Aloha kākou,

In this month's newsletter, we would like to remind the research community to accurately budget "Post Doc" type of expenditures based on how they will be disbursed (Research Corporation of the University of Hawaii (RCUH) vs. University of Hawaii (UH)) as well as what the sponsor has allowed in the proposal. This is extremely critical since the university must spend according to the sponsor-approved budget and scope of work. Otherwise, sponsor approval for rebudgeting may need to be obtained if the approved budget is altered. Please see the article below for details.

To streamline the project account process, on a go-forward basis, ORS will now be updating facilities and administrative (F&A) rates in the Kuali Financial System (KFS) for project accounts impacted by the fiscal year (FY) 2015 F&A rate changes. New project accounts will no longer be created for F&A rate change purposes unless the sponsor so requires. We want to thank the KFS team for their advice and assistance in making the rate change transition smoother during this fiscal year-end (FY 2014 to FY 2015).

As the fiscal year-end quickly approaches, to help you be proactive, we bring your attention to year-end deadlines for KFS eDocs, as well as point out some common errors in cost sharing entries. Please be mindful of these time sensitive articles. In addition, to avoid repeat audit findings, ORS has teamed up with the university's General Accounting and Loan Collection office and RCUH to reevaluate the year-end accounts payable process. Please see the revised guidelines below for details. We would like to thank the university fiscal administrators, RCUH and the Fiscal Management Office staff for their cooperation.

Finally, we want to bring to everyone's attention the HIPAA requirements for UH projects as business associates, and the National Institutes of Health updated grant closeout policies and procedures, and remind you of recurring impacts to the issuance of awards and/or supplements due to the System for Award Management recordation of outstanding Veteran's Affairs student tuition debts. Please see this month's articles for more details.

Mahalo!

Yaa-Yin Fong
Director
National Institutes of Health Updating Grant Closeout Policies and Procedures to Align with New Federal Department of Health and Human Services Requirements

On April 24, 2014, the National Institutes of Health (NIH) released an update informing grantees that NIH will revise certain policies and procedures in the closeout of NIH grants and cooperative agreements to strengthen accountability, monitoring and oversight of closeout activities. **This will affect grants with project end dates after September 30, 2014.** This announcement comes as the U.S. Department of Health and Human Services (HHS) issued a directive to agencies on new policies for closeout of grant awards. The revision will align with that guidance and also improve administrative efficiencies in the closeout processes.

There are no changes are expected to the current NIH Standard Terms of Award provision allowing grantees to initiate a one-time, no-cost extension in the last year of the award. In addition, all final reports needed to close a grant (financial, progress, and inventions statement/certification, when applicable) will continue to be due within 90 days of the project end date.

The following information is taken from NIH Notice Number NOT-OD-14-084:

Anticipated changes will focus on condensing the timeframe for reconciling discrepancies between financial expenditures and cash transactions reports and for resolving other post-submission issues affecting acceptance of the final Federal Financial Report (FFR). Current NIH policy allows the submission of a revised final FFR within 15 months of its original due date. New HHS policy initially provided a shorter timeframe. However, the Office of Management and Budget (OMB) recently published *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule* (Uniform Guidance) that provides agencies a longer timeframe in which to close awards than would have been allowed under new HHS policy. Therefore, NIH is awaiting further guidance from HHS on department wide implementation, including whether the HHS timeframe will be adjusted to align with the Uniform Guidance.

Grantees are advised that financial reconciliation upon completion of an award includes ensuring that the balances of expenditures and unobligated funds reported on the final expenditure FFR match those amounts as reported in the last federal cash report submitted to PMS. New HHS policy stipulates that if the NIH cannot undertake a “bilateral closeout”—i.e., closeout with the cooperation of the grantee—within 180 days of the project end date, it must initiate “unilateral closeout”—i.e., closeout without receipt of acceptable final reports—or for those grantees that are not in compliance with the policy. It is important to note that for financial closeout, if a grantee fails to submit a final expenditure FFR, new HHS policy directs NIH to close the grant using the last recorded cash drawdown level. NIH is also awaiting further guidance from HHS on whether this timeframe will be adjusted. If the grantee submits a final expenditure FFR but does not reconcile any discrepancies between expenditures reported on the final expenditure FFR and the last cash report to PMS, NIH is required to close the award at the lower amount. This could be considered a debt or result in disallowed costs.

NIH has posted frequently asked questions regarding grant closeout here: [http://grants.nih.gov/grants/closeout/faq_grants_closeout.htm](http://grants.nih.gov/grants/closeout/faq_grants_closeout.htm). NIH will also provide further guidance to the community as additional information becomes available from HHS and changes are announced.

Should you have any questions please contact Emmitt Ford, Contracts and Grants Manager, Kaka’ako Service Center, at [emmitt@hawaii.edu](mailto:emmitt@hawaii.edu) or (808) 356-5764.
Prior Approval Requirements for Rebudgeting of Participant Support Costs

With respect to extramurally funded projects, the university must spend according to the budget and accompanying justifications, and complete the scope of work approved by the sponsor and in accordance with the terms and conditions of the award.

Certain categories of project costs will require prior written sponsor approval before they can be incurred, for example, "participant support costs". The following are scenarios that represent circumstances that illustrate this point.

- Example 1: If an approved budget includes a stipend element that would be payable to “Post Docs”, then the payment should be processed through the University of Hawaii (UH) Disbursing Office. If salaries are going to be paid contrary to the approved budget, then prior sponsor written approval must be obtained. A salary payment implies that there is an employer/employee relationship and that compensation is required for work performed. Exceptions for prior written approvals may be applicable to awards made under Federal Demonstration Partnership (FDP) terms and conditions. The “Prior Approval Matrix” can be found at [http://www.nsf.gov/awards/managing/rtc.jsp](http://www.nsf.gov/awards/managing/rtc.jsp).

- Example 2: If the budget provides for salaries to be paid to “Post Docs”, then the payment should be processed through the Research Corporation of the University of Hawaii (RCUH). If a subsequent decision is made to pay stipends (rather than salaries), then prior sponsor written approval is required before stipend costs can be incurred.

This issue of prior written approval is clarified in the Office of Management and Budget's (OMB’s) “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”. Applicable citations of this OMB document are referenced below:

Subpart A “Acronyms and Definitions” - §200.75 “Participant support costs”
Subpart D “Post Federal Award Requirements” - §200.308 “Revision of budget and program plans”
Subpart E “Cost Principles” - §200.407 “Prior written approval”
Subpart E “Cost Principles” - §200.456 “Participant support costs”

For questions regarding prior approval requirements, please contact Dawn Kim, Compliance Manager, at dawnkim@hawaii.edu or (808) 956-0396.

Fiscal Year-End Accounts Payable Process

In order for the University of Hawaii (UH) to prepare accurate financial statements and meet established deadlines, ORS is instituting several changes to the fiscal year-end (FYE) accounts payable accrual process. In FY 2013, the university received a significant deficiency audit finding for unrecorded liabilities. To ensure that the university does not have a repeat finding, ORS is working closely with the Research Corporation of the University of Hawaii (RCUH) and the university General Accounting and Loan Collection office (GALC) to develop additional controls and procedures for recording accounts payable accrued liabilities.

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Fiscal Year-End Accounts Payable Process (continued)

For FY 2014, the following will be required:

1. Fiscal administrators (FAs) must work with their principal investigators (PIs) or other project staff to post invoices to the Kuali Financial System (KFS) for goods and services (including subawards) received during FY 2014 as soon as possible after June 30, 2014 so that payments can be processed by July 31, 2014.
   - Start notifying your PIs and/or other project staff early so that they can plan in advance.
   - A sample notification letter to sub-recipients / vendors is available at http://www.ors.hawaii.edu/index.php/fiscal-year-end-accounts-payable-process. To download the sample letter (Microsoft Word format), please click the hyperlink labeled “sample notification letter”.

2. Process all invoices for payment through RCUH / UH Disbursing /Department of Accounting and General Services (DAGS) for goods or services (including subawards) received through June 30, 2014 by July 31, 2014.

3. Provide projections on Fiscal Year-End Accrual Worksheet for all accounts payable unpaid as of July 31, 2014, whether processed through UH, RCUH or DAGS and maintain supporting documentation (i.e., email from the sub-recipient or vendor) in your files.

Additional information will be posted on the ORS, UH Financial Management Office (FMO) and RCUH websites. For questions regarding the fiscal year-end accrual process, please contact Dawn Kim, Compliance Manager, at dawnkim@hawaii.edu or (808) 956-0396.

Contracts & Grants Award Process Impacted by the System for Award Management Due to Veteran's Affairs Student Tuition Debts

In March 2013, we notified the University of Hawaii (UH) research community about delays in the processing of new federal awards and supplements by certain federal sponsor agencies (i.e., NASA) due to outstanding delinquent federal debt recorded in the System for Award Management (SAM). Upon inquiry, the UH Bursar's office has confirmed that the debt is related to amounts due to the Veteran's Affairs (VA) office for student tuitions.

Unfortunately, it appears that the Veteran's Affairs (VA) office continues to experience delays in processing student tuition refunds in a timely manner. Although the delinquency recorded in the SAM system is NOT related to UH contract and grant awards, ORS has been again notified by sponsors that the outstanding debts have affected the issuance of new awards and/or supplements.

The Bursar’s office is working diligently with the VA and the various campuses to resolve these outstanding debt issues. If you receive notification that your award has been affected, please forward any correspondence to your assigned ORS specialist immediately.ORS specialist school assignments may be found here: http://www.ors.hawaii.edu/index.php/ors-assignments

For more information, please contact Kathy Yoshinaga, Grants Specialist, at kyoshina@hawaii.edu or (808) 956-4057.
Healthcare Insurance Portability and Accounting Act Business Associate Agreements

HIPAA stands for the Healthcare Insurance Portability and Accountability Act of 1996. Among other things, the act charges the federal Department of Health and Human Services (HHS) to establish regulations for handling certain types of personally identifiable health information, often known as protected health information (PHI). A HIPAA "Business Associate" generally implies an entity that performs functions or activities on behalf of a HIPAA Covered Entity. HIPAA covered entities include (but are not limited to) a health plan; a health care provider who transmits any health care information in electronic form; or hospitals, clinics, physicians' practices. The 2009 HITECH Act expanded the scope of a business associate’s responsibilities to include the HIPAA Security Rule for PHI that is created, received, maintained or transmitted **electronically** as well.

ORS has been receiving and executing an increasing number of HIPAA business associate agreements for projects where UH will be collecting or receiving PHI from a sponsor who is a HIPAA covered entity. As business associates, projects must comply with the HIPAA Privacy and Security Rules (regardless of whether or not a formal agreement is entered into), otherwise it may be in danger of breaching its obligations under the award agreement with the sponsor—or even worse, subjecting UH to enforcement actions, penalties for noncompliance, and negative publicity. Because HIPAA is still evolving, HHS is in the process of developing regulations to clarify a business associate’s obligations under HIPAA.

Currently, ORS deals with HIPAA compliance issues on a case-by-case basis at the time of contract review. Due to the data security requirements of the HIPAA Security Rule, UH's Information and Technology Services (ITS) is often consulted to provide additional guidance to principal investigators (PIs) in privacy training and the proper handling of electronically stored records containing protected health information. ORS would like PIs to be aware of HIPAA implications of their projects as soon as possible. Therefore, before the contract is executed, if it is clear from the provided proposal or scope of work that PHI is involved, ORS will notify PIs about HIPAA implications so PIs can take necessary precautions or make other adjustments to their projects to ensure compliance.

For more information, please contact Rory Kaneshiro, Contracts & Grants Manager, at rory@hawaii.edu or (808) 956-5300.

Applying Fiscal Year 2015 Negotiated IDC Rates to Existing Project Accounts

To streamline the project account process, on a go-forward basis, ORS will be changing the fiscal and administrative (F&A) rates on project accounts subject to the fiscal year (FY) 2015 negotiated rate at the change of the fiscal year (July 1, 2014). Unless required by the sponsor, new accounts will **not** be created solely due to a change in F&A rates. To ensure that the new rate is applied only to project accounts subject to the rate change, ORS will compile a list of accounts that are subject to the FY 2015 F&A rates. This list will be distributed to fiscal administrators (FAs) for their review and validation. If an FA sees accounts that should not be included on the list, or if they are aware of accounts that should be included on the list and are not, they should notify and discuss this with the ORS PFA accountant assigned to that account/sponsor. (ORS accountant assignments are listed here: [http://www.ors.hawaii.edu/files/TEAM_ASSIGNMENTS.pdf](http://www.ors.hawaii.edu/files/TEAM_ASSIGNMENTS.pdf).)

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Applying Fiscal Year 2015 Negotiated IDC Rates to Existing Project Accounts (continued)

A preliminary list of accounts will be distributed to FAs at the end of May 2014 and a final list, with previously validated accounts and any new accounts created subsequent to the preliminary list will be distributed in June (after the year-end cutoff for creating new accounts in KFS).

Please remember that the F&A rate will be applied to project accounts based on the date the transaction is posted to the project account. As such, transactions should be posted in a timely manner, and any expenses posted to the continuation accounts must be recorded to the proper project account prior to the cutoff for the fiscal year 2014 year-end.

For more information on how a change in F&A rates will impact existing and new awards please see the ORS F&A FAQ at http://www.ors.hawaii.edu/files/Indirect_Cost_and_Rates_FAQ.pdf.

If you have any questions or require additional information, please contact Robert Roberts, Projects Fiscal Accounting Manager, at rroberts@hawaii.edu or (808) 956-6959.

2014 Fiscal Year-End Deadlines for Submission of KFS eDocs

The due date for submission of fiscal year-end Kuali Financial System eDocs is aligned with the Year-End Closing Schedule presented by the University of Hawaii Financial Management Office (FMO). In line with these due dates, ORS would like to provide additional information and reminders on ORS-specific KFS eDocs for fiscal year-end.

<table>
<thead>
<tr>
<th>FMO Schedule Section</th>
<th>FMO Due Date</th>
<th>ORS Specific Information and Reminders</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROCUREMENT - Non-payroll purchase orders (PO)</td>
<td>6/27/2014</td>
<td>KFS will not allow PO eDoc approval past termination date of account; POs for accounts terminating 6/30/2014 must be submitted by 6/27/2014</td>
</tr>
<tr>
<td>PAYMENTS - DVs (non-equipment/non G Funds)</td>
<td>6/20/2014</td>
<td>Includes DV for Vacation Credit Transfer to State Agency (2071)</td>
</tr>
<tr>
<td>ENCUMBRANCE &amp; BUDGET ADJUSTMENTS</td>
<td>6/24/2014</td>
<td>Includes all budget SSBA and BA eDocs for project accounts</td>
</tr>
</tbody>
</table>
2014 Fiscal Year-End Deadlines for Submission of KFS eDocs (continued)

<table>
<thead>
<tr>
<th>FMO Schedule Section</th>
<th>FMO Due Date</th>
<th>ORS Specific Information and Reminders</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTHER – Adjustments &amp; Allocations (DIs, GECs, STs and TFs – non-equipment)</td>
<td>6/23/2014</td>
<td>Includes the following:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Clearing Account (Continuation Account) adjustments</td>
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<tr>
<td></td>
<td></td>
<td>- Project account deficit adjustments</td>
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<tr>
<td></td>
<td></td>
<td>DI for Cost sharing entries for FY 2014 (note: include estimates, if necessary, for UH salaries and fringe for 6/15/2014 and 6/30/2014 periods) - See newsletter article, &quot;Reminders for Cost Share Entries in the Kuali Financial System&quot; for further information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- DI for Vacation Payout Transfers (2073) pre 7/15/2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- DI for Vacation Credit Transfers (within UH – 2073)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- ST for Vacation Payout Transfers (2030)</td>
</tr>
<tr>
<td>OTHER – Account Maintenance eDocs</td>
<td>6/24/2014</td>
<td>All new account requests and account edits for project accounts</td>
</tr>
<tr>
<td>ACCRUALS &amp; OTHER 13TH MONTH Adjustments</td>
<td>7/31/2014</td>
<td>All payment requests to UH Disbursing and RCUH for FY 2014 must be submitted by 7/31/2014 (Accrual worksheets due 8/8/2014 - see newsletter article “Fiscal Year End Accrual Process”.</td>
</tr>
</tbody>
</table>

KFS eDocs submitted after the due dates noted above may not be processed for fiscal year 2014. Any FY 2014 eDocs in ‘enroute’ status on July 1, 2014 will be auto-disapproved and will need to be resubmitted in FY 2015.

(Continued on next page)
2014 Fiscal Year-End Deadlines for Submission of KFS eDocs (continued)

ORS appreciates your assistance with ensuring a successful year-end close. In order to avoid the last minute rush at fiscal year-end, please plan to submit KFS eDocs as soon as possible and no later than the established due dates. Below are the ORS contacts should you have questions:

**Account and Budget eDocs**

Robert Roberts, Projects Fiscal Accounting Manager, at rroberts@hawaii.edu or (808) 956-6959.

**Clearing Account, Deficit Adjustments and Year-End Account Payable Accruals**

Dawn Kim, Compliance Manager, at dawnkim@hawaii.edu or (808) 956-0396.

**Vacation Transfers/Payouts**

Kevin Hanaoka, Cost Studies Manager, at hanaokak@hawaii.edu or (808) 956-9242.

**Cost Sharing eDocs**

Joanne Yama, Projects Financial Services Manager, at jyama@hawaii.edu or (808) 956-8163.

**Reminders for Cost Share Entries in the Kuali Financial System**

As a reminder and in accordance with University of Hawaii APM A8.947, Accounting for Cost Sharing, the principal investigator (PI) is responsible for maintaining cost sharing back-up documentation to support the cost sharing recorded in the Kuali Financial System (KFS). The Fiscal Administrator (FA) should assist the PI in recording cost share entries to KFS at least quarterly, unless the funding agency requires more frequent reporting. Cost sharing is subject to sponsor and audit review. At project termination, the committed cost sharing should be recorded properly in KFS.

The KFS Distribution of Income and Expense (DI) eDoc used to record cost sharing is not restricted/secured, therefore, excess information regarding personnel names and salary information should not be included on the KFS eDocs.

**Fiscal Year-end Reminders**

The last day to submit DI eDocs to record cost sharing in KFS for fiscal year (FY) 2014 is **Monday, June 23, 2014**. ORS requests that all accounts with committed cost sharing be reviewed and any necessary cost sharing eDocs be submitted as soon as possible. We expect there will be a high volume of cost sharing eDocs submitted now through fiscal year-end, so your assistance in submitting entries well before the final year-end deadline is appreciated.

(Continued on next page)
Reminders for Cost Share Entries in the Kuali Financial System (continued)

Please also note:

- Do not include cost sharing for periods beyond June 30, 2014.
- Cost sharing for direct costs is based on expenses recorded to the KFS source account during the fiscal year and should be recorded in the applicable fiscal year.
- Cost sharing for UH personnel salaries and fringe should reflect the payroll dates through June 30, 2014. Therefore, estimates should be included for the June 15, 2014 and June 30, 2014 pay periods, if necessary.
- Annual certification of cost sharing effort for FY 2014 is required and will be due by September 30, 2014 (further information regarding the certification process will be forthcoming).
- Only adjustments submitted to reconcile the cost sharing recorded in KFS with the annual cost sharing effort certification will be allowed.

Common Errors in Recording Cost Sharing

To avoid having your submitted cost sharing entry disapproved, please review the following list of common errors:

- Incorrect object codes (sometimes ‘To’ and ‘From’ object codes are reversed).
- Missing cost share sub-account CS001.
- Missing or incorrect Organizational Document Number (source account).
- Incomplete ‘Explanation’ for salaries and fringe cost sharing (cost sharing period, cost sharing percentage, UH ID).
- Incomplete ‘Explanation’ for direct cost-cost sharing (source account object codes and period).
- Incomplete ‘Explanation’ for unrecovered indirect cost (IDC) cost sharing (applicable negotiated rate, actual rate and period for entry).
- External support confirmation letters not attached to eDoc (confirmation letters, not commitment letters, should be attached).
- Cost sharing period stated in ‘Description’ and ‘Explanation’ fields do not match or there are other discrepancies between explanation and calculation.
- Incorrect fringe benefit rate used or not rounded (i.e., using 41.66% instead of 42% for FY 14).
- Amounts for salaries and fringe cost sharing amounts not rounded.

Please contact Joanne Yama, Projects Fiscal Manager, at jyama@hawaii.edu or (808) 956-8163 if you have any questions.
ORS Helpline Frequently Asked Questions (FAQs)

What does the question "Will there be Intellectual Property created?" mean?

This new question in the Key Personnel Certifications area in the Key Personnel tab is concerned specifically about the creation of patentable inventions being discovered or invented during the scope of work on the project. The answer "yes" to this question alerts ORS Contracts & Grants Specialists to look for intellectual property (IP) terms in the award and consult with the principal investigator (PI) to seek timely advice from the Office of Technology Transfer and Economic Development (OTTED). We hope this will speed up the process for award acceptance.

A proposal I am trying to work on in myGRANT has a note “This proposal is locked for editing by (username)”. What does this mean?

Whenever a user opens a proposal in myGRANT, the system automatically locks the proposal so no one else can make changes to it while they have it open. To ensure that a proposal development record remains unlocked for the next user, you need to use the “close” button at the bottom of any page of the proposal. If you close the browser window or logout without using the “close” button, the proposal development record will remain locked and no other user will be able to work on the record.

If you need to work on a proposal and someone else has it locked, please contact that person to make sure they are no longer working on the proposal. You may also contact the ORS Helpline for assistance at helpline@ors.hawaii.edu or (808) 956-5198.

I am trying to make changes to a budget that was returned for changes in myGRANT, but all the fields in the budget are not editable. How can I make changes to the budget?

If budget fields are not editable, it is likely that the budget has been marked as "Final". To change the budget status so that you can edit the budget, go to the “Budget Versions” tab, uncheck the box under “Final” next to the applicable budget version, then click “Save” at the bottom of the screen.

I submitted a proposal in myGRANT. How can I check the workflow status?

Open your proposal in myGRANT and go to the “Proposal Actions” tab. You can check the status of your proposal in the “Route Log” section. There should be three sections, “Actions Taken”, “Pending Action Requests”, and “Future Action Requests”.

Actions Taken: This section lists the actions that have been completed for the proposal. It will usually list the initiator as saving and completing the proposal, and any subsequent approvals.

Pending Action Requests: This section will list the approvals that are currently awaiting completion. The current pending action requests must be completed before the proposal can move forward in the approval process. If you see “Central ORS” as the pending approval, the proposal has reached the ORS office for review.

Future Action Requests: This section will list the approvals that will need to be completed once the current pending actions are completed. The approvals in this section are listed in the order that they need to be completed.

Do you have a Question or Comment for ORS?

Please feel free to contact us at the ORS Helpline:
Email: helpline@ors.hawaii.edu or Phone: (808) 956-5198