



100 Institute Road
Worcester, MA 01609
www.wpi.edu

Frequently Asked Questions (FAQ)

The principal investigator has decided that s/he needs to spend award funds differently than what was proposed and awarded. Is this o.k.?

Each award is potentially different from any other award. The first rule of thumb is to read the section of the award terms and conditions usually called Rebudgeting. Many awards, though, make reference to an overriding set of guidelines or, in the case of some federal awards, to an Office of Management and Budget (OMB) circular. Become familiar with all of your awards so that you know where to look for this information. When the answer still seems unclear, contact Research Accounting.

Can any alcoholic beverages be charged to a federal award under any circumstances?

No. There are no instances when alcoholic beverages would be either appropriate or allowable, unless the awarding agency specifically provides approval in the award notice.

Can a foreign air carrier be used (and subsequently charged to a federal award) if it is a "partner" with a U.S. air carrier?

Yes, but only under certain conditions. Travel should always be planned far enough ahead of the trip to ensure that space will be available on an appropriate air carrier. When dealing with travel agents, specify that the air carrier must be of U.S. origin. When no U.S. air carrier is available, be sure to check the criteria for what the government considers "available" and "non-available". This information is included in [Frequently Asked Questions Regarding Availability or Nonavailability of U.S. Air Carriers](#).

I have what looks like an invoice from a subcontractor under one of my department's awards. What do I do with it?

When a subcontract is issued, the billing address specified is that of the principal investigator. The reason for this is that principal investigators are assumed to have knowledge of the progress of each of their subcontractors and, therefore,

are in the best position to know whether an invoice appears reasonable given the progress of the research at that time. Principal investigators may, with the exception of awards from the National Cancer Institute, delegate the approval authority to another person in the department who already has authorization to approve expenses. Caution must be used, though, to liaison with the principal investigator who, despite having delegated this function, is still responsible for the execution of the project.

What are indirect costs?

Indirect costs, also known as overhead and now officially known as facilities and administrative costs (F&A Costs), are those costs that cannot be efficiently charged as direct costs to a sponsored project. The amount charged is based upon a rate that normally reflects WPI's currently negotiated and federally approved rate or, if conditions warrant, a lesser rate based upon such things as a maximum percentage or amount allowed by a sponsor or a reduction approved by the University. The amount charged is intended to pay for such costs as utilities, building maintenance, snow removal, administrative salaries, etc. Click on [Indirect Costs](#) for a more detailed explanation of this subject.

If we know exactly how much time our department secretary spent working for Professor X on her project, why can't we charge that portion of her salary to Professor X's federal grant?

In OMB Circular A-21, *Cost Principles for Educational Institutions*, the federal government has determined that certain costs "normally" should be charged only as indirect costs. The reason for this goes back to the previous question - could you imagine how difficult it would be to allocate the cost of heating a five story, 200 room research laboratory directly to each of your department's 28 (or whatever) federal awards each and every month? Imagine even further allocating the cost to grants and contracts of such expenses as snow removal, electricity, heat, and lighting, etc. This same philosophy has been applied to the services of secretaries, who often perform a myriad of tasks for many different faculty and departmental managers. Indirect costs, then, are simply the mechanism by which many of these expenses that are not easily broken down by function are recovered by the University.

I need to hire a consultant to work on my project - how is this accomplished?

First, the term "hire" suggests that the relationship to be created is that of employer/employee. Consultants are, instead, "engaged" to provide services that must be unique in nature and otherwise not available through WPI. Planning is key in the use of consultants (also referred to as independent contractors). The services to be provided by a consultant should be planned for sufficiently far enough in advance to allow time for the execution of a Professional Services Agreement (PSA). Until such time as a policy is developed that includes the provision of such PSA's for use by departments, please see Section 4. of the [Sponsored Project Handbook](#) for information on expenditures involving consultants or contact Research Accounting for advice on how to proceed.

How can I get expenses that were mistakenly charged to one award transferred to the correct award?

Cost transfers, which are accomplished by using Department Transfer forms for non-payroll transactions and Payroll Redistribution forms for payroll transactions, are closely scrutinized in annual audits of WPI. The first rule of thumb in the oversight of sponsored project financial activities is to minimize the number of cost transfers that are needed. This is accomplished most effectively by performing regular and timely reviews of the financial reports that are available via the Banner system. The second rule of thumb is that, because cost transfers result from errors or inaction, each one must be justified completely regarding the need for the cost transfer and include an explanation of how this need came to be. All cost transfers should be completed within 90 days of the original transaction in which the error was detected. Cost transfers that exceed this 90 day limitation require an additional justification for the delay in processing. Generic descriptions, such as "Due to administrative oversight," should be avoided. Questions regarding specific cost transfers should be addressed to Research Accounting.

What is the difference between cost sharing and matching?

Both cost sharing and matching achieve a similar objective, which is to provide funds in addition to the sponsor's award toward the total costs of a project. Typically, though, cost sharing occurs when the University uses its own funds for this purpose, while matching takes place when the University raises funds from another source. Matching can also occur, though, in situations where a sponsor

requires that the University "match" what it provides on the basis of some prescribed formula (e.g., one for one match).

Who is responsible for keeping track of the costs incurred with either cost sharing or matching funds?

Like the expenses incurred on any sponsored project, the recipient department is responsible for overseeing the expenditure of all cost sharing and/or matching funds. Accordingly, the recipient department must insure that all expenditures of cost sharing and matching funds meet the allowability requirements of the sponsor providing the primary award. Recipient departments must account separately for the expenditure of these funds and be prepared to certify to the primary sponsor that such expenditures have been made toward total project costs.

Why must effort be accounted for and how is it done?

When proposals are submitted, the University is "promising" that, should the sponsor make an award to WPI, certain things are going to happen. One of those things is the devotion of effort by WPI personnel who are key to the project. The federal government requires in Office of Management & Budget Circular *A-21, Cost Principles for Educational Institutions* that universities maintain a personnel activity reporting system as a means of documenting that such promised effort has taken place. WPI uses an after the fact method of providing this documentation, called an effort reporting system. When a Payroll Authorization form is completed by a department, an estimate is made of how a person's time is going to be charged to one or more accounts. This distribution of salary should reasonably equate with the level of effort that will be devoted to the one or more accounts indicated. After the salaries have been charged (every 6 months), an effort certification report is generated based on how such salary was charged to the one or more accounts indicated on the Payroll Authorization form. The principal investigator must then certify after the fact that the distribution of salary reasonably reflects how much effort was devoted. If a post-period review determines that the original estimate indicated on the Payroll Authorization form was incorrect and that the person, in fact, devoted a considerably different level of effort to any given account in the distribution, the department must then adjust the amounts on the effort certification report such that they reflect more closely

the correct level(s) of effort. If this is the case, a salary reallocation must be completed to retroactively adjust the actual expense charged to the account(s) so that the amount charged reflects the corrected level of effort. Questions regarding this process should be directed to Research Accounting.

I'm confused about how to read my online Banner system reports and I'm not sure how to initiate transactions against my department's sponsored project accounts.

Who can I turn to for help?

Generally, Research Accounting is the resource you should contact for training on the Banner system. Research Accounting can schedule a workshop on how to use the online system and interpret your reports. For specific questions regarding a particular transaction or problem with a sponsored project account, also contact Research Accounting or call the Banner Helpline at extension 5850.

Don't all awards to WPI come with a check attached?

Most awards, in fact, are simply authorization for WPI to begin incurring expenditures in furtherance of project goals. Research Accounting must then invoice or draw down funds from the majority of its sponsors. When Research Accounting submits invoices or draws down cash using one of its many letters of credit, it is stating to the sponsor that cash is required to reimburse WPI for appropriate expenses, which is all the more reason why cost transfers must be kept to a minimum and closeouts of awards must be accomplished on a timely basis.

How are awards closed out at WPI?

(Note: The following procedure is a draft only and is currently under review.)

WPI's largest sponsor, the federal government, requires that most award closeouts be accomplished within 90 days of the expiration date. When WPI receives a subcontract from an organization having an award from the federal government, the closeout period is normally reduced to 60 days from the expiration date. Research Accounting schedules the process of closing out an award to begin roughly 45 days after expiration (less for subcontracts). During the time between expiration and the receipt of a rough draft financial report some 45 days later, departments are expected to wind down the financial affairs of the award sufficient to be able to review, complete, and certify the accuracy of rough draft reports. It is the completed and signed rough draft report that Research

Accounting uses to complete the financial reporting requirements imposed by the sponsor. This information also is used to prepare final invoices or request final drawdowns of cash from the sponsor. In the absence of these completed reports, Research Accounting is unable to accomplish closeout within sponsor imposed deadlines, which can create problems when trying to collect cash due from the sponsor, cause findings under audits, and discourage the sponsor from providing funding to WPI in the future. If for any reason departments are unable to complete closeout within the time period specified, Research Accounting should be contacted so that assistance in the closeout process can be provided.

What constitutes a business meal?

While there is no one definition, the consensus at the federal level appears to be that business meals are "working" meals where food and beverages are brought in to the meeting room while discussions continue. This interpretation has been indicated emphatically in discussions with the policy offices of both the Department of Health & Human Services (DHHS) and the National Science Foundation (NSF). The issue is whether or not it is necessary to "break" for lunch. When this happens, as in the case where a meeting is interrupted to physically travel to a restaurant, the meal is no longer considered by these agencies to be business in nature. To avoid confusion and leave transactions open to interpretation, departments should plan ahead and incorporate any meals that are necessary into the meeting agenda. Where a consultant is involved and would be eligible for reimbursement under the terms of a Professional Services Agreement (PSA - an Independent Contractor Policy is currently under development), the meal of the consultant normally will be allowable, regardless of whether or not it is a business meal.

If a faculty member is traveling and needs to meet over lunch to discuss her/his research with a non-WPI colleague, would this be considered an appropriate business meal?

Unless the colleague happens to be a WPI employee who also is on official travel status for the University, working on the same award and, therefore, entitled to be reimbursed under the travel budget of that award, the meal would not normally be considered an appropriate business meal (i.e., only the meal of the faculty member would be allowable).

Frequently Asked Questions Regarding Availability or Unavailability of Certificated U.S. Air Carriers

What is U.S. flag air carrier service?

U.S. flag air carrier service is service provided on an air carrier which holds a certificate under 49 U.S.C. 41102 and which service is authorized either by the carrier's certificate or by exemption or regulation. U.S. flag air carrier service also includes service provided under a code share agreement with a foreign air carrier in accordance with Title 14, Code of Federal Regulations when the ticket, or documentation for an electronic ticket, identifies the U.S. flag air carrier's designator code and flight number.

When must I travel using U.S. flag air carrier service?

You are required to use U.S. flag air carrier service for all air travel funded by the U.S. government, except for the following circumstances:

1. Use of a foreign air carrier is determined to be a matter of necessity, defined as:
 - a. when the federal sponsoring agency determines that use of a foreign air carrier is necessary for medical reasons, including use of foreign air carrier service to reduce the number of connections and possible delays of persons in need of medical treatment; or
 - b. when the use of a foreign air carrier is required to avoid an unreasonable risk to your safety (e.g., terrorist threats) and is approved by the federal sponsoring agency and supported by a travel advisory notice issued by the Federal Aviation Administration and the Department of State; or
 - c. when you cannot purchase a ticket in your authorized class of service on a U.S. flag carrier and a seat is available in your authorized class of service on a foreign air carrier.
2. The transportation is provided under a bilateral or multilateral air transportation agreement to which the U.S. government and the government of a foreign country are parties, and which the Department of Transportation has determined meets the requirements of the Fly America Act.
3. No U.S. flag carrier provides service on a particular leg of the route, in which case foreign air carrier service may be used, but only to or from the nearest interchange point on a usually traveled route to connect with U.S. flag air carrier service.

4. A U.S. flag air carrier involuntarily reroutes your travel on a foreign air carrier.
5. Service on a foreign air carrier would be three hours or less and use of the U.S. flag air carrier would at least double your en route travel time.

What exceptions to the Fly America Act requirements apply when I travel between the United States and another country?

The exceptions are:

1. If a U.S. flag air carrier offers nonstop or direct service (no aircraft change) from your origin to your destination, you must use the U.S. flag air carrier service unless such use would extend your travel time, including delay at origin, by 24 hours or more.
2. If a U.S. flag air carrier does not offer nonstop or direct service (no aircraft change) between your origin and your destination, you must use a U.S. flag air carrier on every portion of the route where it provides service unless, when compared to using a foreign air carrier, such use would:
3.
 - a. Increase the number of aircraft changes you must make outside of the U.S. by 2 or more; or
 - b. Extend your travel time by at least 6 or more hours; or
 - c. Require a connecting time of 4 hours or more at an overseas connecting point.

What exceptions to the Fly America Act requirements apply when I travel solely outside of the U.S. and a U.S. flag air carrier provides service between my origin and my destination?

You must always use a U.S. flag air carrier for such travel unless, when compared to using a foreign air carrier, such use would:

1. Increase the number of aircraft changes you must make en route by 2 or more; or
2. Extend your travel time by 6 hours or more; or
3. Require a connecting time of 4 hours or more at an overseas interchange point.

May I travel by a foreign air carrier if the cost of my ticket is less than traveling by a U.S. flag air carrier?

No. Foreign air carrier service may not be used solely based on the cost of your ticket.

May I use a foreign air carrier if the service is preferred by or more convenient for my federal sponsoring agency or me?

No. You must use U.S. flag air carrier service unless you meet one of the exceptions above or unless foreign air carrier service is deemed a matter of necessity.

What is my (personal) liability if I improperly use a foreign air carrier?

You will not be reimbursed for any transportation cost for which you improperly use foreign air carrier service. If a combination of U.S. and foreign air carrier service was used, reimbursement will be allowed for only the U.S. flag air carrier portion of the trip.

If I made a good faith effort to travel using a U.S. flag air carrier and was told by my travel agent that I would be flying on a U.S. flag air carrier, but my ticket shows only foreign air carrier designator codes and/or flight numbers, how can I get reimbursed on my federal award?

Call your travel agent to request documentation attesting to the fact that U.S. flag air carrier service was unavailable in accordance with one of the authorized exceptions or you were involuntarily rerouted by the U.S. flag air carrier to a partner foreign air carrier. Attach this document to your travel report when submitting it for reimbursement.