What is UNC-FIT?

The University of North Carolina Finance Improvement & Transformation initiative, also known as UNC FIT, seeks to strengthen the control environment and align UNC people, processes, and technology throughout the multi-campus University system. These goals will be accomplished by implementing process improvements in key areas within a short timeframe (previously referred to as Short Term Improvements). We have also begun projects to improve the data systems used to manage financial operations (previously referred to as Long Term Improvements) including the development of data management standards and processes to promote data integrity as well as the centralization of certain back office financial operations. The current UNC FIT process improvement initiatives are in the areas of Contracts and Grants, Financial Aid, and General Accounting. The current UNC FIT data system improvement initiatives are in Data Analysis & Management and Human Resources/Payroll.

In the area of Grants and Contracts, the college has established audit and UNC-FIT standards to track performance using Key Performance Indicators (KPI).

2009-10 AUDIT AND UNC FIT STANDARDS FOR SPONSORED PROJECTS
DEPARTMENTAL KEY PERFORMANCE INDICATORS (KPI)
Reportable Conditions and/or Disallowed Costs

These standards are provided as general University requirements and best practices for management of sponsored projects. Specific awards/sponsors may have more restrictive requirements and timeline guidelines. Specific transactions may have more restrictive State/University requirements and timelines for processing.

Both the Principal Investigator (PI) and the Departmental Administration (DA) share duties/responsibilities to assure compliance with all grant terms/conditions and the University KPIs. The distribution of specific duties/tasks to individuals will vary by department.

Departmental compliance with these standards is subject to review by UNC-GA under the UNC FIT (Finance and Information Transformation) initiative and by internal and external auditors.

HR/PAYROLL PRACTICES AND EFFORT REPORTING

PCF/EPAF PROCESSING
BEST PRACTICE – Before work start date.
STANDARD – Within 30 days of start date.
MAXIMUM – Within 90 days of start date.
ACTION – PCF/EPAF will be denied if > 90 days of start date or less than 2 weeks before ERS closing due date (charge to grant will not be allowed).
EPAFs will be submitted by the designated administrator upon notification of funding and receipt of award notice.

Designated administrator will contact OSP to request award notice if it has not been received in timely manner or to procure letter of guarantee if funding has not been received.

**SALARY REDISTRIBUTION**

- **BEST PRACTICE** – Within 30 days of pay period.
- **STANDARD** – Within 60 days of pay period.
- **MAXIMUM** – Within 90 days of pay period (applied in system; consider processing time 80 days to assure timeliness).
- **ACTION** – Transfers > 90 days will be denied (charge to grant will not be allowed).

Designated administrator will submit necessary salary redistributions to the College within 30 days.

**EFFORT CERTIFICATION (ERS)** – Applies to both paid and cost shared effort.

- **STANDARD/MAXIMUM** – Within 45 days of certificates distributed.
- **ACTION** – Costs disallowed if certification not processed on timely basis. Costs will be transferred to a non-sponsored fund and cannot be moved to a sponsored project.

**DEPARTMENTAL EFFORT REVIEW SYSTEM** – Applies to both paid and cost shared effort.

- **STANDARD** – Department maintains master of effort commitments and monitors all effort reporting requirements for compliance and timeliness.
  - Upon receipt of awards – Paid commitments noted, master maintained.
  - Upon receipt of awards – EPAFs reviewed for action needed for paid commitments. PCFs/EPAFs processed, as needed.
  - Upon receipt of awards – Cost share efforts noted on master for ERS periods.
  - Upon receipt of awards – PI notified to contact Departmental Administrator for changes, additions, deletions throughout the life of the award (30 days best practice). Adjustments made on a timely basis, as needed.
  - For federal awards, for PIs and Key Personnel - minimum 75% requirement monitored. Contact OGC for additional action if 75% cannot or will not be met.
  - Monitor faculty cost share effort commitments - maximum 20% cumulative, all awards. At 25% normally a buyout (charge to grant), not cost share, should be processed. Cost share 25% or more must be preapproved by VC.
  - Monitor PI must show some level of effort, paid or cost share, for all awards (minimum 1-5%).
  - Monitor PI/Co-PI may not be paid 100% from sponsored projects (minimum 5% must be from non-sponsored funds).
  - For federal awards – no clerical/secretarial/administrative salaries without A21 exception approval on file with OGC.
  - **ERS Pre-Review** –
    - Review queue. Notify ERS if any individuals should not be in your queue. Standard 2 weeks.
    - Review queue. Notify ERS if any individuals, not showing, need to have certification for cost share, etc. Standard 2 weeks.
- Review queue...for cross-departmental individuals, coordinate with other department prior to certification.
- Review ERS distributions with PIs and certifying individuals for accuracy and completeness (includes cost share). Make necessary adjustments prior to certification.
- PIs should review/verify all individuals paid on their awards. In most cases, this will be off-line review/approval so that paid individual can certify their own effort report.
- Verify review/certification system set up.
  - Faculty and Post Docs must certify their own effort.
  - All employees normally must certify their own effort. Contact OGC for allowable exceptions under certain circumstances for students/staff – the PI or immediate supervisor may certify on an exception basis.
  - Pre-Reviewer and Certifier may not be the same individual.

**ACTION** – Cost may be disallowed if appropriate standards for effort review and processing are not documented and processed by the department on a timely basis.

Designated administrators will modify ERS reports to show cost-shared AY time on federal grants. Office of Sponsored Programs recommends a cost-share of 6 months @ 2% minimum.

Departments will maintain copies of grant budgets showing cost-shared effort.

**PAYROLL DISTRIBUTIONS** – Accuracy, appropriateness, allowable, completed corrections. Review each fund for – correct amounts, correct individuals (named individual is working on project) and missing individuals. Verification process should be documented.

  - BEST PRACTICE – 30 days - Monthly review of payroll summaries.
  - MINIMUM – 60 days
  - MAXIMUM – 90 days...correction must be processed within 90 days and must be processed prior to ERS certification; whichever is first.

**ACTION** – Costs will be disallowed – cannot be charged to sponsored project.

Designated administrator will provide PIs with copies of monthly payroll reports. PIs will sign these reports indicating their review and approval. The reports will be kept on file in the department.

**NON-SALARY EXPENDITURES**

**REIMBURSEMENTS** (INCLUDES TRAVEL VOUCHERS)

  - BEST PRACTICE – 30 days
  - STANDARD – 60 days
  - MAXIMUM – 90 days or prior to final FSR/Invoice; whichever is first.

**ACTION** – Costs will be disallowed – cannot be charged to sponsored project.

PIs will submit original travel receipts, including boarding passes, within two weeks of return from travel.

The reimbursement packet will be submitted to the College within 30 days of the PIs return from travel.
Designated administrator will provide PIs with copies of monthly expenditure reports. PIs will sign these reports indicating their review and approval. The reports will be kept on file in the department.

**DIRECT PAYS** or PORT (INCLUDES SUBCONTRACTOR PAYMENTS)

**BEST PRACTICE** – 30 days from cost incurred or invoice received.

**STANDARD** – < 60 days

**MAXIMUM** – 90 days or prior to final FSR/Invoice; whichever is first.

**ACTION** – Costs will be disallowed – cannot be charged to sponsored project.

PIs will submit original receipts to the designated administrator as soon as approved purchases are made.

**EXPENDITURE DISTRIBUTIONS** (REVIEW ACCOUNTING LEDGERS) – Accuracy, appropriateness, allowable, completed corrections. Review each fund for – correct amounts/ allocation, related to project activities, necessary for completion of project. PI approval and verification process should be documented.

**BEST PRACTICE** – Review/approval prior to cost incurred. Review of accuracy on ledger 30 days.

**STANDARD** – 60 days

**MAXIMUM** – to process corrections - 90 days or prior to final FSR/Invoice; whichever is first.

**ACTION** – Costs will be disallowed – cannot be charged to sponsored project.

Designated administrator will provide PIs with copies of monthly expenditure reports. PIs will sign these reports indicating their review and approval. The reports will be kept on file in the department.

**ALLOWABLE COSTS** – FEDERAL AWARDS – A21 EXCEPTION APPROVALS

(No A-21 (2 CFR 220) unallowable costs without A-21 exception approval on file with OGC)

**BEST PRACTICE** – Approval prior to incurring cost or within 30 days of cost incurred.

**STANDARD** – Approval 60 days of cost incurred.

**MAXIMUM** – Approval 90 days of cost incurred or prior to final FSR/Invoice; whichever is first.

30 days from OGC notification of discovery or prior to final FSR/Invoice; whichever is first.

**ACTION** – Costs will be disallowed – cannot be charged to sponsored project.

The PIs will fill out A21 exemption forms and submits to the Chair, then to the Associate Dean for approval, prior to incurring costs. The Dean’s office will send a signed copy to the PIs department within one week of receipt.

**GENERAL FINANCIAL MANAGEMENT REVIEWS**

**EXPENDITURE RATES/PROJECTED EXPENDITURES** (budget balances)

**BEST PRACTICE** – Monthly/quarterly.

**STANDARD** – at 6 months/50% of budget period. (<25% reportable)

**MAXIMUM** – at 9 months/75% of budget period. (<50% reportable)

Designated administrator will provide PIs with copies of monthly budget reports. PIs will sign these reports indicating their review and approval. The reports will be kept on file in the department.
EXPENDITURES IN LAST QUARTER OF BUDGET PERIOD

BEST PRACTICE – All necessary expenditures booked and all necessary corrections processed prior to budget end date.
STANDARD – No equipment or large expenditures in last 60 days. No expenditures for the purpose of reducing budget balance – must be necessary to complete the goals of the project. All goods must be received and used prior to the end date of the award. No stockpiling.
MAXIMUM – No equipment in last 30 days. No large expenditures in last 30 days. All goods must be received and projected to be used prior to the end date of the award. No stockpiling for future use. Specific exceptions may apply for equipment-only or specialized projects – contact OGC for clarification/exception. No expenditures for the purpose of reducing budget balance – must be necessary to complete the goals of the project.

Upon monthly review of budget, designated administrator and/or Chair will review budget pools and encourage PIs to either request an extension of the grant or spend out funds in a timely manner.

COST SHARE PROPOSED – All cost share must be documented in the accounting and effort reporting system or it cannot be reported to the sponsor to meet the cost share/match requirements. Cost share is subject to the same audit standards as costs charged directly to a sponsored project. State and University policies require that all cost share be minimized.

BEST PRACTICE – Do not propose cost share.
STANDARD – Cost share should be limited to projects where the sponsor has a mandatory cost share/match requirement or where the PI/Chair/Dean have determined there are benefits to the University and it is essential for the project.
MAXIMUM –
Effort cost share should be limited to 20% cumulative, from all awards. Effort cost share of 25% or more (cumulative, from all awards), must have the prior approval of the appropriate Vice Chancellor.
All non-salary cost share must have the prior approval of the appropriate Vice Chancellor.

Designated administrator will properly adjust effort reports to reflect committed cost-sharing.

PIs are responsible for filling out their cost-share forms and obtaining necessary approvals.

COST SHARE REPORTING/MONITORING/DOCUMENTATION

BEST PRACTICE – Cost share should be reviewed documented monthly in conjunction with expenditures charged directly to the sponsored project.
STANDARD – Quarterly for non-salary, ERS for salary/effort.
MAXIMUM – Every 6 months a cost share reconciliation must be filed with OGC. A final cost share reconciliation must be submitted to OGC prior to the final FSR/Invoice.

Time and effort will be reported quarterly in the ERS system.

Other cost-sharing will also be reviewed monthly. PIs will indicate on cost-share reconciliation forms if any changes are necessary. The forms will be kept on file in the department.
**AWARD CLOSEOUT** - OGC sends the PI/DA/CGA a pre-term notification when awards are near their end date. If not already started, a complete review of the status of the award should be undertaken at the time of notification. Including, but not limited to:

- Contact OSP if a no-cost-extension is needed.  
  Standard - Extension requests must be processed prior to the budget end date.

- Contact OGC if a rebudgeting request is needed.  
  Standard – All rebudgeting requests must be approved prior to the budget end date.

- Review planned/projected expenditures and adjust, as needed, prior to the budget end date.  
  Standard – All costs must be incurred prior to the budget end date.

- Review all expenditures for accuracy and allowable costs and correct, as needed, prior to the budget end date.  
  Standard – All corrections must be processed within timeliness standards and prior to the final FSR/Invoice.

- Terminate/adjust all EPAFs, as needed, prior to the budget end date.  
  Standard – All adjustments must be processed within timeliness standards.

- Review progress/technical or other reporting requirements.  
  Standard – All necessary reports must be submitted to the sponsor by the due date.

Designated administrator and/or Chair will meet with the PI within one month of receipt of pre-term notification to review expenditures and ensure that any corrections will be processed in a timely manner.

**BANNER FUND CLOSEOUT** – Zero fund balance, activity ended.

- BEST PRACTICE – All necessary expenditure corrections completed within 30 days of budget end or before final FSR/Invoice; whichever is first. All EPAFs and standing orders corrected prior to or within 30 days of budget end date.
- STANDARD – Deficits or residuals cleared within 60 days of budget end date.
- MAXIMUM – Deficits or residuals cleared within 90 days of budget end date.
- ACTION - Deficits/residuals not cleared within 90 days of budget end date may be unilaterally transferred by OGC. Costs cannot be transferred to another sponsored project.

All necessary corrections will be made within 30 days of the budget end date. Any deficits will be cleared by the department. Residuals will be transferred to the College clearing account.