

## Office of Sponsored Programs

Administration Procedures May 2, 2016

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### 1.0 Summary

The Marine Biological Laboratory (MBL) Office of Sponsored Programs (OSP) has the immediate responsibility for the business administration aspects of research and education projects sponsored by the government, industry, or foundations in accordance with the established policies of the Institution. The research enterprise can be characterized as a “cradle to grave” process. This process begins with a concept or idea that is turned into a *proposal*, followed by an award, the performance of the project, and several other steps that ultimately lead to the closeout process.

Government-sponsored projects are normally carried out under grants, cooperative agreements, or contracts, depending on which agency is sponsoring the work and, to some extent, the nature of the program.

Although government grants and contracts are subject to differing statutory requirements and regulations, there is no significant difference between them in terms of MBL research policy and administrative procedures. Except for federal compliance programs or regulations, the administration of contracts from private organizations is similar to that of government grants, cooperative agreements, and contracts.

Foundation grants, on the other hand, are usually more broadly defined, and tend to have varying administrative and contractual requirements. All sponsored awards will be consistently treated in accordance with institutional policies and sponsor guidelines.

The MBL is required to comply with regulatory requirements that include but are not limited to the Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards (Uniform Guidance) at 2 CFR § 200; Federal Acquisition Regulation (FAR) and agency-specific terms and conditions. Because lack of compliance can lead to sanctions, it is imperative that the MBL commit itself to compliance with the regulations and certifications applicable to sponsored programs.

**The following policies govern funding for research or education programs whether covered by a grant or contract, and regardless of the potential sponsor:**

The **Sponsored Projects Policy K.1.5** defines the responsibilities for handling the awards and the consequences of violation of the policy or underlying procedures. It should be used in conjunction with other policies including but not limited to the Code of Conduct, the Employee Conflict of Interest, and the Allegations of Misconduct.

The **OSP Classification as Gift or Sponsored Program Policy Statement** defines the responsibilities for handling gifts that cannot be classified as grants, cooperative agreements, or contracts.

## **2.0 Definitions**

### **2.1 Sponsored projects**

Grants, cooperative agreements, and contracts, herein referred to as “sponsored projects,” are made to the MBL to accomplish a specific purpose, and the funds carry terms and conditions stipulated by the sponsor. Sponsored projects are transactions which require the MBL to provide something of value to the sponsor, typically a deliverable such as a report.

#### Grants

- Project conceived by investigator
- Performer defines details and retains scientific freedom
- Agency support in the form of assistance
- Agency maintains cognizance
- Funds are provided through unilateral funding mechanism

#### Cooperative Agreements

- Similar to a grant, but the sponsor’s staff typically is involved in the preparation of the proposal and the sponsor anticipates having substantial input into how the funded project is conducted.

#### Contracts

- Project conceived by agency
- Agency exercises direction or control
- Agency procures services
- Agency closely monitors
- Funds are provided through an agreement signed by both parties

### **2.2 Gifts**

Gifts are awards made to the MBL for which the donor receives nothing in exchange. Gifts may be restricted to a specific purpose, or they may be unrestricted and used by the MBL for any purpose consistent with MBL’s mission and not-for-profit status. Other than restricting the purpose of the gift, the donor may not impose terms and conditions on the use of the gift funds or require deliverables from the MBL.

It may not always be clear whether an award with restrictions constitutes a restricted gift or a sponsored project. As a result, awards with restrictions are reviewed on a case-by-case basis by OSP and the Development Office to ensure proper classification at the time of the award. Proper identification of restricted gifts vs. sponsored projects and appropriate classification of the purpose are important aspects of MBL’s fiduciary responsibilities.

OSP is responsible for the administration of grants, contracts, and cooperative agreements. The Development Office is responsible for the administration of MBL gifts (see above OSP Classification as Gift or Sponsored Program Policy Statement).

### **3.0 Responsibilities**

OSP, Financial Services, and Principal Investigators (PIs) must work as a team to assure compliance with sponsor regulations as well as with MBL policy and procedures. All research and education grants are prepared by a PI and then reviewed and submitted through OSP. All awards received are made to the institution so management of the funds requires administrative attention. OSP, Financial Services, and PIs are responsible for the review, acceptance, administration, and oversight of all grants and contracts for research and education at the MBL.

#### **3.1 OSP (Pre and Post Award)**

- 3.1.1 Serve as the MBL point of contact and signatory official for proposals and requests to government funding agencies and corporate sponsors, certifying that the MBL will comply with all applicable assurances and certifications and make appropriate use of funds awarded.
- 3.1.2 Serve as the MBL signatory official for proposals and requests to foundations and private sponsors, certifying that the MBL will comply with all applicable assurances and certifications and make appropriate use of funds awarded.
- 3.1.3 Facilitate preparation of grant and contract proposals by MBL scientists, Center Administrators, and other authorized individuals.
- 3.1.4 Review and approve all grant budgets and re-budget requests, prior approval requests, and progress reports as required by the sponsor for compliance with agency regulations and MBL policies.
- 3.1.5 Negotiate the final terms and conditions of grants, contracts, and cooperative agreements. Provide MBL Scientists Terms and Conditions at time of Award.
- 3.1.6 Prepare and negotiate all sub-awards and amendments of sub-awards to other institutions per request and approval from PIs overseeing the sponsored project.
- 3.1.7 Maintain sponsor-related certifications and assurances on behalf of the MBL.
- 3.1.8 Collaborate with Financial Services, PIs, Center Administrators, and the Development Office to assure compliance with MBL and MBL and sponsoring agency's policies and regulations.
- 3.1.9 Notify investigators of agency-specific report and close out requirements.
- 3.1.10 Determine how any residual equipment and/or funds from a grant, contract, or cooperative agreement will be disposed of by consulting with the PI and the Director of Financial Services.
- 3.1.11 Facilitate the administration of invention disclosures and Intellectual Property (IP) at the MBL with the Principal Investigator, University of Chicago Technology Coordinator, and MBL Division of Research office.

#### **3.2 Financial Services (Post Award)**

- 3.2.1 Oversee award compliance including accounting of costs on active jobs and all billing to government and non-government agencies. Relevant federal rules include: Uniform Guidance 2 CFR § 200, guidance for federal and non-federal agencies, and the Federal Acquisition Regulation (FAR)
- 3.2.2 Assure regulatory and MBL policy compliance including reconciling allowable expenses to federal financial assistance, sustaining Uniform Guidance Audit requirements, and developing management reports.

- 3.2.3 Maintain, with OSP assistance, the MBL Grants Administration Procedures for accounting and compliance for federal and non-federal contracts, grants, and cooperative agreements.
- 3.2.4 Complete financial close-out of all completed awards assuring proper reporting to federal and non-federal agencies.

### **3.3 Principal Investigators (PI)**

- 3.3.1 Responsible for the technical and fiscal management of the project within available funding and for notifying OSP when significant conditions related to the project status change. While responsibility for day to day management of project finances may be delegated to administrative or other staff, accountability for compliance with MBL policy and sponsoring agency requirements ultimately rests with the PI.
- 3.3.2 Submit all grant, contract, and cooperative agreement proposals to OSP for review prior to submitting to a funding agency.

3.3.3 The Marine Biological Laboratory (MBL) is committed to addressing harassment and fostering a safe and healthy work environment. Policies and expectations for proper conduct apply to all staff, faculty, and students whether on-campus or working, doing research, or engaging in scholarly activities or study at an off-site location. On February 8, 2018, the National Science Foundation released Important Notice No. 144. The Notice reminds the research community of its obligations to fully investigate complaints of sexual and other harassment and for complying with Federal nondiscrimination laws. The term is effective for new awards and funding amendments to existing awards issued on or after October 22, 2018, and as described below. MBL PIs and Co-PIs must understand and comply with all Award terms and conditions including NSF's policy 83 Fed. Reg. 47940. This term and condition require grantee organizations to report findings of sexual harassment, or any other kind of harassment, regarding a Principal Investigator (PI) or Co-Principal Investigator (Co-PI) to NSF. NSF expects all awardee organizations to establish and maintain clear and unambiguous standards of behavior to ensure harassment-free workplaces wherever science is conducted. This includes activities at all research facilities and field sites and during conferences and workshops.

In addition, NSF updated reporting requirement in 83 FR 47940 with (NSF 2023 PAPPG Guide II-E.9). Grantees are required, effective with proposals submitted 1/30/2023 or later, to certify that there is a plan in place for off campus/off site research.

[MBL WEBSITE for Safe and Inclusive Plans and Code of Conduct Polices](#)

Effective October 22, 2018, if a claim of harassment is filed with the MBL EEO Office, the EEO will contact Office of Sponsored Programs AOR who will review and instruct EEO on appropriate action, as necessary, consistent with the new Term and Condition and this protocol. Moreover, while the impetus for this protocol was the new National Science Foundation (NSF) requirements, please note that the MBL interprets the requirements of this protocol to apply to all Federals Grants.

### **REPORTING SUSPECTED MISBEHAVOIR**

Communication may be verbal, written, or anonymous. Contact your immediate supervisor, your supervisor's manager, EEO Coordinator at (508-289-7378; eeo@mbl.edu) or Human Resources Director (508-289-7422), or any member of management with whom you feel comfortable.

- 3.3.4 Grants Administration Procedures, as well as sponsoring agency rules and regulations for the contract, grant, or cooperative agreement.
- 3.3.5 Monitor and ensure charges to the award are within the approved budget.
- 3.3.6 For proposals that include cost sharing, clearly identify the source and obtain approval from OSP and the Division of Research prior to proposal submission, and then properly account for cost sharing if an award is received.
- 3.3.7 Oversee the purchase of equipment and general supplies authorized in any award. Note that the employee conflict of interest applies to these purchasing activities, and that disclosure of any vendor relationships is required if there is a significant financial interest as defined in the MBL Conflict of Interest Policy No. K.1.3.
- 3.3.8 Ensure budget changes to an award are appropriate and forwarded to OSP for review and approval in a timely manner.
- 3.3.9 Ensure performance/technical/final reports or deliverables are completed and submitted on schedule with sponsoring agency and notify OSP of submissions.
- 3.3.10 When applicable, monitor the work of subawardees, review their invoices, approve availability of funds, and confirm all deliverables have been met and reports have been submitted.

### **3.4 Proposal Process**

- 3.4.1 All research and education proposals are prepared by a PI and reviewed and submitted through OSP. Documents required ten (10) business days prior to submission include; a proposal summary form, internal budget, justification and work scope. The full completed proposal is to be submitted to OSP within five (5) business days before the sponsor's deadline.
- 3.4.2 Proposals submitted to OSP by 9:00AM will count as a full business day.

- 3.4.3 Proposal elements should be in their final form and viewable by OSP on the associated sponsor system (e.g. NSF FastLane), for OSP review no later than five (5) business days prior to the sponsor's deadline.
- 3.4.4 For Grants.gov proposals, applications must be available online no later than five (5) business days prior to the sponsor's deadline.
- 3.4.5 Proposals received five (5) days or more in advance of the sponsor's deadline will receive a detailed review by OSP to provide greater assurance that the proposal can be submitted error-free. Proposals that fail to meet this deadline and requirement will be subject to substantive review to the extent reasonable, given the nature of the proposal and arrival date in OSP.
- 3.4.6 These procedures apply to submissions of new, competing renewal, continuation and re-submission proposals regardless of sponsor, if the sponsor specifies a deadline. If no deadline is specified, OSP will expect to have five (5) business days to process the proposal from the time of submission.
- 3.4.7 Sponsor requests for annual progress reports, revised budgets, supplemental funding requests and other requests such as this are not subject to these procedures.
- 3.4.8 PreProposals are handled on a case by case basis.

### **3.5 Origination of Awards**

Some sponsors allow institutions to approve pre-award costs on awards for up to ninety days prior to the award start date. In these cases, the PI completes a 90-Day Pre-Award Spending Approval Form and forwards it to the OSP for review. OSP will work with Financial Services to evaluate the request. Pre-award work is done entirely at the Laboratory's risk. If the award does not materialize, the MBL has to cover incurred expenses with institution funds. As a result, an alternative funding source is required prior to approval of pre-award spending.

When a proposal is selected for funding, negotiation and acceptance processes begin. Awards are reviewed, and if necessary, negotiated by the appropriate MBL official to ensure the terms and conditions are acceptable. As appropriate, OSP will consult with the PI, department and/or Center Administrators, and other administrative offices.

Upon completion of the review and finalization of the agreement, OSP enters the award information into the Grants Management System and then routes the award to Financial Services for set-up in the financial system. The award is assigned a unique internal job number against which all expenses will be charged. The PI and Center Administrator are informed of the job number via email. The number is added to his/her Financial Services website for ongoing report access.

## **4.0 Budgets, Re-budgets, Subawards, and Cost Sharing**

### **4.1 Budget Development and Approvals**

Regardless of whether the funding agency requires a detailed budget, a detailed budget and budget justification must be submitted to OSP as part of the complete proposal package within the internal deadline as described in Section 3.4. OSP will review the budget and budget justification for compliance with agency and program-specific policies and guidelines, and recommend adjustments if needed. Proposals in which the MBL will be the recipient of a subaward from another institution require similar approval and follow the same process.

### **4.2 Award Processing**

OSP reviews all awards received by MBL for any changes from the original proposal, for reporting requirements, and for any other award-specific requirements. OSP then distributes a copy of the notice of grant award, the approved budget and budget justification to Financial Services who creates a new cost center in the financial system and inputs the approved budget. Once the cost center has been established, a copy of the notice of grant award is emailed to the PI and the Center Administrator.

### **4.3 Subawards**

Proposals that include a subaward to another institution, require a budget, budget justification, and statement of work from that institution. The budget and justification must be approved in writing by a signatory official in the subawardee's sponsored programs office. In accordance with federal policy and MBL's DHHS-negotiated indirect cost rate agreement, the indirect rate is applied to only the first \$25,000 of each subaward. Per the OMB's Uniform Guidance 2 CFR §200, negotiated subrecipient Facilities and Administrative rate agreements will be honored. Foreign, small businesses and school districts without negotiated rates may use up to a 10% modified total direct cost (MTDC) F&A rate.

Approved subawards are prepared by the OSP. OSP is also responsible for negotiating with the subawardee institution. Prior to issuing annual amendments to subawards, OSP will request approval from the PI (or designee) to assure that the subawardee is performing satisfactorily (see section 3.3 Responsibilities of Principal Investigator).

For proposals that have MBL as a subawardee, OSP must approve the budget, the budget justification, and usually, a statement of work or abstract describing the expected work. OSP will provide a Letter of Intent (LOI) to the awarding institution indicating MBL's intent to collaborate and approval of the budget.

### **4.4 Consultants**

Consultants are usually fee-for-service providers who have specific knowledge, skills, or equipment/facilities required to pursue the aims of the sponsored program. The consulting arrangement is formalized in an Independent Contractor Agreement. A standardized agreement document is obtained from and reviewed by Human Resources. The agreement must be approved by Financial Services and, if funded, by OSP for compliance with the award budget and agency requirements. Original agreements are retained by Financial Services and must be on file for payments to be processed.

#### **4.5 Re-budgeting**

With most federal grants and cooperative agreements, the awarding agency gives the institution considerable authority to approve re-budgeting of funds. In all cases, re-budgeting and prior approvals will be in accordance with grantor and MBL restrictions, rules, and regulations. Within this authority, MBL requires that the PI obtain initial prior approval of a re-budget action from OSP and final approval by Financial Services. Both must agree that the proposed re-budget (1) is consistent with grant terms and conditions, (2) is consistent with grantor and MBL policies, (3) represents effective utilization of resources, and (4) does not constitute a significant project change. Examples where approval to re-budget is required include:

- Change in person-months devoted to the project.
- Increases, decreases, or the addition of consultants or subawards. Investigators should be aware that in many cases, changes in subawards require grantee agency approval.
- Addition of budget line items, such as foreign travel or salaries for administrative staff or capital equipment.
- Any change (increase or decrease) in a single direct cost budget category from the categorical commitment level established for the budget period that is more than 25 percent of the total costs awarded.
- Any change to, or addition of participant support costs.

Questions about what qualifies as a re-budget request should be forwarded to OSP for review.

#### **4.6 Cost Sharing**

The usual policy of the MBL is to only approve cost sharing when it is specifically required by the granting agency and only to the level required by the agency. Volunteered cost sharing is not permitted under federal guidelines and is strongly discouraged under non-federal sponsors. The proposed cost sharing must be approved by OSP, Financial Services, and if MBL funds are to be used, by the Director of the Division of Research. Only non-federal funds may be used for cost sharing. If a proposal is funded at a reduced amount, the cost sharing should be reduced proportionately. Cost sharing will be accounted for in a separate cost center associated with the prime award. All cost sharing including "in kind" cost sharing must be accounted for and documented.

### **5.0 Purchasing**

#### **5.1 Purchasing Policies and Procedures**

As of July 1, 2018 MBL implemented procurement procedures in accordance with Uniform Guidance 2 CFR § 200 Subpart D, Post Federal Award Requirements, Procurement Standards. MBL's policy is to procure only those goods and services required to perform the mission or fill a bona fide company need.

Procurements will be made with complete impartiality based on the merits of supplier proposals and applicable related considerations such as price, delivery, quantity, quality, etc. Purchase Order numbers are generally required for all activities at the MBL. All Purchase Orders are charged to the award upon granting of the number. Certain activities are exempt from this general rule. Examples include purchases on an MBL credit card, fees and



memberships, stockroom purchases, etc.

## 5.2 Equipment

Equipment is defined as nonexpendable, tangible personal property, having a useful life of more than one year, and an acquisition cost that is \$5,000 or more per unit, or \$15,000 or more in aggregate cost for bulk purchases of equipment whose individual cost is less than \$5,000. All equipment purchases are approved through the MBL Procurement Department. Equipment items are exempt from the indirect rate for most federal awards. Competitive bids from three vendors are required for any expenditure greater than \$10,000. Equipment approved through MBL Procurement is tagged initially and inventoried every two years in accordance with federal guidelines.

## 5.3 Small and Disadvantaged Business Utilization

Some federal agencies have small and disadvantaged business contracting requirements or expectations. Federal agencies issuing contracts to the MBL over a specific threshold amount require a Subcontracting Plan to be completed annually. To comply with the Subcontracting Plan requirement, OSP and Financial Services must work together to accomplish the following:

5.3.1 **A Subcontracting Plan** will be developed for each federal award that requires it. The PI with help from their Center Administrator, OSP, and Financial Services must prepare the plan. OSP will provide a sample format. The plan should establish reasonable dollar and percentage goals for Small Business (including disadvantaged and disabled veteran-owned) as well as Minority-owned Business Enterprises (MBE) and Women-owned Business Enterprises (WBE). A fair share goal is an estimate of how much participation the MBL will strive to achieve, taking into consideration total project funding and availability of qualified and willing Small Businesses, MBEs, and WBEs who are located in our market area. These fair share goals will be negotiated with the sponsoring agency providing the award.

5.3.2 The Center Administrator with support from Financial Services is responsible for **administering** each subcontracting plan by taking the following steps:

- Include qualified MBE/WBE and Small Businesses on solicitations lists.
- Actively solicit MBE/WBE and Small Businesses.
- Divide procurements into small tasks more easily handled by Small Businesses.
- Provide delivery schedules which allow MBE/WBE and Small Business participation.
- Utilize the Small Business Administration and the Minority Business Development Agency to help develop candidates.

5.3.3 OSP provides information at time of award setup to Financial Services about when financial **Reports to Sponsoring Agencies** are due. Financial Services will generate annual reports to the appropriate sponsoring agency on the actual utilization achieved. This information is recorded in a national database and the Office of Small and Disadvantaged Business Utilization (OSDBU) is required to provide this information to Congress.

## **6.0 Cost Allowability**

The award document defines the terms and conditions required by the sponsor. Project costs must be consistent with these terms and restrictions. The MBL consistently applies the following general cost guidelines for each award:

- Costs must be reasonable. This is defined as the action a prudent person would have taken under the circumstances.
- Costs must be allocable to a particular award in accordance to the terms of the award. Any cost allocable to a particular award or other project objective may not be shifted to other awards to overcome funding deficiencies, or to avoid restrictions imposed by law or by the terms of the award.
- Costs must be given consistent treatment throughout the application of generally accepted accounting principles.
- Costs must conform to any limitations or exclusions set forth in the award document.

### **6.1 Prior Approvals**

The PI must submit a written request including the specific costs and justification, per the award terms and conditions, to OSP which will be forwarded to the sponsoring agency for review if sponsor approval is required. It is the responsibility of the PI to ensure that approval is received prior to taking action.

### **6.2 Travel**

All air travel, including foreign travel, will be made via US carriers unless the award document permits foreign carriers. All travel outside the local area must be approved by the PI. Travel reimbursement forms must be completed for reimbursement and should include the purpose and dates of travel. The current MBL per diem rate can be claimed for reimbursement; however, if claiming the per diem, meal receipts will not be paid. The cost of alcoholic beverages will not be reimbursed by any federal grant or contract. Travel advances can be obtained with PI approval and must be reconciled after the trip, which includes a travel reimbursement form and expense receipts. Federal funds cannot be used to make trips for the purpose of securing additional funding.

Travelers are reimbursed for the actual cost of air, bus, and train travel. Economy class accommodations must be used for air travel; first class travel will not be reimbursed except where an extraordinary need requires special accommodation. The Travel Summary Report should be completed and submitted within thirty (30) days following the trip, but in no event more than ninety (90) days following the trip.

### **6.3 Expense Transfers**

The Principal Investigator is responsible for reviewing all expenses posted to a project agreement via the Financial Services website (see Recordkeeping). If expenses are posted in

error an Expense Transfer Document must be submitted to Financial Services. This document must include an explanation for the transfer, the job/account numbers involved, and the total amount transferred by account. Also, the document must be accompanied with a Financial Services website printout highlighting the specific line items for accurate invoice or Purchase Order number reference. Reducing a deficit by transferring the expense to another project is not allowed. The cost must belong to the account being charged. Expense transfers, in general, are closely reviewed by auditors and must have supporting documentation.

Expense transfers in excess of 90-days require additional review and approval between the Center/Department (Research or Education), Financial Services, and OSP.

## **7.0 Recordkeeping and Retention**

OSP recommends that each Principal Investigator keep internal accounting records of award expenses and purchase orders to stay current with commitments made during the project. Financial Services is responsible for official accounting records to enable preparation of reports and support the annual audit. Under current federal regulations, accounting records are retained for three years from the date of submission of the final expenditure report, or as otherwise stated in the award terms and conditions.

### **7.1 Financial Services Website**

Financial Services has a website for accessing financial data on grant and other agreements. The following are directions to access the system. A username can be obtained by contacting Financial Services.

1. Accessing the system
  - a. MBL Home Page – <http://www.mbl.edu>
  - b. Administrative Financial Services
  - c. Financial Statements
  - d. Insert Username & Password (Note these ARE case sensitive)
  
2. How to use Monthly Financial Statements (MFS)
  - a. Insert 7 digit cost center number
  - b. Consolidated MFS to receive cost centers linked together, OR
  - c. Abbreviated MFS to receive an overview not detail information
  - d. Email to address is to export information out of the internet site
  - e. Time period defaults to year to date – however, another time period can be chosen
  - f. Press the MFS button to run an MFS report
  
3. MFS Report – any highlighted amounts can be drilled down into to get more details.
  - a. Month-to-date column – any highlighted number can be clicked on to view individual postings
  - b. Year-to-date column or Period to date column shows the time frame chosen
  - c. Life-to-date column shows life to date charges
  - d. Encumbered column items processed through MBL Procurement but have not been actually paid for yet. When the invoice is paid, the charge will move out of encumbered and into month-to-date.

- e. Budget column – reflects life to date budget (not period to date even when chosen).
- f. Balance column – take life to date expenses minus encumbrances against the budget entered.

\* Please contact Financial Service for questions concerning the on-line financial statements.

## **7.2 Compensation Documentation**

Federally sponsored projects are under the jurisdiction of the Office of Management and Budget (OMB) Uniform Guidance 2 CFR §200, Subpart E Cost Principles, General Provisions for Selected Items of Cost. In accordance with Section 200.430 Compensation – Personnel Services (i) Standards for Documentation of Personnel Expenses, compensation related to federally funded projects must be documented to assure proper charging of the expense. The documentation is supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. The process to determine how MBL staff charge their time under federal awards includes:

- Verification of institutional base salary.
- Verification that no more than 100% of someone's base salary is committed.
- Validation of expenses posted to an award via a payroll documentation system which includes cost allocations to an individual employee and after-the-fact corrections to salary allocations (cost transfers).

### **7.2.1 Payroll Verification Process**

#### Time of Award:

Changes to project budget categories (in compliance with sponsor guidelines) are communicated to OSP by the research administrator to ensure accurate loading of the project budget in Navision.

#### Monthly Review:

Each month, Financial Services generates and submits a grant summary report to the Research Division, Research Administrators and Education Division support staff for review with principal investigators. The grant summary report includes payroll charges for all salaried staff on the project. Upon release of the report, the PI and RA review salary charges, remaining effort forecast, and communicate errors/changes to OSP and Financial Services.

#### Semiannual Certification:

PIs must certify accuracy of the effort for all project salaries charged to a sponsored project on a semi-annual basis for the following fiscal periods:

- January 1 through June 30
- July 1 through December 31

In the month following each six-month fiscal period, Financial Services will generate a payroll verification statement which OSP will release to the PI (with copy to the RA) for certification

and electronic signature. Upon completion, the documents must be submitted electronically by the indicated deadline. By certifying the payroll verification statement, the PI is attesting that he/she has *sufficient technical knowledge and/or is in a position that provides for suitable means of verification that the work was performed*. Examples of payroll verification statements can be found at the OSP website.

PIs are required to review certifications and determine whether the effort metrics reasonably reflect the committed effort expended and the work performed on each sponsored award and the aggregate effort associated with “all other activities” displayed on the certification. PIs must complete the certification no later than:

- March 1 (for the July – Dec. statement)
- September 1 (for the Jan. – June statement)

Recertification:

Certifications will be automatically re-opened and require recertification by the PI if a payroll salary ledger entry is posted to a sponsored award after the certification has been signed. Any recertification must be completed within 30 calendar days after the notification date that certification is re-opened.

\*Note that federal grant applications and performance reports require that effort be reported as person months.

Minimum Effort Threshold:

All PIs and key personnel identified on a sponsored project must have effort, if required by the sponsor. Committed effort can be charged directly to awards or to an identified non-federal cost center.

Specific to NIH awards the following clarification was published in 2003 regarding charging effort on federal awards: “...*the contribution of Key Personnel [must be] "measurable" whether or not salaries are requested. Zero percent effort and "as needed" are not acceptable for individuals that the grantee identifies as Key Personnel.*”

## **8.0 Facilities and Administrative Rates**

Research institutions are eligible for reimbursement of facilities and administrative costs (F&A), also termed indirect costs, relating to federal and private grants and contracts. The federal guidelines referenced for administration of federal awards are 2 CFR §200 Subpart E – Cost Principles 200.412 – 200.415.

Research costs are classified as direct or indirect (F&A).

**Direct costs** are those that can be identified specifically with a particular cost objective; i.e., a particular award, project, service, or any other direct activity of an organization. However, a cost may not be assigned to an award as a direct cost if it has been allocated to an award as an indirect cost.

**Indirect Costs** are expenses that cannot be specifically identified with a particular project or activity. Also known as “F&A” or “overhead,” these costs are for administration, buildings, utilities, and other expenses necessary for operations of the MBL. Because individual F&A costs cannot be assigned to projects, the MBL calculates a rate to determine the fair share of F&A costs each project should be charged and negotiates this rate with the government. The rate is then applied to all sponsored research projects—including federal and non-federal sponsors.

F&A costs are applied on a modified total direct cost base (MTDC). The non-F&A bearing costs in the budget must be identified so that project F&A can be accurately calculated.

The MTDC base excludes the following cost components:

- Equipment with an acquisition cost of \$5,000 or more
- Subaward expenditures in excess of \$25,000

## **9.0 Reporting and Other**

### **9.1 Audits**

MBL is required under OMB Uniform Guidance §200 Subpart F – Audit Requirements to contract independent certified public accountants to audit our financial records and internal controls for compliance with federal rules and regulations. This is a requirement for non-profit institutions that receive and expend federal monies to ensure they are properly administering those funds.

### **9.2 Process**

The MBL is on a fiscal year basis with our financial statements being audited for the period of July 1 to June 30. The audit process involves selecting a number of federal grants and then reviewing individual selections of expenses. Financial Services and OSP work together to prepare materials requested by auditors. PIs are usually not notified if one of their grants has been selected for review.

### **9.3 Findings**

When the audit is completed, a copy is submitted to the Federal Clearinghouse for all funding agencies to review. PIs are notified if findings have been reported on any of their grants. Findings may include unallowable expenses for which the MBL may be required to repay the federal government. Usually findings are presented directly to the sponsoring agency. If unallowable costs must be removed, this action will be coordinated between Financial Services and the PI.

### **9.4 Federal Audits**

Occasionally, a specific agency will do an on-site administrative audit of a specific grant. Financial Services is responsible for retrieving the information requested, and the PI is notified that the federal government is questioning their grant. These audits are typically used to assess the institution’s management of federal awards and are usually more aggressive than the annual independent audit.

## 9.5 Closeout

The requirements for closing out federal awards and subawards vary considerably among agencies. Financial Services, OSP, and the PI share responsibility for timely submission of closeout documents.

- Financial Services is responsible for submitting final Financial Status Reports and Federal Cash Transaction Reports.
- OSP is responsible for notifying PIs what reports are due and when they are due, as well as submitting final invention and equipment reports as required by different agencies.
- The PI is responsible for the final scientific or technical report.

## 9.6 Equipment Transfer or Disposal

Equipment is defined as nonexpendable, tangible personal property (including information technology systems) having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit or \$15,000 or more in aggregate cost for bulk purchases of equipment whose individual cost is less than \$5,000. It is the policy of the MBL to use all equipment and materials to its full cost effective end. Specific award terms and conditions determine how equipment is to be transferred and how the title is vested.

9.6.1 **Equipment Transfers:** Equipment purchased using funds from a sponsored award for a specific project should remain available for use for the duration of that project. Principal Investigators who are in the midst of projects that included funding for equipment and who will use the equipment at a new organization, must submit a transfer request to remove the equipment from MBL property. The request should be sent to the attention of the Director of the Division of Research with a copy to Financial Services and OSP.

9.6.2 **Equipment Disposals:** Requests to dispose of equipment purchased with funds from a sponsored award should be sent to the attention of the Director of the Division of Research with a copy to Financial Services, Facilities and OSP. A decision on whether or not to dispose of the equipment will be made based on the useful life of the equipment and the award terms and conditions.

## 9.7 Adjustment Period

Most federal sponsors allow for a 120-day close-out period after the project has ended. This time period allows the PI to conduct a final review of all charges on the project and to submit any needed corrections. After this adjustment period, close out of the accounting records will be initiated, and the final financial report will then be prepared and submitted by Financial Services.