An Introduction
to
Sponsored Projects Administration
Today’s Agenda

- Regulatory Compliance
- Sponsored Awards Data
- The Basics
- Proposal Preparation and Submission
- Award Negotiation and Acceptance
- More Basics
- Award Set-up
- Preparing to Spend the Money
- Managing Awards
- Sponsor Reimbursement
- Reporting Obligations
- Award Closeout and Audit
Regulatory Compliance
The Research Enterprise

Senior Associate Provost for Research Administration
Office of Research Administration (ORA)

Office of Research Enterprise Operations (OREO)
- Project Management
- Data Management
- Cross Unit Operational Integration & Efficiency

Office of Sponsored Projects (OSP)
- Pre and post-award administration of sponsored projects
- Training & education

Human Research Protection Program (HRPP)
- HIC, HSC, IRB
- Required review of research involving human subjects

Office of Animal Research Support (OARS)
- IACUC
- Required review of research involving animals

Conflict of Interest Office (COI)
- Required review of conflict of interest disclosures

Office of Research Compliance (ORC)
- Compliance
- Risk assessment

Office of Environmental Health and Safety (OEHS)
- Environmental health & safety

Yale Animal Resource Center (YARC)
- Housing & care of animals

Office of Cooperative Research (OCR)
- Patenting & licensing activities, inventions, industry relations
Yale’s Expectations

What does Yale expect of its research community?

- Comply with applicable laws & regulations
- Comply with sponsor terms and conditions and University policies and procedures addressing:
  - Disclosure of external interests aka conflict of interest
  - Human and animal subjects
  - Export controls
  - Effort reporting
  - Handling of confidential information
  - Appropriate stewardship of funds
  - Effective internal controls to prevent fraud, inefficiency and waste
- Report non-compliance
Preventing Non-compliance

- Sponsored projects administration training and education opportunities
  - Registration instructions are on the Sponsored Projects Training handout
- Tools and resources for researchers and administrators
  - Websites
  - ORA Newsletters, Important Updates (key policy and procedural information) and mandatory training for faculty
  - OSP’s:
    - “Resources” – forms, checklists and reference guides, glossary of terms, FAQs, ABCs, tips
- Support to answer questions and provide assistance
  - Discuss with your supervisor
  - Call your OSP contact with questions
## Possible Affects of Non-compliance

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Reporting Suspected Non-compliance

Call Yale University Hotline 877-360-YALE

Call Hotline for concerns that cannot be resolved through the channels below (or to make an anonymous report).

Contact Institutional Resource
Contact the appropriate institutional resource for further assistance (e.g., Human Resources, General Counsel, Controller, University Auditing, etc.)
If the issue is not resolved, call Hotline.

Contact Organizational Executive
Seek assistance from the chair, dean, director, or divisional head.
If your concern cannot be handled within the unit, seek institutional assistance.

Seek Departmental Help
Contact a supervisor or administrator in your department for advice on your concern.
If further assistance is required, contact the head of your organization.

Review Standards of Business Conduct
Is there a possible violation of the Standards of Business Conduct? If yes, seek departmental help.
If you’re not sure, contact the appropriate institutional resource (Human Resources, Controller, Grants & Contracts, etc.).

Note: Retaliation against employees who in good faith report possible violations of the Standards of Business Conduct is against University policy.
We all have a responsibility and a role in ensuring compliance in research and research administration.
Questions
Sponsored Awards Data
Post-Award Administration: Financial Management

- What are the University revenue streams at Yale?
- How does the Research Enterprise fit in?

Yale University Revenue./Income
June 30, 2015
Total $3.38 Billion
Post-Award Administration: Financial Management

- Yale’s research enterprise

Yale Sponsored Award Expenses
FY2015
Total $663,394,222

- Federal, $500,263,888, 75%
- Non Federal, $144,348,567, 22%
- Clinical Trials, $18,781,767, 3%
The Basics
Learning the Language

▪ Every profession has its own lingo
▪ Useful reference: The ABCs
  – Located at: http://your.yale.edu/policies-procedures/other/abcs-sponsored-projects
Learning the Language

- Sponsored Project
  - An activity funded by external sources (sponsor) supporting Yale’s mission of:
    - research
    - education
    - clinical care
    - public service
The Life Cycle of a Sponsored Project

IDEA! or Sponsor Initiated?

Proposal Developed/Submitted to Sponsor

Sponsor Funding Decision Made and Award Issued

Work Begins

PI reports to Sponsor on Progress

Project Completed and Final Reports Submitted

PI reports to Sponsor on Progress

Project Completed and Final Reports Submitted

IDEA! or Sponsor Initiated?
Learning the Language

The Integrated Research Enterprise System (IRES) provides faculty and supporting staff an integrated set of research administration tools that are web-based.

IRES Modules

- **Proposal Development (PD)**: used to create and submit proposals, as well as capture data for Proposal Tracking
- **Proposal Tracking (PT)**: used to capture, store and manage pre-award and award information
- **Conflict of Interest (COI)**: used to disclose financial relationships relative to sponsored research
- **Sponsored Program Information Network (SPIN)**: a database of funding opportunities from government and private sources
Learning the Language

- Regulatory Form [Proposal Development (PD)]
  - Used to collect information/certification for proposals routed through PD

- TranSum
  - Proposal Approval Sheet for non-PD submissions
  - Serves as a guide and as a checklist for the steps required for the Yale proposal approval process
Learning the Language

- Principal Investigator/Project Director (PI/PD)
  - The individual at Yale having the appropriate qualifications and level of authority and responsibility to direct a project or program to be supported by an award
Learning the Language

- Senior/Key Personnel
  - All individuals who contribute in a substantive, measurable way to the scientific development or execution of a sponsored award, whether or not salaries are requested.
    - There must be some level of committed time shown in the proposal
    - May or may not be a Yale employee
Learning the Language

- Consultant (Professional Services)
  - An individual or firm that provides professional advice or services for a fee and is not an employee of Yale (work for hire).
  - Requires that an agreement must be in place prior to the commencement of the work with a:
    - Description of the service to be performed (scope of work);
    - Estimate of time;
    - Rate of compensation; and
    - Termination provisions

Policy 3210: Professional Services and Consulting
Learning the Language

- Other Significant Contributor
  - Individuals identified in a NIH/PHS proposal who will contribute to the scientific development or execution of a project, but do not commit any specified measurable time to a project.
Let’s test your knowledge...
Which of the following statement(s) is/are true regarding key personnel:

A. They must contribute some level of effort

B. They contribute in a substantial and measurable way to a project

C. They may be employed by another institution

D. All of the above
Learning the Language

- Proposal/Application
  - A request for support prepared in accordance with the sponsor’s instructions.
    - The proposal represents the PI’s ideas and methodology to a potential sponsor.
    - The submission of the proposal requires the approval of the University through the Office of Sponsored Projects’ (OSP) proposal team in order for it to be represented as a Yale endorsed activity.
Learning the Language

- Program Solicitations
  - Funding Opportunity Announcements (FOA)
  - Program Announcement (PA)
  - Request for Application (RFA)
  - Request for Proposals (RFP)
  - Request for Quotes (RFQ)
  - Broad Agency Announcement (BAA)
Learning the Language

- Program Solicitations
  - Outlines the purpose of a program
  - Provides eligibility criteria
    - PI and institution
    - May limit number of submissions by institution
  - Identifies the proposal/application format
  - Specifies the process for submission and due date
  - Provides supplemental instructions
  - References policies, assurances and definitions
Learning the Language

- Sponsored Award/Notice of Award (NoA)
  - A legally binding document issued to Yale to support a Yale proposal.
    - May be issued electronically, in letter format or on a sponsor specific form;
    - Notifies Yale that an award has been made;
    - Contains or references all terms and conditions of the award; and
    - Documents the obligation of funds.

**Note:** NoA is a PHS specific term; however, it is generally used at Yale for all awards.
Learning the Language

An award can be in the form of a...

- Grant
  - An award of financial assistance, the primary purpose is to transfer money, property, services or other things of value to a grantee (Yale) when no substantial involvement is anticipated between the sponsor and Yale.
Learning the Language

- **Contract**
  
  - An agreement to provide *specific research services/deliverables*. A contract can be:
    
    - **Cost reimbursable**: Sponsor reimburses Yale for actual costs incurred on the project.
    
    - **Fixed price**: A price established to complete the work and is not subject to change. Actual costs are expected to be reasonably close to the amount of the agreement.
      
      - If the costs exceed the fixed price, Yale is not reimbursed
      
      - If the costs are less than the fixed price, Yale retains the money
Learning the Language

- Cooperative Agreement
  - A financial assistance agreement (grant) used when substantial sponsor involvement is anticipated during performance of the project.
Let’s test your knowledge...
Which of the following is **not** true regarding a NoA:

A. Legally binds the University

B. Notifies the grantee that an award has been made

C. Contains or references all terms and conditions of the award

D. Never issued electronically
Learning the Language

• Subaward (also referred to as subcontract, subgrant, consortium agreement)
  – A legal instrument used by an award recipient (usually the prime recipient) to provide funds or property to another eligible institution (subrecipient) to perform a substantive portion of a grant or contract.
  • Yale can be a prime recipient or a subrecipient
  – The terms and conditions of the prime award “flow down” to the subrecipient through the subaward.
Learning the Language

- Authorized Organizational Representative (AOR) or Signing Official (SO)
  - Authorized by the institution to legally bind the institution by:
    - Signing sponsored project applications and required certifications and/or assurances necessary to fulfill the requirements of the application
    - Signing other award documents such as a grant or contract
Learning the Language

Grantee/Awardee:

Yale University

By signing/electronically submitting a proposal, or by signing a funding document (grant award, contract, etc.), Yale assumes legal and financial responsibility and accountability for the performance and financial aspects of the award.

Note: Certain awards, such as fellowships, may be made directly to the individual.
Let’s test your knowledge...
Here’s a scenario...

Dr. Barrow, a Yale faculty member, reads a PA related to her area of research. She prepares a proposal and submits it directly to the sponsor. Did Dr. Barrow forget something?

The submission of the proposal requires the approval of the University (OSP) in order for it to be represented as a Yale endorsed activity.
Learning the Language

- **Direct Costs**
  - Costs that can be identified specifically with a particular sponsored project. Examples include but are not limited to:
    - Equipment
    - Research supplies
    - Salaries and benefits
    - Travel
    - Recruitment costs (including Visa costs under certain conditions)
    - Participant costs when appropriate
Learning the Language

- Facilities and Administrative (F&A) Costs (also referred to as indirect costs or overhead)
  - Costs incurred that cannot be specifically identified with a sponsored award. Examples include but are not limited to:
    - Utilities
    - Network charges
    - Office supplies
    - Purchasing
    - Human Resources
    - Business Offices
    - OSP, ORC, OARS, HRPP

**Note:** F&A costs are budgeted and charged as a percentage applied to the direct costs of a project.
Learning the Language

- **Equipment**
  - An article of tangible nonexpendable personal property
  - useful life of more than 1 year
  - cost per unit that equals $5,000 or more

**Note:** Some non-federal sponsors define equipment with different thresholds

**Policy 4209: Equipment**
Let’s test your knowledge...
Which of the following would be considered a F&A cost and included as part of the University’s F&A rate calculation? (select all that apply)

A. Test tubes
B. Human Resources
C. The PI’s salary
D. Network charges
Learning the Language

- Cost Sharing
  - Any portion of sponsored project costs not funded by the sponsor.

Policy 1306: Cost Sharing on Sponsored Projects
Procedure 1306PR.01: Cost Sharing
Form 1306FR.01: Cost Sharing Approval Request
Learning the Language

- Voluntary Committed Cost Sharing (VCCS)

Yale discourages VCCS

- Yale’s inclusion of proposed costs supporting the sponsored project and not required or funded by the sponsor but paid by Yale. For example:
  - Inclusion of PI time without requesting salary
  - The purchase of equipment for the sponsored project for which no funds from the sponsor is requested

- In general, VCCS in Federal proposals is not expected and cannot be used as a factor in merit review

- All VCCS must be separately budgeted and accounted for
Learning the Language

- Mandatory Cost Sharing
  - Yale’s contribution toward the sponsored project that is required as a condition of receiving the award.
    - Usually identified in the funding opportunity or federal statute and is included in the terms and conditions of the award.
Learning the Language

- Voluntary Uncommitted Cost Sharing
  - A cost associated with a sponsored project, not committed in the proposal and not funded by the sponsor. For example:
    - Additional faculty effort on a sponsored project over and above the effort identified in the proposal or award
      - Academic year effort devoted to a sponsored project for which only summer salary was proposed and charged.
        » Does not require prior approval
Learning the Language

- **In-kind/Matching**
  - The requirement by some sponsors to match in some proportion with funds from another party, either from the University or another sponsor.
    - May be in the form of cash
      - Requires documentation supporting the use of the funds
    - May be the value of non-cash contributions
      - Requires supporting documentation of fair market value e.g., appraisal or quote
Learning the Language

- **Effort**
  - Time spent on all Yale activities for which an individual is paid by Yale
    - The time can be expressed as a percentage of the individual’s total University effort
    - OR
    - In person months as a measurement of a person's effort in academic, summer, and/or calendar months a year

**Note:** “Calendar Months” is used for most federal proposals.
Policies and Regulations

- Internal and external policies and regulations support many of the principles that will be discussed today.
  - Yale’s policies and procedures
  - Federal and sponsor policies and regulations
Policies and Regulations

- Yale’s Policies and Procedures
  - Play an important role in the conduct of research and the management of a sponsored project.
  - Where there are no specific or less restrictive sponsor policies, the administration of sponsored awards must follow Yale policies.

Yale’s policies and procedures supporting Sponsored Projects Administration are located at:
http://your.yale.edu/sponsored-projects-administration
Policies and Regulations

- 2 CFR Part 200 (OMB Circular A-81, commonly referred to as Uniform Guidance)
  - Written for the federal agencies and codified by each agency to flow through to grantees. Agencies will incorporate in their handbooks/guides. For example,
    - National Institutes of Health: Grants Policy Statement
    - National Science Foundation: Proposal and Award Policies and Procedures Guide
  - Defines the standards for an allowable cost
  - Identifies many but not all direct costs
  - Identifies many but not all unallowable costs
  - Specifies the requirements of a payroll distribution system also known as effort reporting
  - Specifies requirements for computing the F&A cost and fringe benefit rates
Policies and Regulations

- 2 CFR Part 200 (OMB Circular A-81, commonly referred to as Uniform Guidance), continued
  - Articulates requirements for:
    - Financial reporting
    - Progress/Technical reporting
    - Equipment management
    - Procurement Standards of Conduct
  - Specifies the requirements for conducting a “single” audit by an external auditing firm on behalf of the federal agencies
  - Specifies the requirements for subrecipient monitoring
Policies and Regulations

- Federal Acquisition Regulations (FAR)
  - Applies to federal contracts
  - More restrictive than grants and cooperative agreements
Policies and Regulations

- Award terms and conditions
  - All federal awards are not alike, not even from the same agency
  - Some non-federal sponsors are more restrictive than federal sponsors
  - Program solicitations can contain program specific requirements
Policies and Regulations

- **Federal Demonstration Partnership (FDP)**
  - A cooperative initiative among 10 Federal Agencies and 119 institutions (Yale included) receiving Federal funding for research.
  - Its purpose is to conduct demonstrations intended to simplify and standardize Federal requirements in order to increase research productivity and reduce administrative costs.
    - Participation in a demonstration may affect the terms and conditions of a federal award.
Let’s test your knowledge...
Which of the following statement(s) is/are not true:

A. Policies and procedures may differ among different federal sponsors

B. Yale is an FDP institution

C. PIs must account for effort and mandatory cost sharing

D. Voluntary uncommitted cost sharing requires the prior approval of an appropriate University official.
Roles and Responsibilities

- Principal Investigator
- Department Business Administrator
- Office of Sponsored Projects
  - Pre and Post Award
Roles and Responsibilities

- Principal Investigator
  - Conducts the research as proposed
  - Ensures proper administration of their awards, including any subrecipients
  - Authorizes all direct cost expenditures of project funds
  - Approves all project expenditures and cost transfers
  - Ensures compliance with sponsor requirements and University policies
Roles and Responsibilities

- Department Business Administrator
  - Assists with proposal preparation
  - Monitors awards
  - Approves and executes transactions (e.g., SciQuest)
  - Keeps PI abreast of policy and sponsor requirements
  - Develops departmental business processes for the administration of sponsored projects
  - Provides financial and administrative reports to PI
Roles and Responsibilities

- Office of Sponsored Projects (OSP)
  - Reviews proposals for compliance with University and sponsor requirements
  - Approves and submits proposal applications
  - Negotiates awards in collaboration with PI/BO
  - Accepts awards on behalf of the University
  - Sets up awards in IRES PT
  - Serves as the point of contact for the sponsor
  - Administers the non-financial requirements of the award, including prior approval requests
Roles and Responsibilities

- Office of Sponsored Projects (OSP), continued
  - Provides post-award financial support to departments and is responsible for:
    - Set up of awards in the University’s accounting system
    - Financial reporting to sponsors
    - Receivables, billings and collections
    - Effort reporting system and conducts related assessments
    - Review and approval of cost transfers
    - Award closeout
Let’s test your knowledge…
The PI is responsible for the following:

A. Conducting the research proposed in the project

B. Oversight of sponsored project expenditures

C. Ensuring the research has the appropriate approvals for humans/animals/laboratory safety issues, etc.

D. Monitoring the programmatic progress of subrecipients under the award

E. All of the above
Questions
Proposal Preparation and Submission
Proposal Preparation

In order for someone to be a PI, co-principal investigator or program director (PD) they must...

- Be a full-time employee of the University;
- Hold the academic rank of professor, associate professor, assistant professor, senior research scientist/scholar, or research scientist/scholar; and
- Have the requisite training, skill, commitment and expertise
Proposal Preparation

- PI exceptions require the approval of the provost, or where appropriate, the dean of self-support units
  - Exceptions may be made for but are not limited to: associate research scientist/scholar, lecturers, instructors, emeritus faculty and other non full-time appointments

Policy 1310: Principal Investigator Eligibility Requirements on Sponsored Projects
Form 1310 FR.04: PI Status Request Form
Online Primer: http://www.yale.edu/hrpp/coeus/PI%20Eligibility%20/story.html
Proposal Preparation

- The PI/PD must complete:
  - Web based training “Sponsored Projects Administration for Faculty”
    - Located in TMS: *Office of Research Administration*
  - An External Interests Disclosure form
    - NIH/NSF proposals (and those sponsors who have adopted PHS like COI policy) cannot be submitted if current disclosures are not on file
Proposal Preparation

The PI and all other personnel (except clerical and *non*-technical personnel) working on a sponsored project must complete the University’s Patent Policy Acknowledgement and Agreement (PPAA) requirement prior to the submission of a proposal.

**Note:** All technical personnel must complete PPAA.

- Access to PPAA is via the Training Management System (TMS):
  
  https://bmsweb.med.yale.edu/tms/tms_enrollments.categories?p_o
  
  wn_cd=OCR&p_std_id=33099
Proposal Preparation

Assist the PI with preparing a proposal:

- Get a copy of the announcement and carefully read the eligibility and submission requirements.
  - Look for any restrictions
    - Budgetary, cost sharing, and research
    - Formatting, font, spacing, and page limitations
- Note the due date
- Provide a copy of the announcement to OSP
  - Included as part of the proposal record
Proposal Preparation

Meet with the PI:

- Discuss submission requirements, budget limitations, cost sharing, and submission deadline
- Does the research require collaborators outside of Yale? In a foreign country?
- Does the research require collaborators from other Yale departments?
- Utilize the Proposal Development and Submission Checklist as a resource: [http://your.yale.edu/policies-procedures/other/finalrrapproved-083115-proposal-development-and-submission-checklist](http://your.yale.edu/policies-procedures/other/finalrrapproved-083115-proposal-development-and-submission-checklist)
Proposal Preparation

Meet with the PI (continued):

- What are the required elements of the proposal?
  - Budget
  - Budget Justification page
  - Bio sketches
  - Research plan
  - Subrecipient documents
Proposal Preparation

Meet with the PI (continued):
Will the research involve:

- Human and/or animal subjects
- Biohazards
- Radioactive substances
- Hazardous chemicals/materials
- Recombinant DNA
- Gene transfer
- Select agents
- Controlled substances
- Human embryonic stem cells
- Raise potential export control concerns
Proposal Preparation

Meet with the PI (continued):

- Ask the PI to identify all personnel s/he wants to include in the proposal budget. Of this population, the PI:

  - Must identify those responsible for the design, conduct and reporting of the proposed research to ensure they have a current COI disclosure on file (Form name is “External Interest Disclosure” Form)

  - Ensure **all** personnel have completed a Patent Policy Acknowledgement and Agreement
Proposal Preparation

Meet with the PI (continued):

- Is cost sharing required?
  - What account will be used?
- Does the sponsor have a salary rate cap?
  - Identify the account supporting salary over the cap.
- Will the project generate program income?
Proposal Preparation

Preparing the budget

- Costs must directly benefit the proposed project
- Proposed costs must meet the following tests of allowability:
  - Reasonable, necessary, and allocable
  - Treated consistently
  - Consistent with policies of the University
  - Must conform to sponsor requirements
  - Cannot be included as a direct cost if used to meet cost sharing commitments for this proposal or any other award
  - Be adequately documented
- Costs must conform to limits or exclusions set forth in 2 CFR Part 200
Preparing the budget (continued)

- The budget and budget justification should reflect a reasonable estimate of the expenses necessary to conduct the project.
- Draft the budget based on a discussion with the PI, sponsor requirements, University policies.
- All proposed expenses must be justified, especially when proposing clerical and administrative support, office supplies, etc.

Note: Administrative and clerical support must be both essential and integral to the proposed work.

Policy 1403: Charging of Administrative and Clerical Salaries and Certain Other Expenses to Federal Funds

Policy 1405: Charging of Facilities and Administrative Type Expenses to Non-Federal Sponsored Projects
Proposal Preparation

Preparing the budget (continued): Personnel

- Plan realistically
- Determine availability of all necessary personnel
  - Do they have other commitments that could prevent them from devoting effort?
- If the budget includes salary for an individual from another department, availability and approval to devote effort to the project is required from the individual’s department business office.
Proposal Preparation

Preparing the budget (continued): Personnel

- Salary and wages of personnel are based on an individual’s Institutional Base Salary (IBS)
  - The annual compensation paid by Yale for an employee’s appointment, whether the individual’s time is spent on research, teaching, patient care or other activities
    - IBS excludes: bonuses, one-time payments or incentive pay, and salary paid by other organizations such as the VA or Howard Hughes Medical Institute (HHMI)
    - Faculty with a Yale/VA joint appointment must have on file in OSP Pre-Award a current Memorandum of Understanding (MOU) by the time of proposal submission

**Note:** For federal awards, extra compensation above the IBS must have the prior approval of the sponsor.

**Policy 1311:** Institutional Base Salary for Sponsored Projects
Proposal Preparation

Preparing the budget (continued): Personnel

Faculty are expected to propose some level of sponsor paid effort unless specifically exempted by the sponsor and Yale policy, e.g., conference and equipment grants
Proposal Preparation

Preparing the budget: Personnel

- Key/senior personnel are committed to providing the proposed level of effort over the annual budget period of the award unless sponsor policies permit otherwise
  - Faculty with a 9-month appointment who request summer salary support from a sponsor fulfill the above minimum proposed effort requirement
- In most cases Yale policy is $\% (effort) = $(salary)$
  - Percent effort proposed translates to percent of IBS requested

Note: For NIH grants, other significant contributors and consulting investigators normally provide no effort nor request dollars.
Preparing the budget: Personnel (9-month faculty)

- The following statement can be used to indicate the availability of time for research during the academic year, when no formal commitment of effort during the academic year is being proposed.

“Yale fully supports the salary of its faculty holding a nine month appointment which they may use for research, instruction and administrative purposes. In accordance with these responsibilities, however, Yale makes no specific commitment of time or salary to this particular sponsored project during the academic year. This voluntary effort during the academic year is determined by the principal investigator and is not monitored by the University.” (ORA Important Update: May 2007)
Proposal Preparation

Preparing the budget: Personnel

- Clerical salaries or administrative costs can only be directly charged to federal awards in specific situations where the support required is more than customary (2 CFR Part 200)
  - Generally these types of costs require prior approval if not included in the approved budget

Policy 1403: Charging of Administrative and Clerical Salaries and Certain Other Expenses to Federal Funds
Preparing the budget: Personnel

- Budgets for non-federal sponsors must also include salary and benefits for the PI and other personnel and administrative costs if permitted.

Policy 1405: Charging of Facilities and Administrative Type Expenses to Non-Federal Sponsored Projects
Proposal Preparation

Preparing the budget: Personnel

- Effort is expressed most often in the form of person months. For example, 10% effort of a 12 month FTE appointment is 1.2 person months.

\[1.2 \text{ person months} \times \text{monthly rate of pay} = \$ \text{ requested}\]

Policy 1316: Effort Commitment: Managing Effort Associated with Sponsored Projects

Guide 1316GD.01: Effort Percent/Calendar Month Conversion Table
Proposal Preparation

Preparing the budget: *Fringe Benefits (FB)*

- Apply appropriate FB rate to budgeted salary
  - There are separate rates for federal and non-federal awards
  - Rates are also based on the classification of employee (exempt vs. non-exempt and full-time vs. part-time)

Controller’s Office Fact Sheet: [http://your.yale.edu/policies-procedures/guides/controllers-office-factsheet](http://your.yale.edu/policies-procedures/guides/controllers-office-factsheet)
Proposal Preparation

Preparing the budget: Equipment

- Is the equipment available elsewhere in the University?
- Request a quote from the vendor as supporting documentation
- Observe University’s competitive bid requirement

Policy 4209: Equipment
Proposal Preparation

Preparing the budget: *Materials and Supplies*

- PIs are expected to include the costs of materials and supplies necessary to conduct the project.
- Office supplies are allowable depending on the research being conducted. These types of costs **must** be thoroughly justified.

**Note:** Computers less than $5,000 are considered to be a supply.

**Policy 1403:** *Charging of Administrative and Clerical Salaries and Certain Other Expenses to Federal Funds*

**Policy 1405:** *Charging of Facilities and Administrative Type Expenses to Non-Federal Sponsored Projects*

**Training:** *Direct Charging of F&A Costs to Sponsored Awards*
Proposal Preparation

Preparing the budget: *Travel* (Domestic and Foreign)

- Include location and purpose of the trip
- Determine mode of transportation
- If federal funding is involved *must* adhere to the Fly America Act or Open Skies Agreements
- Determine if per diem or actual costs will be used for meals
- Determine cost of lodging

**Note:** May require prior approval of sponsor even if in budget

**Policy 3301: Travel on University Business**

**Training:** *Fly America Act and Open Skies Agreements: Charging International Air Travel to Federal Awards*
Proposal Preparation

Preparing the budget: *Subawards*

- Each subrecipient must provide a:
  - Budget (direct and F&A costs)
    - Institutions without a federally negotiated rate agreement must budget for 10% MTDC F&A
  - Budget justification page
  - Statement/Scope of work
  - Completed Subrecipient Information Compliance (SIC) form
    [http://policy.yale.edu/sites/default/files/1304fr03a_subrecipient_information_and_compliance_form_0.pdf](http://policy.yale.edu/sites/default/files/1304fr03a_subrecipient_information_and_compliance_form_0.pdf)

**Note:** Yale is only permitted to request F&A costs on the first $25,000 of a subaward if Yale’s sponsor is a federal agency.

**Policy 1307:** Subrecipient Monitoring

**Procedure 1307PR.01:** Subrecipient Initiation, Execution, Monitoring and Closeout on Sponsored Projects

**Training:** Subrecipient Basics and Monitoring
Proposal Preparation

Preparing the budget: Other Direct Costs

- Service Center Fees, e.g., animal care facility
- Tuition and fees (when appropriate)
- Stipends (when appropriate)
- Human subject fees (including travel reimbursement)
- Publication costs
- Equipment maintenance and repair
- Consultants
Proposal Preparation

Preparing the budget: F&A Costs

- The use of the appropriate F&A cost rate is determined by the type of sponsored activity (for example, research vs. instruction proposals), start date, and location of the proposed project.

## Proposal Preparation

<table>
<thead>
<tr>
<th>APPLICABLE TO/LOCATION</th>
<th>EFFECTIVE PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7/1/14 – 6/30/15 (Final)</td>
</tr>
<tr>
<td>Organized Research / On-Campus</td>
<td>66.5%</td>
</tr>
<tr>
<td>Research DOD Contract / On-Campus</td>
<td>69.7%</td>
</tr>
<tr>
<td>Organized Research / Modified On-Campus</td>
<td>30.9%</td>
</tr>
<tr>
<td>Organized Research / Off-Campus</td>
<td>26.0%</td>
</tr>
<tr>
<td>Organized Research / CMHC</td>
<td>41.9%</td>
</tr>
<tr>
<td>Other Sponsored Activities / On-Campus</td>
<td>41.8%</td>
</tr>
<tr>
<td>Other Sponsored Activities / Off-Campus</td>
<td>24.7%</td>
</tr>
<tr>
<td>Organized Research / <a href="#">VA@West</a> Haven</td>
<td>30.9%</td>
</tr>
<tr>
<td>Instruction / On Campus</td>
<td>69.0%</td>
</tr>
<tr>
<td>Instruction / Off Campus</td>
<td>26.0%</td>
</tr>
</tbody>
</table>
Preparing the budget: *F&A Costs*

- F&A is usually expressed as % of the direct cost (DC) budget. Yale’s F&A Rate Agreement does not permit the charging of F&A on certain budget items. This is referred to as a Modified Total Direct Cost (MTDC) base.
  - The MTDC base excludes:
    - equipment, patient care costs, student tuition, stipends and fees, alterations and renovations, rental of off-site facilities, and the portion of each subaward in excess of $25,000.
    - MTDC (DC minus above exclusions) x F&A rate = budgeted F&A costs.
Proposal Preparation

Preparing the budget: Applying the F&A Rate

$250,000  Total direct costs
-  7,500  Equipment
- 40,000  Subaward total for year one
+ 25,000  Allowable subaward costs

$227,500  MTDC base for calculating F&A
\[ \times 0.675 \]

Yale’s F&A rate is 66.5%

$153,563  F&A
+250,000  Direct costs

$403,563  Total funds requested
Proposal Preparation

Preparing the budget: *Cost Sharing*

- Cannot match federal $ with other federal $
- Cannot use the same $ for two different projects
- Time period requirements
  - Must be within the period of performance
- Cost sharing $ subject to the same allowability rules as award

**Note:** Imposes record-keeping obligations

**Policy 1306:** Cost *Sharing on Sponsored Projects*
Proposal Preparation

Preparing the budget: *Cost Sharing Highly Discouraged*

- Cost sharing must be approved by the appropriate cognizant Provost or Dean for self-support schools
  - Must submit an approved Cost Sharing Approval Request form
    - Request for reduction/waiver of F&A costs
    - Academic year effort for a 9-month faculty member (not in the 9 over 9 program)
    - Committing effort without salary support

Cost Sharing Approval Request Form (1306 FR.01) is located at OSP’s on-line Resources toolkit: [http://your.yale.edu/research-support/office-sponsored-projects/resources](http://your.yale.edu/research-support/office-sponsored-projects/resources)

**Note:** When awarded, a sponsored award is set-up and linked to a cost sharing account
Proposal Preparation

Preparing the budget: *Salary over the cap*

- Individuals having a salary over a sponsor imposed salary cap *must* be indicated on the regulatory form in IRES PD or on the TranSum
  - An account number supporting the salary over the cap commitment *must* be identified

**Note:** When awarded, a sponsored award is set-up and linked to the account number provided for over the cap.
Proposal Preparation

Budget Justifications

- Each item in the categorical budget, including F&A costs, must be sufficiently justified
- Equipment must be itemized
- Increases in future years’ salaries and other budget categories (excluding fringe & F&A) should be explained

Checklists can be accessed in OSP’s on-line Resources toolkit: [http://your.yale.edu/research-support/office-sponsored-projects/resources](http://your.yale.edu/research-support/office-sponsored-projects/resources)
Let’s test your knowledge...
True or False

If a non-federal sponsor has a published F&A rate lower than Yale’s, the PI **must** complete a Cost Sharing Approval Request form.

FALSE
Proposal Preparation

Refer to Sample Proposal Budget
Proposal Preparation

Cover page
Many sponsors will provide a cover page that requires information about the Principal Investigator and the Institution

Abstract
Sponsors usually require a space-limited abstract written in layman’s terms
Proposal Preparation

Scope of Work
The Principal Investigator must follow the sponsor’s specific requirements
- Background and significance
- Preliminary studies
- Explanation of aims, objectives, methodology, and approach
Proposal Preparation

Bibliography
- A listing of references cited in the body of the proposal

CV/Biographical sketch
- Must be submitted for all senior and key personnel, indicating background, professional interests, research capabilities and publications
Proposal Preparation

Current and Pending Support

- Information about active awards and pending proposals for all key personnel, specifically other projects requiring a portion of the PI and other key personnel time. The information should include:
  - Project Title
  - Sponsor
  - Period of performance
  - Effort in person months (usually)
  - Amount of award (or amount requested)

Note: Most NSF applications require current and pending support information at time of proposal. NIH requires current and pending at Just in Time. Other sponsor requirements may vary.
Proposal Preparation

Facilities and Resources

- Describe equipment or other relevant resources that will be available to the project. Examples include but are not limited to:
  - laboratory and office space
  - library resources
  - animal facilities
  - computing services
  - equipment
Proposal Preparation

- Prior to submitting the proposal to OSP, the application must be certified for accuracy and completeness. Certification is required by the following individuals:
  - PI, Co/Multiple PI/PD
  - Administrator/Business Manager from the submitting department and other participating departments
  - Other departmental representatives (For example, the Chair or Dean)
- Yale utilizes the *Regulatory Form* (within IRES PD) or the *TranSum* to document this process and collect other key information about the proposal

**TranSum (1304 FR.03):**
[http://your.yale.edu/sites/default/files/1304fr03_transum.pdf](http://your.yale.edu/sites/default/files/1304fr03_transum.pdf)

**TranSum (1304 FR.03) Attachments:**
[http://your.yale.edu/sites/default/files/1304fr03_app_b-e_transmittal_summary_attachments.xls](http://your.yale.edu/sites/default/files/1304fr03_app_b-e_transmittal_summary_attachments.xls)
Proposal Review and Submission

- The signature of the Authorized University official indicates the University’s endorsement of and commitment to the project
  - For some sponsors, the signature on a cover page indicates agreement with the terms and conditions of a potential award

**Note:** Some non-federal sponsors allow electronic submission by the PI but prior review and approval of the proposals by OSP is required.
Proposal Review and Submission

- Yale (OSP) is responsible to ensure the accuracy of the administrative and fiscal information contained in the proposal as well as conforming with Yale’s policies and procedures and F&A rate requirements.
- Deliberate withholding, falsification or misrepresentation of information by Yale or the PI could result in the withdrawal of a proposal, debarment, or possible criminal penalties.
<table>
<thead>
<tr>
<th>Electronic</th>
<th>Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Read the instructions</td>
<td>▪ If “postmark deadline” is specified by the sponsor, that is the date/time that the proposal must be postmarked, NOT received by the sponsor</td>
</tr>
<tr>
<td>▪ All electronic submissions are not created equal</td>
<td>▪ Postmark dates require the use of an official courier’s date stamp, not the official postage meter</td>
</tr>
<tr>
<td>▪ Does the PI and/or Yale need to be registered users?</td>
<td>▪ All electronic application submissions must be approved by OSP prior to submitting to sponsor</td>
</tr>
<tr>
<td>▪ All electronic application submissions must be approved by OSP prior to submitting to sponsor</td>
<td>▪ Allow time for technical problems with the submission</td>
</tr>
<tr>
<td>▪ Usually, a proposal will not be considered by the sponsor if it misses the deadline</td>
<td>▪ Usually, a proposal will not be considered by the sponsor if it misses the deadline</td>
</tr>
</tbody>
</table>

**Note:** Proposals should be submitted to OSP at least 5 days prior to the deadline date to provide adequate time for review, electronic submissions, and sponsor acceptance.
Be aware of...

The following compliance concerns that may be required at the time of proposal submission:

- Financial Interests Disclosures (aka COI) must be current and appropriate for the sponsor
- Institutional Animal Care and Use Committee (IACUC) approval of animal research
- Institutional Review Board (IRB) approval of human subjects research
- Environmental Health and Safety (EHS) approvals of certain hazards
- Export control concerns with proposed research must be reviewed by OSP

Training: Research Compliance Principles for Administrators
Be aware that for NIH...

- Most proposals over $500,000 in direct costs must have documented prior approval from the NIH (check the program announcement)
- A data sharing plan may be required
- A salary rate cap may apply
- Proposals must comply with the NIH Grants Policy Statement (GPS)
- A strict type size requirement and page limitation exists
- Proposals requesting $250,000 in direct costs or less are submitted as Modular Research Grant Applications
  - The PI must request funds in increments of $25,000
**Be aware that for NSF...**

- Proposals must comply with the requirements of NSF’s Proposal and Award Policies and Procedures Guide (PAPPG) and are strictly enforced unless prior approval to deviate is obtained.
- Cost sharing in proposals is not permitted unless required by the program announcement.
- Not more than two person months of salary can be requested in the proposal budget for senior personnel during Yale’s FY. This limit includes salary compensation received from all NSF funded grants.
  
  – During the performance of the award, effort can be increased even if it results in total NSF effort exceeding 2 months and without NSF prior approval.
Let’s test your knowledge...
Which of the following individuals approve proposals in PD for submission to OSP?

A. Principal Investigator
B. Department Business Office
C. Department Chair
D. A. and B.
E. A., B., and C.
Questions
Award Negotiation and Acceptance
Award Negotiation and Acceptance

- OSP is responsible for the review, negotiation, and acceptance of award terms and conditions
  - The award may include both standard and special terms and conditions as well as the approved budget.
    - Generally, the award budget represents the financial expenditure plan approved by the sponsor.
Award Negotiation and Acceptance

- Budget reductions
  - If the award is not made at the funding level initially proposed, the sponsor may require the submission of a revised budget and/or scope or work
  - OSP, the PI and Business Office should review all awarded reductions prior to award acceptance to determine if the work can still be accomplished
At-Risk Accounts
At-Risk Accounts

What is an At-Risk Account?

- An account requested by the PI and reviewed by OSP prior to receipt of an award if one of two situations exists:
  - **Pre-award**: Some sponsors permits pre-award costs up to 90 days prior to the start date of the award.
  - **Late Award**: The charging of expenses to a sponsored project prior to the execution of an award but incurred during the period of performance of the sponsored award.
At-Risk Accounts

- What is the advantage to requesting an At-Risk Account?
  - Enables the faculty member to begin the research (e.g. ordering equipment requiring long lead time)
  - Eliminates cost transfers
At-Risk Accounts

- At-Risk Expectations
  - Department must document reasonable expectation of funding
  - IRB and/or IACUC approval, if appropriate, must be in place
  - COI Disclosures for responsible personnel must be current and the appropriate type.
  - Costs incurred are at the department’s risk
At-Risk Accounts

How does the PI request an At-Risk account?

- The PI must complete an At-Risk Request form.
- The form must be signed by the PI, business manager, and department chair acknowledging the department’s responsibility for any expenses not subsequently funded by the sponsor.
- When submitting a request to OSP for an At-Risk Account there must be evidence that:
  - An award is forthcoming and the start date is confirmed
  - It is necessary to incur costs prior to the start date of an award and the sponsor permits pre-award costs

Note: Incomplete forms will be returned to the Department Business Office.

Form 1304 FR.01: At-Risk Account Request form
Guide 1304 GD.01: At-Risk Accounts
Questions
More Basics
More Language to Learn

- **Delegation of Authority**
  - The ability of the PI to give certain individuals the authority to initiate financial transactions on sponsored awards

- **Program Income (rare)**
  - Gross income earned by the grantee organization that is directly generated or earned as a result of the grant
More Language to Learn

- **Obligations**
  - The dollar amount of commitments for equipment, supplies, services, subawards, and payroll during a funding period that will require payment during the same or possibly a future period.

- **Effort Reporting**
  - Process of certifying and documenting effort expended on sponsored projects during each effort reporting period. The effort report form documents the proportion of time devoted to sponsored projects, teaching, clinical practice, and other activities, expressed as a percentage of total University effort.

- **Cost Transfers**
  - The reassignment of an expense to or from a sponsored project after the expense was initially charged to another sponsored project or non-sponsored project.
More Language to Learn

- **Unobligated balances**
  - The portion of the funds authorized by the sponsor that have not been obligated or expended by Yale.
  
  Award amount – (unliquidated obligations + expenditures) = Unobligated balance

- **Carryover**
  - Unobligated funds remaining at the end of any budget period that with the approval of the sponsor or under an automatic authority may be carried forward to another budget period to cover allowable costs during that budget period

- **Cost Overrun/Deficit**
  - Amount charged to an award in excess of the sponsor’s authorized award
    - Expenses cannot be moved to another sponsored award
More Language to Learn

- Disallowances/Unallowables
  - A charge to an award that is determined to be unallowable in accordance with the applicable Federal cost principles or other terms and conditions contained in the award or University Policy

- Record retention
  - The length of time each document or record must be retained by the University
    - There are legal and fiscal requirements that may require the retention of records for longer periods of time, e.g., investigations of misconduct in science
Award Set-up
Award Set-up

What can delay the set-up of an award?

- IRB approval missing/pending
- Required COI disclosure(s) not done or expired
- IACUC approval missing/pending
- Patent Policy Acknowledgement and Agreement Form not completed (required at proposal stage)
- An award that contains multiple projects requiring separate accounting by PI or Org
- Award received “after-the-fact”
  - PI submitted proposal directly to sponsor (against University policy)
  - Department must create a PD record
  - OSP must conduct a review of proposal and award

Training:  Research Compliance Principles for Administrators
# Award Set-up

## Who, What & Where?

<table>
<thead>
<tr>
<th>Who</th>
<th>What</th>
<th>Where</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OSP Award Set-up unit (ASU)</strong></td>
<td>▪ Verifies that applicable regulatory compliance requirements have been met (COI, IRB, IACUC, Training)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Enters award information into IRES’ Proposal Tracking (PT) module</td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ ASU establishes “W” and “44” awards (for YSM only)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>in the Oracle Grants Management (OGM) system.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>IRES PT</td>
</tr>
<tr>
<td></td>
<td></td>
<td>OGM</td>
</tr>
</tbody>
</table>
# Award Set-up

**Who, What & Where? (continued)**

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility</th>
<th>System</th>
</tr>
</thead>
</table>
| **OSP OGM Set-up unit** | - Establishes a financial account (PTAO) in OGM; or fund an existing account (e.g., At-Risk Account)  
- Enters the award information into OGM and allocates funding to one or multiple project(s)  
- Distributes an electronic copy of the award set-up package to PI and departmental business office | • OGM |
| **OSP Reporting Group** | - Creates and maintains financial reporting requirements of sponsored awards in internal database (due dates, special forms and requirements) | • Report Tracking Database |
Award Set-up

How do departments know an award is set-up?

- OSP sends an electronic copy of the award set-up packet to the department. Packet includes:
  - Award document (NoA, grant, contract, cooperative agreement)
  - Sponsored Award Report (with Yale account number indicated)
- Departments can access IRES PT to view status of the set up.

Training: Proposal Tracking (PT) Overview Training
Award Set-up

Yale calls an account number a PTAO…What does PTAO stand for?

- **(P)**roject indicates the activity for which money is used.
- **(T)**ask is a subset of project, and is used to identify components of the project.
- **(A)**ward indicates the funding source.
- **(O)**rganization indicates the Yale organization spending/overseeing the money.

**Training:** *Understanding the PTAEO and How It’s Used for Sponsored Projects (Prerequisite: Finance Office’s Chart of Accounts course)*
# Sponsored Award Report

**Report Run:** 14-Oct-2013 9:55 AM

**Division:** MYSM School Of Medicine  
**Department:** MPSY Psychiatry

---

## Main Page

- **Short Name/Title:** STEP-ED  
- **Full Name:** STEP-ED: Reducing Duration of Untreated Psychosis and its Impact in the U.S.
- **PI's Name:**

---

## Funding Source

- **Funding Source Name:** NIMH Ntl Inst of Mental Health (NIH)  
- **Funding Source Award Number:** 1R01MH03831-01

---

## Project Period Dates

<table>
<thead>
<tr>
<th>Pre-Award Date</th>
<th>Award Start Date</th>
<th>Award End Date</th>
<th>Close Out Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>26-Sep-2013</td>
<td>26-Sep-2013</td>
<td>31-Aug-2018</td>
<td>30-Nov-2018</td>
</tr>
</tbody>
</table>

---

## Award Information

- **Award Amount:** 793,780.00  
- **Award Type:** Bill-Grant Cost Reimb  
- **Purpose Code:** 81 GC - Sponsored Research (all other)  
- **Award Status:** ACTIVE

---

## Compliances

- **F&A Rate Schedule:** GC-MTDC-CMHC-41.9%  
- **Allowed Cost Schedule:** NEW A-21 FEDERAL 2009  
- **Letter of Credit (Billing Format):** NO_PRINT  

---

## Flex Field

- **Special Terms and Conditions:** None  
- **DoD Award Rate Cap:** None  
- **IDC Location Code:** CMHC

---

## Personnel

- **Managers Name:**
- **Personnel (P.I.):**
- **Proposal ID:** 13-004941

---

## Installments

<table>
<thead>
<tr>
<th>Installment Num</th>
<th>Description</th>
<th>Type</th>
<th>Issue Date</th>
<th>Start Date Active</th>
<th>End Date Active</th>
<th>Close Date</th>
<th>Funded Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>new award</td>
<td>AWARD</td>
<td>14-Oct-2013</td>
<td>26-Sep-2013</td>
<td>31-Aug-2014</td>
<td>30-Nov-2014</td>
<td>793,780.00</td>
</tr>
<tr>
<td>2</td>
<td>Yr 2</td>
<td>AWARD</td>
<td>01-Sep-2014</td>
<td>31-Aug-2015</td>
<td>30-Nov-2015</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Yr 3</td>
<td>AWARD</td>
<td>01-Sep-2015</td>
<td>31-Aug-2016</td>
<td>30-Nov-2016</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Yr 4</td>
<td>AWARD</td>
<td>01-Sep-2016</td>
<td>31-Aug-2017</td>
<td>30-Nov-2017</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Yr 5</td>
<td>AWARD</td>
<td>01-Sep-2017</td>
<td>31-Aug-2018</td>
<td>30-Nov-2018</td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

**Total:** 793,780.00

---

## Project Funding

**Last Update:** 14-Oct-201
Award Set-up
Elements of an award may include...

- Sponsor’s Grant/Contract number
- PI name
- Project title
- Dates of performance
  - Current budget period
  - Total project period
- Funding amount
  - Direct, F&A
  - Current budget period, project total
- Cost sharing
- Contact information
- Budgetary restrictions

- General/Special Terms & Conditions
  - Animals/Human Subjects Restrictions
  - Program Income Requirements (rare)
  - Expanded Authorities (Federal grants and cooperative agreements)
  - Interest Bearing
- Reporting requirements
  - Programmatic/Technical
  - Financial
  - Property
  - Invention
Award Set-up

Upon receiving the award set-up documents the DBO should:

- Review *Sponsored Award Report* for accuracy
  - Report any data entry errors to ogmsetup@yale.edu
- Request additional Project/Task linkage if necessary
- Review terms and conditions of the award document in conjunction with the RFP and discuss with the PI.
  - Direct all questions to OSP award/contract manager
- Review the award against the proposal and RFP, RFQ or RFA for discrepancies
- Review the sponsor’s handbook/guide
Let’s test your knowledge...
Here's a Notice of Award

How many award elements can you identify in the NoA provided?

You have 3 minutes?

Refer to slide 142 as a guide.
Preparing to spend the money
Preparing to Spend the Money

What you need to do before incurring expenses...

- Meet with PI to discuss
  - Effort commitments of all personnel including the PI
    - If applicable, contact OSP for assistance in effort reductions
  - Spending allocations (e.g., payroll)
  - Delegation of authority to others in order to make purchases.
    - Document all delegations
  - Special terms and conditions, restrictions, prior approval requirements, and due dates of reports for the proper management of the award and complying with University and sponsor requirements

Guide 1304 GD.02: Cost Allocation Methodologies
Form 1310 FR.05: Delegation of Initiator Authority for Sponsored Awards
Training: Allocating Allowable Costs
Preparing to Spend the Money

What you need to do before incurring expenses (continued)

- Set-up budgets in Yale Budgeting Tool (YBT)
- Create labor schedules in Oracle Custom Commitments aka Labor Distribution
  - Identifies how payroll is allocated
- Ensure that the appropriate people have the appropriate training (e.g., Egencia Payroll, Purchasing) and access to the appropriate systems. Systems may include Expense Management System (EMS), SciQuest, Stockroom cards
- Ensure the appropriate people are issued P-Cards
- How and where travel reservations are made

**Note:** Always document discussions with and decisions made by the PI and retain in the award file.

**Training:** YBT [http://yalebiz.yale.edu/yale-budgeting-tool](http://yalebiz.yale.edu/yale-budgeting-tool)
- General Accounting – Custom Commitments
- Orbitz for Business Travel Clinic
Remember...

- Be proactive and charge expenses to the correct PTAEO from the start of the transaction or purchase.
- All costs **must** meet the tests of allowability in order to be charged to a sponsored award.
- Proper management of awards is a collaborative effort.

2 CFR Part 200 (OMB Circular A-81) Tests of Allowability
http://www.ecfr.gov/cgi-bin/text-idx?SID=15d5184c2810c3ee54cd7109663b443&node=pt2.1.200&rgn=div5
http://www.ecfr.gov/cgi-bin/text-idx?SID=15d5184c2810c3ee54cd7109663b443&node=pt2.1.200&rgn=div5%20-%20se2.1.200_1403%20-%20se2.1.200_1403#se2.1.200_1403
# Be aware that...

The Principles To Test The Allowability Of Costs:

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Necessary, reasonable and allocable</td>
<td>Goods or services acquired and amount involved reflect an action that a prudent person would have taken (prudent person rule).</td>
</tr>
<tr>
<td>Conform</td>
<td>Expenses must be permitted by federal regulations (2 CFR Part 200) or the sponsored award terms and conditions.</td>
</tr>
<tr>
<td>Consistent with policies/ procedures of the University and Treated Consistently</td>
<td>Consistent with policies and procedures that apply uniformly to both federally financed and other activities of the University. “Like” costs in similar circumstances treated consistently throughout the University as either a direct or indirect cost.</td>
</tr>
<tr>
<td>Be determined to be in accordance with GAAP</td>
<td>Financial information should be useful to individuals in making financial decisions, assessing resources, and maintaining records.</td>
</tr>
<tr>
<td>Not be included as a cost or used to meet cost sharing on any other federal award</td>
<td>A cost cannot be used to satisfy cost sharing requirements and be charged to the sponsored award.</td>
</tr>
<tr>
<td>Be adequately documented</td>
<td>Departments must keep complete records of all costs, including justifications of charges and any prior approvals.</td>
</tr>
</tbody>
</table>

Costs that do not meet these principles should not be charged to the sponsored award.
Managing Awards
Managing Awards

**Ongoing Activities**

- Business department *must* meet with PIs frequently to properly manage awards
  - Monthly is preferred but **NO** less than quarterly
  - Review expenses, projections, personnel changes, and allocation methods.
  - Has the PI received any new awards which may impact effort and other allocation methodologies?
- Ensure there are enough funds to support activities of the award

**Guide 1304 GD.02:** Cost Allocation Methodologies

**Training:** Allocating Allowable Costs
Managing Awards

Ongoing Activities (continued)

- DBOs are responsible for ongoing review of awards
  - Monthly is recommended, but reviews must be completed within 90 days, in order to conform with the Cost Transfer policy
  - Over/Under spending – Will there be sufficient funds to support the committed activities? Who will cover any deficits?

- Follow the [Financial Transaction Review and Budget Monitoring](#) procedure

- Utilize the BOLT mandated [Financial Review Checklist](#) during review

Form 1101 FR01: Financial Review Checklist
Procedure 1101 PR02: Financial Transaction Review & Budget Monitoring
Managing Awards

Ongoing Activities (continued)

- Effort Reporting
  - Certification periods are:
    - twice a year for 12 month faculty & staff
    - three times a year- spring, summer, and fall for graduate students
    - 9 month faculty may have as many as 3 effort reporting periods
  - Effort must always = 100%
  - Departments are required to identify individuals to assist in the Effort Reporting System (ERS) roles

Training: Effort Reporting Principles
and
Effort Reporting System (ERS) Training
Managing Awards

Ongoing Activities (continued)

- Cost Transfers
  - Are allowable only when there is a direct benefit to the sponsored award being charged
  - Must be executed in a timely manner
  - Are not allowable to transfer costs incurred merely for the sake of resolving a deficit.
  - Should not be used as a means of managing sponsored awards
  - Can only be executed by department approvers who successfully completed cost transfer training
  - Must be in accordance with University policy and procedures and sponsor terms and conditions

Training: Allowability of Costs and Cost Transfer Principles
Managing Awards

Ongoing Activities (continued)

- Monitoring subrecipients
  - Yale is responsible for:
    - ensuring programmatic, administrative and financial monitoring throughout the life of the subaward
    - ensuring invoices under a federal prime award are paid within 30 calendar days after receipt of the invoice
  - The PI is responsible for:
    - reviewing progress and technical programmatic reports or other type of deliverable
    - reviewing invoices for appropriateness for the work conducted
    - signing subrecipient invoices
  - The Department Business Office is responsible for:
    - Reviewing and approving invoices for adherence to the budget
    - Signing subrecipient invoices

**Training:** Subrecipient Basics and Monitoring
Managing Awards

Other Considerations

Requesting a No Cost Extension (NCE)

- The request for a NCE should be processed in accordance of the sponsor requirements and always through OSP
- The NCE should include:
  - PI name
  - Department
  - Sponsor name & sponsor award number
  - Project title
  - Current expiration date
  - Requested extension date
  - Estimated remaining funds
  - Reason for the request and explanation of how remaining funds will be used

- Once the NCE has been approved by OSP, sent to the sponsor and approved by the sponsor, OSP will process the extension
- If the NCE is denied by the sponsor, the PI and department should proceed with the closeout process
Managing Awards

Other Considerations (continued)

- Certain actions require the prior approval of the sponsor. For most federal grants the prior approval is necessary for the following (this list is not all inclusive):
  - Reduction of effort >25% of anyone named in the award document
  - Change in scope of work
  - Absence of PI or key personnel from the research for a period of 3 months or greater
  - Change in personnel named in the award notice
  - Inclusion of a new subrecipient

- Early Termination of award
- Relinquishment of award

Note: All prior approval requests must be reviewed, approved and submitted by OSP’s Award Manager to the sponsor.

Training: Financial Reporting and Closeout
Sponsor Reimbursement
aka
“Getting the Cash”
Sponsor Reimbursement

Getting the Cash
There are several different payment methods associated with sponsored awards:

- **Letter of Credit (LOC) or on line cash request**
  - Majority of our federal grants are reimbursed this way
  - Cash draw requests are processed by OSP based on costs incurred on general ledger

- **Automatic payments**
  - No invoice is needed
  - Payments may be made in advance, or triggered by progress reports or other deliverables

- **Billed or invoiced**
  - Based on expenses incurred in general ledger (Cost invoice)
  - Based on pre-set installment schedule (Installment invoice)
  - Based on deliverables or milestones (Installment invoice)
Sponsor Reimbursement

Getting the Cash (continued)

Which office handles billing for sponsored awards?

- OSP handles all of the LOC drawdowns and majority of the invoicing for sponsored awards
- Generally, departments are responsible for invoicing if billing is based on:
  - Deliverables or milestones
  - Service completion
  - Patient enrollment
Sponsor Reimbursement

Getting the Cash (continued)

- Fund balance and Cash balance are different
  - Fund Balance = Funded Amount less Expenses
    - This is the balance that appears on the Account Holder’s Report
  - Cash Balance = Cash Received less Expenses
    - This balance is not indicated on any expenditure reports
    - Status of cash received can be obtained by running the following BUG Library Brio report: Bug 214a – Cash Report.

- An anticipated payment is only treated as an account receivable after the University has sent an invoice
  - Important to charge expenses to the correct PTAEO timely since cost invoices are generated based on expenses posted to the general ledger
  - Invoices **CANNOT** be generated for awards with an At-Risk status or awards in overdraft or awards waiting for an installment from the sponsor
Let’s test your knowledge...
Do you know the answer to this question?

A PI received a NIH grant for $300,000. The total expenses at the end of the award are $290,000.

What happens to the unexpended balance of $10,000?
Reporting Obligations
Reporting Obligations

- Yale has a responsibility to ensure that all required reports are properly filed timely with the sponsor

- Failure to submit reports in the required time could result in the sponsor withholding payments or future funding for the PI and/or the university
Reporting Obligations

What types of reports are required by our sponsors?

- There are several types of reports sponsors may require. For example:
  - Progress/Technical reports
  - Financial reports
  - Patent and Invention reports
  - Equipment reports
Reporting Obligations

- Progress/Technical reports are
  - Used by sponsors to assess the research or work performed by the grantee on an award. Sponsors may use these reports to determine whether to continue funding an award.
  - Usually due on an annual basis and submitted by the PI.
Reporting Obligations

- Financial Reports
  - An accounting of expenditures and obligations incurred during the period of performance of the sponsored project.
  - Frequency and timing of reports vary by sponsors and types of awards
    - Monthly, quarterly, annual
    - Due dates – 15, 30, 45, 60 or 90 days
  - Various means of submission
    - Electronic, paper, special sponsor forms
  - All sponsor reports must be signed and submitted by OSP

**Training:** *Financial Reporting and Closeout*
Reporting Obligations

- Patent and Invention Reports
  - A full disclosure by recipients of awards of any subject inventions made during the performance of work under a funding agreement in order to protect the grantors rights.
  - Final reports are submitted by OSP in conjunction with the Office of Cooperative Research (OCR) at the end of the award.

- Equipment Reports
  - Final reports are submitted by the MEI section in the Controllers Office

*Failure to comply with the sponsor’s reporting requirements can jeopardize future funding to the University.*
Award Closeout and Audit
Award Closeout and Audit

- What is award closeout?
  – The process where all applicable administrative actions and required work under an award have been completed by Yale
    - Ensure all expenses incurred are posted to the award
      - Removal of overdrafts or unallowables to non-sponsored accounts
      - Verify all cash has been received
      - Prevent further charging by closing POs and subawards
      - Verify all required reports have been submitted

Policy 1301: Sponsored Project Financial Reporting and Financial Closeout University
Guide 1301 GD.02: Sponsored Projects Financial Reporting and Closeout Processes
Financial Closeout of Subaward Financial Activities
Award Closeout and Audit

What does relinquishing an award mean? It is the early closeout of an award due to the departure of the PI to another organization.

- Work with OSP Award Manager to notify sponsor
  - NIH – eCommons
  - NSF – Fastlane
  - Letter to Sponsor
- What typically must be provided to sponsor
  - Final Invention Statement
  - Final Financial Status Report
- Other things to consider
  - Will there be any transfers of equipment
  - Are there Protocols (human & animals) that need to be terminated
  - Are there Subawards that need to be terminated

For more information access the Exiting Faculty Checklist at:
http://researchadministration.yale.edu/sites/default/files/files/ExitingFacultyChecklist103111_000%5B1%5D.pdf
Award Closeout and Audit

_Record Retention Requirements_

In general, financial records should be kept for 3 years from the date of submission of the final financial report (FFR)

- If the terms and conditions of a sponsored award specify different or additional requirements, they must be followed
- Special circumstances may require a longer period of retention (misconduct in science)
- OSP Financial Management should be contacted if there are questions about the retention of financial records

_Policy 1105: Retention of University Financial Records_

_Yale Record Retention Schedule:_ [http://ogc.yale.edu/yale-records-retention-schedule](http://ogc.yale.edu/yale-records-retention-schedule)
Award Closeout and Audit

Audits are not just financial

- Audits can be requested by sponsors, federal auditors, as appropriate, and external independent audit firms
  - If you are contacted directly in regard to an audit (federal or non-federal), contact the University Research Compliance Officer
Award Closeout and Audit

- Yale’s cognizant agency is the Department of Health and Human Services (DHHS).

- For Yale, our cognizant agency:
  - Negotiates with Yale and approves Yale’s F&A (indirect cost) cost rate; and
  - Audits Yale and/or gives approval to other agencies to conduct an audit.
Takeaways

- Keep the ABCs close at hand
- Read the proposal solicitation announcement and get help from OSP early for non-standard submissions
- Don’t cost share unless required
- Leave time for unexpected technical or regulatory requirements in order to submit your proposal early to OSP
- Proposals sent to OSP should be submission ready
- All Principal Investigators and Key Personnel must have committed effort in a proposal
- PPAAs must be completed for all appropriate personnel
- Faculty with VA appointments must have a current MOU prior to proposal submission to NIH
- Conflict of Interest Disclosures must be on file for PIs and responsible personnel prior to proposal submission
- A completed and institutionally signed SIC is required prior to proposal submission
Takeaways (continued)

- Avoid award setup delays. Be proactive, have regulatory compliance and training requirements completed.
- Read the NOA and sponsor’s handbook carefully and refer to them often.
- Meet with the PI to review award setup and charging instructions.
- Charging expenses to the correct PTAEO reduces cost transfers and more work. Do it right the first time!
- Review expenses monthly and meet with the PI regularly.
- Ensure compliance with sponsor prior approval requirements (for example, subrecipients, administrative and clerical, etc., not in the original budget).
- Ensure all reporting requirements are timely.
- Close awards promptly.
Yale Resources

- Environmental Health and Safety (OEHS): http://ehs.yale.edu/

- Export Controls: http://your.yale.edu/research-support/office-sponsored-projects/export-controls

- Human Research Protections Program (HRPP): http://your.yale.edu/research-support/human-research

- Office of Animal Research Support (OARS): http://your.yale.edu/research-support/animal-research

- Office of Cooperative Research: http://ocr.yale.edu/
Yale Resources (continued)

- Office of Sponsored Projects: http://your.yale.edu/research-support/office-sponsored-projects
  - OSP Resources: http://your.yale.edu/research-support/office-sponsored-projects/resources
  - ABCs: http://your.yale.edu/policies-procedures/other/abcs-sponsored-projects

- Office of Research Administration: http://your.yale.edu/research-support/office-research-administration-0
Federal Resources

- DOE (Department of Energy): [http://science.doe.gov](http://science.doe.gov)
- Grants.gov: [http://grants.gov](http://grants.gov)
- NIH Commons: [https://commons.era.nih.gov/commons/index.jsp](https://commons.era.nih.gov/commons/index.jsp)
- NSF FastLane: [https://www.fastlane.nsf.gov/](https://www.fastlane.nsf.gov/)
Questions???