

**Core Facility Brown Bag #7**  
**Friday, June 5, 2015, 12-1 PM**  
**Meeting Notes**

➤ **Necessary Changes to Meet the New Federal Closeout Policies**

Jennifer Mitchell, Director of Cost Studies and Effort Reporting  
Kathy Mustea, Contract Finance Administrator in ASRSP

- **Federal agencies have come out with new guidelines, requiring more transparency in Federal Closeout procedures (see attachment)**
  - There is a potential for loss of funds for the University if NU does not comply with the updated Federal procedure
  - ASRSP (Accounting Services for Research and Sponsored Programs) submits reports to Federal agencies:
    1. **Weekly** - Drawdown of Expenses report per grant (every Monday)
    2. **Quarterly** - Federal Cash Transaction report that details grant expenses by quarter
    3. **Annually** - Financial Status Report (FSR)- due annually or at the end of a grant depending on the mechanism
- **The updated policy requires all 3 reports to match 90 days after a grant closeout.**
  - Throughout the year, the 3 reports do not match
  - NU is given 90 – 120 days to finalize the finances for the 3 reports to match
  - NIH and NSF are the only agencies that allow 120 days for closeout
  - No additional time is allowed
- **Consequences of mismatched reporting:**
  - Unilateral Closeout – the agency closes the award at the lowest of the 3 reports submitted
  - Financial Status Reports being rejected because they do not match the quarterly reports
  - Trickle down effect to Departments and Recharge Centers
    - Potential loss of funds for Recharge Centers, as they will not be able to bill closed grants
    - **Bottom Line: Recharge Centers MUST bill monthly**
- **What can be done to avoid complications**
  - Bill monthly
  - New rates approved before fiscal year starts
    - Prior Fiscal Year Rates cannot be applied to new FY
    - FY15 rates expire on 8/31/2015
    - For FY16, Instructions will be sent to the cores in mid June
    - Submit FY16 rates worksheets to Cost Studies Latest August 14, 2015
    - Open labs in July and August to assist
  - Avoid late billing (billing after 30 days)

## Questions from the Audience

**Q1: When referring to billing, is this in reference to the “Send Notifications” step in NUCore, or to creating a journal in NU Financials?**

**A1:** Billing in this case refers to journaling. If the core itself does not control this process, then please speak with Aaron Rosen.

**Q2: If a grant is not closing soon, but you are putting through charges for 4 months of activity, is this more sensitive to being audited under the new reporting and draw down policies?**

**Q2:** Yes, if expenditures are not posted completely for the project year, this would be a red flag to the agency. Also, every month is a fiscal closeout for ASRSP.

**Q3: How do billing external customers fit into this process?**

**A3:** External customers are not audited under the same rules as internal customers. The activity billed to internal grant chart strings (Fund starts with “6”) is the most important. Nevertheless, billing external customers monthly is a best practice. Breaking up the projects and billing customers by milestones is a great strategy.

## ➤ **Procurement Card/Purchase Order Policy**

### • **Pro-Card General Review**

- Please read the Procurement Card Cardholder Guide (just search on NU homepage)
- Max transaction is \$4,999
- Review your transactions weekly and update the Account Code on the JPMorgan web portal
- Print Pro-Card Statements monthly, review and sign, and send to your designated Pro-Card Supervisor. Statements available on web portal
- Do not use Pro-Card to circumvent Terms and Conditions on a vendor quote. We are protected when we issue a PO. We are tacitly agreeing to the vendor’s terms and conditions if we simply pay with a Pro-Card

### • **Repairs without a Service Contract**

- **Do not use a Pro-Card to pay for expensive repairs if there is no service agreement in place.**
- Let your business office know immediately about the need.
- If the vendor has issued a quote with Terms and Conditions, the legal review process (Legal Council’s office) **can be expedited for an emergency repair.**
- Preferred Vendors can be helpful, but this is a limited group that does not cover most of your major equipment.

## ➤ **Discounted Pricing**

- **Overnight Discount:** justified by a differential price argument (less staff at night, etc.), or simply by the desire to free up prime time usage (fiat). Everyone has access to this discount.
  - Cheaper at night: less staff present, may be a separate service line

- Everyone is entitled to this lower rate. May or may not actually be cheaper at night.
- NIH FAQ (<http://grants.nih.gov/grants/guide/notice-files/NOT-OD-13-053.html>), Question 4d
  - Everyone is entitled to the same treatment because you are trying to reach capacity.
  - Might not want newer users at night because of lack of experience/training
  - Based on skill set and usage history, block user if he/she has history of risk to facility
    - It is advised to have documentation on file for the high-risk users, just in case
- **Bulk item/Service Discount:** justified by economy of scale argument (pass through savings to your user base).
  - **Should we open the door to discounts on time-based instrument rentals?**
  - NIH FAQ on this issue is open to interpretation, but this may not make good business sense, if this decision reduces revenue to the facility

### **Open Discussion**

- Agreeing to this discount may put other facilities at a disadvantage
- A discount will be expected from other facilities as well
- If a user buys more time on an instrument, they are contributing to the depreciation of the instrument
- Defining “bulk” is difficult
- It would be difficult to explain the discount to an auditor
- Defining usage in terms of consumables is problematic because the actual discount would deal with time
- Technically, non-discriminatory, but can be perceived as discriminatory by those who are not getting lower rates
- Facilities should take the stance that they are not in the business of losing money.
- If a PI is anticipating a larger project, he/she should talk with Phil, Aaron and Jennifer to figure the appropriate quote for the particular project
- The facility then assesses the request and structures a strategy on how to accommodate the user, without compromising income
- Will a subsidy on the part of NU be necessary?
  - Not necessarily, but this may be one way to structure such a discount. The facility will need to ensure that they have the capacity to accommodate the request
- Requests for more time on an instrument should be handled on a case-by-case basis
- Making sure that the user actually follows through with the projected usage may be an issue
- Would need to draft contracts for such projects (can do this with external users, but internal user activity may need to go through OSR)
- How do you make sure your other users are not driven away if there is an alpha user who will take up the “remainder” of your capacity?

- Scheduling the alpha user, among other users may be difficult
- Balloon metaphor: lowering rate for bulk users may potentially increase burden on the other customers
  - However, if the users are receiving a discount, they may actually use more

### ➤ **Reservation Cost/Minimum Cost Definitions and Application**

- Reservation Cost is the expense incurred for a reservation (both admin and experimental setup time and materials). It can be charged regardless of whether the user shows up or not. Reservation Costs are not subsidized by the Cancer Center.
- Minimum Cost is the base cost of performing a single experiment. This cost is applicable when a user initiates an experiment. Minimum Costs are subsidized by the Cancer Center.

### ➤ **Away Time in Smaller Operations**

- How do small core facilities with one staff manage vacation time?
  - **All staff should have provisions for vacation time regardless of the size of the facility**
  - A temporary staff may be appointed with appropriate training and expertise (senior grad student/post-doc) to cover periods of vacation
- Build the cost of the substitute “manager” into cost study
- Contact Phil if you would like to discuss this further
- Contact Phil if your facility has implemented an alternative strategy to cover operations during vacations

### ➤ **Announcements**

- Next Kellogg course offering: 11/16-11/19
- **Next MWACD meeting: 10/29-10/30**
- Next NUCore Tech Talk: 7/7/15 (Baldwin Aud., Lurie building, Chicago)
- Kellogg course’s Applied Learning Projects winners: Top 3 selected – presentations by winners at future Brown Bag meetings
- OR Core Facility website: send us job postings & events
- There will be Cost Study Open Labs in July; **Cost Studies need to be done by August 31 – there will be repercussions if not done on time!**

### ➤ **Suggestions**

- Brown Bag for top 3 presentations: Matt, Angki, Gajendra to stimulate discussion about the topics