1437
Mod #: 8
Sponsor Code: 9102
Site of work: N: On-Campus
CFDA Number:
Category: 5

PIs:

<table>
<thead>
<tr>
<th>#</th>
<th>First Name</th>
<th>Middle Name</th>
<th>Last Name</th>
<th>Home Dept</th>
<th>Title Code</th>
<th>% Time</th>
<th>Eligible</th>
<th>Exception</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mark</td>
<td>J</td>
<td>Rodwell</td>
<td>ELEG</td>
<td>1 - Professor</td>
<td>10.0</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>2</td>
<td>Susanne</td>
<td></td>
<td>Stemmer</td>
<td>ENMT</td>
<td>1 - Professor</td>
<td>10.0</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>3</td>
<td>Arthur</td>
<td>C</td>
<td>Gossard</td>
<td>ENMT</td>
<td>1 - Professor</td>
<td>0.0</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

Title: Nonclassical CMOS Research Center: Phase III

FINANCIAL INFORMATION

<table>
<thead>
<tr>
<th>Award Funds</th>
<th>IDC Award</th>
<th>IDC Rate</th>
<th>IDC Code</th>
<th>Match Funds</th>
<th>UC Participation</th>
<th>Cost Share</th>
<th>Non-Cash</th>
<th>Pre-Award Begin Date</th>
<th>Pre-Award Begin Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000</td>
<td>33,993</td>
<td>51.50</td>
<td>10 - MTDC</td>
<td>139,098</td>
<td>261,000</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Projected Funds: 0
RAS Funds: 0
Funds Thru Date: Begin Date:
Award Letter

UNIVERSITY OF CALIFORNIA, SANTA BARBARA
ACCOUNTING AND FINANCIAL SERVICES
EXTRAMURAL FUND ACCOUNTING

TO: Mark J Rodwell
DEPT: ELEG

REPORT DATE: 02/09/2012
RECORD NO: 20120856

The University has received an Award which names you as the Principal Investigator:
AGENCY: Semiconductor Research Corporation
NUMBER: 2006-VC-1437
AMOUNT: 100,000
EFFECTIVE DATES: 07/01/2006 - 08/31/2012

Expenditures or commitments are not allowed prior to the effective date shown above without prior authorization. The award has been allocated to the following sub-accounts. These allocations together with the related expenditures will appear on the GL060, General Ledger of Expenditures.

<table>
<thead>
<tr>
<th>SUB-ACCOUNT NAME</th>
<th>ACCOUNT NUMBERS</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CR:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Assistance</td>
<td>8- 442530-59666</td>
<td>-2</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>8- 442530-59666</td>
<td>-6</td>
</tr>
<tr>
<td>GSHIP/GSFR</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Supplies &amp; Expense:</td>
<td>8- 442530-59666</td>
<td>-3</td>
</tr>
<tr>
<td>Equipment &amp; Facilities</td>
<td>8- 442530-59666</td>
<td>-4</td>
</tr>
<tr>
<td>Domestic Travel</td>
<td>8- 442530-59666</td>
<td>-5</td>
</tr>
<tr>
<td>Foreign Travel</td>
<td>8- 442530-59666</td>
<td>-7</td>
</tr>
<tr>
<td>Unallocated-Frozen</td>
<td>8- 442530-59666</td>
<td>-8</td>
</tr>
<tr>
<td>Overhead Rate</td>
<td>8- 442530-59666</td>
<td>Y</td>
</tr>
<tr>
<td></td>
<td>51.50 % MTC</td>
<td>33,993</td>
</tr>
<tr>
<td>Stipends</td>
<td>8- -59666</td>
<td>-5</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>8- -59666</td>
<td>-7</td>
</tr>
<tr>
<td></td>
<td>8- -59666</td>
<td>-6</td>
</tr>
<tr>
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<td>8- -59666</td>
<td>-5</td>
</tr>
<tr>
<td></td>
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<td>-4</td>
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<tr>
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<td>-1</td>
</tr>
<tr>
<td></td>
<td>8- -59666</td>
<td>-0</td>
</tr>
</tbody>
</table>

DR: TOTAL AWARDED
8- 259666 59666 -0 100,000

Responsibility for adherence to the terms (including expiration date) of a contract or grant and budget control in the expenditure of the funds provided, rests with the Principal Investigator. It is also the obligation of the Principal Investigator to obtain funds to cover any expenditures which are deemed unacceptable under the terms of the contract or grant, and to cover expenditures which are in excess of amounts appropriated by the agency.

Matching Funds: 139,098
Cost Share: 0
UC Participation: 261,000
Non-Cash: 0

Final Accounting Remarks:
Preparer's Remarks: 
Connie S. Feeney, Manager
Extramural Fund Accounting

Please direct Accounting questions pertaining to this award to: Craig Swanson x8338.
**PROJECT CONTRIBUTION REPORT**

**UNIVERSITY OF CALIFORNIA, SANTA BARBARA**

**SHADED AREAS TO BE COMPLETED BY ACCOUNTING**

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. FUND #</td>
<td>22701</td>
</tr>
<tr>
<td>2. ACCOUNT #</td>
<td>444012</td>
</tr>
</tbody>
</table>

3. **Agency Name**: U.S. NAVY

4. **Principal Investigator**: JOHNSON

5. **Department**: CHEM

6. The University has received the award referred to above which names (Check appropriate box):

   [X] Principal Investigator

   [ ] Other. __________________________

7. **Award Number**: N00014-08-1-0063

8. **Contribution Reporting Period**: 6/1/2015 TO 5/31/2016

9. **Award Period**: 7/1/2008 TO 1/31/2017

10. **FUNDING AGENCY**

    **U.S. NAVY**

    **AMOUNT**

    **(A) Total Award**

    **(B) Expenditures**

    **(A-B) DIFFERENCE**

11. **TOTAL COMMITTED**

    **AMOUNT**

    **(A) Commitment**

    **(B) Expenditures**

    **(A-B) DIFFERENCE**

12. **THIRD PARTY CONTRIBUTION**

    **FORMERLY MATCHING**

    **128,500.00**

    **89,500.00**

    **39,000.00**

13. **UC IN-KIND/UC CASH**

    **FORMERLY COST SHARE/UC PARTICIPATION**

    **54,200.00**

    **25,000.00**

    **29,200.00**

14. **TOTAL**

    **182,700.00**

    **114,500.00**

    **68,200.00**

*Details (Use separate sheet if needed and attach it to the back of this form.)*

**14. THIRD PARTY CONTRIBUTION**

**FORMERLY MATCHING**

**Agency**: Raytheon

**Account/Fund**: 8-444012-59876

**Amount Reported This Period**: 10,000.00

(Attach a memo from the agency if the expenditures are not on the UCSB's general ledger.)
### 15. UC IN-KIND/UC CASH

**FORMERLY COST SHARE/UC. PARTICIPATION**

<table>
<thead>
<tr>
<th>Name/Description</th>
<th>Account/Fund/Sub Charged</th>
<th>Total Gross Pay During Period</th>
<th>Cost Contribution Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Don Johnson Salary</td>
<td>8-444012-19900-2</td>
<td>72,000.00 x 10%</td>
<td>7200</td>
</tr>
<tr>
<td>Don Johnson Benefits</td>
<td>8-444012-19900-6</td>
<td>12,600.00 x 10%</td>
<td>1260</td>
</tr>
<tr>
<td>Supplies</td>
<td>8-444012-39850-3</td>
<td></td>
<td>500</td>
</tr>
</tbody>
</table>

**NOTE:** UC In-Kind is costs typically under a 40XXXX account & UC Cash is costs typically under a 44XXXX account.

---

### 16a. I certify that an Effort Report has been created (or will be created when ERS period is available) for the Project Contribution salary being reported above. The individual certifying below must have first-hand knowledge of the effort being reported.

*Signature* ____________

(Date) ____________

---

### FOR ACCOUNTING USE ONLY

17. Salary Contributions per Item 15.

18. Employee Benefits per item 15.

19. Other UC In-kind/UC Cash per Item 15.

20. Total (add items 17 through 19.)

21. Overhead
    - Base Code: ____________
    - Rate: ____________
    - Base Amount: ____________
    - CALCULATED AMOUNT: ____________

22. Total UC In-kind/UC Cash (add items 20 and 21)

Contact: Shabnam Sharif

Extension: ____________
III. Awards Close Process

- Electronic Closing Notices
- Award Close Out Process
- Closing Checklist
Electronic Closing Notices to Principal Investigators

- **Advance Notice** - Two ledger cycles (2 months) prior to the end date.
- **First Notice** - Subsequent to the end date.
- **Second Notice** - One ledger cycle (1 month) subsequent to the end date.
- **Third Notice** - Three ledger cycles which is about 90+ days after the end date of the award. Notices continue until the close memo is received.
- A close memo, no cost extension, or additional funding will stop the electronic notifications.
Award Close Process

- “Award Close Process” EMF website
  - http://www.bfs.ucsb.edu/extramural-funds/awards/closeout-process

- “Award Close Training” EMF website

- Close Memo: The Close memo must be signed by the principal investigator and submitted two weeks prior to the deadline required to submit the final financial report (e.g. if the award end date is 3/31/21, the close memo should be submitted to EMF not later than 6/15/21 (assume a 90 day close).
Close Memo – Certification Clause

- The principal investigator must sign a certification clause certifying that all costs are appropriate and allowable. Extramural Funds (EMF) has created a standard “Close Memo” template that can be found at:

  https://drive.google.com/file/d/1ULLTLud1mUNb_w7KFita_iZfSJue6gX/view

Departments can create their own close memo with the following certification included:

- “I have reviewed the grant/contract and certify all expenditures are appropriate and allowable”

Close memos will only be accepted if the certification clause contains the exact wording as provided above.
RE: CLOSE MEMO

Agency Name: 
Agency Number: 
Principal Investigator: 
Account/Fund #: 
Account/Fund End Date: 

I have determined the following adjustments:

(PLEASE ATTACH COPIES OF DOCUMENTATION FOR OUTSTANDING CHARGES.)

<table>
<thead>
<tr>
<th>Description</th>
<th>Sub 2</th>
<th>Sub 3</th>
<th>Sub 4</th>
<th>Sub 5</th>
<th>Sub 6</th>
<th>Sub 7</th>
<th>Sub Y</th>
<th>Total</th>
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<tr>
<td>Expenses:</td>
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<td>0.00</td>
<td>0.00</td>
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<td>Total</td>
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</tbody>
</table>

Prior to closing an award, a justification is required explaining the exception to Circular A-21 for the following object codes: 4100-4490; Communication, Postage, Delivery (exclude 4101, 4125, 4450, 4460, 4470). Also, justification is needed for 5505 (Transfer Copy); 6050 (Reproduction & Photocopy); 7220 (Memberships/Subs); 7224 (Temporary Services); 7225 (Permits-Taxes-Fees); 8015 (Reproduction/Copy Supplies); 8070 (General Office Supplies); 8140 (Office Supplies). If the object codes listed above are not appropriate or immaterial, please indicate the object codes and amounts to be transferred from this project.

Total unspent balance: $ ________ from general ledger dated: ________
Less outstanding costs: $ 0.00 (*Should be the same amount.)
Total amount $ ________ to be returned to the agency.

I have reviewed the above grant/contract and certify all expenditures are appropriate and allowable.

Prepared by: ____________________________ ext: ________________
Principal investigator: ____________________________ date: ________________

(signature)
Link to Typically F&A, Requires PI Justification, and Unallowable Object Codes

➢ Newest Close Memo has the following link for these Object Codes

https://drive.google.com/file/d/18WFBPcQX3-GxG644x7YpDvax071PjvZ4/view
New Departmental Data Warehouse Reports to run while preparing your Close Memo

-for DW EZ Access Users:
New Departmental Data Warehouse Reports to run while preparing your Close Memo

➢ For DW Hyperion Users:
# Close-Out Summary of Charges That May Need Further Review

**NSF 1240075 BIANCHINI 02/18**

**442100-22046**

**Fund Type:** United States Government  
**Fund Subtype:** Federal Grants & Cooperative Agreements  
**Overhead Base:** J MTDC Excluding Sub 4  
**Overhead Rate:** 51.3  
**Prin Invest:** J A BIANCHINI  
**Dept:** GSER  
**Fund Begin Date:** 20130301  
**Fund End Date:** 20180228

## Unallowable

<table>
<thead>
<tr>
<th>Sub</th>
<th>Object Code Type</th>
<th>Object Code</th>
<th>Object Description</th>
<th>Ledger Date</th>
<th>Reference No</th>
<th>Description</th>
<th>Expenditure Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Fees for Services</td>
<td>7740</td>
<td>PATIENT CARE</td>
<td>201610</td>
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<td>Petty Cash Oct 2016</td>
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<td>SUSAN K JOHNNS_072914ZOD00115</td>
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**Total Unallowable:** 89.78

## Typically F & A Costs

<table>
<thead>
<tr>
<th>Sub</th>
<th>Object Code Type</th>
<th>Object Code</th>
<th>Object Description</th>
<th>Ledger Date</th>
<th>Reference No</th>
<th>Description</th>
<th>Expenditure Amount</th>
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</thead>
<tbody>
<tr>
<td>3</td>
<td>Copy Charges</td>
<td>6050</td>
<td>REPRODUCTION AND PHOTOCOPY</td>
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**Total Typically F & A Costs:** 1,949.96

## PI Justification Required

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<tr>
<th>Sub</th>
<th>Object Code Type</th>
<th>Object Code</th>
<th>Object Description</th>
<th>Ledger Date</th>
<th>Reference No</th>
<th>Description</th>
<th>Expenditure Amount</th>
</tr>
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<tbody>
<tr>
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</table>

**Total PI Justification Required:** 7,200.00

## Reasonableness Charges
### Definitions for Object Code Categories

**Unallowable Costs**
These should not be charged to Contracts and Grants.

**Typically F&A Costs**
F&A costs can only be charged as a direct expense to a sponsored project when there is an unusual or unique circumstance, and the amount of the charge is significant. Most F&A charges are covered by the campus overhead allocation and should therefore not be charged to a sponsored project. A written and signed justification from the principal investigator must be included with the close memo if F&A costs are to be directly charged to a sponsored project. General statements do not satisfy this requirement. If there is no acceptable justification, departments need to indicate to EMF (with the close memo packet they submit) as to where EMF will need to move these charges as a lump sum, by object code, to an existing research account number linked to unrestricted funds. The cost transfer will include reference to the grant's account fund and the target research account fund will need to be funded by the department. The amount transferred to the research account will only be the direct cost portion. This process will be a coordinated effort between EMF and the department.

**PI Justification Costs**
Different than Typically F&A. PI justification is required at award close for these types of charges. For example:
- Honorarium (Object Code 7900) payments generally are not allowable charges to federal funds unless a contract or grant specifically authorizes such payments. Honorarium payments should be specified as direct cost items at the time a contract or grant proposal is prepared. An honorarium is a payment to an individual in recognition of a special or distinguished service for which propriety precludes setting a fixed price. Activities include a lecture, concert, participation in a workshop or seminar, speaking engagement, or appraisal of a manuscript for professional publication.
- Memberships/Subscriptions (Object Code 7220): Costs for memberships in technical, and professional organizations are treated as indirect costs. An individual membership to a technical or professional group may be allowed as a direct charge to a contract or grant if one of the following can be demonstrated:
  1. The membership creates a cost-savings to attend a conference at which research results specific to the project will be presented or for which membership is mandatory in order to present research results specific to the project.
  2. The sole purpose of the membership is to purchase a periodical at a reduced rate, the periodical is not available through the institution's library services, and the periodical is necessary for the sponsored project. The budget narrative should clearly indicate how the membership costs meet one of the above requirements.

**Reasonableness Charges**
These charges should normally be a line item in the budget and EMF accounting may request backup or more information from the administering department at award close. For example:
- Service of Equipment (7260) would be questioned if the award only had salaries and benefits, or had no equipment in its budget.
- Participant Support charges (2015, 7215-17) must be separately identified in the approved budget from the sponsoring agency.
- For Consultants (7235), Grantees normally are expected to utilize the services of their own officers or employees to the maximum extent in managing and performing the activities supported by contracts & grants. Where it is necessary for a grantee to enter into services of persons who are not its officers or employees, it is expected to do so in accordance with written organizational standards.

### Totals by Object Code Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Expenditure Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unallowable</td>
<td>89.78</td>
</tr>
<tr>
<td>Typically F &amp; A Costs</td>
<td>1,949.96</td>
</tr>
<tr>
<td>PI Justification Required</td>
<td>7,200.00</td>
</tr>
<tr>
<td>Reasonableness Charges</td>
<td>161,185.00</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>170,424.74</strong></td>
</tr>
</tbody>
</table>

### Totals by Object Code

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Object Description</th>
<th>Expenditure Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>6050</td>
<td>REPRODUCTION AND PHOTOCOPY</td>
<td>111.04</td>
</tr>
<tr>
<td>7216</td>
<td>PARTICIPANT SUPPORT-UNDERGRAD</td>
<td>142,885.00</td>
</tr>
<tr>
<td>7235</td>
<td>CONSULTANTS</td>
<td>18,300.00</td>
</tr>
<tr>
<td>7740</td>
<td>PATIENT CARE</td>
<td>89.78</td>
</tr>
<tr>
<td>7750</td>
<td>SOCIAL ACTIVITY&amp;ENTERTAINMENT</td>
<td>0.00</td>
</tr>
<tr>
<td>7900</td>
<td>HONORARIA-NON UC EMPLOYEE</td>
<td>7,200.00</td>
</tr>
<tr>
<td>8140</td>
<td>OFFICE SUPPLIES</td>
<td>1,838.92</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>170,424.74</strong></td>
<td></td>
</tr>
</tbody>
</table>
If the need for consultant services is anticipated, the proposal narrative should provide appropriate rationale, and the summary proposal budget should estimate the amount of funds that may be required for this purpose. To the extent possible, consultant rates should show separate amounts for actual services and each of the components of the rate (such as fringe benefits, indirect costs, and other expenses).

* For Allowable Advertising (7230) costs may be charged directly if the purpose of the costs is for the recruitment of personnel, the procurement of goods and services, the disposal of scrap or surplus materials, and other specific purposes necessary to meet the requirements of a sponsored agreement.
Award Close Process

- **Overdrafts:** Copies of cost transfers must be attached for all contracts and grant overdrafts (costs exceed the budget).

- **Outstanding Charges:** Departments must indicate outstanding charges to be included in the close memo. All outstanding charges on the close memo must have supporting documentation attached. Supporting documentation may include: vouchers, invoices, payroll, non-payroll transfers, and financial journals.

- **F & A Costs:** F & A costs can only be charged as a direct expense to a sponsored project when there is an unusual or unique circumstance, and the amount of the charge is significant. Most F & A charges are covered by campus overhead allocation and should therefore not be charged to a sponsored project. A written and signed justification from the principal investigator must be included with the close memo if F & A costs are to be charged to a sponsored project. *General statements do not satisfy this requirement.*
NO F&A Charged directly to an Award!

Prior to closing an award, a justification is required explaining the exception to Circular A-21 for the following object codes: 4100-4490; Communication, Postage, Delivery (exclude 4101, 4125, 4450, 4460, 4470). Also, justification is needed for 5505 (Transfer Copy); 6050 (Reproduction & Photocopy); 7220 (Memberships/Subs); 7224 (Temporary Services); 7225 (Permits-Taxes-Fees); 8015 (Reproduction/Copy Supplies); 8070 (General Office Supplies); 8140 (Office Supplies). If the object codes listed above are not appropriate or immaterial, please indicate the object codes and amounts to be transferred from this project.

Total unspent balance: $_________________________ from general ledger dated: __________
Less outstanding costs: $0.00 (*Should be the same amount.)
Total amount $_________________________ to be returned to the agency.

I have reviewed the above grant/contract and certify all expenditures are appropriate and allowable.

Prepared by __________________________________________ ext: _______________
Principal Investigator __________________________________ date: _______________

(signature)
Award Close Process

- **Project Contribution**: Departments must submit a Project Contribution Report with the close memo, if the project contribution has not been reported.
  - Completing [Project Contribution Report](https://www.bfs.ucsb.edu/sites/www.bfs.ucsb.edu/files/docs/controller/Mini%20Tune%20up%20Project%20Contribution%20Forms%20Final%20Presentation.pdf) Form Training for depts:
  - [Link](https://www.bfs.ucsb.edu/sites/www.bfs.ucsb.edu/files/docs/controller/Mini%20Tune%20up%20Project%20Contribution%20Forms%20Final%20Presentation.pdf)

- **No Cost Extensions/Additional Funds**: EMF must be notified when No Cost Extensions, Supplemental Funds or Continuations funds have been requested or expected. The closeout process for the award will be placed on hold until the synopsis from Office of Research is received indicating changes or additions. However, the principal investigator will continue to receive email closing notifications until the synopsis is received from the Office of Research.

- **Financial Report**: will be submitted late if the No Cost Extension or Additional Funding is not approved within the required agency closeout deadline. This may create a financial liability to the department.
Award Close Process

- Awards must be closed within 90 days of the end date of the award.

- **Exceptions to the 90 day Deadline:**
  - Non-federal Awards – Close 60 days from the end date.
  - Federal-flow Through Awards – Close 30 days from the end date.
  - Intercampus Awards – Close 60 days from the end date unless the Multi-campus Agreement (MCA) indicates 30 days.
  - Other: Awards may specify a different close period (e.g. award closeout required with 45 days of end date)

- **Revised Award Close:** The Department will be required to request written approval from the agency to submit a revised financial report or invoice that would include additional costs.
Closing Checklist:

Department Checklist (review the ‘summary by object code’ for):
- Unallowable Charges – Run DW Report!
- Liens
- Expense Adjustments
- Outstanding Expenses
- F&A vs Direct Charges
- F&A Reconciliation

Reports Required:
- Project Contribution Rept
- Close Memo

Extramural Fund Accounting:
- Financial Report
- Costs Reasonable
- Cash Reconciliation
- G/L System Close
- Final Payment

AWARD IS CLOSED WHEN FINAL PAYMENT IS RECEIVED!!