

# FINANCIAL MANAGEMENT

## WORKSHOP FOR EARLY CAREER INVESTIGATORS

Suzanne Locke  
Director, Research Finance  
Monday, May 20, 2019



**Montefiore**

# Agenda

- Financial Management structure
- Federal Grants & Contracts Policies & Guidelines
- Budget Preparation
- Grant Life Cycle
- What to do after you get your Federal award
- UG Effort Reporting

# What is Financial Management Structure

- **Principal Investigator (PI) / Program Director (PD) Role** - A Principal Investigator (PI) is designated by the grantee organization to direct the project or activity being supported by the grant. The PI is responsible and accountable to the grantee for the proper conduct of the project or activity.
- **Business Official (BO)** - A BO has signature or other authority related to administering grantee institution grants. Users with the BO role perform their tasks in the xTrain module of Commons.

# What is Financial Management Structure

- **Signing Official (SO)** - The signing official (SO) has institutional authority to legally bind the institution in grants administration matters. The individual fulfilling this role may have any number of titles in the grantee organization (such as BO, SO, AOR).
  - > At Einstein = Dr. Gregg Tarquinio

# What is Financial Management Structure

- **Authorized Organization Representative (AOR)** - the individual, named by the applicant organization, who is authorized to act for the applicant and to assume the obligations imposed by the Federal laws, regulations, requirements, and conditions that apply to grant applications or grant awards. This individual is equivalent to the signing official in the eRA Commons, i.e., holds the SO Role.

# What is Financial Management Structure

- **Financial Officer (FO)** – The individual responsible for managing the sponsor fund financial action of the institution. S/he is responsible for all finance and accounting and ensuring that the financial reports are accurate and completed in a timely manner.
- **Point of Contact (POC)** – The System for Award Management (SAM) retains the POC for each institution. There may be a different POC for different agencies.

# Federal Grants & Contracts Policies & Guidelines

- Policies & Guidelines
  - > [NIH Grants Policy Statement](#)

# Federal Grants & Contracts Policies & Guidelines

- Key Cost Principles – for any costs to be charged directly to a federal award, the expense must be:
  1. Allowable under both the provisions of federal guidance and the terms of a specific award
  2. Allocable: the expense can be associated to a project with a high degree of accuracy
  3. Reasonable: the cost reflects what a “prudent person” would pay in a similar circumstance
  4. Consistent Expenses for similar purposes must be treated the same way (throughout Einstein) under like circumstances

# Federal Grants & Contracts Policies & Guidelines

- Types of Grants

- > [NIH Fellowship](#) - An NIH training program award where the NIH specifies the individual receiving the award. Fellowships comprise the F activity codes.
- > [NIH Career Development Awards \(CDA, K Series\)](#) Awards for candidates who wish to further develop their careers in biomedical, behavioral and clinical research. Applicants are generally required to hold a research or health–professional doctoral degree or its equivalent; eligibility for some CDAs is limited to only applicants with health professional doctoral degrees.
- > [NIH Loan repayment programs](#) (LRPs) are a set of programs established by Congress and designed to recruit and retain highly qualified health professionals into biomedical or biobehavioral research careers

# Federal Grants & Contracts Policies & Guidelines

- [Foundation Awards \(AHA, AFAR, BCRF, LRF, etc.\)](#)
- [Diversity Supplements](#) - NIH encourages institutions to diversify their student and faculty populations to enhance the participation of individuals from groups identified as underrepresented in the biomedical, clinical, behavioral and social sciences, such as:
  - > Individuals from racial and ethnic groups that have been shown by the National Science Foundation to be underrepresented in health-related sciences;
  - > Individuals with disabilities, who are defined as those with a physical or mental impairment that substantially limits one or more major life activities;
  - > Individuals from disadvantaged backgrounds

# Federal Grants & Contracts Policies & Guidelines

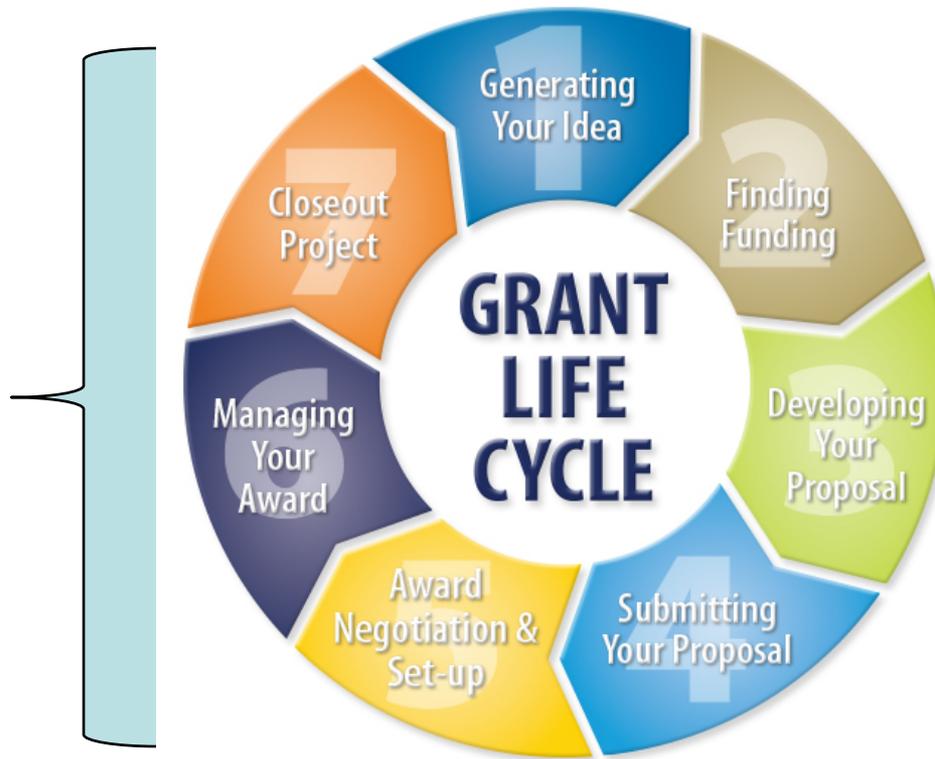
- Uniform Guidance
  - > The OMB Uniform Guidance is a new set of regulations (as of 12/16/2013) which consolidates several OMB Circulars, including A21, A110, and A133. These regulations:
    - impact the proposals you make for federal funding
    - the way grants and contracts are managed
    - and the cost principles that guide research at the Albert Einstein College of Medicine

# Budget Preparation



# Grant Life Cycle

Stages 5, 6  
and 7 are  
supported  
by  
Research  
Finance  
(Suzanne  
Locke)



Stages 2, 3  
and 4 are  
supported  
by the  
Office of  
Grant  
Support (Dr.  
Dhanonjoy  
Saha)

# What to do after you get your Federal award

- Read your Notice of Award for:
  - > your **project's start and end dates**,
  - > your terms and conditions of award, and
  - > the amount of money you will receive for the current and future years.
  - > if you have a restriction on your award, resolve it right away. Restrictions can take weeks to lift even after you send us the information we need. Until then, you have an award but cannot do any of the restricted activities or access restricted funds.

# Keep Up With Policy Changes

- Read the notices posted weekly in the [NIH Guide\(link is external\)](#). Subscribe to the [GuideListserv\(link is external\)](#) to get a table of contents for each issue.
- Sign up for the electronic submission listservs at [Get Connected\(link is external\)](#).

# Stay On Top of Your Rules and Reporting Requirements

- Research Performance Progress Report (RPPR)
  - > When is report due:
    - **Training grants:**  
120 days before your grant anniversary date.
    - **Fellowships and awards to foreign institutions:**  
two months before the beginning of the next budget period.
    - **All other grants:**  
SNAP: 15th of the month preceding the month in which the budget period ends.  
Non-SNAP: first of the month preceding the month in which the budget period ends.

# Stay On Top of Your Rules and Reporting Requirements

- Federal Financial Report
  - > When is report due:
    - **Final** Federal Financial Report: 120 days after your project period ends.
    - **Annual** Federal Financial Reports, for non-SNAP awards only: 90 days after the calendar quarter in which the budget period ends.
    - **Annual** Federal Financial Reports, for non-SNAP awards only: 90 days after the calendar quarter in which the budget period ends.

# Stay On Top of Your Rules and Reporting Requirements

- After Grant's end date
  - **Final RPPR:** 120 days after your project period ends.
  - **Final Invention Statement and Certification:** due Statement and Certification 120 days after your grant's end date, even if you had no inventions.

# Stay On Top of Your Rules and Reporting Requirements

- **Reporting Requirements During Your Grant**
  - > As PI, you play a large role in preparing reports during your grant, though you don't submit them. Instead, you give information to your business office so it can send the reports to NIH.
  - > Still, it's good practice to keep abreast of your due dates. That way you'll know when your business office will need information from you and when to check that your business office has indeed sent it.

# UG Effort Reporting Requirement

- Compensation for personnel services (labor charges) is the largest expenditure charged to sponsored projects and should be commensurate with how the individual expended their effort or time to the projects and or activities worked on for the period reviewed. Salary appointments are approved before services are actually performed. The College's payroll allocation system provides for payroll to be charged to projects and or activities based on how the individual is expected to expend their effort. Subsequently, the College's Effort Reporting System provides an "after-the-fact" confirmation that the salaries paid to individuals reasonably reflect the actual effort expended for the projects and or activities worked on for the period reviewed

# FINANCIAL MANAGEMENT WORKSHOP FOR EARLY CAREER INVESTIGATORS

Dhanonjoy C Saha, PhD  
Director, Office of Grant Support  
Research Professor of Medicine

May 20, 2019



Albert Einstein College of Medicine

**Montefiore**

# Financial Management: What Does it Mean?

Application of financial concepts and best practices to establish and maintain budgets to successfully complete a project or program while maintaining all applicable rules and regulations.

<https://hr.nih.gov/competency/financial-management>

# Some Key Points to Keep in Mind

- Understand and use financial and other quantitative information to manage project budget;
- Analyze financial information to evaluate opportunities and options;
- Understand budgets, regulations, and policies;
- Use appropriate formats for presenting budget information logically, consistently, and accurately;
- Use financial information to monitor overall financial status of operations and making decisions;

## Some Key Points to Keep in Mind...

- Identify and inform management of emerging funding needs, changes in expenditure rates to prevent or reduce instances of over- or under-spending or compliance issues;
- Initiate necessary documentation, and route it for approval (internally and externally);
- Manage, monitor and report on status of funds execution; from budget to commitment to obligation to outlay or de-obligation to closeout;

# Finally...

Manage budget execution during budget periods to closeouts to ensure full utilization of resources within allocations. This includes monitoring budgets, reallocating funds, submitting timely procurement requests or invoices, effort reporting, submitting pre-approval requests (if needed), and using professional judgment to identify additional or different budget requirements that may arise.

# Understand the Project and its Plan

- Project:
  - > What are you trying to accomplish?
  - > What are the matrices and the time line?
- Budget:
  - > Personnel;
  - > OTPS (Other than personal services);
  - > Students, consultants and contractors;
  - > Equipment;
  - > Subcontracts/consortium;
- Direct and indirect (F&A) costs.

# Utilization of the Budget and the Plan

- Utilization of the funds:
  - > As planned --
    - Accounting, documenting, reporting;
  - > Deviations --
    - Reason(s), alternate thoughts, justification, receiving pre-approvals or approvals;
- Accounting and reporting of expenditures:
  - > Continuous;
  - > Budget period, Federal Financial Report (FFR);
  - > Project period (Final FFR).

# Budget Preparation

- Budget requests must be in compliance with the Federal cost principles and sponsor policies;
- In general, grant awards provide for reimbursement of actual, allowable costs incurred;
- The cost principles address four tests in determining the “allowability” of costs;
- Costs must be allowable, allocable, reasonable -- necessary, and consistently applied regardless of the funding source.

# Budget Development

- Two types:
  - > Modular budget; and Non-modular budget.
- Regardless of the budget type, for the grant you are applying, you must prepare a detailed budget for internal review and approval;
- In addition to the detailed budget, you need to write a budget justification.

<https://grants.nih.gov/grants/how-to-apply-application-guide/format-and-write/develop-your-budget.htm#budgets>

# Let's Understand Some More Definitions

- Senior/Key personnel:
  - > The program director/principal investigator (PD/PI) and other individuals who contribute to the scientific development or execution of a project in a substantive, measurable way, whether or not they request salaries or compensation.

[https://grants.nih.gov/grants/funding/all\\_personnel\\_report\\_faq.htm#552](https://grants.nih.gov/grants/funding/all_personnel_report_faq.htm#552)

# Let's Understand Some More Definitions...

- Other significant contributors:
  - > Individuals who commit to contribute to the scientific development or execution of the project, but do not commit any specified measurable effort (i.e., person months) to the project;
  - > These individuals are typically presented at effort of “zero person months” or “as needed;”
  - > Individuals with measurable efforts may not be listed as Other Significant Contributors (OSCs).

# Let's Understand Some More Definitions...

- Other personnel based on role on the project:
  - > Staff Scientist (doctoral level); Postdoctoral Scholar, Fellow, or Other Postdoctoral Position; Graduate Research Assistant; Undergraduate Research Assistant; Research Assistant/Coordinator; Technician; Consultant; and Other.

# Let's Understand Some More Definitions...

- Consultants:
  - > An individual who provides professional advice or services for a fee, but normally not as an employee of the engaging party;
  - > Consultants also include firms that provide; professional advice or services;
  - > Efforts are not captured on applications (no measurable efforts); provide fee-based services.

# Let's Understand Some More Definitions...

- Measureable efforts:
  - > The effort of PD/PI(s), faculty and other senior/key personnel devoted to a project expressed in terms of “person months” greater than zero;
  - > If consultants are considered senior/key personnel, they must have measurable effort expressed in person months.

# Let's Understand Some More Definitions...

- Direct Costs -- that can be identified with a particular sponsored project, program, or activity that can be directly assigned to such activities relatively easily with a high degree of accuracy;
- Indirect Costs, Overhead, or Facilities and Administrative (F&A) Costs -- that are incurred by a grantee for common or joint objectives and that, therefore, cannot be identified specifically with a particular project or program;

# Lets' Create a Simple Budget

- Personnel (salary and fringe benefits):
  - > Senior/Key Personnel --
    - PD/PI;
    - Co-investigators.
  - > Other personnel;
  - > Other Key personnel/significant contributors;
  - > For students and trainees (salary or stipend, fringe, other benefits or insurance may be a separate category).

# Let's Create a Simple Budget ...

- Materials/Supplies:
  - > cell lines, chemicals, glassware, reagents, research-related supplies (pipettes, tips, filters, syringes).
  - > Animals are usually budgeted separately, number of animals, cost of purchase and per diem costs;
  - > Not stationary, pen or pencils, laboratory note books
  - > Computers, software, statistical support;
  - > There are always exceptions; must be justified.

# Let's Create a Simple Budget ...

- Publication costs;
- Travel costs;
- Tuition:
  - > If graduate students are on the project, include school's tuition rates (limit apply);
- Research patient care costs:
  - > Inpatient and/or out patients costs; incentives; other lab fees etc.

# Let's Create a Simple Budget ...

- Other: Some other fees or costs that can be justified;
- Equipment and consortiums or sub-awards costs (will discuss these later);
- Direct costs:
  - > Indirect costs (chose MTDC);
  - > Now, these two make the total project budget.

# Some Other Items to Keep in Mind

- Waiver of Indirect Costs: Needs approval of Associate Dean for Administration and Finance:
  - > Write a justification in the summary comment box of Cayuse
- PI's or PD's effort: Must have some effort (it is in person months, example, 25% = 3 cal mon);
- OTPS, Other Than Personal Services:
  - > Supplies, reagents, animals, travel, publication costs
- Some supplies are not allowable costs for grants.

## Some Other Items to Keep in Mind...

- Section A (of RR Budget) Senior/key person;
- PI should have some measureable effort;
- Base salary (for anyone named on the budget) should be equal to his/her annual salary per Banner Finance (+2% increment);
- For anyone on Montefiore PR—please note in the comments box and add MMC ORSP to routing chain;
- Anyone expecting a promotion/raise—please note/explain in the proposal summary comment box.

# Some Other Items to Keep in Mind ...

- Supplies
  - > Any items that are needed for completing the project (not equipment). Anything (any category) costs <\$1,000 need not to be itemized;
- Equipment
  - > Any piece of equipment costing \$3,000 or with a useful life more than one year.

## Some Other Items to Keep in Mind ...

- Fringe benefits: It is a negotiated rate with the government, generally, 33%;
- Health insurance: \$4,589 for post-docs; \$4,841 for pre-docs;
- Tuition: \$49,132, generally pay \$16,000 for single degree, and \$21,000 for dual degree students;
- Training-related expenses: Post-docs, \$10,850 (health insurance included); Pre-docs, \$4,200;
- Travel: Some agencies pay; some do not.

# Grants & Contracts Policies & Guidelines

- Applicable rules and regulations
- Financial compliance
  - > [Uniform Guidance](#)
  - > [NIH Grants Policy Statement](#)
    - [Allowable](#), [Allocable](#), [Reasonable](#), [Consistent](#)
  - > Internal policies and procedures, best practices

# Grant Life Cycle

Stages 5, 6 and 7 are supported by Research Finance (Suzanne Locke)



Stages 2, 3 and 4 are supported by the Office of Grant Support (Dhanonjoy Saha)

# What to do After you get your Award

- Read your Notice of Award (NoA):
  - > The project start and end dates;
  - > Terms and conditions of award; and
  - > The amount of money awarded for the current and future years.
  - > If you have a restriction on your award, resolve it right away.
    - Restrictions can take weeks to lift.
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# What you need to do for the RPPR?

- Complete all sections on Cayuse and eRA Commons;
- Accomplishments – work progress, publications, patents;
- What opportunities for training and professional development did the project provide?
- A budget for the next budget period;
- Include names of all personnel and their efforts;
- Route the application through Cayuse;
- Once approved, route the completed RPPR to OGS, and we will submit it.
- Private foundation progress reports may be submitted through their Web Portals.

# What to do if you have a Large Amount of Unobligated Balance?

- Carryover
  - > Unobligated Federal funds remaining at the end of any budget period that, with the approval of the GMO or under an automatic authority, may be carried forward to another budget period to cover allowable costs of that budget period (whether as an offset or additional authorization).
  - > Caution: A large carryover may be denied (budget offset); may need prior approval; may need to write to the GMO with justification (reason) and a budget plan.

# No-cost Extension (NCE)

- Project end date nearing, but project is not complete and funds left in the grant.
  - > Extend the project period up to 12 months to complete the work (NCE);
  - > Also, for orderly phase-out of a project that will not receive continued support;
  - > First NCE can be done easily -- contact OGS;
  - > Must be done within 90 days, preferably, 10 days prior to the project end date;
  - > Must write to GMO and CC PO, after the end date.

# What to do After You Completed the Project?

- After Grant's end date submit the following:
  - > Final RPPR: 120 days after your project period ends;
  - > Final FFR: Work with Research Finance. We submit it;
  - > Final Invention Statement (FIS) and Certification: Due Statement and Certification 120 days after your grant's end date, even if you had no inventions.
  - > You go to eRA Commons and complete the FRPPR and FIS; OGS will review and submit.

# Stay On Top of Your Rules and Reporting Requirements

- **Reporting Requirements During Your Grant**
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# Questions and Answers

- How to determine the appropriate amount of PI effort for a project?
  - > It varies for each project, but has to reflect the amount of time (effort) that be devoted to each project. Also, it depends upon how many other personnel support is being asked for in the project.
  - > Our experience shows that young and early stage investigators budget between 30 to 50% of their efforts.

# Questions and Answers...

- What should be the ideal balance of salary support vs supplies/mice/other OTPS for a project?
  - > This also should reflect the amount of projected effort and OTPS needed. It will also vary for each project.
  - > Our experience show OTPS varies from 19% to 47% of the total direct costs with an average of 28%.

# Questions and Answers...

- How to account for rising salaries over time in a fixed multi-year project without losing excessive OTPS funding?
  - > There is no easy way to do this as costs rise over time. It requires careful thinking and planning. It also, means that the institution and the PI are working harder to complete the project without additional funding.

# Thank You

- ❑ For general information, please contact the Office of Grant Support at (718) 430-3643 or [preaward@einstein.yu.edu](mailto:preaward@einstein.yu.edu)
- ❑ For pre-award budget -- Gerard McMorrow at (718) 430 3580 or [gerard.mcmorrow@einstein.yu.edu](mailto:gerard.mcmorrow@einstein.yu.edu)
- ❑ Post-award budget – Suzanne Locke at (718) 430 2688 or [Suzanne.locke@Einstein.yu.edu](mailto:Suzanne.locke@Einstein.yu.edu)
- ❑ For Cayuse, eRA Commons and any other help -- Regina Janicki at (718) 430-3643 or [Regina.janicki@einstein.yu.edu](mailto:Regina.janicki@einstein.yu.edu)
- ❑ For any other help -- D. C. Saha at (718) 430-3642 or [dhanonjoy.saha@einstein.yu.edu](mailto:dhanonjoy.saha@einstein.yu.edu)