

CASE DISCUSSIONS ON ALLOWABILITY

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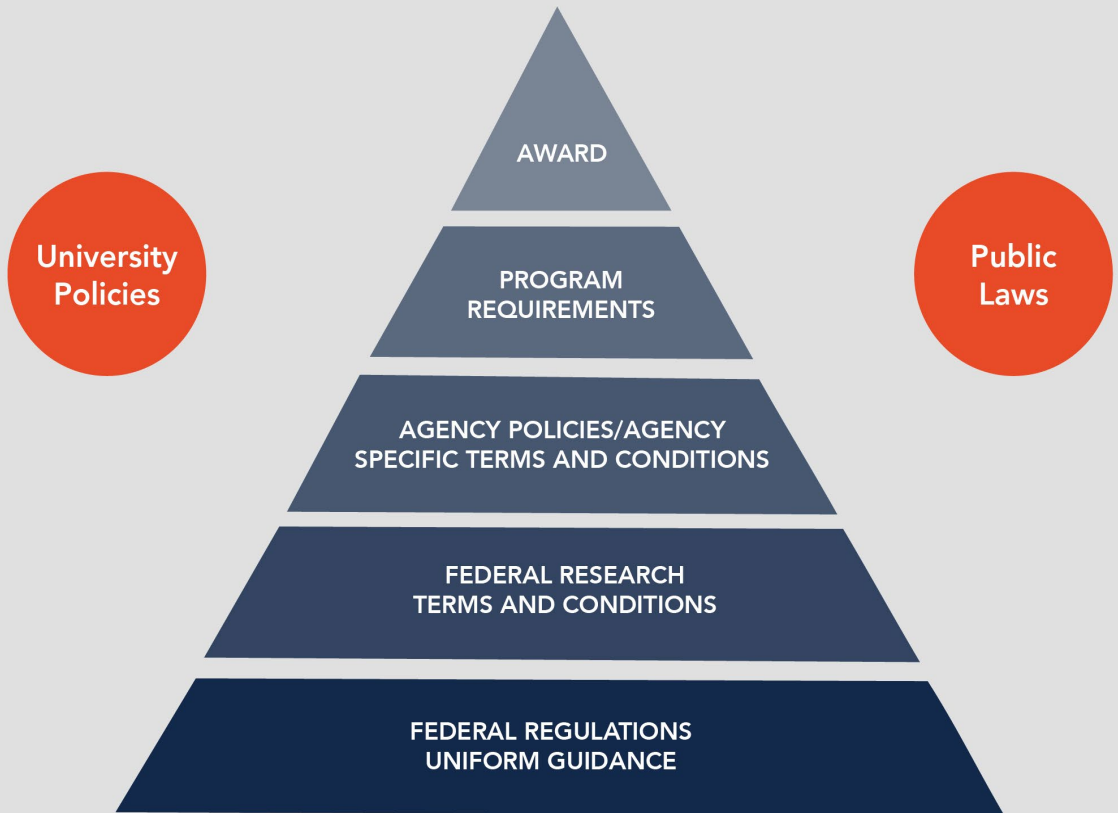
POTENTIALLY ALLOWABLE

(NOT EXHAUSTIVE)

- **Salaries**
- **Wages**
- **Consultancy fees**
- **Stipend**
- **Tuition**
- **Incentives / gift cards**
- **Supplies (< \$5,000)**
- **Equipment (> \$5,000)**
- **Travel**
- **Communications**
- **Contractual payments**
- **Subawards**

COST PRINCIPLES

- Allocability
- Reasonableness
- Consistency
- Conformance
- Allowability



PLEASE

- **Review**

- **The Funding Opportunity Announcement (FOA)**
- **The Notice of Award (NoA)**
- **The Budget Document prepared by the D-RED ORA**

- **Ask for guidance**

- **Google federal and state rules, in case you are super-interested!!**

- **NIH GPS**
- **NSF PAPPG**
- **2 CFR 200**

CASE 1

- **A researcher has a grant with a total amount of \$1,000,000 for two years. After 22 month, he has spent \$400,000. After consulting with his department chair, he decides to quickly spend down, by buying a piece of equipment for \$450,000 and substantial lab supplies.**
- **Allowable?**

CASE 1 (ANSWER)

- **Not a good idea, even if purchasing that equipment is allowable under the grant.**
- **Allocability issues.**
- **High risk of audit.**
- **Ask for a no cost extension, if possible.**

CASE 2

- **A researcher has two NIH grants. He has substantial funds remaining in grant 1, but is short on funds for grant 2. Therefore, he decides to use funds from grant 1 to hire a student that works on grant 2.**
- **Allowable?**

CASE 2 (ANSWER)

- **No.**
- **Allocability issues.**

CASE 3

- **A researcher has an NIH grant. The grant allows for international travel and has adequate budget for it. The researcher decides to present her findings in a seminar in Seoul, Korea, and uses Korean Air for this purpose?**
- **Allowable?**

CASE 3 (ANSWER)

- **May be.**
- **Generally, we should use U.S. flag carriers for travel. But there are exceptions to Fly America Act, such as:**
 - **When a U.S. air carrier is not available.**
 - **When using a U.S. carrier service would extend the travel time by 24 hours or more.**
 - **When using a U.S. carriers increases the number of aircraft changes outside the United States by two or more.**
 - **...**

CASE 4

- **A researcher has a federal grant. She has substantial unspent funds, and uses the some of her grant money to pay for food in weekly lab meetings, so that more students participate. The money spent on food is only 1% of the total grant funds.**
- **Allowable?**

CASE 4 (ANSWER)

- **No. Using federal grant funds for food poses a high risk for audit.**
- **Only under certain circumstances is food allowed. Even that can become problematic.**
- **Here, the word “weekly” makes it a total no, because food cannot be purchased using federal grants for regular meetings.**

CASE 5

- **A faculty member is paid \$10,000 a month during the academic year. Another faculty member is paid \$7,000 a month during the academic year. Over the summer, they work on an NIH grant and do exactly the same thing. They are paid using this NIH grant, each \$12,000 a month.**
- **Allowable?**

CASE 5 (ANSWER)

- **No, for consistency purposes.**
- **We should treat federal money the same as our own funds. We should pay the two faculty members \$10,000 and \$7,000 a month, respectively, just like we pay them.**

CASE 6

- **We invite a famous researcher to give a talk on our campus. Using our NSF grant, the researcher is paid \$5,000 for his one-hour talk.**
- **Allowable?**

CASE 6 (ANSWER)

- **No. Reasonableness is the issue.**

CASE 7

- **A PI has a graduate student who works as a research assistant, doing the main experiments needed for an NIH-funded grant. The student is very skilled about the required experiments and works 20 hours per week. The PI pays her a stipend of \$1200 per month.**
- **Correct way of payment?**

CASE 7 (ANSWER)

- **Not really.**
- **Stipends are fixed amount, subsistence level funds given to trainees so that they can pursue their training. They are not intended for work.**
- **The correct payment category is wages, paid as contractual work.**

CASE 8

- **An international student works 20 hours per week for a research project. Her quality of work is excellent, and the PI needs the project move faster, so the PI allows her to work 30 hours per week. Department chair and dean sign off.**
- **Allowable?**

CASE 8 (ANSWER)

- Only when the school is not in session.
- During the academic year, student work is limited to 20 hours per week.

CASE 9

- **A PI writes two months of his time into an NSF grant. His research turns out to be very time consuming, so he charges 3 months of his time to the grant and gets more release time.**
- **Allowable?**

CASE 9 (ANSWER)

- **No, unless there is written permission from the NSF.**
- **NSF grants typically limit the researcher to two months per year.**
- **If more than two months are requested, the researcher needs to speak with the NSF PO beforehand, write the budget into the grant and justify it very well, and receive written permission from the NSF.**

CASE 10

- **A PI writes five months of her time into an NIH grant. Her research turns out to be very time consuming, so she charges 6 months of her time to the grant and gets more release time.**
- **Allowable?**

CASE 10 (ANSWER)

- **Yes, as long as the grant has enough budget and the work is allocable.**
- **NIH allows an increase of up to 25% without permission from the NIH PO and GMO.**
- **In this case, an increase of 1 month is only 20% ($1 / 5 = 0.2$), so it is below the 25% level.**

HIGH RISK OF AUDIT ISSUES

- **Spending substantial funds close to the end of the grant period**
- **Using funds for food and entertainment**
- **Cost transfers between grants**
- **Obvious departures from the terms of the notice of award**

UPCOMING SEMINARS

SEE WHATS COMING UP NEXT!!!!

Apr14, 2021

Tips for Post-Award Management of Grants

Dr. Farin Kamangar

May 12, 2021

Using the D-RED Website as a Resource

Ms. Envia Malone

Jun 9, 2021

Finding the Right Award to Apply For

Dr. Edet Isuk

Jul 14, 2021

Tips for Award Submission

Ms. Ailing Zhang

Aug 11, 2021

Budget Preparation for Grants

Dr. Farin Kamangar

Sep 8, 2021

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Mr. Matthew Lee

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Compliance and Integrity in Research

Dr. Edet Isuk

Dec 8, 2021

Tips for Post-Award Management of Grants

Dr. Farin Kamangar



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