



SUBJECT: Financial Compliance Monitoring Policy	Effective Date: 01/25/13	Policy Number: 10.5.9	
	Supersedes: 02/23/11 06/21/10	Page 1	Of 4
	Responsible Authorities: Division of Research Director, Research Accounting		

I. Background

Florida Atlantic University is required by both OMB Circular A-21 (Relocated to 2 CFR Part 220) and OMB Circular A-110 (Relocated to 2 CFR, Part 215) to have established principles for monitoring the financial compliance of sponsored projects consistently and uniformly.

II. Purpose

The purpose of this policy is to establish uniform procedures for both Federal and Non-Federal sponsored projects in order to provide guidance and to ensure and maintain financial compliance monitoring efforts in accordance with OMB Circular A-21 (Relocated to 2 CFR, Part 220) and OMB Circular A-110 (Relocated to 2 CFR, Part 215).

III. General Statement

Research Accounting is available to answer questions and provide assistance regarding the requirements of the Financial Compliance Monitoring Policy.

IV. Policy

It is the policy of Florida Atlantic University that a Financial Compliance Monitoring Review Group that could include various university representatives reviews the financial compliance monitoring efforts annually. This review process will enable the review group to identify, if necessary, any appropriate corrective action, strengthen or revise policies and procedures in order to maintain compliance with Federal and Non-Federal sponsored projects.

The Vice President for Research or their designee will organize the Financial Compliance Monitoring Review Group. The review group could include a representative from the following university departments:

- ▶ Research Accounting
- ▶ Sponsored Programs
- ▶ Controller's Office
- ▶ Purchasing Office
- ▶ Budget Office
- ▶ Research Faculty Member (PI)
- ▶ College Dean Administrator (Business Manager)
- ▶ Budget Coordinator

The Financial Compliance Review Group will review the following policies which include:

1. Cost Sharing
2. Direct Costs
3. Sub-recipient Monitoring (Subcontracts)
4. Time and Effort Certification
5. Service/Recharge Centers
6. Program Income
7. Budget Revisions
8. Financial Reporting
9. Cost Transfers
10. Award Close-out
11. Equipment for Federal Sponsored Programs
12. Institutional Base Salary
13. Procurement for Sponsored Programs

14. Sponsored Projects funded by ARRA

V. Definitions

Allocable	A cost is allocable to a project if goods or services involved are chargeable or assignable in accordance with the relative benefits received by the projects. In order to be allocable a cost must be treated consistently in like circumstances. For further information see OMB Circular A-21 (Relocated to 2 CFR, Part 220). http://www.whitehouse.gov/omb/circulars_a021_2004
Allowable	A cost is allowable to a project if: (1) the costs are reasonable; (2) the costs are allocable to the specific project; (3) the costs are treated consistently in like circumstances; and (4) the costs conform to any limitations of the cost principles or the sponsored agreement. For further information see OMB Circular A-21 (Relocated to 2 CFR, Part 220). http://www.whitehouse.gov/omb/circulars_a021_2004
Consistent Treatment of Costs	A principle that each type of cost is allocated only once and only one basis or and must be treated uniformly as either direct costs or as indirect costs to Federal awards.
Cost Accounting Standards (CAS)	Cost Accounting Standards (CAS) are cost accounting practices listed in OMB Circular A-21 that are designed to achieve uniformity and consistency in cost accounting practices.
Cost Transfer	An after-the-fact reallocation of the cost, either salary or non-salary, to a sponsored project within a 90-calendar day period from the accounting date of a transaction.
Direct Costs	Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. For further information see OMB Circular A-21 (Relocated to 2 CFR, Part 220), Section D.1. http://www.whitehouse.gov/omb/circulars_a021_2004
Documentation	Providing a detailed explanation and support documents as evidence to substantiate allocability, allowability and reasonableness for a specific transaction.

- OMB Circular A-110 Standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.
http://www.whitehouse.gov/omb/circulars_a110
- OMB Circular A-21 established principles for determining costs applicable to grants, contracts, and other agreements with educational institutions.
http://www.whitehouse.gov/omb/circulars_a021_2004
- Reasonable A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. [OMB Circular A-21(Relocated to 2 CFR, Part 220)].
http://www.whitehouse.gov/omb/circulars_a021_2004
- Review A process whereby transactions are analyzed to see if they meet the standards of allowability, allocability, reasonableness and are in accordance with Federal, State, Agency and University guidelines.

VI. Accountability

The Financial Compliance Monitoring Review Group is responsible for monitoring the financial compliance of the Division of Research with respect to regulations governing Federal and Non-Federal sponsored projects and identifying any appropriate corrective actions. The Financial Compliance Monitoring Review Group must notify the Vice President of Research when reviews have been completed and inform the FAU community when a change in the policy as occurred.

VII. Annual Review of Procedures Manual

The Financial Compliance Monitoring Policy will be reviewed annually.

POLICY APPROVAL

Initiating Authority

Signature: Barry T. Rosson Date: 1/25/13

Barry T. Rosson, Vice President for Research
