



University of Massachusetts  
Amherst

Controller's Office  
405 Goodell Building  
140 Hicks Way  
Amherst, MA 01003-9334

phone: 413.545.1675  
fax: 413.545.6088  
email: amangels@admin.umass.edu

**Memorandum**

TO: Deans, Directors, Department Heads and Principal Investigators

FROM: Andrew P. Mangels, Controller

DATE: May 15, 2009

SUBJECT: Audits of Federal Awards

The annual A-133 audit of federal awards will commence in June. This memo is a reminder of compliance requirements reviewed by the auditors and agencies each year. Expenditures on federal awards must comply with OMB Circular A-21 rules and be allowable, allocable and reasonable (\*-see definitions provided below).

1. Mandatory Cost Share and Matching Funds Information  
Principal Investigators (PIs) need to closely monitor compliance with mandatory cost sharing obligations stated in the award and provide support to the Controller's Office when requested.
2. Monitoring of Subrecipient Performance  
PIs are required to monitor the activities of subrecipients to ensure that performance goals included in the subaward are achieved and cost share commitments are documented. All subrecipient invoices must be approved and signed by the PI attesting that charges are consistent with the scope of work and within the approved budget for the subrecipient.
3. Effort Reporting  
All effort reports distributed in the fall must be signed and returned to the Office of Cost Analysis. PIs must complete a cost share report for all matching or cost sharing salary commitments to grants.
4. Cost Transfers and Timeliness of Charges  
All charges and cost transfers need to be processed to the grant within 90 days of the original transaction. Transfers exceeding the 90 day limit will be approved only when detailed justification is provided. All cost transfers require explanation of the original error and justification of transfer to the grant.

5. Compensation Charged to Grants  
Compensation, including summer additional compensation, is required to be budgeted and expended based on the annual salary rate in effect during the time of performance. Refer to Additional Compensation Processing memo dated April 27, 2007 for more guidance.
  - Charging 33% or three summer months to federal grants means that 100% of a PI's total time and effort is spent on the federal grants during the summer. Note that a PI may not charge effort spent on proposal writing and other non-sponsored activities during the summer to federal grants.
6. Administrative and Clerical Salaries  
The salaries of administrative and clerical staff **are not normally directly charged to a federal grant**. Direct charging these costs may be allowed for major projects if the budget explicitly provides funds for administrative or clerical staff to complete a specific task.
7. Administrative Supplies and General Purpose Equipment  
Administrative supplies (copy paper, toner, bottled water etc.) and general purpose equipment (desktops and laptops, cell phone charges, fax machines and copiers) **are not normally directly charged to a federal grant** unless there is a specific requirement in the grant for these items and the items are used primarily and directly for the project.
8. Subsequent Changes in Level of Effort from Proposal  
PIs are required to notify agencies in the event that their percentage of effort spent on a grant or contract changes significantly from the level specified in the proposal.
9. Program Income  
PIs should ensure that all program income is properly calculated, recorded and expended in accordance with program requirements.
10. Disclaimers and Acknowledgments Contained in Publications  
PIs should ensure that all publications and presentations include proper disclaimers and acknowledgments of the sponsor.
11. Timely Filing of Progress and Technical Reports  
PIs should ensure that all progress and technical reports are filed by the due dates required by each award.
12. Disposition and Transfers of Equipment  
The Property Office records the purchase, transfer and disposal of all university equipment. Contact the Property Office to ensure equipment transfers to other institutions, changes in location and disposals of equipment are authorized and processed correctly.

Please feel free to contact Sam Killings in the Controller's Office at 545-0806 or the Office of Grant and Contract Administration at 545-0698 if you have any questions.

\* A-21 uses the following definitions:

- Reasonable: the action that a prudent person would have taken at the time the decision to incur the cost was made
- Allocable: costs must be charged to a project in proportion to the benefit received
- Allowable: must meet the sponsor's definition of categories permissible to be charged to the project it funds