



Symposium for Research Administrators

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Critical Thinking – How to get Past “It Depends”

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Critical thinking defined

The **objective** analysis and evaluation of an issue in order to form a judgment.

The ability to think clearly and rationally about what to do or what to believe.

- Critical in this case isn't a negative.
- Do our best to look at something in a more neutral way.
- Don't let a desired result sway your thoughts.
- Disconnect the preconceived notions.
- Opens your mind to help deal with the gray.
- Cost Principles – use as a tool to think critically.

Uniform Guidance - Allowability of costs - 2 CFR 200.403

- Necessary and reasonable in the performance of the award.
- Conform to cost principles and terms and conditions of the award.
- In accordance with:
 - Institutional policies & procedures.
 - Generally accepted accounting principles.
- Treated consistently.
- Adequately documented –THIS IS WHERE WE STRUGGLE.
- Not included as cost sharing on another federal award.
- Cost must be incurred during approved budget period.

Expense: Amusement park tickets



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Expense: Amusement park tickets

Does knowing this change your mind?

- NSF Research Experiences for Undergraduates (REU) program.
- Amusement park tickets purchased for students participating in the summer REU program.
- Students come from different places.
- The outing enables students to get to know and interact with one another.
- Budgeted and justified in proposal.

Uniform Guidance - §200.438 Entertainment costs

Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a **programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval** of the Federal awarding agency.
(emphasis added)

Expense: Flowers



Expense: Flowers

Background

- A collaborator from another institution passes away unexpectedly.
- The PI's relationship with the collaborator exists because of the research project.
- The PI sends flowers to express his condolences.

Uniform Guidance - §200.445 Goods or services for personal use

Costs of goods or services for personal use of the non-Federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employees. (emphasis added)

The Official Function Form? – It depends.

Not so straightforward situations

Uniform Guidance - §200.404 Reasonable costs.

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost...consideration must be given to:

- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.

Critical thinking time

- Things are not always what they seem, right?
- Shouldn't investigators who are looking to maximize their budgets employ creativity?
- What is the financial risk to the institution?
- Who decides if an expense is reasonable?

Critical thinking time

- What other information might you need about an expense?
- Does it matter that the sponsor is nonfederal?
- Was the item included in the award budget?
- Who would be responsible for reviewing the expense?

Expense: Pool noodles



Expense: Pool noodles

Additional Info

- The vendor for this procurement card purchase was Target.
- The project was in the soil sciences department.
- The PI needed to insulate irrigation pipes.
- The pool noodles served the required purpose at a fraction of the cost.

What else to think about?

- What vendor is being used? Are specific vendors subject to more scrutiny than others?
- What was the purpose of the expense?
- What was the cost savings realized by the purchase?
- **What kind of documentation is kept for posterity, in the event of an audit?**

Expense: Pizza



Expense: Pizza

- The vendor for this expense is a pizza place a few blocks from the PI's lab.
- The PI hosts a monthly staff/lab meeting where ongoing projects are discussed.
- To help incentivize to people to attend the meeting, the PI provides lunch.

Time to think and ask questions

- What is the sponsor's guidance on meals?
- What is our institutional policy on meals?
- What does the Uniform Guidance say about meals?
- In what circumstances are meals allowable?
- **What documentation is needed?**

What the sponsors say

NIH:

When meals are justified by the applicant as an integral and necessary part of a conference (i.e., a working meal where business is transacted), grant funds may be used for such meals, as qualified under [Travel](#) below. However, direct charges for meals/food and beverages are unallowable charges to an NIH grant where the primary purpose is to support a scientific meeting/conference.

What the sponsors say

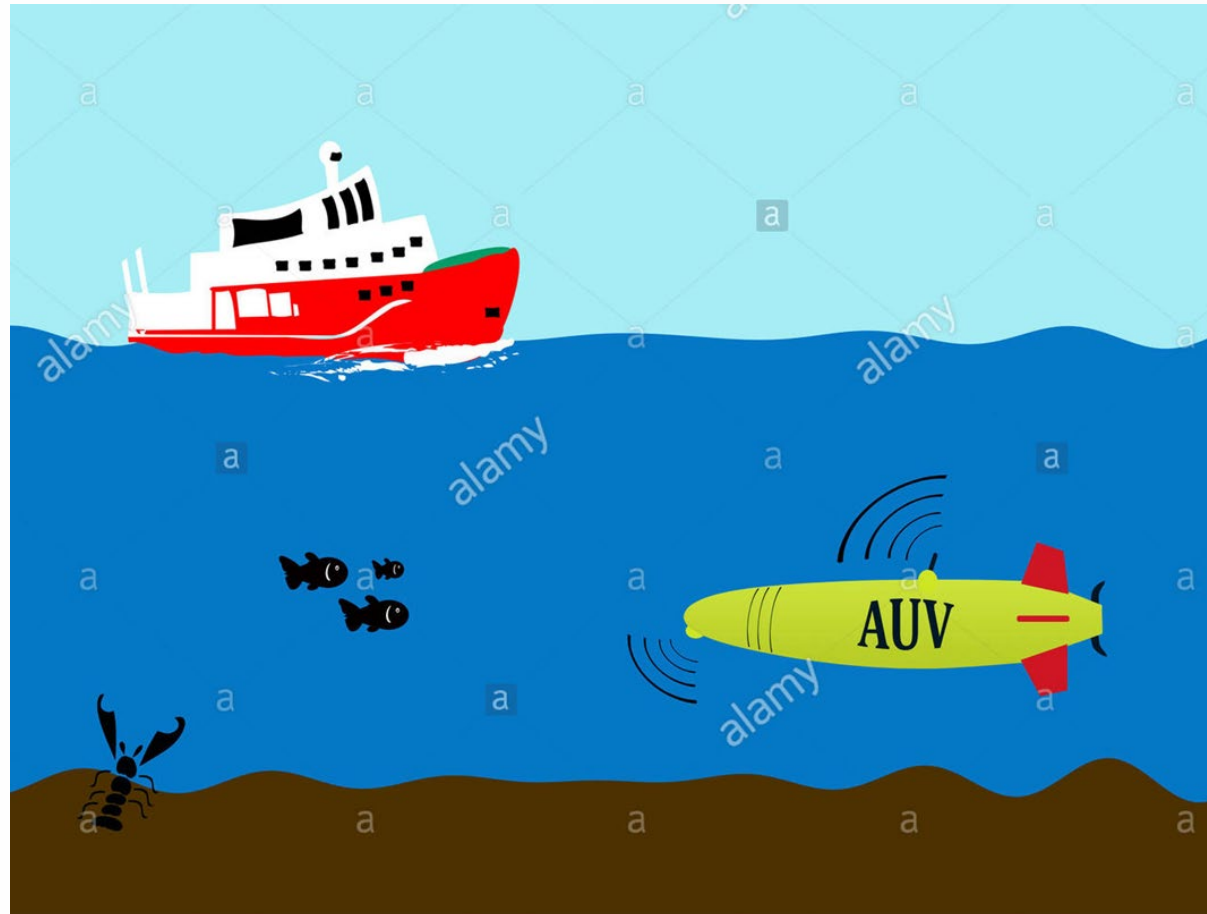
USDA-NIFA:

Business meals may not be charged as project costs when individuals decide to go to breakfast, lunch, or dinner together when no need exists for continuity of a meeting. Such activity is considered to be an entertainment cost. On the other hand, meals that are part of the costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable as are costs of transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences.

Uniform Guidance - §200.432 Conferences

A conference is defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity and is necessary and reasonable for successful performance under the Federal award. Allowable conference costs paid by the non-Federal entity as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award...Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award...

Expense: Autonomous underwater vehicle (AUV)



Background

- PI does research on freshwater lakes.
- PI orders an AUV.
- AUV enables collection of spatially complex, high-resolution data.
- Increases the diversity of information available that can be used to test analytical approaches.
- The equipment was not included in the award budget.
- Equipment purchase made one month before the end of the project.
- Purchase allocated across two sponsored projects and an institutional account.

Interesting...

- Why wasn't the equipment purchased earlier?
- Were there logs to back up allocation?
- Was prior approval obtained from the sponsor? Was prior approval necessary?
- What is the benefit to the project where the expense is charged?
- Was there a successor project?

Uniform Guidance §200.405 Allocable costs.

(a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received.

This standard is met if the cost:

(1) Is incurred specifically for the Federal award;

(2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods

Uniform Guidance §200.405 Allocable costs.

(c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons.

Resources

- Research administration colleagues (near and far)
 - Central
 - School/college
 - Departmental
- Purchasing department
- Human resources department
- Internal audit
- Sponsor grants officer

Resources

- 2 CFR Part 200, Uniform Guidance: <https://www.ecfr.gov/>
 - Subpart E – Cost Principles
- Federal agency regulations
- Sponsor policy guide
- RFP/RFA/FOA, etc.
- Sponsor terms and conditions
- Individual award documents in WISER and WISPER

Resources

- RSP – RED <https://rsp.wisc.edu/training/>
- Institutional policies & procedures – Policy Library
- DOA and UW System policies & procedures
- School/college/departmental policies
- What did we miss?

Questions?

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Thank you for coming!

References, sources, and additional information

- Oxford Languages online dictionary - <https://languages.oup.com/google-dictionary-en/>
- <https://philosophy.hku.hk/think/critical/ct.php>
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- Friends from Region IV and UW-Madison, Heather Offhaus, and Jennifer Rodis
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- NIH Grants Policy Statement - https://grants.nih.gov/grants/policy/nihgps/html5/section_14/14.10_allowable_and_unallowable_costs.htm