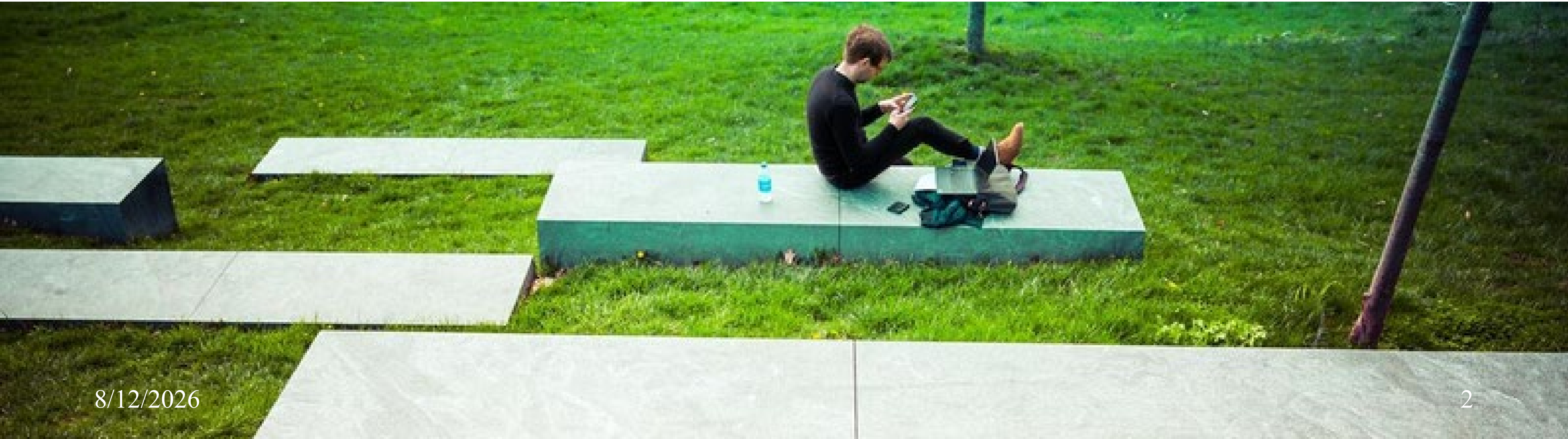
# Sponsored Financial Activity
# SFS Dialog

August 12, 2026

# Sponsored Update for SFS Dialog

## OVERVIEW



# Sponsored Funds: Contracts & Grants

- Sponsored Projects are externally supported for research, extension (public service), or other activities with a defined scope of work through binding agreements.
  - Identified by Fund Group CG (Contract & Grants)
    - Several SubFund Group codes that identify specific funds
- For financial stewardship, Federal Capacity Funds are treated in a similar fashion to sponsored agreements. These funds, such as Hatch and Smith-Lever, are granted to Cornell and distributed to faculty based on an internal proposal process
  - Referred to as Federal Appropriations or Federal Formula Funds
  - Identified in Sub Fund Code: APFEDL (Appropriations: Federal)

# Why sponsored awards are different

- Terms and Conditions
  - Some standard, some variable
    - Variability may create a greater likelihood of non-compliance
  - Higher level of auditing: https://oig.nsf.gov/home/group/reports-publications/page/all-reports?selectedReport=625&viewReport=true
  - Disallowed costs have financial implications
    - Penalties for non-compliance
- Period of performance
  - Strict adherence to project period of performance for incurred costs
  - Some, but not all, awards allow a limited pre-award expenditure period
    - Pre-Award: Prior to start date of project
  - Account attributes identify start (effective) and stop (expiration) dates
  - Costs incurred after the end of the project are unallowable
    - except publication expenses

# More differences

- Budgets
  - KFS budgets reflect high level cost categories authorized by sponsor
  - Some agreements allow budget flexibility, others do not
    - 10% variance threshold permitted, for example
    - Prior approval may be required to revise budget
  - Proper object code usage important: identified based on expense
- KFS Account Expense guidelines
  - Provides very basic description of award requirements
    - Prior approval requirements, restricted costs, etc.
  - Knowledge of 2 CFR 200, or Uniform Guidance (UG), presumed

# More differences

- Allowability: The ABCs of grant finance - If we do not follow the rules, then the cost is unallowable
- Cornell's Business Expense Policy: Allowable costs on sponsored agreements must be:
  - **Reasonable:** 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.
  - **Allocable:** A cost is allocable to a particular award if the goods or services involved are chargeable or assignable to that award in accordance with relative benefits received. Any cost allocable to a particular award may not be charged to another award to overcome fund deficiencies, to avoid restrictions imposed by statutes, regulations, or terms and conditions of the awards, or for other reasons.
  - **Necessary:** Required for the performance of the award.

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## FINANCIAL TRANSACTIONS

# Requirements: Financial Transactions

- Per UG: "Be adequately documented." (2 CFR 200.403(g))
  - What does that mean?
- "Be consistent with policies and procedures …." (2 CFR 200.403(c))
- "allocated … to benefitted projects on any reasonable documented basis." (2 CFR 200.405(d))
- Documentation and non-conformance with policy are frequently cited in cost disallowances
  - The document needs to tell the complete story either directly or by reference. The more atypical the situation, the more information required.
  - Review terms of contract and ensure compliance
    - If terms are for reimbursement of travel, it's reimbursement rather than a fixed allowance
- Audit reviews may occur several years after the transaction

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## HIGHLIGHTED AREAS

# Travel

- Policy conformance
- Unallowable costs (cerveza,ビール, birra, bière, etc. all unallowable)
- Fly America Act : Federally funded travel
  - There are exemptions that must be documented
- Per Diems: accurate based on location
- Currency conversion
  - Need to clearly identify costs and conversion rates

# Travel

- Lounge access, premier seating fees: unallowable
- Travel grants have specific considerations
  - Must offset total reimbursable costs
    - Cannot charge a sponsored agreement for costs that would be reimbursed another way
- Unexplained costs (e.g., cancellation costs, upgrades, etc.) : need additional information
  - Cancellation costs that could be avoided are not allowable on sponsored accounts
- Review documentation - ensure questions are addressed

# Participant Support Costs

- Supports training program attendance for an individual
  - Only attendees of a training program supported by the agreement, are likely to be participant support
  - Does not include human subject fees (research participant)
- Generally, a restricted budget category
- Requires additional documentation
  - Attendance (program completion), support
- Needs proper tax treatment for support provided
  - Reimbursement of costs vs. stipend support
  - Travel reimbursement support requires documentation (receipts)
- Must be coded properly as participant support
- https://finance.cornell.edu/system/files/SFS%20Dialog-Participant%20Support%20Costs_042026.pdf

# Human Participant Fees

- Human Subject: participant is the subject of the research
  - Not the same as Participant Support Costs (training support)
- Requires Institutional Review Board (IRB) consideration
- Special payment procedures in Buying Manual
  - Although human subjects are confidential, proper payment procedures apply
  - Proper coding for expenses (or prepaid) is required
- May present in transactions via Mturk, Tango, consolidators, etc.
- Elevated fraud risk

# Publication Costs

- Awards require proper citation
- Costs need to be properly allocated, and the allocation (or lack thereof) needs to be documented
- May be paid in close out period on most federal awards
  - After the expiration date, but within closeout period
- Documentation and citation in article requirements
  - The publication will identify grant ID in article
  - If not acknowledged, the expense is not an allowable expense

# Meals

- Limited circumstances where meals are a sponsored allowable expense
  - Refreshments and department meals are generally unallowable on a sponsored agreement
  - Traveler meals are generally allowable
  - Business meals in Ithaca, unallowable
- When circumstances are appropriate, the meal costs need to be reasonable.
- Provided meals need to be excluded from per diem allowances
  - Conference programs generally indicate if meals are provided
  - Hosted meals require an exclusion from per diem allowance for all attendees
    - Attendee listing required
- Even with meals, sales tax is an issue with NYS awards

# Recruiting Costs (2 CFR 200.463)

- Standards of allowability apply
  - Reasonable, necessary, allocable, consistently treated, in accordance with university policy, etc.
  - Make sure that intended costing for the position is properly reflected in the allocation of the recruiting costs
  - Recruitment incentives and relocation costs must also be reasonable and consistent
- If salary allocation changes over the subsequent period (at least one year), consider reallocating recruitment and relocation costs
- If a new hire departs within one year government awards must be repaid their share of relocation costs.

# Recruiting Costs - Visas

- Short-term, non-immigration visas may be an allowable recruitment or relocation cost. This may include:
  - Travel visas for interviews
  - Non-immigrant work visas (e.g. J1, O1, H1-B)
    - Note: if the $100,000 fee for H1-B visas is ultimately upheld the cost may be considered unreasonable, and thus unallowable on an award
- Does not include expenses for:
  - Green card (permanent residency)
  - Citizenship
- Standards of allowability, sponsor rules and conditions in §§463(d) apply and good documentation of the critical nature of the foreign hire is important.

# Promotional expenses

- Stress balls, refrigerator magnets, flash drives with the project's logo, etc. are examples of unallowable expenses.
- Consider trigger language. An internet definition of swag is "Branded products given away by companies to promote their identity at events or gifted to employees and clients."
  - Promotional items
- An appropriate business purpose, and transaction receipt, will identify such purchases
  - Support institutionally

# Capital Asset Inventory

- Purpose: verify the existence, location and condition of equipment and ensure the accuracy of university asset records
  - Financial Statements
  - Compliance with federal requirements
- Physical inventories must be performed biennially (every two years) and a schedule of when an inventory is required is posted on our website
- Processes and procedures
  https://finance.cornell.edu/capitalassets/capital/inventory

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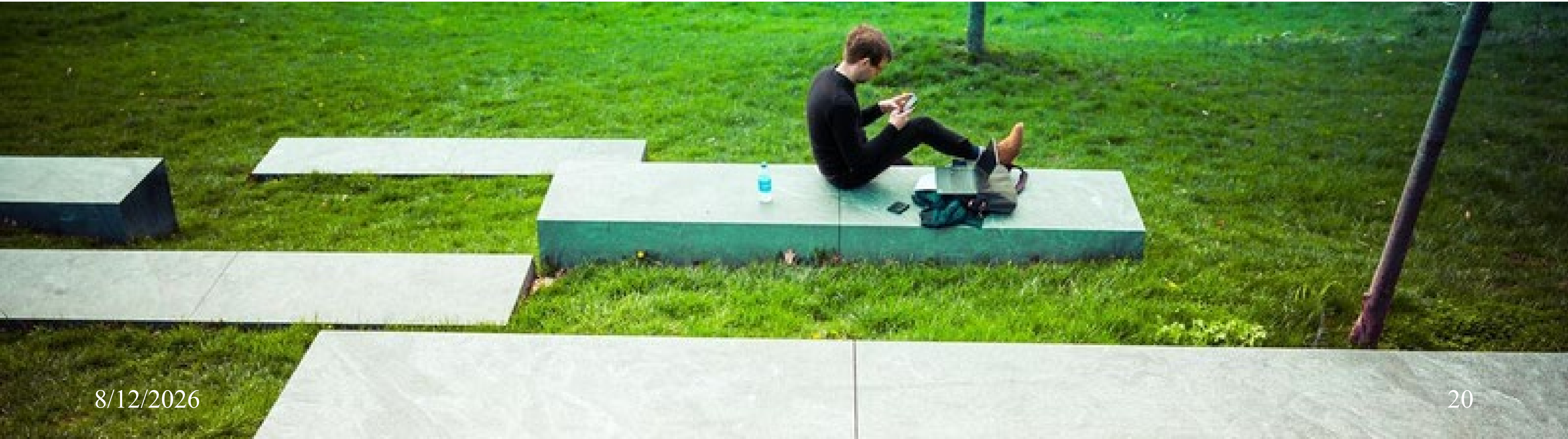
## RESOURCES



# Resources

- Account information in KFS
  - Inquiry available on financial documents
  - Effective/Expiration Date
  - SubFund (Fund)
  - CFDA Number (Federal Funding)
  - Expense Guidelines
- Oracle Dashboard: Sponsored Financial Activity
  - Budget to Actual
- Award information in Research Administration Support System (RASS)
  - Reminder: Those processing financial transactions do not generally have access to award documents
    - Additional questions / support may be necessary to support the processing
    - Ensure that the business purpose provides information to support the project and cost

# Useful sites

- https://finance.cornell.edu/sfs/managingawards/policies
- https://finance.cornell.edu/sfs/contacts
- https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200
- Sponsor guides
  - https://www.nsf.gov/policies/pappg
  - https://grants.nih.gov/policy-and-compliance/nihgps
  - And many more

# Training Suite

- Workday Learning
  - FIN 114 : Financial Management of Sponsored Projects
  - FIN 115 : Financial Reporting Dashboard, Sponsored Financial Activity
  - FIN 116: Post Award Administration Requirements

# Questions?